



ARKHANGELSK PPM



REPORT ON ARKHANGELSK PPM'S SOCIAL ACTIVITIES 2019



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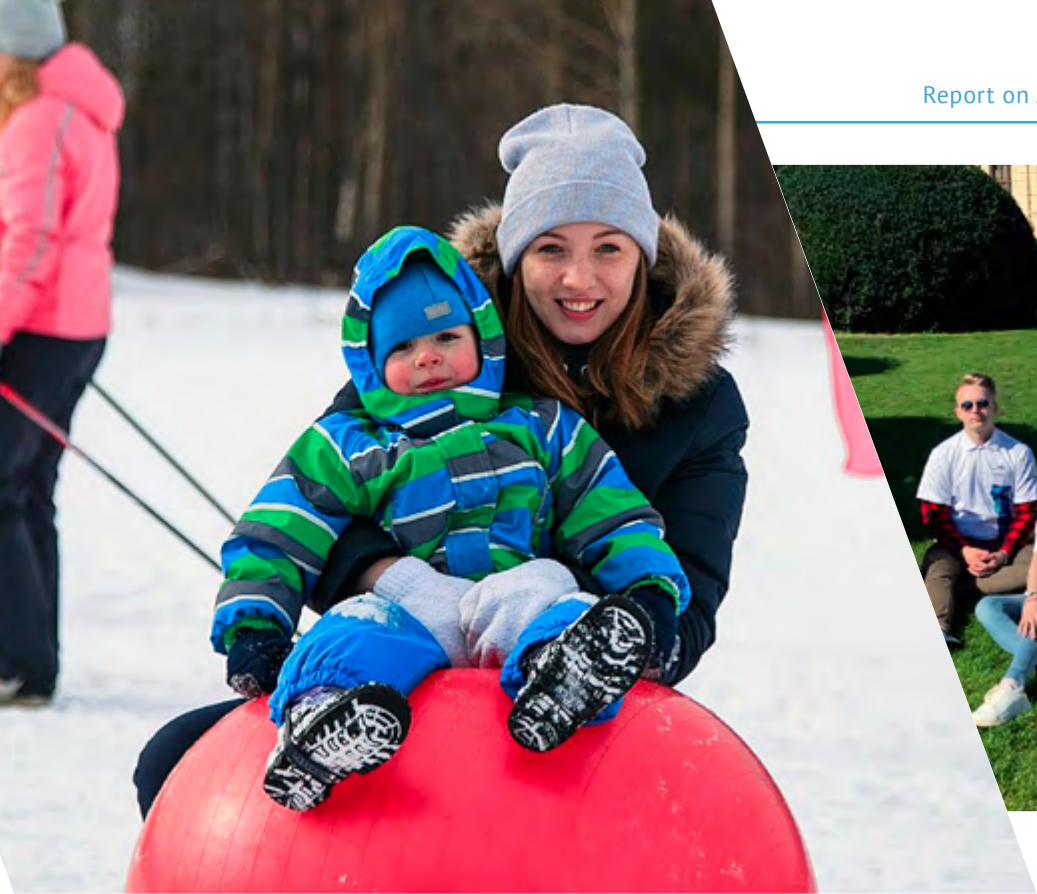


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1. From general director of Arkhangelsk PPM



In 2019, Arkhangelsk PPM and its Shareholder, Pulp Mill Holding Group, have continued developing with the aim of not just making a profit, upgrading the production, improving the environmental activities, but also to implement efficient social policies.

Today, the Company is Russia's largest containerboard manufacturer and a leader in pulp production. The Company produces paper and the world-renowned green-cover exercise books, which have been in use by several generations of school students.

Arkhangelsk PPM is implementing a large-scale upgrade program aimed to increase the output, improve the quality of products and minimize negative environmental impact. The Company is a leader in terms of investments in environmental action and uses the best available technologies for its production. The Company maintains an integrated management system in conformity with the requirements of the international quality and HSE standards. As of December 31, 2019, APPM had 4221 employees.

In 2019, the Company cooked 815,600 tons of pulp, produced 434,300 tons of containerboard and 134 mn school exercise books. The net profit was 5.7 bn rubles, the Company's tax payments to all budget levels were 3.264 bn rubles, and the amount of investment in the environmental activities was 2.9 bn rubles.

In 2019, the Company continued implementing the forest management investment project called «Cardboard Production Reconstruction», which was included by the Russian Ministry of Industry and Trade in the list of top priority projects. Among other things, the Company has completed the full upgrade of the second board machine and carried out the construction and equipment installation activities on the CHP-2 Evaporator for cardboard production. By the end of 2019, the Company's overall planned investments in this project totaled 17,542.1 million rubles, while the actual amount invested was 18,211 million

rubles, which included loan funds from non-resident banks.

As a result of the project, APPM has increased its capacity by 140,400 tons of pulp products per year. The Company's design annual capacity has gone up to 985,900 tons of cooked pulp. The output of the finished products, i.e. linerboard and corrugated board, is up 119,600 tons.

Significant steps were taken to develop the Company's production, power generation, environmental involvement, including production of pulp, paper, biotreatment at the Company's first thermal power plant. All the upgrade projects use the best currently available technologies.

Also in 2019 Arkhangelsk PPM continued developing its own power supply facilities. Construction of the coal-fired high-pressure boiler No.9 was completed and erection of the 60MW turbine unit seven commenced. The Company has launched a perspective project to convert the Company's energy generation to use gas, which will allow us to become more energy-independent. This is an expensive project that is of great importance for the environment, and it is expected to be completed by 2025.

JSC Arkhangelsk PPM is the core of Pulp Mill Holding Group's vertically integrated structure. APPM was registered in the city of Novodvinsk in the Arkhangelsk region. It is at the same time a shareholder of eight companies based in five regions of the Russian Federation. They use APPM's products as the feedstock and semi-finished products for their operations.

The Company's subsidiary, JSC ARKHBUM, has corrugated board and corrugated packaging production sites in Istra, Podolsk (Moscow region) and Ulyanovsk. APPM's other subsidiary, EUROPAC LLC, which manufactures corrugated board and corrugated packaging, is based in Voronezh. ARKHBUM-Upak LLC (a manufacturer of consumer packaging), which also has APPM as its shareholder, operates in the city of

Kolomna. APPM's subsidiaries: Arkhbum Tissue Group LLC, a manufacturer of sanitary tissue products (toilet paper, paper towels and napkins); ARKHBUM-Pak LLC, a consumer packaging (paper bag) manufacturer; and ARKHBUM Liner LLC, which manufactures chipboard (testliner and fluting), all operate in the Kaluga region.

In compliance with the Russian laws and the existing collective bargaining agreement, Arkhangelsk PPM's Shareholder strictly adheres to all commitments made to provide benefits and social guarantees to the employees. Starting from July 1, 2019, the Company employees' paycheck was raised by 5%. In 2019, 365.7 million rubles were allocated for social programs and projects. The Company is involved in a broad range of social activities and provides its employees with a variety of opportunities for work, fitness and recreation.

In 2019, the Company continued taking comprehensive action in the areas of personnel training, disease prevention, improvement of work, health and safety conditions, mitigation of occupational risks. APPM's corporate social responsibility is focused on ensuring the Company's stable development in the short and long run.

It is now Arkhangelsk PPM's 80th anniversary. The Company continues writing the history of achievements and winning performance. The Company's Shareholder and Management realize their exceptionally important role in resolving the social issues in the area of presence and in the wellbeing of all of its residents.

General Director
of Arkhangelsk PPM
Dmitry ZYLEV

2. Arkhangelsk PPM: overview

2.1. About JSC Arkhangelsk PPM

Arkhangelsk PPM's
work history started in **1940**

JSC Arkhangelsk PPM is one of the leading pulp-and-paper manufacturers in Russia and Europe, specialized in the following product types:

- bleached sulfate pulp (hardwood, hardwood mixture, softwood);
- cardboard (including universal cardboard for corrugated board liners);
- paper (writing paper, offset paper, label paper);
- exercise books (green cover 12, 18, 24-sheet; color cover 48-sheet);
- cardboard transportation packaging.

Full name: Joint-Stock Company
«Arkhangelsk Pulp and Paper Mill».

Abbreviated name: JSC Arkhangelsk PPM.

Start-up date: 1940.

Registered location and postal address: Russian Federation, 164900, Arkhangelsk region, Novodvinsk, Melnikov Street, 1.
Telephone: (8 81852) 6-32-02, Fax: (8 81852) 6-32-31.
Location of JSC Arkhangelsk PPM's representative office: Russian Federation, 123242, Moscow, Novinsky bulvar, 31, office 8-11

Details of state registration:

Date of state registration: December 25, 1992.

State registration authority: administration of the city of Novodvinsk.

Date of state registration of Company after 1 July 2002: August 1, 2002.

Registration number: 8/189.

CCertificate of Record in Uniform State Register of Juridical Persons registered before 1 July 2002: series 29 no. 000312037.

Main state registration number: 1022901003070.

State registration authority: Interdistrict Inspectorate of RF Ministry of Taxes and Duties no.3 in Arkhangelsk region (Taxpayers Services Department no. 1).

AO «Arkhangelsk PPM» was established pursuant to RF President Decree «On organizational measures for conversion of state enterprises, voluntary associations of state enterprises to joint-stock companies» no. 721 as of 1 July 1992.

Purpose of incorporation: generation of profit, efficient performance and strong contribution to the economy of the city of Novodvinsk, Arkhangelsk region and the Russian Federation, responsible attitude toward the personnel, society and the environment.

As of December 31, 2019, the Company's average number of staff was 4221 persons.

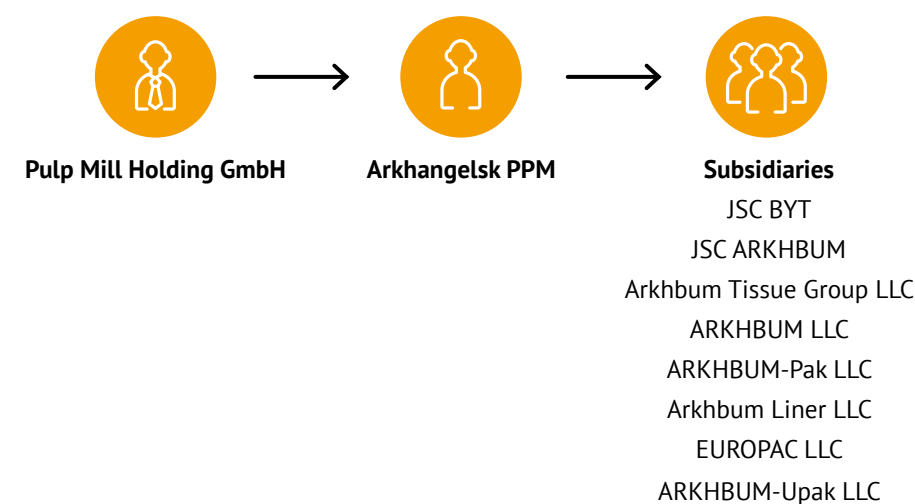
Arkhangelsk PPM's key businesses:

- manufacturing of pulp and paper products and associated goods, work and services
- wood processing
- international economic activity
- construction, installation and repairs
- transportation services
- initial professional training
- other activities which are not prohibited by law.

Authorized capital

The Company's authorized capital consists of 2,000,000 uncertificated registered ordinary shares with a nominal value of 16 rubles per share and is 32,000,000 rubles.

As of December 31, 2019, the Company's sole shareholder is Pulp Mill Holding GmbH (Reichsratstrasse 11/3B, A-1010, Vienna, Austria), which owns 2,000,000 shares, or 100.0 % of the Authorized Capital.



3. Company's mission and values

3.1. Mission

The Company's mission is efficient performance not only in making a profit but also in contributing to social and economic development of the city of Novodvinsk, the Arkhangelsk region and the Russian Federation, responsible attitude to the personnel and society, improving the quality of life of the Company's employees and the comfort of living in the area of presence for the residents.

3.2. Values

In accordance with the international practice, Arkhangelsk PPM understands corporate social responsibility as a set of commitments to all concerned parties. This includes the Company's efforts in relation to:

- environmental protection;
- development of public relations;
- economic growth.

Arkhangelsk PPM meets its social commitments in an open, public and voluntary way, in strict compliance with the Russian and international law.

Arkhangelsk PPM exercises continuous proper monitoring of environmental safety in the area of presence. With the new projects for an upgrade of its production capacity, the Company at the same time strives to enhance its engagement in social responsibility. APPM relies on improving the human resource management performance, achieving constructive and compromise-based relations between the employees and employer, fostering a beneficial atmosphere among the Company's employees. These approaches allow the Company to consistently implement its production plans and address its upgrade issues.

The Company's Shareholder and Management work toward making a high profit, expanding the domestic and international sales markets, technological and environmental development, as well as pursuing multi-faceted social activities.



4. Company's corporate management model

Arkhangelsk PPM maintains a Declaration of Corporate Values, which states the following key objectives:

- ensure stability and sustainable development, positive financial results of activity by using the best available technologies, introducing new equipment, and manufacturing competitive high-quality products;
- ensure and strengthen leadership in the pulp and paper industry;
- actively engage in the life and development of the city of Novodvinsk, supply heat and power resources to the municipality;
- introduce new environment protection technologies to minimize negative environmental impact.

The Company adheres to the following policies:

- observe the rights and social guarantees of employees and investors as provided in the relevant laws, the Company's Charter and other regulations;
- pursue a common corporate policy toward affiliated companies;
- maintain openness and transparency in communication;
- maintain business ethics and integrity in business activities.

Principles of Corporate Social Responsibility

The Company views its own structure of corporate social responsibility as an ongoing and developing system based on efficient cooperation with all concerned parties. Such cooperation helps make decisions mutually beneficial for all parties, including the employees, labor union, shareholders and investors, consumers, residents of the region of presence, state and local authorities, public organizations, vendors and business partners.

The drawing
by Angelina Bazhenova,
a participant of children's
drawing competition
«I draw APPM»



5. Contributing to the development of the area of presence

365.7 million rubles were spent by Arkhangelsk PPM on social activity in 2019

The top priority areas of social investment for Arkhangelsk PPM in the region of presence include:

- payment of taxes;
- ensuring a high rate of employment among residents;
- improving the urban environment;
- development of sports, health care, education, culture;
- work with children and youth;
- involvement with elderly;
- implementation of socially important projects as part of social initiative contests;
- charity and sponsorship activities.

In 2019, Arkhangelsk PPM allocated 365.7 mn rubles for social programs, benefits and social guarantees for its employees. This included 23,763,600 rubles in charitable donations to the city and region's social institutions and public organizations in 2019. The Company's investments in the social sphere per year per one employee are 88,376 rubles.

In pursuing its social goals, Arkhangelsk PPM primarily focuses on projects which make a real contribution to the development of the region of presence and improve the living conditions for its residents.

5.1. Social Investments and Projects

Arkhangelsk PPM is a large industrial complex with tens of shopfloors and thousands of employees, and it is the performance of each one of them that a stable and successful future for the Company and the area of presence depends on.

In pursuing its social goals, Arkhangelsk PPM primarily focuses on projects which make a real contribution to the development of the region of presence and improve the living conditions for its residents. Socially oriented programs are developed with active participation of the state and local authorities.

Social welfare of employees is ensured through benefits, guarantees and compensations, medical and health resort services, different types of personal insurance, provision of optimal and safe working conditions, employee training.

Arkhangelsk PPM's social policies include providing the Company's employees with extra opportunities for engagement in sport activities to maintain fitness and a responsible attitude to their health, promoting the «Fit for Work and Defense» physical training system.

The Company encourages its employees and residents of the Arkhangelsk region to take part in mass cultural events, sports and fitness events.



The drawing by brothers Ilya, Nikita and Miron Agafonov, participants of children's drawing competition «I draw APPM»

5.2. Tax Payments and Employment

As a systemic and a major budget revenue generating company, Arkhangelsk PPM is one of the largest taxpayers in the region of presence. Absolute compliance with the laws in force and payment of all taxes and levies is a very important illustration of the Company's social responsibility.

As of 2019, tax contributions by Arkhangelsk PPM to the budgets of all levels and payments to non-budgetary funds amounted to 3,264,802 k rubles.

Arkhangelsk PPM provides jobs to many residents of Novodvinsk, Arkhangelsk, Primorsky district of the

Arkhangelsk region. Nearly all employees of the Company and its subsidiaries, contractors working with the Company, logging companies which supply timber to the Company, are residents of the region.

The fact that the Company and its subsidiaries employ professionals from local population and offer a competitive level of wages is a significant contribution to sustainable development of the region's economy and to achieving the set of high-profile social and economic goals at the regional and federal levels.

3,264,802 thousand rubles was allocated by Arkhangelsk PPM for tax payments to the budgets of all levels and for contributions to non-budgetary funds in 2019

5.3. Involvement in Public, Economic, and Political Life in the Area of Presence

Arkhangelsk PPM's employees working constructively with the administration of the Novodvinsk municipality provide assistance in improving the management system for the city's social and welfare infrastructure.

The Company's representatives engage in various entities and bodies of local governance, making a meaningful contribution to the development of a comfortable urban environment. The Company's employees elected to the City Council of Novodvinsk are actively involved in the drafting and implementation of the social and economic development strategy for the city and the Pomor region.

Arkhangelsk PPM is the core of the «Innovative Local Timber Industry Cluster of Arkhangelsk Region», «PomorInnovaLes». Its members include small, medium and large businesses, scientific and educational

institutions, transportation companies. The association is supported by the government of the Arkhangelsk region. The cluster's mission is to achieve Russian-wide leadership in sustainable forest use and production of quality pulp and paper products based on innovative technologies.

The Company's employees participate in the activities of the Russian Union of Manufacturers and Entrepreneurs, Chamber of Commerce and Industry, Russian Military Historic Society and a number of other important public entities.

JSC Arkhangelsk PPM provides continuous full supply of heat and hot water to the municipality of the city of Novodvinsk. The social work carried out by Arkhangelsk PPM is reflected effectively and in detail on the pages of the Papermaker newspaper.

5.4. Assistance in the Development of Social Cultural and Health Infrastructure

Arkhangelsk PPM supports the socio-cultural and economic development of the area of presence on a voluntarily basis. The Company invests significant funds in the improvement of social infrastructure. In particular, Arkhangelsk PPM provides special-purpose funding for social and cultural facilities incorporated in the Company's subsidiary, JSC BYT.

The BYT Company is a 100% subsidiary of Arkhangelsk PPM. Its business units operate to provide services and create comfortable conditions for work and recreation primarily for the Company's employees, their families and for the residents of the area of presence. JSC BYT's business units form the basis for implementing some of the social welfare and health

programs for Arkhangelsk PPM's employees.

Over 19 million rubles was allocated in 2019 as special-purpose funding for BYT Company's facilities (fitness and recreation complex, Pearl of the North health resort and the Doctor Bubnovsky Center, Community Cultural Center, Uyut Hotel).

Currently, Arkhangelsk PPM is considering ways to improve the social tools in order to encourage an even greater number of employees to engage in mass cultural events, increase the accessibility of sports activities and promote healthy lifestyle. The Company wants its employees to be healthy, vital and well-educated. This is one of the key factors for boosting the Company employees' performance.

BYT's socio-cultural facilities:

- Entertainment Center;
- sports and recreation center, including Dvina sports facility (with indoor gyms, boxing hall, women's sports club «Image», workout room, outdoor football pitch and a hockey court) and Aquarius swimming pool (with a workout gym)
- North Pearl health and recreation resort, with Doctor Bubnovsky Center;
- Uyut hotel.

Over **19** million rubles provided in special-purpose financing by Arkhangelsk PPM for BYT's facilities



5.5. APPM's social projects contest «4D: Social Dimension – Let's Do Good Things»

In 2019, Arkhangelsk PPM continued financing the social projects contest called «4D: Social Dimension – Let's Do Good Things», which has now become traditional and supports projects aimed at developing the social sphere of Novodvinsk and Primorsky district areas adjacent to the Papermakers' city.

The initiative is being implemented as part of the Company's social action. Its goal is to support public projects and the ideas of volunteering in Novodvinsk. As a result of the contest, interesting social projects receive assistance in the form of cash grants. The social initiatives contest was suggested by Arkhangelsk PPM's General Director, Dmitry Zylev, with support from Member of the Company's Board of Directors, Vladimir Krupchak. The contest was held for the first

time in 2017. It was dedicated to the Papermakers city's anniversary and was called «40 Good Deeds for Novodvinsk's 40-th Anniversary». The idea gained a lot of public attention and a huge positive response in the city.

Residents most involved in Arkhangelsk PPM's social project were aged 31 to 45 and included state employees, education and cultural workers. In response to numerous requests, Arkhangelsk PPM's Shareholder and Management decided to hold the contest as a traditional one on an annual basis. In 2018 and 2019 it was called «4D: Social Dimension – Let's Do Good Things». Over the years of its short but bright history, APPM's project was many times hailed by experts. Now this social initiative of the Company is called «4D: Do Good to Each Other».



The most interesting projects included:

- projects from Novodvinsk City Womens' Council, the Museum of Pomor Mitten, and the Interregional Forum «Keeping the Traditions of Pomorie». The main idea behind the project is to preserve and develop the folk artistic handicraft of ornamental knitting of Pomor mittens, which could be viewed as a part of folk heritage. The goal of the forum was to have an exchange of experience between the public associations of the Arkhangelsk region in preserving and augmenting the old Pomor craft of pattern knitting;
- Novodvinsk Public Veterans Organization's project «Active Generation's Spartakiad». Sports contests were held among senior residents of Novodvinsk as part of this initiative. Senior citizens competed in table tennis, shooting sports, darts and chess;
- the «Good Novodvinsk» project by public organization «Initiative». This project engaged caring citizens, organizations, businesses of the city, who helped obtain necessary items for the new school year 2019/20 as charitable aid to disadvantaged children from multi-child families and families in difficult circumstances, residing in the city of Novodvinsk;
- Womens Initiatives' project «Fun Playing Together!». The enterprising residents of Laysky Dok village in Primorsky district refurbished a children's playground: new play equipment was installed and existing equipment was repaired. After the refurbishment of the playground was completed, a festive event called «Fun Playing Together!» was organized for the villagers, including games and amusements with participation of local amateur artists.

In addition to the above, the projects included improvement of a number of neighborhoods, construction and refurbishment of playgrounds at pre-school institutions, cultural events, etc.

With APPM's contest, more than 10 of the city's neighborhoods were beautified, and a number of Novodvinsk's educational institutions were able to implement new creative programs for holistic development of young residents.

A total of more than 150 community projects were translated into reality over the period of the social initiatives contest, including area improvements, sports and playground equipment, educational, patriotic, mass cultural events, volunteering activities and social support for the least protected groups of people, etc. Arkhangelsk PPM's social initiatives contest unites people, allows them to make their home city cozier and prettier, and make living in it more interesting.



Marina MIKHAILOVA,
Director of the Arkhangelsk Center
of Social Technologies «Garant»:

“APPM's social projects contest «4D: Social Dimension – Let's Do Good Things» is an example of an efficient and smart charity that creates perfect conditions for the development of public initiative.”

2.2 million rubles were allocated by Arkhangelsk PPM for the social initiatives contest in 2019



Dmitry ZYLEV,
General Director of Arkhangelsk PPM:

“The Company's traditions of charitable giving were established by Vladimir Yaroslavovich Krupchak. Today we are actively building up on them. The first social initiatives contest that was dedicated to Novodvinsk's 40-th anniversary gave us a strong response and a high synergetic effect from the participants. Therefore, APPM's Shareholder and Management decided that the social initiatives contest should be a regular event. We highly value the people who have an active attitude to life and who put their heart and soul and their personal time into promoting publicly significant ideas, and we are happy to help them make living in Novodvinsk more interesting and better.”



Galina CHELPANOVA,
RF Folk Craft Master, head of folk studio «Ariadne's Thread» at Novodvinsk City Cultural Center:

“The Ariadne's Thread folk studio is carefully preserving the folk traditions of the Russian North, so that the continuity of times and generations is not lost. Our association is a standing participant and awardee at Arkhangelsk PPM's social initiatives contest. It is especially important that in 2019 the Company helped implement the project that would establish the Museum of Pomor Mittens in Novodvinsk. Its main goal is to preserve and develop the folk's artistic craft, the ornamental knitting of Pomor mittens. It also holds master classes, excursions, workshop sessions, etc.”

About **150** publicly significant projects were implemented in Novodvinsk and Primorsky district as part of Arkhangelsk PPM's social initiatives contest

6. Company's social activities

The drawing by Anya Dymova, a participant of children's drawing competition «I draw APPM»



In 2019, Arkhangelsk PPM met all the obligations and social commitments related to welfare and social benefits and guarantees for employees as provided for in the Company's Collective Bargaining Agreement and the Russian Labor Code.

Arkhangelsk PPM's social responsibility in the present context reflects a wide range of objectives pursued by the Company. A crucial component is the Company's contribution to the economy of the region and Novodvinsk. An effective interaction between the Company and the community is reflected in the attitude toward the employees, support for the region's education and science institutions which provide human resources for the Company's various applied pulp-and-paper industry qualifications, in the Company's responsible attitude toward the environmental issues.

Social projects are an integral part of Arkhangelsk PPM's mission and development strategy. The Company's Shareholder and Management do not only declare this, but always persistently pursue and accomplish a socially-oriented policy. The Company pays special attention to environmental activity, continually improves and supplements the Collective Bargaining Agreement which provides for social programs and benefits for the Company's employees, their children, and veterans. This document is among the industry's most advanced ones with regard to the level of social guarantees and benefits provided to the employees and their families.

6.1. Health promotion and preventive health care for APPM's employees

Arkhangelsk PPM has always addressed the issues of health care for its employees and taken disease prevention measures. This agenda continues to be pursued today. The healthy lifestyle promotion activity among the Company's employees and Novodvinsk residents is an important segment of the Company's social policy. Arkhangelsk PPM makes an invaluable contribution to the functioning of JSC BYT's social facilities, and sponsors and organizes various fitness and health events.

One of the important tasks facing the Company's Shareholder and Management is to encourage as many employees of the Company as possible to be interested in health protection and improvement,

enhance the quality of people's lives, and thereby help the employees become more active and goal-oriented.

In 2019, rehabilitation treatment was provided to:

- at the North Pearl health and recreation resort – 795 employees of Arkhangelsk PPM (697 employees in 2018);
- at resorts in other regions – 318 employees (236 in 2018).

It was covered by the voluntary medical insurance policies of employees under the Rehabilitation Treatment program. 220 vacation packages were purchased for retired former Company employees, including nine for retirees awarded the «Honorable Worker of Arkhangelsk PPM» title. 8003.8 k rubles were spent from the profit to purchase the vacation packages.

Voluntary medical insurance policies (VMI) also covered the provision of health care to employees under the Outpatient Care program. 55,003.5 k rubles were paid in 2019 in insurance premiums under VMI policies.

In 2019, the 24-hour medical office continued operating at Arkhangelsk PPM's site, as a unit of the Novodvinsk Medical Center. The key services provided by the medical office include first aid treatment, prophylactic treatment and immunization. The cost of the medical office over the year totaled 13,644 k rubles.

The expenditures for annual medical checkups were 16,225.2 k rubles. The cost of preliminary physical examinations was 1,596.74 k rubles.

Medical meals were provided in accordance with the regulatory requirements of the Russian Ministry of Health and Social Development and the List of APPM Employees' Trades and Positions. This cost 2668.2 k rubles over the year.

Milk, dairy products and juice were provided to the Company's employees working in harmful conditions in accordance with the regulatory requirements of the Russian Ministry of Health and Social Development and the List of Jobs, Trades and Positions Entitled to Free Milk or Other Equivalent Food. Starting from April 1, 2013, employees may file a written request to receive compensation payments equivalent to the cost of milk. The total cost was 9532.27 k rubles.

Starting from 2012, carbonated water machines were installed on the Company's shopfloors as replacement for the provision of bottled mineral water to the employees. The related maintenance cost in 2019 was 899.71 k rubles.

Sergei MIRONOV,
head of medical rating at Medexpress
insurance company:

“In 2019, the coverage of the voluntary medical insurance program was expanded for Arkhangelsk PPM's employees. The list of available medical services and health care facilities was extended. Important new features are now available for travelers.”

1113 employees of the Company received rehabilitation treatment at the North Pearl health and recreation resort and other resorts in 2019

16 225,2 k rubles were spent by Arkhangelsk PPM on annual medical checkups for its employees in 2019



6.2. Promotion of Healthy Lifestyle and Mass Sports Events

Arkhangelsk PPM actively promotes healthy lifestyle among its employees and in the area of presence. Sports facilities (gyms, gymnastics room, stadium, swimming pool, workout room) were rented for 146 hours per week at BYT's sports complex for general physical exercises and competitions among the Company's employees. The monthly occupancy of the gymnasiums was 1554 visits, gymnastics room – 852 visits, swimming pool – 1025 visits, workout room – 735 visits.

On May 9, 2019, the 54-th traditional athletics relay race was held with prizes provided by Arkhangelsk PPM and gathered 80 teams, including four men's and three women's teams of APPM's employees. Annual family races were also held, gathering 46 families in the so called Winter Fun and 108 families in indoor competitions.

Throughout the year, competitions were held as part of Arkhangelsk PPM's public multi-discipline olympics, which engaged eight women's teams and 10 men's teams consisting of APPM's employees. The Company maintains a procedure and has appropriate conditions for the «Fit for Work and Defense» tests.

APPM organizes participation of its teams in regional competitions: Arkhangelsk region mini-football championship and cup, Arkhangelsk region floorball championship and cup, Severodvinsk Mayor's floorball cup, Severodvinsk floorball championship.

The «Dance for Health» project continues.

Retirees of Arkhangelsk PPM can use the sports complex for exercises free of charge and could attend the Health Day (skiing race) event that was held for them.

The cost of the mass sport events totaled 42,978.5 k rubles.

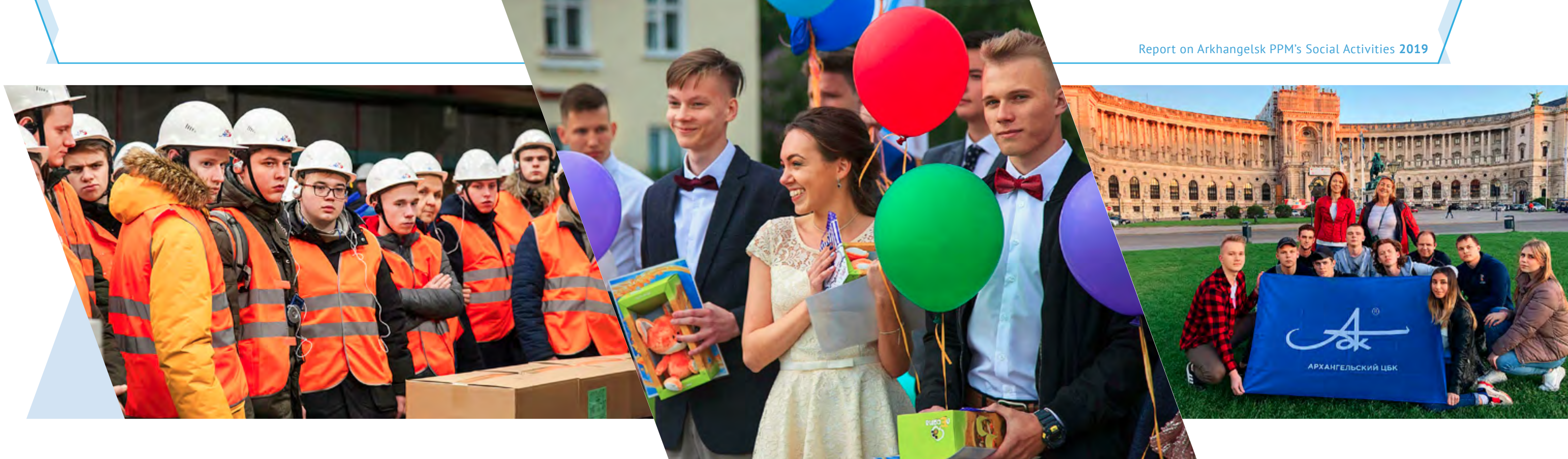
As part of healthy lifestyle promotion, the Papermaker newspaper publishes the periodical supplement Wellness, which covers Arkhangelsk PPM's diverse social initiatives focused on promoting healthy lifestyle among the Company's employees and Novodvinsk residents. The main objective of the new project is to attract the attention of as many employees of the Company and city residents as possible to the issues of health improvement and engage them in fitness activities.



Olga SAVVINA,
Administrative Manager at Arkhangelsk PPM:

“The personnel's health is the most important resource for any company. The goal of the Company's Shareholder and Management is to create conditions for the improvement of our employees' physical and mental health, boost their performance, productivity and stress resistance, and to have them form an active position in life. These efforts create a favorable microclimate within the Company and improve its cohesion as a team.”

42 978,5 k rubles
were spent by APPM on mass sports
events in 2019



6.3. Assistance to the education system and science

Arkhangelsk PPM makes a significant contribution to the development of science and the education system in the Arkhangelsk region and Novodvinsk. The Company places a special focus on the improvement of vocational education for the employees.

The human resource development for worker trades includes career guidance activities in conjunction with the Novodvinsk Industrial College and Secondary School No.1 in Novodvinsk, and engineer training with the Lomonosov Northern (Arctic) Federal University.

The NAFU and Arkhangelsk PPM have an Agreement for Cooperation in Applied Research and Development Projects for the Pulp-and-Paper Industry, and an Agreement on Cooperation in Human Resource Development in the Russian Arctic. The Agreements

provide for conventional and well-proven forms of cooperation, including various types of hands-on training, career guidance excursions to the factory, classes at the university's specialized department for pulp and paper production technology, which operates at the Company.

Arkhangelsk PPM is implementing a continuous training system called «The Steps», which represents a logically linked chain: pre-school institutions – school – university – company.

Thanks to Arkhangelsk PPM, 10 students from the Novodvinsk Industrial College went on a career guidance trip to Austria, where the young people visited European pulp and paper industry factories (Brigl&Bergmeister, UPM, Andritz Group, and Mondi).

School No.1 in Novodvinsk has a forest class, where a large portion of the curriculum is dedicated to studying pulp and paper production and the environmental issues. Arkhangelsk PPM provides significant assistance in achieving the goals of the forest class's curriculum.

In 2019, APPM took part in a career guidance project for school students aged 14 to 17, called «Development Region 29». As part of this project, Arkhangelsk PPM engineers together with the organizers:

- selected six school students from 26 municipalities of the Arkhangelsk region to complete the summer specialized session in Pulp and Paper Production Process.

mer specialized session in Pulp and Paper Production Process.

- familiarized the session participants with the Company's trades;

- during the summer session, the participants together with the Company's mentors successfully prepared and defended the project - a career guidance quest about APPM's trades, called «the Paper Land», which was held in November 2019 at two schools in Novodvinsk.

As part of the «Perspective» program, in 2019 Arkhangelsk PPM together with NAFU selected candidates among students of the Novodvinsk Industrial College and Lomonosov Northern (Arctic) Federal University to receive a scholarship from the Company for vocational training in Industrial Heat Engineering, Electric Power and Electrical Engineering, Process and Plant Automation, Process Machines and Equipment, Chemical Technology, Power Supply.

In 2019, Arkhangelsk PPM provided apprenticeship to 235 students from the NIC and 40 students from Lomonosov Northern (Arctic) Federal University. The Company's production facilities were visited on excursions by 167 students of the NIC and 291 students from the NAFU, 1171 school students from Novodvinsk, Arkhangelsk and the Arkhangelsk region, as well as 259 kindergarteners.

Ivan RYAKHIN,
student at Novodvinsk Industrial College,
took an educational trip to Austria:

“I was really impressed during the visits to the European factories. As a future electrician, I observed that an active upgrade is taking place currently all over the world, something that cannot be accomplished without automation. And this means that my trade is in high demand and is a very interesting one!”

The «Paper Land» career guidance quest about APPM's trades was held at schools in Novodvinsk in 2019

2

275 students completed hands-on training at Arkhangelsk PPM's units in 2019

6.4. Mass cultural events

During 2019, the Company not only sponsored but also organized many public cultural events. The total cost of organized public cultural events was 5617.2 k rubles.

The following events were held in 2019:

- Arkhangelsk PPM's 79-th anniversary ceremony (events marking the award of the «Arkhangelsk PPM's Veteran» title, meetings to honor the Company's best

employees with presentation of certificates of merit and letters of gratitude from ministries and agencies, a concert for APPM's employees);

- concerts for APPM's employees dedicated to the Fatherland Defender's Day and International Women's Day;
- the city concert for the Victory Day (in conjunction with the administration of Novodvinsk);
- creativity contest for APPM employees' families «When All Family Is Together Then Your Soul Is At Rest»;
- New Year's corporate party for APPM's employees and corporate party dedicated to Power Engineer's Day for CHP 1 employees;
- New Year's performances for the Company employees' children. More than 1000 children of the Company's employees visited the New Year performances organized for them at the Palace of Culture. The cost of the performances totaled 621 k rubles.

Over **1000** Company employees' children attended the New Year's shows organized by Arkhangelsk PPM

6.5. Assistance in Educational and Publishing Activities

Arkhangelsk PPM is also actively involved in educational and publishing activities. For instance, owing to an initiative brought forward by Member of APPM's Board of Directors Vladimir Krupchak and the Company's management, the book titled «The Birth of a Giant» dedicated to the factory's construction period of 1934–1940 was published in 2019. The work was authored by members of APPM's corporate projects team, Pavel Fasonov and Elena Zakharova. The narrative is accompanied by unique illustrative material. The publication is a captivating account of the challenging historic period and is intended for all those who are interested in the country, the timber industry and the home region's past.

The historical literary work «The Birth of a Giant» won the first prize at the Grand National Contest of

corporate media resources «The Silver Threads», that is the book was recognized as the best among publications prepared in 2019 by companies and organizations in the Russian Federation. In addition, the publication «The Birth of a Giant» won the main nomination at the Arkhangelsk regional contest «Book of the Year – 2019», «The Best Book About The Russian North. Author».

At the Grand National Contest of Corporate Media «Silver Threads – 2019», Arkhangelsk PPM's «The Papermaker» newspaper was recognized in the nomination «High Level of Corporate Task Solving». The publication was also awarded for the best event feature, «Advanced! Powerful! Ours!», covering the revamp of the second board machine, as well as for highly professional photos depicting the milestones of the Company's plant upgrade.

Artyom VAKHRUSHEV,
deputy chair of the Arkhangelsk region government,
commission chair of the «Book of the Year – 2019» contest:

“A lot of archive materials were collected to prepare the book, «The Birth of a Giant». Some of the materials had previously been classified. These include security agencies' documents, federal and regional archive documents. What we see is a serious work intended for a wide audience. The books help us understand how the history was made with regard to factories, particularly ones as large as Arkhangelsk PPM. Their past is a part of Pomorie's chronicles.”





6.6. Support measures for children and youth

The Company actively works with the youth, pays significant attention to providing comfortable work and living conditions for the new generation of residents in the area of presence, provides assistance for events targeting children and teenage audiences. The Company spends large funds on organizing summer recreation holidays for the children of its employees.

706 children (645 in 2018) of the Company's employees spent their holidays at children's recreation camps, including 279 at the children's camp located at the North Pearl health and recreation resort, 330 at the children's recreation camp Laskovy Bereg located at the Black Sea, and 97 Company employees' children who attend sports clubs went together with their coaches to the children's recreation camp «Sea Pearl».

The Company's funding share in the cost of children's vacations (23,236.49 k rubles) was 48.1% (4.0% up from 2018), the share of regional budget funding was 38.8% (3.6% down from 2018). Despite the annual rise in the cost of vacations purchased by the Company, the amount that had to be paid by the Company's employees remained the same. It is 13 to 15% of the total price for vacation (3032.49 rubles in the total amount of cost), the remaining part being paid from the Company's revenues and the regional budget funds.

In 2019, 2556 k rubles were spent on purchasing New Year's gifts, 2556 each, for the employees' children aged 1 to 15.

In addition, Arkhangelsk PPM sponsored the purchase of New Year's gifts for children from low-income and large families, children from the Novodvinsk Complex Center for Social Services for children with disabilities, Novodvinsk City Public Organization of the Disabled, Novodvinsk Children Care Home.

The Company also provided exercise books to kindergartens, children from low-income families, care homes, orphan asylums, disabled children homes and complex centers for social services as part of the charity campaign «Help the Children of Pomorie!».

706 children of APPM's employees visited children's recreation camps in 2019

6.7. Assistance in the Company's Youth Board Activities

The Youth Board of Arkhangelsk PPM will soon mark its 10-th anniversary. This is a public-oriented entity traditionally formed of socially active representatives of the young generation of the Company's employees. With support from the Company, the Youth Board puts forward initiatives throughout the year to hold events engaging students from the city's schools and the Novodvinsk Industrial College. The Youth Board effectively cooperates with many institutions and entities of the region.

The following events were held upon the initiative of Arkhangelsk PPM's Youth Board in 2019:

- sport events with participation of the city's schools and the Novodvinsk Industrial College;
- environmental events;
- «Healthy Lifestyle» events among APPM's employees;
- intellectual entertaining games;
- events for children from the orphan home at the Novodvinsk Complex Center for Social Services.



6.8. Help to Company's Veterans Board

Some 5000 retirees who worked at Arkhangelsk PPM live in Novodvinsk and the Arkhangelsk region. The Company puts in much effort to provide social support for this group.

2.232 million rubles were spent by Arkhangelsk PPM on payments to the Company's retirees on anniversary dates

In 2019, upon the initiative and with support from APPM's Veterans Board, a concert dedicated to the Day of Older Persons was held, a meeting of veterans took place as part of the Victory Day celebrations, a New Year's party and excursions were organized for the former employees of the Company.

Non-working retirees of Arkhangelsk PPM have access to free of charge exercises at BYT Company's sports facility. The Health Day was also held for them (including skiing races and active outdoor games).

According to the Company's Collective Bargaining Agreement, financial support is paid to non-working retirees every five years on the occasion of anniversary (starting from the age of 55). In 2019, the amount of financial aid paid to non-working retirees on the occasion of the anniversary dates was 2232 k rubles.

Maria SHADRINA,
Chair of Veterans Board, Arkhangelsk PPM:

“Arkhangelsk PPM's Veterans Board marked its 30-th anniversary in 2019. We always put our best efforts into improving the lives of the former employees of Novodvinsk's flagship company. An activity plan is prepared for the Board every year and is approved by the Company's Administrative Manager Service. Some of the traditional activities include the weekly reception of the Company's retirees (taking place on Tuesdays and Thursdays at the Community Center), receiving and reviewing requests for financial aid, distribution of vacation vouchers for the North Pearl health resort among the veterans, and much more. We work continuously to identify any retirees who live alone and need social assistance. The board members organize visits to such people at their homes or hospitals. During such visits the senior people receive gifts and necessary aid.”



6.9. Social Support for Employees' Families

Arkhangelsk PPM provides social assistance not only to its employees, but also to their family members. Starting from 2016, our Company implements a corporate social non-commercial project called «Housing for Young Professionals». It allocates funding to support the municipal subprogram «Provision of Housing to Young Families». This allows young families of the Company's employees to acquire the preferential right to obtain housing certificates.

In 2019, the Company co-financed the Housing for Young Families program. 16 young families of the employees received housing documents of entitle-

ment to social benefits for the acquisition of residential housing or development of an individual housing property, the amount of support provided by the Company was 3.2 mn rubles. The Company pays for the municipal share of the program financing.

In 2019, the amount of financial aid provided by Arkhangelsk PPM to multi-child families of its employees was 1176.0 k rubles, financial aid for childbirth was 801.0 k rubles, financial aid for funerals 1850.0 k rubles, financial aid for surgery and examinations 1174.5 k rubles. The Company compensated its employees' costs of moving to a new residence in the amount of 623.3 k rubles.



Grigory KOVALEV,
head of youth and patriotic upbringing division, internal policy department of the Arkhangelsk region governor administration and government:

“The co-operation between the region's government, the municipality and Arkhangelsk PPM as part of the Housing for Young Families program is an example of an efficient public-private partnership. We are all interested in the youth staying and working in our region. And of course we realize that the housing issue is vital for every family. With co-financing from Arkhangelsk PPM, Novodvinsk holds the fourth spot in the region in terms of funds allocated for the Provision of Housing to Young Families program.”



Kseniya SAZHINOVA,
a housing certificate recipient in 2019:

“We used the housing certificate to repay a mortgage, which is allowed by the terms of the program. This is huge support for our young family! We are very grateful to APPM's management for this significant financial aid! My husband Ilya works as an electrician at APPM and I am on a parental leave taking care of our little daughter Liza.”





The drawing
by Taisiya Pukhova,
a participant
of children's drawing
competition «I draw APPM».
Taisiya Pukhova is a member of the
dynasty of APPM workers.

6.10. Company's Charity Activities

The amount of charitable aid provided by Arkhangelsk PPM to social institutions and public organizations of Novodvinsk and the Pomorie region in 2019 was 23,763.6 k rubles.

For instance, charity support was provided to public organisation Afghanistan Veterans' Association of Russia; Novodvinsk municipal non-governmental organization of disabled persons; Novodvinsk veterans' organization; Novodvinsk Children Care Home; Novodvinsk children's boarding facility; Novodvinsk Social Services Center; under the special program «Together We Can More», funding was provided as payments for medical services, medications and adaptation equipment for disabled children.

Funds were allocated to the Novodvinsk Physical Fitness and Sports Promotion Board for organization

and running of sports events; to the municipality of the City of Novodvinsk for holiday events.

Funds were allocated to the World Wildlife Fund; the Children's Art Center; Lomonosov Northern (Arctic) Federal University for a science and technology conference.

New Year's gifts were bought for children from disadvantaged and large families, Novodvinsk municipal non-governmental organization of disabled persons, Novodvinsk orphan home.

Throughout the year the Company provided exercise books to the complex social services centers of the Arkhangelsk region, schools and pre-school institutions of Novodvinsk, and as part of the Fathers Board's annual charity event «Help the Children of Pomorie».

23 763,6 k rubles were allocated by Arkhangelsk PPM in charity aid to social institutions and public organizations of Novodvinsk and Pomorie

6.11. Non-governmental Pension Services for APPM's Employees

The Company participates in a non-governmental pension service program. The program implemented in cooperation with VTB Pension Fund provides for an additional, non-governmental pension to be paid to participants in addition to the governmental pension (consisting of the insurance part and the funded part).

Arkhangelsk PPM employees participating in the program will transfer 1% of their salary every month to their own pension account opened under this program. Arkhangelsk PPM in turn will add 2% to the participant's account, and the VTB Pension Fund will add the investment income on the entire amount on the pension accounts.

Upon eligibility for retirement, the VTB Pension Fund will pay the non-governmental pension for the entire period determined by the Company's employee him/herself (but as a minimum for 5 years) from the funds accumulated on his/her pension account over the program participation time. Employees who have worked for the Company for at least 5 years are eli-

1831 individual pension accounts were opened for APPM employees under Non-governmental Pension Services Agreement with Non-governmental Pension Fund «VTB Pension Fund»

gible for the corporate pension. Importantly, pension contributions made under the corporate pension program and accrued income are inheritable both at the accumulation and payment phases.

As of December 31, 2019, 1831 individual pension accounts were opened for the Company's employees under Non-governmental Pension Services Agreement No. /02-01-001/20 with Non-governmental Pension Fund «VTB Pension Fund».

6.12. The Company's Collective Bargaining Agreement

On November 27, APPM's primary labor union organization held the 38-th report and election meeting in the Etansel hall of BYT Company's Palace of Culture community center, with the primary purpose of electing a new chair of the labor union cell. As a result of the delegates' voting, the position was taken by Anna Nosova. The event was important for the region's timber industry and gathered a large number of participants and guests.

APPM's Shareholder and Management are fully aware that to be lucrative, a business always needs to be socially responsible. They respect the international and Russian labor laws, maintain a constructive dialog with the labor unions based on the principles of social partnership. Employees who fully understand their own responsibility for dynamic and successful development of the Company and join the labor union organizations assume certain obligations through collective agreement relations.

Today, the Company's Shareholder, management, employees, labor union organization have common interests and goals. All the parties are sincerely interested in the development of the Company and its subsidiaries, improving the financial and economic performance, boosting the productivity and, of course, social stability for the employees. These objectives define the need for meaningful and mutually beneficial co-operation between the employer and the employees.

Alla SAFONOVA,
chair of Arkhangelsk
region's Federation
of Labor Unions:

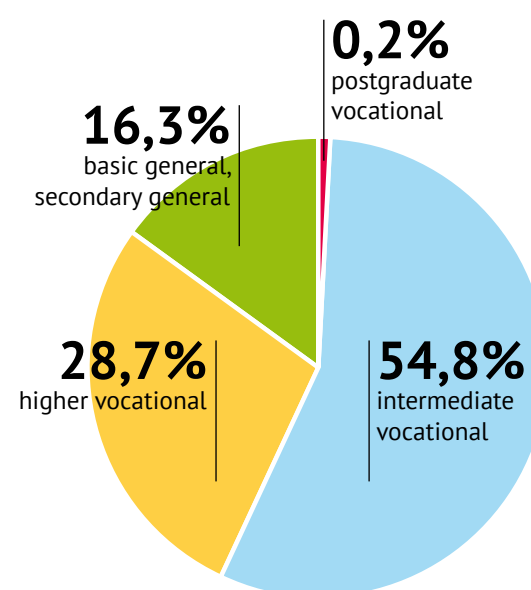


“Arkhangelsk PPM's labor union organization, even though it comprises only 33 percent of the Company's employees, is considered to be one of the largest in the region. The Company cares about its employees. The existing collective bargaining agreement is a result of an efficient collaboration between the employer and the labor union organization at APPM, and provides for a high level of benefits and social guarantees for all employees, significantly exceeding the statutory requirements. The Company strictly observes the provisions of the Arkhangelsk region three-party agreement between associations of labor union organizations, associations (unions) of the region's employers, and the government of the Arkhangelsk region for social and labor relations, including differentiation of pay.”

7. Summary of the company's employees

404 persons hired
by Arkhangelsk PPM in 2019

Education level of Arkhangelsk PPM's employees



Human resources are Arkhangelsk PPM's principal advantage. The Company's employees are its key potential, and the Company places great value on the staff members' performance and high motivation.

7.1. Company employee dynamics

The number of personnel employed by Arkhangelsk PPM as of December 31, 2019 was 4221. The level of staffing as of the end of 2019 was 100%. 404 persons were hired by Arkhangelsk PPM in 2019.

Of the total number of employees as of December 31, 2019, the number of workers was 3079, or 73%, the number of managers, specialists, office workers (MSO) was 1142, or 27%. In terms of the length of service, the largest group at the Company are employees who have worked for more than 15 years.

The average age of the Company's employees as of December 31, 2018, was 43 years, including: men – 42.4, women – 43.6. The average age of managers is 44.4 years.

The education background data for Arkhangelsk PPM's employees shows that more than half of the Company's employees have secondary vocational training background, i.e. 2314 (54.8% of all staff).

16.3% or 687 employees have secondary or basic education background (8 to 11 grades), these are mostly workers.

1213 employees (28.7%) have higher vocational education background, mostly employed as managers, specialists or office personnel. The personnel's education level dynamics in the past five years shows a trend of an increasing number of employees who have a higher vocational education background.

1213 employees
of Arkhangelsk PPM have higher
vocational education background



7.2. Professional training and personnel development

The key areas in human resource management at Arkhangelsk PPM include instruction, professional training, retraining, and competence development of the Company's employees.

The key components in the training structure in 2019 are pre-qualification training and qualification of managers and specialists in Rostekhnadzor regulations, mandatory training in health and safety, fire safety, transportation safety, radiation safety, etc., professional training and re-training of workers.

In 2019, training was provided to 80% of employees, of whom 25% were managers and specialists and

75% were workers. Instruction and professional training are provided according to the plan and within the allocated funds.

Representatives of trade jobs received training for the first time, were trained for a second associated profession, upgraded their qualification, completed re-training and mandatory training in HSE, fire safety, etc.

The fact that employees are trained mostly on the Company's premises enables a more efficient use of funds and an optimal combination of employees' training and actual work activity.

In 2019, training and qualification development continued for the Company's managers and specialists in the following: automation of plant, human resource management, labor and pay management, changes in the Russian retirement system, environmental safety, changes in the Russian transportation laws, plant personnel management and shopfloor economy, customs clearance and release of goods, customs regulation of import and export, accounting.

All activities were considered to be successful.

80 percent of Arkhangelsk PPM's employees completed mandatory training in 2019

7.3. Wage structure and monthly average wage

Incentives for personnel are applied taking into account their contribution to improving the quality of processes and products and bolstering the Company's performance.

The Company employees' remuneration is based on wage rates, piece work rates, position-based salaries approved by the Company, and is determined in accordance with the applicable laws and the Collective Bargaining Agreement.

Bonuses were awarded according to the indicators specified in the Regulation on Bonuses for Operating Performance. The average bonus percentage for the last year was 24.2%, the maximum rate was 25%.

The monthly average wage in 2019 per employee was 55,263 rubles, including 45,314 rubles among workers and 82,353 rubles among MSO. The monthly average wage level in the reporting year exceeded the 2018 level by 4728 rubles, or 9.4%.

The monthly average wage of Arkhangelsk PPM's employees in 2019 was

55,263 rubles



The drawing by Dasha Shestakova, a participant of children's drawing competition «I draw APPM»

7.4. Employee rewards

In 2019, 761 employees of the Company received various rewards. These included:

- five employees received state decorations of the Russian Federation;
- eight persons received certificates of merit from the Russian Ministry of Industry and Trade;
- one person received the certificate of merit from the Governor of the Arkhangelsk region;
- five employees received letters of acknowledgement from the Governor of the Arkhangelsk region;
- 12 persons received certificates of merit and letters of acknowledgement from the Arkhangelsk Region Assembly;
- 12 employees of the Company received certificates of merit and letters of acknowledgement from the Arkhangelsk region Ministry of Natural Resources and Forestry;
- 34 persons received certificates of merit and letters of acknowledgement from the Administration of Municipality «City of Novodvinsk» and the City Council;
- four employees' names were entered on the Novodvinsk municipality's Board of Honor;
- five employees received the «Honored Worker of Arkhangelsk PPM» title;
- 10 employees' names were entered on Arkhangelsk PPM's Board of Honor (including one employee of ARKHBUM and one employee of BYT);
- 218 persons received certificates of merit and letters of acknowledgement from Arkhangelsk PPM;
- 99 employees were awarded the honorary title «Veteran of Arkhangelsk PPM» (including six employees of ARKHBUM and four employees of BYT);
- 34 employees received regional and municipal level awards on the occasion of the Forest Worker's Day.

Elena UZKIKH,
size cooking operator, paper
production chemical mixing shop:

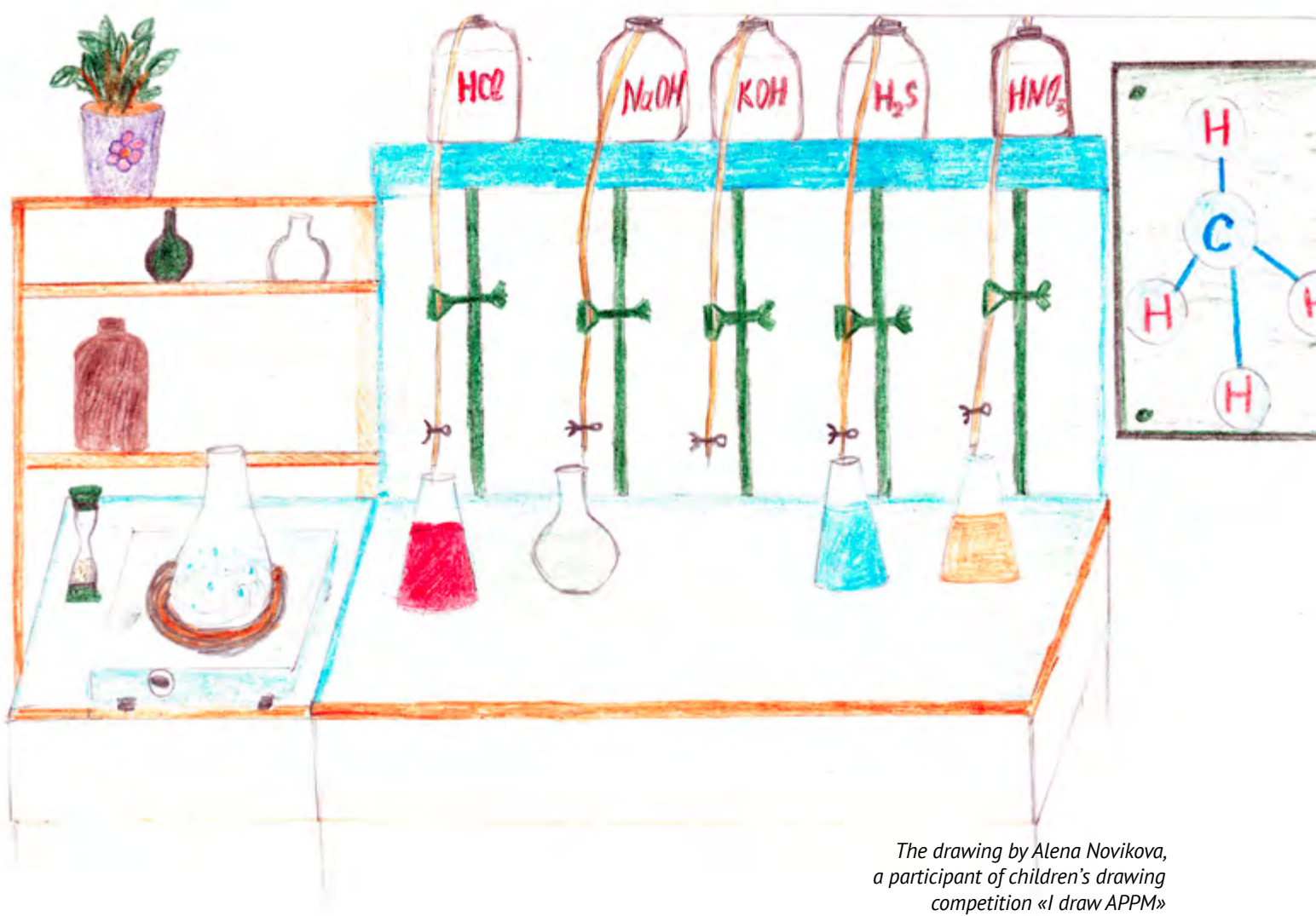
“*My job involves chemicals and a shift schedule. But, even though it's tough, I like it a lot. I think that the important benefits of being employed by APPM are the extended social package and summer vacations for children. For the Company's 79-th anniversary I was rewarded with a letter of acknowledgment. It was very exciting and unexpected! I really appreciate the fact that the Company's management give rewards to its employees in person.*”

Leonid UTUGOV,
deputy minister/head of financial
and economic division at Arkhan-
gelsk region ministry of natural re-
sources and forestry complex:

“*I would like to wish the employees, the Shareholder and the management of Arkhangelsk PPM personal and work-related victories and success to you and your families. Over the years the Company has created an efficient and environmentally friendly system of operation, which allows it to confidently assert its position on the pulp-and-paper market.*”

761 employees
of Arkhangelsk PPM received
different forms of recognition in 2019





The drawing by Alena Novikova,
a participant of children's drawing
competition «I draw APPM»

8. Environmental activities

Arkhangelsk PPM places a great emphasis on protecting the environment. Reduction of negative impact on the environment and improvement of the ecological standards of production are an organic part of the Company's business strategy and a component of social responsibility. This work aims to improve the production and financial performance in the interests of the Shareholder, partners, employees of Arkhangelsk PPM, as well as the Company's area of presence. In 2019, Arkhangelsk PPM received the «A-» rating, the highest among Russian companies, based on the criteria of the Carbon Disclosure Project (CDP) - an international project for greenhouse gas emissions disclosure.

8.1. Environmental action

Arkhangelsk PPM is a large business, and therefore the environmental issues are essential for the Company.

The cost of the environmental action and the introduction of the best available technologies by Arkhangelsk PPM in 2015–2019 was 8.8 bn rubles, including 2.9 bn rubles in 2019. Starting from 2015, the Company has undertaken the following large-

scale steps as part of the upgrade program to achieve a high level of environmental performance:

- construction and start-up of a new multi-fuel high-pressure boiler fired by biomass waste (bark and wood waste and waste water sludge);
- installation and start-up of five decanters manufactured by Flottweg (to replace press filters) for dewatering of wastewater sludge mixture and excess activated sludge;
- construction and start-up of a new semichemical pulp shop using advanced technologies and high-performance gas-treating equipment; the former semichemical pulp area was decommissioned with the start-up of the new shopfloor;
- reconstruction of board machines No.1 and No.2;
- construction of a new Evaporator for cardboard

production and decommissioning of the previous station. The new Evaporator uses the best available technology, which collects and incinerates malodorous contaminant emissions;

• conversion to the ECF (elemental chlorine free) technology for the entire output of bleached sulfate pulp;

• installation of a new power generating boiler using low-emission burners and highly efficient gas-treating equipment, and decommissioning of the obsolete boiler unit;

• modernization of the waste disposal site - the Cinder Dump;

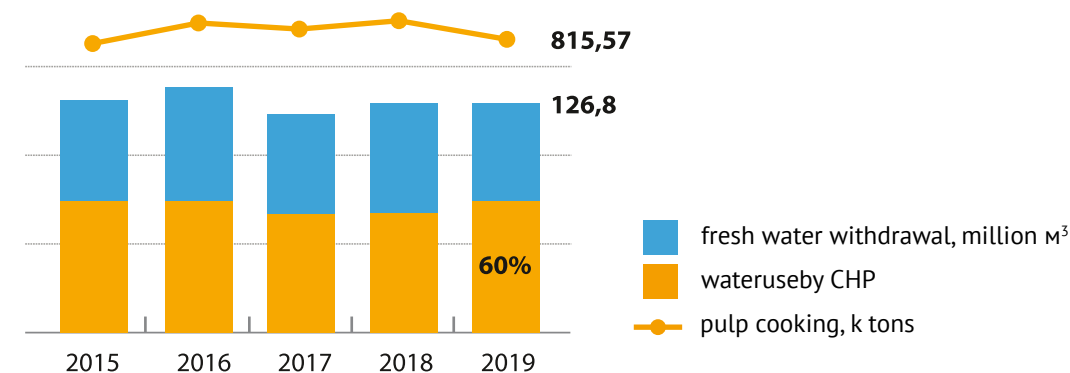
• upgrade of the gas treatment systems and foul condensate treatment systems for Evaporators at the Pulp Cooking Plant (in progress).

8.2. Reducing water consumption

Under the water use agreements and permits for the use of water bodies, Arkhangelsk PPM uses a part of the Northern Dvina river for the following purposes: withdrawal (intake) of water resources from water bodies; using the surface area of water bodies; wastewater discharge. The actual water use parameters are within the allowable water withdrawal and discharge limits specified for the Company.

Since 2015, the withdrawal of river water by Arkhangelsk PPM dropped 6.4% with the pulp cooking rate down 1.4%; specific consumption of river water decreased by 5.1%. In the Company's water balance, the highest percentage of water withdrawn from the water body (60% in 2019) is attributed to the Company's CHP 1, the main supplier of electric power and heat energy for the Company's plant facilities and the city of Novodvinsk.

Water use by Arkhangelsk PPM



Water resource withdrawal (extraction) from the river

	2010	2015	2018	2019
fresh water withdrawal, million m³	153	135,5	127,2	126,8
pulp cooking, 1000 tons	857,8	827,2	870,3	815,6

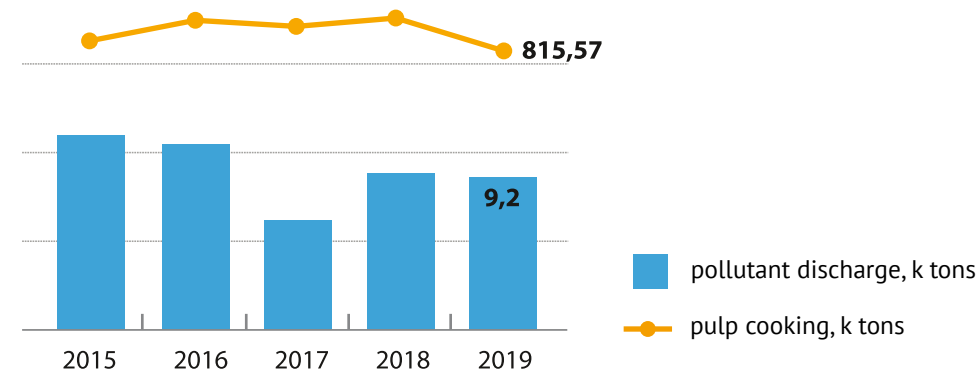
2.9 billion rubles were spent by Arkhangelsk PPM on the environmental activities in 2019

8.3. Reducing pollutant discharge to water

Arkhangelsk PPM discharges treated waste water to the water body via outlet No. 1 (dispersing) and discharges water after turbine condenser cooling via outlet No. 3 (riverside). Outlet No. 2 (treated water, riverside) is currently out of operation, outlet No. 4 (surface runoff water from lumber yard, riverside) has been decommissioned. Over five years the Company has reduced the gross pollutant discharges to the water body by 11.5%.

Arkhangelsk PPM discharges pollutants based on and in accordance with the permit issued by the Northern Interregional Division of the Russian Environmental Agency, Rosprirodnadzor. The permit specifies the allowable discharge rates and limits (for the period until the steps are implemented to meet the ADRs) based on the integral indicators: suspended solids, BOD, COD. Wastewater discharge via outlet No.3 is based on the Declaration of Environmental Impact.

Pollutant discharge to water body



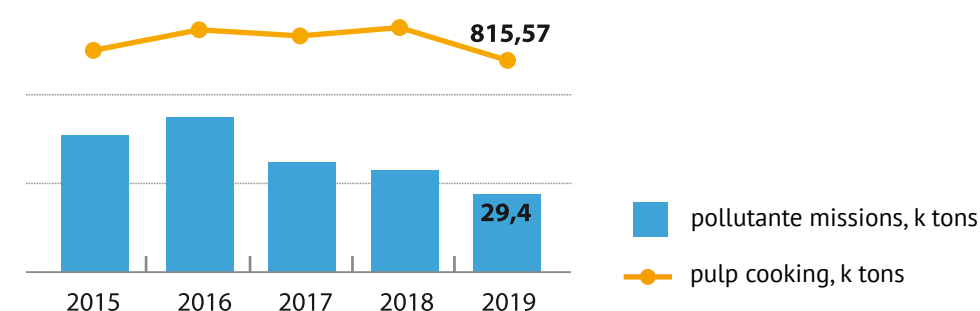
	2010	2015	2018	2019
pollutant discharge to water body, k tons	12,3	10,4	9,3	9,2
pulp cooking, k tons	857,8	827,2	870,3	815,6

8.4. Reducing atmospheric pollutant emissions

Arkhangelsk PPM emits pollutants to atmosphere in accordance with the permits for pollutant emission issued for the construction and operation periods for the Company's facilities by the Northern Interregional Division of Rosprirodnadzor; declarations of environmental impact; reports (for first, second, and third category, respectively, of facilities producing a negative environmental impact). Pollutant emissions are within the specified allowable emission limits.

Arkhangelsk PPM emits pollutants to atmosphere in accordance with the permits for pollutant emission issued for the construction and operation periods for the Company's facilities by the Northern Interregional Division of Rosprirodnadzor; declarations of environmental impact; reports (for first, second, and third category, respectively, of facilities producing a negative environmental impact). Pollutant emissions are within the specified allowable emission limits.

Atmospheric pollutant emissions



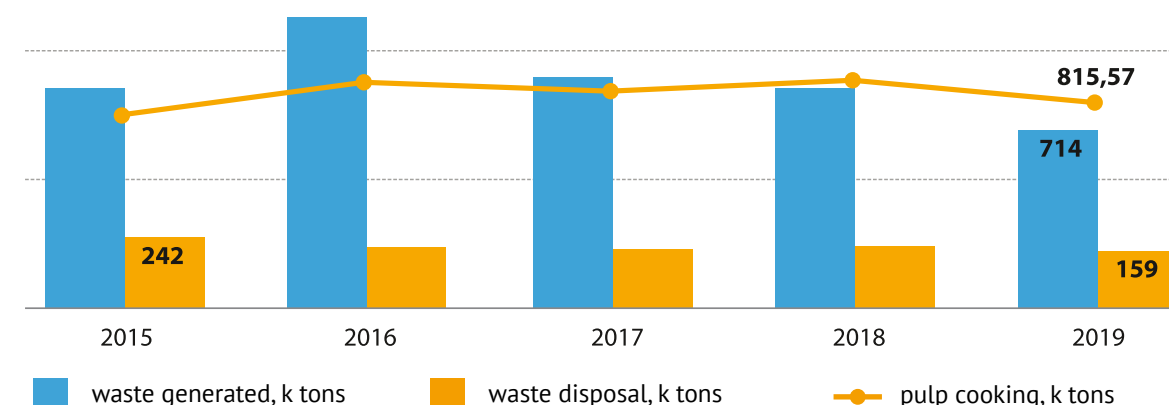
	2010	2015	2018	2019
pollutant emissions, k tons	45,2	36	30,8	29,4
pulp cooking, 1000 tons	857,8	827,2	870,3	815,6

8.5. Action to reduce waste disposal

Arkhangelsk PPM is the owner and operator of three waste disposal sites used for the disposal of production waste (generated at the Company's site): landfill sites and ash/cinder dump. The sites are included in the state register of waste disposal sites. By 2020, the Company

has eliminated the burial of the main heavy tonnage pulp and paper production waste (wastewater sludge and bark/wood waste); the largest share of the waste disposal balance is waste generated by combustion of coal, the main fuel used by the Company's CHP 1.

Waste disposal



	2010	2015	2018	2019
waste burial, k tons	321	242	153,1	159,8
pulp cooking, k tons	857,8	827,2	870,3	815,6

8.6. Efficient management of greenhouse gas emissions

In 2019, Arkhangelsk PPM's greenhouse gas emission statements for 2018 successfully passed verification for conformity with the requirements of ISO 14064-1 – 2006 GREENHOUSE GASES – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals. As part of the verification, the emission statements for the production sites of Arkhangelsk PPM and its subsidiaries were verified.

In 2018, the total direct and power generation-related indirect GHG emissions (Scope 1+2) by Arkhangelsk PPM (including all subsidiaries and their branches) were 1,805,399 tons of CO²-eq., which is 1,298,022 tons of CO²-eq., or 41.8%, lower than the 1990 baseline, and 17.9% lower than the voluntary limit for GHG emissions set by the organization for the period until 2020 at 2,200,000 tons of CO²-eq. per annum.



Arkhangelsk PPM's greenhouse gas verification statement

8.7. Social, educational activities and environmental projects

In line with Arkhangelsk PPM's Quality & HSE Policy, the Company continually works to improve the personnel's professionalism in environmental protection and to draw the public's attention to the environmental aspects.

In 2019, Arkhangelsk PPM released a symbolic 2019 salmon juveniles into the Solza river as part of the voluntary water bio resource preservation policy. This was once again dedicated to the World Environment Day.

Arkhangelsk PPM in conjunction with the Northern Interregional Division of the Russian Environmental Agency continues the social education project EcoKids. Three classes from Novodvinsk schools and kindergarten Ecokids participate in the Company's independent project «EcoKids Novodvinsk». Arkhangelsk PPM organized and conducted the following events for the ecology kids: excursions, environmental voluntary cleanup days, the Climate Day, the Polar Bear Day, waste paper collection, contests and educational environmental classes with participation of experts from Arkhangelsk PPM, BYT Company, Dvina Region Water Company, Northern Interregional Division of the Russian Environmental Agency, Arkhangelsk region public rights advocacy environmental foundation «Biarmia», NP Russian Arctic, Sawmill 25, Arkhangelsk region branch of the Russian-wide public organization «Russian Environmental Society», Kenozersky National Park.

In December, Arkhangelsk PPM became one of the organizers of the second regional children's environmental conference for the EcoKids project participants.



Arkhangelsk PPM released **2019** salmon juveniles into the Solza river as part of the water bio resource preservation action in 2019

9. Implementation of integrated management system

In February 2019, the Company had the third inspection audit of the chain of custody in compliance with the requirements of the Forest Stewardship Council®, after recertification in 2016. The inspecting experts from NEPKon LLC issued a conclusion that the system maintained by Arkhangelsk PPM (trademark license code FSC-C002853) conforms to the requirements of the FSC standards for chain of custody certification and the use of trade marks, and confirmed the validity of the existing certificate.

In June 2019, Arkhangelsk PPM completed an inspection audit of the Integrated Management System (IMS). The audit was conducted by leading experts from the certification authority, TMS RUS Technical and Management Services, a member of TÜV SÜD group and the exclusive representative of TÜV SÜD in the Eurasian Economic Union countries. TÜV SÜD is one of the leading international organizations offering certification, testing, audit and training services.

As a result of the inspection, TMS RUS auditors confirmed that APPM's management system conforms to the requirements of the International Standards ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 and issued a number of recommendations for improvement.

During 2019, Arkhangelsk PPM worked on aligning the IMS with the requirements of the new international standard ISO 45001:2018 Occupational Health and Safety Management Systems. Requirements with guidance for use. For this purpose, a working group led by Deputy Chief Engineer (for Oversight) was established to address the adaptation of the new requirements as applicable to APPM.

As part of this project, the following was accomplished in 2019:

- internal IMS auditors were trained for ISO 45001:2018 in January;
- in February, training was provided for the ISO 45001:2018 standard to the project's working group, managers and engineers of the health and safety group (H&S), production inspection group, emergen-

cy and fire safety team, including practical drills to support the theoretical knowledge held at one of the cardboard shops;

- in March, the project's working group together with the consultant performed an express analysis of the existing health and safety management system and prepared an action program to align it with the requirements of ISO 45001;

- in April, working groups were formed and approved by executive documents to identify hazards and assess professional risks (personnel health and safety risks) for the Company in general, for the plant management and for individual plant units. Each group included active experienced frontline employees (workers) and/or representatives of the labor union organization;

- in May, the consultant (with participation of the project's working group) provided the first trainings for the working groups in hazard identification and risk assessment at the pulp, paper production shop-floors and CHP 1;

- in June, a whole range of similar trainings were provided to the working groups for board production, biotreatment plant, lumber yard, motor vehicle team, mechanical repair team, fire and gas safety team, warehousing team, handling shop, and instrumentation shop;

- during several months the project's working group with participation of active representatives of the board plant developed a new procedure for hazard identification and occupational risk assessment (STP ISM 56). The standard took effect from June 25;

- starting from August, the trained working groups commenced the hazard identification and risk assessment activities at the units and workplaces in accordance with the new standard. For methodical assistance, engineers from the management system development group (MSDG) together with representatives of the board plant and the consultant prepared samples of risk reports for one of the shops and a workplace; the MSDG prepared a presentation with explanation of occupational risk reporting;

- consultations were provided to the working groups from September to December: by the consultant during visits to the site, by MSDG and H&S personnel at other times;

- in September, work commenced to identify and assess the general occupational risks at the Company, i.e. risks that all of the Company's employees as well as contractors and visitors present on APPM's site are exposed to. This was addressed by a separate working group which included managers from all oversight units of APPM, the production group, organizational development team, environment group, and the chair of the primary labor union organization. The final version of the overall risk report for the Company was approved in December;

- in November, safety leadership audit trainings were held for the managers and engineers of the paper plant, lumber yard, bio-treatment plant, mechanical repair, handling teams. Trained managers and engineers can apply the acquired skills in their routine work with personnel on health and safety. The decision to introduce this practice across the entire APPM has not yet been made by the management;

- in December, the MSDG revised two of the Company's standards in line with the new requirements of ISO 45001:2018 – for IMS reviews by the management (STP ISM 22) and for quality and HSE planning (STP ISM 33). Other significant adjustments were additionally made to STP ISM 33 (describing the procedure for context analysis, risk assessment, change management and knowledge management in the organization for Arkhangelsk PPM). The analysis of IMS functioning for 2019 and collection of suggestions on targets for the plant units for 2020 were organized in accordance with the requirements of the updated procedures;

- various mechanisms were developed to encourage the Company's frontline employees to engage in different areas of the occupational health and safety management system.

The drawing by Olesya Fedoseeva, a participant of children's drawing competition «I draw APPM»



In February **2019**, the Company had the third inspection audit of the chain of custody in compliance with the requirements of the Forest Stewardship Council®

10. Implementation of suggestions for improvement

Starting from February 1, 2019, to improve Arkhangelsk PPM's performance by stimulating its employees' creative potential, the updated Procedure for submission, review and implementation of suggestions for improvement, which was successfully tested in 2018, took effect on a permanent basis. From the effective date until December 31, 2019, 51 suggestions were received from APPM's employees using this procedure. Of them, as of February 10, 2020:

- 8 suggestions were implemented;
- implementation of 7 suggestions is in progress;
- 5 suggestions are under review/were returned for adjustment to the authors (3/2);
- 31 suggestions were rejected (at the first stage/by an expert/by the expert board) (5/24/2).

The suggestions were of different nature and produced an overall annual economic effect worth 25,509.9 k rubles (89 suggestions were received during the test period of this procedure in 2018, resulting in an overall effect (adjusted) of 125,424 k rubles.

According to the «Procedure for submission, review and implementation of improvement suggestions», every employee of the company may propose initiatives that can be aimed at achieving an economic and environmental effect, improvement of product quality or integrity, working conditions and work safety, increasing the intensity of business processes. Authors of ideas that successfully pass expert evaluation receive financial rewards.

After a suggestion is received, its initial evaluation takes place. Then the suggestion is referred to an expert, who analyzes it within 10 working days. The time limit for review of an initiative is one month.

The expert decides on the necessity of proposing the improvement suggestion for review by the Expert Board, that is composed of the Mill's management representatives. The suggestion can be forwarded to the authors and experts for finalization with indication of a deadline for its repeated proposal for review by the Expert Board. After the improvement suggestion is approved by the Board, the general director of the company signs an order for its introduction, and a realization schedule is drawn up, if necessary.

Beside the monetary reward, other ways of non-material promotion of the improvement suggestion authors are possible at the company. Proactive employees, who provide effective ideas, can be considered by the management as candidates during setting of the talent pool.

Information on implemented improvement suggestions and the procedure for reviewing employees' ideas is periodically published in the corporate newspaper, The Papermaker, as well as on APPM's portal and news ticker.

The drawing by Arseniy Bichkaev, a participant of children's drawing competition «I draw APPM»



The economic effect from improvement suggestions implemented in 2019 was

25,509.9 k rubles



EMPLOYEE REWARDS FOR THE INNOVATOR'S DAY

On the occasion of the Innovator's Day, Arkhangelsk PPM held an award ceremony for authors of the best improvement suggestions for 2019.

- The award for «The Simplest Suggestion» (something obvious that does not require much effort or resources for implementation) was received by Andrei Gorshkov and Vadim Moseev (pulp production), Sergei Basin (paper production). They authored the «Packaging Board Density Reduction» project.
- The «Most Efficient Suggestion» nomination for solutions which resulted in the highest design economic effect was won by Vadim Moseev, Aleksei Baranov and Roman Babin (pulp production) with their project «Optimization of the Cooking Area Screening Operation».
- «The Most Advanced Suggestion» was made by an employee of the financial team at APPM's General Accounting Group, Nataliya Ponomareva. Her project's name fully describes its essence: «Using APPM's website QR code on souvenir products and exercise books».
- Timur Kovalev's (board production) rationalizing suggestion won the «Most Useful Suggestion» nomination. It proved to be the most useful one for the production. In his project, Timur Sergeevich presented a device for suspending the face side of the drying section cylinders for Board Machine 2.
- The «Top Quality Suggestion», meaning a suggestion that is highly complex but elaborated and calculated in great detail, was authored by Evgeny Chudakov (Chief Electrician Group) with the project «Power Supply Circuit Modification for Board Machine 2».
- The nomination called «A Hard Drill Makes an Easy Emergency Response» was won by fire and gas safety team employees Evgeny Yablokov and Vitaly Liberov. They presented a program for «Improving the quality of training for fire and gas safety team personnel».
- Apart from the award ceremony for the Innovator's Day, Arkhangelsk PPM held a lottery drawing of valuable gifts among 25 authors of improvement projects that were approved in 2019.

11. Improvement of work conditions, health and safety

11.1. Expenditures on implementation of the Work Conditions and Health and Safety Improvement Plan

In 2019, in compliance with the Collective Bargaining Agreement, APPM spent 143.328 mn rubles on implementing the Work Conditions, Health and Safety Improvement Action Plan. This included:

- cleaning, washing and repairs of safety/work clothing – 4.923 mn rubles;
- provision of personal protective equipment – 53.869 mn rubles;
- preliminary and periodic medical checkups, including psychiatric examination – 14.203 mn rubles;
- routine checks of work conditions at workplaces – 7.185 mn rubles;
- special assessment of working conditions at workplaces in production facilities and a number of administration units – 2.6 mn rubles
- occupational health and safety training for managers, specialists and workers, repairs of amenity rooms, steps to ensure proper sanitary and hygiene work conditions, etc. – 60.548 mn rubles.

11.2. Implementation of labor safety policy

The Quality Management System of Arkhangelsk PPM complies with the requirements of GOST R 54934-2012/OHSAS 18001:2007.

The company continually strives to improve the level of occupational safety and health of its employees, create comfortable working conditions, and reduce the risk of accidents and occupational diseases.

The employees are provided with personal protective equipment according to the standards developed for the Company's business units, with due consideration of the specific work conditions. The PPE provision rates established by the Company are considerably higher than those specified in the typical industry standards.

All personal protective equipment, safety clothes and footwear purchased by the Company are certified for conformity with the state health and safety requirements and supplied with a declaration of con-

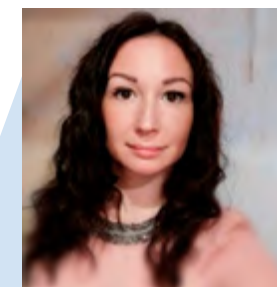
formity. Based on the typical industry requirements, the Company has issued the standards for the provision of PPE, safety clothes and footwear to employees with consideration of their working conditions. Any PPE that gets worn out early without the worker's fault is promptly replaced.

As part of the Health and Safety Program for 2019, 26 steps were taken, including: for pulp plant: repairs of ceiling in the Causticizing and Lime Regeneration shop, installation of guards for packaging lines in the drying area of the Pulp Shop, replacement of fixed lighting on soda recovery boilers No.4 and No.5 in the Boiler Turbine Shop; purchased and installed guards for electrical group area equipment (drilling and sharpening machines) in the mechanical repair shop; repaired a number of racks in CHP 1 interconnecting lines shop; repaired parts of brickwork on the northern side of the building in the paper products shop at the paper plant. Necessary steps were also taken at other plant units.

Arkhangelsk PPM launched a campaign to attract the Company employees' attention to the health and safety issues. All of the Company's media resources are used for this purpose, including: the Papermaker newspaper, social networks, internal radio channel, «News Ticker» information display, information stands on the Company's site.

An important information project of 2019 was establishing a series of corporate health and safety posters «Your Me». They were created with participation of the Company employees' children aged 2 to 16. On the posters, the kids ask their parents to observe safety precautions, wear safety clothes, and use personal protective equipment (PPE). This creative idea which some 100 children contributed to resonated with the Company's employees.

143,328 mn rubles was spent by APPM in 2019 on implementing the Work Conditions, Health and Safety Improvement Action Plan



Lyubov GORBOVA,
storekeeper at mechanical
repair shop:

“My kids, Alyona and Ruslan, took part in the «Your Me» project. We loved both the idea of this campaign, boosting occupational safety, and the creative process itself, shooting photos of kids wearing safety clothes. The posters turned out to be really bright and fascinating. Arkhangelsk PPM constantly holds various contests and events. Our family lives an active life and we love participating!”

Dmitry ANIKIEV,
head of the Company's health
and safety group:

“Compared to previous years, the percentage of compliance with measures taken to reduce occupational risks has increased. This stems from establishing the priorities and proper planning of resources. In 2019, Arkhangelsk PPM was inspected twice by the Novodvinsk territorial department of Rospotrebnadzor (Russian Consumer Protection Agency) Division in the Arkhangelsk region and once by the State Labor Inspection Agency, two being unscheduled and one a scheduled inspection.”



12. APPM's most important events in 2019

Arkhangelsk PPM received the «A-» rating among Russian companies, based on the criteria of the Carbon Disclosure Project (CDP), an international project for greenhouse gas emissions disclosure.

- From January 14 to May 28, the final stage of retrofitting Arkhangelsk PPM's second board machine was carried out. The activities were ongoing on a 24-hour basis. The work included installation of the new board machine, the final part of the stream and auxiliary systems, as well as completion of the electrification and automation activities on the machine. The equipment for this global upgrade was supplied by Valmet.

- JSC ARKHBUM (a subsidiary of APPM, a Pulp Mill Holding group company) launched a new state-of-the-art corrugated board and corrugated packaging factory in Voronezh, with a capacity of 188 mn m² per annum. The overall investments were 3.5 bn rubles.

- Arkhangelsk PPM was visited by Director of the Consumer Goods Industry and Forestry Complex Department of the Russian Ministry of Industry and Trade, Evgeny Ryzhov.

- The Urals Turbine Factory (ROTEC Holding) completed the manufacturing and performed rig testing of steam turbine PT-60-8,9/1,9. Modernization of APPM's CHP 1 turbine plant is one of the crucial tasks for the Company's upgrade. The new 60MW turbine set will significantly increase the dependability and availability level of the Company's entire power supply system.

- On October 1, 2019, the Dvina-Pinega State Regional Integrated Nature (Landscape) Reserve was established by decision of the Arkhangelsk region government. The reserve has an area of 302 k ha, including 162 k ha contributed by Titan Group, Sawmill 25, and Arkhangelsk PPM.

- The pulp plant switched to using a new bleaching agent, hydrogen peroxide, to replace sodium hypochlorite. All bleached pulp produced by the Company's third phase now passes the bleaching stage without using elemental chlorine, based on the ECF (Elemental Chlorine Free) technology.

- On September 12, Arkhangelsk PPM's new book, The Birth of a Giant, was presented at the Dobrolyubov regional scientific library. The appearance of this great historical literary work became a big and much-anticipated event for Novodvinsk and Pomorie.

- On November 27, the 38-th reporting and election conference of Arkhangelsk PPM's primary labor union organization of the Russian Forestry Labor Union took place. The delegates elected Anna Nosova as the chair of the Company's labor union organization. The attendees were debriefed on the labor union committee's activities for five years and reviewed the members of the inspection and audit commission, the labor union committee and its presidium.

- At the beginning of December, the first educational event called «Production Foreman School» was held in the new classroom opened at Arkhangelsk PPM's pulp plant. This is a spacious, multi-functional hall divided in two dedicated areas, a computer class area for 20 persons and a training area.

- The new factory of Arkhbum Tissue Group LLC (a subsidiary of APPM, a member of Pulp Mill Holding) started up a new paper machine manufactured by Andrit AG (Austria) and produced the first batch of its own base paper. The plant's capacity is 70 k tons of base paper per annum.

13. Awards and ratings

Awards

- Bleached hardwood sulfate (kraft) pulp produced by Arkhangelsk PPM won the golden diploma and the «Golden One Hundred» title at the XXII-nd Russian-wide contest «Russia's 100 Best Products».
- Arkhangelsk PPM's corporate newspaper, The Papermaker, won four nominations at the Grand National Contest of Corporate Media, Silver Threads 2019.
- Arkhangelsk PPM's book, The Birth Of A Giant, dedicated to the factory's construction period, was recognized as the best corporate publication in the Russian Federation.

Ratings

- The RAEX rating agency published the Top 20 Russian companies in terms of expenditures on environment protection. Arkhangelsk PPM was among the country's three leaders.
- The Expert RA rating agency confirmed Arkhangelsk PPM's rating of ruA. The rating outlook is stable.
- Arkhangelsk PPM was among the top 18 best companies in the nomination «The best organization in the Russian Federation in terms of greenhouse gas emission reduction among organizations emitting over 150 k tons of CO₂ equivalent per annum».
- Arkhangelsk PPM was once again included in the RBC 500 rating. The Company's position is 306.
- Arkhangelsk PPM has considerably improved its position compared to the previous year in the rating of Russia's largest companies (RAEX-600), having moved up in the rating table from the 363-rd to 332-nd place.
- Arkhangelsk PPM was for the eighth time included in the rating of Russia's largest companies in product sales, Expert 400.
- Arkhangelsk PPM was included in the top 20 of Russia's most energy efficient companies from RAEX-600.
- The Expert media holding's first rating of sustainable development programs was released in December 2019. The analysis results placed Arkhangelsk PPM at the 46-th position among the 100 largest Russian companies.



14. Company's strategic goals

The key goals include:

- increasing the pulping capacity to one million tons per year
- growing the presence on domestic and international markets
- improving the Company's own social policy to ensure the wellbeing of the Company's employees and residents in the area of presence.

The achievement of the Company's strategic objectives will be facilitated by supporting organizational goals:

Financial goal:

- strengthening the Company's financial stability and independence through optimization of cash flow management.

Marketing goals:

- maximum satisfaction of customers' demand
- retaining the Company's domestic market share in beneficial competitive conditions on the pulp and containerboard markets
- high quality of products and increased yield of high grade products.

Production goals:

- maintaining stable and highly productive operation of all process streams
- reducing production costs and using resources efficiently to increase the competitive ability of the products
- introducing new technology to improve the environmental situation
- improving the quality management system and production process management
- improving and introducing new modules of the SAP R-3 integrated system at different stages of the production process
- developing and implementing investment projects to revamp the power facilities and develop cardboard and pulp manufacturing in order to increase the Company's pulp production capacity to one million tons of high-grade pulp per year (cooking capacity).

Personnel management goals:

- improving labor productivity e.g. by using advanced processes
- improving the employee incentive system and personnel qualification development
- introducing social programs and benefits for the Company's employees and their families.

Building upon the current market position, Arkhangelsk PPM continues upgrading the range of products and manufacturing capacity and expanding its production in order to maintain independence and strengthen the standing among Russian and global producers.

The Company also improves its social tools to create comfortable conditions for work and recreation for the Company's employees and the residents in the area of presence. APPM's Shareholder and management believe that this activity is key to enhancing the Company's performance and competitive edge.

