SIBUR

Sustainability Report • 2019

FOCUS ON WHAT REALLY MATTERS

Contents

About this Report

GRI 102-46 ①

The 2019 Sustainability report (the report) of PJSC SIBUR Holding and its subsidiaries (hereinafter collectively reffered to as SIBUR, or the company) is intended to inform all stakeholders about SIBUR's core sustainability goals, activities and achievements.

GRI 102-52

The report presents information about our practices in the areas of economics, occupational health and safety, the environment, climate change and energy efficiency, corporate governance, supply chain management, innovation, and stakeholder and community engagement in the period from 1 January to 31 December 2019. These topics are covered in the relevant sections of this report. The report also includes events that occurred in 2020, after the reporting date, due to their special significance.

We engage with our stakeholders on a regular basis through a variety of communication channels. To prepare this report, we conducted a survey among our key internal stakeholders (employees and management) and external stakeholders (the media, shareholders and investors, business partners and suppliers, NGOs and clients). This survey helped determine a list of significant company activities and served as the basis for a detailed analysis of topics of material interest to stakeholders.

GRI 102-50, 102-51

The 2019 Sustainability report is SIBUR's fourth non-financial report prepared in accordance with the Global Reporting Initiative Standards (the GRI Standards). The practice of producing regular non-financial reports helps build a comprehensive picture of our activities and strategic decision-making, keeps stakeholders informed about our progress towards developing a sustainability agenda and details how this agenda is being integrated into our business model. SIBUR is planning to publish sustainability reports every year going forward.

GRI 102-32

The 2019 Sustainability report has been approved by the Sustainable Development Committee of PJSC SIBUR Holding's Board of Directors.

We understand that making a long-term contribution to sustainable development is as important as increasing production capacity and improving financial performance. This is why we strive to implement best international sustainability practices and apply them throughout our business. SIBUR's Board of Directors approved the **2025 Sustainability Strategy** based on the company's corporate values, the Ten Principles of the UN Global Compact② and the Sustainable Development Goals (SDGs)③.

GRI 102-54

We present our strategy, policies, governance principles, key focus areas and achievements for economic performance, the environment and social development through the prism of the SDGs. The preparation of this report was guided by the requirements and principles of the GRI Standards (Core Option), the Social Charter of Russian Business, the requirements of analytical and ratings agencies, the SDGs, the UN Global Compact, the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and other sustainability initiatives and guidelines④.

The report has passed the Russian Union of Industrialists and Entrepreneur's (RSPP) Council for Non-Financial reporting's public assurance review and independent assurance⑤.

The 2019 Sustainability report is SIBUR's fourth non-financial report prepared in accordance with the GRI Standards.

① Disclosure labels indicate where a specific GRI disclosure is addressed here and throughout the report.
② For more details, refer to "Global Challenges of Our Time".
③ For more details, refer to "Our Contribution to Achieving the SDGs".
④ For more details, refer to "Associations and Partnerships".
⑤ For more details, refer to "Report Assurance".

The key recommendations of the RSPP Council for Non-Financial reporting have been taken into consideration and incorporated into the report.

RECOMMENDATIONS	DISCLOSURE IN THE REPORT
Provide more complete information about the direct and indirect impacts on the socio-economic development of regions of presence	"Our Business Structure" section
Apply a broader approach to the presentation of quantitative benchmarks for all major areas of activity	"SIBUR's 2025 Sustainability Strategy" subsection and **"Key Targets for 2020"** in each section
Disclose performance indicators for at least three years for a wider range of indicators	The list of three-year indicators has been expanded ("Employees", "Occupational Health and Safety", "Environmental Protection" sections)
Update information about the management of risks related to digitalization	"Internal Control and Risk Management" subsection in the "Strategy and Responsible Business Practices"
Present energy consumption statistics for each major company asset	"Energy Efficiency and Consumption" subsection in the "Environmental Protection"
Present specific indicators for the environmental impact per unit of output	"Environmental Protection" section
Continue publishing data on the evaluation of grant projects to reflect their performance and demostrate progress towards the development of evaluation methodologies for other areas of the Formula for Good Deeds programme	"Project Impact Assessment" subsection in the "Contribution to the Development of Local Communities"
Describe how material topics were selected	"Determining Material Topics" subsection in the "About This report"
Develop a system of stakeholder engagement in the report preparation process, hold public hearings and present the results in the report	"About This report" section, "Associations and Partnerships" subsection in the "Strategy and Responsible Business Practices" section

The 2019 report and the reports for 2016-2018 have been posted in the Sustainability section on official SIBUR's website in Russian and English for all stakeholders to read. The SIBUR report has also been uploaded to the GRI Database.

Reporting Principles

GRI 102-46

SIBUR was guided by the following principles when preparing the 2019 Sustainability report:

Stakeholder inclusiveness	SIBUR engaged its stakeholders throughout the preparation of the 2019 report. The company conducted a survey in the initial stages of report preparation to identify topics of material interest to stakeholders. Information obtained from the survey was analyzed to determine material topics①, which form the basis for the structure and content of the report. We also presented the report at public hearings, collecting and analyzing the opinions of attendees. The recommendations we obtained were incorporated into the report and will be taken into consideration in future SIBUR reporting.
Sustainability Context	Our decisions on what to disclose were guided by the best practices of leading global companies, industry specifics, the expectations of stakeholders, international standards, internal practices and company priorities, the principles of sustainable development (including the UN SDGs and Global Compact), as well as recommendations from RSPP and the auditor of the 2018 report.
Materiality	The Sustainability report contains disclosures on all material topics that were defined based on stakeholder engagement. The report discloses material topics that reflect the priorities of key stakeholders and the company's impact.
Completeness	The 2019 Sustainability report covers all the material topics required to reflect SIBUR's significant economic, environmental and social impacts. This report presents reliable and complete information about the company's activities in the reporting period. The report does not distort information in order to come to desired conclusions about the company's activities.

Reporting Principles for Defining report Quality

We were guided by the following principles to guarantee the quality of the information presented in the 2019 Sustainability report:

Accuracy	The report provides comprehensive and reliable data obtained through measurement and calculation methods. Information about all the methodologies used to obtain data are provided in the report. When rounded/approximate values were used, the report provides appropriate comments on the assumptions used. Quantitative data and other related information used in the report do not contradict each other.
Clarity	The information in the report is presented in a manner sufficient for gaining an objective opinion of SIBUR's sustainability activities. The report also contains references to external public sources of information that can be freely accessed by stakeholders if required.
Balance	The report enables an objective assessment of the company's performance, as it contains complete data on results for the reporting period, including both positive developments and achievements in the area of sustainable development, and facts related to the incidents that occurred in 2019. The amount of information disclosed corresponds to the materiality of the topic.
Comparability	The reported information is presented in a manner that enables stakeholders to analyze changes and company's performance over time. Any changes in the collection and/or calculation of any given indicators are specified in the report. The report includes information for the current and previous reporting periods, enabling dynamics and trends to be tracked over time. Further explanations are provided for any significant year-on-year changes. The 2019 report corresponds with the latest GRI Standards.
Reliability	The report has been checked for the quality and reliability of quantitative and qualitative information: ◆ an internal check conducted by the data owners and the project coordinator responsible for preparing the report; ◆ external independent assurance② (this is the second year SIBUR's report has been subject to external independent assurance); ◆ the RSPP Council for Non-Financial reporting's public assurance procedure.
Timeliness	The company publishes a sustainability report every year. The report for 2019 was published in the third quarter of 2020 and provides information that is up-to-date at the time of release to inform critical business decisions.

Determining Material Topics

The Sustainability report is based on the rational use and analysis of information obtained from stakeholders. This information was then used to determine material topics, which are:

- the topics of highest significance to all SIBUR's stakeholders;
- the priority topics for SIBUR's management in terms of the company's impact on a given area.

Our process for determining and prioritizing material topics involved **two steps**:

1. First, we determined a list of significant (important) topics based on a benchmark analysis of reports released by other companies in the petrochemicals industry;
2. Second, we ranked material topics based on the opinions of stakeholders. We conducted an online survey among employees and external stakeholders to assess the materiality of topics. Senior management was also surveyed to assess the impact of the company's operations on a given topic.

① For more details, refer to "Defining Material Topics".

② For more details, refer to "Report Assurance".

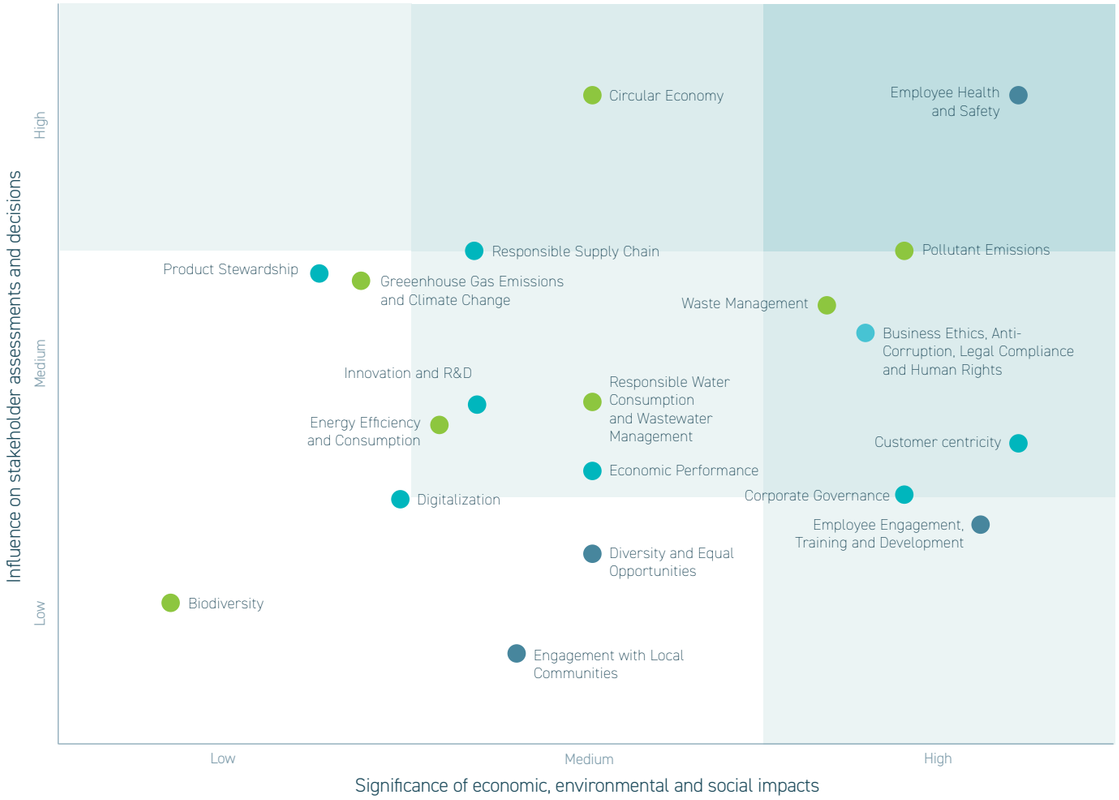
Materiality Matrix

We developed a materiality matrix based on our surveys of stakeholders and senior management. The list and ranking of topics formed the basis for developing the structure and content of the report and determined which GRI disclosures we covered.

The materiality analysis helped us identify the most material topics that will be the focus of SIBUR's 2019 Sustainability report: we aim to disclose the maximum amount of quantitative and textual information about these topics.

All material topics are disclosed in the report, although the topics that received the highest survey rankings are presented in the most detail.

Materiality Matrix



- Environmental Impacts
- Social Impacts
- Economic Performance and Responsible Business Practices

GRI 102-47

MATERIAL TOPIC	DISCLOSURE IN THE REPORT
Economic Performance and Responsible Business Practices	
Business Ethics, Anti-Corruption, Legal Compliance and Human Rights	Business Ethics and Compliance
Corporate Governance	Corporate Governance
Economic Performance	Market Position and Value Creation
Responsible Supply Chain	Responsible Supply Chain
Digitalization	Digital Transformation
Innovation and R&D	Innovation and R&D
Customer Centricity	Customer Centricity
Product Stewardship	Sustainable Product Portfolio Environmental Protection
Environmental Impacts	
Energy Efficiency and Consumption	Energy Efficiency and Consumption
Water Consumption and Wastewater Discharges	Water Consumption and Wastewater Discharges
Pollutant Emissions	Pollutant Emissions
Greenhouse Gas Emissions and Climate Change	Reducing Climate Impact and Greenhouse Gas Emissions
Circular Economy	Sustainable Product Portfolio
Waste Management	Waste Management
Biodiversity	Environmental Initiatives — Biodiversity
Social Impacts	
Employee Health and Safety	Employee Health and Safety
Employee Engagement, Training and Development	Employee Engagement Training and Development
Diversity and Equal Opportunities	Diversity and Equal Opportunities
Engagement with Local Communities	Contribution to the Development of Local Communities

A detailed analysis of the ranking of significant topics is presented in the "Appendices" section.

Additional information for the "About this report" section.

p. 9

GRI 102-53

Contact Information

For any questions about the report, please contact:
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Message
from Dmitry Konov,
Chairman of PJSC SIBUR Holding's Management Board

GRI 102-14

Events over the past few years have clearly demonstrated the rapid pace of change in the modern world across all sectors of the economy and society, with the emergence of new risks and opportunities that are quickly transitioning from the local to the global.

The first half of 2020 was a striking example of the need to rapidly rethink business-as-usual models, when the whole world faced the unprecedented challenge of the COVID-19 pandemic. Under these circumstances, a company's ability to effectively adapt to change and plan for the various, unknowable consequences of its operations becomes a critical requirement in the long-term value creation process. We believe that the future of leadership depends, among other things, on the maturity of processes and procedures, which enable companies to react quickly when circumstances change. This can only be achieved by constantly engaging with counterparties, exchanging best practices and listening to the demands of stakeholders.

We focused our efforts in 2019 on building expertise and developing a systematic approach to the management of sustainability aspects. The challenges of the modern world such as climate change, growing volumes of production and consumption waste, increasingly stringent environmental regulations and the need to strike a balance between the interests of various stakeholders, loom large in our strategic business planning. We are confident that the petrochemicals industry, and our company specifically, have a major role to play in the achievement of the sustainability agenda and the creation of progressive circular economy solutions.

SIBUR joined the **UN**
Global Compact
in 2019 to affirm our commitment to the best practices in environmental protection, labour, human rights, and anti-corruption, and our intention to integrate these practices into our business processes.

Our potential in this area, as well as our responsibility to stakeholders, is why we decided to publicly commit to and approve our 2025 Sustainability Strategy.
The Strategy focuses on boosting R&D investment in plastic waste processing and the use of renewable raw materials, working to reduce greenhouse gas emissions and negative environmental impacts, and improving compliance and human capital management.

To streamline the strategic decision-making process, we are deploying the best practices and procedures in corporate governance based on rigorous principles such as respect for shareholder rights, reasonable and conscientious management of executive bodies and effective control over the company's activities. Economic, environmental and social considerations are the key elements of the agendas of all management bodies. We created the Committee on Ecology, Sustainable Development and Social Investment of the Management Board in 2019 and the Sustainable Development Committee of PJSC SIBUR Holding's Board of Directors in 2020. The Committee's work will improve how we manage strategic sustainability risks and opportunities and ensure compliance with the principles of responsible, transparent and ethical business conduct.

We are constantly striving to embed sustainability throughout the entire value chain: from the procurement of raw materials to the disposal of end products. By producing polymers from associated petroleum gas (a by-product of oil production), SIBUR helps reduce flaring and prevents emissions of CO_2 and pollutants. Guided by our corporate value "Cooperation", we carefully listen to the needs of our customers and produce products that help them achieve their sustainable development goals.

Our top priority, and one of the Strategy's targets, is to develop technologies to return used polymers back into the production chain and work with partners to collect used plastics. We signed a partnership agreement with the Ministry of Natural Resources and Environment of the Russian Federation and PPK Russian Ecological Operator in 2019 to create an effective collection, processing and recycling system for solid municipal waste. This system will be based on the best global circular economy practices and will involve the deployment of innovative waste recycling projects.

The coronavirus pandemic and its economic impact are forcing us to reconsider how we manage our supply chain, engage with clients and ensure safe working conditions for our employees. We acted swiftly to introduce measures to prevent the spread of COVID-19 at our production facilities and offices, and provided social support to the regions where we operate. We are optimizing our investment programme, but the crisis and its impact will not affect how we approach our sustainability goals and responsibilities.

Our achievements in sustainable development give us confidence that we are on the right path and drive us towards attaining the ambitious goals we set for ourselves in line with our "Continuous Improvement" corporate value.

Kind regards,
Dmitry Konov

Message
from Mikhail Karisalov,
Chairman of the Management Board, CEO of LLC SIBUR

Our operational and financial performance results in 2019 serve as clear evidence of a balanced and sustainable business model that is ready to face external challenges.

Despite last year's difficulties, we have managed to increase sales volumes of most items year-on-year, with the exception of liquid petroleum gas (LPG), sales volumes of which fell by 4.0% due to growth in internal consumption of this raw material during commissioning works at ZapSibNeftekhim. In 2019, SIBUR's gas-processing plants processed 22.6 bln cubic meters of associated petroleum gas, a 1.5% increase year-on-year. Our financial performance indicators also bear witness to the sustainability and flexibility of our business model, as well as its competitive advantages, which prepares us for market challenges. The EBITDA margin was 32.0%, remaining consistently high against the industry average.

In 2019, the streamlined and professional work of our team allowed us to complete the construction of ZapSibNeftekhim ahead of schedule. Because we reached the design capacity of the complex ahead of time, we have already achieved revenue growth in the olefins and polyolefins segment, and we are now less sensitive to fluctuations in energy prices. The complex's launch represents a landmark not only for the company, but also for the entire Russian petrochemical sector, as reaching design capacity will allow ZapSibNeftekhim to replace up to 95% of basic polymer imports, placing Russia among the top 10 producers of these products worldwide.

The systematic improvement of our sustainable development activities is one of our long-term strategic priorities, on equal terms with improving our operational and financial performance. Our relentless efforts to make our production more environmentally friendly and innovative is living proof that the petrochemicals industry can be both clean and safe. We strive to achieve our goals in the most effective way, which is illustrated by our corporate value of "Smart Solutions". Improving energy efficiency, introducing rational water use technologies and modernizing production processes all enable us to reduce our negative impact on the environment, and in 2019, we invested a total of RUB 3.4 bln in this area. The measures we have taken to prevent plastics particles from entering the environment as part of the PlasticsEurope Operation Clean Sweep initiative deserve particular attention.

Last year, driven by the technological and management solutions introduced at our sites, the company has been able to reintroduce 9,400 tonnes of plastic microparticles to the production cycle or dispose of them safely.

We strive to make our production equally safe for the environment, our employees and local residents in the regions where we operate.

In line with our "Uncompromising Safety" corporate value, we foster a zero-accident culture, promoting safe and responsible behavior among SIBUR employees and contractors. In 2019, the LTIF rate was 0.27, which shows a yearly reduction in the number of workplace injuries: the number of incidents went down by 37% year-on-year and the number of accidents has been at zero for the second year running.

We are fully aware that stable financial and operational performance, as well as our achievements in sustainability, are the result of the well-coordinated efforts of our employees, and our relationship with them is built upon the principles of partnership and responsibility, corresponding to our corporate values of "One Team" and "Mutual Respect". Besides complying with labor laws, providing equal opportunities, and upholding human rights, we do our best to ensure that employees are satisfied with their jobs, offering each of them opportunities to grow and acquire new skills and knowledge. In 2017, we developed 74 new learning programmes, with the average amount of time per person spent on learnings amounting to 42 hours.

Given the scale of our business and the impact we have on environmental, economic and social issues, we are cognizant of the responsibility we have to local communities, and we actively contribute to the development of our regions of presence. Our main tool for cooperating with regional stakeholders is the social investment programme Formula for Good Deeds, which has continued to grow in 2019 in three formats - grant competition, interregional projects and corporate volunteering. We are honored to report that 13% of SIBUR employees have participated in volunteer projects this year. In 2019, SIBUR organized its first corporate volunteering forum: "People who change the world", in which more than 200 people from 23 Russian cities took part.

The COVID-19 pandemic underscores the importance of the social aspects of sustainable development, such as ensuring employee safety and supporting the counterparties who are most vulnerable in the current context. Maintaining constant dialogue and strengthening cooperation with a wide range of stakeholders is of vital importance to us, as we must work together, support each other and share our knowledge and experiences if we wish to reach our sustainable development goals.

Kind regards,
Mikhail Karisalov

ABOUT SIBUR

2019 Performance Highlights

Financial and Operational Performance

RUB bln
531.3
total revenue
↓6.6%

RUB bln
170
EBITDA
↓15.4%

22.6
bln m³
of associated petroluem gas processed
↑1.5%

Strategy and Responsible Business Practices

- Created:
  - Sustainable Development Department
  - Committee on Ecology, Sustainable Development and Social Investment of the Management Board of LLC SIBUR
- Developed and approved the 2025 Sustainability Strategy
- Determined priority SDGs
- Joined the UN Global Compact
- Supported the TCFD

1 Risk Management

- Updated the risk map to include sustainability and climate risks
- Included greenhouse gas emissions as a metric in the investment project evaluation process

2 Digital Transformation

- Launched a transformation programme for all IT and digital processes to achieve the maximum effect from SIBUR's digital transformation programme
- Completed the introduction of a digital product called "Mobile Rounds and Repairs" at 14 of the company's sites
- Switched to digital job orders for fire- and gas-hazardous operations at pilot production facilities
- Performed more than 600 operations using drones to improve safety and supervise the execution of work
- Launched an online magazine about digital transformation (sibur.digital) and the "Prototype" web series

Implementation of a digital product called "Mobile Rounds and Repairs"
at **14**
of the company's sites

>600
operations using drones to improve safety and supervise the execution of work

3 Business Ethics and Compliance

- Added two new risk areas to SIBUR's compliance system: IT and information policy and human rights in the workplace
- Conducted two Ethics and Discipline Committee meetings within the Management Board
- Conducted 43 Ethics and Discipline commission meetings across all company divisions
- Updated the Corporate Code of Ethics
- Developed a Contractor's Code of Business Ethics
- Trained 2,493 employees on anti-corruption practices

Added
2 new
risk areas to SIBUR's compliance system

2,493
employees
trained on anti-corruption practices

4 Sustainable Product Portfolio

- Invested RUB 1.056 bln in R&D
- Signed an agreement with the Ministry of Natural Resources and Environment of the Russian Federation and REO to create an effective waste recycling system based on best circular economy practices
- Launched Reaktor, an online platform connecting all parties involved in the recycling process
- Opened PolyLab, a new R&D center
- "Circular Economy" expert team was established within the new SIBUR's Sustainable Development Department

RUB **1.056** bln
invested in R&D

22,942 employees
in 2019

8.1%
employee turnover

0.27 LTIF
27%

X2
doubled female representation on the Management Board

100%
of employees are covered by collective agreements

151 sessions on risk assessments
of potential hazards conducted

Workforce productivity reached
RUB mln **20.76**

Top3 in HeadHunter's
ranking of the best Russian employers in 2019

RUB bln **1.127**
spent on occupational health and safety measures

3,581 employees
underwent in-person occupational health and safety training,

7,444
people took part in distance learning,

807
contractor employees underwent OHS training

Environmental Impact Index (EII)
of **3.4** EII
3.0%

Reduced energy consumption by
by **4.1** mln GJ

70 mln tonnes
prevented of greenhouse gas emissions by processing APG

Trained on environmental protection
650 employees
47%

RUB mln **825**
saved through energy efficiency initiatives

9,400 tonnes
of plastic particles prevented from leaking into the environment as part of the Operation Clean Sweep initiative

Spent on environmental protection
RUB mln **3,375**

9,000 pine saplings
planted as part of the Our Forest programme

765 mln m^3
of water processed in water recycling systems and **1.28 bln m^3** in water recirculation systems

Energy Intensity Index of
155.5

63,800 tonnes (+0%)
of waste generated from production activities, of which **30%** was recycled

RUB mln **503.1**
spent on corporate social investments
65%

RUB mln **26.1**
in extra funding raised by Formula for Good Deeds grant winners from the Presidential Grant Fund

127 winners
were selected based on the results of a grant competition conducted through the Formula for Good Deeds

14 cities
were covered by the grant competition

13%
of SIBUR employees took part in volunteering

1st forum
People Changing the World forum for SIBUR corporate volunteers hosted

Won
in the "Best Grant Program for Sustainability Projects" category of the Donor Forum's Corporate Charity Awards 2019

The Formula for Good Deeds
AMBASSADORS WERE APPROVED

Our Business Structure

GRI 102-1

SIBUR is Russia's largest integrated petrochemicals company. We purchase hydrocarbons and process them into plastics, rubbers and other high value added products to deliver state-of-the-art technological solutions and improve people's lives.

GRI 102-3, 102-5

SIBUR is registered in Tobolsk and has its headquarters in Moscow. The company's full official name is Public Joint Stock Company SIBUR Holding. Our total workforce was over 22,900 people at the end of 2019.

2019 PERFORMANCE HIGHLIGHTS

RUB bln
531.3
total revenue
▼ 6.6%

RUB bln
170
EBITDA
▼ 15.4%

EBITDA
32%
margin
▼ 3.0%

SIBUR has
>1,400
major clients
across 90 countries

22.6 bln m³
of associated petroluem gas processed
▲ 1.5%

19.6 bln m³
natural gas production
▲ 1.4%

Liquefied petroleum gas production
6.4 mln tonnes
▲ 0.03%

Polypropylene production
813,000 tonnes
▲ 40.5%

Elastomers production
486,000 tonnes
▼ 3.7%

GRI 102-2

SIBUR produces **gas products** from associated petroleum gas (a by-product of oil production) at its gas processing plants, including dry gas, natural gas liquids (NGLs) and stable natural gasoline (SNG).

Gas products are the main feedstock for SIBUR's petrochemicals business: olefins and polyolefins (polypropylene, polyethylene, BOPP films①) and plastics, elastomers and intermediates (synthetic rubbers, EPS②, PET③, etc.).

① Biaxially oriented polypropylene film.
② Expandable polystyrene.
③ Polyethylene terephthalate.

GRI 102-7

The company produces and sells its petrochemical products in three business segments④:

MIDSTREAM	OLEFINS & POLYOLEFINS	PLASTICS, ELASTOMERS & INTERMEDIATES
M⑤	O&P	P,E&I
Revenue		
RUB **213** bln ▼ 11.5%	RUB **105.7** bln ▲ 4.8%	RUB **152.8** bln ▼ 10.6%
Production volumes		
Natural gas **19.63** bln m³ ▲ 1.4% LPG⑥, NGL, naphtha **13.4** mln tonnes ▲ 0.6%	**3.1** mln tonnes, ▲ 30.7%	**5.9** mln tonnes, ▲ 0.03%
Sales		
Natural gas **18.82** bln m³ 1.6% LPG, NGL⑦, naphtha **6.32** mln tonnes ▼ 1.3%	**1.39** mln tonnes, ▲ 11.8%	**2.38** mln tonnes, ▼ 2.7%
Facilities		
GAS PROCESSING • Russia's largest APG⑧ processing infrastructure: **8 gas processing plants** (GPPs), including a JV with PJSC Gazprom Neft • 96% average conversion rate, in line with leading global peer companies • **5 compressor stations** • Output: 5.6 mtpa of NGL, 19.7 BCM of dry (natural) gas per year	OLEFINS & POLYOLEFINS • **3 polypropylene** and **low-density polyethylene plants, 5 BOPP film plants** • Olefin production capacity: over 1 mtpa • Polypropylene and polyethylene production capacity: over 1 mtpa	PLASTICS & ORGANIC SYTHESIS PRODUCTS • **4 plants** • Capcity of over 1 mtpa to produce PET, glycols, spirits, expanded polystyrene, acrylates ELASTOMERS • **2 plants** • Capcity of over 350 ktpa to produce base and specialty resins and thermoplastic elastomers

The table is continued on the next page

④ For more details, refer to Analysis (MD&A) for 2019, Data Book.
⑤ M (Midstream), O&P (Olefins & Polyolefins), PE&I (Plastics, Elastomers & Intermediates).
⑥ Liquefied petroleum gas.
⑦ Natural gas liquids.
⑧ Associated petroleum gas.

(continuation)

The company produces and sells its petrochemical products in three business segments:

MIDSTREAM (M) | **OLEFINS & POLYOLEFINS** (O&P) | **PLASTICS, ELASTOMERS & INTERMEDIATES** (P,E&I)

Facilities

GAS FRACTIONATION
- The 2 largest gas fractionation plants in Russia
- Capacity: 8.6 mtpa of NGLs
- 6 tank car loading racks
- Output: 7.5 mtpa of LPG and 1.5 mtpa of naphtha
- Over 350 ktpa of MTBE①
- Over 2.6 mtpa of NGLs
- 3,000 km of pipelines

INTERMEDIATES
- Output: 3.8 mtpa
- 77% of semi-finished products are processed by SIBUR's own facilities

Consumers

- Petrochemical facilities (49%)
- Utility companies (23%)
- Trading and other types of companies (28%)

- Packaging producers (37%)
- Consumer goods manufacturers (25%)
- Construction companies (11%)
- The chemicals industry (10%)
- Producers of household chemicals and personal care products (11%)

- Companies of the chemicals industry (20%)
- Trading companies (26%)
- Automotive industry (19%)
- Consumer goods manufacturers (14%) and others

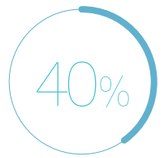
① Methyl tertiary-butyl ether.

88.75%
(RUB 471.5 bln)

of revenue comes from **3 business segments** of the company

11.25%
(RUB 60 bln)

is generated through other sources, including project management services and construction.



Gas Processing and Infrastructure

Olefins and Polyolefins

Plastics, elastomers and intermediates

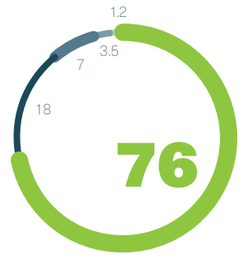
Retained earnings

Revenue breakdown by segment and product type (2019)

GAS PROCESSING AND INFRASTRUCTURE, RUB BLN

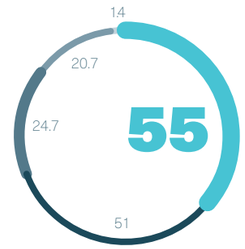
- LPG
- Natural gas
- Naphtha
- Other sales

OLEFINS AND POLYOLEFINS, RUB BLN



- Polyolefins
- BOPP films
- Olefins
- Other polymer products
- Other sales

PLASTICS, ELASTOMERS AND INTERMEDIATES, RUB BLN



- Elastomers
- Plastics and organic synthesis products
- Intermediates and other chemicals
- MTBE and fuel additives
- Other sales

Business Model and Production Chain

PJSC SIBUR Holding Structure (including joint ventures)①

PJSC SIBUR Holding

The management company LLC SIBUR

MIDSTREAM

- SIBUR Tobolsk LLC (100%)
- JSC SiburTyumenGas (100%) (including ZapSibTransGaz LLC)
- Yuzhno-Priobsky GPP LLC (50%) (JV with Gazprom Neft)

PETROCHEMICALS

PLASTICS AND ORGANIC SYNTHESIS

- JSC SIBUR-Neftekhim (100%)
- JSC SIBUR-Khimprom (100%)
- JSC POLIEF (100%)
- JSC SIBUR-PETF (100%)

ELASTOMERS

- JSC Voronezhsintezkauchuk (100%)
- JSC Krasnoyarsky zavod sinteticheskogo kauchuka (74.99%) (part of a JV with Sinopec, Sibur Sinopec Rubber Holding Company Limited)
- SIBUR Togliatti LLC (100%)②
- JSC Togliattisintez (100%)③
- Reliance Sibur Elastomers Private Limited (25.10%) (JV with Reliance Industries Limited)

OLEFINS & POLYOLEFINS

- Tomskneftekhim LLC (100%)
- SIBUR-Kstovo LLC (100%)
- Rusvinyl LLC (50%), (JV with Solvay)
- BIAXPLEN LLC (100%)
- BIAXPLEN T LLC (100%)
- NPP Neftekhimia LLC (50%) (JV with Gazprom Neft)
- POLIOM LLC (50%) (JV with Gazprom Neft)
- ZapSibNeftekhim LLC (100%)
- SIBUR Tobolsk LLC (100%)

INTERMEDIATES

- SIBUR Togliatti LLC (100%)
- SIBUR Tobolsk LLC (100%)
- SIBUR-Kstovo LLC (100%)
- JSC POLIEF (100%)
- JSC SIBUR-Khimprom (100%)

BUSINESS SUPPORT

MANAGEMENT, LOGISTICS, AND BUSINESS SUPPORT

- JSC Siburenergomanagement (100%) (power)
- SIBUR IT LLC④ (100%) (IT)
- SOIR LLC (50%) (service organization)
- NIOST LLC (100%) (R&D)
- JSC NIPIgaspererabotka (50%) (engineering) (including subsidiary SIBUR-Krasnodar LLC)
- SIBUR TsOB LLC (100%) (service center, consolidated into SIBUR LLC in 2018)
- SIBUR International GmbH (100%) (exports) (SIBUR Shanghai Trading Company, SIBUR International Trading Istanbul)
- UK SIBUR-Portenergo LLC (100%) (transportation)
- JSC SIBUR-Trans (100%) (transportation)
- SIBUR PolyLab LLC (100%)
- SIBUR-Finance LLC (100%)
- SIBUR-Yug Health and Wellness Center LLC (100%)

① The table lists companies included in the consolidation list of this report, as well as service centers and joint ventures (JVs) with partner companies.
② SIBUR sold a 100% interest in its petrochemical subsidiaries located in Togliatti in 2019.
③ SIBUR sold a 100% interest in its petrochemical subsidiaries located in Togliatti in 2019.
④ SIBUR IT LLC was renamed SIBUR Digital LLC on 24.04.2020.

GRI 102-7

Companies Covered by the Scope of this report

1. **PJSC SIBUR Holding**
2. **LLC SIBUR**
3. **SIBUR International GmbH**
4. **SIBUR International Shanghai Trading Company**
5. **SIBUR International Trading Istanbul**
6. **JSC SiburTyumenGas**
7. **SIBUR Tobolsk LLC**
8. **JSC Voronezhsintezkauchuk**
9. **JSC KZSK**
10. **JSC SIBUR-Neftekhim**
11. **JSC Sibur-Khimprom**
12. **SIBUR-Kstovo LLC**
13. **JSC Sibur-PETF**
14. **JSC POLIEF**
15. **BIAXPEN LLC**
16. **BIAXPLEN T LLC**
17. **Tomskneftekhim LLC**
18. **ZapSibNeftekhim LLC**
19. **JSC Siburenergomanagement**
20. **NIOST LLC**
21. **JSC SIBUR-Trans**
22. **ZapSibTransGaz LLC**
23. **SOIR LLC**
24. **SIBUR-Finance LLC**
25. **SIBUR-Yug Health and Wellness Center LLC**
26. **Amur GCC LLC**
27. **MC SIBUR-Portenergo LLC**
28. **JSC NIPIgaspererabotka**
29. **SIBUR-Krasnodar LLC**
30. **SIBUR PolyLab LLC**
31. **SIBUR-IT LLC⑤**
32. **SIBUR Togliatti LLC⑥**

GRI 102-45

SIBUR comprised 32 business units in 2019, both in Russia and abroad.

GRI 102-10

SIBUR sold a 100% interest in its petrochemical subsidiaries located in Togliatti in 2019⑦. There were no other significant changes in the company's structure.

SIBUR is constantly striving to boost its competitiveness on the international stage and expand its export sales markets. Export sales are supported by SIBUR International.

We believe that keeping stakeholders informed about how we make our products is important, including about technologies and the hydrocarbon processing and polymerization processes⑧.

⑤ SIBUR IT LLC was renamed SIBUR Digital LLC on 24.04.2020.
⑥ SIBUR sold a 100% interest in its petrochemical subsidiaries located in Togliatti in 2019.
⑦ For more details, refer to Financial results 2019.
⑧ An interactive diagram of our production chain is available on the SIBUR corporate website and our YouTube channel has a video about hydrocarbon processing: Petrochemicals in detail. Pyrolysis and polymerization.

Our Business Model

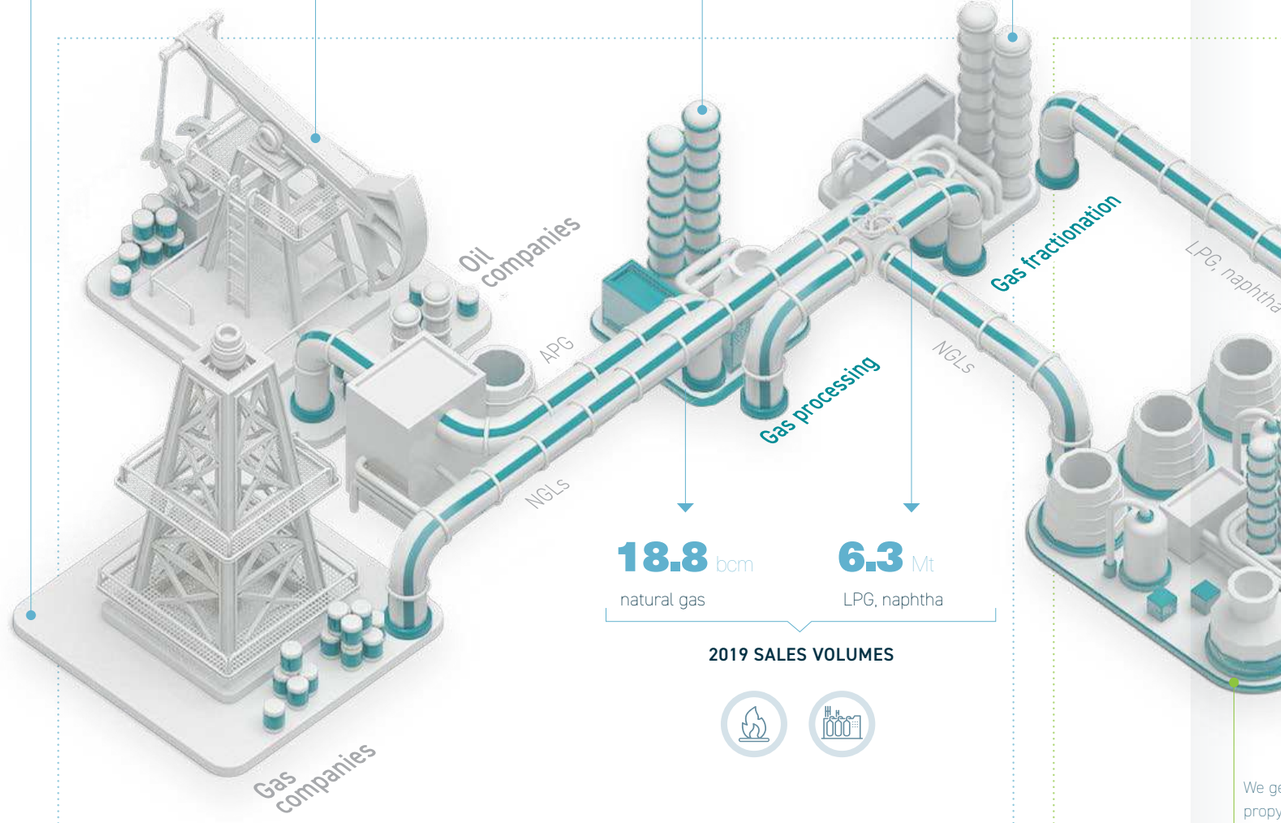
We acquire by-products of oil and gas extraction (APG and raw NGL) and transport them to our GPPs and GFUs through our own and third-party pipelines.

Natural gas liquids (NGLs) include raw NGL, LPG (liquefied petroleum gas) and naphtha. Raw NGL is a by-product of gas production

Associated petroleum gas (APG) is a by-product of oil production

GPPs process APG to produce marketable natural gas, as well as raw NGLs feedstock

GFUs fractionate NGLs to produce LPG and naphtha, which are the main feedstock for petrochemical production



18.8 bcm
natural gas

6.3 Mt
LPG, naphtha

2019 SALES VOLUMES

MIDSTREAM

We generate olefins — ethylene, propylene and benzene — through NGLs cracking

- We generate polyolefins — polyethylene and polypropylene — via polymerisation of olefins (most of which are processed as feedstock internally)
- Polypropylene is also used to produce BOPP films

At our PE&I facilities we produce:

- plastics and organic synthesis products (PET, glycols, expandable polystyrene, alcohols and acrylates),
- elastomers (rubbers),
- methyl tertiary butyl ether (MTBE), and fuel additives,
- intermediates

2019 SALES VOLUMES

1.4 Mt
(+0.8 mt of JV sales①)

2.4 Mt

PETROCHEMICALS

① JV sales include share of PVC, caustic soda (RusVinyl) and PP (Poliom) sales.

Market Position and Value Creation

1 Financial and operational results

SIBUR's business strategy aims to uphold the company's sustainability and competitiveness over the long-term and ensure the continued improvement of its financial and operational performance.

GRI 102-7

SIBUR posted revenues of RUB 531.3 bln, a 6.6% decline on the previous year, with the following dynamics across business segments:

- Midstream revenue decreased by 11.5% to RUB 213 bln in 2019 on the back of lower LPG and naphtha prices;
- Olefins and Polyolefins revenue increased by 5% to RUB 105.7 bln. This was largely attributable to a rise in polypropylene sales;
- Plastics, Elastomers & Intermediates revenue decreased by 10.6% to RUB 152.8 bln due to a fall in selling for the segment's products.

The decrease in revenue was due to challenging conditions on petrochemical markets, with prices under pressure against the backdrop of uncertainty caused by trade tensions between the US and China, the launch of new production facilities in the US and Asia and a growth in LPG exports from the US.

Net cash from operating activities decreased by 22.4% year-on-year due to lower EBITDA① and higher income tax paid. EBITDA margin was 32.0%, remaining consistently high against the industry average.

Net profit increased by 27.6% year-on-year to RUB 141.4 bln, largely due to the revaluation of the company's FX-denominated debt.

2019 FINANCIAL RESULTS

RUB bln
531.3
total revenue
↓6.6%

RUB bln
141.4
net profit
↑27.6%

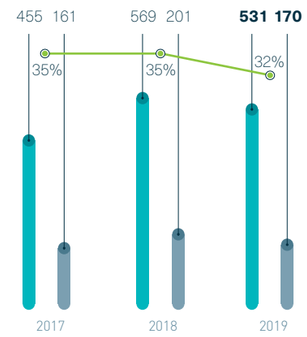
RUB bln
170
EBITDA
↓15%

RUB bln
639.6
total equity
↑18.3%

RUB bln
34.9
total income tax expense②
↑26.8%

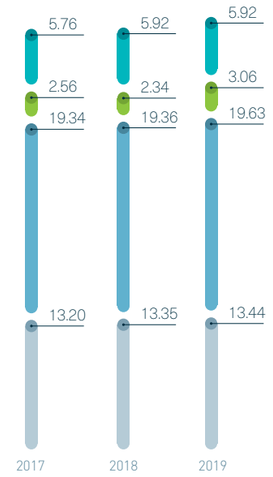
32%
EBITDA margin

REVENUE AND EBITDA, RUB BLN

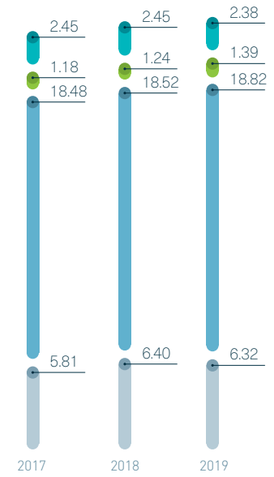


① Earnings before interest, tax, depreciation and amortization.
② Income tax expense recognized based on management's best estimate of the weighted average annual income tax rate, adjusted for one-time items of income and expense. For more details, refer to Consolidated Financial Statements for 2019

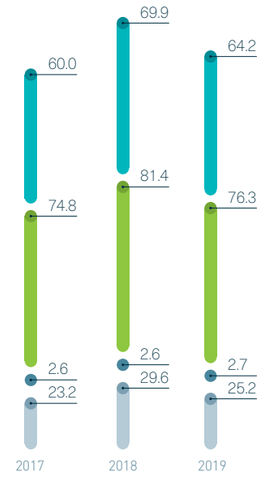
PRODUCTION BY SEGMENT



SALES BY SEGMENT



REVENUE PER TON REALIZED PRODUCTS



2 Value Creation

GRI 201-1

Generated and distributed value demonstrate that the company's revenue is distributed transparently among stakeholder groups. SIBUR creates value for its stakeholders throughout its business operations, including for shareholders, investors, employees, suppliers, contracts and local communities.

SIBUR aspires to build an integrated business that enables it to create and add value through its privileged access to raw materials, product portfolio diversification, innovation and the sustainability principles embedded in its business model.

Generated economic value, RUB mln	Stakeholder group	2018①	2019
Generated economic value		573,726	**581,645**
Revenue	Broad range of stakeholders	568,647	531,306
Gains/losses on disposals and acquisitions of subsidiaries and assets		-425	1,940
Financial income		2,331	41,429
Share of profit of joint ventures and associates		3,173	6,970
Distributed economic value		447,704	**452,057**
Operating costs (excluding amortization, FX gains/losses, provisions for the impairment of assets), including:	Suppliers and contractors	330,608	311,431
Salaries and other employee benefits	Employees	43,171	46,340
Payments to capital suppliers, including:		41,591	55,179
Dividends	Shareholders and investors, financial institutions	27,126	41,524
Interest paid		13,569	13,360
Bank commissions paid		896	295
Social investments②		858	1,217
Tax payments, including:	Local communities	31,476	37,890
Taxes other than income tax	Government	3,983	3,032
Income tax		27,493	34,858
Retained economic value		126,022	**129,588**

① Data for 2018 differs from data published in the 2018 Sustainability report due to a change to the calculation methodology: the share of net profit of joint ventures and associates have been included in generated economic value, while depreciation has been excluded from operating costs, and financial expenses have been excluded from payments to capital suppliers.

② Social investments includes investments made as part of the Formula for Good Deeds programme and SIBUR's sponsorship contracts with sports clubs in Tyumen and Nizhny Novgorod regions, Zenit Basketbal Club, etc.

3 Location of Operations

GRI 102-4, 102-7

SIBUR operates 22 production sites in more than 20 Russian regions, including Tver, Kursk, Samara, Perm, Nizhny Novgorod, Bashkortostan, Tobolsk, Omsk, Tomsk and others.

100%
of natural gas is sold in Russia

3 Location of Operations (continuation)

GRI 102-4

Beyond Russia — SIBUR's core market — we also export our products to more than 80 countries across the world, including in Europe, the CIS, the US, the UK, Brazil, Vietnam, Egypt, China, Morocco, Nigeria, Peru, South Korea and others.

SIBUR has

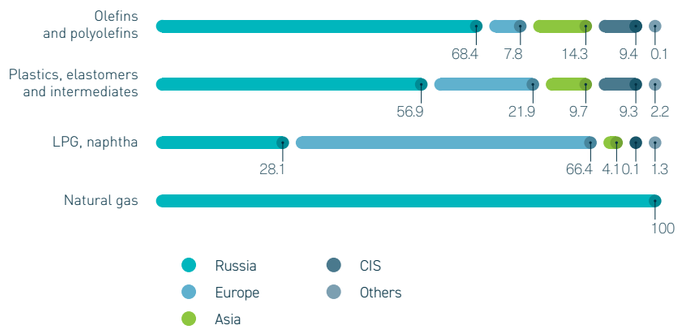
3 (FTOs) foreign trading offices

in Vienna, Istanbul and Shanghai

>80 countries

import the company's products, including Europe, the CIS, the United States of America and others

SALES BY REGION, %



GRI 102-6

OUR PRODUCTS ARE USED IN A WIDE VARIETY OF SECTORS IN RUSSIA AND ABROAD①

Automotive engineering	Carbon black Tyres
Water treatment	Organic synthesis products (acrylates and esters)
Mining	Binder component for briquetting
Light industry, including textiles	Polyethylene film Footwear Clothes and textile packaging films Nonwoven fabrics Fibers and threads
Medicine and healthcare	Healthcare products Disinfectants
Food **Packaging**	Packaging films Films for food Non-food packaging Labels Caps and lids Heat sealable packaging for teas and confectioneries PET BOPP films
Printing	Lamination Polyethylene film Ribbons, decorative packaging Sheets for printing banners, posters and advertisements
Electronic engineering	Cable insulation and sheath
Agriculture	Polyethylene film Herbicides and pesticides Mineral fertilizers Agricultural films Lamination Compounds
Construction	Thermal insulation Pressure and non-pressure pipes Solvents Paints and varnishes Roof coatings Glues Cable products Concrete additives Visual elements
Consumer Goods	Detergents Superabsorbents Sports equipment Thin-walled cast products
Energy	Petrol Large-diameter pipe coating Additives for diesel fuel Additives for petrol Autogas
Chemicals	Various chemical substances (styrene, phenol, esters, resins, etc.) Rubbers Anti-icing fluids Industrial rubber products Petrochemical feedstock Brake fluid

① For more details, refer to Industries.

Customer Centricity

Customer centricity is a key factor behind SIBUR's growth and a driver of high profitability and business continuity.

We have a For Our Clients section on our corporate website and publish a monthly client magazine to keep our partners up-to-date with the latest news and useful information (including FAQs). Our website also has a feature where clients can send questions to SIBUR's management. Clients can keep up with the latest events and get all the information they need about our operations on our social media pages①.

We apply the customer-centred approach at all times, regardless of whether we are dealing with external clients or working together with representatives of various SIBUR divisions

Cooperation is one of SIBUR's core values. To us, cooperation means:

1. focusing on the needs and expectations of our clients;
2. searching for effective solutions that benefit everyone;
3. creating an atmosphere of trust and mutual understanding;
4. being open and available;
5. respecting the interests of our partners, honesty;
6. ensuring efficiency and customer centricity when addressing client concerns, developing effective solutions;
7. gathering feedback to improve the quality of our products and services.

SIBUR has

>1,400 major clients globally

SUPPORT FOR PROCESSING CUSTOMERS

We support our processing customers in the following areas:

- **market:** information support of processors' investment projects in terms of markets, demand dynamics, trends in polymer solutions and replacement of traditional materials;
- **technology:** assistance in selecting the optimal configuration of high-performance and reliable machinery thanks to the established contacts and successful co-operation with major equipment manufacturers;
- **SIBUR International** support in the development of export channels, necessary review of supporting documentation, customs procedures and tax issues;
- **R&D:** the possibility of developing and upgrading polyethylene and polypropylene grades to meet specific requirements and targets, as well as conducting pilot production of finished product samples on the basis of SIBUR PolyLab in Moscow and the Polyolefin Synthesis Center (POSC) in Tomsk;
- **technical support:** consulting on processing processes, compositions, quality, equipment specifications and modes of operation, personnel training and professional development.

① For more details, refer to "Stakeholder Engagement".

In 2019, we took the following steps to enhance our customer centricity:

1. conducted the fifth round of our customer satisfaction survey;
2. implemented 59 measures based on the feedback we obtained from the customer survey;
3. published the "SIBUR for Clients" magazine;
4. updated and improved the client portal;
5. launched the "SIBUR Business Practices" platform to educate partners on best practices;
6. developed the distance-learning course "Journey to the Future. The Fundamentals of Customer Centricity", designed to expand and build on employees' knowledge about client loyalty using a range of teaching techniques, including storytelling and gamification;
7. set comprehensive customer loyalty and satisfaction KPIs for employees in the marketing, sales and other related departments;
8. held a customer centricity contest for SIBUR employees.

Client Satisfaction Survey

We conducted the fifth round of our annual customer satisfaction survey, which helps us assess loyalty levels and identify areas where we can do better. As in previous years, the survey measured loyalty index, Net Promoter Score (NPS), overall satisfaction with the company and client satisfaction with the product offering, employees, technical support, logistics, contract support and pricing.

We have improved our client satisfaction rating every year since 2014, reaching an all-time high of 71% in 2019. However, the fall in NPS indicates an increasing number of dissatisfied clients. NPS was pushed down by the increased share of clients expressing dissatisfaction with one of the assessment criteria (for example pricing or logistics). The findings of the survey and the feedback obtained will help up identify areas where we can improve going forward.

Comprehensive client loyalty and satisfaction KPIs have been set for employees in the marketing, sales and other related departments.

Customer centricity is a critical element of how we build business relationships with our partners.

Results of the 2019 survey:

85
loyalty index
of SIBUR clients
▲2 p.p.

71 % index
satisfaction
of SIBUR clients
▲4 p.p.

46 % NPS
willingness to recommend SIBUR
▲4 p.p.

Webinars for Our Clients

Developing a training system for clients, distributors and key partners is a top ten strategic goal for the SIBUR Corporate University. We launched an **integrated training development programme for SIBUR clients and partners** that combines existing platforms and new tools such as lectures, Corporate University courses and others.

We successfully delivered the **following client training** initiatives in 2019:

1. **"Export School"** for 10 clients;
2. **"Chemistry of Life for Clients and Partners"**, which was attended by 230 participants in person and 1,837 people remotely;
3. **"Fundamentals of Polyolefin Processing Methods and Requirements for Final Products"**. This programme was attended by 36 listeners from 18 partner companies.

One of our most important achievement in customer centricity is the **"SIBUR Business Practices"** training platform , launched on 13 March 2019. The platform offers clients free online sessions in one of three areas: SIBUR's Products, Effective Production and Management Practices.

In 2019, SIBUR hosted **"Standard Management Practices"**, a 10-part webinar series:

1. **"Self-development and Team Building";**
2. **"Effective Meetings";**
3. **"Managing Your Carbon Footprint and Product Life-Cycle: Open Dialog and Cooperation";**
4. **"The Myths of Motivation";**
5. **"Standard Management Practices. Self-development and Team Building";**
6. **"The Path to Productivity";**
7. **"Effective Management: Tricks of the Trade";**
8. **"The Mechanical and Chemical Processing of Polyolefins";**
9. **"Packaging: How to Become a "Green" Supplier";**
10. **"Standard Management Practices: Effective Meetings".**

SIBUR developed the "Journey to the Future: the Fundamentals of Customer Centricity" distance-learning course to expand and build on employees' knowledge about client loyalty using a range of teaching techniques, including storytelling and gamification. We then held a customer-centricity contest with the participation of SIBUR employees.

FIRST CLIENT DEMO-DAY

We held the first client demo-day for the "SIBUR Business Practices" platform on 12 September 2019, attracting more than 100 participants.

The guests joined the event remotely and were welcomed by Pavel Lyakhovich, member of the Management Board and Managing Director at LLC SIBUR.

"Nowadays, digitalization is a critical issue that permeates the industry, and an online event is a very apropos way for us to showcase the digital tools and practices at our disposal. We pursue digital leadership and work to advance these tools even further," he said. "SIBUR started building up its digitalization expertise back in late 2018, and today we are proud to share the fruits of that labor with our clients, who can go on to apply this knowledge at their own companies. This transfer of best practices will enable us to speak one language and thus streamline cooperation. On top of that, we see the event as another opportunity to learn about our partners' needs and preferences while informing them about our new additional services." SIBUR is planning to hold a series of meetings on digitalization in 2020.

We held 60 training events on the platform in 2019 in the format of webinars, video lectures and online courses

We launched our on-site course for clients on "SIBUR's Production System" in November.

We hosted four webinars for client addressing sustainability considerations in 2019:

1. **"Sustainable Development: the Key to Successful Development";**
2. **"Circular Economy";**
3. **"Recycling Plastic Waste";**
4. **"Carbon Footprint Management".**

The "SIBUR Business Practices" platform gives clients access to additional educational resources on "SIBUR's Products", "Effective Production", "Management Practices" and more.

We continued publishing the "SIBUR for Clients" magazine in 2019 and updated and improved the client portal.

106 people
attended our sustainability webinars

94% clients
saying that they would be interested in future courses offered by SIBUR

AWARDS AND ACHIEVEMENTS

SIBUR's efforts have been recognized with a number of awards:

SIBUR won the **The Best E-Learning Russia 2019** award at the Russian Competition of E-courses and Learning Management Systems (LMS)

The distance learning course **"Journey to the Future: the Fundamentals of Customer Centricity"** won in the **Best course of skills 2019** category

The **"SIBUR Business Practices"** platform took second place in the **Best LMS — 2019** category

SIBUR became a laureate of the **People Investor** competition in recognition of the implementation of the **Customer Experience Management** customer loyalty programme

Key Plans for 2020

1. **conduct the client satisfaction survey;**
2. **continue publishing the "SIBUR for Clients" magazine;**
3. **improve and develop the customer centricity group in the "CLICK" corporate network;**
4. **train clients on the "SIBUR Business Practices" platform.**

Corporate Governance

Our efforts to develop our corporate governance practices are guided by those of industry leaders and best international practices.

SIBUR's corporate governance is regulated by the Code of Corporate Conduct approved by the Board of Directors on 16 December 2014. The code sets out the key principles of corporate governance:

Principles of corporate governance

1. **Real opportunity** of shareholders to exercise their rights
2. **Equal treatment** of the company's shareholders, including minority shareholders, and protection of their rights
3. **Strategic management** of the company's activities and effective supervision over the company's executive bodies by the Board of Directors
4. **Implementation by the executive bodies** of its current activities in a reasonable manner, in good faith and solely in the interests of the company
5. **Timely disclosure** of reliable information in order to enable informed decision-making by the shareholders of the company and investors
6. **Active cooperation** of the company with investors, creditors and other interested parties in order to increase the net assets of the company, the value of shares and other securities of the company
7. **Effective control** over the financial and business activities of the company

SIBUR does not tolerate any form of gender-based discrimination and it values diversity at all levels of management.

Daria Borisova joined the Management Board in 2019 as LLC SIBUR Managing Director. She had previously headed the company's integrated development and R&D① division, created to strengthen the harmonization of SIBUR's innovation initiatives and development projects with the needs of customers.

The election of Daria to the Management Board contributed to the achievement of our goal of at least doubling female representation on the Management Board and in senior management bodies.

GRI 102-18, 102-22

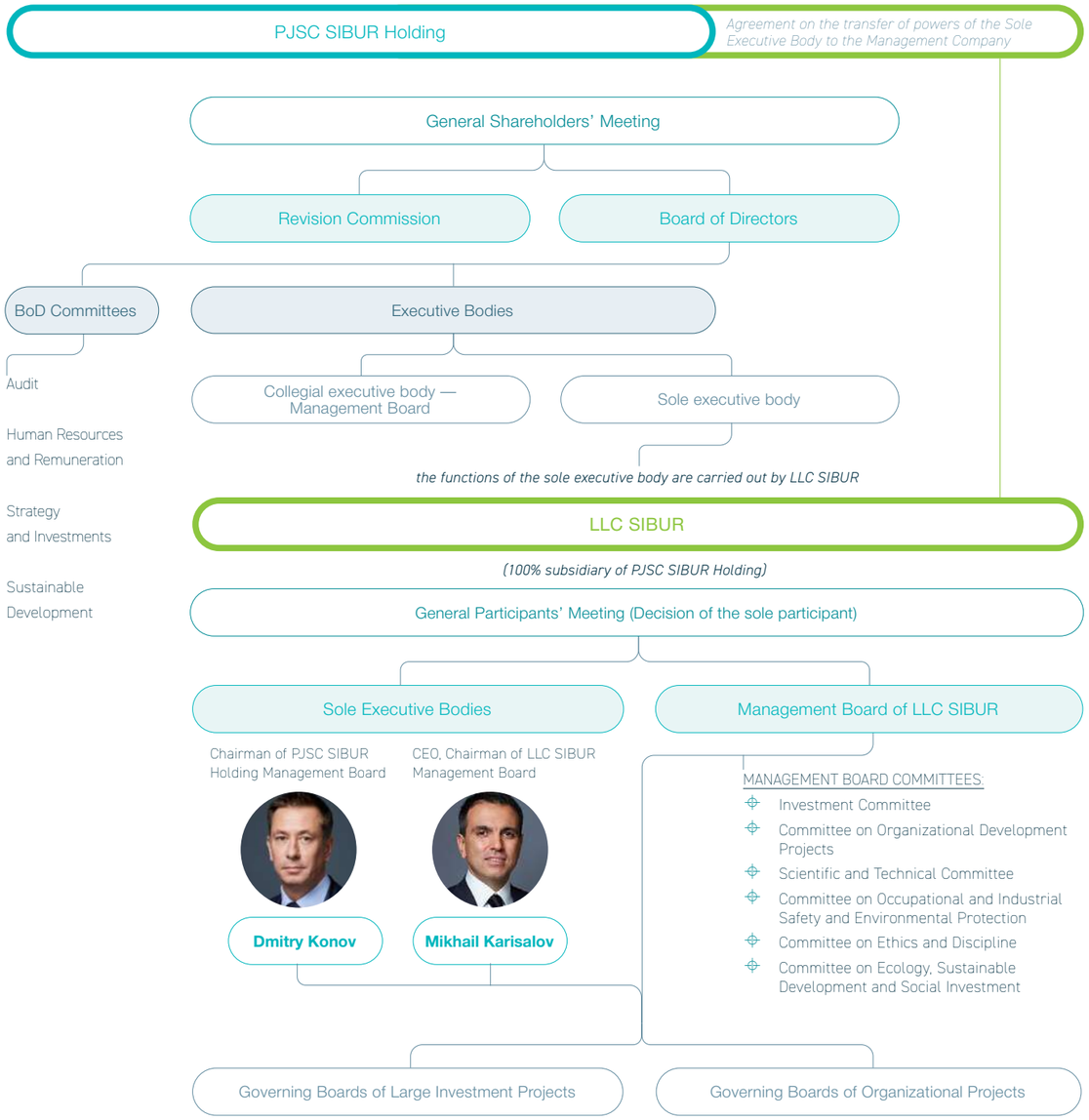
The structure of corporate governance and control bodies is composed of the following management levels:

- General Meeting of Shareholders;
- Board of Directors;
- Collegial Executive Body (the Management Board);
- Sole Executive Body (functions have been transferred to the management company);
- Revision Commission.

① Research and development.

GRI 102-18

The corporate governance structure of PJSC SIBUR Holding①



① For more details, refer to the Annual Report and the Corporate Governance section on the SIBUR website.

GRI 102-18

The highest governing body of PJSC SIBUR Holding is the **General Meeting of Shareholders**. The responsibilities of the General Meeting of Shareholders include making decisions on the issues most significant of the company's business. The activities of the General Meeting of Shareholders are regulated by the Federal Law "On Joint Stock Companies" of 26 December 1995 (as amended on 4 November 2019, with the changes of 7 April 2020) and the company's charter documents.

GRI 102-26, 102-30

The next level of corporate governance is the **Board of Directors**② — a collegiate body that is responsible for overseeing the company's business activities and making key strategic decisions, including in relation to financial, environmental and social issues. The Board of Directors determines SIBUR's strategic priorities and approves long-term business plans, investment programmes and strategies, which encompasses an assessment of the effectiveness of economic, environmental and social risk management processes③.

GRI 102-24

Candidates are nominated to the Board of Directors in accordance with Russian law and the requirements of SIBUR's Regulations on the Board of Directors. Members of the Board of Directors are elected by cumulative voting④ for the period until the next annual General Meeting of Shareholders. The numerical composition of the Board of Directors is determined by resolutions of the General Meeting of Shareholders; it should not be less than 10 people. Shareholders that hold a total of at least two percent of the company's voting shares are entitled to nominate candidates to the Board of Directors. A candidate's professional experience and knowledge in the required field are taken into account during the nomination and selection process. Moreover, in line with best practices, SIBUR puts significant emphasis on independence. This is why one third of the current Board of Directors is made up of independent directors.

GRI 102-18, 102-22, 102-29

SIBUR had **three Board Committees** in 2019: **The Audit Committee**, **The Human Resources and Remuneration Committee** and **The Strategy and Investment Committee**, which are responsible for making decisions on a broad range of issues in their areas of authority, including determining and managing economic, environmental and social considerations. We created a **fourth committee** — the **Sustainable Development Committee**⑤ — in April 2020, which will centrally coordinate the management of SIBUR's sustainable development activities, including the company's impact on climate change.

GRI 102-28

PJSC SIBUR Holding's Board of Directors is not currently conducting a self-assessment or independent appraisal with the assistance of external consultants. However, Board Committees give regular summaries of their activities based on the results achieved during the reporting period. A report is prepared every year and is discussed at a Committee meeting, after which recommendations for the Committee's future activities and priorities in the next reporting period are formulated.

The Management Board is the Collegial Executive Body and is responsible for the day-to-day management of SIBUR's operations. The Management Board is involved in the development and execution of the company's strategy and ensures the delivery of decisions made by the General Meeting of Shareholders and the Board of Directors.

The Sole Executive Body is the management company LLC SIBUR (the management company, Corporate Center, LLC SIBUR) in accordance with a resolution of the General Meeting of Shareholders, as stipulated in the agreement on the transfer of powers. The powers vested in the Sole Executive Body are regulated by Federal Law No. 208-FZ "On Joint-Stock Companies", the Charter of PJSC SIBUR Holding, the Charter of LLC SIBUR and the agreement on the transfer of powers to the management company.

② For more details about Board members, refer to "Appendices".
③ For more details, refer to "Internal Control".
④ Cumulative voting is a system wherein multiple candidates are simultaneously considered for multiple positions (councils, committees).
⑤ For more details, refer to "Sustainability Management".

GRI 102-19

As the Sole Executive Body, LLC SIBUR serves as the focal point for delegating authority to manage economic, environmental and social issues: from the Board of Directors and its committees to the heads of relevant divisions and enterprises.

GRI 102-19, 102-20

The Sole Executive Body is responsible for managing the economic, environmental and social aspects of PJSC SIBUR Holding's activities. However, the corporate governance system is structured in such a way that each division responsible for a particular aspect of sustainable development has a supervising Management Board member, each of whom is accountable to the General Director.

GRI 102-19

The management company's performance is evaluated based on an analysis of the results of LLC SIBUR Performance Contract, which is approved in December of each year for the next reporting year and includes the company's key target indicators.

The list of sustainable development indicators included in the Performance Contract for 2020 includes:

- LTIF (Lost Time Incident Frequency), including contractors;
- accident rate index (an index that expresses the ratio of the number of accidents to the number of man-hours worked);
- implementation of the Sustainability Strategy in 2020.

Regulatory documents:

All provisions that concern SIBUR's business activities, corporate governance system, the procedure of convention and the rights and powers of management bodies are set out in the following regulatory documents:

- Charter of PJSC SIBUR Holding
- Regulations on the General Meeting of Shareholders
- Regulations on the Management Board
- Regulations onthe Board of Directors
- Insider Information Policy
- Regulations on the Revision Commission
- Dividend Policy

Performance Contract delivery results are presented to the Board of Directors twice per year. The final report containing the results of Performance Contract indicator achievement is reviewed by the Board of Directors in February every year, after which an assessment is made based on specific metrics. The rating affects the KPIs of the functional contracts of divisions, the KPIs of managers and ultimately the KPIs of each employee.

The Revision Comission monitors the reliability of financial and accounting statements and any other information about the company's financial and economic activities and property status. It is also responsible for managing financial and operational risks and improving the asset management and internal control systems. Members of the Revision Commission are elected by the General Meeting of Shareholders.

GRI 102-25

Procedures for preventing and resolving conflicts of interest in SIBUR are conducted within the framework of the compliance system. The work of the compliance system as part of the division responsible for legal support is the responsibility of the Audit Committee of the Board of Directors.
The management company has an Ethics and Discipline Committee, set up to resolve and identify potential conflicts of interest. Individual business units also have ethics and discipline commissions with the same powers①.

① For more details, refer to "Business Ethics and Compliance".

GRI 102-33, 102-34

Information about emergencies, accidents, and other critical concerns are communicated to Board members via a prompt mailing on current events. There were no such incidents in 2019. A similar mailing was created in March 2020 to keep Board members informed about the spread of COVID-19.

GRI 102-35, 102-36 , 102-37 , 102-38 , 102-39

More detailed information about the remuneration of Board members, with a breakdown by types of remuneration, is given in the Regulations on the Board of Directors. Remuneration types include:

- base remuneration;
- remuneration for participation in meetings;
- remuneration for chairing the Board of Directors.

Additional forms of remuneration are paid upon performance of duties in proportion to the actual term of office. The Regulations state that Board members are also eligible to participate in the company's Executive Motivation Program, which entitles them to purchase shares and/or other equity securities in an amount determined by the Human Resources and Remuneration Committee②.

GRI 102-27

Boosting our knowledge of sustainable development and developing our management competencies are top priorities at SIBUR. This is why we held a session on occupational health and safety at our plants at Voronezhsintezkauchuk with the participation of members of the Management Board and consultants from ERM Eurasia③.

SIBUR hosted a design session for members of the Management Board in July 2019 to discuss sustainability considerations in the petrochemicals industry. The session was attended by representatives from BASF, Unilever, Boston Consulting Group, Renaissance Capital and the environmental association Razdelny Sbor. At the event, BASF shared its experience of implementing its new sustainability strategy and integrating it into the company's overall strategy, as well as its approach to transitioning to a circular economy model. Other issues discussed at the event included regulatory changes in waste management, financial and investment aspects of sustainable development, the role of in-house sustainability departments and approaches to sustainable development in other companies.

We engage an independent auditor to perform an annual audit of our financial statements according to Russian Accounting Standards (RAS) and our consolidated financial statements according to International Financial reporting Standards (IFRS). In line with best practices and stock exchange requirements, we change our partner and key members of the audit team every year.

Our Sustainability report is also verified by an external auditor. We also integrate the recommendations of the RSPP Council for Non-Financial reporting obtained during public assurance of the report.

An annual audit of our financial statements according to Russian Accounting Standards

RAS

An annual audit our consolidated financial statements according to International Financial reporting Standards

IFRS

② For more details, refer to the Regulations on the Board of Directors and the Annual Report.
③ For more details, refer to "Occupational Health and Safety".

The Integrated Management System

We have operated an integrated management system (IMS) for the past five years, a combination of management systems that meets the requirements of four international standards:

OHSAS 18001

- Occupational Health and Safety Management System

ISO 9001

- Quality Management System

ISO 14001

- Environmental Management System

ISO 50001

- Energy Management System

We updated the Integrated Management System Policy of LLC SIBUR and PJSC SIBUR Holding sites (IMS Policy) in 2019 to define strategic IMS goals for specific areas, as well as the responsibilities of management and SIBUR employees in achieving these goals.

We added the environmental goal of preventing leakage of polymer granules, flakes and powder into the environment in the reporting period. We follow the principles of the Operation Clean Sweep① initiative to prevent any such leakage.

IMS is an example of SIBUR's systemic approach to managing important areas of its business activities, which ensures compliance with high quality, safety, health and environmental standards and increases its energy efficiency.

SIBUR regularly verifies compliance with the requirements of international standards by engaging certified bodies to perform external audits. We have had a separate division, also called "Integrated Management System (IMS)", to manage the performance of SIBUR's IMS.

Certificates of compliance with ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007 were successfully renewed following compliance audits at our sites. SIBUR Togliatti LLC left the certification scope due to its sale in late 2019. We also exlcuded another company, Zapsibtransgaz, due to the lack of a business need for certification.

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① An international, voluntary industry initiative that aims to prevent primary microplastics from entering the environment. For more details, see "Environmental Protection".

Sustainability Management

We are continuously developing our corporate sustainability management practices.

The Board of Directors and the Management Board are responsible for top-level management of sustainability considerations, which are cascaded down to departments at SIBUR's Corporate Center, and from there to production sites.

GRI 102-18, 102-31

In 2019 were held:

10 Board meetings

seven of which were held virtually

10 meetings

of Audit Committee

4 meetings

of Human Resource and Remuneration Committee

5 meetings

of Strategy and Investment Committee②

GRI 102-31

Sustainability considerations discussed at Board and Board Committee meetings in 2019

PJSC SIBUR Holding Board of Directors

- Approval of the new version of SIBUR's LLC Integrated Management System Policy and the Occupational Health and Safety, Environmental Protection, Quality Control and Energy Efficiency Policy of the production sites of PJSC SIBUR Holding.
- Information on the implementation of sustainability measures at the Company, including related to the circular economy concept.
- PJSC SIBUR Holding's 2025 Sustainable Development Strategy.

Human Resources and Remuneration Committee

- Report on the implementation of the Action Plan aimed at raising the level of social sentiment.
- Information on interim results of work on the Top Five Priorities of the Corporate University 4.0 in 2018-2019.
- Information on the implementation status of measures aimed at sourcing, training and promoting talents, and ensuring succession planning at PJSC SIBUR Holding, including the example of the Back-Up Program.
- Factor analysis of the total number of employees and productivity increase at PJSC SIBUR Holding.

Audit Committee

- Mitigation of technogenic risks.
- Report on SIBUR Group's compliance activities in 2019.

Strategy and Investments Committee

- Report on the implementation of HSE measures in 2019.
- Preliminary review of PJSC SIBUR Holding's 2025 Sustainability Strategy.

② For more details, refer to "Annual Review".

GRI 102-19

We established a separate department — the Sustainable Development Department (SDD) — in January 2019 to act as the sole coordinator of our sustainability activities, lead SIBUR's climate agenda and drive the transition to a circular economy.

A new Management Board Committee was created in mid-2019 — **the Committee on Ecology, Sustainable Development and Social Investment**①. The Committee is charged with coordinating SIBUR's environmental, sustainable development and social investment initiatives, including how these considerations impact our business reputation, investment attractiveness and relationships with stakeholders.

The Committee works to:

- ensure that production sites comply with all the requirements of Russian environmental legislation and any voluntary environmental obligations SIBUR has signed up to;
- coordinate the activities of production sites in line with approved programmes to boost the environmental efficiency of production and reduce adverse environmental impacts;
- integrate circular economy principles;
- develop responsible production through the rational consumption of feedstock, materials and resources at production sites and by using recycled materials in the production process to minimize environmental impacts;
- drive SIBUR's progress across the economic, environmental and social dimensions of sustainable development;
- embed and ensure adherence to the principles of corporate social responsibility and implement social investment programmes;
- develop management systems for greenhouse gas emissions.

The Committee met three times in 2019 and discussed key issues such as the approval of the Sustainability report, the results of the audit for the 2018 report and materials for the Sustainability Strategy that were approved by the Board of Directors in December 2019②.

Management Structure of the Sustainable Development Department

GRI 102-32

The Committee is also responsible for approving SIBUR's Sustainability report. From 2020, approval of the sustainable development report will be the responsibility of the Sustainable Development Committee of the Board of Directors.

① For more details, refer to "Appendices. Composition of the highest governance body and its committees".
② For more details, refer to "The 2025 Sustainability Strategy".

ESTABLISHMENT OF THE SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors of PJSC SIBUR Holding established a Sustainable Development Committee on 28 April 2020.

Establishing a designated committee of the Board of Directors is best practice among international leaders in sustainability. The Committee will contribute to improving the efficiency of SIBUR's sustainability activities and advise the Board of Directors on matters of sustainable development.

The work of the Committee will help centralize the management of sustainable development risks and opportunities and enhance SIBUR's business reputation, investment appeal and relationships with stakeholders.

Key tasks of the Committee:

- participating in the development and implementing SIBUR's 2025 Sustainability Strategy and publicly promoting ethical, transparent and sustainable business practices;
- ensuring control over the company's activities in terms of the contientious application of a comprehensive approach to sustainable development.

Key plans for 2020

SIBUR has set itself new, ambitious goals for 2020, including:

1. **delivering the 2025 Strategy, with a focus on improving sustainability indicators;**
2. **creating and implementing a Responsible Sourcing Strategy;**
3. **improving the GHG emissions management system;**
4. **developing a Sustainable Product Portfolio;**
5. **strengthening sustainability leadership;**
6. **developing the Reaktor project within the framework of linear activites, expanding the coverage of the platform.**

THE ROLE OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND THE SOLE EXECUTIVE BODY IN MANAGING CLIMATE IMPACTS AND FINANCIAL RISKS RELATED TO CLIMATE CHANGE

The establishment of a Sustainable Development Committee is an important step on the path towards climate impact management.

The Sustainable Development Committee of the Board of Directors is planning to review climate risks and take measures to minimize these risks. Climate risk management procedures are incorporated into SIBUR's risk management system.

The Board of Directors analyzes climate risks when discussing major projects and the progress towards the delivery of SIBUR's Sustainability Strategy, as Reducing Cimate Impact is one of its focus areas.

Stakeholder Engagement

GRI 102-21

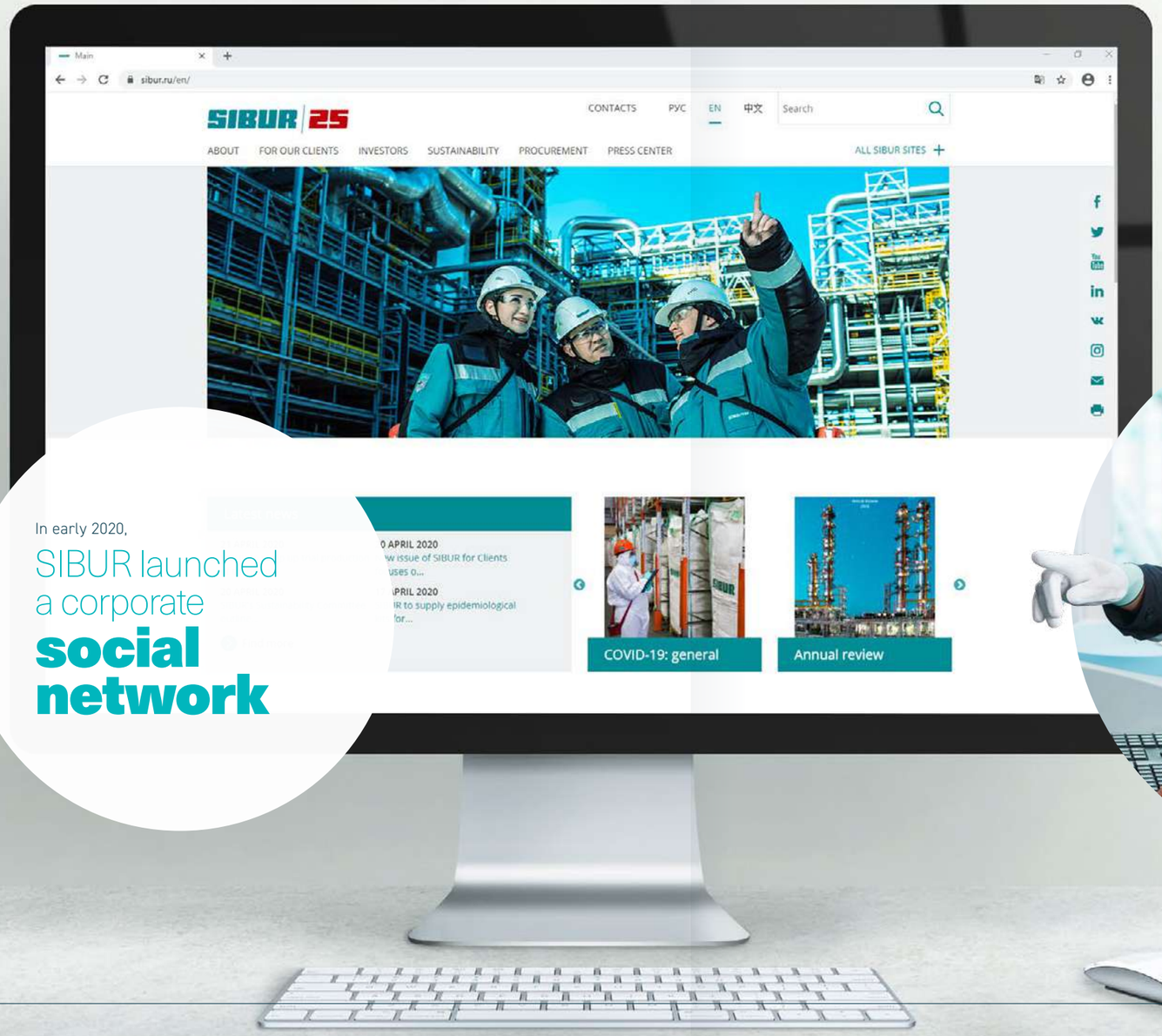
SIBUR does its best to develop the best corporate practices both in the management company and at its production sites and proactively communicates with its employees through channels such as:

- the corporate intranet;
- a quarterly digest with an overview of the decisions made by corporate governance bodies;
- sessions with representatives from various departments to articulate practices and corporate governance principles.

In early 2020, SIBUR launched a corporate social network, which will feature a page dedicated to corporate governance and a summary of the changes in this area, as well as interesting and relevant news about laws and other external sources. The new platform will enable all employees to quickly and easily exchange information in a convenient format, take part in discussions, ask questions of interest to them and communicate with each other.

In addition, Board members engage with external stakeholders and, in particular, have the right to participate in discussions with investors upon the signing of financial reporting.

SIBUR directly engages with external stakeholders (business partners, government officials, the media) through its Press Service, corporate website and official social media pages, and at public events and industry conferences.



In early 2020,
SIBUR launched a corporate
social network

GENDER EQUALITY

SIBUR works closely with the Eurasian Women's Forum, a respected platform for discussion of the role of women in modern society. We entered the Eurasian Women's Forum's workplace gender equality competition in 2019, which required us to collect a wide range of statistical data: the ratio of men to women at our facilities, the percentage of women in management roles, the gender distribution of graduates and potential candidates, etc. We used Bloomberg's Gender-Equality Index to obtain a comprehensive picture of gender equality at SIBUR.

Our data for the competition has been submitted and is currently under review. The Eurasian Women's Forum has postponed announcing the results of the competition due to the COVID-19 pandemic.

Digital Transformation

In 2019, SIBUR developed and launched a transformation programme for all IT① and digital areas and processes to achieve the maximum effect from digitalization.

The programme aims to bring SIBUR into the first quartile of global industry leaders in terms of the level of IT efficiency. We developed a plan in 2019 to implement a new model for processes, a target model and an organizational structure centered on SIBUR Digital②, which consolidates SIBUR's IT and digital competencies.

SIBUR has already achieved impressive results from its digital transformation: it increased productivity and the safety of operational processes, reduced the volume of manual labor, improved environmental and energy indicators and boosted employee competencies.

2019 PERFORMANCE HIGHLIGHTS

Maximum
results

launched a transformation programme for all IT and digital processes to achieve maximum results from the implementation of SIBUR's digital transformation programme

profitability **Optimization**

deployed a number of recommender systems, including for profitability optimization at the butadiene production unit, predictive maintenance of the polypropylene plant's extruder and rolled out the "Econs" tool

Mobile Rounds and Repairs at 14 sites

completed the introduction of a digital product called "Mobile Rounds and Repairs"

Digital
work permits

for fire- and gas-hazardous operations

sibur.digital
and the web series "Prototype"

aunched of an online magazine and series on digital transformation

300
IIoT-sensors

launched a line of propriety Internet-of-Things-enabled equipment and sensors to automate processes

>600
tasks

carried out using drones to improve safety and supervise the execution of work

① Information technology.
② Renamed SIBUR IT on 24 April 2020.

For us, short- and long-term digital transformation means:

- radically improving the efficiency of operational and business processes through the deployment of new digital tools;
- developing skills for working with digital tools among our employees to ensure new technologies bring the maximum benefit;
- ensuring quick and quality decision-making based on the use of data as a new asset.

Smart Solutions is one of SIBUR's values, which represents our aim to achieve results in the most efficient way. In our quest for the best solutions, we apply breakthrough innovative approaches and technologies that create value for people and protect the environment.

Key focus areas

for digital transformation in 2019:

1. fostering a data-driven culture and leadership in digital initiatives. Boosting employee engagement in the digital transformation at production facilities and departments along the lines of SIBUR's production system③;
2. deploying new digital tools in advanced analytics and predictive diagnostics, mobile solutions, robotics, the Internet of Things, augmented reality, video analytics for production processes, logistics, marketing and sales;
3. building a platform for analytics, dashboardization and reporting in departments;
4. developing a single IT landscape for supply chain management and logistics, creating a management system for client relations, implementing cutting-edge solutions for procurement, production and HR processes;
5. digitalizing and streamlining processes by deploying digital job orders and remote monitoring systems for hazardous production facilities and creating a unified incident registry.

The core objective
of SIBUR's digital transformation

is to boost the efficiency
of operational and business processes

by using digital technologies

③ For more details, refer to "Employees".

Performance in 2019

SIBUR successfully deployed a digital product called **"Mobile Rounds and Repairs"** at 14 production sites in 2019. The product is currently used by more than 2,000 employees. To monitor the status of equipment, including maintenance, employees now only need a smartphone with an application that reads special RFID tags installed on the equipment and records the results of their rounds online.

We are planning to scale up the use of this product in 2020. **The "Econs" decision support system** helps operators evaluate the impact of process conditions on production efficiency and economic variables in real time.

With the help of our **"Remote Expert" augmented reality innovation**, our engineers have completed more than 200 tasks related to operational consultations and remote communication between manufacturers and experts during the repair and adjustment of equipment.

2019 TARGETS	RESULTS
Reducing polypropylene production downtime caused by extruder failures by 30 to 50% (using a predictive maintenance model)	No equipment failures after predictive maintenance for extruder operation was implemented. The model predicts up to 100% of emergencies
Increasing butadiene output by 1-1.5% using a advisory tool for profitability optimization	The advisory tool for profitability optimization implemented at the butadiene production unit helps produce 1,200 tonnes (or 0.5%) more butadiene
Reducing the time required to produce job orders at the start of a shift to 20 minutes by digitalizing the process	Digital job orders can now be created in two minutes and processed in 40 minutes
Implementing the first stage of the Supply Chain Management 3.0 system (SCM 3.0)	First implementation stage completed: automating processes, ensuring the transparency of decision-making, increasing the efficiency of processes through data integration
Deploying the "Econs" decision support system	The system helps operators to evaluate the economic effect of changes to the production cycle based on a mathematical model
Installing a virtual coking analyzer at the isobutane-isobutylene fraction unit	The analyzer can forecast coke formation one to two weeks prior to actual formation and reduces equipment downtime

model accuracy
up to **100** %

butadiene production
on **1,200** tonnes

time of creation and processing in
2 and **40** min

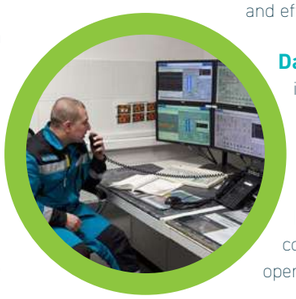
Completed
1st stage
of implementation SCM 3.0

Mathematical prediction of the
effect
of changes

Key Digitalization Terminology

AR (augmented reality) — an interactive experience that enhances the real-world environment using special devices (glasses, phone, etc.) to increase the amount of information available.

Data-driven approach — modelling and forecasting end-to-end business processes based on data lakes. The data collected can be used to configure forecasting and optimization algorithms for each attribute, scale game theory algorithms for an entire business unit, and build and immediately test hypotheses on future business development based on real data.



Hardware — the electronic and mechanical parts of a computing device, with the exception of software and data.

IIoT (Industrial Internet of Things) — sensors and other "smart" devices that can read data about the physical conditions (temperature, humidity, etc.) of the surrounding world (the environment, the operation of machinery, etc.) and transmit this information to data warehouses.

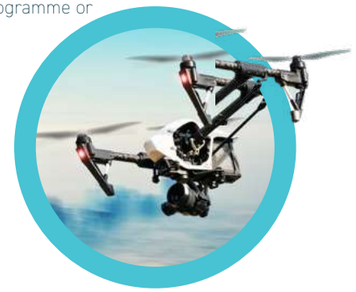
LoRaWAN — an energy-efficient long-range data transmission network.

Private LTE — a private network designed to solve technological problems.

Automation and robotics — software and hardware devices that are designed to work autonomously or interact with people to increase the productivity and efficiency of processes.

Dashboard — a graphic user interface that provides a clear, visual information about key performance indicators for specific goals or business processes.

Drone — an unmanned aircraft controlled by a programme or operator.



IT — information technology.

Data Lake — a data repository for analysis to inform decision-making.

Predictive maintenance — modelling of future hardware performance based on existing data to diagnose and detect future system failures and take proactive measures to prevent such incidents.

End-to-end digitalization — the integration of all products and technologies into a single seamless process.

Digital lead generation — the use of digital technologies to boost sales.

Digitalization of Occupational Health and Safety

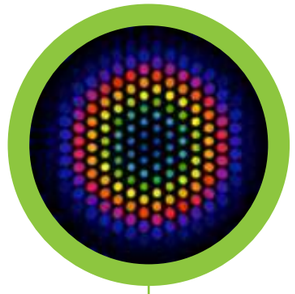
To ensure **employee safety** at production facilities, we have digitalized all job orders for fire- and gas-hazardous operations at five SIBUR plants (SIBUR Tobolsk, Tomskneftekhim, Voronezhcintezkauckuk, SIBUR-Kstovo and SiburTyumenGaz).

For the remote monitoring of technological processes and to ensure a prompt response to deviations, temperature sensors for heat sinks were introduced, and a line of certified equipment for the Industrial Internet of Things (IIoT) was launched using the Company's own design.

Video analytics and computer vision systems were also launched to ensure worker protection and industrial safety.

More than 600 operations were carried out using drones equipped with a camera, a thermal imager and a sampling system to increase safety, supervise the execution of work and monitor the environmental situation.

We installed 300 IIoT sensors in 2019 to automate processes and deployed LoRaWAN networks at our Tobolsk plants in Voronezh and Tomsk. We also launched a corporate data transfer network and convergence services based on the Private LTE concept.



Sibur.digital online magazine

We launched our online magazine, sibur.digital, in 2019, which covers the digital transformation of production and business. The magazine informs readers about ongoing and upcoming projects in advanced analytics and big data, industry 4.0 and the process digitalization currently being proactively developed by the company.

"Prototype" webseries

In 2019, we launched our first original web series based on real events in the life in a large industrial corporation.

"Prototype" is a comedy that tells the story of digitalization in a petrochemical plant through the eyes of its employees. The lead character develops a mobile app and launches drones and augmented reality solutions.

We created this web series to attract progressive specialists and developers to the company through a new type of media content.

In 2020, SIBUR will continue to introduce robotic systems and will also implement

64
initiatives

to increase efficiency and develop end-to-end digitalization within the company, including:

Dynamic pricing — completion of a system that will forecast prices for the company's key products;

Smart pricing — a tool to determine optimal price lists across the demand curve;

Digital lead generation — redirecting products to premium markets;

A set of advisory models — completion of work on oil and gas production in Tobolsk to improve the quality of the final product;

Price-dependent energy consumption — reduction of operating costs by using electricity during offpeak hours;

Development of "Econs" — enhancing the "Econs" system and subsequently creating a constructor;

Blast-resistent IIoT equipment — further production of our own equipment for work in harsh conditions (for example, at high temperatures) and equipment for the internal navigation system for personnel at plants;

IIoT platform — the launch of the company's own platform and deployment of the Industrial Internet of Things at five sites;

AR platform — establishing an additional data flow between manufacturers and experts during the repair and adjustment of equipment;

Drones — the development and implementation of new capabilities for unmanned aerial vehicles, including for environmental monitoring;

Data-driven approach — end-to-end use of data across all enterprises;

Process robotization programme — approval, implementation and completion of projects for the introduction of robotic systems for routine operations at production sites.

Key Goals for 2020

1. **halving the time frame for the introduction of digital products and the implementation of IT projects;**
2. **reducing operating costs by 20% or more in annual terms;**
3. **implementing digital instruments: an application for conducting inspections and continuous remote monitoring of hazardous work;**
4. **developing a digital ecosystem for interaction with customers;**
5. **digitizing parts of the SIBUR 2 production system:**
   the evolution of system elements, the use of new tools and the integration of initiatives aimed at improving processes (new operating model, restructuring of end-to-end processes).

STRATEGY AND RESPONSIBLE BUSINESS PRACTICES

Global Challenges of Our Time

SIBUR is focused on stable growth, the implementation of strategically important objectives, and the development of our regions of presence and the Russian economy.

Responsible business practices help us achieve these goals. SIBUR provides its clients with high-quality services and products, strictly complies with legal and business ethics requirements, and ensures decent working conditions for all its employees. We see the challenges of an ever-changing world as a driving force for development, and we do our best to respond to them as effectively and as quickly as possible. SIBUR deploys the latest technologies, fosters an environment where innovation and learning can flourish, strives to protect the environment, enhances workplace safety and improves the working conditions of its employees. Due to the scale of our activities, we have the opportunity to address social issues and direct resources to improve living standards in the regions where we operate and support socially significant, environmental and cultural programmes. This is one of the most important aspects of sustainable development for us.

SIBUR's Key Challenges	SIBUR's Actions
Climate change and carbon footprint reduction	◆ addition of GHG accounting into the assessment process for investment projects and assessment of the sensitivity of an investment project to estimated carbon tax rates; ◆ preparation for a scenario analysis through a quantitative and qualitative analysis of climate-related risks; ◆ approval of 2025 targets to reduce GHG emissions and increase the share of green electricity in the company's energy balance; ◆ reduction of direct and indirect GHG emissions through the rational use of energy resources and the implementation of environmentally-friendly and energy-saving technologies; ◆ work to calculate and reduce indirect GHG emissions (Scope 3); ◆ work to find opportunities for incorporating renewable energy sources; ◆ assessment of the product portfolio based on sustainability and climate criteria.
Possible **restrictions on SIBUR products** on domestic and foreign markets	◆ monitoring of changes in Russian legislation and global trends, involvement in discussions of draft regulations; ◆ evaluation of the safety and sustainability of current and new products, including their impact on consumers and the environment throughout the product lifecycle; ◆ incorporation of circular economy principles across all stages of the value chain, investment in polymer waste recycling projects and the involvement of renewable sources of raw materials; ◆ public awareness campaigns about plastics and their benefits compared with other packaging materials; ◆ monitoring of progress towards the achievement of target indicators set out in the Strategy, timely updating of targets to reflect the latest challenges.
Requests from clients to increase the share of **recycled materials** in products	◆ dialogue with a wide circle of stakeholders on the topic of building a polymer waste collection system; ◆ performance of test procurements and the creation of test samples at PolyLab, Russia's first R&D centre for the development and testing of polymer products; ◆ development of chemical and mechanical processing projects for polymer waste. ◆ close cooperation with government authorities to ensure a consistent supply of feedstock on the market for recycling, development of demand for secondary material resources and updating of legislation to achieve the goals of national projects; ◆ implementation of joint projects with partners to support the transition to a circular economy.
Requests from stakeholders regarding the company's sustainable development activities and progress	◆ regular assessment of sustainability risks in the company's activities, including when selecting new investment solutions, evalution of how these risks affect project implementation, development of mitigation measures; ◆ development and use of methodologies for assessing the product portfolio according to sustainability criteria; ◆ integration of the requirements and recommendations of international initiatives such as the UN Global Compact and TCFD; ◆ improvement of disclosures about the implementation of the 2025 Sustainability Strategy in the Sustainability report; ◆ development of opportunitites for certification, labelling and other tools to promote sustainable product solutions; ◆ creation of an educational course on sustainable development for employees and partners, educational sessions for executives with a sustainable development agenda.

We recognize the importance of building an effective management system for ESG① risks, a tool that helps us identify negative factors that could affect the achievement of the targets set out in the **2025 Sustainability Strategy**②. We are always looking for cutting-edge ideas, knowledge and technologies to make sure that we have a solution today for the challenges of tomorrow.

SIBUR recognizes the critical importance of responding rapidly to climate change and understands its role in global processes. We have helped significantly reduce volumes of associated petroleum gas (APG) burned by offering oil companies an environmentally friendly and cost-effective recycling solution: APG processing at our gas processing plants (GPP). We prevented around 70 mln tonnes of GHG emissions in the reporting year by processing APG. The amount of GHG emissions we prevent every year is comparable to the annual emissions of an average European country such as Austria.

We recycle APG and other hydrocarbon by-products into useful materials, which has a significant impact on the conservation of natural resources and the maintanence of an environmental balance, demonstrating our cost-effective and environmentally friendly approach to building business processes.

We strive to reduce GHG emissions from production by creating a carbon footprint③ management and reduction system, assessing and mitigating climate risks, investing in R&D④ projects, implementing low-carbon technologies throughout the value chain, effectively interacting with contractors on climate issues, and comprehensively improving the environmental performance and energy efficiency of production.

① Environmental, Social and Governance.
② For more details, refer to "2025 Sustainability Strategy".
③ For more details, refer to "Reducing Climate Impact and Greenhouse Gas Emissions".
④ Research & Development, innovative activities that include both scientific research and production of experimental and product samples, prior to the launch of a new product or system in industrial production.

Integrating TCFD recommendations into SIBUR's activities

We understand that climate-related risks and opportunities will have a critical impact on the development of our business. SIBUR endorsed the TCFD① recommendations in 2019, expressing its commitment to the principles of open climate-related financial risk disclosures.

As of 2018, SIBUR discloses information in CDP climate questionnaires every year to inform its stakeholders②. SIBUR was assigned a "C" rating for disclosure quality in 2019, which is on par with average European companies and is higher than the average "D" rating for the international petroleum product sales sector.

GOVERNANCE

SIBUR continued to adapt to the TCFD recommendations across all levels of corporate governance to improve the resilience of its climate change management system.

SIBUR created a Sustainable Development Committee of the Board of Directors in April 2020, the competencies of which include implementing the corporate climate policy and conducting a qualitative analysis of climate-related risks and opportunities. Committee members discuss potential company responses to climate-related challenges and opportunities at least once per year, including a review of GHG reduction targets in the 2025 Sustainability Strategy.

STRATEGY AND RISK MANAGEMENT

Climate-related risks are assessed alongside the company's other business risks within SIBUR's risk management system.

SIBUR has already identified its key climate-related risks, both physical and transitional, that could materialize in the medium- to long-term③. The most material climate-related risks include a tightening of EU climate regulations for imported goods and the introduction of a tax on GHG emissions in Russia, which would push up prices across the entire supply chain. The above-mentioned risks could increase SIBUR's costs in the future and lower profit margins in the industry as a whole.

Our key climate-related opportunities are related to the transition to a circular economy model, particularlythe involvement of secondary raw materials in production and the development of the low-carbon electricity market in Russia. One of the main ways we plan to take advantage of these opportunities is to integrate the best available technologies, boost energy efficiency④, develop R&D vectors such as:

- chemical recycling of polymer waste;
- development and sale of new polymer materials;
- carbon capture and utilization technologies;
- resource base diversification.

SIBUR's management carefully monitors the emergence of any event-driven, physical, climate-related risks to ensure the well-being of SIBUR employees, the continued operation of its assets and supply chain continuity.

SIBUR is planning to conduct a quantitative and qualitative analysis of climate-related risks in 2020-2021 to assess the potential impact of climate change on its business processes. Science-based climate and socio-economic scenarios based on TCFD recommendations and the targets of the Paris Agreement (to limit the increase in global average temperatures to below 2°C) will be used for the assessment.

We will use the findings of the analysis to draw up a strategic response to climate change and consider whether long-term KPIs need to be updated and whether new mechanisms should be developed to manage climate-related risks.

① TCFD is an international non-profit organization that develops recommendations for companies on integrating climate change-related information into mainstream financial reporting for stakeholders, investors lenders and insurers.
② CDP is an international ratings agency that publishes an annual rating that assesses companies on the comprehensiveness of their climate-related disclosures.
③ For more details, refer to "Internal Control and Risk Management".
④ For more details, refer to "Energy Efficiency and Consumption".

IDENTIFIED CLIMATE-RELATED RISKS

NAME	POTENTIAL IMPACT	15-year forecast
Introduction of carbon pricing, including carbon border adjustment mechanisms	Increased costs, reduced profitability across the industry, increased competition on foreign markets	
Stricter climate-related product specification requirements	Higher expenditure on GHG emission reduction measures, changes to the supply chain to account for climate requirements, increased market competition, the need to invest in R&D and equipment upgrades	
Requirements of investors and financial regulators for the quality of climate-related disclosures	Additional requirements to attract cheap capital	
Permafrost thawing	Increased physical risks for assets located in permafrost zones, including the assets of suppliers	
Unpredictable climatic conditions	The need to adjust the operating regimes of equipment due to changes in environmental conditions	
More frequent and catastrophic extreme weather events	Increased physical risks for employees, assets, contractors, clients and the supply chain	
Stricter climate-related requirements for fixed assets	Increased expenditures on compliance with climate-related requirements and regulations, higher insurance premiums	

High probability of the risk materializing
Medium probability of the risk materializing
Low probability of the risk materializing

METRICS AND TARGETS

The main indicators used to assess climate-related risks in the reporting year were gross and specific GHG emissions. SIBUR approved its 2025 Sustainability Strategy in 2019. We intend to reduce specific GHG emissions by 5% in Gas processing (per tonne of manufactured product) and by 15% in Petrochemicals (per tonne of product sold) compared with 2018⑥. We also use our energy balance as a climate indicator. By 2025, we are planning to increase the amount green energy in our energy balance compared to 2019. The characteristics of a company's energy balance are also used as a climate-related indicator.

SIBUR plans to increase the volume of green electricity

by 5 times

in the company's energy balance by 2025 in relation to 2019⑦.

⑥ For more details, refer to "Reducing Climate Impact and Greenhouse Gas Emissions".
⑦ For more details, refer to "Energy Efficiency and Consumption".

We are also focusing on polymer waste recycling and intend to implement technologies to increase the content of renewable feedstock in our products.

We are challenging ourselves to promote the reusability and recyclability of end products manufactured using SIBUR products and implement joint projects aimed at the introduction of circular-economy principles. These technologies will also help reduce the carbon footprint across the entire value chain.

The **UN Sustainable Development Goals** (SDGs)① is a key tool the company uses to manage and respond to global challenges. We contribute to the achievement of the SDGs by implementing measures aligned with their aims, and we plan to report our results annually in the Sustainability report.

SIBUR joined the **UN Global Compact** (UN GC) in 2019, which is the world's largest voluntary corporate sustainability initiative. The initiative was created in 2000 and today includes more than 13,000 participants from almost 160 countries. SIBUR has pledged to commit to the Principles of the UN GC, covering human rights, labor, the environment and anti-corruption.

To join the UN GC, we sent a letter to the UN Secretary General in which we publicly recognized our obligations to respect human rights and promote a more equitable, environmentally-friendly and inclusive form of business development and interaction with local communities; we also stated our intention to contribute to the achievement of the UN SDGs.

UN SDGs
(UN Sustainable Development Goals)
are a key tool for managing and responding to global challenges

SIBUR is committed to adhere to
10 principles
in the areas of human rights, labor relations, environmental protection and anti-corruption

① For more details, refer to "Our Contribution to Achieving the SDGs".
② For more details, refer to the COVID-19: General section on the corporate website.
③ For more details on soft skills, hard skills and IT skills, refer to "Training and Development".

GLOBAL CHALLENGE OF STEMMING THE SPREAD OF COVID-19

In early 2020, SIBUR took all the necessary measure required to protect its employees and partners from the spread of COVID-19 in Russia. The company is following all the recommendations of Russia's health authorities and the World Health Organization (WHO), implementing preventative measures to prevent the spread of coronavirus at its production facilities and offices② by:

- canceling all business trips and public events;
- introducing a mandatory 14-day quarantine for people returning from abroad starting March 1;
- instituting mandatory remote working;
- communicating coronavirus prevention recommendations to all employees;
- introducing work rotation for production employees with a two weeks on/two weeks off shift pattern;
- isolating production employees from the outside environment, creating special areas for living and working at production facilities with dormitories, canteens providing three meals a day at the company's expense, shops, recreation areas and medical clinics;
- increasing the monthly wages of employees on rotation by 20%;
- launching a special resource for rotation workers with tips on recreation and self-development after working hours;
- establishing support centers for workers' families to help them buy essentials and medicines and resolve any urgent housing problems.

SIBUR launched a range of important initiatives to support its partners and counterparties during the pandemic.

1. **Sent protective suits to its regions of presence** — supporting local healthcare systems and protecting health workers from infection.
2. **Manufactured disinfectant from SIBUR propylene** — prioritizing supplies of propylene for companies producing isopropyl alcohol for the subsequent manufacture of antiseptics.
3. **Implemented the Formula for Good Deeds social investment programme in full** — transforming 2020 projects to ensure that they are implemented to a high standard, taking the current safety needs of organizers and target audiences into account.
4. **Launched the Next Teacher 2020 project for teachers in Tyumen, Amur and Yamalo-Nenets regions** — providing teachers with training on the best online learning practices for core subjects (chemistry, physics, maths, IT and technology) and tools for developing their own educational courses.
5. **Updated the FUTURE WORK SKILLS internet resource from SIBUR experts** — posting lectures and webinars created by SIBUR experts aimed at developing IT and hard skills on our website③.
6. **Created the e-course "How to Learn Effectively" for engineering students** in Tobolsk and Svobodny in collaboration with the company Advance.
7. **Launched a grant competition for schoolchildren as part of the Tobolsk Forest project** — encouraging schoolchildren to conduct research projects and webinars as part of the bid campaign for the Federal Podrost (Young Growth) programme to provide methodological support to teachers at school forestry units.

SIBUR's 2025 Sustainability Strategy

GRI 102-16, 102-26

Our business activities play an important role in improving the quality of people's lives, and we influence the operation and development of many sectors of industry.

As a leading global petrochemicals producer, SIBUR strives to achieve economic, environmental and social sustainability. Transitioning to the circular economy, recycling polymers and reducing climate impacts are core priorities for us.

The Board of Directors approved the 2025 Sustainability Strategy (the Strategy) in 2019 to shape a more comprehensive approach to business process management.

2019 PERFORMANCE HIGHLIGHTS

Created
Sustainable Development Department

Created
Committee on Ecology, Sustainable Development and Social Investment of the LLC SIBUR Management Board

Developed and approved
The 2025 Sustainability Strategy

Determined priority
SDGs

Joined the UN Global Compact

Supported the
TCFD①

① TCFD is an international non-profit organization that develops recommendations for companies on integrating climate change-related information into mainstream financial reporting for stakeholders, investors lenders and insurers.

GRI 102-16

The Strategy incorporates SIBUR's mission and values, as well as the UN Global Compact② and SDGs③.

② For more details, refer to "Global Challenges of Our Time".
③ For more details, refer to "Our Contribution to Achieving the SDGs".

1

We are developing to create a better future. Rising to the challenges of tomorrow, we are in constant search for breakthrough ideas, groundbreaking knowledge and cutting-edge technologies to deliver solutions right now. We continue our improvement every single day to add more value in our aspirations for a better life for people.

2

By pooling talent we complement each other's skills and jointly meet unique challenges. We are diverse but each of us is committed to unlocking and multiplying our combined capabilities to achieve our shared goal. When we pull together for a common cause, the sky is the limit.

3

We create an environment for the development of each by being respectful to others regardless of their jobs and rank. Our culture is built on trust and fairness.

4

Treating safety as our top priority we rigorously comply with rules. We protect human health and lives, preserve the natural environment for future generations.

5

We build partnership relations with our customers based on respect and awareness of their challenges. Collaboration drives mutual long-term growth.

6

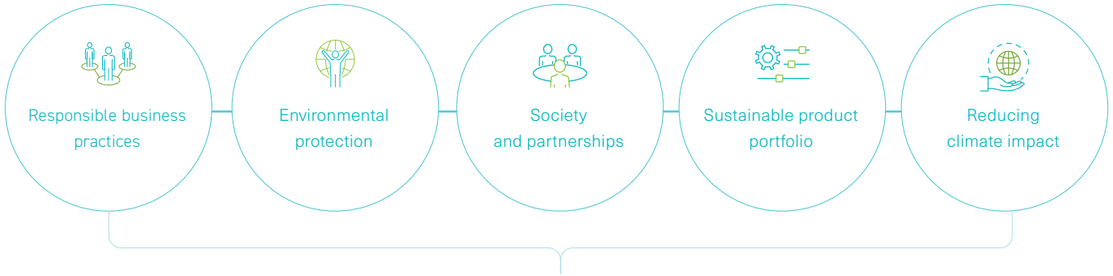
Our aim is to achieve results in a most efficient way. In quest of the best solution we apply breakthrough innovative approaches and technologies creating value for people, taking care of the environment. Our achievements inspire us to go further onwards and upwards.

Key Focus Areas of the Strategy

The Strategy sets out more than 30 targets across five key focus areas.

Focus areas were selected based on an analysis of SIBUR's economic, environmental and social impacts, a sustainability risk and opportunity assessment① and the company's strategic vision of key vectors for progress.

The content and structure of the report for 2019 were principally determined based on SIBUR's 2025 Sustainability Strategy and its **key focus areas**.



1 Responsible Business Practices

Occupational Health and Safety
- Our Approach to Occupational Health and Safety Management
- Employee Health and Safety
- Fostering a Stronger Safety Culture and Trainings

HR Management

EMPLOYEES
- Our HR Approach
- Employee Engagement
- Diversity and Equal Opportunities
- Training and Development

CORPORATE GOVERNANCE

Compliance
- Business Ethics and Compliance

2 Environmental Protection

- Our Approach to Environmental Protection
- Pollutant emissions
- Energy Efficiency and Consumption
- Reducing Climate Impact and Greenhouse Gas Emissions
- Water Consumption and Wastewater Discharges
- Waste Management
- Biodiversity

3 Society and Partnerships

EMPLOYEES
- Training and Development

MARKET POSITION AND VALUE CREATION
- Customer Centricity

CONTRIBUTION TO THE DEVELOPMENT OF LOCAL COMMUNITIES
- Our Approach to Local Community Development
- Social Invesments

4 Sustainable Product Portfolio

- Innovation and R&D
- Responsible Supply Chain
- Investment Activity

5 Reducing Climate Impact

- Reducing Climate Impact and Greenhouse Gas Emissions

① For more details refer to "Internal Control and Risk Management".

Strategy Targets

The targets set by the Strategy comprise quantitative and qualitative indicators.

Qualitative indicators were selected to reflect the areas of sustainable development that are most relevant to SIBUR's business. They are intended to improve current business processes, build new ones and create the corresponding capabilities within the company. Qualitative indicators were selected based on identified risks and development prospects, the specific nature of SIBUR's production activities, its regions of operation, and areas where it has a significant impact on the environment and society. Subsequently, in accordance with the approved Strategy, we have revised and updated the work plans of functional areas and the development programmes for various departments.

LLC SIBUR's Performance Contract, the functional contracts of departments and the business contracts of production sites① were all updated to include sustainability targets during the reporting period. Assessment of contract delivery has a direct impact on the remuneration of senior management, responsible departments and production sites at the end of the year.

SIBUR monitors progress towards Strategy targets on a bi-annual basis. We reserve the opportunity to update the Strategy based on external and internal factors.

The company intends to communicate its progress towards delivering the 2025 Sustainability Strategy to all stakeholders on a yearly basis.

1 RESPONSIBLE BUSINESS PRACTICES

CONTRIBUTION TO THE SDGS

OCCUPATIONAL HEALTH AND SAFETY

Annual reduction of LTIF
by **5**%
among SIBUR employees and contractors

Zero
fatalities

HR MANAGEMENT

Increase employee engagement to **80**%

Increase the share of women on the Management Board and top executive level at least **two**-fold

Development of corporate practices:
- Leadership culture
- Equal opportunities
- Staff diversity

COMPLIANCE

Adopt a Contractor's Code of Business Ethics

Extend the coverage of the compliance system

Create a common educational platform for all SIBUR's compliance programs

Develop a Human rights in the workplace compliance program

② For more details, refer to "Corporate Governance".

2 ENVIRONMENTAL PROTECTION

CONTRIBUTION TO THE SDGS

RESULTS

Reduce specific water consumption by ⩾**5**% compared to 2018

Reduce specific pollutant emissions by ⩾**5**% compared to 2018

Reduce specific pollutants in effluents by **40**% compared to 2018

Recycle at least ⩾**50**% of all waste generated

Minimize the leakage of plastic particles into the environment as part of the Operation Clean Sweep initiative

3 SOCIETY AND PARTNERSHIP

CONTRIBUTION TO THE SDGS

RESULTS

By 2025, train **85**% of employees in sustainable development and extend the training to the Company's partners

Enter into ⩾**2** international partnerships and play an active role in initiatives that promote responsible plastic waste management

Launch ⩾**3** long-term projects within the framework of the Formula For Good Deeds' environmental stream aimed at biodiversity conservation

Increase the share of employees participating in volunteering and other socially-minded projects to **20**%

Contribute to the achievement of national **goals in waste management**

Establish a public council for the **Formula For Good Deeds** Program

Launch a separate workstream within the Formula For Good Deeds program for the **promotion of social entrepreneurship**

4 SUSTAINABLE PRODUCT PORTFOLIO

CONTRIBUTION TO THE SDGS

Increase investment in **R&D**–projects aimed at processing plastic waste and involving renewable sources of raw materials by **50%**

RESULTS

Supply chain: build an effective communication system to promote sustainable development across the supply chain and exchange information; evaluate >**10–15**% of chemicals vendors according to sustainability criteria

Production: ensure that PET with recycled granule content accounts for >**40**% of total PET production

Product: Develop a methodology for assessing products using sustainability criteria; assess **100**% of the current product portfolio and introduce assessments for all new products; ensure that existing and new products meet the strictest safety and recyclability requirements

Client: Promote reusability and recyclability of end products manufactured with SIBUR products and implement joint projects aimed at fulfilling circular economy principles

5 REDUCING CLIMATE IMPACT

CONTRIBUTION TO THE SDGS

RESULTS

Increase the amount of green energy in SIBUR's energy balance **five**fold compared to 2019

Reduce specific GHG emissions in Gas Processing by **5**% per ton of product manufactured compared to 2018

Reduce specific GHG emissions in Petrochemicals by **5**% per ton of product sold compared to 2018

Our Contribution to Achieving the SDGs

GRI 102-12

Having joined the UN's global initiative in 2019, SIBUR supports the principles of the Global Compact and is guided by the 2030 UN Sustainable Development Goals (SDGs) that are relevant to its business activities. We report our progress on an annual basis in our Sustainability report.

By playing its part in global efforts to achieve the SDGs, SIBUR contributes to social, environmental and economic progress and works to create a more prosperous society. In this reporting year, to integrate the SDGs into our 2025 Sustainability Strategy, we conducted a comprehensive analysis of how the SDGs align with the key focus ares of our Strategy, the goals and responsibilities we have set for ourselves, our most material risks, investments in related projects and global best practices.

We assess our contribution to achieving **six priority SDGs and seven SDGs included in the second set of priority**, which we have selected based on the specific nature of our business, relevant competencies, and our impact throughout the value chain. Focus SDGs are the goals on which we have a direct impact through our core business activities. We have a less significant impact on secondary SDGs.

CONTRIBUTION TO THE ACHIEVEMENT OF FOCUS SDGS①

SDG	PLANS AND RESULTS
6 CLEAN WATER AND SANITATION	Implemented a list of measures at SIBUR production facilities to reduce water consumption and increase water reuse and wastewater treatment.
8 DECENT WORK AND ECONOMIC GROWTH	Implemented investment projects; used best supply chain management practices; ensured equal pay for men and women; employed 142 people with disabilities under disabilities quotas; provided 100% of full-time employees with private health insurance coverage; launched a major internship programme for students and graduates from leading technical universities; implemented the SIBUR Grants programme for gifted children in grades 9-11 in our regions of presence.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Opened the new PolyLab research center to develop new products in cooperation with industry partners, exchange knowledge and create a competence center for the industry; launched the Reaktor online platform to connect participants in the waste processing market; obtained 33 new patents; completed the first stage of SCM 3.0 implementation.
11 SUSTAINABLE CITIES AND COMMUNITIES	Developed social infrastructure as part of the Tobolsk 2020 programme; installed dust and gas collection equipment and gas cleaning systems at ZapSibNeftekhim; developed two-year road maps for interregional projects with partners from the Formula for Good Deeds programme.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Created a "sustainable" product portfolio; minimized negative environmental impacts (such as preventing the leakage of polymer particles into the environment as part of PlasticsEurope's Operation Clean Sweep); implemented projects to support a transition to the circular economy, focusing on the use of secondary raw materials in the production process.
13 CLIMATE ACTION	Drafted proposals for changes to the draft Federal Law On Greenhouse Gas Regulation.

① Examples of SIBUR's contribution are given for each SDG.

CONTRIBUTION TO THE ACHIEVEMENT OF FOCUS SDGS①

SDG	PLANS AND RESULTS
3 GOOD HEALTH AND WELL-BEING	Fostered a "zero harm" culture by implementing the "Uncompromising Safety" programme; implemented the corporate Health programme.
5 GENDER EQUALITY	Set a goal of at least doubling female representation on the Management Board and in senior management by 2025 in the Strategy; increased female representation on the Management Board to 13% in 2019; worked with the Eurasian Women's Forum and participated in its first gender equality competition.
7 AFFORDABLE AND CLEAN ENERGY	Commissioned a rooftop solar power plant at SIBUR-Yug Corporate Health Resort, implemented an annual energy efficiency programme.
10 REDUCED INEQUALITIES	Developed a Human Rights Policy based on the Universal Declaration of Human Rights, the Russian Labor Code, and the ILO Declaration on Fundamental Principles and Rights at Work.
15 LIFE ON LAND	Implemented interregional environmental and biodiversity conservation projects as part of the Formula for Good Deeds programme. These included the Tobolsk Forest reforestation programme, the Lapwing Territory eco-project and the Ecolaboratory project for developing green communities.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Developed and introduced a compliance system at SIBUR's sites.
17 PARTNERSHIPS FOR THE GOALS	Joined the UN Global Compact and the Petcore Europe association; approved and consistently delivered SIBUR's strategic partnership goals; actively participated in Russian and international industry associations such as PCX, CEFIC, PlasticsEurope and the World Plastics Council.

Internal Control and Risk Management

An effective approach to risk management and a seamless internal control system are essential for the continuous operation of the company and business continuity.

SIBUR's leadership endorses risk-oriented management, which involves constantly updating and improving its risk management systems and fostering a risk management culture where risks can be identified and openly discussed.

The core risk management document is the Risk Management Policy (version No. 4.1 of 1 August 2019).

KEY RESULTS FOR 2019

Winner in category

the Financial Risk Management at the Treasurer of the Year Awards

Winner

of the Best Corporate Risk Management System at the 2019 Best Risk Management in Russia competition

Sustainability and climate risks

incorporated into the risk map

17 audits

performed by the Internal Audit department

7 meeting

of Audit Committee held

GRI 102-11, 102-15, 102-30, 201-2

Risk Management

The goal of risk management is to strike a balance between identifying new opportunities, taking advantage of them and minimizing losses. Departments where risks may emerge are responsible for developing and implementing risk mitigation measures for processes that fall within the scope of their area of responsibility, including sustainability and climate-related risks.

Risk management is a continuous and dynamic process that aims to identify a broad spectrum of risks and analyze them in-depth. We strive to ensure preventative risk management, which means preventing risks from emerging, rather that dealing with their consequences. As an integral part of corporate governance, the risk management system consists of risk identification, analysis, assessment, response measures, continuous monitoring, and control of all SIBUR's business activities. Measures aimed at reducing risks are mandatory.

We have created a corporate risk matrix that visualizes the the full scope of risks applicable to key functional areas of the business in a single coordinate system. Risks are ranked according to the likelihood of the risk materializing and its possible impact. These risks are then grouped as follows: financial losses, workplace safety, environment, employees, quality and reputation. This tried and tested approach means that risks can be managed at the level of the Board of Directors, the Management Board and key business functions.

SIBUR's risk management principles are determined by its Risk Management Policy.

SIBUR's risk management principles

- Comprehensive approach
- Analysis of realized risk
- Allocation of responsibility
- Synchronization of risks with goal setting processes
- Open discussion
- Making management decisions based on information about risks
- Process continuity
- Flexibility and preparedness for change

Similar risk matrices have been created for individual production facilities. Risk matrices are also generated for investment projects to provide a comprehensive evaluation of all potential risk factors, develop mitigation measures and make decisions on the feasibility of projects

A resolution of the Audit Committee states that key risks include any event that could have a significant impact on the acheivement of the company's strategic goals in the short- and long-term.

Continuous risk management process

GRI 102-30

The Audit Committee determines the operational guidelines and the main development vectors of the risk management system (RMS), monitors their implementation and evaluates RMS performance on the Board's behalf. The Audit Committee met seven times during the reporting year, discussing a broad spectrum of risks for various business sectors and developing a list of necessary mitigation measures for management. The Committee tracks the implementation status of the measures it has recommended on a quarterly basis.

We have created and maintain a corporate-wide control environment that enables the smooth operation of the RMS and ensures that programmes to improve the RMS are implemented.

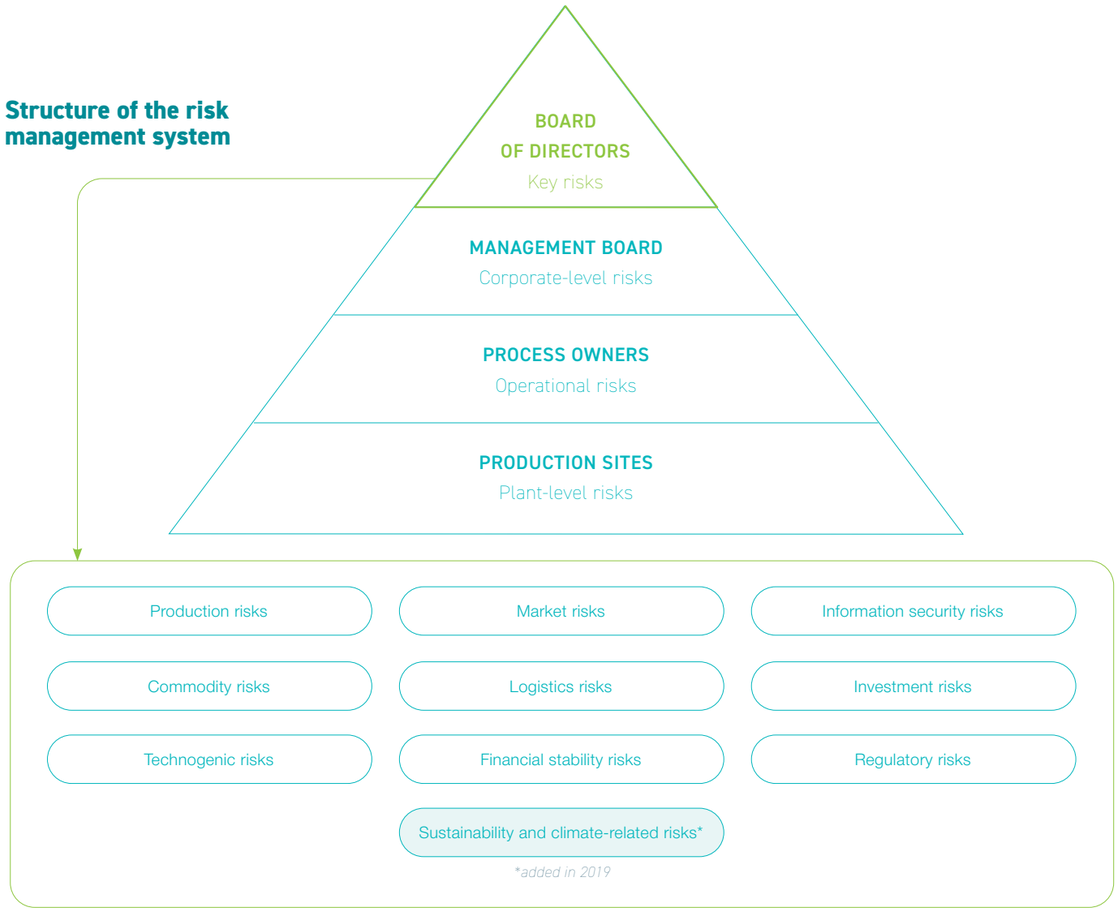
The Economic Security department coordinates RMS processes aimed at countering corporate fraud and corruption.

Departments that manage risks for functional blocks as part of the RMS are in charge of organizing the implementation of RMS elements in all the company's processes.

SIBUR employees are continuously involved in identifying and assessing risks, developing and executing risk mitigation measures and control procedures, and implementing programmes to enhance the RMS.

The Internal Audit department independently assesses the reliability and performance of risk management systems at the corporate and process levels in accordance with the plan approved by the Audit Committee or upon any extraordinary requests from the Committee.

Structure of the risk management system



To address residual risks①, we employ **risk response strategies** and develop action plans for managing key risks. These strategies include:

Risk Response Strategies	Approach
Reduction	Using measures to manage key risks
Acceptance	Deciding whether the risk level is acceptable and accepting the chance of it occurring
Transfer	Distributing responsibilities and obligations by transferring all or part of the risk to a third party
Evasion	Terminating actions that result in the emergence of the risk

SIBUR takes a risk-based approach to industrial safety monitoring and to internal assessments of the compliance of its Integrated Management System (IMS)② with international standards.

SIBUR WINS AWARD FOR BEST RISK MANAGEMENT

SIBUR was named the winner in the Financial Risk Management category at the 2019 Treasurer of the Year Awards and short-listed for Most Improved Treasury Department based on votes submitted by a professional jury from the Association of Corporate Treasurers. The award is one-of-a-kind in Russia; it recognizes outstanding achievements in Treasury in the corporate sector.

SIBUR won the award for developing trade financing tools for buyers in Russia and export buyers, creating banking tools to manage contractors' financial risks, building an integrated approach to insurance and updating its risk management methodology for procurement processes.

In the first half of 2019, SIBUR's property and business interruption insurance programme was awarded Best Corporate Risk Management System at the Russian Risk Management Society's (RusRisk) 2019 Excellence in Risk Management Awards. The insurance programme was developed and implemented in collaboration with AlfaStrakhovanie.

SIBUR's treasury transactions team and AlfaStrakhovanie were also recognized in the Best Corporate Risk Management System category. The awards ceremony was held as part of RusRisk's XVI International Forum "A new dimension to risk management—striving towards the future".

① The risk of an event taking place despite the presence of relevant controls.
② For more details, refer to "Corporate Governance".

Sustainability Risks

GRI 102-15, 201-2

Key sustainability risk and opportunities and management approaches①

Climate-related risks

RISK FACTORS
- introduction of a carbon tax on imported goods by foreign states or their refusal to buy carbon-intensive products, the introduction of a carbon tax in Russia;
- permafrost thawing;
- more frequent and catastrophic extreme weather events.

RISK MITIGATION ACTIONS
- calculating GHG emission indicators for investment projects;
- developing green products ("Sustainable Product Portfolio" section of the 2025 Sustainability Strategy);
- maintaining and upgrading equipment for adaption to changing climatic conditions, including extreme weather events.

OPPORTUNITIES
- continuing to produce goods used to manufacture products that reduce GHG emissions by saving energy (expanded polystyrene insulation) and other resources (reducing food waste with polyolefin packaging, reducing water leakage with highly wear-resistant polyolefin water pipes);
- unlocking the potential of renewable energy sources to cover the needs of SIBUR's production facilities, reducing costs and the carbon-intensity of products.

Risks related to the production and consumption of plastics

RISK FACTORS
- introduction of non-tariff barriers on exports of SIBUR products;
- introduction of a tax on the production of primary polyolefins;
- decline in stakeholder confidence if SIBUR fails to fulfill its 2025 Sustainability Strategy commitments;
- reduced demand for primary polymers;
- reduced attractiveness of plastic packaging due to the introduction of high environmental taxes.

RISK MITIGATION ACTIONS
- analyzing trends and changes in foreign legislation and carbon regulation;
- tracking changes in Russian legislation, participating in the discussion of draft regulations;
- retaining membership of international associations;
- analyzing the strategic sustainability indicators of comparable companies, FMCG② companies, conducting and updating benchmarking against peers' targets;
- implementing a range of measures to boost SIBUR's position on ESG ratings;
- assessing sustainability risks when preparing conclusions on investment projects;
- developing and employing methodologies for assessing the product portfolio according to sustainability criteria;
- setting targets in the 2025 Sustainability Strategy and monitoring them;
- researching solutions for microplastics, complex and difficult-to-process types of plastic, and possible suspension of a number of usage segments;
- raising awareness about plastics and their advantages.

OPPORTUNITIES
- using polymer waste to produce secondary polymer granules, which reduces the carbon footprint of products by preventing waste disposal or incineration;
- advancing and commercializing SIBUR's Reaktor marketplace for recyclable waste, which will drive the development of the secondary polymer market.

① A full list of risks is presented in the 2019 Annual Review.
② Fast moving consumer goods.

Sustainability and climate-related risks were incorporated into the corporate risk map in the reporting year.

The success of our business depends on our ability to react to economic, environmental and social challenges, or in other words, on our sustainability.

The company also highlights opportunities related to sustainability and climate-related risks: they provide insights into hidden potential that can be unlocked in the event of direct exposure to risk factors and used to capture potential gains.

Sustainability and climate-related risks include potential adverse factors and external threats associated with the global sustainability agenda, which is shaping new challenges for business. This is reflected in legislative non-conformity, which leads to additional barriers and limitations, demands from stakeholders and concerns among the wider public about sustainable development and climate change.

To manage sustainability risks more centrally, we created the Sustainable Development Department in 2019 and the Board of Directors of PJSC SIBUR Holding developed and approved the 2025 Sustainability Strategy. The Strategy covers GHG emission reduction targets and the deployment of solutions to drive our transition to a circular economy model.

The identification, assessment and management of climate-related risks are critical elements of our overall risk management approach. We are planning to conduct a climate change scenario analysis in 2021 to assess the impact of various climatic factors on our future financial performance.

We understand that reducing the carbon-intensity of our products is of vital importance to our stakeholders, driving us to undertake the following climate-related risk management measures:
- monitoring changes in climate change legislation;
- supporting programmes that aim to enhance the environmental efficiency of production, in particular by reducing our environmental impacts;
- focusing our R&D activities on the development of low-carbon technologies;
- ensuring rational consumption of feedstock, materials and resources at our production sites, ensuring that recycled raw materials are reused in our production processes to minimize our environmental impact.

Sustainability and climate-related risk factors were integrated into our investment planning processes in 2019②.

SIBUR 2019 results in the Sustainalytics ESG risk rating repreased a major improvement on 2018. The company's ESG risk was deemed average, with SIBUR receiving 25.1 out of 100 points, indicating a significant improvement in our ESG risk management process. Last year, our ESG risks were assessed at 35.5 points, which corresponds to a high level of risk.

③ For more details, refer to "Investment Activity".

Internal Control

Internal control refers to control of the financial and economic activities conducted by the Board of Directors, Management Board, Sole Executive Body and other structural divisions, as well as company employees.

GRI 102-30

The Audit Committee of the Board of Directors is responsible for analyzing the effectiveness of internal control and risk management systems and assessing internal and external audits. According to the Regulations on the Audit Committee of the Board of Directors of PJSC SIBUR Holding (Version 7 of 16 December 2014), the Audit Committee is responsible for developing and issuing recommendations to the Board of Directors on the following:

- the annual independent external audit of the Group's financial statements, including IFRS financial statements;
- the independent external auditor's qualifications, the quality of the services rendered by the auditor, and whether the auditor satisfies the requirements for independence;
- improvements to internal controls and risk management departments;
- an assessment of the effectiveness of internal controls and risk management departments and recommendations for further improvement.

The Committee holds a meeting every year dedicated to audit, risk management and financial management. The Committee's agenda also covers the preparation of a quarterly internal audit report on conducted audits.

The Internal Audit department performed 17 audits in the reporting year. Audits focused on the effectiveness of the internal control system, the tax risk management process and the logistics process, and analysis of the risk management system, the quality and transparency of tender procedures, the standardization of production control techniques across all sites, etc. An industrial safety audit of contractors was conducted in 2019, which produced insights into the performance of the risk management system and resulted in the development of measures and recommendations for further improvement.

The Revision Commission is charged with improving the internal control system and reducing financial and operational risks. According to the Regulations on the Revision Commission of PJSC SIBUR Holding, this body administers control over the company's financial and business activities. The main objectives of the Revision Commission are to:

- administer control over the reliability of financial and accounting information;
- monitor legal compliance of the company's accounting procedures, oversee financial reporting and disclosure to the appropriate authorities and shareholders;
- improve the company's asset management performance and other financial and business activities, reduce financial and operational risks and improve the internal control system.

Key Targets for 2020

1. **create additional methodological guidelines to enable more systematic, higher quality and more accurate calcuations of the consequences of expected risks and to assess the probability of negative impacts on results;**
2. **establish a regulation for a quarterly risk update process by departments and risk owners with a focus on discipline, the completeness and efficiency of provision of information about risks, their re-evaluation and the implementation status of mitigating measures to the general database;**
3. **integrate the risk database into corporate IT systems;**
4. **automate the calculation and generation of risk heat maps for each business segment;**
5. **update the methodologies and tools of the internal control system.**

Business Ethics and Compliance

KEY RESULTS FOR 2019

The Corporate **Code** of Ethics
was updated

The Contractor's **Code** of Ethics
was developed

Approved a new new version of SIBUR's Anti-Corruption **Policy**

Compliance Risk Assessment **Methodology**
was approved

Catalogue of educational resources
including 3 blocks on compliance, created

7 problems were identified
11 remedial actions were developed as a result of face-to-face meetings with employees at our sites

Conducted individual **meetings** between SIBUR's compliance representative and employees at our sites for the first time

2 new risk areas
were added to SIBUR's compliance system:
IT and information policy compliance
and human rights in the workplace compliance

30
confirmed conflicts of interest were uncovered

53
risks were identified in the new compliance risk registry

6
production sites have implemented the compliance system

43
ethics and discipline commission meetings were conducted across all company divisions

2,113 employees
were trained on Corporate Ethics and Compliances Rules

2,493 employees
were trained on anti-corruption practices

2
Ethics and Discipline Committee meetings were conducted by the Management Board

Our Compliance System

GRI 102-16, 102-17, 102-25, 205-2
GRI 205-3, 206-1, 406-1, 419-1

We place business ethics, anti-corruption, the prevention of money laundering and terrorist financing, conflict of interest management and human rights at the heart of everything we do.

The long-standing trust of our stakeholders, earned over many years, is a testament to our success in these areas. As a member of the UN Global Compact, we are committed to upholding its principles against corruption① and in support of human rights②, and we continue to contribute to achieving the SDGs.

We strive to meet the highest standards of business ethics and compliance, and we expect all our partners to share the same values. As part of responsible business practices, ethics and compliance are key focus areas in our 2025 Sustainability Strategy (the Strategy).

The Strategy sets out the following compliance targets:
- adopt a Contractor's Code of Business Ethics;
- create a common educational platform for all of SIBUR's compliance programmes;
- extend the coverage of the compliance system;
- develop a "Human Rights in the Workplace" corporate compliance programme.

GRI 102-16

We are actively working to optimize our compliance system, bringing it in line with international standards and best industry practices. The compliance system is an established organizational structure that we use to maintain proper documentation and apply internal rules, procedures, and measures to ensure that our activities comply with Russian and international legislation, industry standards, and regulatory requirements.

The compliance system helps us:
- create mechanisms to determine and analyze the areas of activity that are most vulnerable to corruption;
- assess relevant risks and develop measures to manage them;
- avoid economic, tax and corruption offences;
- eliminate weaknesses in the corporate business model.

Our compliance system helps us maintain a high level of efficiency throughout our business activities and remain business-oriented and proactive in risk management, in line with our core strategic goals. Our compliance system is underpinned by the recommendations of the ISO 19600:2014 standard (compliance management systems), applicable laws, recommendations of regulators, industry standards and best compliance practices. We obtained ISO 19600:2014 certification in 2018.

① The anti-corruption principles of the UN Global Compact:
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.
② The human rights principles of the UN Global Compact:
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
Principle 2: make sure that they are not complicit in human rights abuses.

The essential principles and management goals of the compliance system are set out in our Compliance Policy, adopted in 2018.

Compliance principles

1. Compliance with the norms of business ethics;
2. Compliance with best Russian and international practices;
3. Acceptance and adherence to the requirements of the compliance system by all employees;
4. Avoidance of violations of the compliance system;
5. Non-obstruction of compliance processes.

We are constantly updating the scope of our compliance system. This is why we added two new risk areas in 2019: IT and information policy compliance and Human Rights in the Workplace compliance.

Focus Areas of the Compliance System

2018 –
- Anti-corruption;
- Anti-monopoly;
- Conflicts of interest;
- Representation expenses and gifts;
- Procurements;
- Personal data processing;
- Labor relations;
- Misuse of insider information.

2019 –
- IT and information policy;
- Human rights at the workplace.

We prepare a report on the compliance system every year to provide stakeholders with a clear account of our main achievements in the reporting year. The details of these reports are available in the Compliance section on the SIBUR website.

The primary objective of compliance is to identify, assess, prevent and monitor any compliance risks that may emerge in the course of our activities. We created a registry of compliance risks in 2019 and adopted the Compliance Risk Assessment Methodology for LLC SIBUR and the sites of PJSC SIBUR Holding. Compliance risks were reassessed for 2020 in accordance with the new methodology.

2 new risk areas
added to SIBUR's compliance system

1 Business Ethics and Compliance Management Approach

We have set up an Ethics and Discipline Committee, which is chaired by a member of the Management Board of LLC SIBUR and includes the heads of departments such as "Economic Security", "Legal Support", "Corporate Services and Management Bodies" and "HR". Each SIBUR site also has its own ethics and discipline commission.

GRI 102-25

Regular meetings of the Ethics and Discipline Committee and commissions are held throughout the year to review any circumstances that may indicate conflicts of interest. In the reporting period, the Committee discussed how ethics and discipline commissions at individual sites reported their activities last year, the results of SIBUR's independence hotline, information about the Compliance Representative programme, proposals to prevent the poaching of SIBUR employees by contractors, fraudulent activities and violations of the Code of Corporate Ethics. Thirty conflicts of interest were confirmed in the reporting year.

All areas of the compliance system are regulated by the corresponding business units, each of which conducts its own compliance programme to minimize risks. The Compliance Manager of LLC SIBUR (Legal Support department) is responsible for coordinating the execution and operation of the compliance system. In the reporting year, the Compliance Manager headed a newly-formed expert group for decision-making with respect to the development and implementation of compliance programmes within the compliance system.

Structure of the Ethics and Discipline Committee

Chaired by Management Board members

Ethics and Discipline Committee

- Meeting legal requirements;
- Adhering to ethical business principles;
- Preventing and monitoring abuses;
- Managing conflicts of interest.

Headed by site general directors

Site Ethics and Discipline commissions

- Considering conflicts of interests that arise; at production sites;
- Assessing identified circumstances;
- Developing measures aimed at eliminating; the cause behind conflict of interests; among employees.

Internal documents regulating ethics and compliance:

- Code of Corporate Ethics;
- Contractor's Code o Corporate Ethics;
- Declaration on observance of ethical and legal standards by the SIBUR Group and its Business Partners.

To ensure compliance with ethical and business conduct standard, we have worked to update existing internal documents on ethics and compliance and develop new ones where required. We developed a new version of the Code of Corporate Ethics in 2019, adding a number of important sections:

- corporate values;
- respect for human rights;
- ethical rules of business conduct for managers;
- relationships with the government and society;
- social media communication;
- responsibility for complying with the Code.

In 2019:

2 meetings of Management Board Ethics and Discipline Committee

43 meetings of ethics and discipline commissions at all sites and facilities

In the reporting year, we also developed a Contractor's Code of Business Ethics, which contains the corporate social responsibility requirements we expect from all the counterparties of LLC SIBUR and the sites of PJSC SIBUR Holding. We are committed to the principles of fair competition and market transparency, and we strive to ensure equal opportunities for all potential counterparties. Our core requirements for counterparties are:

- a sound business reputation;
- compliance with all laws and established rules of corporate and business ethics;
- a zero-tolerance attitude towards corruption in all its forms;
- respect for human rights and freedoms;
- conflict of interest management;
- renunciation of practices such as providing employees with cash, gifts, free services or other material incentives to create a dependence and entice them to act in favor of the party providing incentives;
- protection of confidential and insider information;
- concern for the well-being of employees and occupational safety;
- protection of the environment and compliance with all environmental laws;
- timely notification of cases of actual or possible violations of the provisions of the Contractor's Code of Business Ethics.

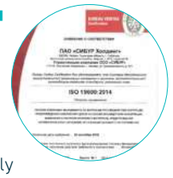
The Contractor's Code of Business Ethics will be adopted in 2020. A clause on compliance with the Code will also be included in contracts with counterparties.

SIBUR'S COMPLIANCE CERTIFICATES

Compliance certificate for

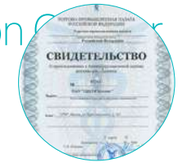
ISO 19600:2014 "Compliance management systems"

SIBUR is one of the first three companies in Russia to certify its compliance with the international standard. SIBUR successfully passed an independent audit in the autumn of 2018 and received a compliance certificate.



Certificate of accession to the Anti-Corruption Charter for Russian Business

SIBUR has been signatory of the Anti-Corruption Charter for Russian Business since 2018.



The compliance system was rolled out at six sites in the reporting year. We launched our Compliance Representative programme, made up of 25 employees, to ensure the effective operation of the system at each site and increase the involvement of business representatives in the compliance processes. This means that compliance representatives, who are regularly stationed at our production sites, bear responsibility for the implementation and proper operation of the compliance system at each facility. The main stages of the Compliance Representative programme are:

- adoption of compliance documents;
- internal compliance audits;
- compliance risk assessments;
- determination of compliance areas;
- development of compliance programmes.

Eleven internal compliance audits were conducted across a range of SIBUR departments as part of the programme in 2019.

The rollout of the compliance system will continue in 2020 and is set to cover six more sites over the course of the year.

2 Anti-corruption Compliance and Conflict of Interest Management

We uphold the highest standards of business ethics, transparency and integrity, which we also apply when working with foreign counterparties, regardless of the business practices or other norms in particular jurisdictions. Our core documents regulating anti-corruption clearly state our opposition to corruption in all its forms, both in day-to-day life and when delivering strategic projects. We ensure compliance with Federal Law No. 273-FZ "On Combatting Corruption" of 25 December 2008 and are guided by the principles of the UN Convention Against Corruption. Procedures for ensuring compliance with the anti-corruption legislation are set out in the company's business process regulations.

To develop anti-corruption compliance programmes and enhance conflict of interest management, we approved a new version of the Anti-Corruption Policy of LLC SIBUR and the sites of PJSC SIBUR Holding, included an anti-corruption clause in all employment employment contracts, formalized anti-corruption procedures for business hospitality and conducted an annual conflicts of interest declaration. The anti-corruption clause in SIBUR contracts stipulates that business partners must comply with all applicable anti-corruption, anti-money laundering and anti-terrorism laws and regulations when fulfilling their obligations.

Main corporate documents regulating anti-corruption

Anti-Corruption Policy

Identification, prevention and minimization of cases of illegal, unethical, corrupt conduct among SIBUR employees

Code of Corporate Ethics

Promotion of honest and ethical business conduct, prevention of abuse and legal violations

3 Insider Information Compliance

SIBUR maintains a high level of corporate governance and sees an effective insider information compliance system as a key priority. This area of compliance is aimed at countering the misuse of insider information, and especially the use of non-public information that, once disclosed, may affect the market value of the company's securities. We adopted an Insider Information Policy① to ensure compliance with Russian legislation.

The policy establishes the procedures for using and accessing insider information and regulates how lists of insiders and insider information should be maintained.

In the reporting year, the risk map for insider information was updated, a new version of the Insider Information Policy was approved, and a memo was prepared for insiders with links to documents and contacts who can be contacted if any questions arise.

① For more details, refer to the Corporate Documents section on the corporate website.

4 Information Policy and Personal Data Processing Compliance

As SIBUR is an operator of personal data, we take the adequate and necessary legal, organizational and technological measures to protect information that includes personal data. Our Personal Data Processing Policy defines the main goals, procedures and conditions for processing personal data, as well as measures to ensure its security.

We implemented the following measures in 2019:
- standardized consent forms to ensure compliance with Federal Law No. 152-FZ of 27 July 2006 "On Personal Data";
- audited the procedure for obtaining consent for personal data processing, including in the company's information systems;
- mitigated data risks stemming from stricter legislation that requires databases containing personal data to be localized in Russia.

5 Procurement Compliance

Rigorous regulation of the procurement process is another important mechanism for ensuring the transparency of our business operations. To achieve this, we have implemented the following measures to determine the fundamental principles for organizing and conducting procurement procedures and established common requirements for contractors②:
- developed an updated approach to contractor qualification③;
- formulated the requirements for the separate Compliance in Procurements block;
- published the Procurement Policy;
- finalized a standard list of tender documents that specify contractor selection criteria, the business reputation requirements for tender procedures, where information about the results of tenders should be published, the tools to be used when conducting tenders and feedback mechanisms for tender participant.

6 Anti-monopoly Compliance

GRI 206-1

SIBUR also analyzes the anti-monopoly practices and risk prevention experience of other companies to improve control procedures and adapt training and informational materials for employees.

In the reporting year, we received 66 requests from the anti-monopoly regulator in order to analyze the company's activities and investigate the market.

SIBUR was involved in a number of anti-monopoly investigations in 2019: one investigation was related to the procedure for using infrastructure facilities, and two more were related to the procedure for conducting corporate and commercial procurement procedures. In all cases, we either fully cooperated with all the proceedings, or the anti-monopoly authorities decided to drop the investigation due a lack of evidence that antitrust laws had been violated.

② For more details, refer to "Sustainable Product Portfolio".
③ For more details, refer to the Procurements section on the corporate website.

7 Training

GRI 205-2

Making sure our employees and contractors are fully aware of all compliance requirements is a priority for us. All new hires must complete training courses on anti-corruption compliance and the rules of business ethics. We are promoting the importance of compliance among university students as well.

A case study based on PJSC SIBUR Holding's experience was developed to teach business ethics and corporate social responsibility for the Russian Business Ethics Network (RBEN). The case study is used to teach students from the Higher School of Economics (HSE) in Moscow and St. Petersburg. SIBUR's Compliance Manager also promotes compliance at the Russian Presidential Academy of National Economy and Public Administration (RANEPA) for master's students in relevant disciplines.

In the reporting year we also created a webinar course on compliance for our contractors. This course is designed for managers and department heads, as well as any employees responsible for ensuring anti-corruption compliance.

We created a catalogue of SIBUR educational resources in 2019, comprising **three blocks:**

1. **An expanded course for Compliance Representatives** (a seven-hour webinar-based training, split into blocks). Objectives: To familiarize participants with the concept of compliance and the main requirements for performing the functions of a Compliance Representative;
2. **A course for all divisions that perform compliance duties** ("HR Management", "Production Support", "Raw Materials Support" and other departments related to procurement, "Information Technology"), (a three-hour webinar-based training, split into blocks). Objectives: To familiarize employees of high-risk divisions with the main requirements of SIBUR's compliance management system;
3. **A course for managers** covering the relevant compliance functions. Objectives: To familiarize managers with key risk areas to empower them to make decisions about SIBUR's compliance management system.

We plan to roll out the training blocks for improving the compliance system and compliance requirements for all levels of management in 2020.

GRI 205-2

SIBUR regularly communicates its anti-corruption policies and methods to all employees and members of senior management. All members of management bodies are informed about and receive training on our anti-corruption policies and practices. A total of 2,493 employees received training on anti-corruption practices in 2019. More detailed information is presented in "Anti-corruption Training" in the appendices.

In December 2019, we held SIBUR Employee Awareness Day (timed to coincide with International Anti-Corruption Day) to educate them about compliance requirements with specially designed training materials.

2,493
employees
completed anti-corruption training in 2019

8 Membership of Associations and Participation in Conferences

SIBUR proactively takes part in compliance and business ethics conferences and is a member of a number of authortative organizations that work to develop anti-corruption policy in Russia and internationally.

We held our
first
compliance session
in Moscow in 2019, bringing together specialists from various sectors where representatives of SIBUR and top Russian and international companies such as SUEK, VimpelCom, Rosnano, Saint-Gobain and Deloitte CIS shared examples of best practices.

SIBUR's Compliance Manager is the Director for Ethics for the Gas Processing and Petrochemicals Industry at the Russian Business Ethics Network (RBEN).

SIBUR is also a member of the Ministry of Labor and Social Protection of the Russian Federation's interdepartmental working group on enforcement of Russian anti-corruption law in government and business, which develops proposals to improve anti-corruption legislation.

Our employees were invited to participate in several conferences and events as speakers in 2019:

- XV International Research Conference, "Corporate Social Responsibility and Business Ethics";
- conference on anti-corruption in the private sector "Organization of SIBUR's business processes in accordance with ISO 19600: 2014 Compliance Management Systems", organized by the Russian Labor Ministry and the Prosecutor General of Russia;
- Compliance: Building an Effective Corporate System, PRAVO.RU;
- Legal Risk Management Forum: Trends 2020;
- V Compliance Case Forum, "Gradual Fostering of a Culture of Employee Responsibility to Create and Maintain a Robust Compliance System. Ethics Aspects of Compliance in Practice";
- compliance Club, "Counterparty Due Diligence as an Integral Part of a company's Compliance System: SIBUR's Experience".

SIBUR PRESENTS AT THE THE ROLE OF BUSINESS IN ANTI-CORRUPTION CONFERENCE

SIBUR's Compliance Manager was invited to present a report on the company's experience building a compliance system and describe its achievements in 2017-2019. The conference was organized by the Russian Labor Ministry and the Prosecutor General.

SIBUR's proposal to approve an exhaustive list of requirements for anti-corruption measures to avoid subjective interpretations of the legislation garnered particular traction at the conference. We also proposed actively promoting reliable media coverage of any information concerning the actions of government authorities.

SIBUR'S DIRECTOR FOR LEGAL SUPPORT WINS THE SUCCESS AWARD

The Union of Corporate Lawyers (UCL) hosted a reception to mark Russian Constitution Day and its 15th anniversary. Alexey Nikiforov won in the Achievement of the Year category for creating SIBUR's compliance risk management system. In 2018, we became one of the first companies in Russia to successfully pass an independent audit certifying its compliance with the international standard ISO 19600:2014 — Compliance Management Systems.

Human Rights

GRI 406-1, 419-1

Respect for human rights is the principle that guides how we interact with all our employees and stakeholders.

We guarantee that we will uphold and protect the rights of our employees in accordance with the principles and approaches set out in the following documents:

- Universal Declaration of Human Rights;
- UN Global Compact and SDGs;
- Constitution of the Russian Federation;
- Labor Code of the Russian Federation;
- International Labor Organization Declaration on Fundamental Principles and Rights at Work;
- International Covenant on Economic, Social and Cultural Rights;
- UN Guiding Principles on Business and Human Rights;
- Declaration on the Rights of Indigenous Peoples.

The principles of human rights are written into SIBUR's Code of Corporate Ethics and the 2025 Sustainability Strategy.

We respect the rights and freedoms of our staff, treat all our employees with trust, provide them with equal opportunities and decent and safe work conditions and ensure that everyone who works for us is paid on time.

Everyone who comes to work for us receives equal career advancement opportunities. We uphold the principles of tolerance and respect for all employees regardless of age, gender, race, nationality, ethnicity, skin color, language, faith and religious beliefs, wealth, social and marital status, political convictions or affiliation with public associations. We only restrict access to certain positions, such as dangerous professions, when required to by law.

Our Code of Corporate Ethics STRICTLY PROHIBITS:

- actions that humiliate the honor and dignity of others;
- offensive comments and (or) actions involving race, nationality, religion, ethnicity, skin color, language, gender, age, wealth, social and marital status,political beliefs, physical disabilities or other grounds;
- the distribution and display of materials that offend people's moral, national or religious feelings;
- the spreading of false information that discredits the honor and dignity of employees or undermines their reputation.

Employees must immediately report any actual or suspected violations to the Legal Support department of the Management Organization by emailing compliance@sibur.ru. We recognize that occupational health risks have an impact on the personal health of our employees and take responsibility for ensuring that they have social protections, a safe environment and decent wages.

SIBUR has completed the following INITIATIVES IN THE REPORTING PERIOD AIMED AT ENSURING HUMAN RIGHTS:

- conducted a self-assessment of SIBUR's business in accordance with the recommendations of ISO 26000:2010 — Guidance on Social Responsibility, the findings of which will be assessed in 2020;
- updated the Code of Corporate Ethics with an additional section on Human Rights in the Workplace;
- developed a Contractor's Code of Business Ethics that includes a "Respecting Human Rights" subsection;
- created an informational video clip on human rights in the workplace.

We have developed a Human Rights Policy, which will be approved in 2020. This policy articulates the core principles and tools we use to defend human rights, as well as our guarantee that these rights will be upheld throughout all our business activities.

THE CORE PRINCIPLES ARE:

- fair treatment of all employees and stakeholders based on respect for their dignity and free of discrimination;
- respect for the rights of employees to freedom of assembly, association, opinion and expression;
- prohibition of forced and child labor;
- provision of decent working conditions and compensation sufficient to meet the basic needs of employees;
- provision of a safe and healthy workplace environment for all employees;
- compliance with all applicable environmental and health and safety laws;
- respect for the rights, cultural characteristics and customs of local communities in our regions of presence, including indigenous peoples;
- open dialog with stakeholders;
- zero tolerance of corruption.

The principles of the Human Rights Policy will apply to our relationships with all stakeholders: employees, the employees of suppliers and contractors, public and private sector counterparties, local communities in our regions of presence and any other parties we have an impact on.

THE MAIN APPROACHES WE USE TO ENSURE RESPECT FOR HUMAN RIGHTS INCLUDE:

- communicating the Policy to all stakeholders (including employees and contractors);
- informing and effectively engaging with all parties affected by our activities;
- analyzing key risks related to human rights, including gender-based discrimination or potential impacts on vulnerable groups;
- training employees;
- tracking legal changes in our countries of presence and international human rights standards;
- cooperating with government and law enforcement agencies on human rights issues;
- swiftly and objectively investigating all issues reported via the hotline;
- improving human rights standards and practices to protect the victims of violations;
- publishing relevant information about human rights in accordance with universally recognized international principles and the laws of countries of presence in the annual Sustainability report;
- regularly updating our Human Rights Policy to reflect Russian and international human rights standards.

IF ANY VIOLATIONS OF HUMAN RIGHTS ARE IDENTIFIED WE:

- rectify the root causes of these violations;
- implement programmes aimed at creating a safe and friendly work environment①;
- conduct a comprehensive overview of human rights compliance in business processes, including impact assessments;
- work closely with stakeholders when assessing and rectifying violations;
- perform regular monitoring to prevent potential human rights violations.

In line with Article 21 of Federal Law No. 181-FZ "On the Social Protection of the Disabled People in Russia" of November 24 1995, we promote the recruitment of people with disabilities①.

① For more details, refer to "Employees".

GRI 419-1

We incurred financial sanctions totaling RUB 0.756 million in the reporting year for non-compliance with socio-economic requirements and incurred three non-monetary sanctions in the form of warnings.

The Human Rights in the Workplace compliance programme was incorporated into SIBUR's compliance system and rolled out at six sites. This programme ensures adherence to all local and international human rights legislation and guarantees protection against all forms of discrimination and harassment.

In 2020, we plan to continue developing and implementing our Human Rights in the Workplace compliance programme at a number of sites. We will conduct risk assessments of this compliance area and develop mitigation measures.

We conducted a range of activities to create a 2020 action plan for human rights and develop the Human Rights in the Workplace compliance programme:

- held face-to-face meetings with employees and developed corrective measures;
- analyzed issues reported via the hotline;
- updated the Contractor's Code of Business Ethics to address issues detected during the above-mentioned analysis.

SIBUR works closely with stakeholders on all matters related to human rights and takes any feedback they offer us very seriously. We place particular importance on initiatives that reduce the impact we have on the environment and improving the lives and well-being of local communities in our regions of presence.

Please refer to the sections for more detailed descriptions of our initiatives to protect the rights of employees and local communities:

"Employees",
"Occupational Health and Safety",
"Contribution to the Development of Local Communities".

Hotline and Feedback

GRI 102-17

To promote fair and ethical business conduct and prevent violations, we have set up an internal hotline for employees and contractors.

In 2019, we also launched a new independent hotline with an external operator. This means that all our employees can report information about corruption, fraud, discrimination and any other human rights or legal violations in full confidence and confidentiality. The information we receive is collected and processed by an independent operator, Deloitte CIS, which guarantees confidentiality, in line with Russian legislation. We compile monthly statistics on the number of reports and their subject matter and issue a report on the hotline's operation for senior management on a quarterly basis. The hotline received 84 calls in March to December 2019.

We approved the Policy for reporting Legal Violations of LLC SIBUR and the sites of PJSC SIBUR Holding. The Policy aims to motivate employees and third parties to inform SIBUR's management about any violations in good faith and without fear of retaliation. We have approved a procedure for dealing with anyone reporting legal violations.

SIBUR INDEPENDENT HOTLINE

+7 800 500-08-74
sibur-hotline@deloitte.ru
https://sibur.deloitte-hotline.ru
compliance@sibur.ru

Procedure for handling calls to SIBUR's independent hotline

All call are received by an independent operator, Deloitte, registered and submitted to a compliance manager for consideration. The call can be made anonymously or the caller can leave their contacts details.

The compliance manager processes the call on the day of receipt, transmits it to the compliance representatives at the relevant production site and sends a reply to the caller.

A compliance representative sends the interim status of the call to the compliance manager within five working days, even if the consideration is not yet complete.

The overall deadline for consideration of a call depends on the completeness and accuracy of the specified information, availability of supporting documents and the type of offence.

After the investigation, the compliance representative sends a response to the compliance manager.

After the investigation, the compliance manager notifies the caller of the results. No notification will be sent if the caller is anonymous.

GRI 102-17, 205-3

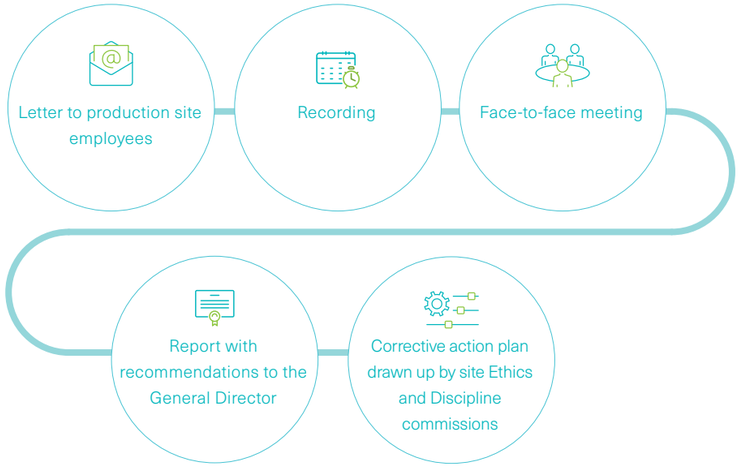
We conducted individual meetings with employees at our sites for the first time in the reporting year in order to build a positive social workplace environment and effectively manage compliance risks. All employees were graned the opportunity to personally meet with the Compliance Manager to express their opinions about any problem and be heard.

Meetings covered the following issues:
- non-compliance with company policies;
- deliberate violations of the law;
- unprofessional conduct;
- failure to resolve problems that could cause significant damage to the company;
- buse of office;
- discrimination;
- conflicts of interest.

An independent organization surveyed SIBUR employees on their attitude towards compliance and the effectiveness of the compliance system in December 2019. The objective of the survey was to measure employee awareness of our compliance initiatives and the level of support for them, as well as to gather feedback on the operation of the ethics and compliance hotlines. More than 5,900 employees were surveyed.

We took the findings of face-to-face meetings, the independent survey and calls to the hotline into consideration when drawing up the Contractor's Code of Business Ethics and the latest version of the Code of Corporate Ethics.

Procedure for individual meetings between the compliance manager and production site employees



Following face-to-face meetings with employees at production sites, we identified

7 problems

developed

11 remedial measures

Society and Partnership

Building a constructive dialogue and delivering value for all stakeholders are among our top priorities. We take the opinions of stakeholders into consideration, rely on best practices and share our experience with partners, all guided by the vision set out in our Sustainability Strategy.

SIBUR is reacting swiftly to the evolving situation surrounding the COVID-19 pandemic, with a particular focus on protecting the health of its employees and continuing to deliver world-class customer service. We created a special unit to coordinate measures to combat the spread of COVID-19, monitor the situation from all angles and work with government authorities. The Committee on Ecology, Sustainable Development and Social Investment is involved in determining SIBUR's next strategic steps.

Stakeholder Engagement

The interests of key stakeholder groups are closely intertwined with the most pressing issues on the global sustainability agenda and the critical challenges facing the petrochemicals industry today.

We are currently observing the following key trends:
- stricter environmental and climate-related regulations from Russian and international regulatory authorities;
- Increased stakeholder interest in the environmental aspects of production and the product life cycle, its sustainability and safety;
- growing requirements for recycling and use of secondary raw materials in the B2B segment①, the transition from a "linear" to a "circular" model in the B2C segment;
- rising interest from investors and financial institutions in how companies address sustainable development and manage ESG considerations.

GRI 102-43

We understand that these are long-term trends and are therefore making every effort to quickly and effectively react to these challenges in line with our Strategy and values, while providing stakeholders with complete and accurate information about our performance.

GRI 102-42

We defined stakeholder groups based on internal consultations conducted with key SIBUR departments.

① A transaction between businesses.

GRI 102-40, 102-44

KEY ISSUES DISCUSSED AS PART OF STAKEHOLDER ENGAGEMENT IN 2019

Stakeholder group	Material topics ⓘ	Key engagement issues
Shareholders and investors (including from abroad)	Economic performance Business ethics, anti-corruption, legal compliance and human rights Corporate governance Innovation and R&D Circular economy Employee health and safety Greenhouse gas emissions and climate change	Commissioning and start-up of ZapSibNeftekhim, plans to achieve operating capacity targets Delivery plans for investment projects Financial and operational performance ESG management, development and delivery of the Sustainability Strategy Establishment of the Sustainable Development Committee of the Board of Directors Digital transformation
Employees	Employee engagement, training and development Employee health and safety Economic performance	Outfitting of the ZapSibNeftekhim plant Engagement through the learning and development process (obtaining soft competencies, adapting to digital transformation processes, integrating the WorldSkills methodology, creating a corporate business education programme, etc.) Survey on employee engagement as part of the Energy of SIBUR programme Development of the corporate volunteering programme Integration of the "One Team" and "Cooperation" values in the workflow Implementation of initiatives within "SIBUR's Production System" ("Continuous Improvement" and "Improving Labor Productivity")
Clients (including from abroad)	Customer centricity Corporate governance Responsible supply chain Digitalization Circular economy Waste Management Employee engagement, training and development Employee health and safety Diversity and equal opportunities Greenhouse gas emissions and climate change	Commissioning of ZapSibNeftekhim Launch of the SIBUR PolyLab R&D center for developing and testing polymer products Construction plans for the Amur Gas Chemical Complex (GCC) Launch of the RSEPL butyl and halobutyl rubber production joint venture in Jamnagar, India Launch of maleic anhydride (MAN) production at SIBUR Tobolsk Launch of DOTP production at Sibur-Khimprom Reconstruction of the terephthalic acid production complex at POLIEF Creation of the "Export School" and other educational courses Consulting on polymerization, formulation, quality, equipment specifications and setup and employee training Engagement through the annual customer satisfaction survey

ⓘ For more details refer to "About this report".

Stakeholder group	Material topics ⓘ	Key engagement issues
Business partners and suppliers (including from abroad)	Business ethics, anti-corruption, legal compliance and human rights Economic performance Customer centricity Corporate governance Responsible supply chain Product life cycle management Innovation and R&D Circular economy Employee health and safety Employee engagement, training and development Diversity and equal opportunities	Roll-out of SCM 3.0 Approaches for managing ESG aspects Training on occupational health and environmental safety for the employees of contractors
Governments and regulators	Pollutant emissions Greenhouse gas emissions and climate change Water consumption and wastewater discharges Economic performance Innovation and R&D Employee health and safety Circular economy	The Formula for Good Deeds programme Delivery of investment projects Meetings and other events with representatives of Rostechnadzor and the State Labor Inspectorate Delivery of the Tobolsk 2020 programme Interaction through social and economic cooperation agreements Membership of RSPP and contribution to the realization of national projects
Communities in regions of presence	Engagement with local communities Pollutant emissions Waste management Water consumption and wastewater discharges Biodiversity	The Formula for Good Deeds grant competition Implementation of interregional and other socially significant projects in regions of presence, including those involving volunteers Implementation of grant and volunteering projects Continuation of the Tobolsk 2020 programme Engagement through Formula for Good Deeds performance assessments
Non-profit organizations	Engagement with local communities Pollutant emissions Waste management Circular economy Water consumption and wastewater discharges Product life cycle management Biodiversity	Release of the Sustainability report at public hearings Discussions on the circular economy, plastic waste recycling, innovation, trade, energy and legislation at events organized by international industry associations Presentation of the results of the Formula for Good Deeds grant competition
Mass media	Business ethics, anti-corruption, legal compliance and human rights Responsible supply chain Product life cycle management Energy efficiency and consumption Pollutant emissions Greenhouse gas emissions and climate change Circular economy Waste management	All the material topics listed above, depending on the type of media outlet

PARTICIPATION IN ESG RATINGS

Our sustainability activities are regularly assessed by independent analytical centers and ratings agencies such as MSCI, Sustainalytics, EcoVadis and CDP.

We are currently working to incorporate the requirements of ratings agencies into all our business processes, we are actively working with functional units to develop these requirements. The Sustainable Development Department monitors sustainability trends and communicates with ratings agency representatives.

MSCI

B — current company valuation

The MSCI assessment is based on information disclosed in sustainability reports and other publicly available sources. SIBUR successfully improved its standings for corporate governance, GHG emissions and water consumption in the reporting year. Our current rating is B. Among areas for improvement, MSCI cited risk management for chemical safety, opportunities in clean technologies and the management of hazardous emissions and waste. Our corporate governance practices were highlighted as one of our strengths, putting us among the ranks of global leaders.

SUSTAINALYTICS

63 — current company valuation

Sustainalytics assesses our business activities on the basis of data obtained from open sources. Our current score is 63, putting us in the Average Performer category, on par with comparable companies in the industry. We have improved our position for environmental criteria and corporate governance. According to Sustainalytics, areas for improvement include the management of social aspects when interacting with contractors and development of sustainable products and services. Corporate governance practices and the management of economic and environmental incidents were highlighted as our strong points.

CDP

C — level that corresponds to the level of Awareness

Every year, SIBUR completes a CDP questionnaire in which it discloses information on the results of its activities in the area of climate impact. We received a C rating from CDP, denoting Awareness (company with an understanding of its climate impacts). We are employing significant resources to reduce our carbon footprint, guided by the goals of our Sustainability Strategy and are planning to integrate TCFD recommendations over the next couple of years.

ecovadis

60 — SIBUR's assessment in 2019

SIBUR received an EcoVadis score of 60 in 2019. Areas for improvement included our interactions with suppliers on sustainable development issues. We are currently considering applying to join the Together for Sustainability (TfS) industry initiative, which aims to improve the sustainability of global supply chains.

SIBUR NAMED A LEADER IN RSPP'S SUSTAINABILITY INDEX

RSPP published its fifth "Responsibility and Openness" and "Sustainable Development Vector" indices in December 2019, compiled since 2014. The indices are based on an analysis of the reporting of major Russian companies. RSPP's indices are the only independent tools for assessing sustainability performance in Russia; they were created to identify the leaders in responsible business practices on the Russian market. The indices have been included on the international ESG ratings database The reporting Exchange.

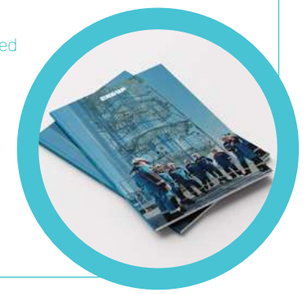
Leader of the "Responsibility and Transparency" and the "Vector of Sustainable Development" Indexes

The "Responsibility and Openness" index recognized 34 companies as leaders, and the "Sustainable Development Vector" index named 30 leaders. SIBUR was listed as a leader in both indices in 2019.

SIBUR'S SUSTAINABILITY REPORT WINS MOSCOW EXCHANGE AWARD

Our 2018 Sustainability report won a prestigious Russian sustainability award at the PJSC Moscow Exchange's XXII Annual reporting Awards in the RSPP category Best corporate social responsibility and sustainable development report. The category recognizes the companies that disclosed the most complete data about their economic, environmental and social activities. A total of 61 reports were submitted for the prize in 2019.

Winner in the nomination "Best report on corporate social responsibility and sustainable development"



SIBUR's main information portal for stakeholder engagement is our

sibur.ru/en/

official website

as well as resources such as:

- the dedicated Investor Relations page, which contains information about our performance, debt instruments and events;
- our page for Applicants, Students and Interns with up-to-date information about our current vacancies;
- our corporate magazine "SIBUR Today" with the latest news, events and opinion;
- the website for the Formula for Good Deeds program, where we post the latest news about SIBUR's charitable; initiatives and where applicants can enter our grant competition;
- the "SIBUR for Clients" magazine page, devoted to shedding light on topics of interest to our clients with news and FAQs;
- our official pages on VKontakte, Facebook, Instagram, etc.

The main information resources for our employees are the

"CLICK"

corporate social network ,

our monthly newsletter detailing important news and events and the "SIBUR Team" newspaper. We updated our channel Indoor TV① and corporate radio in 2019 to make them more accessible.

In response to the COVID-19 outbreak, we have also created a separate page with information about the measures we have taken, useful links for employees and answers to important questions about the current situation.

① Internal corporate television channel.

Associations and Partnerships

GRI 102-12, 102-13

Forging international partnerships, raising awareness and exchanging experience and know-how are foundational principles that help us make our ambitious sustainability plans a reality.

SIBUR is currently partnering with several Russian and international initiatives to develop best practices in the petrochemicals industry and boost the sustainability of production and the product life cycle.

Russian Chemists Union (RCU)

The RCU is a non-profit organization that brings together chemical sector companies, scientific research institutes, chemicals unions and associations and vertically-integrated corporations (600 members in total).

SIBUR is an RCU member and it works closely with the union on a number of industry initiatives. SIBUR has been a signatory of the voluntary international Responsible Care Initiative since 2014, which is being implemented in Russia with the support of the RCU.

The popular science magazine

AllKhimiya

is a joint project

between SIBUR and the Russian Chemists Union

Russian Union of Industrialists and Entrepreneurs (RSPP)

The Russian Union of Industrialists and Entrepreneurs is a nationwide organization that represents the interests of the business community in Russia and on the international stage.

SIBUR is involved in the RSPP Ecology and Resources Committee's efforts to improve environmental legislation, and it has been a member of the Social Responsibility and Sustainable Development Committee since 2019. We also submit our sustainability reports to the RSPP Council for Non-Financial reporting's public assurance procedure every year.

European Chemical Industry Council (CEFIC)

The European Chemical Industry Council (CEFIC) partners with EU regulators, providing a platform for open dialogue and exchange of experience for companies across the sector. The Council lends a voice to 29,000 large, medium and small chemical companies and 640 members of the business community, partners and industry associations. CEFIC promotes and coordinates the Responsible Care programme.

Through its participation in CEFIC, SIBUR is also a member of the European Ethylene Producers Committee and Technology Suppliers (EEPC, part of CEFIC). Membership to the Committee gives SIBUR access to working groups that discuss sustainable development, innovation, trade, energy and laws that affect the petrochemicals sector.

International Responsible Care programme①

Responsible Care is a voluntary initiative that helps gloabal chemicals industry companies improve their health, safety, and environmental performance. Responsible Care has been recognized by the UN Environment Program (UNEP), as an initiative that ensures the sustainable development of companies and the chemicals industry as a whole. Companies use Responsible Care to effectively manage their activities and product life cycles, as well as to engage with their stakeholders.

UN Global Compact (UN GC) since 2019

The UN GC is the world's largest corporate sustainability initiative, calling on companies to transform their businesses for the good of society, the environment and the future of the planet.

SIBUR joined the initiative in autumn 2019, taking on voluntary commitments to uphold the 10 principles of the UN Global Compact and produce an annual report on the progress achieved.

Task Force on Climate-related Financial Disclosures (TCFD) since 2019

The TCFD is a working group created by the Financial Stability Board that aims to develop consistent climate-related financial risk disclosures for companies to use.

SIBUR announced its support for TCFD in 2019 and intends to take decisive action to reduce its climate impacts, in line with its Sustainability Strategy.

① For more details, refer to "Pollutant Emissions".

PlasticsEurope and Operation Clean Sweep②

PlasticsEurope is a leading pan-European③ association for plastics manufacturers. The association facilitates exchange of experience, raises awareness of the beneficial properties of plastics, supports members in their interactions with regulators and forges alliances with various stakeholders across the plastics value creation chain.

Membership of the Operation Clean Sweep initiative is a necessary requirement to participate in the association. Minimizing leakage of plastic particles into the environment as part of Operation Clean Sweep is one of the goals of SIBUR's Sustainability Strategy.

World Plastics Council

The Council works to promote the responsible production of plastic and plastic recycling across the globe; it is focused on preventing the pollution of the world's oceans.

Petcore Europe since 2019

Petcore Europe is an association representing the complete PET④ value chain in Europe. Petcore Europe promotes the development of innovative, recyclable packaging solutions and works with a wide range of stakeholders to ensure a continuous increase in the volume of PET waste collected and recycled.

World Economic Forum (WEF)

The World Economic Forum is an international organization headquartered in Geneva, Switzerland. The Forum brings together thousands of companies from across the world and organizes events that promote discussion of the most pressing issues on the global economic agenda.

SIBUR announced that it had launched extended front-end engineering and design (FEED) for the Amur GCC's polyethylene units at Davos in 2019.

SIBUR'S INVOLVEMENT IN SUSTAINABILITY EVENTS

Our senior management make frequent appearances at conferences, forums and round-tables on sustainable development. A number of events were held throughout 2019 that discussed practices in environmental protection, corporate volunteering and the prospects of the circular economy:

- the Head of SIBUR's Sustainable Development Department, Maxim Remchukov, spoke at a conference on the development of the international Responsible Care programme, organized by the RCU and CEFIC;
- Sergei Vishnevky, Head of SBS Polymers Sales, took part in a round-table on green chemistry and the technical regulation of safe chemical products as part of the K 2019 Plastics and Rubber Trade Fair;
- Maxim Remchukov spoke at RSPP's Canada-Russia Conference on the impact of the sustainable development agenda on business strategy and CSR practices;
- PJSC SIBUR Holding Management Board Chairman, Dmitry Konov, spoke during a session on the ESG Race for USD 30 Trillion in Investment at the St Petersburg International Economic Forum;
- Maxim Remchukov took part in the Interplastica International Forum;
- Dmitry Konov took part in the Eastern Economic Forum;
- LLC SIBUR's Management Board Chairman, Mikhail Karisalov, participated in the Russian Energy Week Forum;
- Maxim Remchukov took part in the III Climate Forum of Cities;
- the Head of the Regional Business Support department, Stanislav Kasparov, spoke at the VIII Corporate Volunteering: Business and Society Forum in Moscow.

② For more details, refer to "Environmental Protection".
③ Covering all Europe.
④ Thermoplastic polyester, used in the production of synthetic fibers, films and plastic packaging.

Key Goals

SIBUR's goals for society and partnerships:

1. **join international associations of petrochemical companies that contribute to improving plastic waste management, promoting recyclable packaging and developing green technologies;**
2. **develop our relationship with the World Economic Forum, including on sustainable chemistry and low-carbon technologies in the chemicals industry;**
3. **increase our presence in working groups of international associations (PlasticsEurope in particular);**
4. **articulate SIBUR's sustainability agenda to the wider public (at forums, conferences and in the media);**
5. **contribute to the creation of a communication agenda regarding the advantages of plastics across their entire life cycle and the responsible use of plastics;**
6. **develop and set sustainability criteria for procurement activities;**
7. **develop and adopt social policies (specifically policies covering humans rights, working conditions, child labor, equality, etc.).**

Sustainable Product Portfolio

SIBUR strives to manage the impact its products have throughout their entire life cycles: from the processing of feedstock and the production of polymers to design and recycling.

Quality, safety, the sustainability of resources and finished products, the energy efficiency of production, a responsible supply chain and innovation and R&D are the criteria that underpin our concept of a sustainable product portfolio.

In creating our sustainable portfolio, we are guided by the principles of the circular economy, and we endeavor to use resources as efficiently as possible at every stage of the value chain. Plastic recycling projects are one of the key focuses of our sustainable portfolio.

KEY RESULTS FOR 2019

Signed
an agreement
with the Ministry of Natural Resources and the Enivronment of the Russian Federation and REO on building an effective waste processing system based on best circular economy practices

Included the Sustainable Product Portfolio
block as a focus area in SIBUR's Sustainability Strategy

Launched online marketplace
the Reaktor
which connects all parties involved in the recycling process

Opened
SIBUR PolyLab
Russia's first R&D center for developing and testing polymer products

Won the award
ChemiCos Unique
in the Production and Technology category for developing additives that impart special properties to BOPP films

Set up a expert team
of **"Circular Economy"**
within SIBUR's new Sustainable Development Department

Diversification of the product portfolio is another key component of sustainability. SIBUR products are sold on the Russian and international markets and are used by a wide range of industries that are experiencing various rates of expansion. Such industries include petrochemicals, consumer goods, construction, automotive engineering, the fuel and energy sector and others①. Our presence in the gas processing and petrochemical sectors gives us the opportunity to expand the range of end products we offer.

This has a positive impact on our financial performance and works to our advantage when oil and gas prices change.

Sustainable Product Portfolio was included as one of five focus areas in SIBUR's Sustainability Strategy. Our strategic goals target R&D, the supply chain, resource processing capabilities and end products.

2025 TARGETS

SECTION②

1	Increase investment in R&D projects aimed at processing plastic wasteand involving renewable raw materials by **50%**	Innovation and R&D
2	Ensure that PET with recycled granule content accounts for **>40%** of total PET production	Innovation and R&D
3	Develop a **methodology** for assessing products against sustainability criteria, Assess **100%** of the current product portfolio and introduce assessments for all new products	Responsible Supply Chain
4	Ensure that existing and new products meet the **strictest** safety and recyclability requirements	Product Life Cycle Management
5	Promote reusability and recyclability of end products manufactured using SIBUR products and implement joint projects aimed at the introduction of **circular** economy principles	Product Life Cycle Management
6	Build a process for interaction with **vendors** on sustainability issues and information exchange, evaluate **>10-15%** of chemical vendors according to sustainability criteria	Responsible Supply Chain

① For more details, refer to "Market Position and Value Creation".
② Location of information in the section "Sustainable Product Portfolio".

Innovation and R&D

GRI 203-1

We conduct our R&D activities at five SIBUR research centers. R&D is focused on boosting the quality and sustainability of our products, expanding our product range and improving the efficiency of production.

As a member of the UN Global Compact since 2019, we are committed to Principle 9 — to develop environmentally friendly technologies③.

KEY RESULTS FOR 2019

RUB mln
1,056
invested in R&Ds

RUB mln
280.33
of investment in R&D projects with significant environmental elements

RUB mln
535
of additional expenses for strategic R&D projects

RUB mln
42.38
of investment in R&D projects aimed at recycling plastic waste and involving renewable feedstock in line with the Sustainability Strategy

>300 employees
engaged in R&D

134 R&D
patents registered

16 projects
completed

21 projects
initiated

33
new patents
in 2019: 16 Russian and 17 international

SIBUR POLYLAB R&D CENTER

In 2019 SIBUR and the Skolkovo Foundation launched PolyLab, Russia's first R&D center for the development and testing of polymer products.
PolyLab's goal is to expand the possibility of the effective use of polymers both in the production of the production of existing products and in the creation of unique, innovative product solutions.
The centre will focus on the use of secondary materials and the potential of polymers in a circular economy.

③ Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Priority R&D Vectors for 2030:

1. **involvement of plastic waste in secondary chemical recycling;**
2. **development and launch of new polymer materials;**
3. **development of carbon capture and utilization technologies;**
4. **diversification of SIBUR's feedstock base.**

Our Main R&D and Innovation Centers

NIOST — a chemtech center set up to drive competitiveness by creating new, progressive technical solutions and technologies.

NIOST comprises the following units:
- "New Products" — conducts R&D in petrochemical synthesis and heterogeneous catalysis;
- "Technology" — delivers projects aimed at improving the operational efficiency of production facilities and supporting business development projects;
- "Analytics" — provides analytical support for R&D, production facilities, and departments;
- "Polymers" — performs R&D to develop SIBUR's product portfolio.

SIBUR PolyLab — an R&D center that develops new products in collaboration with industry partners.

Research and Development Center (SIBUR-Khimprom) — a tech support center for production facilities that aims to boost operational efficiency.

Research and Development Center (KZSK) — R&D in synthetic rubbers (butadiene nitrile and latex).

Elastomers Center (Voronezhsintezkauchuk) — R&D in rubbers and thermoelastomers.

SIBUR's R&D portfolio includes

134 patents

for new products and efficiency improvements that cover all the company's priority business lines.

SIBUR obtained

33 new patents

in 2019 in various areas:
- elastomers (2);
- rubbers (9);
- latex (2);
- new products and technologies (2);
- recycling (2);
- polymers and oligomers of olefins (16).

Technology Platforms

SIBUR's core R&D and innovation objective is to leverage the knowledge of scientists and the business community to develop and commercialize new products in priority areas. We have set an approach and created four technology platforms to help us achieve this goal:

1. **Secondary Recycling** — projects aimed at recycling plastic waste, improving the quality of secondary materials and expanding the application and increasing the share of products containing these materials in SIBUR's portfolio;
2. **Bio** — development of products manufactured from alternative, renewable feedstock;
3. **Methane Chemistry+** — expansion of SIBUR's feedstock base, including through carbon capture technologies and more efficient use of natural gas, and the development of technologies to minimize GHG emissions;
4. **New Materials** —development of promising polymer materials that have unique properties designed for specific end applications.

RECYCLING OF POLYMER WASTE TECHNOLOGIES

One of SIBUR's strategic goals is to develop the circular economy, and in particular, the production of primary PET granules with recycled content (40% of PET production by 2025), and promote projects that boost the production of secondary polymers.

Mechanical Recycling — a range of traditional approaches for cleaning, extrusion and granulation of polymer waste. We are developing projects to produce PET granules using secondary raw materials (in-melt technology) and the special LDPE (low-density polyethylene) grade.

Chemical Recycling — the depolymerization process that breaks plastics waste down into monomers or petrochemical raw materials that can be further purified and used to produce new polymers.

The development of recycling technologies, especially chemical recycling, enables us to **feed plastics back into the production cycle an unlimited number of times**. Recycling solutions allow us to process plastics into primary petrochemical raw materials to produce polymers of the same quality as primary raw materials. Chemical processing can produce hydrocarbon products (liquid petroleum products) as well as monomers, which can be used to make new polymers, synthetic fibers, lubricants, etc.

The ultimate goal of chemical recycling is to solve the problem of mixed and/or contaminated plastics that cannot be processed mechanically.

By 2025, SIBUR is planning to increase investment in R&D projects aimed at recycling plastic waste and involving renewable raw materials by **50**%.

Joint Development of Masterbatches by SIBUR's R&D Center and BIAXPLEN Wins the ChemiCos Unique Award

Masterbatches are functional additives that impart special properties to polymers. This joint project will enable BIAXPLEN to replace imports, ensure the consistently high quality of its BOPP films, reduce costs and accelerate the development process for new product solutions so that customer needs can be met.

Program Assessment and Monitoring

The newly appointed Science and Technology Committee (STC), a group of experts, as well as invited project managers and coordinators, were brought into the R&D assessment and monitoring process in 2019. The Science and Technology Committee meets at least once per month with the General Director and five Management Board members in attendance.

We are planning to roll out STC 2.0 in 2020, a project planning system that will enable us to build and manage a balanced portfolio. The project initiation procedure will include streamlined commissions, simplified budget policies, improved communication with business clients and more extensive involvement of external experts. Projects will be analyzed using pre-project accounting and the project life cycle will be made more transparent.

Stakeholder Engagement

GRI 102-13

SIBUR joins organizations and association to boost the number of viable projects, identify effective ways of reducing GHG emissions and develop new technologies; such organizations include the Dutch Polymer Institute and Low Carbon Emitting Technologies. SIBUR also cooperates with the Russian Academy of Sciences (RAS) and leading Russian universities.

15 projects with RAS

9 projects with research institutes and universities

SIBUR is continuing its extensive cooperation with research institutes of the Russian Academy of Sciences such as the Boreskov Institute of Catalysis, Enikolopov Institute of Synthetic Polymeric Materials, Institute of Cytology and Genetics, Topchiev Institute of Petrochemical Synthesis and others. We engage scientists to implement, review and consult on projects within the company's perimeter.

To expand the scope of cooperation, the SIBUR PolyLab research center hosted a working meeting between SIBUR and the Russian Academy of Sciences on the company's priority R&D development areas for 2030. The event was attended by directors and laboratory heads of specialized institutes of the Russian Academy of Sciences and Lomonosov Moscow State University, as well as representatives from SIBUR, including from the NIOST, SIBUR Polylab and the Elastomers R&D center. During the meeting, SIBUR representatives and partners agreed to cooperate on developing catalysts, the processing of hydrocarbon feedstock, polymerization and other important areas of R&D for the company.

Cooperation with the **Scientific** Community

SIBUR has an international Scientific Advisory Board, which includes leading scientists from around the world. We use their expertise to assess projects and gain advisory support on key project development issues.

Responsible Supply Chain

GRI 102-9

We expect our suppliers to meet the same high sustainability standards that we have set for ourselves.

All SIBUR suppliers must adhere to the Health, Safety & Environment, Quality and Energy Policy of the IMS. We will approve the Contractor's Code of Business Ethics in 2020, which details new requirements for suppliers①.

One of our supply chain targets in the Strategy is to evaluate at least 10-15% of chemical vendors against sustainability criteria. We launched the assessment procedure in the first half of 2020. We already piloted questions on sustainable development in technical audit checklists for suppliers and are also considering introducing sustainability criteria at the supplier selection stage of the tender process. Next year, we are planning to conduct an assessment of our biggest suppliers of raw materials and equipment, which will serve as a basis for conversations with suppliers on the maturity of their sustainability practices and our future relationship.

Supply Chain Management

SIBUR is developing a supply chain management (SCM) model to record production time cycles, the amount of time raw materials spend in transit and how efficiently capacity at production facilities responds to market dynamics. We aim to optimize reserves of raw materials and finished goods, cut production lead times, boost the transparency and predictability of logistics and improve the quality of service we offer.

TARGETS FOR 2019	RESULTS
Develop and implement a single dispatch schedule and production planning models	Designed a single platform for managing production schedules and balances (output, available stock, transfers, shipments) for all product chains
Train company employees	Developed an online distance training course on SCM and planning
Reorganize the Logistics department	Transferred logistics operations from SIBUR-Trans to NKTK, a joint venture with SG-Trans
Complete the first implementation stage of SCM 3.0	Completed the first stage of implementation: automation of processes, support for transparent and quick decision-making and improvement of process efficiency through data integration

① For more details, refer to "Business Ethics and Compliance".

SIBUR's **strategic priorities** for supply chain management are to embed effective cost management methods with the goal of maximizing profitability, ensuring the safety and efficiency of all departments, unlocking synergies and optimizing the plant load in terms of production and maximum design capacity.

Long-term SCM Goals:

1. increase labor productivity by improving operational efficiency and using "Smart Solutions" in costs;
2. develop a new operating model and gradually shift towards target organizational structures over a two-year time horizon by aligning and automating processes;
3. improve management processes for flow control and the brand assortment of finished goods;
4. finalize the company's Optimizer functional module to extend the volume-planning horizon to 3-5 years;
5. review options for switching to a single volume-planning tool for a horizon of 1-15 years to eliminate overlapping models and ensure standardized results.

SIBUR'S BEST PRACTICES IN SCM

1. SCOR (Supply-Chain Operations Reference model) — a cross-functional model and diagnostics standard for supply chain management. The model helps improve SCM methods and distribute them between all stakeholders of production facilities. "Demand Review" is the standard process for this model.
2. S&OP (Sales and Operations Planning) — a process for planning procurements, production, sales and logistics. It has been launched for all SIBUR's businesses. The participants, frequency and content have been defined. S&OP enables us to reduce plan delivery risks and identify areas that require closer scrutiny.
3. Demand Planning — a demand forecasting tool for cross-functional operations in marketing, sales, client service centers and SCM.
4. Management of feedstock and finished goods reserves, regular recalculation of precautionary balances and the determination of the optimum level of inventory. Designed and ready for use: tools for inventory classification, monitoring low inventory turnover and the base stock level.
5. Batch accounting of finished products is being implemented as part of the USP 3.0 project.
6. Trainings for employees engaged in SCM and related departments on how to work with SIBUR's production, shipment, inventory and logistics planning systems.
7. An Advanced SCM distance course, which includes the following modules: Production, Logistics, Volume Planning and Calendar Planning.
8. Scenario planning, scenario comparison and selection of the optimal plan.
9. Development and implementation of operational efficiency metrics.
10. Continuous Improvement Approach to development represents our aspiration to constantly improve tools and processes. We are more focused on making continuous, gradual progress than giant leaps forward.

Product Stewardship

We are always striving to develop new products that are safe for consumers and the environment, use sustainable feedstock, enhance the energy efficiency of production processes and increase the level of polymer waste recycling. Properly managing the impact of our products across all stages of their life cycle, along with responsible consumption and production, are priorities in our transition towards a circular economy model.

Incorporating circular economy principles into business processes offers a wide array of benefits, including product portfolio diversification, the reduction of our environmental impact and carbon footprint, the creation of new jobs and the spread of innovation. This drives the formation of a sustainable product portfolio, value creation for our clients and the accumulation of best practices.

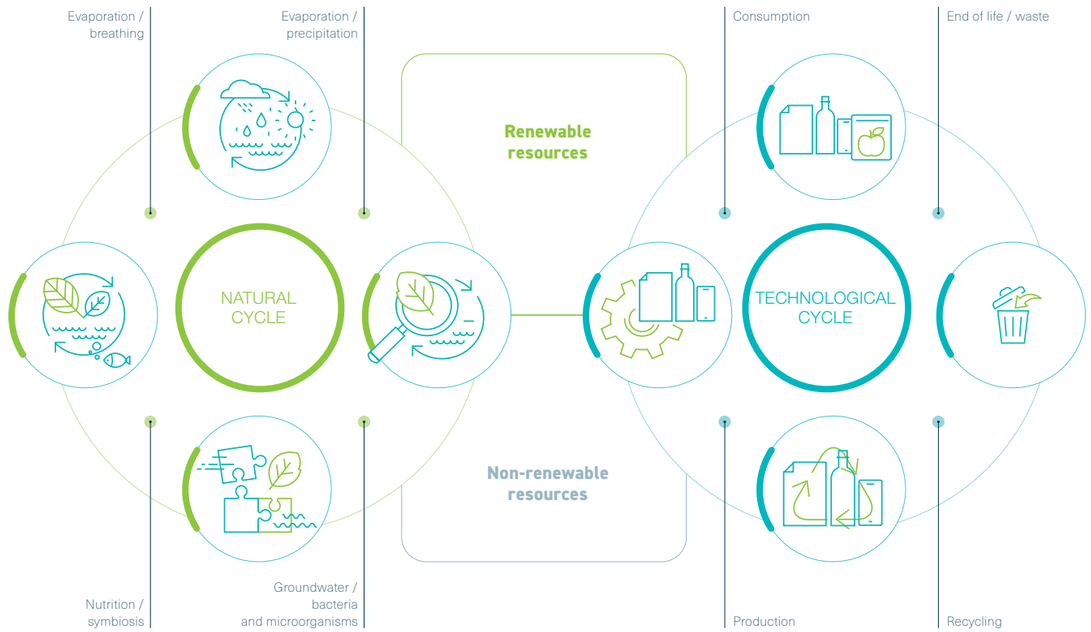
Our vision for product stewardship is reflected in SIBUR's integrated business model, which is underpinned by circular economy principles.

We set up a dedicated "Circular Economy" expert team in the Sustainable Development Department in 2019.

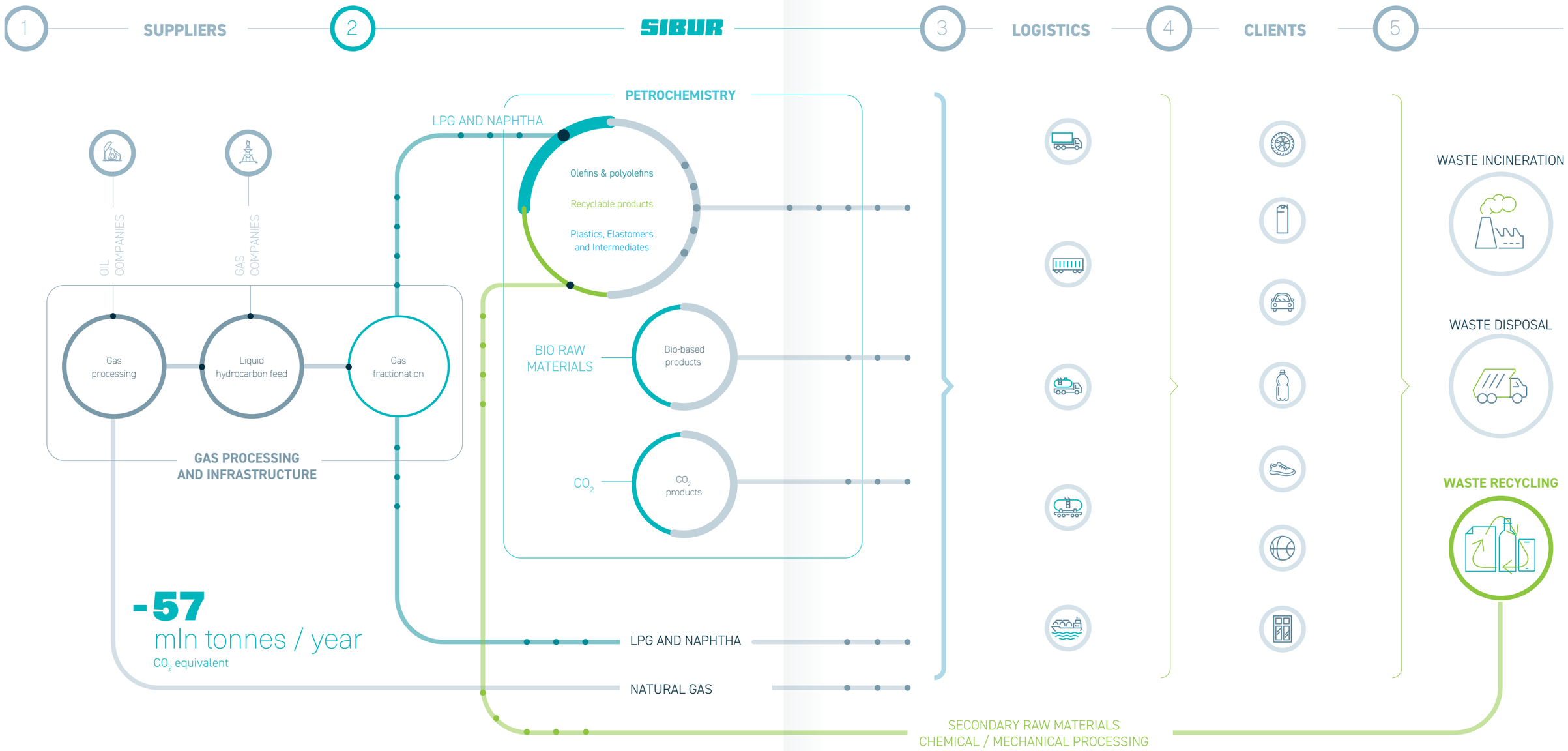
SIBUR AND BASF SIGN MEMORANDUM OF UNDERSTANDING

SIBUR and Germany's BASF signed a Memorandum of Understand formalizing their partnership on sustainable development and the circular economy agenda at the SIBUR PolyLab R&D Center. The memorandum is set to strengthen the partners' commitment to long-term sustainable development goals. BASF and SIBUR agreed to collaborate more closely on water efficiency, carbon footprint management and chemical recycling and to join forces to achieve the goals of international environmental initiatives aimed at improving the overall environmental situation.

CIRCULAR ECONOMY



SIBUR's integrated circular economy business model is a glimpse into the future



SUPPLIER REQUIREMENTS
in sustainable development, reducing the carbon footprint

REDUCING GREENHOUSE GAS EMISSIONS,
renewable energy, CO_2 capture, energy efficiency, BAT and environmental technology

«GREENING»
the supply chain, joint initiatives with clients

SOURCING
of secondary raw materials

Sustainable Feedstock and Production

Associated petroleum gas (APG), a by-product of oil production that would otherwise be burned (releasing a large volume of pollutants and CO), can be used as feedstock to make plastics

We see APG as a valuable raw material and use it throughout our high-tech processes. We buy APG and provide an environmentally friendly and commercially viable solution for recycling it: gas processing, which significantly **reduces emissions of greenhouse gases and harmful substances**.

Projects to produce primary polymer granules with recycled content, which are increasing in popularity around the world, not only reduces GHG emissions per tonne of product produced, but also involves waste in secondary production, rather than sending it to landfill, where it is also a source of harmful emissions.

By processing APG, SIBUR prevents annual atmospheric emissions of:

7 mln tonnes
of pollutants

72 mln tonnes
CO_2 equivalent

Plastics Saves Resources

Plastics help manufacturers save fuel and energy during production and transportation due to their lighter weight.

Reduced fuel...

Boeing 787 Dreamliner hull

80% volume consists of composite materials

50% masses are composites

20% reduced fuel consumption and emissions

... and energy consumption

<40% of energy
is consumed
in making plastic bags than
in making paper bags

Product Quality and Safety

GRI 417-1

The quality and safety of the products we make have a direct impact on the end products our clients produce. SIBUR specialists regularly conduct risk assessments of product quality and safety, which we use to develop measures to ensure our clients receive goods that meet all their needs and expectations. Product assessments are based on an analysis of our customers' demands and expectations, a comparative analysis of competitor brands, research into the processing segment and regulatory documentation.

We have a IMS Policy that details the company's strategic goals and obligations for the quality of finished goods in accordance with ISO 9001. The quality management system is the basis for preventing risks in this area and creates opportunities for the continuous improvement of processes.

SIBUR's management has set six **strategic IMS goals**. Our goal for product quality and safety is to ensure that we consistently manufacture products of competitive quality that meet the requirements of consumers.

Our quality and productivity targets are detailed in business contracts, functional contracts and the KPIs of process managers.

SR/07-02-01/ MU01 standard

Product impact management and quality control are performed in line with internal standard SR/07-02-01/MU01 "Quality Management Throughout the Product Life-Cycle, Requirements for Related Processes."

The **Standardization and Technical Regulation department** is responsible for assessing the compliance of our products with internal and international standards. We issue safety data sheets (SDS) in full compliance with the laws of Russia and any other jurisdictions where we sell our products. Compliance assessments are also performed for primary materials and any additives used at the compounds and materials attestation center, among other facilities.

PRODUCT ASSESSMENT AGAINST SUSTAINABILITY CRITERIA

One of the targets of the 2025 Strategy is to develop a methodology for evaluating products against sustainability criteria, assess the current product portfolio and introduce this tool for all new products.

In 2020, we started designing a ranking system for our product portfolio based on sustainability criteria, guided by best international practices. This methodology will enable us to assess a product against sustainability criteria across the entire value chain: from the properties of raw materials to intended use and recycling potential.

We offer our clients products with specific properties, as well as technical support and logistics services and provide opportunities for joint development.

COMPLIANCE WITH REACH REQUIREMENTS

Any product we sell to EU countries must be registered in accordance with the requirements of REACH European chemical safety regulations.

To ensure continued shipments to the Turkish market, we are fast-tracking pre-registration of substances according to Turkish REACH regulations (KKDIK). Other markets, such as the UK and China, also require SIBUR to register under their legal requirements.

SIBUR's main priority for EU REACH compliance is currently related to our supply chain, i.e. providing consumers with timely and reliable information about the substances that go into SIBUR's products. This means that we must constantly update safety data sheets (SDS) to include all the products we export to the EU. Safety data sheets contain all the necessary consumer information about our products and how to handle them safely. We update information as required by REACH as soon as we obtain it, including data on the classification and labeling of substances, new test results, physical and chemical parameters, etc.

This information is provided to SIBUR by **11** European consortiums for registering substances, in which the company participates as a special representative.

In line with the requirements of EU REACH, we notify customers across the supply chain that our products do not contain substances of very high concern (SVHC) from the Candidate list at a concentration of 0.1% or above. This information is updated constantly to reflect changes to the SVHC list.

If the expanded version of the SDS does not indicate usage type, clients can always contact reachdesk@reg-chem.com, and the relevant section of the SDS will be updated.

COMPLIANCE ASSESSMENTS WITH FOREIGN LEGAL REQUIREMENTS IN 2019:

365 product types
were assessed for compliance with foreign requirements

52 EU-REACH
registration dossiers (including **three** new ones) were issued in 2019

131 SDS
(EU-REACH, US, Canada) were upheld

191 declarations
of compliance with foreign legal requirements were issued (EU food contact, China food contact, FDA, SVHC, EU Pharmacopoeia, CalProp65, RoHS, Conflict Minerals, absence of hazardous compounds and others)

38 questionnaires
of product consumers on compliance with foreign legislation were completed

101 REACH certificates
of compliance were prepared

SIBUR specialists monitor product compliance with the latest requirements of foreign legislation and notify clients and employees about relevant and upcoming changes to Russian and foreign laws.

GRI 416-1

We assess the health and safety impacts of

100%
of our products
to help us improve in the future

MEMORANDUM ON DEVELOPING STANDARDIZATION AND COMPLIANCE ASSESSMENT IN THE OIL & GAS AND PETROCHEMICALS SECTORS

SIBUR, Gazprom and Gazprom Neft signed a Memorandum of Understanding at the St Petersburg International Economic Forum to develop standardization and compliance assessment in the oil & gas and petrochemicals sectors.

The signatories are planning to create an independent non-commerical organization to develop common requirements and standards aimed at developing competition and expanding the use of Russian technology in petrochemicals. The organization will be tasked with fostering competencies in standardization and certification and establishing a voluntary certification system for the oil & gas and petrochemicals sectors, as well as making sure petrochemical products are used in a way that is less harmful to the environment.

Marketing and Sales

Marketing's role in creating a sustainable product portfolio is to determine the target market shares for each category of SIBUR's products, search for new market opportunities that require new product types, and assess the profitability and balance of the portfolio based on economic indicators and benchmarking against competitors' offerings.

The following marketing communications are used for the product portfolio:

1 **Collaboration with specialized industry publications**

This process is managed by the Corporate Communications, Branding and Promotion and the Product Marketing departments. The Product Marketing department decides on the key messaging principles for press releases and articulates SIBUR's position on issues related to the products of a particular segment;

2 **Communication about products**

Direct communications about products with current and potential consumers of SIBUR products. Department specialists create content and prepare client materials (ranging from electronic presentations to brochures and catalogues).

INTERPLASTICA – 2019

In 2019, SIBUR attended the annual Interplastica industry trade fair.

The company presented information **about all the plastics** it produces, including polypropylene, polyethylene, BOPP films, polystyrene, PET and rubbers. The new products manufactured at ZapSibNeftekhim generated particular interest at the event.

SIBUR participated in a round table on Plastics in the Circular Economy with representatives from the Ministry of Natural Resources and Environment of the Russian Federation, PlasticsEurope, the founder of the PlasticSoup Foundation (Netherlands), managers from Ecotechnologies Group, Upravlenye Otkhodami and Unilever. The experts discussed the latest trends in plastics recycling and the potential for raising environmental awareness.

SIBEX, a range of special polypropylene

grades tailored to the specific feedstock requirements of each processing segment to improve the physical and mechanical properties of end products was developed.

SIBUR is constantly working to expand its product offering. We are planning to launch digital technical service projects that use advanced analytics (Big Data①) to analyze and resolve the problems that arise during production processes at the production facilities of SIBUR and its customers.

VITALITY INDEX

Our medium-term goal for brand assortment development management is to improve our Vitality Index, calculated as the percentage of gross revenue generated from products launched in the past five years.

28% Vitality Index in 2019

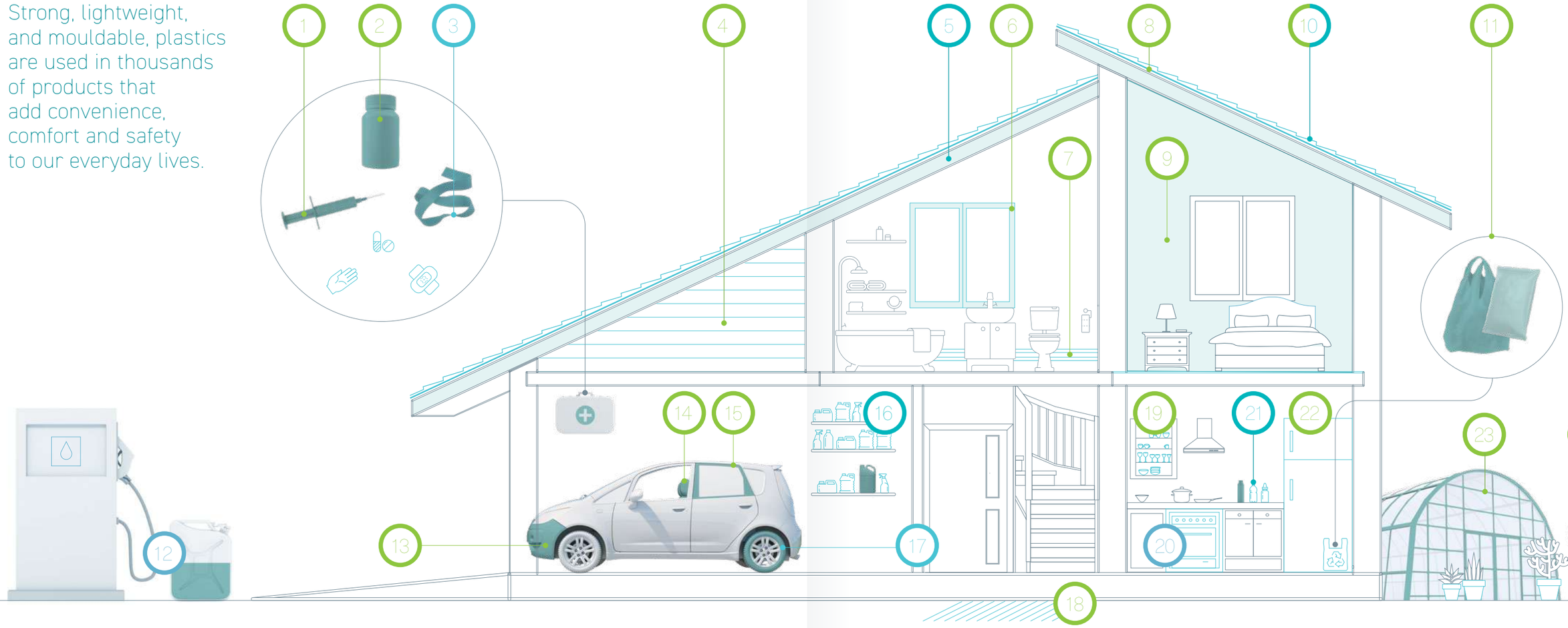
Our goal for 2020 is to improve the index to 29%.

SIBUR's long-term goal is to reach and maintain a Vitality Index of at least 65% for the Basic Polymers Division②, including the brand assortment of ZapSibNeftekhim.

① Expanded analysis of large volumes of structured and unstructured data, such as Six Sigma projects.
② A division created in response to the significant rise in the manufacture and sales of plastics and organic synthesis products.

Applications of SIBUR products

Strong, lightweight, and mouldable, plastics are used in thousands of products that add convenience, comfort and safety to our everyday lives.



- Olefins & Polyolefins
- Plastics & Organic Synthesis Products
- Elastomers
- Midstream

1. Syringes (polypropylene)
2. Normal saline containers (polypropylene)
3. Medical tourniquets (rubber)
4. Siding (PVC)
5. Heat insulation (EPS)
6. Window profiles and sills (PVC)
7. Pipes and fittings (polypropylene, polyethylene, PVC)
8. Roof moisture and vapour sealing (polypropylene)
9. Wallpaper and linoleum (PVC)
10. Roofing materials (PVC membrane, SBS)
11. Food packaging (polypropylene, polyethylene)
12. Motor fuel (methane, propane, butane)
13. Bumpers (polypropylene)
14. Artificial leather (PVC)
15. Soundproofing (polyethylene)
16. Cooling and antifreeze liquids (glycols)
17. Tyres (rubber)
18. Geoweb and geotextiles (polypropylene)
19. Plastic tableware (polypropylene)
20. Utilities (natural gas)
21. Bottles (PET)
22. Home appliances (polypropylene)
23. Greenhouses and hotbeds (polypropylene)
24. Seedling pots (polypropylene)

Our priorities for the product range in 2020-2022 are to develop the licensed brand assortment as much as possible and modify current brands to meet the demands of local and international markets.

SIBUR AIMS TO MANUFACTURE PRODUCTS THAT MAKE PEOPLE'S LIVES BETTER AND SAFER:

Polypropylene, ethylene oxide, ethylene glycol	Used in **medicine** for antiseptics, as well as for medical suits and masks (synthetic fibers)
Polystyrene, foam	Used in **construction** for heat and sound insulation, as well as to protect goods from transit damage
Acrylates	Used in **medical products** such as washcloths, gloves, plastic elements in medical devices, plexiglass safety glasses, detergents, plastic bandages and plasters; they are also used as chemicals for water treatment. **Construction materials** can be manufactured using acrylates, including latex, varnishes, paints, adhesives, plexiglass and self-leveling floor coverings. Acrylates are also used in **household items** such as diapers and washing powder
BOPP films	Used as **packaging materials** with special properties (protective, aesthetic, etc.), as well as packaging for goods, confectionery, tobacco and flowers, protecting the contents from contaminants and viruses to ensure products are safe for use or consumption
Benzene	Benzene derivatives are used in **pharmaceuticals** (e.g. in wound healing gels) and in plastic **medical products** (disposable/multi-use containers, parts of devices and tools)
Caustic Soda	Used in **water treatment** to neutralize harmful substances. Caustic soda is also used in **household items** such as paper and cardboard, fibreboard, shampoos, soaps and drain cleaners
PVC	Used in **medicine** to produce various single-use and multi-use plastic goods: containers and blisters for medicines, transport containers for blood and components, and drip systems. PVC is also used in **construction materials** such as linoleum, sidings, window and door units, polymer roofing tiles and insulating wallpaper
Ethylene oxide	Used to manufacture antifreeze and brake fluids for **automobiles**, also used in **cosmetics**

PLASTICS REDUCE WASTE

Polymer packaging protects products from a variety of adverse environmental factors, keeping products fresh for consumers and significantly extending their shelf life two- to fourfold, benefiting both producers and consumers.

Increased shelf life:

3× 5× 2×
3× 3× 182×

GRI 417-2

IN 2019, WE RECEIVED NINE COMPLAINTS THAT INFORMATION ON OUR PRODUCTS, SERVICES AND LABELING DID NOT COMPLY WITH REGULATIONS AND/OR VOLUNTARY CODES

Site	Number of complaints	Reason for complaint	Result
ZapSibNeftekhim	3	Labeling discrepancies	Warning
Tomskneftekhim	4	Labeling discrepancies	Warning
SIBUR Tobolsk	1	Labeling discrepancies	Warning
NIPIgaspererabotka	1	Labeling discrepancies	Warning

A root cause analysis was conducted for each complaint, and we created a list of corrective and preventative measures based on our findings.

There were no cases of non-compliance with rules and/or voluntary codes related to the health and safety impacts of products and services in 2019.

Recycling Potential of Plastics

GRI 301-3

One of the core elements of the transition to the circular economy is the development of a robust system for collecting, sorting and processing plastic waste for recycling.

Every type of waste, depending on its quality, can be recycled into secondary materials and used to produce premium polymer products.

Polymers are organically integrated into the circular economy model as they have a

100% recycling potential

REAKTOR, A WEB PORTAL FOR THE RECYCLING MARKET

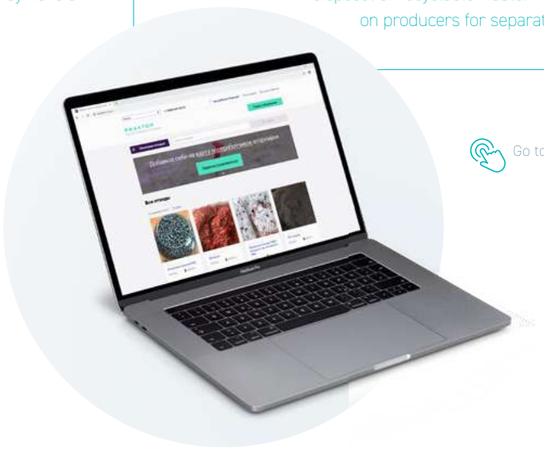
One of SIBUR's most important start-ups is Reaktor, an online platform that aims to develop the Russian recycling market. The platform connects all participants in the recycling process: waste generators, transportation providers and recycling companies.

Reaktor will help make the transition to the circular economy a mutually beneficial process for all stakeholders. The portal will give us greater insights into market conditions, help us find new partners and track upcoming trends. We also see the project as an opportunity to digitalize our supply chain for secondary raw materials.

The key metrics for the project are currently:
- the number of users;
- monthly user base growth;
- marketplace revenue.

The portal is currently used by over 4,500 clients and over 1,500 verified listings are posted every month. Secondary waste turnover totaled 90,300 tonnes in 2019. Various secondary materials are traded: primarily Hazard Class 5 waste (virtually non-hazardous) and some Hazard Class 4 waste (low hazard), specifically: waste paper, plastic, metal, glass, textiles, etc. The portal mainly focuses on secondary plastic feedstock.

In accordance with Federal Law No. 89-FZ "On the Production and Consumption of Waste" of 24 June 1998, Russia has set out to reform the waste handling industry, which includes separate waste collection, penalties for improper disposal and a phased ban on the disposal of recyclable waste. This places increased responsibility on producers for separate waste collection and recycling.



Go to the Reaktor website.

PJSC SIBUR Holding and EcoTechnologies Group, a recycling services provider, **signed an agreement on cooperation for sustainable development**. The partners intend to build a mutually beneficial relationship aimed at developing the circular economy **by recycling plastic packaging**.

At the **V Eastern Economic Forum** in Vladivostok in the autumn of 2019, SIBUR, the Ministry of Natural Resources and Environment of the Russian Federation and the Russian Environmental Operator signed a cooperation agreement to help make the vision of the National project Ecology a reality. The agreement aims to create an efficient system for collecting, processing and recycling municipal solid waste **based on global best circular economy practices** and to implement innovative waste disposal initiatives.

The joint innitiatives of the signatories contribute to the achievement of the targets of the National project Ecology by promoting efficient industrial and consumer waste management in Russia.

SIBUR is starting preparatory work on an **investment project to incorporate PET flakes** from used packaging into the production process for primary PET at the company's POLIEF facility. We are planning to produce granules containing primary and secondary polymers and increase the total capacity of the PET production site.

Circular Economy Projects and Initiatives①

Sort It Right!

The nationwide program

Objective of the project:

This initiative aims to create an association of public organizations, businesses, government agencies, municipal authorities, as well as other institutions and ordinary Russians to develop and implement the latest and most effective waste separation practices, educate people about the environment, conduct public awareness campaigns and promote proper waste management.

Support for initiatives to install containers for separate waste collection and reverse vending machines in Moscow

including the promotion of public initiatives and raising awareness via social media, blogs and leading media outlets.

Environmental awareness

Introduce the best new, effective practices

Objectives of the project:

- Talks on the circular economy for students and schoolchildren;
- The EcoTrail project in Tobolsk;
- Films for TV channels;
- A project to develop a mobile app on the circular economy (in collaboration with university students).

Introduction of the Green Office concept

waste separation in public areas at SIBUR facilities, installation of motion sensors to save electricity, office supplies made from recycled materials, etc.

① For more details, refer to "Waste Management".

Membership of Plastics Europe

which brings leading global producers together to focus on implementing circular economy principles for plastics. SIBUR also signed up to PlasticsEurope's Operation Clean Sweep②.

PlasticsEurope
Association of Plastics Manufacturers

Our affiliation with the Responsible Care programme

since 2016

which demonstrates our adherence to environmental standards, aspiration to improve ecological safety and readiness to work with society and the business community.

RESPONSIBLE CARE®

The cooperation agreement with Russia's leading waste management operator, Chisty Gorod Group

which sets out to research effective technological and technical solutions that will boost the share of waste recycled.

In the video clip Circular Economy: SIBUR Promotes New Practices, posted to our YouTube channel, **Maxim Remchukov**, Head of Sustainable Development at SIBUR, gives a talk on the advantages of the circular economy and the latest trends in recycling that are driving the industry forward. In the clip, he says that the implementation of circular economy principles that turn waste into a new product will create new jobs in Russia, advance the industry and help tackle environment problems.

You can watch the video here.

② For more details, refer to "Associations and Partnerships".

Investment Activity

Assessment Approach for Investment Ideas and Projects

We created the Business Development department in 2019 to coordinate the investment idea generation process and expand our investment project portfolio. The department generates investment ideas and examines the most promising ones in depth. This ensures that ideas move swiftly along the investment process, from feasibility studies to implementation.

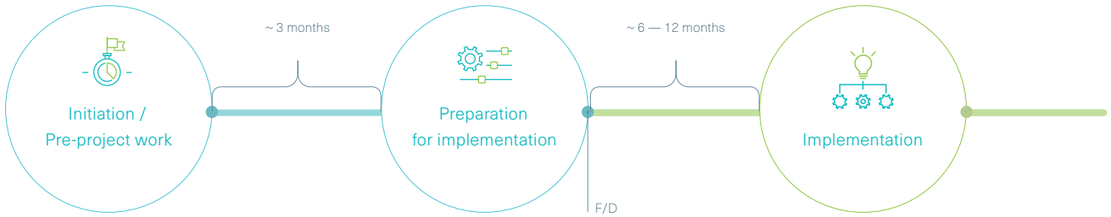
Our approach to project development has a cluster structure. Each project is composed of its own technology chains, product groups, project geography, and essential cross-functional competencies. We split prospective investment projects into two clusters: Secondary Polymers, which aims to develop ideas for recycling plastic waste and involving it in the production cycle, and Biocomplex, which aims to develop new projects focused on the use of renewable sources of raw materials. These clusters currently have seven investment initiatives in their portfolios with projects in the areas of secondary PET, secondary polyolefins and plastics made from renewable feedstock.

We have adopted a consistent scoring system to assess ideas①. A decision is made on the feasibility of further development based on the number of points an idea receives according to a range of criteria. The list of criteria includes sustainable development, which covers areas such as the sustainability of feedstock, the recyclability of the end product and carbon footprint. The sustainable development category accounts for 33% of the overall score at this stage, and it is considered in our decision-making process. Thus, in 2019 we decided against proceeding with a project with strong financial returns due to unsatisfactory sustainability criteria, while another project with relatively low economic scores but high sustainability scores (negative CO_2 balance) was given the green light.

We rolled out a new tool — Mendeleev Sprint — to accelerate more investment projects at the initial stage. The main idea of the Sprint is to encourage employees from various departments to get involved in a three-month project. They develop and test hypotheses on how to best configure investment projects, analyze the market, and speak to customers, licensors and potential partners. The accelerator streamlines the idea development process by involving dedicated cross-functional teams, offering team coaching and mentoring, providing access to cutting-edge expertise and subject-specific analytics, and focusing management's attention on the results. The accelerator produces a fully developed idea that are ready for a decision on proceeding to a feasibility study or R&D.

Two waves of the Mendeleev Sprint were completed in 2019, resulting in 11 approved ideas, two of which addressed plastic recycling.

The movement of ideas along the investment process, from the feasibility study to the implementation stage



① Points'-based assessment.

Sustainable development indicators are assessed in more detail at the later stage of investment project development, before a decision on implementation is made. In accordance with the Regulations for Investment Activities, which were updated in 2019, an investment project opinion must be generated that includes the sustainability risks and opportunities of the project and quantitative metrics such as GHG emissions (direct, indirect and per unit of production), waste generation, air pollutants, per unit water consumption and wastewater generation. These metrics enable us to assess the impact of the investment project on the sustainable development targets of production sites and SIBUR as a whole. We also assess the indicative impact of GHG emissions at estimated carbon tax rates for each investment project.

Investment Projects

Project name	Brief description
Start-up of ZapSibNeftekhim, Tobolsk	ZapSibNeftekhim is one of the largest and most advanced petrochemical facilities in Russia and one of the top five biggest investment projects in the petrochemicals sector globally. The facility comprises: • a polyolefin production complex with annual capacity of 1.5 million tonnes of ethylene and 500,000 tonnes of propylene, as well as 240,000 tonnes of high-margin by-products (butadiene, butene-1, MTBE, pyrolysis gasoline); • four production lines for various grades of polyethylene with a capacity of 1.5 million tonnes per year; • a polypropylene production unit with a capacity of 500,000 tonnes per year. ZapSibNeftekhim will play an important role in developing Russia's non-commodity exports and substituting 85%–95% (depending on the product) of current polymer imports – mainly from Northeast Asia, the Middle East and Europe. ZapSibNeftekhim also has considerable import substitution potential in the end-product segment – from pipes to packaging – that currently exceeds RUB 15 bln per year, due to the shortage of Russian-made polymer feedstock.
Construction of the Amur Gas Chemical Complex (AGCC), Svobodny (Far East)	Russia's largest gas processing and gas chemicals clusters are being built in Amur Region. AGCC will drive the development of the Far East and capitalize on Russia's growing export potential. The cluster will take advantage of the region's rapidly developing oil production sector, which will provide feedstock for the complex. We are observing the ongoing and prospective projects of our partners and see an opportunity to process oil and gas into synthetic materials with high value-added and significant export potential. The existence of a domestic petrochemicals sector has laid the groundwork for the gradual growth of both domestic demand and export-oriented production of polymer products. The extended configuration of the AGCC project boasts a larger capacity of up to 2.7 million tonnes polymers per year (around 2.3 million tonnes of polyethylene and 400,000 tonnes of polypropylene). The main feedstock will be ethane fraction and LPG sourced from the Amur Gas Processing Plant (GPP), which is currently being built by Gazprom. The mechanical completion of Amur GCC will be synchronised with the commissioning of the fourth stage of the Amur GPP by Gazprom and is thus tentatively expected no sooner than 2024.

Investment Projects

Project name	Brief description
Launch of Butyl Rubber and Halo Butyl Rubber Production JV Reliance Sibur Elastomers Private Limited (RSEPL), Jamnagar (India) 	The joint venture with India's Reliance Industries Ltd (RIL) to produce elastomers in Jamnagar is an example of the international reach of our investment projects. Capacity will total 120,000 tonnes of butyl rubber and 60,000 tonnes of halo butyl rubber (made from produced butyl rubber). SIBUR has unique technological capabilities to produce synthetic rubber, and it has provided the joint venture with its own solution polymerization technology, which is more environmentally friendly than existing analogs. In preparation for commission, SIBUR sent its butyl rubber specialists to the site in Jamnagar. Reliance employees also underwent training at SIBUR's production facilities to obtain experience managing production processes. The project is currently in its final implementation stage. We have launched production of butyl rubber and are shipping products for homologation① to our customers in India and other countries. Testing has shown that all products meet the requirements of clients and are of high quality. By the end of 2020, the JV will launch its second production unit to manufacture halo butyl rubber (60,000 tonnes per year), which will reduce output of butyl rubber by 60,000 tonnes.
Launch of Maleic Anhydride (MAN) Production at SIBUR Tobolsk, Tobolsk	SIBUR is building a maleic anhydride (MAN) production facility at SIBUR Tobolsk with a capacity of 45,000 tonnes per year. MAN serves as feedstock for films, synthetic fibres, pharmaceuticals, detergents, fuel components and oils. MAN is currently not produced in Russia and domestic demand is covered by imports. Launching the new MAN production will enable SIBUR to fully substitute MAN imports and start MAN exports to Europe and Turkey. The facility is scheduled to go online in 2021.
Launch of DOTP production facility at SIBUR-Khimprom, Perm 	Sibur-Khimprom launched new production of eco-friendly dioctyl terephthalate plasticizer (DOTP) with capacity of 100,000 tonnes per year in the spring of 2019. DOTP is a key component for a wide range of construction products such as floor and roof coatings, wallpaper and cable compounds. A unqiue benefit of DOFT is that it is an eco-friendly product that presents no threat to human health during its production or when finished products are used. The DOTP production facility will not only cover the needs of the Russian market but also contribute to non-commodity non-energy exports to Europe and other regions. Unlike phthalate plasticizers, DOTP is an eco-friendly product that complies with the highest European and other international environmental standards. The DOTP production facility features state-of-the-art water and air treatment facilities, including a biochemical treatment unit for industrial wastewater (upgraded in 2018). The project was supported by the Perm Region Government under a special investment contract structure to promote the creation of new production facilities that provide high-tech jobs.
Upgrade of terephthalic acid (TPA) production, POLIEF, Blagoveshchensk (Bashkortostan)	The POLIEF site completed a major reconstruction of its terephthalic acid production facility, which is the only one currently operating in Russia. The scope of key works covered 11 buildings on the production site and upgrades to 150 units of core process equipment, a significant proportion of which were produced in Russia. These upgrades boosted output from 272,000 to 350,000 tonnes per year. In addition to being used for the production of PET, TPA is one of the most important components of DOTF. The reconstruction was completed in 2019.

① Enhancement of the product, improvement of the technical characteristics to meet standards or requirements.

Key Targets for 2020

1. **incorporate and digitalize progress indicators for achieving long-term goals (the percentage of projects for new products and technologies in the R&D portfolio, the number of projects launched per year, innovation portfolio value growth, etc.);**
2. **promote waste sorting and recycling and use of secondary petrochemical (plastic) products in manufacturing;**
3. **develop more than 45 promising ideas and implement new R&D projects;**
4. **make an investment decision on the implementation of the project to produce PET granules containing recycled feedstock;**
5. **research carbon capture and reuse technologies to reduce GHG emissions;**
6. **develop the Reaktor project; expand the reach of the portal;**
7. **increase the number of projects to support the transition to the circular economy, boost the involvement of employees and partners in these projects;**
8. **assess chemical vendors using sustainability criteria.**

EMPLOYEES

Performance in 2019

The core aims of our HR approach are to forge close-knit and highly competent teams, improve management processes, guarantee decent working conditions, ensure fair compensation and boost motivation.

Having joined the UN Global Compact in the autumn of 2019, we are committed to its labour principles① and work to contribute to the achievement of the UN's Sustainable Development Goals (SDGs).

2019 PERFORMANCE HIGHLIGHTS

22,942 employees
in 2019

Doubled female
representation on the Management Board

100% employees
covered by collective agreements

RUB **20.76** mln per employee
workforce productivity

RUB **1.83** bln spent
on employee social expenditures
14%

Top-3 in HeadHunter's
ranking of the best Russian employers in 2019

2,600 people
participated in the My Career at SIBUR online marathon

Honored with a place
in the "premier league" of the Gastev Cup efficiency leader contest

2,200 people
attended HR Day

8.1% employee
turnover②

SIBUR's talent
development practices were included in RSPP's 2020 compendium of best corporate practices (Decent Work — Sustainable Business)

>27,000
idea proposals submitted as part of the Small-Step Improvement Program

>20,000
ideas implemented as part of the Small-Step Improvement Program

① The UN Global Compact principles that address labor:
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labor;
Principle 5: the effective abolition of child labor;
Principle 6: the elimination of discrimination in respect of employment and occupation.

2019 TARGETS	RESULTS
1	
Identification and development of high-potential employees across all departments and management levels, including young professionals.	◆ The end-to-end Performance and Talent Management process was improved in 2019. This established a link between the employee's potential (inclusion in the talent pool) and the results of his or her work, which are assessed on an annual basis. ◆ Development centers③ were set up in the HR-cycle④ for over 530 employees of three key management levels: directors, mid-level executives and line managers. ◆ We started work on forming an organizational structure, including a position and a grade system⑤ for three career tracks: management, expert and project.
2	
Integration of the company's values and the updated leadership model into the processes of performance management, potential assessment and assignment.	◆ The unified corporate values system was embedded in the performance management process. Employees' performance is now evaluated in three areas: measurable contribution to the overall result, interaction with colleagues and subordinates, and self-development and improvement. This means that the evaluation covers both the contribution made and how the result was achieved. This approach helps us establish a clear link with potential development processes. ◆ The Corporate Communications and Corporate University departments launched a major awareness campaign to promote and publicize corporate values within the company.

② The turnover rate is calculated taking into account the departure of employees at their own initiative and at that of the employer. For more details, refer to "Appendices".
③ An event where employees complete exercises modeled on work situations. Each employee receives detailed feedback and career development advice based on his or her performance.
④ The HR cycle comprises annually recurring HR events, including planning, performance management, engagement, reward and talent development.
⑤ A position or a group of positions with comparable wages and a similar level of competencies and experience.

2019 TARGETS	RESULTS
3	
Attracting outstanding professionals from other industries/business areas to strengthen SIBUR's competitive position in relevant areas and integrate best practices.	⌖ Candidates from non-core sectors (IT, banking, FMCG① and consulting), and from abroad (Austria, Germany, the Netherlands, Switzerland, and Norway) were hired to work in SIBUR's Production Efficiency, Business Development, Core IT, Strategic Innovations and R&D departments.
4	
Launch a large-scale internship programme for students and graduates of Russia's top technical universities, with focus on engineering, physics, mathematics and IT degree programmes.	⌖ First Element, a major junior talent programme for entry-level positions at production facilities, was launched in April 2019. The programme included 20 Starting Point on-site training sessions for final and prefinal year bachelors and masters students, and graduates from Russia's top technical universities with degrees in physics, mathematics, engineering, and IT. Besides our regions of presence, we hosted events in Novosibirsk, Vladivostok, Yekaterinburg, Kemerovo, Omsk, Chelyabinsk and Kazan. ⌖ The recruitment drive reached more than 800,000 people. Approximately 20,000 users visited the programme's website. Following a multistage selection process, around 1,200 candidates were invited to participate in the on-site training sessions of which 417 received a job offer in 2019. ⌖ Over 130 students completed the Corporate Center's internship programme in 2019.
5	
Diversifying communication formats to attract talented experts via online platforms, hackathons, case championships and national competitions (such as Leaders of Russia).	⌖ SIBUR promoted its employer brand to potential applicants via the following channels: ⌖ two case championships for potential candidates of the Marketing and Sales, R&D, Core IT and Production Efficiency departments; ⌖ nine SIBUR and external hackathons②, meetups③, online and offline courses; ⌖ fifteen conferences and forums; ⌖ three career fairs and university events. ⌖ We also used advertising campaigns on social media and industry websites, webinars and in-person meetings with SIBUR's top management to attract external candidates and applications for vacancies.
6	
Achievement of the goals of the Health programme: foster a workplace culture of health and well-being; taking a risk-based approach to prevent workplace health issues; opening check-up unit at the SOGAZ medical center at the Tobolsk site.	⌖ SIBUR updated the concept of its Health Program in 2019, and in particular: ⌖ selected a single service provider for voluntary health insurance and the day-to-day management of medical posts at production facilities; ⌖ conducted additional screening for diseases and a flu vaccination campaign; ⌖ assigned the medical operator, SOGAZ Profmedicine, to run SIBUR medical posts; ⌖ improved key programme indicators. The average number of sick days taken, overtime hours worked, unused vacation days and the number of medical evacuations per employee have decreased.

① FMCG (fast moving consumer goods), a retail segment comprising non-durable household goods, e.g. food products, tobacco and alcohol, household chemicals, cosmetics, etc.

② A timed contest for developers where specialists in various software development areas (programrs, designers, managers) need to work in teams to solve a problem.
③ A meeting of like-minded specialists to discuss various issues in an informal setting.

Our HR Approach

GRI 103-1, 103-2, 103-3

SIBUR's relationship with its employees is based on the principles of partnership and mutual responsibility.

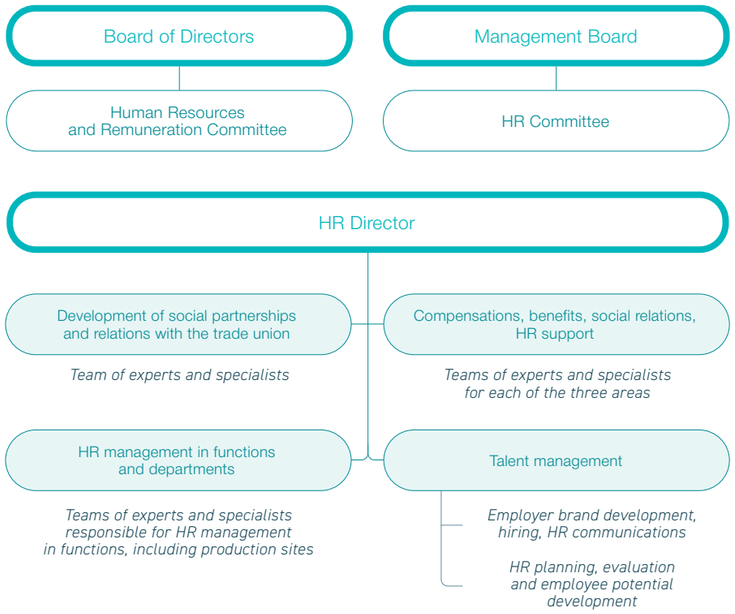
The Board of Directors supervises progress towards the acheivement of strategic HR goals. The Board of Directors has a Human **Resources and Remuneration Committee** to develop HR policy recommendations for the Board, approve KPIs, motivation programmes, policies for selecting candidates for management bodies and set executive compensation. The HR Committee is the Management Board's body for employee engagement matters.

HR processes are coordinated by the **HR Management department** at SIBUR's Corporate Center in four areas:

- development of social partnerships and relations with the trade union,
- compensation and benefits, social relations, HR support
- HR management in functions and divisions
- talent management.

HR management at production sites is performed by the respective business units and led by directors or senior business partners, including business partners, department heads, and teams of experts and specialists.

STRUCTURE OF THE CORPORATE CENTER HR MANAGEMENT DEPARTMENT



The HR Shared Services Center (SSC), part of SIBUR's Business Services Center based in Nizhny Novgorod, plays a crucial role in managing business processes. The SSC performs a wide range of HR management tasks such as hiring, HR administration, payroll accounting and other settlements, compensations and benefits, support for HR business partners, employee training and evaluation.

SIBUR's HR practices are underpinned by the following internal documents:

- Code of Corporate Conduct;
- Personnel Management Policy;
- Procedures for Managing Human Resources' Potential;
- Code of Corporate Ethics;
- Human Rights Policy①.

① For more details, refer to "Human Rights".

The key principles of SIBUR's HR management system:

- planning of staffing requirements (staffing levels, required skills and competencies) with a view to the next one to three years;
- integration of the internal talent pool and external recruitment procedures into a single process that meets the company's HR needs;
- talent selection process based on current performance and growth potential for high-level managerial positions;
- managers of all levels are key participants in the talent development process;
- evaluation of management potential using appropriate tools (development centers with the participation of managers in the role of observers);
- planning of development paths② and monitoring of progress based on a thorough understanding of the managerial profile of high-potential employees.

Forging One Team

"One Team" and "Mutual Respect" are two key, closely interrelated values that underpin our approach to talent development.

These values are based on principles such as:

- the genuine engagement of every team member;
- the creation of opportunities for every participant to unlock their full potential;
- trust, the right to an open dialogue and a certain level of freedom for each participant;
- the existence of common goals and an understanding of how to achieve them.

A close-knit team is like a well-oiled machine in which everybody is committed to achieving a quality end result on time and where everyone is ready to help each other out, creating synergies and driving the development of the entire team.

We consistently integrate the values of "One Team" and "Mutual Respect" in all our processes: from achieving synergies within teams to building cross-functional unity across the company.

② Development path is a personal development plan with goals and tools for achieving them.

Diversity and Inclusion

GRI 405-1, 406-1

SIBUR guarantees equal opportunities in accordance with Russian law and international documents such as the ILO Declaration on Fundamental Principles and Rights at Work, the Social Charter of Russian Business, the UN Global Compact, etc.

The Code of Corporate Ethics① is the internal document that regulates the responsibilities and requirements relating to labor relations. We also developed a Human Rights Policy, in line with best practices, which stipulates the workplace rights of employees, including the commitment to end all forms of forced labor and child labor, and enshrine freedom of association, etc.②

GRI 102-41

Collective agreements are currently in effect at all SIBUR facilities, covering 100% of our workforce. The new collective agreement was signed for 2020-2022 and incorporated a number of amendments relating to compensation terms, financial aid, paid vacation and other issues.

SIBUR guarantees

Equal
opportunities
in accordance with Russian law

Internal document

The Code
of Corporate Ethics
regulates the responsibilities and requirements relating to labor relations

Currently

100%
of our workforce
covered by collective agreements

① For more details, refer to "Business Ethics and Compliance".
② For more details, refer to "Human Rights".

Staff Structure

GRI 102-8, 405-1

We employed 22,942 people in 2019 or 14% less than in 2018.

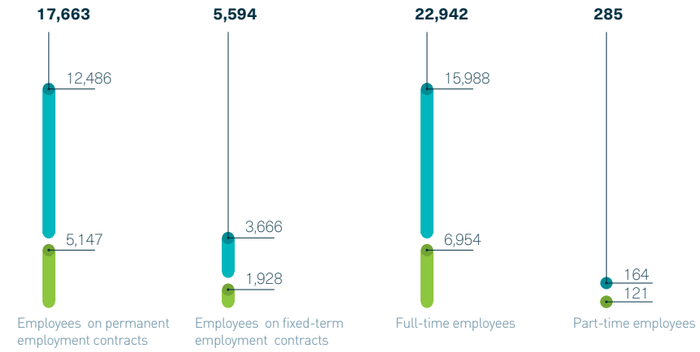
The decrease in staff numbers was due to the disposal of assets, digital transformation, optimization of business processes, and a reduction in the number of administrative and managerial personnel.

There were no significant changes to the gender composition of our workforce in 2019 compared to previous years. Women accounted for 30% of our employees, which is comparable to the gender breakdown of our peers.

We saw an increase in the share of the employees under 30 (+4%) in 2019 as a result of our proactive campaign to attract students and young specialists. Employees aged 30 to 50 account for 62% of our total workforce.

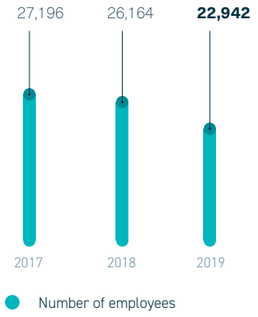
GRI 102-8

NUMBER OF EMPLOYEES③ IN 2019 BY CONTRACT TYPE AND GENDER

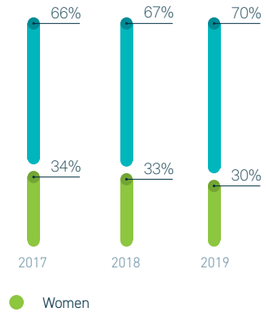


The majority of our staff is employed full-time (76%) and under permanent employment contracts (99%).

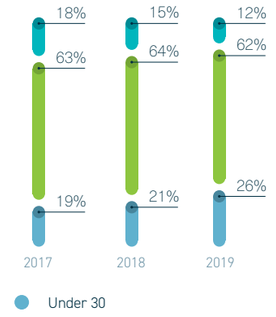
NUMBER OF EMPLOYEES, 2017-2019



EMPLOYMENT STRUCTURE BY GENDER, 2017-2019, % OF TOTAL HEADCOUNT



EMPLOYMENT STRUCTURE BY AGE, 2017-2019, % OF TOTAL HEADCOUNT



③ Headcount statistics are presented on an FTE basis, i.e. the full-time equivalent that reflects the number of full-time employees which currently is 23,227 employees.

GRI 405-1

The employment structure comprises senior management, specialists and workers①. Female representation on the Board of Directors was 8% and doubled to 13% on the Management Board in 2019. Among senior management and specialists women were best represented in the specialist category.

The employment structure by business segment remained essentially unchanged from previous years. The largest share of employees (38%) work in administrative functions, marketing, logistics, etc. Just under a third (29%) are engaged in the production of plastics, elastomers and intermediates, 16% are employed in the midstream segment and 17% work in the production of olefins and polyolefins.

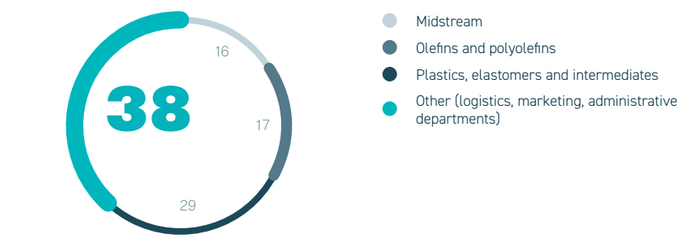
SENIOR MANAGEMENT BY GENDER AND AGE, 2019

	Structure by gender		Structure by age		
	Men	Women	Under 30	Aged 30-50	Over 50
Board of Directors	11	1	0	2	10
Management Board	14	2	0	13	3

GRI 405-1

SENIOR MANAGEMENT, SPECIALISTS AND WORKERS BY POSITION, GENDER AND AGE, 2019

EMPLOYMENT STRUCTURE BY BUSINESS SEGMENT, %



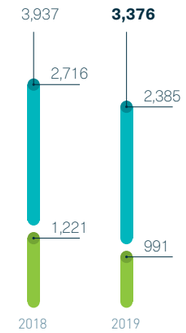
① There is no such category as "empolyees" at the company.

GRI 401-1

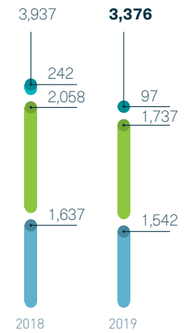
New hires accounted for 15% of our total workforce, almost unchanged compared to 2018.

The turnover rate was 8.1% in 2019.

NEW HIRES BY GENDER, 2019



NEW HIRES BY AGE, 2019



Employee Remuneration

GRI 202-1

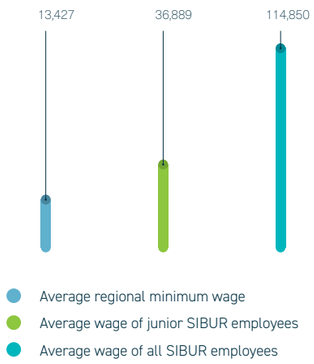
SIBUR's remuneration system is based on the principles of fairness, transparency and competitiveness on the labor market.

Employee wages are composed of a constant (basic) part and a variable part (bonuses). We review basic salaries on an annual basis and index them in response to any significant changes on the labor market and other conditions. Bonuses depend on an employee's grade, achievement of personal KPIs and SIBUR's overall performance.

SIBUR ensures that its employees are paid decent wages, which are determined according to their qualifications, experience, knowledge and skills, irrespective of the gender, age, social and cultural affiliation or other criteria.

The salaries of junior employees are on average 2.7 times higher than regional minimum wages②. The average monthly wage at SIBUR reached RUB 114,850 in 2019, 8.6 times higher than the minimum wage③.

THE AVERAGE REGIONAL MINIMUM WAGE FOR JUNIOR EMPLOYEES VS. THE AVERAGE WAGE AT SIBUR IN 2019, RUB PER MONTH



② The average statutory minimum wage in the company's regions of operation in 2019.
③ For more details, refer to "Appendices".

Employee Engagement

Our employees are one of our key stakeholder groups, and it is important to us that work at SIBUR meets all their expectations.

As a tool for obtaining feedback and evaluating employee engagement, we conduct an annual survey where employees can express their comments for management or for the company in general.

SIBUR's corporate culture is underpinned by the principles of transparency, goodwill and cohesion. We foster these values by regularly organizing joint career, sporting, and cultural events.

THE ENERGY OF SIBUR SURVEY AS A TOOL TO EVALUATE EMPLOYEE ENGAGEMENT

SIBUR conducted its second Energy of SIBUR study of employment engagement using the Aon Hewitt methodology. 85% of SIBUR employees (21,928) completed the survey. The study showed that engagement improved at all production sites, with overall engagement at PJSC SIBUR Holding increasing by 20 p.p., approaching the target set in the Sustainability Strategy (80% by 2025).

The survey results are submitted to the Human Resources and Remuneration Committee of the Board of Directors and taken into consideration during business planning and when implementing social projects.

Over 200 meetings at the departmental level were conducted based on the results of the survey.

74%
total engagement level

GRI 404-3

We give employees feedback in the format of monthly and quarterly assessments that have an impact on bonuses and in the format of conversation on productivity and development. A dialogue is held with most employees about their performance and development.

HR DAY 2019

Our annual HR Day involves events at the Corporate Center and at all our production sites. The HR Team tells employees about the processes and opportunities open to them and answer any questions employees may have. Over 2,200 employees were involved in our spring HR Day.

We hosted the autumn career event online for the first time. Participants in the month-long My Career at SIBUR marathon were sent career development materials, completed homework assignments and were awarded points for their achievements every day. Over 2,600 employees took part in the marathon; those who garnered the most points won the opportunity to attend personal career consultations with the HR team.

Development of the Production System in the reporting Year

A continuous process of positive changes lies at the core of SIBUR's corporate culture. It serves as the foundation of SIBUR's Production System (SPS), which provides each and every employee with simple and straightforward tools to help them further improve process efficiency.

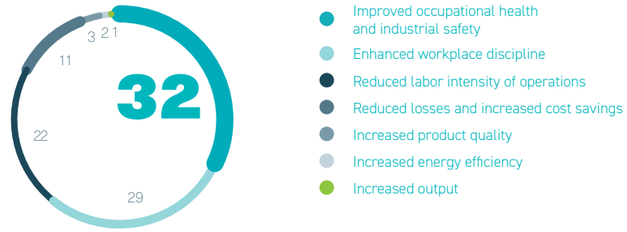
SPS has been implemented at all SIBUR production facilities and includes:

- manager performance standards (MPS);
- lean production tools;
- the "Continuous Improvement" process;
- the Workforce Productivity Improvement initiative;
- cascading KPIs to all management levels;
- educational activities①;
- identifying and promoting best practices developed by individual units and the company as a whole;
- incentivizing staff to play an active role in the change through the Small-Step Improvement programme.

THE SMALL-STEP IMPROVEMENT PROGRAM

In 2019 the Small-Step Improvement programme generated more than 27,000 idea applications of which over 20,000 were implemented.

RESULTS OF IMPLEMENTED IDEAS SUBMITTED UNDER THE SMALL-STEP IMPROVEMENT PROGRAMME IN 2019, BY AREA, %



The continued development of SPS in 2019 involved addressing challenges such as streamlining processes, increasing productivity, spurring on the rate of change and tapping the potential of digital technologies②.

We launched the "SIBUR's Production System" training programme for our partners in the reporting year. The training courses are conducted at our production sites as masterclasses where partners can see and learn about the practices used in SIBUR's Production System first-hand.

We launched the Lean Start-Up Championship③ in Q2 2019, which aimed to engage employees in the process of implementing efficient solutions using SPS tools.

① For more details, refer to "Training and Development".
② For more details, refer to "Digital Transformation".
③ A start-up is project or company in the initial stages of its operations, often founded on innovative ideas aimed at finding solutions to pressing challenges.

We rolled out an updated process for registering and reviewing best practices in Q4 2019, streamlining how best practices are shared within SIBUR and expanding the "funnel" for external practices. Expert panels evaluate best practices in occupational health and safety, environmental protection, production, technology, energy, equipment, metrology, quality control and SPS tools.

KEY RESULTS OF SPS FOR 2019

RUB **20.76** mln
labor productivity

>150
employees
part of best practice expert panels

>27,000
ideas submitted
under the Small-Step Improvement programme

>20,000
ideas approved
and implemented under the Small-Step Improvement programme

>50
best practices
initiated

>70
partners
took part in the SPS training programme

Social Support for Employees

GRI 401-2, 401-3, 402-1

GRI 401-2

The compensation package for full-time employees includes social guarantees such as life and health insurance, medical services, disability benefits, parental leave, financial support, subsidized trips and travel and housing reimbursements.

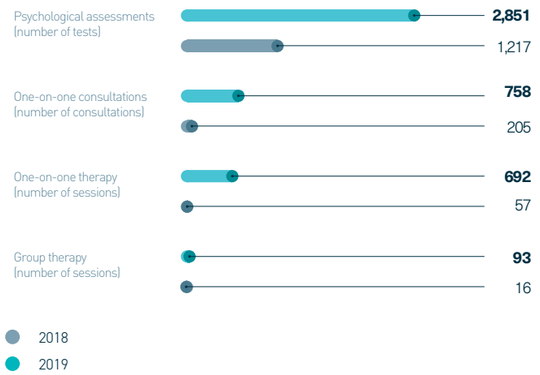
The voluntary health insurance programme covers all SIBUR's production sites and extends to all full-time employees who have passed their probationary period. SIBUR also arranges and pays for all types of mandatory health checks. All employees underwent the pre-employment and annual regular health screenings in 2019.

In addition to mandatory health check-ups and insurance, we take an active role in preventing diseases and promoting healthy lifestyles among our employees.

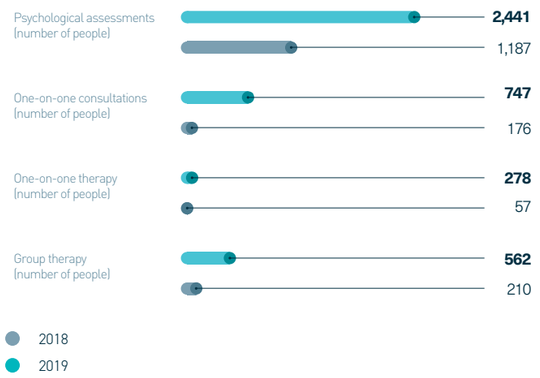
100%
employees
underwent the pre-employment and annual regular health screenings in 2019

The Psycological Support Center (PSC) at the SIBUR Tobolsk and ZapSibNephtekhim plants are another way we support our employees. The goal of these centers is to create a working environment that promotes employees' social and emotional well-being, prevents stress from overworking, helps employees manage stress and improves their communication skills. We provide one-on-one and group consulting sessions, as well as coaching sessions at our PSC centers.

NUMBER OF PSC SESSIONS IN 2018-2019



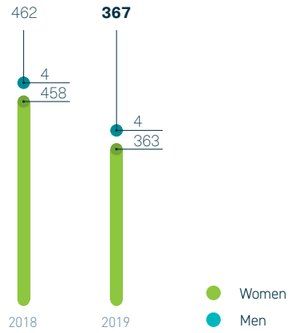
PSC SESSION UPTAKE IN 2018-2019



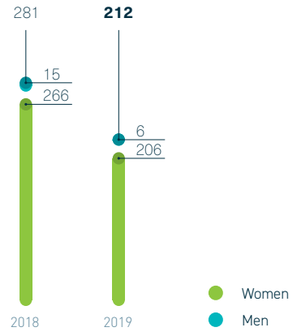
GRI 401-3

In 2019, 80% of employees returned to work after their parental leave ended①.

THE NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE IN 2019, BY GENDER



THE NUMBER OF EMPLOYEES STILL EMPLOYED 12 MONTHS AFTER RETURNING FROM PARENTAL LEAVE, BY GENDER



We spent RUB 1.83 bln on social investment in 2019, including RUB 1.149 bln on social support and RUB 679 mln on employee insurance. Average social spending per employee was RUB 79,700. The majority of our social investment was allocated to the trade union, voluntary health insurance, and corporate events.

STRUCTURE OF SOCIAL SUPPORT EXPENSES, 2019, %

STRUCTURE OF EMPLOYEE INSURANCE EXPENSES, 2019, %

① For more details, refer to "Appendices".

HEALTH PROGRAM

SIBUR continued implementing its corporate Well-being programme in 2019, which aims protect employee health, create a comfortable work environment and promote healthy lifestyles.

The programme's concept has three key elements: physical health, mental health and wellbeing and healthy behavior, which cover the following focus areas:

1 Program performance assessment metrics

- Total days off work due to disability
- Number of cases resulting in incapacity to work
- Health Index = the number employees who did not report sickness/total number of employees
- 100% percent coverage of employees in health groups 2 and 3 with annual medical examinations based on the results of regular check-ups
- Number of medical evacuations of employees
- Number of new occupational diseases diagnoses

2 Healthy meals

- Availablility of healthy meals at cafeterias, coffee shops, salad bars and vending machines at reasonable prices
- Approach to the formation operation charts by outsourced caterers

3 Sports and healthy lifestyles

- Organization of physical activities at the workplace and training sessions at rented finess center and swimming pools
- Development and implementation of preventive programmes aligned with the health risk profiles and disease prevalence rate of employees
- Promotion of healthy lifestyles and informational newsletters via mobile apps, video courses, webinars and awareness campaigns at workplaces
- Incorporation of a commitment to healthy lifestyles as part of the corporate culture

4 Assessment of employee health

- Assessment of morbidity rates based on the data obtained during periodic health examinations, the number of visits to healthcare centers (adjusted for the specifics of a given production facility)
- Implementation of the Early Disease Diagnosis programme
- Automation of pre-shift medical check-ups
- Development of electronic health passports for employees/department/production sites

5 Individual insurance

- Adaptation of insurance policies based on the results of health assessments:
  - voluntary health insurance
  - accident and illness insurance
  - foreign travel insurance

6 Dynamic monitoring

- Implementation of the Shop Doctor programme
- Dynamic monitoring of employees' health with differentiation by patient categories
- Follow-up examinations and control over the implementation of recommendations for at-risk groups

7 Enhancement of medical assistance and services

- Development of a dedicated service for managing employee health. Selection of single operator to manage medical posts
- Opening of a center for preventative check-ups at the Tobolsk production site
- Emergency and primary medical assistance
- First aid traning for employees
- Vaccinations
- Health Schools (medical screening, consultations with subject-matter specialists)
- Development of telehealth services

8 Treatment at health resorts

- Arrangement of treatments for employees and members of their families at the SIBUR-Yug Corporate Health Resort and resorts in Altai Region (Belokurikha, Rossiya, Altai-West)
- Children's camp at the SIBUR-Yug Corporate Health Resort
- Treatment of employees at regional resorts financed by the social insurance fund

Building a Talent Pipeline

SIBUR is guided by the following principles when building its talent pipeline:

1. **consistent high performance;**
2. **development and growth potential (taking manager recommendations into account);**
3. **successful completion of the Development Center**

We introduced a range of qualitative changes to the talent pipeline system in 2019:

- established a link with performance management: now only high-performing employees can become potential candidates;
- set transparent and standardized evaluation criteria for comprehensive competence models across all management levels;
- increased the involvement of managers in Development Centers to help them track emerging competencies, share opinions and provide feedback to each participant;
- launched a career planning system, which creates a rotation and development plan for employees based on their performance at the Development Center.

We use our Development Centers to implement learning programmes that are specially designed to develop competence models for each management level. Training focused on the following key areas in 2019:

- the economics of production;
- data analysis and decision-making;
- cross-functional interaction;
- team development;
- English language.

We also expanded the range of management training programmes by launching our Corporate MBA programme (CMBA)①. In 2019, 45 employees completed the CMBA programme and 30 employees joined the new intake in September 2019. We developed distance- and classroom-based learning courses for each training area. We conducted pilot classroom courses for over 80 participants. More than 350 employees were assigned to distance learning courses in economics and English②.

Expanded the range of management training programmes by launching the

CMBA① programme

45 employees
completed the CMBA programme

30 employees
joined the new intake in September 2019

>70% employees
with confirmed development potential were promoted based on the results of Development Centers and HR committees

① CCorporate Master of Business Administration.
② For more details, refer to "Training and Development".

Trade Union Activities

SIBUR Profsoyuz represents the interests of our employees, organizes corporate events and deals with budget issues in conjunction with Human Resources departments.

We have a trilateral agreement between the management company, the subsidiaries/associates of PJSC SIBUR Holding and the trade union. The agreement regulates the social and labor relations between SIBUR's employees and the company based on the provisions of the Russian Tax Code, the Federal Law "On Trade Unions, Their Rights and Guarantees of their Activities" and the industry-wide agreement on Russian oil and gas organizations (the Industry Agreement).

The provisions of the trilateral agreement relating to compensations and benefits were amended in 2019 to bring them in line with the standards stipulated in the Industry Agreement.

The total budget of corporate events organized by SIBUR in collaboration with the trade union was

RUB **33.6** mln

We held around

20 events
including a marathon, a ski contest, football, basketball, volleyball and chess touraments, a summer sports contest and other events.

Digitalization of HR processes

The digital transformation is having a significant impact on how we approach HR processes. Given that boosting production efficiency and ensuring "Smart Solutions" in costs are among SIBUR's key focuses.

We are proactively incorporating digital tools into the HR management process, for example:

1 the OPORA personal account management tool

that employees can sue to submit questions or request documents;

2 the Corporate Window

an internal portal where employees can find and request services they need, find out the latest information about services, track their completion status and give feedback. The Corporate Window provides access to IT support, corporate and administrative services;

3 Jeffit, an automated IT

solution for the legal service;

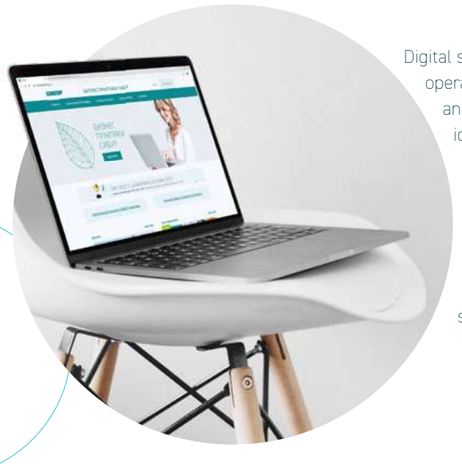
4 a network of self-service terminals

that let employees see what benefits they are eligible for and file applications for vacations at the SIBUR-Yug Resort;

5 the CLICK corporate social network

a new workspace that unites all employees of the company, regardless of their position and geography. The network allows an employee to address different tasks, find the necessary information and communicate in a common digital environment;

6 an online portal of SIBUR's best practices



online portal of SIBUR's best practices

Digital solutions help minimize routine operations, boost employee productivity and create more time for creative ideas and projects. This promotes an environment where employees have more opportunities for self-improvement and can play an active role in SIBUR's development by showing initiative and proposing outside-the-box solutions to emerging problems①.

① For more details, refer to "Digital Transformation".

Key Targets for 2020

Our key HR targets are to boost labor productivity, increase the level of engagement, adaptation and cross-functional development, expand employee expertise and continue digitalizing processes.

SIBUR's goals are based on our key focus areas for 2020 and include:

1 Corporate and team development based on the evolution of values

- **Develop a safe and engaging work environment:**
  - Involvement of senior management in the change process: new bonus schemes, communication management courses and leadership training programmes
  - Launch of simple and easily accessible HR services for managers and employees
  - **Increase of engagement level**

  to **79**%
- **Improve labor productivity:**
  - Optimization of non-production administrative and management staff at production sites by 30% in 2019-2020
  - Reduction of the number of management levels
- **SIBUR-2 production system:**
  - Evolution of system elements
  - Application of new tools
  - Unification of initiatives aimed at process improvement: a new operational model, digitalization, reduction of administrative and management staff and restructuring of end-to-end processes.

2 "Uncompromising safety"

- Implement target HSE department structures at SIBUR production sites within the new operating model
- Develop succession of the HR verticals of the department

3 Development of sales: from product to the sale of solutions

- Integrate and adapt new employees with a view to changing job roles and competency requirements

4 Boosting production efficiency and "Smart Solutions" in costs

- Implement target department structures at SIBUR production sites within the new operating model
- Integrate a long-term motivation scheme for key site and departments managers with a focus on boosting labor efficiency

Training and Development

GRI 404-2, 404-3

The rapid pace of change in the modern world makes it necessary to develop new skills. The training system built by SIBUR enables our employees, customers and partners to adapt in a timely and effective manner to contemporary challenges by mastering the most in-demand competencies.

2019 PERFORMANCE HIGHLIGHTS

SIBUR – Best Employer

in a survey of target students, based on the methodology of the FutureToday HR agency

Developed the curriculum structure and mapping logic of programmes for Corporate University programmes

Developed SIBUR's first online sustainability training programme

Created a matrix of programmes for **Soft** skills development

Hosted the inaugural industry championship in collaboration with **World**Skills

Increased the number of training hours per FTE to **42** hours
17%

Performance in 2019

GRI 404-2

Our approach to training in 2019 was guided by six focus areas that are underpinned by **17 learning and development strategic initiatives**. These focuses and initiatives helped us make a major impact by driving the realization of training projects that benefited our employees, clients, partners, school pupils and university students.

1 WE DEVELOP ENGINEERING AND TECHNICAL EXPERTISE

STRATEGIC INITIATIVES

- Implement the Chemical Engineering programme at partner universities
- Develop a learning system for clients, distributors and key partners
- Launch SIBURINTECH Engineering and Technical Expertise Center
- Launch the foreign language teaching initiative
- Implement the updated production coaching system
- Deliver programmes of the IT and digital technology faculty

RESULTS

- Launched three Chemical Engineering partner programmes with foreign universities The first intake was attended by employees from seven SIBUR production sites and master's students
- The WorldSkills training methodology was used as the basis for the professional training and development process for junior positions
- SIBUR, in collaboration with WorldSkills (Russia), launched its first industry championship for three key competences in the petrochemicals sector: "Laboratory Chemical Analysis", "Chemical Technology Operator" and "Technology Equipment Repair". The championship attracted 35 entrants who were judged by 38 experts from SIBUR, Gazprom Neft, Rosneft, TANEKO (GK Tatneft) and Nizhnekamskneftekhim (GK TAIF). The WorldSkills standard for the Operator competence was included in the target preparation programmes for students at partner universities
- Completed construction of the SIBURINTECH Engineering and Technical Expertise Center, purchased training equipment and created the team
- The updated mentorship system was incoprated into the HR-cycle (pilot project launched at BIAXPLEN LLC)
- Launched a distance learning programme for foreign languages. 4,500 employees signed up for the platform, of which 21% moved on to the next level within a year
- 15,310 employees were trained within the IT faculty, average NPS① was 80%. 30 new programmes were developed and implemented in 2019

2 WE SUPPORT THE GROWTH OF THE BEST

STRATEGIC INITIATIVES

- Launch structured business learning programmes with a focus on developing economic competences

RESULTS

- Implemented a two-level programme for corporate business education (CMBA and CEMBA②)
- Developed the selection process for the corporate business learning programme based on the results of Development Centers, the system was embedded in the talent management cycle. Launched a second learning stream in 2019
- Developed and implemented the "Economics for Business" online programme
- Developed the multi-stage "Economics for Production" programme, which consists of three workshops and Business Chemistry games. The pilot programme was rolled out at KZSK, SiburTyumenGas and Sibur-Khimprom

① Net Promoter Score is an index that measures the willingness of customers to recommend a product to others.
② Corporate Executive Master of Business Administration (programmes for top managers based on the significant experience of the trainees).

3 WE LOVE WHAT WE DO (DEVELOP VALUES AND INCREASE INVOLVEMENT)

STRATEGIC INITIATIVES

- Cascade updated values
- Implement the new leadership model
- Support the safety culture

RESULTS

- Corporate values were integrated into the induction process for new employees
- Revised six Manager Performance Standards (MPS) in accordance with new requirements for leaders. Programs covering values ("Leaders of Change") have been integrated into business unit objectives to unlock the potential of management teams
- Launched the international "Leadership in Safety" programme
- Implemented the OHS Management training programme at Tyumen State University for experts and leaders in the Production Efficiency and HSE departments

4 WE STRIVE TO CONSTANTLY WORK HARDER

STRATEGIC INITIATIVES

- Change learning models (processes, products, teams, certification)

RESULTS

- Developed a programme catalgoue for the Corporate University, determined their mapping logic and incorporated the programmes into the HR cycle
- Submitted the application to obtain CLIP① (EFMD②) accreditation
- Obtained all approvals required to be a licensed Russian educational institution. Updated the L&D team③
- Performed an audit of processes and developed mandatory training matrices
- Launched the LMS design process④

① Corporate Learning Improvement Process for corporate universities.
② The European Foundation for Management Development (the international accreditation association for business schools in Europe).
③ The Learning & Development Team develops employee potential.
④ The Learning Management System (a programme for administering the learning courses within the distance learning framework).
⑤ Customer satisfaction index shows the satisfaction of a trainee with the programme.

5 WE CREATE VALUE FOR CLIENTS AND PARTNERS

STRATEGIC INITIATIVES

- Develop the learning system for clients, distributors and key partners

RESULTS

Developed and implemented the following programmes:

- "Export School" for 10 clients
- "Chemistry of Life" lecture course for clients and partners (2,067 participants with a customer satisfaction index (CSI)⑤ of 9 out of 10, NPS of 70%)
- The "Fundementals of Polyolefin Processing" programme (36 attendees from 18 partner companies)

6 WE DEVELOP HR POTENTIAL FOR FUTURE GROWTH (SCHOOL-UNIVERSITY-PLANT)

STRATEGIC INITIATIVES

- Relaunch work with junior specialists, implement an upgraded induction programme
- Work with students in regions of presence
- Develop the educational infrastructure in Tobolsk and Svobodny
- Develop joint programmes with partners (Sirius Education Center, Quantorium Children's Technopark)
- Relaunch educational programmes for children

RESULTS

- Named Best Employer in a survey of target students based on the methodology of the FutureToday HR Agency

For the children of employees (SIBUR-Kids):

- Developed the "SIBUR-Kids" programme for pilot regions. Organized the events for children at SIBUR Tobolsk, SiburTyumenGas and at the Corporate Center: governor-sponsored camps, the "Digital Teens" game that challenged participants to develop a digital product and organized teams of engineers and other study groups at a children's camp. The events were included in the 2020 schedule
- Prepared a list of events for the Sibur-Yug Coporate Resort ("Digital Teens" game/ engineering team/study groups)
- Hosted "TRI Children's Forum: SIBUR's Digital Lighthouse" to discuss how digitalization, sports, creativity and business are interlinked through the well-established format of TED-talks⑥

For school pupils in the regions of presence:

- Launched summer governor-sponsored camps for talented children in Tyumen Region that combined recreational activities with study and learning
- Held training sessions for talented children at the Sirius Education Center in Sochi
- Implemented the "SIBUR Grants" project for talented 9-11 grade pupils from regions of presence (157 participants) in collaboration with seven partner universities

⑥ Format of preprepared 18-minute talks similar to annual TED-conferences.

The Corporate University

GRI 404-2

SIBUR's Corporate University plays a key role in building the corporate learning and development system. The structure for the Corporate University's curriculum was developed in 2019, which reflects the two main areas of its work:

Business Run — standard programmes to ensure the continued high performance of new and/or existing job roles. These include induction programmes for the company and departments, as well as Manager Performance Standards (MPS). Business Run programmes are mandatory for all new hires and internal transfers, and for all new business processes and products.

Business Change — development programmes for current positions and preparation for future roles. These include business training programmes (CMBA, CEMBA, open MBA and EMBA), expert career track programmes and the project track for employees with manager, expert or project manager potential. The Business Change programme comprises two additional areas: functional development (additional programmes within departments) and the development of soft skills.

The Corporate University programme catalogue also covers the **Other Programs** block, which consists of programmes for clients, business partners and students, to promote the development of SIBUR's ecosystem.

The catalog of programs of the SIBUR Corporate University, see p. 158–159

PROGRAMMES MATRIX

To improve the interpersonal skills of our employees and help them in areas such as **communication, conflict resolution, stress management, teamwork, leadership**, etc., we developed **the Menu of Development Actions**, a matrix programmes for developing **soft skills**①. The Menu gives employees detailed information about how they can improve their soft skills within the company and track their progress. All recommendations are clustered into four thematic blocks, with recommendations divided into three parts:
(1) **workplace development**, (2) **learning from the experience of others** (3) **formal learning, studying structured knowledge**.

The creations of the matrix has made it easier for all SIBUR's employees to manage their self-development, irrespective of their position.

Thematic areas and recommendations of SIBUR's soft skill matrix

10% formal training, studying structured knowledge

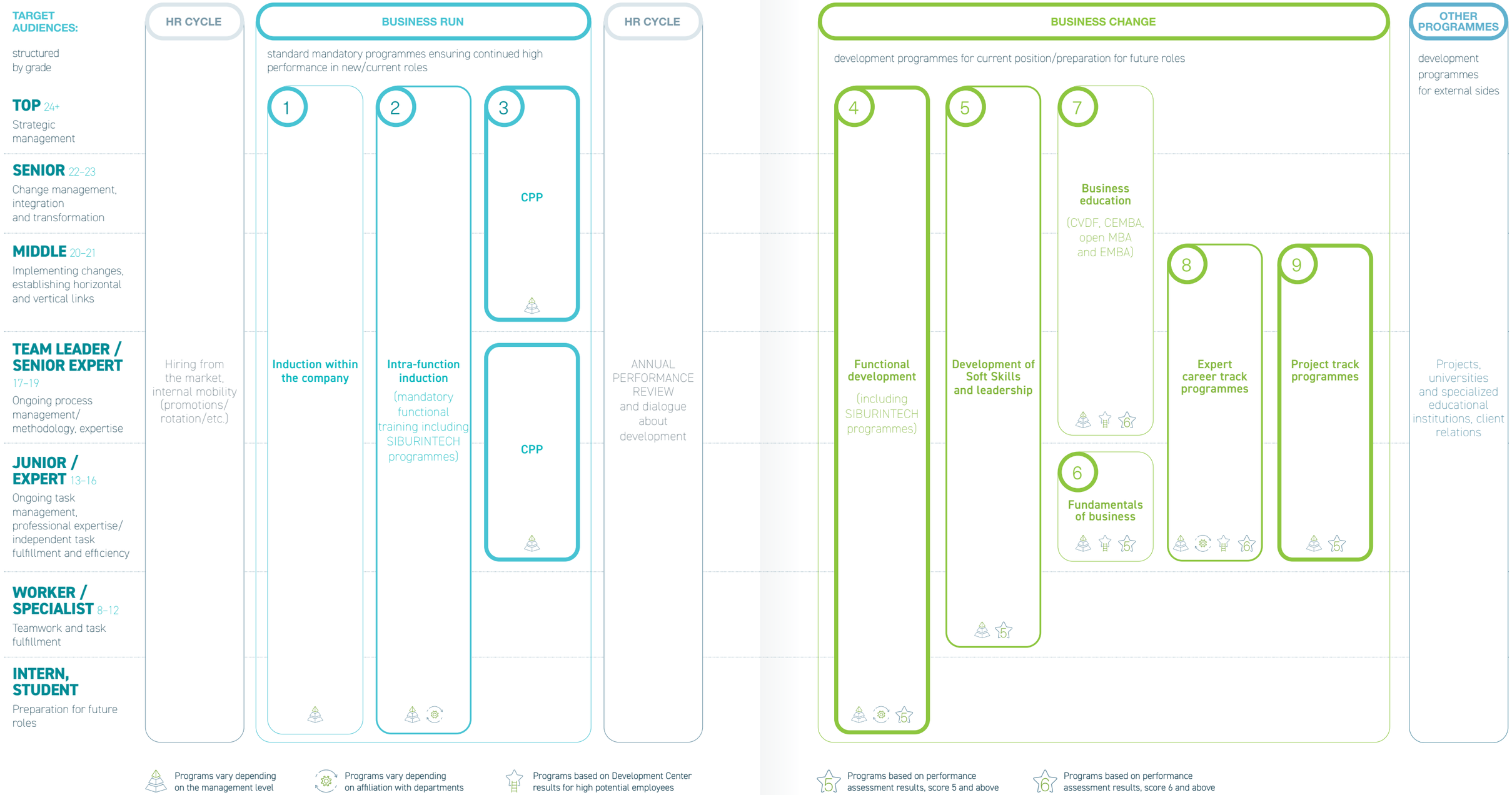
20% learning form the experience of others

70% workplace development

- Communication and partnership
- Critical thinking and decision-making
- Personal performance and self-development
- Task and people management

① The set of non-specific, supraprofessional skills related to personal qualities, personal development and successful participation in the work process. The soft skills include communication skills, time management, emotional intelligence, leadership, critical thinking, etc.

Corporate University Curriculum



The Role of Digital Transformation in Learning

The Corporate University's IT and Digital Competence faculty plays a key role in the digitalization of learning and development processes. We created the IT Literacy platform; a catalogue of training courses created by a team of IT instructors, and defined the target audience among employees.

We use various formats of training: webinars, online courses, SMS-trainings and educational newletters. We are currently developing and testing various educational solutions and platforms such as the intellectual game Castle Quiz①, which teaches new knowledge via gamification. We have developed and rolled out two virtual reality (VR) simulators and use learning programmes based on ASPEN Tech modeling systems②.

The "Remote Expert" tool, based on the augmented reality (AR) technology, is used during our on-site trainings. AR/VR learning formats are primarily targeted at Production Efficiency department (PEF) employees at production sites but are also open to PEF employees at the Corporate Center.

① A quiz competition where players answer questions to defend their virtual medieval castle or demolish the castles of their opponents.
② A software supplier.

Distance Learning

KEY RESULTS FOR 2019

Average weighted NPS of remote courses

78.2
NPS

Spent on training

98,020
man-hours

Spent on training webinars

28,180
man-hours

Current number of courses

in the distance learning management system LMS③

185

We developed 74 new programmes in 2019, which comprise of 134 teaching modules④. The new educational programmes covered professional, technical and social skills and are offered to employees of all key departments: sales and marketing, economics and finance, HSE, etc.

COVID-19 has meant that distance learning has come to play a more pronounced role in our learning infrastructure. Learning programmes are currently being moved online, a process that will continue throughout 2020.

We developed a special web-resource that supports our shift workers by giving them ideas and tools for relaxation and self-development. The platform gives employees the chance to take virtual tours of top Russian and international museums, watch online broadcasts of ballet performances at the Bolshoi Theatre, sporting events and movies, listen to the masterpieces of world music, read books, select fitness training schedules, play chess, solve quizzes and logic problems, and take SIBUR training courses and self-development webinars.

DEVELOPMENT OF A SUSTAINABILITY TRAINING PROGRAM

The development of the sustainability training programme was an important milestone in 2019. **The programme covers three units:**

1. **What is sustainable development? Sustainable development in Russia and globally**
2. **Sustainable development at SIBUR**
3. **Personal contribution to sustainable development**

The programme aims to increase awareness about sustainability among SIBUR's employees and partners, shape a holistic view on our efforts in this area and inform employees about how they can personally contribute to sustainable development.

③ Learning Management System (a programme for administering the learning courses within the distance learning framework).
④ One training unit lasts for approximately one academic hour.

Training Programs for Clients and Partners

KEY RESULTS FOR 2019

Clients, suppliers and partners (11% of the total number of participants) registered for SIBUR educational events

256 people

Clients, suppliers and partners (23% of the total number of participants) attended lectures in-person

80 people

Watched educational modules on SIBUR's YouTube channel (including webinars posted online for public viewing)

7,230 people

CSI was

9/10 points

NPS was 70%

We also launched our first-ever webinars on sustainable development for clients in 2019.

In 2019, we developed the Export Growth Accelerator programme in collaboration with the Russian Export Center's "Export School" for 10 clients. The programme aims to develop clients' ability to conduct foreign trade and support their export potential. The course teaches participants how to analyze target markets, negotiate with foreign counterparties, assess product economics, conduct marketing activities, etc. RosAutoPlast, Tosol-Syntez, Europolymer, Byurokrat, Netkanika and others took part in our intake that started in late-February.

The Export Growth Accelerator has three modules that challenge participants to work on their own proposals for launching products on foreign markets. Course takers are taught to assess risks, adapt products for market needs, understand certification rules, protect IP rights, arrange financing, consider state support options and study customs processing, cumulating in the presentation of their proposal to course organizers and feedback.

We also approved the concept of a project for clients and partners that combines all our training approaches for external audiences. We launched "Chemistry of Life", a lecture project for employees, clients and contractors, in September 2019. Six meetings in the format of lectures have been held so far.

By engaging our clients and partners in the learning and development process, we are encouraging the implementation of new ideas and the creation of new opportunities, while fostering a joint response to global challenges and adapting to change.

For more details, refer to "Customer Centricity"
p. 34–38

Key Learning and Development Goals for 2020

The further digitalization of processes, growing importance of innovations, more competitive talent market, move towards more flexible project teams, increased role of cooperation, as well as the trend for sustainability and high productivity are all challenges facing the industry over the next 3-5 years. These lie at the heart of the six main development areas for SIBUR's Corporate University in 2020 and related goals.

1 Uncompromising safety –

- Implement the "Leadership and Safety" programme

For more details, refer to "Occupational Health and Safety", p. 166–191

2 Boosting production efficiency and "smart solutions" in costs –

Develop engineering and technical expertise

- Embed the WorldSkills movement (from Junior to 50+) in the development programme of the Production Efficiency department at nine production sites
- Develop and launch a development programme for employees of the IT, Digital Technologies and Corporate Data Management departments (Big IT)
- Develop SIBURINTECH, our center for developing engineering and technical expertise and safety culture. Obtain licenses to conduct educational activities
- Launch the "Fundamentals of Business" programme to develop the business competencies of engineering staff (two pilot groups)
- Develop and implement an economics programme for business and economics for production
- Roll out the Chemical Engineering programme at regional universities
- Implement updated Manager Performance Standards (MPS)
- Develop youth programmes and the system for interaction with universities
- Develop and launch programmes for employee self-development, including pre-retirement age employees

coverage of up to **500** people per year

coverage of up to **300** people per year

3 Improvement of sustainability indicators –

- Develop and launch the online training programme on sustainable development
- Develop early profile orientation in regions of operation through partnerships with educational institutions (Sirius, Quantorium, Agency for Strategic Initiatives)
- Implement infrastructure projects to improve education in our regions of presence (increasing unified state exam (USE) scores and the number of talented children in Tobolsk and Svobodny)

cover over annually > **3,000** children

achieve an increase in the number of applicants for chemistry majors at partner universities of **10** %

increasing USE scores by at least **5** %

number of talented children by at least **10** %

4 Corporate and team development based on the evolution of values –

Support the roll out of a new operational model

Transform the induction system and roles (a cross-functional goal to be achieved jointly with the HR department)

Enhance the value support programme
(a cross-functional goal to be achieved by HR, Corporate Communications and the Trade Union)

Transform the Learning and Development department

- Implement a system to manage the economic efficiency of Corporate University programmes: comprehensive KPIs and learning metrics
- Transform the Learning and Development (L&D) department at production sites and embed it into the HR-cycle
- Implement LMS (phase one: management of mandatory trainings (access), educational planning and NPS evaluation)

5 Develop sales: from product to the sale of solutions –

- Introduce programmes for clients and partners, including based on LMS

6 Develop ecosystems –

Foster a corporate culture of self-development, coaching/mentorship.
Develop the internal teacher system
(training 150 teachers)

OCCUPATIONAL HEALTH AND SAFETY

Performance in 2019

We operate production facilities that involve hazardous and harmful production factors. When planning our operations, nothing is more important than ensuring the health and safety of our employees and local communities, preventing emergencies, accidents and occupational disease, and reducing our impact on the environment.

2019 PERFORMANCE HIGHLIGHTS

LTIF rate of
0.27
↓27%
among SIBUR employees, including contractors employees

LTIF rate of
0.32
↓63%
among SIBUR employees incidents

and **0** accidents
↓0%

18
major emergency response exercises

and **900**
drills performed

151 ITARA
sessions held

Identified
240
material health and safety risks

RUB **1,127** mln
spent on occupational health and safety measures, including

RUB **459** mln
on purchasing of personal protective equipment (PPE) for employees

7,444 people
took part in distance learning,

3,581
employees
underwent in-person OHS training, including

807
contractor
employees

2 meetings
of the HSE Committee

and **57** meetings
of OHS commissions

14,140
employees
underwent medical checks

We worked to achieve our occupational health and safety (OHS) goals in 2019.

2019 TARGETS	RESULTS
Injury rate of SIBUR employees (LTIF) not exceeding 0.26, including contractors	LTIF of 0.27, including contractors
Employee development – bringing the safety culture to a productive level	Implementation of the "Uncompromising Safety" programme
Development and improvement of the HSE management system through digitalization and simplification of processes	Introduction of digital job orders, mobile rounds, maintenance of a database of behavior-based safety audits (BSA) on the corporate SharePoint portal to register observations and analyze results, launch of a video analytics and computer vision system to improve OHS performance①

① For more details, refer to "Digital Transformation".

Our Approach to Occupational Health and Safety

Our approach to occupational health and safety is regulated by Russian and foreign legislation (in countries of our presence), as well as by internal documents of SIBUR's occupational health and safety management system, which is developed in accordance with best practices, including international norms and standards.

OHS Management System

GRI 403-1

To support and develop our occupational health and safety (OHS) system, the company has a certified Integrated Management System (IMS)①, which is based on Russian regulations and international standards. The system applies to all employees and contractors and covers both production and administrative activities at all SIBUR's facilities. We regularly confirm that our OHS management system complies with the requirements of OHSAS 18001 Occupational Health and Saftey Management System through external audits conducted by independent certification bodies.

We have a multi-layered management structure for OHS processes. At the level of the management company, OHS processes are coordinated by the Member of the Management Board, the Managing Director for Corporate Security and Audit. At the level of production sites, HSE management is the responsbility of their CEOs and Heads of HSE departments.

SIBUR's **HSE Committee** operates under the management company and is headed by the General Director. The Committee was set up to coordinate the activities of the management company and all SIBUR's production sites. The objectives and powers of the Committee are listed in the Regulations on the HSE Committee of LLC SIBUR. Similarly, all SIBUR production sites have their own HSE committees with corresponding HSE committee regulations. Production site committees are responsible for managing the following HSE considerations:

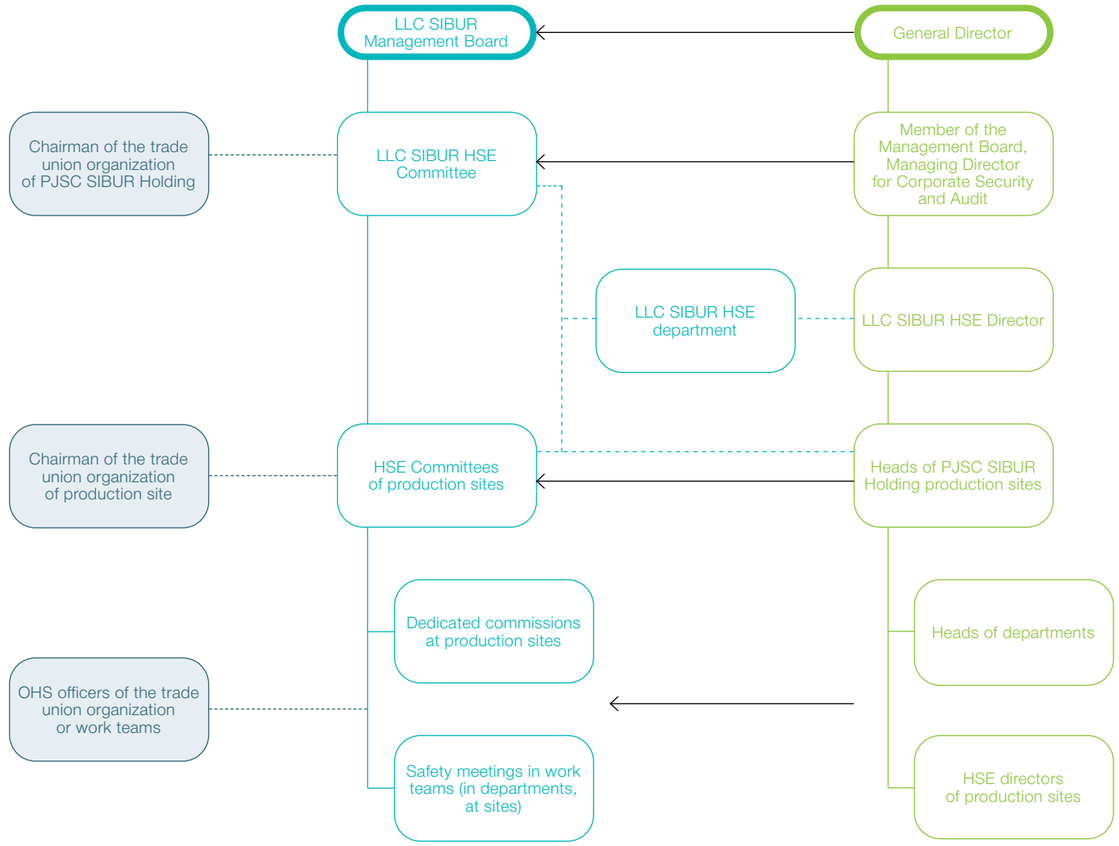
- policy, company HSE goals;
- assessment of goal achievement and monitoring of plan execution;
- determination of measures to improve the HSE management system, including incident recurrence prevention;
- planning of measures to achieve set goals;
- allocation of human and material resources to realize the relevant measures;
- motivation for safe behavior among company employees.

Committees are authorized to make management decisions aimed at fostering a safety culture, preventing occupational injuries, reducing the risks of occupational disease, preventing accidents and fatalities, and reducing negative environmental impacts.

HSE Committee meetings in the reporting year reviewed the findings of investigations into accidents, the current standards for performing highly hazardous work and risk assessments, prepared a summary of the performance of the HSE department and approved goals for 2020.

① For more details, refer to "About SIBUR" (section "Corporate Governance").

OHS management structure



Each production site also has its own **OHS commission**. Commissions implement the principles of social partnership in OHS management on behalf of both the employer and the initial-tier elected body of the trade union. Each production site has specific regulations that regulate the activities of their OHS commissions. The key objectives of these commissions are to:

- review breaches of key safety rules and other OHS regulations at commission meetings if such violations have resulted in serious harm or posed a real threat of serious harm;
- submit proposals on bringing sanctions against violators for the consideration of the production site's CEO;
- prepare and present proposals to the HSE Committee on how to improve employee health and safety processes, create a financial and non-financial incentive system for employees who comply with OHS requirements and ensure health protection and improvement;
- assist with the resolution of labor disputes relating to violations of OHS legislation or changes to workplace conditions.

Representatives of relevant trade union bodies and OHS officers of the **trade union** ensure public oversight of compliance with OHS standards and requirements through involvement in exercising administrative and production control at all levels.

The structure of HSE management at the level of the Corporate Center's HSE department changed in the reporting year. Previously three areas of activity were covered: the day-to-day functioning of the management system, the development and improvement of the HSE system and the monitoring and analysis of the management system. We selected five areas to centralize our HSE activities and vertically distribute functional zones of responsibility:

1. occupational and transport safety;
2. industrial safety and emergencies;
3. environment;
4. predictive analysis and statistics;
5. contractor management group.

Predictive analysis and statistics were designated as a separate area in order to conduct research of cumulative data and use the results of the analysis for future planning. Contractor management activities were also selected as a separate area within the corporate structure due to the high number of large and medium budget projects at SIBUR's production sites and the need to gradually build a system to control the work of contractors from the initial stages of work to the commissioning of facilities.

In 2019:

2 meetings
of HSE Committee
(at the level of the Management Board)

57 meetings
of OHS commissions
(across all SIBUR production sites)

Key Documents Underpinning the OHS Management System

SIBUR has adopted the Integrated Management System Policy of LLC SIBUR and PJSC SIBUR Holding sites (IMS Policy). This policy underpins the direction and analysis of specific strategic goals, objectives and programmes within its scope. All SIBUR employees are actively engaged in fulfilling the responsibilities detailed in the IMS Policy to ensure that the company achieves its goals.

The Board of Directors approved the 2025 Sustainability Strategy in 2019, which includes target strategic OHS indicators ⓘ.

SIBUR's Health, Safety and Environment Management System (HSEMS) operates in accordance with the principles and elements described in the HSEMS Code and the HSEMS Statute.

GRI 403-8

The HSEMS covers all SIBUR employees and the employees of contractor organizations.

The PDCA methodology (the Plan-Do-Check-Act cycle) lies at the heart of our management system. Following this cycle ensures the continuous improvement of the system according to a sequence of steps.

Key documents underpinning the Health, Safety and Environment management system

- Integrated Management System Policy of LLC SIBUR and PJSC SIBUR Holding production sites
- Guidelines for the Corporate Integrated Management System of LLC SIBUR and PJSC SIBUR Holding production sites covering health and safety, environmental protection, quality and energy efficiency
- Health, Safety and Environment Management System Code of PJSC SIBUR Holding
- Health, Safety and Environment Statute
- Health, Safety and Environment Standards.

ⓘ For more details, refer to "Occupational Health and Safety".

Employee Health and Safety

"Uncompromising Safety" is a key and deeply ingrained corporate value. We remain unwavering in our commitment to full OHS compliance.

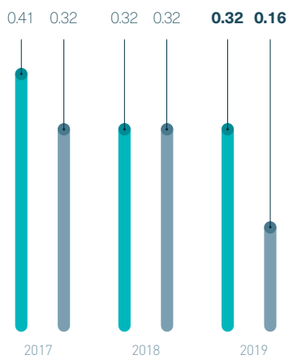
We approved our 2025 Sustainability Strategy in 2019, which details the following key OHS objectives:

- annual reduction of LTIF by 5% among SIBUR employees and contractors (excluding contractors involved in construction works);
- zero fatalities.

SIBUR employs a risk-based approach to workplace safety and conducts internal assessments of IMS compliance with international standards. We carry out a wide spectrum of measures, described in the sections below, to achieve our strategic goals.

Uncompromising **safety** is an integral part of every employee's job at SIBUR

LTIF



Workplace Injuries

GRI 403-9

We are creating a zero-accident culture at SIBUR. This means zero tolerance for safety violations in relation to both oneself and others. We promote responsible behavior at all levels to ensure safe working conditions for all SIBUR employees and contractors.

LTIF① is a key strategic indicator for us. Our results for 2019 were as follows:

- LTIF of 0.27 among SIBUR employees, including contractor employees;
- LTIF of 0.32 among SIBUR employees;
- LTIF of 0.16 among contractors.

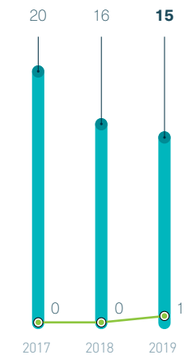
The Total Recordable Incident Rate (TRIR) among SIBUR employees and contractors was 0.27 in the reporting year. The Lost Time Injury Severity Rate (LTISR) was 26.7.

There were 15 accidents involving employees in 2019②, which is one incident less than in 2018. We deeply regret that three accidents involving our employees resulted in serious injuries, including one fatality. All accidents are subject to rigorous investigations. The employee who lost his life inhaled nitrogen while performing hazardous gas works without wearing PPE, in violation of OHS requirements.

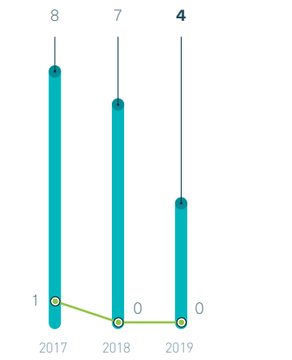
There were four accidents involving contractors in 2019③, including one severe incident. There were no fatalities among contractors④ in 2019.

The safety of contractors involved in construction and the expansion of capacities is of particular concern to SIBUR⑤. The number of accidents in 2019 fell by 25% compared to 2018 and totalled 27, regrettably, this included one fatality⑥. This accident was also subject to a rigorous investigation. The contractor sustained a fatal head injury from falling cargo while unloading a vehicle. The accident was caused by a vehicle safety violation (transportation of loose cargo) by the contractor firm.

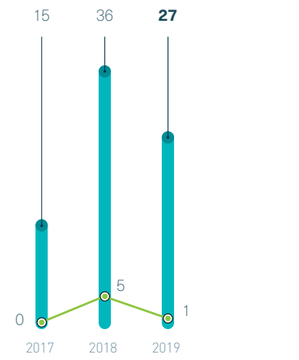
INJURIES AND FATALITIES AMONG SIBUR EMPLOYEES



INJURIES AND FATALITIES AMONG CONTRACTORS



INJURIES AND FATALITIES AMONG CONSTRUCTION FIRM EMPLOYEES



① Lost time injury frequency rate.
② SIBUR's employees, per 1 million hours. In 2019, man-hours worked were 46,485,641 (2018: 49,892,957).
③ Injuries among construction contractors are recorded separately.
④ Employees of SIBUR's contractors, per 1 million hours. In 2019, man-hours worked were 24,288,951 (2018: 22,067,516).
⑤ Contractor employees participating in implementation of ramp-up construction projects, per 1 million hours. In 2019, man-hours worked were 604,479,101 (2018: 86,740,185).
⑥ For more details, refer to "Requirements for Suppliers and Contractors".

Investigation of Accidents

GRI 403-2

Routine accident investigations are performed in accordance with the Procedure for Notification and Internal Investigation of HSE Incidents and the Russian Labor Code. Internal accident investigations aim to prevent recurrence by identifying and correcting deficiencies in SIBUR's HSE management system. All accidents related to production must be recorded and investigated. Internal investigations of accidents must be completed within 15 days.
We rely on the following core principles to ensure that all incidents are investigated in a qualified and efficient manner:

1. **the timeliness and speed** of the investigation;
2. **the competence and proficiency** of the investigator;
3. **the completeness, consistency and objectiveness** of the investigation.

Each SIBUR's production site has employees trained in accident root cause investigation and is fitted out with a range of specialist equipment for investigating accidents (digital cameras, measurement devices, etc.).

Heads of plants are responsible for coordinating corrective and preventive measures based on the results of investigations.

In the event of an incident, the immediate/superior manager must take the following actions, depending on its type and nature:

- immediately provide first aid to the injured person and hospitalize him/her if required;
- report the incident to emergency services (in the event of high gas levels, fire, explosion);
- report the incident to the facility's dispatcher;
- report the incident to management;
- take urgent measures to prevent the deterioration of the situation and further injuries;
- preserve the scene of the incident until the investigation can begin (unless the existing conditions pose a threat to the life and health of others or could result in another accident);
- collect material evidence, records and data relating to the incident;
- keep records of interviews with witnesses of the incident (in written form or using a voice recorder), protect the incident site from environmental factors (where possible).

The findings of investigations are used in briefings, meetings and special email newsletters① to inform employees and stakeholders, and to prevent such incidents from recurring.

① For more details, refer to "OHS Communications".

Accident Minimization

GRI 403-3

We implemented the following measures in 2019 to reduce the number of accidents and strengthen our safety culture:

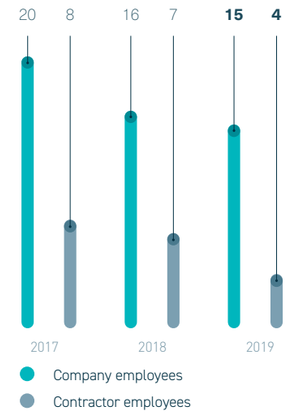
1. **risk assessment** and the implementation of risk mitigation measures;
2. **internal investigations** of incidents;
3. **development of measures** to eliminate root causes of accidents and prevent recurrences;
4. **implementation** of the Regulations on the Organization and Implementation of Production Control Over Compliance with Industrial Safety Requirements at Production Sites with the Application of a Risk-based Approach;
5. **launch** of the "Uncompromising Safety" **programme**①;
6. **digitalization of processes** (digital job orders, mobile rounds, maintenance of a database of behavior-based safety audits on the corporate SharePoint portal to record observations and analyze results);
7. **provision of appropriate training** for SIBUR employees and contractors①;
8. **organization of OHS meetings** for the employees of contractor organizations.

PRODUCTION SAFETY AT RUSVINYL

RusVinyl is a joint venture between SIBUR and Solvay to produce polyvinyl chloride. There have been no work-related injuries resulting in lost work time in almost five years. According to RusVinyl's multinational management team, the following principles are key to mitigating the risk of accidents:

- maintaining cleanliness at production sites, as this has a direct impact on safety;
- never leaving your workplace in an unsafe condition, making sure everything is perfect before leaving work for the day;
- never putting yourself or your colleagues at risk;
- not rushing unless absolutely necessary, as this creates additional risks.

ACCIDENTS



① For more details, refer to "Fostering a Stronger Safety Culture and Training".

DEPLOYING DIGITAL TOOLS TO IMPROVE SAFETY AT MAJOR SIBUR PRODUCTION SITES

In October 2019, SIBUR's Corporate Center hosted a meeting on the deployment of digital tools to improve industrial safety at production sites and reduce the administrative burden of control and oversight on businesses.

The meeting was attended by Russian Prime Minister Dmitry Medvedev, Deputy Prime Minister Dmitry Kozak, Minister of Labor and Social Protection Maxim Topilin, Head of the Federal Service for the Supervision of Use of Natural Resources (Rosprirodnadzor) Svetlana Radionova and the Head of the Federal Service for Environmental, Industrial and Nuclear Supervision (Rostechnadzor) Alexey Alyoshin.

Dmitry Konov, Chairman of the Management Board of SIBUR, presented a pilot project for a remote safety monitoring system implemented at SIBUR's Perm site together with Rostechnadzor. The solution enables early identification of potential threats and helps to assess production risks. As a result, potential risks can be eliminated early on. Should any incident occur, employees are notified and can respond promptly. All data on industrial safety is sent to Rostechnadzor's Analysis and Response Center. The system was rolled out at Perm site in stages, starting in 2016. The solution processes around 18,000 signals in real time that shows the current state of industrial safety at the facility.

Ahead of the meeting, the visitors got the chance to take a look at SIBUR's digital innovations. Among them was a biometric employee and visitor identification technology rolled out at SIBUR's offices several years ago. Designed to prevent any unauthorized access, it also makes entry into the office more convenient for employees and authorized visitors. The technology manages most of the security functions previously performed by a human, including ID/pass checks, visitor face recognition against their ID, pass application verification, storing of the visitor's name and image, and pass issuance. Turnstiles "recognize" authorized visitors as they approach and open up automatically for them.

The Prime Minister was shown the Mobile Rounds and Repairs app that eliminates paper workflow, video analytics for controlling the production process and product quality, a tool for visualizing the relationshipbetween the economics of production and the process mode, explosion-proof Industrial Internet of Things (IIoT) sensors for reducing accident rates and improving efficiency, private LTE networks① for secure and reliable data transfer and efficiency dashboards for shift changes.

OHS Hazard Identification and Risk Assessment

GRI 403-2

We have developed the Procedure for Identifying OHS Hazards and Managing Risks in Accordance with the international OHSAS 18001:2007 standard to establish uniform requirements for the identification of hazards, subsequent risk assessment and development of measures to minimize accidents.

Work on hazard identification and OHS risk assessment is conducted to uncover all sources of hazards and dangerous and harmful workplace factors across all our production processes. Risk assessments are carried out to develop risk mitigation measures.

The core aims of OHS risk management are to:

1. identify and monitor OHS hazards;
2. assess associated risks, determine their acceptability and develop measures to manage them;
3. prevent/reduce the industrial injuries, accidents, incidents and occupational diseases;
4. provide objective information on SIBUR's OHS performance;
5. generate informed recommendations on risk reduction.

Hazard identification and OHS risk assessment are performed for routine and complex, as well as for hazardous works. The list of risks for routine operations is updated once every three years, while other types of risk assessment are performed as required and well in advance of any work taking place by order/instruction of the site's CEO. Unscheduled risk assessments must be conducted if:

- existing guidelines and rules do not correspond to actual working conditions;
- a new building, equipment, or materials are put into operation;
- working conditions change;
- previously adopted risk reduction measures may be insufficient;
- the issued assignment could potentially affect other works;
- similar works or operations resulted in injuries, accidents or incidents.

Before starting any assignment, each employee must perform a job safety analysis (JSA). JSAs are conducted in accordance with a checklist (Five Steps to Safety method) to analyze whether the works can be performed or continued, and take the necessary safety measures to protect employee health and the environment. If an employee decides work cannot be performed based on an independently conducted JSA, the procedure is carried out jointly with a manager in verbal or written form.

Each production site also develops its own questionnaires to identify hazards and risks at fixed workplaces for all roles. All assessed risks arising from hazardous factors are divided into color categories (red, orange, yellow, or green, corresponding to unacceptable, high, medium, or acceptable respectively). The HSE department determines the total number of hazardous factors and associated risks. Based on the results of an analysis, high and unacceptable risks are allocated to the appropriate register.

We use the following information sources to identify hazards:

- results of a preliminary survey of production site employees;
- technical documents for equipment and engineering documents for processes;
- information about the substances and energy resources used in the production process;
- safety rules, standard OHS documents and regulatory documents on the process under review;
- information about accidents, incidents, injuries and occupational diseases that have occurred at SIBUR and the findings of the respective investigations;
- information about accidents (emergencies) that have occurred outside SIBUR's production sites that could impact workplace conditions;
- information from the accident elimination plan and the accident response and containment plan;

① LTE (Long-Term Evolution) is a standard for wireless broadband communication for mobile devices and data terminals.

- results of observations and visual inspections of productions sites and surrounding areas;
- survey results of employees of the production site department/ management company department;
- employee complaints about working conditions and proposals for improvements;
- data on incidents that occurred during business trips;
- results of production control of OHS issues;
- industrial safety declarations;
- recommendations of OHS regulators;
- results of special assessments of work conditions (SAWC) and production control of production environment factors;
- records of performed inspections and audits.

We have created a list of hazardous works. A group of specialists in various areas conducts a risk assessment during the planning of any hazardous works (performed based on job orders) or non-standard operations. Based on the analysis results, in addition to the main job order, a report on identified risk values is generated in the required format. A color-coded index indicates whether work can commence. An unacceptable or high risk level of risk means that appropriate risk mitigation measures need to be developed and implemented.

The results of risk assessments are reviewed by the HSE committees of the relevant production site. The identification of hazards makes it significantly easier to determine problem HSEMS areas, while risk mitigation measures enable management to improve the HSEMS.

GRI 403-3

As of early 2019, we had identified 240 material risks, with an additional 33 material risks added during the year and 139 eliminated in the reporting year. As of early 2020, 101 risks being monitored and work is underway to minimize and eliminate them. According to our statistics, the highest number of eliminated risks are related to falls from height and a smaller percentage concern falls on slippery and uneven surfaces, and exposure to harmful substances.

We named 2020 as the year of safe work at height. We are planning a range of informational, organizational and technical measures to reduce injury rates among employees and contractors while working at height as part of our corporate **"Height Without Hazard"** programme. Our ultimate goal is to achieve zero LTIF associated with the frequency of work at height.

We were able to achieve a significant reduction in the number of risks in the reporting year through technical and organizational measures (increasing the engagement of managers and workers in safety matters). Key measures aimed at risk mitigation in the reporting year included:

- **installing** fixed lifelines at loading/ unloading racks;
- **installing** servicing sites;
- **replacing** and repairing ventilation systems;
- **replacing** end-suction pumps with leak-free pumps;
- **reorganizing** movement flows.

GRI 403-2

Each employee can report production hazards via the corporate HSE portal (SharePoint), using the electronic log of HSE status checks, by registering a behavior-based safety audit and through SIBUR's internal and independent hotline①.

GRI 403-4

All employees can ask their leader or the trade union's OHS officer for advice on OHS matters and participate in the development, implementation and assessment of management system for health and safety matters by attending HSE meetings at the production site or HSE committee meetings.

Identification of Technogenic Risks

The internal standard "Procedure for Assessing the Risk of Potential Accidents" defines how we approach the identification of SIBUR's technogenic risks. In 2019, we held 151 identification of threats and assessment of the risk of possible accidents (ITARA) sessions, which is 90% less than in 2018. The reason for this was that we identified the majority of potential accident risks in 2018 and conducted ITARA sessions to address them in that year. These sessions help us identify the most significant risks, develop preventative measures and reduce the occurrence of the industrial incidents that may affect employee health, have a negative impact on the environment, cause injuries, lead to the destruction of property, or other potential consequences.

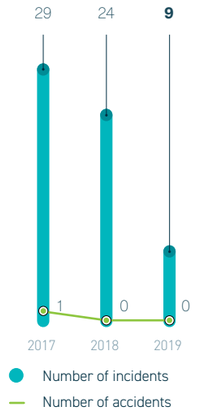
We hold ITARA sessions in the following cases:

- for all new production processes and facilities where hazardous chemical substances are present or where there is a risk of combustion and explosion from production processes;
- for existing facilities that present a hazard were an ITARA has not previously been held;
- when making changes to existing production processes that present a hazard, or to facilities and production guidelines;
- when the findings of previously performed ITARA are revised;
- when the results of incident investigations reveal previously unidentified instructions as a root cause;
- when permanently or temporarily decommissioning production equipment;
- when de-installing production equipment;
- when developing and assessing measures aimed at increasing the efficiency of production and engineering processes.

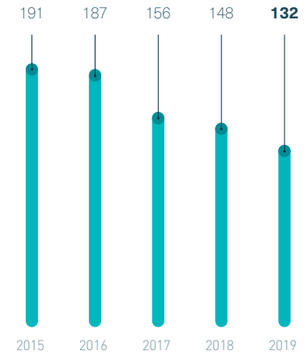
ITARA sessions are held in accordance with the approved five-year schedule. For newly acquired facilities, ITARA sessions must be held within three years of the acquisition date. We identified 90 technogenic risks in the reporting year, 33 of which were eliminated. As of early 2020, 57 technogenic risks were under management.

The production facilities accident rate (PFAR) was 0.016 in 2019. This indicator tracks changes in the level of accident risk at production sites that operate hazardous production facilities. We switched from PFAR to a new indicator in 2020 — the accident rate index (ARI) — in line with the international process safety events rate (PSER) indicator. PSER shows how successfully we are managing technogenic risks at production facilities by reflecting the number of process safety events per 1 million work hours.

ACCIDENTS AND INCIDENTS



HAZARDOUS PRODUCTION FACILITIES



① For more details, refer to "Business Ethics and Compliance".

Employee Health and Occupational Disease Prevention

GRI 403-6, 403-10

Ensuring and promoting the well-being of our employees and preventing occupational diseases are core priorities at SIBUR. All employees have access to the following services:

- high quality medical services via the voluntary health insurance scheme①;
- an extended list of clinics and telehealth services;
- accident insurance;
- first aid training;
- spa treatments at the SIBUR-Yug Corporate resort and regional sanatoriums;
- outstanding healthcare standards across-the-board at medical offices and health posts at production facilities.

SIBUR actively promotes a commitment to healthy lifestyles among its employees as an integral part of its corporate culture. We make sure that employees are well informed about the key health regulations at production sites (including methodological materials) and set line managers as examples.

We help employees stay active at work by setting up **health corners**, holding **health breaks** and hosting **sports and health classes**. At least 30% **of meals at corporate canteens** are positioned as healthy and all employees can take advantage of free salad bars.

To manage the stress of our employees we monitor their **stress levels**, increase their stress resistance and ability to adapt to their workload, take action to avoid burnout and offer telemedicine psychological support.

Each employee is assigned a **personal doctor** (at their production site or office) who keeps track of their health, including regular monitoring for employees with chronic diseases.

Two cases of the occupational disease were diagnosed in the reporting year. They were caused by (1) exposure to general vibration and (2) the overall severity of the working process and production noise exceeding the maximum permissible level.

We analyzed these factors and acted to minimize them in the future. The occupational disease rate was 0.043 per 1 million hours in 2019.

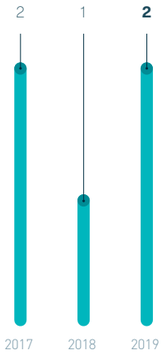
We regularly conduct additional health screenings, medical check-ups, regular health assessments, prompt vaccinations and therapeutic group sessions to support employee health and prevent occupational diseases.

To minimize occupational disease risks, all employees are provided with personal and collective protective equipment in accordance with the approved standards. We have developed a catalog of recommended PPE that has been certified and approved for use by accredited bodies. We review and update the list regularly in accordance with the results of PPE testing. After an extended trial period, employees fill out questionnaires, which help us decide whether a particular item should be added to the list.

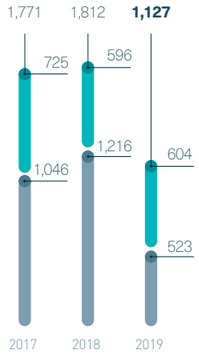
Containing the spread of **COVID-19** became a critical objective for SIBUR in early 2020. Anti-COVID measures included canceling all business trips, one-on-one and group meetings, transferring all office employees to remote working, closing all corporate health resorts and alongside other measures②.

RUB **1.13** bln
invested in the OHS system

IDENTIFIED CASES OF OCCUPATIONAL DISEASES



INVESTMENT IN OHS MEASURES, RUB MLN



OHS measures

Investments made under the Targeted Production Program aimed at bringing SIBUR's facilities in line with the requirements of industrial safety regulations and standards

① For more details, refer to "Employees".
② For more details, refer to "Global Challenges of Our Time" and the "Sustainable Development and COVID-19" page on SIBUR's corporate website.

Employees trialed new summer and winter special clothing in 2019 and tested new protective helmets and respiratory protection equipment for a gradual switch over to the latest portable breathing devices. We spent RUB 459 mln on the acquisition of PPE in 2019.

Each production site has guidelines and standards for handling chemical substances in line with the specific nature of production. We perform regular instrumental monitoring of harmful production factors as part of production control at each facility. To minimize the level of exposure to harmful production factors, we monitor the reduction of the time employees spend exposed to them and replace or repair equipment promptly wherever necessary.

All of SIBUR's employees undergo preliminary/regular medical screenings and pre-employment checks in line with current legislation. We screened 14,140 employees and completed all planned employee check-ups in 2019.

Internal investment in OHS totaled RUB 1,127 mln in 2019, including RUB 523 mln as part of a special programme to bring SIBUR's facilities in line with the requirements of industrial safety regulations and standards (TPP-1). Investment in OHS fell by 38% compared to 2018 for the following reasons:

1. a decrease in the number of violations requiring significant investment identified during inspections;
2. upgrade of equipment during the reconstruction, modernization and retrofitting of SIBUR-Khimprom facilities, which resulted in lower maintenance capex;
3. implementation and application of a risk-based approach, helping to focus our efforts on reducing risks that could have a major effect on the safety of core business processes.

The OHS measures also include the costs of rectifying the prescriptions of OHS regulators, correcting issuesflagged by the internal production control system and providing employees with PPE.

ENHANCING THE LEVEL OF INDUSTRIAL SAFETY

Activities	Investment, RUB mln
Technical upgrade of the IP-30 unit. Implementation of a gas discharge procedure for pressure relief valves and manual gas release from separators 89/1, 89/2 to the flare system at SIBUR-Togliatti	41
Upgrade of the divinyl rubber plant at Voronezhsintezkauchuk to bring it in line with industrial safety requirements	29.5
Repair of the protective concrete layer on bearing and enclosing structures at a hazardous production facility (Nitrile-rubber latex plant at KZSK)	16
Installation of a fire alarm system at POLIEF	2.2
Upgrade of the main ethylene and propylene product pipeline at Sibur-Neftekhim in line with industrial safety requirements	11.84
Technical upgrade of the raw material shop at Sibur-Khimprom to install safety locks on the tanks	28.50
Equipping of the water recycling system at SIBUR-Tobolsk with monitoring and alarm systems	40.00
Upgrade of pyrolysis ovens in line with industrial safety requirements. Reconstruction of fireproofing at Sibur-Kstovo structures	43.30
Bringing fire protection requirements in line with requirements. Technical upgrade to install an automated monitoring system at Tomskneftekhim to keep gas pollution under maximum permissible concentrations	31.18

Requirements for Suppliers and Contractors

GRI 414-2

The requirements set out in corporate HSE policies also apply to our suppliers and contractors, as the health and safety of the employees of our partners matter just as much as that of our own.

First, there is a range of requirements we set at the contractor or supplier selection stage. We improved the contractor/supplier selection procedure in 2019 by involving the heads of HSE departments at production sites in the process.
The Tender Commission selects prospective contractors using preset criteria① that cover OHS requirements, information about whether the company has a certified OHS management system (in accordance with OHSAS 18001 standard or GOST R 54934), the company's reputation, previous violations of OHS requirements, fines, injury rates and so on.

Any contractor who works for us must obtain an access permit for the relevant works, which includes requirements for OHS compliance at all stages of contract execution.

SIBUR strives to establish quality and lasting relationships with suppliers and contractors, which is why the interaction process is not limited to monitoring the progress of work.
To us, it is critical to reach a complete understanding with contractors if we are to accomplish common goals and engage employees in the safety compliance process.

This approach enables us to have a significant impact on **reducing the injury frequency rate and the number of accidents among contractor employees**. We use the following tools to achieve this goal:

1. OHS training sessions for contractors;
2. regular meetings with contractors;
3. development of plans to promote a safety culture;
4. engagement in the "Uncompromising Safety" programme;
5. joint OHS audits of contractors with contract supervisors;
6. behavior-based safety audits by production site employees and managers of permanent contractor firms;
7. integrated assessments of contractors' business units.

The list of measures we employ to boost engagement is formed and implemented based on the nature of the contractor's work.

To identify violations committed during cooperation with contractors we analyze CCTV footage, investigate incidents together with contractor representatives and take appropriate incident response measures (fines, site expulsions). We perform a comprehensive evaluation of the contractor and compile a counterparty rating based on our experience of working with each contractor. The key rating criteria for contractors are:

- occurrence (or lack) of major incidents;
- number of serious incidents;
- number of HSE violations;
- independent identification, investigation and elimination of the root causes of dangerous incidents;
- number of violations resolved after identification;
- submission of HSE reporting to the customer.

Violations and areas for improvement are recorded in inspection reports during behavior-based safety audits, added to the integrated assessment registry and included in violation reports sent to the complaints center.

All SIBUR production sites submitted a total of 679 complaint reports to SIBUR's complaints center, which were reviewed and resulted in fines totaling RUB 61.8 mln for contractors and suppliers for all types of OHS violations.

A detailed description of the procedures for communicating with contractors is given in the latest version of the regulation and guidelines for engagement with contractors in the area of HSE.

We performed over 450 audits of contractors (including field audits) and 63 supplier audits in 2019, in accordance with the integrated assessment programme. Field audits are performed for new contractors or contractors involved in major and long-term projects.

We check a sample of the following documents during the audits:

1. certificates and/or the minutes of commission meetings on the safety accreditation of employees;
2. certificates and/or the minutes of commission meetings on OHS knowledge testing;
3. certificates and/or the minutes of commission meetings on employee fire safety training;
4. certificates and/or the minutes of commission meetings on the assignment of the electrical safety groups in accordance with the works performed;
5. orders to establish OHS certification commissions, (with copies of certificates of the accreditation and qualifications of commission members) and others.

SIBUR may request the following to perform additional checks:

- a special assessment of workplace conditions;
- a list of OHS instructions;
- waste generation and disposal limits;
- an air pollutant emissions permit;
- a document on the size of the sanitary protection zone (resolution of the Chief State Sanitary Doctor of the Russian Federation/decision of the regional directorate of Rospotrebnadzor);
- standards for permissible discharges into water bodies/availability of contractual documents to transfer wastewater to central water supply and sewerage networks.

The contractor/supplier selection process
was **improved**
by incorporating HSE requirements

SIBUR performed
> 450 audits
of contractors

① For more details, refer to "Sustainable Product Portfolio".

Fostering a Stronger Safety Culture and Training

In 2019, we focused on bringing our safety culture up to a productive level. This focus is driven by our desire for the mass involvement of employees in ensuring rigorous safety in the production process.

"UNCOMPROMISING SAFETY"

Launched in 2019, the "Uncompromising Safety" programme aims to involve as many process personnel and contractors as possible. The programme enables SIBUR to equip every employee with the basic tools they need to do their work safely, and it allows managers to manage the process properly in order to achieve the goals specified in Performance Contract.

We reviewed the safety culture at ten production sites and held implementation sessions for the "Uncompromising Safety" programme at 11 facilities: POLIEF, Tomskneftekhim, BIAXPLEN, NIOST, SIBUR Khimprom, SIBUR-Neftekhim, SIBUR-Kstovo, SiburTyumenGas, Voronezhsintezkauchuk, SIBUR-LETF and KZSK. A total of 3,011 employees underwent training as part of the programme, of which 796 were managers and 2,215 were workers.

The "Uncompromising Safety" programme uses conversations about hazards and intervention practices as tools. Conversations about hazards involve direct communication between a manager and the technical staff on his/her team to identify existing or potential workplace hazards. In this way, a manager can directly receive up-to-date information on the presence of hazards in the work area and can develop appropriate measures to mitigate risk factors. This practice is crucial in terms of involving the manager in the work of employees, underscoring their interest in improving the safety culture of each employee and advancing their leadership qualities.

The practice of intervention extends to all employees and includes an algorithm for competent intervention in the working process in the event employees see any factors of unsafe practices at production sites. This programme brings the workings of the close-knit SIBUR team to life as each employee plays a critical role in ensuring a safe workplace for everyone. This is a key element of the "One Team" corporate value.

A total of
3,011
employees

underwent training
as part of the programme, of which
796 managers

and **2,215**
workers

OHS Training

GRI 403-5

All SIBUR employees and contractors must undergo training in accordance with legal and corporate standards (in-person training, distance learning, webinars). They also have the opportunity to undergo training in accordance with international OHS certifications and best practices. Training covers areas such as occupational health, industrial and fire safety, emergency readiness and safety culture strengthening. All training courses are always followed up with testing and in-person knowledge testing. To ensure this, we have set up commissions for testing OHS knowledge and accrediting industrial safety awareness at each production facility. Mandatory training is delivered when onboarding new employees, commissioning new equipment and if requested by employees.

The distance learning programme covered the following topics in 2019:

- interaction with contractors;
- OHS risk assessment;
- internal incident investigation procedures;
- transport safety;
- management of contractors in OHS and Environmental Protection;
- effective performance of a behavior-based safety audit;
- effective safety management techniques for line managers.

Distance and in-person training was delivered to 7,444 and 3,581 employees, respectively, including SIBUR and contractor employees.

Contractors also undergo SIBUR's training programmes. The training was delivered to 807 contractors in 2019 on topics such as leadership and commitment to the values of a safety culture, OHS risk assessment, internal incident investigation procedures andeffective BSAs. Contractors also took part in development sessions for leaders and OHS commissioners.

SIBUR conducted
22,660
hours
of OHS training in 2019

7,444
employees
underwent distance learning courses

and **3,581**
employees
completed in-person training

Course Description	SIBUR Employees Trained (in-person)①
OHS risk assessment	993
The "Uncompromising Safety" programme	772
The Hearts and Minds programme	457
Development session for health and safety commissioners	119
Occupational Health and Safety Days at production sites	98
Internal incident investigation procedures	71
Safety management of production processes	60
Development sessions for HSE department managers and environmental specialists at facilities	55
Effective performance of behavior-based safety audits (BSAs)	50
Supplementary training on HSE management	28
Effective safety management techniques for line managers	21
Leadership and commitment to the values of a safety culture	21
HSE management - technogenic safety, production process safety	10
Occupational Safety session	10
HAZOP methodology training②	6
Training programme for facilitators of hazard assessment and potential accident risk assessment (ITARA) sessions	3
Total	**2,774**

① One employee can take several courses.
② HAZard and OPerability studies — analysis of reliability and performance, a method for defining hazardous factors impacting the operation and design of hazardous facilities.

Internal OHS Trainers

Every year, SIBUR prepares internal trainers to conduct mandatory corporate training covering all aspects of OHS. Trainers then go on to educate leaders, engineers and technical workers at our production sites. In the reporting year, 72 trainers were prepared to deliver mandatory corporate training courses in 2019. As part of the "Uncompromising Safety" programme, the trainer team numbered 260 specialists. We trained 46 trainers on methodology transfer and inducted 201 specialists into the trainer team by the end of 2019.

Emergency Drills

SIBUR trains staff, management bodies and emergency rescue units so that they know what to do in the event of an emergency or accident. Training is conducted as part of sessions, exercises and drills to practice emergency, rescue and other urgent measures, the management of the resources and tools of the Uniform State System for Emergency Situations - Prevention and Response, as well as issues of interaction. We organized the following training events in 2019 to prepare our staff for emergencies at our production sites:

- over 5,400 training exercises to rehearse emergency response plans at all production sites;
- over 900 emergency drills.

We conducted over 18 major exercises in 2019 attended by representatives from government regulators.

OHS Competitions and Contests

We host regular contests to encourage employees to comply with corporate OHS requirements and identify hazardous workplace actions or conditions. Since 2019, our corporate motivational competition has been called the Safety Championships, with three key categories: Best Employee, Best Shift Team and Best Production Site. We improved the assessment criteria for the competition in 2019 by adding a point system. Winners of the Best Employee or Best Shift Team contribute to the rating and overall points of their respective site for the reporting year. Awards are announced on a quarterly basis at each site. At the end of the year, the results are added up to crown the Best Production Site.

The main scoring criteria for the contest are:

1. performance of BSAs that are registered by employees on the corporate HSE portal;
2. submission of OHS ideas to the Small-Step Improvement Program;
3. registration of interventions in the working process wherever factors of unsafe employee conduct have been identified at production sites;
4. performance of mobile equipment rounds, coupled with the identification of hazardous employee behaviors or workplace conditions;
5. independent elimination of hazards, recorded in logs of OHS status checks, with subsequent rectification or employees actions upon their detection;
6. identification of HSE issues, recorded in logs and subsequent remediation.

We held our long-standing Contest for Best Production Site Maintenance in 2019. The winner in the first group of participants was Krasnoyarsk Rubber Plant (KZSK) and SIBUR-Khimprom won in the second group. SIBUR-PETF and SIBUR Tobolsk took second place in the first and second groups respectively. SIBUR-Neftekhim and Tomskneftekhim shared third place.

In March 2019, we launched a competition for the best video clips in the following categories: Conducting BSAs, Safety Communication and Best OHS Idea Implemented Under the Small-Step Improvement Program.

In 2019, we held our first corporate-wide skills championships of professional excellence among sites in the OHS competency using the WorldSkills methodology. The championship had two rounds: the first round was held at each production site and the second at the corporate level (SIBUR Skills) for the winners of the first round. First and second places were won by POLIEF employees, and third place went to a SIBUR-IT specialist.

We won the following OHS awards in recognition of our initiatives implemented in 2019:

- seven employees of **Voronezhsintezkauchuk** won prizes at the regional Engineer of the Year 2019 contest;
- **Voronezhsintezkauchuk** was awarded a First Class diploma and the Golden Cup for achievements in public safety, the protection of the local population and the environment by the Government of Voronezh Region;
- **POLIEF** was awarded a diploma at the national Five Stars: Leaders of the Chemical Industry contest organized by the Russian Chemists Union;
- **SIBUR-Neftekhim** won the first round of the Health and Safety category at the Five Stars: Leaders of the Chemical Industry contest;
- **SIBUR-Khimprom** won the V Annual Contest of Coaching Excellence awarded at the IV Growth Vector employee conference at the new SIBURINTECH Center for Engineering and Technical Expertise in Tobolsk;
- **Tomskneftekhim** won the Safest Organization in Tomsk Region contest;
- **SIBUR-Togliatti** won second place in the Safest Industrial Organization (with more than 500 employees) category in the XII Regional OHS Contest of Samara Region.

SIBUR worked with the international environmental and social sustainability consultancy firm ERM Eurasia in 2019 to develop its safety culture. SIBUR's Voronezh plant hosted a session of SIBUR's Management Board and CEOs of all facilities to identify problem areas within the corporate OHS management system at four production sites. The session identified areas for improvement. The session also included manager training on using the field coaching tool: the practical application of management methods to be implemented at plants during visits of Management Board members.

SIBUR conducted **18** major exercises and **5,400** training sessions to prepare staff for emergency and accident response

SIBUR-PETF NAMED ONE OF THE SAFEST FACILITIES IN THE UPPER VOLGA REGION IN 2019

SIBUR's Tver plant won first place among production facilities of the Upper Volga region with less than 250 employees. The winners were selected by the contest commission of the Main Department for Labor and Employment of Tver Region using criteria such as the performance of special workplace assessments, injury rates, purchase and use of PPE, the performance of medical check-ups, availability of internal OHS documents, etc. A total of 68 companies from various industrial sectors based in Tver Region entered the contest.

OHS Communication

We held OHS Days at our sites in the reporting year, which involved development sessions on fostering a safety culture and classroom-based courses on leadership and commitment to the safety culture.

OHS Days comprise a wide range of events aimed at strengthening the occupational safety culture, including:

1. **competitions** for OHS experts;
2. WorldSkills **corporate cluster championship**;
3. **inspections** of sanitary facilities in the style of the TV show Revizorro;
4. **training** on the correct use of fire extinguishers, OHS quizzes for employees;
5. **vaccinations** against flu and acute respiratory viral infection;
6. **transport safety days**;
7. **employee training** on the correct use of protective suits and breathing apparatus;
8. **replacement of banners** at workplaces to promote safe conduct and employee navigation maps;
9. **health days** on various topics;
10. **the creation of training grounds** for employees and contractors to practice safe work at height and many other skills.

In May 2019, we switched from using informational leaflets to news flashes to inform employees of incidents more quickly about incidents and the response measures taken in the subsequent 48 hours. News flashes are written and sent out to production sites using a specially developed template. Upon receiving a news flash, facilities develop a response plan and recurrence prevention measures. New flashes must be sent out for all major or significant incidents and for other incident categories as deemed necessary by the HSE director of the site. Twenty-four new flashes were issued in the reporting year.

Key Targets for 2020

Our key OHS targets to be achieved in 2020 are:

1. achieve an LTIF of zero;
2. zero fatalities;
3. achieve an Accident Rate Index of zero;
4. develop the CSM① process to engage contractors in OHS management and improve the contractor selection system;
5. develop and implement the targeted "Height Without Hazard" programme as part of the corporate drive to reduce employee and contractor injuries;
6. implement pilot digital OHS management tools.

① Corporate Safety Management.

ENVIRONMENTAL PROTECTION

Performance in 2019

With a relentless focus on environmental protection, we are continuing to improve the environmental performance of our production sites, including the reduction of GHG emissions

KEY RESULTS IN 2019

3.4 EII
↓3%
Environmental Impact Index, marking an improvement for the fifth year in a row

RUB mln
3,375
company expenditures on environmental protection

650 employees
↑47%
completed training on issues related to environmental protection

63,800 tonnes
of waste generated from production activities, of which
30% was recycled

9,400 tonnes
of polymer particles prevented from leaking into the environment through the Operation Clean Sweep initiative

9,000
pine sampling planted as part of the Our Forest program

765 mln m³
of water processed in water recycling systems
and **1.28** bln m³
in water recirculation systems

SIBUR's key environmental achievements in 2019

	2019 TARGETS	PERFORMANCE
1	Achieve an EII value of 3.7	Achieved an EII value of 3.4.
2	Setting of ambitious environmental protection and climate goals	Developed and approved the 2025 Sustainability Strategy, which incorporates environmental impact reduction targets in the "Environmental Protection" and "Climate Impact Mitigation" focus areas. Quantitative GHG emissions metrics were integrated into the investment project evaluation process.
3	Leadership in developing draft environmental protection and best available technology (BAT) legislation: participation in the BAT Bureau's working groups, in proceedings of RSPP's Committee for Environment and Management of Natural Resources and in meetings of the Research and Technology Council of Rosprirodnadzor (Federal Service for Supervision of Use of Natural Resources)	Signed a collaboration agreement on environmental protection and resource management with Rosprirodnadzor that aims to improve and update the legal and regulatory framework for environmental protection and implement measures to enhance the environmental performance of our production sites. Created a number of proposals for amendments to certain draft regulations on the Federal Draft Legislation Portal, namely the Regulation on Sanitary Zones and the Draft Federal Law "On State Regulation of GHG Emissions and Absorption and Amendments to Selected Legislative Acts of the Russian Federation". Prepared environmental information on best available technologies for a revised version of Handbook No. 18 The Production of Basic Organic Chemicals, taking into account the performance indicators of SIBUR facilities.
4	Development and implementation of a campaign on fitting stationary emission sources with automated measurement instruments (AMI)①: • develop a list of emission sources across SIBUR where such instruments are needed; • develop a detailed plan for installing AMI at pilot facilities	Selected a pollution source for pilot AMI installation (exhaust stack of seven pyrolysis furnaces at SIBUR Khimprom), selected a contractor, conducted inspections of the stack, estimated the workload based on the planned sensor equipping and stack installation works and initiated pre-commissioning works.

① Automated Measurement Instruments.

2019 TARGETS	PERFORMANCE
5 Implement a project to build local treatment facilities at SIBUR-Kstovo	Construction work of local treatment facilities at SIBUR-Kstovo proceeded according to schedule in 2019. Project-critical large-sized equipment (oil separators, flocculation systems①, floatation systems②, disc filter and filter press were delivered to the construction site. Construction will continue in 2020.
6 Leadership in environmental education	Developed the Second Life of Plastics educational programme in cooperation with the Resource Conservation Center and Federal Center for Ecology and Biology. The first classes were held at schools Nos. 6, 9, 11 and 192 in Svobodny (Amur Region). Hosted another season of walking tours as part of SIBUR's EcoTrail project. SIBUR supported the implementation of the Ecolab environmental educational project in Voronezh and Noyabrsk aimed at young people interested in launching their own environmental initiatives. Participants were offered lectures, master classes, environmental seminars and tours at SIBUR's facilities. Launched a football eco-challenge to mark World Recycling Day (#footbottlechallenge). Developed an online educational course on sustainable development for employees. Conducted outreach development sessions on HSE.
7 Biodiversity conservation: launch a pilot programme to conserve and protect bird species diversity in the region where the company's Tobolsk-based facilities operate	Implemented as part of the bird biodiversity conservation project at Tobolsk-based facilities: ⌖ three ornithological inspections of the SIBUR Tobolsk site and a detailed action plan to conserve local bird population; ⌖ an educational session for employees and young activists in Tobolsk; ⌖ six training sessions on the basics of birdwatching for fifth and sixth grade teachers and students③; ⌖ birding contests for 16 teams of fifth and sixth grade students; ⌖ eco-classes for schoolchildren delivered by graduate students from Tyumen State University; ⌖ campaign to install bird feeders around the SIBUR Tobolsk plant.

① Flocculation is a type of coagulation process (curdling, clotting) in which fine particles suspended in water are caused to clump together into loose flocs that are easier to remove.
② Floatation is a water treatment process that creates tiny air bubbles, which stick to suspended matter and float to the surface.
③ Birding or birdwatching is a form of wildlife observation.

Our Approach to Environmental Protection

Environmental Impact Assessment

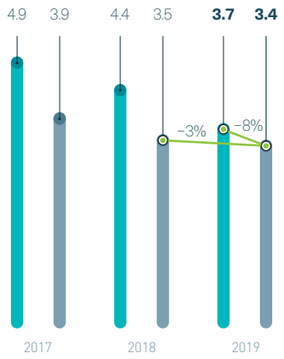
GRI 413-1

SIBUR closely monitors its impact on the environment. We have been calculating our **Environmental Impact Index** (EII) since 2015, which reflects the extent of our environmental impact in several key areas: emissions, wastewater discharges and waste per tonne of production.

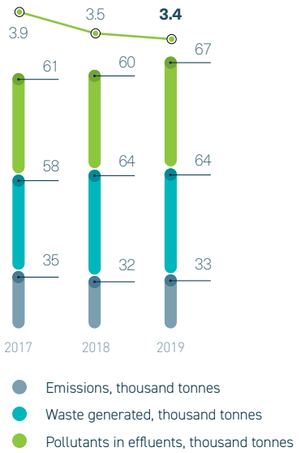
SIBUR's EII has declined steadily over the past five years. In 2019, SIBUR's EII was 3.4, 8% below the target of 3.7. Despite an increase in gross emissions, discharges and waste generation due to the commissioning of new capacities in 2019, the company's EII decreased by 3% from 2018. This drop was due to the implementation of a number of measures aimed at reducing our anthropogenic impact① while increasing productivity②.

The company adopted more detailed indicators from 2020 as part of its 2025 Sustainability Strategy to track its environmental impact dynamics:
- ⌖ reduction of specific pollutant air emissions;
- ⌖ reduction of specific pollutants in wastewater effluents;
- ⌖ reduction of specific water consumption;
- ⌖ the share of recycled waste in all waste generated.

ENVIRONMENTAL IMPACT INDEX



ENVIRONMENTAL IMPACT INDEX, (EII, KG/TONNES)



① Anthropogenic impact refers to the impact of human activity on certain components of the environment or geosystems.
② For more details refer to "Pollutant Emissions", "Water Consumption and Wastewater Discharges" and "Waste Management".

Environmental Management

GRI 103-2

SIBUR adheres to the environmental principles of the UN Global Compact①, contributes to the achievement of the UN SDGs and participates in initiatives that aim to increase responsibility for the environment②. We continually strive to improve our environmental management system across our entire business, including by mitigating environmental risks with the goal of reducing the negative impacts our production facilities have on the environment. We identify and assess environmental aspects, apply best practices and technologies to minimize our environmental impacts and comply with Russian laws and international requirements related to environmental protection.

The environmental management system functions smoothly as part of the company's Integrated Management System (IMS). Based on the results of third-party compliance audits conducted at SIBUR enterprises in 2019, it was recommended that the company's ISO 14001:2015 certification be renewed③.

SIBUR's **IMS Policy in the Area of Occupational Health, Environmental Protection, Industry Safety, Quality and Energy Efficiency**, a company-wide document that applies to the managing company and all SIBUR enterprises, specifies strategic goals and priority activities, as well as commitments for achieving them. We approved the second edition of the IMS Policy in February 2019, which now incorporates a commitment to minimize and prevent leakage of polymer pellets, flakes and powder during the production and transportation of our products. This commitment stems from our participation in PlasticsEurope's④ Operation Clean Sweep initiative⑤, which SIBUR joined in 2018. The core principles of the IMS policy are the efficient use of resources, the reduction of impacts on ecosystems and objective risk assessment.

At the level of the Corporate Center of LLC SIBUR, management of environmental protection issues is carried out by Member of the Management Board — Managing Director for Corporate Security and Audit, and the HSE department (which has a dedicated Head of Environment).

The HSE Committee of the management company is responsible for coordinating the various HSE activities of the management company and SIBUR **production sites**. As per the Regulations on the HSE Committee, environmental management is performed at the committee level through an integrated approach to resource conservation and strategic decision-making aimed at reducing negative environmental impacts. The HSE Committee is headed by the General Director of LLC SIBUR and has 12 members drawn from the Management Board and directors of core departments. The Committee was convened twice in 2019.

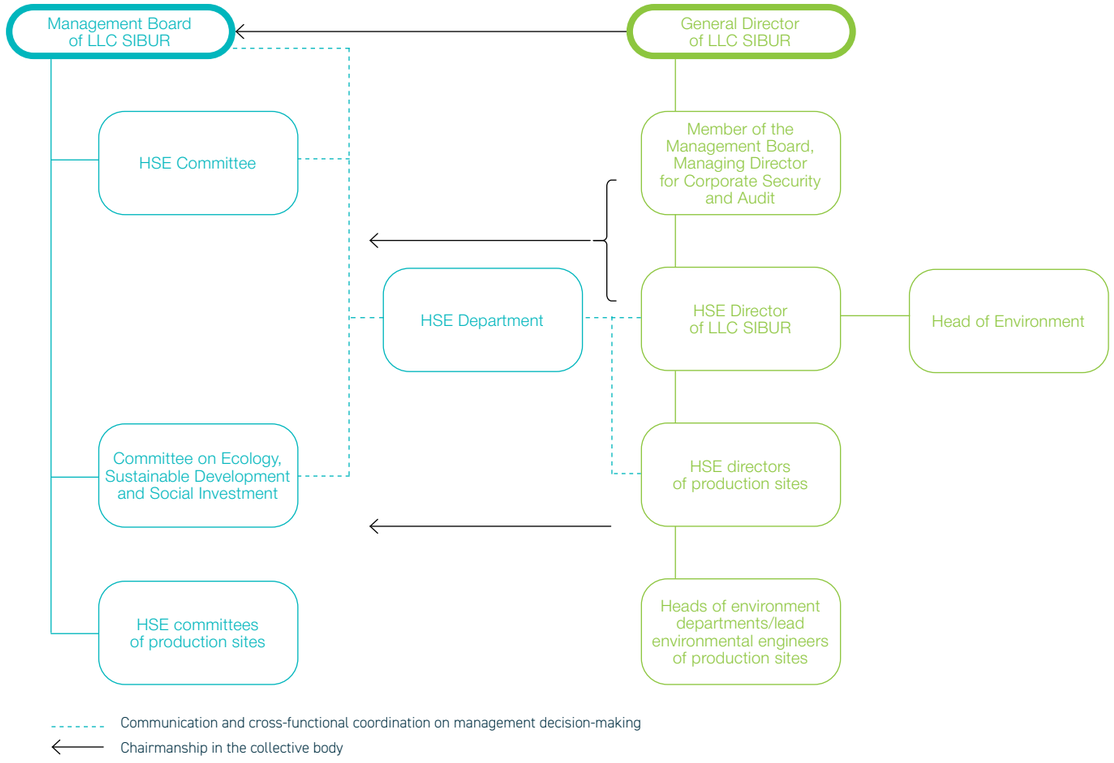
All SIBUR production facilities have their own standing HSE committees. Environmental management at production facilities is the responsibility of CEOs, cascaded down to the HSE Director/Leader and the Head of Environment or Lead Environmental Engineer.

We established the Committee on Ecology, Sustainable Development and Social Investment⑥ alongside the HSE Committee in 2019, which will report to the LLC SIBUR Management Board and coordinate the activities of the management company and SIBUR production sites in these areas.

The Board of Directors approved the 2025 Sustainability Strategy⑦, committing SIBUR to the following environmental targets:

1. reduce specific water consumption to at least 5% compared to 2018;
2. reduce specific air pollutant emissions by at least 5% compared to 2018;
3. minimize the leakage of plastic particles into the environment during production operations as part of the Operation Clean Sweep initiative;
4. reduce specific pollutants in wastewater effluents by 40% compared to 2018;
5. recycle at least 50% of all waste generated;
6. increase the amount of green energy in SIBUR's energy balance fivefold compared to 2019;
7. reduce specific GHG emissions compared to 2018:
   - by 5% in Gas Processing per tonne of product manufactured;
   - by 15% in Petrochemicals per tonne of product sold.

Environmental management structure



① The Principles of the UN Global Compact, Environment:
Principle 7: Businesses should support a precautionary approach to environmental challenges.
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.
② For more details, refer to "Environmental Initiatives".
③ For more details, refer to "Certification Scope of LLC SIBUR and PJSC SIBUR HOLDING companies ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007" in "Appendices".
④ PlasticsEurope is one of the leading European trade associations representing plastics manufacturers.
⑤ For more details, refer to "Reducing Climate Impact and Greenhouse Gas Emissions".
⑥ For more details, refer to "Corporate Governance".
⑦ For more details, refer to "SIBUR's 2025 Sustainability Strategy".

All SIBUR entities conduct Production Environmental Control (PEC) for the following areas:

1. **compliance** with established environmental impact regulations (emissions, effluents, waste disposal limits), taking into account the classification and quantity of pollutants released into the environment from pollution sources;
2. **timely development** of environmental impact limits (maximum permissible emissions, effluents and waste generation regulations and limits on their disposal);
3. **efficiency** of environmental protection equipment (units to recover and neutralize harmful substances from waste gases, household and industrial wastewater treatment systems and water recycling and recirculation systems);
4. **compliance with rules** for handling industrial and consumer waste of Hazard Classes I-IV;
5. **implementation of plans** of environmental protection initiatives, the prescriptions and guidelines of public environmental authorities;
6. **collection of information** to justify the amount of environment pollution payments;
7. **timely submission** of information required for state statistical reporting, state environmental monitoring systems, cadastre accounting, etc.

Timely preparation and correctness of documentation are responsibilities of the heads of environment departments at production sites. In addition, the Corporate Center constantly monitors the availability of the required regulatory permits and performs sample-based checks during internal assessments of sites.

In 2019, SIBUR actively cooperated with government agencies and specialized organizations on matters of environmental protection and played a role in the resolution of a number of important challenges in this area.

Organization	Working groups / programmes
Rosprirodnadzor	Meetings of the Research and Technology Council
	Working Group on Atmospheric Air
	Working Group on BAT and Integrated Environmental Permits (IEP)
Ministry of Natural Resources and Environment of the Russian Federation	Working Group for Removing Administrative Barriers to Environmental Management (part of the Government Commission on Environmental Management and Protection)
Ministry of Industry and Trade of the Russian Federation and BAT Bureau	Working Group on BAT and IT-Reference Documents
RSPP	Working Groups on the Climate and GHG, Water Supply and Wastewater Treatment and the State Environmental Review
Russian Chemists Union	Responsible Care Initiative
PlasticsEurope	Working group on Operation Clean Sweep, Waste Management
Russian Environmental Operator (REO)	National Project "Ecology"

Our collaboration with government agencies and specialized environmental organizations helped us achieve the following results in 2019:

1. signed a collaboration agreement on environmental protection and natural resource management with Rosprirodnadzor to improve and update the national legal and regulatory framework for environmental protection and enhance the environmental performance of SIBUR's production facilities. SIBUR and Rosprirodnadzor will also work together to implement the National project "Ecology" and the BAT Implementation federal project;
2. created proposals for amendments to certain draft regulations on the Federal Draft Legislation Portal, namely the Regulation on Sanitary Zones and the Draft Federal Law "On State Regulation of GHG Emissions and Absorption and Amendments to Selected Legislative Acts of the Russian Federation";
3. prepared environmental information on best available technologies for a revised version of Handbook No. 18 The Production of Basic Organic Chemicals, taking the performance indicators of SIBUR facilities into account;
4. signed a tripartite partnership agreement with the Ministry of Natural Resources and Environment of the Russian Federation and REO at the Eastern Economic Forum to create an effective system for collecting, processing and recycling solid municipal waste based on the best global circular economy practices as well as deploying innovative waste recycling projects①.

In 2020, SIBUR will continue to cooperate with RSPP's Environment and Resource Management Committee, to participate in Rosprirodnadzor's Research and Technology Council meetings and to involve in BAT Bureau working groups.

In October 2019, SIBUR-Khimprom hosted a forum to foster environmental collaboration. The event gathered SIBUR's environmental engineers from various business functions and 19 production sites, as well as representatives of Rospotrebnadzor, Rosprirodnadzor, Rosprirodnadzor's CLATM② and the Federal Center for the Assessment of Public Health Risks. Attendees discussed a number of important topics, including changes to environmental legislation; environmental monitoring and sanitary zone practices in Perm Region; the quality of wastewater treatment at new treatment facilities and the transition to closed-circuit water systems; a legal practice on compensation for damage to water bodies and soils; ensuring the environmental friendliness of the new dioctyl terephthalate facility; and waste and recyclable material management.

① For more details, refer to "Sustainable Product Portfolio".
② Center for Laboratory Analysis and Instrumental Measurements of the Central Federal District (CLATM).

Identification and Assessment of Environmental Aspects

We identify and assess environmental aspects (EAs①) in accordance with the Procedure for Defining Environmental Aspects. Scheduled EA identification is performed annually in August and followed up with the preparation and assessment of EA registries for individual SIBUR sites. After reviewing draft EA registries and the registry of material EAs, the HSE committees of individual SIBUR facilities agree on the materiality of EAs and the approval of registries. Examples of material EAs and impacts include:

- pollutant emissions from production facilities;
- pollutant emission discharges with effluents after treatment;
- consumption of water from rivers;
- consumption of water from underground wells;
- formation of excess sludge from biological wastewater treatment.

Unscheduled EA assessments are performed following changes to production processes or to the organizational structure, or after the introduction of environmental risk mitigation measures. An unscheduled EA assessment was performed at SIBUR-Khimprom in 2019 following the commissioning of new wastewater treatment facilities and the construction of a new dioctyl terephthalate production facility with a capacity of 100,000 tonnes per year (DOTP 100).

SIBUR conducts mandatory environmental impact assessments (EIA) at the design phase prior to significant upgrades of existing facilities and for any new projects. We develop and implement appropriate measures to prevent, mitigate and offset any negative impacts identified. We support the precautionary approach to environmental issues, carefully considering the risks of the most dangerous possible scenario to prevent potential harm.

RUSVINYL②: EQUIPMENT THAT SAVES RESOURCES:

1. State-of-the-art membrane electrolysis technology **reduces electricity consumption by 28%** and eliminates the use of harmful substances such as mercury or asbestos;
2. Highly efficient local treatment facilities;
3. Stripping suspension PVC from residual VCM: **efficient use of raw materials** and prevention of leakage into the environment;
4. **Solox®** (Solvay's proprietary technology) saves resources (salt and water) through multiple reuses of water in production processes and prevents organic contaminants;
5. The use of steam generated during monomer production for production needs
6. **Saving resources:** over 70 tonnes of salt are fed back into the process loop as "brine".

SUSTAINABILITY METRICS USED FOR INVESTMENT PROJECTS EVALUATION

Investment project risks and opportunities

Project impact on environmental performance (positive/negative)

Pollutant emissions | Effluents | Waste generated | GHG emissions

As part of the company's review of investment projects, metrics have been introduced concerning sustainable development, including environmental protection.

In 2019, a preliminary assessment of the impact of projects in terms of their effect on GHG emissions (including per unit of production) was added to the list of environmental performance indicators. To assess the sensitivity of an investment project to changes in the prices of carbon products, estimated carbon tax rates per tonne of CO_2 equivalent in proposed sales markets are used.

According to SIBUR's internal regulation on investment activities (revised in 2019), potential projects should be assessed with a view to reducing payments (e.g. payments for negative environmental impacts due to improved equipment specifications or changes to production technologies) and assessment of the risks associated with potential stakeholder requirements or expectations (e.g. international laws or regulations of European countries, including carbon regulations).

Poor environmental performance could result in the suspension of project activities or the need to make improvements to design documents. Importantly, a project with a strong positive environmental impact may be given the green light even if its financial outlook is poor. In 2019, for example, we approved a project to build a solar power plant at POLIEF.

In the reporting year, the calculation of environmental performance indicators affected the development of the following projects and helped us to reduce their impact on the environment:

- an investment project to enhance the capacity of the thermoplastic elastomers facility at Voronezhsintezkauchuk (up to 100,000 tonnes per year) was expanded to incorporate the construction of new emission treatment facilities that will reduce emissions by 47 tonnes per year;
- the implementation of a wastewater treatment plant project at SIBUR-Khimprom lowered the burden on the municipal wastewater treatment plant and led to a 12-fold reduction in the amount of organic matter in wastewater;
- the implementation of a range of design decisions during the construction of the DOTP facility with an annual capacity of 100,000 tonnes at SIBUR-Khimprom meant that we did not have to expand the plant's sanitary protection zone as the increase in the plant's environmental load was stabilized;
- the design documentation for the construction of the new Bolshoye Kstovo plant in Kstovo was sent for revision following the results of the environmental impact assessment.

① Environmental aspects are elements of the Company's processes that may interact with the environment. These aspects may be direct (associated with production activities) and indirect (associated with supplies of raw materials).
② RusVinyl is a joint venture of SIBUR and Solvay, Russia's largest manufacturer of suspension PVC and its only manufacturer of emulsion PVC.

Public Hearings

In order to inform stakeholders about our planned activities in a timely manner, identify their concerns, gather feedback and discuss possible measures to manage SIBUR's impact, we held a number of public hearings in 2019 as part of the EIA projects overseen by government agencies and creditors for compliance with legal requirements and sanitary and epidemiological standards:

1. construction of an additional activator for chromium catalysts at ZapSibNeftekhim and reconstruction of the external and internal power supply systems at SIBUR Tobolsk;
2. construction of the DOTP facility with an annual capacity of 100,000 tonnes at SIBUR-Khimprom (Perm);
3. construction of a special purpose plasticizer facility at Sibur-Khimprom (Perm and Perm Region);
4. retrofit of the butadiene rubbers facility at Voronezhsintezkauchuk (Voronezh);
5. construction of a gasoline drain rack at SIBUR-Kstovo.

During the public hearings, government representatives and the public raised questions about SIBUR's biodiversity, reforestation and fish stocking activities, the impact of its projects on air quality, the size of sanitary zones, the frequency and completeness of sanitary border monitoring, working conditions at the proposed facilities and steps taken to minimize negative impacts. SIBUR specialists and design engineers gave detailed answers to the questions raised at the meetings.

All EIA-related public hearings held in 2019 yielded positive results and did not lead to the need to develop additional measures to reduce environmental impacts.

Environmental Requirements for Contractors

Pursuant to the Guidelines for Working with Contractors in the area of Health, Safety and Environment (HSE), we monitor contractor compliance with corporate HSE policies across all stages of contract execution using appropriate software①.

At the tender stage, contractors are given the opportunity to undergo a self-assessment procedure, which consists of the self-completion of a checklist②. A contractor must be able to independently dispose of waste generated during their work for SIBUR. To confirm this, a contractor must have waste disposal limits, a waste recycling agreement with a third-party organization and an executive order appointing a responsible environmental safety officer. Bidders that provide a certificate of compliance with ISO 14001 are awarded bonus points in the tender procedure.

GRI 308-1

SIBUR **audits all suppliers and contractors** for compliance with HSE requirements③. During the performance of contractor works at our facilities, we conduct inspections of waste management, visual checks of emission and effluent sources and quality control of wastewater sent to treatment facilities. As we strive to build lasting, trust-based relationships with our contractors, our cooperation goes beyond control measures. We work to increase their environmental awareness through waste management round tables and newsletters on paper and plastic waste sorting.

GRI 308-2

The following constitute environmental violations for contractors as per our List of penalties:

1. non-compliance with procedures for handling waste generated during the performance of works, including temporary storage of waste in non-designated areas, failure to remove waste in a timely manner or littering on SIBUR's premises;
2. polluting SIBUR's premises with oil products and other substances that have a negative environmental impact (NEI), including waste from vehicle washing and others.

If any violations are recorded, a contractor must address the consequences and pay compensation for the environmental damage. In 2019, we recorded 15 instances of contractor non-compliance with environmental requirements and filed claims totaling RUB 1.03 mln.

① For more details, refer to "Sustainable Product Portfolio".
② The checklist for compliance with HSE requirements.
③ For more details, refer to "Our Approach to Occupational Health and Safety".

Energy Consumption and Energy Efficiency

With the goal of improving its operational efficiency and environmental sustainability, SIBUR aims to reduce its energy consumption by driving down energy intensity, deploying energy-saving technologies and using resources rationally.

KEY RESULTS IN 2019

The implementation of the energy conservation programme resulted in a **4.1** mln GJ reduction in energy consumption in 2019, including reductions of:

66 mln kWh of electricity

230,000 Gcal of thermal energy

86 mln m^3 of fuel and fuel gas

Energy-saving measures saved RUB **825** mln

Prevented **70** mln tonnes of GHG emissions by processing APG

Prevented **54,480** tonnes of direct and **85,810** tonnes of indirect GHG emissions through energy-saving measures

93% completion of the energy efficiency programme

155.5 Energy Intensity Index

Performance in 2019

We continued to work towards the achievement of our energy efficiency and consumption targets in 2019.

2019 TARGETS			PERFORMANCE			
	Energy resource	Savings, thousand GJ (target)	Savings, thousand GJ (performance)	Cost effect, RUB mln (target)	Cost effect, RUB mln (actual)	GHG emissions prevented, tonnes of CO_2
Introducing an anti-surge control system at compression station 2 and commissioning a propane cooling system at Nizhnevartovsk GPP, SiburTyumenGaz	Electricity	130	0	79	0	0
Merging two heat-carrier circuits at process furnaces P-1(NTK-1300, low temperature condensation unit) and P-1/1(Mamontov Compressor Station) (Yuzno-Balyksky GPP, SiburTyumenGaz)	Fuel gas	274	116	24	10	6,623
Retrofitting the vacuum pumping system for DC-101A÷H reactors at the dehydrogenation plant of the DBT-2 unit (SIBUR Tobolsk)	Natural gas (power, heat and steam generation)	188	247	19	24	14,061
Retrofit: using energy efficient thermal insulation on steam boilers' process equipment for power, heat and steam generation (SIBUR-Tobolsk)	Natural gas (power, heat and steam generation)	284	188	28	19	10,742
Retrofit: using energy efficient thermal insulation on process equipment and turbines for power, steam and heat generation (SIBUR-Tobolsk)	Natural gas (power, heat and steam generation)	281	279	28	28	15,892
Restoring Stage 21 of the TG-2 steam turbine (SIBUR Tobolsk)	Natural gas (power, heat and steam generation)	273	278	27	28	15,873
Setting up S-1 driers to run in parallel (SIBUR-Kstovo)	Steam (produced on-site)	23	34	3	5	2,112
Installing a fuel gas temperature control valve after T-21 (SIBUR-Kstovo)	Natural gas (purchased)	141	123	20	17	7,056
Using methane rich gas with EP-60 as fuel for the P-101 furnace at the butyl alcohol and EG unit (SIBUR-Khimprom)	Natural gas	232	128	26	14	7,296
Retofitting DE 25-24-250GMO boilers to ensure that they can run reliably on low-calorific fuel (SIBUR-Khimprom)	Natural gas	87	0	10	0	0
	Electricity	-0.4	0	-3	0	0
Improving process efficiency at the ethylbenzene, styrene, and polystyrene unit using process KPIs (SIBUR-Khimprom)	Natural gas	95	75	11	8	4,272
Improving process efficiency at the butyl alcohol unit using process KPIs	Steam	111	0	9	0	0
Implementing initiatives to introduce a system for automated energy balance closing, and create digital dashboards for monitoring facilities' energy efficiency to track their energy performance in a fully automated mode	Automated energy balance functionality was implemented at: ⌖ Voronezhsintezkauchuk (May 2019); ⌖ POLIEF (June 2019); ⌖ SIBUR-Neftekhim (October 2019); ⌖ SiburTyumenGaz (4Q 2019); ⌖ SIBUR-Khimprom (4Q 2019). Digital energy efficiency dashboards were created at SIBUR-Neftekhim, SIBUR-Kstovo, Voronezhsintezkauchuk, SiburTyumenGaz, SIBUR-Khimprom, Tomskneftekhim, SIBUR-Tobolsk, POLIEF, SIBUR-PETF and BIAXPLEN.					

Energy Management

GRI 302-1, 302-3, 302-4

To improve energy efficiency, the company has introduced an Energy Management System (EMS), which is part of SIBUR's Integrated Management System and is based on the ISO 50001 international standard. Amid rising energy prices, an effective EMS drives our competitive advantage and reduces overall energy consumption. SIBUR is committed to the continuous improvement of its EMS processes at all its production facilities.

In accordance with the Policy on the Integrated Management System in the Area of Occupational Health, Environmental Protection, Industrial Safety, Quality and Energy Efficiency, SIBUR strives to minimize unsustainable energy consumption, reduce the cost of purchasing and generating energy and increase the energy efficiency of production processes.

The **Corporate Center** has an Energy and Resources Department, which oversees contracting issues for all types of energy resources and the search for alternative energy sources. The Corporate Center sets energy consumption targets and examines best global practices for specific production processes to determine energy consumption benchmarks. In the following stages, development areas for improving compliance with best practices are reviewed and developed, factoring in feasibility and return on investment.

Production sites develop their own energy efficiency and performance measures, with responsibility assigned to the chief engineer, chief process engineer, production managers and the energy manager (a special position in the structure of each business unit). Energy managers coordinate the achievement of a facility's energy cost reduction targets through energy-saving measures. Production sites perform production control and monitor the effectiveness of implemented measures.

In the reporting year, SIBUR production sites developed five-year action plans to improve their productivity, operational efficiency and energy efficiency. The plan to achieve long-term goals is developed and supported by necessary activities and technological solutions. As part of the transformation, sites were ranked in an efficiency rating① and given targets for the improvement of relevant indicators.

In addition, each SIBUR facility has an **energy accounting department**, which provides information about the allocation of energy costs to the Corporate Center and participates in electricity and heat distribution planning.

To ensure a high degree of energy efficiency, the company implements a number of measures, such as:

- developing and implementing an energy-saving programme at every enterprise;
- identifying potential to close the gap in relation to international standards in the medium term;
- conducting regular audits of suppliers to ensure the procurement of equipment that meets our energy efficiency requirements and the creation of a registry of suppliers that are eligible for tenders;
- monitoring the results of ongoing initiatives using the SOVA information system②;
- conducting energy audits of production sites for specific areas of tasks being implemented;
- searching for and publishing examples of best practices on the interactive corporate portal;
- regular technology foresight③ and technology scouting of new technologies aimed at improving energy efficiency and energy-saving;
- ensuring the energy efficiency of processes at the design stage of facilities that are being newly built or renovated in order to introduce best practices.

In 2019, we updated our **automated monitoring system** for all processes that affect SIBUR's production efficiency. Production efficiency is assessed according to the following metrics: uptime, the processing efficiency index and the energy efficiency index. SIBUR created a single registry of measures that specifies their characteristics, implementation timeframes, the responsible employees, estimated costs, dates of first effect in unit and monetary terms, impact on per-unit energy consumption and indices. In 2020, the registry was transferred to a new system, where individual sites can record implemented measures and their effects independently based on actual measurements. This enables users to see the efficiency analysis from two perspectives: from that of the Corporate Center and production sites.

In 2019, SIBUR implemented a **system for automated energy balance closing** at Voronezhsintezkauchuk (May 2019), POLIEF (June 2019), SIBUR-Neftekhim (October 2019), SiburTyumenGaz (4Q 2019), and SIBUR-Khimprom (4Q 2019). Energy balances help us build a transparent account of the consumption and distribution of energy resources and identify areas where imbalances arise and address them.

We previously performed comprehensive energy audits at the Corporate Center level. However, this procedure has now been replaced with targeted energy audits aimed at tackling specific challenges and undertaking steps to reduce gaps against benchmarks. In 2019, we conducted an audit of the energy efficiency of our water supply systems, fuel-powered equipment, heat consumption and heat supply systems (heating networks, heating systems, hot water supply and ventilation systems), water recirculation systems and other infrastructure. Audit activities were prioritized in terms of the size of the gap in relation to global leaders

.

The **Energy and Resources Department** includes Siburenergomanagement, a utility company responsible for supplying electricity to all SIBUR sites and optimizing the costs of electricity when purchasing it on the wholesale and retail markets. SIBUR is working to optimize its energy supply by comparing possible alternative external and internal sources.

SIBUR Tobolsk operates a Combined Heat and Power Generation Plant (formerly, Tobolsk CHP), which is an entity of the wholesale electricity and capacity market. It sells electricity to consumers in Tyumen Region and supplies heat and hot water to SIBUR's facilities in Tobolsk. A number of other SIBUR sites also have their own small power plants.

SIBUR launched an interactive portal in 2019 to educate employees about best global energy efficiency and energy saving practices. The portal has a user-friendly interface and contains registries with examples of best practices for various areas and lists of specialists who are participants of the portal and know how to use them.

① Ranked list of production sites in accordance with the level of energy efficiency.
② SOVA is software programme used to organize video surveillance systems.
③ Technology foresight refers to long-term forecasting technology that provides a platform for building a consistent, balanced and responsible vision of the future.

Key Figures

GRI 302-1

Indicator	2017	2018	2019
ENERGY CONSUMPTION			
Electric power, mln GJ			
Electric power, generated	9.662	10.049	10.535
Electric power, purchased	37.049	37.420	39.647
Electric power, sold	14.761	15.394	16.539
Electric power, consumed (purchased + generated – sold)	31.950	32.075	33.643
Thermal power, mln GJ			
Thermal power, generated	72.389	71.674	82.704
Thermal power, purchased	21.489	21.048	18.758
Thermal power, sold	4.317	4.501	4.196
Thermal power, consumed (purchased + generated – sold)	89.561	88.221	97.266
Fuel, mln GJ			
Natural gas, purchased	77.738	73.546	82.904
Fuel oil, purchased	0.445	0.433	0.009
Process gas, produced	72.412	77.389	85.265
Consumption of energy from renewable sources, mln GJ	—	—	0.00142
TOTAL energy consumption, mln GJ (fuel consumed + thermal and electric power purchased – thermal and electric power sold)	190.055	189.941	205.849

Higher thermal power consumption was due to the start-up of ZapSibNeftekhim and subsequent ramp-up starting from Q4 2018. Steam consumption increased to 515,000 Gcal as of December 2019, a 787% year-on-year increase.

We use a dashboard② to monitor energy efficiency across SIBUR, which tracks the energy intensity index of all production sites together and displays figures for each individual plant. Digital energy efficiency dashboards were created for SIBUR-Neftekhim, SIBUR-Kstovo, Voronezhsintezkauchuk, SiburTyumenGaz, SIBUR-Khimprom, Tomskneftekhim, SIBUR-Tobolsk, POLIEF, SIBUR-PETF, and BIAXPLEN.

GRI 302-4

COST SAVINGS FROM ENERGY-SAVING MEASURES (ENERGY EFFICIENCY), RUB MLN

Indicator	Target	Actual	Completion,%
EC-2017	1,415	1,479	104.2
EC-2018	1,543	1,914	124
EC-2019	888	825	93

ENERGY INTENSITY INDEX①

Period	Target, GJ	Target,%	Actual, GJ	Actual,%	Completion, GJ
2017	141,315,983	173.1	141,287,522	173.1	Done
2018	151,259,591	163.8	146,548,127	158.7	Overfulfilled by 3%
2019	131,312,787	156.0	130,779,837	155.5	Overfulfilled by 0.4%

GRI 302-3

ENERGY INTENSITY BY SEGMENT, GJ/TONNES

Segment	2019
Midstream	2.4
Olefins & Polyolefins	13.3
Plastics, Elastomers & Intermediates	16.1

① The ratio between the actual consumption of energy resources (the energy cost) needed for production and a reference consumption rate characteristic of a chosen similar facility.
② A document containing concise statistical data and reports, usually with infographic elements.

Energy-Saving and Energy Efficiency Measures

305-5

We conducted around 200 initiatives as part of our energy conservation programmes. The cost effectiveness of these activities totaled RUB 825 mln at the end of 2019. The 2019 Energy Conservation Program (EC-2019) reduced energy consumption by 4.08 mln GJ. In the reporting year, we managed to prevent direct GHG emissions of 54,480 tonnes of CO_2 equivalent③ and indirect GHG emissions of 85,810 tonnes of CO_2 equivalent④.

The impact of EE-2019 was lower than in prior periods due to the completion of monitoring of the most significant event in recent years on the acquisition of Tobolsk TPP and the involvement of ethane-propane fraction as fuel for this facility.

EC-2019 completion was 93% due to a range of factors (shorter heating season, postponed implementation deadlines and unscheduled equipment shutdowns). At the same time, the company increased the involvement of APG in processing through additional loading of energy-intensive equipment that had been scheduled for lower utilization, thus preventing flaring at oil companies' and suppliers' facilities and obtaining an additional effect on product output of RUB 132 mln per year

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Green electricity

To increase the amount of green electricity it uses, SIBUR plans to build its own solar power plants in economically feasible locations, to conclude direct agreements with generators of renewable sources of energy and to take into account green certificates to offset greenhouse gas emissions.

GREEN CERTIFICATES

SIBUR works closely with NP Market Council to develop a market concept for green certificates confirming electricity generation from renewable energy sources.

Green certificates will be held by renewable energy generators. The creation of a single platform for trading green certificates would provide a quick and convenient way of confirming the provenance of electricity, send out a positive signal to the market and make buying green energy more attractive for major environmentally responsible consumers.

SIBUR-Yug Health and Wellness Center Launches One of Russia's Most Powerful Rooftop PV Stations in June 2019

One of the most powerful rooftop solar power stations in Russia was launched at SIBUR-Yug, our corporate resort. The plant's total capacity is 471.5 kW and currently covers 50% of SIBUR-Yug's energy needs.

Hevel Group was the contractor for the design, construction and delivery of equipment for the plant. The plant can generate enough energy to simultaneously power more than 1,500 laptops, 900 TV sets or 225 electric kettles and can supply electricity to 30 cottages, fully covering periods of peak demand during the day.

Solar power will enable the resort to consume over 50% more energy, making it possible to install new equipment and enhance its functions.

③ Prevented direct greenhouse gas emissions were calculated in accordance with the Methodological Guidelines for the Quantification of Greenhouse Gas Emissions (approved by Order No. 300 of the Ministry of Natural Resources and Environment of the Russian Federation of 30 June 2015). The calculation includes CO_2 emissions.
④ Prevented indirect greenhouse gas emissions were calculated in accordance with the Methodological Guidelines for the Quantification of Indirect Energy Greenhouse Gas Emissions (approved by Order No. 330 of the Ministry of Natural Resources and Environment of the Russian Federation of 29 June 2017). The calculation includes CO_2 emissions.

Reducing Climate Impact and Greenhouse Gas Emissions

GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6

We acknowledge the importance of climate change and are aware of our contribution to global processes. We are committed to reducing our GHG emissions by improving the sustainability of our plants, enhancing energy efficiency and developing and deploying low-carbon technologies. We incorporated climate-related risks into our investment planning processes and risk management system in 2019①.

We set and approved **GHG and renewable energy targets** in our 2025 Sustainability Strategy:

1. increase the amount of green energy in our energy balance fivefold compared to 2019;
2. reduce specific GHG emissions compared to 2018:
   - by 5% per tonne of manufactured product in the Gas Processing segment;
   - by 15% per tonne of product sold in the Petrochemicals segment.

The specific GHG emission indicator was segmented for Gas Processing and Petrochemicals due to the different ratio of gross emissions to product manufactured (for Gas Processing) and gross emissions to product sold (for Petrochemicals). The products of the Gas Processing segment are either sold or used by the Petrochemicals segment, while the products of the Petrochemicals segment are only sold.

SIBUR's Committee on Ecology, Sustainable Development and Social Investment plans to:

1. review the results of climate impact reduction targets on a quarterly basis (or more often if required), measure progress, monitor the results of strategy indicators as part of the sustainability report audit and update targets as necessary;
2. consider new projects, technologies, etc. as part of separate or specialized matters.

To achieve target indicators, plans and programmes are developed at production sites, including comprehensive environmental programmes for sites that contain measures to reduce direct and indirect GHG emissions. Work on key measures will be launched in 2020.

SIBUR's climate agenda includes participation in the formation of GHG laws. In 2019, SIBUR developed proposals for a number of amendments to draft regulations on the Federal Draft Legislation Portal, namely the Sanitary Zone Regulation and the Draft Federal Law "On State Regulation of GHG Emissions and Absorption and Amendments to Selected Legislative Acts of the Russian Federation".

① For more details, refer to "Internal Control and Risk Management".

GRI 305-1, 305-2

GHG EMISSIONS, MLN TONNES OF CO_2 EQUIVALENT

Indicator	2018	2019
Direct (Scope 1) GHG emissions	9.36	9.34
CO_2	9.11	9.10
CH_4	0.023	0.01
N_2O	0.000019	0.000016
HFCs	0.00000025	0.00000094
Indirect (Scope 2) GHG emissions, mln tonnes of CO_2 equivalent	5.013	5.28

No calculations were performed for PFCs, SF_6 and NF_3, as the company does not produce these emissions.

SIBUR performed its first assessment of other indirect (Scope 3) GHG emissions in 2019.

GRI 305-3, 305-4

In the reporting year, we performed our first assessment of other indirect (Scope 3) GHG emissions. These were calculated using data on GHG emissions from business trips and use of products for energy needs. We plan to include more activities in the calculation of Scope 3 emissions in the future.

Type of activity②	Other indirect (Scope 3) GHG emissions	
	2018	2019
Business trips (employee rail and air travel), mln tonnes of CO_2 equivalent③	0.0175	0.0164
Specific GHG emissions from business trips (employee rail and air travel), tonnes of CO_2 equivalent / average number of employees	0.64	0.62
Use of sold products for energy needs (energy products of the Midstream segment), mln tonnes of CO_2 equivalent	51.4	51.8
GHG emissions prevented (through APG processing), mln tonnes of CO_2 equivalent	-71	-70

SIBUR is working to reduce other indirect emissions that are not related to its operating activities. The company employs a rational approach to determining the necessity of each business trip and the number of employees that should be sent. All offices and production facilities have video conferencing equipment, which reduces the need for business travel. Rail is the only form of transport permitted for travel between Moscow and Nizhny Novgorod/St. Petersburg. SIBUR adopted a new business travel policy in mid-2019 that introduced restrictions on the use of business class for flights with a total duration of less than 4 hours and 20 minutes, (i.e. flights between Moscow and Tyumen, Voronezh, Ufa and Perm) as well as for flights of any duration if the purpose of the trip is training or participation in exhibitions and conferences. In 2019, we worked with travel providers to automate the calculation of GHG emissions from business trips. As of year-end 2019, specific GHG emissions from business travel per employee decreased by 3.4% year-on-year, and fell by 6.3% in absolute terms.

Our company makes a significant contribution to the **prevention of APG flaring** as our business model is based on a sustainable and cost-effective solution for its recycling – processing the APG produced by oil and gas companies at gas processing plants.

In 2019, SIBUR processed 22.6 bln cubic meters of APG, preventing around 70 mln tonnes of GHG emissions, which is equivalent to the annual CO_2 footprint of Austria. We are planning to increase volumes of APG purchases in the future.

Prevented GHG emissions are calculated based on the volume of APG consumed and the national emissions factor for flaring, default set in accordance with the Methodological Instructions and Guidelines for the Quantitative Determination of GHG Emissions by Organizations Engaged in Economic and Other Activities in the Russian Federation" (approved by Order of the Ministry of Natural Resources and Environment of the Russian Federation dated 30.06.2015 No. 300).

② The calculation was performed as per Categories 6 and 11 of the GHG Protocol.
③ Based on the data of the travel aggregator, supplemented for rail transportation factoring in the average GHG emission rate per passenger of Russian Railways.

SIBUR processed
22.6 bln m^3
of APG in 2019

Key Areas of SIBUR's GHG Reduction Initiatives:

1. improving the efficiency of flaring systems, including:
   - replacing existing flare tips with soot-free flare tips fitted with remote spark ignition and flame control systems;
   - installing metering units at flares;
2. regulating combustion processes to increase the efficiency of complete combustion/increase the energy conversion efficiency of combustion/ modernization of furnaces, including converting furnaces to natural gas;
3. designing a robust process for collecting blow-offs (tail gases and vent stack) to either feed them back into production or use them as fuel for combustion;
4. designing a process for collecting gas when emptying containers (loading/ unloading);
5. reducing volumes through the enhanced recovery of natural gas liquids (NGL);
6. commissioning a catalytic oxidation unit for waste gas treatment;
7. retrofitting;
8. upgrading gas scrubbers.

Pollutant Emissions

SIBUR is strongly committed to controlling air quality and reducing emissions. We aim to cut per-unit air emissions by at least 5% by 2025 compared to 2018.

The list of mandatory and regular **initiatives** at all SIBUR production sites to reduce their impact on air quality include:

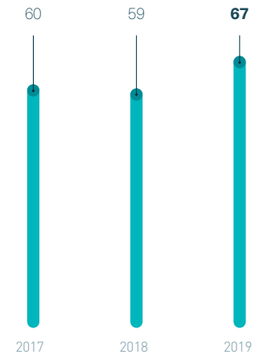
- conducting Production Environmental Control (PEC) of compliance with sanitary and epidemiological standards at emission sources and at the borders sanitary zones with the involvement of certified laboratories;
- ensuring internal laboratory control of compliance with maximum emission limits using corporate fixed and mobile laboratories to perform internal control;
- the functioning of an automated data collection and processing system that receives data from gas analyzers, the chromatographical unit, the meteorological unit, the satellite navigator and other equipment;
- compliance with the established equipment maintenance procedure, conducting scheduled inspections, diagnostics and timely maintenance of process equipment and gas treatment plants at facilities;
- continuous monitoring of weather conditions, taking appropriate actions when informed about adverse weather conditions by Roshydromet;
- implementing steps to improve equipment reliability and accident free operation of equipment.

GRI 305-7

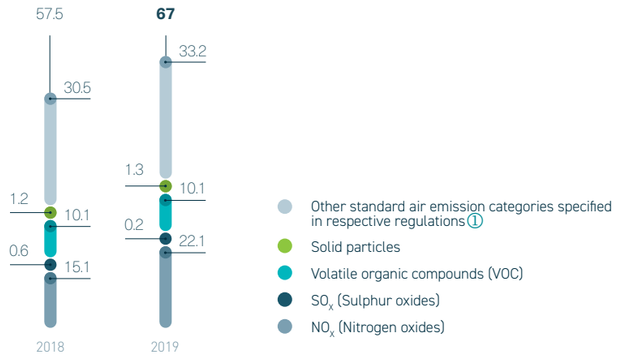
In 2019, SIBUR's emissions increased by 12% due to several factors:

- a new polypropylene production facility was launched at ZapSibNeftekhim; start-up operations are underway, and capacity is gradually being ramped up;
- the use of ethane–propane fraction as a feedstock for furnaces and boilers instead of natural gas (on account of its higher energy value compared with natural gas) at SIBUR's Tobolsk enterprise;
- higher consumption of fuel gas by the steam generation unit (UGP-1) due to the lower energy conversion efficiency of turbines at Vyngapurovsky Gas Processing Plant (SiburTyumenGas);
- the forced soot burning of a flare during shutdown maintenance at SIBUR-Kstovo;
- the start-up of the DOTP 100 facility at SIBUR-Khimprom (Perm).

TOTAL EMISSIONS, THOUSAND TONNES



POLLUTANT EMISSIONS, THOUSAND TONNES



① The "Other emissions" category includes carbon monoxide, non-VOC hydrocarbons, carbon, manganese and its compounds and other specific substances.

SIBUR's goals in its 2025 Sustainability Strategy for the reduction of per-unit emissions correlate with one of the goals of the Russian Clean Air Federal Project to reduce aggregate emissions in large industrial hubs. A number of SIBUR entities have plans to implement pollutant emission reduction initiatives in the period up to 2025, for example:

1. increasing the efficiency of flares at SIBUR-Tobolsk, ZapSibNeftekhim, SIBUR-Kstovo and SIBUR-Khimprom;
2. creating a robust process to collect blow-offs and stripped gases at SIBUR-Tobolsk, ZapSibNeftekhim, SIBUR-Kstovo and KZSK and either feed them back into production or use them as a fuel for combustion.

Per-unit pollutant emissions amounted to 1.59 kg per tonne of product.

SIBUR TOGLIATTI① INCREASED THE ECOLOGICAL PROPERTIES OF ITS PRODUCTION

SIBUR Togliatti implemented projects to improve the environmental friendliness of its operations. In 2019, emissions per tonne of product were reduced by 5.7%, and gross emissions fell by 1.7%. This was achieved through a number of initiatives, in particular, the implementation of eco-friendly smokeless combustion technology that meets modern environmental protection requirements.

"We have implemented the new technology at our largest flare system," said Pavel Kubryakov, Operational Director at SIBUR Togliatti. "This technology uses air instead of steam for complete combustion of hydrocarbon gases, with basically no smoke. In addition, less gas needs to be supplied to pilot burners to maintain a flame as compared with traditional flare tips". Pavel said that all SIBUR Togliatti's plants operate in a closed cycle. "This is a new value-added business model which delivers conversion rates of 90-95%. Any unreacted substances are separated from raw materials and fed back into the beginning of the process. These substances are also a valuable product. Even hydrocarbon waste can be sold and recycled," he said. "For example, last year we assembled a bottom loading rack for commercial isoprene, chloroethyl and methyl tert-butyl ether (a high-octane petrol additive), which enabled us to reduce hydrocarbon emissions by 10 tonnes and reuse valuable raw materials. Another example is our closed-loop water recycling system, which produces compressed air and nitrogen. This system reduced intake of river water by almost 25%."

SIBUR-Kstovo has committed to reducing the number of soot combustion hours at its flares by 84%. The production site is planning to move to a two-year uninterrupted work cycle, which will further reduce the number of hours worked in soot combustion mode. To achieve this goal, SIBUR-Kstovo will need to conduct a retrofit and install new state-of-the-art tips on both flares. Flare stack K-1 required unscheduled repairs in the reporting year, which prevented SIBUR-Kstovo from transitioning to the two-year uninterrupted cycle.

In recent years, SIBUR-Kstovo has been working to systematically reduce soot burning. The improvements recorded up to 2019 were due to a smaller volume of gas phase being sent to the flare. All equipment and containers are emptied during normal shutdowns. However, containers were not emptied in 2019 due to the limited time available for repairs.

① SIBUR Togliatti is no longer part of SIBUR as of late 2019.

SIBUR's key initiatives and programmes implemented in the reporting year to minimize its impact on air quality include:

Production site	Initiatives
Sibur-Khimprom	⌖ Retrofitting of DE 25-24-250GMO boilers to ensure they can run reliably on low-calorific fuel ⌖ Conversion of the P-401 furnace to fuel gas ⌖ Use of a methane-hydrogen fraction from the EP-60 unit as a fuel for the P-101 furnace, with a cumulative reduction of Pollutant emissions by 83 tonnes per year for carbon dioxide and nitrogen oxides and 6,000 tonnes per year for greenhouse gases ⌖ Performance of equipment inspections and diagnostics, scheduled maintenance with production stoppages to improve equipment reliability and accident free operation time ⌖ Transportation of flare gases using a TAKAT compressor unit, performance of repairs, preparation for pre-commissioning works
Voronezhsintezkauchuk	⌖ Construction of new treatment facilities for industrial emissions from the production of thermoplastic elastomers with design capacity of 100,000 tonnes per year (TEP-100)
POLIEF	⌖ Installation of a catalytic gas oxidation unit as part of the project to upgrade the terephthalic acid facility, followed by equipment calibration ⌖ Removal of a waste gas treatment furnace ⌖ Engagement of certified third-party laboratories to analyze air samples taken at the edge of the sanitary zone and neighboring residential area of Blagoveshchensk
SIBUR-Kstovo	⌖ Installation of a pontoon on a petroleum storage tank ⌖ Ensuring the transfer of methane fraction from the flare into the fuel system at a rate of 2 tonnes per hour ⌖ Decommissioning two emission sources (petroleum storage tanks), reducing emissions by 92.14 tonnes ⌖ Reducing soot combustion processes ⌖ Reducing gas phase emissions during shutdowns (incomplete emptying)
Tomskneftekhim	⌖ Retrofitting the lining② and sections Nos. 2-6 in the convection chamber of the F-11 and F-14 pyrolysis furnaces, helping achieve the target reduction of pollutant emissions (nitrogen oxides, carbon monoxide)

② A protective covering consisting of heat resistant, chemically resistant, wear-resistant and heat-insulating materials used to line the inside walls of metallurgical furnaces, ladles, boilers and other equipment.

INSTALLATION OF AUTOMATED MEASUREMENT INSTRUMENTS AT STATIONARY EMISSION SOURCES

A priority of SIBUR's goals for 2019 was developing a blueprint for installing **automated measurement instruments and reporting tools for pollutant emissions** at stationary emission sources, in accordance with the Russian Government Order No. 428-r of 13 March 2019 and Russian Government Resolution No. 263. of 13 March 2019. In the reporting year, we selected 56 sources and established a schedule for AMI installation in line with the requirements of Federal Law No. 219 "On Amendments to Federal Law No. 7 and Selected Legislative Acts."

An exhaust stack of seven pyrolysis furnaces at SIBUR Khimprom was selected as the pollution source for pilot monitoring of the concentration of marker substances① (nitrogen oxides, carbon monoxide, sulfur dioxide and methane). We selected a contractor, conducted inspections of the stack, estimated the workload based on the planned sensor equipping and stack installation works and initiated pre-commissioning works. In 2020, we will develop design documentation and obtain the necessary permits. AMI installation at SIBUR Khimprom is scheduled for 2021. AMI at NEI Class I facilities will be installed as part of the integrated environmental permit (IEP) approval process.

To ensure control over compliance with the pollutant emission concentrations of sanitary and epidemiological standards, SIBUR engages certified laboratories to perform measurements instrumental monitoring. Monitoring at emission sources and at the border of sanitary zones is performed in accordance with the schedules established for each production site or on an ad-hoc basis (where additional measurements are required).

Instances of non-compliance with air quality requirements in 2019:

1. in September 2019, Rosprirodnadzor inspectors identified excess methane emissions at SIBUR Tobolsk's butadiene and isobutylene and MTBE② furnaces. SIBUR engaged a certified third-party laboratory to undertake conduct an unscheduled survey of air quality, which did not confirm an increase. Additionally, equipment was reconfigured and follow-up measurements of emissions were performed;

2. in September 2019, local residents filed complaints about a "fiery glow" over ZapSibNeftekhim. This phenomenon occurred due to start-up testing of an air gas compressor in May 2019, followed by the commissioning of pyrolysis gas equipment in 1-8 September. The pyrolysis flare, which was used to run the process safely, was responsible for the flame that could be seen at a great distance. The commissioning of an air gas compressor is a safe process that does not harm humans or the environment. The flame appeared brighter than usual because it was silhouetted against a cloudy night sky.

① Pollutants that are indicative of the technologies and process parameters at a NEI facility.
② Methyl tertiary-butyl ether.

Water Consumption and Wastewater Discharges

GRI 303-1, 303-2, 303-3, 303-5, 306-1, 306-5

The Company's key objectives in terms of responsible water consumption are to ensure extensive water treatment and to reduce the volume of water intake and the accumulation of pollutants in discharges.

SIBUR identifies water-related risks and takes the appropriate steps to mitigate them.

Risk	Mitigation Measures
WATER DEPLETION	⌖ Compliance with subsoil use licenses when withdrawing fresh groundwater ⌖ Regular monitoring of groundwater quality (instrumental measurements of water consumption, water levels and flow rates, inspect water intake facilities and sanitary zones) ⌖ Control over excessive use of groundwater reserves
DISCHARGE OF POLLUTED WASTEWATER	⌖ Wastewater treatment ⌖ Reuse of clean surface effluents in production ⌖ Prompt repair of faulty equipment and water supply and sewerage systems ⌖ Monitoring the quality of wastewater treatment ⌖ Construction or reconstruction of local treatment facilities ⌖ Implementation of closed-loop water circuits

GRI 303-1

We use water for production, maintenance, administrative, drinking, equipment cooling and fire-fighting needs. SIBUR facilities take water from artesian wells, rivers and reservoirs and use public water and sewerage systems under agreements with the respective utilities providers①. Withdrawn and delivered water is tracked by technical accounting using meters, flowmeters, and by calculating pump capacity and the actual operating time of the equipment.

Our 2025 Sustainability Strategy includes the following water consumption targets:

1. reduce specific water consumption to at least 5% compared to 2018;

2. reduce specific pollutants in wastewater effluents by 40% compared to 2018.

In 2019, specific pollutants in effluents and specific water consumption totaled 0.78 kg per tonne of product and 1.6 cubic meters per tonne of product respectively. Pollutants in SIBUR's total effluents (COD, BOD, phosphorous compounds, nitrogen compounds, oil and oil products) amounted to 150.6 tonnes in 2019.

① For more details, refer to the "List of Water Intake Sites" in "Appendices".

GRI 303-3

In total, 80,593.91megalitres of water were taken in during 2019, 68% of which was from surface waters, 28% from third parties, and 4% from groundwater.

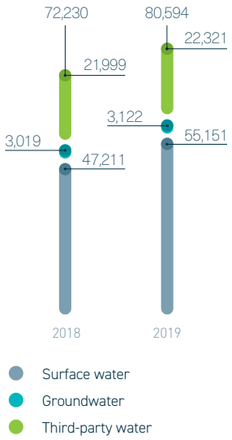
The total amount of water withdrawn in the company for production needs rose by 12% due to several factors:

1. washing and hydraulic testing of pipes, tanks and vessels, process equipment and fire protection water supply system at ZapSibNeftekhim as part of start-up activities;
2. use of process water for hydraulic testing and pressure testing of equipment, pipelines and storage tanks during the start-up of the DOTP 100 facility at SIBUR-Khimprom; implementation of a project to supply reused water to the surface and fill new water circuits at SIBUR-Khimprom.

At the same time, the following SIBUR production sites recorded lower water withdrawal levels.

Production site	Initiatives
POLIEF	The 62% year-on-year reduction in water intake was due to lower volumes of wastewater disposal during the shutdown of the TPA facility for reconstruction and the TPA, PET and ESP facilities for repairs
Sibur-PETF	The year-on-year decline in water withdrawal was due to reduced consumption of potable water (as a result of staff downsizing, reduced frequency of cleaning and the use of vacuum cleaners) and reduced intake of river water (less water fed into the recycling system due to abundant rainwater runoff)
Tomskneftekhim	The 0.1 mln cubic meter reduction in water consumption compared to 2018 was due to efficiency gains in the operation of water recycling systems
SIBUR-Neftekhim	Repair of settling tanks and enabling reinjection of purified river water into the water cycle after washing mechanical filters Optimization of the filter backwashing process at the chemical water treatment plant, which reduced the intake of river water for filter washin

TOTAL WATER WITHDRAWALS, THOUSAND M³ (ml)



GRI 303-1

All SIBUR water intake sources are included in the assessment of environmental impacts at the design phase. The frequency of control over levels of pollutants in wastewater is determined according to approved schedules using instrumental methods with the engagement of certified in-house and third-party experts or calculated, as well as using calculation methods (in line with approved national methodologies for substances①). Ad-hoc measurements are performed if there are concerns about water quality or effluents.

① We calculate the level of pollutants in wastewater using the following techniques: PND F 14.1: 2: 3.100-97 (COD); PND F 14.1: 2: 3: 4.123-97 (BOD); PND F 14.1: 2: 4.112-97 (phosphate ion); PND F 14.1: 2: 4.262-10 (ammonium ion); PND F 14.1: 2: 4.3-95 (nitrite ion); PND F 14.1: 2: 4.4-95 (nitrate ion); PND F 14.1: 264.128-98 (petroleum products).

We took the following steps to reduce water consumption in 2019:

Production site	Initiatives
POLIEF	Ending the use of clarified water for the preparation of chemical solutions Reduction of electricity consumption by developing a dynamic operation model for cooling tower fans Reduction of water consumption by optimizing wash water pressure Water saving by using steam condensate to replenish heating system
SIBUR Tobolsk	Optimization of conditionally variable costs for primary and final treatment of wastewater Prompt repair of faulty equipment Timely monitoring of production process standards
Sibur-PETF	Reduction of water consumption by reducing the use of potable water (as a result of staff downsizing, reduced frequency of cleaning and the use of vacuum cleaners) and reduced intake of river water (less water fed into the recycling system due to abundant rainwater runoff)
Tomskneftekhim	Optimization of the performance of Recycled Water Units 3 and 4 by optimizing the flow of circulating water through regulation, debottlenecking of heat exchange equipment and improvements to pump pressure and operation
SIBUR-Neftekhim	Repair of settling tanks and enabling reinjection of purified river into the water cycle after washing mechanical filters Optimization of the filter backwashing process at the chemical water treatment plant, which reduced the intake of river water for filter washing
SIBUR-Kstovo	Partial replacement of the potable and process water pipelines to prevent leaks

Water Consumption and Wastewater Discharges

In 2019, the share of reused water within the company was 0.96%. Recycled and reused water consumption totaled 765 mln and 1.28 bln cubic meters respectively.

SIBUR production sites are implementing the following measures to improve their infrastructure and increase water reuse.

Production site	Initiatives
Sibur-Khimprom	Collection of surface runoff into the facility's stormwater system and sending it to storage ponds or the water recirculation system
SIBUR Tobolsk	Sending chemically contaminated, industrial, stormwater and domestic effluents from monomer and polymer facilities and domestic and stormwater effluents from industrial user facilities (including ZapSibNeftekhim) for treatment at the industrial wastewater neutralization and treatment plant; reuse of treated wastewater
ZapSibNeftekhim	Sending chemically contaminated effluents to wastewater treatment plants; reuse the treated wastewater Sending saline and chemically contaminated effluents to salt evaporation plants; reuse the distillate①
Voronezhsintezkauchuk	Optimization of discharge of blowdown water from water recirculation systems, sending clarified water to the industrial and fire water system Regulation of the salinity of water in cooling towers by adjusting the pH level of makeup water (acidification) and using less clean water as makeup water
POLIEF	Blowdown water circuits Reuse of condensate Reuse of water after cleaning and backwashing of filter equipment Recycling of water filtered through pressure filters
SIBUR-Kstovo	Use of condensate cooling system in cooling towers
Sibur-PETF	Collection of storm water in the storm sewer system, sending it to the settling pond and use in the fire water system Use of chemically demineralized water as makeup water for open-type cooling towers and to produce non-reused desalinated water
Tomskneftekhim	Use of a water recirculation system
SIBUR-Neftekhim	Cooling of water in cooling towers and send it to heat exchange equipment

① Distillate is a product obtained from the condensation and cooling of vapors during the distillation process.

GRI 303-2

SIBUR production sites discharge wastewater within statutory water discharge limits and in accordance with their water use permits and decisions on the use of water bodies. Wastewater is discharged to municipal sewers, centralized water disposal systems, city treatment facilities, wastewater sewers (under agreements with oil companies) and water bodies (using gravity sewers or gravity drainage). Discharge limits were calculated in accordance with Russian legislation, factoring in the background concentration levels of water bodies.

GRI 303-4

In the reporting year, the total volume of SIBUR's wastewater disposal amounted to 57,086,000 cubic meters (57,086 megalitres) of fresh water.

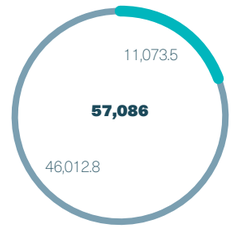
GRI 306-1

SIBUR's wastewater discharges mainly comprise undertreated wastewater because, after primary treatment at local facilities, most effluents are sent to third-party organizations for final treatment.

We took the following measures to reduce pollutants in wastewater in 2019:

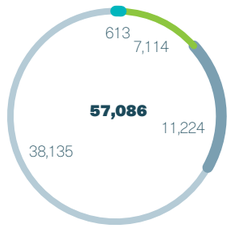
Production site	Initiatives
POLIEF	Upgrade of wastewater treatment facilities, repair of aeration tanks for biological treatment, repair of equalization tanks
Voronezhsintezkauchuk	Construction of local treatment facilities to remove lithium salts from wastewater of the TEP-100 facility
SIBUR-Neftekhim	Repair of the washwater tank and the cooled reused water chamber
SIBUR-Khimprom	Improvement of the efficiency of wastewater treatment by adapting biological treatment facilities for wastewater from the DOTP plant and the normalization of DOTP effluents by optimizing process flows
Belozyorny GPC (SiburTyumenGas)	Design and survey stage of a sewage treatment plant in terms of water body selection
SIBUR-Kstovo	Start of construction of a local sewage plant
Tomskneftekhim	Cleaning of pipelines and receiving chambers of the sewerage pump station at the monomer facility

TOTAL WATER DISCHARGE, THOUSAND M³ (ml)



- Surface water, including industrial users
- Third-party water, including industrial users

TOTAL VOLUME OF DISCHARGES BY TREATMENT METHOD, THOUSAND M³ (ml)



- Regulatorily clean wastewater (without treatment)
- Regulatorily cleaned wastewater
- Contaminated wastewater (without treatment)
- Undertreated wastewater

Under SIBUR's internal policies, any discovery of pollutant concentrations above permissible limits or negative trends must be immediately communicated to the production site that generated the wastewater and the respective treatment facility (if any), followed by the recalibration of process flows and follow-up wastewater tests.

In 2019, regulators identified two instances of non-compliance with regulatory wastewater quality requirements at SIBUR Tobolsk and Voronezhsintezkauchuk.

A scheduled field inspection of SIBUR Tobolsk by Rosprirodnadzor's office for Tyumen Region identified increased concentrations of suspended solids, dry residues, COD, calcium, magnesium, chloride ion and oil products in the Aremzyanka River.

It is important to highlight that the potential impact of the SIBUR site on the Aremzyanka River is indirect as the sampling sites are a considerable distance from the discharge outlet, making it difficult to reliably identify all the factors influencing the water body's hydrochemical properties. During another inspection by CLATM's office for Tyumen Region, inspectors took samples directly from the discharge channel of SIBUR Tobolsk's heat and steam generation plant (i.e. at the wastewater outlet). Laboratory analysis of the samples did not identify non-compliance with the limits set for suspended solids, dry residues, calcium, magnesium, chloride ion and oil products. Concentrations of suspended solids and calcium, dry residues, magnesium and chloride ion were 1.4 times, 1.3 times, 1.15 times and 1.5 times below the maximum permissible limit respectively. Thus, effluents from the facility in question are not the source of pollution and therefore cannot have a negative impact on the Aremzyanka River.

SIBUR takes steps to protect the Aremzyanka River. We clean the river banks every year and provide support to Roshydromet's① gauging station. We have also developed the 2019-2023 Environmental Protection Roadmap for SIBUR Tobolsk, which aims to reduce wastewater pollutants and wastewater volumes. We also perform ongoing observation and regular monitoring of the river and its water protection zone.

We recorded five instances of excessive pollutant concentrations in 2019: three instances for COD②, one for BOD③ and one for oil and oil products. High concentrations of COD at SIBUR-Tobolsk was due to seasonal/climatic changes in circulating water patterns. We disinfect Water Circuit No. 1 to address non-recurrent pollutant increases. Rosprirodnadzor agreed to drop its claim against SIBUR's about the high concentration of oil products in the Aremzyanka River pursuant to Article 8.14, Part 1 of the Russian Code of Administrative Offenses.

Non-recurrent high concentrations of COD and BOD at Voronezhsintezkauchuk were primarily due to the high-water season and increased discharge of pollutants with storm and melt waters. We have an action plan in place to prevent such incidents, improve the quality of wastewater treatment and reduce organic matter in SIBUR's wastewater. We have also strengthened on-site controls over the quality of wastewater discharged by users of industrial sites.

PROJECT TO BUILD LOCAL TREATMENT FACILITIES AT SIBUR-KSTOVO

The construction of local treatment facilities at SIBUR-Kstovo in 2019-2020 is being implemented according to the implementation plan. Critical large-sized equipment (oil separators, flocculation systems, floatation systems, disc filter and pressure filter) have been delivered to the construction site. The new plant will have wastewater screening, physico-chemical treatment, biological treatment and post-treatment facilities. The new wastewater treatment facilities will also reduce air emissions by 64% thanks to the smaller liquid surface of the oil separator. The construction is scheduled for completion in 2021.

① Roshydromet is Russian Federal Service for Hydrometeorology and Environmental Monitoring.
② Chemical oxygen demand (COD) is the amount of oxygen (in milligrams) required to oxidize soluble water and particulate organic matter in water.
③ Biochemical oxygen demand (BOD) is the amount of dissolved oxygen consumed by aerobic biological organisms to break down decomposable organic matter contained in a given water sample.

SIBUR entities performed self-monitoring in 2019 and recorded several instances of excessive pollutant concentrations in their wastewater.

Production site	Reasons for Exceeding Discharge Limits
SIBUR Tobolsk	Conducted self-monitoring of wastewater quality revealed periodic increases in concentrations of pollutants resulting from year-on-year fluctuations in river water quality. SIBUR-Tobolsk uses additional reagents to improve water turbidity and color and remove suspended solids
Voronezhsintezkauchuk	Non-recurrent increases in sulphates in treated wastewater were due to insufficient capacity at the site to remove these pollutants (the project design did not include the construction of sulphate wastewater treatment facilities)
Sibur-PETF	The site is not responsible for periodic minor non-compliances with pollution limits for domestic wastewater because these effluents are not treated on-site, but sent to a third party for treatment
Tomskneftekhim	Non-compliance occurred because polluted sulfur-alkaline wastewater (SAWW) from the monomer unit leaked into the plant's sewer system
SIBUR-Kstovo	Concentration of phenol in wastewater sent for external treatment exceeding statutory norms due to the fact that SIBUR-Kstovo does not have its own treatment facilities

GRI 306-3

Two spillages were recorded in the reporting year:

1 — contaminated stormwater from an off-design pipe leaked into a ravine behind the POLIEF site in Blagoveshchensky District, Bashkortostan in July

2 — industrial wastewater spillage due to partial destruction of the emergency tank wall at the POLIEF site in October

UPGRADE OF TREATMENT FACILITIES AT POLIEF

POLIEF upgraded key elements of its biological wastewater treatment process in 2019 and installed an automated treating agent dosing unit. The site will focus on the following areas in 2020:

- physico-chemical treatment (selection and replacement of treating agents);
- biological anaerobic treatment (improvement of the efficiency of anaerobic bioreactors under the engineering supervision of WABAG);
- efficiency restoration of the ozonation unit at the water treatment facility;
- restoration and commissioning of the bromide wastewater evaporation unit at the vacuum evaporation facility;
- restoration and commissioning of the acetaldehyde water treatment unit at the waste water burning facility.

A full scope of works was conducted at POLIEF as part of the spill containment plan implemented in collaboration with the regional emergency services. The measures implemented helped minimize the adverse impact on the environment. The condition of the environment and water bodies and air quality in the affected area was monitored throughout the remediation period. All the samples tested during the period showed compliance with established pollution limits. The monitoring results were made publicly available, including on the POLIEF and Ufavodokanal websites.

The reasons for the spills were investigated thoroughly. Seeking to prevent spills in the future, POLIEF engaged a certified third party to inspect all the other tanks. All SIBUR plants performed inspections and developed and tested their own emergency response plans.

POLIEF dismantled off-design pipes and started developing design and project documentation to reconstruct the wastewater tank. The reconstruction was included among the site's prioirty projects for 2020 agenda as it will guarantee that similar incidents will not reoccur. POLIEF will apply a new coating made of advanced polymer materials, which will protect tank walls and increase their useful life to at least 25 years.

GRI 306-5

SIBUR's specialists regularly monitor the condition of adjacent water bodies. Water bodies affected by wastewater from SIBUR plants include:

- **Aremzyanka River** (fishery water body) — SIBUR Tobolsk;
- **Belaya River** (first class fishery water body) — POLIEF;
- **Voronezh Water Reservoir** (not classified as an environmentally protected area) — Voronezhsintezkauchuk.

SIBUR shares its experience with wastewater treatment technologies in the media at specialized conferences and forums. We collaborate with leading contractors and research centers specializing in the construction and upgrade of wastewater treatment facilities. For example, SIBUR is currently implementing solutions developed by Nijhuis Water Technology, a leading global provider of water treatment technologies based in the Netherlands, to treat industrial effluents at SIBUR-Kstovo.

UPGRADE OF INDUSTRIAL WASTEWATER NEUTRALIZATION AND TREATMENT PLANT AT SIBUR TOBOLSK

1

The first phase of the reconstruction has been completed and the plant is now ready to receive additional wastewater from ZapSibNeftekhim.

2

The second phase (enhancing the plant's reliability) is in progress. SIBUR-Tobolsk is continuing the gradual start-up of new equipment and decommissioning of existing equipment.

3

The entity is almost ready to commence **the third phase** (construction of a sludge thermal treatment unit): 95% of the equipment and 90% of components needed to assemble the equipment have been delivered to the construction site. The whole project is scheduled for completion in August 2020.

Waste Management

GRI 306-2, 306-3

SIBUR aims to optimise the process of generating and processing waste in order to reduce its negative impact on the environment and reduce economic costs.

We transfer our waste to certified waste management companies for neutralization and recycling and for disposal at dedicated landfills in accordance with Russian law. Before signing any contract, we make sure that the contractor holds a valid license to provide the services. We also directly dispose of our waste to SIBUR's own landfills and reuse and recycle waste.

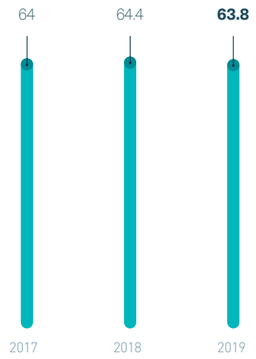
GRI 306-2

The company predominately generates waste in IV (low-hazardous waste) and V (practically non-hazardous waste) Hazard Classes. We generated 63,800 tonnes of waste in 2019. More than 30% of total waste generated was recycled①.
We transferred 20,200 tonnes of waste to third-party contractors for disposal.

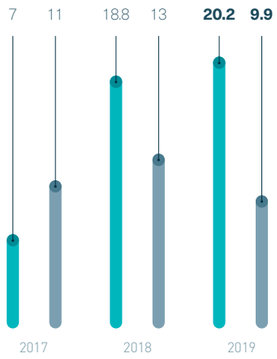
20,200 tonnes of waste we transferred to third-party contractors for disposal

>30% of total waste generated was recycled

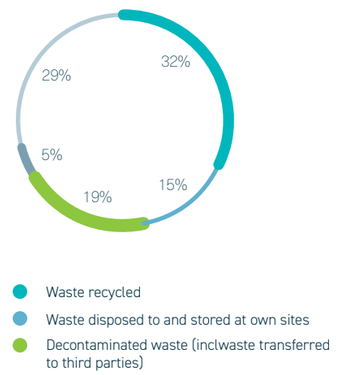
WASTE GENERATED, THOUSAND TONNES



RECYCLING AND DISPOSAL OF WASTE, THOUSAND TONNES



WASTE MANAGEMENT, 2019



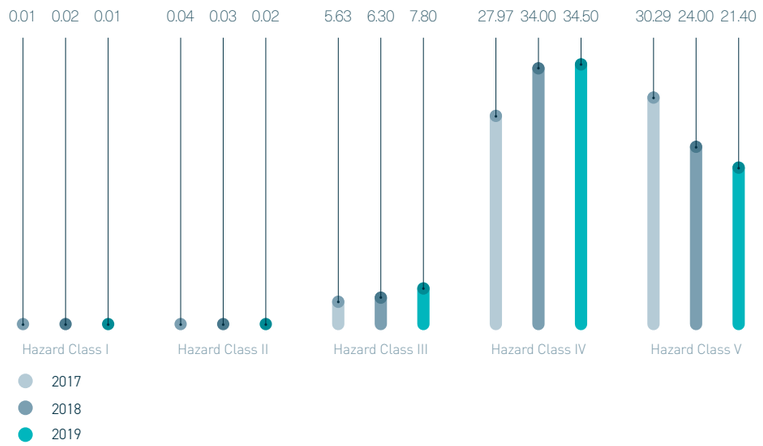
① For more details, refer to "Waste by type and disposal method" in "Appendices".

SIBUR contributes to the achievement of national waste management goals by collaborating with professional market players and government agencies.

Our 2025 Sustainability Strategy outlines the following waste management targets:

1. minimize the leakage of plastic particles into the environment during production operations as part of the Operation Clean Sweep initiative;
2. recycle at least 50% of all waste generated;
3. enter into at least two international partnerships and play an active role in initiatives that promote responsible plastic waste management.

WASTE BY HAZARD CLASS, THOUSAND TONNES



Keeping Plastics out of the Environment

Operation Clean Sweep①

In 2018, SIBUR joined the international programme Operation Clean Sweep (OCS) that at the European level is managed by the pan-European association of plastics manufacturers PlasticsEurope②. The mission of the OCS programme is to help every plastic resin handling operation implement good housekeeping and pellet, flake, and powder containment practices to work towards achieving zero pellet, flake, and powder loss, protecting the environment and saving valuable resources.

In SIBUR, we conducted an internal audit and identified eleven relevant SIBUR facilities (15 production sites) that fall under the scope of the OCS initiative.

In 2018, SIBUR piloted PlasticsEurope's recommendations at its Tver, Perm and Tobolsk sites. These facilities scrutinised the existing and potential sources of plastic pellet losses, drew up action plans to eliminate them, procured additional equipment and supplies, updated instructions and held training sessions for employees. These measures helped to prevent the loss of 186 tonnes of plastic pellets into the environment in 2018, with 86% going back to the production cycle and the rest being disposed of as required.

In early 2019, by a resolution of the Board of Directors OCS requirements were incorporated into SIBUR's IMS Policy.

Through the combined preventative efforts of all 11 facilities, in 2019, SIBUR prevented the release of 9,400 tonnes③ of plastic particles. Of these, 77% were sold, 20% were returned to production and 3% were properly disposed.

SIBUR is continuing to implement measures as part of its OCS commitments:

- the goal of "minimizing plastic leakage into the environment as part of the OCS initiative" was included in SIBUR's 2025 Sustainability Strategy approved by the Board of Directors in December 2019;
- an Operation Clean Sweep section was included in the integrated 2020-2025 environmental roadmaps of relevant facilities with a list of scheduled activities, funding sources and responsible employees;
- an OCS module was added to our sustainability e-learning course in 2019. The updated course will be available to employees in their personal OPORA④ accounts in 2020 and will be offered to clients and partners to engage them in the initiative;
- ongoing monitoring of potential locations and causes of microplastics leakage at all participating SIBUR facilities;
- consolidation of best practices developed at production sites for containing microplastics leakage to create a single corporate handbook;
- consistent updating of guidelines and rules for using specific plant and equipment in line with the OCS recommendations at all participating plants (except for the first three pilot plants from 2018);
- procurement and installation of the necessary equipment (cyclones, dust collectors, etc.) to protect SIBUR's industrial effluents from plastic dust⑤;
- procurement of necessary tools and equipment (vacuum cleaners, storage containers, catch tarps, big bags⑥ on a pallet, brooms, etc.) for all participating plants;
- regular employee briefings, dry and wet cleaning of workplaces and premises;
- packaging of finished products on pallets and reinforced bags. Outbound shipments are fixed firmly to prevent pellet leakage during transportation.

SIBUR also encourages its partners along the production and supply chain to join the Operation Clean Sweep programme: the information about the need to adhere to the policy of preventing plastic pellet losses has been included in the standard forms of transportation contracts with freight forwarders.

① For more details, refer to "Associations and Partnerships".
② In 2019, PlasticsEurope has changed for the first time its Statutes, becoming the first trade association in the world to make OCS compulsory for its members.
③ We did not include data for SIBUR-Togliatti, which was sold in 2019.
④ For more details, refer to "Employees".
⑤ For more details, refer to "Pollutant Emissions".
⑥ A big bag is a reliable bag of large size and volume made of special durable non-woven fabric.

Example of initiatives undertaken as part of the OCS are listed in the table below:

Facility	OCS Initiatives
Sibur-Khimprom	⌖ Installation of filter socks at the ESP facility ⌖ Performance of annual instrumental measurements of suspended solid emissions (dust) from exhaust vents at the ESP facility ⌖ Performance of regular joint workplace inspections by the Environment and Production department, followed by discussions and recommendations for improvement of the premises and equipment
SIBUR-Tobolsk **ZapSibNeftekhim**	⌖ Collection and immediate disposal of loose pellets and dust using regular and industrial vacuum cleaners, brooms, etc. ⌖ Processing of suspended polypropylene particles, dust and pellets in the extruder and returning them to the production cycle ⌖ Sales of suspended polypropylene particles and dust as transitional polypropylene grades ⌖ Treatment of air emissions by placing filters in the vacuum refining system, pellet homogenization, reusable pellet and blowdown collection units ⌖ Ensuring the presence of on-site treatment facilities to serve as the "last line of defense" against plastic leakage

OCS Initiatives

Dedicated areas where loose expandable polystyrene (EPS) can be swept up, stored and then sent for sale are designated to prevent possible loss.

Mixers are equipped with filters (filter socks in separators, etc.) to prevent pellet and powder loss.

Loose pellets are immediately collected, the floor is mopped and handrails and other accessible surfaces are cleaned with a wet cloth at least once a week to contain spills of EPS powder and pellets.

Plastic dust is collected and efficiently captured at the filling machine.

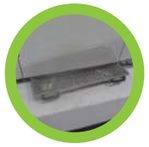
Air emissions are treated through filters installed in the vacuum refining system, pellet homogenization, reusable pellet and blowdown collection units.

Polypropylene pellets, lumps and agglomerates are captured in the workshop before wastewater is discharged into the sewers.

Local treatment facilities are operated to prevent polymers from entering the environment.

Bag and cyclone filters are installed in the pellet homogenization unit, pellet dedusting unit, storage silos and blowdown collection system to contain emissions of polyethylene and polypropylene dust.

Loose pellets and dust are collected and quickly disposed of using regular and industrial vacuum cleaners, brooms, etc. Premises are cleaned every day at the end of each working shift.



Plastic dust is collected at the filling machine. Filling machines are equipped with sensors to detect spills. In case of a spill, the packaging line is stopped to prevent loose pellets from scattering along the filing line.

Spilled polyethylene and polypropylene pellets are collected at designated areas and sold to customers as technical grades in accordance with the established specifications.

Waste rinse water that may contain polypropylene pellets and powder enters the wash water pit from where it is fed by a circulation pump into a hydraulic sieve, which catches solid particles. A scraper moves the captured particles to the dewatering screw press. The liquid is removed and the waste is collected in a big bag.

After primary treatment, all effluents are sent to the industrial wastewater neutralization and treatment plant for final treatment to prevent polymers from entering the environment.

Facility	OCS Initiatives
Voronezhsintezkauchuk	⌖ Preventing chips from leaking into effluents by using hydraulic seals and chip catchers ⌖ Collection and reuse of substandard chips after cleaning external and internal surfaces ⌖ Collection and reuse of start-up products in the production cycle ⌖ Capture and sifting of fine particles onto pneumatic conveyors for packaging
Tomskneftekhim	⌖ Capture and recycling of polypropylene dust and polyethylene foam at the facility's gas processing plant ⌖ Operation of local treatment facilities at the polypropylene plant ⌖ Use of stormwater storage tank to prevent any stormwater containing polyethylene foam from leaking into sewers ⌖ Daily vacuuming and sweeping of the shop floor, collection and disposal of polypropylene pellets and polyethylene foam ⌖ Packing of finished products on pallets and reinforced bags. Outbound shipments are fixed firmly to prevent and contain pellet leakage during transportation

OCS Initiatives

Rubber chips contained in wastewater are captured at the filtration and drying unit. Chip catchers and water seals are installed under process lines in the filtration room.

Polymers gathered during manual cleaning of internal and external equipment surfaces are collected into big bags and sold to consumers as elastomers.

200 kilograms of specification-grade chips are returned to the production cycle every day.

Captured chips are collected in a hydraulic seal at the separation stage to prevent them from getting into wastewater and are then processed as a technical-grade elastomer. Over 455 tonnes of polymer chips and dust captured at the TEP plant were sold in 2018.

Additive manufacturing① is used to prevent the loss of TEP pellets and powder during the transportation of fine fractions after screening on vibration coolers to pneumatic conveyor belts. Before this initiative, loss occurred due to a lack of corrugated pipes of the necessary diameter. Voronezhsintezkauchuk applied 3D modeling and printing technologies to create a coupling adapter, which can be used to connect pipes of various diameters and shapes. A standardized dust and cleaning procedure at the TEP-50 plant enhanced the productivity of systems and cut lead times.

Reinforced tubular plastic is produced at polypropylene facilities to package polypropylene pellets and polyethylene foam.

Reinforced packaging bags are used for finished products to ensure additional protection during transportation.

Finished products (polypropylene and polyethylene foam) are delivered on pallets.

① Additive manufacturing is the process of joining materials to build objects layer by layer.

Waste Separation

SIBUR production sites have implemented waste sorting practices that will help us accomplish our strategic objectives. We sort our waste to extract as much recyclable material as possible. Administrative buildings and production facilities have separate bins for paper, cardboard, plastic and plastic lids. Plastic lids are collected to support the Dobryie Kryshechki (Good caps)① project.

We collect **used rechargeable batteries and mercury lamps**② at our production sites, which are placed in sealed certified containers to ensure safe collection, handling and transportation. Used mercury and fluorescent lamps are collected in a separate room or in metal containers located in an isolated part of a well-ventilated room protected from aggressive chemicals, precipitation, surface and ground waters.

The rooms are locked with no access for unauthorized individuals and are fitted with demercurization kits③. Batteries are also stored in closed metal containers placed on a concrete surface.

SIBUR Waste Management Cases

SIBUR Tobolsk

In 2020, SIBUR Tobolsk will undergo a state environmental audit before the commissioning of the R-4/9 reservoir at the P-10 unrecyclable waste landfill. The entity will also hold public hearings to talk about the project's design documentation.

SIBUR-Khimprom

SIBUR-Khimprom was the first production site that initiated a campaign to promote responsible waste sorting. In 2019, the production site carried out a number of waste management initiatives:

- continued to cooperate with Bumatika, a contractor selected to manufacture paving slabs from polymer waste. In 2019, Bumatika manufactured 248 slabs, which were used for paving sidewalks around biological wastewater treatment plants;
- manufactured and installed waste sorting bins partially made of recycled materials in almost all administrative buildings. The bins and the waste sorting signs are color coded (yellow, blue and red);
- as part of environmental campaigns:
  - increased the number of bins for plastic waste;
  - conducted ten-minute waste sorting lectures and practical assignments for employees;
- teamed with Bumatika to record a radio broadcast on waste separation;
- cleaned emergency dumps to increase their useful capacity by 3,500 cubic meters and reduce the risk of loss of activated sludge.

POLIEF and Voronezhsintezkauchuk

POLIEF and Voronezhsintezkauchuk installed separate containers to collect PET bottles for subsequent sale in 2019. Voronezhsintezkauchuk collects used helmets and sends them to potential consumers for shredding and processing into raw materials for new products.

Tomskneftekhim

In 2019, Tomskneftekhim implemented a project to collect the upper contaminated layer of API separators and transfer it to EkologiyaTepla LLC for re-processing. The project reduced sludge volumes generated from tank cleaning and treated by a third party organization by 20 tonnes.

SIBUR-PETF

SIBUR-PETF is considering recycling collected PET bottles at its own facility.

SIBUR Kstovo

In 2019, SIBUR Kstovo processed 2,000 tonnes of sludge from treatment facilities using geotube⑥ technology. As a result, the waste was reclassified from Hazard Class IV to Hazard Class V and transferred for further use as soil material.

SIBUR, ROSAVTODOR④ AND AVTODOR⑤ SIGN COOPERATION AGREEMENT ON USING POLYMER MATERIALS IN ROAD CONSTRUCTION

SIBUR, the Federal Road Agency and Russian Highways signed a cooperation agreement at the VIII Interindustry Conference PRO Bitumen and PBB. The parties will join efforts to implement and promote cutting-edge technology and innovative polymers for road construction. They will also work together to support and enhance the scientific and technological potential in road construction and the production and use of plastics. "As part of the government's programme to improve the quality and durability of Russian roads, the use of SBS-based polymer and bitumen binders has more than doubled in Russia over the past five years. Polymer materials reduce the need for regular road works on federal highways: surface improvements can be performed up to once every 12 years and renovations – up to once every 24 years. This is largely due to our robust long-term cooperation with Avtodor and Rosavtodor, and we are ready to continue supporting the road construction industry by sharing our product and technology experience," said Pavel Lyakhovich, member of the Management Board and Managing Director at SIBUR.

① The project is implemented in cooperation with the Dobryie Kryshechki Citizen Group and Volunteers to Help Orphans Charitable Foundation. The goal is to raise funds for orphans by sending the collected lids to a plastic processing plant.
② Pursuant to Russian Government Resolution No. 681 of 3 September 2010.
③ Demercurization is the removal of mercury and its compounds using physico-chemical and mechanical methods to prevent people and animals from being poisoned.
④ Federal Road Agency.
⑤ The State Company Russian Highways.
⑥ A geotube is a large container made from durable, high-strength, acid-resistant geotextile materials (propylene, polyether, polyethylene).

Environmental Protection Initiatives

SIBUR supports environmental initiatives and strives to raise environmental awareness across its geographies. We engage with our stakeholders in various ways, including through the Formula for Good Deeds programme①.

GRI 413-1

We respond to stakeholders' requests related to environmental impacts of our operational activities and publicly release the results of regular environmental inspections conducted at our production sites②. On a regular basis SIBUR production sites offer tours, visits and other events to engage local communities in environmental stewardship.

NEW EQUIPMENT AT POLIEF WILL IMPROVE THE ECOLOGICAL PROPERTIES OF ITS OPERATIONS

POLIEF completed a project to upgrade its TPA facility in Blagoveshchensk. The retrofitted plant will boost output from 272,000 to 350,000 tonnes per year, significantly reducing imports. TPA is a basic raw material that is used to synthesize polyethylene terephthalate (PET) and produce environmentally-friendly plasticizers for flooring materials, toys and other products.

The Russian market consumes approximately 500,000 tonnes of TPA per year.

The POLIEF project took about six months to complete and resulted in the upgrade of more than 150 units of key process equipment and most non-process equipment. The facility installed an up-to-date gas oxidation unit and a new air cooling unit, and started using rotary pressure filters.

The retrofit will allow to:

- cut air emissions by half;
- reduce GHG emissions;
- reduce excess steam emissions to almost zero through the reuse of steam condensate;
- improve energy efficiency;
- cut industrial wastewater volumes by 50%.

Investment in Environmental Protection

SIBUR is making significant efforts to mitigating its environmental impacts, invests in environmental protection measures, pays for regulatory impact in accordance with legal requirements and expends capex on environmental protection. Environmental protection expenses totaled RUB 3,375 mln in 2019, comprising environmental service fees, maintenance and repairs.

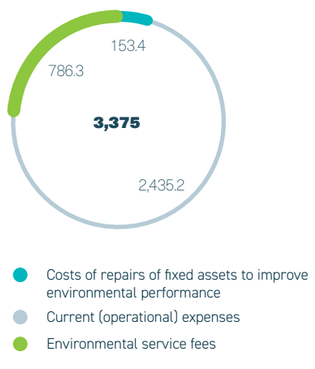
In the reporting year, the company paid RUB 12 mln in NEI charges, predominantly for waste disposal.

Environmental protection expenses totaled

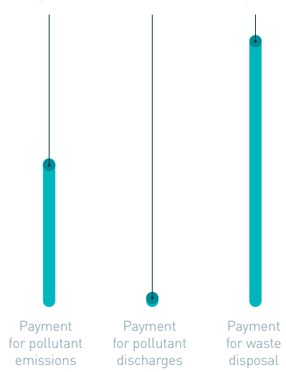
RUB **3,375** mln

in 2019

EXPENDITURES ON ENVIRONMENTAL PROTECTION, 2019, RUB MLN



BREAKDOWN OF NEI FEE PAYMENTS, RUB THOUSAND



A significant portion of our environmental investments in 2019 were attributable to the ZapSibNeftekhim project. All the project's environmental plans scheduled for 2019 were implemented successfully:

1. the new season of the EcoTrail guided walking tours programme attracted more than 700 visitors. The previous four seasons welcomed a combined total of 1,100 visitors;
2. created a zero-discharge water system for the ZapSibNeftekhim complex that is designed to eliminate all pollutant discharges into the environment. Effluents are primarily treated on-site (some is transfered to SIBUR Tobolsk for additional treatment) and then returned to the production cycle. The zero-discharge water system minimizes the intake of fresh river water, saving up to 8 mln cubic meters per year;
3. installed dust and gas collecting equipment and gas cleaning equipment (99.9% emission treatment);
4. in April and October 2019, ZapNefteKhim was inspected by Ramboll Environment and Health UK Limited, an independent environmental auditing and consulting firm. Based on the inspection results, the auditors concluded that:
   - the project complies with Russian environmental laws and the key provisions of IFC Performance Standards;
   - the environmental impact at the construction and operation stages is below maximum permissible levels. SIBUR strived to minimize the negative impact on health, the environment and society at all stages of the project while maximizing benefits for local communities in Tobolsk, Tobolsk Region and Tyumen Region and other stakeholders that may be affected by the project;
5. in accordance with the environmental monitoring programme, we perform systematic tests of air, soil and water quality, examine physical impact factors, the state of flora and fauna and closely monitor waste landfills.

① For more details, refer to "Contribution to the Development of Local Communities".
② For more details, refer to "Environmental Impact Assessment".

Environmental Awareness

SIBUR is strongly committed to educating the public on environmental matters through various environmental initiatives and the Formula for Good Deeds programme①. Relevant topics for our educational campaigns are selected based on:

1. analysis of social media to gauge important environmental problems;
2. surveys and social studies;
3. feedback obtained during stakeholder meetings on SIBUR's environmental impact mitigation measures;
4. interaction with visitors during tours at SIBUR production sites;
5. interaction with citizen groups, scientists and academics.

The working group responsible for identifying relevant topics includes employees from the Corporate Communications, GR, HR and HSE departments.

We took part in a number of meaningful environmental initiatives in 2019, which helped nurture a culture of environmental awareness among local communities and SIBUR employees.

ZAPSIBNEFTEKHIM GETS CREATIVE WITH STORAGE TANKS

ZapSibNeftekhim's fuel and petrochemical refinery facilities② were transformed into the venue for a major street art exhibition devoted to the diverse wildlife of Siberia. Storage tanks were covered with street art murals, making them some of the largest industrial art objects in Russia.

The tanks are used for storing process and fire water and are 18 meters tall, equivalent to a five-storey building. They now display images of 96 plants and animals that live in Tobolsk Region and southern Tyumen Region. All art objects are based on the corporate color scheme used for other ZapSibNeftekhim buildings and structures. The project was completed in 45 days.

SIBUR initiated an open tendering procedure for this project and received 101 bids. The jury comprised members of the SIBUR Tobolsk Community Council and employees. The tender was awarded to a young team of artists and designers from Moscow-based Skimen Studio. They developed the #SIBURNeighbors concept using illustrations of animals, birds, fish and plants, including endangered species, that live in the forest just beyond ZapSibNefteKhim's fence. The concept was created by 10 people including illustrators, designers and a motion designer. "This project demonstrated that production facilities and wild life can coexist peacefully," said project sponsor Svetlana Dadonkina from SIBUR Tobolsk's Corporate Communications department. "These images open a window to the nature outside."

The sketches were finalized after consultations with the Tobolsk Integrated Science Center of the Ural Branch of the Russian Academy of Sciences. Experts assessed the images to make sure they were realistic.

SIBUR was one of the first companies to support the Sort it Right! project initiated by the Ministry of Natural Resources and Environment of the Russian Federation. The Ministry launched the project in October 2019, seeking to create an alliance of NGOs, corporations, government agencies, local authorities and other organizations and citizens to promote best waste sorting practices, educate the population and foster responsible waste sorting behaviour. As part of this initiative, SIBUR will conduct joint research and hold events and awareness campaigns.

Basketbottle is a joint initiative of VTB United League and SIBUR implemented since 2017. Russian clubs from the league place special bins shaped as basketball hoops at their stadiums to collect empty plastic bottles during matches. All the collected bottles are sent for recycling. The raw materials from recycled plastic are used to manufacture consumer goods, packaging, road materials and other high-demand products. The Kontinental Hockey League (KHL) also recently joined this initiative.

The goal of this game is to move beyond the basketball stadium and become a separate "sport" for people who act responsibly both at home and in society. A plastic bottle is not trash. It does not belong in a landfill but in a special bin. We call on everyone to join us in giving plastic bottles a second life.

More than 15 tonnes of plastic have been collected and recycled since 2017. This initiative has become very popular with basketball players and their fans.

SIBUR ECOTRAIL — A GUIDED WALKING TOUR 1.5 KM FROM ZAPSIBNEFTEKHIM

SIBUR's EcoTrail project was named Best Environmental Initiative at the national V.I. Vernadsky Environmental Award. The project also won the Biodiversity Conservation and Landscape Improvement award from the interntaional "Ecological Culture. Peace and Harmony" project.

SIBUR's EcoTrail is a walking path that explores various natural sites near Tobolsk. Through this initiative, we aim to promote environmental awareness and culture among local residents, who learn about Tobolsk's ecosystems, natural objects, processes and phenomena during the tour.

We launched the EcoTrail project in 2015 in cooperation with the Tobolsk Integrated Science Center and with the support of the Tobolsk City Government. This project was important and relevant due to the need to create the public image of a modern industrial complex coexisting harmoniously with the environment. SIBUR's EcoTrail is a 4 km path in the forest 1.5 km north of ZapSibNeftekhim and SIBUR's operating production facilities. The trail covers an area of 150 hectares.

This project is one of Russia's first green trails neighboring an industrial site with over 40 years of history.

In 2019, we offered three routes:

- "Petrochemicals and wildlife": the ecology of being neighbors (2 km): learn about pristine taiga and mixed forests with their unique plants serving as biological indicators and clearly demonstrating that wildlife and SIBUR can exist side by side with no harm to the environment;
- "Pearls of Tobolsk" flora (1 km): gain an insight into rare and protected plant species;
- "Envision Siberian" taiga (1 km): gain a picture of the diverse flora and fauna of the western Siberia taiga. The routes are located 1 km away from the ZapSibNeftekhim construction site and 1.5 km away from operating SIBUR Tobolsk facilities.

In 2019, SIBUR EcoTrail delivered 27 tours attended by 567 people, including school kids from the rural communities of Malozorkaltsevo and Verkhnie Aremzyany (Tobolsk Region). The children learned about wild animals and plants as part of the MendeleevPRO educational project implemented in line with the SIBUR's Formula for Good Deeds social investment programme. The final tour in October 2019 gathered students from Tobolsk Teacher Training College, representatives of TMC-center③ and the design team for ZapSibNeftekhim's street art project.

① For more details, refer to "Contribution to the Development of Local Communities".
② For more details, refer to "Investment Activity".
③ Tobolsk is My City (TMC) is an integration center that supports the family members of SIBUR employees.

ENCOURAGING THE RIGHT WASTE MANAGEMENT CULTURE AND PRACTICES THROUGH FOOTBALL

In October 2019, the Russian Football Union (RFU) and SIBUR signed an agreement to foster a waste management culture and practices.

With support from SIBUR, the RFU collects plastic bottles at all tournaments and sends them for recycling aiming to promote robust waste management in sports stadiums.

The partnership seeks to educate football fans about waste disposal and encourage them to recycle plastic waste collected during matches.

This partnership was launched during the Euro 2020 qualifying match between Russia and Scotland at Moscow's Luzhniki stadium in October. Before the matchfans were offered a vibrant entertainment programme (Our Boys in the City) aimed at encouraging separate plastic waste collection through a game activity called FOOTBOTTLE. All participants will be given souvenirs made from recycled plastic.

The Russian national football team and SIBUR also launched a new environmental football challenge to mark Global Recycling Day. We asked people to post videos with their best shot of sending an empty plastic bottle into a plastics recycling bin. The participants simply had to publish their videos with the hashtag #footballchallenge before the 20th of November.

At the Russia-Belgium football match on 16 November 2019, we managed to engage 1,000 fans and collect 420 kg of recyclable plastic. The stadium had five interactive areas where fans could put empty plastic bottles in special bins. The EcoTechnologies Group acted as a recycling partner. Before the match and during breaks fans could watch promo videos that featured the Russian team players talking about the importance of managing plastic waste.

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BULLITBOTTLE: KHL'S NEW ENVIRONMENTAL PROJECT

Bullitbottle (from the Russian bullit — penalty shot) is an environmental project aimed at raising awareness and building responsibility for waste management. KHL uses gamification to promote plastic waste separation during the season. Fans can play a game of "bullitbottle", i.e. score a penalty shot by sending a crumpled empty plastic bottle in a special waste bin.

The first bullitbottle games took place at Moscow Dynamo matches at the VTB Arena on 18 and 20 February 2019. During these two days, KHL collected 90 kg of plastic, which was sent to a SMW operator, compressed and sent to the EcoTechnologies recycled polymer plant in Tver for processing. This waste will be recycled into granules, which can be used to manufacture various products such as athletic apparel.

Roundtable: Environmentally Responsible Business: Just PR or a Foundation for the Future?

On 5 July 2019, Irkutsk City Hall hosted a roundtable on Environmentally Responsible Business: Just PR or a Foundation for the Future?.

The event was organized jointly with the International Silk Way Rally. The agenda included two sessions, with the first covered the social and environmental responsibility of businesses and the second discussed new developments in environmental protection at industrial sites.

SIBUR also became an environmental partner of the 2019 Silk Way Rally in the reporting year.

The Silk Way Rally is one of the biggest rally raid competitions in the world. In 2019, the rally route ran from Irkutsk to the Chinese city of Dunhuang and comprised 10 legs, including high-speed zones in Eastern Siberia, the Russian taiga, Mongolian steppe roads, Chinese plains and the sands of the Gobi desert. The race ended on July 16.

SIBUR partnered with the Silk Way Rally for the third consecutive year. For two years in a row, we have supported their Eco-marathon plastic waste sorting campaign first launched in 2018. The plastic waste generated during the rally was collected and sent for recycling. The campaign's goal was to change the attitudes of racers, fans and car enthusiasts about waste separation and encourage eco-friendly behavior.

Innovative "Planetary Rescue Mission" Classes at Schools in Svobodny

SIBUR developed the Second Life of Plastics programme in cooperation with the Resource Conservation Center and Federal Center for Ecology and Biology. Working together with activists from the Amur Gas Processing Plant and Amur Gas Chemical Complex projects, SIBUR delivered environmental classes for elementary, middle and high school students.

The learning pack comprises:

- a quest to help children better understand waste recycling;
- a five-round intellectual game with questions in various formats;
- an eco-marathon of hands-on exercise for everyday application;
- discussion of an environmental documentary film;
- a home assignment: how much waste does your family generate and what waste could be recycled.

While "saving the planet" children will learn about how bottles, packages, wrappings and other garbage left in the wrong places harms the environment and how many useful products can be made from used plastic bottles, tetrapaks, waste paper and soda cans if they are disposed and recycled properly.

Pilot classes were held in the town of Svobodny (Amur Region), at schools No. 6, 9, 11 and 192. Teachers are free to use our learning pack for extracurricular environmental activities, tutor group activities or home assignments.

Ecolab

In 2019, SIBUR supported the Ecolab educational project implemented in Voronezh and Noyabrsk (Yamalo-Nenets Autonomous District).

The project seeks to form communities of responsible young people who are interested in launching their own environmental initiatives. The agenda comprised two blocks: environmental lectures from national and regional experts and master classes on the application requirements for environmental grant programmes. Schoolchildren were offered two environmental classes and adults were given guided tours of SIBUR facilities.

The participants, guided by Ecolab supervisors, improved two public access areas and ran volunteering campaigns to clean urban areas and plant trees. The achievements of kids, teens and adults were discussed at a round table with SIBUR representatives.

The Prosveshchenie Group, jointly with SIBUR and in consultation with the Russian Chemists Union, created a virtual tour at SIBUR Tobolsk production site for schools. The children will get a picture of how we process light hydrocarbons - byproducts of oil production that serve as valuable raw materials for plastics. The Prosveshchenie Group created a series of educational films about today's chemical facilities and cutting-edge process solutions, which teachers of engineering and sciences can incorporate into their classes.

Most of SIBUR's entities have joined the Green Spring national eco-marathon for the fifth year in a row. Around 2,000 SIBUR employees in 17 Russian regions stepped forward and signed up for the event. The participants improved and cleaned SIBUR sites and their workplaces. Various SIBUR sites played an active role in cleaning and painting activities all around their respective cities, as well as improvements to parks, gardens and other public areas. SIBUR's efforts were recognized with a diploma for taking the lead in community cleanups and making a significant positive contribution to environmental protection.

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ECO-FRIENDLY CHRISTMAS TREE DECORATION CONTEST

SIBUR supported an eco-friendly Christmas tree decoration contest in Amur Region in December 2019.

The event was held as part of the Second Life of Plastics project and drew entries from 25 preschool and school age contestants from Svobodny and Blagoveshchensk. The children made Christmas tree decorations from plastic waste and other recyclable materials. They presented their hand-made decorations to a Moscow-based jury via a video call.

MOBILE PLASTIC WASTE PICK-UP POINTS IN TOBOLSK

In the summer of 2019, SIBUR arranged mobile pick-up points for plastic waste as part of the Second Life of Plastics project. Everyone was welcome to bring PET bottles of five liters or smaller and take part in entertainment events. The pick-up points opened in different parts of the city every two weeks from May through September. We also collected PET bottles during large city events and conduct community cleanups. All the plastic collected will be passed on to a third-party waste collector in Tyumen and recycled.

SIBUR-SPONSORED EPISODE OF THE FIXIES CARTOON

SIBUR participated in the creation of an episode of the popular Russian animated series. The new episode educated young viewers to use the plastic responsibly. The children learned why we need to sort and recycle plastic, how it is recycled and how we can give waste a second life. Animation is an effective way to grab attention of children and explain simple but useful rules.

Eco Training for Employees and Partners

SIBUR offers in-house and third-party environmental training sessions for employees. Diverse training formats ranging from in-person workshops to webinars, distance learning courses, roundtable discussions, development sessions, and briefings help enhance the learning experience.

In 2019, 650 SIBUR employees underwent classroom-based, virtual and distance-learning courses on environmental protection in the following areas:

1. ensuring environmental safety by managers (specialists) of environmental functions and environmental monitoring systems;
2. ensuring environmental safety by managers and specialists of general economic management systems;
3. ensuring environmental safety when managing waste of Hazard Classes I-IV; dedicated training on obtaining waste handling permits;
4. dedicated training on obtaining waste handling permits;
5. a workshop for environmental engineers on the challenges and practices of applying Russian environmental protection and natural resource management laws;
6. a course on ISO 14001: 2015 Environmental Management System, ISO 9001: 2015 Quality Management System, and ISO 45001: 2018 Internal Auditors of Integrated Management Systems.

In 2019, SIBUR's Corporate Center hosted a lecture on the Sort it Right! programme organized by our partners from Ecotechnologies Group. SIBUR employees learned about how much waste a single person produces over various periods, why it is essential to sort waste and how to do it properly, where office waste goes and how it is recycled.

Biodiversity

GRI 304-1, 304-2, 304-3, 304-4

As part of 2025 Sustainability Strategy, the company has tasked itself with launching at least three long-term projects within the Formula for Good Deeds' environmental protection stream aimed at biodiversity conservation.

GRI 304-1

SIBUR's facilities are not located on the grounds of specially protected nature conservation (SPNA) areas or high-value biodiversity areas.

ZapSibNeftekhim's industrial premises in the Tobolsk municipal district are adjacent to the Abalaksky Natural-Historic Complex SPNA of regional significance. ZapSibNeftekhim conducts its operations across a territory of 4.6 sq. km. The most vulnerable terrestrial plant communities (including wetlands) are primarily located in the conservation area in the eastern and northern parts of the Abalaksky Natural-Historic Complex SPNA. This area is furthest away from the ZapSibNeftekhim site (around 20-30 km northeast of the plant). The part of the SPNA closest to the production site (2.5 km from the sanitary protection zone) is part of the Complex's recreation zone.

GRI 304-2

The construction and operation of ZapSibNeftekhim's production facilities resulted in the deforestation of 460 ha of plant communities, which consisted of dark coniferous forests and secondary mixed birch and aspen forests. Environmental contamination during the construction and operation of industrial facilities did not exceed the maximum allowable concentration. The site developed documentation for environmental offsetting measures: an Environmental and Social Action Plan (April 2014) and the Action Plan for Biodiversity Conservation (March 2019) for the West-Siberian complex for deep processing of hydrocarbon raw materials into polyolefins with capacity of 2 mln tonnes per year with the corresponding off-plant facilities project.

GRI 304-3

SIBUR is restoring 565.9 ha of forests in Tobolsk District. As of year-end 2019, 170.3 ha of restored forest were designated as forested areas. Agrotechnical tending was carried out at 166 ha of forest plantations, and 229.6 ha of forests were planted in the Abatsky, Aromashevsky, Armizonsky, Berdyuzhsky, Vagaisky, Golyshmanovsky, Zavodoukovsky, Ishimsky, Kazansky, Omutinsky, Tobolsky, Tyumensky, and Yalutorovsky forestry districts of Tyumen Region. The condition of planted tracts is monitored by employees of the Land Relations and Forestry Committee of the Tobolsk Administration and by the Russian Carbon Fund for the Development and Support of Environmental Projects.

SIBUR is restoring

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MORE THAN 200,000 STERLET AND SILVER CARP RELEASED INTO THE VOLGA WITH SIBUR'S SUPPORT

As part of its aquatic bioresource regeneration programme, SIBUR Togliatti released over 190,000 young sterlets and around 22,000 young silver carps into the Kuibyshev reservoir. The silver carp is a highly effective "ameliorator" of aquatic ecosystems, while the sterlet is a valuable fish specimen that is listed in the Red Book of Samara Region and Russia and whose population is currently recovering rapidly. Prior to their release, young fish are raised at a special fisher where they grow to the requisite weight. The weight of young sterlet and silver carp at the time of release was 10 g and 120-150 g respectively, which allows them to adapt faster to a natural environment. Akhmet Nasyrov, HSE Director at SIBUR Togliatti, said "The company takes water from the Volga for the production needs of the Northern Industrial Cluster and Togliattiazot, so we conduct the appropriate environmental protection measures to maintain the water balance in accordance with legislation."

SIBUR collaborates with the following organizations to protect and restore habitats:

Organization	Initiatives
The Tobolsk Integrated Scientific Station of the Ural Branch of the Russian Academy of Sciences (TKNS URO RAN), a federal state-funded scientific institution	Monitoring and maintaining the EcoTrail near the ZapSibNeftekhim site Monitoring vegetation and wildlife near the production site of the West-Siberian complex for deep processing of hydrocarbon raw materials (HRM) into polyolefins with a capacity of 2 mln tonnes per year with the corresponding off-plant facilities (OPF) Studying biodiversity at the Abalaksky Natural-Historic Complex reserve of regional significance Studying seasonal (spring and autumn) migration of birds near ZapSibNeftekhim's facilities and assessing the impact of flare facilities on populations of migrating birds
The Forestry Department of Tyumen Region	A comprehensive programme of social measures to restore forests in Tobolsk and Tobolsk District
The Teacher Training Support Association of Tyumen Region	Environmental research, environmental geocaching①

The company's sites are not located in specially protected nature conservation areas, and our enterprises help local communities maintain and restore flora and fauna in their regions of operation. Wastewater discharges into surface waters comply with the statutory limits and maximum permissible exposure standards, and no do not have a significant impact on biodiversity. SIBUR's Formula for Good Deeds programme enhances the company's potential to engage in environmental protection in its regions of operation by joining forces with representatives of environmental organizations, non-profits, and eco-activists.

GRI 304-4

Bodies of water in SIBUR's regions of operation are inhabited by one species of Siberian sturgeon with the status of "Declining Number" (listed in the Red Book of Endangered Species of Tyumen Region and the Russian Federation in Category II, as well as the International Union for Conservation of Nature (IUCN)'s Red List). The small-leaved linden with the status of "vulnerable" also grows in SIBUR's region of operation (listed in the Red Book of Tyumen Region in Category III, no designation in the IUCN's Red List).

In 2018, Tomskneftekhim performed a scientific assessment of NS-1 water intake facilities' impact on biological water resources in the Tom River and nearby habitats.

Based on this research, starting from 2019, the company has been implementing biodiversity offsetting measures and releasing young peleds (freshwater whitefish) into the Tom River (49,959 hatchlings were released in the reporting year).

In October 2019, employees of SIBUR Togliatti participated in a forest restoration drive as part of the Our Forest programme. Volunteers planted 9,000 young common pines over a 2 ha tract of forest. As is tradition, SIBUR Togliatti's CEO Yuri Morozov took part in the planting. All volunteers received Forest Gratitude Certificates. The Forest Gratitude Certificate was also granted to the SIBUR Togliatti site itself. The site was the first SIBUR asset to promote forest restoration, beginning activities in this area as early as in 2011.

① A game that involves using satellite navigation systems to search for caches hidden by other participants.

SIBUR-Tobolsk and ZapSibNeftekhim

During front-end engineering and design (FEED) for our Tobolsk-based sites (SIBUR-Tobolsk, ZapSibNeftekhim) the company assessed the direct and indirect impact of operations on biodiversity at the proposed site premises. Based on the data obtained, ERM Eurasia prepared an assessment report on the project's impact on the natural environment and local communities. As part of the ZapSibNeftekhim project, the company prepared an additional assessment report on the project's impact on biodiversity and ecosystem services. The biodiversity assessment and the measures developed to preserve it are based on the principles and requirements of the International Finance Corporation's Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources of 1 January 2012, as well as the Business and Biodiversity Offsets Program (BBOP) of 2004, which is a partnership of almost 80 leading organizations and individuals, including companies studying impacts on biodiversity, environmental consulting companies and other service providers, government authorities, environmental organizations and financial institutions from around the world. The definition of biodiversity offsets contained in Performance Standard 6 are aligned with the key components of our concept of Biodiversity Offsetting.

SIBUR RELEASES OVER 30,500 STERLET HATCHINGS INTO THE IRTYSH RIVER

As part of SIBUR's programme for regenerating aquatic bioresources, specialists of the Abalaksky Experimental Fish Breeding Plant released over 30,500 sterlets hatchlings into the Irtysh river in the presence of the State Commission of the Nizheobsky Territorial Department of the Federal Fishing Agency. According to Natalya Permitina, an environmental expert at ZapSibNeftekhim, a quantifiable increase of fish populations in their natural habitats is an important part of SIBUR's programme for regenerating aquatic bioresources and preserving ecosystems. This is why, over the past two years, SIBUR has released over 160,000 Siberian sturgeon into the Irtysh river.

As part of the ZapSibNeftekhim project, the company has developed measures aimed at:

- ensuring no net losses (NNL) for identified biodiversity values;
- supporting habitats, with a focus on forest ecosystem losses and relevant offsets;
- releasing Siberian sturgeon into the Irtysh river and related offsets;
- offsetting lost ecosystem services;
- compensatory planting of small-leaved linden;
- monitoring biodiversity and ecosystem services (in accordance with the biodiversity conservation action plan);
- other completed, ongoing or planned activities of the company, including but not limited to the following:
  - search for new land plots suitable for forest restoration in Tobolsk district and other districts of Tyumen Region;
  - select a suitable methodology to demonstrate no net biodiversity losses in aquatic habitats;
  - interact with stakeholders with regards to the impact of the project on biodiversity and ecosystem services.

In order to preserve biodiversity, ZapSibNeftekhim has developed and is currently implemented a plan to monitor flora and fauna across its production site, which includes:

- evaluating the condition of and changes to green cover and the habitat around the plant's site during the construction stage;
- evaluating the condition of and changes to populations of rare species, mushrooms and lichens around the production site;
- monitoring the epizootic and phytopathological situation in forests adjacent to the plant's site.

Additional projects include:

- studying the seasonal (spring and autumn) migration of birds near ZapSibNeftekhim's facilities and assessing the impact of the flare facilities on populations of migrating birds;
- evaluating Siberian sturgeon populations and the efficacy of the company's efforts to regenerate aquatic bioresources.

SIBUR-Tobolsk conducts scientific research on floral biodiversity through its Tobolsk Integrated Scientific Station. The goal of this research is to assess the sensitivity of vegetation to possible air pollution resulting from plastics production. As part of its research, the company analyzed the species, morphological, and chemical composition of vegetation.

According to specialists from the Integrated Scientific Station of the Ural Branch of the Russian Academy of Sciences, the following general conclusions can be drawn from monitoring data:

- an increase in the taxonomic composition of vascular plants was recorded at all 12 monitored sites in 2019. The species composition at monitored sites increased by 1-13 species;
- 12 species of vascular plants included in the Red Book of Tyumen Region were displaying healthy growth at four monitored sites;
- plants were growing normally at the monitored sites during the 2019 vegetation period, in a manner typical of the region, without front-running or lagging at phenological phases;
- trees at monitored sites tend to have larger trunk diameters, which reflects favorable conditions for growth and the development of woody plants;
- a study of lichens conducted at key monitored and background sites in 2019 revealed no negative impact on coenopopulation or biodiversity from the construction of ZapSibNeftekhim;
- key monitored and background sites have significant taxonomic diversity of invertebrate species, representing all key groups of soil mesofauna. During the study period of 2015-2019, 129 species of invertebrates were identified, most of them widely represented in the south taiga subarea of West Siberia;
- in 2019, 169 species of macromycete fungi were identified at monitored and background sites, which is 25.5% higher than the previous year's findings;
- studies of mammals revealed no significant differences in the structure of the mammal population at monitored and background sites.

In 2019, SIBUR launched the Tobolsk Forest programme, a comprehensive pilot project for forest restoration in Tobolsk and Tobolsk District. The project was first implemented as part of the Environmental Protection stream of the Formula for Good Deeds social investment programme. This programme gathered together 70 company volunteers who helped to plant 3,000 saplings covering 1 ha of land and more than 200 schoolchildren who took part in eco-classes lessons. As part of the project, the company signed a cooperation agreement with the regional Forestry Department in order to exchange information and develop school forestry units in Tyumen Region. In addition, the company monitors and oversees forest restoration under a compensatory tree planting programme in Tobolsk and Tobolsk District, as well as a correct informational support programme for forest restoration.

LAUNCH OF THE LAPWING TERRITORY PROJECT AT TOBOLSK-BASED PLANTS AS PART OF BIODIVERSITY CONSERVATION

In May-December 2019, the company organized a series of events as part of the Lapwing Territory project. Project participants identified 25 bird species nesting with the premises of the company's Tobolsk-based plants. In the spring, the following activities were undertaken as part of the project to preserve the lapwing population and other local fauna:

- three ornithological inspections of the SIBUR-Tobolsk site, which formed the basis for a detailed fauna conservation action plan;
- an educational session for the site's employees and young activities in Tobolsk;
- six training sessions on the basics of birding① for teachers and fifth and sixth grade school students;
- birding contests for 16 teams of fifth and sixth grade school students;
- eco-classes in schools delivered by graduate students from Tyumen State University;
- campaign to install bird feeders around the SIBUR Tobolsk plant.

250 people, including 30 SIBUR employees, participated in the project.

① Birdwatching or birding is a form of amateur ornithology where birds are observed or studied with the naked eye or through a visual enhancement device such as binoculars.

Key Targets for 2020

The company has set the following environmental protection goals for 2020:

1. re-engineer the environmental programmes of production sites, create a carbon footprint management system;
2. increase the share of recycled waste to 35% of the total waste generated;
3. reduce specific pollutants in wastewater effluents to 0.69 kg per tonne of product;
4. achieve a specific pollutant emission rate of 1.73 kg per tonne of product;
5. achieve specific water consumption of 1.70 cubic meters per tonne of product;
6. implement an initiative to introduce a system for automated energy balance closing in 2021 at Tomskneftekhim, SIBUR-Kstovo, SIBUR Tobolsk, and ZapSibNeftekhim;
7. continue open, transparent and proactive collaboration with company employees and local community representatives on environmental education in the area of industrial ecology and awareness about responsible polymer waste management;
8. continue participation in the proceedings of the RSPP Committee for Environment and Management of Natural Resources, meetings of Rosprirodnadzor's Research and Technology Council and the BAT Bureau's working groups;
9. develop regulations for the GHG emissions management process, including a calculation methodology, the appointment of process owners and approval of an implementation schedule;
10. perform scenario analysis of climate change in 2021 to assess the impact of various climate factors on the future financial results of the company;
11. implement energy-saving measures;
12. introduce a technological energy balance at SIBUR-Kstovo and Tomskneftekhim;
13. conduct energy audits;
14. monitor energy intensity levels and outperform targets by 171.6%;
15. develop opportunities for achieving long-term targets for energy intensity indices.

Measures within the **environmental investment** framework scheduled for 2020:

Facility	Initiatives
POLIEF	Reduction of natural gas consumption through heat recovery of flue gases (recuperator) Implementation of a large-budget project aimed at increasing water consumption efficiency Reinjection of stormwater recovery into the open loop unit and water treatment Feedwater acidification aimed at increasing the vaporization ratio and reducing blowdown operations and water intake (front-end engineering design works in 2020)
SIBUR-Khimprom	Initial implementation of the AMI project at the pyrolysis furnace
Tomskneftekhim	Implementation of the technical part of the investment project to build local wastewater treatment units (shipment of equipment). Implementing the project in 2021 will bring wastewater treatment levels in line with current regulatory requirements for wastewater composition
Voronezhsintezkauchuk	Construction of recovery boilers with steam generation at the emulsion rubber unit Modernization of the external and internal lighting system at the site as part of the Smart Lighting project
SIBUR-Kstovo	Construction of local treatment facilities and closed-type flare units

Measures for **reducing GHG emissions** scheduled for 2020:

Facility	Initiatives
Sibur-Khimprom	Converting furnace P-401 to run on fuel gas at the butyl alcohol (BA) unit Use of methane-rich gas from EP-60 as fuel for the P-101 furnace at the BA unit Reduction of flared waste gases by repairing the TAKAT compressor to feed waste gas into the plant's fuel network
Voronezhsintezkauchuk	Bringing emission treatment facilities at TEP-100 up to design capacity
POLIEF	Commissioning of the CATOX catalytic oxidation unit to clean gaseous emissions at the terephthalic acid unit Reduction of natural gas consumption through heat recovery of flue gases (recuperator) Installation of a high-temperature organic heat transfer agent unit (HTF)
SIBUR-Kstovo	Elimination of the sources with the highest contribution in emissions (KB-4 oil trap), replacement of two flare tips to reduce carbon oxide emissions
Tomskneftekhim	Retrofitting of pyrolysis furnaces used for monomer production Replacement or repair of the flare tip at the flare unit for monomer production (pyrolysis) by increasing the zero-smoke range Replacement of filling stands at SAU 1/2 for monomer production with air-tight equipment

Key Targets for 2020

Measures for **reducing water consumption** for 2020:

Facility	Initiatives
POLIEF	Reinjection of stormwater recovery into the open loop unit and water treatment
SIBUR-Tobolsk	Re-use of potentially clean discharge water, optimization of water intake, consumption and discharge Upgrade of technical solutions to optimize the formation of washwater or other wastewater discharges Inspection of systems to develop an optimal configuration concept and potentially re-use of clean discharge water
Voronezhsintezkauchuk	Reduction of water consumption by 0.7 mln cubic meters by eliminating blowdown water discharge from recirculated water supply units into the sewer network
Tomskneftekhim	Retrofitting of the steam and condensate systems by through energy management measures, loss reduction and subsequent reduction of water consumption
SIBUR-Kstovo	Reduction of makeup water consumption in the first water recirculation loop, pH correction of reused water in the second water recirculation loop Elimination of technical water losses (by replacing water lines) to reduce specific water consumption by 56 cubic meters per hour
SIBUR-Khimprom	Development of a closed loop system; search for optimal technologies with the best environmental and economic impact

Biodiversity conservation measures scheduled for 2020:

Facility	Initiatives
SIBUR-Tobolsk **ZapSibNeftekhim**	Agrotechnical tending of 166 ha of forest plantations Scientific studies to estimate the Siberian sturgeon population and the efficacy of the company's efforts to regenerate aquatic bioresources Promotion of the Lapwing Territory environmental project Monitoring of adjacent natural areas
POLIEF	Release of 10,000 sterlet hatchings into the Belaya river
Tomskneftekhim	Release of 27,700 peleds hatchlings into the Tom river
SiburTyumenGas	Compensatory planting of cedars removed during the construction of production facilities

Environmental education measures scheduled for 2020:

Facility	Initiatives
SIBUR-Tobolsk **ZapSibNeftekhim**	Implementation of the Environmental Interactive Workshops project Communication of the results of environmental monitoring through publications in the media Awareness campaigns on social media, publication of expert assessments and opinions of third-party speakers (the Tobolsk Integrated Scientific Station, Tyumen State University, the Department for Land Matters and Forestry of the Tobolsk Administration, the Public Chamber, etc.) Participation in applied science events in Russia and abroad Organization of community council meetings at SIBUR's Tobolsk-based plants Implementation of the Open SIBUR project, including a visit to the company's Tobolsk industrial site by a delegation of Tobolsk kindergarten directors
POLIEF	Environmental clean-up activities, environmental safety lessons and tours Collaboration with an external stakeholder on environmental matters, provision of data on air quality in Blagoveshchensk Distribution of information on separate waste collection Promotion of a culture of separate waste collection
SIBUR-Khimprom	Young Chemist Club activities in 14 city schools Public measurement of air quality with the engagement public organizations, higher education institutions, schools and households Development of the Plastic Waste Separation project in the company's regions of operation Participation in the Dobryie Kryshechki (Good Caps) programme
Tomskneftekhim	Development of a culture of separate waste collection for useful solid waste components among plant employees and contractors, including a thematic presentation and a video produced for online audiences
Voronezhsintezkauchuk	Organization of tours at the site's facilities for local residents Delivery of eco-classes at schools on separate waste collection, the life cycle of plastics, etc. Publications in mass media on environmental topics
SIBUR-Kstovo	Eco-classes at schools, eco-quests, tours of the site showing how the environmental laboratory operates
SIBUR PETF	Methodological support and organization of lessons at schools (eco-classes, quests, eco-marathons) Tours of the site for university and college students and company employees Placement of advertising materials in the media (TV, radio, social media) Placement of eco-banners (at the plant and on a billboard) Production of PoS materials (magnets relating to plastic labeling)
SiburTyumenGas	Lessons on environmental safety in schools Tours of the gas processing plant Training discussions with employees of the gas processing plant Articles and interviews with company representatives Media interaction

CONTRIBUTION TO THE DEVELOPMENT OF LOCAL COMMUNITIES

Performance in 2019

Contributing to the development of the company's regions of operation and fostering long-term partnerships with representatives of local communities are major milestones on our path to becoming leaders in sustainability and corporate social responsibility.

As a major employer and initiator of social programs in our cities and regions of operation, SIBUR provides stable employment for local residents and strives to ensure comprehensive development in key areas of local life by collaborating with government authorities, non-government organizations, and social, environmental and cultural institutions.

2019 PERFORMANCE HIGHLIGHTS

RUB mln
503.1
65 %
social investments

RUB mln
26.07
in extra funding from the Presidential Grant Fund raised by Formula for Good Deeds participants

14 cities
covered by the Formula for Good Deeds grant competition

127 winners
were selected based on the results of the Formula for Good Deeds grant competition

13%
of SIBUR employees took part in volunteer and other socially minded projects

>**100,000**
people covered by all interregional projects in 2019

Hosted the **1st**
People Who Change the World forum
for SIBUR corporate volunteers with the participation of volunteer activists and Formula for Good Deeds ambassadors

3rd
place in the
"For Achievements in Developing an Assessment Culture in Donor Organizations" category
at the Donor Forum and the Association of Specialists in Program and Policy Evaluation Awards

Won
Best Grant Program for Sustainability Projects
at the Donor Forum's 2019 Corporate Charity Awards

Appointed
ambassadors
for the Formula for Good Deeds programme

Our Formula for Good Deeds (FGD) programme①, launched in 2016, is our most important tool for catalyzing development in the company's regions of operation and assisting local communities.

In 2019, the programme continued to evolve through three formats of collaboration with local communities: the grant competition (regional project contest), interregional projects and corporate volunteering.

2019 TARGETS	RESULTS
Strategic projects	
Integrating the three contest formats of the Formula for Good Deeds (regional projects, interregional projects and corporate volunteering programs) to achieve a synergistic social effect	⌖ Conducted a pilot integration of the Formula for Good Deeds grant and volunteering projects. Formed 12 project pairs. ⌖ Integrated projects were implemented in eight Russian cities②.
Implementing an educational programme: developing the competencies of FGD participants to improve the effectiveness and sustainability of social projects.	⌖ SIBUR's corporate volunteering teams took part in a major educational event: the Forsage (Boost) Young Specialist Community Forum. Forsage 2019 focused on Digital Transformation and Comprehensive Leadership.
Developing the digital platform of the Formula for Good Deeds programme based on its official website and social media.	⌖ The platform was given a technical upgrade, the application submission and processing process were digitized and simplified. ⌖ Verified the voting process for Tobolsk residents. ⌖ Began testing Jira-based software for managing FGD participants relations. The launch is scheduled for 2020. ⌖ Developed an app for the Formula for Good Deeds programme. Testing and launch are scheduled for 2020.
Appointing Formula for Good Deeds ambassadors and arranging for their participation in programme events.	⌖ Drew up a preliminary list of ambassadors for three cities. ⌖ Ambassadors played an active role in internal and external events and evaluated applications for the grant competition.

① For more details, see www.formula-hd.ru.
② For more details, see the Grant Contest section.

2019 TARGETS	RESULTS

Regional projects

2019 TARGETS	RESULTS
Evaluating the results achieved by the grant programme in 2016-2018 and offering recommendations for improvements.	⌖ Performed the first comprehensive study of the results of the Formula for Good Deeds programme. ⌖ Planned the future reorientation of projects towards sustainability, including a shift towards self-sufficiency.

Interregional projects

2019 TARGETS	RESULTS
Switching support to projects that have long-term development potential and provide for continued implementation following the termination of funding from the company.	⌖ Developed plans to implement interregional projects within two-year cycles jointly with partners. ⌖ Ongoing development of an interregional project to create world-class sports grounds and holding open-air workouts for the residents of SIBUR's cities of operation through the Common Sense programme, which was launched in 2016 with SIBUR's support as an initiative of the Tyumen Fund and its head Andrei Potapov. Over the past three years, the project has been expanded to the federal level and is being implemented in SIBUR's regions of operation and other cities, including Moscow. Financing for the project is raised from various sources, with a partial shift to a commercial model. The project not only provides infrastructure and events, but also spurs the development of a sporting community in each city. ⌖ The company will continue supporting projects with long-term development plans; coverage of grant competition projects is planned in 2021.
Developing an institute of coordinators to oversee the implementation of interregional projects in relevant focus areas.	⌖ The institute of coordinators was launched in pilot mode; however, the company decided against developing the institute further at the end of the year. A large number of new partners would need to be attracted to justify the existence of the institute. Since the transition to two-year planning already involves an increase in the number of long-term partners, with many of which the company has already built relationships, the involvement of coordinators is not required.

2019 TARGETS	RESULTS

Corporate volunteering programme

2019 TARGETS	RESULTS
Expanding the interaction between corporate volunteers and local NGOs, implementing joint volunteer activities and projects.	⌖ Increased the number of volunteering projects (including independent projects initiated by corporate volunteers). ⌖ Provided legal support to charity funds, held a webinar on working with the ProCharity smart volunteering platform.
Increasing the sustainability of volunteer projects and laying the groundwork for their implementation on a permanent basis.	⌖ Planned further participation in major volunteering forums like the Forsage Young Specialist Community Forum with the goal of sharing experience. ⌖ SIBUR-Neftekhim employees were awarded a RUB 394,000 grant for the Clean City project as part of a competition for youth-led projects organized by the Federal Agency for Youth Affairs (Rosmolodyozh). ⌖ Held the first People Who Change the World volunteering forum.

The results of the Formula for Good Deeds program have been widely praised by the professional and expert community. In 2019, the programme won the following awards and prizes:

- winner in the Presidential Grant Foundation's category "Best Program That Promotes Sustainable Development Through a Grant Competition" at the 2019 Leaders of Corporate Charity Awards;
- third place in the category "For Achievements in Developing an Assessment Culture in Donor Organizations" at the Donor Forum Awards and the Association of Specialists in Program and Policy Evaluation "For Assistance in Developing an Assessment Culture for Social Programs in Russia";
- prize-winner in the category "For Contributions to the Social Development of Territories" at the nationwide "Leaders of Russian Business: Performance, Responsibility, Sustainability" contest held by the Russian Union of Industrialists and Entrepreneurs;
- first place in the "Cooperation Synergy" category at the VI Nationwide "Shaping the Future" Contest for Best Employer Practices in the Social and Humanitarian Spheres;
- award in the "Charity" category at Russia's Best Social Projects contest;
- the grant project "Street Basketball Center" won in the "Best Sponsor Project in Sports" category at the 2019 BISPO AWARDS for sports business and efficient sports project management.

The director of the Business Support in Regions of Presence department is responsible for implementing the social investment programme and coordinating relations with regional authorities. Stanislav Kasparov was rated among the top 1,000 Russian Managers in the category "Director for Corporate and Social Responsibility". He placed first among representatives from chemical companies.

Our Approach to Managing Social Investments

GRI 103-1, 103-2, 103-3

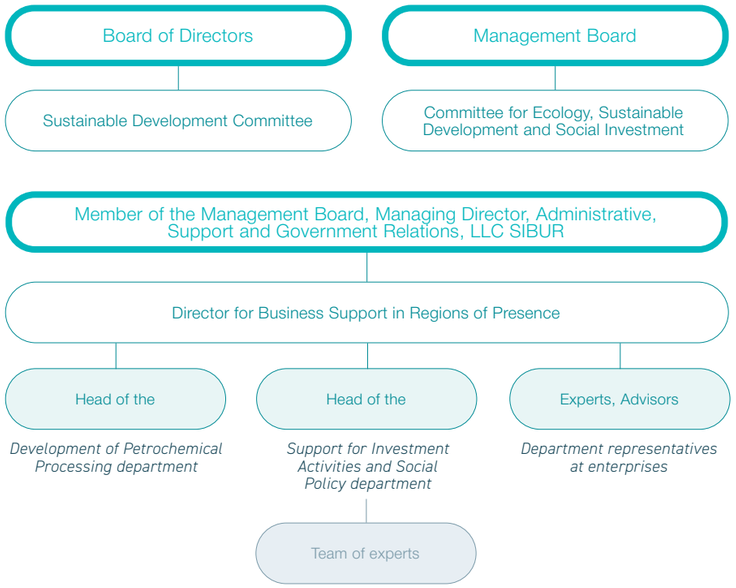
Relations with local communities are key to the sustainable development of the company's regions of presence, and they are included in the agenda of Board meetings. The significance of this area for the company stems from the direct impact the sustainable development of local communities has on the sustainability of the company's business in specific regions and for SIBUR as a whole. Ensuring a high quality of life in the cities where we operate minimizes the risk of talent outflow, boosts talent potential among young people and builds productive relationships with municipal and regional government authorities. All these factors are of critical importance for implementing major investment projects.

SIBUR's Business Support in Regions of Presence department (BSRP) manages the company's social investments, comprising departments such as (1) the development of petrochemical processing and (2) support for investment activities and social policy, which includes a team of Formula for Good Deeds experts. A unit of experts and advisors also report to the BSRP Director who in turn reports to the supervising member of the Management Board and participates in the work of the Committee for Ecology, Sustainability and Social Investment.

The company assesses the efficiency of the management approach on an annual basis using KPIs that are enshrined in the functional contract. Assessments are performed by the company's management. There was no change in the management approach in 2019.

The BSRP department received a high evaluation in 2019, as all KPIs were met.

THE STRUCTURE OF THE ORBS DEPARTMENT'S MANAGEMENT



GRI 103-2

SIBUR's approach to social investments, corporate social responsibility and charity is set out in the following documents:

- Code of Corporate Ethics;
- The Memorandum of Corporate Social Responsibility and Charitable Activities;
- Procedures for Socially Significant Projects (grant contest);
- Sponsorship Procedures Governing Support for Socially Significant Projects;
- Procedures for Volunteer Projects' Contest;
- Procedures for Assessing Projects Submitted to Contests Held as Part of the Formula for Good Deeds Program for Promoting Social Investments.

The Procedures for Assessing Projects Submitted to Social Investment Contests is an internal document approved in 2019 in order to elaborate the procedure for assessing socially significant contests, as well as the algorithm of collaboration for the company's divisions involved in the projects' implementation.

In 2020, the company plans to develop and supplement documents governing SIBUR's social investments. For this reason, the development of the social investment policy has been included in the department goals for 2020.

Our Approach to Local Community Development

GRI 413-1, 413-2

SIBUR provides systematic support to local communities and addresses pressing social and economic issues, thereby investing in the sustainable development of the regions where the company operates.

Strategic partnerships with regional and municipal authorities occupy an important place in SIBUR's regional development activities. Agreements on social and economic cooperation have been concluded with a number of regions where the Company operates: the Khanty-Mansiysk Autonomous Okrug, the Yamalo-Nenets Autonomous Okrug and the Amur and Tomsk regions. Partnerships with these regions help create new opportunities for regional development, while also solving urgent social problems and overcoming the challenges associated with environmental protection.

GRI 413-1, 102-43, 102-44

SIBUR-Tobolsk and POLIEF have established public councils to review matters relating to the company's operations, such as sustainability and the development of its regions of operation. These councils consist of duly authorized SIBUR employees and representatives of local communities, government officials, NGOs, volunteer organizations, and others. Public councils enable all stakeholders to discuss environmental and industrial safety at the enterprises, as well as HR policy and social undertakings.

The public council in Tobolsk is involved in selecting grant contest winners as part of the Formula for Good Deeds programme. Council members retain the right to prioritize one project that has citywide significance.

Council members also play an active role in the discussion and implementation of the TOBOLSK 2020 urban development programme.

GRI 413-1

SIBUR's programs in its regions of operation are designed to account for the current needs of local communities by tracking and analyzing them using a system of collaboration with all stakeholders.

THE TOBOLSK 2020 PROGRAMME

TOBOLSK 2020 is a comprehensive urban infrastructure development programme for the city of Tobolsk. The programme envisages the construction or renovation of more than 40 sports, medical, and educational facilities in the city. The Tyumen Region Government and the Administration of Tobolsk have been implementing the programme since 2017 with the participation of SIBUR.

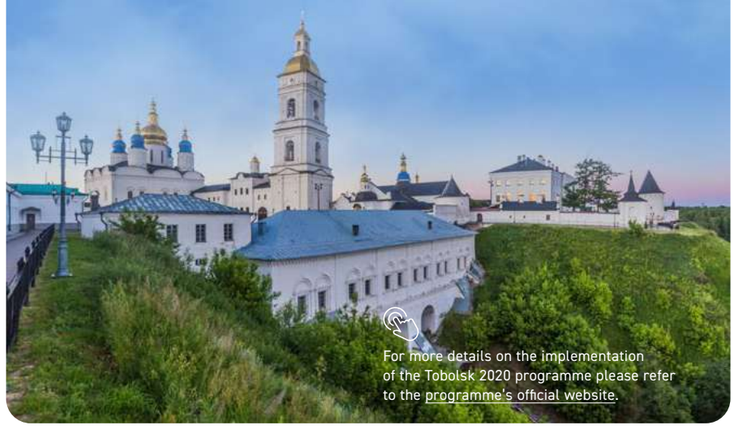
In 2019, thanks to the programme, a new art space was opened: the design and architecture department of the Alyabyev Children's Arts School. The company also participated in inaugurating playgrounds for children in several of the city's neighborhoods, building the city's first streetball court, renovating five swimming pools at kindergartens and carrying out capital repairs of six school sports grounds. In December 2019, a new school and a kindergarten were opened in Subdistrict 15 for the first time in 25 years.

Construction is currently underway for a snow park at Tobol Stadium, a gymnastics center, a second ice rink at Kristall Ice Palace, the city's first indoor skate park and other facilities, and the Molodost Sports Center is being renovated.

April 2019 saw the construction of a new airport, the design approval procedure for which included an environmental impact assessment. The results of this assessment ensured the project's compliance with environmental legislation and its environmental impact will be below maximum permissible levels. Research conducted by the Tobolsk Integrated Scientific Station of the Ural Branch of the Russian Academy of Sciences showed that there no endangered plants from the Red Book located on the territory of the future airport. According to research, the construction of the airport will not disrupt the migration paths of animals or birds.

Beyond the new airport, the region's attractiveness for tourists will also be boosted by the development of the new Tyumen-Tobolsk-Uvat tourist route that allows tourists to see the entire oil production cycle from oil production to oil processing.

SIBUR supported the Administration of Tobolsk and the Government of Tyumen Region in developing a plan for the programme for the next five years.



For more details on the implementation of the Tobolsk 2020 programme please refer to the programme's official website.

GRI 413-1, 102-43, 102-44

In addition to public councils in Tobolsk and Blagoveshchensk, the communication channels of the Formula for Good Deeds programme are open to all stakeholders at all remaining business units. Four email addresses and one telephone line operate on a 24/7 basis. The company's representatives regularly inform interested parties of news and current changes relevant to the programme in a variety of ways, including via email newsletters.

GRI 413-1

Occupational health and workplace safety will always be a focus area for the company. SIBUR's sites collaborate with stakeholders via joint meetings, forums and reporting events and by participating in councils together with representatives of Rostechnadzor and the State Labour Inspectorate.

GRI 413-2

SIBUR is aware of the risks and negative consequences of its plants operations for their regions of presence, and it takes measures to minimize such impacts. The added burden on local infrastructure and social institutions resulting from the attraction of employees to ZapSibNeftekhim from other cities has been offset by the rapid implementation of the Tobolsk 2020 programme, as well as a residential housing programme executed jointly with DOM.RF. The potential reduction of the forest area near Tobolsk associated with the construction of the airport and ZapSibNeftekhim facilities will be mitigated by planting trees, close cooperation with the Forestry Department of Tyumen Region and implementation of the Tobolsk Forest social and environmental initiative①.

① For more details about environmental impact on local communities, see the Environmental Protection section.

Social investments

GRI 203-1, 203-2, 415-1

GRI 203-1

The company's social investments contribute to solving a wide range of problems related to the socio-economic development of the regions where the Company operates through the implementation of:

- regional (grant) projects;
- interregional projects;
- corporate volunteering programme.

As part of the Formula for Good Deeds programme, we create opportunities that give everyone in our regions of presence the opportunity to initiate or participate in a socially significant project, as well as contribute to the positive transformation of his or her home region. We use simple and clear values to formulate the following four priorities, on which our Formula for Good Deeds programme of social investments is based:

ФОРМУЛА ХОРОШИХ ДЕЛ

1. **Long-term project sustainability**
2. **Deep involvement of local communities to improve the social environment in regions**
3. **Feedback and information exchange between all project participants**
4. **Development of the competencies of project organizers and volunteers**

GRI 203-2, 413-1

In 2019, SIBUR continued to develop its social investment programs in the following six areas:

City development

29 projects implemented:

25 grant | **4** interregional

Total financing: RUB **37.8** mln

Environmental protection

20 projects implemented:

17 grant | **3** interregional

Total financing: RUB **20.3** mln

Sports and healthy lifestyle

34 projects implemented:

24 grant | **10** interregional

Total financing: RUB **104.9** mln

Volunteering

7 projects implemented:

6 grant | **1** interregional

Total financing: RUB **3.4** mln

Culture

40 projects implemented:

27 grant | **13** interregional

Total financing: RUB **157.7** mln

Education and science

33 projects implemented:

28 grant | **5** interregional

Total financing: RUB **65.6** mln

The company helped resolve significant socio-economic issues in the regions, including:

1. **skills development for STEM teachers** (science, technology, engineering, and mathematics) and creating the necessary conditions for school and university students to study these disciplines;
2. **supporting youth employment**, creating productive outlets for leisure and creativity;
3. **advancing cultural development** in cities and regions, providing support for large-scale events and creating new opportunities;
4. **promoting sports**, physical fitness and healthy living;
5. **providing assistance** in the treatment, rehabilitation and socialization of children and adults with disabilities.

GRI 203-1

SOCIAL INVESTMENTS UNDER THE FORMULA FOR GOOD DEEDS PROGRAM, 2019, %

- Support for social interregional projects
- Support for social grant projects
- Support for social volunteering projects (by company employees and students of specialized higher education institutions)

RUB **503.1** mln

allocated by SIBUR to corporate social investment in 2019①

GRI 413-1

In 2019, the social investment programme covered

15 of SIBUR's sites:

PJSC SIBUR Holding
Voronezhsintezkauchuk
POLIEF
SIBUR-Neftekhim
SiburTyumenGas
Sibur-Khimprom
SIBUR-Tobolsk
SIBUR-Kstovo
Tomskneftekhim
KZSK
NIPIgaspererabotka
BIAXPLEN T
BIAXPEN
SIBUR
NIOST

① This indicator does not include SIBUR's expenses associated with sponsor contracts with sports clubs of Tyumen and Nizhny Novgorod Regions, FC/BC Zenit, etc., which are recognized in SIBUR's financial statements for 2019.

The Grant Contest②

GRI 102-8

In 2019, 522 applications were submitted for the grant contest, which is similar to the 2018 level (519 applications). A total of 127 winners were selected. The programme's budget amounted to RUB 87.347 mln.

Workshops on the basics of social investment management, requirements for applications, teamwork and project communication support were held for winners of the grant contest in autumn 2019. In total, four training workshops were held in Dzerzhinsk, Noyabrsk, Tobolsk and Tomsk. They were attended by over 100 people.

RUB **87.3** mln

budget amount for grant projects

127 winners

were selected based on the results of the Formula for Good Deeds' grant competition

INTEGRATION OF GRANT AND VOLUNTEERING PROJECTS

In 2019, the company piloted the integration of grant and volunteering projects under the Formula for Good Deeds programme, matching projects by topic, geography and/or requests from grant recipients to involve volunteers. A grant project could be matched with one or several volunteering projects (and vice versa).

A total of **12** joint projects have been implemented, including:

an exhibition of paintings by deaf and hearing impaired pensioners in Perm. Volunteers were trained in sign language in order to communicate with painters;

a festival of shelter animals and the opening of veterinary offices for strays in Blagoveshchensk and Ufa;

a fully-equipped interactive room at the Sozvezdiye Orphanage Center (Togliatti). The grant recipient set up the interactive room and volunteers held a series of master classes for children from the Center.

AMBASSADORS OF THE FORMULA FOR GOOD DEEDS PROGRAMME

In 2019, SIBUR approved the ambassadors for the Formula for Good Deeds programme in Tobolsk, Tomsk and Nizhnevartovsk. The programme's ambassadors were well-known public figures in their cities with extensive experience in social design, including experience in implementing projects through this initiative. The ambassadors took part in the selection of applications received for participation in the grant competition; attended SIBUR's first corporate volunteer forum, "People Changing the World"; and represented the Company at the annual International Corporate Volunteer Forum in Moscow.

In early 2020, programme ambassadors were also selected for Voronezh, Nizhny Novgorod, and Perm Regions and the Yamalo-Nenets Autonomous District. In 2020, the company plans to appoint more ambassadors and increase the scope of their responsibilities.

② For more details on the grant contest, see the Appendices.

Interregional Projects

GRI 203-1

In 2019, a total of 111 applications were submitted for the interregional contest, and 36 winners were selected. The programme's budget was RUB 414.406 mln.

Total financing for interregional grant projects amounted to

RUB **414.4** mln

Interregional projects covered

>**100,000** people

① Social orphanhood is a phenomenon when children are separated from their parents who cannot or do not want to look after them.
② "Supported by SIBUR" with respect to these nationwide events indicates that they received support from the Company.

Urban Renovation

In 2019, as part of the Urban Development stream, the company continued to implement urban improvement projects, such as Urban Renovation and Art Formula. It also completed the Arrow Week project, which engaged residents in urban improvement, and an educational programme to prevent social orphanhood① called Children's Villages-SOS and SIBUR Educational Program.

URBAN RENOVATION

As part of the project, the company held in 2019:

2 forums
on the creation of an urban improvement concept

3 educational sessions
on preparing design projects for submission to a contest run by the Ministry of Construction, Housing and Utilities of the Russian Federation

2 street art competitions and **2** workshops
on participation in the grant competitions of the Formula for Good Deeds

>**1,600** people
attended the events

The contest resulted in the creation of urban communities, two co-working spaces, and the submission of applications to the Construction Ministry's urban planning contest for small towns and historical townships.

Towns: Blagoveshchensk, Pyt-Yakh.

Education and Science

5 projects:

- the Contemporary Science **Film Festival**
- **CASE-IN, an international engineering championship** for young specialists
- a **project for early professional orientation** for school pupils in Voronezh
- **SIBUR Science Sessions**, a **summer day camp** for school pupils with educational programs in chemistry, physics and robotics
- the **I Love Science Festival** with lectures, open engineering laboratories and masterclasses in programming

Sports and Healthy Living

6 projects:

- the **Character of Steel federal project** (supported by SIBUR②)
- **Winter Fest sports festival**
- **SIBUR DANCE FEST modern dance festival**
- **Skis of Dreams, a nationwide sports program for people with disabilities** supported by SIBUR
- **a basketball sports development programme**
- **Under the "Flag of Kindness!", a nationwide charitable event** supported by SIBUR

CONTEMPORARY SCIENCE FILM FESTIVAL

The festival included screenings of eight essential documentary films on science, nine workshops for children, 14 lectures, 24 VR movie screenings, and the Science Slam stand-up show.

The total number of festival attendees in all cities exceeded

9,000 people

Towns: Dzerzhinsk, Gubkinskiy, Pyt-Yakh, Blagoveshchensk, Svobodny, Nizhny Novgorod, Voronezh, Tobolsk.

BASKETBALL SPORTS DEVELOPMENT PROGRAM

The programme involves upgrading sports facilities, the Basketball School, events for basketball coaches and the SIBURCAMP summer training camp.

>**4,000** children
took part in try-out tournaments

over 200 athletes attended the summer camp and around 550 coaches attended educational sessions.

Towns: Blagoveshchensk (Amur Region), Dzerzhinsk, Voronezh, Nizhnevartovsk, Perm, Tobolsk, Togliatti, Tomsk, Tyumen.

Culture

11 projects

- a program implemented jointly with the Theatre of Nations that included three performances and **the Theatre of Nations Festival**
- **tours and master classes with Sergey Polunin** for students of ballet and choreography
- **modern theater laboratories**, a collaborative programme of SIBUR and the Territoriya school
- **the Fantastic Plastic exhibition of the Moscow Design Museum**, aimed at promoting the reuse and recycling of plastics
- **the History of Russian Design**, a joint project by SIBUR and the Moscow Design Museum
- **Draw&Go, an intensive painting course**
- **the Fifth Ural Industrial Biennale of Contemporary Art**
- **Three performances at the Territory of Poetry music and poetry theater**
- **a performance by the Dynamic Guys, a children's and youth ensemble**
- **a concert tour and educational programme by the Moscow Musical Theatre**
- **the NEMOSKVA Curator's School**, a training programme for curators that included installing exhibitions in Russia's regions

TERRITORIYA FESTIVAL ART LABORATORIES

This project aimed to seek out talented young actors, producers, dancers and painters and educate them about the latest theatrical trends and technologies. Each laboratory includes trainings in various modern theatre practices, such as documentary, immersive, plastic and dance theatre.

For the Art Laboratories' fourth season, four new performances were staged, the production of which involved the combined efforts of several hundred people.

The debut performances were attended by

>1,400 people

All performances created for the project were included in the programme of local theatres.

The performance "Close My Eyes", staged following an art laboratory in Perm in 2018, was shortlisted for the Golden Mask Russian National Theatrical Award.

Environmental Protection

4 projects:

- Clean Game eco-quests in Perm, Tomsk and Blagoveshchensk (Amur Region)
- the Lapwing Territory environmental project
- the Ecolabs project for developing eco-communities
- the Tobolsk Forest program for forest rehabilitation

LAPWING TERRITORY

The Lapwing Territory environmental project aims to preserve biodiversity at the Tobolsk site and introduce effective environmental technologies. The project provides for regular monitoring of the lapwing population and ornithological examinations of the plant's premises. The company also organized an educational programme for schoolchildren and joint projects with municipal activists and volunteers. The project ensures that the Strategy's goal of launching at least three long-term projects as part of the Formula for Good Deeds programme aimed at biodiversity conservation is achieved by 2025. Such projects also contribute to the achievement of SDG 15, Life on Land.

As part of the project, three ornithological examinations were performed in 2019 and nine nests were identified and protected on SIBUR premises.

55 employees and volunteers
participated in the educational session

87 schoolchildren
took part in the first city-wide birdwatching competition ⓘ

>50 pupils
attended a lecture delivered by an expert from Tyumen State University

ⓘ Birdwatching involves the monitoring or observation of birds by amateur ornithologists.

Volunteering

As part of its Volunteering programme, in 2019 the company supported the Modern Solutions for Promoting Volunteering programme. The programme involved a cycle of trainings on designing social projects and two cultural events.

>300 people
attended the events in Blagoveshchensk and Tobolsk

Volunteering①

One of the goals of SIBUR's Sustainability Strategy is to increase the share of employees participating in volunteering and other socially minded projects to 20%. Approximately 3,000 employees (13% of the total headcount) and over 300 students participated in such projects. The programme's budget was RUB 1.38 mln.

The company allocated

RUB **1.38** mln

for the implementation of volunteering projects

13%

of SIBUR employees took part in volunteering projects

GRI 203-1

Company employees and students can participate in several streams of SIBUR's volunteering programme:

1. **urban improvement**
2. **social care**
3. **environmental protection**
4. **individual projects aimed at making positive changes**

In 2019, a total of 165 applications were submitted for participation in the employee and student volunteering contest, and 45 winners were selected. Nine counselors, drawn from among SIBUR managers and partners, supervised the implementation of winning projects. The company's senior managers participated in several of the projects.

SIBUR'S FIRST PEOPLE WHO CHANGE THE WORLD VOLUNTEERING FORUM

In October 2019, SIBUR held its first corporate volunteering forum in Moscow, called

People Who Change the World

>200 volunteers from **23** Russian cities took part

KEY RESULTS:

developed

10 volunteering ideas

jointly with trainers from the Creative Thinking school (IKRA)

held a **Public Talk**②

session with volunteering activists from SIBUR and Formula for Good Deeds ambassadors

issued

30 awards

to SIBUR's volunteering activists

50 tote bags

were made by recycling PVC③ banners from the forum

① For more details on the results of the volunteering programme, refer to the Appendices.

② Public Talk is a public meeting format that includes interviews with famous people and renowned specialists in a given field.

③ PVC banners are advertising signs made from polyvinyl chloride.

NO HONEY WITHOUT FLOWERS

A series of events were organized for

20 elderly residents,

of a care home in Tver

Master classes on handicrafts, planting houseplants and tea parties were organized

6 volunteers

took part in the project

BIG HEART

A group enclosure for

12 dogs

was built at the Cat and Dog animal shelter

Volunteers spent nine weekend days in August clearing the shelter's

1 hectare

site of litter and dry grass

Pictures were taken of shelter animals for potential owners

>100 volunteers

participated in the project

SHADY GARDEN

The company held

3 clean-up days

at the Botanical Garden of Perm State Scientific Research University. Volunteers cleaned up and weeded its premises, applied shredded bark mulch, removed yard waste and transplanted and took care of plants

64 volunteers

took part in the activities

In addition to traditional volunteering projects, SIBUR engages in frequent pro bono volunteering. In 2019 and the first half 2020, 38 employees from SIBUR's Legal Support department lent pro bono support to the ProCharity platform④, completing 39 assignments and helping 23 charitable foundations resolve legal issues.

In August 2019, SIBUR held a strategic meeting with ProCharity's team. Participants shared their experiences, examples of successful volunteering programmes and the results of employee social activities. They also discussed plans for further collaboration. The participants focused on a pro bono volunteering agenda for SIBUR's regions of operations and the selection of tools for informing, motivating and involving representatives of the company's various departments, both at the Corporate Center and individual sites. The meeting's conclusions also showed that the voluntary legal support delivered by SIBUR's lawyers to such foundations amounted to the equivalent of several hundred thousand rubles (had such services been purchased at market price).

In autumn 2019, the company's employees organized an educational webinar for non-profits on how to receive pro bono legal support on the ProCharity platform. The webinar was attended by 30-40 representatives of non-profit organizations.

SIBUR's representatives won two of ProCharity's annual awards for pro bono volunteering: "ProCharity-2019 Superhero" in the translations category (to lawyer Irina Pankova) and "Chief HR Partner" for the platform (to a senior lawyer and pro bono volunteering ambassador Nikolay Rodionov).

④ Pro bono is professional work undertaken voluntarily and without payment for the benefit of public and other not-for-profit organizations.

Project Impact Assessment

GRI 203-2, 413-1, 413-2

GRI 103-3

In order to assess the performance of social investments, SIBUR performs an annual review of projects implemented under the Formula for Good Deeds programme.

GRI 413-1

In 2019, the company developed an in-house methodology for reviewing the programme and applied it to the first comprehensive analysis of all grant projects in all geographies implemented between 2016 and 2019 (over the programme's entire history).

In 2019, the contest was held

14 cities:

Blagoveshchensk (Bashkortostan)
Voronezh
Gubkinsky
Dzerzhinsk
Kstovo
Muravlenko
Nizhnevartovsk
Noyabrsk
Nyagan
Perm
Pyt-Yakh
Tobolsk
Togliatti
Tomsk

The performance was assessed as follows:

1 **Database**

373 applications

in the database were analyzed by the current location using the new methodology

2 **Online surveys**

238 questionnaires

were collected and processed following a survey of contest winners and participants

3 **Telephone surveys**

189 projects

were included in the survey on project sustainability and goals achieved

4 **Personal interview**

20 meetings

were held with winners of the contest in five cities

5 **Surveys of employees responsible for implementing projects in respective regions**

7 people

provided feedback on the programme

6 **Surveys of regional government officials**

6 people

shared their experience of collaborating with SIBUR

In order to achieve the goals of the survey, the company developed four indices covering the key aspects of the Formula for Good Deeds programme, including internal aspects relating to the programme's structure and external aspects regarding the project sustainability:

4

Evaluation of the grant programme winner's ability to handle media relations. An expert reviewed its website and social media presence, as well as the quality of project communications.

1

Evaluation of the applicant's ability to describe the project in his/her application for the contest (without evaluating the project's subject or content).

3

Evaluation of the status of the project after the reporting period. An expert analyzed the ability of the project to continue functioning without company support.

2

Evaluation of the objectivity of the goals described in the application against the project's outcome.

GRI 203-2

In addition to these indices, the company selected two more criteria for evaluating projects:

- links between the topics of SIBUR's grant projects and nationwide projects in Russia to evaluate the alignment of the company's regional development efforts with the state's policy in this area;

368 projects

out of 373 align with Russian nationwide projects

- the volume of financing obtained independently by public organizations who received SIBUR grants in the regions thanks to their experience gained by the participation in the Formula for Good Deeds programme (the amount of financing provided to contest winners by the Foundation for Presidential Grants amounted to.

the amount of financing provided to contest winners by the Foundation for Presidential Grants amounted to

RUB **103.6** mln

in 2017-2019

GRI 413-1

This analysis allowed the company to comprehensively evaluate the social investment programme and its impact throughout the implementation period, as well as to develop recommendations for improving the quality of grant projects' implementation and determine priority development areas for the next two years.

Based on this analysis of the programme's effectiveness, the company is currently introducing the following changes:

- the educational programme is being expanded to include grant recipients, with a focus on seeking out and taking advantage of additional resources and arranging for informational support;
- the grant contest's procedures are being updated; programme participants will be able to obtain feedback on the results of projects' evaluation. The company plans to update the contest procedures in 2020;
- the contest's application form is being optimized;
- the activities of Formula for Good Deeds ambassadors are being expanded;
- grant recipients will be given support when they participate in external contests (with respect to the Formula for Good Deeds), programs and initiatives;
- a collection of cases/examples of best practices from the Formula for Good Deeds grant program is being compiled;
- the scope of the efficiency review will be expanded in 2020 to include grant, interregional and volunteering projects under the Formula for Good Deeds programme.

GRI 203-2, 413-1

All of SIBUR's socially significant projects are subjected to objective evaluation during the selection process under the Formula for Good Deeds programme to ensure they meet the criteria for relevance and social significance. The implementation of projects under the Formula for Good Deeds program involves constructive collaboration with representatives of all stakeholders, including government authorities, nonprofits and local communities.

The program provides for the following cooperation mechanisms with beneficiaries:

- regular feedback is obtained on the results of project implementation;
- annual evaluations of the programme's efficiency are performed, which include surveys of stakeholders (partners and programme participants);
- an educational programme is organized for grant recipients and volunteers (seminars, webinars, email updates, etc.);
- regular email newsletters are sent out regarding news and possible changes to the programme.

We analyze feedback and utilize it when planning our work in the regions.

The company creates plans to improve stakeholder collaboration, whereby we have increased the number and competencies of Formula for Good Deeds ambassadors and are planning to create a **public council consisting** of stakeholder representatives.

The priority of the Formula for Good Deeds programme in 2020 will be to develop digital technologies for the social sector. SIBUR will pay special attention to projects that leverage modern technologies and methods that can be introduced in the company's regions of presence. This approach aligns with the digital transformation of production processes that SIBUR has been pursuing for several years.

Key Targets for 2020

SIBUR has set ambitious goals for developing its regions of operation and continues to promote the emergence of new local initiatives that have long-term development plans. The company's plans for 2020 are as follows:

1 **designate Formula for Good Deeds ambassadors in each city where the company operates**

(and create a public council consisting of such ambassadors by 2025)

2 **involve volunteers in all Formula for Good Deeds projects**

and increase the proportion of volunteer leaders

3 **increase the share of Ecology and Environmental Protection projects**

4 **pilot an educational project**

that will ascertain preconditions and requirements for the social entrepreneurship track

5 **conduct a review of international partners**

and formulate a short list of potential partners; reach a preliminary agreement with respect to one partnership

6 **develop social investment procedures**

and policies for Formula for Good Deeds ambassadors

7 **improve Tobolsk's tourist appeal by organizing events**

and improving the city's tourist routes

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GRI 102-56

Independent Assurance Report on the SIBUR Sustainability Report 2019

To the Board of directors and stakeholders of SIBUR Holding PJSC

Subject matter

At the request of SIBUR Holding PJSC (hereinafter 'the Company', 'SIBUR') we have obtained a limited level assurance on the qualitative and quantitative information disclosed in the SIBUR Sustainability Report 2019 (hereinafter 'the Report') including following sustainability indicators (hereinafter 'the Indicators'):

- Lost Time Injury Frequency (LTIF) rate for Company employees and its contractors;
- Employee engagement;
- Direct and indirect greenhouse gases (GHG) emissions (Scope 1, 2 and 3);
- Energy consumption including consumption from the renewable sources;
- Production waste generation and management;
- Water consumption and wastewater discharge.

Applicable criteria

The criteria of our engagement were the Global Reporting Initiative's Sustainability Reporting Standards (hereinafter 'the GRI Standards) and the sustainability reporting principles of the Company and approaches to establish certain indicators as set out in section 'About this report' and notes to the indicators in the Report. We believe that these criteria are appropriate given the purpose of our assurance engagement.

Management's responsibilities

The management of the Company is responsible for the preparation of the Report and for the information therein to present fairly in all material respects sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019 in compliance with the GRI Standards and the sustainability reporting principles of the Company and approaches to establish certain indicators as set out in section 'About this report' and notes to the indicators in the Report. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances.

Our responsibilities

Our responsibility is to independently express conclusions that:

- The information in the Report is, in all material respects, a fair representation of sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019;
- The Report is prepared 'in accordance' with the GRI Standards using the Core option.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

Our engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by IFAC, and accordingly included the following procedures:

- Interviews with representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- Analysis of key documents related to Company sustainability policies, activities, performance and relevant reporting;
- Obtaining understanding of the process used to prepare the information on sustainability performance of the Company, including the Indicators, and other engagement circumstances by reviewing the reporting process used for preparation of sustainability reports;
- Observation of the Company stakeholder engagement activities via participating in the public hearings conducted by the Company;
- Analysis of material sustainability issues identified by the Company;

- Benchmarking of the Report against sustainability reports of selected international and Russian petrochemical and oil and gas peers of the Company and lists of sector-specific sustainability issues raised by stakeholders;
- Review of selection of corporate and external media publications with respect to the Company sustainability policies, activities, events, and performance in 2019;
- Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report;
- Review of data samples regarding the Indicators, as well as other key human resources, energy use, environmental protection, process safety and health and safety activities indicators for the year ended 31 December 2019 to assess whether these data have been collected, prepared, collated and reported appropriately at the Company level;
- Interviews with the representatives of the companies controlled by the Company selected on a sample basis – SIBUR Tobolsk LLC and ZapSibNeftekhim LLC, responsible for human resources, environmental protection, health and safety, and gather evidence supporting the assertions made by the Company regarding policies, events and results of activities related to sustainability;
- Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report at the central office level;
- Assessment of compliance of the Report and its preparation process with the Company sustainability reporting principles; and
- Assessment of compliance of information and data disclosures in the Report with the requirements of the Core option of reporting 'in accordance' with the GRI Standards.

Our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report, including the Indicators, does not represent fairly, in all material respects, the sustainability policies, activities, events and performance of the Company for the year ended 31 December 2019 in accordance with the GRI Standards and sustainability reporting principles and approaches to establish certain indicators as set out in the Report.

Nothing has come to our attention that causes us to believe that the Report is not prepared 'in accordance' with the GRI Standards using the Core option.

I.A. Buyan
Partner
Ernst & Young LLC

21 August 2020

Details of the subject of the independent assurance

Name: SIBUR Holding PJSC
Certificate of inclusion in the Unified State Register of Legal Entities issued on 8 July 2005 under the registration number 1057747421247.
Registered address and location: 30, Eastern Industrial Park, Tobolsk, Tyumen. Region, Russian Federation, 626150

Details of the assurance provider

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya nab., 77, building 1.
Ernst & Young LLC is a member of Self-regulated organization of auditors "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

APPENDICES

Glossary

TERMS AND ABBREVIATIONS

Carbon footprint	The total greenhouse gas (GHG) emissions caused by an individual organization
CEMBA	Corporate Executive MBA training programme. SIBUR's Senior Leadership Transformation programme
CLATM	Center for Laboratory Analysis and Technical Measurements
CLIP	An international accreditation for various forms of corporate education (Corporate Learning Improvement Process for corporate universities)
CMBA	Corporate Master of Business Administration training programme. SIBUR Driving Transformation & Innovation. Leadership through innovation and transformation
COD	Chemical oxygen demand, a metric of organic content in water, 02 mg
Compliance	Conformity with internal or external requirements or norms, including legislative requirements
COVID-19	A potentially serious acute respiratory disease caused by SARS-CoV-2, a novel type of coronavirus. Referred to in the report in the context of the global epidemiological situation caused by the virus in 2020
CSI	Customer Satisfaction Index, which shows the satisfaction of a trainee with the programme
Dehydration	Separation of water from organic molecules
Development path	A personal development plan comprising goals and tools for achieving them.
Diversification	A method of minimizing risk by distributing resources across different industries or areas
EBITDA	Earnings before interest, tax, depreciation and amortization
Elastomers	Polymers with viscosity and elasticity, commonly called rubbers
ESG-rating	The Environmental, Social and Governance rating (assesses environmental and social business risks, as well as corporate governance risks for the company)
FFS film	Heavy-duty sleeved film
Geotubes	Large containers made from durable high-strength, acid-resistant geotextile materials (propylene, polyester textile, polyethylene).
Grade	A position or group of positions with comparable wages and a similar level of competences and experience.
Granulated material	Composite dry bulk substances and mixtures, or solid substrates pressed into granular form
HAZOP	HAZard and OPerability studies: analysis of reliability and performance, the method for defining hazardous factors impacting the operation and design of hazardous facilities
Herbicides	Chemical substances used to inhibit the growth of unwanted plants
HR	Human Resources. In this report, the HR comprises HR department with its specialists as well as business processes related to personnel management
HR-cycle	Comprises annually recurring HR events, including planning, performance management, engagement, reward and talent development.
Indoor TV	The internal corporate television channel
Jira	A FGD programme participants relations software
L&D	Learning & Development (a team of specialists engaged in developing employee potential)
Lamination	Application of a film coating
LMS	The Learning Management System (a programme for administering learning courses within the distance learning framework)
LTIF	Lost Time Injury Frequency
LTISR	Lost Time Injury Severity Rate
Marker substances	Pollutants that are indicative of the technologies and process parameters at a NEI facility
Microplastics	Plastic fragments that are less than 5 mm in length
Naphta	A Highly-flammable liquid with a specific smell produced at the first stage of crude oil refinng
NPS	Net Promoter Score, an index showing the willingness of customers to recommend a product to others
PDCA	The Plan–Do–Check–Act cycle (a management methodology)
Polymerization	The process of forming larger macromolecules (polymers)
Polymers	Composite chemical substances widely used in modern technologies
Polyolefins	A category of high-molecular substances (polymers) used for production of film, tubes, hoses, sheet material, cables, tanks, packaging, specialized and other products
Polypropylene	A solid white substance produced via polymerization used for manufacturing packaging, fibers and anticorrosion materials
Polystyrene foam	Aerated closed-cell extruded polystyrene foam produced from polystyrene and co-polymers, a variety of foamed plastics
ProCharity	A platform for providing free professional assistance to charities and other nonprofit organizations
Public Talk	A format for public meetings and interviews with famous people or renowned specialists in a given area
PVC-banners	Advertising signs made of polyvinyl chloride
Pyrolysis	The thermal anaerobic decomposition of organic and many inorganic materials at elevated temperatures
Refractory facing	A protective covering consisting of heat resistant, chemically resistant, wear-resistant and heat-insulating materials used to line the inside walls of metallurgical furnaces, ladles, boilers and other equipment.
S&OP	Sales and Operations Planning (a process for planning procurements, production, sales and logistics)
Scope 1	Direct emissions (from owned or controlled sources)
Scope 2	Indirect emissions stemming from the generation of purchased energy (emissions resulting from burning fuel at third-party sources of energy purchased by the organization)
Scope 3	Greenhouse gas emissions resulting from economic or other activities (emissions resulting from production and transportation of fuel, raw materials and semi-products, as well as emissions resulting from the use of products and utilization of product waste)
Scouting	Direct communication with startups, as well as via special incubators, accelerators and venture funds
Separator	Equipment designed so separate products into fractions with different characteristics
Short list	A list of the most likely candidates for an award, title or position, selected from a larger list of applicants.
Social orphanhood	A phenomenon when children are separated from their parents, who cannot or do not want to look after them.
SOGAZ IMM	SOGAZ International Medical Center
SPP-1	Special-purpose programs aimed at upgrading the company's facilities in accordance with requirements for industrial safety
TRIR	Total Recordable Incident Rate
WorldSkills	A corporate professional mastery championship at our sites

Additional Information

Supplementary information for the "About the report" chapter

Results of the stakeholder survey

Exactly 327 Russian and foreign respondents took part in the stakeholder survey. These included company employees, representatives of the media, shareholders, investors, business partners, vendors, non-profit organizations, residents of the towns where the company operates and clients.

Topic 16 "Employee Health and Safety" and Topic 7 "Customer Centricity" were selected as the topics over which the company wields the most influence **according to company management.**

Topic 13 "Circular Economy" was chosen as **the most significant topic for stakeholders**.

In addition to Topics 16 and 7, company management cited the company's significant influence over Topic 17 "Employee Engagement, Training and Development," Topic 2 "Corporate Governance," Topic 11, "Pollutant Emissions" Topic 1 "Business Ethics, Anti-Corruption, Legal Compliance and Human Rights," And Topic 14 "Waste Management."

When topics' significance was assessed, some topics emerged as **very significant for some stakeholder groups**.

Topic 1 "Business Ethics, Anti-corruption, Legal Compliance and Human Rights," Topic 7 "Customer Centricity" and Topic 16 "Employee Health and Safety" were identified as highly **significant for business partners and vendors**.

Topic 1 "Business Ethics, Anti-corruption, Legal Compliance and Human Rights" and Topic 6 "Innovation and R&D" were assigned the highest degree of significance **by investors and shareholders**.

Topic 11 "Pollutant Emissions" was rated as the most significant topic for **government authorities and regulators**.

Topic 17 "Employee Engagement, Training and Development," Topic 16 "Employee Health and Safety" and Topic 3 "Economic Performance" were the most resonant **among employees**.

Topic 13 "Circular Economy," Topic 16 "Employee Health and Safety," Topic 8 "Product Stewardship," Topic 4 "Responsible Supply Chain," Topic 11 "Pollutant Emissions" and Topic 14 "Waste Management" were **the most material topics for stakeholders**.

Topic 19 "Engagement with Local Communities" remains important for both the company and stakeholders. The placement of this topic in the lower quadrant relative to other topics is due to the fact that representatives of local communities did not participate in voting, which influenced the position of the topic in the materiality matrix.

Analysis also revealed which topics were deemed less significant: Topic 8 "Product Stewardship," Topic 5 "Digitalization" and Topic 15 "Biodiversity".

Supplementary information for the "About SIBUR" chapter

Additional information relating to GRI 102-22, "Composition of the highest governance body and its committees"

GRI 102-22

Structure of the Board of Directors as of 31 December 2019①:

- **Alexander Dyukov**, Member of the Board since 2005, Deputy Chairman of the Board since 2011, Chairman of the Committee for Strategy and Investments since 2011, Chairman of the Committee for Personnel and Remuneration since 2016.
- **Alexey Komissarov**, Member of the Board since 2018, Chairman of the Committee for Personnel and Remuneration since 2018, Member of the Audit Committee since 2018, Independent Director.
- **Andrei Vernikov**, Member of the Board since 2018, Member of the Audit Committee and the Committee for Personnel and Remuneration since 2018, Member of the Committee for Sustainable Development since 2020, Independent Director.
- **Dmitry Konov**, Member of the Board since 2007, Chairman of the Management Board (no committee membership).
- **Gennady Timchenko**, Member of the Board since 2012, Member of the Committee for Strategy and Investments since 2012.
- **Kirill Shamalov**, Member of the Board since 2014, Member of the Committee for Strategy and Investments since 2014. Member of the Committee for Sustainable Development since 2020.
- **Leonid Mikhelson**, Chairman of the Board since 2011 (no committee membership).
- **Li Cheng Feng**, Member of the Board since 2018, Member of the Committee for Strategy and Investments since 2018.
- **Peter Lloyd O'Brien**, Member of the Board since 2018, Chairman of the Audit Committee since 2018, Member of the Committee for Personnel and Remuneration since 2018, Member of the Committee for Sustainable Development since 2020, Independent Director.
- **Sergey Vasnetsov**, Member of the Board since 2018, Member of the Committee for Strategy and Investments and the Audit Committee since 2018, Independent Director.
- **Vladimir Razumov**, Member of the Board since 2011, Member of the Committee for Strategy and Investments since 2012. Member of the Committee for Sustainable Development since 2020.
- **Wang Dan**, Member of the Board since 2017, Member of the Committee for Strategy and Investments since 2017.

① For more details, refer to "Annual Review".

Supplementary information for the "Strategy and Responsible Business Practices" chapter

Additional information relating to GRI 205-2 "Communication and training about anti-corruption policies and procedures"

GRI 205-2

THE NUMBER AND PERCENTAGE OF ALL EMPLOYEES WHO WERE TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES

	Total number of managers, specialists and clerical employees	Those trained in anti-corruption policies and procedures	Percentage of trained employees among managers, specialists and clerical employees	Workers	Those trained in anti-corruption policies and procedures	Percentage of trained employees among workers	Total employees	Those trained in anti-corruption policies and procedures	Percentage of hose trained in anti-corruption policies and procedures
SIBUR International GmbH	**88**	5	6%	**0**	0	0	**88**	5	6%
SIBUR International Shanghai Trading Company	**26**	1	4%	**0**	0	0	**26**	1	4%
SIBUR International Trading Istanbul (Turkey)	**6**	0	0%	**0**	0	0	**6**	0	0%
Voronezhsintezkauchuk	**700**	25	4%	**1,238**	31	3%	**1,938**	56	3%
KZSK	**153**	4	3%	**210**	9	4%	**363**	13	4%
POLIEF	**307**	9	3%	**378**	3	1%	**685**	12	2%
SIBUR-Neftekhim	**317**	9	3%	**403**	27	7%	**720**	36	5%
Sibur-PETF	**75**	4	5%	**127**	2	2%	**202**	6	3%
SiburTyumenGas	**900**	75	8%	**1,106**	56	5%	**2,006**	131	7%
Sibur-Khimprom	**449**	18	4%	**537**	24	4%	**986**	42	4%
Siburenergomanagement	**20**	0	0%	**0**	0	0	**20**	0	0%
SIBUR Togliatti	**761**	17	2%	**1,482**	17	1%	**2,243**	34	2%
NIPIGASpererabotka (Research and Design Institute on Gas Processing)	**3,940**	1,076	27%	**7**	0	0%	**3,947**	1,076	27%
SIBUR-Trans	**24**	0	0%	**1**	0	0%	**25**	0	0%
Amur GCC	**45**	3	7%	**0**	0	0	**45**	3	7%
BIAXPLEN T	**33**	9	27%	**73**	4	5%	**106**	13	12%
BIAXPLEN	**332**	39	12%	**460**	10	2%	**792**	49	6%
ZapSibNeftekhim	**1,028**	47	5%	**779**	13	2%	**1,807**	60	3%
Zapsibtransgas	**214**	11	5%	**441**	9	2%	**655**	20	3%
SIBUR IT	**1,303**	173	13%	**0**	0	0	**1,303**	173	13%
SIBUR-Yug Health Resort	**33**	3	9%	**22**	0	0%	**55**	3	5%
SIBUR Tobolsk	**1,465**	114	8%	**2,004**	21	1%	**3,469**	135	4%
SOIR	**0**	0	0	**0**	0	0	**0**	0	0
SIBUR	**1,678**	317	19%	**23**	0	0%	**1,701**	317	19%
SIBUR-Kstovo	**245**	11	4%	**288**	10	3%	**533**	21	4%
Tomskneftekhim	**641**	14	2%	**876**	11	1%	**1,517**	25	2%
NIOST	**190**	42	22%	**18**	3	17%	**208**	45	22%
SIBUR Finance	**0**	0	0	**0**	0	0	**0**	0	0
SIBUR PolyLab	**30**	2	7%	**10**	3	30%	**40**	5	13%
SIBUR-Krasnodar	**25**	0	0%	**0**	0	0	**25**	0	0%
SIBUR Holding	**61**	2	3%	**0**	0	0	**61**	2	3%
SIBUR-TsOB (Business service center)	**715**	210	29%	**0**	0	0	**715**	210	29%

Supplementary information for the "Employees" chapter

Additional information relating to GRI 102-8 "Information on employees and other workers"

GRI 102-8

TOTAL HEADCOUNT BROKEN DOWN BY EMPLOYMENT AGREEMENT TYPE, EMPLOYMENT CATEGORY, GENDER AND REGION, IN THOUSANDS

	Employees on permanent employment contracts	Employees on fixed-term employment contracts	Full-time employees	Part-time employees	Total
PJSC SIBUR Holding	1.4	55	55	1.4	112.8
women	0.8	42.0	42.0	0.8	85.6
men	0.6	13.0	13.0	0.6	27.2
LLC SIBUR	1,799.0	548	2,275	71.95	4,693.9
women	1,028.7	256.6	1,249.0	36.275	2,570.55
men	770.3	291.4	1,026.0	35.675	2,123.35
SIBUR International GmbH	84.0	3	86	1	174
women	34.5	0	34.0	0.5	69
men	49.5	3.0	52.0	0.5	105
SIBUR International Shanghai Trading Company	22.0	4	26	0	52
women	14.0	2.0	16.0	0	32
men	8.0	2.0	10	0	20
SIBUR International Trading Istanbul (Turkey)	5.0	1	6	0	12
women	2.0	0	2.0	0	4
men	3.0	1.0	4.0	0	8
JSC SiburTyumenGas	1,867.7	110.1	1,968	9.8	3955.6
women	357.1	31.0	387.0	1.1	776.2
men	1,510.6	79.1	1,581.0	8.7	3179.4
SIBUR Tobolsk LLC	3,103.2	297.1	3,383	17.262	6,800.524
women	747.2	121.6	861.0	7.837	1,737.674
men	355.9	175.5	2,522.0	9.425	5,062.85
JSC Voronezhsintezkauchuk	1,790.7	133.7	1919	5.4	3,848.8
women	638.6	61.1	697.0	2675	1,399.35
men	1,152.1	72.6	1,222.0	2725	2,449.45
JSC KZSK	333.9	18.6	349	3.5	705
women	126.7	11.1	135.0	2.8	275.6
men	207.2	7.5	214.0	0.7	429.4
JSC SIBUR-Neftekhim	665.2	37.6	694	8.75	1405.5
women	219.1	14.1	227.0	6.15	466.3
men	446.1	23.6	467.0	2.6	939.2
JSC Sibur-Khimprom	882.3	100.25	981	1.55	1965.1
women	195.1	35.3	229.0	1.35	460.7
men	687.2	65.0	752.0	0.2	1504.4
SIBUR-Kstovo LLC	449.5	73.35	510	12.8	1045.6
women	95.6	29.5	117.0	8	250
men	353.9	43.9	393.0	4.8	795.6
JSC Sibur-PETF	191.1	10	201	0.1	402.2
women	67.0	2.0	69.0	0	138
men	124.1	8.0	132.0	0.1	264.2
JSC POLIEF	610.7	68.1	678	0.75	1357.5
women	172.1	32.1	204.0	0.2	408.4
men	438.6	36.0	474.0	0.55	949.1
BIAXPEN LLC	728.0	53.75	772	9.75	1563.5
women	187.1	21.8	205.0	3.85	417.7
men	540.9	32.0	567.0	5.9	1145.8

	Employees on permanent employment contracts	Employees on fixed-term employment contracts	Full-time employees	Part-time employees	Total
BIAXPLEN T LLC	100.5	4.25	103	1.75	209.5
women	19.0	0	19.0	0	38
men	81.5	4.3	84.0	1.75	171.5
Tomskneftekhim LLC	1,443.2	66.075	1504	5.275	3018.55
women	388.0	34.7	419.0	3.725	845.45
men	1,055.2	31.4	1085.0	1.55	2173.1
ZapSibNeftekhim LLC	934.3	452.5	1,339	47.75	2773.5
women	90.7	92.0	165.0	17.7	365.4
men	843.6	360.5	1174.0	305	2408.1
JSC Siburenergomanagement	17.1	2	19	0.1	38.2
women	7.0	1.0	8.0	0	16
men	10.1	1.0	11.0	0.1	22.2
NIOST LLC	156.4	43.125	189	10.525	399.05
women	70.1	14.5	82.0	2.6	169.2
men	86.3	28.6	107.0	7.925	229.85
JSC SIBUR-Trans	6.5	0.1	4	2.6	13.2
women	3.9	0	2.0	1.9	7.8
men	2.6	0.1	2.0	0.7	5.4
ZapSibTransGaz LLC	633.8	12.8	635	11.6	1,293.2
women	57.2	6.0	63.0	0.2	126.4
men	576.6	6.8	572.0	11.4	1,166.8
SOIR LLC	0	0	0	0	0
women	0	0	0	0	0
men	0	0	0	0	0
SIBUR-Finance LLC	0	0	0	0	0
women	0	0	0	0	0
men	0	0	0	0	0
SIBUR-Yug LLC	38.1	16	54	0.1	108.2
women	13.0	4.0	17.0	0	34
men	25.1	12.0	37.0	0.1	74.2
Amur GCC LLC	0	45	45	0	90
women	0	10	10	0	20
men	0	35.0	35.0	0	70
MC SIBUR-Portenergo LLC	2.8	1.9	2	2.7	9.4
women	0	0	0	0	0
men	2.8	1.9	2.0	2.7	9.4
JSC NIPIgaspererabotka	636.4	3,252.055	3,854	34.455	7,776.91
women	291.3	1,045.1	1,323.0	13.405	2,672.81
men	345.1	2,207.0	2,531.0	21.05	5,104.1
SIBUR-Krasnodar LLC	7.9	1.3	7	2.2	18.4
women	3.7	1.2	4.0	0.9	9.8
men	4.2	0.1	3.0	1.3	8.6
SIBUR PolyLab LLC	27.4	9.25	35	1.65	73.3
women	7.1	2.6	9.0	0.725	19.45
men	20.3	6.6	26.0	0.925	53.85
SIBUR-IT LLC	1,094.9	174.65	1,249	20.55	2,539.1
women	309.8	57.3	359.0	8	734
men	785.2	117.4	890	12.55	1805.1
SIBUR Togliatti LLC	0	0	0	0	0
women	0	0	0	0	0
men	0	0	0	0	0

Additional information relating to GRI 202-1, "Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation"

GRI 202-1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

	The standard wage of junior employees, regulated by the rules for minimum statutory wage, RUB	The minimum statutory wage in the corresponding region, RUB	**Ratio of the standard entry level wage by gender compared to the local minimum wage in the corresponding region**
PJSC SIBUR Holding	37,000	12,200	**303%**
LLC SIBUR	15,000	15,000	**100%**
SIBUR International GmbH	—	—	**—**
SIBUR International Shanghai Trading Company	—	—	**—**
SIBUR International Trading Istanbul (Turkey)	—	—	**—**
JSC SiburTyumenGas	36,455	12,200	**299%**
SIBUR Tobolsk LLC	20,355	12,200	**167%**
JSC Voronezhsintezkauchuk	19,500	12,130	**161%**
JSC KZSK	22,815	12,130	**188%**
JSC SIBUR-Neftekhim	25,200	12,130	**208%**
JSC Sibur-Khimprom	22,770	12,130	**188%**
SIBUR-Kstovo LLC	28,400	12,130	**234%**
JSC Sibur-PETF	18,500	12,130	**153%**
JSC POLIEF	24,150	12,130	**199%**
BIAXPLEN LLC	20,000	12,130	**165%**
BIAXPLEN T LLC	25,740	12,130	**212%**
Tomskneftekhim LLC	18,460	12,130	**152%**
ZapSibNeftekhim LLC	22,138	12,130	**183%**
JSC Siburenergomanagement	45,600	12,130	**376%**
NIOST LLC	28,600	12,130	**236%**
JSC SIBUR-Trans	36,400	15,000	**243%**
Zapsibtransgaz LLC	28,290	12,130	**233%**
SOIR LLC	45,000	15,000	**300%**
SIBUR-Finance LLC	—	15,000	**—**
SIBUR-Yug LLC	19,400	12,130	**160%**
Amur GCC LLC	62,582	12,130	**516%**
MC SIBUR-Portenergo LLC	225,855	12800	**1764%**
JSC NIPIgaspererabotka	20,600	12,130	**170%**
SIBUR-Krasnodar LLC	43,000	12,130	**354%**
SIBUR PolyLab LLC	60,000	15,000	**400%**
SIBUR-IT LLC	24,200	12,130	**200%**
SIBUR Togliatti LLC	—	12,130	**—**

Additional information relating to GRI 401-1 "New employee hires and employee turnover"

GRI 401-1

TOTAL NEW HIRES FOR THE REPORTING PERIOD BY AGE, GENDER AND REGION

Total employees	Aged under 30		Aged 30-50		Over 50		Total employees	
	2018	2019	2018	2019	2018	2019	2018	2019
PJSC SIBUR Holding	6	1	13	4	—	—	19	5
women	4	—	9	3	—	—	13	3
men	2	1	4	1	—	—	6	2
LLC SIBUR	217	184	221	262	8	7	446	453
women	110	76	85	120	6	1	201	197
men	107	108	136	142	2	6	245	256
SIBUR International GmbH	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
SIBUR International Shanghai Trading Company	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
SIBUR International Trading Istanbul (Turkey)	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
JSC SiburTyumenGas	177	100	306	54	108	4	591	158
women	25	10	59	4	30	1	114	15
men	152	90	247	50	78	3	477	143
SIBUR Tobolsk LLC	210	129	129	152	8	5	346	286
women	67	27	39	64	5	1	110	92
men	143	102	90	88	3	4	236	194
JSC Voronezhsintezkauchuk	71	98	46	47	5	6	122	151
women	10	6	17	17	5	2	32	25
men	61	92	29	30	—	4	90	126
JSC KZSK	13	19	18	14	6	2	37	35
women	8	6	11	5	3	2	22	13
men	5	13	7	9	3	—	15	22
JSC SIBUR-Neftekhim	27	37	17	14	5	1	49	52
women	5	10	4	3	2	—	11	13
men	22	27	13	11	3	1	38	39
JSC Sibur-Khimprom	56	54	48	26	3	4	107	84
women	13	15	12	14	—	—	25	29
men	43	39	36	12	3	4	82	55
SIBUR-Kstovo LLC	17	26	14	12	1	3	31	41
women	2	7	5	2	1	1	8	10
men	15	19	9	10	—	2	23	31
JSC Sibur-PETF	13	5	10	4	2	1	25	10
women	3	1	5	2	1	—	9	3
men	10	4	5	2	1	1	16	7
JSC POLIEF	76	39	73	19	14	1	163	59
women	29	13	24	6	5	—	58	19
men	47	26	49	13	9	1	105	40
BIAXPEN LLC	34	32	33	38	8	2	75	72
women	11	8	20	7	4	—	35	15
men	23	24	13	31	4	2	40	57
BIAXPLEN T LLC	9	1	7	4	—	—	16	5
women	—	—	1	—	—	—	1	0
men	9	1	6	4	—	—	15	5
Tomskneftekhim LLC	39	78	22	18	8	1	69	97
women	10	4	5	3	6	1	21	7
men	29	74	17	15	2	1	48	90
ZapSibNeftekhim LLC	64	60	172	79	13	14	249	153
women	17	12	29	13	2	1	48	26
men	47	48	143	66	11	13	201	127
JSC Siburenergomanagement	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
NIOST LLC	28	25	13	12	—	—	41	37
women	9	12	4	1	—	—	13	13
men	19	13	9	11	—	—	28	24
JSC SIBUR-Trans	19	—	42	0	1	—	62	0
women	3	—	5	0	—	—	8	0
men	16	—	37	—	1	—	54	0
ZapSibTransGaz LLC	13	20	13	24	2	2	28	46
women	2	2	1	5	—	—	3	7
men	11	18	12	19	2	2	25	39
SOIR LLC	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
SIBUR-Finance LLC	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
SIBUR-Yug LLC	4	1	13	5	4	5	21	11
women	—	1	10	2	2	1	12	4
men	4	—	3	3	2	4	9	7
Amur GCC LLC	2	4	7	18	1	—	10	22
women	2	1	1	7	—	—	3	8
men	—	3	6	11	1	—	7	14
MC SIBUR-Portenergo LLC	—	—	—	—	—	—	0	0
women	—	—	—	—	—	—	0	0
men	—	—	—	—	—	—	0	0
JSC NIPIgaspererabotka	257	519	580	811	33	34	869	1,364
women	110	214	172	223	11	8	294	445
men	146	306	408	588	22	26	576	920
SIBUR-Krasnodar LLC	—	—	1	—	—	—	1	0
women	—	—	1	—	—	—	1	0
men	—	—	—	—	—	—	0	0
SIBUR PolyLab LLC	9	1	8	2	—	—	17	3
women	3	—	1	—	—	—	4	0
men	6	1	7	2	—	—	13	3
SIBUR-IT LLC	189	110	199	119	1	5	388	234
women	71	23	58	23	—	2	129	48
men	118	87	141	96	1	3	260	186
SIBUR Togliatti LLC	88	—	55	—	11	—	154	0
women	26	—	15	—	6	—	47	0
men	62	—	40	—	5	—	107	0

Additional information relating to GRI 401-1 "New employee hires and employee turnover"

GRI 401-1

TOTAL EMPLOYEES DISMISSED IN THE REPORTING PERIOD BY AGE, GENDER AND REGION

Total employees	Aged under 30		Aged 30-50		Over 50		Total employees	
	2018	2019	2018	2019	2018	2019	2018	2019
PJSC SIBUR Holding	4	12	3	24	0	2	7	37.5
women	2	7	1	17	—	2	3	25.5
men	2	5	2	7	—	—	4	12.0
LLC SIBUR	77	242	146	300	31	18	254	559.3
women	52	146	76	172	22	8	150	325.6
men	25	96	70	128	9	10	104	233.7
SIBUR International GmbH	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
SIBUR International Shanghai Trading Company	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
SIBUR International Trading Istanbul (Turkey)	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
JSC SiburTyumenGas	114	89	322	128	168	56	604	272.8
women	8	16	56	61	42	30	106	106.7
men	106	73	266	67	126	26	498	166.1
SIBUR Tobolsk LLC	79	126	115	199	94	45	288	369.8
women	20	46	38	89	45	18	103	152.9
men	59	80	77	110	49	27	185	216.9
JSC Voronezhsintezkauchuk	30	92	72	87	115	34	217	213.4
women	10	38	35	53	59	21	104	112.4
men	20	54	37	34	56	13	113	101.0
JSC KZSK	8	27	34	26	37	7	79	60.0
women	5	15	16	13	18	2	39	30.0
men	3	12	18	13	19	5	40	30.0
JSC SIBUR-Neftekhim	6	30	42	61	75	11	123	101.9
women	2	13	19	33	44	5	65	51.0
men	4	17	23	28	31	6	58	50.9
JSC Sibur-Khimprom	25	52	37	79	35	21	97	152.0
women	5	17	17	38	24	9	46	64.0
men	20	35	20	41	11	12	51	88.0
SIBUR-Kstovo LLC	30	14	42	36	38	11	110	61.3
women	2	2	22	8	17	—	41	10.0
men	28	12	20	28	21	11	69	51.3
JSC Sibur-PETF	2	6	9	14	20	2	31	22.0
women	1	1	1	6	9	2	11	9.0
men	1	5	8	8	11	—	20	13.0
JSC POLIEF	17	58	45	67	30	14	92	139.0
women	4	25	24	24	11	3	39	52.0
men	13	33	21	43	19	11	53	87.0
BIAXPEN LLC	26	52	80	86	39	21	145	158.5
women	9	18	32	31	16	4	57	53.0
men	17	34	48	55	23	17	88	105.5
BIAXPLEN T LLC	3	5	7	3	2	0	12	8.0
women	—	—	1	—	—	—	1	—
men	3	5	6	3	2	—	11	8.0
Tomskneftekhim LLC	25	73	55	120	102	28	182	221.0
women	8	29	19	58	40	17	67	104.0
men	17	44	36	62	62	11	115	117.0
ZapSibNeftekhim LLC	17	63	83	207	9	27	109	297.1
women	3	11	15	32	—	3	18	46.0
men	14	52	68	175	9	24	91	251.1
JSC Siburenergomanagement	0	3	2	3	1	1	3	7.0
women	—	2	2	2	1	1	3	5.0
men	—	1	—	1	—	—	0	2.0
NIOST LLC	4	16	22	15	2	4	28	35.2
women	1	7	5	5	1	1	7	13.0
men	3	9	17	10	1	3	21	22.2
JSC SIBUR-Trans	67	12	242	23	139	2	448	37.1
women	11	3	68	10	48	1	127	14.1
men	56	9	174	13	91	1	321	23.0
ZapSibTransGaz LLC	23	31	67	51	51	15	141	97.0
women	3	5	14	5	4	—	21	10.0
men	20	26	53	46	47	15	120	87.0
SOIR LLC	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
SIBUR-Finance LLC	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
SIBUR-Yug LLC	1	4	6	10	4	4	11	18.0
women	1	2	5	7	1	—	7	9.0
men	—	2	1	3	3	4	4	9.0
Amur GCC LLC	0	0	3	4	0	0	3	4.0
women	—	—	1	—	—	—	1	—
men	—	—	2	4	—	—	2	4.0
MC SIBUR-Portenergo LLC	0	0	0	0	0	0	0	—
women	—	—	—	—	—	—	0	—
men	—	—	—	—	—	—	0	—
JSC NIPIgaspererabotka	62	185	197	379	39	36	298	599.9
women	22	73	60	104	20	10	102	187.6
men	40	112	137	275	19	25	196	412.2
SIBUR-Krasnodar LLC	1	0	0	0	0	0	1	—
women	1	—	—	—	—	—	1	—
men	—	—	—	—	—	—	0	—
SIBUR PolyLab LLC	0	1	0	6	0	0	0	7.0
women	—	1	—	1	—	—	0	2.0
men	—	—	0	5	—	—	0	5.0
SIBUR-IT LLC	65	105	86	121	7	20	158	246.5
women	23	32	21	41	5	11	49	83.8
men	42	73	65	80	2	9	109	162.7
SIBUR Togliatti LLC	71	0	142	0	128	0	341	—
women	14	—	81	—	76	—	171	—
men	57	—	61	—	52	—	170	—

GRI 401-1

EMPLOYEE TURNOVER

Total employees	Aged under 30		Aged 30-50		Over 50		Total employees	
	2018	2019	2018	2019	2018	2019	2018	2019
PJSC SIBUR Holding	14%	66%	3%	33%	0%	13%	5%	35%
women	13%	71%	2%	35%	0%	14%	4%	35%
men	15%	59%	6%	29%	0%	0%	9%	35%
LLC SIBUR	16%	30%	13%	20%	23%	13%	14%	23%
women	16%	28%	13%	22%	31%	11%	15%	24%
men	16%	34%	12%	18%	13%	16%	13%	22%
SIBUR International GmbH	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—
SIBUR International Shanghai Trading Company	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—
SIBUR International Trading Istanbul (Turkey)	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—
JSC SiburTyumenGas	34%	27%	26%	10%	45%	14%	31%	13%
women	15%	38%	17%	20%	42%	28%	22%	24%
men	37%	25%	29%	6%	47%	9%	34%	10%
SIBUR Tobolsk LLC	9%	18%	6%	9%	13%	7%	8%	11%
women	11%	28%	8%	16%	19%	9%	11%	17%
men	9%	15%	5%	7%	10%	6%	7%	8%
JSC Voronezhsintezkauchuk	8%	27%	6%	7%	24%	8%	10%	10%
women	11%	59%	6%	10%	27%	11%	12%	14%
men	7%	20%	5%	5%	21%	5%	9%	8%
JSC KZSK	14%	49%	14%	11%	31%	7%	19%	15%
women	25%	79%	15%	13%	41%	6%	23%	20%
men	8%	34%	13%	10%	25%	8%	16%	13%
JSC SIBUR-Neftekhim	6%	34%	8%	12%	33%	6%	14%	13%
women	10%	77%	9%	18%	47%	7%	20%	19%
men	6%	24%	7%	9%	23%	5%	11%	10%
JSC Sibur-Khimprom	13%	28%	5%	11%	20%	13%	9%	14%
women	10%	35%	11%	25%	31%	14%	16%	24%
men	13%	26%	4%	7%	11%	12%	6%	11%
SIBUR-Kstovo LLC	25%	16%	12%	11%	30%	10%	19%	12%
women	11%	12%	23%	11%	46%	0%	27%	8%
men	27%	17%	8%	11%	24%	14%	16%	13%
JSC Sibur-PETF	8%	20%	8%	13%	21%	2%	13%	10%
women	42%	28%	2%	14%	22%	6%	13%	12%
men	4%	19%	11%	12%	20%	0%	14%	9%
JSC POLIEF	12%	41%	8%	13%	24%	12%	11%	18%
women	13%	80%	12%	13%	30%	9%	14%	22%
men	11%	30%	6%	13%	22%	13%	10%	16%
BIAXPEN LLC	21%	47%	12%	14%	32%	18%	16%	19%
women	27%	63%	18%	17%	46%	14%	23%	23%
men	18%	41%	10%	13%	26%	20%	14%	18%
BIAXPLEN T LLC	12%	21%	9%	4%	22%	0%	11%	8%
women	0%	0%	9%	0%	0%	0%	5%	0%
men	13%	24%	10%	5%	66%	0%	12%	9%
Tomskneftekhim LLC	10%	39%	5%	12%	19%	6%	10%	13%
women	17%	83%	6%	18%	22%	11%	12%	21%
men	9%	29%	5%	9%	17%	3%	9%	10%
ZapSibNeftekhim LLC	6%	16%	8%	17%	9%	24%	8%	17%
women	6%	19%	12%	24%	0%	14%	9%	22%
men	6%	15%	7%	16%	11%	26%	7%	17%
JSC Siburenergomanagement	0%	300%	9%	17%	27%	45%	11%	34%
women	0%	—	16%	22%	60%	415%	20%	54%
men	0%	100%	0%	12%	0%	0%	0%	18%
NIOST LLC	8%	25%	17%	12%	18%	39%	14%	17%
women	4%	24%	9%	9%	21%	27%	8%	14%
men	12%	27%	22%	14%	15%	46%	19%	20%
JSC SIBUR-Trans	38%	1,634%	25%	289%	50%	246%	32%	389%
women	39%	1,500%	25%	363%	66%	553%	34%	446%
men	38%	1,685%	25%	249%	44%	158%	31%	360%
ZapSibTransGaz LLC	17%	29%	13%	11%	42%	14%	19%	14%
women	25%	59%	25%	10%	84%	0%	29%	16%
men	16%	26%	12%	11%	40%	14%	17%	14%
SOIR LLC	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—
SIBUR-Finance LLC	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—
SIBUR-Yug LLC	2%	10%	7%	11%	5%	5%	5%	9%
women	4%	9%	8%	11%	2%	0%	5%	6%
men	0%	11%	4%	12%	13%	16%	6%	13%
Amur GCC LLC	0%	0%	10%	15%	0%	0%	8%	11%
women	0%	0%	11%	0%	0%	0%	9%	0%
men	—	0%	9%	21%	0%	0%	7%	16%
MC SIBUR-Portenergo LLC	—	—	0%	0%	0%	0%	0%	0%
women	—	—	—	—	—	—	—	—
men	—	—	0%	0%	0%	0%	0%	0%
JSC NIPIgaspererabotka	10%	26%	11%	15%	17%	15%	11%	18%
women	8%	23%	10%	14%	16%	8%	10%	15%
men	12%	28%	11%	16%	19%	22%	12%	19%
SIBUR-Krasnodar LLC	—	—	0%	0%	—	—	49%	0%
women	—	—	0%	0%	—	—	49%	0%
men	—	—	—	—	—	—	—	—
SIBUR PolyLab LLC	0%	8%	0%	24%	0%	0%	0%	18%
women	0%	25%	0%	14%	0%	0%	0%	16%
men	0%	0%	0%	28%	0%	0%	0%	18%
SIBUR-IT LLC	17%	28%	12%	14%	10%	29%	13%	19%
women	17%	25%	11%	17%	14%	33%	14%	21%
men	17%	29%	12%	13%	6%	25%	13%	18%
SIBUR Togliatti LLC	—	—	—	—	—	—	—	—
women	—	—	—	—	—	—	—	—
men	—	—	—	—	—	—	—	—

Additional information relating to GRI 401-3 "Parental leave"

GRI 401-3

THE NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE IN THE REPORTING PERIOD, BY GENDER

	2018	2019
Total	462	367
women who took parental leave	458	363
men who took parental leave	4	4

GRI 401-3

TOTAL NUMBER OF EMPLOYEES WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER PARENTAL LEAVE, BY GENDER

	2018	2019
Total	362	324
women who returned to work after parental leave	356	318
men who returned to work after parental leave	6	6

GRI 401-3

TOTAL NUMBER OF EMPLOYEES WHO RETURNED FROM PARENTAL LEAVE AND CONTINUED TO WORK FOR 12 MONTHS IN THE REPORTING PERIOD, BY GENDER

	2018	2019
Total	281	212
women who returned to work after parental leave	266	206
men who returned to work after parental leave	15	6

GRI 401-3

TOTAL NUMBER OF EMPLOYEES WHO WERE EXPECTED TO RETURN TO WORK IN THE REPORTING PERIOD AFTER PARENTAL LEAVE, BY GENDER

	2018	2019
Total	373	404
women who were expected to return to work after parental leave	365	391
men who were expected to return to work after parental leave	8	13

GRI 401-3

THE RATE OF EMPLOYEES RETURNING TO WORK AFTER PARENTAL LEAVE IN THE REPORTING PERIOD, BY GENDER

	2018	2019
Total	0.97	0.80
women	0.98	0.81
men	0.75	0.46

GRI 401-3

THE RETENTION RATE OF EMPLOYEES WHO TOOK PARENTAL LEAVE IN THE REPORTING PERIOD, BY GENDER

Total	0.59
women	0.58
men	1.00

Additional information relating to GRI 405-1 "Diversity of governance bodies and employees"

GRI 405-1

MANAGEMENT DIVERSITY INDICATORS BROKEN DOWN BY GENDER AND AGE

Total employees	Aged under 30		Aged 30-50		Over 50		Total employees	
	2018	2019	2018	2019	2018	2019	2018	2019
The Management Board	**0**	**0**	**12**	**13**	**3**	**3**	**15**	**16**
women	0	0	1	2	0	0	1	2
men	0	0	11	11	3	3	14	14
The Board of Directors	**0**	**0**	**5**	**5**	**7**	**7**	**12**	**12**
women	0	0	1	1	0	0	1	1
men	0	0	4	4	7	7	11	11
Total number of managers	**0**	**0**	**12**	**13**	**3**	**3**	**15**	**16**
women	0	0	1	2	0	0	1	2
men	0	0	11	11	3	3	14	14

GRI 405-1

EMPLOYEE DIVERSITY INDICATORS BROKEN DOWN BY GENDER AND AGE

Total employees	Aged under 30		Aged 30-50		Over 50		Total employees	
	2018	2019	2018	2019	2018	2019	2018	2019
Management								
Total management	**3,141**	**3,641**	**10,172**	**9,401**	**1,576**	**1,146**	**14,889**	**14,188**
women	1,450	1,552	3,711	3,250	747	484	5,908	5,286
men	1,690	2,089	6,462	6,151	829	662	8,981	8,902
of which senior managers	**321**	**334**	**3,109**	**2,648**	**498**	**344**	**3,928**	**3,326**
female managers	42	39	667	505	148	92	857	636
male managers	279	295	2,442	2,143	350	252	3,071	2,690
of which specialists	**2,820**	**3,307**	**7,063**	**6,753**	**1,077**	**802**	**10,961**	**10,862**
female specialists	1,408	1,513	3,044	2,745	599	392	5,051	4,649
male specialists	1,412	1,794	4,020	4,009	479	410	5,910	6,213
of which employees	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
female office employees	0	0	0	0	0	0	0	0
male office employees	0	0	0	0	0	0	0	0
Workers								
Total workers	**2,333**	**2,226**	**6,266**	**4,896**	**2,357**	**1,616**	**10,956**	**8,738**
female workers	294	228	1,669	1,055	697	378	2,660	1,662
male workers	2,038	1,997	4,597	3,840	1,660	1,238	8,296	7,076
TOTAL	**5,474**	**5,867**	**16,438**	**14,297**	**3,933**	**2,762**	**25,845**	**22,926**
women	1,745	1,780	5,380	4,305	1,444	862	8,568	6,948
men	3,729	4,086	11,059	9,992	2,489	1,900	17,277	15,978

Supplementary information for the "Occupational Health and Industrial Safety" chapter

GRI 403-9

WORKPLACE INJURIES

	Indicator	Unit of measurement	Company employees	Contractor employees	Construction contractor employees
Average headcount	—	Number of people	26,451	11,305	55,041
Man-hours worked	—	Man-hour	46,485,641	24,288,951	60,447,910
Total work-related accidents, including:	—	Number of incidents	15	4	27
Fatalities	—	Number of incidents	1	0	1
Collective accidents	—	Number of incidents	0	0	0
People injured, including:	—	Number of people	15	4	27
Fatalities	FA	Number of people	1	0	1
Severe injuries	—	Number of people	3	1	8
Minor injuries	—	Number of people	11	3	18
People injured in collective accidents, including:	—	Number of people	0	0	0
Fatalities	—	Number of people	0	0	0
Severe injuries	—	Number of people	0	0	0
Minor injuries	—	Number of people	0	0	0
Lost time injury	LTI	Number of people	14	4	27
Injuries that resulted in a temporarily restricted ability (a transfer to a less strenuous job without reduction in performance ability)	RWC	Number of people	0	0	0
Injuries that required medical treatment without reduction in performance ability (minor injuries)	MTC	Number of people	57	21	98
Total work-related injuries registered	TRI	Number of incidents	72	25	125
Fatality accident rate	FAR	Per 1 million hours	2.15	0.00	0.02
Total recordable injury frequency rate	TRIFR	Per 1 million hours	1.55	1.03	2.07
Lost time injury frequency rate	LTIFR	Per 1 million hours	0.32	0.16	0.45
Lost Time Injury Severity Rate	LTISR	Per 1 million hours	26.7	—	—

Supplementary information for the "Environmental Protection" chapter

Additional information relating to GRI 303-1 "Interactions with water as a shared resource"

GRI 303-1

List of water intake sites

- The subsoil plot is located at the town of Nizhnevartovsk, Tyumen region, Kanty-Mansiisk Autonomous District;
- The subsoil plot is located 15 km southeast of the town of Muravlenko, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located 40 km west of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located northwest of the Gubkin Gas Processing District site in an industrial zone of the town of Gubkinsky, Yamalo-Nenets Autonomous District;
- The subsoil plot is located at the town of Pyt-Yakh, Tyumen region, Kanty-Mansiisk Autonomous District;
- The subsoil plot is located at Nizhnevartovsk, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plots is located at the town of Raduzhny, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located 3.5 km west of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located at Nefteyugansk region, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located at the town of Nyagan, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located 75 km southeast of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located 80 km northeast of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The Irtysh river, the water intake is located 691 km from the estuary, at Yepanchino village, Tyumen region;
- Water wells at production sites are located in the Dzerzhinsk East Industrial Zone, Nizhny Novgorod region;
- The alluvial valley of the Kamenka River, Perm region;
- The Voronezh water reservoir, Voronezh region;
- The river Tom, 62.3 km from Tomsk, Tomsk region.

The IMS certification scope

Certification Scope of LLC SIBUR and PJSC SIBUR HOLDING companies: ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007.

The following sites were included in the certification scope:

- SIBUR-Neftekhim, Dzerzhinsk;
- SIBUR- Khimprom, Perm;
- POLIEF, Blagoveshchensk;
- SIBUR-PETF, Tver;
- Balakhna branch of BIAXPLEN;
- Novokuybyshev branch of BIAXPLEN;
- Kursk branch of BIAXPLEN;
- Zheleznodorozhny branch of BIAXPLEN;
- BIAXPLEN T, Tomsk;
- SIBUR Togliatti, Togliatti;
- Voronezhsintezkauchuk, Voronezh;
- Tomskneftekhim, Tomsk;
- SIBUR Tobolsk, Tobolsk;
- SIBUR-Kstovo, Kstovo;
- Krasnoyarsky zavod sinteticheskogokauchuka, Krasnoyarsk;
- SiburTyumenGas, Niznevartovsk;
- The branch of SiburTyumenGas at the Gubkinsky Gas Processing Plant, Gubkinsky;
- The branch of SiburTyumenGas at the Yuzhno-Balyksky Gas Processing Plant, Pyt-Yakh;
- The branch of SiburTyumenGas at the Vyngapurovksky Gas Processing Plant, Noyabrsk;
- The branch of SiburTyumenGas at the Muravlenkovsky Gas Processing Plant, Noyabrsk;
- The branch of SiburTyumenGas at Nyagangaspererabotka, Nyagan;
- Zapsibtransgas, Nizhnevartovsk;
- The branch of SiburTyumenGas at the Belozerny Gas Processing Plant, Nizhnevartovsk;
- The branch of SiburTyumenGas at the Nizhnevartovsky Gas Processing Plant, Nizhnevartovsk;
- NIOST, Tomsk.

GRI 306-2

WASTE BY TYPE AND DISPOSAL METHOD

	Class 1 — Extremely hazardous waste	Class 2 — Highly hazardous waste	Class 3 — Moderately hazardous waste	Class 4 — Low-hazard waste	Class 5 — Virtually non-hazardous waste	Total
As at the beginning of the year, tonnes	2.44	0.29	35.77	30,676.38	58.89	30,773.78
Waste generated for the year, tonnes	14.49	19.86	7,821.24	34,505.38	21,434.79	63,795.75
Shipment from other facilities, tonnes	0	0	27.44	0	0	27.44
Waste decontamination, tonnes	0	0	0	590.30	9.00	599.30
Municipal solid waste transferred to the regional operator, tonnes	0	0	0	3,078.04	36.45	3,114.50
Transferred to third-party organizations for processing, tonnes	0	0	0	0	0	0
Transferred to third-party organizations for processing, tonnes	0	1.92	2,463.44	2,226.47	15,506.34	20,198.17
Transferred to third-party organizations for decontamination, tonnes	16.79	17.72	4,395.05	7,224.33	10.20	11,664.09
Transferred to third-party organizations for disposal at landfills, tonnes	0	0	24.85	13,091.20	5,798.91	18,914.97
Waste storage at the operated sites, tonnes	0	0	0	305.64	0	305.64
Waste placement at the operated sites, tonnes	0	0	915.00	8,594.94	60.00	9,569.94
Waste available at the year end, tonnes	0.13	0.52	973.66	38,970.36	132.78	40,077.45

Additional information relating to GRI 303-4 "Water discharge"

GRI 303-4

LIST OF PRIORITIZED POTENTIALLY HAZARDOUS SUBSTANCES IN WASTEWATER

Contaminant	Process for identifying the substance, applicable international standards, lists and criteria	Approach to establishing limits for disposing of the substances
Chemical oxygen demand (COD)	PND F 14.1:2:4.190-03. Water quantitative chemical analysis. Dichromate oxidizability analysis (chemical oxygen demand) of samples of natural, fresh and wastewater by the photometric method and using the fluid analyzer Fluorat-02.	The process for identifying substances and establishing limits complies with Russian legislation
Biochemical oxygen demand	FP.1.31.2006.02304. Methodology for measuring biochemical oxygen demand samples of natural, fresh and wastewater using the titrimetric method PND F 14.1:2:3:4.123-9 Methodology for measuring the biochemical demand for oxygen (the total biological oxygen demand, TBOD) after n-days of incubation in surface, subsoil (ground), fresh, waste and treated wastewater.	
Phosphorous compounds	FR.1.31.2006.02314. Methodology for measuring mass concentration of phosphate ions in samples of natural, treated wastewater and wastewater by applying the photometric method PND F 14.1:2:4.165-2000 (FR.1.31.2009.06203) Methodology for measuring the aggregate mass concentration of mineral and organic phosphorus (total phosphorus) in samples of fresh, natural and wastewater using the photometric method.	
Nitrogen compounds	FR.1.31.2006.02305. Methodology for measuring mass concentration of ammoniacal nitrogen in samples of natural, treated wastewater and wastewater using the photometric method FR.1.31.2006.02294. Methodology for measuring mass concentration of nitrite ions in samples of fresh, treated wastewater and wastewater using the photometric method. FR.1.31.2006.02296. Methodology for measuring mass concentration of nitrite ions in samples of natural, treated wastewater and wastewater using the photometric method.	
Oil and oil products	PND F 14.1:2:4.128-98. Water quantitative chemical analysis. Methodology for measuring mass concentration of oil products in samples of natural, fresh and wastewater using the fluorimetric method via a FLUORAT-02 fluid analyzer PND F 14.1:2:4.168-2000 (FR.1.31.2017.26183) Methodology for measuring mass concentration of oil products in samples of fresh, natural and wastewater by applying the infrared spectophotometry and using the concentration meters series KN.	

Supplementary information for the "Contribution to the Development of Local Communities" section

Additional information relating to GRI 203-1 "Infrastructure investments and services supported"

GRI 203-1

Results of the 2019 grant contest

City development

- Held ten large-scale entertainment events for the city
- Improved eight public spaces in the cities where the company operates: a square, anti-cafe, sand beach-volleyball court, etc.
- Held ten programs and projects for the inclusion and rehabilitation of disabled people
- Over 3,200 visitors visited the Kniga i Kofe (Book and Coffee) anti-cafe at the Central Municipal Library of Nizhnevartovsk

Sports and healthy living

- Held ten sporting events of various scales for athletes of different skill levels
- Built eight safe and modern sports grounds
- Promoted and supported seventeen sports, including basketball, hockey, volleyball, rock climbing, cross country and karate.
- Over 400 participants participated in the first mass semi-marathon AMPER in Tobolsk

Education and Science

- Held around 40 interesting educational events: tournaments, conferences, training cycles, etc.
- Built seven new educational complexes for studying sciences, developing engineering and technical competences and learning soft skills
- Received 340 applications for the accelerator contest of the "Big Intelligence" project in Perm
- Over 650 people participated in engineering and chemical contests in Dzerzhinsk and Tomsk

Environmental protection

- Implemented around 40 projects for fostering environmental awareness among children and teenagers, including theatrical performances, a geographical marathon, a field school, etc.
- Conducted seven environmental studies as part of the Environmental Patrol field school in Voronezh
- Attracted 340 visitors to the interactive environmental exhibition Hide-and-Seek in the Tundra in the town of Gubkinsky in the first two weeks
- Attracted over 650 children and teenagers to environmental events

Culture

- Held 13 large-scale events in various areas of culture and the arts
- Implemented eight projects for promoting theater arts (2019 was the Year of the Theater in Russia)
- Built two new museums and tourist sites at the ethnographic parks in the towns of Gubkinsky and Pyt Yakh
- Attracted over 2,100 visitors at the theatrical festivals Severnye Vstrechi (Northern Meetings, Nizhnevartovsk), Zhivye Litsa (Live Faces, Tobolsk), and Teatr v Karmane (Pocket Theater, Tomsk)

Volunteering

- Provided aid to 130 seriously ill children through the Ordinary Miracle Charity Marathon in Tomsk
- Produced 350 items in the Dzerzhinsk sewing studio for volunteers, donors, children from large families and disabled children
- 24 volunteers from Perm learned Russian Sign Language so they could communicate with deaf and hearing-impaired people
- 6,000 people attended the inclusive city festival "A Night with a Guitar" in Tomsk

Results the 2019 volunteering programme

Social care

- SIBUR's volunteers staged a theatrical performance ("The Little Prince") for orphans in Nizhny Novgorod
- Knit over 100 items for premature infants being treated at the intensive care unit of Krasnoyarsk Krai Perinatal Center
- Company employees organized activities that reached 869 people in difficult circumstances
- 172 volunteers participated in projects to support socially vulnerable groups

Environmental protection

- Gave over 300 homeless animals much-needed care at shelters: built special animal spaces, repaired shacks, held cleanup days, and took pets for walks
- Built 75 bird feeders together with children and lonely elderly people in two months
- Over 3,000 people participated in a project to support plastic waste collection and recycling in Dzerzhinsk
- 183 volunteers took part in seven projects

Urban improvement

- Built one summer pavilion for care recipients at the "Svetloe Nachalo" (Bright Beginning) foundation, which helps people in difficult circumstances
- Improved seven territories, including embankments, alleys, parks and the outdoor portions of social institutions
- Volunteers collected 200 garbage bags and sent them to the municipal landfill in Blagoveshchensk during three environmental task-force events
- 173 volunteers took part in seven projects

Table of GRI Discosures

Number	Disclosure name	Reference	Pages	Comment
GRI 102: General Disclosures 2016				
1. Organizational profile				
102-1	Name of the organization	About SIBUR	20	
102-2	Activities, brands, products and services	About SIBUR	20	
102-3	Location of headquarters	About SIBUR	20	
102-4	Location of operations	About SIBUR	31	
102-5	Ownership and legal form	About SIBUR	20	
102-6	Markets served	About SIBUR	33	
102-7	Scale of the organization	About SIBUR	21, 25, 28, 31, 32	
102-8	Information on employees and other workers	Employees	139, 283	A significant part of the work is performed by employees (not contractors) There are no significant discrepancies between indicators 102-8a and 102-8b in the reporting year (including seasonal ones).
102-9	Supply chain	Strategy and Responsible Business Practices	107	
102-10	Significant changes to the organization and its supply chain	About SIBUR Strategy and Responsible Business Practices	25	
102-11	Precautionary Principle or approach	Strategy and Responsible Business Practices	73	The company applies the Precautionary Principle while implementing "The Integrated Management System Policy" and "The Risk Management Policy".
102-12	External initiatives	Strategy and Responsible Business Practices	70, 98	
102-13	Membership of associations	Strategy and Responsible Business Practices	98	
2. Strategy				
102-14	Statement from senior decision-maker	Chairman's Statement	10-13	
102-15	Key impacts, risks, and opportunities	Strategy and Responsible Business Practices	73, 76	
3. Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	Strategy and Responsible Business Practices	64, 65, 80	
102-17	Mechanisms for advice and concerns about ethics	Strategy and Responsible Business Practices	80, 91, 92	
4. Corporate governance				
102-18	Governance structure	Corporate Governance	39, 41, 45	
102-19	Delegating authority	Corporate Governance	42, 46	
102-20	Executive-level responsibility for economic, environmental and social topics	Corporate Governance	42	
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance	48	
102-22	Composition of the highest governance body and its committees	Corporate Governance	39, 41, 281	
102-23	Chair of the highest governance body	Corporate Governance		The chair of the highest governance body is not also an executive director in the organization
102-24	Nominating and selecting the highest governance body	Corporate Governance	41	

Table of GRI Discosures

Number	Nominating and selecting the highest governance body	Corporate Governance	Pages	Comment
GRI 102: General Disclosures 2016				
4. Corporate governance				
102-25	Conflicts of interest	Corporate Governance Strategy and Responsible Business Practices	42, 80, 82	The complete list of organizations in which PJSC SIBUR owns stakes (shares), including company names and incorporation country (country of operation) are disclosed on the website of the authorized communications agency within the issuer's quarterly reports and the lists of affiliated parties in accordance with securities market legislation.
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Strategy and Responsible Business Practices	41, 64	
102-27	Collective knowledge of highest governance body	Corporate Governance	43	
102-28	Evaluating the highest governance body's performance	Corporate Governance	41	
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance	41	
102-30	Effectiveness of risk management processes	Corporate Governance Strategy and Responsible Business Practices	41, 73, 74, 78	
102-31	Review of economic, environmental, and social topics by highest governance body	Corporate Governance	45	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance About the report	4, 46	
102-33	Communicating critical concerns to the Board of Directors	Corporate Governance	43	
102-34	Nature and the total number of critical concerns	Corporate Governance	43	
102-35	Remuneration policies	Corporate Governance	43	
102-36	Process for determining remuneration	Corporate Governance	43	
102-37	Stakeholders' involvement in remuneration	Corporate Governance	43	
5. Stakeholder Engagement				
102-40	List of stakeholder groups	Society and Partnership	94-95	
102-41	Collective bargaining agreements	Employees	138	
102-42	Identifying and selecting stakeholders	Strategy and Responsible Business Practices	93	
102-43	Approach to stakeholder engagement	Society and Partnership Contribution of the Development of Local Communities	93	
102-44	Key topics and concerns raised by stakeholders	Society and Partnership Contribution of the Development of Local Communities	259, 260	
6. Reporting				
102-45	Entities included in the consolidated financial statements	About SIBUR	25	
102-46	Defining report content and topic Boundaries	About the report	4, 6, 10	
102-47	The list of material topics	About the report	9	

Number	Disclosure name	Reference	Pages	Comment
GRI 102: General Disclosures 2016				
6. Reporting				
102-48	Restatements of information/new definitions	Table of GRI Disclosures	—	This report contains the following restatements of information given in the company's 2018 report: • Changes to the approach to calculating the indicator: the share of net profit of joint ventures and associates have been included in generated economic value, while depreciation has been excluded from operating costs, and financial expenses have been excluded from payments to capital suppliers; • The format of presenting the data on the generated waste: the 2018 report contained a breakdown by generation, utilization, placement and availability of waste as at the end of the year; the current report provides the data breakdown in accordance with the categories of the state statistical reporting (2-TP Waste); • The composition of management bodies and core employee categories were presented as a percentage of the total, while in the 2018 report this data was quantified.
102-49	Changes in reporting	Table of GRI Disclosures	—	No significant changes.
102-50	Reporting period	About the report	4	
102-51	Date of most recent report	About the report	4	The previous report was published on 31 August 2019.
102-52	Reporting cycle	About the report	4	
102-53	Contact point for questions regarding the report	About the report	9	
102-54	Claims of reporting in accordance with the GRI Standards	About the report	4	
102-55	GRI content index	Table of GRI Disclosures	299-305	
102-56	External assurance	Report assurance	274-275, 306	
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	Contribution to the Development of Local Communities Employees	136, 258	
103-2	The management approach and its components	Contribution to the Development of Local Communities Employees Environmental Protection	136, 198, 258	
103-3	Evaluation of the management approach	Contribution to the Development of Local Communities Employees	136, 258, 270	
GRI 200: Economic standards				
GRI-201 Economic indicators 2016				
201-1	Direct economic value generated and distributed	About SIBUR	30	
201-2	Financial implications and other risks and opportunities due to climate change	Strategy and Responsible Business Practices	73, 76	
201-3	Defined benefit plan obligations and other retirement plans	Table of GRI Disclosures	—	SIBUR has no obligations besides social contributions for obligatory pension insurance (OPI). There is no special fund for pension obligation payments under the benefit plan.

Table of GRI Discosures

Number	Disclosure name	Reference	Pages	Comment
GRI-201 Economic indicators 2016				
201-4	Financial assistance received from the government	Table of GRI Disclosures	—	The company did not receive financial assistance from the government in 2019. The government is not a company shareholder. Financial assistance from the government is construed in accordance with the IFRS definition.
GRI 202: Market presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employees	141, 285	
GRI 203: Indirect economic impacts 2016				
203-1	Infrastructure investments and services supported	Contribution to the Development of Local Communities Strategy and Responsible Business Practices	261, 263, 264, 268, 297	There is no negative impact of social investments. The company's operations in the social sphere do not pose risks for local communities.
203-2	Significant indirect economic impacts	Contribution to the Development of Local Communities	261, 270, 272	
GRI 205: Anti-corruption 2016				
205-2	Communication and training about anti-corruption policies and procedures	Strategy and Responsible Business Practices	80, 86, 282	
205-3	Confirmed incidents of corruption and actions taken	Strategy and Responsible Business Practices	80, 92	No incidents of corruption were recorded in the reporting year. No corruption-related legal claims have been initiated against the company or its employees in 2019.
GRI 206: Anti-competitive behavior 2016				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Strategy and Responsible Business Practices	80, 85	
GRI 300: Environmental standards				
GRI 301: Materials 2016				
301-3	Reclaimed products and their packaging materials	Environmental Protection	123	
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	Environmental Protection	208, 210	
302-3	Energy intensity	Environmental Protection	208, 210	
302-4	Reduction of energy consumption	Environmental Protection	208, 210	
GRI 303: Water and effluents 2018				
303-1	Interactions with water as a shared resource	Environmental Protection	219, 220, 295	
303-2	Management of water discharge-related impacts	Environmental Protection	219, 223	
303-3	Water withdrawal	Environmental Protection	219, 220	
303-4	Discharges to water	Environmental Protection	223, 296	
303-5	Water consumption	Environmental Protection	219	The company does not withdraw water in areas experiencing a water shortage.
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Protection	244	
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental Protection	244	
304-3	Habitats protected or restored	Environmental Protection	244	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environmental Protection	244, 245	
Number	Disclosure name	Reference	Pages	Comment
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	Environmental Protection	212, 213	
305-2	Indirect (Scope 2) GHG emissions	Environmental Protection	212, 213	
305-3	Other indirect (Scope 3) GHG emissions	Environmental Protection	212, 213	
305-4	GHG emissions intensity	Environmental Protection	212, 213	
305-5	Reduction of GHG emissions	Environmental Protection	212, 213	
305-6	Emissions of ozone-depleting substances (ODS)	Table of GRI Disclosures	212	The company does not produce ozone-depleting emissions.
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental Protection	215	
GRI 306: Effluents and waste 2016				
306-1	Water discharge by quality and destination	Environmental Protection	219, 223	
306-2	Waste by type and disposal method	Environmental Protection	227, 296	
306-3	Significant spills	Environmental Protection	225	Two spills were recorded in the reporting period. The final assessment of the damage caused can'tonnes be presented as the litigation was ongoing at the time of preparation of this report.
306-4	Transport of hazardous waste	Table of GRI Disclosures	—	SIBUR's plants do not engage in transportation of hazardous waste.
306-5	Water bodies affected by water discharges and/or runoff	Environmental Protection	219, 226	
GRI 307: Non-compliance with environmental laws and regulations				
307-1	Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	Table of GRI Disclosures	—	There were no applications to national dispute resolution mechanisms regarding resolution of environmental disputes in the reporting period.
GRI 308: Supplier environmental assessment				
308-1	New suppliers that were screened using environmental criteria	Strategy and Responsible Business Practices Environmental protection	205	
308-2	Negative environmental impacts in the supply chain and actions taken	Strategy and Responsible Business Practices Environmental protection	205	
GRI 400: Social topics				
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	Strategy and Responsible Business Practices Employees	141, 286-291	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employees	145	The material regions in which the company operates are core contributors to the company's operations, i.e. they are key strategic and significant regions that have a material impact on business.
401-3	Parental leave	Employees	145, 146, 292	
GRI 402: Labor/Management Relations (2016)				
402-1	Minimum notice periods regarding operational changes	Table of GRI Disclosures	—	In accordance with the Labor Code of the Russian Federation, the contract specifies that employment service authorities and elected bodies of primary trade union organizations are to be provided with at least 2 months' notice or, if headcount reductions may lead to massive layoffs, at least 3 months' notice.
Number	Disclosure name	Reference	Pages	Comment

Table of GRI Discosures

GRI 403: Occupational health and safety 2018				
403-1	Occupational health and safety management system	Occupational Health and Safety	170	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	176, 178, 180	
403-3	Occupational health services	Occupational Health and Safety	177, 180	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	180	
403-5	Worker training on occupational health and safety	Occupational Health and Safety	187	
403-6	Promotion of worker health	Occupational Health and Safety	182	
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	173	
403-9	Work-related injuries	Occupational Health and Safety	175, 294	
403-10	Work-related ill health	Occupational Health and Safety	182	
GRI 404: Training and education 2016				
404-1	Average hours of training per year per employee	Table of GRI Disclosures	—	Starting in 2019, SIBUR does not gather statistical data on average annual training hours disaggregated by gender and position due to the optimization of processes and lack of resources for data gathering. In 2019 the number of average hours of training per year per full-time employment employee 1 FTE was 42 hours.
404-2	Programs for upgrading employee skills and transition assistance programmes	Training and Development	152, 153, 156	
404-3	Percentage of employees receiving regular performance feedbacks and career development reviews	Training and Development	142, 152	
GRI 405: Diversity and equal opportunity 2016				
405-1	Diversity of governance bodies and employees	Employees	138, 139, 140, 293	
405-2	Ratio of basic salary and remuneration of women to men	Table of GRI Disclosures	—	The basic salary in the company is the same for men and women and its size does not depend on gender. The company intends to calculate the actual level of pay with a breakdown by gender in the next year's report.
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions taken	Strategy and Responsible Business Practices Employees	80, 138	No incidents of discrimination in the workplace were recorded in the company in 2019.
GRI 407: Freedom of association and collective bargaining 2016				
407-1	Business units and vendors where freedom of association and collective bargaining may be exposed to risks	Table of GRI Disclosures	—	These rights are not at risk at any of the company's sites.
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments, and development programmes	Contribution to the Development of Local Communities Environmental Protection	197, 236, 259, 260, 261, 262, 270, 272	
413-2	Operations with significant actual and potential negative impacts on local communities	Contribution to the Development of Local Communities	259, 260, 270	
GRI 414: Supplier social assessment				
414-2	Negative social impacts in the supply chain and actions taken	Occupational Health and Safety Strategy and Responsible Business Practices	184	
GRI 415: Public policy 2016				
415-1	Monetary value of financial and in-kind political contributions	Contribution to the Development of Local Communities Table of GRI Disclosures	261	The company did not make political contributions in 2019.
GRI 416: Customer health and safety				
416-1	Assessment of the health and safety impacts of product and service categories	Strategy and Responsible Business Practices	115	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Table of GRI Disclosures	—	There were no incidents of non-compliance with legislative requirements or voluntary codes concerning the health and safety impacts of products and services.
GRI 417: Marketing and labeling 2016				
417-1	Requirements for product and service information and labeling	Strategy and Responsible Business Practices	113	
417-2	Incidents of non-compliance concerning product and service information and labeling	Strategy and Responsible Business Practices	121	
GRI 419: Socioeconomic compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area	Strategy and Responsible Business Practices	80, 88, 90	
Number	Disclosure name	Reference	Pages	Comment

Report Assurance

GRI 102-56

Российский союз промышленников и предпринимателей

СВИДЕТЕЛЬСТВО

об общественном заверении
корпоративного нефинансового отчета

**Отчет ПАО «СИБУР Холдинг»
об устойчивом развитии
за 2019 год**

**прошел общественное заверение в Совете РСПП
по нефинансовой отчетности**

Развернутое заключение Совета РСПП об общественном заверении отчета ПАО «СИБУР Холдинг» об устойчивом развитии за 2019 год направлено в Компанию, которая может публиковать его без каких-либо изменений и использовать как для внутрикорпоративных целей, так и в целях коммуникаций с заинтересованными сторонами.

Регистрационный номер 164.01.108.05.19

Президент РСПП А.Шохин

Москва, 2020