



Exporter Questionnaire



EUROCHEM
MINERAL AND CHEMICAL COMPANY

JSC Novomoskovsky Azot Novomoskovsk, Tula Region, Russia

Case number: 565
Product: Ammonium nitrate
From: Russian Federation
Inquiry period: 1 July 2019 to 30 June 2020
Response due by: 28 September 2020

Extended to 19 October 2020

Email enquiries to: investigations2@adcommission.gov.au

Anti-Dumping Commission website: www.adcommission.gov.au

Responses to the exporter questionnaire must be submitted via SIGBOX. Please contact the Commission on the above email address to request access to SIGBOX.

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INSTRUCTIONS

Why you have been asked to fill out this questionnaire?

The Anti-Dumping Commission (the Commission) is conducting an inquiry into ammonium nitrate exported to Australia from the Russian Federation (Russia).¹

The Commission will use the information you provide to determine normal values and export prices over the inquiry period. This information will determine whether ammonium nitrate has been dumped.

If you do not manufacture the goods

If you play a role in the export of the goods but do not produce or manufacture the goods (for example, you are a trading company, broker, or vendor dealing in the goods), it is important that you forward a copy of this questionnaire to the relevant manufacturer(s) and inform the Commission of the contact details for those manufacturers **immediately**.

The Commission will still require your company to complete this exporter questionnaire except Section G – cost to make and sell.

What happens if you do not respond to this questionnaire?

You do not have to complete this questionnaire. However, if you do not respond, do not provide all of the information sought, do not provide information within a reasonable time period, or do not allow the Commission to verify the information, we may deem your company to be an uncooperative exporter. In that case the Commission must determine a dumping margin having regard to all relevant information.

Therefore, it is in your interest to provide a complete and accurate response to this exporter questionnaire, capable of verification.

Extension requests

If you require a longer period to complete your response to this exporter questionnaire, you must submit a request to the Commission, in writing, for an extension to the due date for all, or part, of the questionnaire. This request must be made prior to the due date. A request for extension will be rejected if received after the due date.

When considering the extension request, the Commission will have regard to:

- the Commission's responsibility to conduct the case in a timely and efficient manner;
- the reasons why you could not provide a response within the whole period, and not only the period remaining between the request and the due date;
- ordinary business practices or commercial principles;
- the Commission's understanding of the relevant industry;
- previous correspondence and previous dealings with your company; and
- information provided by other interested parties.

More information on extensions can be found in the Customs (Extension of Time and Non-cooperation) Direction 2015 at <https://www.legislation.gov.au/Details/F2015L01736>.

You will be informed of the decision as to whether your request for an extension has been rejected, granted in full or granted in part. For example, you may be granted an extension to submit all sections except for Section A, or you may be granted a shorter extension than you requested.

¹ The current measures apply to goods exported directly from Russia or via Estonia.

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A summary of any requests and grants of extensions to submit a response to this exporter questionnaire will be published on the public record.

Submitting a response to the exporter questionnaire

Responses to the exporter questionnaire should be lodged via SIGBOX, a secure online document repository. Please contact the Commission using the email address listed on the cover page to request access to SIGBOX.

In submitting the response to the exporter questionnaire, you must answer all questions, include all attachments and spreadsheets, and provide a non-confidential version of your response to this exporter questionnaire.

If your response to this exporter questionnaire contains major deficiencies that, in the Commissioner's view, cannot be quickly and easily rectified in a further response, then your company may be deemed an uncooperative exporter.

Confidential and non-confidential responses

You are required to lodge a confidential version (**OFFICIAL: Sensitive**) and non-confidential version (for public record) of your response to this exporter questionnaire by the due date. Please ensure that *each page* of the information you provide is clearly marked with either "**OFFICIAL: Sensitive**" or "PUBLIC RECORD".

All information provided to the Commission in confidence will be treated accordingly. The public record version of your questionnaire will be placed on the public record, and must contain sufficient detail to allow a reasonable understanding of the substance of the information, but does not breach confidentiality nor adversely affect those interests.

A person is not required to provide a summary for the public record if the Commission can be satisfied that no such summary can be given that would allow a reasonable understanding of the substance of the information.

All questionnaires are required to have a bracketed explanation of deleted or blacked out information for the public record version of the questionnaire. An example of a statement to accompany deleted/blacked out text is:

[Explanation of cost allocation through the divisions, by reference to machine hours or weight].

If such an explanation is not provided, the Commission may disregard the information in the submission. Where the public record version of your response to the exporter questionnaire does not contain sufficient detail, your company may be deemed to have significantly impeded the case and be deemed an uncooperative exporter.

Verification of the information that you supply

The Commission may wish to verify your response to the questionnaire for completeness, relevance and accuracy of the information to your company's records.

The verification is not meant to be a chance for you to provide new or additional information. The Commission expects your response to the questionnaire to be relevant, complete and accurate.

The verification may include Commission staff visiting your company to conduct on site verification.² Any onsite verification typically commences approximately two to four weeks after the

² The Commission has temporarily suspended onsite verification due to the COVID-19 pandemic (refer to Anti-Dumping Notice No. 2020/29). However, your response to the exporter questionnaire may still be subject to onsite verification, should the suspension of onsite verifications be lifted.

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due date of the response to the exporter questionnaire. To assist with planning of a verification, please contact the Commission as soon as possible for a potential verification date to be scheduled.

The onsite verification is usually conducted over four days. However, in complex cases, it may be scheduled over five days. A verification will include a detailed examination of your company's records and we will collect copies of relevant documents. The verification will require the participation of key staff, including your financial accountant, production manager and sales staff. A tour of the manufacturing facility may also be required during the verification.

The Commission may elect to undertake an alternative verification methodology than an onsite verification to satisfy itself of the completeness, relevance and accuracy of the data.

Note that the Commission may disregard any data or information that is not verified, including new or additional information provided after the verification visit.

A report will be prepared following the verification, which details the outcomes of the verification. This report will be placed on the public record and may include the publication of the preliminarily-assessed dumping margin. The Commission considers that the dumping margin is not confidential information, but rather an aggregate figure derived from confidential data.

You will be provided with an opportunity to comment on the accuracy and confidentiality of the verification report prior to its publication on the public record.

For information on the Commission's verification procedures, refer to Anti-Dumping Notice No. 2016/30 available on the Commission's website.

Important instructions for preparing your response

- All questions in this exporter questionnaire must be completed. If a question is not applicable to your situation, please answer the question with "Not Applicable" and provide an explanation as to why.
- All questions must be answered in English. An English translation must be provided for documents not originally in English.
- Clearly identify all units of measurement (e.g. KG) and currencies (e.g. AUD) used. Apply the same measurement consistently throughout your response to the questionnaire.
- Label all attachments to your response according to the section of the questionnaire it relates to (e.g. label the chart of accounts as Attachment A-4.6).
- The data must be created as a spreadsheet in Microsoft Excel.
- If you have used formulas to complete spreadsheets, these formulas must be retained and not hard-coded.
- You must retain all worksheets used in answering the questionnaire. Be prepared to provide these worksheets during the Commission's verification of your data.
- If you cannot present electronic data in the requested format contact the case officer as soon as possible.
- Where possible, electronic data should be shared with the Commission via SIGBOX, a secure online document repository. Please contact the Commission to request access to SIGBOX if required.

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CHECKLIST

This section is an aid to ensure that you have completed all sections of this questionnaire.

Section	Please tick if you have responded to all questions
Section A Company information	<input checked="" type="checkbox"/>
Section B Export sales to Australia	<input checked="" type="checkbox"/>
Section C Exported goods and like goods	<input checked="" type="checkbox"/>
Section D Domestic sales	<input checked="" type="checkbox"/>
Section E Due allowance	<input checked="" type="checkbox"/>
Section F Third country sales	<input checked="" type="checkbox"/>
Section G Cost to make and sell	<input checked="" type="checkbox"/>
Section H Particular market situation	<input checked="" type="checkbox"/>
Section I Russian market	<input checked="" type="checkbox"/>
Section J Australian market	<input checked="" type="checkbox"/>
Exporter's declaration	<input checked="" type="checkbox"/>

Attachments	Please tick if you have provided spreadsheet
B-2 Australian sales	<input checked="" type="checkbox"/>
B-2.2 Australian sales source	<input checked="" type="checkbox"/>
B-4 upwards sales	<input checked="" type="checkbox"/>
B-5 upwards selling expenses	<input checked="" type="checkbox"/>
D-2 domestic sales	<input checked="" type="checkbox"/>
D-2.2 domestic sales source	<input checked="" type="checkbox"/>

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F-2 third country sales	<input checked="" type="checkbox"/>
F-2.2 third country sales source	<input checked="" type="checkbox"/>
G-3 domestic CTM	<input checked="" type="checkbox"/>
G-3.2 domestic CTM source	<input checked="" type="checkbox"/>
G-4.1 SG&A listing	<input checked="" type="checkbox"/>
G-4.2 domestic SG&A	<input checked="" type="checkbox"/>
G-5 Australian CTM	<input checked="" type="checkbox"/>
G-5.2 Australian CTM source	<input checked="" type="checkbox"/>
G-7.2 raw material CTM (if relevant)	<input checked="" type="checkbox"/>
G-7.4 raw material purchases	<input checked="" type="checkbox"/>
G-8 upwards costs	<input checked="" type="checkbox"/> * see G-8.1
G-9 capacity utilisation	<input checked="" type="checkbox"/>

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LIST OF ATTACHMENTS

Number	Attachment	Confidential?
Exhibit A-1	EuroChem corporate structure	No
Exhibit A-2	EuroChem Group ownership	Yes
Exhibit A-3	NAK Azot Organization chart	Yes
Exhibit A-4	NAK Azot Departments functions	Yes
Exhibit A-5	EuroChem AN booklet	No
Exhibit A-6	EuroChem IT Landscape	Yes
Exhibit A-7	[CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]	Yes
Exhibit A-8.1	NAK Azot Financial Statements (English)	Yes
Exhibit A-8.2	NAK Azot Financial Statements (Russian)	Yes
Exhibit A-9	Trading RUS Financial Statements	Yes
Exhibit A-10	Trading GmbH Financial Statements	Yes
Exhibit A-11	NAK Azot Income statements	Yes
Exhibit A-12	NAK Azot Trial balances	Yes
Exhibit A-13	NAK Azot Chart of accounts	Yes
Exhibit B-4.1	Supporting data for B-4 upwards sales	Yes
Exhibit B-5.1	Supporting data for B-5 direct selling expenses 2019	Yes
Exhibit B-5.2	Supporting data for B-5 direct selling expenses POI	Yes
Exhibit C-2	Technical Specification	No
Exhibit C-3	Product Coding	Yes
Exhibit D-3	NAK Azot Domestic Sales Documents	Yes
Exhibit E-2	Supporting data for Packaging	Yes
Exhibit E-3	Supporting data for Selling Costs	Yes
Exhibit G-3.3	Supporting data for Depreciation costs	Yes
Exhibit G-7.6	Gas invoices and proof of payment	Yes
Exhibit G-8.1a	List of products (reconciliation example)	Yes

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Exhibit G-9	Flowchart of AN production process	Yes
Exhibit H-1	Registration certification	No
Exhibit H-2	Minutes of Board of Shareholders meetings	Yes
Exhibit H-3	Statistics report	No
Exhibit H-4	Gazprom tariff schedule	No

GOODS SUBJECT TO ANTI-DUMPING MEASURES

The goods subject to anti-dumping measures (the goods) are “[a]mmonium nitrate, prilled, granular or in other solid form, with or without additives or coatings, in packages exceeding 10kg”.

Model Control Code

Details of the model control code (MCC) structure for the goods are detailed in the table below. Export sales data (Section B-2), domestic sales data (Section D-2) and cost to make and sell data (Sections G-3 to G-5) submitted in this response must follow this MCC structure. At a minimum, the data must report sales and cost data separately for each of the mandatory MCC categories identified by the Commission.

Category	Sub-category	Identifier	Sales Data	Cost data
Density	High	H	Mandatory	Mandatory
	Low	L		
Form	Prilled	P	Mandatory	Optional
	Granular	G		
	Other solid form	O		

In constructing a MCC, use a "-" between each category. For example: low density ammonium nitrate in prilled form, would be given the MCC L-P.

The MCCs will be used to model match export models to the identical or comparable domestic models. In addition, the MCCs will be used to determine the profitability of domestic sales in the ordinary course of trade test by comparing domestic selling prices to the corresponding cost to make and sell. The MCC may also be used to compare the export price to the cost to make the exported model as part of the constructed normal value.

If there are models manufactured and sold by your company that do not align within the MCC structure above, this should be raised by lodging a submission with the Commission as soon as practicable, but no later than the time this questionnaire is due, otherwise the response may be deemed deficient.

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SECTION A COMPANY INFORMATION

A-1 Company representative and location

1. Please nominate a contact person within your company:

Name:	Zinaida Yakunina
Position in the company:	Head of Market Access of MCC EuroChem, JSC
Telephone:	+7(495) 795-25-27 ex 1275
E-mail address:	zinaida.yakunina@eurochem.ru

2. If you have appointed a representative, provide their contact details:

Name:	Daniel Moulis
Position	Partner Director Moulis Legal
Address:	6/2 Brindabella Circuit Brindabella Business Park Canberra International Airport, ACT 2609 Australia
Telephone:	+61 2 6163 1000
Facsimile number	+61 2 6162 0606
E-mail address:	daniel.moulis@moulislegal.com
All communications in relation to this matter should be directed to Moulis Legal in the first instance.	

In nominating a representative, you are granting authority to the Commission to discuss matters relating to the case with the nominated representative, including your company's confidential information.

3. Please provide the location of the where the company's financial records are held.

The company's financial records are held at 10 Svyazi Street, Novomoskovsk, Tula Region, 301651, Russia.

4. Please provide the location of the where the company's production records are held.

The company's production records are held at 10 Svyazi Street, Novomoskovsk, Tula Region, 301651, Russia.

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A-2 Company information

1. What is the legal name of your business?

The company's legal name is JSC Novomoskovsky Azot (herein after "NAK Azot" or "Company").

NAK Azot is a joint stock company and manufacturing enterprise incorporated in Novomoskovsk, Tula region, Russia.

2. Does your company trade under a different name and/or brand? If yes, provide details.

No, NAK Azot trades under its own name. It also part of the EuroChem group of companies.

3. Was your company ever known by a different legal and/or trading name? If yes, provide details.

NAK Azot has been known by this trading name since it joined the EuroChem group of companies in 2002. The legal name has been changed. The details are following:

For the Commission's benefit, since 9 December 1992 the legal name of the company was Novomoskovskaya Joint-Stock Company Azot, Joint-Stock Company of Open Type or NAK Azot, Joint-Stock Company of Open Type.

On 10 June 1996, the company changed its legal name to Novomoskovskaya Joint-Stock Company Azot, Open Joint Stock Company or NAK Azot, OJSC.

On July 2, 2015 the company changed its legal name to Azot, Joint Stock Company or Azot, JSC.

4. Provide a list of your current board of directors and any changes in the last two years.

Not applicable. NAK Azot does not have a Board of Directors.

For details please refer to the Section H-2.2 Business structure, ownership and management.

5. Is your company part of a group (e.g. parent company with subsidiaries, common ownership, joint-ventures)? If yes, provide:

- (a) a diagram showing the complete ownership structure; and

NAK Azot is a part of EuroChem Group. Please refer to Exhibit A-1 – EuroChem corporate structure.

- (b) a list of all related companies and the functions of each.

Please refer to Section H-2.3 for the list of all EuroChem related companies and the functions of each for inquiry period.

6. Is your company or parent company publically listed? If yes, provide:

No. Neither NAK Azot nor MCC EuroChem are publicly listed.

- (a) the stock exchange where it is listed; and

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(b) any principal shareholders.³

If no, please provide a list of all principal shareholders and the shareholding percentages.

MCC EuroChem, JSC is [CONFIDENTIAL TEXT DELETED - NUMBER]% shareholder of NAK Azot.

Please refer to Exhibit A-2 – EuroChem Group ownership and also to Section H-2.3 for the detailed response.

7. What is the overall nature of your company’s business? Include details of the products that your company manufacture and sell and the market your company sells into.

EuroChem Group is a vertically integrated group of companies, that includes the holding company EuroChem Group AG (based in Switzerland) and the managing company for the Russian assets - MCC EuroChem and their subsidiaries (collectively - “EuroChem”, “Group” or “EuroChem Group”).

EuroChem’s principal activities include extracting minerals (potash, iron-ore, apatite, baddeleyite), producing fertilizers and their distribution in domestic and foreign markets. The Group manufactures a large range of mineral fertilizers (potash, nitrogen and phosphate) with manufacturing facilities based in the Russian Federation, Belgium, Lithuania, China and Kazakhstan.

Our sales and distribution operations span five regions: Europe, Russia & CIS, North America, Latin America and Asia. These are managed through our network of regional offices. Our efficient global distribution network enables us to serve our extensive customer base in over 100 countries.

NAK Azot is one of Russia’s largest producers of nitrogen fertilizers and ranks first in Russia in urea volumes.

List of produced products in 2019	
1.	Ammonia
2.	Urea
3.	Urea with sulfur
4.	Ammonium nitrate
5.	Weak nitric acid
6.	UAN-32
7.	Strong nitric acid
8.	Ammonia water
9.	Methanol

³ Principal shareholders are those who are able to cast, or control the casting of, 5% or more of the maximum amount of votes that could be cast at a general meeting of your company.

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10.	AdBlue®
11.	Carbonic acid
12.	Argon Ammonia-3
13.	CAN
14.	Ammonium nitrate fertilizer ANF

List of sold products in 2019	
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1	AdBlue
2	Ammonia
3	Ammonia gas
4	Ammonium Nitrate A
5	Ammonium Nitrate B
6	Ammonium Nitrate LD
7	Ammonium Water
8	Ammonium Water pure
9	ANF
10	Argon gas
11	Argon liquid
12	CAN
13	CAN white
14	Carbon Dioxide gas
15	Carbon Dioxide liquid
16	Methanol
17	Nitric Acid 46
18	Nitric Acid 98,6
19	Nitric acid XXX concentrated
20	Nitrogen gas

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21	Nitrogen liquid
22	Nitrogen-Hydrogen mixture
23	UAN 32
24	Urea G (+4S)
25	Urea G (+7,5S)
26	Urea G B
27	Urea G
28	Urea P A
29	Urea P B

8. If your business does not perform all of the following functions in relation to the goods subject to this inquiry, then please provide names and addresses of the companies that perform each function:

- (a) produce or manufacture;
- (b) sell in the domestic market;
- (c) export to Australia; and
- (d) export to countries other than Australia.

NAK Azot performs all these functions, noting however that there were no exports of Ammonium Nitrate ("AN" or "the GUC") to Australia in the inquiry period.

9. Provide your company's internal organisation chart.

Please refer to Exhibit A-3 – NAK Azot Organisation chart.

10. Describe the functions performed by each group within the organisation.

Please refer to Exhibit A-4 – NAK Azot department functions.

11. Does your company produce brochures, pamphlets or other promotional material? If yes, please provide these documents.

Please refer to Exhibit A-5 – EuroChem AN booklet.

A-3 General accounting information

1. What is your financial accounting period?

NAK Azot's financial period is calendar year.

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2. Are your financial accounts audited? If yes, who is the auditor?

Yes, NAK Azot's financial accounts are audited.

The Company's auditors are Finansovye and Buhgalterskie Konsultanty, LLC (Financial and Accounting Consultants, Limited Liability Company (FBK, LLC)), based in 44/1 Myasnitskaya st. building 2AB, Moscow, 101990, Russia.

3. What currency are your accounts kept in?

RUB

4. What is the name of your financial accounting system?

[CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE].

5. What is the name of your sales system?

[CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]. This is the end-to-end sales process wrapper on top of [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE].

6. What is the name of your production system?

[CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE].

7. If your financial accounting, sales and production systems are different, how do the systems interact? Is it electronic or manual? Please provide a detailed explanation and include diagrams.

NAK Azot advises that its systems integrate in the following way:

- a) Transactions and orders for shipments of the finished products are formed in the [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]. Transportation costs are posted to the shipments.**
- b) There are the following different [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]:**

[CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE DESCRIPTION]

For diagrams showing these interactions, please refer to:

- Exhibit A-6 – EuroChem IT Landscape; and**
- Exhibit A-7 – [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE] interaction scheme.**

8. Do your accounting practices differ in any way from the generally accepted accounting principles in your country? If yes, provide details.

No.

9. Have there been any changes to your accounting practices and/or policies over the last two years? If yes, provide details.

In 2019 the Accounting Policy was amended in part of recording rental income and expenses. Rental income is reflected as income from the main activity and

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are recorded as revenue from sales on the balance account No90; whereas rental expenses are recorded as cost of services.

In 2020, amendments were made to the Accounting Policy with regard to implementation of the method of batch accounting of finished goods, which consists in allocation of transportation costs, related to movement of finished goods upon delivery from the plant to the port, to the batch cost of shipped goods.

A-4 Financial documents

1. Please provide the two most recently completed annual reports and/or financial statements for your company, and any other related companies involved in the production and sale of the goods.

Please refer to:

- Exhibit A-8.1 – NAK Audited Financial Statement (English);
- Exhibit A-8.2 – NAK Audited Financial Statement (Russian);
- Exhibit A-9 – EuroChem Trading RUS Financial Statements; and
- Exhibit A-10 – EuroChem Trading GmbH Financial Statements.

2. If the financial statements in A-4.1 are unaudited, provide for each company:

- (a) the tax returns relating to the same period; and
- (b) reconciliation of the revenue, cost of goods sold, and net profit before tax between the financial statements and tax returns.

Not applicable. NAK Azot's financial statements are audited.

3. Does your company maintain different profit centres? If yes, provide profit & loss statements for the profit centre that the goods fall into for:

- (a) the most recent financial year; and
- (b) the inquiry period.

Not applicable. NAK Azot is a single profit centre and has a single profit and loss statement.

4. If the inquiry period is different to your financial period, please provide:

- (a) income statements directly from your accounting information system covering the most recent financial period and the inquiry period; or
- (b) quarterly or half yearly income statements directly from your accounting system covering the most recent financial period and the inquiry period.

Please refer to Exhibit A-11 – NAK Azot Income statements.

5. Please provide a copy of your company's trial balance (in Excel) covering the inquiry period and the most recent financial year.

Please refer to Exhibit A-12 – NAK Azot Trial balances.

6. Please provide your company's chart of accounts (in Excel).

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Please refer to Exhibit A-13 – NAK Azot Chart of accounts

If any of the documents are not in English, please provide a complete translation of the documents.

**SECTION B
EXPORT SALES TO AUSTRALIA**

NAK Azot advises that it did not export the GUC to Australia during the period.

B-1 Australian export sales process

1. Provide details (including any diagrams and source documents, where appropriate) of the export sales process of your company and any entities (e.g. agents) including:

- (a) marketing and advertising activities;
- (b) price determination and/or negotiation process;
- (c) order placement process;
- (d) order fulfilment process and lead time;
- (e) delivery terms and process;
- (f) invoicing process; and
- (g) payment terms and process.

NAK Azot did not export the GUC to Australia during the period.

2. In what currency do you invoice your customers for goods exported to Australia? If you invoice in a currency that is not your local currency:

- (a) do your customers pay into a foreign currency denominated account? If yes, provide details;
- (b) do you use forward contracts to lock in the foreign exchange rate relating to the export sales? If yes, provide details; and
- (c) how is the exchange rate determined in your accounting system and how often is it updated?

NAK Azot did not export the GUC to Australia during the period.

3. Are any customers of the goods exported to Australia related to your company? If yes, please provide a list of each related customer and provide details on how the selling price is set.

NAK Azot did not export the GUC to Australia during the period.

4. If sales are in accordance with price lists or price extras list, provide copies of these lists.

NAK Azot did not export the GUC to Australia during the period.

5. Do your export selling prices vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

NAK Azot did not export the GUC to Australia during the period.

6. Did you provide on-invoice discounts and/or off-invoice rebates to any customer, or an associate of the customer, in relation to the sale of the goods exported to Australia during the inquiry period? If yes, provide a description (including source documents) and explain the terms and conditions that must be met by the customer to obtain the discount/rebate.

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NAK Azot did not export the GUC to Australia during the period.

7. Did you issue any credit or debit notes (directly or indirectly) to the customer, or an associate of the customer, in relation to the sale of the goods exported to Australia during the inquiry period? If yes, provide details of the credit/debit notes including the reason the credit/debit notes were issued. Explain how credit/debit notes are captured in your accounting system (including the relevant account number).

NAK Azot did not export the GUC to Australia during the period.

8. Was there any return of goods during the inquiry period? If yes, provide details and outline how the return of goods was captured in your accounting system (including the relevant account number).

NAK Azot did not export the GUC to Australia during the period.

9. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

- what date are you claiming as the date of sale?
- why does this date best reflect the material terms of sale?

NAK Azot did not export the GUC to Australia during the period.

B-2 Australian sales listing

1. Complete the worksheet titled "B-2 Australian sales".

- This worksheet lists all sales exported to Australia (i.e. transaction by transaction) of the goods invoiced within the inquiry period. This includes exports to Australia sold through a domestic customer.
- If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.
- If there are any direct selling expenses incurred in respect of the exports to Australia not listed in the worksheet, add a column. For example, if the delivery terms make you responsible for arrival of the goods at an agreed point within Australia (e.g. delivered duty paid), insert additional columns in the spreadsheet for all other costs incurred.

2. Complete worksheet "B-2.2 Australian sales source" showing the relevant source of the data used for each column of worksheet "B-2 Australian sales".

NAK Azot did not export the GUC to Australia during the period.

3. Does your company export the goods to Australia via a port in any other country (e.g. Estonia)?

No. Because of the nature of ammonium nitrate and the ammonium nitrate trade, the prospect of ammonium nitrate produced by NAK Azot being exported to Australia without the knowledge of NAK Azot is practically nil.

PUBLIC RECORD

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B-3 Sample export documents

1. Select the two largest invoices by value and provide the following documentation:

- contracts (if applicable);
- purchase order and order confirmation;
- commercial invoice and packing list;
- proof of payment and accounts receivable ledger;
- documents showing bank charges;
- invoices for inland transport;
- invoices for port handling and other export charges;
- bill of lading;
- invoices for ocean freight and marine insurance (if applicable); and
- country of origin certificates (if applicable).

If the documents are not in English, please provide a translation of the documents.

2. For each document, please annotate the document or provide a table reconciling the details in the “B-2 Australian sales” listing to the source documents in B-3.1.

NAK Azot did not export the GUC to Australia during the period.

B-4 Reconciliation of sales to financial accounts

1. Please complete the worksheet titled “B-4 upwards sales” to demonstrate that the sales listings in worksheets B-2, D-2 and F-2 are complete.

- You must provide this list in electronic format using the template provided.
- Please use the currency that your accounts are kept in.
- If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to Exhibit B-4 – Upwards sales.

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-4 upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.

Please refer to Exhibit B -4.1 – Supporting data for B-4

3. For any amount in the “B-4 upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:

- the name of the source document, including the relevant page number, in column D of the worksheet;
- highlight or annotate the amount shown in the source document; and
- provide the account code and sub-account code (if applicable) at column E of the worksheet.

Please refer to Exhibit B -4.1 – Supporting data for B-4

PUBLIC RECORD

B-5 Reconciliation of direct selling expenses to financial accounts

1. Please complete the worksheet titled “B-5 upwards selling expense” to demonstrate that the direct selling expenses (e.g. inland transport) in worksheets B-2 and D-2 are complete.

- You must provide this list in electronic format using the template provided.
- Please use the currency that your accounts are kept in.
- If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to Exhibit B-5 Upwards selling expense.

2. Please provide all documents, other than those in A-4, B-2 and D-2, required to complete the “B-5 Upwards selling expense” worksheet. If the documents include spreadsheets, all formulas used must be retained.

Please refer to:

- Exhibit B-5.1 – Supporting data for B-5 2019; and
- Exhibit B-5.2 – Supporting data for B-5 POI.

3. For any amount in the “B-5 upwards selling expense” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:

- the name of the source document, including the relevant page number, in column C of the worksheet; and
- highlight or annotate the amount shown in the source document; and
- provide the account code and sub-account code (if applicable) at column D of the worksheet.

Please refer to:

- Exhibit B-5.1 – Supporting data for B-5 2019; and
- Exhibit B-5.2 – Supporting data for B-5 POI.

SECTION C

EXPORTED GOODS & LIKE GOODS

The Commission considers the MCC structure in and of itself is not likely to be commercially sensitive information. Any claim that disclosing the MCC information is confidential, or would adversely affect your business or commercial interests, must be raised by lodging a submission as soon as practicable, but no later than the time this questionnaire is due.

C-1 Models exported to Australia

1. Fully describe all of the goods your company exported to Australia during the inquiry period. Include specification details and any technical or illustrative material that may be helpful in identifying, or classifying, the goods exported to Australia.

Not applicable. There were no sales to Australia during the inquiry period.

2. Provide a list of the MCCs exported to Australia. This must cover all MCCs listed in the Australian sales listing in worksheet B-2.

This list must be disclosed in the public record version of the response.

Not applicable. There were no sales to Australia during the inquiry period.

C-2 Models sold in the domestic market

1. Fully describe all like goods your company sold on the domestic market during the inquiry period. Include specification details and any technical or illustrative material that may be helpful in identifying, or classifying, the like goods sold on the domestic market.

NAK Azot produced and sold high and low density AN on the domestic market during the inquiry period. Both goods are produced according to Technical specifications.

High density AN is produced according to international standard GOST 2-2013. It has two Grades:

- Grade A is predominantly used for industrial purpose;**
- Grade B is used for agricultural purpose.**

Low density AN is produced according to Technical Specification 2143-073-05761643-2013 and used only for industrial purpose.

For Technical specifications GOST 2-2013 and 2143-073-05761643-2013, please refer to Exhibit C-2 – Technical standards.

The Company did not produce and sell any other goods under consideration except for the negligible amount of nitrogen limestone fertilizer and scrap of AN which is actually waste.

2. Provide a list of MCCs sold on the domestic market. This must cover all MCCs listed in the domestic sales listing in worksheet D-2. This list must be disclosed in the public record version of the response.

The MCCs sold on the domestic market are as follows:

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- High Density Ammonium Nitrate – [CONFIDENTIAL TEXT DELETED – COST CENTRE]
- Low Density (Porous) Ammonium Nitrate – [CONFIDENTIAL TEXT DELETED – COST CENTRE]
- High Density Ammonium Nitrate – [CONFIDENTIAL TEXT DELETED – COST CENTRE]

As requested, all MCCs are listed in D-2 Domestic sales.

3. Do you sell ammonium nitrate in liquid form on the domestic market? If so, provide the volume and value for the inquiry period, and provide details regarding the concentration of ammonium nitrate (%wt/wt).

Not applicable, the company does not sell AN in liquid form.

C-3 Internal product codes

1. Does your company use product codes or stock keeping unit (SKU) codes?

If yes:

(a) provide details of the product or SKU coding system for the goods, such as a legend or key of the meaning for each code within the product or SKU code;

The Company has its own electronic codes for each product type, with a division of the code into segments.

Please refer to Exhibit C-3 – Product Codes.

(b) provide details on how you mapped the product or SKU codes to the MCC for the purpose of completing this questionnaire; and

Pursuant to the coding system in Exhibit C-3 – Product Codes, AN is reported in the accounting system [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE] with the Grade description and bagging type or bulk.

(c) provide a table of showing the product or SKU codes for each MCC.

Please see below the coding for sales report.

Coding for IFRS	Coding for GAAP	Internal plant coding
Ammonium Nitrate B	Ammonium Nitrate Grade B with coating Big Bags	[CONFIDENTIAL TEXT DELETED – INTERNAL PLANT CODINGS]
Ammonium Nitrate B	Ammonium Nitrate Grade B with coating Bulk	
Ammonium Nitrate LD	Ammonium Nitrate Porous bags	
Ammonium Nitrate LD	Ammonium Nitrate Porous big bags	
Ammonium Nitrate A	Ammonium Nitrate Grade B without coating big bags	

PUBLIC RECORD

Ammonium Nitrate A	Ammonium Nitrate Grade B without coating bags	
Ammonium Nitrate B	Ammonium Nitrate Grade B big bags	
Ammonium Nitrate B	Ammonium Nitrate Grade B bags	
Ammonium Nitrate B	Ammonium Nitrate Grade B bulk	

If no, provide details on the method used to identify the MCC in the sales and cost worksheets.

Not applicable. Please refer to the response at C-3(c).

**SECTION D
DOMESTIC SALES**

D-1 Domestic sales process

1. Provide details (including any diagrams and source documents as appropriate) of the domestic sales process of your company and any other related entities including:
 - (a) marketing and advertising activities;
 - (b) price determination and/or negotiation process;
 - (c) order placement process;
 - (d) order fulfilment process and lead time;
 - (e) delivery terms and process;
 - (f) invoicing process; and
 - (g) payment terms and process.

EuroChem does not advertise the GUC. It is a standard product, meeting State Standard (GOST) characteristics, which does not need to be advertised. EuroChem does undertake marketing activities in a general sense through its promotion of sales, strengthening EuroChem's name and reputation, stable delivery of quality products, and establishment and maintenance of strong business contacts with customers.

During the inquiry period, the Company sold the GUC in the domestic market to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE].

The Company sold the product to [CONFIDENTIAL TEXT DELETED – DOMESTIC CUSTOMERS] under long terms contracts (as a rule, annual contracts) on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms. Volumes and prices are set in addendums to the contracts as well as payment terms which are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] days from the invoice releasing.

The Company sold the product to [CONFIDENTIAL TEXT DELETED – CUSTOMERS] under long terms contracts (as a rule, annual contracts) on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms, payment terms are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] days from the invoice releasing. Volumes and prices are set in addendums to the contracts.

2. Are any domestic customers related to your company? If yes, provide a list of each related customer and provide details regarding how the selling price is set.

Yes, [CONFIDENTIAL TEXT DELETED – CUSTOMERS].

3. If sales are in accordance with price lists or price extras list, provide copies of these lists.

Not applicable. The Company does not sell in accordance with price lists or price extras list.

4. Do your domestic selling prices vary according to the distribution channel identified? If yes, provide details. Real differences in trade levels are characterised by consistent and distinct differences in functions and prices.

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As stated the company's distribution channel is [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE]. Price variability arises from the next level of sale [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE], delivery basis, transportation cost and a type of bagging.

5. Did you provide on-invoice discounts and/or off-invoice rebates to a customer, or an associate of a customer, in relation to the sale of like goods during the inquiry period? If yes, provide a description (including source documents), and explain the terms and conditions that must be met by the customer to obtain the discount.

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING DISCOUNTS AND REBATES].

6. Did you issue any credit or debit notes (directly or indirectly) to a customer, or associate of a customer, in relation to the sale of like goods during the inquiry period? If yes, provide details of the credit/debit notes including the reasons the credit/debit notes were issued. Explain how credit/debit notes are captured in your accounting system (including the relevant account number).

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING CREDIT/DEBIT NOTES].

7. Were there any return of goods during the inquiry period? If yes, provide details and outline how the return of goods is captured in your accounting system (including the relevant account number).

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING RETURNED GOODS].

8. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

- (a) what date are you claiming as the date of sale?

The date of sale is the date of invoice that is used to issue at the same day of goods shipment.

- (b) why does this date best reflect the material terms of sale?

This date best reflects the material terms of sale because it is the data that the goods are shipped. Further, the invoice as issued on this date, includes the material terms of sale such as the volume, price, terms of delivery and a place of delivery.

D-2 Domestic sales listing

- Complete the worksheet titled "D-2 domestic sales".
 - This worksheet lists all domestic sales of like goods (i.e. transaction by transaction) invoiced within the inquiry period, even if they are models not exported to Australia.
 - If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then add the sales within your claimed date of sale.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.

PUBLIC RECORD

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- If there are any other costs, charges or expenses incurred in respect of the sales listed that have not been identified in the worksheet, add a column for each item. For example, certain other selling expenses incurred.

Please refer to Exhibit D-2 domestic sales.

2. Complete worksheet “D-2.2 domestic sales source” listing the source of the data used for each column in worksheet “D-2 domestic sales”.

Please refer to Exhibit D-2.2 – domestic sales source.

D-3 Sample domestic sales documents

1. Select the two largest invoices by value and provide the following documentation:
 - contracts (if applicable);
 - purchase order and order confirmation;
 - commercial invoice and packing list;
 - proof of payment and accounts receivable ledger;
 - documents showing bank charges; and
 - delivery invoices (if applicable).

If the documents are not in English, please provide a translation of the documents.

Please refer to Exhibit D-3 – Domestic sales documents for the sample domestic sales documents with English translations.

2. For each document, please annotate the document or provide a table reconciling the details in the “D-2 domestic sales” listing to the source documents in D-3.1.

Please refer to Exhibit D-3 – Domestic sales documents.

D-4 Reconciliation of sales to financial accounts

This section is not required if you have completed B-4.

Please refer to B-4 – upwards sales.

1. Please complete the worksheet titled “B-4 upwards sales” to demonstrate that the sales listings in D-2 and F-2 are complete.
 - You must provide this list in electronic format using the template provided.
 - Please use the currency that your accounts are kept in.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
2. Please provide all documents, other than those in A-4, D-2 and F-2, required to complete the “B-4 Upwards sales” worksheet. If the documents include spreadsheets, all formulas used must be retained.
3. For any amount in the “B-4 upwards sales” worksheet that is hard coded (i.e. not a formula), please cross-reference by providing:

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- the name of the source document, including the relevant page number, in column D of the worksheet;
- highlight or annotate the amount shown in the source document; and
- the account number in column E of the worksheet.

**SECTION E
DUE ALLOWANCE**

E-1 Credit expense

1. Do you provide credit to any domestic customers in relation to sales of like goods (i.e. payment terms that are not on a cash or pre-payment basis)?

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING CREDIT TERMS].

If yes:

(a) do you provide a rolling credit facility to your domestic customers (i.e. no specific payment terms agreed at the time of sale)?

If yes:

i. calculate the accounts receivable turnover for each domestic customer (credit sales divided by the average accounts receivable); and

ii. calculate the average credit term for each domestic customer by dividing 365 by the accounts receivable turnover.

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING ROLLING CREDIT FACILITY].

(b) do you have short term borrowings or an overdraft facility? If yes, what is the interest rate, or average of any interest rates?

Yes, we do. Please see the below table with the calculation of the company's average interest rate of borrowing for the inquiry period.

Average inquiry period interest on Credit, NAK Azot

POI outstanding credit (RUR)	POI interest paid (RUR)	POI average interest %
[CONFIDENTIAL TEXT DELETED – NUMBERS]		

(c) do you have term deposits or other cash product (e.g. bonds)? If yes, what is the interest rate, or average of any interest rates?

Yes, we do. Please see the below table with the calculation of the company's average interest rate on deposits for the inquiry period. Most deposits are overnight deposits, which explains low interest rate on them.

Average inquiry period interest on Deposit, NAK Azot

POI outstanding deposit (RUR)	POI interest paid (RUR)	POI average interest %
[CONFIDENTIAL TEXT DELETED – NUMBERS]		

2. Do you provide credit to any Australian customers in relation to sales of the goods (i.e. payment terms that are not on a cash or pre-payment basis)?

PUBLIC RECORD

Not applicable. NAK Azot did not export the GUC to Australia during the period.

If yes:

(a) do you provide a rolling credit facility to your Australian customers (i.e. no specific payment terms agreed at the time of sale)? If yes:

i.calculate the accounts receivable turnover for each Australian customer (credit sales divided by the average accounts receivable); and

ii.calculate the average credit term for each Australian customer by dividing 365 by the accounts receivable turnover.

(b) If your Australian customers pay into a foreign currency denominated account (question B-1.2(a) refers):

i.do you have short term borrowings or an overdraft facility denominated in the same foreign currency? If yes, what is the interest rate, or average of any interest rates?

ii.what is the interest rate, or average of any interest rates, applying to term deposits or other cash products (e.g. bonds) denominated in the same foreign currency?

E-2 Packaging

1. What is the packaging used for your domestic sales of like goods?

Ammonium Nitrate is sold in bags, big bags and bulk for domestic sales

2. What is the packaging used for your export sales of the goods to Australia?

Not applicable. NAK Azot did not export the GUC to Australia during the period. Nevertheless, Ammonium Nitrate is sold in bags, big bags and bulk for export.

3. If there are distinct differences in packaging between your domestic and export sales:

(a) provide details of the differences;

There are no differences in packaging for domestic and export sales. The cost is the same.

(b) calculate the weighted average packaging cost for each model sold on the domestic market; and

Please refer to Exhibit E-2

(c) calculate the weighted average packaging cost for each model exported to Australia.

Not applicable. NAK Azot did not export the GUC to Australia during the period

E-3 Delivery

1. Are any domestic sales of like goods delivered to the customer? If yes, how were the transportation costs calculated in the domestic sales listing in D-2?

There were sales of the GUC in the domestic market that were delivered to the customer.

PUBLIC RECORD

Please refer to Exhibit E-3 – Supporting data for selling costs for Transportation costs calculation.

2. What are the delivery terms of export sales of the goods to Australia?

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

3. If the delivery terms of the Australian sales include delivery to the port, how were the inland transport and port charges calculated in the Australian sales listing in B-2?

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

4. If the delivery terms of the Australian sales include ocean freight, how was the ocean freight cost calculated in the Australian sales listing in B-2?

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

5. If the delivery terms of the Australian sales include marine insurance, how was the marine insurance calculated in the Australian sales listing in B-2?

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

6. If the delivery terms of the Australian sales include delivered duty paid, how were the Australian importation and delivery costs calculated in the Australian sales listing in B-2?

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

E-4 Other direct selling expenses

1. Do you provide sales commissions for domestic sales of like goods and/or export sales of the goods? If yes, provide details.

[CONFIDENTIAL TEXT DELETED – INFORMATION CONCERNING COMMISSIONS].

2. Are there any differences in tax liability between domestic and export sales? If yes, provide details, for example:

- What is the rate of value-added tax (VAT) on sales of the goods and like goods?
- How is VAT accounted for in your records in relation to sales of the goods and like goods?
- Do you receive a VAT refund in relation to sales of the goods and/or like goods?
- Do you receive a remission or drawback of import duties on inputs consumed in the productions of the goods and/or like goods?

VAT for domestic sales is 20%, VAT does not apply for export transactions. The Company did not receive a VAT refund a remission or drawback of import duties on inputs consumed in the productions of the GUC.

PUBLIC RECORD

3. Are there any other direct selling expenses incurred by your company in relation to domestic sales of like goods? These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5.

The selling expenses for goods are include direct selling applied specifically on the goods and indirect selling expenses are posted due to the sales revenue.

See Exhibit E-3 for detailed selling expenses spreadsheet.

4. Are there any other direct selling expenses incurred by your company in relation to export sales of the goods to Australia? These direct selling expenses must be included in the reconciliation of direct selling expenses in B-5.

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

E-5 Other adjustment claims

1. Are there any other adjustments required to ensure a fair comparison between the export price and the normal value (based on domestic sales, costs and/or third country sales)? If yes, provide details and evidence to support your claims, noting that:

- An adjustment will only be made where there is evidence that the difference affects price comparability.
- Refer to Chapter 15 of the Dumping and Subsidy Manual (November 2018) for more information.

To NAK Azot's present knowledge there are no other adjustments (noting also there were no exports of the GUC to Australian in the inquiry period).

However NAK Azot reserves its right to review and comment upon any calculations arrived at by the Commission in this matter, including to file additional information that may become relevant as a result of those calculations.

**SECTION F
THIRD COUNTRY SALES**

F-1 Third country sales process

1. Are your sales processes to any third country (i.e. exports to countries other than Australia) different to the sales process described in B-1.1? If yes, provide details of the differences.

During the inquiry period, the Company sold the GUC to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE], who in turn re-sold the Product to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE] in more than 100 countries, and to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE].

As a result of this export route, NAK Azot will not be aware of the final destination of its export sales. Therefore, NAK Azot can only report its overall sales for export or approximate country, with the exception of CIS sales that are separately accounted for in its records.

The Company sold to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE] under long terms contracts (as a rule, annual contracts) on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms. Volumes and prices are set in addendums to the contracts as well as payment terms which are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] days from the invoice releasing.

The Company sold the product to [CONFIDENTIAL TEXT DELETED – CUSTOMERS] under long terms contracts (as a rule, annual contracts) on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms, payment terms are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] days from the invoice releasing. Volumes and prices are set in addendums to the contracts.

The Company sold the product to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE] under long terms contracts (as a rule, annual contracts) on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms, payment terms are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] days from the invoice releasing. Volumes and prices are set in addendums to the contracts.

During the inquiry period, the Company only sold to [CONFIDENTIAL TEXT DELETED – CUSTOMERS AND SALES ROUTE]. This sale was on [CONFIDENTIAL TEXT DELETED – INCOTERMS] terms with payment terms are [CONFIDENTIAL TEXT DELETED – PAYMENT TERMS] from the invoice releasing. Volumes and prices are set in addendums to the contracts.

EuroChem does not advertise its Ammonium Nitrate. It is a standard product, meeting State Standard (GOST) characteristics, which does not need to be advertised. Promotion of sales in general is by strengthening EuroChem's name and reputation, stable delivery of quality products, and establishment and maintenance of strong business contacts with customers.

2. Are there any third country customers related to your company? If yes, provide a list of each related customer and provide details regarding how the selling price is set.

Yes, please refer to the response provided above at F-1.1. Prices [CONFIDENTIAL TEXT DELETED – PRICE DETERMINATION].

PUBLIC RECORD

3. The invoice date will normally be taken to be the date of sale. If you are making a claim that a different date should be taken as the date of sale:

(a) what date are you claiming as the date of sale?

The date of sale is the date of invoice which is used to issue at the same day of goods shipment.

(b) why does this date best reflect the material terms of sale?

This date best reflects the material terms of sale as the good is shipped, the invoice includes the material terms of sale such as a volume, a price, terms of delivery, a place of delivery.

F-2 Third country sales listing

1. Complete the worksheet titled "F-2 third country sales".

- This worksheet lists all export sales to third countries, summarised by country and customer, of goods invoiced within the inquiry period.
- If you have claimed in F-1.3 that the date of sale is one other than the invoice date, then add sales within your claimed date of sale.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to Exhibit F-2 – third country sales.

2. Complete worksheet "F-2.2 third country sales source" listing the source of the data for each column in the worksheet "F-2 third country sales".

Please refer to Exhibit F-2.2 – third country sales source.

F-3 Differences in sales to third countries

1. Are there any differences in sales to third countries that may affect their comparison to export sales to Australia? If yes, provide details.

NAK Azot did not export the GUC to Australia during the period.

**SECTION G
COST TO MAKE AND SELL**

G-1. Production process

1. Describe the production process for the goods and provide a flowchart of the process. Include details of all products manufactured using the same production facilities as those used for the goods. Also specify any scrap or by-products that result from producing the goods.

Please refer to Exhibit G-1 – Diagram of AN production process.
[CONFIDENTIAL TEXT DELETED – PRODUCTION METHOD].

2. Are any of your suppliers related to your company (regardless of whether it is relevant to the manufacture of the goods)? If yes, provide details including the product or services supplied by the related company.

The [CONFIDENTIAL TEXT DELETED – SUPPLIER] supplied electricity for the GUC production. All these sales are made at a market price with an additional mark up for fixed costs.

G-2. Cost accounting practices

1. Is your company's cost accounting system based on actual or standard (budgeted) costs?

The company's cost accounting system is based on actual costs.
Expenses for manufacture and sale of products, performance of works, provision of services include:

- production costs (expenses related to manufacture of products, performance of works, provision of services) – the composition of the production costs includes expenses of the main line and auxiliary production departments, and also general production costs;
- administrative expenses (expenses, which are not directly related to the production process, and general business costs spent for the needs of the Company's management on the whole);
- commercial costs (expenses related to sale of products).

[CONFIDENTIAL TEXT DELETED – COST ACCOUNTING DETAIL LEVEL]

2. If your company uses standard costs:

(a) were standard costs used as the basis of actual costs in your responses G-3.1 & G-5.1?

Not applicable. Please refer to G -2-1.

(b) have all variances (i.e. differences between standard and actual production costs) been allocated to the goods?

Not applicable. Please refer to G -2-1

(c) how were those variances allocated?

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Not applicable. Please refer to G -2-1

(d) provide details of any significant or unusual cost variances that occurred during the inquiry period.

Not applicable. Please refer to G -2-1

3. Do you have different cost centres in your company's cost accounting system? If yes, list the cost centres, provide a description of each cost centre and the allocation methodology used in your accounting system.

- 1 Depending on the relation to the production process, the cost centres are referred to the mainline or auxiliary production, and also to general production or general business (executive) cost centres. Cost centres of the auxiliary production are divided into logistic, repair and others.
- 2 Cost centres of the mainline production include the following:
[CONFIDENTIAL TEXT DELETED –MAINLINE COST CENTRES DETAIL LEVEL]
- 3 Cost centres of the auxiliary production include the following:
[CONFIDENTIAL TEXT DELETED – AUXILIARY COST CENTRES DETAIL LEVEL]
- 4 General production cost centres include the following:
[CONFIDENTIAL TEXT DELETED – GENERAL PRODUCTION COST CENTRES DETAIL LEVEL]
- 5 Direct costs include expenses directly related to manufacture of particular types of products, performance of works, provision of services.
- 6 Composition of the direct costs includes:
[CONFIDENTIAL TEXT DELETED – COSTS DETAIL LEVEL]
- 7 Direct costs are accounted:
[CONFIDENTIAL TEXT DELETED – COST TYPES AND ACCOUNT CODES]
- 8 Direct costs of manufacture of products, performance of works, provision of services, where such costs cannot unambiguously be charged to a particular accounting object, are subject to allocation to corresponding cost accounting objects in accordance with the following procedure:
[CONFIDENTIAL TEXT DELETED – COST ALLOCATION].
- 9 Commercial costs are accounted on [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES]. Commercial costs are divided to direct and indirect ones.
- 10 Direct commercial costs are expenses directly related to sale of a particular batch of products. Such expenses may include:
[CONFIDENTIAL TEXT DELETED – COSTS DETAIL LEVEL].
- 11 Direct commercial costs are accounted in [CONFIDENTIAL TEXT DELETED – COST TYPES AND ACCOUNT CODES].
- 12 In case of the batch's partial sale, direct commercial costs are [CONFIDENTIAL TEXT DELETED – COST TYPES AND ACCOUNT CODES]:
[CONFIDENTIAL TEXT DELETED – COST ALLOCATION].

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- 13 Indirect costs include all other production costs. Indirect production costs are [CONFIDENTIAL TEXT DELETED – COST TYPES AND ACCOUNT CODES].
- 14 General production costs are accounted on [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES AND COST ALLOCATION].
- 15 Commercial costs are charged to [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES AND COST ALLOCATION].
- 16 Expenses related to movement of inventories are recognized as general production ones, charged [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES AND COST ALLOCATION].

4. To what level of product specificity (models, grades etc.) does your company's cost accounting system normally record production costs?

This depends on the product. For some products, the system records to the type of packaging.

5. Are there any costs for management accounting purposes that are valued differently for financial accounting purposes? If yes, provide details of the differences.

No, there are no costs that are valued differently.

6. Has your company engaged in any start-up operations in relation to the goods? If yes:

- (a) describe in detail the start-up operation, giving dates (actual or projected) of each stage of the start-up operation; and

The company has not engaged in any start-up operations.

- (b) state the total cost of the start-up operation and the way that your company has treated the costs of the start-up operation in its accounting records.

Not applicable, please, refer above.

7. What is the method of valuation for raw material, work-in-progress, and finished good inventories (e.g. last in first out – LIFO, first in first out – FIFO, weighted average)?

Individual methods to account costs with regard to particular accounting objects are governed by separate regulations approved by the Head of the Company.

The Company does not have any work-in-process. Products, which are not completed and did not pass the tests and technical acceptance, are semi-finished products of own production.

Manufactured finished products are accounted on [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES].

Finished products during their release (shipment, sale or other retirement) from places of storage are evaluated based on [CONFIDENTIAL TEXT DELETED – AVERAGE VALUE CALCULATION].

During shipment of finished products and goods from the warehouse when proceeds from sales of the shipped products (goods) for a certain period of time

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may not be recognized in the business accounting, the Company uses [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES].

The shipped products (goods) are credited to [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES] in accordance with the following evaluation:

[CONFIDENTIAL TEXT DELETED – ACCOUNTING METHOD].

Products (goods) are written off [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES AND ACCOUNTING METHOD].

8. What are the valuation methods for damaged or sub-standard goods generated at the various stages of production?

Returnable waste is evaluated in accordance with the following procedure:

[CONFIDENTIAL TEXT DELETED – ACCOUNTING METHODS].

9. What are the valuation methods for scrap, by products, or joint products?

Please refer to the above.

10. Are any management fees/corporate allocations charged to your company by your parent or a related company? If yes, provide details.

Expenses related to the Company's management on the whole, and also business expenses not directly related to the production process, are recognized as administrative expenses. Executive expenses are accounted on [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES].

On a monthly basis the general business costs are [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES AND COST ALLOCATION].

Non-production (commercial) costs include the expenses related to sale of products. Commercial costs are accounted on [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES].

Commercial costs are divided to direct and indirect ones.

Other commercial costs are considered as indirect ones. Composition of indirect commercial costs, in particular, may include the cost of advertising, representative and other expenses similar on their destination. On a monthly basis the indirect commercial costs are [CONFIDENTIAL TEXT DELETED – ACCOUNT CODES].

11. Confirm whether management reports are prepared on production costs. If yes:
- specify how often these cost reports are prepared;
 - describe the level of detail in those reports, and whether they enable the establishment of the cost of producing the goods;
 - specify to whom within the company these reports are provided; and
 - provide copies of these reports for each month of the inquiry period.

Not applicable

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G-3 Cost to make on domestic market

1. Complete the worksheet titled "G-3 domestic CTM".
 - This worksheet lists the quarterly cost to make of domestic models of like goods (by MCC) manufactured within the period, even if they're models not exported to Australia.
 - These costs must be based on actual cost of production (i.e. not standard costs, or cost of goods sold) for each MCC.
 - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture like goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included; for example, under material costs.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
 - If you have claimed in B-1.8 and/or D-1.7 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all domestic sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the inquiry period.

[Please refer to Exhibit G-3 – Domestic CTM.](#)

2. Complete worksheet titled "G-3.2 domestic CTM source" listing the source of the data for each column of the worksheet "G-3 domestic CTM".

[Please refer to](#)

- [Exhibit G-3.2 – Domestic CTM source; and](#)
- [Exhibit G-3.3 – Supporting data for depreciation costs](#)

G-4 Selling, general and administration expenses

1. Complete the worksheet titled "G-4.1 SG&A listing".
 - This worksheet lists all selling, general and administration (SG&A) expenses by account code for the most recent accounting period and the inquiry period.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.

[Please refer to Exhibit G-4.1 – SG&A listing.](#)

2. Complete the worksheet titled "G-4.2 domestic SG&A calculation".
 - This worksheet calculates the unit domestic SG&A for each MCC.
 - You must provide this list in electronic format using the template provided. In doing so, please use the formulas provided.

[Please refer to Exhibit G-4.2 – domestic SG&A calculation.](#)

G-5 Cost to make the goods exported to Australia

As stated in Section B, NAK Azot did not export the GUC to Australia during the period.

1. Complete the worksheet titled "G-5 Australian CTM".
 - This worksheet lists the quarterly cost to make of the Australian models of the goods (by MCC) manufactured within the inquiry period.
 - These costs must be based on the actual cost of production (i.e. not standard costs, or cost of goods sold) for each MCC.
 - If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the goods, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as 'other costs' if not already included; for example, under material costs.
 - You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.
 - If you have claimed in B-1.8 that the date of sale is one other than the invoice date, then provide the cost for the quarters that all Australian sales are made within your claimed date of sale, even if doing so means that such cost data predates the commencement of the inquiry period.
2. Complete worksheet titled "G-5.2 Australian CTM source" listing the source of the data for each column of worksheet "G-5 Australian CTM".

G-6 Cost allocation methodology

1. What is the allocation methodology used to complete "G-3 domestic CTM" and "G-5 Australian CTM" for:

- (a) raw materials;

Not applicable. The cost of the GUC is based on actual raw material costs and is the same for export and for domestic markets.

- (b) labour; and

Not applicable. Please refer to our above reply.

- (c) manufacturing overheads.

Not applicable. Please refer to our above reply.

2. Select the domestic model (or export model if you have no domestic production of like goods) with the largest production volume over the inquiry period, and provide worksheets demonstrating the allocation methodology described in G-6.1 from your normal cost accounting system to the cost for that model reported in G-3.1.

Not applicable. Please refer to our above reply.

G-7 Major raw material costs

1. What are the major raw materials used in the manufacture of the goods?

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The major raw materials used in the manufacture of the GUC are ammonia and nitric acid.

2. Are any raw materials sourced as part of an integrated production process, or from a subsidiary company that your company exercises control of? If yes, complete the worksheet titled “G-7.2 raw material CTM” for these raw materials.

- This worksheet lists the quarterly cost to make of the raw material manufactured within the inquiry period.
- These costs must be based on actual cost of production (i.e. not standard costs, or cost of goods sold).
- If any imputation tax (e.g. value-added tax) is payable on the purchase of goods or services to manufacture the raw material, report the costs excluding the imputation tax. All other taxes payable (e.g. import duty) must be included as ‘other costs’ if not already included; for example, under material costs.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

These main raw materials, ammonia and nitric acid, are produced by our company. Please refer to Exhibit G-7.2 – Raw material CTM.

3. Using the domestic cost data in “G-3 domestic CTM” (or “G-5 Australian CTM” if you have no domestic production of like goods), calculate the weighted average percentage of each raw material cost (listed in G-7.1) as a proportion of the total cost to make.

Ammonia cost constitutes about [CONFIDENTIAL TEXT DELETED – NUMBER]% of the production cost of the GUC on a weighted average basis.

Nitric acid cost constitutes about [CONFIDENTIAL TEXT DELETED – NUMBER]% of the production cost of the GUC on a weighted average basis.

4. For each raw material identified in G-7.3 that individually accounts for 10% or more of the total cost to make, complete the worksheet named “G-7.4 raw material purchases”.

- This worksheet lists all raw material purchases (i.e. transaction by transaction) purchased by your company within the inquiry period.
- You must provide this list in electronic format using the template provided.
- If you have used formulas to complete this worksheet, these formulas must be retained.

There are no other raw material costs exceeding 10% of the production cost of GUC.

Natural gas is a raw material in ammonia production. Please refer Exhibit G-7.4 – Raw material purchases with respect to gas purchasing costs.

5. Provide a table listing the source of the data for each column of the “G-7.4 raw material purchases” listing.

Please refer to Exhibit G-7.4 – Raw material purchases.

6. For each raw material:

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- (a) select the two largest invoices by value and provide the commercial invoice and proof of payment; and
- (b) reconcile the total value listed in the "G-7.4 raw material purchases" listing to the relevant purchase ledgers or trial balances in your accounting system. Provide copies of all documents used to demonstrate the reconciliation.

Please refer to Exhibit G-7.6 – Gas invoices and proof of payment.

7. Are any of the suppliers in the "G-7.4 raw material purchases" listing related to your company? If yes, please provide details on how the purchase price is set.

No.

G-8 Reconciliation of cost to make to audited financial statements

1. Complete the worksheet titled "G-8 upwards costs" to demonstrate that the cost listings in worksheets G-3 and G-5 are complete.
 - You must provide this list in electronic format using the template provided.
 - Please use the currency that your accounts are kept in.
 - If you have used formulas to complete this worksheet, these formulas must be retained.

NAK Azot understands that the ultimate target of the Commission is to reconcile the ammonium nitrate COP (cost of production) into the Company's financials. In this regard the Company's financials reflect COGS (cost of goods sold). The difference between COGS and COP is that:

- certain costs (i.e. variable) in COP are costs of goods produced (ie not sold) – NAK Azot therefore needs to make a "bridge"/adjustment to reflect that difference, and
- the COP does not reflect product inventories at the beginning and end of the period, these have to allocated in order to arrive from COP to COGS.

The format of the worksheet suggests that the Commission wants respondents to establish and sum up the COP for each one of the types of goods it produces, adjusted by respective adjustments which go into COGS, for each type of goods, plus, works, services, etc.

[CONFIDENTIAL TEXT DELETED – ACCOUNTING METHODS]

NAK Azot wishes to propose an alternative, and more reliable way to reconcile ammonium nitrate COP into the company's COGS in the inquiry period would be to:

- Download a total value of COGS for the inquiry period for all products from the system
- From the total COGS allocate COGS sold for ammonium nitrate
- Make an inventory adjustment to the AN COGS to arrive to our reported AN COP

NAK Azot remains willing and ready to assist the Commission in its reconciliation of its costs in this or in any way deemed suitable by the Commission.

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2. Please provide any documents, other than those in A-4, G-3 and G-5, required to complete the “G-8 upwards costs” worksheet.

Please refer to Exhibit B-5.1 – Supporting data for Upwards selling expenses.

3. For any amount that is hard coded (i.e. not a formula), please cross-reference by providing:
- the name of the source document, including the relevant page number, in column D of the worksheet;
 - highlight or annotate the amount shown in the source document; and
 - provide the account number and sub-account number (if applicable) at column E of the worksheet.

This has been reported as required.

G-9 Capacity utilisation

1. Complete the worksheet titled “G-9 capacity utilisation”.
- You must provide this list in electronic format using the template provided.
 - If you have used formulas to complete this worksheet, these formulas must be retained.

Please refer to Exhibit G-9 – capacity utilisation.

2. Explain how the production capacity and capacity utilisation has been calculated.

The capacity figure is a figure that reflects the reasonably achievable maximum output of the plant according to technical specification. [CONFIDENTIAL TEXT DELETED – CAPACITY UTILISATION].

G-10 Production of the goods and like goods

1. Describe your company’s practices for capturing the production quantities reported at worksheets “G-3 domestic CTM” and “G-5 Australian CTM”.

The production quantities are based on daily production reports.

2. Outline the types of source documents kept by the company in relation to production quantities and how the production quantities are entered into the accounting system. In answering the questions at G-10(1) and G-10(2), consider providing a flow chart.

Source documents include the following:

- [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]
- [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE]
- Technical Report on the Production of Products and the Write-Off of Standards for Non-Technology and Start-Stop – these reports reflect data on product output in quantitative terms for the reporting period, the consumption of raw materials, materials and energy resources for the total volume of manufactured products per unit of production, and shipment of finished products from the factory;

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- [CONFIDENTIAL TEXT DELETED – PROPRIETARY SOFTWARE] Actual calculation for IFRS – this report reflects the costs of the total volume of products produced in the context of cost centres, product codes, cost elements in quantity and value terms;
- Reference on the Balances of Finished Products and Semi-Finished Products as of the Reporting Date – the balances are reflected by types and locations of storage in quantitative and value terms;
- List of Movement of Semi-Finished Products, Finished Products, Returnable Waste - the list reflects the movement of products in terms of positions, storage locations, sales markets in quantitative and value terms; and
- Calculation Form16 for the Reporting Period – this calculation reflects the cost of manufacturing the manufactured products in the context of expense items in quantitative and value terms.

3. Briefly explain the reasons for any differences between production quantities reported at worksheets “G-3 domestic CTM” and “G-5 Australian CTM”, and between the sales volumes reported at worksheets “B-2 Australian sales” and “D-2 domestic sales”.

Differences in production quantities reported at worksheets “G-3 domestic CTM” and “D-2 domestic sales” are due to stocks reconciliation and goods in transit. “G-5 Australian CTM” and “B-2 Australian sales” are not applicable due to the absence of sales of the GUC to Australia.

4. Do you have warehousing facilities for the goods exported to Australia or sold domestically? If no, what do you do with excess inventory? If yes, please outline:

- (a) the volume capacity of these facilities;
- (b) the monthly amount of inventory maintained during the inquiry period; and
- (c) the average period of time that inventory is retained, and how this is calculated.

The Company does not have warehousing facilities.

5. Have there been any changes to the type of capital or technology used by your company for the manufacturing of ammonium nitrate in the last five years? If yes, provide details.

No.

6. For each plant capable of producing inputs that could be used to make ammonium nitrate, provide the date that production facility came into operation and the production capacity of the plant over the past five years.

Not applicable. Please refer to our above reply.

7. List any significant investments in the past five years to either upgrade, refurbish or build any of the plants used in the production of ammonium nitrate, and provide copies of internal documents that support these claims.

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The company did not make significant investments in plant used for ammonium nitrate production. The production capacity has not changed in the last five years.

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SECTION H PARTICULAR MARKET SITUATION

The applicants have claimed that the situation in the market of the country of export is such that sales in that market are not suitable for use in determining normal value. The information provided in sections H, I and J will assist the Commission to better understand the Russian and Australian markets, and to assess whether sales in the Russian market are suitable for determining normal value.

H-1 Summary

1. Specific questions will be asked throughout section H in relation to the Government of Russia's interaction with your business. However, as an introduction, please generally describe all interaction that your business has with the Government of Russia, at all levels, including (but not limited to):

- reporting requirements;

Pursuant to Russian law, Russian legal entities are subject to certain reporting requirements.

In general terms, the reporting of joint stock companies includes financial (accounting) reporting, tax reporting, statistical reporting, as well as preparation of annual reports. The reporting is made to respective authorities, i.e. tax inspectorates, statistics authorities and non-budgetary funds (i.e. pension funds, etc).

The frequency and form of reporting depend on the legal form of the organization (i.e. public or limited liability) and their respective tax regimes. Other forms of reporting may apply depending on specific situations (i.e. if company is listed it will have a special reporting applicable to listed companies, etc.).

- payment of taxes;

Payment of taxes is regulated by the Tax Code of Russia.

Companies are subject to various taxes, such as corporate income tax, property tax, transport tax, VAT, land tax, water tax, mineral mining tax, personal income tax and social insurance payments (for employees), etc.

Companies will file tax returns with the respective tax calculations based on which tax payments are made. The frequency of tax returns depends on the type of tax paid. For example, mineral mining tax is filed and paid on a monthly basis, and VAT is filed and paid on a quarterly basis.

- senior management representation within your business;

The management of our company is comprised of professionals who have no affiliation, relation or interaction with the Government of Russia. With respect to interaction, the business operations of the company may require interaction with government agencies for normal business reasons.

As an example, EuroChem company representatives will be invited to attend various meetings with industries or business in the regions that EuroChem operates within. Here views will be formed on the business and socio-economic

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environment within which the industry operates. this can be expressed to the government.

Another example would be meetings of fertilizer industry representatives with the Ministry of Agriculture (at Federal and/or regional level). Agriculture is a major industry in Russia, in a food security and exportation sense. At such meetings there can be discussions on Russian farmers' forecasts for the planting and harvesting seasons, the industry's ability to supply Russian farmers with quality fertilizers based on their forecasts, etc.

- approval/negotiation of business decisions (e.g. investment, management, pricing, production and/or sales decisions);

The company does not depend on the Government of Russia to approve its business decisions or negotiations. Business decisions will be made by the company's management bodies based on the company's own financial and other commercial considerations.

- licensing;

Business activities themselves in Russia are not subject to any particular licensing regime. However, certain specific activities are subject to licensing. The company secures and maintains all licenses required by respective licensing authorities. Please refer to section H-3 for more details.

- restrictions on land use;

Our company is not aware of and does not face any such restrictions other than as stipulated by the normal laws (environment, planning, etc) of Russia.

The turnover of land in Russia is regulated by the Federal Law "On enactment of the Land Code of the Russian Federation" dated 25.10.2001 N 137-FZ. The company's industrial site was acquired in 2008 under the rules and procedures set up by the Land Code and is owned by the company. Since the land was sold by a public agency, the value of the land was determined by the administration of the respective municipality on the basis of the provisions of the above Federal Law. Our company was also required to confirmed title to the buildings and structures located on the acquired site, which it did.

The company's type of permitted use of the site is for industrial purposes / land under industrial objects. Russia's Land Code has a provision splitting lands of Russian Federation into various categories, depending on their intended purpose/use The company operates on lands attributed to the industrial category and has no restrictions as to the type of industrial activities in which it is engaged.

Article 7 of the Land Code provides for the composition of lands in the Russian Federation a follows:

1. Lands in the Russian Federation depending of their intended purpose are subdivided into the following categories:

1) agricultural land;

2) lands of settlements;

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3) lands for industry, energy, transport, communications, radio broadcasting, television, informatics, lands for space activities, lands for defense, security and other special purposes;

4) lands of specially protected areas and objects;

5) lands of the forest fund;

6) lands of the water fund;

7) reserve lands.

2. The lands specified in paragraph 1 of this article shall be used in accordance with the designated purpose established for them. The legal regime of lands is determined based on their belonging to a particular category and permitted use in accordance with the zoning of territories, the general principles and procedure for which are established by federal laws and the requirements of special federal laws. Any type of permitted use, from the types provided for by the zoning of territories, is selected independently, without additional permits and approval procedures....”

- provision of loans; or

NAK Azot's loans policy is not dependent and/or influenced by the Government of Russia. The company borrows either from [CONFIDENTIAL TEXT DELETED – SOURCES OF FINANCE].

- provision of grants, awards or other funds.

The company is a commercial ongoing concern. It is not dependent on grants, awards or funds from the Government of Russia. This does not exclude the company's right and ability to apply for such funds when and if available, but in that event the company's operations would not and could not even fractionally depend on such funding.

[CONFIDENTIAL TEXT DELETED – FINANCIAL INFORMATION].

We are not aware of any other financial subsidies reflected in the financial records of NAK Azot with respect to the inquiry period.

H-2 Business structure, ownership and management

1. Indicate whether your company is a state-owned or state-invested enterprise. For the purposes of this questionnaire, a state-owned enterprise refers to any company or enterprise that is wholly or partially owned by the Government of Russia (either through direct ownership or through association).

NAK Azot is a 100% privately owned company.

2. List the Board of Directors and Board of Shareholders of your business, and all other entities/businesses your business is related to.

The company's Statutes do not provide for and the company does not have a Board of Directors.

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[CONFIDENTIAL TEXT DELETED – PRIVATE COMPANY SHAREHOLDER INFORMATION]

“EuroChem” is a vertically integrated group of companies, managed through means of common corporate ownership. EAG, as a holding/managing company, has a shareholders’ meeting, Board of Directors (one member one vote), Management Board and CEO, which all exercise their respective functions and obligations. Apart from EAG, MCC EuroChem also has an operational Board, whereas other companies of the group do not.

During the inquiry period, the following persons sat on the EAG Board of Directors:

[CONFIDENTIAL TEXT DELETED – NAMES OF PRIVATE COMPANY DIRECTORS]

The following persons had positions on the EAG Management Board during the inquiry period:

[CONFIDENTIAL TEXT DELETED – NAMES OF PRIVATE COMPANY DIRECTORS]

MCC EuroChem governing bodies are:

[CONFIDENTIAL TEXT DELETED – NAMES OF PRIVATE COMPANY GOVERNANCE ENTITIES/INDIVIDUAL].

3. Indicate the names of any directors and/or officers that are common between your business and any related businesses, where applicable.

Please see below table, which lists all EuroChem affiliates, it officers and shareholders.

Name	Address	Shareholder/ participant (over 25%)	Stake in authorised capital	Managing officer	Position with other companies/ government
[CONFIDENTIAL TEXT DELETED – DETAILS AS ABOVEMENTIONED]					

4. Are any directors, shareholders, or employees of your business (or another business your company is related to) affiliated with the Government of Russia (at any level, from any agency, party or associated entity)? If so, identify the individuals, their role and their affiliation with the Government of Russia.

No they are not. Please see above.

5. Are any directors or shareholders of your business (or another business your company is related to), appointed, managed or recommended by the Government of Russia? If yes, identify any relevant government department(s) they are affiliated with.

No they are not. Please see above.

6. Indicate who owns what percentage of all shares in your business, and identify whether they are:

- an affiliate, representative, agency or otherwise a representative of the Government of Russia;
- employees of your business;

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- foreign investors; or
- other (please specify).

Please see table above, for answers to all questions herein.

7. Provide the details of any significant changes in the ownership structure of your business during the inquiry period.

Not applicable. No changes.

8. Identify any positions within your business that are appointments, or are designated to act on behalf of Government of Russia authorities.

Not applicable. No such positions/appointments.

9. Explain whether there are requirements in law and in practice to have government representation at any level of your business. If there is such a requirement, explain the role of government representatives appointed to any level of your business.

Not applicable. No requirements.

10. If your business is a publicly-traded company, what are the rules regarding the issuance of shares by your business? Identify any stock exchanges on which your business is listed.

Not applicable. The company is not publicly traded.

11. Provide the monthly trading volume and average monthly trading price of your listed security over the inquiry period.

Not applicable. See above.

12. Who has the ability to reward, fire or discipline your business' senior managers?

Under the company's statutes the shareholder's meeting has a right to appoint/discharge an Executive Director. The Executive Director, in his turn, has a right to appoint/discharge senior managers.

13. Do any of your company's senior managers hold positions in any Government of Russia departments or organisations, associations or Chambers of Commerce? If yes, describe the nature of these positions.

Not applicable. They do not.

H-3 Licensing

1. Provide a copy of your business license(s).

Not applicable. The company does not have a general business license. The company does have a state registration which is evidenced by a respective extract from the companies' registrar, which is attached as Exhibit H-1 – Registration certification herein, but this is not a license to operate but is rather a business registration document.

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As stated above, while business activity in Russia, as such, is not subject to any particular licensing regime, certain activities of companies operating in Russia are subject to licensing. The company secures and maintains all licenses which are required by respective licensing authorities. These are reported in the company's annual reports. Below is a list of licenses issued by state (and quasi state) agencies for the company as reflected in 2019 audited annual report. In this regard it is assumed that information about private rights (technology rights, etc) obtained from private entities do not need to be reported, however they can be made available if requested.

Licensed activity	Licensing authority/ entity	Licence number	Licence date	Licence term
Operation of explosive and fire hazardous production facilities	Federal Service for Environmental, Technological and Nuclear Supervision	[CONFIDENTIAL TEXT DELETED – COMMERCIAL DETAILS OF LICENCES]		
Operation of chemically hazardous production facilities	Federal Service for Environmental, Technological and Nuclear Supervision			
Operation of chemically hazardous production facilities	Federal Service for Environmental, Technological and Nuclear Supervision			
Educational activity	Ministry of Education of the Tula Oblast			
Cargo handling operations at railway transport	Ministry of Transport of the Russian Federation			
Operation of explosive and fire hazardous production facilities	Federal Service for Environmental, Technological and Nuclear Supervision			
Activity in the sphere of using infectious agents for humans and animals (except where such activity is performed in medical purposes) and General Meeting organisms of III and IV degree of potential hazard performed in closed systems.	Administration of the Federal Service for Supervision in the Sphere of Protection of Consumer Rights and Human Welfare for the Tula Oblast			
Accreditation in the area of services in the area of occupational safety (occupational safety training employers and employees)	Ministry of Health and Social Development of the Russian Federation			
Performing works related to usage of information containing state secrets	Department of Federal Security Service of			

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	Russia for the Tula Oblast	
The permit for certain type(s) of works which influence safety of capital construction facilities	Association Self-regulatory organization Builders of the Tula Oblast	
The permit for certain type(s) of works which influence safety of capital construction facilities	Non-commercial partnership Self-regulated organization Association of Designers of the Tula Oblast	
Operation of a hydro technical facility	Federal Service for Environmental, Technological and Nuclear Supervision	
Certificate of attestation in the sphere of non-destructive control systems	Diagnostika Magnitogorsk independent centre of diagnostics and expertise of Gosgortekhnadzor facilities, CJSC	
State registration of providing title to use trademark and international registration of the trademark under license agreement. Non-exclusive license for the term of the exclusive right to the trademark in the territory of the Russian Federation for trademark No.279947 in relation to 01, 04 cl., for the trademark under international registration No.811899 in relation to 01 cl.	Federal Service for Intellectual Property (ROSPATENT)	
Extraction of underground waters for drinking and domestic consumption	Subsurface Use Department for the Central Federal District (Tsentrnedra)	
Permit for operation of hydro technical structure - sludge reservoir (III class)	Federal Service for Environmental, Technological and Nuclear Supervision	
Permit for operation of hydro technical structure - Shatskoye reservoir (II class)	Federal Service for Environmental, Technological and Nuclear Supervision	

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Permit for operation of hydro technical structure - buffer pond by NAK Azot JSC (III class)	Federal Service for Environmental, Technological and Nuclear Supervision	
Transactions with precious stones and precious metals	Federal public institution Russian State Assay Office under the Russian Ministry of Finance	
Collection, transportation, processing, disposal, neutralization and placement of waste I-IV hazard classes.	Department of the Federal Service for Supervision in the Sphere of Environmental Management for the Tula Oblast	
Certificate of attestation in the sphere of non-destructive control systems	Independent authority for attestation of non-destructive control laboratories of Diagnostika Independent Technical Center Joint Stock Company	

2. Identify the Government of Russia departments or offices responsible for issuing the license(s).

Please see column two of the table above, which lists Government of Russia authorities which issued/issue the respective licenses.

3. Describe the procedures involved in applying for the license(s).

There are different procedures specified by the various other agencies for licenses issued for a specific type of activity. In general terms, a company submits an application for the respective license with the explanation and justification of the intended use of a license and attaches respective company documents to support its application. The responsible agency would then review the application and issue the respective license or permit. Such an agency has no right to refuse the issuance of a license except for the reasons specifically stated in regulations governing its activities.

4. Describe any requirements or conditions that must be met in order to obtain the license(s).

See above.

5. Describe and explain any restrictions imposed on your business by the business license(s).

See above.

6. Describe any sanctions imposed on your business if you act outside the scope of your business license(s).

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See above.

7. Describe and explain any rights or benefits conferred to your business under the license(s).

See above.

8. Describe the circumstances under which your business license(s) can be revoked, and who has the authority to revoke the license(s).

Not applicable. Business licenses, in the sense of having a right to conduct business, are not provided for by the Russian law. Corporate entities are registered under Russian company law. Business operations cannot be revoked. Regulated activities are subject to legal licences as referred to in the above table.

H-4 Decision-making, planning and reporting

1. Provide a description of your business' decision-making structure, both in general and in respect of the goods. This should identify the persons or bodies primarily responsible for deciding:

The company is managed by its top and senior management. We have attached a respective management organization chart herein above in Exhibit A-3. Each manager is responsible for his or her respective functional area.

- what goods are produced;

The company produces goods which it has the capacity to produce. As a commercial organisation, the company targets to fully utilize its capacities.

- how the goods are produced;

The goods are produced in accordance with the respective state standards or technical specifications, which describe and provide for a process of goods production. No specific decision have to be made in that regard.

- how levels of inputs such as raw materials, labour and energy are set and secured;

As we indicate above, the goods are produced in accordance with the respective State standards or technical specifications, which describe and provide for a process of goods production. Level of inputs are determined by technical characteristics of the equipment. Where management decisions have to be made as to the levels of inputs they are made by plant or workshop managers individually or in consultation with their respective superiors in the company.

- how the use of your outputs, such as product mix, is determined; and

Generally, the company has producing workshops, i.e. ammonium nitrate, urea, UAN, etc. and it targets to fully utilize capacity of these workshops, so that there is no issue of a product output as such. In any case, if a decision of that sort is taken, it is taken by respective plant's managers individually or in consultation with managers of other EuroChem companies, depending on particular circumstances.

- how your business' profit is distributed.

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Decision on distribution of profits of the company are made by [CONFIDENTIAL TEXT DELETED – GROUP DIVIDEND POLICY].

2. Provide a description of any Government of Russia input that is made into the decision-making process concerning your manufacture, marketing and/or sale of ammonium nitrate.

Not applicable. There are no such inputs by the Government of Russia.

3. Provide a list of all government departments/offices that are involved, either directly or indirectly, in your manufacture, sale and/or purchase of ammonium nitrate.

Not applicable. Please see above. Apart from issuing and monitoring compliance of permits/licences (i.e. listed under H-3 above), the government is not involved in our business.

4. List and describe all reports that must be submitted to the Government of Russia periodically by your company, and identify the government department/office where each report is filed.

Not applicable. No such reports, outside normal reporting requirements mentioned herein above, are submitted.

5. Does your business develop any five-year plans or similar planning documents? If yes, provide copies of these plans and advise whether these plans have been submitted, reviewed or approved by the Government of Russia.

The company does not develop long-term plans which would be reviewed/authorities by the Government of Russia.

6. Provide copies of the minutes of your Board of Directors and Board of Shareholders meetings over the inquiry period.

For copies of minutes of Shareholders meetings, please refer to Exhibit H-2 – Minutes of Board of Shareholders. The company does not have a Board of Directors.

7. Provide copies of the notes to company meetings where pricing decisions concerning ammonium nitrate have been made over the inquiry period.

The company does not generate minutes of any pricing decisions in general nor with respect to ammonium nitrate in particular.

H-5 Financial and investment activities

1. Is your business debt funded? If yes, provide a list of all major lenders.

[CONFIDENTIAL TEXT DELETED – SOURCES OF FINANCE].

2. What is the rate of interest paid by your business on all debt instruments over the last five years?

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The company's debt is described under para 7.11.2 of its 2019 annual report. Below we provide an abstract from the report which shows the company's debt under credits and loans (in RUB thousand, unless otherwise indicated)

Name of the lender/creditor	Borrowing currency	Rate, % p.a.	Final repayment year	Debt amount					
				As of 31 December [2019]		As of 31 December [2018]		As of 31 December [2017]	
				under principal amount	under interest*	under principal amount	under interest	under principal amount	under interest
[CONFIDENTIAL TEXT DELETED – DETAILS AS ABOVEMENTIONED]									

* [CONFIDENTIAL TEXT DELETED – INTEREST DETAILS AND ACCOUNT CODE]

** [CONFIDENTIAL TEXT DELETED – SOURCES OF FINANCE]

3. Has your business benefited from any concessional interest rates for your loans/debts in the last five years? If yes, provide details.

[CONFIDENTIAL TEXT DELETED – SOURCES OF FINANCE].

4. Has your business raised any capital using issuance of shares, preferential shares, rights issue, bonds, warrants, debentures, sub-ordinate loans or any other debt and/or equity instruments in the last five years? If yes:

- explain what instruments were used;
- identify the type (e.g. government guarantee) and provider of the security; and
- explain the reasons for raising the capital.

Not applicable.

5. Does your business have policies on how cash reserves are invested? If yes, provide details.

Not applicable.

6. Has your business invested in either government or non-government debt securities (such as bonds, quasi-government bonds)? If yes, provide details (e.g. type of instrument, amount invested and the expected rate of return).

Not applicable.

H-6 Government measures in the ammonium nitrate industry

1. Are there any Government of Russia opinions, directives, decrees, promulgations, measures, etc. concerning the ammonium nitrate industry that were put in place or operating during the inquiry period? If yes, please provide:

- a copy of the documentation and a translation in English; and
- documentation concerning the Government of Russia's, or any association of the Government of Russia's, notification of the measures concerning ammonium nitrate to your company during the inquiry period.

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No. We are not aware of the above. The document which regulates the technical specifications of ammonium nitrate production is GOST (the relevant standard) which is enclosed herein above.

2. Provide information concerning the name of any Government of Russia departments, bureaus or agencies responsible for the administration of all government measures concerning the ammonium nitrate industry in the regions, provinces or special economic zones where your company is located, including contact information regarding the following areas:

- industrial policy and guidance on the ammonium nitrate industry;
- market entry criteria for the industry;
- environmental enforcement for the industry;
- management of land utilisation;
- investigation and inspection of expansion facilities; and
- import licensing for raw materials relating to the goods.

There are no dedicated agencies for the administration of government measures solely concerning the ammonium nitrate industry. Key state agencies which relate to our company with respect to its activities are:

- **Ministry of Industry and Trade of the Russian Federation**
- **Federal Technical Regulation and Metrology Agency (ROSSTANDART)**
- **Ministry of Agriculture of Russian Federation**
- **Ministry of Natural Resources and Environment of the Russian Federation**
- **Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor)**
- **Federal Service for Veterinary and Phytosanitary Supervision (Rosselkhozadzor)**

3. Describe any role your company plays in the development of the government's industrial plans and/or policies at all levels of government. For example, does your company provide information for, or request inclusion in, any plans, policies, or measures?

None that we are aware of. The company does not participate in the development of the government's industrial plans and/or policies.

4. Does your company provide information relating to assessments of the implementation of any plans, policies or measures?

No, not that we are aware of.

5. Has the Government of Russia designated your company and/or industry as "strategic", "encouraged" or "priority", or any other designation? If yes, answer the following:

(a) explain the purpose of these designations, the criteria for receiving any such designation, and the benefits or obligations that arise from each such designation;

(b) is there any connection between these designations and other industrial and/or economic policies or administrative measures; and

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- (c) describe any instances in which your company cited Government of Russia plans, policies, or measures as support for receiving the financing that you report.

The company is not listed under any of the above. For full disclosure, we note that MCC EuroChem was once listed as “strategic”, amongst another 1,375 companies, on a list put together by a Russian government agency. The key criteria for such listing was that the companies concerned were a company or group of companies with at least RUB5bn annual turnover and who employed at least 500 employees. We understand that the purpose of such designation was for the government to identify companies which make a substantial contribution to the economy. It seems to serve as a reference list of strategic/important companies, which may be referred to in certain situation. It does not oblige listed companies to follow or implement any special policies or measures.

H-7 Taxation

1. Were there any export taxes on the exports of ammonium nitrate during the inquiry period?

No.

2. What was the VAT rebate applicable to exports of ammonium nitrate during the inquiry period?

Export VAT is 0% and therefore there are no rebates.

3. Have there been any changes to the VAT rebate applicable to exports of ammonium nitrate in the last five years? If yes, provide:

- (a) a detailed chronological history of the VAT rebate rates;
- (b) products affected;
- (c) the effective dates of the rate changes;
- (d) fully translated copies of any Government of Russia notices regarding these changes, including the relevant appendices.

Not applicable. See above.

4. Are you aware of any tax changes being planned that would impact the industry?

No, not aware of such.

H-8 Sale terms and prices

1. Identify the person who authorises the sales terms, prices and other contract provisions for the sale of the goods by your business.

Our business has a sales function, which is represented by a Global Chief Commercial Officer, Chief Commercial Officer for Russia, Head of Sales in Russia, product managers, regional managers, etc., so that there is no single person who would authorize the sales terms, prices and other contract provisions. [CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

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2. Explain how the selling price of ammonium nitrate is determined, including any Government of Russia involvement in your business' pricing decisions, and indicate if the goods are subject to Government of Russia direct or indirect pricing or government guidance pricing.

The selling price of ammonium nitrate is driven by supply/demand. Being a commercial organization the company sells to the customer offering best terms. There is no involvement of the government of Russia in our pricing.

3. Does your business coordinate the selling prices, or supply, of the goods with other domestic producers or any Government of Russia departments? If yes, provide details.

No, it does not. Further, such coordination would be illegal under Russian antimonopoly regulations.

4. Explain whether your business provides information or data to the Government of Russia, other government officials or commercial/industry organisations, including those outside of Russia, which report on the industry.

It does not, except as described above, and in various statistical reports mentioned in the respective section below.

5. Explain whether your business provides price data to any other person at the provincial, regional or special economic zone level of government.

It does not, except for the above.

6. Do you consider your company to be the price leader for ammonium nitrate in the Russian market? If no, please explain why and specify the name(s) of the relevant price leaders.

The Russian ammonium nitrate market is very competitive. We do not consider ourselves as price leaders.

7. Does your business have a pricing committee in respect of the goods? If yes, provide the names and positions of all members of the committee.

Yes, it does, but not in respect of ammonium nitrate but generally in respect of all products sold in all markets. This is an informal committee with no fixed list of members, which is basically a meeting of sales staff (30-40 people) to discuss market environment, supply, demand, etc.

8. How often does the pricing committee meet to discuss selling prices of the goods? Provide the minutes or any other relevant documents of all meetings of the pricing committee during the period.

It meets around once per month, but there is no fixed schedule or requirement to meet, etc. Neither does it run minutes of its meetings.

9. If you have production facilities of the goods in more than one region and/or province, are the laws and regulations in each region the same with respect to pricing of the goods? If no, provide details on the differences.

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The company's only AN production is in the city of Novomoskovsk, Tula region, Russia. In any event, there is no state regulation with respect to the pricing of AN in Russia.

H-9 Industry associations

1. Is your business a member of any business or industry associations? If yes, explain your business' relationship with the association and the involvement of the Government of Russia (if any) with the association.

The company is not directly a member to the relevant industry/business associations.

For completeness, we note that MCC EuroChem is a member of the Russian Association of Fertilizer Producers (RAPU) and Russian Union of Industrialists and Entrepreneurs (RSPP). The Russian Government has no involvement with these associations. These associations represent the interests of its members, among others, before the Government of Russia.

2. If your business is a member of an industry association, indicate whether this membership is voluntary or compulsory. Explain the functions that the association provides for your business, and explain in detail the role of the association with respect to any directives provided by the Government of Russia concerning the ammonium nitrate industry.

Not applicable. MCC EuroChem's membership is absolutely voluntary. These associations represent the interests of their members, among others, before the Government of Russia. We are not aware of the representations which would concern directives towards the AN industry.

H-10 Statistics submission/recording

1. Indicate if your business makes submissions to the Russian Federal State Statistics Service and/or any other government organisation. If yes, explain the purpose of these submissions and the type of information submitted.

The Russian Federal State Statistics Service (Rosstat) has multiple forms of reports which companies have to submit for state statistical purposes, including data on economic and production indicators of the company. The purpose of these submissions is driven by Rosstat itself, as a federal executive body responsible for the generation of official statistical information on social, economic, demographic, environmental and other social processes in the Russian Federation, as well as in the manner and cases established by the legislation of the Russian Federation on control in the sphere of official statistical accounting.

The main task of the Federal State Statistics Service is the provision of diverse, objective and complete statistical information to meet the needs of government bodies, mass media, population, scientific community, commercial organizations and entrepreneurs and international organizations.

2. Provide a recent example of a submission that has been made to the Russian Federal State Statistics Service and/or any other government organisation. For example, monthly data relating to sales, production and/or costs.

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For an example of s recently submitted report, please refer to Exhibit H-3 – Statistics Report.

3. Do the government organisations approve or assess your submission? If yes, provide a detailed explanation.

Our reports are reviewed by the respective statistical services. In case of questions they may contact the company by phone to clarify. We are not aware of any approval procedures.

4. Do the government organisations provide feedback on your submission? If yes, provide a detailed explanation.

No, we do not receive any official feedback on our submissions.

H-11 Production and output

1. Is any part of your production subject to national or regional industrial policy and/or guidance? If yes, provide details including:

- (a) background to the policy/guidance;
- (b) an explanation of any restriction imposed by the policy/guidance;
- (c) the extent to which any policies/guidelines are applicable to your business; and
- (d) how your business responded to the policies/guidelines.

Not applicable. We are not aware of any industrial policy/guidance which would impose restrictions or obligations on our company.

2. Provide details regarding any other restrictions (e.g. geographic/regional, downstream, end use, etc.) to the sale of the goods and/or like goods that have been placed upon, or may be imposed, by the Government of Russia on your business.

Not applicable. There are no restrictions outside a normal mode of business operation. Daily operational activities are supervised by Rostekhnadzor and/or Rosselkhozadzor.

For example, under the regulation "On industrial safety of hazardous production facilities" from 21.07.1997 N 116-FZ, we certify our activities connected with storing and handling of the goods. The company has all such licenses/certifications in place. These do not restrict our business, but rather regulate the safe conduct of the specific activities.

3. Provide a list of all your domestic customers of the like goods, include the location (city and province) of the customer, and indicate whether each customer is a state-owned or state-invested enterprise.

Our company's domestic customers are not State-owned or State-invested. [CONFIDENTIAL TEXT DELETED – CUSTOMERS].

4. Are there any restrictions and/or conditions in relation to the quality or quantity of the production of the goods placed upon your business? If yes, provide details.

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Not applicable. We are not aware of such, except that quality of the goods must comply to state standards applicable to AN.

5. Does your business require an export licence? If yes, provide details.

No, it does not.

6. Were the goods sold by your business subject to any export restrictions and/or limits during the previous five year period? If yes, provide details.

No, they were not.

7. Does your business benefit from any concession on the purchase of any utility services (e.g. electricity, gas, etc.)? If so explain the nature and amount of the concession.

No, it does not. The company sources utility services on existing market terms.

8. Have there been any changes to your production capacity over the last five years? If yes, provide details.

No, it did not. NAK Azot capacity in the last five years was as follows (in tons):

Capacity per technical specification	2015	2016	2017	2018	2019	POI
[CONFIDENTIAL TEXT DELETED – DETAILS AS ABOVEMENTIONED]						

H-12 Adding capacity and/or joint ventures

1. Provide an explanation (or refer to the relevant rules/regulations with a brief summary of their application) with respect to the government approval process on adding capacity and/or joint ventures in relation to your business.

Activities related to design, construction and modernisation of ammonium nitrate production, as well as passing the expertise, are performed in accordance with the Russian Town Planning Code and other regulatory legal acts of the Russian Federation. Permissions for new construction and reconstruction of existing facilities are obtained in accordance with the Town Planning Code.

The main stages, including those where state agencies are engaged, are the following:

- preparation of technical specification**
- selection of the project organization and conclusion of the contract with it**
- development of project documentation**
- consideration and approval of project documentation by a company**
- passing the expertise of project documentation. At the project documentation stage, a state (or non-state) expert review of project documentation should be conducted; if the project has an environmental**

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component, an additional environmental expert review should be conducted and conclusions issued

- Upon receipt of a positive Expert Review Conclusion, an application for a town planning plan is sent to the municipal authorities, which is later attached to the package of documents submitted for a building permit
- In case of construction of hazardous facilities public hearings are held
- On the basis of the package of documents the municipality issues a construction permit
- The permit is sent to Stroynadzor / Rostekhnadzor seven days before the start of construction works, which prepares a plan-schedule of construction supervision.
- Construction works are carried out under the general contract in full compliance with the project documentation that has been examined and has a positive Examination Conclusion
- At the stage of implementation of the construction works, author's supervision conducted by the Project Organization and State supervision by Stroynadzor/Rostekhnadzor
- After construction is completed, an act of completion is drawn up and transferred to Stroynadzor/Rostekhnadzor and municipal authorities.

All basic requirements for safety, construction and future operation of the facility are laid down by the design organization in technical solutions when developing the project documentation.

2. Does the government have the right to request modifications in the terms of adding capacity and/or joint ventures? If yes, provide an explanation (or refer to the relevant rules/regulations with a brief summary of their application).

The state authorities have the right to make changes to the project documentation during the stage of an expert review (to obtain a positive opinion) and during the supervision process, when deviations from the project decisions are detected or when sufficient safety requirements are not met.

H-13 Raw materials

1. Are any of your suppliers related or affiliated with your company? If yes, provide details.

Our key affiliated supplier is [CONFIDENTIAL TEXT DELETED – SUPPLIER] energy and, in small quantities, natural gas (from mercantile exchange) and supplies them to EuroChem companies. [CONFIDENTIAL TEXT DELETED – SUPPLIER] sources from the market on then current market terms.

2. Do you purchase raw materials from state-invested enterprises? If yes, provide details.

The company's key raw material is natural gas, which is used to produce ammonia and nitric acid, which, in their turn, are used to produce ammonium nitrate. The company is supplied with gas produced by [CONFIDENTIAL TEXT DELETED – SUPPLIER]. While we are not aware of the exact level of state

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investments in these companies, we do not exclude that they may have state investments.

3. Is there a difference in the purchase price of raw materials between your suppliers? If yes, provide an explanation.

Yes, there is a difference in price for our key feedstock, natural gas.

More specifically, natural gas purchased from Gazprom at state regulated prices is more expensive than natural gas purchased from independent suppliers. In other words, the State helps Gazprom to keep natural gas prices higher by obliging Gazprom to sell at regulated tariff, whereas there is an oversupply of natural gas in Russia (supported by various obligations not to flare gas by oil producers, etc). Regulated prices set a gas price ceiling for other market participants, with abundant supply moving unregulated prices lower. In other words, the regulated price ceiling for Gazprom has no effect on the market pricing, except to make gas produced by and purchased from Gazprom more expensive than the price otherwise achievable by other gas producers in the market.

Gas produced and supplied by Gazprom is supplied at a State tariff set by the Russian Antimonopoly service. Gas supplied by independent producers, or supplied by Gazprom but produced by independent producers, is supplied at negotiated (i.e. not regulated) prices.

All NAK Azot natural gas purchases during the inquiry period were produced by [CONFIDENTIAL TEXT DELETED – PRODUCERS AND SUPPLIERS]. Some of the gas volumes [CONFIDENTIAL TEXT DELETED – SUPPLY ROUTE] not at regulated prices. That is because when Gazprom supplies gas of unaffiliated producers, prices are not subject to State regulation and are negotiated. Our prices with [CONFIDENTIAL TEXT DELETED – SUPPLIERS] are negotiated with reference to the tariff schedule but due to market conditions are lower than regulated Gazprom produced gas by around [CONFIDENTIAL TEXT DELETED – NUMBER]%.

4. Describe in detail your business' purchase procedures for raw materials, the considerations in selecting a supplier and how the price of the raw material is determined between you and your supplier. If purchases are made by tender, provide details of the criteria/conditions of the tender and the basis for awarding the contract for supply.

As a commercial company, we aim to source raw material natural gas at the lowest prices. Terms are negotiated with potential suppliers, i.e. [CONFIDENTIAL TEXT DELETED – SUPPLIERS], and are reflected in respective supply agreements.

5. Explain whether your business has been subjected to any direct or indirect price guidance or controls by the Government of Russia during the inquiry period, with respect to raw material inputs.

As per the above explanations, Gazprom produced/supplied natural gas pricing is per tariff schedule set by Russian Antimonopoly service. Please refer to Exhibit H-4 – Gazprom tariff schedule for the tariff schedule issued by Anti-Monopoly Service for the inquiry period.

6. If any of your suppliers (or the suppliers of an associated or related entity) are based outside Russia:

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- (a) provide details, including a description of the raw material imported, the supplier and country of origin;
- (b) explain the process required to import the raw materials (e.g. obtaining an import licence, import declarations etc.);
- (c) provide details of any conditions that apply to importing the raw materials (e.g. customs and/or quarantine);
- (d) specify what import duty rate is applied to the raw materials; and
- (e) if your business is eligible for a duty drawback, provide details.

Not applicable. No they are not.

7. Does your business, or an associated business, sell any of the raw materials used to manufacture ammonium nitrate, or sell the semi-processed goods?

Yes, it does, though in small quantities.

If yes, provide:

- (a) a description of the raw material or semi-processed good which is sold, including whether it is a domestic or export transaction, made to related or unrelated parties, and how the selling price is determined; and

These are sales of ammonia and nitric acid sales, which are key feedstock for ammonium nitrate production. These sales are predominantly intragroup, to other producing facilities, including our fertilizer facility in Lithuania.

- (b) if there is a difference in selling prices between related and unrelated parties, please provide reasons as to why.

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

**SECTION I
RUSSIAN MARKET**

The company's response to this section is based on our internal assessment and publicly available information and does not necessarily precisely reflect actual figures, reported by companies.

I-1 Prevailing conditions of competition in the Russian market

1. Describe the Russian market for ammonium nitrate, and the prevailing conditions of competition within that market, including:
 - (a) an overall description of the market in Russia, which explains its main characteristics and trends over the past five years;
 - (b) the sources of demand for ammonium nitrate in Russia (including different customers, users or consumers of the product), and the estimated proportion (%) of sales revenue that each source of demand comprises;
 - (c) the factors that influence consumption/demand variability in Russia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;
 - (d) any market segmentations in Russia (such as geographic or product segmentations), and the estimated proportion of sales revenue that each segment comprises;
 - (e) the way in which Russian and imported goods compete in the Russian market;
 - (f) the ways that ammonium nitrate is marketed and distributed in the Russian market; and
 - (g) any other factors that are relevant to characteristics or influences on the Russian market for ammonium nitrate.

Provide documentary evidence to support the responses made to I-1(a) to (g).

The Russian ammonium nitrate market is very competitive. As of 2019 we believe there were 16 Russian producers of nitrogen fertilizers with total capacity of [CONFIDENTIAL TEXT DELETED – NUMBER] urea, [CONFIDENTIAL TEXT DELETED – NUMBER] ammonium nitrate melt, and [CONFIDENTIAL TEXT DELETED – NUMBER]. Please see the table below for more details.

Nitrogen fertilizer capacity in the Russian Federation*, Mt

Plant	Holding company	Region	Ammonia	Urea	Nitrates	UAN
[CONFIDENTIAL TEXT DELETED – DETAILS AS ABOVEMENTIONED]						

* For ammonia, gross output is shown; for urea and nitrate, melting capacity is shown.

Key demand areas are agriculture (approximately 70%) and industry (approximately 30%). Please see our internal demand forecast below for more details.

Forecasted nitrogen fertilizer consumption in Russia, K tons

Product	2019	2020	2021	2022	2023
Ammonium nitrate - agriculture	[CONFIDENTIAL TEXT DELETED – DETAILS AS ABOVEMENTIONED]				

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- industry

Demand for ammonium nitrate is mainly driven by respective growth in agricultural and industrial sectors. Demand for agricultural grade is higher during planting season and prior to it. Being a commodity product, ammonium nitrate is marketed in any particular manner. Producers distribute its product to regions where they are most competitive, i.e. regions in vicinity of their production facilities.

2. Provide a diagram that outlines the Russian market structure for ammonium nitrate, ensuring that all categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Russian market.

Below map is an illustration of Russian ammonium nitrate producers and their approximate annual capacities.

[CONFIDENTIAL TEXT DELETED – SEE DESCRIPTION OF MAP CONTENTS]

3. Describe any commercially significant market participants (at each level of trade) in the Russian market for ammonium nitrate over the inquiry period. Include in your description:

- the name of each participant, and the relevant level of trade (e.g. manufacturer, reseller, retailer, importer);
- a description of the degree of integration (either vertical or horizontal) for each market participant; and
- an estimation of the market share held by each participant.

Significant market participants which can be identified are ammonium nitrate producers. All other participants are counted in thousands and cannot practically be identified. Large manufacturing groups identified above and below are largely wholesalers. Bigger groups will have their own distribution systems which accommodate continuous production and channelling of product to the market. Then, there are many resellers, retailers, final consumers, which are active in their own segments.

The figure below shows the distribution of nitrate consumption between agricultural and industrial sectors by Russian federal district:

Russian consumption of nitrate by region (blue – agriculture, red – industry)

[CONFIDENTIAL TEXT DELETED – SEE DESCRIPTION OF MAP CONTENTS]

The main share of agricultural consumption of nitrate belongs to the three key regions accounting for [CONFIDENTIAL TEXT DELETED – NUMBER]% of total consumption. They are the Central Federal District ([CONFIDENTIAL TEXT DELETED – NUMBER]%), the Southern+North Caucasus Federal Districts ([CONFIDENTIAL TEXT DELETED – NUMBER]%), and a substantial share of Volga Federal District ([CONFIDENTIAL TEXT DELETED – NUMBER]%).

Producers' market shares in Russian regions:

Nitrate supplies to the main Russian regions by supplier

[CONFIDENTIAL TEXT DELETED – SEE DESCRIPTION OF DIAGRAM CONTENTS]

The key suppliers of agricultural nitrate in the core consumption regions are plants located directly in those regions. In the North Caucasus Federal District, the leading position is held by Nevinnomysskiy Azot, in the Southern Federal

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District it is held by KuibyshevAzot, Minudobreniya and Rossosh, and in the Central Federal District by Dorogobuzh, Novomoskovskiy Azot, Minudobreniya and Rossosh. Plants located far from the main fertilizer-consuming regions in the domestic market predominantly export their products (Acron, Cherepovets, KCKK).

Most of the industrial nitrate consumption is concentrated in the Eastern regions of Russia, east of the Urals. Industrial nitrate is mainly consumed in the Southern Federal District, with a share of about [CONFIDENTIAL TEXT DELETED – NUMBER]%. The key supplier to the Southern Federal District is Kemerovo Azot with [CONFIDENTIAL TEXT DELETED – NUMBER]% of the market. Detailed analysis of the Russian industrial nitrate market is presented below.

4. Identify the names of commercially significant importers in the Russian market for ammonium nitrate over the inquiry period, and the estimated market share held by each importer. Specify the country that each importer imports from, and its level of trade in the Russian market (if known).

Not applicable. As we understand is the case in the Australian market, ammonium nitrate is not imported in any meaningful quantities.

5. Describe the regulatory framework of the Russian market for ammonium nitrate as it relates to competition policy, taxation, product standards and the range of the goods. Provide a copy of any regulation described, if available.

Not applicable. To the best of our knowledge, there is no such separate regulatory framework which would concern ammonium nitrate.

6. Describe any entry restrictions for new participants into the Russian market for ammonium nitrate. Your response could include information regarding:

- resource ownership;
- patents and copyrights;
- licenses;
- barriers to entry;
- import restrictions; and
- government regulations (including the effect of those government regulations).

In responding to I-1(6), ensure that relevant regulations are referenced.

We are not aware of entry restrictions for new participants into the Russian market for ammonium nitrate.

I-2 Goods in the Russian market

1. Generally describe the range of goods offered for sale in the Russian market. The description should include all like goods, including those produced by your company. Your description could include information about:

- differences in quality;

Quality is regulated by the Russian state standard (GOST) and is the same for all producers.

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- differences in price;

Prices are driven by supply/demand and differ by producer, customer, region, etc.

- differences in supply/availability;

Given many producers in Russia, supply is sufficient, but may vary by region. Please refer to above schemes.

- differences in technical support;

Technical support is generally available by suppliers/producers, as they compete for customers.

- the prevalence of private labels/customer brands;

Brands/labels are not determinative or influential in the commodity competitive environment. that said, of course a producer that produces poor quality AN would suffer in the market place.

- the prevalence of generic or plain labels;

Not applicable.

- the prevalence of premium labels; and

Not applicable.

- product segmentation.

Please see above schemes.

2. Describe the end uses of ammonium nitrate in the Russian market from all sources.

Per above, key end users are agricultural and industrial consumers.

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Russian market. Rank these preferences or influences in order of importance.

In our view these are price, payment terms, availability, and quality.

4. Identify if there are any commercially significant market substitutes in the Russian market for ammonium nitrate.

Per above, there are other types of nitrogen fertilizers produced and sold in the Russian market, i.e. urea and UAN, which may be viewed as substitutes for agricultural grade.

5. Identify if there are any commercially significant market complements in the Russian market for ammonium nitrate.

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Proximity to production sites and, therefore, ability to deliver and receive payments.

6. Have there been any changes in market or consumer preferences in the Russian market for ammonium nitrate in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

Consumers continue to buy AN as one of most preferred fertilizers, showing steady growth in annual consumption.

I-3 Relationship between price and cost

1. Describe (and provide evidence to support) the importance of the Russian market to your company's operations. This should include:

(a) the proportion of your company's sales revenue derived from sales of ammonium nitrate in Russia; and

(b) the proportion of your company's profit derived from sales of ammonium nitrate in Russia.

Absent domestic sales the company would experience substantial problems. [CONFIDENTIAL TEXT DELETED – NUMBERS]% of NAK Azot's ammonium nitrate revenues and profits, and [CONFIDENTIAL TEXT DELETED – NUMBERS]% of Nevinka's ammonium nitrate revenues and profits, are from sales in Russia. Please refer to respective financial statements and sales ledgers.

2. Describe (and provide evidence to support) the nature of your product pricing in Russia (e.g. market penetration, inventory clearance, product positioning, price taker, price maker etc.).

Per above, our product pricing is based on supply/demand. As we aim to sell as much as possible at highest prices, we conduct respective negotiations with customers, based on these considerations. We are not certain any particular support can be provided in that regard.

3. Describe your price strategies in Russia (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing). If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these.

Please see our answer above.

4. How frequently are your Russian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

They are reviewed as often as we agree with a customer to review them. Various factors may prompt price revision, such as change in market situation, costs, seasonality, change in international pricing, weather, etc. Sales managers are responsible for revision/negotiation of prices. The persons number in the hundreds and it is impractical to list them.

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5. Rank the following factors in terms of their influence on your pricing decisions in the Russian market, with the most important factor ranked first and the least important factor ranked last:

- competitors' prices;
- purchase price of raw materials;
- cost to make and sell the goods;
- level of inventory;
- value of the order;
- volume of the order;
- value of forward orders;
- volume of forward orders;
- customer relationship management;
- supplier relationship management;
- desired profit;
- brand attributes;
- other [please define what this factor is in your response].

We (indicatively) rank these as follows:

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

Please note that we do not consider that “ranking” is a proper manner of understanding price behaviour. All relevant factors are weighed in the balancing exercise required.

6. Describe the relationship between selling price and costs to make and sell in the Russian market. Does your company maintain a desired profit margin for ammonium nitrate?

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

7. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Russian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents that support your claims in response to this question.

Depending on outcome of negotiations, customers may get differed payment terms or better prices for larger quantities. No specific criteria are set. All based on negotiations.

8. Do you offer bundled pricing⁴ in the Russian market? If yes, explain how the pricing for bundled sales is determined. Explain how the cost to make and sell is considered in establishing these bundled prices for the goods. Provide copies of internal documents that support your claims in response to this question.

⁴ See definition of 'bundled pricing' in Glossary.

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While customers are encouraged to buy various products from EuroChem, these sales are not made as bundled sales. We cannot provide any support to this claim as we do not generate any documents in that regard.

9. Does the volume of sales to a customer or the size of an order influence your selling price in Russia? If yes, advise how volume is used to determine selling prices. Explain how the cost to make and sell is considered in establishing volume based prices for the goods. Provide copies of internal documents that support your claims in response to this question.

Yes, a customer would then have a better price negotiating position. Percentage profitability on larger orders can be reduced because of the volume of the business involved, as it would still deliver an acceptably large profit and there are other benefits and cost savings for the company.

We cannot provide any support to this claim as we do not generate any documents in that regard. As explained it is done through informal price meetings.

10. Does your business utilise sales contracts in the Russian market? If yes, provide a list of all customers under contract during the inquiry period, including translated copies of the two largest contracts (by sales revenue).

All sales with all customers are made on a contractual basis. We provided samples the same in Exhibit D-3 above.

In addition, describe:

(a) the proportion of sales revenue derived from contracted versus uncontracted sales;

[CONFIDENTIAL TEXT DELETED – REVENUE STREAMS AND PRICING POLICIES].

(b) the proportion of sales revenue related to contracts that include exclusivity terms (if applicable);

None.

(c) the frequency that particular sales contracts are renegotiated;

[CONFIDENTIAL TEXT DELETED – PRICING/COMMERCIAL POLICIES].

(d) the frequency that price is reviewed during the life of the contract;

[CONFIDENTIAL TEXT DELETED – PRICING/COMMERCIAL POLICIES].

(e) the opportunities to review price during the life of a contract, including a description of the process and an explanation of the circumstances that might lead to a price review (e.g. due to changes in the cost to make and sell).

We leave as much flexibility to review prices as possible.

11. Provide copies of any price lists for ammonium nitrate used in the Russian market during the inquiry period. If you do not use price lists, describe the transparency of your prices in the Russian market.

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[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

12. How do you differentiate pricing for different products/models of ammonium nitrate in the Russian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents that support your claims in response to this question.

We do not. Eventual target is to earn the highest return, so that agricultural and industrial customers “compete” for the product on same terms.

13. Do you tier or segment your Russian customers for ammonium nitrate in terms of pricing? If yes, provide:

(a) a general description of how this is done;

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

(b) list the factors that influence pricing in different tiers or segments; and

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

(c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

14. Do you sell the goods to related entities in Russia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide a copy of any internal documents relevant to establishing pricing to related parties.

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

I-4 Marketing and sales support in the Russian market

1. How does your company market the goods in the Russian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

Per above, no specific marketing as this is a commodity product.

2. Does your company conduct brand segmentation in the Russian market for ammonium nitrate? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

No, it does not.

Provide examples of your Russian advertising of ammonium nitrate over the past five years. If you have not used advertising in Russia, provide examples of any other promotional campaigns for the goods you have conducted over the inquiry period.

Not applicable. See above.

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3. How many people are in your Russian market sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents that support your claims in response to this question.

The number varies from year to year, but, generally, EuroChem Russian sales function/team (for all Russian sales, i.e. not just ammonium nitrate), includes around 300 people. [CONFIDENTIAL TEXT DELETED – REMUNERATION POLICIES].

4. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents that support your claims in response to this question.

[CONFIDENTIAL TEXT DELETED – PRICING POLICIES].

SECTION J AUSTRALIAN MARKET

As NAK Azot did not export the goods to Australia, we are not familiar with the specific details, but have answered these questions to the best of our knowledge and belief and with input from persons who have some familiarity with the market conditions there.

J-1 Prevailing conditions of competition in the Australian market

1. Describe the Australian market for ammonium nitrate and the prevailing conditions of competition within the market, including:

(a) an overall description of the market in Australia, which explains its main characteristics and trends over the past five years;

AN demand in Australia (all grades) is assumed to be around 2.35 million te p.a. and has grown significantly on the back of iron ore exports from WA and coal exports from Qld and NSW. Industry nameplate AN production capacity is nominally 2.75 million te p.a.

The market is highly competitive with the main producer in the West region offering AN product into the East region at low prices against the established East region producers.

A new producer in the West region has added to the competitive nature of the market. This is the Orica/Yara investment at Burrup in north-west WA.

(b) the sources of demand for ammonium nitrate in Australia (including different customers, users or consumers of the product), and the estimated proportion of sales revenue that each source of demand comprises;

One main source of demand appears to be coming from industrial consumers and mining industry in particular.

(c) the factors that influence consumption/demand variability in Australia, such as seasonal fluctuations, factors contributing to overall market growth or decline, government regulation, and developments in technology affecting either demand or production;

Export demand for Australian iron ore and coal (thermal and metallurgical) and major weather events (cyclones and long periods of wet weather conditions disrupting mine access and logistics) are the macro factors that influence AN consumption in Australia.

(d) any market segmentations in Australia (such as geographic or product segmentations), and the estimated proportion of sales revenue that each segment comprises;

There are say four geographic segments:

- NW WA (iron ore) - [CONFIDENTIAL TEXT DELETED – NUMBERS]% of total demand;
- SW WA (metals / precious metals) - [CONFIDENTIAL TEXT DELETED – NUMBERS]% of total demand;

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- Qld (metallurgical coal) - [CONFIDENTIAL TEXT DELETED – NUMBERS]% of total demand;
- NSW (thermal coal) - [CONFIDENTIAL TEXT DELETED – NUMBERS]% of total demand.

As is the case in Russia, geographical segmentation is important because of the nature of the product and the high cost of storage and transportation of AN between the regions.

- (e) the way in which Australian manufactured, Russian and other imported goods compete in the Australian market;

Australian AN producers do not manufacture HDAN or fertiliser grade AN. Orica and Dyno appear to import this grade of AN to meet their own internal requirements for a grade of AN that can be transported long distances and stored at remote sites for extended periods and used in their manufacturing processes. As such it is clear that Russian AN does not compete with but is complimentary to the grades of AN manufactured by the Australian AN manufacturing industry.

- (f) the ways that ammonium nitrate is marketed and distributed in the Australian market; and

We understand that AN manufactured by the local industry is usually sold against fixed term contracts (typically 3 to 5 year term) with strictly enforced minimum and maximum offtakes assessed on a quarterly and annual basis. Contracts typically enforce volume commitments with take or pay penalties.

- (g) any other factors that are relevant to characteristics or influences on the Australian market for ammonium nitrate.

A major influence on the AN market over the past five years has been the construction of new AN capacity in NW WA (Yara / Orica Burrup AN Plant). Prior to commissioning Orica undertook a five year strategy of seeding the NW WA market and securing customer contracts to ensure the Burrup plant was loaded at start up. They did this by “importing” AN from east coast Australia (and some from overseas). This is evidenced by the import statistics of AN into Port Hedland and increased movements of AN from Qld and NSW into WA ports over that period.

As this Orica strategy was implemented the incumbent AN supplier in the West region (CSBP) lost volume and profits. The CSBP response was to initiate its own counter-entry into the east coast Australia market and to challenge Orica’s traditional high share on the east coast. This intensified the price/volume war, this time in Qld and NSW as Orica sought to protect its AN volumes and its traditional market position. The increase in movements of AN from west to east coast is identifiable in AN shipment statistics from WA ports into NSW and Qld ports.

This change in the status quo of market positions and intense internal rivalry east/ west along with the high cost of east coast gas feedstock are the biggest influences on the recent profitability of the AN industry. It would seem that neither the pricing behaviour of exporters (because the Australian industry has been a major importer) nor the volume of imports (because there have not been many) has had anything to do with this.

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Provide documentary evidence to support the responses to K-1(a) to (g).

2. Provide a diagram that outlines the Australian market structure for ammonium nitrate, ensuring that all categories of participants are included. In this diagram use linkages to illustrate the different levels of trade and distribution channels within the Australian market.

Here we could refer the Commission to the diagram in its “Final Report 473” at Section 5.3.1 Figure 2.

3. Describe any commercially significant market participants (at each level of trade) in the Australian market for ammonium nitrate over the inquiry period. Include in your description:

- the name of each participant, and the relevant level of trade (e.g. manufacturer, reseller, retailer, importer);

- CSBP – manufacturer, retailer, importer
- Orica - manufacturer, retailer, importer
- Incitec/Dyno - manufacturer, retailer, importer
- QNP – manufacturer, retailer
- Yara/Orica – manufacturer, retailer, importer

- a description of the degree of integration (either vertical or horizontal) for each market participant; and

- Orica Newcastle NSW (nameplate production capacity [CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) – produces AN from Ammonia produced on site from natural gas feedstock
- Orica Gladstone Qld (nameplate production capacity [CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) – produces AN from imported Ammonia
- Orica / Yara Burrup WA (nameplate production capacity [CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) – produces AN from Ammonia sourced from an adjacent related entity via pipeline
- QNP Moura Qld (nameplate production capacity [CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) – produces AN from Ammonia from produced on site from natural gas feedstock
- Incitec / Dyno Moranbah Qld (nameplate production capacity [CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) – produces AN from Ammonia from produced on site from natural gas feedstock
- CSBP Kwinana WA (nameplate production capacity >[CONFIDENTIAL TEXT DELETED – NUMBER] te pa AN) - produces AN from Ammonia produced on site from natural gas feedstock (~[CONFIDENTIAL TEXT DELETED – NUMBER]of requirements) and imported Ammonia (~[CONFIDENTIAL TEXT DELETED – NUMBER] of requirements)

- an estimation of the market share held by each participant.

The Commission would likely have this information as a result of the investigation that led to the publication of “Final Report 473”.

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4. Identify the names of commercially significant importers in the Australian market for ammonium nitrate over the inquiry period, and the estimated market share held by each importer. Specify the country each importer imports from and their level of trade in the Australian market, if known.

The Commission would likely have this information as a result of the investigation that led to the publication of “Final Report 473”.

5. Describe the regulatory framework of the Australian market for the goods as it relates to competition policy, taxation, product standards and the range of the goods. Refer the Commission to any relevant regulation described with a brief explanation of how it applies.

It is assumed that the regulatory framework is relatively the same as that in Russia, however the Commission would likely have this information as a result of the investigation that led to the publication of “Final Report 473”.

6. Describe any entry restrictions for new participants into the Australian market for ammonium nitrate. Your response could include information on:

- resource ownership;

Licensed storage capacity for AN is finite and limited due to need for community separation distance particularly post the Beirut port incident that involved storage of AN close to a centre of population.

- patents and copyrights;

Not generally applicable to AN.

- licenses;

Each state is a separate legal jurisdiction, they require AN manufacturers, importers, resellers and explosives companies to hold relevant licences.

- barriers to entry;

- **Strict licensing regime.**
- **High cost of shipping AN (a class DG 5.1 dangerous good) from offshore production sources.**
- **A limited number of Australian ports allow AN importation and port restrictions limit the commercial quantity of AN imported per vessel.**
- **High cost of road/rail transporting AN (class DG 5.1 dangerous good) from wharf to storage.**
- **Limited number and tightly restricted capacity of DG licenced AN storage facilities in Australia.**
- **Distance from foreign markets especially in case of Russia.**

- import restrictions; and

- **Anti-dumping measures in place against various countries/exporters.**

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- Extremely restricted import quantity of AN per vessel at major ports eg Botany, Melbourne, Brisbane.
- Restricted import quantity per vessel at dedicated / designated Dangerous Goods / Explosives ports eg Port Alma for Queensland, Newcastle for NSW and Port Hedland for NW Western Australia etc.

- government regulations (including the effect of those government regulations).

State jurisdiction for the import, storage, transport, sale etc. of explosives. Some states consider AN to be an Explosive whilst other states consider AN to be a dangerous good (DG Class 5.1). Either classification imposes strict measures on industry participants.

In responding to K-1(6), ensure that relevant regulations are referenced.

J-2 Goods in the Australian market

1. Generally describe the range of the goods offered for sale in the Australian market. The description should include all goods, including those produced by your company. Your description could include information about:

- differences in quality;

Local producers manufacture only two grades of product, being low density AN (ANPP) and AN solution (Ansol). Significantly there is no local manufacture of dense grade AN (HDAN), such as is available from some export countries, such as Russia. Physical properties and product specifications for ANPP are consistent with international specifications. Past HDAN imports have been to international fertiliser grade AN specification.

- differences in price;

Pricing can vary between geographic markets in Australia reflective of supply/demand in each region (surplus or deficit in manufacturing capacity versus demand), mine site location and cost of AN feedstock (natural gas or imported ammonia). Typically Australian producers price product based on their view of a customer's alternative sourcing cost. Import parity cost from offshore has been very high because of AD measures and freight costs and other barriers to entry. However given the price war referred to, generated by investment and additional production capacity, parity is now determined by prices of internal Australian producers seeking to increase market share especially product being offered by Australian producers outside their traditional selling regions.

- differences in supply/availability;

There is an overall surplus of AN manufacturing capacity in Australia but significant distances between the four key mining areas in Australia means that regional supply / demand is a greater influence than overall Australian supply demand balance. In this context there is surplus AN in Queensland and WA, and a shortage in NSW / SE Australia.

- differences in technical support;

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Not relevant for AN is it is an internationally traded commodity sold and purchased against internationally recognised standard properties or specification.

- the prevalence of private labels/customer brands;

Some registered trademarks / tradenames but invariably sold as generic AN against a specification.

- the prevalence of generic or plain labels;

Typically product sold in bags generically labelled as ANPP, low density AN, high density AN HDAN, etc.

- the prevalence of premium labels; and

Not applicable.

- product segmentation.

Product sold against specification with pricing segments determined by size of customer offtake, timing of demand, competitive situation, logistics, etc

2. Describe the end uses of ammonium nitrate in the Australian market from all sources.

Major end use is in manufacture of explosives for the mining industry and the quarry / civil construction industry. Minor use is in agriculture / horticulture as a nitrogen based fertiliser. Very minor use in manufacture of medical gases (nitrous oxide).

3. Describe the key product attributes that influence purchasing decisions or purchaser preferences in the Australian market. Rank these preferences or purchasing influences in order of importance.

Price, handling properties, logistics, security of supply, local stock.

4. Identify if there are any commercially significant market substitutes in the Australian market for ammonium nitrate.

No commercially significant alternatives to AN.

5. Identify if there are any commercially significant market complements in the Australian market for ammonium nitrate.

None.

6. Have there been any changes in market or consumer preferences in the Australian market for ammonium nitrate in the last five years? If yes, provide details including any relevant research or commentary on the industry/sector that supports your response.

The mining industry, particularly the major international mining companies (the major end users of AN) have recognised that the significantly high cost of AN in

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Australia (compared to other international mining localities) and the imposition of dumping measures is impacting the viability of mining in Australia.

J-3 Relationship between price and cost in Australia

1. Describe (and provide evidence to support) the importance of the Australian market to your company's operations. This should include:

- (a) the proportion of your company's sales revenue derived from sales of ammonium nitrate in Australia; and
- (b) the proportion of your company's profit derived from sales of ammonium nitrate in Australia.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

2. Do you consider your company to be the price leader for ammonium nitrate in the Australian market? If no, please explain why and specify the name(s) of the relevant price leaders.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

3. Describe (and provide evidence to support) the nature of your product pricing in Australia (e.g. market penetration, inventory clearance, product positioning, price taker, price maker etc.).

Not applicable, NAK Azot did not export the GUC to Australia during the period.

4. Describe your price strategies in Australia (e.g., competition-based pricing, cost-plus pricing, dynamic pricing, price skimming, value pricing, penetration pricing, bundle pricing). If there are multiple strategies applied, please rank these by importance. If there are different strategies for different products, please specify these.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

5. Explain the process for how the selling prices of ammonium nitrate for the Australian market are determined by your business. Provide copies of internal documents that support how pricing is determined.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

6. How frequently are your Australian selling prices reviewed? Describe the process of price review and the factors that initiate and contribute to a review. Provide the names and positions of all persons involved.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

7. Rank the following factors in terms of their influence on your pricing decisions in the Australian market, with the most important factor ranked first and the least important factor ranked last:

- competitors' prices;
- purchase price of raw materials;
- cost to make and sell the goods;
- level of inventory;
- value of the order;

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- volume of the order;
- value of forward orders;
- volume of forward orders;
- customer relationship management;
- supplier relationship management;
- desired profit;
- brand attributes;
- other [please define what this factor is in your response].

Not applicable, NAK Azot did not export the GUC to Australia during the period.

8. Describe the relationship between selling price and costs to make and sell in the Australian market. Does your company maintain, or seek to maintain, a desired profit margin for ammonium nitrate? Provide copies of internal documents that support your response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

9. Do you offer price reductions (e.g., commissions, discounts, rebates, allowances or credit notes) in the Australian market? If yes, provide a description and explain the terms and conditions that must be met by the customer to qualify. Explain how the cost to make and sell are considered in establishing these price reductions. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

10. Do you offer bundled pricing⁵ in the Australian market? If yes, explain how the pricing for bundled sales is determined. Explain how the cost to make and sell is considered in establishing these bundled prices for the goods. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

11. Does the volume of sales to a customer or the size of an order influence your selling price in Australia? If yes, advise how volume is used to determine selling prices. Explain how the cost to make and sell is considered in establishing volume based prices for the goods. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

12. Does your business utilise sales contracts in the Australian market? If yes, provide a list of all customers under contract during the inquiry period, including translated copies of the two largest contracts (by sales revenue). In addition, describe:

(a) the proportion of sales revenue derived from contracted versus uncontracted sales;

Not applicable, NAK Azot did not export the GUC to Australia during the period.

⁵ See definition of 'bundled pricing' in Glossary.

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- (b) the proportion of sales revenue related to contracts that include exclusivity terms (if applicable);

Not applicable, NAK Azot did not export the GUC to Australia during the period.

- (c) the frequency that particular sales contracts are renegotiated;

Not applicable, NAK Azot did not export the GUC to Australia during the period.

- (d) the frequency that price is reviewed during the life of the contract;

Not applicable, NAK Azot did not export the GUC to Australia during the period.

- (e) the opportunities to review price during the life of a contract, including a description of the process and an explanation of the circumstances that might lead to a price review (e.g. due to changes in the cost to make and sell).

Not applicable, NAK Azot did not export the GUC to Australia during the period.

13. Provide copies of any price lists for ammonium nitrate used in the Australian market during the inquiry period. If you do not use price lists, describe the transparency of your prices in the Russian market.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

14. How do you differentiate pricing for different products/models of ammonium nitrate in the Australian market? Describe how your products are grouped for price differentiation and the methodology used. Describe any cost to make or selling cost differences between differentiated products. Describe how these cost differences (if any) influence pricing decisions. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

15. Do you tier or segment your Australian customers for ammonium nitrate in terms of pricing?

Not applicable, NAK Azot did not export the GUC to Australia during the period.

If yes, provide:

- (a) a general description of how this is done;
- (b) list the factors that influence pricing in different tiers or segments; and
- (c) explain how cost to make and selling costs are considered in making pricing decisions for different tiers or segments.

16. Do you sell the goods to related entities in Australia? If yes, describe how prices are set for related party transactions and specify what proportion of your sales in terms of sales revenue are to related party entities. If available, provide a copy of any internal documents relevant to establishing pricing to related parties.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

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J-4 Marketing and sales support in the Australian market

1. How does your company market the goods in the Australian market? Include in your response the value proposition used (e.g., competitive price, superior quality, reliability, availability, etc.).

Not applicable, NAK Azot did not export the GUC to Australia during the period.

2. Does your company conduct brand segmentation in the Australian market for ammonium nitrate? If yes, describe the brand segmentation used and provide the proportion of sales revenue derived from each brand segment.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

3. Provide examples of your Australian advertising of ammonium nitrate over the past five years. If you have not used advertising in Australia, provide examples of any other promotional campaigns for the goods you have conducted over the inquiry period.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

4. How many people are in your Australian market sales team and where are they located? In general terms, how are they remunerated? If they are offered performance pay based on sales, describe the performance indicators used to establish the performance pay. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

5. Describe what parameters are provided to sales staff to assist in establishing pricing for the goods when negotiating sales with customers. Provide copies of internal documents that support your claims in response to this question.

Not applicable, NAK Azot did not export the GUC to Australia during the period.

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EXPORTER'S DECLARATION

I hereby declare that JSC Novomoskovsky Azot (company) has completed the attached questionnaire and, having made due inquiry, certify that the information contained in this submission is complete and correct to the best of my knowledge and belief.

Name **Igor Schmidt**

Signature

A handwritten signature in blue ink, appearing to read 'Igor Schmidt', with a long horizontal stroke extending to the right.

Position in Company **Head of Government Relations, Public Affairs & Market Access, EuroChem Group AG**

Date **17 October 2020**

APPENDIX

GLOSSARY OF TERMS

This glossary is intended to provide you with a basic understanding of technical terms that appear in the questionnaire.

Adjustments

To enable a fair comparison between the export price and the normal value Australian legislation provides for the adjustment of the domestic price paid for like goods. Adjustments are made to account for sales occurring at different times, specification differences, and differences in the terms or circumstances of the sales. The adjustment to the normal value may be upward or downward. Areas where you believe an adjustment is necessary should be identified. Section E of the questionnaire refers.

Examples of adjustments that may be made include: *sales occurring at different times*

(it is sometimes necessary to compare domestic and export sales made at different times - in these circumstances an adjustment may be made to reflect price movements during that time); *specification differences; packaging; taxes; level of trade; advertising; servicing/warranty; inland freight; warehousing; export charges; credit terms; duty drawback; commissions.*

Adjustments may also be required where the normal value is based on costs to make and sell.

Arms length

Sales are not considered to be at “arms length” on your domestic market if there is any consideration payable for the goods other than their price, or there is an association between the buyer and the seller which affects the price, or there will be a reimbursement, compensation or benefit for, or in respect of, the price.

Bundled pricing

Bundled pricing involves the act of placing several products or services together in a single package and selling for a lower price than would be charged if the items were sold separately.

Constructed value

In cases where prices paid for like goods sold in the country of export cannot be used for the determination of normal value, i.e. when there are no or insufficient sales or where such sales were not made in the ordinary course of trade, normal value may be based on a constructed value. Constructed value is calculated on the basis of the cost of production of the goods under consideration plus a reasonable amount for selling, general and administration costs, and for profits, that are associated with sales on the domestic market of the country of export.

Cost of production/manufacturing

The cost of production or manufacture consists of all manufacturing costs associated with the goods. It is the sum of direct materials, direct labour and factory overheads.

Cost to make and sell

The cost to make and sell is the sum of the cost of production or manufacture, and the selling, general and administration costs associated with the sale of those goods.

Country of origin

The country in which the last significant process in the manufacture or production of the goods was performed.

Date of sale

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The Commission will normally use the invoice date as recorded in the exporter or producer's records. Another date may be used if this better reflects the material terms of sale. The questionnaire directs attention to matching data sets of domestic and export sales where some other date is used, as well as matching cost information.

Direct labour cost

Direct labour is categorised as a variable cost, i.e. the value varies with the level of production.

Dumping

Dumping occurs when the products of one country are exported to another country at a price less than their normal value.

Dumping margin

Where the export price is less than the normal value the dumping margin is the amount of the difference. It can be expressed as a value or as a percentage of the export price.

Export price

The export price of the goods is usually the price paid or payable to the exporter in arms length transactions, in most instances calculated at the Free on Board (FOB) level.

Exporting country

The country of export is normally the country of origin from which the goods are shipped. The country of export may be an intermediate country, except where the products are merely transhipped through that country, or the products concerned are not produced in that country, and there is no comparable price in that country.

Factory overheads

Factory overheads consist of variable costs e.g. power, supplies, indirect labour and fixed costs e.g. factory rent, factory insurance, factory depreciation etc.

Goods under consideration (the goods)

The goods to which the application for anti-dumping action relates. That is, the goods that you have exported to Australia allegedly at dumped prices.

Incoterms

The following abbreviations are commonly used (comment is provided concerning costs that are normally borne by the seller):

EXW ex works (the seller's minimum obligation as costs relate to goods being made available at the sellers premises)

FCA free carrier (main carriage not paid by seller. Pay costs until such time that the goods have been delivered at the named point into custody of a carrier named by the seller. Customs formalities, taxes etc. paid if required)

FAS free alongside ship (main carriage not paid by seller. Deliver the goods alongside the ship)

FOB free on board (main carriage not paid by seller. Deliver the goods on board, provide export clearance if required, pay loading costs to the point the goods have passed the ship's rail, pay customs formalities, taxes etc. payable upon exportation)

CFR cost and freight (main carriage paid by seller. Pay all costs until delivered as well as freight, loading and unloading, pay customs formalities, taxes etc. payable upon exportation)

CIF cost, insurance and freight (main carriage paid by seller. Pay all costs as under CFR as well as marine insurance)

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the terms CFR and CIF are only used where goods are carried by sea or waterway transport

CPT carriage paid to

CIP carriage and insurance paid to

the terms CPT and CIP are used as alternatives to CFR and CIF where the goods are carried by air, road, rail etc.

DAF delivered at frontier (goods carried by rail or road and cleared for export at the named place at the frontier. Pay costs until delivered at the frontier plus any discharge costs incurred to place the goods at the customer's disposal)

DES delivered ex ship (goods made available to the buyer on board the ship uncleared for import at the named port of destination. Pay all costs incurred in placed at the disposal of the buyer, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)

DDU delivered duty unpaid (Pay all costs for carriage to the agreed point, pay customs formalities, taxes etc. payable upon exportation, and where necessary for transit through another country)

DDP delivered duty paid (goods made available at the named place in the country of importation – all risks and costs being incurred by the seller including duties, taxes etc. incurred upon importation)

The period

A period defined by the Commission over which importations of the goods are examined.

Like goods

Like goods are goods sold on the domestic market of the country of export (or to a third country) that are identical in all respects to the goods or that, although not alike in all respects have characteristics closely resembling those of the goods. The term 'like goods' also refers to the goods produced by the Australian industry allegedly being injured by dumped imports.

Normal value

Australian legislation sets out several ways to assess "normal value".

The preferred method is to use the price paid for like goods sold for domestic consumption in the country of export. Usually, these sales are made by you, but there may be circumstances where it is appropriate to use sales made by other sellers on the domestic market.

Sale prices must be at arms length and in the ordinary course of trade. In the absence of relevant or suitable domestic sales, the normal value may be determined by constructing a price based on all costs to make and sell the goods, and an amount for profit. Alternatively the normal value may be ascertained using the price paid for like goods sold in the ordinary course of trade at arms length to customers in a country other than Australia, however this option is rarely used.

Finally, when a normal value cannot be ascertained by any of the above methods, or if no information is provided, the Commission will determine the normal value by considering all the relevant information, including the applicant's information. This allows the applicant's information to be used where sufficient information has not been furnished or is not available.

Where domestic price generally, and the trade of the exporting country are determined or substantially influenced by the government of the exporting country, an alternative/surrogate market economy is selected by the Commission and the normal value is determined as if the surrogate country were the export source.

Ordinary course of trade

Testing for "ordinary course of trade" includes a comparison of the selling price and the unit cost to make and sell for the same period. If sales in respect of a substantial quantity of goods over an extended

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period of time, usually 12 months, do not recover all costs and these losses are not likely to be recovered within a reasonable period of time, (again usually 12 months) then the sales are regarded as being not in the ordinary course of trade.

There may be circumstances where it is appropriate to use a period other than 12 months in assessing whether sales are in the ordinary course of trade.

Unprofitable sales are to be taken to have occurred in substantial quantities during an extended period where the unprofitable sales amount to 20% or more of the total volume of sales of the goods by the exporter over the period. An extended period of time is usually taken to be a period not less than 12 months. Where unprofitable sales are rejected, normal value is based upon remaining profitable sales provided they occur in sufficient number. Where all sales have been made at a loss, or profitable sales are insufficient, the normal value may be constructed from costs to make and sell.

SG&A expenses

The SG&A expenses includes all selling, distribution, general and administration expenses including finance costs that would be incurred if the goods were sold for domestic consumption in the country of export. The amounts are determined in each case using all the available information and may include expenses incurred in:

- domestic sales of like goods;
- sale of goods of the same general category by the exporter; or
- sales in the industry in the country of export.

The expenses must, however, reflect the selling, general and administration costs of the goods. Administrative and selling expenses include: director's fees, management salaries and benefits, office salaries and benefits, office supplies, insurance, promotion, entertainment, depreciation and corporate overheads.