

Sustainable Development Report of the TATNEFT Company 2019

**17 SUSTAINABLE DEVELOPMENT GOALS
OF THE UN GLOBAL COMPACT**

Director General's Statement of Continuing Support for the UN Global Compact and its Ten Principles



TATNEFT historically adheres to the principles of corporate responsibility and implements large-scale programs to preserve the natural ecosystem, improve the quality of life and develop social infrastructure in the territories of its operations.

In 2019, the Company joined the UN Global Compact, reaffirming its commitment to 10 Principles on Human Rights, Labor, Environment, Anti-Corruption and 17 Sustainable Development Goals, which are fully interconnected. These principles and Goals are the foundation for a prosperous and inclusive future in line with the 2030 World Agenda. Joining the Global Compact is our deliberate step in the development of our corporate strategy. We have expanded our ESG targets and continue to increase our contribution to the fight against climate change, with the goal of moving towards carbon neutrality by 2050.

The first year of the Company's participation in the Global Compact was marked by significant events. 2020 marked the 20th anniversary of the creation of the Global Compact and the 5th anniversary of the UN's adoption of the Sustainable Development Goals. We checked the level of integration of all aspects of sustainable development into our business processes. Priority SDGs have been selected, in the implementation of which Tatneft can achieve the greatest progress and efficiency, taking into account the specifics of our activities.

Also, 2020 has confirmed the critical importance of joining universal efforts in sustainable development. The COVID-19 pandemic has become a serious challenge to all of humanity. Many people have been affected by the virus. The fundamentals of the economy and social well-being throughout the Earth have been affected. From the first day of the pandemic threat to the present day, Tatneft has been doing everything possible to preserve the health and life of its employees, their families, local population, clients and partners. We have launched a set of actions to prevent the spread of the virus, improve the equipment of medical institutions, and help vulnerable groups of the population. Our enterprises have produced more than 10 million masks and 40 thousand protective suits, which the Company donated to hospitals and ambulance stations in Tatarstan. The production of antiseptics was also mastered at the Company's facilities. To combat the COVID-19 pandemic in 2020, the Company allocated 1.4 billion rubles, in 2021 it is planned to allocate about 400 million rubles. Now TATNEFT participates in the vaccination of its employees. Mobile teams of the Company's medical unit have been set up to vaccinate employees at remote enterprises.

Along with protecting human health, our task was to maintain the continuity of production processes, ensure the economic and social sustainability of the Company, continue to fulfill all planned obligations, including ensuring uninterrupted supplies of energy resources to healthcare institutions, local communities and industrial enterprises. For many management processes, in 2020 the Company switched to a remote format. It was a new experience of working on such a scale. It is worth mentioning that the high organizational level of the corporate center and the quality of digital technologies in our business processes have proven efficient. This allowed us not only to meet all current production goals, but also to look confidently into the future, plan our activities within the framework of Strategy 2030 and find resources to improve sustainability.

Climate Agenda and a Sustainable Energy Future

One of the key areas for sustainable development, the Company considers measures to combat climate change, enshrined in the Paris Agreement. Climate issues have become central to the new three-year strategic plan of the Global Compact for 2021–2023, which calls for increasing the contribution of the global business community to the 2030 Agenda. TATNEFT shares this call. As an energy company, we have a special responsibility towards future generations and contribute to a sustainable energy future. In the global transition to clean energy, it is necessary to join forces and expand the use of green technologies.

We have stepped up our action towards decarbonization in 2019 and 2020. The company announced its transition to carbon neutrality by 2050. The Board of Directors adopted a new environmental policy taking into account climate change and approved a roadmap. The goals have been set to gradually reduce greenhouse gas emissions by 10% by 2025 and by 20% by 2030 from the base year 2016.

In the development of a greenhouse gas emissions management system, we adhere to international standards and guidelines: the GreenHouseGas Protocol (GHG) - on the measurement, control and disclosure of emissions indicators, including value chains; TCFD guidelines - carbon footprint reporting as well as providing data for the CDP climate rating. In assessing the scope of emissions accounting, we intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting.

The most important step was the joining of Tatneft in 2020 to the group of leaders of the international platform for setting science-based SBTi targets in order to prevent the planet's temperature from exceeding 1.5 degrees Celsius.

To reduce greenhouse gas emissions, we innovate throughout the oil production, refining, petrochemical and power generation business processes, expand our low carbon footprint product line and control the supply chain. It is planned to develop production using renewable energy (clean generation of energy with a low carbon content) and biofuels. A promising area is the application of technologies for capturing and storing CO₂ (Carbon Capture and Storage, CCS).

We believe that the most important element in reducing climate risks is offsetting CO₂ emissions, taking into account the absorptive capacity of forests. In order to create a favorable environment in the area of its activity and increase the absorption of greenhouse gases, Tatneft, since 2000, has been implementing the Greening Program. Since the beginning of the Program implementation more than 12 million trees had been planted by the end of 2020. It is planned to plant 4.8 million trees in 2021.

Climate risk assessment is included in investment decision-making processes, integrated into the creation of the Company's value and into the life cycles of business processes, products and services, including contractors and suppliers.

We consider all these actions as mechanisms in the implementation of the 13th Sustainable Development Goal on climate. This goal has been selected by the Company as one of its priorities. We also consider SDG 3 "Good health and well-being", SDG 4 "Quality education", SDG 6 "Clean water and sanitation", SDG 7 "Affordable and clean energy", SDG 9 "Industrialization, innovation and infrastructure" as priority goals, SDG 11 Sustainable Cities and Human Settlements, SDG 12 Responsible Consumption and Production, SDG 15 Conserve Terrestrial Ecosystems, SDG 17 Partnership for Sustainable Development.

Corporate responsibility

Our work is built on the basis of a responsible attitude towards ensuring the safety, efficiency and profitability of our activities, respecting the interests of stakeholders and contributing to improving the quality of life in society.

Implementing the Growth Strategy, first of all, we set ourselves the task of making our production the standard of safety and environmental friendliness, to become leaders in ensuring labor safety. The main principle of our policy in the field of industrial safety, labor protection and the environment is the priority of preventive measures, the target focus is to ensure continuous improvement of the effectiveness of the integrated management system, the formation of public understanding of the tasks we solve.

We have made significant progress in improving the industrial and environmental safety of our operations since the early 2000s. This is due to the implementation of effective internal standards, safety culture and continuous improvement of working conditions. We set a "zero result" goal aimed at preventing industrial accidents and negative environmental impacts. Unfortunately, isolated incidents do occur. Each incident is dealt with separately and appropriate measures are taken. About 1.5 billion rubles are spent annually on planned labor protection measures. We build our approach to safety in the interconnection of all production processes, the work of our own personnel and contractors, the assessment of "protective barriers", instruction and training. We understand that people can make mistakes and production processes can fail. Therefore, we strive to educate workers to better deal with abnormal situations in order to avoid the risk of serious injury and accidents. For this purpose, we use modern VR simulators.

We are aware of our responsibility to society for the rational use of natural resources and the preservation of a favorable environmental situation. This is one of the basic conditions of our business, which includes reducing the impact on the environment and ensuring the self-healing potential of ecosystems. The Company spends about RUB 13 billion annually on environmental protection. We are concentrating on improving the efficiency of water resources use and cleaning water bodies, reducing waste and developing recycling, increasing energy efficiency, and preserving biodiversity. Particular attention is paid to the efforts to prevent oil spills and pipeline breakthroughs; reliable fiberglass pipes are being commissioned.

One of our priorities is the development of circular production. This will reduce the nature intensity of economic growth with an increase in the rationality of production processes and preserve natural resources for future generations.

Creation of shared value

Our responsible attitude to society is based on the principles and standards of corporate ethics of the Company. We adhere to the position of "creating common value" taking into account the interests of society as a whole. This means that Tatneft in its activities takes into account all the impacts it has on

stakeholders and makes commercial choices taking into account social aspects. In the near future, we plan to introduce the concept of "Social License" (SLO) into corporate practice, which will strengthen our interaction with the public environment.

Tatneft provides about 60 thousand jobs, hiring the local population and interacting with local suppliers and contractors, and it is one of the largest taxpayers in the territory of its activity. We are implementing large-scale social infrastructure projects and investing in education programs, the development of spiritual heritage, culture, health care, healthy lifestyles and sports.

Our interaction with society is based on trust and transparency in our actions. Since 2005, we have been preparing a report on corporate responsibility and since 2016 - a report on sustainable development. We also publish a Statement of Payments to Governments in Connection with Extractive Activities, which presents the principles of taxation and other payments and their amounts. Tatneft adheres to the principles of openness in providing information, striving as fully, objectively and timely as possible to reflect all aspects of our activities on the corporate website and in the media. We are always open for contacts with our environment for a constructive dialogue on all significant issues.

While implementing sustainable development programs, we actively interact with a wide range of industry and public associations, educational, environmental, medical centers, with accounting, specialists in various fields. Tatneft is a member of the Governing Council of the National Network of the UN Global Compact in Russia.

In 2020, we initiated a corporate volunteer movement to promote the Sustainable Development Goals among youth. This project will be included in the Volunteer Movement Program of the National Network of the UN Global Compact in Russia. The volunteer movement started at the site of the Youth Forum of TATNEFT Company on the Sustainable Development Goals.

On behalf of the management and staff of the TATNEFT Company, I would like to thank all stakeholders for the constructive cooperation on the important tasks for all of us. Together, united by a single Global Compact, we will strive to achieve sustainable development for a better world.

Nail Maganov

General Director of PJSC TATNEFT

About the report

15th Report of the TATNEFT Company in the field of corporate responsibility and sustainable development

The Sustainable Development Report of TATNEFT Company for 2019 considers our priorities, goals, indicators and significant events in terms of actions and plans in the field of corporate social and environmental responsibility, health and environmental protection, climate policy and decarbonization, contribution to the economy and local infrastructure and initiatives in these areas.

Sustainable development is one of the strategic priorities of the Company and includes a comprehensive coverage of factors and corporate actions that are aimed at achieving the goals of ensuring a high level of industrial and environmental safety, reducing environmental impact and preserving the climate, occupational safety and providing social guarantees to personnel, developing a healthy social infrastructure in the territories of the Company's operations, the growth of local economies, ensuring the rights and a good quality of life of the population, as well as the development of information technologies and cyber security.

The 2019 Sustainability Report is our 15th report in this area. The first report on social responsibility was published in 2005.

Scope of the reporting

We adhere to the principles of consistency, objectivity, timeliness and completeness of disclosure of information that is significant to our environment and presents the latest data, comparable to previous periods.

Our sustainability reports are addressed to a wide range of stakeholders: shareholders, investors, representatives of state and municipal authorities, employees, partners and clients, public and environmental organizations, scientific and educational institutions, a wide range of Russian and international communities, and the local population. We strive to present information in a balanced manner in accordance with the interests of each group.

In preparing this report, we consider and apply the following standards and guidelines:

- UN Global Compact Principles;
- OECD Guidelines for Multinational Enterprises;
- Compass SDGs;
- UN Guiding Principles on Business and Human Rights;
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;
- ISO 26000 Guidance on Social Responsibility);
- GRI Standart;
- AA 1000 (Account Ability);
- Provisions of the Social Charter of Russian Business;
- Baseline performance indicators. Recommendations for use in management practice and in corporate non-financial reporting of the Russian Union of Industrialists and Entrepreneurs.
- Business Reporting on SDGs;

In order to reflect the Company's position on climate and decarbonization-related policies and corporate actions, this report takes into account the following international initiatives and platforms:

- The Paris Agreement;
- The global oil and gas industry association for advancing environmental and social performance (IPIECA);
- The Task Force on Climate-related Financial Disclosures – TCFD.

In preparing the report, elements of the Integrated Reporting Standard of the International Integrated Reporting Council (IIRC) were used, as well as published research and recommendations in the field of corporate reporting.

In accordance with the approaches reflected in the above documents and guidelines, the Company is developing its own system of public reporting indicators.

The list of indicators and the procedure for their disclosure, including the distribution of responsibility, terms and procedure for the formation and disclosure of indicators, are determined by internal local documents. The preparation of public reporting is also reflected in the Company's KPI system.

The key communication of the Report is the formation among stakeholders of the most complete understanding of the Company's activities as a whole, strategic plans and the potential for their implementation, achieved results, as well as measures taken to improve the efficiency of the business model, taking into account aspects of sustainable development.

This Report focuses on the key challenges and opportunities for sustainable development that arise, both in the current period and in the strategic perspective. We assess external risks that can affect the sustainability of the Company and our own impact on the environment.

This sustainability report was generated for the period from January 1 to December 31, 2019, and includes information on the Tatneft Group as a whole. The designations “PJSC TATNEFT”, “TATNEFT Group”, “Group”, “Tatneft”, “Company”, “we” and “our” used in the text of this Report are considered to be equivalent and refer to the TATNEFT Group as a whole, PJSC TATNEFT and / or its subsidiaries, depending on the context.

At the same time, given that the Company joined the UN Global Compact at the end of 2019 and the main actions to integrate the Sustainable Development Goals into business processes were integrated during 2020, this Report includes the facts of the Company's activities that occurred during 2020. In particular, in 2020, priority Sustainable Development Goals, leaders for each Goal were identified and Roadmaps were formed.

Another significant event of 2020, which was included in this Report, was the Company's decision to move to carbon neutrality by 2050 with a phased reduction in greenhouse gas emissions by 10% by 2025 and by 20% by 2030 from the base year 2016.

The Report also includes information on the Company's actions in the context of the COVID-19 pandemic, which is significant in terms of sustainable development.

Report preparation principles

+ Engagement with stakeholders

In order to match the content of the Report with fair expectations of stakeholders and the fullest disclosure of information on material topics, the Company engages representatives of interested parties in the process of discussing issues related to the preparation of the Report, including the structure of the content and selection of material topics, and the list of performance indicators.

+ Sustainable development context

When preparing the report, the Company considers the results of its activities in the context of sustainable development, including all significant issues, indicators and initiatives in the field of preserving economic sustainability, improving environmental safety and strengthening social stability in society. It also examines and analyzes aspects of human rights observance, ensuring cybersecurity and the level of combating and preventing corruption.

+ Materiality

We strive to include in the Report aspects, issues and indicators that are material and significant for stakeholders. When determining the importance of issues, such factors as the strategic goals and objectives of the Company, significant risks and opportunities, industry factors, and the impact of the Company's activities on the environment and social environment are taken into account.

+ Accuracy

The Company strives to ensure that the information provided in the Report is accurate and detailed enough so that stakeholders can use it to make decisions. The margin of error in the data is

minimized. Data are presented using generally accepted international units and calculated using standard coefficients.

+ **Timeliness**

The Company understands the need to provide timely information in the Report, therefore, the Report is published annually at the same frequency.

Considering that the Company joined the UN Global Compact in the status of a participant in December 2019, this Report includes, in addition to information for 2019, information on significant events in the implementation of the Sustainable Development Goals during 2020.

+ **Clarity**

We make every effort to ensure that the information presented in the Report is clear, understandable and useful for various stakeholders. The report contains a list of abbreviations explaining industry, scientific and technical, technical terms and abbreviations.

+ **Reliability**

The information and data disclosed in this Report are based on internal documentation that can be assessed by independent parties. Information that cannot be documented is not included in the Report.

+ **React**

In order to ensure a balanced approach in identifying significant topics in the field of sustainable development, as well as identifying areas for improving the efficiency of interaction with stakeholders, the Company forms a Public Council of representatives of stakeholders who are competent and independent in relation to the Company and use a systematic approach. The results of the Company's interaction with stakeholders are reflected in the Report. The Report is drawn up with the direct participation of the Company's Management.

The report is prepared by the Working Group, which includes the responsible managers and specialists of the Company. The procedures for preparing the Report include the formation of internal regulatory documents for the preparation and analysis of information for the Report, interaction with stakeholders and providing feedback on the Report from stakeholders.

We believe that an important condition for the preparation of a high-quality Report is an independent verification of the disclosed information, as well as public assurance of the Report.

We plan to develop and improve the practice of preparing public reporting, also following the evolving international approaches and experience. In particular, it is planned to create an independent expert group - the Public Council, representing stakeholders in the field of the Company's activities as a whole and in achieving the effectiveness of sustainable development.

The Company fully assumes obligations to stakeholders and discloses information on the fulfillment of the obligations assumed by the Company.

Identification of significant themes of the report

The key topic of the report is “Growth strategy. Sustainable Development ”is a reflection of the Company's long-term priorities.

The main approach to the formation of the content of the Company's report is to assess the social significance and complexity of the provision of information.

Determining the materiality of sustainable development, the Company is based primarily on aspects affecting the interests of Tatneft and our environment (stakeholders), as well as influencing the industry, social, environmental and corporate factors in 2019.

Every year we use a structured approach to select topics for the content of the report. This approach is based on interaction with various groups and representatives of stakeholders, which allows us to understand the relevance of the topics on our activities for the environment. We take into account opinions and recommendations to analyze opportunities to improve our plans and improve the effectiveness of outreach programs and investments in sustainable development.

The stakeholder circle includes the Company's shareholders and investors, employees, business partners, customers, suppliers and contractors, local communities, civil society organizations, research and training centers, local social infrastructure organizations and many others.

We collect opinions in a variety of ways, including formal and informal meetings, polls and round tables.

In preparing this report in the context of the COVID - 19 pandemic, we made extensive use of online communication channels when discussing the topic of the report, as well as choosing the topic of our actions for sustainable development.

Online capabilities allowed us to extensively interact with our stakeholders and take into account their views as much as possible in order to ensure a balance, relevance and completeness of disclosure of information material to stakeholders.

The identified topics were discussed at the level of the Working Group for the preparation of the Report, authorized by the Company's Management to form the content of the Report.

External opinion

This report includes several quotes and comments with opinions on the Company's activities or the overall situation in the industry, as well as on aspects related to the Company's activities. These are the opinions of academics, partners, contractors and consumers, opinion leaders and local communities.

The opinions expressed are personal and do not reflect the views of TATNEFT Company. The authors of these comments do not receive remuneration.

The most significant topics

+ Sustainable development planning

In order to grow long-term shareholder value and create overall business value, the Company follows the UN Sustainable Development Principles and Goals. This is the most significant and effective corporate initiative that brings together the efforts of states and companies on a global scale.

Developed corporate responsibility from the very beginning of the Company's activity made it possible to create a basis for effective actions in this area. Sustainability planning means assessing risks and opportunities and integrating them into the value chain, from project design and investment program to the full life cycle of a project, products and services.

We integrate ESG factors into our activities at the management decision-making level. We are aware of the importance of ESG aspects to the sustainability of our business model, both strategically and in the current stages of operations.

In a strategic context, sustainable development issues are considered by the Company's Board of Directors, including strategic analysis of key trends in the oil and gas industry and the development of business areas, innovation policy, socially oriented programs, environmental issues, personnel management and other areas that consolidate the stability of the Tatneft Group's development. Direct participation of top management in ensuring internal factors of sustainable development in accordance with the assigned competencies in the areas of activity allows to create an effective corporate governance system ESG aspects. Assessment of the achievement of sustainable development results is provided for by the KPI system.

+ The Company's attitude to socially responsible investment

Socially Responsible Investment (SOI) is the most important criterion for assessing the responsibility and sustainability of a business. In recent years, SOI has become an integral part of the investment valuation used by the international stock market - ESG indices. The goal of developing socially responsible investment is not only to generate income on investment, but also to create positive social changes, reduce negative impact on the environment, and, in general, comply with best corporate governance practices and ethical standards. Accordingly, the value of sustainable development indices for public companies will grow. The company takes this into account and will expand the boundaries of disclosure of information in the field of sustainable development for a fair assessment of the relevant indices, as well as improve the overall sustainability management system.

+ The Company's position on the observance of human rights

The company conducts its activities in accordance with generally accepted ethical standards and values, based on the recognition of the importance of respect and observance of the fundamental equal human rights proclaimed by the UN Universal Declaration of Human Rights. As an international company that implements business projects in countries with different political systems and cultural traditions, we take into account national diversity and strive to treat it with care and do not tolerate any form of harassment or discrimination. The Company strives to prevent any adverse impact on human rights associated with its activities, products or services, business relations, as well as with the preservation of the socio-cultural identity of the peoples living in the territory of the TATNEFT Group enterprises.

+ The Company's position on climate change. Decarbonization targets.

The company shares the concern of all humankind on the issue of climate change. In 2019, TATNEFT Company adopted a new version of the Policy in the field of industrial safety, labor

protection and the environment taking into account climate change. This means that the Company ensures the adoption of managerial decisions on the development of the corporate system of accounting and management of greenhouse gas emissions towards their reduction and reduction of the carbon footprint (the aggregate of greenhouse gas emissions produced by the enterprises of the TATNEFT Group, measured in CO₂ equivalent). At the same time, the Company considers not only emissions from its own operations, but also emissions from the use of products that are produced and supplied to the market by Tatneft Group enterprises, as well as in the supply chain associated with the activities of Tatneft Group and emissions generated by contractors, working at the facilities of the Company and / or on the projects of the Company.

This area is under close scrutiny by the Board of Directors of the Company, including the appointment of an independent director responsible for climate issues, Mr. Gerecs Laszlo.

In 2020, the Company announced plans to decarbonize by 2050 with a sequential reduction of CO₂ emissions by 10% by 2025 and by 20% by 2030.

Currently, the Company is implementing a target project that comprehensively covers the development of a planning management system, accounting and disclosure of information on the climate impact of the TATNEFT Group enterprises. The project takes into account the recommendations for the TCFD, as well as the disclosure of information on greenhouse gas emissions The Carbon Disclosure Project (CDP) and the International Project Science based targets (setting scientifically based goals to reduce greenhouse gas emissions).

Compliance of the report with international standards

Connection of the company’s activities with the ten principles of the UN Global Compact

We recognize that corporate sustainability is based on the Company's value system and a principled approach to doing business. This means we are committed to human rights, labor, environment and anti-corruption commitments, as reflected in the 10 Principles of the UN Global Compact. We strive to ensure that our shareholders, partners, suppliers and contractors also adhere to these Principles, creating a culture of integrity and responsibility. We integrate best practices in each area of the Principles into our operations and incorporate the UN Global Compact Principles into our strategies, policies and procedures.

The Ten Principles of the Global Compact for human rights, labor, environment, and anti-corruption are based on the Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption.

Scope	Principle	Reflection of the position and actions of the Company in the Sustainability Report. Sections of the Report
	Principle 1	<p>Business community should support and respect the internationally proclaimed human rights. Human rights and business ethics Sustainable development Stakeholders.Working together Industrial safety and labor protection Social partnership Hotline information system</p>
Human Rights	Principle 2	<p>Business community should not be involved in human rights violations. Human rights and business ethics Sustainable development Stakeholders.Working together Industrial safety and labor protection Social partnership Hotline information system</p>
Labour Relations	Principle 3	<p>Business community should support the freedom of association and recognize the right to collective bargaining Business community should support and respect the internationally proclaimed human rights. Human rights and business ethics Trade Union Organization and Collective Agreement</p>

Scope

Principle

Reflection of the position and actions of the Company in the Sustainability Report. Sections of the Report

Principle 4

Business community should advocate the elimination of all forms of forced and compulsory labor
[Human rights and business ethics](#)
[Sustainable development](#)
[Stakeholders.Working together](#)
[Industrial safety and labor protection](#)
[Social partnership](#)
[Hotline information system](#)

Principle 5

Business community should advocate the total elimination of child labor
[Human rights and business ethics](#)
[Hotline information system](#)

Principle 6

Business community should advocate the elimination of discrimination in employment
[Human rights and business ethics](#)
[Sustainable development](#)
[Stakeholders.Working together](#)
[Industrial safety and labor protection](#)
[Social partnership](#)
[Hotline information system](#)

Principle 7

Business community should support a precautionary approach to environmental issues
[Human rights and business ethics](#)
[Priority Sustainable Development Goals](#)
[Sustainable development](#)
[Stakeholders.Working together](#)
[Industrial safety and labor protection](#)
[Climate change and a sustainable energy future](#)
[Social partnership](#)
[Hotline information system](#)

Principle 8

Business community should take initiatives to increase responsibility for the environment
[Human rights and business ethics](#)
[Priority Sustainable Development Goals](#)
[Sustainable development](#)
[Stakeholders.Working together](#)
[Industrial safety and labor protection](#)
[Climate change and a sustainable energy future](#)
[Social partnership](#)
[Hotline information system](#)

Scope	Principle	Reflection of the position and actions of the Company in the Sustainability Report. Sections of the Report
	Principle 9	<p>Business community should promote the development and diffusion of environmentally-friendly technologies</p> <p>Human rights and business ethics Priority Sustainable Development Goals Sustainable development Stakeholders.Working together Industrial safety and labor protection Climate change and a sustainable energy future Social partnership Hotline information system</p>
Anti-corruption	Principle 10	<p>Business community should resist all forms of corruption, including extortion and bribery</p> <p>Company Policy on Combating Corporate Fraud and Corruption Sustainable development Hotline information system</p>

Compliance of the Report with GRI Standards, UN Global Compact Principles, Basic Performance Indicators of the Russian Union of Industrialists and Entrepreneurs (RSPP) and the IPIECA/API sustainability reporting Guidelines

Compliance with GRI standards can be found in the interactive version of the Report <https://2019.tatneft.ru/en/ob-otchete/principy-oon/>

Certification of the report

In order to improve the quality of the Sustainable Development Report, we send our Reports for public assurance (confirmation), as well as for certification (verification) of environmental and climate indicators by an independent auditor.

The purpose of public assurance of the Report is:

- promoting public recognition of the results of business practices in the field of sustainable development, information about which is contained in the corporate report;
- increasing the level of confidence of the Company's stakeholders in the information contained in the Report;
- assistance in the development of the non-financial reporting process in the Company.

The subject of public assurance is the significance and completeness of information disclosed in the Report on the results of activities in the field of sustainable development. Information that reflects the Company's activities in implementing the Principles of Responsible Business Practice is considered significant. Completeness of information assumes that the Company represents a set of characteristics of sustainable development activities - values and strategic benchmarks, management system and structure, interaction with stakeholders, performance results, performance indicators.

The information disclosed in the Report should make it possible to get an idea of how the principles of sustainable development are integrated into the system of basic values and strategic guidelines of the Company, and how they unfold into a system of practical actions.

The purpose of certification (verification) of environmental and climate indicators by an independent auditor is:

- diagnostics of the system for collecting and recording data on environmental indicators and greenhouse gases of the Company;
- audit and independent assurance of key indicators for ecology and greenhouse gas emissions;
- assessment of possible financial consequences of environmental and climatic risks.

When conducting public assurance of the Report and assurance of environmental and climate indicators, an assessment of qualitative and quantitative information is used, which is disclosed in the Sustainable Development Report in the GRI Table.

Independent Limited Assurance Report



Independent Limited Assurance Report

To the Management of PJSC TATNEFT

Introduction

We have been engaged by PJSC TATNEFT (hereinafter – the “Company”) to provide limited assurance on the selected information listed below and included in the Sustainable Development Report of TATNEFT Company 2019 (hereinafter – the “Sustainability Report”). The Sustainability Report represents information related to the Company, its subsidiaries and joint ventures (hereinafter together – the “Group”).

Selected information

We assessed the following qualitative and quantitative information (hereinafter – the “Selected Information”), that is disclosed in the Sustainability Report and referred to in the GRI content index:

- Disclosure GRI 103 Management Approach;
- Disclosure GRI 303-3 Water withdrawal;
- Disclosure GRI 303-4 Water discharge;
- Disclosure GRI 303-5 Water consumption;
- Disclosure GRI 305-1 Direct (Scope 1) GHG emissions;
- Disclosure GRI 305-5 Reduction of GHG emissions;
- Disclosure GRI 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions;
- Disclosure GRI 306-2 Waste by type and disposal method;
- Disclosure GRI 305 -4 GHG emissions intensity;
- Disclosure GRI OG6 Gas flaring.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2019 only. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting requirements, in the respective GRI Standards 103, 303, 305, 306, OG6 (hereinafter – the “GRI Standards”) published by the Global Reporting Initiative (GRI) (hereinafter – the “Reporting Criteria”). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.



The Group's responsibilities

Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparation, measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- accuracy, completeness and presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report, which may be published on the Company's website¹, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our independence and quality control

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 behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our assurance procedures over the Selected information in the Russian Federation.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

¹ The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.



Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Group's management;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key systems, processes and controls for preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

Reporting and measurement methodologies

The range of different, but acceptable under the GRI Standards, measurement and reporting techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Sustainability Report, described therein, and which the Group is solely responsible for.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

AO PricewaterhouseCoopers Audit

01 March 2021

Moscow, Russian Federation



A. Fegetsyn, certified auditor (licence No. № 03-001436), AO PricewaterhouseCoopers Audit

Audited entity: PJSC TATNEFT

Record made in the Unified State Register of Legal Entities on 19 July 2002 under State Registration Number 1021601623702

Taxpayer Identification Number 1644003838

75, Lenina St., Almetyevsk, Republic of Tatarstan, 423450, Russian Federation

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

About Company

The geography of shareholders spans over 30 countries. The securities of PJSC TATNEFT listed at the top-tier quotation level of the Moscow Exchange and at other leading international stock exchanges are the most sought-after and profitable investment instruments as well as capital accumulation forms.

The corporate business model is built in compliance with the long-term sustainable development strategy and provides a value chain based on the vertical integration of the full production cycle of the Group's enterprises with an optimal distribution of the balance in oil and gas production, oil refining and petrochemicals to achieve maximum operation profitability.

The Company makes a particular focus on maintaining a favorable environment and mitigating the climate change impacts while placing a high priority on the social aspects in its activities. The fundamental principles for the Company are corporate responsibility and security.

The landmark guidance for the Company is the UN Action Program "Transforming our World: The 2030 Agenda for Sustainable Development". Being a party to the UN Global Compact, TATNEFT integrates 10 principles and 17 Sustainable Development Goals into its business model.

OVER

75 **YEARS**
OF EXPERIENCE IN THE INDUSTRY

25 **YEARS**
OF OPERATION AS
A PUBLIC COMPANY LISTED
AT THE INTERNATIONAL
STOCK MARKET

+ **Portfolio of brands of TATNEFT Group**



Unified corporate brand of TATNEFT Group

Production and operational activities

PRODUCTION AND SALES



OIL AND GAS PROCESSING



TANECO Oil and Gas Processing Complex



TIRE BUSINESS



TATNEFT-Neftekhim OOO Managing Company



Product brand of passenger cars, combined trucks, solid metal cord trucks, agricultural and industrial tires.



Product brand of passenger, light truck tires.



Product brand of passenger, light truck tires.

KAMA PRO

Product brand of solid metal cord (SMC) tires.

KCOMPOSITE PRODUCTS

FIBERPULL FIBERPRESS
Tatneft-Presskompozit OOO

Non-productive activities

BANKING ACTIVITY



ZENIT Bank

Non-State Pension Fund



JSC «NATIONAL NON-STATE PENSION FUND»

SPORTS



Professional hockey club

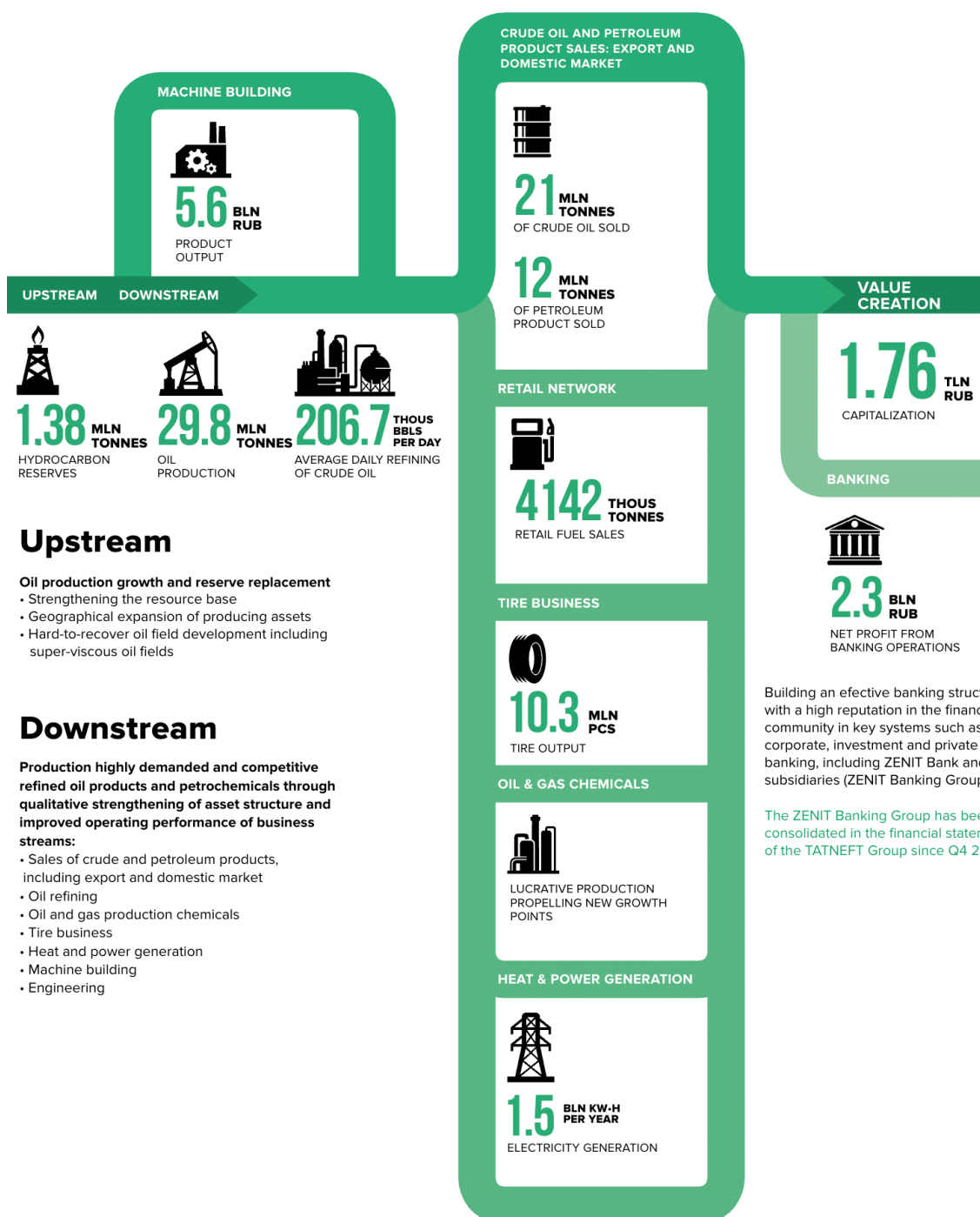
Social block

ШИФАЛЫ
Shifaly Sanatorium

Business-Model

We keep developing our production and manufacturing capacities on an ongoing basis to make it possible to convert the hydrocarbon reserves into high value added products

The business model of the Company is built on the full vertical integration principle on the basis of high discipline in the capital management, ensuring the most efficient monetization of reserves and directing profit to create new promising points of growth in value that would increase the Company's profitability under the 2030 Strategy and beyond the horizon of 2030 taking into account all sustainable development aspects.



Upstream

- Oil production growth and reserve replacement**
- Strengthening the resource base
 - Geographical expansion of producing assets
 - Hard-to-recover oil field development including super-viscous oil fields

Downstream

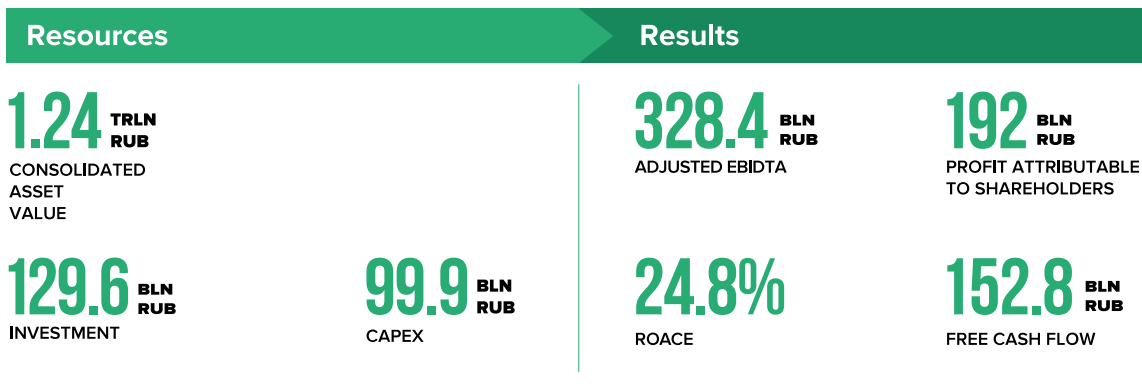
- Production highly demanded and competitive refined oil products and petrochemicals through qualitative strengthening of asset structure and improved operating performance of business streams:**
- Sales of crude and petroleum products, including export and domestic market
 - Oil refining
 - Oil and gas production chemicals
 - Tire business
 - Heat and power generation
 - Machine building
 - Engineering

Building an effective banking structure with a high reputation in the financial community in key systems such as corporate, investment and private banking, including ZENIT Bank and its subsidiaries (ZENIT Banking Group).

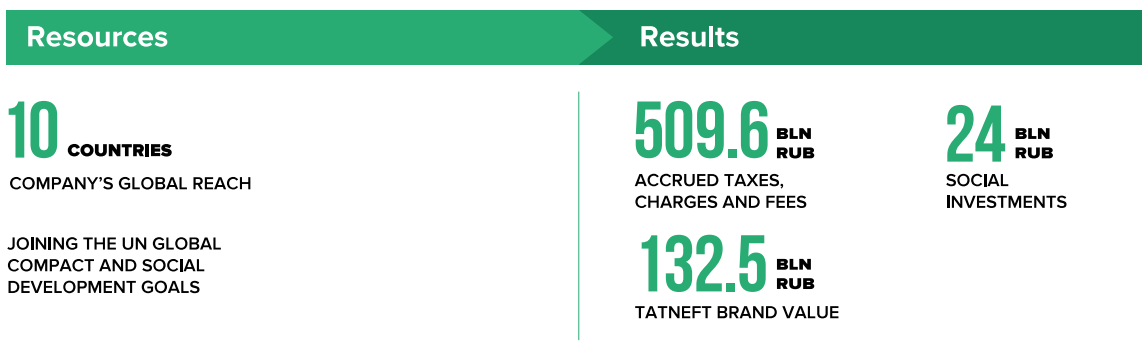
The ZENIT Banking Group has been consolidated in the financial statements of the TATNEFT Group since Q4 2016.

Capital (resources)

Financial



Social and Reputational



Human



Intellectual

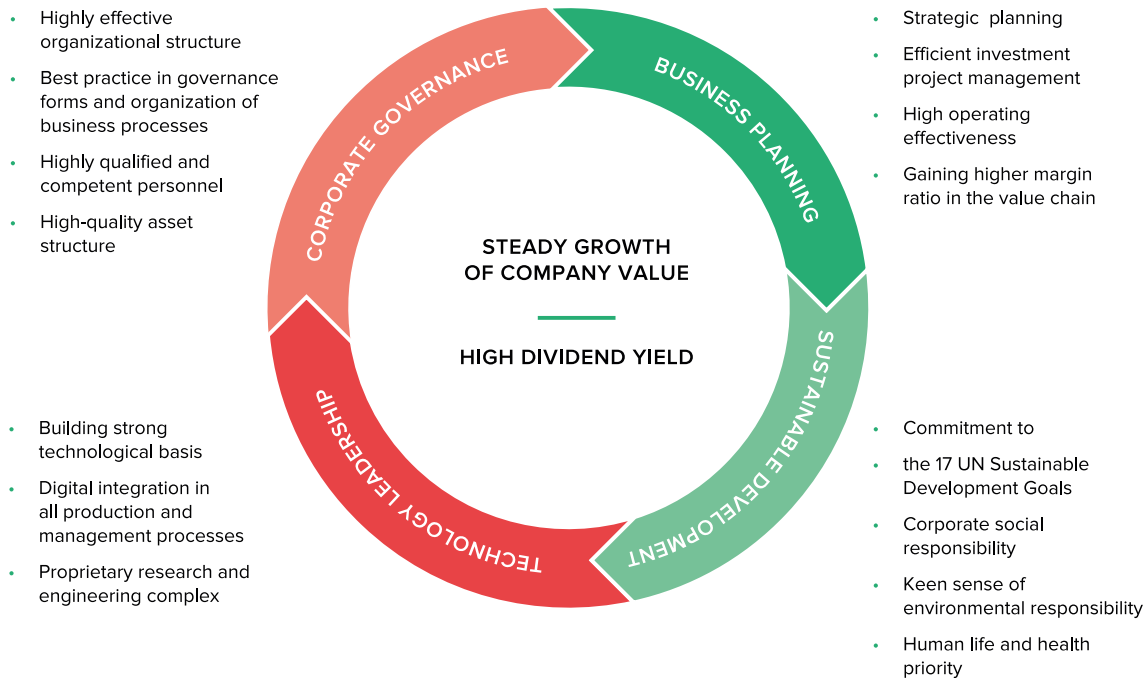


Enviromental



Strategy the Company

The implementation of the Company's Strategy involves sustainable growth aspects and ensuring favorable economic and social conditions for business development based on the most efficient use of all types of resources and creating value for stakeholders at each stage of activity



The geography of shareholders spans over 30 countries. The securities of PJSC TATNEFT listed at the top-tier quotation level of the Moscow Exchange and at other leading international stock exchanges are the most sought-after and profitable investment instruments as well as capital accumulation forms.

The Company is fully aware of its responsibility to its shareholders, investors, partners, employees and the public as a whole, and recognizes its equal liability for operating performance, health, safety and environmental compliance and takes all measures to ensure long-term sustainable development.

Risk management in sustainable development

We adhere to the position that any actual and potential risks associated with our activities are risks in the field of sustainable development of the Company and require an integrated management and internal control system. We regard any impact as factors that can, to one degree or another, affect our activities and share such factors as acceptable and unacceptable risks.

In 2020, the Board of Directors approved the Policy of PJSC TATNEFT in the field of an integrated risk management and internal control system, including ESG risk management.

Risk assessment is included in the investment planning of key projects.

Main risks in the field of sustainable development

RISKS OF HUMAN RIGHTS VIOLATIONS

In the course of our business, there are potential risks associated with human rights violations: harm to human health as a result of environmental pollution, industrial accidents, pollution of water sources used by local communities, as well as risks associated with the supply chain - violation by suppliers, contractors partners of key human rights, incl. discrimination against workers, for example, on the basis of race, gender or other criteria of diversity.

+ Company Measures

The company implements comprehensive programs and measures to eliminate the possibility of these risks, including the supply chain and interaction with contractors and suppliers. All areas of the Company's activities include monitoring the observance of human rights. The company provides training for personnel on human rights, including the security department.

RISKS IN THE FIELD OF INDUSTRIAL SAFETY, LABOR PROTECTION AND THE ENVIRONMENT

At the facilities of the Company there are risks associated with the shutdown of the technological process, the release of hazardous products, damage to the environment, accidents, fires and accidents, which in turn may lead to the shutdown of the Company's production facilities.

+ Company Measures

To minimize these risks, an integrated safety management system has been created and is successfully operating, the following measures are being taken:

- Targeted corporate programs in the field of industrial safety, labor protection and the environment;
- Production control over the operation of hazardous production facilities;
- Diagnostics (non-destructive testing) and control of equipment parameters;
- Repair and timely replacement of equipment;
- Ensuring compliance with the requirements in the field of industrial safety, labor and environmental protection for contractors at all stages of interaction with them;
- Development of leadership and safety culture;
- Ensuring the qualifications of personnel of all levels;
- Special assessment of working conditions, improvement of working conditions for workers;
- Development of action plans for the containment and elimination of the consequences of accidents at hazardous production facilities, plans for the elimination of oil and oil products

spills, the formation of a reserve of forces and means of response to emergencies and emergencies, training of personnel serving a hazardous production facility and emergency rescue teams to prevent liquidation of emergency situations;

- Other measures to reduce accidents and injuries at work in the organizations of the TATNEFT Group.

RISKS ASSOCIATED WITH CLIMATE CHANGE

Stricter regulation due to climate change and its physical consequences may have a negative impact on the activities of TATNEFT Company as a major producer of fossil fuels and an emitter of greenhouse gases in the form of increased costs and reduced efficiency. In addition, the Company operates in various regions where the potential for physical impact from climate change is highly unpredictable and can have a significant negative impact.

+ Company Measures

- Accounting and planning of measures to regulate greenhouse gas emissions;
- Constant monitoring of changes in legislation in this area and measures to obtain information about such changes at the stage of their preliminary discussion, as well as for the participation of representatives of the Company in such discussions in order to clarify in detail the position of the Company in relation to these issues, risks and uncertainties that carry new legislative initiatives;
- Integration into the value chain and supply chain of accounting for the climatic impact of production activities, products manufactured, energy consumed and produced, taking into account scope 1, scope 2, scope 3.
- Implementation of comprehensive programs to reduce the impact on the environment, including water resources and forests. Implementation of compensatory measures, including planting forests with high absorption capacity.
- Development and implementation of low-carbon green technologies and decarbonization of production processes within industry capabilities.
- Development of renewable energy

CYBER RISKS

In the context of the globalization of digital transactions and electronic communications traffic, the risks of cyber intrusions into corporate information systems are significantly increasing, which entails a threat to the safety of assets, operational and financial activities, and the interests of shareholders and investors. At the same time, the requirements for the protection of personal data are increasing: in 2018, the European Global Directive on the Protection of Personal Data (GDPR) came into force. Adherence to advanced cyber security standards forms a high competitive advantage for the Company.

+ Company Measures

The company provides a highly secure internal cyber security system and strives to convey confidence in its quality to all stakeholders. The company in its corporate practice identifies cyber security as an independent area that integrates the digitalization of business processes and security regulations, including: the presence of a corporate cyber security operations center, blockchain, artificial intelligence and robotization, biometrics, the Internet of Things. The cyber risk management system is multi-layered and is built taking into account the international ISO standards in this area. Currently, the Company is developing a Cyber Security Policy of TATNEFT Group and a program of measures to further improve and increase the reliability of procedures for controlling cyber risks.

RISKS ASSOCIATED WITH CORPORATE FRAUD AND CORRUPTION

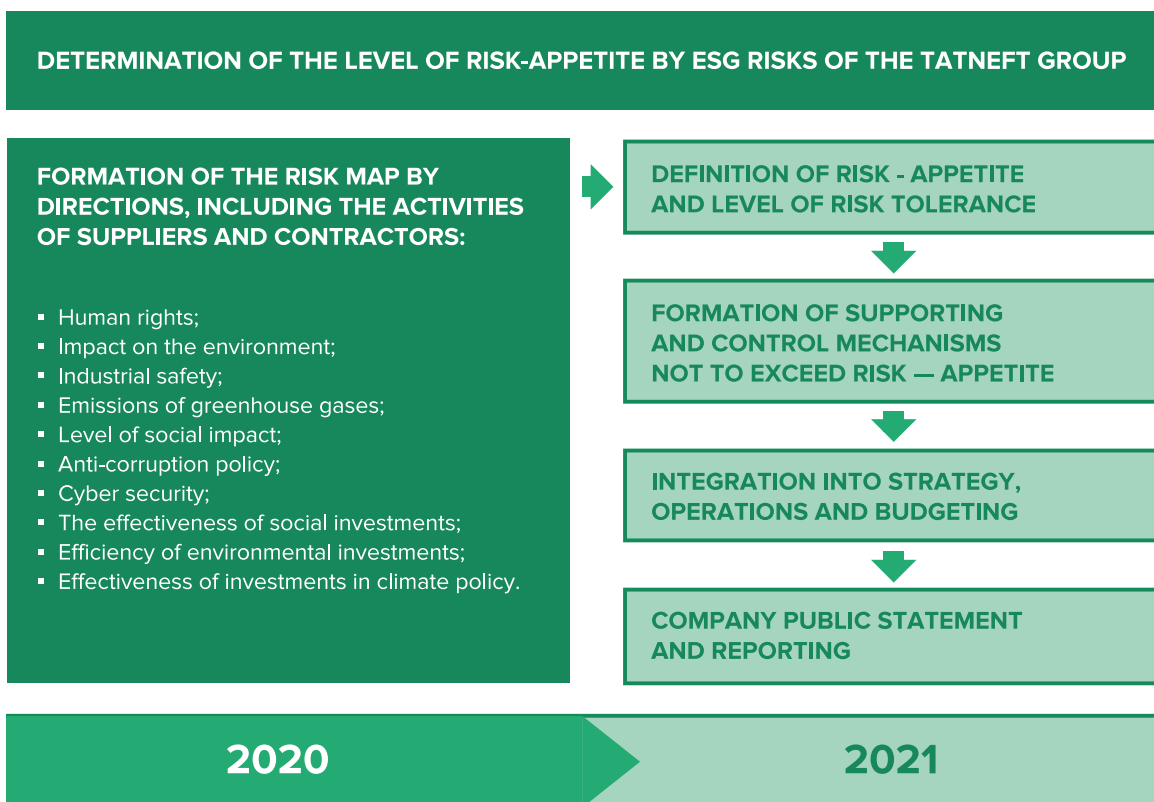
Based on the scale of operations, the wide range of stakeholders and territories of the Company's operations, we assess the severity of the consequences associated with corporate fraud and corruption. This risk is associated in general with the supply chain. We also assess the risks associated with conflicts of interest.

+ Company Measures

The company adheres to the principle of unacceptability of corruption in any form. The Company has an Anti-Corruption Policy and relevant corporate regulations, as well as control mechanisms to prevent incidents of corruption and conflicts of interest. At the level of the Office of the Corporate Secretary, work is underway to raise the level of awareness of the members of the Board of Directors and the Management Board about conflicts of interest.

To detect situations that are dangerous from the point of view of corruption, as well as to understand them, the Group's enterprises periodically assess corruption risks and map the processes that are most dangerous from the point of view of corruption, and propose solutions, as well as prepare an overview of the situation for the Board of Directors. In this work, the Company follows the legal norms, as well as the UN Risk Assessment Guidelines. To build its ability to prevent bribery, the Company applies the provisions of the ISO 37001 anti-bribery standard published by the International Organization for Standardization.

In the course of tenders, the Company gives preference to such transaction partners who proclaim the principles of honesty and decency, for example, who have a code of ethics; which follow the relevant ISO standard



Responsible business

We recognize the global challenges, problems and trends related to aspects of sustainable development, adhere to the provisions of the UN Global Compact, the UN Responsible Investment Initiatives (UNPRI), the UN Sustainable Development Goals, approved by resolution A / RES / 70/1 of the UN General Assembly on 25.09. 2015, the United Nations Environment Program (UNEP), as well as the G20 / OECD Fundamental Principles of Corporate Governance and the Social Charter of Russian Business, the RSPF Approaches to the Formation of National Indexes of Corporate Sustainability, Responsibility and Openness for Sustainable Development.



4TH PLACE IN THE TOP-10 RUSSIAN COMPANIES IN THE FTSE4GOOD EMERGING INTERNATIONAL RATING

We are aware of the large-scale role of energy companies in global economic development and equal responsibility for the high efficiency of our business processes, effective provision of industrial safety, labor protection, the environment, social well-being of personnel and local communities, the importance of the development and implementation of advanced environmentally friendly technologies.

The Company's position is that only if a balance is maintained between these aspects and the expansion of social partnership can harmonious, effective and sustainable development of business and society as a whole be ensured.

FTSE4GOOD Emerging Index

TATNEFT is included in the authoritative international stock exchange index - FTSE4GOOD Emerging Index of companies that are benchmarks of efficiency and transparency in environmental, social and management (ESG) practices. The index is compiled by the analytical division of the London Stock Exchange - FTSE Russell - the leader in stock market indices, which calculates indices for more than 80 countries and for all asset classes, covering 98% of the global invested markets. The professional investment funds with a total asset management volume of about \$16 trillion use the FTSE Russell indices as a standard for making investment decisions.

TATNEFT, from the very beginning of its activity, adheres to high standards of the policy of corporate social and environmental responsibility, general humanitarian values and international initiatives in this area, the principles of ethical behavior and openness.

The implementation of the Company's Strategy involves sustainable growth aspects and ensuring favorable economic and social conditions for business development based on the most efficient use of all types of resources and creating value for stakeholders at each stage of activity.

Since 2015, the Company has been implementing the Principles and Goals of Sustainable Development.

In 2019, the Company joined the UN Global Compact and the UN Global Compact National Network as a member. The company publicly reaffirms its commitment to the UN Global Compact Corporate Responsibility Initiative and its human rights, labor, environment and anti-corruption principles.

We adhere to the alignment of our plans and actions with global, national and regional development priorities in the field of economic, environmental and social goals and objectives, integrating our capabilities into business decision-making.

The company shares the principles of fundamental international declarations and conventions in the field of human rights, labor relations, anti-corruption, environmental protection, including:

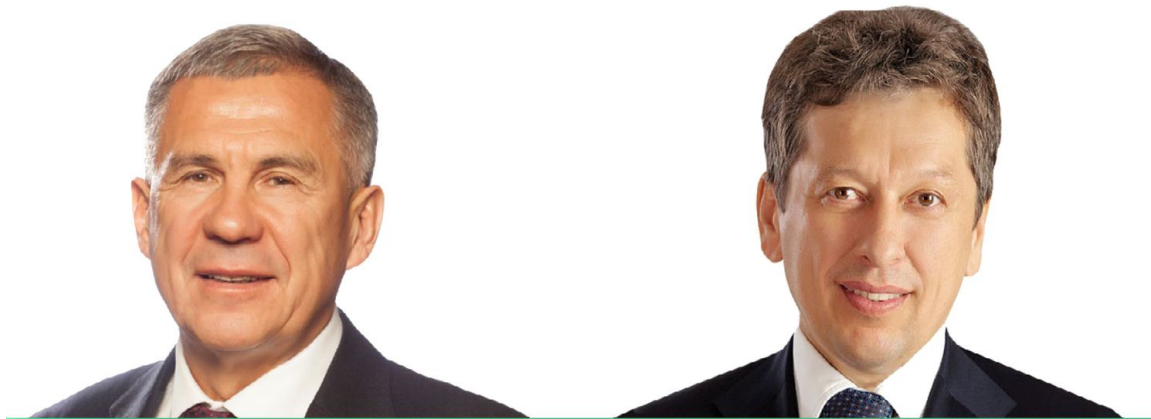
- • The UN Universal Declaration of Human Rights;
- • UN Declaration on Environment and Development;
- • Declaration of Fundamental Rights and Principles at Work of the International Labor Organization (ILO);
- • ILO Convention No. 87 "Concerning Freedom of Association and Protection of the Right to Organize";
- • ILO Convention No. 98 "Concerning the Application of the Principles of the Right to Organize and Collective Bargaining";
- • ILO Convention No. 111 "Concerning Discrimination in the Field of Labor and Occupation".

The principles of these international documents are enshrined in the internal regulatory documents of the Company and are integrated into corporate practice.

Compliance with the principles of fundamental international declarations and conventions in the field of the Principles and Goals of Sustainable Development, Human Rights, Labor Relations, Anti-Corruption, Environmental Protection is reflected on the Company's website tatneft.ru in the section "[Sustainable Development](#)" as well as in the Company's internal documents.

More information on the United Nations Sustainable Development Goals [Sustainabledevelopment.un.org](https://sustainabledevelopment.un.org)
<https://sdgs.un.org/>

Joint address



R.N. MINNIHANOV

The President of the Republic of Tatarstan. Chairperson of the Board of Directors, PJSC Tatneft

N.U. MAGANOV

General Director of PJSC TATNEFT, Chairperson of the Management Board, PJCS Tatneft

Significant for the Company is the consistency of corporate interests with the UN Global Compact Agenda, which Tatneft became a party to in 2019. We see a high potential in combining our common efforts - integrating experience, scientific and technical developments and concrete actions into achieving the Sustainable Development Goals.

DEAR SHAREHOLDERS, INVESTORS AND PARTNERS!

The reporting year 2019 was the year of the 25th anniversary of the Company's status as a public joint stock company.

Geography of our shareholders covers more than 30 countries. Securities of PJSC TATNEFT, presented at the highest quotation level of the Moscow Exchange and at leading international stock exchanges, are among the most popular and profitable investment instruments that increase the invested capital. This is evidence of effective corporate governance of the assets entrusted to us. Throughout its history, the Company has repeatedly overcome difficulties, always maintaining confident stability.

Summing up the results of 2019, Tatneft shows good performance, despite the economic difficulties in the form of a decrease in global oil consumption and restrictions on production under the OPEC + Agreement, unstable oil and gas prices during the year, and a slowdown in global growth, and the national economy, and decrease in international trade.

Tatneft was ranked the Top 10 of the rating "100 most expensive by capitalization of public Russian companies" and the Top 10 of the world leaders in the oil and gas industry by added value in shareholder value (BCG Rating).

In 2019, we ensured a free cash flow of 152.8 billion rubles. This made it possible to pay interim dividends for the results of 6 and 9 months of 2019 in the amount of 149 billion 970 million rubles. In total,

according to the results of 2019, taking into account previously accrued interim dividends, it is proposed to allocate 150 billion 118 million rubles to pay dividends.

The value of consolidated assets of the Company by the results of 2019 increased by 3.1% and amounted to 1,238.6 billion rubles. The drivers for strengthening the structure and growth in the value of assets are the “Exploration and Production” and “Refining and Sale of Oil and Petroleum Products” segments. In the reporting year, assets were acquired in the retail business of -75 Neste filling stations located in the North-West of Russia and a terminal in St. Petersburg. Also, as part of strengthening the tire segment and implementing the Company’s petrochemical strategy, assets for the production of various types of synthetic rubber in Togliatti were acquired.

The Tatneft Group year-end consolidated revenue amounted to 932.3 billion rubles, 2.4% growth to 2018. Net profit of the Group’s shareholders amounted to 192.3 billion rubles. The Company has consistently demonstrated a high level of profitability and a low level of debt burden. Adjusted EBITDA grew by 4.3% amounting to 328.4 billion rubles. Return on capital employed (ROACE) 24.8%.

The Company successfully implements the Strategy-2030 approved by the Board of Directors. In 2019, the Company consistently implemented planned production goals and reached a new level of performance, while maintaining leadership positions among Russian vertically integrated oil companies on a number of indicators. The total oil production across the Group in the reporting year amounted to 29.8 million tonnes with the average daily production of 581.5 thousand barrels a day. The company maintains one of the highest recovery factors in the industry at 44%. Due to the development of our own capacities, we increased the average daily processing to 206.7 thousand barrels with a total increase in oil refining by 15.5% compared to the previous year. 10.3 million tonnes of oil products and 1.2 million tonnes of gas products have been produced for the year.

At the TANECO Complex, one of the best indicators in the industry was achieved in terms of refining depth - 98.98% and light oil products - 80.87%. In 2019, TANECO began comprehensive testing of the second distillation unit and vacuum distillation of crude oil CDU VDU-6 which allowed to increase the rated capacity of the oil refining complex to 15.3 million tonnes a year. Prior to the completion and launch of the additional deep processing unit, it is planned to use the expanded oil refining capacities at a level that ensures the maximum economic efficiency of the Complex.

We are improving the structure and quality characteristics of the petroleum product basket. All products of the TANECO fuel line including gasoline grades AI-92, AI-95, AI-98, AI-100 and diesel fuel meets EURO-6 environmental standard and is one of our hallmarks. The petrol formulations according to this standard, selected and controlled by TANECO online, allow the production of gasolines with optimal operational and environmental characteristics. High-quality products of the TANECO fuel line have become the hallmark of the Tatneft petrol station network.

The Company’s tire business operating under the brand name «KAMA TYRES» holds one of the leading positions in Russia. In 2019, 10.3 million tires were produced on 400 product lines. We are expanding international distribution channels, Tires are shipped to 50 countries. At the same time, 64% of production goes to the domestic market.

Our generating capacities generate electricity of more than 1.5 billion kWh per year for industrial facilities and the community. We invest resources to modernize equipment to increase its reliability and diversify sources of raw materials.

As new growth points, we are developing a petrochemical industry with large long-term potential.

The Company maintains a high level of hydrocarbon resource availability, which allows it to confidently increase production. In early 2020, the hydrocarbon reserves of the Tatneft Group, according to an independent estimate by Miller & Lents, were 1,381.4 million tonnes of oil equivalent, including 998.3 million tonnes of oil equivalent - proved reserves.

In the context of growing competition with developing shale oil production, the Company maximizes the existing potential of oil deposits by widely applying its accumulated technological experience and competencies to strengthen its positions both in the Russian and global energy markets.

By selling the oil produced, the Company ensures an optimal balance of oil shipment distribution in order to increase operating profitability under the market conditions. In 2019, Tatneft Group exported to the near and far abroad about 60% of all crude oil sold. With that, the Company fully provides raw materials for loading its own refining capacity.

In order to improve profitability, the Company develops premium distribution routes and provides optimization for oil products logistics. Oil products, gas products and petrochemicals produced by the Company are sold in bulk both abroad and in the domestic market, and also delivered to the Company's sales subsidiaries to be further sold in Russia.

In the reporting year, sales of petroleum products through the Company's retail network increased by 19.9%, consisting of 802 filling stations, and 111 filling stations outside the Russian Federation.

We pay close attention to strengthening the technological base of the Company and digital solutions, moving to innovative patterns of management and organization of business processes. The value chain is constantly being improved and the margin of the business is increased due to the efficient building of business processes, a high share of added value, quality and safety standards. We carry out strict control of financial discipline, the level of costs and returns on existing assets.

The Company implements a well-balanced investment policy that takes into account the interests of shareholders and the goals of future development of Tatneft Group. In 2019, the volume of investments amounted to 129.6 billion rubles, of which 99.9 billion rubles were capital investments.

The activity of the Company, as one of the largest taxpayers in the main region of its presence, plays an important role in ensuring the revenues to the federal and regional budgets, which contributes to the stable socio-economic development of the territories where our enterprises are located. At the same time, as part of target corporate programs, the Company annually allocates over 20 billion rubles to the development of healthcare, science and education, the cultural environment, preservation of the spiritual heritage, and support of sports. The Tatneft Charity Fund plays a major role in this process.

Significant for the Company is the consistency of corporate interests with the UN Global Compact Agenda, which Tatneft became a party to in 2019. We see a high potential in combining our common efforts - integrating experience, scientific and technical developments and concrete actions into achieving the Sustainable Development Goals.

When making business decisions, we take into account the objectives of socio-economic growth, expanding innovative opportunities and improving the quality of life in our territories based on an open dialogue with stakeholders, including local communities. This increases the targeting of the Company's initiatives and the transparency of decisions. Tatneft Group provides about 60 thousand jobs at 105 enterprises in the Russian Federation and abroad. Currently in order to ensure effective implementation of the personnel policy, the HR strategy of Tatneft Group is being formed. In the context of the development of operational activities, we focus on the tasks of training and enhancing staff

competencies, improving the motivation system, and creating a talent pool. We pay great attention to corporate culture and youth policy.

An important aspect of our work is our commitment to fundamental principles of human rights, including the right to a safe environment.

Ensuring safety, protecting human life and health, and maintaining a favorable environment are among the key priorities of the Company. In 2019, the Board of Directors approved a new version of the Company's Policy in industrial safety, labor protection and the environment with considerations to climate change, based on international best practice and a risk-based approach. Guidelines of the Company in this area are recognition of the priority of life and health of people to production activities; high level of industrial safety, ensuring the level for ecosystem restoration potential, reducing carbon footprint. Now we are successfully completing the implementation of the Environmental Program designed for the period of 2016–2020, and are setting ambitious goals for the future.

In 2019, 12.3 billion rubles were allocated for environmental safety and environmental protection. At the same time, we are constantly increasing investments in the environment. Over the past years, the annual growth of investments in environment protection reached over one billion rubles. Behind these numbers are concrete actions and results.

The Company clearly sees its contribution to a sustainable energy future in the context of the transition of global economy to a low-carbon path of development associated with the climate change and ensuring global economic growth. We are implementing a number of projects focused on the task of reducing the carbon footprint and integrating this task into the business processes of the Company. To this end, advanced international platforms and standards on climate initiatives are applied. High environmental characteristics of our products, energy efficiency indicators of production processes and a model of rational consumption of resources contribute to the continued reduction of specific greenhouse gas emissions into the air.

In 2019, a detailed inventory of emission sources was started and a lot of work was done to analyze and select advanced techniques for reducing emissions, capturing and processing carbon dioxide. Renewable energy is indisputable for cleaner low-carbon energy generation, and we pay special attention to this development as part of our strategy.

Compensation measures are equally important in combating the climate change. In order to create a favorable environment in the area of its activity and increase the absorption of greenhouse gases, Tatneft Group, since 2000, has been implementing a greening program. During this period, over 10 million seedlings of trees and shrubs have been planted.

The area of continuous attention of the Company's management is occupational safety and health. First, these are the programs for the prevention of industrial injuries, staff training, and a set of long-term and preventive measures.

Over one billion rubles are allocated annually to labor protection measures. The beginning of 2020 was a turbulent challenge for all of us caused by spread of Covid-19 pandemic. This problem has affected people all over the world and has become an extreme test for sustainability and, most importantly, for our readiness for sustainable development of our society as a whole and business in particular. Tatneft did everything possible to stop the spread and consequences of the pandemic wherever we work. We aim to protect our employees, clients and the local population; we provide serious support to healthcare institutions and social assistance to vulnerable groups. At this stage, our goal, as a diversified energy company, was to ensure the sustainability and continuity of our production processes, including supply of

fuel and energy resources to our consumers - industrial enterprises, social institutions and the population.

We assess all current macroeconomic and industry risks and adjust our actions to move forward. We greatly appreciate your confidence and assure that we will continue to implement our strategic plans for further growth of shareholder value and sustainable development of the Company!

We thank the shareholders, investors, partners, employees of Tatneft Group enterprises for their joint activities and we feel optimistic about the future!

R.N. MINNIHANOV

The President of the Republic
of Tatarstan. Chairperson of the Board
of Directors, PJSC Tatneft

N.U. MAGANOV

Chief Executive Officer,
Chairperson of the Management Board,
PJSC Tatneft

Sustainable development

The company seeks to create long-term growth in shareholder value by making a positive contribution to the development of the company based on best corporate practices.

We are aware of the large-scale role of energy companies in global economic development and equal responsibility for the high efficiency of our business processes, effective provision of industrial safety, labor protection, the environment, social well-being of personnel and local communities, the importance of the development and implementation of advanced environmentally friendly technologies.

The Company's position is that only if a balance is maintained between these aspects and the expansion of social partnership can harmonious, effective and sustainable development of business and society as a whole be ensured.

Our position on sustainable development is based on three key priorities:

+ Ensuring production and financial efficiency with a high level of responsibility for industrial and environmental safety, as well as social development of society.

We strive to increase the production potential, competitiveness and growth of the Company's value based on a conscious attitude to industrial and environmental safety, respect for people and the environment, creating common value and improving the quality of life. We adhere to preventive measures to manage safety, make a significant contribution to the development of social infrastructure and constantly improve our operations.

+ Shaping a sustainable energy future

As society's demand for clean and affordable energy continues to grow, we produce petroleum products and petrochemicals with constantly improving environmental performance. We are committed to developing and implementing innovative technologies and being an active part of the energy industry in the search for low-carbon solutions. We control greenhouse gas emissions in our production chains and take steps to provide low carbon products to help our customers reduce harmful emissions. We aim to reduce carbon intensity by 10% by 2025 and by 20% by 2030 towards the baseline, in line with the global society's goals to achieve the Paris Agreement goals.

+ Positive contribution to society

We contribute to the development of the local economy by creating jobs and providing reliable social guarantees for workers and social support for their families, training and professional development, attracting local suppliers and contractors, as well as paying taxes and voluntary social investments in the development of social infrastructure.

We are improving approaches to managing aspects of sustainable development based on the full integration of relevant goals within the Company's strategy and business processes.

Key Values

We are highly committed to maximize the shareholding value while keeping balance of interests of all stakeholders and create shared value.



132.5 ^{+36,2%}
vs 2018
BLN RUB

COST OF TATNEFT BRAND IN 2019

1.24 ^{+37,3}
vs 2018
TRILLION RUB

COST OF CONSOLIDATED ASSETS

152.8 **BLN RUB**

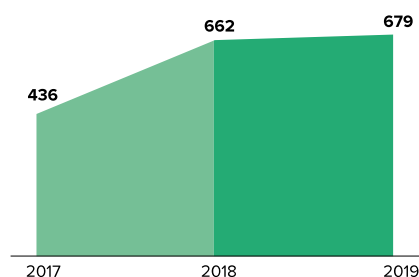
FREE CASH FLOW IN 2019

192.3 **BLN RUB**

PROFIT ATTRIBUTABLE TO TATNEFT GROUP SHAREHOLDERS IN 2019

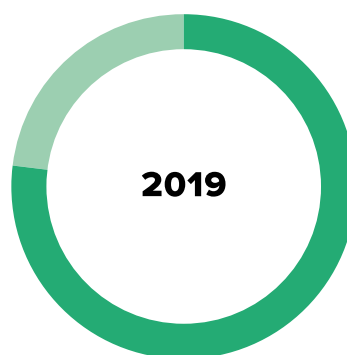
Added Value

ADDED VALUE INCREASE,
BLN RUB



The Company has provided a steady increase in the value added amounted to RUB 243 bln in 3 years with the increased production up to RUB 883 bln.

SHARE OF ADDED VALUE
IN TOTAL OUTPUT, %



77% share of value added of the total output

679 **BLN RUB**

77% SHARE OF VALUE ADDED OF THE TOTAL OUTPUT

77%

SHARE OF ADDED VALUE

The activities of the Company as one of the major taxpayer in the region the Company operates in, play an important role in providing revenues to federal and regional budgets that promote the stable social and economic development of the regions, create quality jobs, improve living standards and welfare of the population, build social infrastructure, increase added value and develop related industries.

509.6 BLN RUB

TOTAL ACCRUED TAXES,
CHARGES AND FEES

24 BLN RUB

SOCIAL INVESTMENTS

60 THOUS

JOBS

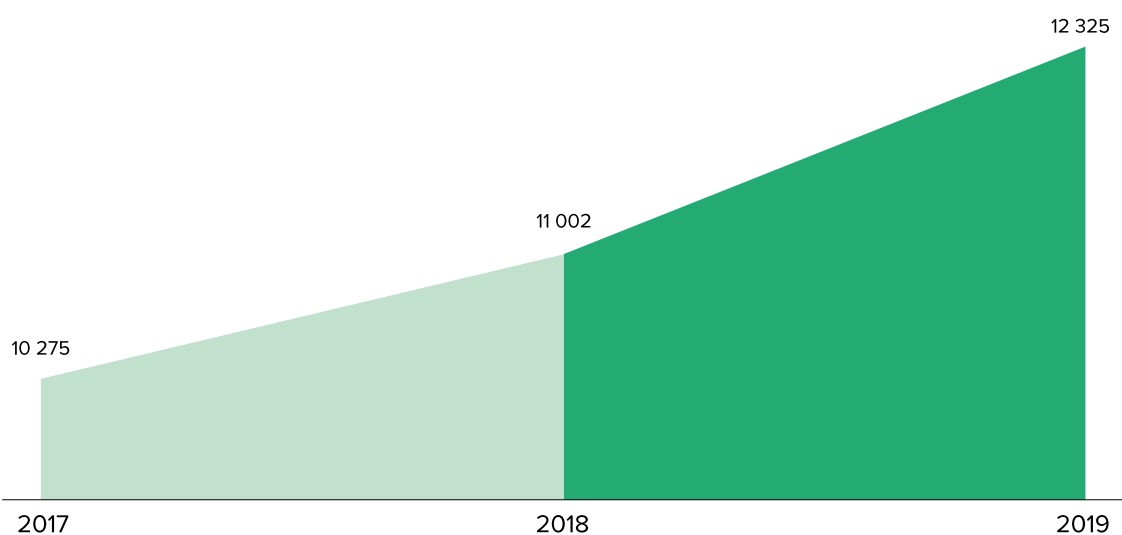
1.3 BLN RUB

SPENT FOR
OCCUPATIONAL
HEALTH AND SAFETY

0.26

LOST TIME INJURY
FREQUENCY RATE (LTIFR)

**TATNEFT GROUP ENVIRONMENTAL SPENDING
FROM 2017 TO 2019,
MLN RUB**



Basic principles of the Company: recognizing that human life and health takes priority over production activities; high level of industrial safety; ensuring self-restoring capacity of ecosystems, mitigating

negative impacts on the environment and carbon footprint for sustainable energy future. The Company reduces a man-induced burden on the environment across all its business streams.

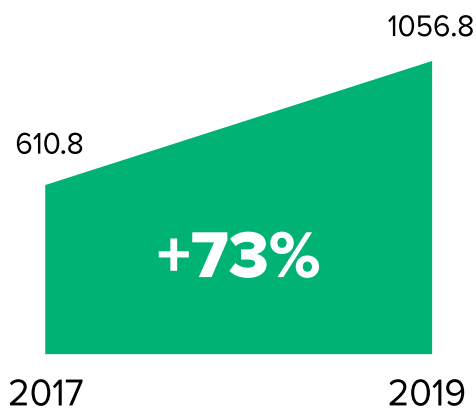
12.3 BLN RUB

SPENT TO PROTECT THE ENVIRONMENT

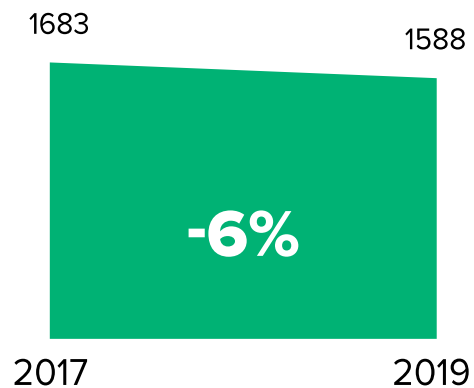
12%

GROWTH IN ENVIRONMENTAL SPENDING VS. 2018

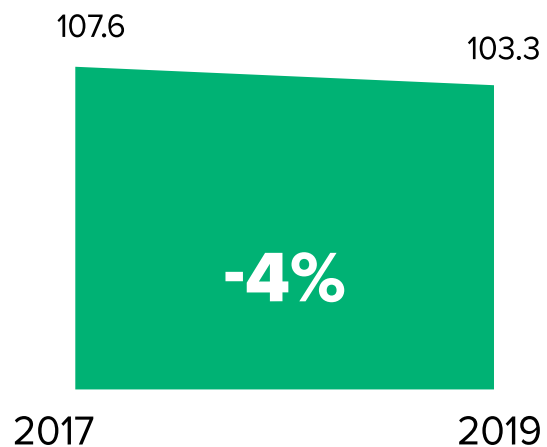
TOTAL RECYCLED AND REUSED WATER SUPPLY, MLN M3



DISTURBED LANDS, YOY HECTARES



GROSS AIR POLLUTANT EMISSIONS THOUS. TONNES



The Company's contribution to the achievement of the UN Sustainable Development Goals

In planning targets for the Sustainable Development Goals, the Company follows the UN Global Compact Scorecard for 169 targets.



Goal 1: End poverty in all its forms everywhere

Economic growth must be inclusive in order to ensure sustainable jobs and equity.

+ Tatneft's efforts

The company recognizes and integrates international principles in the field of workers' rights into its practice, clearly articulates its position and obligations. Interact with local / national authorities and international organizations on living standards and workers' rights.

The basic principles in the field of workers' rights are enshrined in the internal documents of the Company on the personnel policy and the remuneration system, including the procedure for discussing the level of salaries and social benefits with stakeholders, including key participants in the supply chain. The main provisions for the protection of labor rights and social guarantees of employees are enshrined in the Collective Agreement, concluded annually between the Company and the Trade Union Organization.

The company consistently provides about 60 thousand jobs:

- **attracting the local population to work**
- **creating good working conditions.**

The recruitment, career development and social protection programs in the Company are based on the principles of equal opportunities and provide a high potential for the development of competencies and social well-being of employees.

The average monthly salary in the Company in 2019 amounted to 66.4 thousand rubles with a total wages fund of 17,820 million rubles.

At the end of 2019:

- **the ratio of wages to the minimum consumer budget in the Republic of Tatarstan was 4.21.**
- **the ratio of the tariff rate (salary) of the first category with normal working conditions and the minimum wage in the Republic of Tatarstan (minimum wage of the Republic of Tatarstan) - 1.29.**

Tatneft is a responsible employer and social partner of the state and society, making significant investments in strengthening socio-economic stability and improving the quality of life of the population, developing health care and education, improving the infrastructure of cities and towns. The Company also implements targeted programs to create an inclusive environment for people with disabilities and provide assistance to vulnerable groups of the population.

The high-quality performance of the Company's operations and social initiatives contribute to economic growth in the regions where the TATNEFT Group enterprises are present, to ensure sustainable jobs and create new jobs with a high level of social guarantees.

In the conditions of COVID-19, the Company provided the necessary assistance to vulnerable groups of the population, including food, basic necessities, antiseptics, protective masks. Computer equipment was also provided for children from low-income families for remote classes in schools.

Tatneft actively supports the development of small and medium-sized businesses. The main forms of such cooperation is the creation of new promising production of goods and services. The company takes part in the development of the Innovation and Production Technopark “Idea-South-East”, created in 2004 in Leninogorsk with the aim of promoting the development of small and medium-sized businesses in the South-East of the Republic of Tatarstan and, accordingly, creating new jobs.

On the basis of the Leninogorsk Oil Technical School, there is a Center for Youth Innovative Creativity “Workshop of Ideas”. This is a joint project of PJSC TATNEFT and the Idea-Yugo-Vostok Technopark, which is a production site designed for schoolchildren, students and young professionals to develop knowledge and talents in the field of engineering. The Center's work is based on the international experience of digital production FabLab.

The company supports the growth of opportunities for the local population to receive education, including those with high qualifications, both in the field of the Company's core activities and in areas (professions) in demand in the region.



Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture development

End hunger, achieve food security and improved nutrition and promote sustainable agriculture development.

+ Tatneft's efforts

We recognize the importance of the goal of ending hunger by 2030 and ensuring that all people have access to safe, nutritious and healthy food.

As part of its activities, the Company makes a feasible contribution to achieving the goal. We initiate voluntary initiatives in this area, engaging with stakeholders, primarily our staff, customers and local communities. These are programs that promote access to a healthy lifestyle, prevention of chronic diseases, healthy and affordable food, and improve the welfare of vulnerable groups of the population.

In the context of the COVID-19 pandemic, the Company provided food support to vulnerable segments of the population. More than 300 volunteers from the company's young employees The companies provided assistance to elderly people living in self-isolation by delivering food, medicine, and essential goods to their homes. The Tatneft Volunteers Resource Center covered 11 cities where the Company operates.

More than 22,000

**low-income citizens
received grocery**

"Kits of goodness" from the TATNEFT Company

At the enterprises of the Company, we strictly monitor the quality of food that is served in the places of public catering of our employees. We also pay due attention to the quality and useful properties of food in our dispensaries, sanatoriums, children's educational and health institutions.

In the shops and cafes of our network of gas stations - complexes, we develop the sale of "healthy / organic food" and provide control over the safety labeling of food products sold in shops and cafes on the territory of the gas stations of the complexes. We strictly adhere to the internal consumer information policy and plan to expand the internal standard of the gas station service system to inform consumers about the quality of food sold in shops and cafes at gas stations.

During the reconstruction and construction of gas station complexes, we are expanding the area of sales areas to 60, 90 and 150 m² with café areas with a wide range of services. In order to control the high quality of food products sold in the network of gas station cafes we started our own production of foodstuffs.

3



Goal 3: Ensure healthy lives and promote well-being everybody at all age categories

A key element of sustainable development is ensuring a healthy lifestyle and promoting well-being for everybody at all age categories.

+ Tatneft's efforts

The company considers improvement of the life quality to be one of the key priorities of its social policy, including the development of social guarantees for employees and social infrastructure for the local population with wide opportunities for a healthy and prosperous life. The main areas of focus are personnel health protection and healthcare support in the regions of the Company's operations.

The company supports the health, safety and well-being of employees, retirees and veterans, implements programs to promote healthy lifestyles of the local population, educational programs for health and health education, and invests in strengthening public health and sports, as well as in protecting the environment.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leaders in the implementation of the roadmap and achievement of target indicators SDG 3 goal- indicators are Azat Khabibrakhmanov, Deputy General Director of PJSC TATNEFT for Industrial Safety, Labor Protection and Ecology, and Elena Yashina, Advisor to the General Director of PJSC TATNEFT.

The priorities of the Company in this area include - the growth of a healthy and socially prosperous young generation, starting from birth; good quality of life for all employees of the Company and the local population; decent living conditions and medical care for pensioners and the elderly.

In the context of COVID-19, the Company has taken every possible action to protect the lives and health of employees, local communities, partners, contractors and suppliers.

We have launched a set of measures to prevent the spread of the virus, improve the equipment status of medical institutions, and help vulnerable groups of the the population. Our enterprises have produced more than 10 million masks and 40 thousand protective suits, which the Company donated to hospitals and ambulance stations in Tatarstan. The production of antiseptics was also mastered at the Company's facilities.

To combat the COVID-19 pandemic in 2020, the Company allocated 1.4 billion rubles, in 2021 it is planned to allocate about 400 million rubles. Now Tatneft is participating in the vaccination of workers. Mobile teams of the Company's medical sanitary unit were

Voluntary health insurance

In accordance with the Voluntary Health Insurance Contracts, the total number of insured employees was 22,234 persons. The total amount of VMI contracts is 385.2 million rubles.

In order to reduce infectious diseases, annual seasonal immunoprophylaxis is carried out at the expense of VHI funds. In 2019, employees of PJSC Tatneft were vaccinated against seasonal influenza (3,910 people were vaccinated) and tick-borne encephalitis (3,493 people). A medical examination of the employees of PJSC Tatneft was also carried out in order to detect cancer at an early stage.

Health support

In order to improve the health care system in the areas of operation, the Company participates in the development of medical infrastructure for the provision of high-tech care in all areas.

The entire diagnostic cycle is provided on the basis of the Regional Medical Diagnostic Center and treatment of heart disease in adults.

Expanding the range and quality of high-tech medical services allows the introduction of new technologies, including the ones in the comprehensive programs for the diagnosis of diseases at early stages.

Together with Rusfond, TATNEFT is implementing a project to form the Privolzhsky register of potential bone marrow donors.

Sanatorium and Wellness Complexes

Annually, more than 20 thousand people - employees and veterans of the Company, their children, residents of Tatarstan and other regions of the country - rest and improve their health in the Company's sanatoriums. At the service of vacationers: highly qualified medical personnel, comfortable residential buildings, a modern medical and diagnostic base, health and cultural and entertainment complexes, high-tech medical equipment - everything that is necessary for active recreation, treatment, recovery of physical and mental strength. Families with children have the opportunity to receive qualified assistance from professional teachers, doctors, psychologists.

Children's wellness rest

The program of the Company "League of Children's Camps of TATNEFT Group" allows to ensure the organization of children's summer recreation and health improvement at a high-quality level, ensures the comprehensive development of the younger generation.

Profile priority areas of children's camps: vocational guidance, linguistic, physical culture and sports, health and fitness, "Eco-camp", innovative, equestrian, dance.

You can get to know and choose the profile area of interest on the online platform of the League of Children's Camps project vrcamptatneft.ru or on the website social.tatneft.ru.

11,000 children have a rest every year in health camps

Support for retirees

The number of non-working pensioners is 47 326 people. In 2019, a survey of the living conditions of veterans was organized, the identification of apartments and houses in need of repair, the provision of material assistance, the allocation of sanatorium vouchers, the organization of other necessary events.

The number of PJSC TATNEFT employees involved in the corporate non-government support program is 8,409 people. The volume of actual expenses of PJSC TATNEFT for non-state pension provision in 2019 amounted to 86,541 thousand rubles.

The number of pensioners of PJSC TATNEFT receiving a non-state pension is 9,508 people. For TATNEFT Group - 17 853 people. Payments of non-state pensions to pensioners of PJSC TATNEFT through JSC "National Non-State Pension Fund" in 2019 amounted to 349,195 thousand rubles.

Longevity centers

To maintain health and support an active lifestyle of elderly people, TATNEFT is implementing a project to create Centers for Active Aging, equipped with special simulators. In the southeast of Tatarstan, there are 8 centers of active longevity, which are visited annually by more than 40 thousand people.

More details about health and wellness programs can be found in the [“Work Together”](#) and [“Social Partnership”](#), [«STOPCOVID -19»](#).



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all people

Quality education is the foundation of a decent life and sustainable development.

+ Tatneft's efforts

Tatneft is aware that one of the most important conditions for the sustainable development of society and the Company itself is the quality of education that our employees and the environment possess. We are implementing targeted programs in the field of expanding access to education and increasing the level of educational processes, including primary education, school, special and higher education with equal opportunities for all.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 4 targets - Deputy General Director of PJSC TATNEFT for Strategic Development Nurislam Syubaev.

The company interacts with many educational institutions in the territory of Tatarstan and the Russian Federation, both within the framework of sectoral education and general educational programs, as well as obtaining related specialties and training for social professions. We attract qualified teachers, participate in the construction and equipping of modern educational institutions, establish scholarships, and assist in cultural and additional development programs. One of the directions in supporting educational programs is to assist, including the older generation, in adapting to new information technologies.

Corporate University

The company is developing its own Corporate University, targeted training programs for employees, the expansion of general humanitarian knowledge.

In 2019, the Corporate University trained 7,697 people (in full-time and distance learning) in 28 courses. In addition, training was organized by external providers for 656 people. As a result, the total training plan was exceeded by 71%.

A total of 7 697 people were trained.

More than 4,300 employees completed distance learning.

Also, due to their industry specificity, the Company's enterprises are suppliers of energy to social facilities, including educational institutions.

5



Goal 5: Achieve gender equality and empower all women and girls

Gender equality is not only a fundamental human right, but also a necessary condition for a peaceful and sustainable existence.

+ Tatneft's efforts

The company shares the standards of the International Labor Organization (ILO) to ensure decent and productive work for women and men in an environment of equal opportunities, the provision of social guarantees and respect for human dignity.

The company guarantees the possibility of full and real participation of women and equal opportunities for women in activities and leadership in all areas of corporate governance and production processes with the provision of equal salary conditions, remuneration and social guarantees.

The company supports women in all aspects of their career and development opportunities in education and advanced training.

TATNEFT GROUP STAFF BREAKDOWN BY GENDER AS, PEOPLE

Share of employees	31.12.2017	31.12.2018	31.12.2019
Men	54,7%	55,0%	54,4%
Women	45,3%	45,0%	45,6%

The dynamics of the structure of personnel by gender during the indicated periods remains almost constant.

Details on the distribution of personnel by gender can be found in the section ["Working together"](#) / ["Company personnel"](#)



Goal 6: Ensure availability and sustainable management of water and sanitation for all

Clean and affordable water for all is the key to a sustainable world.

+ Tatneft's efforts

Clean water is a basic need for human life support and a necessary condition for maintaining the balance of ecosystems. The company implements a highly responsible position for the purification of water bodies, reducing the negative impact on water resources and eliminating the consequences of damage and pollution previously caused by it as a result of economic activity in the regions of operation, including by other business entities.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 6 targets - Director of the Department for the preparation of process fluid to maintain reservoir pressure Andrei Laptev.

Tatneft aims to improve water quality by reducing the proportion of untreated wastewater, significantly increasing the scale of recycling and safe reuse of wastewater.

The company implements large-scale programs in the field of water purification and respect for them, conducts educational campaigns and events for workers and the local population.

More details about the rational use of water resources can be found in the section ["Environmental activities»/«Protection of water resources and rational water use»](#)



Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all

Energy is a key factor contributing to the solution of modern problems.

+ Tatneft's efforts

The company is aware of ensuring universal access to affordable, reliable, sustainable and modern energy sources for all as one of the basic conditions for global sustainable development — a determining factor in solving all the problems and opportunities that the world today faces: jobs, shared security, ecosystems and change climate, food and consumption, the development of human and transport infrastructures, the state of the economy and social stability.

An urgent global task of the industry is the transition to low-carbon energy, the use of environmentally friendly fuels and more efficient technologies, including expanding the use of renewable solar and wind energy with an increase in their energy efficiency.

Tatneft also takes into account all aspects of global trends in the transition to a low-carbon economy and a reduction in the carbon footprint, as one of the main conditions for the Company's competitiveness.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 7 targets - Head of the Production System Development Department of PJSC TATNEFT Evgeniy Zvezdin

Since 2010, the Company has been implementing a targeted program to improve energy efficiency and energy saving, which is one of the essential aspects of the business planning of TATNEFT Group. The annual rate of decline in the consumption of fuel and energy resources in the Group is over 1% or 40.7 thousand tons of fuel equivalent. In 2019, the Company approved and put into effect a unified Energy Efficiency and Energy Saving Policy, the Energy Efficiency and Energy Saving Standard in TATNEFT Group, and also adopted the Energy Efficiency and Energy Saving Program for 2020-2022. The documents are aimed at achieving the strategic goals of the Company, establish general requirements for the system for increasing energy efficiency and energy saving, and formalize uniform principles and approaches in this area.

Among the main goals in this area: continuous improvement of energy efficiency, improvement of energy efficiency and energy saving management processes in the implementation of all types of production activities; containment of cost growth through the introduction of advanced innovative energy efficient technologies and rational use of energy resources; development, implementation, maintenance and continuous improvement of the Energy Management System that meets the requirements of ISO 50001.

Renewable sources

The Company's strategy takes into account the role of renewable energy sources and their relevance to a cleaner, low-carbon energy future. The development of renewable energy such as solar and wind power is of undeniable importance. Tatneft plans to develop a renewable energy business and is considering potentially promising and efficient projects. As part of the Company's innovative activities, in 2020, together with the Kazan State Energy University, work was carried out to determine the wind and solar potential at the Company's facilities for the possibility of investing in renewable energy. At present, the main share (93.2%) of energy production from renewable energy sources in TATNEFT Group is accounted for by the generation of heat energy by pellet boiler houses, 6.7% - by the generation of electricity from a small hydroelectric power station on the Karabash reservoir, 0.05% - by solar power plants. the Company's network. The total energy production from renewable energy sources in 2019 amounted to 1,282.9 tce. or 0.18% of the total energy production of TATNEFT Group.

Details on the distribution of personnel by Ensure access to affordable, reliable, sustainable and modern energy for all can be found in in [the annual report of the Company](#)

8



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

For the eradication of poverty is necessary to revise the economic and social policy.

+ Tatneft's efforts

Tatneft recognizes the paramount importance for the successful sustained development and socio-economic progress of the society to create high-quality jobs and ensure decent working conditions for all people of working age, increase labor productivity, expand access to social services and benefits, improve the environment as a whole on a global scale, and at the level of the company.

We create jobs and conditions for maintaining productive employment and motivating our employees, ensure occupational safety, a decent level of pay, and implement popular social programs.

The company supports local manufacturers and service providers, which also contributes to the development of jobs and the economic growth of our regions of activity. Implementing joint projects, we strive to ensure that our partners respect decent social guarantees for their employees and ensure a high level of industrial safety.

In 2019, the Company confirmed its status as one of the largest employers in the Russian Federation.

More details about the programs and results of the Company in the field of work and economic growth can be found in the ["Working Together"](#) section and in the [Annual Report of the Company](#).

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Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

To achieve sustainable development, investment in infrastructure is crucial.

+ Tatneft's efforts

Tatneft is aware of the importance of high-quality infrastructure in the general social sense (including transport, energy supply, information and communication technologies, medical and educational institutions, etc.) and directly for successful sustainable development of the Company's business. In this regard, we invest in the development and maintenance of socially significant infrastructure projects in our territories and in the development of our own corporate infrastructure.

In all areas of its activity, the Company applies advanced innovative digital solutions and environmentally friendly technologies, considering them as strategic investments in ensuring a sustainable future.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 9 target indicators - Director of the Institute "TatNIPIneft" Marat Zalyatov.

We are modernizing production and business infrastructure, industrial facilities and enterprises, introducing the best available technologies and increasing the efficiency of using our resources and assets.

Tatneft is expanding the integration of innovative capabilities through the development and transfer of the best technologies, taking on large-scale technological challenges. It is planned to increase the efficiency of the cycles for the implementation of innovative projects from idea to obtaining a financial result, including time frames and investment returns. The Company sees the strengthening of its own research and educational centers as the most important condition. The strategically significant tasks also include the development of innovative opportunities in the infrastructure of cities and towns in the territories of the Group's enterprises.



Goal 10: Reduce inequality within and among countries

Reduce inequality within and among countries

+ Tatneft's efforts

We employ the local population in the regions where we operate and take into account the national, cultural and identity of the indigenous population. The wages of our employees are set at a decent level, not below the subsistence level, and we work with our partners and suppliers to ensure a decent level of wages throughout the value chain.

We recruit the local population in the regions where we operate and take into account the national, cultural characteristics and identity of the indigenous population. The wages of our employees are set at a decent level, not below the subsistence level, and we work with our partners and suppliers to ensure a decent level of wages throughout the value chain.

We implement a policy of equal opportunity and gender equality, non-discriminatory in any form, and work with our partners and suppliers to ensure this principle throughout the value chain. We also exclude all forms of forced labor.

The company operates in various regions and countries and strives to ensure equal opportunities for employees, contractors and suppliers everywhere, regardless of the host country, while strictly complying with local laws. The company respects local customs, culture and beliefs and takes this into account in corporate culture and ethical standards of conduct.



Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

Investment in infrastructure development will help achieve sustainable development.

+ Tatneft's efforts

The company and enterprises included in the Tatneft Group are city-forming in a number of cities and towns in the Republic of Tatarstan and have a positive economic and social impact on their development.

The company pays great attention to solving the problems of social infrastructure, environmental protection and environmental safety, providing housing, supply of heat to electricity, development of transport and roads. The Company also develops a cultural environment and supports the preservation of spiritual heritage, promotes a healthy lifestyle for the population.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 11 targets - Director of the TATNEFT Charitable Foundation Renat Mamin.

Tatneft creates a modern and comfortable living environment in the regions of its activity.

The company creates a favorable inclusive environment with equal opportunities for all in cities and towns, erects housing and parks, greens streets, landscapes inner courtyards, creates road and bicycle infrastructure, and forms public spaces.

The cultural environment is developing, new museums and exhibitions are opening.

Projects in this area are aimed at creating a new image of a modern and dynamic city, convenient for life, work and recreation, including a comfortable environment for people with disabilities and from vulnerable groups.

The architecture of the urban landscape harmoniously unites the Company's production facilities and green areas of a cascade of ponds, squares, parks, musical fountains, sculptures, sports grounds, modern city buildings and residential buildings.

About 13 thousand families are provided with housing under the social mortgage program. 30% of apartments on social mortgage are provided to young people.

The Company's social investments amount to RUB 24 billion annually. The Company considers all ongoing programs to develop the infrastructure of cities and settlements as a contribution to sustainable development.

**Goal 12: Ensure sustainable consumption and production patterns**

Sustainable consumption and production aims to "do more and better with less."

+ Tatneft's efforts

Tatneft adheres to the principle of rational consumption of all types of resources, including extractive assets, energy, fuel, water, and other resources involved in the Company's activities, reducing costs and increasing consumption efficiency.

The company uses «green» and energy-efficient technologies in production, implements programs to reduce the amount of resources consumed through innovative solutions and optimize the supply chain, and also reduces all types of emissions and environmental impacts.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of the SDG 12 target indicators - General Director of TANECO JSC Ilshat Salakhov

The company is increasing the production of environmentally friendly products, including high-quality high-performance fuels and lubricants, petrochemicals and tire products with increased maximum returns during the life cycle of all products and the provision of sufficient information to consumers through standardization and labeling, etc.

Sustainable consumption also includes the prevention of waste accumulation by the Company and the reduction and / or prevention of its generation, where possible, its recycling and reuse.

The company implements a systematic approach and cooperation between participants in the supply chain — from the manufacturer to the final consumer, including in this process, on the basis of corporate standards, contractors and contractors working at the Company's facilities and / or on projects of the Company.

Currently, the Company is developing circular production aimed at reducing the nature intensity of our production processes and increasing their efficiency. This will preserve natural resources for future generations.

More details about the Company's programs and results in the field of responsible production and consumption can be found on the [Company's website](#)



Goal 13: Take urgent action to combat climate change and its impacts*

The problem of climate change knows no borders and requires a global solution.



Tatneft's efforts

Tatneft shares the global climate change concern and the Climate Care Strategic Global Partnership initiative of the UN Global Compact and the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), as enshrined in the Paris Climate Agreement. Considering the fact that energy companies generate significant greenhouse gas emissions during their production activities that can affect the climate and create climate risks, as well as an increase in energy demand to achieve and maintain a good quality of life, the Company seeks to contribute to sustainable development and development of innovative energy infrastructure.

The company provides managerial decisions on the development of a corporate system of accounting and management of greenhouse gas emissions in the direction of their reduction and carbon footprint reduction (the aggregate of greenhouse gas emissions produced by Tatneft Group companies that have an environmental impact, measured in CO₂ equivalent). At the same time, the Company considers not only emissions from its operations, but also emissions from the use of products that are produced and delivered to the market by Tatneft Group companies, as well as in the supply chain related to the activities of Tatneft Group.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in implementing the roadmap and achieving the SDG 13 targets - Deputy General Director for Industrial Safety, Labor Protection and Environment Azat Habibrahmanov

We plan target values for reducing the total greenhouse gas emissions and take appropriate measures to ensure these target values.

The company announced its transition to carbon neutrality by 2050. The Board of Directors adopted a new environmental policy taking into account climate change and approved a roadmap. The goals have been set to gradually reduce greenhouse gas emissions by 10% by 2025 and by 20% by 2030 from the base year 2016.

We adhere to international standards and guidelines: The GreenHouseGas Protocol (GHG) - for the measurement, control and disclosure of emissions, including value chains; TCFD guidelines - carbon footprint reporting as well as providing data for the CDP climate rating. We intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting.

The most important step was the joining of Tatneft in 2020 to the group of leaders of the international platform for setting science-

based SBTi targets in order to prevent the planet's temperature from exceeding 1.5 degrees Celsius.

To reduce greenhouse gas emissions, we innovate throughout the oil production, refining, petrochemical and power generation business processes, expand our low carbon footprint product line and control the supply chain.

It is planned to develop production using renewable energy (clean generation of energy with a low carbon content) and biofuels. A promising area is the application of technologies for capturing and storing CO₂ (Carbon Capture and Storage, CCS).

We believe that the most important element in reducing climate risks is offsetting CO₂ emissions, taking into account the absorptive capacity of forests. In order to create a favorable environment in the area of its activity and increase the absorption of greenhouse gases, Tatneft, since 2000, has been implementing the Greening Program. Since the beginning of the Program implementation by the end of 2020, more than 12 million trees have been planted. It is planned to plant 4.8 million trees in 2021.

Climate risk assessment is included in investment decision-making processes, integrated into the creation of the Company's value and into the life cycles of business processes, products and services, including contractors and suppliers.

Detailed information on the Company's programs and results in the field of measures to combat climate change and the transition to carbon neutrality can be found in the section of the Report [“Climate Change and a Sustainable Energy Future”](#), as well as on the Company's website in the section [“Sustainable Development”](#)

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Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Tatneft's efforts

We are aware of the importance of preserving marine and aquatic natural resources as the most important elements of the ecosystem. We urge our maritime logistics partners to take enhanced precautions to prevent spills and contamination and implement well-designed plans to minimize damage to marine life and their habitats (including the impact of downstream activities). In cases where our production facilities are located in close proximity to coastal areas or large bodies of water, we conduct research and planning work aimed at protecting aquatic life and human life, which is directly dependent on the state of aquatic ecosystems. We are implementing advanced water treatment systems to keep pollutants from entering the natural environment. We produce modern environmentally friendly marine fuels that meet the Marpol (International Convention for the Prevention of Pollution from Ships) requirements.

The fuel is produced at the facilities of our TANECO refinery with a production capacity of 750 thousand tons per year. Preliminary calculations showed that the use of this volume will lead to a reduction in emissions of sulfur oxides into the atmosphere through exhaust gases by 47 thousand tons per year. Marine fuel is produced with an ultra-low sulfur content of less than 300 ppm (average value 120-200 ppm) with an authorized standard of 5000 ppm Hydrotreated heavy coking gas oil is used as its main component. Specialists of Tatneft and TANECO have also developed a marine fuel formulation with improved low-temperature properties.

We are aware of the relationship between the conservation of marine ecosystems and climate issues, therefore we consider the objectives and programmatic measures of SDG 14 in the framework of SDG 13.



Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Protecting and restoring terrestrial ecosystems and promoting their rational use will help to achieve sustainable development.

+ Tatneft's efforts

Tatneft implements a comprehensive Environmental Program aimed at preventing environmental pollution, reducing and preventing negative impacts on it, including natural objects with increased vulnerability and objects whose protection and preservation is of particular importance.

The environmental activity of the Company covers all aspects of the Company's impact on nature and includes measures to preserve and restore a favorable environment, natural ecological systems, natural landscapes, natural complexes, forests and biological diversity of systems in the regions of operation.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in the implementation of the roadmap and achievement of SDG 15 targets - First Deputy General Director for Oil and Gas Exploration and Production - Head of Tatneft-Dobycha Rustam Khalimov.

We follow the principle of preventing possible negative impacts on the environment, and in the event of the inevitability of such impacts, the Company takes measures aimed at minimizing such impacts and, if necessary, eliminating environmental negative consequences by involving the scientific and expert community in the decision-making process.

The Company spends about RUB 13 billion annually on environmental protection.

More details about the Company's programs and results in the field of preserving terrestrial ecosystems can be found in the "[Environmental Activities](#)" section of the Report, as well as on the [Company's website](#)

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Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

+ Tatneft's efforts

Building peaceful, just and inclusive societies is essential to achieving the Sustainable Development Goals. People in all countries must be free and protected from all types of violence, must feel safe, regardless of their ethnicity, religion or orientation. To achieve this goal, effective institutions with the participation of the state and society are needed, which will be able to provide quality education, fair economic policies and comprehensive environmental protection.

The company fully shares these priorities and implements them in its corporate culture, striving to disseminate in its environment in the processes of its activities. We interact with many government agencies, industry associations, public associations, with medical, educational and other organizations, and in these contacts we also adhere to these principles.

We consider this Goal in direct connection with all the other Sustainable Development Goals, as one of the key conditions for the successful development of society.



Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Working towards sustainable development is not possible without building partnerships at the global, regional and local levels.

+ Tatneft's efforts

In order to ensure the most effective contribution to the sustainable development agenda, Tatneft maintains a constructive dialogue with all interested parties and interacts with them to effectively plan its socially-oriented activities, identify the most pressing problems, ways to solve them and form investment programs in the field of ecology and social projects.

This Goal belongs to the priority Goals of sustainable development of TATNEFT Company.

Corporate leader in implementing the roadmap and achieving the SDG 17 targets - corporate consultant to the General Director of PJSC TATNEFT Natalia Dorpeko.

The company participates in a number of international and Russian associations whose activities are aimed at implementing the Goals and supporting their sustainable development initiatives.

We plan to join one of the Global Compact platforms to join common efforts in the development and implementation of actions to achieve specific goals and objectives. At the same time, the Company's priorities include participation in industry associations in order to exchange experience and conduct joint scientific research in the field of reducing environmental impact and transition to carbon neutrality. Cyber security issues are also priority areas. In general, the Company adheres to the key agenda and current topics of the UN Global Compact.

The company participates in educational programs of the Global Compact Academy and SDG projects. We plan to participate in the exchange of experience at these sites and promote them in our environment.

Tatneft interacts with the National Network of the UN Global Compact in Russia and is a member of the Governing Council of the National Network Association.

The Company sees an important area of assistance in promoting the Sustainable Development Goals among young people. In 2020, within the framework of the Youth Forum held by the Company, a start was made to the volunteer movement. This project will be included in the Volunteer Movement Program of the National Network of the UN Global Compact in Russia.

Global Business Challenges and New Opportunities

CLIMATE CHANGE PROBLEMS AND WORLD TRENDS IN THE TRANSITION TO A NEW LOW CARBON MODEL OF ECONOMIC DEVELOPMENT

THE COMPANY TAKES INTO ACCOUNT FACTORS AND SCENARIOS RELATED TO THE POTENTIAL INFLUENCE OF THE GOALS OF THE PARIS AGREEMENT ON THE CLIMATE ON THE WORLD BALANCE OF PRIMARY CONSUMPTION OF ENERGY CARRIERS, REDUCING THE REDUCED RANGE

- Analysis of a complex of factors associated with climate change.
 - Oil and gas reserves and production planning, incl. expected growth in demand for natural gas, oil refining and petrochemicals, electricity production, technological policy, as well as own energy consumption, operational efficiency goals, taking into account the reduction of environmental impact.
 - Calculation of control targets for reducing greenhouse gas emissions over a 5-year period.
-

DYNAMIC GROWTH OF HIGH-TECH SOLUTIONS IN THE OIL INDUSTRY

CUTTING-EDGE RELIABLE TECHNOLOGICAL BASIS

- Introduction of advanced technologies.
 - Development of targeted technological solutions for the in-house production, including fields at the late stage of development, on the basis of the corporate scientific base and strategic partnership with the leading centers of the industry, including import-substituting technologies and equipment.
 - Extensive investment in R&D.
-

VOLATILITY OF MACROECONOMIC PARAMETERS AND WORLD PRICES OF OIL AND OIL PRODUCTS

STRONG FINANCIAL STANDING

- The Company's strategy takes into account various scenarios of macroeconomics development; planning is carried out on the basis of the scenario approach.
 - Balanced investment policy and built-in protection against low oil prices.
 - Focus on high operational efficiency and profitability at all business levels.
-

HIGHLY-COMPETITIVE INDUSTRY ENVIRONMENT

SUSTAINABLE COMPETITIVE POSITION

- Calibrated production targets based on the analysis of industry factors.
- Reliable pool of financial and economic sustainability and technological potential.
- Focus on leadership.

- Deepening of the Vertical Integration Process.
 - Maximizing the returns on existing assets and increasing margins.
-

DIGITAL TRANSFORMATION (INDUSTRY 4.0) IN BUSINESS PROCESSES AND PRODUCTION ACTIVITIES

FORMATION OF THE COMPANY'S SINGLE INTEGRATED PLATFORM

- Integration of digital solutions in management and production activities at all stages of planning, implementation, control, and reporting.
 - Digital modeling of production base and processes.
 - Application of unique information solutions and artificial intelligence in production activities.
-

INCREASING RESPONSIBILITY FOR CYBER SECURITY

FOLLOWING ADVANCED CYBER-PROTECTION STANDARDS FOR BUSINESS PROCESSES, FINANCIAL OPERATIONS, CORPORATE INFORMATION, PERSONAL DATA

- Key cyber security initiatives are aimed at protecting all types of assets of the Company.
 - Synergy of digital solutions and security.
 - Integration of information protection processes and tools into ongoing digital transformation strategic initiatives.
 - Analysis and control of the security of the use of advanced technologies.
 - Improving the effectiveness of cyber security features.
 - Control cyber attacks.
-

GROWING ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

REDUCTION OF ENVIRONMENTAL FOOTPRINT TO THE LEVEL WHERE THERE IS A POTENTIAL FOR SELF-RECOVERY OF ECOSYSTEMS FAVORABLE LIVING CONDITIONS IN THE TERRITORIES OF THE COMPANY'S OPERATION

- Control over the environmental impact of production activities and environmental safety at an acceptable level.
 - High level of industrial and occupational safety.
 - Target programs and investment in social infrastructure development.
 - Resource saving programs, renewable energy sources.
-

INCREASE IN REQUIREMENTS TO THE LEVEL OF PROFESSIONAL COMPETENCIES OF AND INCENTIVES FOR PERSONNEL

HIGH LEVEL OF COMPETENCE AND EMPLOYEE ENGAGEMENT

- Hiring highly-qualified employees.
- Professional development and personal growth programs for personnel.
- Corporate University.
- Decent labor remuneration and social guarantees.
- Incentive system and KPIs.

Sustainable development context

Energy is a key source of achievement of the UN's social and economic Sustainable Development Goals.

The company is one of the leaders in the fuel and energy complex of the Russian Federation and is aware of the nature and scale of the impact of its activities, correlates them with the importance of rational use of natural resources, ensuring safe working conditions, protecting the health of personnel employed in all business segments and the population living in the regions activities of TATNEFT Group organizations, as well as preservation of a favorable environment and reduction of climate risks.

Tatneft takes into account the fundamental factors of development - the expectation of about 25% growth in global energy demand by 2040 with the preservation of the importance of hydrocarbon resources with a change in the energy balance towards less carbon-intensive fuels and the development of new economically viable energy sources, the development of oil and gas processing and petrochemicals with a high level of environmental planning. These factors influence the global economy and the oil and gas industry, shaping the transition to a new energy infrastructure.

The World Economic Forum's 2020 Global Risks Report (<https://www.weforum.org/reports/the-global-risks-report-2020>), published in January 2020, identifies the global complex challenges for economic , ecological and social systems requiring measures to ensure sustainable development. The report points to the need for policymakers to align their goals to protect the Earth with those to stimulate the economy, and for companies to avoid the risk of potentially catastrophic losses in the future by adjusting for evidence-based targets.

Attention is focused on five major global risks related to the environment:

- Extreme weather events with serious material damage, infrastructure and loss of life.
- Failure of government and business to take action to mitigate and adapt to climate change.
- Man-made environmental damage and disasters, including environmental crimes such as oil spills and radioactive contamination.
- Substantial loss of biodiversity and collapse of ecosystems (terrestrial or marine) with irreversible consequences for the environment, as a result of which the resources of humanity and industry are severely depleted.
- Major natural disasters such as earthquakes, tsunamis, volcanic eruptions and geomagnetic storms.

The report focuses on the impact of growing inequalities, technology governance gaps and pressures on health systems.

"In 2020, world leaders must work with all sectors of society to rebuild and revitalize our collaborative systems, not only for short-term gain, but also to address our deep-seated risks."

Børge Brende

President, World Economic Forum

The Global Risk Report is part of the Global Risk Initiative, which brings together stakeholders to develop sustainable, integrated solutions to the world's most pressing problems.

“Investors, regulators, customers and employees are putting increasing pressure on companies to demonstrate their resilience to growing climate variability. Scientific advances mean climate risks can now be modeled more accurately and incorporated into risk management and business plans at the same time they also face significant geopolitical and cyber risk challenges.”

John Drzik

Chairman of Marsh & McLennan Insights

The Company's action to implement the sustainable development goals

Adherence to the Principles and Goals of Sustainable Development, reflecting the position in internal documents and reporting on the SDGs and their significance, disclosing the aspirations and objectives for sustainable development.

2015-2018

- Reporting in the field of corporate responsibility according to GRI
 - Determination of the vector of corporate actions on the SDGs
-

Joining the UN Global Compact with a statement on the SDGs and disclosing quality information on aspirations and targets to achieve them.

2019

- Statement of accession to the UN Global Compact and SDGs
 - Reporting in the field of corporate responsibility according to GRI
 - Determination of the vector of corporate actions on the SDGs
-

Identification of priority SDGs and curators for each priority SDG. Development of qualitative and quantitative KPIs for SDG implementation.

2020

- Determination of the vector of corporate actions on the SDGs
 - Priority 10 SDGs
 - Determination of quantitative KPIs for the priority SDGs
 - Consideration of priority SDGs by the Board of Directors
 - Reporting in the field of corporate responsibility according to GRI
-

Define quantitative KPIs and targets for the priority SDGs.

2020-2021

- Determination of quantitative KPIs for the priority SDGs
- Consideration of priority SDGs by the Board of Directors
- Setting targets for achieving the SDG targets by 2030
- Reporting in the field of corporate responsibility according to GRI

Establishing the relationship between SDG KPIs and the impact of the Company's activities on society with full integration into the business model.

2021-2022

- Determination of quantitative KPIs for the priority SDGs
- Consideration of priority SDGs by the Board of Directors
- Setting targets for achieving the SDG targets by 2030
- Integration of the SDGs into the company's business model
- Formation of a corporate strategy for sustainable development
- Reporting in the field of corporate responsibility according to GRI

Priority Sustainable Development Goals

The company takes into account all 17 Sustainable Development Goals in its activities and makes a diverse contribution to their aspects, taking into account the directions of its activities and the specifics of the tasks of local infrastructures. The Company focuses most of its attention on those areas that it can implement as efficiently as possible by managing its capabilities and resources. Sustainable development goals are integrated into the strategic planning of the Company.

In 2020, the Board of Directors of the Company adopted the top 10 Sustainable Development Goals for the Company with plans to set targets for achieving the SDGs for the period up to 2030. Each of the priority SDGs is being developed to form strategic initiatives for sustainable development.

FOCUS 2019 The company continued to improve its corporate governance, focusing on international best practice and the principles of socially responsible investment (SOI).

FOCUS 2020 Formation of target values in the field of sustainable development. The goals will be achieved on the basis of roadmaps with an annual performance analysis and integration into the KPI system of the Company's management.

Integration of priority Sustainable Development Goals



ECONOMIC ASPECT

- Participation in the development of the national fuel and energy complex infrastructure.
- Job creation.
- Added value creation.
- Assistance to local economies.
- Introduction of innovations.
- Ensuring financial and economic stability of the Group's enterprises.
- Development of the in-house research and production base integrated with the leading industry research centers.



INNOVATIONS

- The Company's strategy is based on the principles of innovative development.
- The target focus includes the technologies required to implement the Strategy for overcoming challenges that hinder its achievement. The Company develops and implements consistently the most cutting-edge solutions, many of which are unique in the industry and in the technology supply market. Interaction with the national and foreign leading scientific, technical, and technological centers allows for the integration of production tasks and extensive experience with innovative scientific potential in all areas of the Company's operation.



SOCIAL ASPECT

- Law compliance.
- Respect for human rights.
- Positive public opinion.
- Quality management.
- Provision of high quality goods and services.
- Continuous improvement of product quality.
- Strive to follow changing demands of consumers.
- Provision of reliable information about the Company's products
- Assistance in the social and economic development of the regions of the Company's operation.
- Support of local communities in the areas of presence.
- Development of human capital in the territories of the Company's operation.
- Solving socially significant issues in the territories of the Company's operation through cooperation with local communities.
- Promotion of education, culture, and sports.
- Support for vulnerable social groups
- Ensuring competitive compensation and social benefits for employees.
- Development and training of personnel, formation of personnel reserve.
- Good working conditions.
- Development of effective corporate communication with all stakeholders.
- Implementation of best social practices.



ECOLOGICAL ASPECT

- Environment protection.
- Use of recyclable materials.
- Use of environment-friendly energy sources.
- Energy saving.
- Waste treatment.
- Ensuring safe working conditions, protection of health of the personnel and the population living in the areas of the Company's operation.
- Reduction of man-caused impact on environment and prevention of environmental damage from economic activities.
- Rational use of natural resources.
- Implementation of a set of measures to maintain the environment in the regions of the Company's operation at the standard admissible level complying with the potential of natural ecosystems for self-recovery.
- Increasing the level of industrial safety and labor protection, reducing injuries, accidents, occupational diseases.
- Reduction of man-caused impact and maintenance of natural environment and human habitat in a favorable state.
- Rational use, restoration, and protection of natural resources, biodiversity conservation.
- Combating climate change.

When planning actions on the SDGs, the Company at the corporate level follows the Global Indicators System developed by the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) and agreed by the UN General Assembly in 2017 for the period up to 2030. The scorecard is revised annually by the UN Statistical Commission, taking into account the performance already achieved at the international level. The latest metrics update was published in March 2020. This approach allows systematize at the corporate level planning, analysis, assessment and reflection of progress in the implementation of the Sustainable Development Goals.

By setting targets for each SDG and KPI for their achievement, as well as the relationship between the value created or lost for society as a whole, the Company seeks to disclose what corporate actions are being taken towards achieving the SDGs, incl. actions that correct the business model and planning in order to ensure their own sustainable development, sustainable development of local socio-economic infrastructure and society as a whole

Key documents on the implementation of the Sustainable Development Goals are posted in the Group of the corporate social network "Joining of TATNEFT Company to the UN Global Compact and the Sustainable Development Goals" among the backbone documents.

Corporate Sustainability Management

The company seeks to create long-term growth in shareholder value by making a positive contribution to the development of the company based on best corporate practices.

We are improving approaches to managing aspects of sustainable development based on the full integration of relevant goals within the Company's strategy and business processes.

Sustainable Development Management System

LEVEL 1	Management at the level of the Board of Directors and management of the Company
2 LEVEL	Formation of sustainable development targets and performance KPIs. Integrating the SDGs into Strategy and Business planning.
3 LEVEL	Formation of program actions. Evaluating the effectiveness of results. Risk control.

The directions of the Company's sustainable development activities are assigned to top management with a clear distribution of powers and responsibilities.

GOVERNANCE PRIORITIES FOR SUSTAINABLE DEVELOPMENT

Creation of common value, taking into account the fair interests of stakeholders.

Regular consideration by the Board of Directors of aspects of the Company's sustainable development, decision-making.

High professionalism and level of competence of the Board of Directors. Continuous improvement of knowledge of members of the Board of Directors in the field of sustainable development

A high level of involvement of top management and all employees of the Company in the implementation of the SDGs.

Strategic and operational planning of the Company's activities in the field of sustainable development.

Integration of the Principles and Aspects of Sustainable Development into the value chain at the level of all business processes.

Integration of the Principles and Aspects of Sustainable Development into the production chain, taking into account all stages of the life

Striving to maximize the involvement of business partners, suppliers and contractors in the implementation of the Principles, aspects of sustainable development and 17 SDGs.

Systemic transformation of the business model aimed at long-term sustainable development

1. Development of the Circular Economy - recycling and reuse of limited resources.
2. Integration of global challenges to combat climate change and decarbonization into the Company's business model.
3. Assistance in the creation of a favorable environmental, ecological and social-infrastructure urban environment and settlements in the territory of the Company's operations.
4. Increasing attention to business value in the context of its importance to multiple stakeholders and its social and environmental impacts.
5. Integration into business processes of the SDGs as a frame of reference for ensuring sustainable growth.
6. Increasing the level of disclosure of information on ESG aspects of the Company's activities and contribution to the SDGs for investors and other stakeholders, including Sustainable Development Reporting.

In its activities, the Company takes into account the action platforms of the WBCSD <https://www.wbcsd.org/>

In 2019, the Board Director of PJSC TATNEFT appointed an independent director, Mr. Laszlo Gerecs, in charge of overseeing the Company's activities related to climate change.

ENHANCING THE COLLECTIVE ESG KNOWLEDGE OF THE BOARD MEMBERS

The Company takes appropriate procedures to develop and improve the collective knowledge of the Board of Directors on economic, environmental and social issues, including the implementation of the Sustainable Development Goals of the UN Global Compact and the Paris Agreement signed under the United Nations Framework Convention on Climate Change, which regulates the measures to reduce carbon dioxide emissions in the air from 2020, as well as other key international and national documents.

IN 2019, THE BOARD OF DIRECTORS CONSIDERED ISSUES IN THE FIELD OF SUSTAINABLE DEVELOPMENT IN THE FOLLOWING AREAS:

- Joining the UN Global Compact.
- The Company's strategy in the energy sector of the future.
- Social investments of the Company.
- Activities of the TATNEFT Charitable Foundation.
- Development of a unified management system for social projects and programs of TATNEFT Group.
- Health, Safety, and Environment Policy with considerations to the climate change.
- About the member of the Board of Directors of PJSC TATNEFT responsible for overseeing activities related to the climate change.
- Implementation of the goals and projects of the IT strategy: fact of 2018 and plans for 2019–2020.
- Implementation of the goals and projects of the innovation and technological strategy: fact of 2018, medium and long-term projects. The Company's strategy in the energy sector of the future.
- Implementation of the IT-Strategy goals and projects: 2018 actual results and plans for 2019-2020.

- Accomplishment of the innovation and technology strategy goals and projects: 2018 actual results, medium-and longterm projects.

IN 2020, THE BOARD OF DIRECTORS CONSIDERED ISSUES IN THE FIELD OF SUSTAINABLE DEVELOPMENT IN THE FOLLOWING AREAS:

- Implementation of the sustainable development goals of PJSC TATNEFT in the framework of the UN Global Compact.
- On the implementation of the Sustainable Development Goal "Clear Water and Sanitation".
- Taking urgent actions to combat the climate change and its consequences.
- Protection and restoration of terrestrial ecosystems, as well as promotion of sustainable use thereof for sustainable forests management, combatting desertification, halting and reversing land degradation and halting the biodiversity loss process.
- Ensuring healthy lifestyles and promoting the well-being for persons of any age (UN SDG Goal 3).
- Providing for inclusive and equitable quality education and promoting lifelong learning opportunities for all (UN SDG Goal 4).

Corporate governance system

An efficiently functioning corporate governance system is an important factor in the successful implementation of the strategy and sustainable development.

The Company operates a two-tier model of the governance bodies, which contemplates dividing management functions between the Board of Directors and executive bodies.

The Board of Directors of PJSC TATNEFT performs the key functions for strategic management of the joint-stock company and oversight of the executive bodies, and plays a key role in the process of improving the system and practice of the corporate governance based on the principle of continuity and advanced international standards.

The chief executive officer of the Company is the General Director of PJSC TATNEFT. The collegial executive body of the Company is the Management Board headed by the General Director.

The General Director and the Management Board report to the Board of Directors and the General Meeting of Shareholders. The general oversight of the financial and economic activities of the Company is carried out by the Revision Commission.

Details on the structure of corporate governance in the Company: [Annual Report of the TATNEFT Company for 2019](#), p. 104

Key performance indicators system

The system of key indicators of the Company is aimed at achieving effective performance in the implementation of the Company's long-term Strategy and operational business planning with the inclusion of ESG aspects.

Internal documents of the Company

Antitrust Policy

The Company operates in strict accordance with the antimonopoly state regulation, legislation, recommendations of the Federal Antimonopoly Service (FAS Russia), and the best international practices. The Company follows the principles of competitive business conduct and provides for rules of conduct for employees aimed at preventing violations of anti-monopoly legislation.

The Company is constantly improving the internal procedures aimed at alerting and preventing violations of the current antimonopoly legislation, including training of employees in antimonopoly regulation.

For the period 2017–2019. There were no significant violations of the antimonopoly legislation by the Company, and there were no significant fines.

Anti-corruption policy

Corporate Fraud and Corruption Policy

We are convinced that one of the most important conditions for sustainable business development is the availability of measures to combat corporate fraud and corruption, strict compliance with the requirements of the anti-corruption legislation of the Russian Federation, as well as any country in which the Company operates.

The company adheres to generally accepted international standards in the field of combating corruption and a complete rejection of corruption in any form and manifestation in its activities.

In accordance with the Convention of the Council of Europe "On Criminal Responsibility for Corruption", Federal Law No. 273-FZ of 25.12.2008 "On Combating Corruption", the Decree of the President of the Russian Federation "On the National Anti-Corruption Plan for 2018-2020" and the Standard "Anti-Corruption policy of PJSC TATNEFT named after V. D. Shashin "The company strictly complies with the anti-corruption legislation of the Russian Federation, as well as the anti-corruption legislation of other countries in whose territory it operates.

The Company's position in the field of anti-corruption is public

+ Securing responsibility for the implementation of the Company's anti-corruption policy

Responsibility for the implementation of the Company's anti-corruption policy is assigned to the Department of Economic Security, Information Protection of Civil Defense and Emergencies, Legal Department, Internal Audit Department, Control and Auditing Department, HR Department, Personnel Audit Service. In the organizations of the Tatneft Group - on the heads of the organizations of the Tatneft Group.

+ Regulatory framework for anti-corruption policy

- Federal Law of the Russian Federation of December 25, 2008 No. 273-FL "On Combating Corruption";
- Decree of the President of the Russian Federation of June 29, 2018 No. 378 "On the National Anti-Corruption Plan for 2018-2020";
- Criminal Code of the Russian Federation of 13.06.1996 No. 63-FL;
- Code of the Russian Federation on Administrative Offenses dated 30.12.2001 No. 195-FL;
- Labor Code of the Russian Federation of December 30, 2001 No. 197-FL;
- Guidelines for organizing risk management and internal control in the field of preventing and combating corruption in joint-stock companies, approved by order of the Federal Property Management Agency No. 80 dated 02.03.2016;
- Methodological recommendations of the Ministry of Labor of Russia on the development and adoption by organizations of measures to prevent and combat corruption in pursuance of subparagraph "b" of paragraph 25 of the Decree of the President of the Russian Federation of April 2, 2013 No. 309 "On measures to implement certain provisions of the Federal Law" On Combating Corruption " and in accordance with Article 13.3 of the Federal Law of December 25, 2008 No. 273-FL "On Combating Corruption";

- Corporate Governance Code recommended by the letter of the Bank of Russia dated April 10, 2014 No. 06-52 / 2463.

+ Internal documents regulating the Company's practice in the field of combating corporate fraud and corruption

- Anti-corruption policy adopted by the Board of Directors of PJSC TATNEFT;
- Organization Standard of the Anti-Corruption Policy of PJSC TATNEFT named after V. D. Shashina;
- Regulations on the settlement of conflicts of interest in PJSC TATNEFT named after V. D. Shashina;
- Regulation on the acceptance and donation of gifts at PJSC TATNEFT named after V. D. Shashina;
- Regulation on compliance with anti-corruption norms and rules in the process of fulfilling contractual obligations;
- Regulations for the functioning of the corporate system "Hot Line";
- Code of corporate culture for employees of PJSC TATNEFT;
- Regulations for checking suppliers of goods, works and services according to the criteria of economic security;
- Regulations on the organization of contractual work in PJSC TATNEFT named after V.D.Shashina.

Review progress

+ In 2019 and 2020 the Company carried out work to develop the practice of combating corporate fraud and corruption and to ensure that corporate practices are in line with the best international regulatory and methodological framework

The company strives to comply with and integrates into its activities the principles and mechanisms contained in the following international regulatory legal and methodological documents:

- United Nations Convention against Corruption (adopted in New York on 31.10.2003 by Resolution 58/4 at the plenary meeting of the 58th session of the UN General Assembly);
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, adopted by the Organization for Economic Cooperation and Development (OECD) on November 21, 1997;
- Criminal Law Convention on Corruption (concluded in Strasbourg on 27.01.1999 ETS No. 173);
- Code of Conduct to Prevent Extortion and Bribery of the International Chamber of Commerce (ICC Rules on Combating corruption);
- Transparency International Anti-corruption Plain Language Guide 2010, Transparency International Anti-corruption Plain Language Guide.

We also follow the international standards of the ISO 37001.

Basic principles, rules and procedures aimed at preventing corruption

+ The rejection of corruption and the prohibition of corruption

The Company's activities are based on the prevention of corruption in all forms and manifestations. All employees, members of the Company's management bodies and other persons acting on behalf of the Company or in its interests are prohibited, directly or indirectly, personally or through

some kind of mediation, to participate in corrupt activities regardless of the business practices in a particular country or region.

+ The inevitability of punishment

The company investigates all reasonably justified reports of violations of proper procedures to counter involvement in corrupt activities and prosecutes the perpetrators without regard to their position, duration of work, status in the Company and other relationships with it in accordance with applicable law and local regulations of the Company. The company makes all possible reasonable and legal efforts for the fastest possible suppression of violations. The company gives publicity to persons who have violated the requirements of the applicable law and the Anti-Corruption Policy.

+ Legality

In carrying out their activities, the company and its employees are obliged to comply with the norms of the Russian anti-corruption legislation, as well as the applicable norms of foreign anti-corruption legislation if they enter into legal relations that are subject to such legislation.

+ The tone of top management

Senior officials of the Company, including members of management bodies, heads of departments, divisions and other departments of the Company, must declare an uncompromising attitude towards all forms and manifestations of corruption at all levels, demonstrate, implement and observe it in practice.

+ Consistency and proportionality

The company develops and implements a system of proper procedures to counter and prevent involvement in corrupt activities. The company seeks to make the procedures as transparent, clear, achievable and reasonably consistent with the identified risks.

+ Due diligence principle

The Company monitors and checks counterparties and candidates for positions in the Company before making a decision to start or continue business relationships or recruitment for their reliability, rejection of corruption and the risk of conflict of interest.

+ Informing and learning

The company informs and explains the principles and norms of the applicable legislation, the Anti-Corruption Policy and other local regulatory documents in relation to countering involvement in corruption activities, including training employees in the basics of countering involvement in corruption activities and explaining its policy in this area to counterparties.

+ Monitoring

The company constantly monitors the implemented procedures to counter and prevent involvement in corruption activities and monitors their compliance. The Company periodically makes an independent assessment of the state of the system for countering involvement in corruption activities, as well as an assessment of the compliance of the Company's activities with the applicable laws and the Anti-Corruption Policy. The results of the evaluation are reported to shareholders and the public in an annual report, press releases and other informational materials.

+ Improving the system of proper procedures

The company constantly monitors the implemented procedures to counter and prevent involvement in corruption activities and monitors their compliance. The Company periodically makes an independent assessment of the state of the system for countering involvement in corruption activities, as well as an assessment of the compliance of the Company's activities with the applicable laws and the Anti-Corruption Policy. The results of the evaluation are reported to shareholders and the public in an annual report, press releases and other informational materials.

Reports of violations of the Anti-Corruption Policy can be transmitted in the following ways:

- to your immediate or superior supervisor;
- to the Company's 24-hour hotline;
- to law enforcement.

+ Protect the interests of workers

No sanctions can be applied to an employee for:

- failure to engage in corrupt activities, even if as a result of such a refusal, the Company incurred losses, lost profits, and commercial and / or competitive advantages were not obtained;
- bona fide reporting of alleged violations, acts of corruption, other abuses, or the lack of effectiveness of existing control procedures.

If an employee of the Company or another person provides knowingly false information or tries, using anti-corruption procedures, to obtain personal benefits contrary to the interests of the Company or applicable law, then such a person can be held liable in accordance with the current legislation and local regulatory documents of the Company.

+ A responsibility

Responsibility for the implementation of the anti-corruption policy of the Company and combating corruption in all areas of the Company's activities is ensured by the Economic Security, Information Protection, Civil Defense and Emergency Situations Department of PJSC TATNEFT.

All employees, regardless of their position, are responsible, as provided for by the current legislation of the Russian Federation, for observing the principles and requirements of the Anti-Corruption Policy, as well as for the actions (inaction) of their subordinates who violate these principles and requirements. Persons guilty of violating the requirements of the Anti-Corruption Policy may be brought to disciplinary, administrative, civil or criminal liability on the initiative of the Company, law enforcement agencies or other persons in the manner and on the grounds provided for by the legislation of the Russian Federation, the Articles of Association of PJSC TATNEFT, local regulations and employment contracts.

+ Regular assessment of risks of involvement in corrupt activities

The company identifies, evaluates and periodically reevaluates the corruption risks characteristic of its potentially vulnerable business processes. When identifying and assessing risks, the Company takes into account the fullness of information about its activities and plans, including investment and strategic ones, available at the time of the assessment and reassessment.

Hotline information system

The Company effectively operates a special-purpose confidential channel, through which an employee or an outsider can report facts of various violations related to the Company's activities — professional activities, corporate governance and corporate ethics issues, respect for human rights, work schedule, social aspects, industrial and environmental safety, labor protection, quality of products and services, other issues, including those of corruption nature – Hotline. Calls are received by an independent operator. All messages are checked.

There is an option of an electronic form submission on the Company's website at tatneft.ru/goryachaya-liniya with a choice of the message subject.

When sending a message on the hot line, you can choose to receive feedback.

The main topics of inquiries: labor issues and wages, tender procedures, proposals for improvement, requests for assistance to veterans and employees, signals of possible violations and abuses. Each inquiry was considered with adoption of appropriate measures, including those aimed at reducing the risks of violations in production and economic activity, as well as at increasing labor discipline and employee responsibility. Additional control measures have been introduced to prevent previously identified violations in the future.

HOTLINE INFORMATION SYSTEM

Telephone

8 800 100 4112

E-mail

tn@88001004112.ru

Cyber security

Provision of cyber security is a zone of increased attention of the top management of the Company.

In the context of the transition to digital transactions and increased electronic communications traffic, the Company takes a responsible approach to controlling the risks of cyber intrusions into corporate information systems, which can damage the safety of assets, operating and financial activities, and the interests of shareholders and investors. The company takes measures to ensure a highly protected internal cybersecurity system and seeks to convey confidence in its quality to all the stakeholders.

The company takes into account global cyber security challenges that pose potential risks and provide new opportunities in the development of information technology.

The Company's key cybersecurity initiatives are based on analyzing the synergy potential of digital solutions and reducing operational risks.

The Company follows regulatory requirements and considers cyber security in three main aspects:

- Integration of information protection processes and tools into ongoing digital transformation strategic initiatives
- Security using advanced technologies
- Improving the efficiency of cybersecurity functions The Company forms a transparent holistic multi-level cyber risk management system and integrates it into the overall risk management system.

Plans for 2020

- Updating the internal regulations on the Cyber security for TATNEFT Group
- Improving the Cyber risk control procedures
- Development of cyber security elements integration in the business processes

Corporate Cyber Security Operations Center

KEY ELEMENTS OF CYBER SECURITY

Blockchain

Artificial intelligence and robotics

Biometrics

Internet of Things

Personal Data Protection

The Company ensures the protection of personal data by implementing internal procedures in accordance with the law. The Company takes into account the European General Data Protection Directive (GDPR), which was entered into force in 2018.

Transparency

The transparency of the financial and production results of our activities is a reflection of the Company's responsibility to society and provides an opportunity for an objective public assessment of the effectiveness of our actions in the development of natural resources and the production of energy resources.

6850

OPERATING AND BUSINESS
PERFORMANCE PUBLICATIONS
IN FEDERAL MASS MEDIA IN 2019

1224

COMPANY RATINGS' PUBLICATIONS
IN FEDERAL MEDIA IN 2019

5287

PUBLICATIONS ABOUT
COMPANY'S POSITION IN
THE INDUSTRY IN THE
FEDERAL MEDIA IN 2019

115

MESSAGES DISCLOSED
IN INFORMATION AGENCY
«SCREEN»

199

PRESS RELEASES
PUBLISHED ON THE
COMPANY OFFICIAL
SITE

The Company follows the principles of information transparency, guarantees the timely provision of essential information to its shareholders, the investment community and all interested parties based on:

- Regularity and sequence of disclosure of information on the main activities.
- Efficiency of disclosing relevant information on material events and facts in the Company's activities.
- Guarantee of the accuracy and completeness of the disclosed information about the Company and legal entities controlled by it, which are of substantial importance to it within the framework of the TATNEFT Group.
- Ensuring the availability of information for stakeholders and equal access to information for the same categories of stakeholders.

- Ensuring compliance and consistency of information disclosed in different ways and/or in different forms, as well as the possibility of comparing the disclosed indicators for different periods of time.
- The independence of the provision of financial and other information on the interests of any persons or their groups.

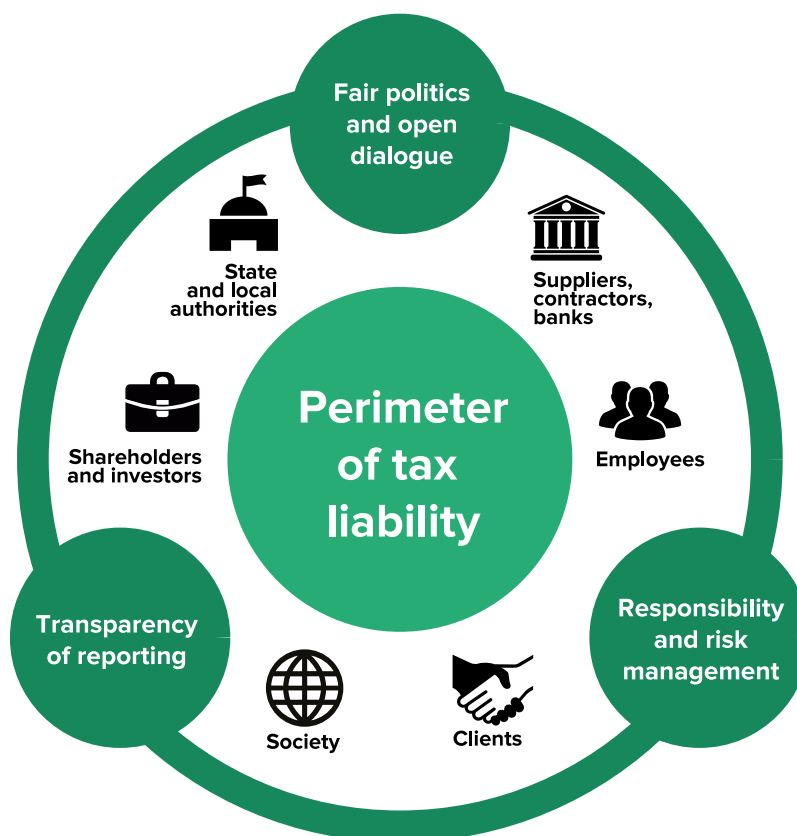
The Company discloses material information about its activities and avoids a formal approach to information disclosure. At the same time, the Company does not evade from disclosing negative information about itself, if such information is essential for shareholders, investors and other stakeholders. The Company seeks to provide simultaneous and equivalent disclosure of material information in the Russian Federation and abroad in accordance with the circulation of the Company's securities in overseas organized securities markets, including in the form of foreign depositary receipts. The equivalence of information disclosure means that if it is disclosed in an organized market in one country, the same content should be disclosed in other countries where the Company's securities circulate in organized markets.

Disclosure, dissemination, and provision of information are carried out in the volume, manner, and within the time limits established by applicable Russian and applicable foreign law in the field of information disclosure by issuers of securities.

Taxes and social investments

The company has a high responsibility towards tax obligations and is a large taxpayer, considering tax payments as the most important corporate contribution to the economic growth and social development of the state. The transparency of our financial results and the volume of tax payments are a demonstration of how responsible development of natural and energy resources enables the federal and regional budgets to replenish revenues for the further development of the economy and social sphere.

TATNEFT Group is one of the largest taxpayers in the region of its main presence, plays an important role in ensuring the income of the federal and regional budgets, which contributes to the stable socio-economic development of the territories, the creation of high-quality jobs, the improvement of the welfare of the population and social infrastructure, the growth of added value, development of related industries.



We annually disclose the amounts of taxes assessed and paid, as well as comment on the tax conditions applicable to the Company. We publish this information in the [Annual Report of the Company and Management's discussion and analysis of financial condition and results of operations](#)

Information on taxes for 2019 [published](#) as part of the Management discussion and analysis of financial condition and results of operations for the three months ended 31 december and 30 september 2019 and years ended 31 december 2019 and 2018

Starting from the 2015 reporting year, Tatneft prepares and publishes a Report on Payments to Governments Resulted from Extractive Activities. The purpose of such disclosures is to provide for

transparency in front of society and citizens in relation to wealth generated by natural resources collected by resource-rich countries.

The report is posted on the Tatneft website in the [Consolidated Financial Statements section](#):

This Company's approach is in line with the Global Extractive Industries Transparency Initiative (EITI) <https://eiti.org/ru>.

The company assesses the importance for stakeholders of a high level of transparency in the tax burden of the business and voluntarily implements appropriate best practices and procedures in its operations, following the best international standards.

The focus of the Company's increased attention is the assessment of the conscientious observance of tax legislation by counterparties involved in the financial and economic activities of TATNEFT Group.

We take into account the trends in international tax policy aimed at preventing unfair actions of taxpayers in terms of the use of tax planning schemes, as well as strengthening requirements in terms of transparency of tax information at the intercountry level. Among these steps is a set of measures developed by the Organization for Economic Cooperation and Development (OECD) to prevent the erosion of the tax base and the withdrawal of profits from taxation ([BEPS](#)). At the same time, over the past few years, Russian legislation has introduced measures to increase the responsibility of taxpayers.

FOCUS 2019 -2020

- The company is expanding the format of disclosure of information on the fulfillment of tax obligations in terms of reporting related to corporate responsibility.

FOCUS 2021

- Expanding the area of attention to the requirements of "tax integrity" for the involved counterparties.
- Search and acceptance of effective tax conditions.

Supply chain

Interaction with suppliers is carried out on the basis of the principles of complete transparency of decisions, competitive advantages and assessment of compliance with the principles of industrial and environmental safety, transition to carbon neutrality, corporate responsibility.

We implement a policy of equal opportunity, non-discriminatory in any form, and work with our partners and suppliers to ensure this principle throughout the value chain.

On a regular basis, we conduct a review and examination of our supply chains in order to rule out conflict and violation of the rights and legitimate interests of other parties. The Company has developed and implemented a comprehensive program to combat corporate fraud and corruption.

The company increases transparency by adhering to stricter standards in its work compared to industry standards and by publishing in the public domain information about the formation of the cost of services, payments to the budget in the form of taxes. We work with our suppliers to improve the transparency of their activities.

The company buys and sells a significant amount of goods and services. The selection of the Company's suppliers is carried out according to uniform rules only on the basis of open electronic trading. Each potential supplier has the opportunity to participate in the tender procedure with mandatory confirmation of compliance with the established criteria.

For potential suppliers, a comprehensive assessment of compliance with corporate requirements is carried out.

Following the principles of corporate responsibility, the Company reviews potential suppliers to ensure that their activities are consistent with environmental and social responsibility. If the subject of the tender stipulates the need to check the state of the labor protection and industrial safety system, as well as assess the environmental impact of a potential supplier, an appropriate examination is carried out, which may include a request for confirmation of the availability of the necessary production facilities and technologies, appropriate qualifications of specialists, licenses, certificates, including in the field of ISO, technical audit conclusions.

In addition, within the framework of tender procedures, the Company provides a request for information regarding the social aspects of a potential supplier's activities, including respect for human rights.

If the bidders do not meet the established criteria, they will be excluded from the tender. According to the Company Policy in the field of industrial safety, labor and environmental protection, all suppliers and contractors must follow the Company's principles in this area, comply with legal and corporate standards when fulfilling contractual obligations to the Company. The company monitors the activities of its contractors to comply with these requirements.

One of the key areas for us is the implementation of sustainable development policies and other initiatives aimed at combating climate change, in accordance with the Extractive Industries Transparency Initiative (EITI). We integrate this approach into the supply chain and encourage our suppliers to also increase accountability and transparency in all aspects of sustainability.

+ Trading and purchasing platform

Currently, the bulk of the supply chain is made up of domestic producers of products and services. Working with local suppliers remains one of our priority areas.

45 thousand operating suppliers are registered on the trading and purchasing site, of which 7.5 thousand suppliers were registered in 2019, more than 8 thousand suppliers participated in tenders for the supply of goods, 58 thousand competitive bids were received.

Over the 10 years since the founding of the TATNEFT trading and purchasing platform, operators have carried out more than 117,000 electronic trading procedures for more than 150 purchasing organizations, the trading turnover exceeded 460 billion rubles

In 2019, 11,808 contracts and specifications for them were concluded with 1,041 suppliers for 36.9 billion rubles (excluding VAT). 48% of all orders were placed with enterprises of the Republic of Tatarstan, import contracts amounted to 0.5%. The low share of import contracts indicates a steady decline in the Company's import dependence.

The main share in the procurement structure is taken by deliveries according to price books: framework and long-term contracts with an open volume, which makes it possible to carry out purchases without wasting time and resources, as well as to increase the efficiency of forecasting the cost of objects under construction and planning the budget of expenses. Today, there are more than 900 price books, covering about 150 thousand items of the nomenclature, for which 81% of the total purchases were purchased in 2019 (2018 - 78%).

As part of improving the procurement system, the Company implements mechanisms for categorizing purchases, delegating authority and personalizing responsibility, created and published a library of technical requirements and conditions for the product, and uses a parametric classifier to systematize the selection of analogues of goods from warehouse stocks in the Electronic Store. There is a mechanism of "reorder points" - the creation of stocks of goods for regularly consumed and critical positions. A process approach to the procedure for concluding contracts was introduced, the optimal time frame for concluding contracts with suppliers was established. To control contractual work, the mechanism of setting tasks in the Corporate Social Network TATNEFT is actively used. The logistics of direct deliveries from supplier to customer is being developed.

REVIEW PROGRESS IN 2019-2020

The company has built up its supply chain capacity with sustainability in mind. Work is underway to improve internal regulations in terms of monitoring the compliance of suppliers and contractors with the

Company's requirements for ensuring industrial and environmental safety, occupational health and safety, monitoring social factors and reducing all risks of negative impact on the environment.

Particular attention is paid to joint training programs for Company employees and suppliers and planning interaction, taking into account the aspects of the transition to carbon neutrality, rational environmental management, responsible production and consumption, energy efficiency and resource conservation. The company is expanding the perimeter of monitoring major suppliers and contractors for compliance with labor rights and social standards.

FOCUS 2021

In terms of ensuring reliability of supply, we plan to develop the application of international standards and labeling of products and services throughout the supply chain, including labeling of product quality, environmental friendliness, energy efficiency, as well as consistent steps to include carbon neutral labeling in corporate practice.

Human rights and business ethics

The company recognizes the importance of respecting and abiding by the fundamental human rights proclaimed by the UN Universal Declaration of Human Rights.

As an international company conducting business projects in countries with different political systems and cultural traditions, Tatneft proceeds from the premise that everyone should have all the rights and freedoms proclaimed in it, without any distinction, regardless of race, skin color, gender, age, language, religion, political or other convictions, national or social origin, property, class or other status, including the right to work, the right to a healthy environment, the rights of indigenous peoples and special groups of the population, and others.

Our approach extends to all of our employees and contractors. It is based on the Universal Declaration of Human Rights, the core conventions of the International Labor Organization and the United Nations Guiding Principles on Business and Human Rights. Human rights due diligence is built into our existing processes and structures, such as the Health, Safety, Environment and Social Performance Management System.

We focus on the four areas of our business that are most related to human rights: security, labor rights, supply chains and local communities.



RESPECT

The company follows the principle of respect for people and the possibility of development for everyone, regardless of gender, ethnicity or other differences.

+ Commitment to human rights

- The company strives to adhere to the basic principles in the field of labor relations and environmental protection, enshrined in the UN and International Labor Organization (ILO) conventions.
- The company does not tolerate any form of harassment or discrimination.

- The Company respects the rights of every employee to collective representation of interests, including trade union organizations, eliminating any possibility of a hostile, humiliating or offensive atmosphere for human dignity.
- The company assumes obligations in relation to the rights to a favorable environment and safe work and intends to carry out all available and practically implemented set of measures to prevent injuries, occupational diseases of personnel, accidents and reduce their consequences.
- The Company supports the preservation of the national and cultural identity of the peoples living in the regions where the Company operates.
- The company recognizes and respects the rights of trade unions, including those enshrined in the basic ILO conventions:
 - the right of every worker to be represented by a trade union of his / her own choice and basic trade union rights regarding freedom of association and the right to organize workers in trade unions, and the right to collective bargaining;
 - exclusion of any form of forced or forced labor; de facto exclusion of child labor;
 - promoting and ensuring equality of opportunity and treatment of workers in employment, including equal remuneration for women and men for work of the same value, as well as non-discrimination in labor and employment.

+ Respect for human rights in the Company. Feedback. "Hotline"

Assessment of the Company's activities in the field of human rights is carried out on an ongoing basis in the process of strategic planning, assessment of aspects of operational activities, within the framework of the risk management system, analysis of calls to the "[hotline](#)" and feedback.

The main directions of monitoring in the field of human rights observance: compliance with legal requirements; internal audit in terms of compliance with corporate procedures and standards for areas of activity; conducting procedures for assessing the impact on the environment of production activities and the effectiveness of measures for industrial safety and labor protection; interaction with the Trade Union Organization and monitoring of the implementation of the Collective Agreement; interaction with stakeholders.

The corporate culture code of TATNEFT Company includes values and rules of business ethics.

The Company has committees in the area of competence of which are issues related to ensuring human rights:

- **Committee of the Board of Directors of PJSC TATNEFT for corporate governance.**
- **Management committee for personnel issues.**
- **Committee on Ethics and Corporate Culture Development.**

+ Security

The company strives to ensure the safety of personnel and production and economic facilities, respecting the human rights to safe work and the safety of local communities. We carefully assess the potential risks of our operations and work with government agencies, partners and contractors, and public associations to ensure the safety of our assets and a safe working environment for

employees and contractors. The company strictly adheres to the principle of preventive safety measures and implements safety standards and regulations at all of its facilities.

+ Ensuring labor rights

The company adheres to the principles of protecting the rights of workers and contractors in accordance with the main conventions of the International Labor Organization and the provisions of the UN Global Compact. Labor rights include freedom of association, the right to collective bargaining, the elimination of all types of discrimination and the provision of equal opportunities, quality working conditions, adequate remuneration, the elimination of forced labor and child labor. The company strives to create an inclusive environment for people with disabilities and vulnerable groups, providing quality jobs and creating opportunities for education, as well as for further development and professional growth.

+ Ensuring human rights in the supply chain

The company follows a policy of interaction with partners, suppliers, contractors and subcontractors based on the principles of mandatory respect for human rights. This means that at the heart of any business relationship the Company sees strict adherence by all participants in business processes to fundamental international principles and norms in the field of human rights. We expect our business partners, contractors and suppliers to adhere to these principles and are improving special mechanisms to prevent any violations in these areas in the Company's activities.

+ Ensuring the human rights of local communities

The company assesses the impact it has on people living near our facilities as a result of its current production activities as well as planned activities. This assessment is based on the United Nations Guiding Principles on Business and Human Rights. The company aims to provide preventive measures to prevent negative impact on public health and safety, environmental safety and social infrastructure in general. The sequence of our actions includes an analysis of the possible impact and the development of measures to eliminate or minimize the negative impact, as well as the implementation of targeted projects to improve the quality of life and develop social infrastructure in the territories of our operations.

Review progress

In 2019 - 2020 The company has taken steps to integrate human rights procedures into corporate practice.

The principles of human rights observance are included in the Corporate Culture Code of the Company and the Collective Agreement in separate sections.

The main priority is given to the analysis of ensuring human rights in each of the four areas on which the Company is focused. In particular, information on the current state of industrial and environmental safety at the Company's enterprises, including the assessment of contractors and suppliers, as well as information on the measures taken is reviewed by the Company's management on a weekly basis with the participation of top management involved in the impact of our production and economic activities on the environment. At the same time, the issues of social welfare of workers and local population are considered on a regular basis.

In the context of the COVID-19 pandemic, the Company pays special attention to ensuring measures to preserve the health and life of people, preventive measures, including preventive measures, testing and

vaccination, as well as to provide high-tech medical care. **Details on the Company's actions in a pandemic are available on the Company's website in the [#STOPCOVID19](#) section.**

We consider the further development of feedback mechanisms with the population with the maximum coverage of stakeholders as an important area of ensuring the rights of local communities. The company develops the practice of Public Councils to receive feedback from the population on ongoing production and infrastructure projects. Regular questionnaires and public surveys are conducted. There is a hot line and a direct dialogue with the authorized representatives of the Company is provided.

In the area of labor rights, our efforts are focused on developing professional growth opportunities. At the same time, we carry out constant monitoring, training and wellbeing of employees.

The company strives to develop an inclusive environment for people with disabilities in labor relations in hiring, training and career development, in education from a young age, as well as in improving infrastructure to ensure a good quality of life.

Focus 2021

In 2021, we plan to focus on the following areas:

- Assessment and improvement of the community feedback mechanism on the criteria for access to legal remedies in the Business Guiding Principles and Human Rights.
- Development of the practice of social licensing of our activities.
- Raise the standards for our supply chain to comply with the Business Guiding Principles and Human Rights of Contractor and Supplier Engagement to ensure that our principles of worker well-being are respected at large construction and manufacturing sites.

Development of in-house training on human rights for workers and contractors.

Business ethics

The company operates on the basis of maintaining an impeccable reputation and adhering to ethical business practices.

Our principles of business ethics determine the rules of the Company's business for effective integration with the business community and the social environment, provide for the strict observance of legislative, ethical and professional norms and standards by all employees.

The principles of the Company's business ethics are based on:

- Respect for human rights, including labor rights, freedom of association and trade union activity, and the rights of local communities;
- Rejection and counteraction to corruption and fraud in all forms and manifestations;
- Adherence to the rules of fair competition;
- Information transparency.

We consider compliance with the requirements of legislation and international law, international agreements of the Russian Federation as the basis of our activities in the field of sustainable development, and we also take into account the best international standards of business ethics.

The corporate documents of the Company contain our official position and enshrine the norms of behavior and obligations concerning both relationships within the workforce and interaction with external stakeholders. Based on the fundamental importance of ethical standards to us, we demand the fulfillment of similar obligations from any organizations and persons acting on behalf of the Company and strive to extend the norms of conduct (including respect for human rights) to relations with business partners, suppliers and contractors through their information.

We aim to create and maintain long-term and stable relations with all stakeholders based on mutual trust, full fulfillment of obligations, openness, exchange of experience, mutual support, taking into account the balance of interests of our shareholders, business partners, contractors, local communities and other stakeholders. ...

The company supports free competition and entrepreneurship, and pursues a fair and open policy towards competing organizations. The company does not enter into relationships with persons using illegal and / or unethical business practices.

Acting as an employer, taxpayer, user of natural resources, the Company treats its duties with all conscientiousness and rationality and strives to make an effective contribution to the economic and social development of the regions of presence and the creation of favorable living conditions in them.

The Company is a responsible partner of the state, the business community, the population, the public and in all regions of its activity interacts and consults with business partners, counterparties, representatives of the public and everyone who cooperates with the Company on socially significant issues related to its activities.

We openly inform shareholders, partners, employees and other interested parties about our activities, ensuring the exercise of their right to regular and timely receipt of complete and reliable information in the manner and in the forms established by the current legislation and internal documents of the Company.

The company protects confidential information constituting state, official or commercial secrets, insider information, as well as personal data in accordance with applicable law. The procedure for access to such information, its use and protection is established by the current legislation and the relevant internal documents of the Company.

Ethics and Corporate Culture Development Committee

The Committee for Ethics and Corporate Culture Development is an advisory body of the Company on issues related to the observance of business ethics and promotion of the integration of uniform corporate culture standards in the TATNEFT Group. The Committee is responsible for making appropriate decisions and making recommendations for employees and officials of the Company.

All interested parties can contact the Ethics and Corporate Culture Development Committee through all available communication channels, including the Hotline.

In difficult cases concerning the ethical aspects of dealing with competitors, employees should contact the management of the Company, and managers should contact the Board of Directors and its relevant committees.

We consider the strengthening of corporate culture to be the main mechanism for ensuring a high level of corporate business ethics and preventing any violations. The company implements appropriate targeted programs and activities aimed at increasing the knowledge of employees in all aspects of adopted corporate norms and standards, as well as in the area of trends in the development of advanced business practices and sustainable development in general.

Stakeholders. Working together

Our entire environment is a stakeholder and allows the Company to accumulate experience in various areas of corporate practice. An open level of interaction helps us to more deeply assess external views on various topics and problems concerning the interests of various groups of communities, the observance of human rights and determine more significant priorities.

Strict adherence to legislation and industry standards relevant to the Company's activities.	PARTIES CONCERNED	We ensure the progress of sustainable development together with our environment, taking into account the position of stakeholders in all aspects of the corporate, production and socially significant activities of the Company.
Adherence to ethical standards, which also includes the desire to maintain a diverse and inclusive culture in the corporate environment.	Shareholders and investors Business partners and clients Employees Contractors Local communities State Regulators	

Forms of interaction

Interaction with stakeholders is carried out at all levels of the Company's activities using mechanisms and forms that correspond to the scale and content of the tasks being solved that are in the sphere of mutual interests.

With a number of stakeholder groups - regional and federal authorities, trade unions, public and sectoral Russian and international organizations, business partners and associations - the Company builds relationships based on cooperation or partnership agreements.

Principles of stakeholder engagement

+ Safety

The company strives to ensure the safety of all its production and economic activities and products. We strictly monitor compliance with all regulatory requirements throughout the chain of business processes, to the final products and services provided. Protecting the health and safety of our employees, contractors, local communities and consumers includes ensuring appropriate procedures and measures, and providing products and services that are safe and do not pose an unacceptable risk of harm in use or consumption. The company at all stages of the life cycle of products and services assesses their impact on health and safety in order to identify opportunities for improvement, including increasing environmental performance.

Significant incidents of non-compliance with health and safety impacts of products and services in 2019 -2020 (as of the date of this report) has not been fixed.

+ Provision of information

The company discloses information in accordance with the current legislation of the Russian Federation and the applicable legislation of the territories in which it operates. In addition, the Company voluntarily discloses information in order to obtain the most complete and objective picture of our activities for stakeholders to make decisions.

We provide stakeholders and consumers with access to complete, accurate and understandable information that allows them to make informed decisions, including information about our business processes, product labeling, posting information on the websites of our manufacturers, and providing additional information. We also interact with our partners, suppliers and dealers to provide the most complete information about our products, necessary and useful for consumers.

The Company has a standard for concluding contracts for the supply of products and the provision of services, which is aimed at clarity and clarity of wording and information about the subject and conditions of the contract, including price parameters, terms, responsibilities of the parties, specification of products and services.

Cases of non-compliance with regulatory requirements and significant violations of the provision of information related to informing stakeholders, including shareholders, investors, business partners, consumers in 2019-2020 (as of the date of this report) has not been fixed.

+ Fair and Responsible Marketing Practices

The company uses only good marketing practices and protects consumers from unfair or misleading advertising, information or labeling. The Company's activities in the field of product and service promotion, advertising and marketing comply with the legislation of the Russian Federation, as well as with the applicable regulatory assets of the countries in which the Company operates.

In 2019 -2020 (as of the date of this report) there were no significant cases of inconsistency of the Company's activities with legislation in the field of promoting products and services, advertising and marketing. The Company has not been charged with significant fines for non-compliance with laws and regulations regarding the provision and use of products.

+ Compensation for damage

The Company has clear mechanisms and procedures for resolving claims and disputes with interested parties, including consumers of our products and services, as well as measures to prevent them and the procedure for compensation for damage.

The company implements a policy of minimizing consumer risks in terms of product quality.

All cases of receiving claims from consumers are registered, the reasons are analyzed and, if objective claims are identified, appropriate measures are developed. We carry out preventive measures to prevent damage to the interests of consumers on an ongoing and continuous basis.

+ Privacy

The company ensures respect for privacy and personal data protection by using reliable and secure systems for collecting and protecting consumer data. Consumer information is collected only through legal means. The collection of personal data of consumers of the Company's products and services is limited to information that is necessary to provide products or services or is provided on a voluntary basis with the consent of the consumer. The collected personal data of consumers is protected using effective security measures.

FOCUS AND PROGRESS 2019 -2020

We are expanding the perimeter of interaction with stakeholders to integrate sustainable development aspects into the strategic and operational activities of the Company, reduce the impact on the environment and climate, and contribute to the improvement of social infrastructure. The company pays special attention to the tasks of improving safety and quality of life, developing social infrastructure, education, healthcare, culture, national traditions and the identity of local communities.

We raise the level of knowledge of our employees and develop interaction with local and global international non-governmental and humanitarian organizations.

In 2019, the Company joined the UN Global Compact and the National Network of the UN Global Compact in the Russian Federation. In 2020, a representative of the Company was elected to the Governing Council of the National Network of the Global Compact in the Russian Federation.

At the national level, we actively interact with the Russian Union of Industrialists and Entrepreneurs, representatives of the Company are members of the RSPP Committees: on Energy Policy and Energy Efficiency; on the labor market and social partnership; on industrial safety.

In 2019, the Company joined the All-Russian Industry Association of Employers of the Oil and Gas Industry of the Russian Federation in order to improve the efficiency of regulation of social and labor relations between an employee and an employer.

During 2020, the Company is participating in the preparation of recommendations for the G20 ("B20") in the target working groups "Energy, Sustainability and Climate", "The Future of Employment and Education", "Digitalization", "Finance and Infrastructure".

Detailed information on the Company's participation in associations, national and international organizations, support of international and national economic, environmental and social initiatives is presented in the [Company's 2019 Annual Report](#) as well as on the Company's website <https://www.tatneft.ru/?lang=en>.

FOCUS 2021

- Integration of the Sustainable Development Goals into the Company's business model with the involvement of partners and contractors, as well as local communities.
- Joining international and national initiatives and platforms for sustainable development and the transition to carbon neutrality,
- building partnerships. In particular, a decision was made to join the Company to the Science Based Targets (SBTi) international initiative on scientifically grounded goals of reducing greenhouse gas emissions to prevent the consequences of climate change.
- Development of the program of social licensing of the Company's activities and business projects of the TATNEFT Group enterprises (SLO).

Expanding the practice of socially responsible investment - assessing ESG factors along the entire product life cycle from development to recycling in accordance with the international UN PRI Principles for Responsible Investment.

Responsibility of the Company to major groups of stakeholders

REGULATORS

- Enforcement of legislative requirements, rules and recommendations
 - Compliance with the Corporate Governance Code
 - Compliance with the principles of corporate responsibility and sustainable development
 - Implementation of international standards and best practices
 - Information disclosure
-

SHAREHOLDERS AND INVESTORS

- Dynamic growth of shareholder value and development of the Company in accordance with strategic initiatives
 - Efficiency of production and financial activities
 - Maintaining a Positive Corporate Reputation
 - Reliable Company Status
 - Compliance with Listing Rules for Moscow and London Stock Exchanges
 - Ensuring the principles of the Corporate Governance Code recommended by the Bank of Russia
-

STAFF

- Workplace Safety
 - Provision of opportunities for personal and professional growth
 - Provision of social guarantees
 - Fulfillment of the Company's obligations under the Collective Agreement
 - Ensuring a decent standard of living
 - National Pension Fund
-

TRADE UNION

- Fulfillment of the Company's obligations under the Collective Agreement
- Interaction and cooperation to ensure the social and labor rights and interests of union members
- Monitoring compliance with labor laws of the Russian Federation
- Joint actions to organize sports and recreation and cultural work for staff

VETERANS AND PENSIONERS

- Provision of Non-governmental Pension Fund (NPF)
- Economic support aimed at improving the living standards of veteran oil workers
- Organization of medical treatment and rest of labor veterans
- Material assistance to veterans

BUSINESS PARTNERS

- Compliance with the Company's ethical principles
- Fair competition
- Timely and accurate fulfillment of contract terms and conditions
- Mutually beneficial cooperation

CONSUMERS

- Provision of high quality goods and services
- Continuous improvement of product quality
- Striving to follow changing customer requirements
- Provision of reliable information about the Company's products

LOCAL COMMUNITIES AND PUBLIC ORGANIZATIONS

- Promotion of socio-economic development of the regions where the Company operates
- Promotion of education, culture and sports.
- Careful and efficient nature management and environmental protection
- Support for socially vulnerable groups

AA1000SES (2015)

The Company is guided by the Stakeholder Engagement Standard AA1000SES (2015).

When concluding agreements and joint actions with interested parties, the Company conducts a negotiation process, allowing each party to state its position and jointly find a solution that suits both parties. The fulfillment of obligations is accompanied by monitoring, allowing each party to assess the effectiveness of interaction. The results of the implementation of agreements, as a rule, are discussed with interested parties, including at public events. The Company also provides feedback in the form of surveys, round tables, conferences, meetings, feedback channels, which allows to identify the satisfaction of stakeholders with various aspects of the Company's activities, including its products, services, social programs.

Indicators for assessing the effectiveness of the system of interaction with stakeholders:

- stakeholder evaluation (results of surveys, dialogues, proposals received);
- monitoring the implementation of commitments undertaken by the Company.

The Company's interaction with stakeholders is regulated and supported by internal documents and standards.

Details of the Company's internal documents can be found on the [Company's web site](#).

Climate change and a sustainable energy future

According to the Paris Climate Agreement, humanity must keep the increase in average temperature in the range of 1.5-2 ° C from the pre-industrial level.

We recognize our responsibility to act with urgency to prevent the irreversible effects of climate and environmental change.

Under the 2015 Paris Agreement, most governments have pledged to limit global temperature rise to well below 2 ° C above pre-industrial levels and to continue efforts to limit warming to 1.5 ° C.

In 2018, the Intergovernmental Panel on Climate Change (*IPCC*) warned that global warming should not exceed 1.5 ° C to avoid the catastrophic effects of climate change.

To meet this challenge, greenhouse gas emissions must halve by 2030 and fall to zero by 2050. It is necessary to transform the business of all companies with the integration of new technological solutions in the production and consumption of energy.

The Company's position on climate change

The company aims to move towards carbon neutrality by 2050, with a phased reduction in CO₂ emissions from 2016 levels.

The Company clearly sees its contribution to sustainable energy future in the context of transition of the global economy to a low-carbon development path associated with climate change and ensuring global economic growth.

10%

PLANNED REDUCTION OF CO₂
EMISSIONS BY 2025

20%

PLANNED REDUCTION OF CO₂
EMISSIONS BY 2030



TATNEFT'S QR-CODE OF
CARBON NEUTRALITY

The Company shares the global climate change concern and the Caring for Climate Strategic Global Partnership initiative of the UN Global Compact and the secretariat of the Framework Convention on Climate Change (UNFCCC), embodied in the Paris Agreement.

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Given that energy companies generate significant greenhouse gas emissions during their production activities that can affect the climate and create climate risks, as well as an increase in energy demand to achieve and maintain a good quality of life, the Company seeks to contribute to sustainable development and building of innovative energy infrastructure..

«The Company shapes a clear-cut stance in planning its contribution to reducing carbon footprint. We set our goals, monitor and control greenhouse gas emissions on the basis of the international standards, best practice in the industry and ongoing progress. The human factor is crucial as we need to convince our communities that we are in the group of enterprises that will go forward on climate change agenda, because it is a serious responsibility to the public and the future.»

László Gerecs

Member of the Board of Directors of PJSC TATNEFT,
independent director authorized by the Board
of Directors on climate policy of the Company.

*From his report made at the II Science and Innovation
International Forum, Almetyevsk, October 2019*

We join the Science Based Targets (SBTi) platform to set scientifically based targets to reduce greenhouse gas emissions.

In the process of building a system of accounting and reporting of greenhouse gas emissions in TATNEFT Group, the Company adheres to the GreenhouseGasProtocol (GHGProtocol) standards and recommendations and aims to ensure disclosure of information regarding climatic aspects in accordance

with the recommendations of the Task Force On Climate-Related Financial Disclosures (TCFD) , as well as participate in the authoritative international climate rating Carbon Disclosure Project (CDP).

In assessing the scopes of greenhouse gas accounting, we consider and intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting.

The company is implementing comprehensive measures.

As we shape our strategy to move towards low-carbon production and carbon neutrality by 2050 to ensure sustainable development in the long term, we intend to achieve ambitious goals and contribute to the achievement of global goals for decarbonizing the economy. Given that energy companies generate significant greenhouse gas emissions during their production activities that can affect the climate and create climate risks, as well as an increase in energy demand to achieve and maintain a good quality of life, the Company seeks to contribute to sustainable development and building of innovative energy infrastructure.

5%

LOWER GREENHOUSE GAS EMISSIONS
FROM 2016

96.4%

EFFECTIVE APG UTILIZATION RATE

2015

SINCE 2015 COMPANY'S GREENHOUSE
GAS EMISSIONS ACCOUNTING

~ 3 MLN TONNES

COMPANY PREVENTS AIR EMISSIONS OF
NEARLY 3 MLN OF CO₂-EQUIVALENT
GREENHOUSE GASES PER YEAR THANKS
TO HIGH APG UTILIZATION RATE

+ STRATEGIC GUIDELINES

The Company recognizes the importance of meeting the needs and demand of the public for moving towards cleaner energy and takes into account the fundamental trend of rebalancing of energy mixes towards less carbon-intensive fuels, development of new energy sources to reduce greenhouse gas emissions, as well as a variety of possible long-term scenarios for global energy system transition to decarbonization. Although, the social and economic growth and better quality of life involve higher energy consumption. Being aware that there are a lot of uncertainties in the energy transition consumers are expected to continue using oil and gas for a long time to come. Not all types of economic activity can be easily, quickly, or costeffectively electrified. We see a

permanent role of oil and gas in the future along with renewable energy, hydrogen and new technologies. The key task in this direction is to develop our business model, which seeks to minimize and subsequently to zero emissions. These ambitions will be determined by specific goals for the long term with intermediate target values

+ CONSUMERS AND PARTNERS

A significant part of emissions associated with the Company activities are emissions from consumers of our products. We will work with our partners, contractors and customers so that they should also take steps to reduce their emissions to achieve the common goal of coming to zero emissions.

+ GOVERNANCE

Climate change issues are addressed at the strategic level of the Company's management. In September 2019, the Board of Directors adopted a new version of the Climate Change Environmental Policy. At the same time, the Board of Directors appointed a member of the Board of Directors, Independent Director László Gerecs to be responsible for overseeing the Company's climate change activities. In March 2020, the Board of Directors considered the Environmental Program Roadmap with considerations to the climate change to formulate target values for reducing greenhouse gas emissions. The topics of reducing the environmental impact and climate aspects are regularly reviewed by the Board of Directors and the Management Board. The Corporate Governance Committee of the Board of Directors under the leadership of the Chairman of the Committee - General Director of PJSC TATNEFT Nail U. Maganov routinely coordinates shaping of program actions with regard to the TATNEFT Group's climate change policy and sustainable development.

+ INTERNATIONAL AND NATIONAL INITIATIVES

The Company is committed to the international initiatives aimed at preventing climate change in accordance with SDG 13 of the UN Global Compact on Climate and related international and national programs. The IPIECA industry standard is being integrated into the Company's activities to improve the sustainable development practice in the oil and gas industry. It is planned to join the Company to the Science Based Targets Project (setting scientifically based goals to reduce greenhouse gas emissions) and a number of other effective platforms.

+ BUSINESS OPERATIONS

The tasks to reduce greenhouse gas emissions are consistently integrated into business processes. We plan to assess the impact on the environment, including an anthropogenic one, throughout the entire value chain, including logistics and supply. IN 2019, WE LAUNCHED TWO SPECIAL TASK PROJECTS:

- Implementation of initiatives and actions of the Company on climate aspects. Greenhouse gas management and accounting processes.
- Analysis and selection of effective methods for reducing emissions, capturing and processing of carbon dioxide. We carry out a detailed inventory of emission sources, analysis and selection of promising methods for reducing emissions, carbon dioxide capture and processing.

The Company intends to develop a product line with lower carbon emissions and to develop renewable energy (clean low-carbon energy generation) and biofuels. In order to improve the climate management system effectiveness, it is planned to integrate the standards, such as ISO14064–1: 2018; ISO 14064–2: 2019; ISO14064-3: 2019.

+ INFORMATION DISCLOSURES

The Company discloses financial climate-related information TCFD (Task Force on Climate-related Financial Disclosures) and intends to become one of the CO² disclosure leaders of the Carbon Disclosure Project (CDP)

+ REPORTING

Climate information is disclosed in the Annual Report and Sustainability Report. In 2020, an independent verification of greenhouse gas emissions is planned to be done by international standards.

+ GREEN TATNEFT BRANDS

High environmental properties of the Company's products, energy efficiency and performance of the production processes and its model of rational consumption of resources that contribute to the continuous reduction of specific greenhouse gas emissions into the atmosphere form a single "green" brand of the Company. All products of the TANECO fuel line such as gasoline of grades AI-92, AI-95, AI-98, AI-100 and diesel fuel comply with the EURO-6 environmental standard and represent a "green" calling card of the Company. In order to create a favorable environment and increase the absorption of greenhouse gases TATNEFT has been implementing a landscaping program since 2000 with more than 10 million seedlings of trees and shrubs planted over this period.

+ SCIENCE

In order to reduce the negative impact on the environment and climate, increase the sustainability of ecosystems, the Company uses the best available technologies and solutions that have proved their effectiveness. At the same time, innovative methods are being sought. The development of new technologies is provided by the research and development unit of the TATNEFT Group, which interacts with the leading experts and specialists based on TatNIPIneft.

+ SCIENCE AND INNOVATION INTERNATIONAL FORUM OF THE COMPANY

In October 2019, TATNEFT organized the 2nd Science and Innovation International Forum in Almet'yevsk, bringing together distinguished Russian and international experts, representatives of government agencies, and leading industry experts. Opening the plenary session of the Forum, the General Director of TATNEFT Nail U. Maganov noted the importance of contribution of industrial companies and joint efforts in solving the global agenda of reducing the carbon footprint. A panel discussion on Global Decarbonization and Green Technologies was held during the forum.

Measures and results of actions

«One of our sustainability goals is to reduce our carbon footprint as a result of the Company's operations. And it is impossible to achieve this goal without the use of alternative energy. Therefore, we have created an innovation and technical council in this area. I think that soon we will be able to get the first results of the council's work - concrete proposals for the introduction of renewable energy sources in the activities of Tatneft».

Rustam Khalimov

First Deputy General Director for Oil and Gas Exploration and Production of PJSC TATNEFT, Head of Tatneft-Production

The company is implementing comprehensive measures to reduce greenhouse gas emissions and transition to carbon neutrality by 2050.

As we shape our strategy to move towards low-carbon production and ensure sustainable development in the long term, we intend to achieve ambitious goals and contribute to the achievement of global goals for decarbonising the economy.

We are joining the Science Based Targets (SBTi) platform to set science-based targets to reduce greenhouse gas emissions.

In the process of building a system of accounting and reporting on greenhouse gas emissions in TATNEFT Group, the Company adheres to the standards and recommendations of the Greenhouse Gas Protocol (GHG Protocol) and aims to ensure disclosure of information regarding climatic aspects in accordance with the recommendations of the Task Force On Climate-Related Financial Disclosures (TCFD), as well as participate in the authoritative international climate rating Carbon Disclosure Project (CDP).

In assessing the coverage areas for accounting for greenhouse gas emissions, we take into account and intend to expand the application of the Corporate Standard for Accounting and Reporting of the Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

+ Science Based Targets (SBTi)

The initiative builds on the collaboration of the CDP climate platform and the UN and coordinates the global community in setting climate change mitigation goals. Assurance of the set goals by SBTi experts significantly increases the investment status and assessment of the long-term sustainability of companies. The platform provides an opportunity for exchange of experience and interaction on the development of targets for reducing, capturing, and offsetting CO₂ emissions.

+ Carbon Disclosure Project (CDP)

The international CDP Climate and Environmental Disclosure Database is used by financial institutions to assess the potential of companies and investment opportunities that will lead to positive financial results in the transition to a low greenhouse gas economy. Access to the database allows investors to understand companies' stance on climate change and identify promising new investment opportunities.

In September 2019, the Board of Directors of PJSC TATNEFT adopted a new version of the Policy in the field of environmental protection taking into account climate change.

+ Key provisions of the Company's position in the field of climatic aspects and reduction of greenhouse gas emissions

- The company consistently and comprehensively adheres to initiatives related to climatic aspects and the reduction of greenhouse gas emissions, and also actively participates in the discussion and implementation of activities related to the regulation of greenhouse gas emissions at the national and international level.
- The Company ensures the adoption of managerial decisions on the development of the corporate system for accounting and management of greenhouse gas emissions towards their reduction and reduction of the carbon footprint (the totality of greenhouse gas emissions produced by the enterprises of TATNEFT Group, which have an impact on the environment, measured in CO₂ equivalent). At the same time, the Company considers not only emissions from its own operations, but also emissions from the use of products that are produced and supplied to the market by the Tatneft Group enterprises, as well as in the supply chain associated with the Tatneft Group activities.
- The company plans target values for reducing the total volume of greenhouse gas emissions and implements appropriate measures to ensure these target values, including
 - introduction of advanced technologies to reduce emissions and capture emissions into the atmosphere;
 - reducing the intensity of emissions;
 - increasing the efficiency of systems for accounting and control of greenhouse gas emissions;
 - search for effective solutions for the safe utilization of greenhouse gases;
 - efficient use of associated petroleum gas;
 - improving the energy efficiency of production operations;
 - development of low-carbon energy sources such as gas, renewable sources, biofuels;
 - production and use of environmentally friendly fuels.

The company recognizes the importance of society's demand for a transition to cleaner energy and takes into account the fundamental trend of changing the energy balance towards less carbon-intensive fuels, the development of new energy sources in order to reduce greenhouse gas emissions, as well as, in the long term, the possibility of scenarios for the transition of the global energy system to decarbonization, increased use of low-carbon technologies and energy carriers, and in general - towards low-carbon global

During 2019, within the framework of a special project in TATNEFT Group, the system of accounting and management of greenhouse gas emissions was updated in accordance with the new requirements of the legislation of the Russian Federation and international standards in the field of climate change.

Also in 2019, the Company adopted a new "Regulation for accounting and provision of information on greenhouse gas emissions". The calculation of greenhouse gas emissions is based on the "Methodological guidelines and guidelines for quantifying the volume of greenhouse gas emissions by organizations carrying out economic and other activities in the Russian Federation", introduced by order of the Ministry of Nature of Russia No. 300 dated June 30, 2015. A centralized approach to the collection of data on greenhouse gas emissions has been consolidated, and an approach based on the control of internal processes and procedures is used to consolidate emissions.

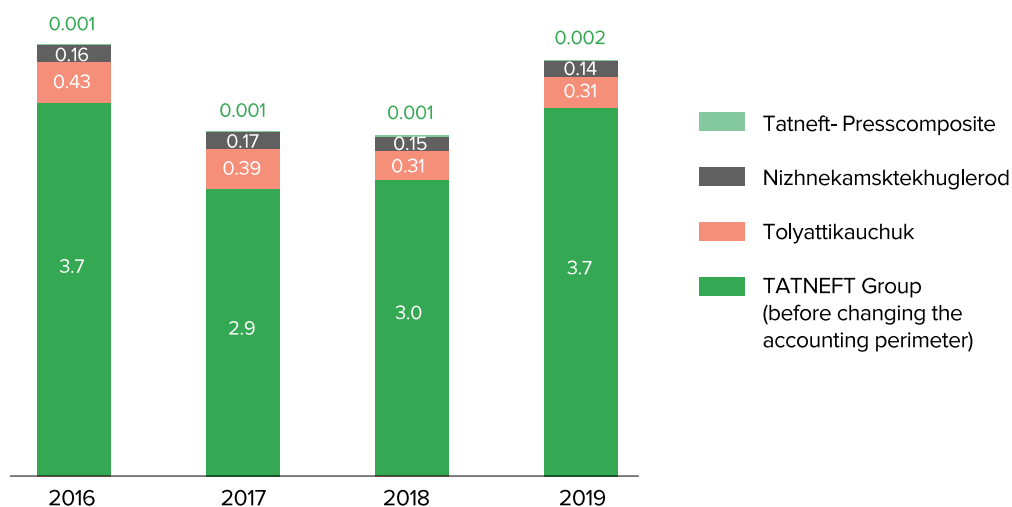
Accounting for CH₄, CO₂ and N₂O generated during fuel combustion at stationary combustion sources. Based on the inventory of emission sources Scope 1, the initial perimeter of greenhouse gas

accounting for the TATNEFT Group was approved. It includes the following enterprises: Tatneft, TANECO, Tatneft-Neftekhim Management Company, Almeteyevsk Heating Networks, Nizhnekamsk TPS, Tatneft-AZS-Center, Tatneft-AZS- West, Tatneft-Samara, Department for the preparation of process fluid to maintain reservoir pressure, Tatneft-Alabuga Steklovolokno, Severageologiya, Tatneft - Nenets Autonomous Circle.

In 2019, due to the development of the structure of the Company's assets and the strengthening of the corporate climate policy, the perimeter of accounting for greenhouse gas emissions was expanded: the accounting perimeter included Tolyattikauchuk (as a result of the acquisition in 2019), as well as Nizhnekamsktekhuglerod and Tatneft- Presscomposite.

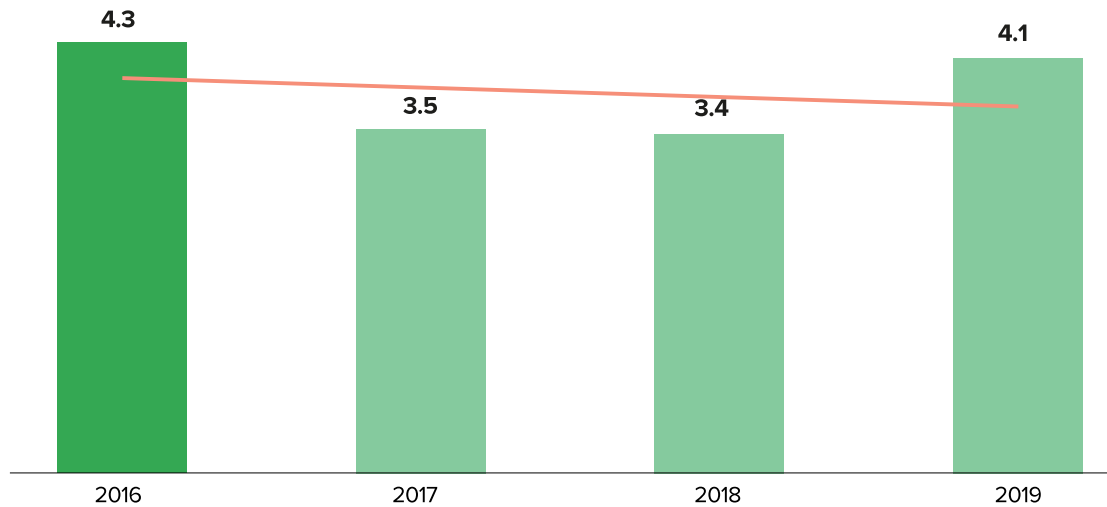
According to the recommendations of the "Corporate Standard GHG Protocol" for a consistent comparison of emissions over time, the TATNEFT Group has chosen as the baseline the earliest year for which reliable data are available - 2016. Data on greenhouse gas emissions have been restated starting from the base year due to changes in the accounting perimeter for TATNEFT Group.

**GREENHOUSE GAS EMISSION PROFILE FROM THE BASE YEAR
(WITH INDICATION OF ENTERPRISES INCLUDED IN THE PERIMETER FOR ACCOUNTING PURPOSES IN 2019), MLN.T**



Commentary: According to Chapter 5 of the GHG-Protocol. For correct comparison of GHG data over time, with structural changes, it is necessary to recalculate data for previous years.

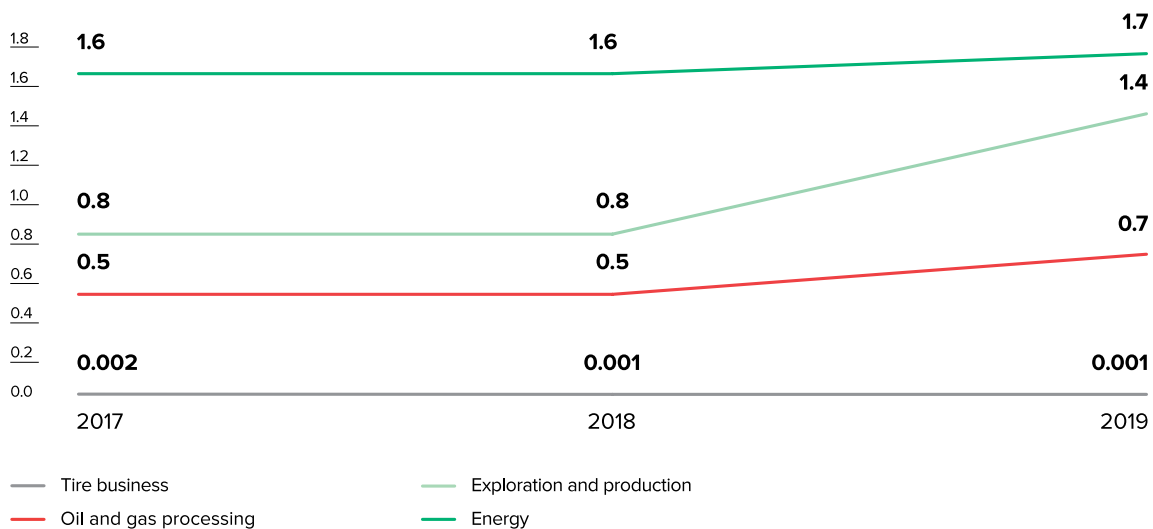
DYNAMICS OF GREENHOUSE GAS (GHG) EMISSIONS OF TATNEFT GROUP, MLN TONS (CO₂ EQ.)



In 2019, the mass of direct greenhouse gas emissions in the TATNEFT Group amounted to 4.1 million tons of CO₂-equivalent, which is 20% higher than in 2018 (3.4 million tons of CO₂-equivalent).

The growth of greenhouse gas emissions in 2019 by the increased consumption of natural gas (steam generation) for the production of SVO, increase in the production of products of TANECO, increase in the volume of fuel flared during the production process of Tatneft - Presskomposite.

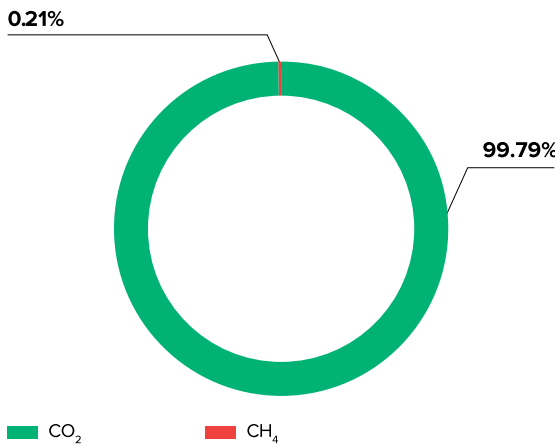
Compared to the base year, it was possible to reduce greenhouse gas emissions by 5%.



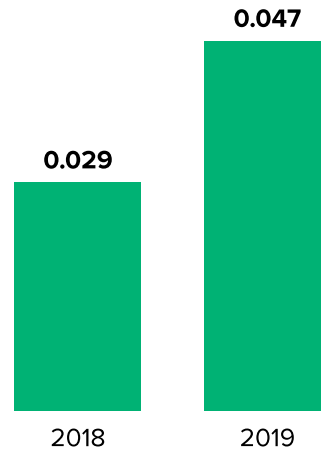
The dynamics of emissions by business line shows that most of the emissions belong to the Energy business line. In 2019, emissions from the Exploration and Production business area increased by more than 1.5 times. Over the past year, Tire Business has managed to reduce its carbon footprint.

Of the total mass of greenhouse gas emissions from TATNEFT Group, 99.79% is carbon dioxide. In addition to it, emissions include such greenhouse gases as methane (8.4 thousand tons) and nitrous oxide N₂O (0.002262 tons).

COMPOSITION OF GREENHOUSE GAS EMISSIONS

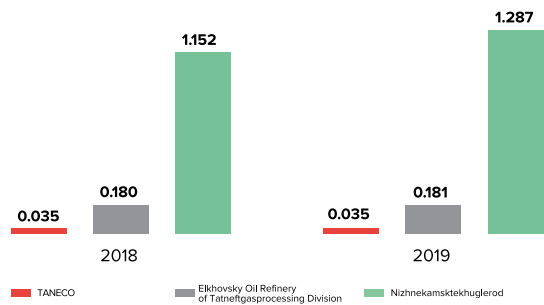


INTENSITY OF GREENHOUSE GAS EMISSIONS IN THE EXPLORATION AND PRODUCTION BUSINESS AREA, T CO₂-EQ / T OF OIL PRODUCED

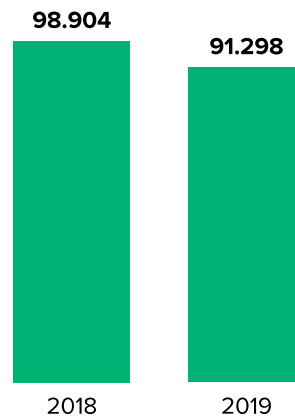


The intensity of greenhouse gas emissions in the Exploration and Production business area is calculated as the ratio of emissions to the amount of oil produced.

INTENSITY OF GREENHOUSE GAS EMISSIONS IN THE OIL AND GAS PROCESSING BUSINESS AREA, T CO₂-EQ / T OF PRODUCT



THE INTENSITY OF GREENHOUSE GAS EMISSIONS (BUSINESS AREA "ENERGY"), T CO₂-EQ / MLN KWH



In 2019, the Company kept records of GHG emissions using Scope 2 and Scope 3.

According to GHG Protocol Scope 2 includes emissions from purchased or purchased energy, steam, heat and cooling; Scope 3 - Enterprise value chain accounting and reporting to assess the impact of emissions throughout the value chain and focus on reducing emissions.

Taking into account the specifics of the activity and the structure of the assets of the TATNEFT Group, for the calculations of Scope 2 the coefficient of energy emissions from Nizhnekamsk TPS was obtained.

ENERGY EMISSION FACTORS FROM NIZHNEKAMSK TPS

Power system	Emission factor Nizhnekamskaya TPS - (t CO2 eq.)	Calculation of GHG emissions
Electric, thousand kWh	0.62195	(Power consumption x 0.62195)
Thermal, Gcal	0.24	(Heat consumption x 0.24)

Scope 3 calculations for the enterprises of the TATNEFT Group were carried out under the category “use of products sold”. The calculation takes into account: crude oil, gasoline, diesel fuel, kerosene, fuel oil, coke, oils, ethane, propane, butane, APG, liquefied gas, lubricants, other oil products, tire products.

According to the calculation results, Scope 2 emissions by TATNEFT Group in 2019 amounted to 5.2 million tons of CO2-eq.

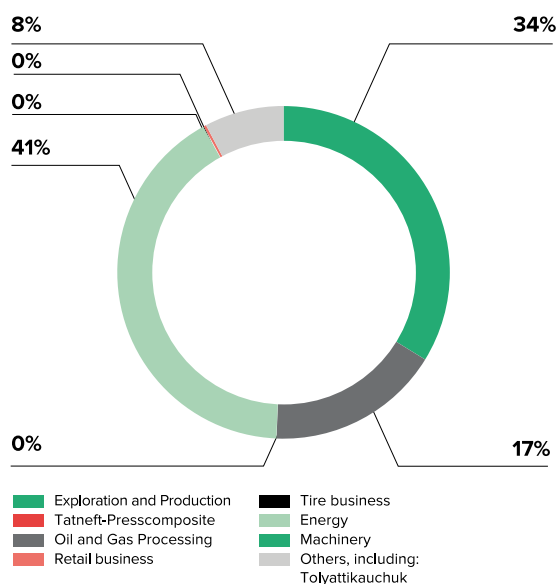
Scope 3 emissions in 2019 in the category “use of oil and oil products of TATNEFT Group” are 99.995 million tons of CO2-eq.

Scope 3 for the tire business is estimated at 11.124 million tonnes of CO2-eq for 2019.

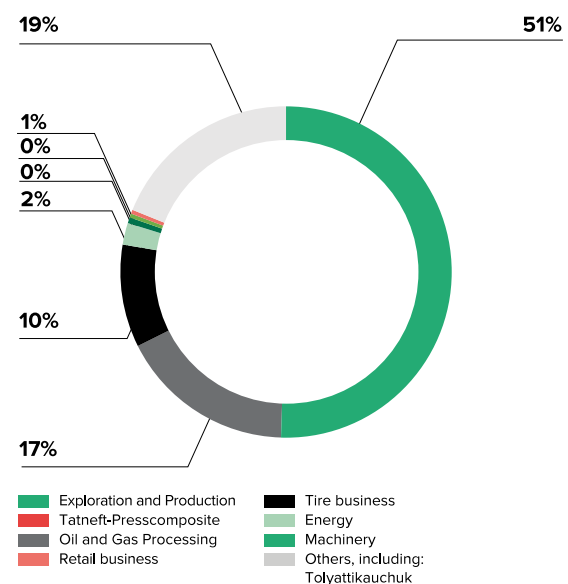
Aggregate data on Scope 1, 2, 3 emissions by business areas of TATNEFT Group in 2019, mln tons of CO2-eq.

AGGREGATE DATA ON SCOPE 1, 2, 3 EMISSIONS BY BUSINESS AREAS OF TATNEFT GROUP IN 2019, MLN TONS OF CO₂-EQ.

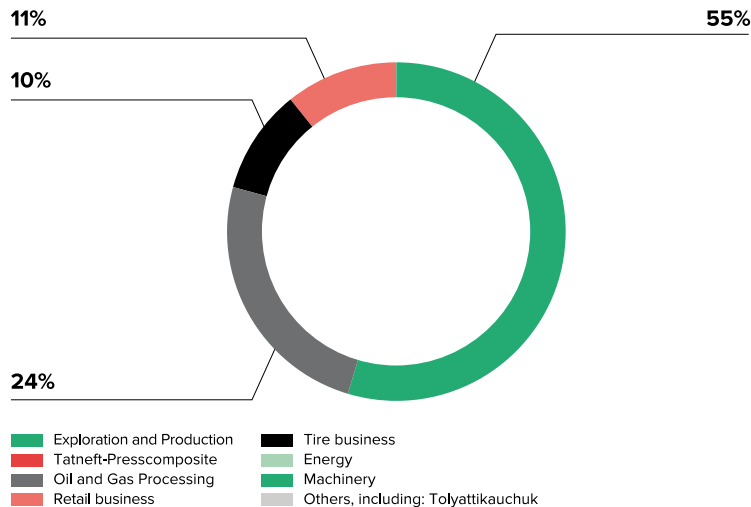
SCOPE 1



SCOPE 2



SCOPE 3



AGGREGATE DATA ON SCOPE 1, 2, 3 EMISSIONS BY BUSINESS AREAS OF TATNEFT GROUP IN 2019, MLN TONS OF CO₂-EQ.

Business direction	Scope 1	Scope 2	Scope 3
Exploration and Production	1.4	2.62	60.7
Oil and Gas Processing	0.7	0.89	27.4
Tire business	0.001	0.52	11.12
Energy	1.71	0.11	
Retail business	0.003	0.03	11.95
Machinery		0.02	
Tatneft-Presscomposite	0.01	0.02	
Others, including:	0.32	0.98	
Tolyattikauchuk	0.31	0.94	
Overall volume	4.14	5.2	111.12

EMISSIONS OF OZONE DEPLETING SUBSTANCES

TATNEFT Group does not use ozone-depleting substances on an industrial scale.

Emissions of ozone depleting substances

FOCUS AND PROGRESS 2019-2020

- Formation and approval by the Board of Directors of the Company's position in the field of climate and reduction of greenhouse gas emissions within the framework of the new version of the Policy in the field of industrial safety, labor protection and the environment, taking into account climate change.

- Appointment by the Board of Directors of an authorized member of the Board of Directors - an independent director for the Company's climate policy.
- Formation of a system for accounting for greenhouse gas emissions in the Company in accordance with the GHG Protocol on the scope 1, 2, 3.
- Integration into the Company's activities of principles and approaches to reduce greenhouse gas emissions based on the integration of the TCFD Guidelines.
- Determination of SDG 13 "Taking urgent measures to combat climate change and its consequences" as one of the priority goals of the Company in the field of sustainable development. Determination of the Company's goal of transition to carbon neutrality by 2050 and consistent reduction of CO2 emissions by 10% by 2025 and by 20% by 2030 (relative to the baseline 2016). The targets were disclosed by the Company in 2020.
- Approval by the Board of Directors of PJSC TATNEFT of the roadmap for the implementation of SDG 13 and the Program to reduce greenhouse gas emissions.
- Development and approval of a matrix of KPIs related to climate change, in the context of those responsible for their achievement in TATNEFT Group, with a calculation methodology and goal setting for 2020.
- Joining the **SBTi platform** - The company signed a letter of promise on business ambitions to move to carbon neutrality by 2050 and reduce greenhouse gas emissions in 2020. Development and submission of emission reduction targets for confirmation, disclosure of science-based targets. Considering that the SBTi standard for the energy industry is currently under discussion, we plan to take part in this work, which will allow us to integrate the Company's experience at the international level and provide an additional opportunity for our specialists to interact with international experts.

FOCUS 2021

- Focusing efforts on the development and integration into the Company's business processes of technologies to reduce CO2 emissions along the entire value chain, including making investment decisions.
- Strengthening mechanisms for interaction with contractors and suppliers to ensure the transition to carbon neutrality.
- Expanding disclosure of information on carbon dioxide emissions, incl. within **the Carbon Disclosure Project - CDP taking into account the TCFD Recommendations**.
- Search and implementation of technologies for carbon capture and storage (CCS).
- Integration of international standards **ISO 14064 "Greenhouse gases"**:
 - ISO 14064-1: 2018 Specification with instructions for an organization to quantify and report greenhouse gas emissions and removals;
 - ISO 14064-2: 2019 "Specification with project-level instructions for quantifying, monitoring and reporting greenhouse gas emissions reduction or cleaning improvement";
 - ISO 14064-3: 2019 "Specification with instructions for verifying and confirming the reporting of greenhouse gases."
- Expanding the application of **the Global Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol (WBCSD) and World Resources Institute (WRI) Corporate Standard** for Accounting and Reporting in assessing the scope of accounting for greenhouse gas emissions of the Company.
- Introduction in the Company of the practice of international marking of carbon trust in the Company (corporate practice and products).
- Creation of a target "green" brand of "clean" technologies and products of TATNEFT Group.
- Formation of prerequisites for expanding opportunities for "green" investment in the TATNEFT securities market.

Target programs to reduce the carbon footprint

As part of achieving the goal of transitioning to carbon neutrality and phasing out greenhouse gas emissions, we are implementing comprehensive programs and activities.

In order to minimize the growth of greenhouse gas emissions when expanding the geography of assets and production capacities of the Company in production, development of oil and gas processing, petrochemicals, tire business, gas station network, composite materials, as well as in the operation of administrative buildings, the Company seeks to use risk-based approaches in the control of greenhouse gas emissions, energy efficiency and resource conservation.

+ Project "Implementation of the Company's initiatives and actions on climatic aspects. Greenhouse Gas Management and Accounting Processes"

The project is aimed at improving the corporate practice of the Company in managing climate aspects in general, including the integration of advanced international standards and guidelines in the field of greenhouse gas emissions management, industry experience, the formation of a planning and reporting system, and expansion of the perimeter of disclosure of information on climate. One of the directions of the project is to join the authoritative platforms for climate action at the international and national levels.

+ Project "Analysis and selection of promising methods for reducing emissions, capturing and processing carbon dioxide"

Currently, the Company is implementing the project "Analysis and selection of promising methods for reducing emissions, capturing and processing carbon dioxide" with the involvement of specialists from TATNEFT, Nizhnekamsk TPS, TANECO, production management of SVN, TatNIPneft. The goal of the project is to form a list of effective and promising technologies, taking into account international experience, applicable in the conditions of TATNEFT Group to reduce greenhouse gas emissions.

+ Rational use of associated petroleum gas

A highly effective direction to reduce greenhouse gas emissions is the rational use of associated petroleum gas (APG). For the period 2017-2019, TATNEFT Group reduced the volumes of APG flaring by 20%, which allows to reduce the emission of greenhouse gases generated during the flaring and dispersion of APG.

As a result of the high level of useful APG utilization, the Company prevents more than 3 million tons (in CO2 equivalent) of greenhouse gas emissions into the atmosphere per year.

In 2019, the level of APG utilization in the Company was 96%. This is one of the highest rates in the industry and we plan to increase it to 98%. **For more information on APG use, see the section Rational use of associated petroleum gas**

+ Production of products that help reduce CO2 emissions

The company is committed to producing products that help reduce our carbon footprint. In the development and production of fuels, petrochemical products, tire products, composite materials, internal planning standards for reducing GHG emissions are introduced, from the design stage to the end of the product life cycle (recycling / disposal) along the entire business process chain. The

Company also takes this factor into account in the supply chain, taking into account the contribution to the reduction of GHG emissions by suppliers and contractors.

Within the framework of the Project "Formation of the Company's sales strategy" we plan to assess the impact on the environment, incl. anthropogenic, along the entire value chain of a product - for each stage of its life cycle (including laboratory development, production, sale and consumption), including the assessment of the impact from contractors and suppliers. At the same time, we are developing mechanisms for accounting for carbon footprint in our engineering services and in the execution of external contracts.

In 2021-2022, we plan to introduce carbon certification of our products and production processes.

+ Innovative methods and technologies

In order to reduce the impact on the environment and the volume of greenhouse gas emissions into the atmosphere, the Company develops its own technologies and equipment, as well as implements proven innovative methods that have proven their effectiveness in the following areas:

- Introduction of advanced technologies to reduce emissions and capture emissions into the atmosphere;
- Reducing emissions;
- Improving the efficiency of accounting and control systems for greenhouse gas emissions;
- Search for effective solutions for the safe disposal of greenhouse gases;
- Efficient use of associated petroleum gas;
- Improving energy efficiency of manufacturing operations;
- Development of low carbon energy sources such as gas, renewable sources, biofuels;
- Production and use of environmentally friendly fuels.

For example, when considering the "Program for the overhaul of water pipelines using fiberglass pipes" for 2020, specialists of the TatNIPIneft Institute together with OOO Tatneft-Presscomposite carried out estimates of greenhouse gas emissions when using fiberglass pipes and metal analogues. Calculations have shown that emissions when using fiberglass pipes are about 6 times less than when using metal analogues.

+ Technologies for capturing, storing and reclaiming greenhouse gases (CCS)

The Company is considering greenhouse gas capture, storage and utilization (CCS) technologies, which it plans to develop in the near future, as one of the key effective areas for the transition to carbon neutrality. Currently, preparatory work is underway to test technologies.

+ Increased energy efficiency and resource conservation

The company is implementing a targeted program to reduce the consumption of fuel and energy resources. Since the start of the program in 2010, the total savings in equivalent fuel amounted to more than 464 thousand tons. As a result of the implementation of the energy saving program measures for 2019, the enterprises of the TATNEFT Group saved more than 40.7 thousand tons of standard fuel, which amounted to 561 million rubles. The most effective areas of savings are: preparation, oil and gas processing, transportation, technology for oil and gas production, maintaining reservoir pressure. The main savings in energy resources are obtained through energy savings.

Based on the results of the period 2017-2019, the decrease in the Company's demand for energy resources (including fuel consumption) averaged 1% per year or 2 billion rubles. accumulated effect.

+ Rational consumption of resources

We are working hard to improve the rationality and efficiency of resource use. The direction includes increasing the turnaround time of wells, extending the service life of pipelines, the efficiency of waterflooding in oil production, etc. The measures taken not only reduce the cost of production, but also increase environmental efficiency. With an increase in rational consumption and a decrease in resource requirements, the Company consumes less metal when replacing pipelines and tubing, less water resources during oil production, which helps to reduce greenhouse gas emissions throughout the production and business chains.

+ Energy production from renewable energy sources

Assessing the importance of the role of oil and gas for a definitely still long time, as one of the main sources of energy and a source of raw materials for a huge number of types of oil refining and petrochemical products, we see in the future an ever-increasing role of renewable energy, hydrogen and new technologies.

The total energy production of the Company from renewable energy sources in 2019 amounted to 1,282.9 tce. or 0.18% of the total energy production of TATNEFT Group.

The main share (93.2%) of energy production from renewable energy sources in TATNEFT Group falls on the generation of heat energy by pellet boiler houses, 6.7% - the generation of electricity from the small hydroelectric power station at the Karabash reservoir, 0.05% - by solar power plants of the Company's retail and distribution network.

+ Compensatory measures

We believe that the most important element in reducing climate risks is offsetting CO₂ emissions - taking into account the absorptive capacity of forests. In order to create a favorable environment in the area of its activity and increase the absorption of greenhouse gases, TATNEFT Group, since 2000, has been implementing the Greening Program. During this period, including 2019, more than 10 million trees and shrub seedlings were planted. In 2020, it is planned to plant more than 3 million seedlings.

The program includes greening of road strips along public roads, industrial roads in the oil regions of Tatarstan, sanitary protection zones, and targeted activities "Forest from gas stations". The efforts of JSC TANECO are working to create a "green shield" for a single sanitary protection zone of the Nizhnekamsk industrial hub.

Climate Policy Management of the Company in accordance with TCFD Guidelines

CORPORATE GOVERNANCE

Governance within the organization with respect to climate risks and opportunities.

STRATEGY

The current and potential impact of climate risks and opportunities on businesses, strategy and financial planning.

MANAGEMENT OF RISKS

Identifying, assessing and managing climate-related risks.

CRITERIA AND OBJECTIVES

Criteria and objectives used to assess and manage the associated climate-related risks and opportunities.

Use of fuel and energy resources

In order to improve rational energy consumption of the Company advances its energy efficiency and energy saving management processes in all production activities through advanced innovative energyefficient technologies and ational use of energy resources.

>2 BLN
RUB

CUMULATIVE EFFECT FROM
ENERGY SAVING PROGRAM

>40.7 KTONNES

OIL EQUIVALENT
SAVED IN 2019

FUEL AND ENERGY CONSUMPTION

Fuel and Energy Resource Type	Unit of measure	2017	
		Consumption in kind	Costs, mIn Rub
Electric power, incl.	Thous kWh	4 251 700	11 560. 000
Industrial consumption	Thous kWh	4 160 900	
Heat energy*, incl.	Gcal	2 854 742	
Industrial consumption	Gcal	2 807 674	2 550.897
Natural gas, incl.	thous m ₃	1 859 051	
Industrial consumption	thous m ₃	1 858 600	7 768. 476
Gasoline (total) including:	tonnes	3 957.0	
AI-80	tonnes	254.0	155.749
AI-92	tonnes	2 227.5	85.666
AI-95	tonnes	1 458.0	60.028
AI-98	tonnes	17.46	0.813
Diesel fuel	tonnes	3 858.74	136.610
GAS	tonnes	590.3	14.043
Fuel and Energy Resource Type	Unit of measure	2018	
		Consumption in kind	Costs, mIn Rub
Electric power, incl.	Thous kWh	6 027 682	

Fuel and Energy Resource Type	Unit of measure	2018	
Industrial consumption	Thous kWh	5 990 446	
Heat energy*, incl.	Gcal	3 468 154	
Industrial consumption	Gcal	3 421 156	3 314.468
Natural gas, incl.	thous m ₃	1 990 178	
Industrial consumption	thous m ₃	1 989 696	8 732.258
Gasoline (total) including:	tonnes	3 917.0	168.398
AI-80	tonnes	217.3	8.574
AI-92	tonnes	2 386.4	99.844
AI-95	tonnes	1 308.8	59.741
AI-98	tonnes	4.52	0.239
Diesel fuel	tonnes	4 170.32	170713
GAS	tonnes	757.5	21.226

Fuel and Energy Resource Type	Unit of measure	2019	
		Consumption in kind	Costs, mln Rub
Electric power, incl.	Thous kWh	6 267 991	
Industrial consumption	Thous kWh	6 126 577	16 833.077
Heat energy*, incl.	Gcal	3 722 179	
Industrial consumption	Gcal	3 683 207	3 314.468
Natural gas, incl.	thous m ₃	2 126 429	
Industrial consumption	thous m ₃	2 126 023	8 732.258
Gasoline (total) including:	tonnes	3 868.4	168.398
AI-80	tonnes	102.0	8.574
AI-92	tonnes	2 632.7	99.844
AI-95	tonnes	1 120.5	59.741
AI-98	tonnes	13.25	0.239
Diesel fuel	tonnes	4 811.08	170.713
GAS	tonnes	971.8	21.226

Climate policy context

"Capturing, using and storing CO₂ is a key technology for decarbonising the energy sector in the long term."

Framework Convention on Climate Change, UN FCCC

"Removing CO₂ will play a 'key role' in the energy transition."

International Energy Agency, IEA

In strategic planning of its activities, the Company takes into account factors related to the potential impact of the goals of the Paris Agreement on the global balance of primary energy consumption, and related forecast data:

- • The transition of developed countries to a low-carbon economy and a decrease in demand for traditional products;
- • Improving the fuel efficiency of the vehicle fleet;
- • Reducing the consumption of hydrocarbons in the transport sector;
- • Development of electric and gas engine transport;
- • Development of renewable energy sources;
- • Regulatory, financial and other aspects.

We consider scenarios related to climate change when planning oil and gas reserves and production, incl. expected growth in demand for natural gas, oil refining and petrochemicals, electricity production, technological policy, as well as own consumption of energy resources, development of technologies for capturing and storing CO₂.

The company analyzes a set of factors - the development of international and Russian legislation, including environmental regulation, requests from the investment community.

We take into account the growing expectations of investors and regulatory requirements for the disclosure of information on environmental impact and for accounting for all types of emissions, including indirect greenhouse gas emissions, including those along the supply chain. Investors consider these indicators simultaneously, both from the standpoint of environmental issues and assessing business performance and financial risks. CO₂ emissions are analyzed not only in terms of absolute values of emissions, but also in specific ratios, according to which a conclusion is made about the quality of technologies used by companies. Climate issues are of interest to investors - to what extent the company's strategy and business planning takes into account the impact on the environment. Investors' expectations are also growing for companies to publicly reflect their position on climate risk management.

TATNEFT takes into account the plans of the European Commission to implement the European Green Deal of the, adopted at the end of 2019 - the strategy for the transition of the European Union to a carbon-neutral economy by 2050, related to this [Revision of the Energy Taxation Directive \(ETD\) and CBA](#).

A number of other countries have also announced the Green Deal, including the [US Green New Deal](#), a package of laws aimed at tackling climate change and economic inequality.

International partnerships and collaborative climate solutions platforms that bring together global industry companies are of significant interest.

Industrial and environmental safety management, labor protection

"We set ourselves the task of making our production the standard of safety and environmental friendliness and creating clusters of the latest safe and waste-free industries in Tatarstan."

Nail Maganov

General Director of PJSC TATNEFT

The company strives to achieve leadership positions in the field of industrial safety, labor protection, minimization of environmental impact, including climatic aspects.

In September 2019, the Board of Directors of PJSC TATNEFT approved a new version of the Policy in the field of industrial safety, labor protection and the environment taking into account climate change. The new policy includes expanding the scope of the Company's voluntary liability.

[Policy in the field of industrial safety, labor protection and the environment taking into account climate change](#)

The company implements international standards

ISO 14001: 2015 "Environmental management systems"

ISO 45001: 2018 "Occupational health and safety management systems"

The main principle of our policy in the field of industrial safety and labor protection is the priority of preventive measures.

The target focus is to ensure continuous improvement of the effectiveness of the integrated management system for industrial safety, labor protection and the environment, the formation of public understanding of the tasks solved by the Company.



The Company has competencies and responsibilities for ensuring the planning, implementation and control of effective management in all aspects of industrial safety and labor protection, including the Board of Directors, General Director, Management Board, Deputy General Director for Industrial Safety, Labor Protection and Environment and authorized services. Levels of decision-making and their implementation are fixed between the governing bodies.

+ Key priorities

- Recognition of the human rights to safe working conditions, favorable environment and favorable living conditions.
- Ensuring industrial and environmental safety of production processes as an integral part of national security.
- Preservation and restoration of a favorable environment, natural ecological systems, natural landscapes, natural complexes and biological diversity of systems in the regions where the TATNEFT Group organizations operate.
- Rational use of natural resources involved in production by the organizations of the TATNEFT Group through the introduction of resource-saving and energy-efficient technologies, the use of environmentally friendly and alternative energy sources, waste processing and the use of recyclable materials.
- Consistent reduction of negative impact on the environment and prevention of environmental damage from the economic activities of TATNEFT Group organizations, minimization of the impact on climate change through the introduction of the best available technologies, equipment, materials, digital solutions for technological process control.
- Risk-based approach in ensuring labor protection, industrial and environmental safety. The company follows the principle of "sequential procedures" - the subsequent actions are formed on the basis of the data obtained from the results of the previous level procedure.

Ensuring industrial safety, labor and environmental protection at the facilities and territories of all TATNEFT Group organizations is carried out on the basis of a systematic approach and effective interaction with stakeholders.

Increased attention is paid to the development and implementation of environmentally effective innovative technologies that contribute to the reproduction and rational use of natural resources, preventing the negative impact of production processes on the environment, as well as restoring natural ecological systems, preserving biological and landscape diversity and climate. Important aspects in the management of the Company's production processes are issues of reducing the carbon footprint, ensuring environmentally friendly waste management, developing renewable energy sources and saving energy resources.

+ System for Prevention and Elimination of Emergency Situations Caused by Oil Spills

The system for the prevention and elimination of emergencies caused by oil and oil products spills, protection of communities and environment from their harmful effects is carried out in two main areas: action plan for engineering, technical and organizational measures to improve the reliability of production equipment, timely detection of oil spills and minimizing losses, as well as prompt response measures.

Irreducible reserves of material resources have been created, including reserves for elimination of oil and oil products spills at water bodies, there are 2,298 meters of booms, 16 skimmers available. In the oil and gas production departments of the Company, non-standard emergency rescue teams have been formed and certified by the departmental certification commission eligible to perform work on the containment and elimination of oil spills and gas hazardous operations.

In order to prevent surface watercourses (rivers) and water reservoirs (storage reservoirs) from polluting with oil, 512 stationary oil-catchers (SOC), booms, bio ponds are maintained.

In 2019, an accident took place at a hazardous production facility of PJSC TATNEFT. The cause of the accident was a defect in the pipeline.

In accordance with the emergency response plan, an examination was run to identify any presence of oily liquid in the adjacent territory. All of the contaminated soil was trucked away to be disposed of and the land plot was reclaimed. Quick gathering of petroleum products prevented environment from being polluted.

Occupational health and safety

The company consistently implements targeted program measures aimed at preserving life and health, as well as improving working conditions for employees, reducing accidents, significant production risks, increasing the safety of equipment, improving the fire condition of facilities.

Our key principle is recognition of the priority of the life and health of workers in production activities.



AIMED AT CARRYING OUT LABOR PROTECTION MEASURES IN 2019

ABOUT 26.8 THOUSAND RUBLES MADE UP COSTS ON AVERAGE PER 1 EMPLOYEE

+ Key provisions of the Company's position in the field of labor protection

- Ensuring safe and healthy working conditions for personnel in order to prevent injuries and prevent deterioration of health.
- Raising the level of occupational health and safety, industrial and environmental safety, minimizing the risk of accidents at hazardous production facilities.
- Ensuring control over potentially negative impacts on the environment, health and safety, industrial and environmental safety in the supply chain and implementing appropriate measures to minimize / eliminate such impacts.
- Ensuring effective production control and audit of the implementation of current HSE norms and rules, prevention of emergencies through the introduction of modern information technologies, methods of technical diagnostics and remote monitoring.
- Preparation (training) and certification (knowledge testing) in the field of HSE, internship and admission of the Company's employees to independent work. Communicating information about working conditions and labor safety measures to the Company's employees, taking into account the specifics of production facilities. Communicating information about hazardous and harmful production factors at the Company's facilities to employees and contractors.

At the corporate level, there are local regulations on labor protection issues, including the regulation on labor protection, the program of instruction on labor protection, instructions on labor protection.

The company creates conditions for employees for continuous improvement of competencies in the field of industrial safety and labor protection, provides training for employees and ensures their qualifications in accordance with the requirements of the legislation and the specifics of production and internal corporate safety standards.

On a regular basis, consultations are held with employees and their representatives, as well as with contractors on safety and health protection, industrial and environmental safety at the Company's facilities.

The Company accepts responsibility for the preservation of life and health of people, regardless of whether they are employees of the Company or contractors. For each case related to industrial injuries, thorough investigations of the circumstances are carried out and prompt measures are taken to prevent such incidents.

The share of the Company's employees working in hazardous working conditions has been steadily declining over the past years due to the consistent implementation of measures to improve working conditions.

The Company has professions associated with the risk of high injury and high risk of morbidity associated with the work performed: an oil and gas production operator, a chemical analysis laboratory assistant, a cleaner, an operator of dehydration and desalination plants, a commodity operator, a gas collection operator, a maintenance operator. reservoir pressure, an operator for pumping a working agent into a reservoir, an operator for preparing wells for capital and underground repairs, a technician for the repair of technological installations, a mechanic-repairman, an operator of process pumps, an operator of compressor units, a geophysicist, an operator for a survey of wells, an electrician for repair and maintenance of electrical equipment, electric welder.

We make every possible effort to reduce the possibility of the occurrence of factors associated with occupational risks when performing work at our production facilities for all employees, regardless of whether they are the Company's personnel or the personnel of contractors.

The dynamics of the number of days of temporary incapacity for work as a result of industrial accidents as a whole for the TATNEFT Group over the past five years demonstrates a 3-fold decrease. Over the past 5 years, TATNEFT Group has registered 2 cases of occupational diseases.

DYNAMICS OF THE NUMBER OF DAYS OF TEMPORARY DISABILITY AT WORK

	2016	2017	2018	2019
The number of days of temporary disability in production	1,378	692	499	431

The Lost Time Injury Frequency Rate (LTIFR) (the number of lost working hours referred to the total hours worked in the organization for the reporting year and normalized to 1 million people / hour) in 2019 was 0.26.

0.26

LTIFR RATIO

In 2019, 9 accidents with employees of the Company were registered, three of which were fatal and 8 accidents with employees of contractors, 3 of which were fatal. In each case, an investigation was conducted and appropriate measures were taken to prevent similar incidents in the future.

DYNAMICS OF INDUSTRIAL INJURIES IN THE COMPANY

	2016	2017	2018	2019
Total	12	8	6	9
Incl. fatal	2	1	1	3

DYNAMICS OF INDUSTRIAL INJURIES WITH EMPLOYEES OF CONTRACTORS AT THE FACILITIES OF THE TATNEFT COMPANY

	2016	2017	2018	2019
Total	14	10	9	8
Incl. fatal	3	2	3	3

LABOR PROTECTION COSTS FOR TATNEFT GROUP, INCL. PER EMPLOYEE

	2016	2017	2018	2019
Funds spent on labor protection measures, RUB mln	0.97	0.98	1.06	1.3
Funds spent on labor protection measures per employee, thousand rubles	22.1	22.3	23.9	26.8

INTERACTION WITH CONTRACTORS

The Company establishes uniform requirements in the field of industrial safety, labor protection and the environment for the employees of TATNEFT Group and for contractors when they carry out work at the facilities of the Company and / or in the interests of the Company, including obligations to be guided by the applicable norms of international law when planning and carrying out activities, the requirements of the applicable legislation and the requirements of the Company in the field of OSH, prevention of negative impacts on natural objects, including flora and fauna in the area of implementation of the Company's projects.

Relevant conditions must be included in contracts for the performance of work and the provision of services with contractors. Contractors are subject to obligations for employees working at the Company's facilities to undergo training, mandatory briefings, compliance with the requirements for personal

protective equipment, for operated vehicles, in the field of environmental protection and others established by the relevant standards.

Assessment of working conditions, control of compliance with requirements and analysis of results in the field of industrial safety and labor protection

The Company has a Committee for ensuring labor protection requirements, which includes representatives of the Company (employer) and the Trade Union Committee. The main tasks are monitoring the state of working conditions and labor protection at workplaces, providing employees with personal protective equipment, assessing the existing health risk of employees and developing measures to prevent industrial injuries and occupational diseases.

The main tool for assessing working conditions is a procedure regulated by Russian legislation - a special assessment of working conditions (SAWC).

The SOUT procedure carried out during 2014–2019 covered all workplaces of the Tatneft Group enterprises. Special attention in 2019-2020 was paid to the assessment of labor protection and industrial safety at the enterprises that entered the perimeter of the TATNEFT Group in 2019 (Togliattisintez JSC, Togliattikauchuk LLC, 75 Neste gas stations and a terminal in St. Petersburg) in order to eliminate risks and integrate these enterprises into the unified management system of TATNEFT Group.

We implement and constantly improve the internal control system, which ensures the organization of a systematic approach to assess the technical condition of production facilities, including with respect to the technical devices, materials and personal protective equipment used; compliance by the organizations of the TATNEFT Group with the requirements of applicable legislation and applicable norms of international law, internal standards and regulations in the field of HSE; implementation of measures to eliminate the identified deficiencies in the field of HSE and the reasons for their occurrence.

In 2019, PJSC TATNEFT entered into an agreement with Trud-Expertise LLC to conduct a planned (once every 5 years) and unscheduled special assessment of working conditions at workplaces in the Company's structural divisions in 2020-2021.

FOCUS AND PROGRESS 2019 -2020

- Approval by the Board of Directors of the Company's position in the field of labor protection and industrial safety (within the framework of the new version of the Policy of PJSC TATNEFT in the field of industrial safety, labor protection and the environment, taking into account climate change.
- Determination of SDG 3 “Ensuring a healthy lifestyle and promoting well-being for all at any age” as one of the priority goals of the Company in the field of sustainable development. Formation and approval by the Board of Directors of PJSC TATNEFT of the program for the implementation of SDG 3. (The program was approved in 2020).
- Integration of standards ISO 45001: 2018 "Occupational safety and health management systems".
- Improving the level of labor protection and safety, the quality of jobs.
- Expansion of opportunities for innovative equipment of workplaces and the use of modern technologies for training and testing personnel in the field of industrial safety, including VR simulators.
- Formation of a risk map in the field of industrial safety and labor protection.
- Expansion of the volume of voluntarily disclosed information on aspects of labor protection and industrial safety of the Company.

FOCUS 2021

- A set of measures for a special assessment of working conditions in order to reduce (minimize) harmful and dangerous production factors and their impact on the health of workers.
- Development of a safe and healthy working environment.
- Development of a corporate system for identifying and assessing risks and sources of hazards in production processes and at facilities related to labor protection and industrial safety, including new production facilities, introduced technologies and the use of resources.
- Development of interaction in the field of advanced corporate practices in occupational safety and health.

Environmental activities

We are aware of the responsibility to society for the rational use of natural resources and the preservation of a favorable environmental situation as one of the basic conditions of our activities based on risk-based approaches and taking preventive measures comprehensively aimed at reducing the impact on the environment and ensuring the potential for self-healing of ecosystems.

12.3 **BLN**
RUB

EXPENSES FOR ENVIRONMENTAL PROTECTION IN TATNEFT GROUP FOR 2019

The company implements consistent research, production, technological, socio-economic, organizational and economic programs and measures aimed at effectively solving problems in the field of environmental safety and awareness of stakeholders about the environmental aspects of its activities.

The company takes measures to prevent environmental pollution, reduce and prevent negative impact on it, including natural objects with increased vulnerability and objects, the protection and preservation of which is of particular importance; increasing the energy efficiency of production processes, ensuring resource conservation, rational use of natural resources, minimizing their losses.

Production and investment planning provides for the identification of all significant factors of impact on the environment, including reducing the loss of oil, gas, as well as oil and gas processing products and preventing their release into the environment; increase in the utilization factor of associated petroleum gas; reduction of greenhouse gas emissions; reducing the significant impact of the Company's activities, products and services on the biodiversity of protected natural areas and areas with high biodiversity value outside the boundaries of protected natural areas; additional risk assessment in ecologically valuable areas.

The company implements the approaches of a comprehensive environmental impact assessment (EIA) of a project from the construction stage to the liquidation stage within the boundaries of the project and its affiliated projects; conducting a strategic environmental assessment (SEA) in the case of large infrastructure projects. A prerequisite for effective performance in this area and in reducing industrial risks is greater employee involvement and maintaining an open dialogue with stakeholders on HSE issues. In 2019, the enterprises of the TATNEFT Group continued purposeful systematic work in the field of improving the environmental safety of technological processes.

We use a “sequential procedure” methodology, in which follow-up actions are formed on the basis of data obtained from the results of the previous level procedure. In the process of environmental management, the Company has established the following sequence of procedures:

- Maintaining primary accounting in the field of environmental protection;
- Determination of current environmental obligations and development of measures to mitigate environmental impact;
- Establishment of target and planned environmental indicators, specifying current environmental obligations;
- Analysis and assessment of the effectiveness of environmental protection;
- Determination of directions for improving environmental protection activities and the possibility of further reducing the impact on the environment.

+ Land reclamation

In 2019, the area of disturbed lands was 1,588 hectares, reclaimed land - 1,336 hectares.

In the TATNEFT Group, in reclaiming disturbed lands during construction and operation of facilities, an integrated approach is used with considerations to the categories of land use, soil types, types of disturbances and pollutions.

To support the reclamation process, PJSC TATNEFT developed and introduced standards for permissible residual content of oil and oil products (RCOOP) for 9 types of soils and grounds of industrial use in 2019. The RCOOP standards were approved by order of the Ministry of Ecology and Natural Resources of the Republic of Tatarstan under No. 89-p dated January 28, 2020.

+ Protection of sensitive ecosystems

The Company's activities are based on complex processes aimed at identifying all aspects of interaction with the environment and preventing negative impacts, reducing and eliminating adverse effects on the ecosystem and social environment.

We are implementing integrated monitoring programs to identify areas for improving the effectiveness of our environmental actions.

- Maintaining databases of sources of exposure and environmental conditions, processing and analysis of information received
- Determination of compliance with environmental requirements of exposure sources
- Analysis and forecast of the state of the environment in the regions of activity
- Carrying out measurements and measurements related to environmental protection
- Comprehensive measures to ensure emergency prevention and response

The Company's activities are based on complex processes aimed at identifying all aspects of interaction with the environment and preventing negative impacts, reducing and eliminating adverse effects on the ecosystem and social environment.

+ Voluntary insurance of environmental risks

The company is developing a voluntary environmental risk insurance system within the corporate integrated risk management system.

On the risk management system - [Annual report 2019, pp. 158-163](#)

Subdivisions of TATNEFT Group on an ongoing basis provide insurance against risks associated with damage to the environment. Insurance contracts are concluded for all hazardous production

facilities assigned to structural divisions and subsidiaries of the Company. The insurance company compensates for physical and property damage, as well as damage to the environment.

Environmental monitoring

The Company monitors all aspects of the environmental impact, including the state of air, surface and groundwater bodies, land resources, and biodiversity conservation.

The main areas of monitoring:

- Measurement and sampling related to environment protection;
- Maintenance of databases of environmental impact sources and state of environment, processing and analysis of the data obtained;
- Determination of the impact source compliance with the environmental requirements;
- Analysis and forecast of the environment state in the regions of operation;
- Development of an environmental monitoring system in new areas of operation.

Environmental monitoring includes control of environmental impact sources (emissions and discharges of pollutants, wastewater), the state of environmental components (air, surface and groundwater, soil, ground, geological environment), as well as two-level inspection control of compliance with environmental

>6000

MEASUREMENTS OF PHYSICAL FACTORS

>27,000

ANALYZES TO DETERMINE
THE CURRENT STATE OF ATMOSPHERIC
AIR

>2,000

OBSERVATION POINTS FOR SURFACE AND
GROUND WATER BODIES OPERATE IN THE
TERRITORY
OF THE COMPANY'S OPERATIONS

>100 THOUSAND

CHEMICAL ANALYZES OF NATURAL
WATER WERE CARRIED OUT IN 2019

AMBIENT AIR MONITORING

In order to control compliance with sanitary norms and rules for the protection of atmospheric air in populated areas, as well as within the framework of work on justifying (establishing) the size of sanitary protection zones (SPZ) in the territories of the Company's operation, the state of atmospheric air in settlements, SPZ of production facilities, the level emissions at sources of air pollution - 136 points in

settlements and 271 points on the border of the SPZ are under control. In the reporting year, more than 6,000 measurements of physical factors and more than 27,000 analyzes were carried out to determine the current state of atmospheric air.

PROJECT ON AUTOMATED CONTROL OF INDUSTRIAL EMISSIONS OF POLLUTANTS

In 2018, the TANECO Complex, Rosprirodnadzor and the Ministry of Digital Development, Communications and Mass Media of the Russian Federation launched a joint "pilot" project for automatic control of industrial emissions of pollutants into the air at pollution sources with measurement of industrial emissions parameters. A tripartite "Agreement on cooperation between the Federal Service for Supervision of Natural Resources Management, the Ministry of Communications and Mass Media of the Russian Federation and the TANECO complex" was signed.

In order to ensure monitoring, data transfer was organized from the automatic control systems of industrial emissions of the TANECO Complex to the database of the State Register of Objects that Have a Negative Impact on the Environment (Moscow).

The results of the pilot tests were taken into account when developing regulatory legal acts.

In March 2019, the "Rules for the creation and operation of a system for automatic control of emissions of pollutants and (or) discharges of pollutants" (approved by the Decree of the Government of the Russian Federation of 13.03.2019 No. environment and conditions for the inclusion of stationary sources of emissions (discharges) into this program.

At the conclusion of the agreement, the management of Rosprirodnadzor emphasized that such pilot projects will help to form standards that will allow in the coming years to introduce systems of automatic control of air emissions at all Russian enterprises, which should switch to the best available technologies (BAT). This initiative was implemented in order to ensure effective public administration and ensure environmental safety, increase the effectiveness of supervisory activities.

MONITORING OF WATER BODIES

The Company has a local network of observation points for water bodies. In 2019, more than 2 thousand observation points for surface and underground water bodies were monitored, more than 35 thousand samples were taken within the framework of local hydro-monitoring, more than 100 thousand chemical analyzes of natural water were performed.

Atmospheric air

One of the key areas for minimizing the impact on the environment is to reduce emissions into the atmosphere during the Company's production activities.

The emission of pollutants in TATNEFT Group in 2019 amounted to 103.3 thousand tons, which is 10% higher than in 2018. The reason for the increase in emissions is the expansion of the TATNEFT Group associated with the acquisition of new assets (JSC Tolyattisintez Tolyattikauchuk LLC).

Special attention is paid to reducing emissions of harmful substances into the atmosphere, which is achieved through the implementation of the following measures:

- construction and technical re-equipment of gas collection systems (flare facilities). Re-equipment of Tatneftegazpererabotka flare control system will reduce the company's annual emissions by 0.94 thousand tonnes.
- introduction of technology of light hydrocarbon vapor recovery (LHVR) allowed reducing carbon emissions by more than 4 times as compared with emissions in 1991. Currently, the facilities of PJSC TATNEFT operate 44 LHVR units. In 2019, the amount of carbon recovered by the LHVR units amounted to 31.1 thousand tonnes.

PJSC Tatneft has started creating a system for automatic monitoring of atmospheric air quality in its area of operation, identifying and eliminating sources of pollution. In 2019, automatic air quality control stations as well as a monitor for displaying information about the state of environment were installed in Almet'yevsk.

DYNAMICS OF EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERIC AIR BY THE TATNEFT GROUP FOR THE PERIOD OF 2017-2019, THOUSAND.



Rational use of associated petroleum gas (APG)

The company is implementing a program to improve the rational use of associated petroleum gas aimed at stimulating the processing of APG into products with high added value and reducing the impact on the environment and climate. Targeted actions for TATNEFT Group for the period 2017-2019 resulted in a 20% decrease in APG flaring volumes. This made it possible to reduce emissions of pollutants and emissions of greenhouse gases generated during the combustion and dispersal of APG.

At present, the level of APG utilization in the Company exceeds 96%. This is one of the highest indicators in the industry, which the Company plans to increase to 98%.

Due to the high level of APG utilization, the Company annually prevents more than 3 million tons (in CO₂ equivalent) of greenhouse gas emissions.

The achievement of this indicator is facilitated by the implementation of technological solutions, the main of which are overhaul and expansion of the gas collection system from the Company's facilities, the construction of facilities intended for the use of associated petroleum gas, as well as work on their technical re-equipment, reconstruction and modernization.

In 2019, over 21 km of gas pipelines of the TATNEFT Company were overhauled. Design and survey work was completed on the project "Expansion of the gas gathering system of the Yamashinskoye and Tyugeevskoye fields, in 2020 - construction and installation work.

The company is responsible for monitoring the efficiency of operation of gas purification plants, their current and scheduled preventive maintenance.

VOLUME OF APG COMBUSTION BY TATNEFT GROUP, MILLION M³



The main direction of APG utilization is processing at the Company's production facilities and further transfer of the resulting products to consumers. As part of the Program to improve the rational use of associated petroleum gas, the Company implements:

- Construction of facilities designed for the use of associated petroleum gas, as well as work on their technical re-equipment, reconstruction and modernization;
- Control and reduction of losses of hydrocarbon raw materials, increase in the volume of its processing, increase in energy efficiency of production;
- Implementation of measures to reduce hydrocarbon emissions from storage and treatment tanks; performance and adjustment work on fuel-burning equipment;
- Monitoring the efficiency of operation of gas treatment plants, their routine and preventive maintenance;
- Implementation of measures to regulate emissions during periods of unfavorable meteorological conditions;
- Conversion of vehicles to gas fuel.
- APG use as fuel in various equipment.

APG UTILIZATION RATE

2017		96.09
2018		96.24
2019		95.93

Protection of water resources and rational water use

Reasonable and careful preservation of an ecosystem with clean water, access to water resources is one of the main factors of sustainable development. The company uses water resources rationally and implements measures to reduce the impact on water resources, protect them and replenish them in all regions of its presence, including modernizing infrastructure and introducing the best available technologies. The company aims to increase the share of recycled and consistently used water, environmentally safe handling of produced water, introduction of modern wastewater treatment systems.

The emission of pollutants in TATNEFT Group in 2019 amounted to 103.3 thousand tons, which is 10% higher than in 2018. The reason for the increase in emissions is the expansion of the TATNEFT Group associated with the acquisition of new assets (JSC Tolyattisintez Tolyattikauchuk LLC).

Special attention is paid to reducing emissions of harmful substances into the atmosphere, which is achieved through the implementation of the following measures:

- construction and technical re-equipment of gas collection systems (flare facilities). Re-equipment of Tatneftegazpererabotka flare control system will reduce the company's annual emissions by 0.94 thousand tonnes.
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DYNAMICS OF EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERIC AIR BY THE TATNEFT GROUP FOR THE PERIOD OF 2017-2019, THOUSAND.

Biodiversity conservation

The Company has a "[Program for the Conservation of Biological Diversity](#)", developed taking into account the legislative and other applicable requirements for the conservation of biodiversity and aimed at preserving rare species of animals by supporting the existing specially protected natural areas (SPNA) of zoological, entomological, botanical, hydrological and geological profiles and sparing (rational) nature management in the habitats of rare species.

The company aims to preserve biodiversity in the areas of operation at a level that ensures their sustainable existence and sustainable use.

The assessment of biodiversity by reliable indicators of the state of the environment shows that the state of ecosystems in the territory of the Company's production activities complies with the standards. TATNEFT Group does not provide irreversible impacts on biodiversity. The Company has no facilities that have a significant impact on biodiversity. If necessary, the program of industrial environmental control (PEC) includes monitoring of flora and fauna. The main impacts on biodiversity are associated with geological exploration, extraction, preparation, transportation and retail sale of petroleum products.

OBJECTS OF THE NATURAL RESERVE FUND OF THE REGION OF THE COMPANY'S PRODUCTION ACTIVITIES, INCLUDING PRESERVED AND RESTORED HABITATS [OPEN THE LIST](#)

The largest specially protected natural area of federal significance located in the region of the Company's operations is the Nizhnyaya Kama National Park. Industrial ecological control of the plant world (phytomonitoring) on the territory of the National Park "Nizhnyaya Kama" is carried out in the following directions: control of mechanical disturbances of the soil and vegetation cover, including post-reclamation monitoring, complex technogenic impact, structure and natural dynamics of phytocenoses and biodiversity (background territories), surface pollution.

In the course of research of phytocenoses, the current state of vegetation, the structure of the vegetation cover is taken into account, attention is paid to the presence of rare and protected plant species, the position of the boundaries of plant communities and the degree of disturbance of the vegetation cover are specified.

According to the results of monitoring studies, in 2019, the operation of oil field facilities of NGDU Prikamneft did not lead to a deterioration in the state of the ecosystems of the adjacent territory and did not violate the protection regime of the Nizhnyaya Kama National Park. In 2019, comprehensive monitoring of the Nizhnyaya Kama National Park was carried out and comprehensive measures were taken to reclaim disturbed lands. Also, the replacement of bare wires on power lines was carried out, compensation measures were taken to compensate for damage to aquatic biological resources.

Due to the special vulnerability of natural tundra complexes, the program of environmental control has been expanded in the territories of developed fields located in the Nenets Autonomous Okrug (NAO). The control program includes an assessment of the species and quantitative composition of vegetation cover, soil mesofauna and soil mammals, mosses, fauna, and benthos. The monitoring results show that the territory of activity is not subject to significant anthropogenic impact.

PROTECTED SPECIES IN THE REGION OF THE COMPANY'S ACTIVITY. SUPPORT FOR SPECIES OF ANIMALS LISTED IN THE RED BOOK

On the territory of the Company's operations, there are two species of mammals listed in the Red Book of the Russian Federation and the Republic of Tatarstan - the bobak marmot and the desman (the desman is also included in the Red List of the International Union for Conservation of Nature (IUCN).

The location of production facilities outside the habitat areas and measures aimed at reducing the negative impact on the environment exclude the slightest threat to the existence of these species in the region of the Company's operation.

THE PROGRAM FOR THE RESCUE AND REPRODUCTION OF SNOW LEOPARDS OF THE NATIONAL PARK "SAILYUGEMSKY IN ALTAI

TATNEFT, TOGETHER WITH THE AK BARS HOCKEY CLUB, PARTICIPATES IN THE PROGRAM FOR THE RESCUE AND REPRODUCTION OF SNOW LEOPARDS IN THE SAYLYUGEMSKY NATIONAL PARK.

«The snow leopard is the main symbol of our hockey club Ak Bars, Tatarstan and all Turkic peoples. Ak Bars and Tatneft considered it important to support the conservation project for this beautiful animal. The President of the Republic of Tatarstan presented the program to save the population of leopards, and we are proud to be part of it. This year Rustam Minnikhanov and I visited Altai and saw how professionally the work of the regional ecologists is organized, and therefore Ak Bars is pleased to become a partner of the Saylyugemsky National Park.»

Nail Maganov

General Director of PJSC TATNEFT



The Saylyugemsky National Park in the Kosh-Agachsky District of the Altai Territory on the border with Mongolia is a specially protected natural area - the natural habitat of the Red Book snow leopard. According to the World Wildlife Fund, today there are only 70-90 wild individuals left in Russia, all of them are under threat of extinction due to poaching and a decrease in their natural range. 37 officially registered individuals live on the territory of the park and adjacent areas. The basis for the safety of snow leopards, their protection from poaching, and the main way to monitor the population of secretive lone animals is the development of a network of camera traps located on an area of 118,000 hectares. TATNEFT and Ak Bars will jointly provide the Saylyugemsky National Park with new photo and video

traps to expand the monitoring boundaries and close unexplored areas - potential snow leopard habitats. Also, within the framework of this Program, funding is allocated for regular anti-poaching raids on the territory of the national park.

«Saving the snow leopard is often talked about, but there are few real participants in this process. We are very glad that our park now has such a bright and reliable partner. The snow leopard is a difficult species to study and is even more difficult to protect due to its habitat. Our territory is home to the largest group of snow leopards in Russia, and we are convinced that it is possible to restore the population of an endangered species. The dynamics of the last 20 years proves that leopards can return to their former habitats, and monitoring of camera traps pleases with news about females reproducing offspring. Our common task today is to ensure the safety of the species from poachers and create the most favorable conditions for its existence.»

Denis Malikov

Director of the National Park "Saylyugemsky"

Focus of action on biodiversity replenishment

As part of the Program for the Conservation of Biodiversity, the Company pays special attention to the following areas:

- Reducing the significant impact of the Company's activities, products and services on the biodiversity of protected natural areas and areas with high biodiversity value outside the boundaries of protected natural areas;
- Conservation and restoration of biodiversity, habitats, animal migration routes and compensation for possible damage to the environment;
- Reducing and preventing fragmentation of natural landscapes, reducing the areas of disturbed territories.

To achieve specific characteristics of biodiversity in a certain period of time and in a certain territory, an Action Plan is additionally developed. Depending on the achieved results, socio-economic changes taking place in the country, the Plan is updated.

Waste handling

One of the core areas in the environmental protection activities of TATNEFT Group is to reduce the man-made load on the environment by reducing the specific indicators of waste generated from production and consumption. The Company has developed a comprehensive system for selective gathering and processing of waste from production and consumption, and using these as raw materials to produce commercial products.

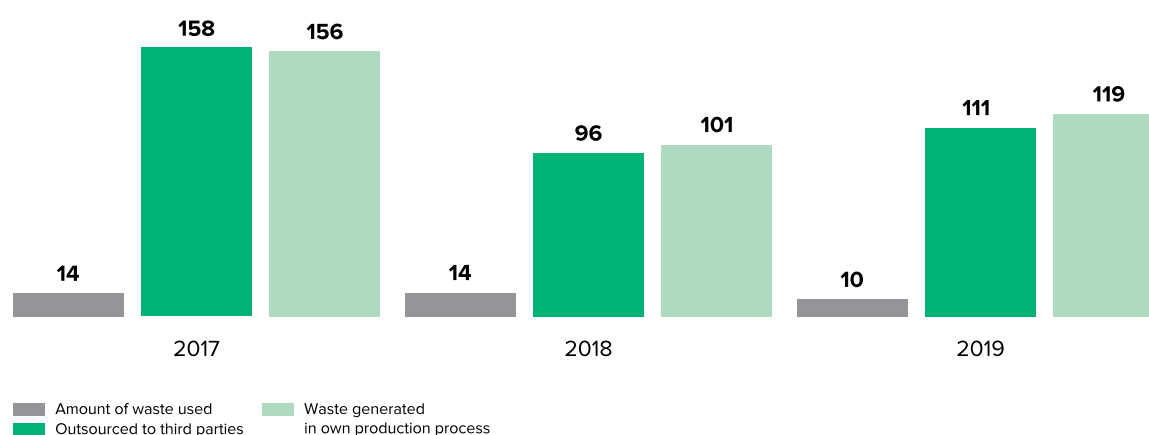
In 2019, TATNEFT Group generated 119 thousand tonnes of waste (in 2018 - 101 thousand tonnes), including oil sludge (III hazard class) 23.4 thousand tonnes (in 2018 - 25 thousand tonnes). 9.8 thousand tonnes of wastes were used (in 2018 - 13.7 thousand tonnes), 4.4 thousand tonnes were neutralized at the production facilities of TATNEFT Group, including oil sludge 0.1 thousand tonnes (in 2018 - 0.095 thousand tonnes). 111 thousand tonnes were transferred to third-party enterprises, of which 23.3 thousand tonnes were oil sludge.

At the waste processing site of the vulcanization shop of LLC Nizhnekamsk All Steel Tire Plant LLC, 876.993 tons of rubber-containing waste, and 586.728 tons of polyethylene waste were processed in 2019.

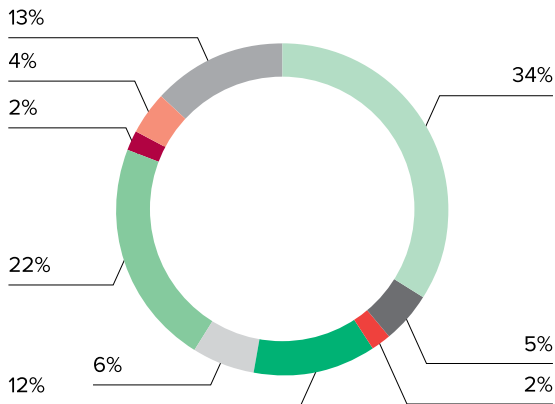
The reasons that caused increase in waste in 2019 were:

- reconstruction of the preparatory shop and expansion of the production of all-steel tires at OOO Nizhnekamsk AST Plant;
- cleaning operations on 2 averaging ponds and a containment pond from bottom sediments at JSC Nizhnekamsktekhnuglerod;
- commissioning of new units at JSC TANECO.

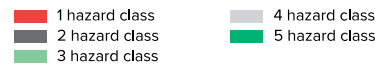
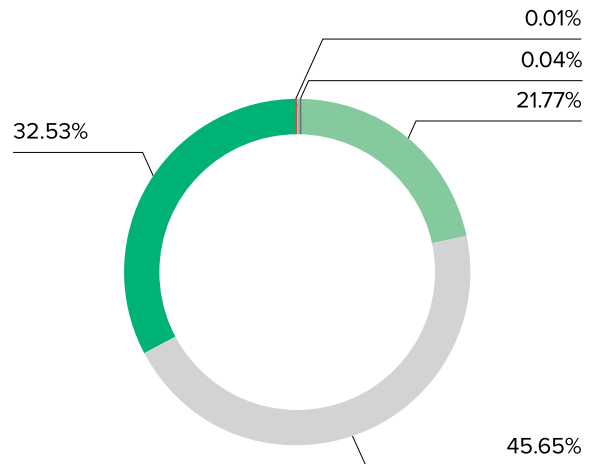
TATNEFT GROUP WASTE HANDLING AND MANAGEMENT, THS TONNES



**WASTE GENERATED BY BUSINESS STREAMS
ACROSS TATNEFT GROUP IN 2019, THS TONNES**



**VARIOUS HAZARD CLASS WASTES GENERATED
ACROSS TATNEFT GROUP IN 2019**



Of the total amount of waste generated in 2019, 67% were hazardous, i.e. belonged to 1-4 hazard classes, 33% were non-hazardous.

Hazardous waste management activities are conducted on the basis of licenses granting the rights to carry out activities on collection, transportation, processing, disposal, neutralization, and placement of waste of I-IV hazard classes, (licenses) issued by the Federal Service for Supervision of Natural Resources (Rospirodnadzor).

Drilling Waste Management

The Company has a guideline document “Technological Regulations for Drilling Waste Management Process during Well Construction”, which establishes common requirements for managing drilling waste resulting from well construction, usage and subsequent liquidation of waste accumulation sites at drilling location.

All waste generated during well drilling by contractors is the property of the Contractor.

Unique Landfill for Industrial Waste

A unique industrial waste disposal site was commissioned at the TANECO Complex, there is a reliable impervious screen on the bottom that prevents any possibility of biological and chemical contamination of adjacent territories, groundwater, and ensures the capture of leachate which is then transported to the treatment facilities at the Refinery and Petrochemical Plant.

Environmental impact indicators

The company is one of the leaders in the fuel and energy complex of the Russian Federation and is aware of the nature and scale of the impact of its activities, correlates them with the importance of rational use of natural resources, ensuring safe production, preserving a favorable environment and reducing climate risks.

We take measures to prevent environmental pollution, reduce and prevent negative impact on it, including natural objects with increased vulnerability and objects, the protection and preservation of which is of particular importance; increasing the energy efficiency of production processes, ensuring resource conservation, rational use of natural resources, minimizing their losses.

Production and investment planning provides for the identification of all significant factors of impact on the environment, including reducing the loss of oil, gas, as well as oil and gas processing products and preventing their release into the environment; increase in the utilization factor of associated petroleum gas; reduction of greenhouse gas emissions; reducing the significant impact of the Company's activities, products and services on the biodiversity of protected natural areas and areas with high biodiversity value outside the boundaries of protected natural areas; additional risk assessment in ecologically valuable areas.

We implement a comprehensive approach to reduce environmental impact and strive for leading positions in the industry in terms of minimum negative impact on the environment.

Recycled plastic

Recycled plastic for the Ak Barsa hockey club

The TATNEFT company, together with the Ak Bars Kazan hockey club, is implementing a project on the use of recycled plastic.

Recycled plastic is used to make athletic uniforms. Ak Bars - the first in the Kontinental Hockey League will play in a uniform made of recycled plastic (plastic bottles).

“Ak Bars was the first in Russian hockey to start using recycled materials. We hope this will become a good trend for our sport, and together we will be able to positively influence the state of the environment and instill a respectful attitude towards it. Ecology has always been and remains a priority area of TATNEFT, the Company pays special attention to the conservation and restoration of nature.

The ability to use recycled materials in our work is an important step in our work to reduce our carbon footprint.”

Nail Maganov

General Director of PJSC TATNEFT



Earlier, TATNEFT introduced a separate waste collection system at the home stadium of the Ak Bars HC - Tatneft Arena. The process of recycling a PET bottle into a hockey uniform takes place in 6 stages: separation of containers by color, cleaning, crushing of plastic into granules, remelting, stretching of threads and fabrication. Each sweater contains the exact number of bottles required to create it - from 36

to 46. The sets are not inferior in their characteristics to traditional form sets. All application on the form is made by sublimation printing. The absence of patches and additional elements allows the sweater to be recycled again without additional manipulations.

По выходным команда будет выступать в альтернативной форме из переработанного пластика у себя дома.

Work together

The Company's activities are based on a high level of personnel competence and the involvement of the entire team in the implementation of the corporate Strategy.

A prerequisite for our success is effective interaction with shareholders and investors, government, regulators, industry companies and organizations, nongovernmental organizations, research and educational centers, local communities and many other stakeholders.

The level of cooperation ranges from joint business projects to social investments in various social initiatives.

Personnel

The Company has an integrated personnel management system aimed at maintaining a high professional level of workers and specialists employed in all areas of activity TATNEFT Group.

"Our highly qualified employees are dedicated to their work and the Company, they are the main value of TATNEFT and the basis of its achievements. The creation of a quality life for the personnel is an integral part of increasing the Company's competitiveness and its sustainability."

Nail Maganov

General Director of PJSC TATNEFT

The implementation of the personnel management policy is reflected in the relevant standards defining the procedure for hiring personnel, opportunities for professional and career growth of employees, system of material and non-material incentives, social support.

Currently, in order to ensure efficient implementation of the personnel policy, the HR strategy of Tatneft Group until 2030 is being formed. With the development of operational activities and the assessment of the need in human resources specialists and operating personnel, the tasks of forming personnel reserve, training and development, the system of financial and nonfinancial incentives, corporate culture and youth policy have been focused on.

In 2019, the Company confirmed its status as one of the largest employers in the Russian Federation. At the end of the year, the payroll of the Company was 59,760 people, of which PJSC TATNEFT - 23,599 people, an increase compared to 2018 due to the development of production assets.

TATNEFT GROUP MAIN STAFF CATEGORIES AS OF 31.12.2019, PEOPLE

Managers	5,959
Specialists and clerical staff	16,367
Workers	37,434
TOTAL WORKFORCE	59,760

NUMBER OF EMPLOYEES WHO HAVE COMPLETED TRAINING, BROKEN DOWN BY CATEGORY OF EMPLOYEES AND BY GENDER, PERSONS

Employee category	Total	including men	including women
Managers	2,619	2,167	452
Specialists	7,000	2,801	4,199
Officers	70	7	63
Workers	13,464	9,535	3,929
TOTAL	23,153	14,510	8,643

TATNEFT GROUP HEADCOUNT, BROKEN DOWN BY GENDER, PEOPLE

	31.12.2017	31.12.2018	31.12.2019
Men	29,954	30,399	32,527
Women	24,797	24,902	27,233
TOTAL	54,751	55,301	59,760

TATNEFT GROUP STAFF BREAKDOWN BY GENDER AS, PEOPLE

	31.12.2017	31.12.2018	31.12.2019
Men	54.7%	55.0%	54.4%
Women	45.3%	45.0%	45.6%

The dynamics of the structure of personnel by gender during the indicated periods remains almost constant.

TATNEFT GROUP STAFF BREAKDOWN BY AGE

	31.12.2017	31.12.2018	31.12.2019
Under 19 years old	0.3%	0.3%	0.3%
From 20 to 29 years old	18.5%	17.1%	16.0%
From 30 to 39 years old	31.4%	32.9%	33.7%
From 40 to 49 years old	26.4%	27.2%	27.7%
Over 50 years	23.4%	22.5%	22.2%

The structure of personnel by age during the study period is almost constant, small dynamics is associated with the age gap between groups, when the transition from one age group to another is uneven.

TATNEFT GROUP STAFF BREAKDOWN BY COUNTRY, PEOPLE

	31.12.2017	31.12.2018	31.12.2019
Russian Federation	97.3%	97.2%	96.4%
Canada	0.006%	0.006%	0.005%
China	-	-	0.002%
Libya	0.015%	0.013%	0.011%
Republic of Belarus	0.006%	0.006%	0.007%
Republic of Kazakhstan	0.67%	0.87%	1.06%
Republic of Moldova	-	-	0.002%

	31.12.2017	31.12.2018	31.12.2019
Republic of Turkmenistan	0.05%	0.14%	0.85%
Republic of Uzbekistan	0.004%	0.006%	0.124%
Ukraine	1.94%	1.74%	1.54%

TATNEFT GROUP STAFF BREAKDOWN BY COUNTRY AND GENDER AS, PEOPLE

		31.12.2017	31.12.2018	31.12.2019
Russian Federation	Russian Federation	Russian Federation	Russian Federation	Russian Federation
	men	56%	56%	55%
	women	44%	44%	45%
Canada	men	33%	33%	33%
	women	67%	67%	67%
China	China	China	China	China
	men	-	-	100%
	women	-	-	-
Libya	men	100%	100%	100%
	women	-	-	-
Republic of Belarus	Republic of Belarus	Republic of Belarus	Republic of Belarus	Republic of Belarus
	men	33%	33%	-
	women	67%	67%	100%
Republic of Kazakhstan	men	75%	76%	73%
	women	25%	24%	27%
Republic of Moldova	Republic of Moldova	Republic of Moldova	Republic of Moldova	Republic of Moldova
	men	-	-	-
	women	-	-	100%
Republic of Turkmenistan	men	74%	88%	96%
	women	26%	13%	4%
Republic of Uzbekistan	Republic of Uzbekistan	Republic of Uzbekistan	Republic of Uzbekistan	Republic of Uzbekistan
	men	50%	67%	80%
	women	50%	33%	20%

		31.12.2017	31.12.2018	31.12.2019
Ukraine	men	60%	58%	58%
	women	40%	42%	42%

Representatives of the TATNEFT Group appeared in the Republic of Moldova (Nizhnekamsk All-Steel Tire Plant LLC (LLC "NZSH CMK") and in China (Tatneft-Presscomposite LLC).

TATNEFT GROUP STAFF BREAKDOWN BY GENDER AS IN THE MANAGEMENT

	31.12.2017	31.12.2018	31.12.2019
Men	73%	74%	74%
Women	27%	26%	26%

The dynamics of the structure of personnel in the category "Managers" by gender throughout the study period remains almost constant.

NUMBER OF EMPLOYEES ACCEPTED TO THE TATNEFT GROUP BY GENDER AS AND AGE GROUP

	2017	2018	2019
Up to 19 years old	606	641	523
Men	263	296	284
Women	343	345	239
From 20 to 29 years old	3,185	4,160	3,669
Men	1,995	2,576	2,160
Women	1,190	1,584	1,509
From 30 to 39 years old	2,458	4,362	4,182
Men	1,387	2,501	2,115
Women	1,071	1,861	2,067
From 40 to 49 years old	1,647	2,888	2,965
Men	803	1,486	1,447
Women	844	1,402	1 518
Over 50 years	1,191	2,357	1 920
Men	620	1,267	1 049
Women	571	1,090	871
TOTAL	9,087	14,408	13 259

SHARE OF EMPLOYEES ACCEPTED TO THE TATNEFT GROUP BY GENDER AND AGE GROUP

	2017	2018	2019
up to 19 years old	7%	4%	4%
men	43%	46%	54%
women	57%	54%	46%
from 20 to 29 years old	35%	29%	28%
men	63%	62%	59%
women	37%	38%	41%
from 30 to 39 years old	27%	30%	32%
men	56%	57%	51%
women	44%	43%	49%
from 30 to 39 years old	18%	20%	22%
men	49%	51%	49%
women	51%	49%	51%
over 50 years	13%	16%	14%
men	52%	54%	55%
women	48%	46%	45%

TOTAL NUMBER OF WORKERS ELIGIBLE FOR CHILD CARE LEAVE UNTIL THEY REACH THE AGE OF 3 YEARS (MOTHER, FATHER) BY TATNEFT GROUP BY GENDER AS

	2017	2018	2019
men	3,953	4,111	4,130
women	2,346	2,360	2,603
TOTAL	6,299	6,471	6,733

TOTAL NUMBER OF EMPLOYEES WITH CHILD CARE LEAVE UNTIL THEY REACH THE AGE OF 3 YEARS OLD BY THE TATNEFT GROUP BY GENDER

	2017	2018	2019
men	11	18	10
women	2,088	2,137	2,246
TOTAL	2,099	2,155	2,256

Employees who are legally considered and engage in individual labor or entrepreneurial activities, or by persons other than staff and freelancers, including subcontractors staff and freelancers, a significant

proportion of the work is not being performed. There are no significant seasonal changes in the number of employees in the Company.

NUMBER OF INDIVIDUALS PROVIDING SERVICES UNDER GPC AGREEMENTS BY GENDER

2017

	men	woman	total
Number of individual providing services under GPC agreement	0	2	2
Note	The term of these agreements covers the period 2017-2019		

2018

	men	women	total
Number of individual providing services under GPC agreement	1	5	6
	2 contracts valid for the period 2017-2019; 3 contracts valid until 31.12.2018; 1 contract valid for the period from 2018-2019		

2019

	men	women	total
Number of individual providing services under GPC agreement	7	9	17
	2 contracts valid for the period 2017-2019; 15 contracts with a validity period in 2019; Taking into account the fact that 2 contracts were concluded with the same individual.		

Remuneration Plan

The Company considers remuneration as a part of an integrated system of financial and non-financial encouragement of personnel, which allows the Company to maintain high competitiveness by attracting and retaining qualified and motivated employees.

+ Principles of the Company's policy in the field of remuneration and motivation

- Competitiveness - the level of remuneration is formed on the basis of an analysis of the level in the labor market (demand, supply, level of remuneration, incentive tools, trends in motivation policy, etc.).
- Efficiency - the level of remuneration is formed depending on the fulfillment of specific performance indicators by each employee and the achievement of the established goals for the Company as a whole/
- Fairness - the level of remuneration is formed depending on the functions performed and the degree of responsibility for decision-making on the position held/
- Targeting - the possibility of forming the level of wages by categories of workers, changing the structure of wages and using alternative tools of motivation (career routes, training, etc.) based on the results of sociological surveys/.
- Unification - uniform motivation tools, types and amounts of incentives for categories of employees with the same functionality and degree of responsibility.

+ Indicators of making a decision to raise wages

- • Consumer price index (inflation rate)
- • Minimum consumer budget in the region
- • The level of remuneration in other companies in the industry
- • Increasing labor productivity across the Company

+ The Company considers remuneration

The Company considers remuneration as a part of an integrated system of financial and non-financial encouragement of personnel, which allows the Company to maintain high competitiveness by attracting and retaining qualified and motivated employees. The personnel basic income is formed from wages and employment benefits. Wages include a tariff-based (fixed) part, according to the Unified Rate Schedule, and bonus-based (variable) part. The employment benefits provide employees with a relevant scope of medical and other social guarantees.

The company adheres to the principle of ensuring equality of opportunity and treatment of employees in the field of employment, including equal remuneration for women and men for work of the same value, as well as non-discrimination in the field of work and employment.

AVERAGE MONTHLY WAGE OF EMPLOYEES, RUB.

2017	2018	2019
61,796	63,795	66,439

Based on the outcome of 2019: the ratio of wage to the minimum consumer budget in the Republic of Tatarstan constituted 4.21, the ratio of the tariff rate (wage) of the first class with standard working conditions and the minimum wage for the RT (Minimum Wage Rate of the RT) constituted 1.29.

Remuneration of the members of the executive bodies and other key managers is determined in such a way as to provide a reasonable and justified ratio between the fixed part of the remuneration and the variable part of the remuneration, which depends upon the performance results of the Company and the personal (individual) employee's contribution to the final result.

The Remuneration Committee consisting of independent directors and headed by an independent director who is not the Chairman of the Board of Directors has been set up for preliminary review of issues related to establishing the effective and transparent remuneration practices.

When forming a remuneration system and determining the specific amount of remuneration to the members of the Company's governing bodies, it is assumed that the amount of the remuneration paid should be sufficient to engage, motivate and retain persons with the relevant professional background, knowledge and skills required for the Company.

The remuneration system is based on the principles and guidance of the Corporate Governance Code in alignment with the Company's current practice of remuneration and compensation accrual. The company seeks to establish the remuneration for the members of the Board of Directors based on the contribution they make to the Company's growth and development. An adequate level of remuneration helps attract highly qualified candidates and provides compensations for the time and effort they spend to get prepared for and participate in the meetings of the Board of Directors.

The Board of Directors sets the Company's policy on remuneration and/or reimbursement of costs (compensations) to the members of the Board of Directors, members of its executive bodies and other key managers of the Company.

The system of the management staff remuneration is formed in alignment with the Company's Strategic goals 2030

REMUNERATION OF THE PJSC TATNEFT BOARD OF DIRECTORS' MEMBERS

Remuneration for participation in the work of the management body	115,558,159.00
Salary	16,595,433.38
Bonus	98,955,714.91
Commissions	0
Other types of remuneration	53,142.41
TOTAL	231,162,449.70
Compensation	10,258,895.66

ВОЗНАГРАЖДЕНИЕ ЧЛЕНОВ ПРАВЛЕНИЯ ПАО «ТАТНЕФТЬ», РУБ.

Remuneration for participation in the work of the management body	6,303,695.00
Salary	69,603,106.34

Remuneration for participation in the work of the management body	6,303,695.00
Bonus	122,311,250.40
Other types of remuneration	16,636,584.82
TOTAL	214,854,636.56
Compensation	82,621.00

Trade Union Organization and Collective Agreement

The company recognizes the rights of every employee to collectively represent interests, including trade union organizations, recognizes and respects the rights of trade unions, including the rights enshrined in the basic conventions of the International Labor Organization - the right of each employee to be represented by a trade union of his / her own choice and basic trade union rights freedom of association and the right to organize workers in trade unions, and the right to collective bargaining.

The company does not prevent its employees from joining associations and trade unions. This right is exercised through the participation of TATNEFT Group employees in the activities of the trade union and in the process of forming the Collective Agreement.

Trade union organization

The main collective representation of the interests of the Company's employees on the basis of partnership is carried out by the Interregional Trade Union Organization of PJSC TATNEFT.

About 137 thousand people are members of the trade union organization, of which more than 86 thousand people are working, about 46 thousand people are non-working pensioners, more than 5 thousand students and 33 thousand are working youth.

Primary united, primary trade union organizations in the number of 149 formations conduct their work in structural divisions, service management companies and subsidiaries located in Tatarstan and beyond, as well as 4 formations are students of educational institutions.

Sociological surveys are regularly conducted among workers in order to determine the degree of satisfaction of members of the trade union with the organization of labor and its safe provision, the quality of work of trade union committees. Legal advice is provided. There is a "helpline" in the trade union committee, where each member of the trade union can call and voice his problem. In the primary trade union organizations, a reception was organized on personal matters of members of the trade union.

Commission on Social and Economic Protection of Trade Union Members

Provides identification and timely solution of the problems of trade union members, the formation of proposals to the conciliation commission of the Company to increase the level of social protection of employees, control over the implementation of the provisions of the Collective Agreement, informs about the activities of the trade union committee.

Legal Protection Commission

Monitors compliance with labor legislation by administrations of enterprises on the following issues: conclusion, amendment and termination of employment contracts with employees; working time and rest time; wages; guarantees and compensations; labor discipline, participation of trade union committees in the adoption of local regulations. The work carried out by the commission in conjunction with the trade union committee, trade union committees of primary trade union organizations and with employers makes it possible to reduce the number of labor conflicts at enterprises and to effectively resolve them.

Based on the results of inspections, employers and trade union committees of primary trade union organizations are sent information about the violations found to eliminate them. Issues of employers' compliance with labor legislation are considered at meetings of the Company's trade union committee with the invitation of responsible persons.

Labor Protection Commission

Public control of the implementation of the current legislation in the field of labor protection in enterprises is carried out by the labor protection committee, the chief technical labor inspector of the trade union and representatives of the trade union for labor protection. In order to protect the rights of workers injured at work and members of their families, the chief technical labor inspector of the PJSC TATNEFT trade union takes part in the investigation of accidents at work, as well as as part of commissions in various areas in inspections.

Youth Commission

Participates in the formation of a package of proposals to the conciliation commission for the development of the Collective Agreement, and also assists in resolving issues of youth teams, including issues of labor rights and social guarantees.

Organizational-mass commission

A trade union organization unites 171 primary trade union organizations that operate at the enterprises of PJSC TATNEFT, in the Republic of Tatarstan and other constituent entities of the Russian Federation.

Cultural and Sports and Health Commission

The Commission holds various events dedicated to supporting creativity, the continuity of cultural, national and spiritual traditions, as well as a healthy lifestyle and sports.

Housing and household commission

The trade union committee participates in the development and implementation of the housing policy of the TATNEFT Company, assists in solving housing problems and improving the living conditions of workers and pensioners.

Food Control Commission

Together with the administrations and chairmen of the trade union committees, the commission constantly monitors the quality of food in working canteens, in food points for drilling crews, in crews of underground and workover wells.

Commission for Work with Veterans of Labor and the Great Patriotic War

The Commission, together with the administration of the Company and the Councils of Veterans, provides assistance to non-working pensioners in solving social problems, financial support, as well as support for a healthy lifestyle and longevity, and cultural activities.

Collective agreement

The basis of cooperation is the Collective Agreement, which is adopted annually and covers all employees of the Company. Each employee has the right and opportunity to participate in the process of forming the Collective Agreement by sending his proposal to the trade union organization. A conciliation commission, consisting of representatives of the PJSC TATNEFT administration and the trade union committee, considers each proposal. Trade union representatives take part in the consideration of all

social and labor issues and events significant for employees, incl. carrying out structural transformations of the Company, changes in the field of organization and remuneration.

The company provides employees with a package of social benefits and guarantees. Obligations to ensure them are enshrined in the Collective Agreement concluded annually between PJSC TATNEFT and the labor collective and covering the employees and non-working pensioners of the Company.

The collective agreement contains the mutual obligations of the employer and the trade union committee in 12 sections. They reflect the tasks of effective production management, the organization of safe work and its decent wages, social benefits for employees and support for non-working pensioners, a section on guarantees of the trade union organization.

The enterprises of the TATNEFT Group have signed their own Collective Agreements, which in the content and amount of benefits and guarantees strive to comply with the Collective Agreement of PJSC TATNEFT.

THE COLLECTIVE AGREEMENT PROVIDES FOR:

- benefits and guarantees for employees;
- social protection of young workers;
- support for veterans and retirees.

The structure of social benefits and guarantees is determined by the Standard of the Collective Agreement of the TATNEFT Group of Companies, which is advisory in nature for all enterprises of the Group.

Information about the [Collective Agreement](https://tatneft.ru) is posted on the website tatneft.ru.

Optional health insurance

Voluntary medical insurance programs aimed at preventing diseases and improving health of employees (vmi, health resort rehabilitation, vaccination, involvement in physical education and sports).



385.2 MLN RUB

TOTAL AMOUNT OF OPTIONAL HEALTH INSURANCE CONTRACTS

Voluntary Medical Insurance Contracts

In accordance with Voluntary Medical Insurance Contracts, the total number of insured employees was 22,234 persons. The total amount of VMI agreements is RUB 385.2 million.

The Company provides organization and payment of medical and other services under 4 programs:

- «Outpatient Services»
- «Inpatient Services»
- «Rehabilitation Treatment»
- «Comprehensive Medical Care».

In order to reduce infectious diseases, annual seasonal immunoprophylaxis was conducted at the expense of the VMI funds. In 2019, employees of PJSC Tatneft were vaccinated against seasonal flu (3,910 persons were vaccinated) and tickborne encephalitis (3,493 persons). A medical examination of employees of PJSC Tatneft was also conducted in order to detect cancer related diseases at an early stage.

The Company has 11 health care centers on its balance sheet. In 2019, 2,081 employees of structural divisions of PJSC Tatneft engaged in work with harmful and (or) dangerous production factors rested and improved in health care centers. 666 employees underwent sanatorium rehabilitation in the «Yuzhny Obyekt». 127 employees of Belokurikha Resort, JSC («Siberia», «Katun» and «Belokurikha») underwent sanatorium rehabilitation. A preferential category of citizens of the Russian Federation, children and citizens who, if medically required, need rehabilitation are treated in the Company's sanatoriums.

High-tech medical care

Thanks to the significant organizational contribution of Tatneft, a Regional Medical Diagnostic Center of Tatneft Medical Unit (Almetyevsk) operates in the South-East of Tatarstan, providing high-tech medical care in cardiovascular surgery, traumatology and orthopedics, ophthalmology and urology. This is a large and modern multi-field Health Care Center, which has a highly qualified personnel potential and is equipped with the latest medical equipment. The clinic uses a complex of high-tech methods of

diagnostics and treatment: hybrid cardiac surgery; radiofrequency ablation of heart rhythm disorders using CARTO 3 nonfluoroscopic navigation system; neurosurgical operations using neuronavigation equipment. Every year, state quotas are allocated for the Medical Unit to perform high-tech operations for residents of 10 districts of the South-East of the Republic of Tatarstan in the fields of cardiovascular surgery, traumatology and orthopedics and neurosurgery, which are successfully implemented. As part of the implementation of the state order on provision of high-tech medical care for residents of the South-East of the Republic of Tatarstan, funds in the amount of RUB 291.7 million were disbursed. The state order by the specialists of the Medical Unit was fulfilled in full



In 2020, the Board of Directors reviewed the implementation plan and targets for the Goal

GOAL 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES.

As part of joining the UN Global Compact, the Company has adopted SDG 3 "Good health and well-being" as a priority.

Leader for SDG 3 in the Company - Advisor to the General Director - Head of the Service for Development and Support of Medical Programs of TATNEFT Company Elena Yashina

Social partnership

We follow the principles of high corporate responsibility, realizing the importance of social partnership between business and society for the sustainable development of the regions of our activity, strengthening the stable economic infrastructure of the state and meeting global goals for social progress.

The company makes a large-scale contribution to ensuring favorable conditions and quality of life in the territories of its main activities, implements targeted corporate programs to support healthcare, science, education, preservation of spiritual heritage, culture and sports in the form of social partnership and social investments.

The company strives to maintain the status of the best employer and the best partner both in its business activity and in interaction with state authorities and administrations, educational, non-profit and public institutions, the local population and society in general.

Forming social programs for the development of health care, science and education, the cultural environment, the preservation of the spiritual heritage, sports, the Company takes into account the social priorities of state policy - the Concept of long-term socio-economic development of the Russian Federation and the Strategy of socio-economic development of the Republic of Tatarstan. A number of corporate programs interact with national projects.

Social partnership is built on the basis of an effective and transparent system of interaction with all stakeholders. All actions taken are consistent with constant monitoring of their effectiveness.

Principles and priorities of the Company's social policy

When carrying out production activities, the Company interacts with local communities by implementing targeted programs to develop the infrastructure of the territories of its activity and conducting a systematic assessment of the impact on local communities in the field of social and environmental aspects.

When developing and implementing social programs, the Company is guided by the following principles:

EFFICIENCY

The funds spent on the implementation of programs should significantly help in solving problems. The results of programs are subject to regular evaluation and recording.

SIGNIFICANCE

The Company strives to ensure that social programs are as targeted as possible, timely, and meet the urgent needs of society.

CONSISTENCY

Social programs are regular and systematic.

TRANSPARENCY

The Company seeks to develop and implement social programs based on dialogue and cooperation with interested parties.

Priorities of social policy

By adhering to the principles of high social responsibility, the Company pays special attention to creating a favorable and stable social environment at enterprises and in the regions of presence based on the following priorities:

- Constant improvement of working conditions at production facilities and social infrastructure of the territories of TATNEFT Group enterprises.
- Maintenance of a high-quality system of labor protection and staff health, development of targeted programs for a healthy lifestyle, support of state and municipal health care.
- Contribution to improving the quality of education at all levels.
- Development of a scientific and technological base and innovative infrastructure of the industry and related industries.
- Promotion of a qualitative improvement in the living conditions of staff and the local population, including a comprehensive housing program and corporate mortgage.

Local communities

“Following the principles of high corporate responsibility, the Company makes a large-scale contribution to ensuring favorable living conditions and quality of life in the territories of its activities. We implement targeted corporate programs to support healthcare, science, education, preservation of spiritual heritage, culture and sports in the form of social partnership and social investment. This contributes to the sustainable social stability of the regions of our activity, which simultaneously increases the level of investment attractiveness of the Company. ”

Nail Maganov

General Director of PJSC TATNEFT

From the Report of the Board of Directors at the Annual General Meeting of Shareholders, June, 2019

Enterprises of TATNEFT Group are city-forming enterprises in most localities of the operation regions. Following the principles of corporate social responsibility, the Company, together with municipal authorities, implements projects to improve and develop the infrastructure of cities and towns, takes part in the construction of socially significant facilities, and promotes the development of education, healthcare, culture, and sports.

Assistance to the economic development of the regions of the Company

ENSURING BUDGET REVENUES

The Company is one of the largest taxpayers, providing a stable contribution to state budget revenues, which contributes to the implementation of the state socio-economic policy. In 2018, the total amount of taxes, payments and contributions accrued for PJSC TATNEFT was 475 billion rubles, including 57.7 billion rubles — to the budget of the Republic of Tatarstan.

PROMOTING THE DEVELOPMENT OF INFRASTRUCTURE, RELATED INDUSTRIES, INDUSTRIAL COMPLEXES

Production activities, the investment program and new projects of the Company have a significant impact on the development of industrial infrastructure and related industries, provide an increase in the level of introduction of advanced technologies, digital solutions and general industrialization in the territories of presence of TATNEFT Group enterprises.

The Company's investment program includes the expansion of territories and areas of activity, the development of new extractive assets, the construction of new and modernization of existing production facilities, the formation of a high-quality, socially oriented and environmentally friendly infrastructure for doing business in the regions of operation.

The stable demand of TATNEFT for products and services in the regions of operation creates sustainable opportunities for the development of the business of suppliers and contractors of the Company, guarantees jobs and employment of the local population, including in related industries.

The company gives priority to recruiting local indigenous people.

SMALL AND MEDIUM BUSINESS SUPPORT

The company implements a targeted program to support small and medium-sized businesses based on mutually beneficial cooperation. The main forms of such cooperation are the creation of new promising

production of goods and services on the basis of the released capacities and economic facilities of the Company.

On this basis, we see a real prospect for the development of small and medium-sized businesses in the region and are ready to provide this opportunity to interested parties by leasing or selling the vacated production facilities.

Today, the region has all the necessary conditions for the development of small and medium-sized businesses: a developed network of banking services, leasing and consulting companies are operating, the population's solvency is growing. The entrepreneur's idea is the missing link against this background. Fresh thoughtful ideas for the development of new industries and the provision of services are a real prospect for enterprising entrepreneurs.

The company develops the Idea-South-East Innovation and Production Technopark – **Alabuga -2. Petrochemistry**, created in 2004 in Leninogorsk with the aim of promoting the development of small and medium-sized businesses in the southeast of the Republic of Tatarstan. On a well-organized territory with a well-functioning infrastructure, there are premises intended for placing offices and ensuring production activities.

One of the main tasks of the Company is to create optimal conditions for organizing and developing business on the territory of the Technopark. Representative offices and production facilities of 40 enterprises are located on the territory of the Technopark.

Technopark is a Full member of the Association of Industrial Parks, a member of the Association of Enterprises and Industrialists of the Republic of Tatarstan, a member of the ASRO "Commonwealth of RT Builders". In November 2017, IPT "Idea-Yugo-Vostok" was accredited by the Ministry of Economy of the Republic of Tatarstan.

Detailed [information about the Technopark](#).

PROMOTING AN INCLUSIVE ENVIRONMENT FOR PEOPLE WITH DISABILITIES AND VULNERABLE GROUPS

The company strives to develop an inclusive environment for people with disabilities in the workplace and in the infrastructure of cities and towns.

More than 300 people with disabilities work at the enterprises of the Company, incl. with specially equipped working conditions. We equip our administrative buildings and a number of production facilities with ramps where people with disabilities are allowed to work.

Work on the development of educational opportunities for people with disabilities, starting from a young age, is highlighted in a separate direction. As part of the implementation of SDG 4 "Quality Education", it is planned to launch a program to support children, parents, teachers and educators to create conditions for the education of children with disabilities, incl. in remote settlements in the regions where the Company operates.

The company takes part in the Program of the Republic of Tatarstan to support the employment of the unemployed. In the context of the pandemic, 50 jobs were specially created to ensure safety conditions.

 **Social Programme Register**

Social Investments Area

	Project name	Location
Cities and communities infrastructure development assistance program	Capital improvement of roads	Almetyevsk, Sarmanovsk, Nizhnekamsk, Nurlat, and Aznakaevo municipal districts
	Upgrading yard areas	Almetyevsk, Leninogorsk, Elabuga, urban-type village Karabash of Bugulma region
	Improvement of Lenin str. with the repair of sidewalks and facades of the first floors of apartment buildings. Repair of the Memorial in the central park named after the 60th anniversary of the Tatarstan oil.	Almetyevsk
	Funds allocated for gasification of the Ursala microdistrict.	
	Repair of facades of residential buildings on the K. Marx str.	Nurlat
	Renovation of the Glory Memorial Square with a fountain and landscaping.	Urban-type village Jalil in Sarmanovsky municipal district
Large scale environmental programme	Dog run was improved.	Nizhnekamsk
	Funds were allocated for development of design and estimate documentation for reconstruction of treatment facilities.	Bugulminsk, Leninogorsk, Menzelinsk, Sarmanov municipal district
	Completed the construction of biological treatment facilities in the village of Kaleykino	Almetyevsk municipal district
	Replacement of sewage conduit. Funds allocated to purchase and plant trees.	Almetyevsk Almetyevsk
	Measures are being taken to improve the water area of the Stepnoy Zai River	Almetyevsk municipal district
	Funds allocated for development of design and estimate documentation for reconstruction of sewage treatment facilities with an increase in capacity	Village of Aktanysh Aktanysh region
	Capital improvement of water supply grid	Mary-Suksy community Aktanysh region
	Water supply and sewerage work have been completed. Work has been performed to equip the terrenkur in the National Park "Nizhnyaya Kama"	Novosheshminsk region

Social Investments Area**Project name****Location**

Social Investments Area	Project name	Location
	Water supply and sewerage work have been completed. Work has been performed to equip the terrenkur in the National Park "Nizhnyaya Kama"	Urban-type village of Jalil in Sarmanovo municipal region
	Construction of drinking water supply system	Village of Yankeevo, Aznakaevo municipal region
	Repair of water supply grid.	Aznakaevo municipal region
Health Care Support Programme	Implementation of a large-scale Almetyevsk and TATNEFT medical center facilities reconstruction project.	Almetyevsk
	Construction of a radiotherapy building for the oncology dispensary is continued	Almetyevsk
	Funds allocated for construction of a modular boiler house on the territory of the Almetyevsk Central Regional Hospital	Almetyevsk
	Completed repairing the roof of dermatovenerologic dispensary Inpatient palliative care unit was created at the Almetyevsk Oncology Dispensary.	Almetyevsk Almetyevsk
	Medical equipment was purchased to equip the resuscitation service for the Nizhnekamsk Central Regional Hospital	Almetyevsk
Education Support Programme	A programme to provide doctors with housing has been implemented	Almetyevsk and Bavly municipal regions
	Funds allocated to start the construction of facilities for R&D and training center, and implement the development strategy of the AGNI* University as a Higher Oil School *Almetyevsk State Petroleum University	Almetyevsk Almetyevsk
	Funds allocated for construction of the engineering school in the Zapadnye Vorota microdistrict.	
	Capital improvements on two classrooms damaged after fire at school No13	Almetyevsk
	Funds allocated to repair sanitary facilities in 7 schools, and replace windows at the Mametyevsk school.	Almetyevsk municipal district

**Social Investments
Area****Project name****Location**

Funds allocated for the development of design and survey work for construction of a workshop building in school No. 6 (SU-2) and construction of a gymnasium in school No.5
Almetyevsk

Almetyevsk

A unique biological laboratory was built at the Lyceum No.2 (EMGI*)
Almetyevsk
*Mathematics and natural science gymnasium

Almetyevsk

Assistance was provided to the Almetyevsk Physical Education College for capital improvements on the colleague building and the hostel. This project is being implemented along with the Republic.

Almetyevsk

Financial assistance was provided for forming up a digital development center for the Almetyevsk Polytechnic College.

Almetyevsk

Financial assistance was provided for the examination of the structural-load capacity of buildings for the Almetyevsk Trade and Economic College

Almetyevsk

Capital improvements in Secondary school No4
Capital improvement of the GAUSO building Rehabilitation center for children and teenagers with disabilities "Scarlet Sail"
Capital improvement of the comprehensive school in the village of Malbagush
Housing programme for teachers implemented
Funds allocated to organize Olympiad of young geologists among schoolchildren of Tatarstan to be held at the children's health camp of PJSC TATNEFT.

Leninogorsk
Leninogorsk
Aznakaevo municipal region

**Maternity and
Childhood
Protection
Programme**

Funds allocated for capital improvements of 6 kindergartens.
Funds allocated for capital improvements of kindergartens.
Funds allocated for capital improvements of kindergarten "Swan".

Almetyevsk

Aznakaevo region

Tukaevo region

**Social Investments
Area****Project name****Location**

Social Investments Area	Project name	Location
Support programme for veterans, and people with disabilities	As part of implementation of project "Kindergartens of Almetyevsk: high quality of the educational environment through development of open professional interaction between teachers" funds were allocated for the supply of wooden magnetic construction kits, and wooden blocks with shelves for kindergartens in Almetyevsk.	Almetyevsk
	Funds allocated to install children's playgrounds in the courtyards of cities.	Oil producing region, Republic of Tatarstan
	As part of the "Help get ready for school" campaign, completed schoolbags and gym suits for large and low-income families were purchased	Oil producing region, Republic of Tatarstan
	Allocation of funds for sanatorium rehabilitation of non-working pensioners of TATNEFT Group	Oil producing region, Republic of Tatarstan
	Providing financial assistance to city societies of people with disabilities in the Republic of Tatarstan upon their requests	Oil producing region, Republic of Tatarstan
	Funds allocated to supply rehabilitation equipment for the Bavlinsky non-profit organization "I can" to assist people with disabilities	Bavly
	Funds allocated to organize and hold the visiting Plenum of the Republican Council of Veterans	Aznakaevo
	Payments of utility services for local communities of people with disabilities, holding various events for people with disabilities	Almetyevsk municipal district
	As part of the "Active Longevity" programme, Centers for Active Longevity equipped with adapted simulators for the elderly were formed	Almetyevsk, Almetyevsk, Aznakaevo, Urban-type village of Jalil in Sarmanovo municipal region
	Providing financial assistance to the local public veterans' organization (retirees) of the Almetyevsk municipal district (AMD)	Almetyevsk municipal district

Social Investments Area**Project name****Location**

	Providing material assistance to the Great Patriotic War veterans, widows, home front workers (retirees of the TATNEFT Group enterprises) on the occasion of the Victory Day in the Great Patriotic War.	Oil producing region, Republic of Tatarstan
Sports support and physical culture movement development programme	Continued construction of bike paths	Almetyevsk
	Financial assistance was provided to continue the reconstruction of the Power Engineer stadium premises	Bugulma
	Construction of an annex to the Yubileiny Ice Sports Palace.	Almetyevsk
	Funds allocated for capital improvement with purchasing equipment for the Ice Sports Palace (ISP) "Lachin".	Aktanysh
	Completion of Sputnik Ice Sports Palace construction	Almetyevsk
	Assistance for hockey, equestrian sports, tennis, swimming, cycling, volleyball, karate, figure skating, chess, judo, field hockey, children's and youth boxing, Greco-Roman wrestling, and national wrestling Kuresh.	Oil producing region, Republic of Tatarstan
	The implementation of the "Green Fitness" project continued.	Almetyevsk
Agriculture Support Programme	Allocation of funds for the development of agriculture	Almetyevsk Aznakaevo and Leninogorsk municipal regions
Culture Support Programme	With the financial support from PJSC TATNEFT, the construction of the Public Center and the Symphony Concert Hall started. Funds allocated for reconstruction of the stage complex of the Almetyevsk Drama Theater.	Almetyevsk
	Funds allocated for capital improvement of the rural House of Culture	Community Novyi in Tukaevo region
	Funds allocated for capital improvement of the village community club	Kichuchatovo Village in Almetyevsk region
	Funds allocated to upgrade the musical base of cultural institutions	Oil producing region in Republic of Tatarstan

Social Investments Area	Project name	Location
	Purchased button accordions, piano accordions, violins etc.	Almetyevsk
	Conducting concerts with the participation of prominent figures of culture and art	Almetyevsk
	Conducting cultural events, celebrating Victory Day and Sabantui in districts of oil producing region	Oil producing region, Republic of Tatarstan
Spiritual resurgence programme	Restoration of the Cathedral of the Kazan Icon of the Mother of God	Kazan
	Funds allocated for construction of the Trinity Cathedral	Mamadysh
	Funds allocated for construction of the Temple.	Aznakaevo
	Funds allocated for capital improvement of the Central Mosque	Zainsk
	Funds allocated for the commissioning of a mosque on Kuibyshev street.	Sarmanovo Village
	Central R. Fakhretdin Mosque Reconstruction Project is being implemented.	Almetyevsk
	Charitable assistance was provided to the mukhtasibat of the Almetyevsky district and the Spiritual Administration of Muslims of the Republic of Tatarstan to conduct statutory activities, pay utility bills, and hold national holidays	

TATNEFT CHARITABLE FOUNDATION

The TATNEFT Charitable Foundation was created with the aim of implementing social projects of the Company related to supporting education, culture, scientific creativity, sports, and providing material assistance to various categories of the population.

Detailed [information about the Fund](#).

Public Council

The Company practices Public Councils to improve the efficient interaction with the stakeholders, including the awareness level of stakeholders on socially important aspects of the TATNEFT Group's activities and the feedback effectiveness.

The Public Council is a collegial body with the participation of the top management of the Company and representatives of the public concerned - leaders of civil associations and trade unions, industry experts, media representatives, and the local population. The Public Council includes N.U. Maganov, General Director of PSJC TATNEFT.

The Public Council brings together the stakeholders to discuss topical issues and further work out appropriate decisions by the Company. The Company lays special emphasis on building inclusiveness of local people in the social policy of the Company.

The Public Council work in 2019-2020 has been devoted to socially important infrastructure projects of the Company in healthcare and education.

Development projects of the TATNEFT Medical Treatment Facility and a new campus of the higher education institution of Almet'yevsk State Petroleum Institute were submitted for discussion. In the process of discussion the constructive proposals were developed taking into account the proposals received from participants in the public discussion.

Public councils enable the Company to get more precise information on the demand and expectations of the social environment, more efficiently distribute the corporate resources in implementation of the social policy, and also increase the stakeholders' awareness level about the activities of TATNEFT Group.

STOPCOVID-19

The statement of CEO of TATNEFT Company on COVID-19

Our world is facing the daunting challenge that touches each one of us. Today everybody wants to do maximum possible to prevent the spread of the virus COVID-19. To overcome this unprecedented scale of danger were directed the efforts of doctors, public authorities, individuals and groups. Many people are showing their resilience and courage, fighting the disease.

"Tatneft" focuses all feasible efforts to prevent the spread of the coronavirus on the territories of its activities and be ready to resist the pandemic. Our main goal is to save life and health of those, who work on our facilities, and the local population!

Also, we consider it to be our obligation to help medical workers, authorities, our fellow citizens in providing effective preventive measures. On the Company's facilities, we produce means of anti-infective protection: disinfectants; special costumes and face masks for medical workers and employees of social and governmental services, contacting with the population.

We are taking measures on sanitary cleaning of cities and settlements. Our volunteers are helping elderly residents of the South-East of the Republic to comply with self-isolation. We are conducting comprehensive explanatory campaigns with the stage and residents of our region.

Simultaneously with coronavirus pandemic manifest risks of global economic problems, reduced consumption of oil and oil prices. In these difficult conditions "Tatneft" in a timely and decisive manner is taking all necessary measures to preserve financial and corporate sustainability.

We talk with gratitude and pride about our employees who switched to a special mode of operation, to ensure energy security of the country on the production of the continuous cycle and essential services; about our employees' family members, treating the situation with great understanding.

We are taking care of our business partners, clients, contractors, suppliers, for diminishing possible risks and consequences of the pandemic seeking to liaise with each.

In this difficult time, we all should know what do to and stay calm! Ultimately this will help us to cope with the challenge! Together!"

The statement of CEO of TATNEFT Company on COVID-19

The statement of the Company TATNEFT in the pandemic COVID-19

Currently, we are all faced with the toughest challenge of the pandemic COVID-19. It is a call for a review of corporate sustainability. Our Company accepted it with high responsibility for the life and health of our employees and population, mobilised all possible resources to counter the spread of the coronavirus infection and to combat its consequences.

Today we are taking efficient efforts to ensure stable work of our industrial sites. With increased control operate stably vital for region services, supplying heat, electrical energy, water in houses, hospitals and clinics, shops, pharmacies and all large businesses, on which depend security and economy of our country.

Plans have been drawn up and are being implemented, ensuring continuity of our production processes. We are ready to take efficiently all appropriate actions, according to different possible

scenarios. Taking into account the dynamical change of the situation "Tatneft" promptly cooperates with key business partners. We are coordinating work of all our enterprises in the new environment.

However, in the first place, the Company focuses its efforts on the preservation of health of all employees, working on our enterprises, and local population. We are concerned about the safety of our business partners, contractors, suppliers and clients. Considering the experience of those, who have before us have been exposed to the attack of the virus, we are taking preventing measures to avoid its spread on our territories. "Tatneft" is one of the first in the country to have transferred offices to remote work. The quality corporate digital system of remote access allows us to continue routine work on all levels of management processes. We have implemented the transition to the special mode of operation of workers employed in the production of the continuous cycle. All Group companies apply the use of disinfectants and face masks. We have organised disinfection of all transport. Special measures of safety for, including not only our personnel but also Gas stations' clients, were implemented on our gas stations and complexes. Overall, there is effective preventive and informative work with all those involved in the activities of the Company and those who live in the region of our activity. Our volunteers deliver all the necessary to elderly residents so they can stay home.

In cooperation with local authorities, we are devoting special attention to equipping medical institutions with the necessary equipment and medical supplies.

To counter the spread of coronavirus and ensure preventive measures "Tatneft" begun to produce means of protection. "TANEKO" has begun releasing disinfectants, enterprises of the Group are producing safety masks and anti-infective costumes, in the first place, for medical workers and employees of social and governmental services contacting with the population. In the upcoming days "Tatneft" will deliver to residents of Tatarstan 60 million safety masks, and also machines for its production.

In this difficult time, the whole team of the Group "Tatneft" is showing consistency in action and high responsibility in solving the challenges we are facing. Also, we appreciate the understanding of the family members' of our employees.

The Company attentively monitors the situation globally, in our country and in the regions where our facilities are located. Following the recommendation of WHO and national governmental authorities, the Company is calling all to be attentive to yourself and your family, and stay home.

We will keep the environment informed of our actions as the situation evolves.

We are determined and will do our utmost to prevent risks of the pandemic. The Company will keep focusing its activities on ensuring the safety and health of people working on our enterprises and local population.

We will keep the environment informed of our actions as the situation evolves.

Important statements

This report contains forward-looking statements regarding the financial condition, operating and performance results of TATNEFT Group. Such statements include, but are not limited to, the plans, objectives, and forecasts for production, including those related to the volume of products and services, economic and financial indicators, information about projected or expected income, profit (loss), net profit (loss) in respect of stocks, dividends, capital structure, other indicators and ratios, as well as statements regarding the premises on which our statements are based. All statements, other than statements of historical facts, are or may be considered as forecast statements. Forward-looking statements are statements of future expectations that are based on the management's current expectations and assumptions and include known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements regarding the Company's potential exposure to market risks and statements expressing the expectations, beliefs, estimates, forecasts, projections and assumptions. These statements are accompanied by the words "expected", "intends", "planned", "will", "seeks", "predicted", "predicted", "ambition" and other similar expressions.

Forward-looking statements in relation to the future are subject to uncertainties, assumptions and inherent risks, both of a general nature and specific to the business. There is a risk that future actual results may differ materially from plans, goals, expectations, estimates and intentions expressed in such statements or may not be realized due to a number of different factors of economic, financial, political, social, legal aspects that are outside of the Company's control, including factors that may affect future operations of the Company. (See "Risk Factors" further in the Annual Report.) Forward-looking statements cannot be the basis for making investment decisions. Each forward-looking statement corresponds only to the date of this report. Neither the Company nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or other information. With the exception of financial statements.

Basic terms and concepts

They are applied in this report in accordance with the G4 Sustainability Reporting Guidelines.

Aspect — a list of topics of sustainable development of the Company covered by this Report.

Impact — in this Report, the term «impact» means the significant economic, environmental and social impact of the Company.

The United Nations Global Compact (UNGC) — an international initiative of the UN to transform business in favor of society, nature and the future of the planet and to mobilize the global movement for corporate social responsibility and sustainable development.

Disclosure Border by Aspect — the term is used to describe the scope of each significant Aspect. When defining the Aspect Disclosure Borders, the Company seeks to take into account the impact it has both on the Company itself and beyond as a result of the Company's activities towards the environment, social environment, as well as compliance with best corporate governance practices and ethical standards.

Stakeholders — organizations or persons that, according to reasonable expectations, may be significantly influenced by the activities, products and/or services of the Company, and whose actions, according to reasonable expectations, within the framework of the rights established by law and/or international conventions, may affect the ability of the Company to successfully implement its strategy and achieve its goals. Stakeholders are those who contributed to the Company (employees, shareholders and suppliers) and those who have a different relationship with it (local community, various groups of civil society).

Corporate governance — a system of relations between the management of the Company, its Board of Directors, shareholders and other stakeholders, which is the basis for determining the goals of the Company, as well as the means to achieve these goals and ways to control activities.

General Standard Disclosures — description of reporting organization and process.

Responsible investment — a concept defined by the UN Initiatives on Responsible Investment Principles (UNPRI), the basic system-forming approaches aimed at creating mechanisms for sustainable business development, ensuring the reliability and efficiency of investments.

Sustainability Report — a cumulative determination of the materiality of the Aspects and indicators, their consolidation, analysis and presentation based on a balance of financial, production, social and environmental components of the Company's activities, generally reflecting the Company's activities, principles and mechanisms for taking into account the interests of a wide range of stakeholders, and interaction management in solving problems important to the Company and society.

Coverage — the aggregate of Aspects included in the report.

OECD and G20 Corporate Governance Principles — a set of requirements for the institutional, legal, regulatory aspects of company policymaking and practical recommendations for their application at the national level for countries at different stages of development, characterized by different legal systems. Compliance with the OECD and G 20 Principles is recognized by the world community as the key to sustainable financial and economic development, efficiency, creating transparency in business activities, and stimulating long-term investments. The Principles are aimed at ensuring high quality corporate governance standards and their compliance with the latest changes in the financial and corporate sectors.

Sustainability Reporting Guide of the Global Reporting Initiative (GRI) — the standard includes indicators characterizing the profile of the company and its management approaches, and specific quantitative indicators with a description of their calculation methodology. Indicators are grouped into three key categories: economical (including corporate governance), environmental, and social. The Global Sustainability Standards Board (GSSB) has released five generations of GRI standards, the latest version was released in 2016. The current version of the Guide is G4. GRI aims to ensure disclosure to all stakeholders of the quality of sustainable development management and, at the internal level, to identify the parties to the company's activities that require improvement.

Specific standard reporting elements — information on the management and performance of the Company, related to significant Aspects.

Significant Aspects — Aspects reflecting the significant economic, environmental and social impact of the Company or having a significant impact on the estimates and decisions of stakeholders. The Company determines the materiality of the Aspect based on a qualitative analysis, quantitative assessment and discussion.

Sustainable development — the concept of development of the world community, put forward by the UN at the World Summit in Rio de Janeiro in 1992. Sustainable development refers to the development of society in which the needs of current generations are met without compromising the ability of future generations to meet their needs.

Sustainable Development Goals — 2030 (SDGs) — adopted in 2015 by the UN General Assembly until 2030. The UN document contains 17 global goals, each of which includes indicators that must be achieved within 15 years as a result of joint efforts of governments, the private sector, civil society. The Russian Federation is participating in the implementation of the SDGs (Report of the Analytical Center under the Government of the Russian Federation «[UN Sustainable Development Goals and Russia](#)»). The SDGs are set symmetrically by socially-oriented companies.

List of Abbreviations

Contact information

Holding Company «Public Joint Stock Company TATNEFT named after V.D. Shashin (hereinafter referred to as the Company) was established pursuant to the Decree of the President of the Republic of Tatarstan «On Measures for transformation of the state-owned enterprises, entities, and amalgamations into joint-stock companies” dated 26.09.1992 No.UP-466 and the Law of the Republic of Tatarstan «On transformation of the national and communal properties in the Republic of Tatarstan (denationalization and privatization)”.

The Company was established in June 1994 for an indefinite period.

The Company was registered with the Republic of Tatarstan Ministry of Finance (Registration No. 632 dated January 21, 1994).

The Company’s activity is focused on a profit-making goal.

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Feedback