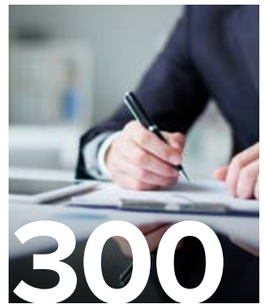
SIBUR

RESPONSIBLE LEADERSHIP

PJSC SIBUR Holding
2020 Consolidated Report

Contents



ABOUT THE REPORT

GRI 102-1, 102-3, 102-5, 102-46, 102-52

The consolidated report (the report) of PJSC SIBUR Holding[1] and its subsidiaries (SIBUR, the Group, or the Company) for 2020 contains information on the main aspects of SIBUR's activities, including its business model and value chain, fixed assets and infrastructure, key elements of its investment history and its development strategy, and its best practices and results in the areas of occupational health and safety, environmental protection, energy efficiency and climate impact, corporate governance, supply chain management, implementation of innovative technologies, and relations with stakeholders and local communities during the period from 1 January to 31 December 2020. These aspects are reflected in the corresponding sections of the report. The report also includes information about events that occurred after the reporting date in 2020, due to their particular importance.

GRI 102-50

The 2020 report is SIBUR's first consolidated report, which builds on many years of experience in preparing annual financial and nonfinancial statements, and it provides a comprehensive overview of the Company's operations and its strategic decisions, while also informing stakeholders about the progress made.[2] SIBUR plans to continue publishing a consolidated annual report in the future.

GRI 102-54

Financial indicators are disclosed on the basis of audited consolidated financial statements (according to IFRS); nonfinancial indicators are disclosed in accordance with the Global Reporting Initiative's Global Standards for Sustainability Reporting (GRI Standards) Core option.

GRI 102-32

The report was approved for publication by the Board of Directors' Sustainable Development Committee and its Strategy and Investment Committee.

GRI 102-54

The strategy, policies, management principles, primary areas of SIBUR's activities and its results in the economic, environmental and social spheres are described in light of the United Nations Sustainable Development Goals (UN SDGs), the Social Charter of Russian Business, requests from analytical and rating agencies, and information disclosure within the framework of the UN SDGs relevant to the Company, the principles of the UN Global Compact, the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and other sustainable development initiatives and guidelines.[3]

This report has undergone public assurance at the Council for Nonfinancial Reporting of the Russian Union of Industrialists and Entrepreneurs (RUIE). It has also passed an independent verification procedure under the International Standard on Assurance Engagements (ISAE 3000) in relation to the sustainability information disclosed in this report. Sustainability information that has been certified is indicated with a ✓.[4]

▼ Open

The consolidated report for 2020 and the reports for 2016–2019 are posted **on SIBUR's website** in the "Investor Relations" section in both Russian and English and are available to all interested parties.

[1] KThe Company is registered in Tobolsk with headquarters in Moscow.
[2] The consolidated report is a document that combines the company's Annual Review and its Sustainability Report, the structure and content of which are in compliance with industry practice, GRI requirements and recommendations, the expectations of key stakeholders and a number of other recommendations and requirements.
[3] For more details, see **"Society and Partnership."**
[4] For more details, see **"Report Assurances."**

Recommendations provided during the public assurance process conducted by the Russian Union of Industrialists and Entrepreneurs were incorporated into the report

Recommendations made by the Russian Union of Industrialists and Entrepreneurs were received as part of the public assurance of SIBUR's 2019 Sustainability Report.

Recommendation	Disclosure in the report
Stricter adherence to a period of at least three years for the disclosure of performance indicators	In line with best practices, the three-year interval was left in place since previous years are disclosed in the prior year's report, and the list of indicators disclosed over a three-year period has been expanded (**"Personnel,"** **"Occupational Health and Safety"** and **"Environmental Protection"** chapters)
A more comprehensive view of the entire range of risks, including digitalization risks, occupational health and safety risks, environmental management risks, and personnel risks, as well as measures to manage them	**"Internal Control and Risk Management"** and **"Reducing Climate Impact and Greenhouse Gas Emissions"** chapters
Disclosure in the context of the Sustainable Development Strategy to 2025 and in relation to the UN SDGs to 2030	**"2020 Goals and Results"** and **"Metrics and Targets"** sections
Inclusion, alongside consolidated data, of key indicators for major enterprises	**"Energy Efficiency and Reducing Climate Impact"** chapter
A more careful approach to the presentation of statistical information, including the use of infographics	Taken into account as part of the entire report
Clarification of the social spending structure	**"Personnel"** chapter—**"Sociocultural Diversity and Equal Opportunities"** and **"Interaction with Staff"** sections
Supplementary data on noticeable headcount reductions with information about the factors involved, as well as on the Company's strategies to support laid-off workers	**"Personnel"** chapter—**"Sociocultural Diversity and Equal Opportunities"** and **"Interaction with Staff"** sections
A more detailed presentation of information about public hearings and similar events, including their participants, and taking into account the requests of stakeholders when developing the content of the report	**"Environmental Protection"** chapter—**"Our Approach to Environmental Protection"** section
Demonstration of the stakeholders that the Company involved in identifying material topics for disclosure in the report and their expectations	**"Identifying Material Topics"** section
Supplementation to the table reflecting key interactions with stakeholders and the results of the Company's response to requests and proposals	**"Society and Partnership"** chapter

Recommendations Received during Public Hearings on the Report ✓

SIBUR strives to take the interests and opinions of key stakeholders into account in all aspects of its operations, including information disclosure. In preparing the Consolidated Report for 2020, the Company conducted a stakeholder survey to determine the report's material topics. The survey involved 291 respondents, including members of the Board of Directors and the Company's management, customers, employees and business partners, as well as representatives from the investment community, government agencies, the media and other stakeholders.

At the end of June 2021, the Company held a public discussion (hearings) on the draft Consolidated Report via an online conference. During the event, SIBUR employees presented the Company's core operating performance results and spoke about its achievements in corporate governance, community-focused efforts and environmental protection. More than 30 representatives of SIBUR stakeholder groups, including heads of financial institutions, customers, nonprofit organizations and the media took part in the hearings. Following the event, comments were received on the "Social Aspects," "Business Overeview" and "Strategic Overeview" sections that were taken into account when preparing the report. In particular, the Company provided information on its contributions toward Russian national projects and target programs; it also disclosed additional indicators on labor productivity and expanded commentary on trends concerning a number of nonfinancial indicators.

MESSAGE FROM DMITRY KONOV,

Chairman of PJSC SIBUR Holding's Management Board

GRI 102-14

Dear shareholders, partners and SIBUR stakeholders!

Last year was marked by serious challenges for business, society and the entire global economy. I am proud of the fact that we were able to able to respond to these new challenges and to continue our development in the face of the pandemic and extreme uncertainty. The prompt implementation of crisis response measures enabled us to ensure the safety of our employees and the uninterrupted production of polymers—materials that are critical for the production of medical devices and essential goods.

The COVID-19 pandemic brought to the fore a range of sustainability-related challenges, primarily in the social sphere. We remained fully committed to ESG principles and proactively supported measures to prevent the spread of the coronavirus in the regions where we operate. We maintained our focus on the implementation of our Sustainable Development Strategy to 2025, and our dedication to integrating ESG approaches into all aspects of our activities has made our business more sustainable, ensuring a more comprehensive approach to our assessment of the viability of investment projects and to the development of the Company's business processes.

Despite the restrictions associated with the pandemic, we did not halt any of our development projects in 2020. We brought ZapSibNeftekhim to full capacity ahead of schedule, thus completing the most important stage of our transformation into a global industry leader and increasing the share of the petrochemical segment in our operating results to more than 50%. This strategic bet has paid off handsomely: the launch of ZapSibNeftekhim enabled us to strengthen to a considerable degree the advantages we get from the geographic location of our key production sites and the close integration of our petrochemical business and midstream assets. The success of ZapSibNeftekhim bolstered our resilience to price fluctuations in commodity markets, as evidenced by our stable operating and financial results despite the pandemic.

SIBUR's strategic bet on **INCREASING ITS SHARE OF HIGH-VALUE-ADDED PETROCHEMICAL PRODUCTS IN PRODUCTION** has paid off

As of the end of the year, we had achieved growth in key performance indicators, while maintaining our leadership in terms of profitability among global petrochemical peers. Our continued high EBITDA margin was the result of substantial capital investments in the construction of new production facilities and the modernization of existing capacities that we have systematically carried out in recent years. Measures taken in 2020 to improve efficiency, including the optimization of operating costs, were also an important driving factor behind our financial results.

SIBUR retained its leading position in terms of profitability among its global petrochemical peers

In 2020, we also initiated work on our flagship investment project for the construction of the Amur Gas Chemical Complex; with a capacity of 2.7 million tons, it is one of the largest projects in the world for the production of polyolefins.

It is important to note that, in April 2021, we took another important step toward strengthening our leadership position in the global market by agreeing with TAIF Group on the merger of our petrochemical businesses. The combination of our industry expertise and extensive project experience and TAIF's large-scale investment program will create one of the largest players in the world, thus expanding opportunities for the growth of the Russian petrochemical industry.

A merger with TAIF Group's petrochemical business will create an opportunity to become **ONE OF THE TOP FIVE GLOBAL LEADERS IN THE PRODUCTION OF POLYOLEFINS AND RUBBERS**

I am pleased that we made significant progress in 2020 in the implementation of our Sustainable Development Strategy to 2025. In particular, we began implementing the investment phase of a project for the production of green PET granules using recyclable raw materials—a large-scale initiative aimed at incorporating circular-economy principles.

At the same time, we continued to increase the use of energy generated from renewable sources and to consistently reduce greenhouse gas emissions at our production facilities. We also implemented dozens of initiatives across all key ESG areas and strengthened our corporate and strategic governance system by establishing a Board of Directors Sustainable Development Committee. All this enabled us to make a qualitative breakthrough in integrating sustainability goals into our business processes. We are already seeing the results of this work in the improvement of our ESG ratings as well as in the feedback received from stakeholders.

SIBUR was ranked in the 99th percentile of companies with the lowest risk level in the petrochemical sector (in the Chemicals category) according to Sustainalytics

Sustainability principles set the course for our strategy and cover our key business processes—from the selection of suppliers to financing and making investment decisions. The systematic incorporation of ESG principles into the strategy and management system at all levels enables us to assess the results of our operations as broadly and effectively as possible while creating value for all stakeholders.

SIBUR's green PET granules will contain up to

25%

recyclable materials; we plan to use more than 30 thousand tons of recyclable materials for this production annually

ABOUT SIBUR

GROUP PROFILE

GRI 102-7, 102-16

Leading Integrated Petrochemical Company[1]

#1 POLYMER PRODUCER IN RUSSIA

and one of the most dynamic companies in the global petrochemical industry.

THE STRATEGIC LOCATION

of assets in Western Siberia—the region of Russia with the most extensive oil and gas reserves—ensures excellent access to low-cost resources.

UNIQUE INFRASTRUCTURE

for the processing and transportation of hydrocarbons, including a pipeline network

2,799 KILOMETERS

in length.

THREE INTEGRATED BUSINESS SEGMENTS SUPPORTING BUSINESS RESILIENCE:

Olefins & Polyolefins;

Plastics, Elastomers & Intermediates;

and Midstream.

REVENUE OF

RUB 523 BILLION

(USD 7.2 billion)

EBITDA OF

RUB 179 BILLION

(USD 2.5 billion)

AMONG THE TOP THREE

global petrochemical companies[2] by EBITDA margin in 2020: 34% average EBITDA margin in 2018–2020.

What We Do

GRI 102-2

SIBUR purchases by-products of oil and gas production and processes them into petrochemicals with high added value, including olefins (ethylene and propylene), polyolefins (polyethylene and polypropylene) and other plastics, elastomers and other materials.

SIBUR Production Capacities

OLEFINS & POLYOLEFINS

1.5 MILLION TONS[3]
Polypropylene

1.1 MILLION TONS
Plastics and organic synthesis products

1.8 MILLION TONS
Polyethylene

419 THOUSAND TONS
Elastomers

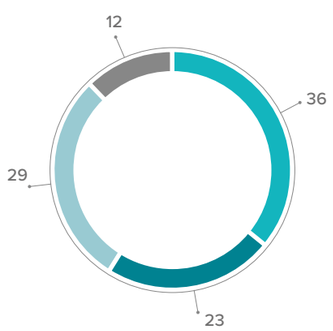
PLASTICS, ELASTOMERS & INTERMEDIATES

MIDSTREAM

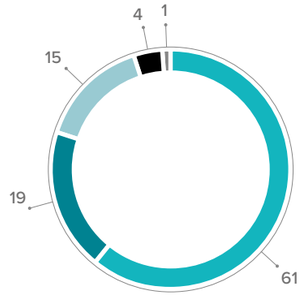
25.4 BILLION M³
APG processing

9.5 MILLION TONS
NGL fractionation

REVENUE STRUCTURE BY SEGMENTS AND REGIONS, 2020, %



- Olefins & Polyolefins
- Plastics, Elastomers & Intermediates
- Midstream
- Other



- Russia
- Europe
- Asia
- CIS
- Other

[1] For 2020 data, see "Investment Case."
[2] The closest publicly traded peers.
[3] Including joint ventures.

Our Mission

We see ourselves as an integral part of today's economy and therefore recognize our responsibility for improving people's lives by adapting to their needs and contributing to sustainable business development.

Our Values

- One team;
- Mutual respect;
- Continuous improvement;
- Smart solutions;
- Cooperation;
- Uncompromising safety.

A Company Focused on All Stakeholders

GRI 102-4

Employees

>23,000
employees[1]

Among Russia's **TOP 10**
employers according to HeadHunter

No. 1
employer in the chemical industry in terms of appeal according to Universum

70%
employee engagement in 2020

Customers and partners

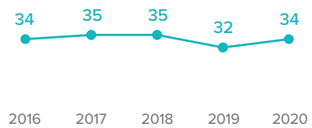
≈1,800
customers in over 100 countries worldwide

91%
customer satisfaction index in 2020[2]

12 JOINT VENTURES
with global economic leaders from Asia, Europe and Russia

Shareholders and investors

STABLE EBITDA MARGIN, %



≥50%
of adjusted IFRS net profit to be paid out in dividends according to the new dividend policy

INVESTMENT-GRADE CREDIT RATINGS:

MOODY'S	FITCH	S&P
Baa3	BBB-	BBB-
stable	stable	negative

Society

RUB 447.3 MILLION
spent on social investments in 2020

250 THOUSAND
participants in the Formula of Good Deeds social investment program over five years

RUB 2.9 BILLION
spent on measures to combat the spread of COVID-19 in 2020

[1] Including NIPIGAZ.
[2] According to GfK.

Our Contribution to Sustainable Development and Improving People's Quality of Life

BUSINESS MODEL AND RESOURCES

We prevent greenhouse gas emissions, and we are working on the integration of new environmentally friendly feedstocks

- By processing associated petroleum gas, SIBUR helps prevent the release of more than 70 million tons of CO_2-equivalent (CO_2-eq.) emissions into the atmosphere every year.
- The Company is working to expand its use of environmentally friendly feedstocks, including secondary resources and biofeedstocks.

PRODUCT

We create state-of-the-art polymeric materials for life, and we are developing a portfolio of green products

- SIBUR's products are used in every key sector of the economy, making it possible to save energy and other resources. Polymers are essential for the production of medical devices, safe packaging and other healthcare solutions.
- We create sustainable products with the combined potential to integrate tens of thousands of tons of recycled plastics into production, and we are continually improving the recycling properties of our polymers.

PRODUCTION

We are improving the environmental friendliness of production

- Our production sites are increasing their consumption of green energy produced from renewable sources, including through their own generation.
- We continue to reduce specific emissions of greenhouse gases and pollutants, as well as our energy and water consumption.

PERSONNEL AND SOCIETY

Personnel and Society

- The Company pays attention to protecting the health of employees and makes arrangements for their development, while also integrating the values of sustainable development into the corporate culture.
- We are helping create a market for recycled plastic raw materials in Russia by developing the Reactor trading platform for recyclable materials (more than 7 thousand customers).
- Dozens of the Company's projects are aimed at promoting the responsible use of plastic in Russia.

ESG Leadership and Full Integration of Sustainability Principles into Business Processes and the Corporate Culture

- The Sustainable Development Strategy to 2025 was approved by the Board of Directors and sets specific goals for key ESG areas to help achieve the UN Sustainable Development Goals (SDGs);
- SIBUR is among the 1% of companies in the global petrochemical industry with the lowest ESG risk in the Chemicals group, according to Sustainalytics;
- ESG criteria and factors are embedded in the processes of evaluating investment projects and the product portfolio, supplier selection procedures, the corporate risk matrix and other internal business processes;
- The Company plays an active role in unlocking the potential of polymer processing and promoting the principles of a circular economy.

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

A Balanced Business Model and Growth Strategy with a Focus on Sustainability and Operational Efficiency

- Implementation of circular-economy principles in the Company's business model by transforming by-products of resource extraction into useful polymers, as well as incorporating recyclable feedstocks into production;
- The combination of complementary business segments ensures stable cash flows, operating margins and profits at all stages of the business cycle;
- 6% revenue and EBITDA CAGR in 2017–2020;
- SIBUR's strategic development priorities provide for the close integration of the principles of sustainable development and a circular economy into the Company's key initiatives;
- Large investment growth projects are implemented using state-of-the-art technologies to ensure better environmental performance and long-term competitiveness.

[1] For more details, see "Global Challenges of Our Time."

KEY GROWTH PROJECTS

IMPLEMENTED IN 2020

- ZapSibNeftekhim is a SIBUR production site with a capacity of **2 million tons of PE and PP**, which reached 100% capacity ahead of schedule in 2020.
- A new production facility for thermoplastic elastomers (TPEs) with a capacity of **50 thousand tons** per year was launched in Voronezh.

IN PROGRESS

- The Amur GCC is the world's largest complex for the production of PE and PP, with a capacity of **2.7 million tons** of polymers per year..
- The Green Granules project for the production of PET granules with the addition of recyclable raw materials entered the stage of active implementation (production is scheduled to start in 2022).
- A plant for the production of maleic anhydride (MAN) with a design capacity of **45 thousand tons** per year is under construction in Tobolsk.
- SIBUR is introducing a new operating model (NOM)—a set of changes aimed at improving operating efficiency to the level of the Company's best global peers and accelerating the Company's transformation into one of the leaders in the global petrochemical industry.

KEY AREAS FOR SIBUR'S GROWTH

1. **Expansion of the production base in the petrochemical segments**
2. **Further improvement of operational efficiency**
3. **Focus on sustainable development**

SIBUR: A SUSTAINABLE COMPANY

SIBUR strives to consider ESG criteria in all aspects of its activities and to maintain a leading position in terms of sustainable development in Russia and among its international peers.

Sustainable development is an integral part of the Company's work. **SIBUR's Sustainable Development Strategy to 2025** ("Strategy") is a fundamental document based on the Company's values and the UN SDGs. Goals and target metrics apply to all levels of the Company and its businesses.

As part of the implementation of the Strategy, we are working to increase the environmental friendliness of production and the sustainability of all business processes, to reduce our climate impact and to match our product portfolio with our sustainable development goals. We also strive to contribute to the development of the regions where we operate and to create safe and comfortable working conditions and opportunities for the development of employees.

SIBUR sees significant opportunities in the petrochemical industry to facilitate the transition to a circular economy. At the same time, the recycling and reuse of polymer waste in production not only turns it into a valuable resource but also decreases greenhouse gas emissions by reducing the volume of primary raw materials and emissions from the incineration or disposal of waste. In this regard, SIBUR strives to play an active role in the transition to a circular economy and to promote the principles of responsible waste management.

"Sustainability is the foundation for SIBUR's business model and strategic development. As one of the leaders in the global petrochemical industry, we strive to play a major role in the development of a circular economy, and also to solve other global problems that we can have an impact on. That's why we have been consistently incorporating ESG principles into all of SIBUR's business processes, as well as our strategy and corporate culture. As part of this process, the Company adopted, back in 2019, a Sustainable Development Strategy to 2025, which covers the key areas of our ESG agenda, specifies the main goals for each area based on the UN Sustainable Development Goals and provides a powerful impetus for their dissemination across the entire corporate hierarchy, reaching every SIBUR employee.

This year, for the first time, we are presenting our stakeholders with a consolidated report, in which we discuss the implementation of this strategy and how the Company creates value for all stakeholders."

Maxim REMCHUKOV
Sustainable Development Director at SIBUR LLC

ESG Leadership at the International Level

Consistent implementation of the goals outlined in the Sustainable Development Strategy has allowed SIBUR to greatly improve its position in key ESG ratings.

Changes in SIBUR's ESG Ratings

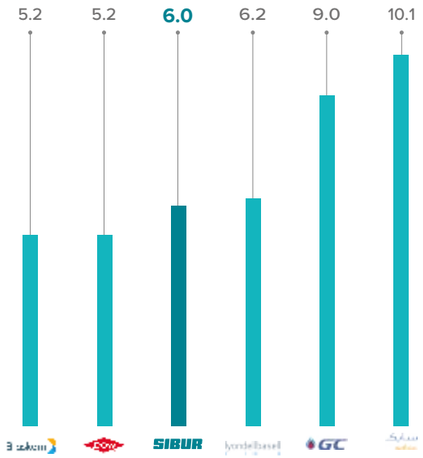
▲ BB (2019 – B) MSCI	▲ B (2019 – C) CDP	▲ 19.4 (2019 – 28.3) SUSTAINALYTICS
▲ 62 (2019 – 60) ecovadis	▲ 2 IN 2021[1] (2019 – 13-e) RAEX EXPERT RA	

[1] As of June 15, 2021.

Reducing SIBUR's Carbon Footprint

The Company believes that, in the future, the volume of greenhouse gas emissions and the speed at which low-carbon technologies are introduced will be among the key indicators of its investment appeal, and the carbon intensity of products will influence the choice of clients and consumers in most sectors of the economy. In this regard, SIBUR is taking active measures to assess and reduce greenhouse gas emissions.[1]

SIBUR'S POSITION AMONG GLOBAL PEERS IN TERMS OF THE RATIO OF CO_2 EMISSIONS TO EBITDA, t CO_2e per $ bn of EBITDA, 2019



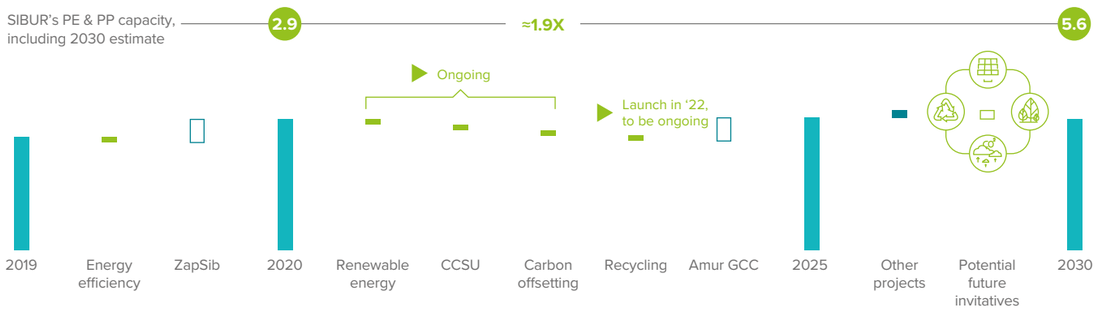
Source: Company info, Thomson Reuters.

With a significant expansion of production volumes (SIBUR's PE and PP capacities are expected to nearly double by the end of 2030 compared with the end of 2020), the Company's long-term target vision is to maintain greenhouse gas emissions at 2020 levels. To this end, SIBUR plans to implement a number of initiatives, including expanding its use of renewable energy sources, recycling polymers and introducing technologies for capturing, storing and processing CO_2.

[1] For more details, see **"Reducing Climate Impact and Greenhouse Gas Emissions."**

Green projects will keep CO2-equivalent emissions at 2020 levels despite the launch of the flagship projects ZapSibNeftekhim and the Amur GCC.

CO_2e emissions, illustrative



Integration of ESG Principles into All Aspects of Business

To ensure long-term sustainable business growth, we are consistently integrating ESG principles into the corporate culture and all business processes, including planning, investment decision-making and product development.

RELATIONS WITH COUNTERPARTIES

- **19%** of suppliers of chemical products have been evaluated against sustainability criteria—the environment, labor and human rights, ethics and sustainable procurement—in accordance with the Sustainable Development Strategy to 2025;

INVESTMENT PROCESS

- SIBUR's investment project evaluation system includes sustainability criteria;
- In a number of cases, SIBUR has rejected projects that meet the criteria of economic efficiency but fail to comply with sustainability indicators. In contrast, projects with a relatively low economic outlook but with a high ESG rating (for example, a negative CO_2 balance) have been accepted.[1]

PRODUCT DEVELOPMENT AND EVALUATION

- **100%** of products must be evaluated against sustainability criteria in accordance with the Sustainable Development Strategy to 2025;
- The evaluation methodology covers the stages of production, processing and final use of products, and includes both quantitative and qualitative evaluation criteria.

CORPORATE CULTURE

- **41%** of employees completed a course on sustainability in 2020;
- **17%** of employees participated in volunteer projects during the year.

[1] For more details, see "Growth Strategy and Investments."

Contribution to the Responsible Management of Polymer Waste and the Promotion of Circular-Economy Principles

As one of the leaders in the global petrochemical industry, SIBUR strives to disseminate best circular-economy practices, promote a culture of responsible polymer waste management and help build an efficient market for recycled polymers in Russia.

PARTICIPATION IN THE DEVELOPMENT OF REGULATIONS

- SIBUR is involved in the development of the extended producer responsibility mechanism with the aim of increasing the profitability and attractiveness of circular-economy projects.

CUSTOMER RELATIONS

- The Company is helping increase demand for green products and solutions on the part of its customers. SIBUR also monitors the recycling of its products by customers and receives feedback from them.

REACTOR PROJECT

- Reactor, a digital platform created by SIBUR for the sale of recyclable raw materials, enabled the recycling of 50 thousand tons of waste in 2020.

ENVIRONMENTAL EDUCATION

- Promoting responsible waste management through the implementation of our own and partner projects and educational events.
- Promoting sustainability initiatives among suppliers and contractors, including through SIBUR's corporate training course.

BUSINESS MODEL

MATERIAL TOPIC:
- Business model
- Value chain

SIBUR's business model takes advantage of synergies between its feedstocks and other types of assets to transform raw materials into polymers and other petrochemical products used in most sectors of today's economy.

Our unique asset base, the close integration of the petrochemical business with gas processing companies and developed transportation infrastructure make our business more resilient to volatility in commodity and foreign exchange markets compared with our main peers, thus giving us more opportunities to create value for a wide range of stakeholders.

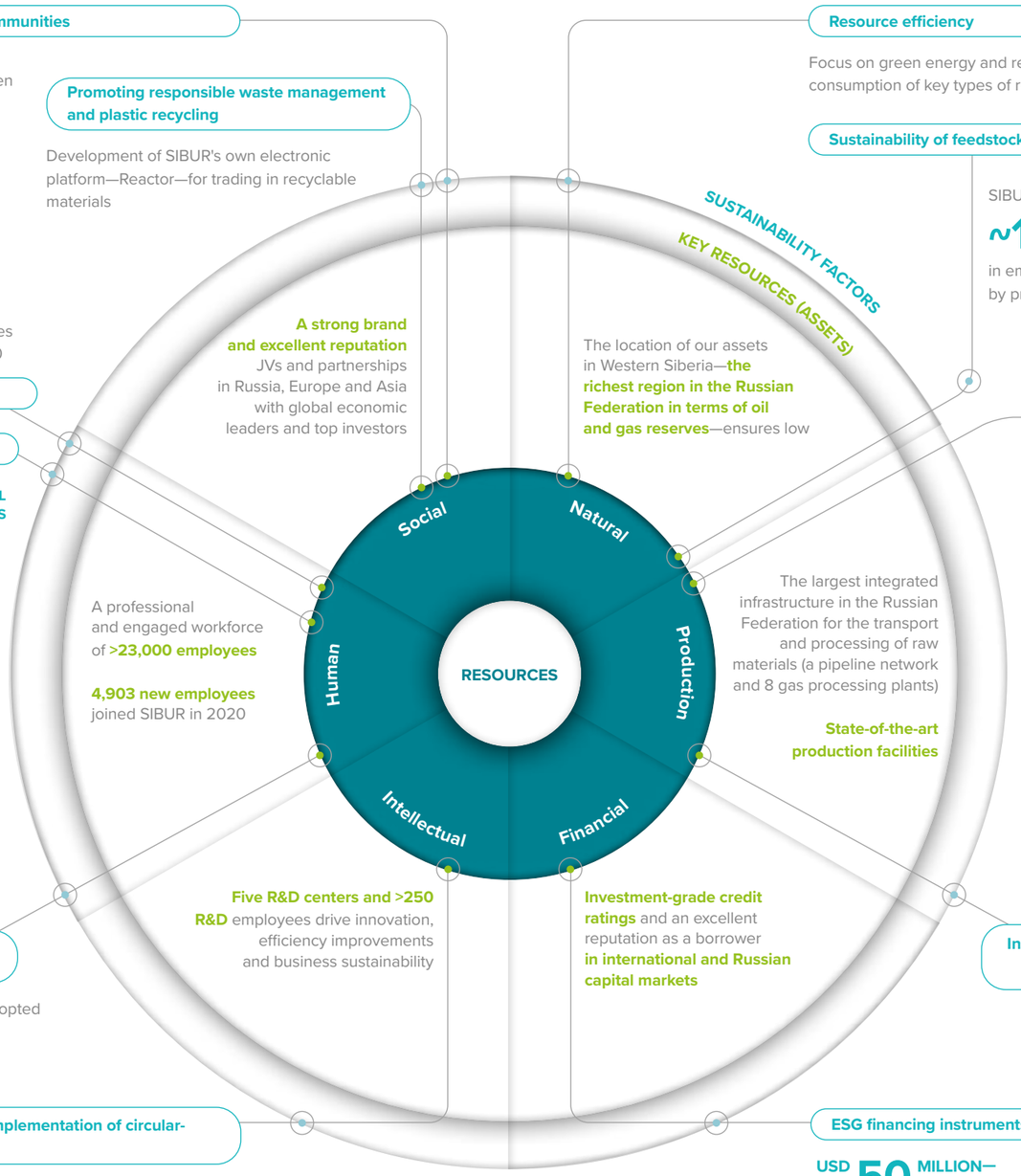
SUSTAINABILITY OF SIBUR'S BUSINESS MODEL

SIBUR's value chain spans three business segments: Midstream; Olefins & Polyolefins; and Plastics, Elastomers & Intermediates.

While the Midstream segment has been increasing revenues on the back of high hydrocarbon prices, margins in the Olefins & Polyolefins segment, on the other hand, have been rising thanks to lower oil prices and a weaker ruble due to lower feedstock prices. All intragroup sales between segments are made on an arm's-length basis.

The strength of SIBUR's business model delivered one of the best EBITDA margins in the industry in 2020 despite volatility in energy and petrochemical markets.

INTEGRATION OF ESG FACTORS ALONG THE ENTIRE VALUE CHAIN AND THE TRANSFORMATION OF ASSETS (RESOURCES)



Supporting local communities

The Formula of Good Deeds program has been running in **16 CITIES** where SIBUR operates since 2016

0 FATALITIES among SIBUR employees and contractors in 2020

Occupational safety

Staff development

>700 INTERNAL TRAINERS help organize staff training

Promoting responsible waste management and plastic recycling

Development of SIBUR's own electronic platform—Reactor—for trading in recyclable materials

A strong brand and excellent reputation JVs and partnerships in Russia, Europe and Asia with global economic leaders and top investors

A professional and engaged workforce of **>23,000 employees**

4,903 new employees joined SIBUR in 2020

Equality and human rights

Human Rights Policy adopted and in force

Innovation for the implementation of circular-economy principles

Increased investment in R&D projects aimed at recycling polymer waste and the incorporation of renewable sources of feedstocks (+21% in 2020)

Five R&D centers and >250 R&D employees drive innovation, efficiency improvements and business sustainability

Investment-grade credit ratings and an excellent reputation as a borrower **in international and Russian capital markets**

ESG financing instruments

USD 50 MILLION— the amount of SIBUR's first ESG loan, the cost of which is tied to the Company's achievement of the goals outlined in its Sustainable Development Strategy

Resource efficiency

Focus on green energy and reducing the specific consumption of key types of resources

Sustainability of feedstocks

SIBUR has prevented **~1 BLN T OF CO_2-EQ.** in emissions over 15 years by processing APG

The location of our assets in Western Siberia—**the richest region in the Russian Federation in terms of oil and gas reserves**—ensures low

Reducing environmental footprint

Consistent decrease in environmental footprint index from 2017 to 2020 (by 20.5% to 3.1)

The largest integrated infrastructure in the Russian Federation for the transport and processing of raw materials (a pipeline network and 8 gas processing plants)

State-of-the-art production facilities

A project portfolio with the potential to incorporate >200 ths t of recyclable feedstocks annually by 2030

Incorporation of recyclable feedstocks in production

RESULTS OF RESOURCE TRANSFORMATION IN 2020

Production

>5.15 MLN T of petrochemical products

>8.9 MLN T of LPG and naphtha[1]

Development projects and support for local communities

RUB 113 BLN in capital investments for the expansion and maintenance of production facilities

RUB 7.4 BILLION in taxes paid into various regional budgets

RUB 447.3 MILLION of social investments in 2020

Financial performance and shareholder payouts

RUB 523 BLN in revenue

RUB 179 BLN EBITDA

RUB 33.5 BLN paid out in dividends

Innovation

5 NEW GRADES of polyolefins with the addition of recyclable materials developed during the year

90 PROJECTS in SIBUR's R&D portfolio for 2021

[1] Including volumes under a processing agreement.

MIDSTREAM

OLEFINS & POLYOLEFINS

Oil companies

Naphtha, LPG and ethane are the key feedstock for the petrochemical industry

Oil

Gas

We acquire by-products of oil and gas production

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

APG

NGLs

GAS PROCESSING

NGLs

GAS FRACTIONATION

LPG and naphtha

GPPs process APG and gas condensate to produce marketable natural gas as well as raw feedstock for NGLs

GFUs fractionate NGLs to produce LPG and naphtha, which are feedstocks for petrochemical production

Natural gas
17.6 THOUSAND M³

LPG and naphtha
4.3 MILLION TONS

EXTERNAL SALES

2020 sales volumes

EXTERNAL SALES

Bofeedstocks

PETROCHEMISTRY

CRACKING, DEHYDROGENATION

Intermediates

POLYMERIZATION

Part of LPG and naphtha are sent for further processing to obtain monomers. This is done through the exposure of LPG and naphtha to high temperatures during pyrolysis and dehydration

We generate polyolefins — polyethylene and polypropylene — by polymerizing olefins. Polypropylene is also used to produce BOPP films

Olefins and polyolefins
2.8 MILLION TONS

2020 sales volumes

Plastics, elastomers and intermediates
2.3 MILLION TONS

In our facilities we produce:
- plastics and organic synthesis products (PET, glycols, expandable polystyrene, alcohols and acrylates);
- elastomers (rubbers);
- methyl tertiary-butyl ether (MTBE), and fuel additives; and
- intermediates.

CO_2

Products from CO_2

Secondary resources

EXTERNAL SALES

KEY EVENTS AND RESULTS FOR 2020

Operating and financial results

RUB 523 BILLION
in revenue, a decrease of 1.6% from 2019

EBITDA of **RUB 179 BILLION,**
an increase of 5.4% from 2019

34.3%
EBITDA margin, one of the best results among peers

5.1 MILLION TONS
of petrochemical products sold, an increase of 37% from 2019

Key strategic projects

SIBUR's flagship ZapSibNeftekhim complex
REACHED ITS FULL CAPACITY
of 2 million tons of polymers per year

Construction got under way at the Amur Gas Chemical Complex, with a capacity of
2,7 MILLION TONS OF POLYMERS PER YEAR
Sinopec, a leading petrochemical company, was engaged as a strategic partner with a 40% stake in the project.

Production of thermoplastic elastomers was launched in Voronezh with a capacity of
50 THOUSAND TONS PER YEAR

In Tobolsk, construction continued on a plant for the production of maleic anhydride (MAN) with a design capacity
45 THOUSAND TONS PER YEAR

Production of halobutyl rubber began in India at a joint venture between SIBUR and Indian Reliance Industries, with a capacity of up to
60 THOUSAND TONS PER YEAR

Combating COVID-19

SIBUR spent
RUB 2.9 BILLION
on measures to combat COVID-19

SIBUR'S OPERATING COSTS AND INVESTMENT PROGRAM WERE OPTIMIZED
without affecting the timing of strategic projects

SOME 40 THOUSAND
epidemiological kits for medical personnel were sent to medical facilities in various Russian regions

Innovation and digital transformation

Total investment in R&D amounted to
RUB 1.5 BILLION

Implementation of the transformation program for all digital areas resulted in
RUB 1.6 BILLION IN SAVINGS

THE SIBURINTECH CENTER FOR THE DEVELOPMENT OF ENGINEERING AND TECHNICAL EXPERTISE WAS OPENED

SIBUR DEVELOPED ITS OWN PLATFORM
for the industrial Internet of things (IIoT), which enables control of IIoT network devices at all levels

A UNIQUE TECHNOLOGY FOR THE DIGITAL MODELING OF GAS CHEMICAL REACTIONS
was introduced that enables high-precision modeling of physical and chemical processes in petrochemical production

Value creation and corporate governance

Under the new dividend policy, the minimum dividend payout ratio was increased from
35 TO 50%
of adjusted IFRS net profit

SIBUR's Board of Directors **ESTABLISHED A SUSTAINABLE DEVELOPMENT COMMITTEE**
(as of May 2020)

S&P, Fitch and Moody's affirmed SIBUR's
LONG-TERM INVESTMENT-GRADE RATINGS

SIBUR placed
USD 500 MILLION
in five-year Eurobonds with a coupon rate of 2.95%

ESG leadership and sustainable development

SUSTAINALYTICS RECOGNIZED SIBUR'S ESG RISK AS "LOW."
SIBUR is among the 1% of companies with the lowest risk among petrochemical producers (in the Chemicals group)

SIBUR received its first ESG loan from UniCredit[1] in the amount of
USD 50 MILLION

Sustainable product portfolio

THE FIRST CONTRACTS WERE SIGNED
for the supply of raw materials for the production of green PET granules at the Polief plant in Blagoveshchensk. The Company plans to use about 34 thousand tons of recycled feedstocks per year for production

SIBUR's PolyLab facility developed **NEW GRADES OF POLYMERS,** under the Vivilen brand, containing up to 25% recyclable raw materials

Some
51 THOUSAND TONS
of recyclable materials were traded in lots on the Reactor electronic trading platform

Protecting the environment and reducing climate impact

19 INVESTMENT PROJECTS
assessed in terms of their environmental safety

0 CASES
in which the permitted amount of pollutant emissions was exceeded

МЛРД 3.4 BILLION
spent on environmental protection

Consumption of green electricity
QUADRUPLED FROM 2019

STRATEGIES APPROVED FOR THE MANAGEMENT OF EMISSIONS, WASTE AND WATER RESOURCES

SCENARIO ANALYSIS CARRIED OUT FOR THE IMPACT OF CLIMATE RISKS ON SIBUR'S FINANCIAL RESULTS

CIRCULAR ECONOMY AND CLIMATE MITIGATION POLICY[1]
adopted

Personnel, business ethics and human rights

Women accounted for
39.9%
of management positions

RUB 1.5 BILLION
spent on occupational health and safety measures

POLICY ON HUMAN RIGHTS IN THE WORKPLACE
adopted

0 FATALITIES,
serious breakdowns or major incidents

14 PRODUCTION
sites covered by SIBUR's compliance system

CONTRACTOR'S CODE OF BUSINESS ETHICS APPROVED BY THE BOARD OF DIRECTORS

Developing local communities

USD 447.3 MILLION
on social investments

16 CITIES
covered by the Formula of Good Deeds program

17%
of SIBUR employees engaged in volunteer activities

SOCIAL INVESTMENT POLICY
approved

SOME 111 GRANTS,
35 INTERREGIONAL PROJECTS
AND 41 VOLUNTEER PROJECTS
supported under the Formula of Good Deeds program

[1] The event took place after the reporting date.

COMBATING COVID-19 AND SIBUR'S CONTRIBUTION TO FIGHTING THE PANDEMIC

GRI 403-6

HIGHLIGHTS

RUB 2.9 BILLION
spent on measures to prevent COVID-19

143 THOUSAND
COVID-19 tests conducted as of the end of 2020

6 THOUSAND
non-production employees switched to remote work

6.5 THOUSAND EMPLOYEES
switched to rotational work

400 TRAINING WEBINARS
on professional knowledge and skills for remote work

>5 THOUSAND
responses were received from pulse surveys conducted remotely every two weeks

1.5 THOUSAND PEOPLE
attended seven webinars as part of a program called "Adaptability and Resilience in a Period of Change"

17 THOUSAND EMPLOYEES
attended training webinars

MATERIAL TOPICS:
- Relations with staff
- Employee health and safety
- Emergency preparedness

"Having altered the typical business environment, the coronavirus pandemic was one of the major events of 2020. Thanks to the well-coordinated work of our staff and our comprehensive approach to assessing the epidemiological situation, we adjusted our production and logistics processes in a timely manner to protect our employees and ensure the uninterrupted production and distribution of our products. Moreover, we were able to meet the sharp increase in demand for polymers. SIBUR's production sites have already returned to normal operations; nonetheless, we continue to closely monitor the epidemiological situation, and we're prepared, like last year, to adapt to changes in the external environment if necessary."

MIKHAIL KARISALOV
Chairman of the Management Board of LLC SIBUR

Measures to Combat the Spread of COVID-19

Uncompromising safety is one of SIBUR's six corporate values. At the Company's Corporate Center and production sites, a lot of attention has traditionally been paid to this topic, including to protecting the health of employees and developing a safety culture.

In connection with the pandemic, we decided in February 2020 to create an emergency situations commission to combat the spread of COVID-19 within the Company. The commission developed a number of regulations and algorithms for all Company employees: social distancing, regular temperature checks, mandatory use of personal protective equipment (PPE) and regular disinfection of premises. In 2020, the Company allocated a total of about RUB 2.9 billion to protect the health of employees, some RUB 1.5 billion of which was spent on costs associated with the transition of some employees to rotational work; RUB 0.4 billion, for COVID-19 tests; and about RUB 1.1 billion, for other needs, including the provision of PPE, observation and charitable assistance.

AREA	MEASURES TAKEN
Restrictions on the movement of employees	At the beginning of March 2020, SIBUR introduced a number of restrictions on the movement of employees: a complete ban on business travel; mandatory 14-day quarantine for employees who visited foreign countries with an unstable epidemiological situation (while continuing to pay employees' full wages for working hours during the quarantine period); the holding of external meetings in an online format; the cancellation of internal events requiring the movement of employees in Russia and abroad; and the suspension of the issuing of invitations for international partners.
Remote work	In mid-March, we moved over 6 thousand office workers to remote work. The Company was able to make this transition quickly and successfully without hindering the performance of business processes, which in many respects was possible thanks to the Company's digital transformation launched two years ago. With the help of a secure mobile office through which employees were granted remote access to all necessary corporate systems, many work processes moved online quickly and without interruption. SIBUR recognized the urgent need for its workforce to adapt to new working procedures; therefore, in addition to the purchase of additional equipment (1,200 new laptops were purchased) for employees to make a smooth and comfortable transition to online work, SIBUR's Corporate University developed a web-based course and a series of webinars dedicated to online work as well as IT literacy and the use of new digital tools. In order to prevent the spread of COVID-19, the Company introduced isolated rotational work at a number of its production sites, which ensured the continuity of production processes and a higher level of safety for staff.

AREA	MEASURES TAKEN
Physical activity	Remote work also posed challenges to our employees' physical health. Their union has been carrying out projects and initiatives aimed at motivating employees to remain physically active. For example, a project called "12 Rules of a Healthy Lifestyle" was organized, in which employees developed one healthy habit every month—for example, healthy sleep or increased physical activity—and also gave up bad habits. From April to June 2020, a series of sporting events were held: 26 video workouts through the SIBUR Trade Union mobile application; livestreams on Instagram for at-work and at-home training; the #SIBURPlank challenge; daily online "Healthy Moments" and many more.
Employees' adaptation to new conditions	The shift to remote work forced employees to establish new work habits and develop self-control. In order to accomplish this, new working traditions were introduced, one of which was the so-called hour of silence, held twice a week in the afternoon. This time was intended exclusively for each employee's individual work and for the completion of their personal tasks. In order to prevent burnout and maintain work performance, a series of webinars called "Adaptability and Resilience in a Period of Change" were launched for all Company employees, in which experienced business coaches and highly qualified psychologists shared techniques for dealing with stress and overcoming professional difficulties and other challenges in life.
Communication	In a dynamically changing situation, it was important to establish effective communication channels with employees in order to promptly disseminate information about our decisions and to notify them about changes in a timely manner. For this purpose, we launched a newsletter called #NASHVYBOR_ZDOROVIE (#HEALTH_IS_OUR_CHOICE) in both Russian and English. In a remote working environment, it was critical not only to inform employees about the current situation and ongoing changes in the work schedule but also to arrange two-way communication channels in order to receive feedback to track staff morale and collect information about the quality and convenience of work-related processes. To this end, we began conducting pulse surveys among employees on a regular basis: once every two weeks, an anonymous survey was conducted on employees' satisfaction with working conditions and on the level of transparency and openness concerning management's actions. Based on an analysis of the information we obtained, an algorithm was developed for working with teams online that the HR business partner of each function promptly presented to managers for implementation. Moreover, a 24-hour hotline was put in place to consult employees on COVID-19, and we also launched a corporate business network.
Dialogue with management	At a time when many employees were working from home, a particularly important aspect of SIBUR's operations was ensuring open dialogue with management. To this end, from April through June 2020, 10 "In Focus Today" webinars were held in which not only the Company's management but also external specialists from various fields—from astronauts to doctors—took part. During the meetings, issues related to remote work and the fight against COVID-19 were discussed, along with sustainable development and digitalization.

AREA	MEASURES TAKEN
Staff vaccinations	Whether or not to get vaccinated is the personal decision of every employee. Nevertheless, SIBUR, as a responsible employer, is committed to providing complete and reliable information in order to make an informed and rational decision. A lot of work was done to disseminate information about vaccines, in particular organizing forums to answer questions about vaccination. The mass vaccination of the employees of SIBUR's production sites was made possible thanks to the well-coordinated work of our medical safety and healthcare functions as well as the department for relations with government agencies. Some of the Company's employees have already undergone screening tests for antibodies and have been vaccinated. The availability of vaccines for our employees depends on the schedule of vaccine delivery to the regions where the Company operates—currently 14 regions. Employees are vaccinated at polyclinics and medical centers in cities and in specially equipped areas at the Company's production sites. The vaccine currently being used is Sputnik V. As of the end of May 2021, 75% of the Company's employees had already developed immunity to the virus; nine production sites had herd immunity above 80%, and all of SIBUR's other sites were above 60%. The Company has also made it possible for employees to get free antibody testing, which 95% of the Company's employees have taken advantage of.

Since June 2020, the Company's employees have gradually begun returning to their offices. Focusing on increasing the level of herd immunity, the Company is returning step by step to its usual mode of operations, taking into account the current restrictions in the regions where it operates. At the same time, we continue to take preventive measures designed to ensure the health and safety of our employees. To maintain social distancing, SIBUR reduced the number of workplaces at its offices, arranged checkerboard seating and a hybrid schedule for employees, and introduced an extended time interval for the start time of the working day, thus avoiding crowding at the entrance to Company premises. To minimize the risk of infection, domestic business trips have been permitted only in cases of urgent production needs, and some employees continue to work according to a hybrid format—both online and in the office. Before returning to the office following a vacation, an illness or more than 14 days of remote work, returning from a business trip lasting three days, having had close contact with someone infected with COVID-19, or upon signs of a respiratory infection appearing in the workplace, PCR testing is carried out at[1] the Company's expense.

Even before the pandemic, SIBUR had introduced a single digital workplace database and had begun designing spaces with unassigned, coworking-style seating. The shift to remote work only accelerated this process, whereby most of the office moved to a format of unassigned seating, and a new IT system called Staffmap was introduced to manage workplaces. The system is synchronized with the HR system, allowing the Company to quickly track an office's occupancy and upload analytics and reports, which is especially important for ensuring social distancing in the office.

[1] Polymerase chain reaction is a laboratory diagnostic method aimed at identifying the pathogens responsible for infectious diseases.

Transformation of Production Facilities in Response to COVID-19

SIBUR supplies raw materials and products for strategically important industries in Russia; therefore, even in the pandemic, it was imperative to maintain uninterrupted production and timely deliveries of products to customers. Combining this goal with the priority of the safety of employees, SIBUR decided to introduce a rotational work schedule for employees involved in production activities.

Before the start of a 15-day shift, all employees, including production managers, underwent COVID-19 testing arranged and paid for by the Company. Team members who received a negative test result were housed, with their consent, in specially prepared premises isolated from the external environment, where they lived and worked for two weeks. The premises included sleeping places, canteens with three free meals a day, stores, sports and recreation areas with Wi-Fi and board games, as well as medical facilities. Employees were paid an additional 20% on top of their monthly salary.

In addition to psychological and moral support, a well-developed IT infrastructure was required to ensure that rotational workers had access to the necessary conditions to do their jobs properly. Since SIBUR had already begun introducing digital tools into its operations even before the pandemic, rotational workers were able to do their jobs under COVID-19 conditions as effectively as possible. For example, at many production sites, work orders were issued remotely using electronic signatures even before the pandemic. With the help of the Mobile Rounds application, defects and weaknesses in equipment could be identified at an early stage, which made it possible to prevent breakdowns and, in general, to involve contractors in repairs much less often, thereby ensuring that isolation requirements could be met. Also, in the context of rotational work, if an external consultation was required, employees had the opportunity to use AR equipment without the loss of any quality. To this end, in April 2020, SIBUR, in partnership with Brochesia, a leader in the development of integrated software for wearable devices, in particular AR glasses, launched a joint augmented reality project. In addition, we have developed our own platform for the industrial Internet of things (IIoT), which, without requiring the presence of staff at production facilities, makes it possible to manage IIoT network devices at all levels by collecting and storing data from sensors, as well as processing information, which makes it possible to greatly limit the number of people in hazardous areas at production sites.

The Company supported rotational workers who agreed to work in difficult conditions away from their homes and families. SIBUR regularly organized online events and initiatives to express its gratitude to and support for rotational workers:

- A special website **sibur.ru/vahta/#/** collected recommendations on arranging leisure activities, vocational training and personal development for rotational workers. The site made it possible to read e-books, watch online broadcasts of theatrical performances and sporting events and take part in online training.
- Through the Castle Quiz app,[1] employees could take part in quizzes to test their intelligence.
- A communication project called #RotationalWorker'sDiary was launched, through which rotational workers shared their experience of working in unusual conditions and talked about life in isolation to inspire their coworkers to continue doing a good job.
- Throughout the entire period in which rotational work took place, support centers operated for the families of workers; they were run by volunteers and employees who were doing rotational work. The centers helped workers in every possible way, including by buying food and basic necessities.

In addition, in order to prevent the spread of COVID-19 and to support uninterrupted shipments to customers, we ensured the non-stop operation of logistics operators—in all regions of SIBUR's operations—involved in our uninterrupted supply chain for the production of medical and other essential goods. The Company made it mandatory for incoming drivers to wear masks and arranged contactless interaction for the processing of logistics documents. SIBUR introduced regular monitoring of the requirements and rules for the movement of vehicles in all regions of its operations and along its product delivery routes. If necessary,

SIBUR arranged in a timely manner the necessary permits to remove restrictions on the entry and movement of vehicles belonging to suppliers and customers. SIBUR also held a series of webinars for customers on effective arrangements for remote work.

[1] A competitive quiz where players answer questions to defend their virtual medieval castle or to destroy the castles of other players.

Assistance Provided to Medical Organizations

SIBUR PRODUCTION SITES ASSIST REGIONAL HOSPITALS

In the context of the pandemic, SIBUR's Tomsk-based enterprise, Tomskneftekhim, provided assistance to healthcare institutions in the region. In particular, Tomskneftekhim spent RUB 1 million to purchase pulse oximeters—devices enabling the noninvasive measurement of blood oxygen levels—for hospitals.

ZapSibNeftekhim donated medical equipment worth more than RUB 12 million to Regional Hospital No. 3 in Tobolsk, including providing the laboratory with equipment for conducting PCR testing, thus increasing the capacity to 1,000 tests a day.

In 2020, doctors in the Far East received:

289 THOUSAND protective coveralls

408 THOUSAND respirators

206 THOUSAND PAIRS of goggles

200 THOUSAND PAIRS of medical gloves

In addition, was sent to Buryatia, Zabaykalsky Krai, Kamchatka, the Magadan Region and the Jewish Autonomous Region:

RUB 300 MILLION

for equipment for regional hospitals

In the Nizhny Novgorod Region, SIBUR financed the purchase of:

MORE THAN 40 THOUSAND

epidemiological kits, which were sent to hospitals in Nizhny Novgorod and to medical facilities in the Kstovsky District, Balakhna and other communities

The Poliom[1] polypropylene plant in Omsk provided assistance to doctors as part of a program to counter the spread of COVID-19.

FOR EXAMPLE, EPIDEMIOLOGICAL KITS FOR MEDICAL STAFF
were sent to the D. M. Dalmatov Infectious Diseases Clinical Hospital

In the Amur Region, SIBUR and NIPIGAZ, as part of their partnership with the region,

SENT SEVERAL THOUSAND EPIDEMIOLOGICAL KITS FOR MEDICAL PERSONNEL
to regional medical facilities and also purchased

3 NEW AMBULANCES SPECIFICALLY
for the hospital in Svobodny

In the modern world, plastic is widely used and plays an important role in solving everyday problems. The pandemic has triggered structural changes in the procurement of materials and increased demand for polymers both in medical applications and in other areas such as consumer packaging. This has been most visible in the growing demand for polypropylene and polyethylene, which are required for the production of disposable packaging for the safe storage and delivery of food, as well as cleaning and hygiene products, medicines and other household goods. Polyvinyl chloride (PVC), which is popular in the production of medical devices, has seen a spike in demand. Products made from PVC are not susceptible to the growth of bacteria, lend themselves to various sterilization processes without a loss of quality and also offer high degrees of strength and transparency, which is why they are often used in the production of IV lines, probes, medical splints, oxygen masks and blister packs for tablets.

APPLICATION OF SIBUR PRODUCTS IN THE PRODUCTION OF MEDICAL DEVICES

PROPYLENE	BIAXPLEN	POLYVINYL CHLORIDE
SIBUR-Kstovo	BIAXPLEN	RusVinyl

Under the current conditions, SIBUR feels a particular responsibility to society to meet the demand coming from the healthcare and other sectors. The Company has expanded its collaboration with customers manufacturing medical products to ensure that they are well stocked and to increase their production. SIBUR increased the production of polymers to provide the medical sector with high-quality disposable PPE (masks and gloves) and antiseptics, while keeping prices for medical-grade polymers at a minimum. It is also important that SIBUR's polymers and organic synthesis products are widely used not only in the production of medical PPE but also for the manufacture of test tubes, IV lines, blister packs, disinfectants and medical equipment.

For example, propylene produced at SIBUR's Kstovo plant is at the heart of the antiseptic production chain. BIAXPLEN, a manufacturer of plastic food wrap and barrier films, has made an invaluable contribution to providing consumers with reliable and safe packaging. PVC produced by RusVinyl, a joint venture between SIBUR and Solvay, is used in flexible tubing for IV lines, containers for transporting blood and much more. Moreover, blister packs for packaging ampoules containing Sputnik V, the first Russian vaccine designed to combat COVID-19, are also made of PVC produced by RusVinyl. All of these products have been, and continue to be, of the utmost importance during the pandemic.

In 2020, SIBUR expanded its partnerships with customers manufacturing medical products. In April 2020, for example, SIBUR and Netkanika, a leading manufacturer of high-quality nonwoven fabrics, agreed to expand cooperation in order to provide consumers with disposable PPE that meets high quality standards.

Another project launched by SIBUR in 2020 was the creation of a feedstock base for the production of gloves in Russia for the purposes of import substitution. We are planning in 2021 to launch industrial production of synthetic nitrile butadiene latex with a capacity of 3.5 thousand tons per year. The new production will enable manufacturers, subject to the development of this cluster, to produce about 230 million pairs of examination gloves per year.

[1] A joint venture between Gazprom Neft and SIBUR.

INVESTMENT CASE

1. Sustainability leadership, building a strategy and business processes based on ESG principles

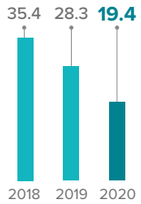
Significant Improvement in ESG Ratings Driven by the Implementation of our Sustainable Development Strategy to 2025.

SIBUR's ESG risk level is less than that of 97% of companies in the chemical sector according to the Sustainalytics international rating.

The Company aims to integrate ESG principles and the UN Sustainable Development Goals into its strategy, business model and business processes.

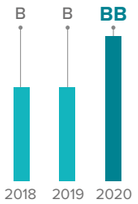
SUSTAINALYTICS

ESG risk level
0 = lowest risk



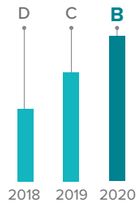
MSCI

ESG rating



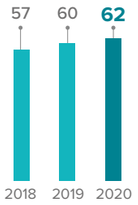
CDP

Climate Score



ecovadis

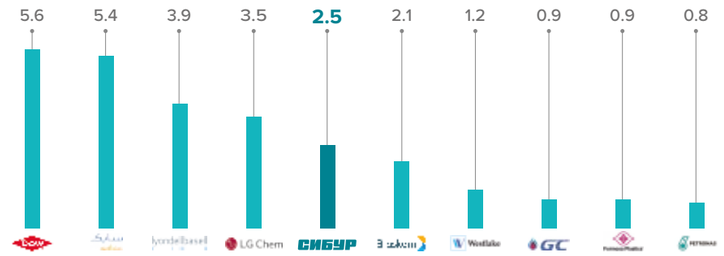
ESG rating



2. One of the leaders in the global petrochemical industry with a focus on fast-growing markets

SIBUR was among the top 10 publicly traded peers by EBITDA in 2020.

EBITDA 2020, USD mln



Source: Company data.

No. 1 Manufacturer of PE, PP, BOPP Films, PET and Most Types of Elastomers in Russia.[1]

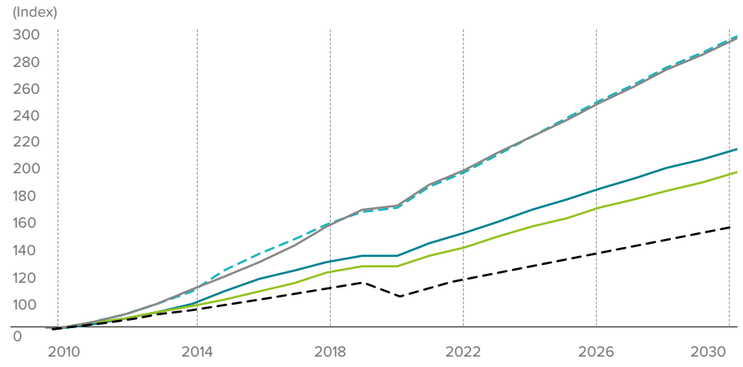
No. 1 LDPE	**No. 1** PP	**No. 1** BOPP	**No. 1** PET	**No. 1** MEG
No. 1 EPS	**No. 3** PBR	**No. 2** SBS	**No. 1** SBR	**No. 1** TPE

[1] As of the end of 2020.

Promising target markets and proximity to fast-growing Asian markets thanks to the launch of ZapSibNeftekhim; increase in demand for PP and PE is outstripping GDP growth.

	CAGR		Annual growth
	'15–'20	'20–'25	'20–'25
PP – global	4.0%	4.8%	**4 mln t**
PP – Asia	6.1%	5.9%	**3 mln t**
PP[1] – global	4.1%	4.2%	**5 mln t**
PP[1] – Asia	7.0%	5.6%	**4 mln t**
Global GDP	1.3%	3.5%	

CONSUMPTION DYNAMICS FOR VIRGIN POLYMERS (PE, PP) AND GDP



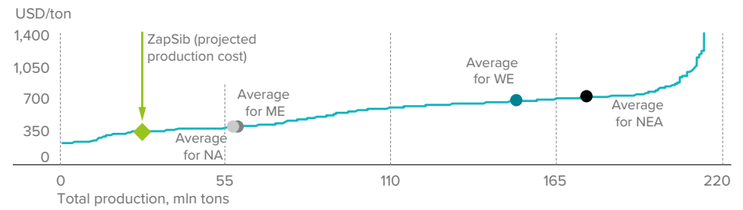
Source: June 2020 IHS Markit Report.

3. Structural cost advantages and one of the best EBITDA margins in the industry

The most advanced infrastructure for the processing and transportation of petrochemical feedstocks in Russia, with a total pipeline network 2,8 kilometers in length, creates high barriers to entry for other players.

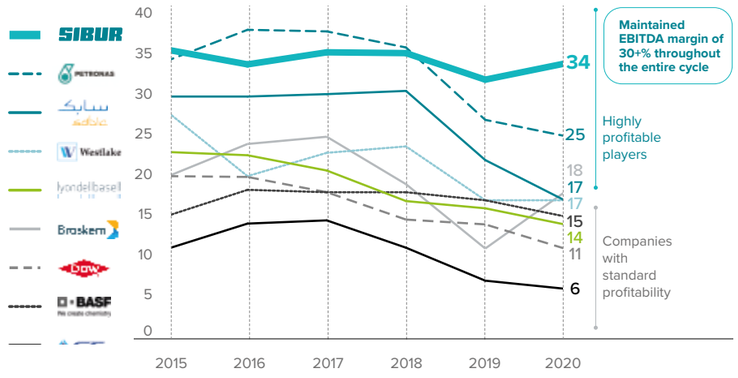
The unique geographic location of our assets and, as a result, the low cost of feedstocks make ZapSibNeftekhim a cost leader.

ZAPSIB'S POSITION ON THE GLOBAL ETHYLENE COST CURVE[2]



Note: 2022, based on the price of Brent crude at USD 58 per barrel.

EBITDA MARGIN OF SIBUR AND KEY PEERS, %



One of the highest and most sustainable EBITDA margins among peers.

Source: Company data, Bloomberg.

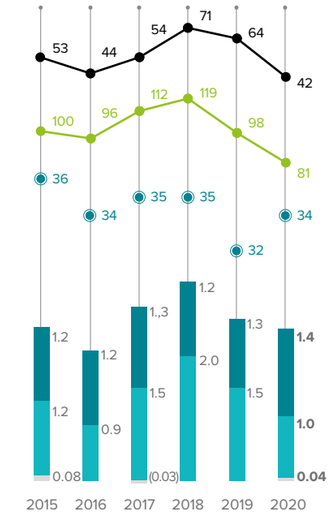
Note: Recurring operating margin is provided for Braskem.

[1] As of the end of 2020.
[2] ME – Middle East, NA – North America, NEA – Northeast Asia, WE – Western Europe.

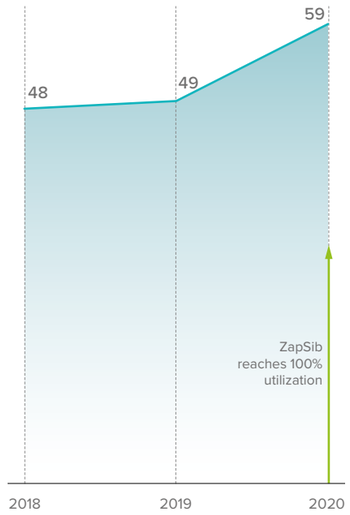
4. A balanced business model with excellent resilience at all stages of the market cycle

An integrated business model, long-term feedstock contracts tied to global benchmarks and a higher share of petrochemicals in revenues have reduced dependence on the price of oil.

INTEGRATION OF REFINING AND PETROCHEMICALS HAS PROVIDED CONSISTENTLY HIGH EBITDA MARGINS AT ALL STAGES OF THE CYCLE



INCREASE IN THE SHARE OF PETROCHEMICAL SEGMENTS[2] IN SIBUR'S REVENUE HAS IMPROVED BUSINESS STABILITY, %

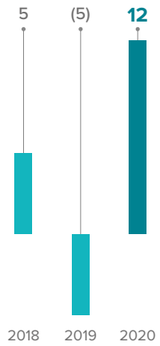


Source: Company data.

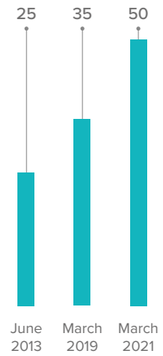
5. Dynamic growth of cash flows and dividend payments

The increase in free cash flow due to the launch of ZapSib and our focus on promising projects enabling a transition to the production of polyolefins with higher added value enabled us to increase our dividend payout ratio to 50% of adjusted net profit.

POSITIVE FCF/EBITDA RATIO DYNAMICS IN THE CONTEXT OF THE LAUNCH OF ZAPSIBNEFTEKHIM, %



CONSISTENT GROWTH OF DIVIDEND PAYOUT RATIO,[3] %



[1] Converted at average annual rates (61.0, 67.0, 58.4, 62.7, 64.7 and 72.1 for 2015, 2016, 2017, 2018 and 2019, respectively).
[2] Share of the "Olefins & Polyolefins" и "Plastics, Elastomers & Intermediates segments" in the Company's external revenue under IFRS.
[3] According to the company's dividend policy.

6. Strong growth of business through promising investment projects supported by a favorable regulatory environment

ZapSibNeftekhim's successful ramp-up to full capacity in 2020:

- SIBUR more than doubled its polyolefin production capacity from 1.3 million to 3.3 million tons;
- The launch of ZapSibNeftekhim provided the Company with access to new markets and the possibility of producing new state-of-the-art grades of polymers.

New source of growth: the construction of the Amur GCC, the world's largest PE and PP production complex, with a capacity of 2.7 million tons of polymers per year:

- Creation of an effective mechanism for monetizing ethane feedstock in the Amur Region by building one of the most modern industrial complexes in the world;
- The latest technologies will ensure efficient resource management and industrial and environmental safety at the Amur GCC;
- Additional measures to support the petrochemical industry include the introduction of a reverse excise tax on ethane and LPG in 2020.

7. A strong management and shareholder team that creates value for all stakeholders

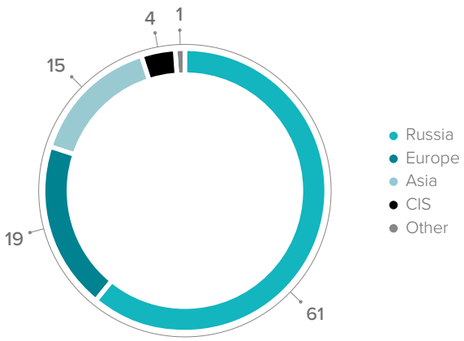
An experienced management team with leading industry expertise, demonstrating strong growth and successful project delivery:

- 50% of projects are completed with savings relative to the approved budget; 80%, with a deviation of no more than 10% from the budget;
- All projects are implemented on time or ahead of schedule;
- Key shareholders with an excellent international reputation support the company's strategy and key value-creation projects.

GEOGRAPHIC FOOTPRINT

The geography of SIBUR's assets combined with the effective integration of its petrochemical and gas processing capacities are responsible for the Company's key competitive advantages: development of its resource base and leadership in terms of production cost. These advantages enable the Company to produce state-of-the-art products, as it provides high-quality polymers to its domestic Russian market and constantly expands its sales geography.

REVENUE SPLIT REGION, %



2,799 KM
length of our pipeline network

IN 10 REGIONS OF RUSSIA
the Group has petrochemical production sites[1]

100 COUNTRIES
our sales geography covers

6 COUNTRIES THROUGHOUT THE WORLD
international offices support export sales

Transport and Processing Infrastructure

The largest integrated infrastructure in Russia for the transportation and processing of oil and gas production by-products creates additional opportunities to diversify our resource base.

Petrochemical Industry

Our largest production assets are located in Western Siberia and, thanks to our effective integration with gas processing enterprises, they have considerable advantages in terms of production costs. The expansive geography of our petrochemical production ensures proximity to both feedstock sources and key sales markets.

Sales and Sales Markets

GRI 102-4, 102-6

The development of import substitution and the increased scale of SIBUR's operations have helped the Company consistently strengthen its positions in its growing domestic market and expand its global presence. The Company's products are used in no fewer than 10 economic sectors throughout the world, including agriculture, construction, food processing, medicine and pharmaceuticals, automobile manufacturing and mining.[1]

SIBUR's international network is operated by SIBUR International GmbH and includes six offices in Vienna, Istanbul, Shanghai, Beijing, Qingdao and Guangzhou. In addition, SIBUR International has storage facilities at ports on the Black, Baltic and East China Seas.

[1] Including the Amur GCC project, the construction of which began in 2020.

[1] For more details, see https://clients.sibur.ru/industries/.

STRATEGIC OVERVIEW

GLOBAL CHALLENGES OF OUR TIME

Sustainability issues are becoming a key priority for a wide range of SIBUR stakeholders. Investors, regulators and society in general expect businesses to take proactive steps to address global challenges such as combating climate change, using resources responsibly and caring for human health.

SOME 87% OF RESPONDENTS

believe that private companies should integrate environmental impacts into their products, services and business processes "to a much greater extent" or "to a greater extent"[1]

SIBUR's products contribute to the achievement of the following UN SDGs:

- Zero Hunger (Goal 2);
- Good Health and Well-being (Goal 3);
- Clean Water and Sanitation (Goal 6);
- Industry, Innovation and Infrastructure (Goal 9);
- Sustainable Cities and Communities (Goal 11);
- Climate Action (Goal 13).

SIBUR believes that a company's ability to address key environmental and social issues largely determines its long-term business success and results. The most important global challenges of our time are reflected in the UN SDGs to 2030. SIBUR has proactively contributed to the achievement of a number of priority UN SDGs for the Company by implementing the objectives of its Sustainable Development Strategy to 2025 and introducing the principles of a circular economy into its business processes. In addition, responsible use of the Company's products in medicine, retail and many other sectors of the economy makes a significant contribution to the achievement of a number of UN SDGs.[2]

The Role of Polymers during the COVID-19 Pandemic

In 2020, the COVID-19 pandemic brought to the fore challenges associated with protecting human health and the urgent need to expand healthcare coverage around the world. The fight against COVID-19 has been accompanied by a sharp increase in demand for polymers in medicine and the pharmaceutical sector, which has confirmed that there is no alternative to plastics in many segments of healthcare.[3] Recognizing the importance of its products in the fight against the pandemic, SIBUR, at the height of lockdowns, kept its sales prices at a minimum for customers involved in the production of critical medical products. The Company also distributed, free of charge, protective medical clothing in the regions where it operates.

The pandemic has also highlighted the role of polymers in reducing health risks in many other sectors of the economy. The excellent sanitary properties of plastics have encouraged more intensive use of plastic packaging and hygiene products in commerce, the restaurant business and other consumer segments. A number of countries, including the United States, have relaxed or suspended restrictions on the use of disposable plastic utensils and other products.

Increased Need for a Transition to a Circular Economy

The growth of the global population and the average consumption per inhabitant of the planet are creating an increased burden on the environment and leading to a need to move from a linear economy, in which the majority of waste remains in landfills and dumps, to a circular economy, in which waste is converted into raw materials.

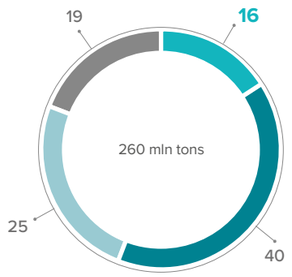
Maintaining the current level of consumption and waste management practices could lead to the accumulation

OF AROUND 12 BILLION TONS

of plastic in the ecosystem by 2050

ONLY 9%–12% OF PLASTIC WASTE IS RECYCLED, AND ABOUT 90% IS SENT TO LANDFILLS, REMAINS IN THE ENVIRONMENT OR IS INCINERATED

GENERATION OF POLYMER WASTE AROUND THE WORLD[2], %



SIBUR is making considerable efforts to involve plastics in waste recycling, including by launching new products that use recycled materials, investing in the development of innovative materials that are easier to recycle, supporting the collection of plastics and promoting responsible waste management.

As the consequences of the COVID-19 pandemic are overcome and long-term growth in demand for polymer products continues against the backdrop of a recovery in overall consumption and business activity in the global economy, the more widely the principles of a circular economy[1] will be used in petrochemicals by recycling plastic waste and increasing responsibility in the handling of polymer waste on the part of business and society.

In early 2021, the European Union banned the export of unsorted plastic waste to foreign countries in order to encourage recycling processes and increase recycling capacity within the European Union. Buyers of petrochemical products in the United States, Europe and Russia have been showing increased demand for PET packaging and other recyclable products.

SIBUR is introducing circular-economy principles into its business model. In the oil and gas industry, government regulators have been consistently increasing fines and imposing penalties for companies' excessive flaring of production by-products, such as associated petroleum gas (APG), which is accompanied by greenhouse gas emissions. In cooperation with suppliers—the largest oil and gas companies in Russia—SIBUR is creating environmentally friendly and cost-effective solutions for processing APG and other production by-products into useful products, thus preventing emissions of more than 70 million tons of CO_2-equivalent into the atmosphere every year.[3]

In addition, the Company is promoting a proactive transition to circular-economy principles in the petrochemicals market, implementing initiatives to develop a sustainable product portfolio containing recycled raw materials, developing projects to create a market for recyclable raw materials in Russia and promoting the responsible handling of plastic waste.[4]

Reducing the Impact of Production on the Climate

Despite a significant decrease in global greenhouse gas emissions in 2020 amid the COVID-19 pandemic, anthropogenic climate change remains one of the risk factors for the development of the global economy. Industry and transportation account for over 40% of global greenhouse gas emissions, including 6% from the chemical and petrochemical industries.[5] Reducing the impact that production has on the climate is one of SIBUR's strategic priorities. The Company is working to improve the energy efficiency of its production facilities, increasing the use of renewable energy sources and introducing the latest technological solutions aimed at reducing greenhouse gas emissions.

1 **BCG survey data** of 3,000 respondents in eight countries (United States, United Kingdom, France, China, India, Indonesia, Brazil and South Africa) from 20 May to 29 May 2020.
2 For more details, see **"SIBUR—a Sustainable Company."**
3 For more details, see **"Combating COVID-19 and the Contribution of SIBUR Products to the Fight against the Pandemic" and "2020 Operating Environment."**

1 For more details, see **"Sustainable Product Portfolio."**
2 According to McKinsey, for 2016.
3 For more details, see **"Business Model."**
4 For more details, see **"Sustainable Product Portfolio."**
5 According to the Climate Watch platform, World Resources Institute.

THE POTENTIAL TO REDUCE GREENHOUSE GAS EMISSIONS BY 2050 IN THE CHEMICAL AND PETROCHEMICAL INDUSTRIES DUE SOLELY TO RETROFITS OF CURRENT CAPACITIES IS ESTIMATED AT 15% OF 2013 LEVELS.[1]

The following steps could have a considerable additional impact in terms of reducing emissions:

- more aggressive recycling of polymeric waste as part of the transition to a circular economy;
- increased energy efficiency;
- the transition to renewable energy sources;
- the introduction of technologies for the capture, storage and utilization of CO_2;
- the use of hydrogen energy.

SIBUR's Contribution to the Achievement of the UN SDGs

GRI 102-12

As part of its Sustainable Development Strategy to 2025, SIBUR has identified 13 UN SDGs that it is best positioned to help achieve.

SIBUR assesses its contribution to the achievement of six focal and seven indirect UN SDGs along the entire value chain. The focal UN SDGs are the goals that SIBUR has a direct impact on through its core activities. The Company has a less significant impact on the indirect UN SDGs.

Contribution to the Achievement of Indirect UN SDGs

Information on SIBUR's contribution to the achievement of indirect UN SDGs is available in the following sections of the report.

SUSTAINABLE DEVELOPMENT GOALS	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	10 REDUCED INEQUALITIES	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
BUSINESS OVERVIEW				Society and Partnership			Society and Partnership
SOCIAL ASPECTS	Personnel Occupational Health and Safety	Personnel		Contribution to the Development of Local Communities	Contribution to the Development of Local Communities		Contribution to the Development of Local Communities
ENVIRONMENTAL ASPECTS			Energy Consumption and Energy Efficiency		Environmental Protection Initiatives		
CORPORATE GOVERNANCE				Business Ethics and Compliance		Business Ethics and Compliance	

[1] For more details, see **Energy efficiency and GHG emissions: Prospective scenarios for the Chemical and Petrochemical Industry,** Publications Office of the European Union.

Contribution to the Achievement of Focal UN SDGs

UN SDGs	Area of the Sustainable Development Strategy	SIBUR's contribution to the achievement of the UN SDGs in 2020	
6 CLEAN WATER AND SANITATION	Environmental protection	Specific water consumption was reduced **BY 1%** year-on-year	The specific weight of pollutants in wastewater was reduced **BY 16,7%** for the year
8 DECENT WORK AND ECONOMIC GROWTH	Society and partnership	**4,903 NEW EMPLOYEES** joined SIBUR in 2020	**41%** of SIBUR employees completed a course on sustainability in 2020
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Sustainable product portfolio	**RUB 1.5 BILLION** SIBUR's investments in R&D for 2020	**5 NEW GRADES OF PE AND PP** containing recycled polymers were developed by SIBUR's PolyLab
11 SUSTAINABLE CITIES AND COMMUNITIES	Society and partnership	**RUB 447.3 MILLION** the Company's social investments for the year	**17%** the percentage of employees who took part in volunteer projects during the year
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Sustainable product portfolio	**50 THOUSAND TONS** of waste was recycled thanks to the Reactor platform for the sale of recyclable raw materials	The Company plans to use **34 THOUSAND TONS** of recycled raw materials annually in the production of green PET granules (the project was launched in 2020)
13 CLIMATE ACTION	Climate impact reduction	Indirect energy-related greenhouse gas (GHG) emissions decreased **BY 18%**	**25,000 TONS OF CO_2** will be processed annually as part of SIBUR and Linde's project to capture and utilize carbon dioxide

SUSTAINABLE DEVELOPMENT GOALS

2020 OPERATING ENVIRONMENT

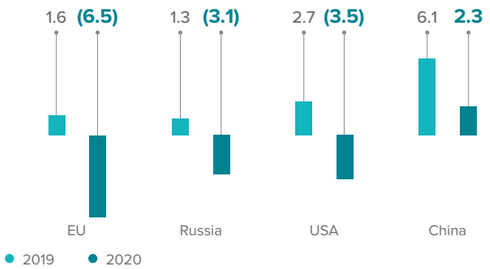
The year 2020 was marked by a sharp deterioration in global macroeconomic conditions and a high degree of volatility in SIBUR's primary markets. The COVID-19 pandemic had a negative impact on most sectors of the economy and, as a result, on the petrochemical industry, forcing the Company to adapt quickly and efficiently to external challenges.

The pandemic was the major factor behind the deterioration in all of the world's largest economies in 2020. Russia's GDP contracted by 3.1% last year after growing by 1.3% in 2019. In the countries of the European Union, which account for about 20% of the Company's revenues, GDP decreased by 6.5% on average, compared with an increase of 1.6% a year earlier.

Key energy markets experienced significant turmoil in the first half of 2020, driven by the cancellation of the OPEC+ deal and travel restrictions amid the spread of the coronavirus. Despite the market recovery in the second half of the year, the average price of Brent crude oil fell by 35.2% year-on-year in 2020 to USD 41.70 per barrel. The prices of naphtha and liquefied petroleum gas (LPG), which declined to historic lows in April 2020, had decreased by an average of 20% by the end of the year.

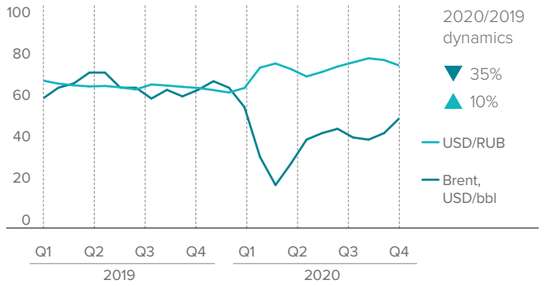
The fall in demand for polymers in the automotive industry, construction and a number of other sectors, as well as the launch of new capacities, led to a drop in prices for petrochemical products. At the same time, a significant increase in the consumption of synthetic materials was observed in the packaging, medical devices and nonwoven materials segments.

ANNUAL GDP GROWTH RATES, %

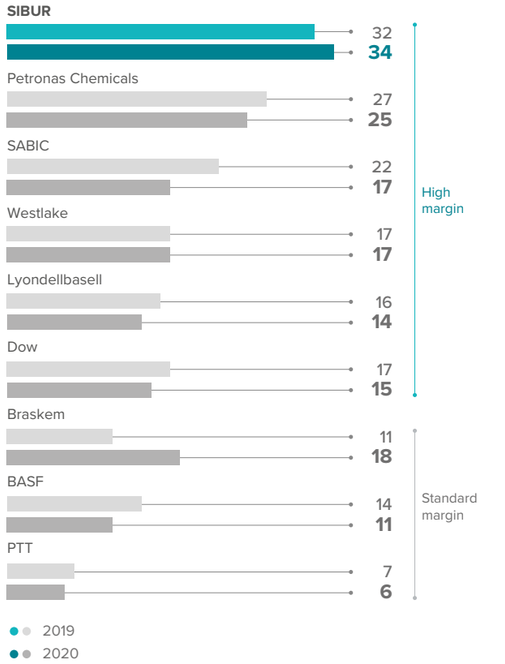


The average ruble exchange rate against the US dollar and the euro decreased by 10.3% and 12.1% year-on-year, respectively, which positively influenced the Company's ruble-denominated revenues and cash flows.

OIL PRICE AND RUBLE EXCHANGE RATE



CHANGES IN EBITDA MARGIN AMONG SIBUR'S KEY PEERS, %



Sources: Bloomberg, Capital IQ, company data. Data from a number of companies for 2020 is based on analyst forecasts.

SIBUR SHOWS HIGH RESILIENCE TO COVID-19 PANDEMIC SHOCKS DUE TO THE QUALITY OF ITS BUSINESS MODEL

For the petrochemical industry, the COVID-19 pandemic was marked not only by high price volatility but also by unprecedented operating conditions. At the peak of the restrictive measures related to the spread of COVID-19, there were disruptions in supply chains and in deliveries to European and Asian markets. A number of large consumers temporarily suspended production. SIBUR's uninterrupted operation during this period, as well as throughout the entire pandemic, confirmed the quality of the Company's operating processes, the sustainability of its business model and the soundness of its strategy to expand its petrochemical business. SIBUR achieved robust operating and financial results and was one of the few companies in the sector to increase its EBITDA and EBITDA margin. In terms of EBITDA margin, SIBUR remains the leader among its largest peers.

Petrochemicals

Structural Impact of the COVID-19 Pandemic on Global Polymer Demand[1]

TYPE OF IMPACT	SECTOR	IMPACT OF THE CRISIS
Structural decrease in demand	◆ Automotive industry	Significant decline in demand: ◆ down 22% in 2020; ◆ recovery to 2019 levels in 2023 at the earliest
Temporary decrease in demand	◆ Textile industry ◆ Construction	◆ Significant decrease in demand: the main factor was the closure of stores ◆ Significant decrease in demand: the suspension and closure of construction projects
Supply chain disruptions	◆ Electronics ◆ Medicine (pharmaceuticals)	◆ Neutral net effect on demand: supply chain problems but a rapid recovery in demand ◆ Increase in drug purchases, creation of local supply chains
Structural demand growth	◆ Hygiene products and household cleaning products ◆ Medicine (healthcare)	◆ Increase in demand for personal protective equipment ◆ Increase in demand for test kits, scrubs, etc.
Temporary growth in demand	◆ Food products ◆ Agriculture	◆ Increase in demand of 20% for packaged food products ◆ Neutral overall impact on demand: no significant lasting impact

[1] Estimates by IHS Markit and SIBUR.

Impact of the Pandemic on Global Demand for Basic Polymer Products[1]

ETHYLENE

Increased demand for health and hygiene products and food packaging supported demand for HDPE and LLDPE. Demand for other ethylene derivatives decreased.

PROPYLENE/ POLYPROPYLENE

Demand growth for propylene slowed to 0.9% in 2020 from a CAGR[2] of 3.9% in 2015–2019. The drop in demand in the durable goods segment (e.g., cars and component parts) was partially offset by the increase in demand for nonwoven materials (packaging and medical supplies), which contributed to the expansion of PP consumption.

BOPP FILMS

About 60% of BOPP is consumed in the flexible food packaging segment, the demand for which was especially strong on the back of increased activity on the part of food consumers during lockdowns.

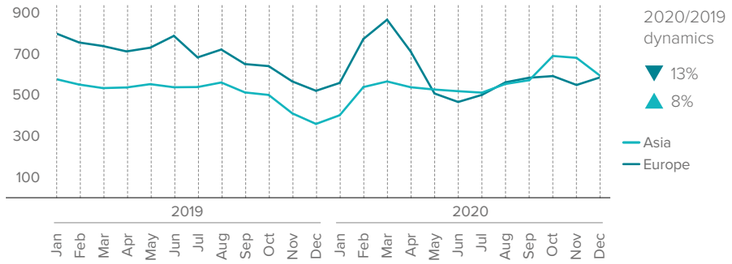
PET

Lockdowns in various countries increased the demand for PET for large bottles sold in supermarkets. This growth was offset by decreased demand for small beverage packaging due to lower travel volumes.

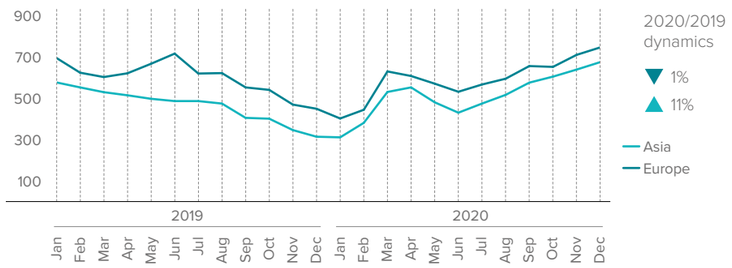
Olefins & Polyolefins

In the first half of 2020, demand for chemical products decreased in the automotive, construction and consumer goods segments, which was partially offset by growth in the medical, hygiene and food packaging segments.[3] Since May 2020, there has been a partial recovery in demand driven by a rebound in economic activity and lower inventories. In Q4 2020, polyethylene (PE) and polypropylene (PP) spreads continued to rise as customers replenished inventories, and demand increased for packaging for e-commerce and the FMCG sector as a whole. The increase in PP prices was due to refineries' demand for polymers starting to recover in Q3 2020, as well as to demand recovering rapidly in Asian markets, which began to relax quarantine measures much earlier. In Russia, the substitution of PP and PE imports with products manufactured at ZapSibNeftekhim continued throughout the year. The domestic market price rises were contained to some extent by the increase in supply following the launch of ZapSibNeftekhim and the supply growth of this product to the domestic market.

POLYPROPYLENE–NAPHTHA SPREADS, USD/ton



POLYETHYLENE–NAPHTHA SPREADS, USD/ton



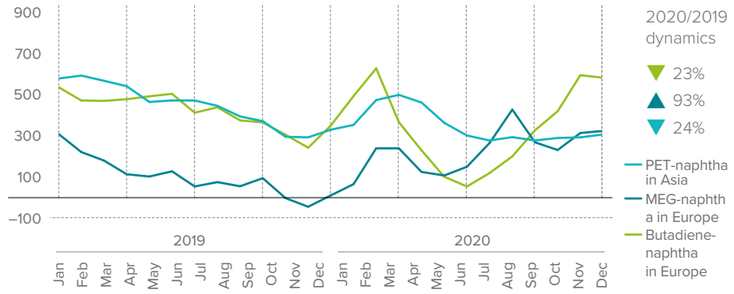
Plastics, Elastomers & Intermediates

In the PET segment, there was strong demand for materials from the medical, pharmaceutical and food sectors. Spreads were under pressure throughout the year from increased capacity in China amid falling commodity prices.

In the elastomers segment, a sharp decline in butadiene prices and the butadiene–naphtha spread narrowing at the beginning of the year were driven by lower energy prices and the shutdown of tire manufacturers amid the pandemic. In the second half of 2020, disruptions in the supply of natural rubber and shutdowns in Asia contributed to a rebound in butadiene prices amid growing demand from the automotive and medical segments in Asian markets.

The supply–demand balance for MEG in the first half of the year was supported by a reduction in supplies from the Middle East and the United States, as well as stable consumption in the main markets. The narrowing of the MEG–naphtha spread at the end of the year was due to an increase in MEG supplies amid a recovery in US and Middle East production and the commissioning of new MEG production facilities in the United States and China in 2020.

MAIN PE– AND PP–NAPHTHA SPREADS, USD/ton



Midstream

From March 2020, there was a sharp decrease in oil prices. LPG and naphtha prices declined year-on-year by 16% and 30%, respectively, following the price of oil and demand for refined products. In May 2020, after the relaxation of restrictions, demand and prices for LPG and naphtha began to recover.

MIDSTREAM SEGMENT PRODUCTS, USD/ton

1 Estimates by IHS Markit and SIBUR.
2 Compound annual growth rate.
3 See 🕮 **"Countering COVID-19 and the Contribution of SIBUR Products to Fighting the Pandemic"** for more information on the rising demand for polymers during the pandemic.

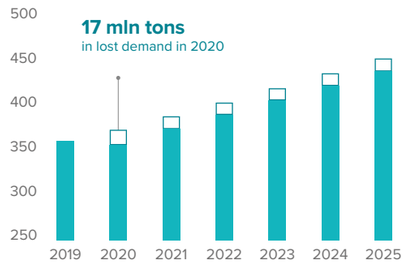
Polymers Market: Long-Term Supply and Demand Forecast

The COVID-19 pandemic led to a significant slowdown in demand growth for polymers—estimated at 16.9 million tons in 2020 and 86 million tons in 2020–2025. This factor had a significant impact on international prices for polymer products in 2020.

At the same time, amid the global economic recovery, the increase in demand for polymers will be long-term. IHS Markit expects global GDP growth of 4.4% in 2021 and an average of 3.1% until 2030, driven by a decrease in the impact of the pandemic and unprecedented government stimulus measures.

State regulation of the sale of polymers and the possibility of using various types of plastics in certain sectors of the economy will further influence the dynamics and structure of demand for petrochemical products.

GLOBAL DEMAND FOR POLYMERS, mln tons



A drop in demand usually creates considerable downward pressure on prices

Sources: IHS Markit, BCG

Growth Forecast for Polymer Supply and Demand to 2030[1]

GLOBAL DEMAND: FORECAST TO 2030 | **RUSSIA: DEMAND FORECAST TO 2030** | **GLOBAL CAPACITIES**

Ethylene

CAGR[2] at 3.2% mainly due to production of polyethylene, the share of which in ethylene derivatives will increase	Total demand in 2020 reached 4.1 million tons. The expected CAGR is 10% and will be supported by growth in PE capacities	Capacities in 2020: 194.1 million tons; forecast by 2030: 263.8 million tons (CAGR 3.1%). New capacities are expected mainly in regions with high levels of ethane availability (North America / Middle East) and high demand (China, India, Northeast Asia)

Propylene

The expected CAGR (3.5%) is driven by increased demand for PP due to its price advantages as well as its variety of applications in the thermoplastics industry	In 2020, demand grew by 11.8%, driven by the launch of PP capacities at ZapSibNeftekhim. Demand is expected to increase at a CAGR of 7.1%, driven by higher PP production for export	Capacities in 2020: ≈150 million tons; forecast by 2030: 205.8 million tons (CAGR 3.2%)

PE

The global PE demand CAGR is expected to be 3.7%, exceeding global GDP growth expectations, due partly to increased demand from the packaging and medical devices segments	Demand in 2020 totaled 2.3 million tons, and the demand CAGR in Russia is expected to be 2.9%. The Russian PE market has been transformed significantly by the launch of ZapSibNeftekhim; Russia has become a net exporter of HDPE and significantly reduced its dependence on LLDPE imports	PE capacity in 2020: 126 million tons; forecast for 2030: 180 million tons (CAGR 3.6%)

PP

The global PP demand CAGR is expected to be 4.1%, exceeding expected global GDP growth, due in part to rising demand for finished goods in emerging economies	Total demand in 2020 reached 1.4 million tons; CAGR to 2030 is expected at 3.4% (up to 1.9 million tons), while net exports may reach 2.3 million tons by 2030, due in part to the launch of the Amur Gas Chemical Complex (GCC)	Capacities in 2020: 90.3 million tons; forecast by 2030: 138.2 million tons (CAGR 4.3%)

BOPP films

Demand expected to rise at a CAGR of 4.1%%	Projected CAGR of 4.6% to 2030, less than the rate of capacity increase. Russia will remain a net exporter of BOPP	Capacities in 2020: 13.4 million tons; forecast by 2030: 18.9 million tons (CAGR 3.5%)

PET[1]

Demand is expected to grow 10% faster than global GDP, or at a rate of about 3.4%, driven by markets in Asia and Africa. The increase in PET recycling will facilitate the collection of more than 45% of virgin PET	Demand in 2020 was 0.7 million tons. Russia imports small volumes of PET mainly from China. Forecast CAGR of 1.8% as PET consumption increases from 4.5 kilograms per capita in 2020 to 5.5 kilograms by 2030	Capacities in 2020: 31.5 million tons; forecast by 2030: 39 million tons (CAGR 2.2%) Capacity utilization is expected to remain below 72% to 2025 and then to gradually increase to 78% by 2030

[1] According to IHS Markit.
[2] CAGR given hereinafter for 2020–2030.

[1] Data for PET for bottles.

GROWTH STRATEGY AND INVESTMENTS

"Today SIBUR is moving from the strategic goal of strengthening its leadership in the Russian market toward a new goal—to become one of the leaders in the global petrochemical industry while remaining committed to the principles of sustainability. We are moving toward this goal by constantly transforming the Company and carrying out major growth projects.

"Since 2021, our team and our shareholders have been working on a project to merge the businesses of SIBUR and TAIF Group, which will determine the course of the Company's development in the coming years and change the face of the entire Russian petrochemical industry. We see an opportunity to create, in a very short time, one of the five leading producers of polymers and rubbers in the world by taking advantage of the unique competencies and strengths of both businesses.

"A key organic growth project for us is the construction of the Amur Gas Chemical Complex, with a capacity of 2.7 million tons of product per year, which will become the largest integrated polymer production facility in the world and will set global standards for clean, efficient production.

"The expansion of our business is creating additional opportunities for us to address sustainability issues and demands that we take the integration of ESG principles into our strategy to a new level. And while our key strategic directions remain largely unchanged, we are consistently introducing into our investment process approaches based on the principles of the sustainability of our product portfolio, responsible investment, low-carbon production and operational efficiency."

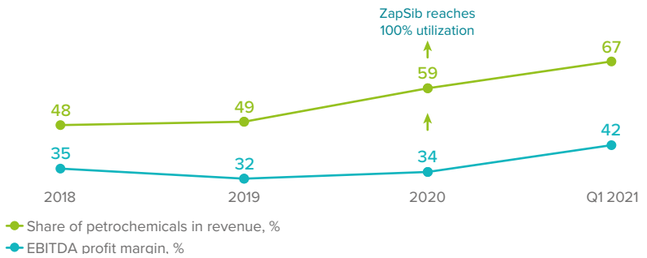
Dmitry KONOV
Chairman of the Management Board of SIBUR Holding

MATERIAL TOPIC:
- Development strategy, investment projects and responsible financing

Over the past five years, SIBUR has undergone a profound transformation of its business that has involved reinforcement of the integration of midstream infrastructure and petrochemical production as well as a significant increase in the share of petrochemical products in the structure of the Group's key metrics. After ZapSibNeftekhim was launched and ramped up to full capacity in 2020, SIBUR's total polyolefin production capacity tripled (increasing by 2 million tons of polypropylene and polyethylene) compared with 2019, and the petrochemical segments[1] accounted for 67%[2] of the Company's revenue, up from to 59% in 2020 and 49% in 2019.

SIBUR's robust performance at a time of significant volatility in the prices of oil and energy products in recent years confirms that the Company's strategic wager on the development of petrochemicals has proved to be correct: by expanding high-added-value production, the Company was able to greatly reduce its sensitivity to downturns in commodity markets and achieve higher and stable operating profits.

CHANGE IN THE SHARE OF PETROCHEMICAL SEGMENTS[3] IN REVENUE AND EBITDA MARGIN



In tandem with the transformation of its business over recent years, SIBUR has created a number of important competitive advantages, the most important of which are the following:[4]
- leading positions in the petrochemical industry with a focus on fast-growing markets;
- low costs and reliable access to feedstocks;
- a balanced business model with sustainable financial results at all stages of the market cycle;
- promising investment projects supported by a favorable regulatory environment;
- a strong management and shareholder team successfully creating value for all stakeholders.

In the context of our strategic development, we strive to maximize these benefits by scaling up our business, increasing the share of high-value-added petrochemical products in production, improving business performance metrics as well as integrating ESG factors into all business processes, including planning, investment decisions and product development.

THE FOLLOWING ARE SIBUR'S KEY STRATEGIC DIRECTIONS:

1 **Expansion of the production base** in the Olefins & Polyolefins and Plastics, Elastomers & Intermediates segments based on both the existing feedstock balance in the Midstream segment and new sources committed on the basis of long-term partnership and cooperation;

2 **Further improvement of operational efficiency** in order to harness our advantages in terms of production and other costs, reduce business risks and ensure long-term business sustainability by introducing best international practices;

3 **Improvement of our customer focus** through, among other things, the development of our value proposition and the introduction of a comprehensive approach to customer needs;

4 **Continuation of our digital transformation** in order to improve the efficiency of our production and business processes with the use of advanced technologies;

5 **Focus on a sustainable future** through the integration of circular-economy principles into all aspects of the Company's operations, the development of a sustainable product portfolio and minimization of the impact of our business on the environment.

Organic Growth Projects

OLEFINS & POLYOLEFINS | **PLASTICS, ELASTOMERS & INTERMEDIATES** | **MIDSTREAM**

1. Expansion of the main production base

- Further increase in capacity and business expansion in the most profitable segment
- Launch of new projects depending on the needs in local and global markets
- Projects with low capital needs based on our experience in the construction of petrochemical facilities
- Increase in the volume of liquid hydrocarbon feedstock supplied by gas companies thanks to the expansion of the gas condensate base in the region

AMUR GCC | **TEP** | **MAN** | **PET**

2. Continuous improvement of operational efficiency based on management action plan 2025 (map-2025)

New projects | Sales | Sustainable development | Organizational development | Asset management and development

3. Focus on a sustainable future

Development based on circular-economy principles | Minimizing the impact on the environment and climate | Ecosystem approach to sustainable development | **PET**

1 "Olefins & Polyolefins" и "Plastics, Elastomers & Intermediates."
2 As of the end of Q1 2021.
3 Share of the "Olefins & Polyolefins" and "Plastics, Elastomers & Intermediates segments" in the Company's external revenue under IFRS.
4 For more details, see "Investment Case."

Merger with TAIF Group: An Opportunity to Create a Global Industry Leader

In April 2021, SIBUR took an important step toward solidifying its leadership in the global petrochemical market by agreeing with TAIF Group on the merger of their companies' petrochemical businesses with PJSC SIBUR Holding as the foundation. The merger of their businesses will maximize the potential of the petrochemical assets of both companies and create new incentives for the growth of the entire Russian petrochemical industry and for chemical non-resource exports from Russia. The increase in the scale of the combined business will also lead to the creation of new jobs and expand opportunities to address sustainability and environmental issues both at the national level and in every region where SIBUR and TAIF Group operate.

After the completion of all ongoing investment projects, the merged company could become a top-five global leader in the production of polyolefins and rubbers.

TAIF GROUP

Founded in August 1995, TAIF Group is the largest nonpublicly traded group in Russia. The key areas of the Group's operations are oil and gas processing, chemicals and petrochemicals, energy development and investment. TAIF Group companies focusing on chemicals and petrochemicals produce 581 products, including large-scale production of synthetic rubbers, various grades and types of polyethylene, polypropylene, polycarbonate and styrene plastics. As of the end of 2020, TAIF Group was responsible for 64% of all the rubber and 28% of all the plastic produced in Russia. At the same time, TAIF is the only Russian producer of polycarbonates, ethylene-vinyl acetate copolymer and a number of other popular types of polymer products.

Feasibility and Strategic Importance of the Project

The merged company will have substantial growth opportunities thanks to a considerable synergizing effect, including the combination of SIBUR's industry expertise and project experience and TAIF's developed product portfolio and large-scale investment program to 2030, which amounts to more than RUB 1.5 trillion.

RUB 1.5 TRILLION

TAIF Group's planned investments to 2030

DEAL WITH TAIF: OPPORTUNITIES AND BENEFITS OF THE MERGER

Diversification of the feedstock base and optimization of the distribution and logistics systems	◆ Efficient distribution of the supply stream for full capacity utilization and further growth of the petrochemical cluster in Tatarstan; ◆ Elimination of duplicate functions and the use of best practices in distribution and logistics
Increase in revenue and free cash flow	◆ Advantageous business scaling as a result of the consolidation of petrochemical assets and the realization of a synergizing effect
Joint implementation of investment projects	◆ Continuation and acceleration of the implementation of TAIF's investment projects in the context of its current program and the implementation of additional investment projects; ◆ Using SIBUR's design expertise to improve the efficiency of the merged company's capital expenditures
Increased resilience to market fluctuations	◆ Maximizing the structural benefits of integrating midstream and petrochemical businesses through economies of scale; ◆ Consolidating leadership in key market segments in Russian and global markets
Expanded product portfolio	◆ Mutual additions to SIBUR's and TAIF's lines of polymeric and elastomeric products

Expansion of the Main Production Base: Amur GCC

In 2020, SIBUR launched its key investment project: the construction of the Amur Gas Chemical Complex (Amur GCC), which will become the world's largest integrated producer of polyolefins, with a capacity of up to 2.7 million tons per year. Petrochemical production will be based on new stable feedstock sources—ethane and LPG—which will be supplied to the Amur GCC from Gazprom's Amur Gas Processing Plant (Amur GPP). The project, unique in scale, will become a new growth driver for SIBUR's petrochemical segment and for the entire petrochemical industry in Russia, as well as the economy of the Far East region.

Feasibility and Strategic Importance of the Project

The Amur GCC project will create opportunities for the effective monetization of LPG and ethane in the Amur Region and provide SIBUR with access to new feedstock sources through the large-scale infrastructure of the Power of Siberia gas pipeline and the Amur GPP. The facility is set up to process ethane fraction and LPG into 2.3 million tons of polyethylene and 400 thousand tons of polypropylene per year. Thus, the project will play a major role in the implementation of the national program for the development of Russia's non-resource exports: the total increase in exports of high-value-added goods as a result of the launch of the Amur GCC could amount to as much as RUB 4.6 trillion by 2040.

The increase in Russian non-resource exports as a result of the launch of the Amur GCC could reach

4.6 TRILLION

by 2040

GAZPROM'S AMUR GAS PROCESSING PLANT

The Amur GPP's nameplate processing capacity will be 42 billion cubic meters per year, which will make it one of the world's largest natural-gas processing facilities. According to Gazprom, the project was more than 70% complete by the end of 2020; in 2021, the company is going to launch two of the plant's processing lines—the first was launched in June 2021. The Amur GPP will reach its full design capacity starting in 2025.

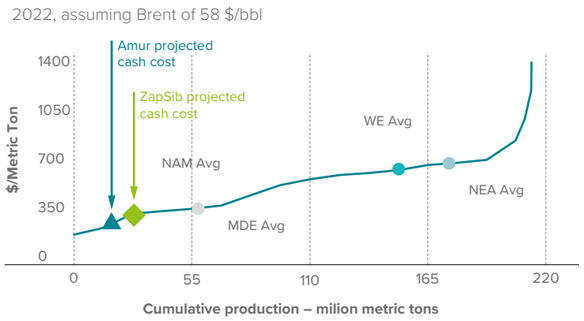
In June 2021, SIBUR and Gazprom agreed on the joint use of some of the Amur GPP and Amur GCC infrastructure required for the construction of both production facilities, specifically a temporary riverside dock, access roads and transport sites. The joint operation of the infrastructure will optimize the logistics of the projects and redistribute cargo flows, eliminating downtime and associated costs as well as reducing the environmental impact of the construction phase.

The Amur GCC's products will be represented by a wide range of brands and will target Asian markets, primarily the fast-growing Chinese market.

Structural Advantages

SIBUR and Gazprom have signed long-term agreements on the annual supply of a total volume of 3.5 million tons of ethane and LPG. The Group expects that, with the affordability of feedstocks and favorable regulatory conditions in addition to the current negative excise tax rates for ethane and LPG, the Amur GCC will be in the first quartile of the global cost curve for petrochemical production.

AMUR GCC'S POSITIONING ON THE COST CURVE



MDE – Middle East, NAM – North America, NEA – Northeast Asia, WE – Western Europe

Investment, Financing and Project Implementation

The Amur GCC project is being developed as a joint venture between SIBUR and the China Petroleum & Chemical Corporation (Sinopec), a leading energy and chemicals company in China. SIBUR and Sinopec have stakes of 60% and 40%, respectively, in the joint venture. Thanks to the Company's efforts to optimize its capital expenditures, the budget for the project, which was previously estimated at USD 10.7 billion, has been reduced to USD 9.8 billion. SIBUR and Sinopec expect to share the cost of financing the project in proportion to their stakes. The Group plans to use various sources of financing for the project, including project financing and funds raised through export credit agencies and other financial institutions in Russia, China, the United States and Europe.

The Amur GCC will use innovative technologies from the world's leading suppliers and licensors, guaranteeing excellent productivity, environmental safety and energy efficiency. Linde AG as part of a consortium with NIPIGAZ will carry out the design and construction of the cracker unit. Chevron Phillips and Univation Technologies will act as licensors for the PE unit, and Tecnimont/Sinopec will provide extended basic design services for both units. LyondellBasell has been selected as the licensor for the PP unit. The licensor of the linear alpha-olefins plant is Axens.

At the same time, the project involves the use of—up to 100%—Russian building materials, components and equipment for a whole range of items at sites that do not anticipate the purchase of tailor-made licensed equipment, as well as our own production of concrete and reinforced concrete structures.

The Amur GCC project is being carried out on an area covering 325 hectares and entails an unprecedented volume of construction. Construction works on the site began in August 2020 following the receipt of a construction permit. Between May and July 2021, a logistics operation was conducted for the delivery of the largest equipment for the Amur GCC—a cracking gas water wash column, designed for the cracker unit, weighing 1,540 tons.

UNPRECEDENTED CONSTRUCTION VOLUME

Discipline	Units	Amur Gas Processing Plant	ZapSib-Neftekhim	Amur Gas Chemical Complex
Piling	ths pcs.	115.5	103.0	130.1
Cast-in-place concrete	ths m^3	521.7	419.0	575.6
Pipeline assembly	ths t	117.7	56.0	52.4
Erection of structural steel	ths t	195.3	146.0	140.3
Laying of electric cables	ths km	7.4	8.5	9.3
Laying of instrument cables	ths km	8.2	7.2	9.6

The construction schedule for the Amur GCC is synchronized with the gradual ramp-up to full capacity of the Amur GPP. According to the established schedule, the mechanical availability of the Amur GCC is expected in May 2024.

Compliance with Leading Sustainability Standards

The Amur GCC will set global standards for environmental friendliness and technology. A Sustainable Development Committee was established under the Board of Directors of the Amur GCC, the main purpose of which is to analyze and submit recommendations to the Board of Directors on issues related to setting strategic sustainability goals for the facility. The Committee is involved in setting goals for the Amur GCC in the area of sustainability and the promotion of ethical, transparent and responsible business conduct, and it also monitors the integrity of the overall approach to sustainability.

The Amur Region has excellent potential in terms of renewable energy, which will have a positive impact on the project's environmental dimension. In addition, the Amur GCC plans to introduce a closed-loop water circulation system, to install a smokeless flare stack at off-site utilities and to implement a number of initiatives to reduce greenhouse gas emissions and minimize waste sent for underground disposal.

During the construction and operation of the complex, a regular environmental audit will be carried out with the involvement of an independent auditor in the form of one of the global leaders in environmental consulting. The production site will establish an environmental monitoring system that will cover air quality, noise levels, the quality of the water supply and wastewater disposal. In the context of environmental monitoring, the condition of aquatic and biological resources, vegetation cover and fauna in the vicinity of the site will also be monitored.

DIGITAL CHEMISTRY

The Amur GCC project is being implemented in accordance with the digital chemistry concept, which entails the use of digital technologies at all stages of construction and production, which will ensure the safety and efficiency of project implementation. The Amur GCC will establish new standards in terms of the development of the digital environment in the petrochemical industry through the use of a number of the latest tools and solutions, such as:

- **Advanced analytics.** The use of big data in production and business processes, including for predictive maintenance of equipment and increasing the efficiency of resource management.
- **Mobile applications.** Using mobile technologies to identify equipment defects at an early stage and to improve the performance of equipment inspectors.
- **Industry 4.0.** Introducing cyber-physical systems, robotization, drones and the industrial Internet of things.
- **Automated decision-making and remote control.** Optimizing processes and control of operational parameters and equipment.

Driving the Transformation of the Far East

As one of the largest investment projects in Russia, the Amur GCC will facilitate the further transformation of the Far East into a technologically advanced region. The construction and launch of the complex will have a positive impact on the development of related industries, including the supply of equipment and materials, transport, services and product processing. The creation of a large-scale production facility in the region will also stimulate the development of local infrastructure and the construction of residential real estate.

Up to a thousand new jobs will be created in the Amur Region at the Amur GCC alone. The launch of the project will make the region more attractive to talented and highly qualified specialists. In addition, SIBUR will extend its Formula of Good Deeds corporate social investment program to the region, covering urban development, education, science, environmental protection and a number of other important social areas.

Expansion of the Main Production Base: Plastics and Elastomers

Plastics, Elastomers & Intermediates is one of the key segments in our value chain. SIBUR's strategic priorities in this segment are to expand its product range to meet the demand for advanced petrochemical solutions, as well as to create new sustainable products that are in line with circular-economy principles.

Growth of the Plastics, Elastomers & Intermediates segment is the result of individual projects that do not require significant capital investments and is backed by our experience in building efficient, state-of-the-art petrochemical plants. Our key areas for expansion in 2021 and in the medium term are thermoplastic elastomers (TPE), maleic anhydride (MAN) and the green PET granules project at Polief.

Expansion of TPE Production in Voronezh

Voronezhsintezkauchuk (a SIBUR subsidiary) implemented a project to increase its thermoplastic elastomer (TPE) production capacity from 85 thousand to 135 thousand tons per year. In April 2020, the site produced the first 3 thousand tons of test product on a new TPE production line.

TPE is a polymeric material that can significantly improve the quality of products in the road construction, roofing, footwear and other industries. The new capacity is also geared towards meeting demand in specialty segments such as compounds and adhesives.

Construction of a MAN Production Facility at the Tobolsk Cluster

SIBUR continues construction, which began in 2019, of Russia's first MAN plant at the Tobolsk petrochemical cluster. The new production facility will have a design capacity of 45 thousand tons per year. The launch of the production site will provide opportunities for MAN import substitution in the Russian market as well as export supplies to markets in Europe and Turkey. MAN is a multifunctional organic compound that is used in construction, agriculture, automobile manufacturing, the production of paints and varnishes, furniture and many other industries. The use of MAN makes it possible to manufacture products with a high degree of strength as well as resistance to moisture, sudden changes in temperature and mechanical stress.

Compliance with Best Operational Efficiency Standards

SIBUR's strategic focus is to continuously improve efficiency and optimize key business and management processes in order to harness its advantages in terms of production and other costs, reduce business risks and ensure long-term business sustainability. The Group has developed a Management Action Plan ("Development Plan" or "MAP2025") that outlines a target vision for its development until 2025 in five key areas. One of the key goals for the implementation of the MAP2025 is for SIBUR's key assets to make it into the first quartile of global peers in terms of productivity.

AREA	KEY PRIORITIES
New projects	**Generation and implementation of ideas to ensure SIBUR's further growth** ◆ enhancing the involvement of employees in the generation and implementation of ideas and projects; ◆ increased internal competition for capital and resource concentration for projects with the most potential; ◆ an investment process focused on maintaining an optimal balance of risk and efficiency
Sales	**Customer-centricity is a key development priority** ◆ development of new products and services, taking into account the specifics and needs of customers; ◆ focus on increased consumption, the development of markets for end products and digital marketing; ◆ use of advanced pricing tools; ◆ developing service standards, aligning processes and a value proposition based on customer feedback
Sustainability	◆ a course on ESG leadership in Russia and compliance with best international practices and standards; ◆ sustainability of the product portfolio, reduced greenhouse gas emissions and environmental impact; ◆ adherence to ethical principles and compliance requirements, partnerships with regions where the Company operates, best practices in personnel management and occupational health and safety; ◆ compliance with best global corporate governance practices
Organizational development	◆ achieving efficiency by unlocking the potential of every employee; ◆ support for the Company's transformation from production to industrial—positions with a higher level of expertise and competencies, as well as new professions; ◆ digital HR; ◆ developing staff engagement in line with Company values
Asset management and development	◆ successful asset structuring and management; ◆ improving the efficiency and productivity of key assets (percentage of losses, energy development, technology, personnel); ◆ reliable equipment—reduction of lost profit margin to zero at reasonable cost and effort; ◆ environmental friendliness of operations and minimization of environmental impact; ◆ digitalization of production

New Operating Model

In 2020, SIBUR's latest step toward leadership in overall operational efficiency was its project to introduce a new operating model (NOM). The project is aimed at supporting the implementation of the goals outlined in the Development Plan to 2025 and includes an update to the organizational model for enterprise management, business processes and the authority system, as well as developing employees' competencies and the corporate culture. The Company expects the introduction of the NOM to result in optimized and improved efficiency in terms of key processes, faster decision-making, as well as more effective integration of ESG principles at the level of production sites. Based on the results of NOM pilot initiatives at individual SIBUR production sites, a decrease was noted in the average time for project implementation and for the fine-tuning of development ideas. In 2021, the Company plans to transform its operating model in accordance with NOM principles at all key production sites.

Focus on a Sustainable Future

GRI 301-2, 301-3

As part of the course on compliance with best global sustainability practices, the Group is focusing on creating a sustainable product portfolio, promoting the principles of a circular economy and reducing its environmental and climate impact throughout the value chain.

In 2020, SIBUR launched its first major circular-economy project: the creation of a production facility for PET granules containing recycled materials at its Polief site. In the context of the project, the Company expects to incorporate into the production cycle about 34 thousand tons of recycled materials annually starting from 2022. The Company is also working on the development of new grades of polymers containing recycled polymeric waste,[1] and aims to develop a range of grades with up to 50% recycled materials in the medium term.

If all projects involving the processing of polymeric waste that are now in SIBUR's portfolio are implemented, the Company will be able to incorporate more than 200 thousand tons of recycled materials into production annually by 2030.

SIBUR will be able to incorporate

>200 THOUSAND TONS

by 2030

In addition, among the Company's main strategic priorities is the development of an ecosystem approach to sustainability, which entails the development of green solutions for the Group's customers, the facilitation of increased demand for products that comply with circular-economy principles, as well as the introduction of best management standards and the integration of ESG principles into all aspects of SIBUR's activities.

Evaluation of Investment Ideas

The Business Development function is responsible for structuring the processes involved in generating investment ideas and filling out the Company's portfolio of investment projects. The function generates investment ideas and develops the most promising ones. This ensures the movement of ideas throughout the investment process, from feasibility study to the implementation stage. To make a decision on the development of an investment idea, a scoring system is used that includes a group of sustainability criteria (renewability of feedstocks, recyclability of the end product, and absolute and specific volumes of greenhouse gas emissions). These indicators make it possible to assess the future impact of the project on the sustainability targets of both the production site and SIBUR as a whole.

This approach to project development takes a cluster structure. Every project includes its own production chains, product groups, geography as well as the necessary array of cross-functional competencies. The process is structured around two new clusters: Secondary Polymers, aimed at developing ideas related to processing polymeric waste and incorporating it into the cycle, and Bio, which develops new projects related to the use of renewable sources of raw materials. At the end of 2020, four investment projects related to the production of recycled PET and polyolefins were at the development stage in the Secondary Polymers cluster. In the Bio cluster, two large projects for the production of polymers based on plant resources and the production of organic products were undergoing a feasibility study.

In 2019, SIBUR introduced an instrument for accelerating a large number of investment ideas at an early stage—the Mendeleev Sprint. Ideas can be developed at an accelerated pace thanks to the participation of staff from various functions in projects. They develop and test hypotheses about the optimal configuration of an investment project, analyze the market and communicate with consumers, licensors and potential partners. Within the framework of the Mendeleev Sprint, 17 investment ideas were considered in 2020, including a product that ensures negative CO_2 emissions. For a number of projects in small- and medium-scale chemistry, a decision was made to move from the preliminary assessment stage to the R&D and feasibility-study stages.

TAKING SUSTAINABILITY PRINCIPLES INTO ACCOUNT IN INVESTMENT PROJECTS

As part of the investment process, each project receives a final report from the Sustainable Development and Occupational Health, Safety and Environment functions, in which, in addition to the impact of the project on target strategic indicators concerning the Company's sustainable development, the risks and opportunities that the project will create in terms of the Company's image and reputation, fulfillment of SIBUR's obligations in the framework of the UN Global Compact, the cost of financing and a number of other factors are also assessed. For every investment project, the indicative impact of greenhouse gas emissions on the economic performance of the project is also estimated at the presumptive carbon tax rates.

[1] For more details, see "Sustainable Product Portfolio."

OPERATIONAL AND FINANCIAL PERFORMANCE RESULTS

Operational Results

Despite a decrease in supply of associated petroleum gas (APG) from oil companies in the wake of the OPEC+ agreement, feedstock supply remained stable. In 2020, SIBUR's gas processing plants processed 21.2 billion cubic meters of APG, down 6.2% year-on-year. At the same time, raw NGL fractionation volumes remained nearly unchanged from 2019 at 7.8 million tons. LPG sales decreased by 34.7% to 3.4 million tons due to an increase in internal consumption as ZapSibNeftekhim reached its design capacity.

MATERIAL TOPIC:
- Operational and Financial Performance Results
- Business Model
- Value chain

"SIBUR's 2020 results confirmed the quality of its strategy as well as the flexibility of its business model, which ensures a high level of resilience to volatility in commodity markets. Despite the unprecedented decrease in prices for energy products in 2020 and the negative impact of the COVID-19 pandemic on polymer and energy markets, the Company demonstrated stable revenue for the year, which amounted to RUB 523 billion, and also increased EBITDA by 5.4% (to RUB 179 billion). EBITDA margin increased to 34.3%, which enabled SIBUR to remain the leader in this metric among publicly traded peers in the global petrochemical industry."

Peter O'BRIEN
Chief Financial Officer and member of the Management Board of LLC SIBUR

PROCESSING AND PRODUCTION VOLUMES, thousand tons

	Year ended 31 December		Change, %
	2020	**2019**	
APG processing, SIBUR's share[1] ((million cubic meters)	**21,225**	22,617	(6.2)
NGL purchasing	**4,455**	3,965	12.4
Raw NGL fractionation,[2] SIBUR's share	**7,773**	7,739	0.4
Sales volumes			
Petrochemical products	**5,149**	3,767	36.7
Including:			
◆ Polyethylene (PE)	1,311	261	402.3
◆ Polypropylene (PP)	1,118	737	51.7
◆ Plastics and organic synthesis products	812	793	2.4
◆ Elastomers	431	529	(18.5)
◆ Intermediates and other chemicals	751	542	38.6
Midstream products			
Including:			
◆ Natural gas (million cubic meters)	17,583	18,817	(6.6)
◆ LPG	3,362	5,145	(34.7)
◆ Naphtha	975	1,172	(16.8)

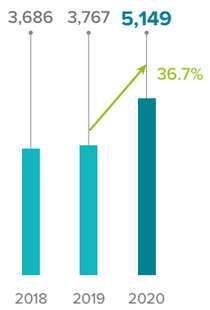
[1] Excluding third-party volumes processed at SIBUR's capacities.
[2] Including volumes processed at third-party capacities and excluding third-party volumes processed at SIBUR's capacities..

SIBUR increased sales of most of its petrochemical products compared with 2019. As a result of the launch of ZapSibNeftekhim, polypropylene sales increased by 51.7% to 1.1 million tons, and polyethylene sales increased fivefold to 1.3 million tons. Sales of plastics and organic synthesis products increased by 2.4% and amounted to 812 thousand tons. Sales of elastomers decreased by 18.5% to 431 thousand tons following the sale of assets in Togliatti in November 2019. The decrease was partially offset by higher sales of TPE following the expansion of production capacity in Voronezh.

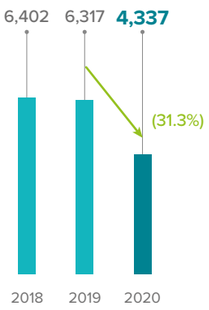
ZAPSIBNEFTEKHIM TRIPLES SIBUR'S CAPACITY FOR HE RODUCTION OF BASIC POLYMERS

In 2020, SIBUR ramped up ZapSibNeftekhim's output to full capacity. As Russia's largest facility for the production of basic polymers, ZapSibNeftekhim has an annual capacity of 1.5 million tons of PE and 1 million tons of PP.[1] The facility reached its design capacity ahead of schedule and faster than the average for similar projects, which, notably, cushioned the negative impact of price dynamics for SIBUR's products on the Company's financial performance.
In 2020, ZapSibNeftekhim produced 450 thousand tons of PP (13 grades) and 1,191 thousand tons of PE (24 grades). Thanks to its high productivity and innovative equipment, ZapSibNeftekhim is capable of producing more than 60 grades of PE that are used in key sectors of the economy, including medicine and the production of essential goods. ZapSibNeftekhim's products are supplied to the Russian market, China, Turkey, Europe and the CIS.
ZapSibNeftekhim's production facilities comply with the latest environmental standards, using advanced technologies for dust and gas scrubbing, water treatment and waste management, as well as a closed-loop water circulation system.

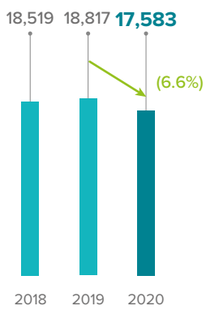
PETROCHEMICAL PRODUCTS SALES, thousand tonnes



LPG AND NAPHTHA SALES, thousand tonnes



NATURAL GAS SALES, million cubic metres



[1] Including existing capacities in Tobolsk and newly added ZapSib capacities.

Financial Performance Results

GRI 102-7

In 2020, revenue decreased by 1.6% year-on-year to RUB 523.0 billion, down from RUB 531.3 billion a year earlier as a result of the following dynamics across all business segments:

- Revenue in the Olefins & Polyolefins segment increased by 77.1% to RUB 187.3 billion in 2020. This growth was largely attributable to an increase in sales of polypropylene and polyethylene as a result of increased utilization at ZapSibNeftekhim and was partially offset by a decrease in selling prices.
- Revenue in the Plastics, Elastomers & Intermediates segment decreased by 20.8% to RUB 121.1 billion in 2020, mainly as a result of negative ruble pricing dynamics across all product groups as well as the sale of Togliatti-based assets in the fourth quarter of 2019.
- Midstream segment revenue decreased 28.5% to RUB 152.3 billion in 2020, mainly due to an increase in internal LPG consumption as a result of the ramp-up of the ZapSibNeftekhim project to full capacity, and also due to a decrease in selling prices of both LPG and naphtha in the first half of the year.

In 2020, operating expenses increased by 2.1% year-on-year to RUB 409.7 billion. This increase was driven mainly by a considerable increase in amortization costs and expenses associated with business expansion amid the launch of ZapSibNeftekhim, which was partially offset by a decrease in feedstock costs on the back of lower purchasing volumes and prices, as well as a decline in costs for transportation and logistics, goods for resale and other cost items on the back of the cost optimization program.

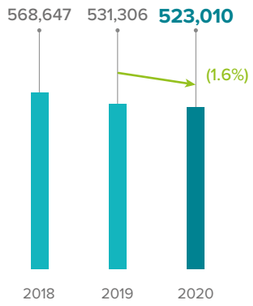
Capital expenditures decreased by 24.9% year-on-year to RUB 112.9 billion, mainly due to the completion of construction of the ZapSibNeftekhim project, as well as due to the optimization of the investment program for 2020. This factor was partially offset by an increase in expenses related to the construction of the Amur GCC.

FINANCIAL RESULTS, RUB mln

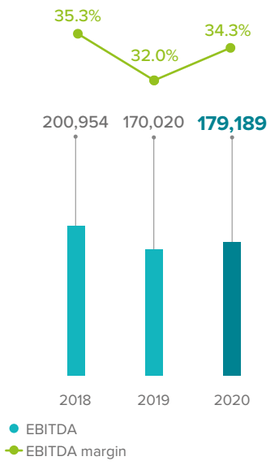
	Year ended 31 December		Change, %
	2020	**2019**	
Revenue[1]	**523,010**	531,306	(1.6)
EBITDA[2]	**179,189**	170,020	5.4
EBITDA margin, %	**34.3**	32.0	2.3 p.p.
Adj. EBITDA[3]	**187,346**	178,442	5.0
Profit for the year	**25,634**	141,367	(81.9)
Adjusted profit[4]	**93,006**	93,406	(0.4)
Net cash used in investing activities	**(101,550)**	(125,555)	(19.1)
◆ Capital expenditures[5]	(112,886)	(150,378)	(24.9)
Borrowings	As of 31 December 2020	As of 31 December 2019	Change, %
Net debt	**403,247**	362,296	11.3
◆ Including ZapSibNeftekhim-related net debt	250,513	242,906	3.1
Net debt / EBITDA	**2.3x**	2.1x	–

[1] Net of VAT and export duties.
[2] Earnings before interest, tax, depreciation and amortization.
[3] Adjusted EBITDA includes the Group's portion of EBITDA of joint ventures and associates and excludes the noncontrolling-interest portion of the EBITDA of subsidiaries.
[4] Adjusted profit equals profit for the year attributable to shareholders of the parent company adjusted for any foreign exchange gain/loss and one-off items including those resulting from disposals or acquisitions that are outside the scope of normal business activities and operations.
[5] Includes purchase of property, plant and equipment, intangible assets and other noncurrent assets.

REVENUE, RUB mln



EBITDA, RUB mln,
AND EBITDA MARGIN



GRI 201-1

ECONOMIC VALUE CREATED, RUB mln

	Stakeholder group	2018	2019	2020
Economic value created	–	573,726	581,645	**530,037**
Revenue	A wide range of stakeholders	568,647	531,306	523,010
Result of subsidiary's disposal and remeasurement of related assets		-425	1,940	339
Finance income		2,331	41,429	2,003
Share of net income of joint ventures and associates		3,173	6,970	4,685
Distributed economic value	–	447,704	452,057	**401,828**
Operating expenses (excluding depreciation and amortization, foreign exchange loss/gain, impairment provision)	Suppliers and business partners	330,608	311,431	**297,434**
◆ Including staff costs and other personnel expenses and benefits	Employees	43,171	46,340	45,846
Payments to capital providers	Shareholders and investors, financial institutions	41,591	55,179	50,020
Including:		27,126	41,524	33,460
◆ dividends paid				
◆ interest paid		13,569	13,360	15,034
◆ bank commissions		896	295	384
Social investments[1]	Local communities	858	1,217	1,142
Taxes	Governmental authorities	31,476	37,890	7,386
◆ Taxes ◆ Including taxes other than income tax		3,983	3,032	3,029
◆ Income tax expense		27,493	34,858	4,357
Retained economic value	–	126,022	129,588	**128,209**

Borrowings

As of 31 December 2020, the Company's total debt amounted to RUB 430.1 billion, an increase of 13.3% year-on-year, which was mainly attributable to the depreciation of the Russian ruble against the US dollar and euro by 10.3% and 12.1%, respectively, which resulted in a 14.7% increase in the Company's debt denominated in FX in ruble terms.

As of 31 December 2020, SIBUR's net debt had increased by 11.3% year-on-year to RUB 403.2 billion.

The net debt / EBITDA ratio as of 31 December 2020 was 2.3x in ruble terms and 2.2x in USD terms.

[1] The volume of social investments is presented taking into account investments within the framework of the Formula for Good Deeds program and SIBUR's sponsorship contracts with sports clubs in the Tyumen and Nizhny Novgorod regions, the Zenit football and basketball clubs, and others.

Results by Segments

GRI 102-7

Olefins & Polyolefins

In 2020, external revenues in the Olefins & Polyolefins segment increased by 77.1% to RUB 187.3 billion year-on-year mainly due to positive dynamics in sales of polyethylene and polypropylene, which was partially offset by a decrease in revenue from ethylene sales.

The segment's EBITDA increased by 72.1% to RUB 84.3 billion year-on-year, largely due to higher sales of polyethylene and polypropylene coupled with lower feedstock purchase prices, which was partially offset by lower selling prices.

The segment's EBITDA margin increased by 2.9 p.p. year-on-year to 39.0%. This increase was mainly attributable to the growing share of sales of special grades of polyethylene and polypropylene from ZapSibNeftekhim, which was supported by lower prices for hydrocarbon feedstocks.

The production of olefins and polyolefins increased by 89.7% year-on-year, as ZapSibNeftekhim reached its design capacity utilization rate, thanks to which the production of polyethylene and polypropylene increased by 286.3% and 36.2%, respectively. External sales of olefins and polyolefins rose 102.5% to 2.8 million tons year-on-year, while export sales increased by 223.0% and accounted for more than a half of total sales volumes.

FINANCIAL RESULTS, RUB mln

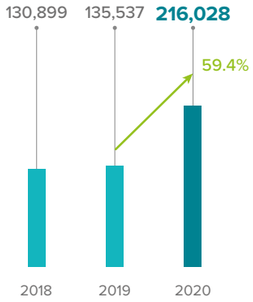
	2020	2019	Change, %
Revenue[1]	**216,028**	135,537	59.4
External revenue	**187,269**	105,717	77.1
◆ PP	79,429	57,202	38.9
◆ PE	79,846	18,588	329.6
◆ BOPP films[2]	19,033	18,336	3.8
◆ Ethylene	5,703	6,932	(17.7)
◆ Other polymers	2,431	3,509	(30.7)
◆ Other sales	827	1,150	(28.1)
EBITDA	**84,292**	48,979	72.1
EBITDA margin, %	**39.0**	36.1	2.9 p.p.
Adj. EBITDA	**95,354**	59,255	60.9

PRODUCTION, tons

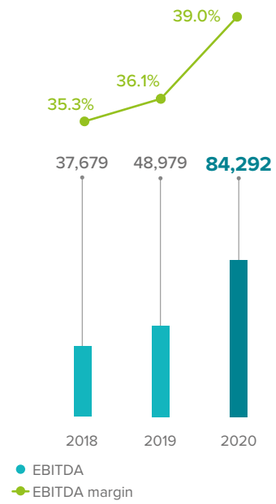
	2020	2019	Change, %
Production	**5,800,756**	3,058,141	89.7
◆ PP	1,107,326	813,215	36.2
◆ PE	1,464,550	379,169	286.3
◆ BOPP films	155,980	153,566	1.6
◆ Ethylene	1,857,532	819,790	126.6
◆ Propylene	1,215,368	892,401	36.2

[1] Including inter-segment transfers.
[2] BOPP films: biaxially oriented polypropylene films.

REVENUE IN THE OLEFINS & POLYOLEFINS SEGMENT, RUB mln



EBITDA IN THE OLEFINS & POLYOLEFINS SEGMENT, RUB mln, **AND EBITDA MARGIN**



SALES, tons

	2020	2019	Change, %
Gross sales	**3,118,622**	1,679,349	85.7
Including intercompany sales	**311,748**	293,409	6.3
External sales	**2,806,874**	1,385,940	102.5
◆ Domestic	1,305,783	921,167	41.8
◆ Export	1,501,090	464,773	223.0

Plastics, Elastomers & Intermediates

In 2020, external revenue in the Plastics, Elastomers & Intermediates segment decreased by 20.8% year-on-year (to RUB 121.1 billion) mainly as a result of negative price dynamics across all product groups and driven as well by the sale of the Company's Togliatti-based assets in Q4 2019.

The segment's EBITDA decreased by 6.4% year-on-year (to RUB 18.3 billion) largely because of a decrease in product profitability owing to negative dynamics in international benchmarks as well as the sale of the Company's Togliatti-based assets in Q4 2019.

The segment's EBITDA margin increased by 2.0 p.p. year-on-year (to 14.5%) mainly due to widening spreads for the segment's key products.

The segment's production volume increased by 13.3% year-on-year (to 6.7 million tons) as a result of an increase in the Company's TPE production capacity in Voronezh as well as an increase in the production of related products due to the launch of a pyrolysis unit at ZapSibNeftekhim.

External sales of plastics, elastomers and intermediates declined 1.6% year-on-year largely due to a 24.7% decrease in export sales.

FINANCIAL RESULTS, RUB mln

	2020	2019	Change, %
Revenue[1]	**125,833**	156,409	(19.5)
External revenue	**121,052**	152,805	(20.8)
◆ POSP[2]	46,850	50,989	(8.1)
◆ Elastomers	38,744	55,048	(29.6)
◆ I&OC[3]	25,622	24,650	3.9
◆ MTBE[4] and fuel additives[5]	9,093	20,746	(56.2)
◆ Other sales	743	1,372	(45.8)
EBITDA	**18,263**	19,511	(6.4)
EBITDA margin, %	**14.5**	12.5	–
Adj. EBITDA	**18,124**	19,415	(6.6)

[1] Including inter-segment transfers.
[2] Plastics and organic synthesis products.
[3] Intermediates and other chemicals.
[4] Methyl tert-butyl ether.
[5] Fuel components.

PRODUCTION, tons

	2020	2019	Change, %
Production	6,709,032	5,919,581	13.3
Transfers[1]	311,748	293,409	6.3
Purchases from third parties	179,415	110,044	63.0
Production, transfers and purchases	**7,200,194**	6,323,034	13.9

SALES, tons

	2020	2019	Change, %
Gross sales	**2,404,317**	2,452,010	(1.9)
Including intercompany sales	**61,888**	70,865	(12.7)
External sales	**2,342,429**	2,381,144	(1.6)
◆ Domestic	1,680,564	1,501,711	11.9
◆ Export	661,865	879,433	(24.7)

Midstream

In 2020, external revenue in the Midstream segment decreased by 28.5% year-on-year (to RUB 152.3 billion) owing mainly to an increase in internal consumption of LPG as a result of ZapSibNeftekhim's ramp-up to design capacity, and also because of lower prices for LPG and naphtha.

The segment's EBITDA decreased by 28.5% year-on-year (to RUB 71.4 billion) mainly as a result of the tightening of the spread between purchase prices for hydrocarbons and sales prices for LPG and naphtha amid negative price dynamics for oil and petroleum products, as well as a decrease in sales volume due to a reduction in production volumes in the wake of the OPEC+ agreement.

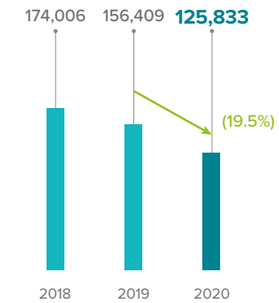
As a result, the segment's EBITDA margin was 33.7%, down 5.4 p.p. year-on-year.

FINANCIAL RESULTS, RUB mln

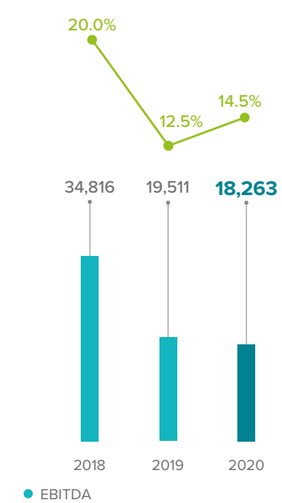
	2020	2019	Change, %
Revenue[2]	**211,951**	255,523	(17.1)
External revenue	**152,270**	213,030	(28.5)
◆ LPG	74,272	122,659	(39.4)
◆ Natural gas	48,890	51,303	(4.7)
◆ Naphtha	23,499	36,586	(35.8)
◆ Other sales	5,609	2,482	126.0
EBITDA	**71,368**	99,788	(28.5)
EBITDA margin, %	**33.7**	39.1	–
Adj. EBITDA	**71,436**	100,411	(28.9)

[1] Transfers from O&P.
[2] Including inter-segment transfers.

REVENUE IN THE PLASTICS, ELASTOMERS & INTERMEDIATES SEGMENT, RUB mln



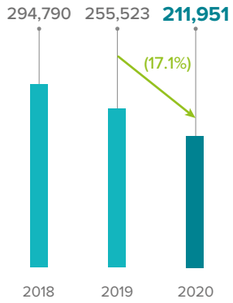
EBITDA IN THE PLASTICS, ELASTOMERS & INTERMEDIATES SEGMENT, RUB ml, **AND EBITDA MARGIN**



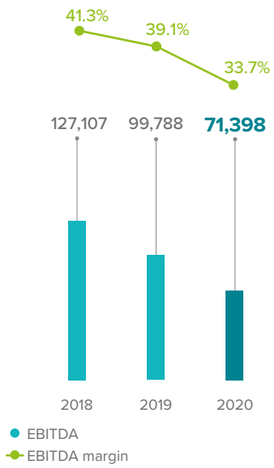
PRODUCTION,[1] tons

	2020	2019	Change, %
LPG	**6,266,575**	6,446,135	(2.8)
Natural gas	**18,354,810**	19,628,300	(6.5)
Naphtha	**1,503,793**	1,574,926	(4.5)
NGL	**5,138,619**	5,416,134	(5.1)

REVENUE IN THE MIDSTREAM SEGMENT, RUB mln



EBITDA IN THE MIDSTREAM SEGMENT, RUB mln, **AND EBITDA MARGIN**



[1] SIBUR's share.

SALES, tons

	2020	2019	Change, %
External sales	**21,920,285**	25,133,517	(12.8)
◆ LPG	3,361,886	5,144,877	(34.7)
◆ Natural gas (thousand cubic meters)	17,583,086	18,816,539	(6.6)
◆ Naphtha	975,313	1,172,101	(16.8)

More information on the Group.s results is available in the 🕮 **MD&A**.

SOCIETY AND PARTNERSHIP

Creating value for stakeholders is part of SIBUR's mission "to change ourselves and the world around us for the better."

The Company is committed to providing comprehensive information about its activities, while taking into account stakeholders' expectations when making strategic decisions and interacting with them on key issues. Trust-based relationships with society are foundational for implementing the Company's growth strategy and Sustainable Development Strategy.

Stakeholder Engagement

SIBUR is the largest integrated petrochemical company in Russia, and its development is closely intertwined with the overarching goals of the petrochemical industry and pressing sustainable development issues, including the transition to a low-carbon economy, improving people's quality of life, and combating the pandemic and its aftereffects.

GRI **102-43**

The Company seeks to promptly and effectively respond to external challenges as well as the expectations and needs of stakeholders in accordance with its values and strategic goals, while providing stakeholders with complete and reliable information about the Company's performance.

GRI **102-42**

Stakeholder groups were identified based on internal consultations conducted with key departments of SIBUR.

MATERIAL TOPICS:
- Stakeholder engagement
- Customer focus

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

"Sustainable development and social responsibility are serious issues that no company can solve in isolation solely on its own. Joining efforts and cooperation serves as a guarantee for accelerating the achievement of the goals that have been set and ensuring a more flexible response to external challenges."

Darya BORISOVA
a member of the Management Board and Managing Director of Development and Innovation at SIBUR

FACILITATING THE IMPLEMENTATION OF NATIONAL PROJECTS

SIBUR's activities make a significant contribution to the implementation of several national projects in Russia. Our initiatives to incorporate polymers into the processing and production cycle[1] elp to achieve the targets of the national Ecology project in terms of ensuring effective production and consumption waste management. Cooperation with the country's leading educational institutions and work with innovations and R&D, including the development of research centers such as SIBUR PolyLab, SIBURINTECH and others[2], contributes to the implementation of the national Science and Universities project, which aims to develop scientific and industrial cooperation. The SIBUR Workshops project helps to fulfill the objectives of the national Education project.[3]

In addition, the Company's investment in the construction of such large-scale modern petrochemical enterprises as ZapSibNeftekhim (which reached full capacity in 2020) and the Amur Gas Chemical Complex (construction began in 2020) supports the government's initiatives to increase exports of non-resource goods with high added value.

As part of the Formula of Good Deeds social investment program that the Company is implementing, 479 grant projects and 31 interregional projects are aligned with the national projects of the Russian Federation.

[1] See the 🕮 **"Sustainable Product Portfolio"** section for more.
[2] See the 🕮 **"Innovation and R&D"** section for more.
[3] See the 🕮 **"Training and Development"** section for more.

GRI 102-40, 102-44

KEY TOPICS DISCUSSED AS PART OF STAKEHOLDER ENGAGEMENT IN 2020

STAKEHOLDER GROUP	FORMS OF INTERACTION	CHAPTERS OF THE CONSOLIDATED REPORT[1]
Shareholders and investors (including foreign)	◆ General meetings of shareholders ◆ Meetings of the Board of Directors ◆ Disclosure of information about financial and non-financial aspects of the Company ◆ Internal restrictions on the use of insider information	**“SIBUR: A Sustainable Company”** **“Key Events and Results for 2020”** **“Investment Case”** **“Growth Strategy and Investments”** **“Operational and Financial Performance Results”** **“Corporate Governance”**
Employees	◆ Conclusion of collective bargaining agreements and the provision of social guarantees ◆ Training and development programs ◆ SIBUR Energy survey on staff engagement ◆ Pulse surveys of employees ◆ Internal hotline on coronavirus and business ethics ◆ Corporate IT platforms ◆ Mendeleev Sprint ◆ Internal restrictions on the use of insider information	**“Counteracting COVID-19 and the Contribution of SIBUR Products to Combating the Pandemic”** **“Growth Strategy and Investments”** **“Personnel”** **“Contribution to the Development of Local Communities (Volunteer program)”**
Customers (including foreign)	◆ Participation in exhibitions and industry unions ◆ Customer surveys ◆ SIBUR for Clients magazine ◆ Projects to promote the principles of a waste-free environment	**“Sustainable Product Portfolio”** **“Society and Partnership (Customer-Oriented Approach)”**
Business partners and suppliers	◆ Long-term contracts and joint ventures ◆ Tenders ◆ Periodic meetings and participation in specialized events, contests and ratings ◆ Surveys among suppliers	**“Responsible Supply Chain”** **“Training and Development (Training for Customers and Partners)”** **“Occupational Health and Safety” (requirements for suppliers and contractors)** **“Business Ethics and Compliance When Interacting with Counterparties”**
Capital markets and lenders	◆ Disclosure of operating indicators and financial statements ◆ Publication of press releases ◆ Publication of the Consolidated Report ◆ ESG lending	**“SIBUR: A Sustainable Company”** **“Key Events and Results for 2020”** **“Investment Case”** **“Growth Strategy and Investments”** **“Operational and Financial Performance Results”**
Nonprofit organizations	◆ Public hearings ◆ Public councils in the cities where SIBUR operates ◆ Partner projects ◆ Interaction within industry associations ◆ Recap of the FGD grant competition	**“Contribution to the Development of Local Communities”** **“Society and Partnerships” (membership in organizations and associations)**
Local communities	◆ Media ◆ Public hearings ◆ Public councils in the cities where SIBUR operates ◆ Roundtables ◆ Social projects ◆ Volunteering ◆ Tours of production facilities ◆ Public opinion polls on environmental issues	**“Contribution to the Development of Local Communities”** **“Environmental Protection”**
Federal and regional government bodies	◆ Cooperation agreements at the local, regional and federal levels ◆ Participation in joint working groups ◆ Involvement of government and supervisory representatives at events that demonstrate the eco-friendliness of production ◆ No violations during inspections	**“Environmental Protection”** **“Society and Partnerships” (membership in organizations and associations)**
Media[2]	◆ Support for information transparency: publication of corporate information on the Company’s website ◆ Distribution of releases on newsworthy events ◆ Initiation of special projects with reputable media ◆ Press events with media invitations ◆ Commentary program and editorial columns	◆ All issues related to the Company’s activities depending on the specific nature of a given media outlet
Thought leaders[2]	◆ Press and blog tours; ◆ Personal integration and ambassadorship ◆ Involvement in communication projects ◆ Involvement in commentary work ◆ Institutionalized interaction via public spaces	Key issues addressed: ◆ “Sustainable Development and SIBUR’s Expertise as an Agenda Leader” ◆ “Responsible Consumption and Environmental Issues” ◆ “Eco-friendliness of Plastic” ◆ “Problems with Developing a Circular Economy and Plastic Recycling” ◆ “Greening Industrial Companies” ◆ “Biodiversity Conservation”

Information Transparency

SIBUR strives to communicate with stakeholders quickly and efficiently through online resources and other channels, as well as provide them with complete and reliable information about the results of its activities in quarterly and annual reports.

STAKEHOLDER COMMUNICATION CHANNELS

SIBUR’s main portal for sharing information with stakeholders is the official website, **sibur.ru**, which includes the following resources:

“INVESTORS SECTION”

◆ information about the Company’s results, debt instruments and events

“SUSTAINABLE DEVELOPMENT SECTION”

◆ information about the Company’s Sustainable Development (ESG) Strategy, practices and results

“CAREER SECTION”

◆ information for applicants, students and interns about career opportunities at the Company

[1] Key issues concerning interaction with stakeholder groups are addressed in the specified chapters of the Consolidated Report unless otherwise indicated.

[2] Engagement with this stakeholder group was not addressed in the chapters of the report, so the key issues are given in the table.

IN ADDITION, STAKEHOLDERS CAN UTILIZE THE FOLLOWING RESOURCES

“FORMULA OF GOOD DEEDS PROGRAM WEBSITE”

- rules of participation, application forms and news about the program;

“COMPANY’S SUSTAINABLE DEVELOPMENT AND COVID-19”

- actions taken by the Company during the pandemic;

OFFICIAL SOCIAL MEDIA ACCOUNTS:
VKONTAKTE, FACEBOOK, INSTAGRAM

“SIBUR FOR CLIENTS MAGAZINE”

- key topics for our clients, news and Q&A;

“SIBUR E-COMMERCE PLATFORM”

- electronic trading platform, product catalogue and online ordering;

THE MAIN INFORMATION RESOURCES FOR EMPLOYEES ARE:

KLIK CORPORATE SOCIAL NETWORK

WEEKLY DIGEST WITH KEY NEWS AND EVENTS

SIBUR TEAM NEWSPAPER

INDOOR TV AND CORPORATE RADIO

INTERNAL CORONAVIRUS HOTLINE
(operated for nine months in 2020)

PUBLIC ASSURANCE OF THE SUSTAINABILITY REPORT

In 2020, the Council for Nonfinancial Reporting of the Russian Union of Industrialists and Entrepreneurs (RUIE) conducted a public assurance of SIBUR’s **Sustainability Report** for 2019.

In its conclusion, the RUIE noted that the report thoroughly reflects the scale and results of the Company’s activities as well as its responsible business practices in accordance with the UN SDGs. The document contains a wide range of interactive indicators on the economic, environmental and social aspects of the Company’s activities.

The Company has been systematically disclosing information concerning sustainable development since 2017. In the reporting year, SIBUR continued the practice of engaging stakeholders when preparing the report, including through public hearings. Selected indicators from the report were also reviewed by an independent auditor.

PRIZE AT THE MOSCOW EXCHANGE ANNUAL REPORTS COMPETITION

In 2020, SIBUR won a prize at the 23rd Annual Report Competition in the category “Best Annual Report of a Nonpublic Company.” The competition is organized by Moscow Exchange and the RZB media group.

The Annual Report Competition is one of the most important corporate governance and investor relations events of the year in Russia. SIBUR’s prize affirmed the Company’s commitment to best practices in corporate governance, information disclosure standards and open stakeholder engagement.

LEADING POSITIONS IN ECOLOGY IN RAEX-EUROPE’S ESG RATING OF RUSSIAN COMPANIES

As of the end of 2020, SIBUR had jumped 11 places in RAEX-Europe’s ESG rating of Russian companies and ranked second in the cumulative rating as of 15 June 2021. The agency’s analysts assessed the performance of companies based on 200 indicators that reflect three main areas: Environment (environmental impact), Social (human resources and local communities) and Governance (information disclosure and corporate governance).

Leadership in environmental protection is a result of SIBUR’s comprehensive work on environmental protection, climate risk management—including the introduction of recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)—and the implementation of a large number of initiatives that aim to build a circular economy

RUIE’S ACKNOWLEDGMENT OF THE QUALITY OF SIBUR’S NONFINANCIAL REPORTING

In 2020, SIBUR was recognized as one of the winners of the Russian competition “Leaders of Russian Business: Dynamics, Responsibility, Sustainability 2019”, which is held by the RUIE. The Company received high marks in the category “High-Quality Sustainable Development Reporting.”

In addition, during the reporting year, the Company finished near the top of the Anti-Corruption Rating of Russian Business prepared by the RUIE. The rating reflects public disclosures of information by major companies about their anti-corruption systems. Russian companies were assessed according to 37 criteria based on the Anti-Corruption Charter of Russian Business and the international standard ISO 37001:2016.

ANNOUNCEMENT OF THE LIST OF COMPANIES IN THE RUIE SUSTAINABLE DEVELOPMENT INDICES 2020 (ESG INDICES): “RESPONSIBILITY AND OPENNESS” AND “SUSTAINABLE DEVELOPMENT VECTOR”

On 23 December 2020, the results of the seventh edition of the RUIE Sustainable Development Indices (ESG Indices) on “Responsibility and Openness” and “Sustainable Development Vector” were presented at a meeting of the RUIE Committee on Corporate Social Responsibility and Sustainable Development. SIBUR joined Group A in the “Responsibility and Openness” Index 2020 and was among the 17 largest Russian companies with an individual index value of 0.75 or higher. In addition, SIBUR was included in the “Sustainable Development Vector” Index 2020.

Customer-Oriented Approach

The Company is working to improve its system of customer engagement and is committed to building mutually beneficial long-term relationships, both through knowledge of the needs of its counterparties and through the use of modern tools for interaction and information exchange. The customer-oriented approach involves systematic and continuous work by each SIBUR employee to create and develop mutually beneficial and long-term relationships with both external and internal customers.

More than **1.8 THOUSAND SIBUR CUSTOMERS** worldwide

PRINCIPLES OF THE CUSTOMER-ORIENTED APPROACH

In 2020, SIBUR updated the fundamental principles of its customer-oriented approach:

1. MUTUALLY BENEFICIAL COOPERATION AND PARTNERSHIP

We create open partnerships with our customers based on respect for and an understanding of the challenges they face. We develop our customers by sharing our cumulative practices and ensuring their success using all available opportunities. Working together ensures our common long-term growth.

2. AN INDIVIDUAL APPROACH THAT EXCEEDS EXPECTATIONS

We carefully examine the specifics of our customers’ business, pay attention to details and take a flexible approach to solving customers’ problems.

3. OPENNESS AND TRANSPARENCY

We constantly collect and analyze feedback from our customers and their experiences. Based on this feedback, we work to improve processes and quality of service as well as enhance and develop the Company’s products and services.

Customer-Oriented Measures

During the reporting year, the Company took the following measures to improve the efficiency and quality of customer service as well as to take into account feedback:

- **1. Introduction of a unified management model:** establishment of a new customer service unit—the Customer Service Centre—which is a one-stop shop for preparing contracts, placing orders, invoicing and shipping products to all customers in all regions.
- **2. Increase in the speed and quality of customer service:** clear definitions of customer service standards and the introduction of a set of services and customer service models.
- **3. Optimized logistics:** introduction of a new shipping planning model based on information from the customer, which makes it possible to replenish warehouses and to ship products with an accuracy of 90% or more.
- **4. Improvements to technical service:** measures to improve the quality of investigations into customer inquiries, provide customer support for the approval of new brands and remote customer service, and train Technical Service staff. A chatbot is already being used to answer customer questions 24/7, and an application to order products can be filed around the clock in a customer's personal account.
- **5. Transition to e-document exchange:** the majority of Russian customers have already switched to e-document exchange, which speeds up and simplifies the transmission of information.
- **6. Feedback analysis:** in an effort to gain a better understanding of and promptly respond to customer requests, a new approach has been introduced to obtain customer feedback with short event surveys at all key points of contact in the customer journey.
- **7. Response to feedback:** cross-functional teams conducted work to improve the efficiency of operations and processes taking into account prompt feedback from customers.
- **8. Training course "Into the Future: Basics of the Customer-Oriented Approach":** a course that is designed for new employees during their first two weeks working at the Company and is also available for the Company's customers and partners.

In an effort to improve sales efficiency and customer service, KPIs were introduced for all key departments and enterprises that affected customer loyalty in 2020.

The Company maintains relevant groups in the KLIK corporate network so that it can disseminate best practices, publish news and share experiences in matters concerning the customer-oriented approach. In 2020, this platform hosted the Best Customer-Focus Story Contest, which included employees from 14 locations and 22 divisions.

SIBUR'S CUSTOMER EXPERIENCE WINS PRIZE

During the reporting year, SIBUR won a prize at the Customer eXperience World Awards. This marked the first time that a Russian petrochemical company had received an award in the category "Best B2B Customer Experience" in the industry segment.

The panel of judges offered **high praise for SIBUR's approach to the implementation of its customer-oriented development strategy** with the engagement of the Company's employees and the use of best world practices.

SIBUR's counterparties noted that the level of its customer focus and the efficiency of interaction had improved thanks to the development of new interaction tools and regular feedback. For the year, the number of the Company's digital contacts with customers grew by 50%. Sales via personal accounts doubled. The number of days "from contract to shipment" was reduced by 30%.

Customer Satisfaction Survey

SIBUR conducted its sixth annual customer focus survey. The results of the 2020 survey showed an increase in the NPS[1] and CSI[2] among SIBUR customers due to higher frequency of contacts with customers and a set of measures to support customers during quarantine.

NPS AND CSI SCORES

NPS: growth from **48 TO 58%**

CSI: growth from **71 TO 90%**

In addition to the annual survey, in 2020, SIBUR introduced the practice of event surveys, which helps the Company respond to the needs and expectations of customers at both strategic and tactical levels.

RAPID TRACKING OF AND RESPONSE TO CUSTOMER NEEDS

One innovation in 2020 was introducing the ability to quickly track and respond to customer needs at every stage of interaction with them. Feedback is collected through a customer's personal account using the e-commerce platform.

Based on the new approach, SIBUR conducts short event surveys at each stage of the customer journey: the registration and conclusion of a contract, the execution of a transaction, the receipt of an order and the use of a product after purchase. In 2021, the Company also plans to track the satisfaction of new customers during their initial placement of an order and to conduct interviews in the event a potential customer decides to go elsewhere. The Company also intends to conduct additional quality-focused research–for example, to assess the efficiency of document flow and the convenience of a personal account in e-commerce.

Customer Training

By involving our customers and partners in the training process, we change the market together, encourage healthy competition and combat key external challenges. In 2020, the Company continued to implement a comprehensive project to train and develop SIBUR's customers and partners, which combines existing platforms and is supplemented with new tools such as a lecture hall and courses at the Corporate University, among other things. In 2020, all training events were moved online.

As part of the development of the **"SIBUR Business Practices"** training platform, which is one of the core elements of the Company's customer-oriented approach, the following initiatives were implemented in 2020:

- Bilingual product-themed webinars were held with the participation of foreign partners.
- A new project called "Partner Expertise" was launched, which featured 21 webinars over the course of the year that were attended by more than 1,000 people from 17 countries and included 26 speakers from 14 industry companies. The initiative was supported by TECHNONICOL, BASF, Sumitomo Demag, GN Europe and other SIBUR partners.

[1] Net promoter score is an index that describes a participant's willingness to recommend a product.
[2] Customer satisfaction index is an index that describes a trainee's satisfaction with a completed programme.

PLATFORM HIGHLIGHTS IN 2020:

▲ 182%
7,660
registered users from 32 countries on the SIBUR Business Practices platform

▲ 127%
136
training programs

▲ 169%
148
internal and external speakers

27%
of the audience attended two or three programs, and almost 30% of users attended more than four programs

4.7/5
assessment of the trainees

4.6/5
assessment of the trainees on the practical applicability of information

93%
of project participants are interested in further training using the platform

7,660
registered users from 32 countries on the SIBUR Business Practices platform

136
training programs

During the reporting year, 136 training programs were conducted remotely with 148 internal and external experts participating as speakers through the SIBUR Business Practices platform. SIBUR is committed to taking into account customer suggestions and organizes programs on demand, in different languages and in a private format (for a closed audience using unique or individual links). In 2020, five on-demand, eight bilingual and seven private webinars were held. This training aims not only to raise awareness about SIBUR's products but to also develop managerial skills among employees of customer companies. In particular, the Company conducted 84 training programs on management practices, including sessions on negotiations, organizing remote work and manager tools. In addition, the platform was used to hold the following two webinars on sustainable development:

- Key ESG Trends through the Prism of COVID-19;
- Recycling of Polymer Waste as an Essential Component of a Circular Economy.

5 ON-DEMAND WEBINARS
7 PRIVATE WEBINARS
8 BILINGUAL WEBINARS

The SIBUR Business Practices platform also hosted four online customer days for the BIAXPLEN, Plastics and Organic Synthesis, and Synthetic Rubbers businesses with a total of 217 participants.

Another important platform used to train and share experience with customers is the PolyLab research center for the development and testing of polymer products, which opened in 2019 at the Skolkovo Innovation Center.

The groups "Customer-Oriented Approach at SIBUR" (published 124 posts) and "Development of Commercial Services" (published 83 posts) were established and are regularly updated. These groups publish news about all the Company's initiatives that aim to develop a customer-oriented approach and client practices as well as announcements about training held on the SIBUR Business Practices platform.

In addition to conducting educational events, SIBUR informs and trains customers through the **"SIBUR for Clients"** corporate publication. In 2020, the magazine released four issues, which covered such topics as sustainable development, the development of the petrochemical industry during the pandemic as well as employee training and development.

SIBUR FOR CLIENTS MAGAZINE RECOGNIZED AS BEST CORPORATE MEDIA PUBLICATION

In 2020, the **"SIBUR for Clients"** corporate magazine received a certificate in the "Best Corporate Media" category at the KonTEKst 2020 awards.

The magazine has been published digitally since 2016 and contains up-to-date information for the Company's customers: corporate news, analytical information about the industry, reviews of best practices and interviews with the Company's executives, managers and partners.

Organized by the Russian Public Relations Association, the KonTEKst contest brings together communications specialists, leading experts and senior executives from all branches of the fuel and energy sector, power engineering and industry in Russia.

Goals for 2021

Enhance personalization in customer service

Increase the speed of response to customer inquiries

Develop online tools to interact with customers

Develop service standards

Build processes and establish value proposition based on customer feedback

Membership in Organizations and Associations

GRI **102-12, 102-13**

SIBUR is a voluntary participant in several Russian and international initiatives that aim to develop best practices in the petrochemical industry and improve the sustainability and eco-friendliness of manufacturing and product use.

РОССИЙСКИЙ СОЮЗ ХИМИКОВ

RUSSIAN CHEMISTS UNION (RCU)
The RCU is a nonprofit organization that unites enterprises in the chemical sector, industry research, design and training institutes, chemical unions and associations, and vertically integrated structures of the Russian Federation (around 600 members in total). SIBUR is a member of the RCU and actively cooperates with the union on a number of industry initiatives. Since 2014, SIBUR has been a member of the international voluntary initiative Responsible Care, which is being implemented in the Russian Federation with the union's support.

The popular science magazine **AllKhimiya** is a joint publication of SIBUR and the Russian Chemists Union.

RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS (RUIE)

The RUIE is a national organization that represents the interests of the business community in Russia and at the international level. SIBUR is involved in the work of the RUIE Committee on Ecology and Nature Management to improve environmental legislation, and since 2019 has been a member of the Committee on Corporate Social Responsibility and Sustainable Development. In addition, the RUIE Council for Nonfinancial Reporting conducts public assurance of SIBUR's sustainability report each year.

ASSOCIATION OF PRODUCERS AND SUPPLIERS OF EXPANDED POLYSTYRENE (APSEP)

The APSEP unites eight companies, including leading manufacturers of raw materials and finished products made of expanded polystyrene in Russia. The Association's activities aim to create conditions to utilize the useful properties of high-quality expanded polystyrene as broadly and completely as possible, while contributing to the development of the economy and industry of the Russian Federation and improving the quality of life of its citizens.

EUROPEAN CHEMICAL INDUSTRY COUNCIL (CEFIC)

The CEFIC is a partner of EU regulators that engages in a dialogue with industry companies and broad interaction to exchange experience. The Council consists of 29,000 large, medium and small chemical companies, as well as 640 members of the business community, partners and industry associations. The CEFIC promotes and coordinates the Responsible Care program. As a member of the CEFIC, SIBUR also became a member of the European Ethylene Producers Committee (part of the CEFIC). Membership in this committee enables SIBUR to participate in working groups that deal with sustainable development, innovation, trade, energy and petrochemical law.

RESPONSIBLE CARE INTERNATIONAL PROGRAM

Responsible Care is a voluntary initiative that helps global chemical industry companies improve their environmental, industrial safety, and occupational health and safety practices. Responsible Care is recognized by the United Nations Environment Programme as a program that ensures the sustainable development of companies and the entire chemical industry as a whole. Enterprises use Responsible Care to effectively manage their operations and products, and engage with stakeholders.

UN GLOBAL COMPACT (UN GC)

The UN GC is a voluntary UN initiative on corporate social responsibility and sustainable development that urges participating companies to transform their business for the benefit of society, nature and the future of the planet. SIBUR joined the initiative in autumn 2019 and made a voluntary commitment to adhere to the 10 principles of the UN Global Compact and prepare an annual progress report

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The TCFD is a working group under the international Financial Stability Board that works with financial disclosure related to climate change. The TCFD drafts recommendations for the voluntary disclosure of information about financial risks caused by global climate change. SIBUR pledged support for the TCFD in 2019 and is committed to taking decisive action to reduce climate impacts in accordance with the Sustainable Development Strategy.

PLASTICSEUROPE AND THE OPERATION CLEAN SWEEP PROGRAM

PlasticsEurope is a leading pan-European association of polymer manufacturers. The association promotes the exchange of experience, comprehensive awareness among the general public about the properties and capabilities of plastic, interaction with regulatory authorities and the creation of alliances with various stakeholders in the polymer value chain. Participation in the European initiative Operation Clean Sweep is a prerequisite for membership in the PlasticsEurope association. One of the goals of SIBUR's Sustainable Development Strategy is to minimize the release of plastic particles into the environment from the manufacturing industry as part of Operation Clean Sweep.

WORLD PLASTICS COUNCIL

The Council pays special attention to issues involving the production of plastics around the world, in particular such issues as the responsible handling of plastics, recycling of plastic waste and preventing the pollution of the oceans.

WORLD ECONOMIC FORUM (WEF)

The World Economic Forum is an international organization headquartered in Geneva, Switzerland. The WEF brings together more than a thousand large companies from all over the world and organizes events that address topical issues on the global economic agenda.

PETCORE EUROPE

Petcore Europe is an association that represents the polyethylene terephthalate (PET) industry in the EU. Petcore Europe promotes innovative packaging solutions in terms of recyclability and works with a wide range of stakeholders to ensure the continued growth of PET waste collection and recycling.

CEFLEX

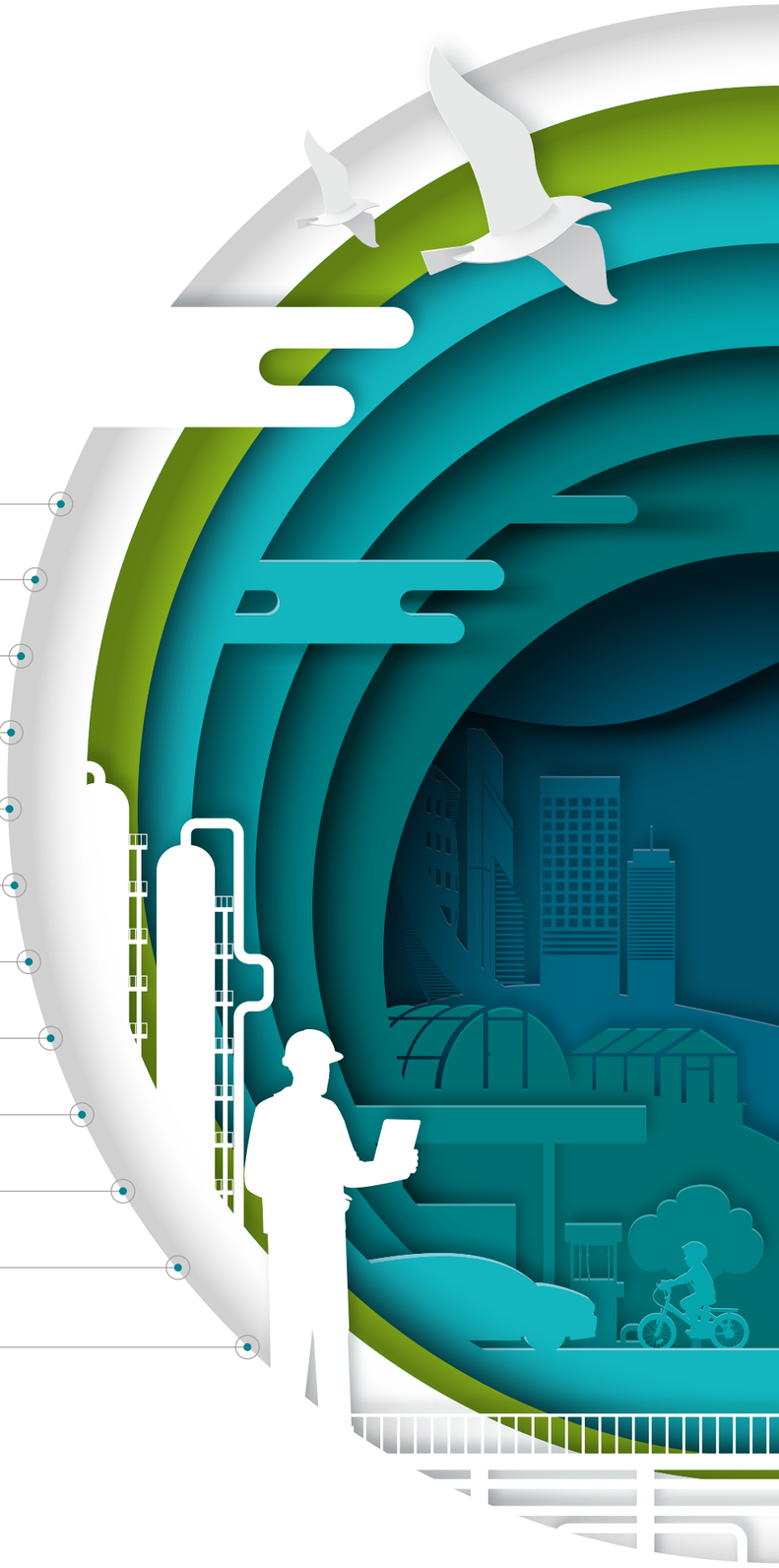
CEFLEX is an association of European companies that work together to improve flexible packaging technologies in an effort to adapt them to the conditions of a circular economy during all stages of the value chain.

SUSTAINABLE DEVELOPMENT MEASURES

The Company's senior leaders regularly participate in conferences, forums and roundtables devoted to sustainability issues. In addition, the Company carries out educational activities and interacts with Russian and foreign media on this topic. Highlights from 2020 include:

- More than 80 reports on ESG topics by the Company's speakers at key Russian and international forums;
- Communication support for ESG initiatives at the international level (columns on biopolymers and ESG during the pandemic on the WEF and ICIS websites and publications in Sustainable Plastics and New Economy Observer);
- Educational projects (release of the ProPlastic mobile app, the Second Life of Plastic educational program and a partnership with the All-Russian Eco-dictation);
- Sports and environmental initiatives (partnership with the Russian Football Union, #Basketball, Health Day, and eco-challenges) involving more than 23 million people;
- A campaign to promote sustainable development among SIBUR employees (webinars, mailings, contests and challenges in the KLIK network).

BUSINESS OVERVIEW



OUR BUSINESS

SIBUR is a uniquely positioned integrated gas processing and petrochemicals company that owns and operates Russia's largest associated petroleum gas (APG) processing and raw natural gas liquids (NGL) fractionation business. The Company is a leader in the Russian petrochemicals industry and is one of the fastest-growing companies in the global petrochemicals industry.

SIBUR purchases the by-products of oil and gas extraction activities from Russian oil and gas companies under long-term contracts and processes them into petrochemical and energy products.

SIBUR's business comprises three operating segments, two of which are petrochemical:
- Midstream;
- Olefins & Polyolefins;
- Plastics, Elastomers & Intermediates.

Despite the fact that the business segments vary in terms of their products, industries, end-user markets, supply and demand trends, etc., they are highly integrated, with the main share of the feedstock for the petrochemicals business being supplied from Midstream.

Midstream

KEY ASSETS AND RESOURCE[1]

- Russia's largest hydrocarbon processing and transportation infrastructure for hydrocarbon feedstock:
  - APG and NGL pipelines that connect the fields with our GPP and the main GFU in Tobolsk;
  - Eight of ten GPPs in Western Siberia belong to SIBUR;
  - Two GFUs, including Eastern Europe's largest facility in Tobolsk;
  - Long-term agreement for feedstock processing at third-party GFU facilities located in the Urals.
- Long-term supply contracts with an average maturity of 13.5 years.

WHAT WE DO

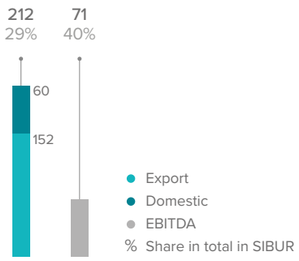
- SIBUR acquires by-products of oil and gas extraction (APG and NGL) and transports them to our GPPs and GFUs through our own and third-party pipelines.
- GPPs process APG to produce marketable natural gas, as well as NGL.
- GFUs fractionate NGL to produce liquefied petroleum gas (LPG) and naphtha, which are the main feedstock for petrochemical production.

END PRODUCTS AND VALUE[3]

- Providing the oil and gas industry with a unique processing solution that is helping to significantly reduce on-field flaring and CO2 emissions.
- 4.3 million tons of LPG and naphtha, and 17.6 billion cubic meters of natural gas sold.
- Securing feedstock for SIBUR's petrochemical business.

FINANCIAL RESULTS (2020), RUB bln

34%
EBITDA margin



Olefins & Polyolefins (O&P)

KEY ASSETS AND RESOURCE[1]

- Production hubs in Western Siberia conveniently located to reduce feedstock transportation costs, and large facilities in Central Russia:
  - A PDH facility in Tobolsk and two steam crackers in Tomsk and Kstovo;
  - Two PP and PE[2] production facilities in Tobolsk and Tomsk, PP plants in Omsk (JV with Gazprom Neft and Titan Group) and Moscow (JV with Gazprom Neft);
  - Five biaxially oriented polypropylene film (BOPP) production sites in Central Russia and Siberia.
- A polyvinyl chloride and caustic soda production facility in the Nizhny Novgorod Region (JV with Solvay Group).

WHAT WE DO

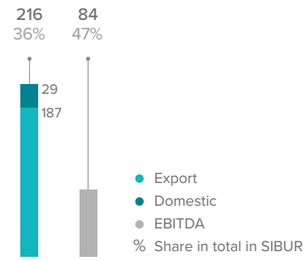
- SIBUR generates olefins through NGL cracking (ethylene, propylene, and benzene) and dehydrogenation (propylene).
- SIBUR generates polyolefins—PE and PP—via polymerization of olefins, most of which are processed as feedstock in-house.
- PP is also used to produce BOPP films.

END PRODUCTS AND VALUE[3]

- 2.428 million tons of PP and PE and 153,000 tonnes of BOPP films delivered to c. 1.6 thousand customers in Russia and abroad.
- After ZapSibNeftekhim reached full capacity (pyrolysis and polymerization), it tripled our output capacities in PP and PE and expanded our offering with new types of PE.
- In December 2020, SIBUR and Sinopec completed a deal to build the Amur GCC, which is to be the world's largest producer of base polymers and will boost the Company's PE output capacity by more than 33% and PP production by more than 20%. Completion of construction and commissioning are targeted for 2024.
- Some volumes of olefins are sold in Russia; ethylene is primarily sold to RusVinyl (JV with Solvay).
- Securing feedstock for production of plastics and elastomers.

FINANCIAL RESULTS (2020), RUB bln

39%
EBITDA margin



Plastics, Elastomers & Intermediates (PE&I)

KEY ASSETS AND RESOURCE[1]

- Production facilities in Central Russia and Eastern Siberia:
  - One pyrolysis unit;
  - Four plastic and organic synthesis production plants;
  - Three elastomer production plants.
- A polyvinyl chloride and caustic soda production facility in the Nizhny Novgorod Region (JV with Solvay Group).

WHAT WE DO

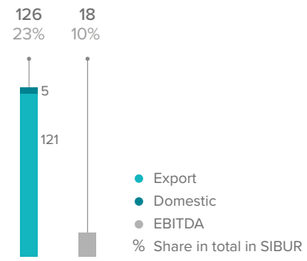
- At its PE&I facilities, SIBUR produces:
  - plastics and organic synthesis products (PET, glycols, expandable polystyrene, DOTP, alcohols and acrylates);
  - elastomers (rubbers);
  - MTBE and fuel additives;
  - intermediates.

END PRODUCTS AND VALUE[3]

- Sales to c. 1.4 thousand customers worldwide in the FMCG, chemicals, construction, automotive, agriculture and other industries.
- Helping businesses and consumers to save energy, water and other resources by using state-of-the-art materials, including plastics and rubbers.

FINANCIAL RESULTS (2020), RUB bln

15%
EBITDA margin



[1] As of 31 December 2020.
[2] In 2020, SIBUR Tobolsk LLC and ZapSibNeftekhim LLC were merged into one legal entity, ZapSibNeftekhim LLC.
[3] Based on 2020 operating results.

APPLICATION OF THE COMPANY'S PRODUCTS

MATERIAL TOPIC:
- Application of the Company's products
- Feedstock sources and components

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

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

1. Syringes
polypropylene

2. Normal saline containers
polypropylene

3. Siding
PVC

4. Window profiles and sills
PVC

5. Pipes and fittings
polypropylene polyethylene PVC

6. Roof moisture and vapour sealing
polypropylene

7. Wallpaper and linoleum
PVC

8. Food packaging
polypropylene polyethylene

9. Bumpers
polypropylene

10. Artificial leather
PVC

11. Soundproofing
polyethylene

12. Plastic tableware
polypropylene

13. Home appliances
polypropylene

14. Geoweb and geotextiles
polypropylene

15. Seedling pots
polypropylene

16. Greenhouses and hotbeds
polypropylene

17. Roofing materials
PVC membrane
SBS

18. Heat insulation
EPS

19. Cooling and antifreeze liquids
glycols

20. Bottles
PET

21. Medical tourniquets
rubber

22. Tyres
rubber

23. Motor fuel
propane butane

24. Utilities
natural gas propane butane

FEEDSTOCK SOURCING

MATERIAL TOPIC:
- Application of the Company's products, feedstock sources and components

SIBUR uses two major types of hydrocarbon feedstock:
- APG:[1] a by-product of oil production that represents a key raw material for our Midstream business. SIBUR produces natural gas and raw NGL[2] by processing APG at our gas processing plants.
- LPG and naphtha are obtained from NGL (a by-product of gas production). NGL is used as a raw material for both our Midstream and petrochemicals businesses. SIBUR produces NGL from APG at our own GFU and GPP, and also purchases it from third parties. In addition, NGL is also sent to GFUs on the basis of condensate stabilization.

In April 2020, Russia and OPEC signed the OPEC+ agreement on limiting oil output, resulting in a cut in oil production in Russia and, consequently, a decline in supplies of APG by oil companies, which negatively affected SIBUR's volumes of APG refining.

To ensure sufficient feedstock volumes for our processing and production capacities, we work continuously with all the largest oil and gas producers in Western Siberia.

Multiyear supply contracts increase the predictability of feedstock pricing and volumes and enable better planning for our operating expenses.

APG	RAW NGL

Pricing Drivers

- Base price for APG depends on three key drivers:
  - Regulated domestic natural gas price
  - Target liquid fractions content, distance and processing cost (i.e., value for SIBUR)
  - Alternative cost for the seller
- The Russian Government has consistently increased incentives for oil companies to utilize APG: penalties for flaring increased from 4.5x the standard emission charge in 2012 to 25x starting from 2014
- Pricing is determined with reference to international prices for LPG and naphtha, and to domestic LPG prices
- Pricing in raw NGL supply contracts is determined on an export netback basis and reflects:
  - Fraction content of LPG and naphtha and fractionation cost (i.e., value for SIBUR)
  - Transportation costs and export duties
  - Alternative channels available for NGL suppliers (i.e., alternative cost of the seller)

Key Suppliers

OIL MAJORS

ROSNEFT, GAZPROM NEFT, LUKOIL, RussNeft

GAS MAJORS

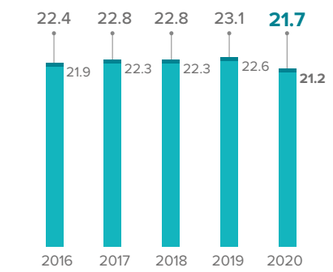
GAZPROM, NOVATEK

Contract Characteristics

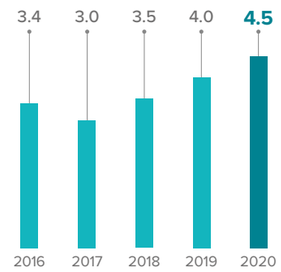
93%	11.7 YEARS	71%	13.5 YEARS
guaranteed under long-term contracts	Weighted average maturity of contracts	guaranteed under long-term contracts	Weighted average maturity of contracts

Procurement

APG, bln cubic metres



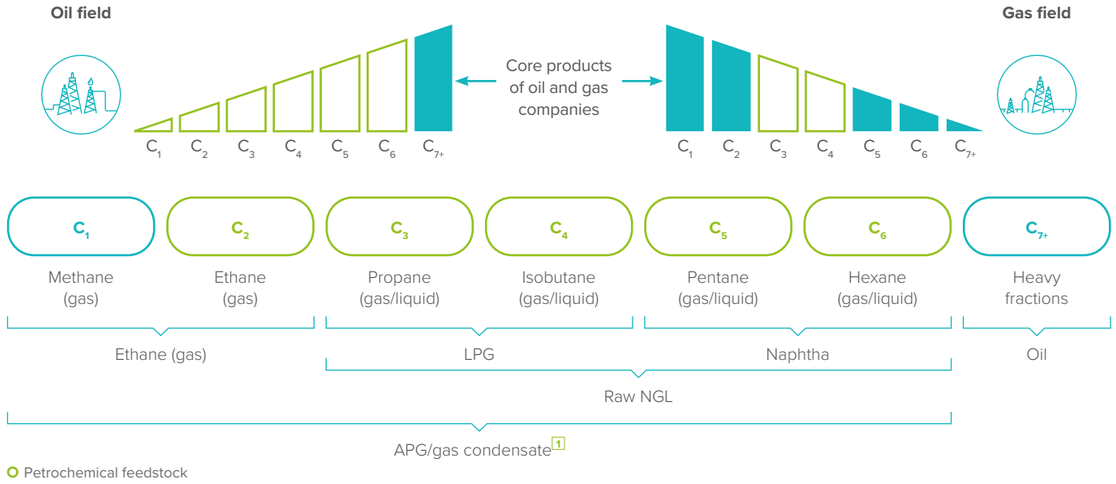
LIQUID HYDROCARBON FEEDSTOCK, mln tonnes



- Share of our JV partners in the volume of APG purchases under the JV
- Volumes of raw materials supplies to SIBUR

[1] Associated petroleum gas (APG).
[2] Raw natural gas liquids (NGL).

Hydrocarbon Chain

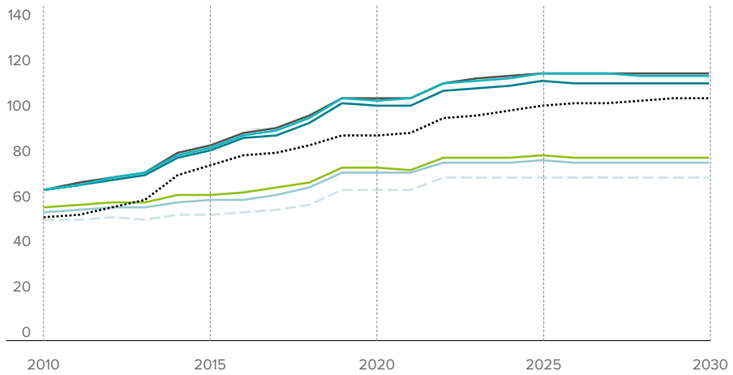


○ Petrochemical feedstock

Feedstock Trends in Western Siberia

IHS Markit analysts forecast that the volumes of oil output in Russia will remain stable until 2030, which means that APG production will also remain stable. The forecast calls for gross production of APG to rise slightly from 114.7 billion cubic meters in 2020 to 128.1 billion cubic meters in 2030, with Western Siberia remaining the key production region, accounting for 56% of the total output in 2030. Below are the forecasts for Russian oil output and APG production.

GROSS APG PRODUCTION IN RUSSIA BY REGION AND NET APG PRODUCTION[2], billion cubic meters



- Caspian Offshore
- East Siberia and Sakhalin
- Niman-Pechora
- Volga-Urals
- West Siberia
- Other
- APG Production (excludes flared volumes)

SIBUR is actively working to boost the recovery factor of liquid fractions at gas processing plants (GPPs), thereby offsetting the possible depletion in content of liquid fraction in APG produced at mature oil fields in Western Siberia. In recent years, the Company has also significantly expanded its own NGL transportation infrastructure, thus providing access to the increased volumes of raw gas from suppliers in the northern regions of Western Siberia. SIBUR plans to utilize additional feedstock to raise processing volumes at its own petrochemical plants as production capacity expands. The Company does not expect the volume of supplies of liquid hydrocarbons to grow significantly going forward.

[1] APG and gas condensate are composed of the same fractions but in different proportions.
[2] Source: IHS Markit.

SUSTAINABLE PRODUCT PORTFOLIO

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

Since high-demand products are the key to the Company's success, SIBUR's strategic priority is to develop a product portfolio that takes into account the highest customer standards and global trends.

In an effort to create safe, high-quality, state-of-the-art products, we have been improving our production processes every year and reducing our impact on the environment throughout the entire product life cycle—from the processing of raw materials and production to use and disposal.

MATERIAL TOPIC:
- Circular economy

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

KEY RESULTS FOR 2020

THE GOALS FOR 2020 ESTABLISHED IN THE CONTEXT OF THE SUSTAINABLE DEVELOPMENT STRATEGY
concerning a sustainable product portfolio were met

THE VOLUME OF INVESTMENTS IN R&D PROJECTS RELATED TO THE RECYCLING OF POLYMER WASTE AND THE INCORPORATION OF RENEWABLE SOURCES OF RAW MATERIALS INCREASED BY 21%

A project was launched for **THE PRODUCTION OF GREEN PET GRANULES** using recycled raw materials

SIBUR POLYLAB DEVELOPED NEW GRADES OF POLYOLEFINS MADE FROM UP TO 25% RECYCLED MATERIALS

SIBUR's Board of Directors approved **A CIRCULAR ECONOMY AND CLIMATE IMPACT MITIGATION POLICY**

SOME **6,800** USERS
used Reactor, a trading platform for recyclable materials created by SIBUR

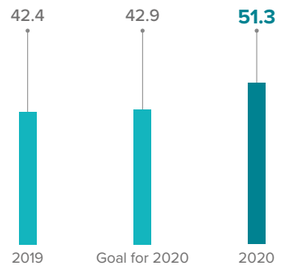
2020 Goals and Results

SIBUR's key goals for building a sustainable product portfolio are formulated in its Sustainable Development Strategy to 2025. In 2020, all interim targets concerning this aspect of the Strategy were met.

Goal: increase investments in R&D projects aimed at processing polymer waste and incorporating renewable sources of raw materials

SIBUR continued to invest heavily in new technologies for incorporating recycled and bio raw materials into production.[1] In 2020, investments in R&D in this area increased by 21% compared with 2019.

INVESTMENTS IN R&D PROJECTS FOR POLYMER RECYCLING AND THE INCORPORATION OF RENEWABLE SOURCES OF RAW MATERIALS, RUB mln



Goal: build relations with suppliers on issues of sustainability and information exchange

SIBUR expects its suppliers to adhere to ESG principles and has been proactively engaging with them on sustainability issues.[1] In 2020, the Company approved a **Contractor's Code of Business Ethics** (including a number of requirements for contractors in the area of corporate social responsibility) and plans to extend it to all suppliers starting in 2021.

Goal: assess at least 3% of chemical product suppliers according to sustainability criteria

In 2020, SIBUR conducted a pilot assessment of chemical suppliers against ESG criteria for companies that account for more than 50% of the Company's expenditures in this category.

Goal: launch a project for the production of PET using recycled materials

In 2020, SIBUR launched a project for the production of green PET granules with the addition of recycled materials at the Polief plant in Blagoveshchensk and signed its first contracts for the supply of PET flakes with waste processers. The production of green PET granules is scheduled to get under way in Q2 2022.

Goal: develop a methodology for assessing products against sustainability criteria

As part of its Sustainable Development Strategy, the Company has set a goal of evaluating 100% of its products against ESG criteria. In 2020, a methodology was developed to assess a product's impact along the entire value chain, from the selection of raw materials to end use, disposal and recycling. SIBUR began testing this methodology on a number of key products.

Goal: improve the compliance of existing and new products with the highest customer standards in terms of product safety and recyclability

SIBUR PolyLab developed five new grades of PE and PP containing recycled polymers.

"The overhaul of the Polief plant for the production of green granules is our first major circular-economy project, which is of great importance not only for SIBUR as a leading polymer producer but also for society as a whole. Polymer recycling not only contributes to sustainable waste management; it is also helping solve critical climate problems. By replacing primary hydrocarbon feedstocks with recycled materials, we are reducing the carbon footprint of the end product, making it more competitive both in Russia and in international markets. It also helps us to build a new value chain in regions where we are present based on transforming used plastic packaging into a valuable recyclable resource."

Sergey KOMYSHAN
a member of the Management Board and Executive Director for Marketing and Sales, Procurement, Innovation and Business Development at LLC SIBUR

Ensuring Product Sustainability and Quality

Sustainability of the Resource Base and Supply Chain

SIBUR's business model is based on resource transformation processes that fully comply with circular-economy principles. We use by-products of oil production, in particular associated petroleum gas (APG), as our main source of raw materials. Since oil producers have limited opportunities to make beneficial use of APG, a frequent alternative to selling APG to petrochemical producers is flaring, which releases large volumes of greenhouse gases and pollutants into the atmosphere. Over the past three years, SIBUR's gas processing plants have processed an average of 22 billion cubic meters of APG annually. This has enabled the Company to prevent the emission about 70 million tons of CO_2-equivalent per year.

The processing of by-products from oil production at SIBUR's facilities helps prevent the emission of

70 MILLION TONS OF CO_2-EQUIVALENT

annually

[1] For more details, see "Innovation and R&D."

[1] For more details, see "Responsible Supply Chain."

As part of its work with contractors, SIBUR is building a system for relations with suppliers regarding sustainability issues.[1] In 2020, the Company conducted a pilot assessment of chemical product suppliers based on criteria in the following areas: the environment, labor and human rights, ethics and sustainable procurement. As part of the project, SIBUR used an international rating agency's methodology to assess its strategic suppliers that account for more than 50% of its expenditures for chemical products. The majority of suppliers (55%) demonstrated satisfactory results and were assigned an acceptable level of sustainability risk. In addition, a pilot assessment of equipment suppliers was launched during the year.

In September 2020, as part of the annual Supplier Day, the Company gave a presentation on its initiatives related to the development of a sustainable supply chain. During the event, the topics of environmental, social and economic risk management were discussed, and the experience of applying best practices in these areas was considered. The Company also encourages suppliers to complete its corporate **sustainability training course**.

Product Assessment Based on Sustainability Criteria

As part of its Sustainable Development Strategy to 2025, the Company set a goal of evaluating 100% of its products against ESG criteria. In 2020, a methodology was developed to assess a product's impact across the entire value chain. The methodology covers the stages of production, processing and end use of products and includes both quantitative and qualitative assessment criteria.

Product impact assessments during the manufacturing phase are based on the European Commission's "Development of weighting approach for the Environmental Footprint" and include quantitative indicators.

Quantitative and qualitative impact assessments at all stages of the product life cycle are summarized in a matrix that ranks products according to the extent of their negative impact on the environment and the risks they pose at the stages of application and disposal. In 2021, SIBUR continued testing this methodology on key products.

SIBUR plans to assess

100%

of its product portfolio against sustainability criteria

QUALITATIVE METRICS ARE USED FOR EVALUATION AT THE STAGES OF PROCESSING AND END USE:

PRODUCT IMPACT ASSESSMENT DURING THE PRODUCTION STAGE

- Volume of energy consumption, including renewable energy sources
- Volume of water consumption
- Volume of emissions of greenhouse gases and other pollutants
- Mass of pollutants in effluents
- Volume of waste generated

IMPACT ASSESSMENT AT THE PROCESSING AND END-USE STAGES

- Incorporation of renewable and alternative sources of raw materials (including APG)
- Energy use—i.e., the use of a product entirely or mainly as a fuel
- Means of disposal or recycling of end products

[1] For more details, see "Responsible Supply Chain."

Product Safety and Quality Management

GRI 417-1

Since our products are widely used and play a role in improving living and working conditions for millions of people around the world, we take a systematic approach to product quality control.

An important tool for ensuring product quality is **SIBUR's Integrated Management System** (IMS).[1] Through the IMS, the Company is building a management system focused on preventing product quality risks in accordance with the ISO 9001 (quality management systems) international standard. In addition, SIBUR applies its internal standard "Quality Management at Each Stage of the Product Life Cycle and Requirements for Related Processes." Quality objectives and performance indicators are established in business contracts, functional contracts and KPIs for process managers.

The Company evaluates the requirements for its products based on a study of customer needs and legal requirements, as well as a benchmark analysis of competing brands. One of the key requirements for SIBUR's polymer products is their recyclability, which is assessed by tests performed by the Company's R&D centers, including by simulating the processes involved in commercial recycling.

DIGITAL TECHNICAL SERVICE

To analyze and solve problems that arise during the recycling of products at the production facilities operated by SIBUR and its customers, the Company launched digital technical service (DTS) projects based on machine learning and data analysis. In 2020, a pilot DTS project was successfully implemented with a major recycler of SIBUR products. As a result of the project, the recycler decided not to use materials from one of SIBUR's competitors and to transition completely to raw materials produced by SIBUR. A DTS project was also completed during the year involving SIBUR's BIAXPLEN site.

Quality assessments at all stages of the product life cycle as well as the development of quality improvement programs are carried out by SIBUR's Corporate Center in collaboration with production sites. At the production stage, compliance with production processes and the quality of incoming feedstocks and finished products are monitored both in production sites' laboratories at third-party testing centers. After products are sold, the Company monitors the client-side recycling of its products and receives feedback from them.

SIBUR's entire new brand assortment goes through several stages of approval to confirm claims and to assess recyclability at the Company's R&D centers and at production sites operated by customers.

SIBUR regularly conducts risk assessments in the area of quality and product management and conducts programs and activities to mitigate these risks.

GRI 416-1

All of the Company's products are evaluated in terms of safety and their impact on the health of end users.

SIBUR ensures that its products are in full compliance with the requirements of the countries that it does business with, including by issuing the necessary safety data sheets. Conformity assessments are also conducted concerning feedstocks and additives used, including through centers for the certification of mixtures and materials.

Product Registration According to EU-REACH, UK-REACH and KKDIK Regulations

One hundred percent of SIBUR's products supplied outside the countries of the Eurasian Economic Union undergo a procedure to confirm their compliance with the requirements of applicable legislation in foreign jurisdictions. All products supplied to the EU and the UK are registered in accordance with the Registration, Evaluation, Authorization and Restriction of Chemicals (EU-REACH and UK-REACH) regulations. For supplies to the Turkish market, the Company has carried out work on the preliminary registration of substances in accordance with Turkey's REACH regulation (KKDIK).

100%

of SIBUR's products supplied outside the countries of the Eurasian Economic Union undergo a procedure to confirm their compliance with the requirements of applicable legislation in foreign jurisdictions

[1] For more details, see "Corporate Governance."

As part of its efforts to meet the requirements of these regulations, SIBUR is working to provide consumers with up-to-date information about the substances that make up its products by creating and constantly updating safety data sheets. Information is updated as new data becomes available, including on the classification and labeling of substances, as well as new results from laboratory tests on the chemical and physicochemical properties of products, etc. This information is provided to SIBUR by the 12 European consortia for the registration of substances that the Company is a member of.

In accordance with the REACH regulation for all products supplied to the EU market, SIBUR conducts an assessment to determine the presence of substances of very high concern in its products. Such substances are, by design, not added to the Company's products exported to the EU. The substances listed in Annex XIV of the REACH regulation are also not supplied to the EU market.

As of the end of 2020, SIBUR maintained 46 REACH registration dossiers and 140 safety data sheets in accordance with REACH requirements as well as the laws of the United States, Canada and Turkey. In addition, the Company assesses the compliance of its suppliers' products with REACH requirements.

In 2020, the Company launched a program to identify the chemical compounds that make up SIBUR's products and that are used in the production thereof for every market where the Company operates. The program provides for the classification of product components based on their impact on human health and the environment and mechanisms for identifying those substances that may need to be phased out and replaced in accordance with the legislative restrictions of certain countries and regions.

DOTP CERTIFICATION: EXPANDING THE USE OF DOTP IN MEDICINE

In May 2020, a declaration of conformity with the requirements of the EU Pharmacopoeia was issued for dioctyl terephthalate (DOTP) produced at SIBUR-Khimprom. After receiving the declaration, SIBUR was able to incorporate the product into its new segment of medical compounds. In Europe, the Company's DOTP is used in the production of high-quality medical masks for hospital staff specializing in the treatment of COVID-19, including for staff working with patients on ventilators. In Russia, DOTP, which has a wide range of properties required for medical purposes, is widely used in the production of polymeric containers for the transfusion of blood and its components. The Russian medical compound and products made from it have also been certified by Russia's Federal Service for Surveillance in Healthcare (Roszdravnadzor), which confirms the high quality of the plasticizer manufactured by SIBUR.

Product Portfolio and the Development of Our Value Proposition

In accordance with MAP2025, SIBUR is strengthening its focus on customer needs and on its value proposition. The Company's goal is to play an active role in its customers' development and to offer them not only products themselves but also a wide range of services (including in terms of technical support, logistics and payment tools), as well as opportunities for joint development.

SIBUR's priority in terms of the development of its product portfolio is the launch of new brands of polymers and rubbers and the development of new product segments with an emphasis on sustainability and innovative technologies.

In 2020, the Company developed and launched the production of 34 commercial and licensed grades of PP and PE for various processing segments. In the Plastics, Elastomers & Intermediates segment, three new grades of PET were launched, including a one-of-a-kind grade for the production of vacuum-based blood collection systems. The Company' Voronezhsintezkauchuk production site launched the production of nine new grades of SBS polymers, which are essential for the production of various types of adhesives and the modification of road and roofing bitumen. In 2020, the Company also launched production of thermoplastic elastomers in Voronezh and released new brands of neodymium polybutadiene rubbers used in the production of tires.

Despite restrictions associated with the pandemic, SIBUR managed to achieve its target expansion rate for its brand assortment in terms of the Vitality Index, which measures the share of Company revenue owing to new products introduced over the preceding five years. In 2020, SIBUR's Vitality Index increased to 33%, up from 28% in 2019.

The Vitality Index was
33%

Managing Product Sustainability in Line with Circular-Economy Principles

GRI 301-2

When developing our product portfolio, we take into account the principles of a circular economy, whereby waste is returned to the production cycle as a material resource. To create sustainable products, the Company is investing in polymer waste recycling projects, increasing the use of environmentally friendly raw materials, in particular recyclable resources, and reducing the carbon footprint of its production. At the same time, SIBUR is introducing ESG principles into processes involved in developing and evaluating products and investment projects, as well as helping increase demand for green solutions on the part of customers and society in general. The Company's Business Development division includes a Recycled Polymers cluster, which aims to develop ideas for incorporating polymer waste into production, as well as a Bio cluster, which develops ideas involving renewable raw materials.[1]

SIBUR'S CIRCULAR ECONOMY AND CLIMATE CHANGE MITIGATION POLICY

In April 2021, SIBUR's Board of Directors approved a **Circular Economy and Climate Impact Mitigation Policy for LLC SIBUR and PJSC SIBUR Holding's production sites**. The Policy outlines the main principles, strategic goals and objectives for SIBUR in the designated areas, as well as the main areas of activity to achieve them at each stage of the product life cycle.

The Policy covers areas of the Company's operations such as risk management and strategic goal setting, relations with suppliers and customers, innovative development and investment planning, operational efficiency and participation in the development of the regulatory environment. The Company is taking steps to transition to a circular economy and to reduce its climate impact in each of the above-mentioned areas. SIBUR recognizes that meeting global challenges is impossible without awareness and joint efforts on the part of a wide range of stakeholders, in connection with which certain provisions of the Policy focus on partnerships, exchange of experience and educational initiatives aimed at increasing environmental awareness and responsible consumption.

The Company encourages its counterparties to use the principles covered in the Policy to create their own documents in this area.

[1] For more details, see "Growth Strategy and Investments."

PRODUCT STEWARDSHIP

R&D: TECHNOLOGIES AND SOLUTIONS FOR THE TRANSITION TO CIRCULAR-ECONOMY PRINCIPLES THROUGHOUT THE ENTIRE VALUE CHAIN

SUPPLY CHAIN

- Preventing anthropogenic emissions by processing by-products from oil and gas production
- CSR requirements for suppliers, supplier training
- Supplier evaluation against ESG criteria
- "Greening" the logistics chain

PRODUCTION

- Improving the environmental friendliness of production
  - Decreasing specific consumption of resources
  - Transitioning to renewable energy sources

PRODUCT

- Product quality control
- Improving product recyclability
- Products containing biofeedstocks and CO_2
  - Biofeedstocks
  - Products from captured CO_2
- Products containing recycled raw materials
  - PP and PE compounds
  - PET with recycled materials

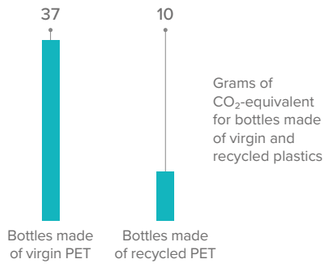
CUSTOMERS AND PARTNERS

- Joint formulation development
- Promoting product recyclability and the collectability of polymer waste
- Reactor: SIBUR's online platform for trading in recyclable materials
- Mechanical and chemical recycling

Incorporation of Polymers in Recycling

We are striving to increase the share of our products produced from recycled materials in compliance with the principles of a circular economy. Recycling 1 ton of polymer waste reduces emissions by 1.1–3.0 tons of CO_2 compared with producing the same mass of plastics from virgin raw materials, thus reducing the carbon footprint of the petrochemical business.

REDUCING CARBON FOOTPRINT THROUGH PET RECYCLING[1]



In the reporting year, the Company achieved a number of successes in creating new grades of polymers containing recycled polymer waste. In 2020 and early 2021, grades of recycled high-density polyethylene (rHDPE) and recycled polypropylene (rPP) containing 25% recycled raw materials were prepared for development at SIBUR PolyLab. Thanks to the use of SIBUR's own innovations, the new grades intended for rigid-packaging segments (blow molding and injection molding technologies) combine excellent physical and mechanical characteristics and a high degree of recyclability. The Company's specialists and film brands did not miss out, having developed several rPE brand formulations to produce bags and shrink films using recycled materials. Test and pilot batches of the new products received positive customer reviews, confirming the high quality of both the new brands and products made from them.

[1] According to the Environmental Protection Agency and the PET Resin Association.

GREEN GRANULES PROJECT

The large-scale Green Granules project got under way at the Polief production site in Blagoveshchensk in 2020. Through the project, the Company plans to produce PET granules that incorporate recycled raw materials. About 34 thousand tons of PET flakes—flakes made from used PET packaging—will be used annually for the production of green PET granules. In line with the highest quality standards, the green granules will meet the growing market demand for packaging containing recycled materials and will provide the producers of such packaging with a comprehensive solution that combines both virgin and recycled PET. The reuse of raw materials will reduce the specific energy intensity of polymer production and, as a result, decrease greenhouse gas emissions into the atmosphere.

In 2020, SIBUR signed its first contracts for the supply of raw materials for green granules with operators responsible for the collection and removal of municipal waste in Perm Krai and St. Petersburg. The launch of production through the project is scheduled for Q2 2022.

"The overhaul of the Polief plant for the production of green granules is our first major circular-economy project, which is of great importance not only for SIBUR as a leading polymer producer but also for society as a whole. Polymer recycling not only contributes to sustainable waste management; it is also helping solve critical climate problems. By replacing primary hydrocarbon feedstocks with recycled materials, we are reducing the carbon footprint of the end product, making it more competitive both in Russia and in international markets. It also helps us to build a new value chain in regions where we are present based on transforming used plastic packaging into a valuable recyclable resource."

Sergey KOMYSHAN
a member of SIBUR's Management Board and Executive Director for Marketing and Sales, Procurement, Innovation and Business Development at LLC SIBUR

The Company plans to increase the content of recycled raw materials in its new brands of polymers to **50%** in 2022.

VIVILEN IS A BRAND OF SIBUR PRODUCT SOLUTIONS THAT INCORPORATES RECYCLED RAW MATERIALS

In June 2021, SIBUR announced the launch of its Vivilen brand of product solutions (from the Latin vivo, meaning "to live"), which incorporates recycled raw materials in the production process design. The new brand will combine blow molding, injection molding and shrink wrap solutions. Applications include the production of plastic containers for household chemicals and household needs, packaging for cosmetic and other products, as well as the production of consumer goods (such as clothes hangers). In H1 2021, SIBUR already began commercial deliveries of its new solutions and plans to increase them significantly in the second half of this year.

RECYCLED MATERIALS FOR SIBUR PACKAGING

GRI 301-3

In 2020, Tomskneftekhim began producing FFS bags with the addition of recycled materials, which are intended to form containers and packaging for bulk petrochemical products. The packaging has been tested successfully and has received positive feedback from SIBUR customers. At the current stage, the recycled materials being used are technological waste generated during the production process at Tomskneftekhim. The Company has set a more ambitious task for the next stage: to re-engage in producing recyclable materials—used FFS bags from SIBUR products from BIAXPLEN sites and sites belonging to the Company's customers.

Plastic is completely recyclable

EXAMPLES OF THE RECYCLING OF PLASTIC BOTTLES

The following items can be made from ×1 TONNE

- **400** sleeping bags
- insulation for **750** winter jackets
- **450** M² of carpet
- **800** M² of canvas
- furniture fabric for **200** sofas
- covers for **200** cars
- **4,300** M² of road materials

Promotion of Circular-Economy Principles

SIBUR's main priorities are to promote greater demand for green products and solutions among its customers and in the petrochemical sector as a whole. As one of the leaders in the global petrochemical industry, the Company is aware of its responsibility for incorporating circular-economy practices and for developing a successful market for recyclable polymers in Russia. Among other things, SIBUR is undertaking expert involvement in the development of the extended producer responsibility (EPR) mechanism with the aim of improving the profitability and attractiveness of circular-economy projects and forming an efficient waste management industry.

Development of the Reactor Project

In 2020, the **Reactor electronic trading platform for recyclable raw materials** (launched by SIBUR in 2018) continued its development. Reactor connects generators and consumers of recyclable materials, providing convenient services for posting information about goods and for contacts between sellers and buyers. Service users can, following a simple procedure, submit announcements, describe their product and terms of delivery, and upload a photo of the product. Buyers, for their part, can conveniently search by waste type and respond to announcements.

At the end of 2020, just over 6,800 customers were using the platform; the total number of active verified announcements reached 9,200, and the volume of recyclable lots placed during the year amounted to 50.8 thousand tons, with polymers accounting for about 80% of this amount. The platform's staff actively engage with both buyers and sellers, ensure that the information submitted to the site is verified, provide recommendations to customers and protect platform participants against disreputable counterparties.

In 2020, a new information service (Map of Recyclers) was added to the platform, making it possible to search for companies that process recyclable raw materials by location. The map also indicates the grades of recyclable raw materials each company specializes in. In addition, personalized company pages were created, enabling recyclers to showcase key business information.

> "Reactor is trusted by both large and small industry players. The key benefits that we offer are the verification of information—[ensuring that it is] complete—convenience and the speed of the site, as well as the number of new announcements every month. Customers have called Reactor the most convenient and fastest-growing resource available. In developing Reactor, we aim to introduce new solutions with respect to recyclable raw materials and to have a positive impact on the entire recyclable-waste market in the Russian Federation."
>
> **Georgiy PONOMAREV**
> The project manager

Projects and Initiatives to Promote Circular-Economy Principles

SIBUR is actively implementing projects aimed at promoting the principles of a zero-waste environment, separate waste collection and responsible use. The Company supports the installation of containers and machines for collecting waste in Russia, organizes awareness-raising events on circular-economy principles and also supports a variety of eco-projects in various fields.

SOME 51 THOUSAND TONS

of recyclable materials was placed for sale on the Reactor platform throughout 2020

"PLASTIC IS NOT GARBAGE" ECO-PROJECT

In March 2020, SIBUR and the Azimut hotel chain launched a joint environmental project to develop recycling for guest accessories and to reduce waste. Cosmetics and accessories available in Azimut hotel rooms have been replaced by sustainable, recyclable alternatives. All collected plastic is sent for sorting and recycling. Ten Azimut hotels in eight Russian cities are participating in the project; the range of recyclable products found in guest rooms will be expanded by the end of the year.

DEVELOPMENT OF CIRCULAR-ECONOMY PRINCIPLES IN PASSENGER TRANSPORTATION

As part of a pilot project, SIBUR manufactured a batch of products made from recycled plastic for travel kits for passengers on long-distance trains operated by the Federal Passenger Company. Recycled polymers provided by SIBUR PolyLab were used as raw materials.

MOBILE APPLICATION ON PLASTIC

With SIBUR's support, the ProPlastic mobile application was launched in 2020, which contains information about all types of plastics and their properties, markings found on plastic products and other useful information about polymers. In addition, the application contains 2GIS maps, which mark the main points for separate waste collection in various Russian cities.

USING REVERSE VENDING MACHINES

In 2020, a reverse vending machine that accepts plastic bottles was installed at SIBUR's office. In 2021, the Company began installing reverse vending machines at its production sites.

Goals for 2021

SIBUR'S KEY INITIATIVES AND PROJECTS WITH RESPECT TO THE DEVELOPMENT OF A SUSTAINABLE PRODUCT PORTFOLIO IN 2021 WILL BE THE FOLLOWING:

- Extending the requirements of the Contractor's Code of Business Ethics as well as the Company's training course on sustainability to cover suppliers as well;
- Working with customers on the implementation of circular-economy projects and sustainability activities, as well as the development of joint projects;
- Evaluating strategic suppliers of chemical products, equipment and services against sustainability criteria, and automating questionnaires; including ESG factors in the criteria for qualifying contractors through the SAP SRM system, and also extending the criteria to strategic suppliers of equipment and services;
- Continuing the development of compound grades containing recycled materials—low-density polyethylene (rLDPE) for the films segment—launching production of high-density polyethylene (rHDPE) and polypropylene (rPP), with deliveries to consumers, and further increasing production volumes;
- Starting upgrades to the Polief plant to produce green granules and increasing the number of suppliers of recycled raw materials;
- Assessing at least 25% of the product portfolio against sustainability criteria;
- Further developing the Reactor platform: the project team is exploring the possibility of launching new functions and services, including auctions for the sale of recycled raw materials, delivery services and others. The Company also plans to make it possible to pay directly on the platform and to offer a store-in-store service for large sellers (where sellers have their own section);
- Preparing proposals for legislative improvements aimed at consolidating the investment case for circular-economy projects.

1 The project's management company is Reactor LLC, whose sole founder is PJSC SIBUR Holding.

1 For more information, see **https://sustainability.azimuthotels.com/**.
2 For more information, see the **Business Ethics and Compliance"** section.

MIDSTREAM

MATERIAL TOPIC:
- Application of the Company's products
- Feedstock sources and components

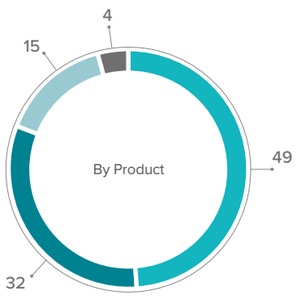
In 2020, our revenue from our Midstream segment amounted to RUB 152.0 billion, a decrease of 28.5% year-on-year, representing 29% of total Group revenue.

Domestic sales accounted for 61% of total revenue from Midstream product sales, while 39% of revenue was attributable to exports.

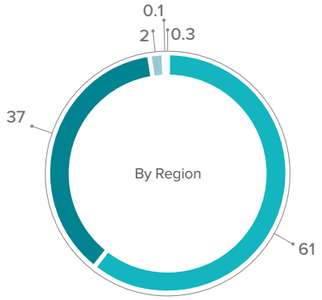
LPG, naphtha and raw NGL are used as feedstock for internal processing into petrochemical products and sold externally.

The products from SIBUR's Midstream segment, including LPG, naphtha and natural gas, are sold primarily to customers in the utilities, fuels and petrochemicals industries both in Russia and internationally. The majority of available raw NGL is used internally as petrochemical feedstock and raw materials for LPG and naphtha.

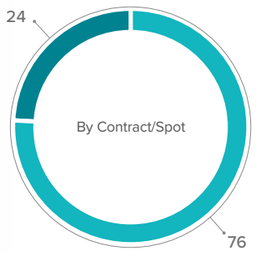
MIDSTREAM REVENUE SPLIT (2020), %



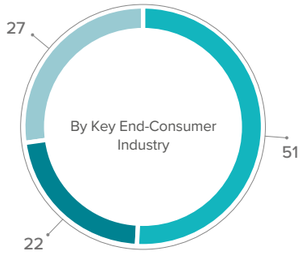
- LPG
- Natural gas
- Naphtha
- Other sales



- Russia
- Europe
- Asia
- CIS
- Other



- Contract
- Spot



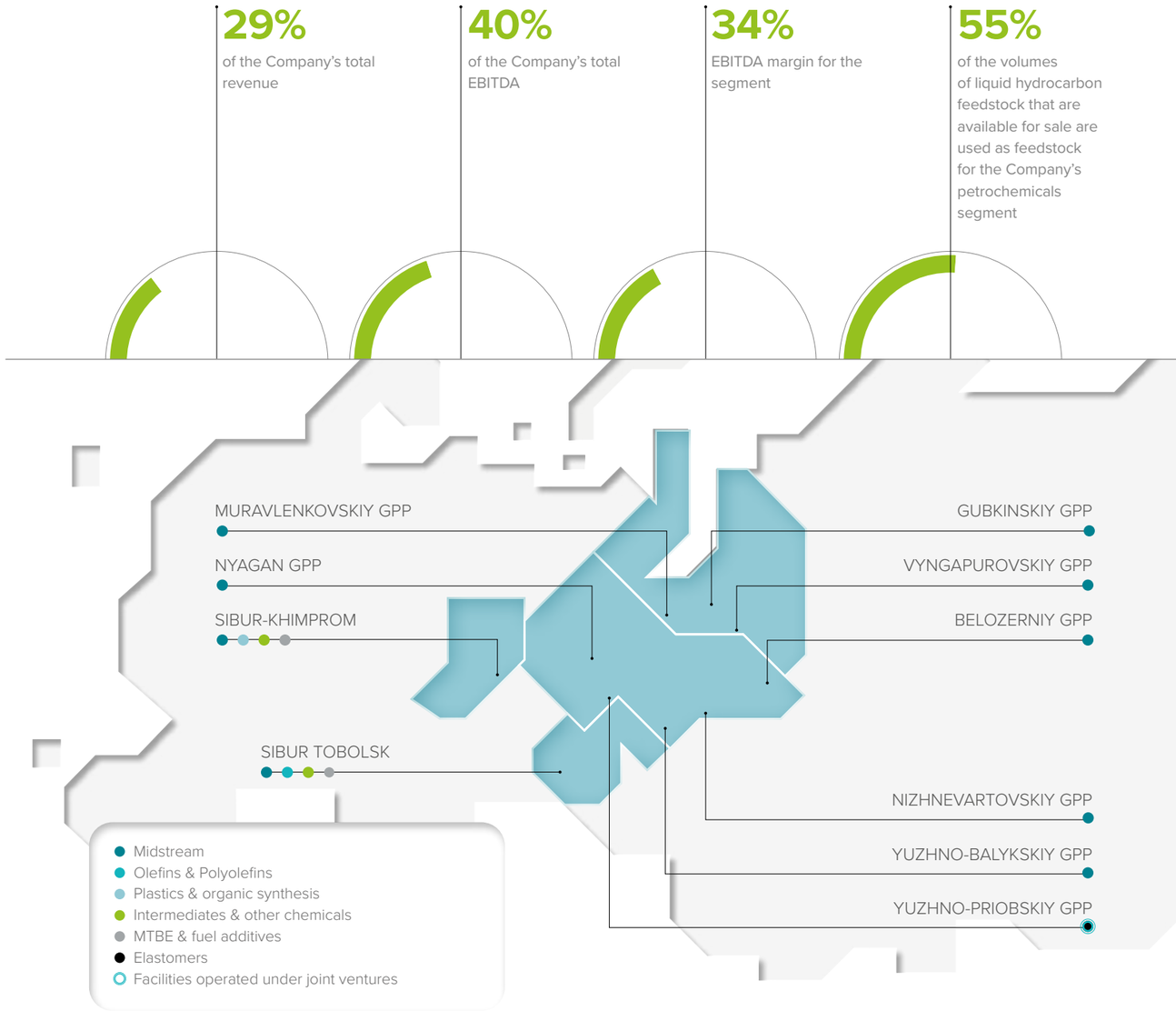
- Petrochemicals
- Utilities and fuels
- Traders and other

29%
of the Company's total revenue

40%
of the Company's total EBITDA

34%
EBITDA margin for the segment

55%
of the volumes of liquid hydrocarbon feedstock that are available for sale are used as feedstock for the Company's petrochemicals segment



Product	Production site	Location	Nameplate capacity as of 31 December	
			2020	2019
Processing capacity, bln cubic meters of APG				
Natural gas Raw NGL Naphtha LPG	Gas processing plants (GPPs)[1]	Khanty-Mansi Autonomous Area Yamal-Nenets Autonomous Area	**25.4**	25.4
Processing capacity, mln tons of raw NGL				
LPG Naphtha	Gas fractionation units (GFUs)[2]	Tobolsk Perm	**9.5**	9.5

[1] Including the Yuzhno-Priobskiy GPP, which is operated as a joint venture with Gazprom Neft.
[2] Including the capacities of Uralorgsintez used under a long-term processing agreement.

Liquified Petroleum Gases

14% of the Company's total revenue

49% of revenue from the Midstream segment

50% of the volumes available for sale are directed as feedstock for petrochemicals

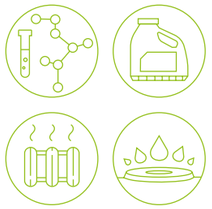
Product Description

LPG refers primarily to propane (C_3), butane and isobutane (C_4) or propane-butane mixtures and is produced by fractionating raw NGL at our GFUs.

Sales

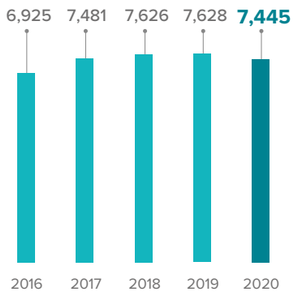
We sell LPG externally and also supply it as feedstock to our petrochemicals production facilities.

Key Applications

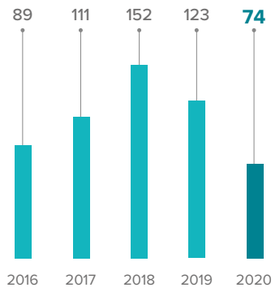


- Motor fuel
- Feedstock for petrochemicals
- Utilities

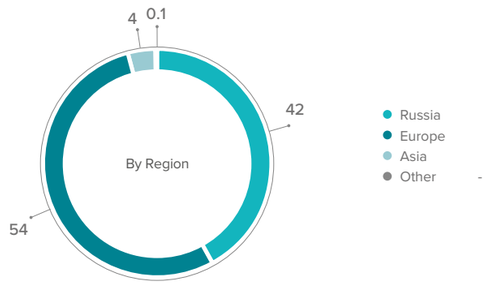
PRODUCTION VOLUMES, '000 tonnes[1]



REVENUE FROM SALES, RUB bln



REVENUE SPLIT BY MARKET, %



[1] Including the capacities of Uralorgsintez used under a long-term processing agreement.

Naphtha

4% of the Company's total revenue

15% of revenue from the Midstream segment

58% of the volumes available for sale are directed as feedstock for petrochemicals

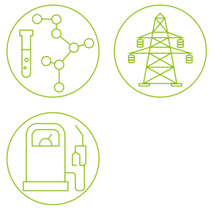
Product Description

Naphtha (C_{5+}) refers primarily to pentane, isopentane, hexane or heavier-fraction hydrocarbons and is produced by fractionating raw NGL at our GFUs.

Sales

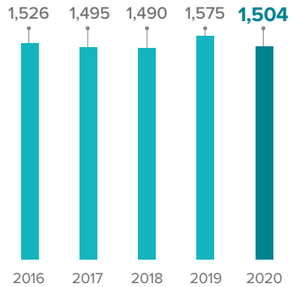
We sell naphtha externally and supply it as feedstock to our petrochemicals production facilities.

Key Applications

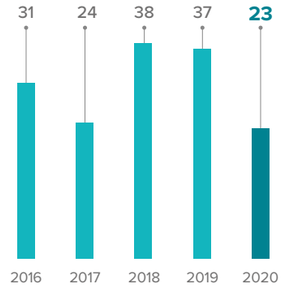


- Feedstock for energy
- Petrochemicals industries

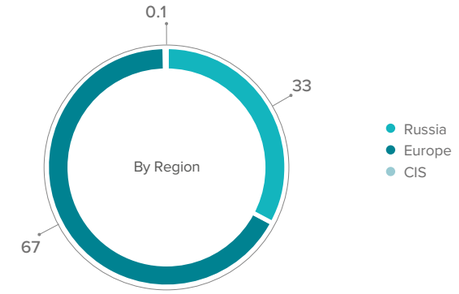
PRODUCTION VOLUMES, '000 tonnes



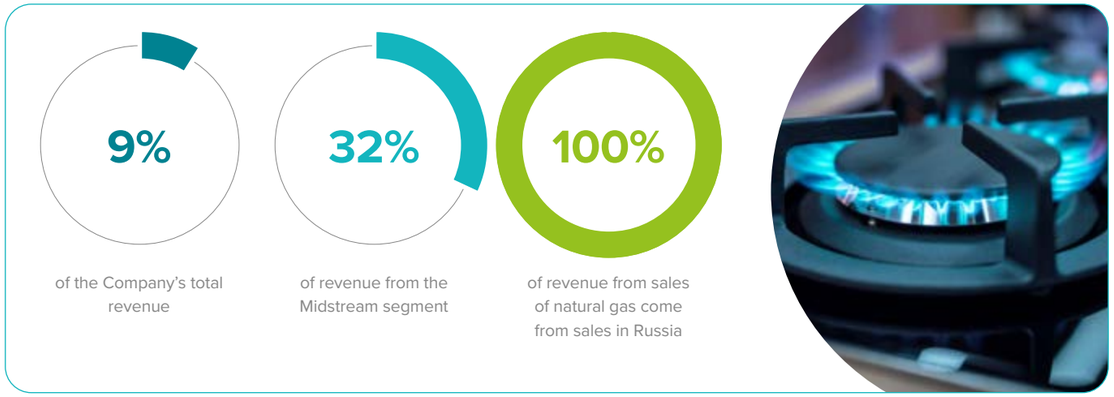
REVENUE FROM SALES, RUB bln



REVENUE SPLIT BY MARKET, %



Natural Gas



Product Description

Methane (C_1) is the primary component of natural gas. SIBUR produces natural gas at its GPPs by processing APG purchased from oil companies, which is separated into natural gas and raw NGL.

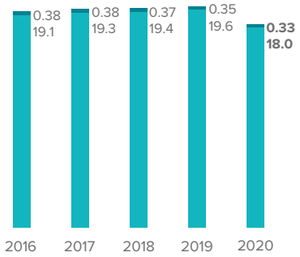
Sales

We sell natural gas both to Russian oil and gas companies and, to a limited extent, to Russian regional and municipal power companies. Natural gas is not used as feedstock for our petrochemicals business but only as fuel at our GPPs and for our own heat and power generation.

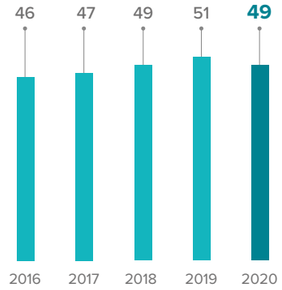
Key Applications

- Utilities

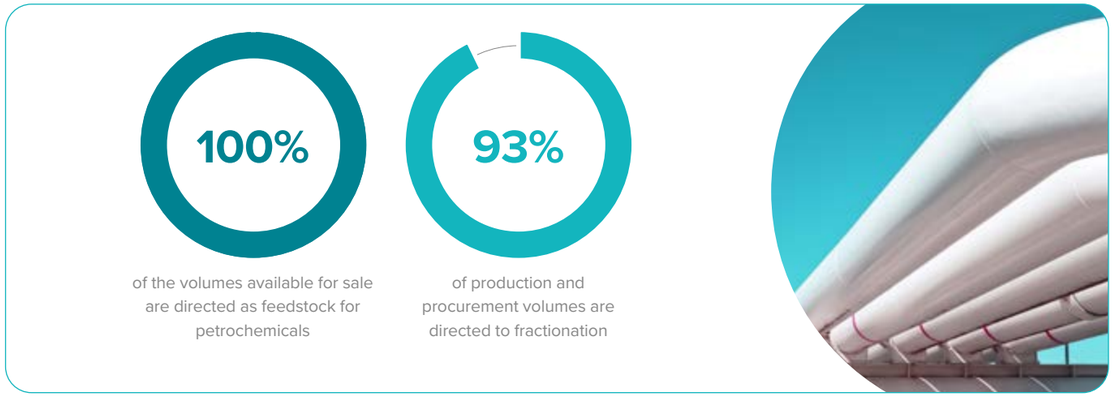
PRODUCTION VOLUMES, bln cubic metres



REVENUE FROM SALES, RUB bln



Raw Natural Gas Liquids



Product Description

Raw NGL represents a wide mixture of hydrocarbon fractions, ranging from C_2 to C_6 (propane, butane, isobutane, pentane, isopentane and hexane), which are produced at GPPs by processing APG and separating it into natural gas and raw NGL. The Company also purchases NGL produced from gas condensate.

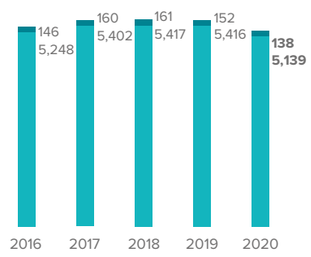
Sales

We use raw NGL primarily for internal fractionation into energy products and as feedstock at our petrochemicals facilities without prior fractionation.

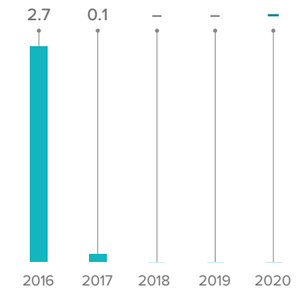
Key Applications

- Petrochemicals

PRODUCTION VOLUMES, '000 tonnes



REVENUE FROM SALES, RUB bln



OLEFINS AND POLYOLEFINS

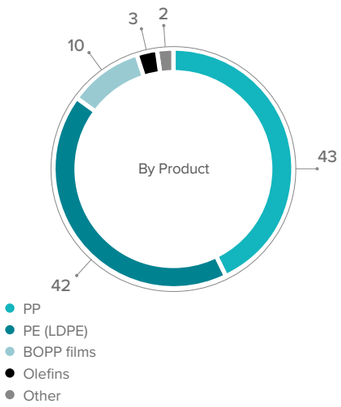
MATERIAL TOPIC:
- Application of the Company's products,
- Feedstock sources and components

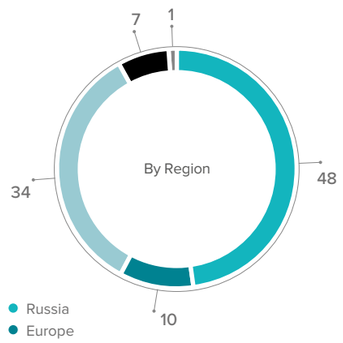
SIBUR's Olefins & Polyolefins segment comprises polypropylene, polyethylene, BOPP films and olefins. Polyolefins are sold primarily to customers in the fast-moving consumer goods (FMCG), construction and chemical industries in both domestic and external markets. The majority of olefins are used for further processing into higher-value-added products at SIBUR's production plants. In addition, olefins are sold in the domestic market, where the main buyer is RusVinyl LLC, a joint venture between SIBUR and Solvay.

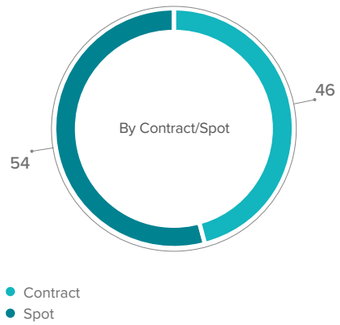
In the fourth quarter of 2020, the Olefins & Polyolefins segment achieved a significant milestone when SIBUR's ZapSibNeftekhim, Russia's largest petrochemical complex and one of the largest in the world, reached its full nameplate capacity ahead of schedule. ZapSibNeftekhim is capable of annually producing more than 2 million tons of high-value-added products, most of which are composed of polyethylene and polypropylene—the world's most widespread polymers.[1]

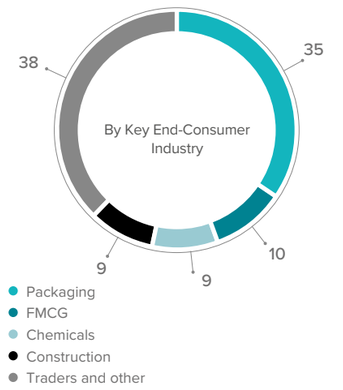
In 2020, our revenue from Olefins & Polyolefins totaled RUB 187.3 billion, a 77% increase year-on-year, and accounted for 36% of total Group revenue for 2020. Domestic sales accounted for 48% of total revenue from Olefins & Polyolefins sales, while 52% of revenue was attributable to exports.

OLEFINS & POLYOLEFINS REVENUE SPLIT (2020), %

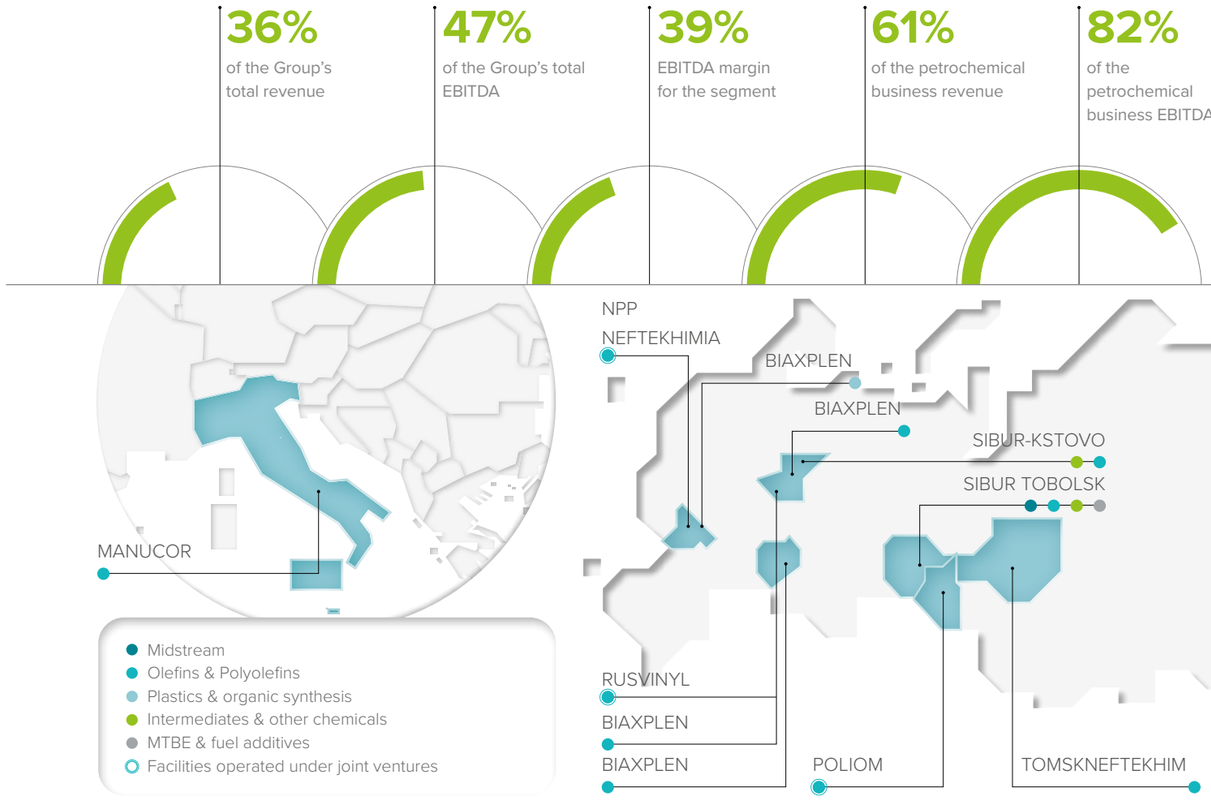








[1] For more detail, see "Growth Strategy and Investment."



Product	Production site	Location	Nameplate capacity (tons) As of 31 December	
			2020	2019
PE (LDPE)	ZapSibNeftekhim[1] Tomskneftekhim	Tobolsk Tomsk	**1,770,000**	270,000
PP	ZapSibNeftekhim[1]	Tobolsk	**1,140,000**	1,140,000
PP	NPP Neftekhimia (nonconsolidated JV)	Moscow	**140,700**	140,700
PP	Poliom (nonconsolidated JV)	Omsk	**218,400**	218,400
BOPP films	BIAXPLEN group of companies	Samara Region Moscow Region Kursk Nizhny Novgorod Region	**185,020**	185,020
BOPP films	Manucor S.p.A. (nonconsolidated JV)	Italy	**100,000**	100,000
Ethylene	Tomskneftekhim SIBUR-Kstovo	Tomsk Nizhny Novgorod Region	**720,000**	720,000
Propylene	ZapSibNeftekhim[1] Tomskneftekhim SIBUR-Kstovo	Tobolsk Tomsk Nizhny Novgorod Region	**829,000**	829,000
Benzene	SIBUR-Kstovo	Nizhny Novgorod Region	**104,000**	104,000
PVC	RusVinyl (nonconsolidated JV)	Nizhny Novgorod Region	**330,000**	330,000
Caustic soda	RusVinyl (nonconsolidated JV)	Nizhny Novgorod Region	**225,000**	225,000

[1] In 2020, SIBUR Tobolsk LLC and ZapSibNeftekhim LLC were merged into one legal entity—ZapSibNeftekhim LLC.

Olefins & Polyolefins

Product Description

SIBUR's Olefins & Polyolefins include polypropylene (PP) and polyethylene (LDPE), BOPP films and olefins.

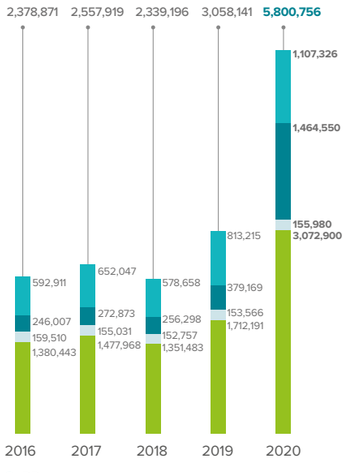
PP and LDPE are granulated thermoplastic polymers, which SIBUR produces following the polymerization of olefins—propylene and ethylene, respectively—that are produced internally.

BOPP films include coextruded, coated, non-heat-sealable or homopolymer films in a variety of finishes.

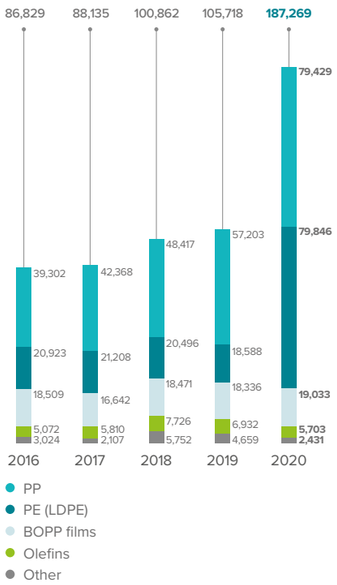
During the coronavirus pandemic in 2020, polyolefins played a special role. Propylene produced at the SIBUR-Kstovo plant is at the heart of the antiseptic production chain; polyvinyl chloride, which is produced by RusVinyl, is a component in flexible tubes for dropper systems, containers for blood transport and much more; blisters for packing ampoules with Sputnik V, the first Russian vaccine designed to fight the novel coronavirus, are also made of polyvinyl chloride produced by RusVinyl.[1]

Sales

PRODUCTION VOLUMES, т

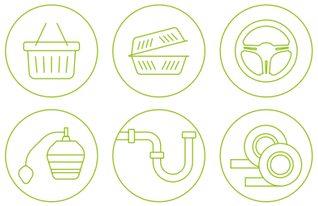


REVENUE FROM SALES, млн руб.



We sell polyolefins to external clients in Russia and abroad and also use certain volumes of PP internally in the production of BOPP films. While some olefins are sold externally to other petrochemicals companies, we process most of our volumes internally into higher-value-added petrochemicals products.

Key Applications



PP:

- Consumer goods,
- packaging,
- BOPP films,
- hygiene products,
- pipes,
- fibers
- and automotive components

BOPP films:

- Production of packaging for food and consumer goods,
- decorative packaging for flowers and textiles,
- as well as adhesive tapes.

Olefins:

- Production of PP and LDPE

LDPE:

- Consumer goods,
- coating materials for the electrotechnical and energy industry,
- film for the agriculture industry
- and various types of packaging.

PLASTICS HELP TO

Reduce energy use

Production of plastic bags requires

40% LESS ENERGY

Production of paper bags generates

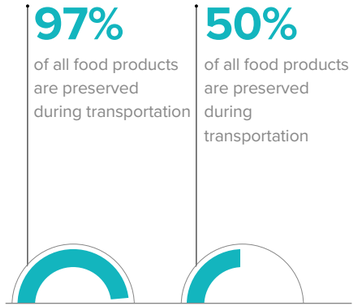
80% MORE SOLID WASTE

than plastic bags

Support foods savings

97%
of all food products are preserved during transportation

50%
of all food products are preserved during transportation



EXTENDED SHELF LIFE

3× 3×
5× 3×
2× 182×

Reduce water use

The production of plastic bags consumes

33 X LESS WATER

as the production of paper bags

Keep the air clean

The use of plastic bags in Russia

PREVENTS THE CUTTING DOWN OF 15 MLN TREES

every year that would be necessary for the production of paper bags, which thereby increases the absorption of CO_2 by about 14,000 tonnes per year

In the production of paper bags

40% MARE CO_2

is released than in the production of plastic bags

[1] For more detail, see 🕮 **"Combating COVID-19 and SIBUR's Contribution to Fighting the Pandemic"** section.

PLASTICS, ELASTOMERS & INTERMEDIATES

MATERIAL TOPIC:
- Application of the Company's products
- Feedstock sources and components

The majority of intermediate products, semi-finished products and other petrochemical products are used internally at SIBUR for further processing into products with higher added value. Only a small share are sold in the market. SIBUR's integrated business model enables us to change the composition of our feedstock and product mix to optimize purchasing, production, sales and logistics in order to maximize our blended margins.

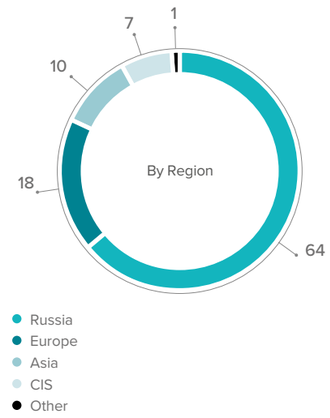
Products in the Plastics, Elastomers & Intermediates segment are sold to industrial customers in key sectors, such as chemicals, utilities and fuels, automotive, FMCG, construction and others.

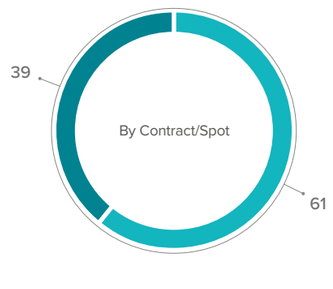
In 2020, SIBUR's Plastics, Elastomers & Intermediates segment's revenue was RUB 121.1 billion, a 21% decrease from the prior year. Domestic sales accounted for 64% of total revenue from Plastics, Elastomers & Intermediates sales, while 36% of revenue was attributable to exports.

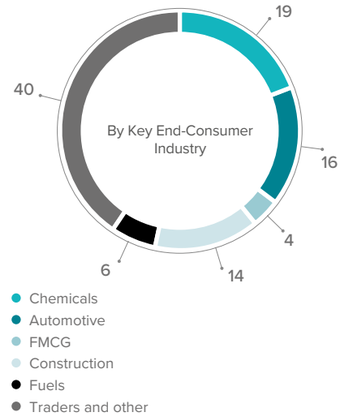
Within the Plastics, Elastomers & Intermediates segment, we produce plastics and organic synthesis products, including:

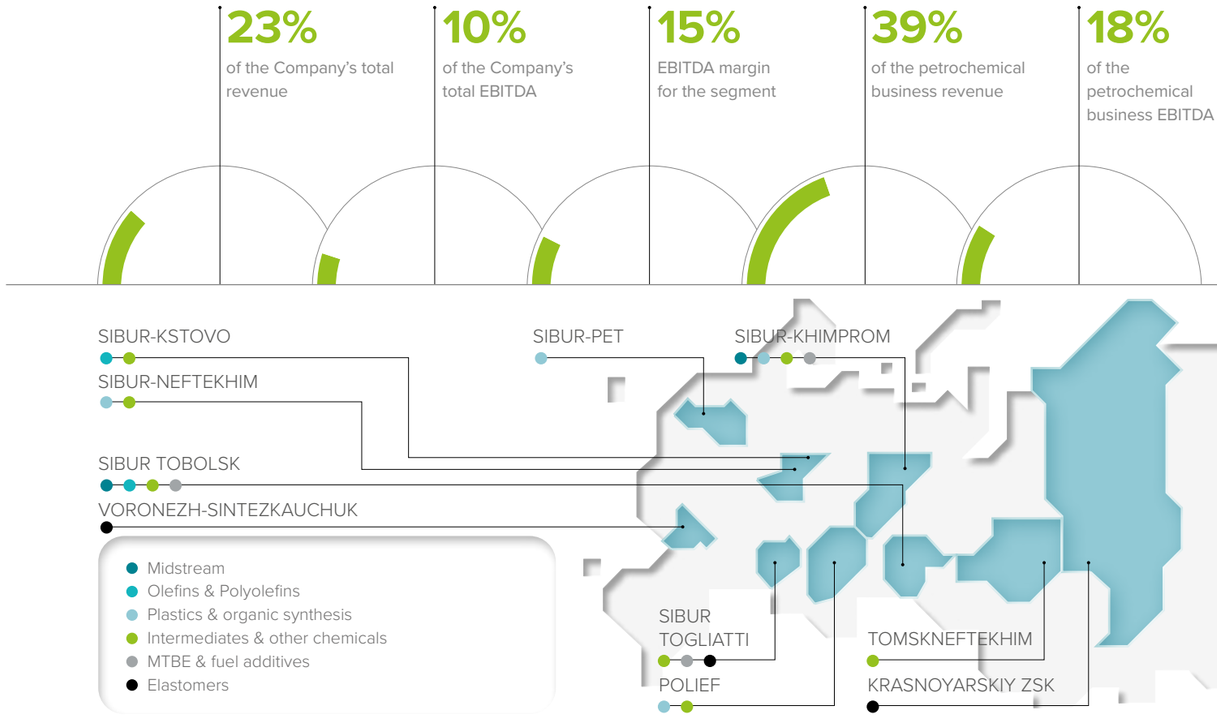
- polyethylene terephthalate (PET);
- glycols;
- expandable polystyrene (EPS);
- dioctyl terephthalate plasticizer (DOTP);
- alcohols and acrylates;
- elastomers comprising various grades of commodity and specialty rubbers and thermoplastic elastomers;
- MTBE and fuel additives (which are sold externally);
- intermediates.

PLASTICS, ELASTOMERS & INTERMEDIATES REVENUE SPLIT (2020), %









Product	Production site	Location	Nameplate capacity (tons) As of 31 December 2020	2019
Elastomers			**418,800**	368,800
Commodity rubbers	Voronezhsintezkauchuk	Voronezh	237,800	237,800
Specialty rubbers	Krasnoyarsky ZSK	Krasnoyarsk	46,000	46,000
Thermoplastic elastomers	Voronezhsintezkauchuk	Voronezh	135,000	85,000
Plastics and organic synthesis products			**1,083,838**	1,072,238
PET	Polief	Blagoveshchensk (Bashkortostan)	327,250	327,250
	SIBUR-PET	Tver	320,500	308,900
Glycols	SIBUR-Neftekhim	Nizhny Novgorod Region	164,700	164,700
Alcohols	SIBUR-Khimprom	Perm	100,000	100,000
Expandable polystyrene	SIBUR-Khimprom	Perm	100,000	100,000
DOTP	SIBUR-Khimprom	Perm	71,388	71,388
Acrylates	SIBUR-Neftekhim	Nizhny Novgorod Region		
Intermediates and other chemicals			**1,186,750**	1,182,925
Propylene	SIBUR-Khimprom	Perm	110,000	110,000
Ethylene	SIBUR-Khimprom	Perm	75,000	71,175
Benzene	Uralorgsintez[1]	Perm Region	95,000	95,000
Styrene	SIBUR-Khimprom	Perm	210,000	210,000
	Plastic[2]	Tula Region	324,000	324,000
Ethylene oxide	SIBUR-Neftekhim	Nizhny Novgorod Region	372,750	372,750
Terephthalic acid	Polief	Blagoveshchensk (Bashkortostan)		
MTBE and fuel additives			**298,100**	285,000
MTBE	Uralorgsintez[3]	Perm Region	298,100	285,000
	ZapSibNeftekhim[3]	Tobolsk		
	SIBUR-Khimprom	Perm		

[1] Uralorgsintez, which divested in April 2017, produces benzene and up to 65,000 tpa of MTBE for SIBUR under a processing arrangement.
[2] Plastic, which divested in December 2013, produces styrene for SIBUR under a processing arrangement.
[3] In 2020, SIBUR Tobolsk LLC and ZapSibNeftekhim LLC were merged into one legal entity—ZapSibNeftekhim LLC.

Plastics and Organic Synthesis Products

Product Description

SIBUR produces plastics and organic synthesis products primarily from ethylene and propylene derivatives, as well as a wide range of intermediates, which we also produce as part of our value chain.

- **PET** is a thermoplastic polymer resin of the polyester family.
- **Glycols** include mono-ethylene glycol, diethylene glycol and triethylene glycol.
- **Expandable polystyrene** is a granulated polymer produced from styrene monomer.
- **Alcohols** include 2-ethylhexanol, butyl alcohol and isobutyl alcohol.
- **Acrylates** comprise ethers of acrylic acid, butyl, methyl and 2-ethylhexyl.
- **Dioctyl terephthalate (DOTP)** is a colorless, almost odorless, liquid that is primarily used as a plasticizer to ensure plasticity, enhanced durability, and wear and cold resistance; it is one of the safest plasticizers for both human health and the environment.

Sales

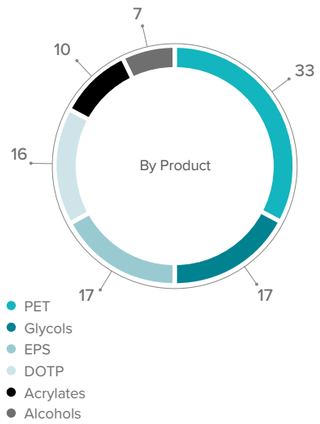
We sell these products to external customers in a variety of industries in Russia and abroad with a strong focus on the domestic market for the majority of the products, and we also use certain volumes internally, primarily in the production of higher-value-added products.

9%
of the Company's total revenue

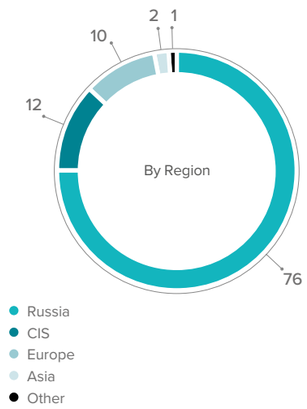
15%
of the petrochemical business revenue

39%
of revenue in the Plastics, Elastomers & Intermediates segment

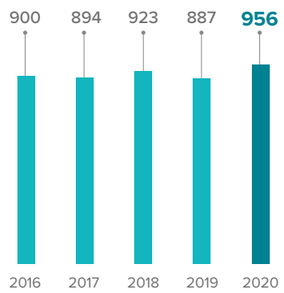
REVENUE SPLIT BY MARKET, %



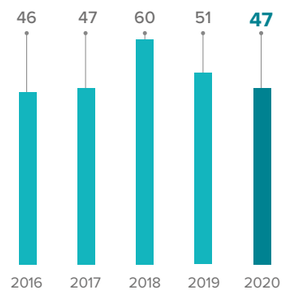
REVENUE SPLIT BY MARKET, %



PRODUCTION VOLUMES, '000 tonnes



REVENUE FROM SALES, RUB bln



Key Applications

- **PET:** Packaging for beverages and food and other containers.
- **Glycols:** PET, polyester fiber, deicing liquids, cooling and antifreeze liquids, solvents for extracting aromatic hydrocarbons and reagent for drying natural gas.
- **EXPANDABLE POLYSTYRENE:** Production of thermoinsulation blocks, packaging materials as well as for decorative elements.
- **Alcohols:** Production of plasticizers, acetates, acrylates, oil additives, as solvents for plastics and varnish, as an antifoaming agent, as well as a component for perfume compounds.
- **Acrylates:** Production of acrylic emulsions, superabsorbents, building mixes and adhesives used in the construction and textile industries.
- **Dioctyl terephthalate (DOTP):** PVC toys, childcare articles, consumer products, beverage closures, floor and roof coatings, wallpaper, cable compounds and automotive coatings.

Eco-friendliness of products and recyclability[1]

	METAL	GLASS	PLASTIC
ENERGY CONSUMPTION FOR THE PRODUCTION OF ONE ITEM WITH A VOLUME OF 355 ML	0.9 W*H	0.63 W*H	0.58 W*H
RECYCLING POTENTIAL	100%	UP TO 80%	100%
DECOMPOSITION TIME	500 YEARS	>1,000 YEARS	300 YEARS
AIR EMISSIONS CO_2 EQUIVALENT	1.2 KG	2.2 KG	0.5 KG

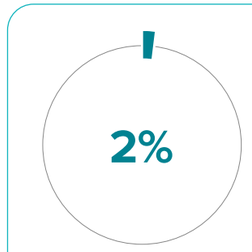
In terms of CO_2 emissions, consumption of energy and water, emissions and waste generated, **production of polymers and other petrochemicals is more environmentally friendly** than production of comparable materials, including metals and paper

The Company **implements principles of a circular economy**, contributing to the development of polymers recycling

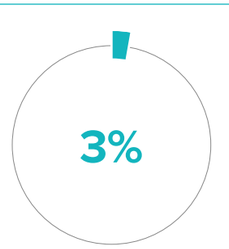
SIBUR's products have **environmental benefits** and a **small carbon footprint**

[1] Source: Table D-1, Franklin Associates, Green Lifestyle Magazine, The Container Recycling Institute, Columbia University Fu Foundation School of Engineering and Applied Science.

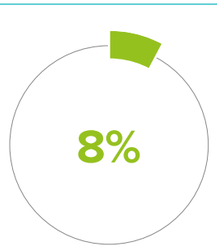
MTBE and Fuel Additives



of the Company's total revenue



of the petrochemical business revenue



of revenue in the Plastics, Elastomers & Intermediates segment

Product Description

MTBE is a fuel additive that is used to increase the octane level in gasoline and is produced from the reaction of methanol with isobutylene fraction.

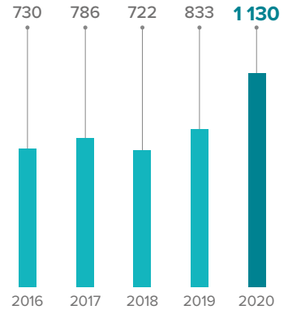
Key Applications

- Motor fuel

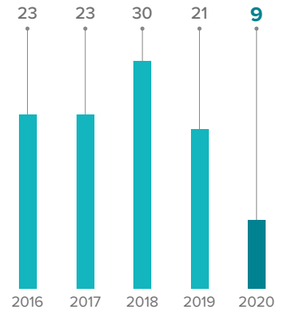
Sales

We sell 100% of MTBE externally to oil refineries in Russia and abroad.

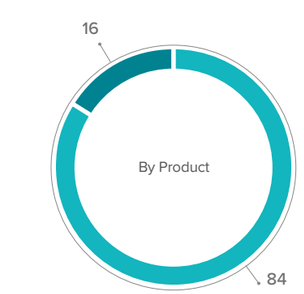
PRODUCTION VOLUMES, '000 tonnes

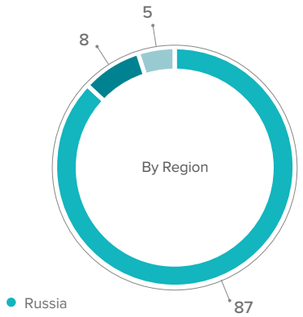


REVENUE FROM SALES, RUB bln

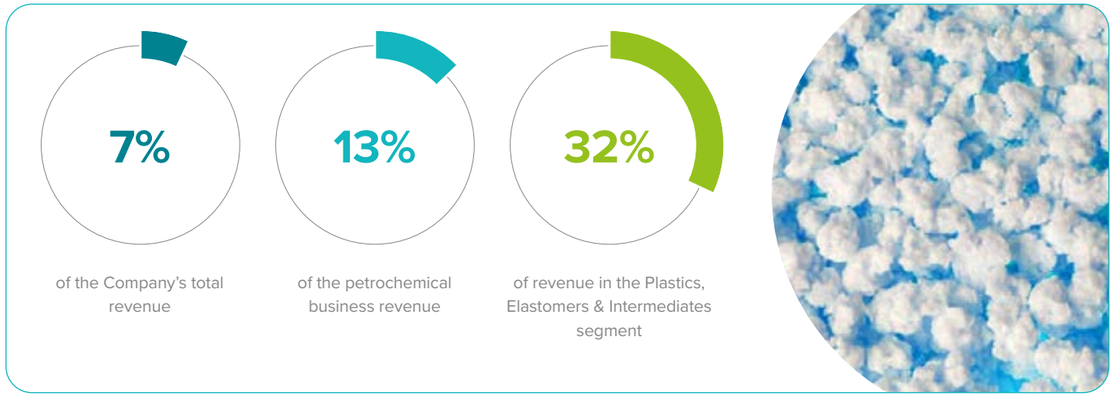


REVENUE SPLIT BY MARKET, %





Elastomers



Product Description

Elastomers comprise commodity rubbers, specialty rubbers and thermoplastic elastomers (SBS). Commodity rubbers have elastic and other properties that are somewhat similar to natural rubbers. Some specialty rubbers are characterized by oil and petrol resistance, gas impermeability, in addition to basic rubber properties.

Thermoplastic elastomers demonstrate both thermoplastic and elastomeric properties.

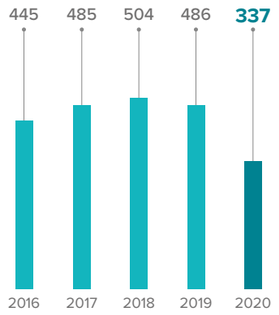
Key Applications

- **Commodity rubbers:** Tires, mechanical rubber goods for the automotive and machine-building industries, asbestos technical (frictional) goods and adhesives, footwear.
- **Specialty rubbers:** production of rubber products for the automotive and mechanical engineering industries, asbestos goods and adhesives, as well as footwear.
- **Thermoplastic elastomers:** Construction, healthcare, automotive, electronics and footwear.

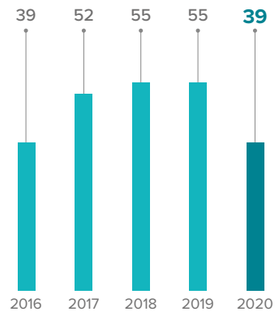
Sales

We sell 100% of rubbers to external customers both in Russia and abroad.

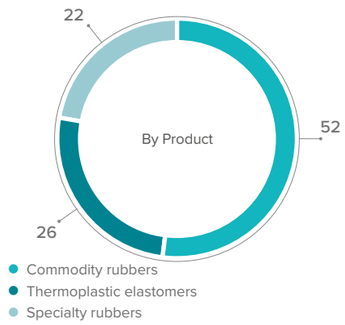
PRODUCTION VOLUMES, '000 tonnes

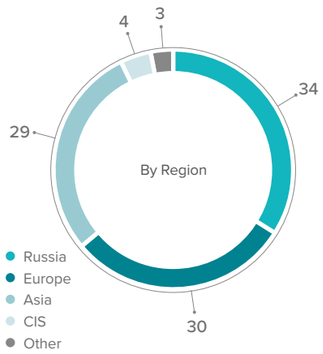


REVENUE FROM SALES, RUB bln

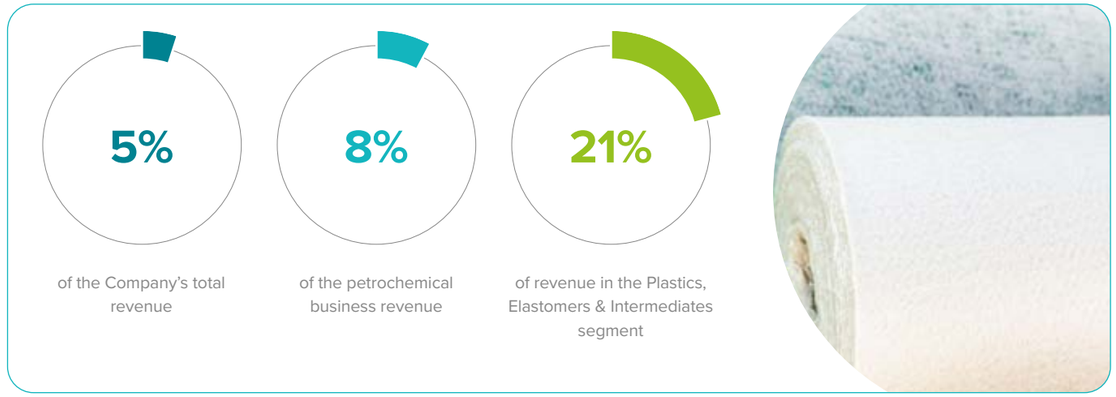


REVENUE SPLIT BY MARKET, %





Intermediates and Other Chemicals



Product Description

Intermediates and other chemicals primarily comprise styrene, benzene, propylene, ethylene oxide, terephthalic acid, butadiene, isoprene, isobutylene and others and are produced primarily from raw NGL, LPG and naphtha.

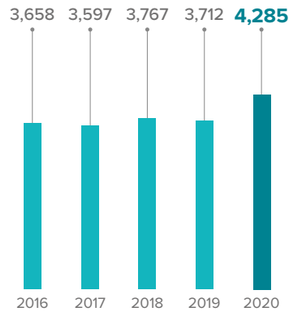
Key Applications

- These chemicals are primarily used internally for processing into higher-value-added petrochemical products.

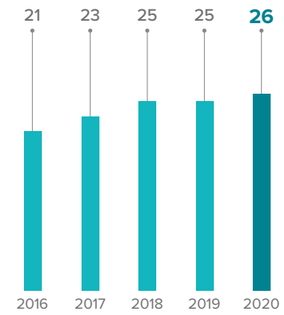
Sales

We also sell these products externally, primarily to other petrochemicals companies.

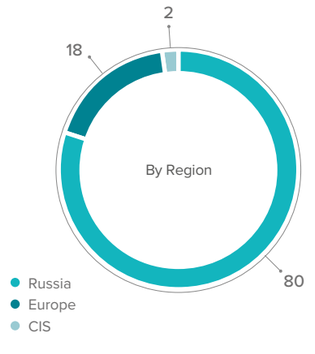
PRODUCTION VOLUMES, '000 tonnes[1]



REVENUE FROM SALES, RUB bln



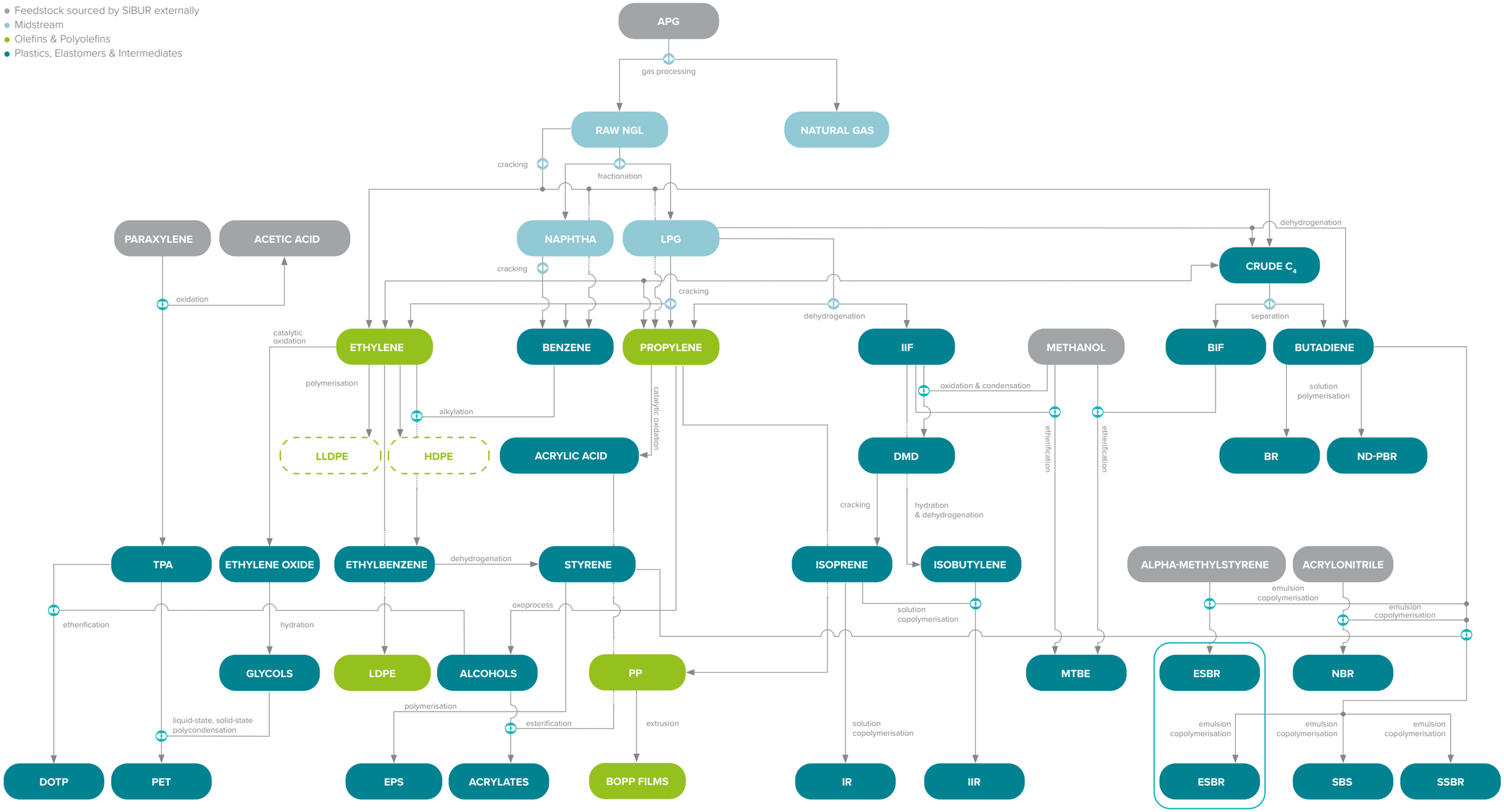
REVENUE SPLIT BY MARKET, %



[1] Please note that total production volumes of intermediates and other chemicals include double counting.

PRODUCTION FLOWS

- Feedstock sourced by SIBUR externally
- Midstream
- Olefins & Polyolefins
- Plastics, Elastomers & Intermediates



RESPONSIBLE SUPPLY CHAIN

MATERIAL TOPIC:
- Stakeholder engagement

"The entire team at SIBUR shares common goals: sustainable operations, growth and engagement with customers, suppliers and all of our stakeholders. In other words, it's about creating the right economic landscape around us. In addition, SIBUR is also setting environmental performance standards for contractors along the entire value chain."

Pavel LYAKHOVICH
a member of the Management Board and Managing Director, Head of the Basic Polymers Division and New Operating Model Project at LLC SIBUR

GRI 204-1

40%
of purchases in monetary terms from local suppliers[1]

GRI 102-9

SIBUR is responsible for the quality and safety of the end products it supplies to customers, and building a responsible supply chain is one component in forming a sustainable product portfolio. To accomplish this, we have set high standards and requirements for our suppliers, which also allow us to guarantee operational efficiency and a highly competitive position for our products in global markets. Moreover, our procurement activities are aimed at building long-term and mutually beneficial relationships with our suppliers and partners. Procurement activities are based on the principles of transparency and ensuring a level playing field for all of our contractors.

2020 HIGHLIGHTS

19% OF OUR CHEMICAL PRODUCTS SUPPLIERS
were assessed against sustainable development criteria, including social and environmental impact assessments

Strategic Priorities for Building a Responsible Supply Chain

In 2020, the Company identified five long-term development goals for its supply chain management (SCM), resulting in the following progress toward achieving them during the reporting period:

LONG-TERM GOALS FOR DEVELOPING SCM	RESULTS IN 2020
Boosting labor productivity by improving operational efficiency and using smart results in expenditures	◆ The speed and flexibility of operations increased significantly during the pandemic, ensuring much-needed economically calibrated solutions to rebalance the Company's production flows within a month. A quick restructuring of the operations format was achieved by mobilizing teams and maximizing the use of technical solutions and enhancements with our own resources.
Developing a new operating model and transitioning in phases to the target organizational structure on the horizon of two years by aligning and automating processes	◆ The function's target organizational structure was developed, approved and implemented. Performance above and beyond the goals for the functional contract of 2020 was secured: – the headcount target was improved by 10%; – the gross payroll target was improved by 14%. ◆ The role of asset holders of basic polymers, rubbers and plastics was introduced, a staff was created, training in planning systems was carried out, and a functional map was developed and agreed upon with cross-functions.
Improving processes for managing flows and brand assortment of finished products	◆ The leading role played by SCM in business planning for 2021 provided a qualitatively different process level with a focus on identifying business opportunities and mitigating possible risks: assessing the cost of restrictions, determining the gap between MAP goals and benchmarks of past periods, and scenario cost analysis of asset loading, which allowed operating efficiency targets to be increased by RUB 1.7 billion. ◆ A change in the approach to optimizing export sales through Ust-Luga on 2021 business plan production flows was initiated and implemented through a change in the approach to accounting for variable transhipment and freight costs. The achieved savings amounted to RUB 1.3 billion. ◆ System-wide monitoring of lost work time, maximum achievable productivity and feedstock consumption rates was implemented, thereby making it possible to quickly analyze and identify deviations from the business plan, work plan and past periods in the format of additional or lost marginal income, and to determine the potential for an additional marginal approach. These efforts revealed a potential increase in the Company's marginal income at the level of RUB 0.6 billion (excluding potential effects for ZapSibNeftekhim).
Refining the functionality of the Company Optimizer module in order to expand the volumetric planning horizon to three to five years	◆ During 2020, data sources were synchronized for both planning systems used in the Company for production and sales planning (Company Optimizer is our system for volumed planning, and Quintiq is the scheduling system). Schedules for the generation of plans were synchronized. ◆ A transition to the use of common data sources by both planning systems was undertaken. ◆ Company Optimizer functionality for calculating the cost of constraints was implemented in order to eliminate planning bottlenecks and make plans more ambitious. ◆ Current plans include further development of the Company Optimizer module functionality in order to improve planning process efficiency.
Fine-tuning the hypothesis of transitioning to a single tool for volumetric planning in the Company over 1–15 years in order to eliminate duplicate modeling and varying results	◆ Potential effects of the initiative are being worked out. Confirmation of the effects is a condition for transitioning to implementation of the hypothesis.

[1] The Company considers local suppliers to be suppliers from Russia.

Supplier Evaluation

We have assessed 19% of our chemical products suppliers against sustainable development criteria, including social and environmental impact assessments.

We carefully select all of our suppliers according to a number of criteria, and we conduct procurements with the utmost degree of transparency exclusively via the SAP Supplier Relationship Management (SAP SRM) platform and through an independent Tender Committee when a one-time purchase exceeds RUB 90 million. Moreover, we have developed strategies for all major procurement categories.

We ensure that all of our suppliers adhere to the principles of sustainable development in their operations, and our suppliers are required to comply with the provisions of our **integrated management system (IMS) policy for industrial and occupational safety, environmental care, product quality and energy efficiency in production**. Sustainable development issues are included in the technical-audit checklist for suppliers. Moreover, we are actively assessing key suppliers of raw materials and equipment for sustainable development practices and further interaction in this area.

Working with suppliers also allows us to comply with the regulatory requirements of our own products.

INTERACTING WITH SUPPLIERS IN SUSTAINABLE DEVELOPMENT

We have integrated the minimum requirements for suppliers regarding industrial and occupational safety and environmental care into the standard contract, and included key safety rules and requirements as well as the procedure for recording violations. As of 2020, there were also additional requirements in order to prevent the spread of coronavirus infections, with penalties assessed for violating these requirements. Potential suppliers may refer to the compliance checklist when participating in tender processes.[1]

In 2020, we adopted the Contractor's Code of Business Ethics, which is another integral part of the standard contract. When entering into business relations with SIBUR, each contractor must confirm agreement with the provisions of the Code. Although the document is nonregulatory, it does assist us in understanding the philosophy of each supplier, establishing transparent and trustworthy business relationships, and jointly forming an ethical business environment.[2] We plan to train suppliers on the SIBUR Business Practices platform in 2021 in order to implement the Contractor's Code of Business Ethics.

We train suppliers regarding sustainable development and discuss topical issues on the matter with them. For example, during our annual 2020 Supplier Day, held online, this occurred when we discussed environmental, social and economic risk management, and reviewed applying best practices in the area. We also encourage our suppliers to take a course on sustainable development.[3]

1 For more detail, see "Requirements for Suppliers and Contractors."
2 For more detail, see "Business Ethics and Compliance in Relations with Contractors."
3 For more detail, see https://businesspractices.ru/programs/tb/314/.

ASSESSING SUPPLIERS IN SUSTAINABLE DEVELOPMENT

In addition to evaluating our suppliers for compliance with the requirements of the REACH Regulation, SIBUR aims to evaluate at least 10%–15% of the chemical product suppliers by 2025 against a wider range of sustainable development criteria, including mitigating climate and environmental impacts.

Criteria for Assessing Suppliers

- **ANTI-CORRUPTION**
- **RESPECT FOR HUMAN RIGHTS**
- **INDUSTRIAL AND OCCUPATIONAL SAFETY**
- **ENVIRONMENTAL PROTECTION**
- **ADDITIONALLY** (availability of the results of an Ecovadis assessment)

SIBUR's anti-corruption criteria include tools for identifying and reporting cases of management corruption, as well as training on preventing bribery. In terms of respecting human rights, we highlight the approved policy and guidelines on personnel decisions that guarantee fair wages for employees, and other rights. Regarding criteria for industrial and occupational safety, the Company has a policy and process for assessing and documenting risks, while also conducting training; there were no fatal accidents among employees last year. With respect to criteria for environmental protection, we indicate that there is a policy and there are target indicators, and that the Company supports international initiatives in sustainable development, among other criteria.

In 2020, SIBUR completed the first stage of its assessment of companies that supply the Company's chemical products, having interviewed key suppliers that account for approximately 50% of the Company's expenditures in this procurement category.

The majority of our suppliers (55%) performed satisfactorily and were assigned an acceptable level of sustainability risk. The assessment showed that more than half of the suppliers that underwent the assessment actually report on sustainable development activities or summarize the results of individual activities and initiatives as part of their implementation of sustainable development practices.

In 2021, the Company plans to automate its assessment of suppliers in terms of sustainable development via SAP SRM. The broad functionality of SAP SRM makes it possible to evaluate suppliers, to provide feedback and to develop a unified database of technical audits. SIBUR also plans to include strategic suppliers of equipment and services in the assessment.

Auditing Suppliers

We look after the safety and health of our partners, which is why HSE requirements also apply to SIBUR's contractors and suppliers.[1]

SIBUR's Best Industry Practices in SCM

To improve production efficiency and transparency of supply chains, predictability of logistics operations and the utilization of our enterprises in line with market dynamics, we are actively introducing modern practices as part of our SCM model. Among other things, these measures allow us to manage costs with the aim of maximizing marginal income and ensuring operational safety.

SIBUR TRANSITIONS TO SAP SRM

SIBUR made a key change in the procurement process in 2020 by migrating from B2B to SAP SRM, which enables the seamless transfer of data from the tender process to the next stage of selecting suppliers automatically, followed by the automatic generation of a purchase agreement. Consequently, the new single unit automates the three stages in the end-to-end process. We are now able to place orders automatically, without a tender process, obtaining technical approvals and involving our employees from the procurement and finance departments.

1 For more information, please see "Industrial and Occupational Safety."

SIBUR's Best Industry Practices in SCM

1

Supply-chain operations reference model (SCOR): A cross-industrial operations reference model and diagnostic standard for SCM that makes it possible to impove and distributeSCM models among all parties in the enterprise. Demand Review is the standard process.

2

Sales and operations planning (S&OP): A planning process for procurement, production, sales and logistics. Launched for all Company businesses. Participants, frequency and procurement are set, thereby reducing risks to fulfilling plans; areas requiring attention are also identified.

3

Demand planning: A demand forecasting tool for cross-functional operations of marketing, sales, the customer service center and SCM.

4

Managing reserves of raw materials and finished products, regularly recalculating precautionary balances and determining the optimal level of balances. Formulated and ready to use: inventory classification tools and monitoring low-turnover positions and baseline inventory levels.

5

SCM 3.0 project: **Implementing an accounting system to record and keep track of finished products.**

6

Conducting training programs for employees in SCM and related departments on how to work with the Company's current and future planning systems regarding production, shipments, inventories and logistics.

7

Developing the SCM Advanced distance-learning course with modules on production, logistics, volumetric planning and scheduling.

8

Scenario planning, comparing scenarios and selecting the optimal plan.

9

Developing and implementing the Company's operational efficiency metrics.

10

Continuous improvement approach to development: An ongoing effort to improve tools and processes, with considerable attention paid to taking gradual and continuous steps rather than giant leaps.

SIBUR RECEIVES ANNUAL COMPETITIVE PROCUREMENT LEADER AWARD

SIBUR received and annual Competitive Procurement Leader award in the "Procurement Processes Digitalization Leader" category for its project to fully automate the procurement process.

Following the competitive selection of a single strategic distributor partner, SIBUR was the first Russian company to integrate its in-house SAP system and the ETM online shop for placing orders and supplying fasteners for electrical and cable materials as well as cable accessories without a tender process, obtaining technical approvals and involving its employees from the procurement and finance departments. At this stage, the Company has implemented the procedure only with ETM, though another 20 suppliers are in the works.

The ordering party—a Company employee—can go directly to the ETM online shop, select the required material and technical resources and add them to their shopping cart. The information received is processed and sent to the in-house SAP system already as a purchase order, with details on order status and supplier shipment also transmitted automatically.

Goals for 2021

Further developing category strategies;

Completing the centralization of categories for material and technical resources P2 in the regional divisions of production support functions (PSF);

Improving the efficiency of cost management for chemical products;

Implementing technological independence and import substitution;

Implementing engineering marketing;

Providing supplies for ongoing investment projects and shutdown repairs;

Involving PSF early in developing a portfolio of investment ideas;

Implementing an organizational and operational function model;

Automation of supplier assessments in the area of sustainable development via the SAP SRM system;

Expansion of the scope of supplier assessments in the area of sustainable development to include equipment and service providers;

Hosting of a sustainable development webinar for suppliers.

TRANSPORTATION AND LOGISTICS

Transportation and a unique logistics infrastructure are an integral part of SIBUR's operations and serve as a competitive advantage for the Company, allowing for efficient supply chain management in line with the needs of the business, partners and consumers.[1]

Pipelines in Western Siberia

By transporting its own hydrocarbon feedstock through pipelines, SIBUR is able to significantly reduce costs compared to using rail transportation due to lower fixed costs for personnel and pipeline maintenance, especially when taking into account the volume of cargo and transportation distances.

SIBUR uses pipeline infrastructure to transport the following raw materials:

APG: via pipelines that link oil fields to our GPPs. Most of the pipelines used are owned by oil companies, but SIBUR owns a portion of them.

740 KM—
the length of the Company's own pipelines to transport APG

Natural gas: raw materials are supplied to the Unified Gas Supply System of PJSC Gazprom and to regional energy companies through SIBUR pipelines.

250 KM—
the total length of our own pipelines

Raw NGL: raw materials are supplied to SIBUR's gas fractionation unit in Tobolsk through specialized product pipelines, which guarantees timely and stable access to raw materials in Western Siberia.

1,747 KM—
the length of product pipelines

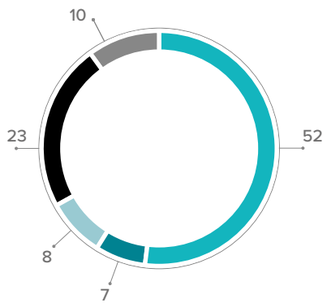
2,799 KM—
the length of the pipeline network

Non-pipeline Transportation

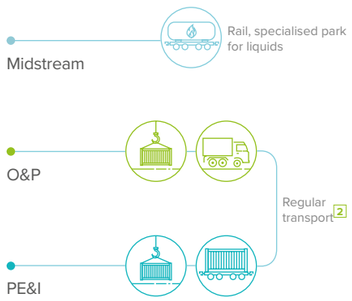
SIBUR's external logistics costs in the reporting year amounted to RUB 73.8 billion, which accounted for 18% of the Company's total operating costs. In 2020, the total volume of freight—excluding transportation through pipelines, including between the Company's production sites—amounted to 14 million tonnes.

SIBUR's external logistics costs in the reporting year amounted to
RUB 73.8 BILLION

TRANSPORTATION VOLUMES BY TYPE OF TRANSPORT IN 2020, %



KEY TYPES OF ONSHORE TRANSPORTATION BY SEGMENT



[1] For more detail, see "Business Model."
[2] Specialised vehicles are used for relatively low volumes of transportation.

Rail Transport

Rail is SIBUR's major mode of transportation in terms of volumes transported—52% in 2020. Additionally, costs for rail transportation account for most of the Company's logistics costs, including:

- tariffs for access to Russia's railway network and usage of locomotives, which is regulated by the Federal Anti-monopoly Service of Russia (FAS);
- cost of shipping services outside Russia;
- cost of contracted and rented rolling stock;
- cost of rolling stock maintenance.

SIBUR AND PJSC TRANSCONTAINER INTEGRATE SYSTEMS FOR MULTIMODAL TRANSPORTATION CONTROL

In 2020, SIBUR and PJSC TransContainer launched a pilot transport management system (TMS) project, which enables end-to-end planning and control over the Company's multimodal transportation.[1] The TMS allows export and domestic rail and sea transportation orders to be generated with exact dates of arrival and, if necessary, timely adjustments to the transportation process. This system allows SIBUR to constantly monitor delivery dates and receive information about the current location of containers and railcars.

SIBUR DIVERSIFIES ROUTES FOR POLYMER PRODUCTS SUPPLIED TO CHINA

The Company previously transported products to the region exclusively by sea, but following China's development of the Belt and Road Initiative, SIBUR's Tobolsk and Tomsk plants have had the opportunity to use the railway since 2020.

This step allowed delivery time to be reduced to 10 days compared with 30 days by sea transportation; it also ensured the development of a consumer base in new regions of China.

"The multimodal container transportation management system will give us the ability to reduce the labor inputs required by our logistics function, which is especially important in relation to the launch of ZapSibNeftekhim, our largest complex, and our entry into new markets. It will also enable us to reduce transportation downtime, optimize intraplant logistics processes and increase the capacity of the logistics platform at the Tobolsk facility. The most important thing is to always deliver products to our customers on time, keeping our logistics service at a high level."

Irina AGARKOVA
Head of Logistics at LLC SIBUR

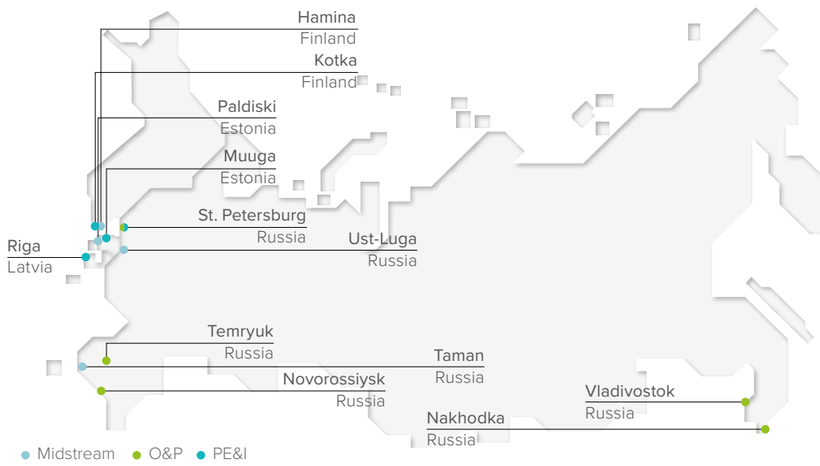
Port Facilities and Sea Freight

We deliver LPG, naphtha and certain other products to export markets through ports in Russia and neighboring countries (Baltic states, Finland). SIBUR manages the sea terminal at the port of Ust-Luga, through which 1 million tons of LPG were transported in 2020.

Most of the LPG was shipped in eight ice-class cargo ships with a capacity of 5,000–22,000 cubic meters each.

All of the ships are on long-term lease. Basic polyolefins are transported using various means of mass transportation.

SEAPORTS BY TYPES OF PRODUCTS SHIPPED



[1] Multimodal transportation is transportation carried out by several types of transport.

INNOVATION AND R&D

2020 HIGHLIGHTS

RUB 1.483 BILLION
total investment in R&D

RUB 49.3 BILLION
invested in R&D projects with significant environmental components;

RUB 51.3 MILLION
invested in R&D projects aimed at recycling plastic waste and incorporating renewable feedstocks

>300 EMPLOYEES
engaged in R&D

169 EMPLOYEES
in the R&D Department

148 R&D PATENTS REGISTERED
(115 Russian and 61 international), including

14 NEW PATENTS
awarded in 2020 for organic synthesis products, polyolefins and elastomers

22 PROJECTS
completed and submitted for implementation

97 PROJECTS
in the current R&D portfolio, including

36 PROJECTS
initiated in 2020

MATERIAL TOPIC:
- Innovation and R&D
- Stakeholder engagement

> "SIBUR's Sustainable Development Strategy proposes increasing investment in R&D projects aimed at recycling polymer waste and expanding the areas of application for recycled plastics. At SIBUR, we have been systematically organizing our efforts in these areas and developing world-class research centers that enable us to develop innovative products and bring them to market in a short time, both independently and together with the Company's customers and scientific partners."
>
> **Konstantin VERNIGOROV**
> CEO of SIBUR PolyLab

SIBUR's research activities are focused on creating and introducing new products, promoting a circular economy and improving the efficiency of existing production facilities.

SIBUR strives to develop in-house competencies and its own solutions by encouraging employees to propose and introduce innovations. Thanks to its consistent approach and the scale of its R&D projects, SIBUR contributes to the development of the scientific and technological capabilities of the entire petrochemical industry.

As a member of the UN Global Compact, SIBUR is devoted to Principle 9 of the initiative, which says that the business community should encourage the development and diffusion of environmentally friendly technologies.[1]

R&D Priorities

SIBUR considers introducing best available technologies, improving the energy efficiency of production and developing the following areas of R&D to be among the key mechanisms for realizing new opportunities:

- chemical recycling of polymer waste;
- developing and rolling out new polymer materials;
- developing a product portfolio in the context of existing technologies; and
- low-carbon technologies and technologies enabling the use of CO_2 molecules.

Over the past year, SIBUR has made considerable progress in these areas: a program focused on new technologies for the chemical recycling of polymer waste was launched together with a Russian partner, and laboratory-scale quantities of one of the new polymer materials were obtained. The Company is conducting testing with customers and is working on scaling up the technology.

In 2020, in the context of the development and rollout of new polymer materials, 24 projects for the development of grades of polyolefins and six projects for the development of grades of BOPP films were being tested. As a result of the projects, six new grades of polyolefins and two new grades of BOPP films were introduced.

Strengthening SIBUR's Innovation Team and Developing Management Processes

- Georg Wiessmeier took over as the Head of R&D and Innovation. Georg's 25 years of experience in management positions focused on research and innovation will be steered toward expanding the Company's professional expertise, developing relationships with external industry experts, forming strategic partnerships and developing SIBUR's technology platforms.
- After holding management positions at some of the largest companies in the petrochemicals industry, Yves Ramjoie became the Head of R&D and Technology for SIBUR's Polyolefin business. Yves will be responsible for polymer product and technology development, providing technological support on polymerization to the Company's facilities, and managing the R&D framework and portfolio for polyolefins.
- SIBUR began taking a regulated approach to innovation projects: it introduced regulations for project transition by stages of maturity (phase-gate process), introduced a system of project goal setting and also established comprehensive oversight processes for project implementation.

Stakeholder Engagement

GRI 102-13

In 2020, SIBUR continued cooperating with research institutes that are part of the Russian Academy of Sciences, including the Boreskov Institute of Catalysis, the Enikolopov Institute of Synthetic Polymeric Materials, the Institute of Cytology and Genetics, and the Topchiev Institute of Petrochemical Synthesis, among others. Scientists from partner institutions both conduct independent projects on behalf of SIBUR and provide expert support by consulting on projects implemented by the Company.

During the reporting year, SIBUR also became a strategic partner of Russia's first accelerator for technology startups focused on ecology, the GreenTech Startup Booster established by the Skolkovo Foundation. The initiative supports entrepreneurial ideas in the following areas: ecological production, the hydrogen energy industry and polymer recycling. The GreenTech Startup Booster received more than 800 business ideas in 2020.

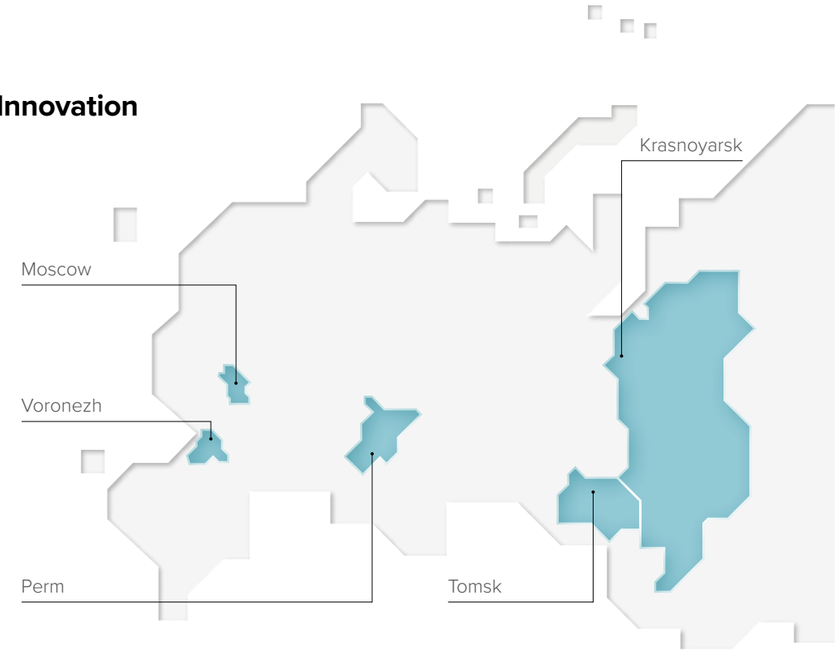
An important aspect of SIBUR's research activities is the involvement of staff in its innovation work. SIBUR's goals include, for instance, involving staff in the process of creating intellectual property (IP) and supporting the innovation component of the Company's activities. As a result, all employees—from R&D staff to employees at production facilities—could potentially develop innovations, with an opportunity to create IP and offer the Company their solutions for subsequent legal protection. SIBUR continues implementing its IP development program not only in the context of developing new products and technologies but also in the terms of optimizing existing technologies and analytics. Patents were obtained in these areas in 2020.

In addition to outreach activities on IP issues within the Company, SIBUR is also developing its relations with regulators. In 2020, the Company continued to work with legislative bodies on various initiatives to develop the IP market in the Russian Federation.

[1] Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Main Centers for R&D and Innovation

SIBUR's R&D base consists of five of the Company's own R&D centers located in Tomsk, Voronezh, Perm, Krasnoyarsk and Moscow. The Corporate Center acts as a business customer that coordinates projects in different areas.



Corporate centre/Business customers

- R&D coordination;
- supervision of projects;
- project portfolio management.

PolyLab centre, Skolkovo

- R&D developers of various grades of polyolefins;
- testing alternative additives;
- tech support for polyolefins consumers.

NIOST chemtech centre in Tomsk

- R&D in organic synthesis and catalysis, plastics and associated compounds;
- testing alternative feedstocks and materials at the Feedstock and Material Qualification Centre (FMQC);
- functional management of the Company's scientific units;
- improving energy efficiency and optimizing existing production facilities

Elastomers centre (VoronezhSyntezKauchuk)

- R&D in synthetic rubbers (SSBR, BR, ESBR);
- tech support for operations at VoronezhSyntezKauchuk and FMQC.

Development and scaling centre in Perm (SIBUR-Khimprom)

- R&D in catalysis and EPS;
- tech support for operations at SIBUR-Himprom and FMQC.

Development and scaling centre in Krasnoyarsk (KrasnoyarskSyntezKauchuk)

- R&D in synthetic rubbers (butadiene nitrile and latex);
- tech support for operations at KrasnoyarskSyntezKauchuk and FMQC.

"Our strategic goal is to expand the production of essential products while increasing business efficiency and reducing our impact on the environment at the same time. To this end, SIBUR has been developing and implementing projects related to the recycling of polymer waste and its incorporation into production, as well as the use of technologies that reduce greenhouse gas emissions and limit our impact on the environment. Our R&D centers are developing new applications for polymer products for our customers, including products that incorporate recycled materials and the production of new materials with unique properties and excellent environmental performance."

Darya BORISOVA
a member of the Management Board and Managing Director for Development and Innovation at LLC SIBUR

SIBUR PolyLab

In May 2019, the Company opened the first Russian research center for the development and testing of polymer products, SIBUR PolyLab ("PolyLab"), at the Skolkovo Innovation Center. PolyLab's objectives include improving the performance of polymers, including in a circular economy, and creating new product solutions that can be used in medicine, light industry, automobile manufacturing and construction.[1] PolyLab enables SIBUR to test products before they are rolled out, which means it has an opportunity to learn how a material will behave once mass-produced depending on the equipment used, processing methods and other factors.

POLYLAB'S KEY RESULTS IN 2020

DEVELOPMENT AND PROMOTION OF POLYMER PRODUCTS

- PolyLab's portfolio currently includes more than 25 projects aimed at developing grades of polymers with improved properties that can be used, for instance, in the production of rigid and flexible packaging, consumer goods, pipes and fiber materials.

SUSTAINABLE DEVELOPMENT AND RECYCLING

- PolyLab develops solutions for recycling polymer waste. Together with the companies Jokey and O3-Coatings, for example, PolyLab carried out the first project in Russia for the production of packaging containers using recycled plastic.

INDUSTRIAL PARTNERSHIP

- PolyLab collaborates with Russian universities and foreign companies on the development of polymers. Memorandums of cooperation have been signed with BASF, 3M and Norner.

INDUSTRY COMPETENCE CENTER

- Around 700 customers and partners attended 44 PolyLab training events involving the participation of manufacturers of polymer additives and developers of processing equipment such as BASF, Aoki, Demag and GN Thermoforming.

DEVELOPMENT OF NEW SERVICES FOR CUSTOMERS IN TERMS OF LABORATORY SUPPORT AND JOINT DEVELOPMENT

- Based on feedback from customers and partners, PolyLab was able to identify the most promising areas for the use of polymer materials.

[1] See "Sustainable Product Portfolio" for more details.

Elastomers Center

The Elastomers Center (Voronezhsintezkauchuk, Voronezh) is SIBUR's research division for the design and development of technologies for synthetic rubbers, thermoplastic elastomers and latexes; expanding the grade assortment; and introducing new products and technologies.

THE CENTER'S KEY ACTIVITIES INCLUDE THE FOLLOWING:

- Developing the Company's grade assortment of elastomers in accordance with market demands, and developing and improving technologies.
- Providing technical support for consumers of SIBUR products.
- Developing new grades of synthetic rubbers and thermoplastic elastomers, including with the aim of improving the consumer performance of end products and reducing their negative impact on the environment. For example, new brands of BR-1243 Nd and SSBR rubbers, when used in tires, help to reduce CO2 emissions into the atmosphere when a car is rolling, and a polymer fire retardant based on a new grade of thermoplastic elastomer (styrene-butadiene-styrene) does not use hexabromocyclododecane—a persistent, bioaccumulative and toxic organic pollutant—in thermal insulation materials.
- Developing proprietary technologies for the production of elastomers.
- Developing and introducing solutions to reduce the production cost of elastomers by reducing energy consumption at various stages of production.
- Collaborating with and involvement in the development of global companies and leading Russian and international universities.
- Improving the quality of end products.
- Developing together with customers new product solutions and formulations, taking into account the production technology: road and roofing bitumen, shoe and other compounds, comprehensive testing of rubbers used in rubber compounds for tires and other rubber goods.

THE ELASTOMERS CENTER'S KEY RESULTS IN 2020

DEVELOPMENT OF NEW GRADES OF SOLUTION-POLYMERIZED RUBBERS

- The team at the Elastomers Center focused on the development of new grades of BR-1243 Nd rubber that could improve the performance of tires. One grade successfully underwent client-side industrial homologation (the process of improving the technical characteristics of tires in order to bring them into line with certain standards) and was put into commercial production; two other grades of BR-1243 Nd rubber moved on to the stage of test production.

COMPETENCE CENTER FOR THE APPLICATION OF STYRENE-BUTADIENE-STYRENE IN VARIOUS SEGMENTS

- A material base was created and is being developed for the creation of client solutions for the use of styrene-butadiene-styrene in the compounds and adhesives segments. In 2020, thanks to the development of customer product solutions for all segments of styrene-butadiene-styrene applications, about 8 thousand tons was sold in the Russian Federation and Europe.

DEVELOPMENT OF NEW GRADES OF EMULSION RUBBERS

- Production began at the Elastomers Center of improved grades—in line with customer requirements—of emulsion styrene-butadiene rubbers intended for use in tire production.

DEVELOPMENT OF NEW GRADES OF THERMOPLASTIC ELASTOMERS

- Specialists from the Elastomers Center developed and carried out test production of a new grade of styrene-butadiene-styrene for the production of a polymer flame retardant that is an alternative to toxic hexabromocyclododecane, which is banned (restricted) for use in a number of countries.

IMPROVING THE ENERGY EFFICIENCY OF PRODUCTION

- A solution was developed and implemented to reduce energy consumption by 20% in the production of a new grade of BR-1243 Nd rubber.

Over the past year, the Company has achieved significant results in terms of obtaining patents. In 2020, the Company's patent portfolio expanded to 148 (107 Russian and 41 international patents), up from 134 a year earlier. The inventions created are related to technologies for the production of chemical organic synthesis products, innovative materials and new product solutions for polyolefins and elastomers.

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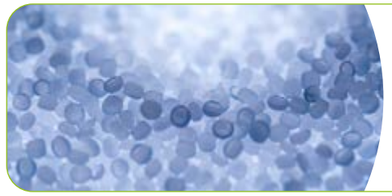


SIBUR PATENTS TECHNOLOGY FOR THE PRODUCTION OF AN ENVIRONMENTALLY FRIENDLY POLYMER FIRE RETARDANT

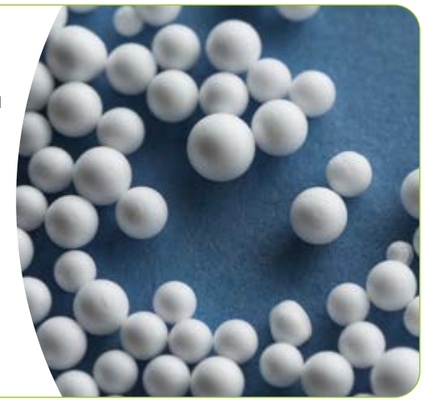
The resulting polymer fire retardant will be used to produce foam polystyrene using the Company's proprietary technology, which features a high degree of energy efficiency and produces little wastewater. The invention was included among the top 10 inventions of the year in Russia according to Rospatent.

SIBUR DEVELOPS GRADES OF POLYETHYLENE FOR PACKAGING MEDICINAL SOLUTIONS

Over the past two years, the NIOST R&D Center has developed the first pharmacopeial grades[1] of polyethylene in Russia for the production of packaging for infusion solutions.[2] The new products are helping to replace imported analogs and to expand domestic production of polymer containers for medical use.

In 2019, SIBUR developed a special grade of LDPE, LD03210 FE, which passed tests for compliance with European Pharmacopoeia (EP) requirements and received the corresponding declaration. After extensive testing, Russian manufacturers began using the grade in the production of containers for infusion solutions.

In 2020, SIBUR developed an improved grade of LDPE, LD03270 BM, with increased density and the ability to withstand higher sterilization temperatures. It also received an EP declaration of conformity and, upon the completion of client-side testing, will be used in the production of polymer containers.

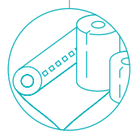


Goals for 2021

SIBUR's R&D portfolio for 2021 includes about 90 projects in four areas:

new products and technologies;

product development of polyolefins and BOPP films;



optimization of technological processes and testing of alternative chemicals and materials; and

product development of plastics, elastomers and organic synthesis products.

In 2021, the Company will also continue the development and commercialization of new products in the context of its priority technological platforms: Methane, Hydrogen and CO_2; Special Polymers; and Recycling.

1 Pharmacopoeia grades: grades that meet the requirements of the European Pharmacopoeia (a guideline document used in most European countries in the production of pharmaceutical products in the European Union).
2 These are water-based medicinal products used for parenteral therapy in order to replenish and maintain water and electrolyte balance and to ensure an optimal metabolism.

DIGITAL TRANSFORMATION PROGRAMME

Digital transformation is an important part of SIBUR's ongoing efforts to optimize its end-to-end business processes, involving all aspects of the Company's activities—from production and logistics to internal working procedures for employees.

The digital tools that the Company has introduced are an element of an overall transformation of processes that is facilitating greater efficiency, improving oversight and reducing risks in the area of occupational health, industrial safety and the environment.

The reporting period was the second year in which the Company has been implementing a transformation program covering every area of its business and all its processes in order to ensure that digitalization has the greatest-possible impact.

The key goal of SIBUR's digital transformation is to improve the efficiency of production and business processes through digital technologies.

2020 HIGHLIGHTS

>RUB >3 BILLION
in savings thanks to the implementation of digital projects

RUB 1.7 BILLION
in savings thanks to projects involving advanced analytics

RUB 0.5 BILLION
in savings as a result of the launch of a tool used to forecast prices for the Company's products in various markets

RUB 1.6 BILLION
in savings achieved in 2020 thanks to the implementation of a program for the transformation of work in every digital area

SIBUR'S IIOT SYSTEM
was recognized as the best solution in a company with nonstop operations according to ComNews

5 THOUSAND USERS
at 20 production sites use the Mobile Rounds product

>1.5 THOUSAND JOBS
carried out using drones

2 THOUSAND IIOT SENSORS
installed in the year

The main focal points, rules and principles for SIBUR's digitalization transformation are detailed in the **Company's 2019 Sustainability Report.**[1]

Digital transformation processes are accelerating the implementation of SIBUR's strategic goals. Digital technologies have ensured the success of organizational projects, made it possible to monetize digital products[2] and made the use and analysis of data more efficient in order to increase the speed and quality of decision-making. Digital technologies have become an integral part of the development of the strategically important Amur Gas Chemical Complex. In particular, the design of its IT landscape focuses on the need for little human intervention.[3]

"Our primary challenge is to make SIBUR's production and business processes more efficient through the use of advanced technologies. To accomplish this, we regularly launch new projects and form new teams. Today, manufacturing is the area where digital breakthroughs are taking place and where the most interesting issues arise concerning the use of advanced analytics tools, as well as the implementation of data-based decision-making systems and the entire spectrum of technologies of the fourth industrial revolution."

Alisa MELNIKOVA
CEO of SIBUR Digital

GOALS FOR 2020	RESULTS
Reduction in the time needed for the introduction of digital products and the completion of IT projects	The Company achieved its goal through the step-by-step optimization and automation of internal processes. It also introduced DevSecOps information security tools and started taking a product-based approach to our projects. The average time needed for the completion of projects has, at present, decreased by 30% compared with 2019.
Reduction in operating costs by at least 20% in annual terms	The Company achieved savings of RUB 1.6 billion in annual terms without affecting the quality of the IT services provided.
Introduction of digital tools: an application for oversight procedures and inspections and for nonstop remote monitoring of hazardous operations	Video analytics tools were introduced, and a pilot project for the Mobile Repairs tool was carried out at the Voronezh production site.
Creation of a digital ecosystem for customer relations	Step by step, the company achieved its goal of developing an end-to-end O2C (order-to-cash) process, including a marketplace with external partners.
Digitalization of the SIBUR-2 production system: development of system elements, the application of new tools and the integration of initiatives aimed at optimizing processes (a new operating model and restructuring of end-to-end processes).	Portfolios of projects for restructuring end-to-end processes using digital tools have been developed and are being implemented at all SIBUR production sites.

The driver behind SIBUR's transformation is the close involvement of the Company's top management in the digitalization process. Top managers are the owners of end-to-end processes, and each of them has goals for their optimization expressed in terms of expected savings and KPIs for executives and divisions.

The approach to digitalization management is based on the achievement of excellent results related to the Company's digital transformation, which was made possible thanks to the consistent alignment of internal processes and the decision-making system in this area.

ADVANCING IDEAS AND HYPOTHESES

- Ideas and hypotheses about the feasibility of implementing a digital project can be the result of goals aimed at optimizing end-to-end processes or of successful examples of the application of technologies in the market. Before a project starts, an idea for the project is formulated and then studied. During these stages, hypotheses are tested, and the makeup of the digital solutions and project work to be carried out is refined in detail. The results of the study and proposals for the launch of a project are entered into the annual portfolio of projects, with the possibility of quarterly adjustments, and are approved by the Organizational Project Management Committee (OPMC).

DEVELOPMENT OF A RISK MAP

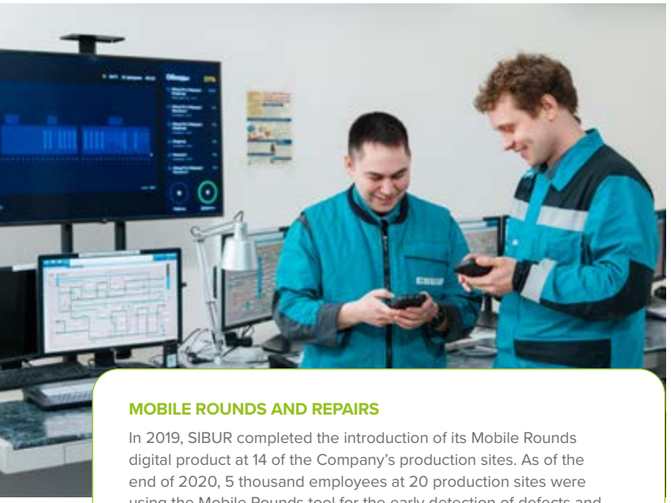
- When preparing for the launch of a project, an obligatory part of the process is the development of a risk map and mitigating measures.

APPROVAL, IMPLEMENTATION AND MONITORING OF INITIATIVES

- Projects are approved at the level of the OPMC, which includes all Board members and key executives. The Committee approves the annual project portfolio and reviews the implementation status throughout the year. Decisions on individual projects can be made either by the Committee or by the Portfolio Governing Boards for individual processes.

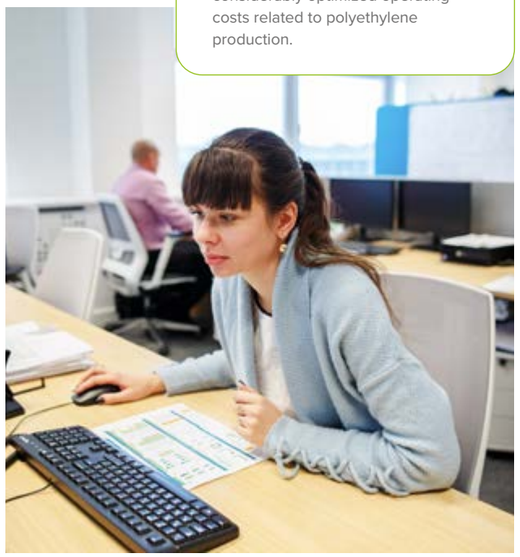
1 For more details, see p. 51 of **SIBUR's 2019 Sustainability Report**.
2 Examples include projects involving advanced analytics, the AR platform, the IIoT system and other products.
3 The IT landscape (the totality of architectural elements and their interconnections) is designed in such a way as to ensure the greatest-possible automation of processes and to rule out the possibility of human error where possible.

From the point of view of ongoing initiatives, it should be noted that, in addition to enabling the Company to optimize production processes, digitalization is also creating a new area of risk—cyber-risk. SIBUR is carrying out a number of measures aimed at data security: upgrading the infrastructure of its mobile office, maintaining the stability of its primary data processing center (DPC), introducing systems for automatic data anonymization, etc.



MOBILE ROUNDS AND REPAIRS

In 2019, SIBUR completed the introduction of its Mobile Rounds digital product at 14 of the Company's production sites. As of the end of 2020, 5 thousand employees at 20 production sites were using the Mobile Rounds tool for the early detection of defects and for improved equipment reliability, which meant the Company had to involve contractors and its own employees in repairs much less often, thus ensuring that isolation procedures were followed at production facilities. The Company plans to use the product on a much wider scale in 2021.



SIBUR INTRODUCES DIGITAL MODELING TECHNOLOGY FOR GAS CHEMICAL REACTIONS

SIBUR has introduced a technology that is one of a kind in Russia, enabling the high-precision modeling of physical and chemical processes in petrochemical production. A pilot project was launched at Tomskneftekhim, where a digital model of a high-pressure polyethylene reactor has considerably optimized operating costs related to polyethylene production.

SIBUR DIGITAL TAKES PART IN GAME OF JOBS: CYBERPUNK

In November 2020, SIBUR Digital took part in the virtual career exhibition Game of Jobs: Cyberpunk organized by vc.ru and the Budu job search platform. The Company informed applicants about digital transformation, working conditions, internship programs and vacancies at the largest petrochemical company in Russia.

SIBUR TAKES PART IN THE SMART OIL & GAS FEDERAL IT FORUM FOR THE OIL AND GAS INDUSTRY

The head of SIBUR Digital, Alisa Melnikova, took part in the Smart Oil & Gas 2020 annual IT forum organized by ComNews Group in September 2020. IT representatives from the oil and gas industry discussed the prioritization of digital projects during the pandemic, the difficulties involved in tracking employee performance in a remote working environment and the importance of the effective use of existing digital systems.

In order to promote industrial digitalization, recruit new employees and develop awareness of the SIBUR Digital brand, the Company held an online data analysis competition at the end of 2020 called Sibur Challenge 2020. Some 1,870 participants registered for the competition in 2020—700 more than the previous year. Twenty-seven percent of all participants had more than one year of professional experience—the target audience that is of the greatest interest to the Company in this area.

In 2020, SIBUR continued to develop its online magazine **sibur.digital**, which is dedicated to the digital transformation of the Company's production and business. It contains information about all ongoing and upcoming projects involving advanced analytics and big data, industry 4.0 and process digitalization that the Company is currently developing. Over 2020, more than 30 thousand users have visited the site.

Key Goals for 2021

In 2021, the Company expects to save RUB 8 billion thanks to the implementation of its transformation program, which includes more than 300 projects. More than 60% of the savings in 2021 will come from the implementation of 70 digital initiatives.

The main savings from digital initiatives in 2021 should be achieved thanks to the implementation of portfolios of organizational projects in five functions / end-to-end processes:

	Key projects
Order to Cash end-to-end sales process: RUB 1.7 BILLION	◆ dynamic pricing, ◆ cross-selling, ◆ smart pricing, ◆ digital lead generation, ◆ CRM & e-commerce development.
Plan-to-Produce end-to-end sales process: RUB 1.3 BILLION	◆ ECONS, ◆ process-oriented modeling, ◆ production advisor, ◆ RTO system.
Logistics and Supply Chain Management functions: RUB 1.1 BILLION	◆ reengineering of railway processes, ◆ development of Supply Chain Management 3.0, ◆ Container Transport Management System.
Maintenance-to-Fix end-to-end sales process: RUB 0.4 BILLION	◆ further rollout of the Mobile Rounds product, ◆ IIoT sensors, ◆ predictive diagnostics, ◆ reliability management system (RMS), ◆ SAP MRS and mobile repairs.
Source-to-Pay end-to-end procurement processes: RUB 0.15 BILLION	◆ SAP SRM implementation.

SOCIAL ASPECTS

PERSONNEL

Our Approach to Personnel Management

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

Highly skilled and motivated employees are the Company's key resource. SIBUR is continuously developing a corporate culture that encourages equal opportunities and the creation of an inclusive environment and is based on mutual respect and diversity. SIBUR's HR management practices aim to develop close-knit and professional teams, improve the efficiency of management processes, provide decent working conditions and fair remuneration as well as boost employee motivation.

2020 HIGHLIGHTS

In 2020, SIBUR accomplished the following goals:

NEW OPERATING MODELS FOR HR MANAGEMENT WERE INTRODUCED

at SIBUR-Khimprom and Voronezhsintezkauchuk

NEW PROJECTS WERE LAUNCHED TO DIGITALIZE THE HR FUNCTION

Personal Account, Potok and the KLIK corporate social network

THE COMPANY FINISHED FIRST

in the "Human Capital Management" category at the People Investor awards

HR CYCLE EVENTS

were optimized and built into the calendars of line managers

SIBUR RANKED AMONG THE TOP 10 EMPLOYERS

in Russia according to HeadHunter

SIBUR WAS RECOGNIZED AS THE MOST ATTRACTIVE EMPLOYER

in the Russian chemical industry according to a report by Universum

"SIBUR's key goals are to find and develop talented engineers and top-tier scientists and IT specialists. They are precisely the ones who make decisions, introduce technological innovations and projects to upgrade production facilities, and ensure a return on investment under the new operating model. Our efforts are aimed at creating and developing a qualified workforce and continuous improvement of the HR management system, including by introducing digital tools, ensuring fair remuneration and increasing incentives."

Albina LABASHOVA
HR Director, LLC SIBUR

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

MATERIAL TOPICS:
- Stakeholder engagement
- Interaction with staff

Goals for 2020 and Results

Goal: Digitalization

The transition of certain SIBUR employees to remote work provided an impetus to implement measures to digitalize the HR management system. In particular, all the Company's employees have the opportunity to use the digital Personal Account, which provides one-stop access to a variety of HR services from work computers and simplifies the performance of routine HR procedures. The Personal Account also enables managers to remotely manage their teams and obtain data within the HR cycle. In addition, the Company introduced the Potok online recruitment system, which makes the recruitment process more transparent for all participants. SIBUR also launched the KLIK corporate network, which creates a common information field for employees and enhances the efficiency of interaction between different SIBUR teams.

Goal: Introduce the New Operating Model

Alongside digitalization, the Company has developed other initiatives to improve the efficiency of the HR management function. SIBUR-Khimprom and Voronezhsintezkauchuk have introduced new operational HR management models, including standard organizational structures, unified positions and taken uniform approaches to the recruitment, training and development of human resources. Based on this experience, the new operating model[1] will be applied to other businesses.

In addition, in 2020, SIBUR continued to optimize the HR cycle with a set of annual HR events for planning and managing performance, as well as employee engagement, remuneration and development. In particular, events have been built into executives' calendars to improve the timeliness and efficiency of HR processes.

[1] For more, see the **'Growth Strategy and and Investments'** section.

HR Management System

The SIBUR Board of Directors monitors the achievement of strategic HR goals. It has a Human Resources and Remuneration Committee, whose main job is to draft recommendations for the Board of Directors on issues related to the HR policy, the approval of KPIs, incentive programs and policies to select candidates for management bodies as well as the determination of remuneration for members of management bodies.

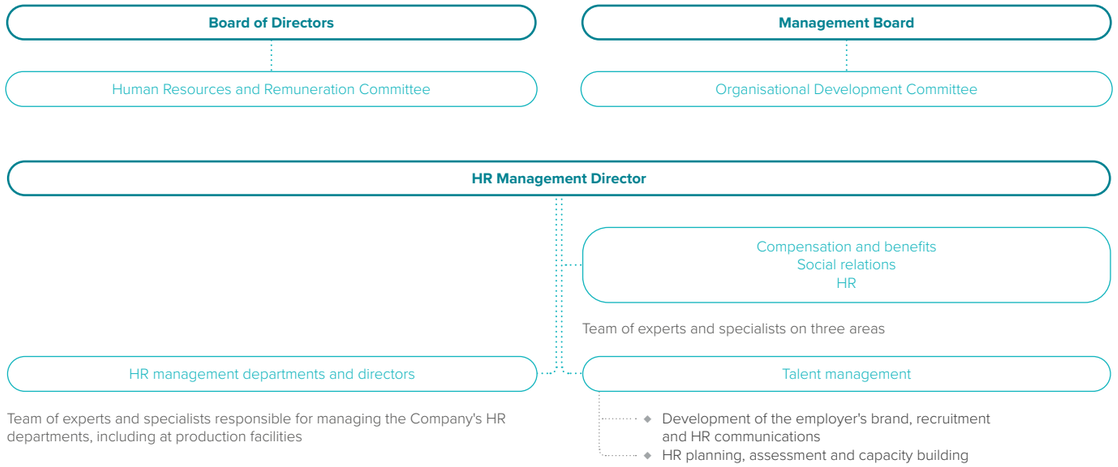
At the Management Board level, HR issues are addressed by the Organizational Development Committee. In 2020, the Committee held two meetings during which it discussed the Company's Health Program, employee engagement, nonfinancial incentives, job calibration and remuneration in 2020, among other things.

The coordination of processes in this area is carried out by the HR Management Department within the SIBUR Corporate Center, which is responsible for such aspects as compensation and benefits, social relations, HR support, HR departments and directorates, and talent management. During the reporting period, the Social Partnership Development and Trade Union Relations Unit was removed from subordination under the HR Management Department. A separate Corporate Culture and Occupational Health Department that reports directly to the CEO was created.

HR management at production facilities is carried out by the appropriate structural units that are headed by a director or senior business partner, including business partners, division heads as well as a team of experts and specialists. SIBUR is gradually transitioning to a new operating model of HR management at production facilities. Based on the results of pilot projects at SIBUR-Khimprom and Voronezhsintezkauchuk, the Company plans to extend this model to other facilities.

The United Service Center (USC) makes an important contribution to the management of business processes. The USC is part of SIBUR's multifunctional service center, SIBUR-Business Service Center (BSC), which is located in Nizhny Novgorod. The USC performs a wide range of HR management tasks, such as recruitment, HR administration, payroll, calculation of compensation and benefits, support for HR business partners as well as employee training and assessment.

STRUCTURE OF THE HR MANAGEMENT DEPARTMENT WITHIN THE CORPORATE CENTER



Internal documents governing SIBUR's HR policy include the **Code of Corporate Conduct**, HR Policy, HR Potential Management Procedure, **Code of Corporate Ethics** and **Human Rights Policy**.

The Company employs a unified recruitment standard that envisages transparent selection stages for all candidates who fill vacancies. Depending on the level of the position, the unified recruitment standard includes such assessment tools as:

- interviews with a recruiting officer;
- testing of cognitive abilities and professional testing;
- interviews with the hiring manager;
- assessment center;
- collection of recommendations from past jobs.

The remuneration system for SIBUR employees is based on the principles of fairness and transparency. Employee remuneration includes two compents: fixed (base) and variable (bonuses). The base component is subject to annual revision and indexed in the event of significant changes in the labour market and other conditions. The amount of the variable component depends on the employee's grade, the results of personal KPIs and the Company's overall performance. There were no changes in the pay structure for senior management in 2020.

KEY PRINCIPLES OF SIBUR'S HR MANAGEMENT SYSTEM

Sibur supports the following key principles:

- planning of staffing needs (quantity, required skills and expertise) over a period ranging from one to three years;
- integration of processes involving the development of an internal talent pool and external recruitment into a single process that meets the Company's needs for HR;
- procedure used to select potential HR based on current performance and potential for growth to higher-level managerial positions;
- prominent involvement of managers of all levels in the process of working with HR;
- assessment of the potential for managerial growth using the appropriate tools (development centers with leaders participating as observers);
- career planning and a development track based on a deep understanding of the managerial profile of employees with potential.

GRI 403-8

The Occupational Health, Safety and Environment management system covers all Company employees as well as the employees of contractors.

Adapting to the Pandemic[1]

The COVID-19 pandemic and related restrictions have forced the Company to speed up the adoption and implementation of new HR management solutions. SIBUR has transferred around 65% of its administrative and management staff to a remote work format while preserving all business processes. The HR selection process was also transferred to an online format with the help of the new Potok recruiting system.

The Personal Account service has helped employees to interact with HR remotely, while the KLIK corporate network and a new video communication service have aided in solving work tasks.

VIDEO COMMUNICATION SERVICE FOR PRODUCTION EMPLOYEES

In 2020, SIBUR developed and launched a videoconferencing service for production workers and field engineers. The main goals of the project were to speed up communication between geographically distributed regions and convey pinpoint expertise as quickly as possible, taking into account manufacturing needs and security measures.

The new service is based on response time compensation (RTC) and augmented reality (AR) technologies and has been specially adapted for production needs. In particular, special AR glasses are attached to a helmet, equipped with a video camera and a micro-display and are controlled by voice. Both SIBUR employees and external experts can connect to videoconferencing sessions.

During the pandemic and lockdown restrictions, demand for the tool has skyrocketed. One operational communication session using the new AR platform ensures savings ranging from several hundred thousand to a million rubles by reducing travel costs and hourly billing for expert consultations, and also by resuming the operation of equipment in a short time.

[1] For more, see the **'Counteracting COVID-19 and the Contribution of SIBUR Products to Combating the Pandemic'** section.

Sociocultural Diversity and Equal Opportunities

Mutual respect is one of SIBUR's core values. The Company creates an environment for everyone to develop and builds relationships with employees based on the principles of trust and fairness. SIBUR's management believes that having a socially and culturally diverse team helps to attract and develop talent and also promotes an inclusive corporate culture and staff loyalty. In addition, taking into consideration the opinions of employees with different professional and life backgrounds promotes more balanced management decisions.

MATERIAL TOPICS:

- Stakeholder engagement
- Interaction with staff

2020 HIGHLIGHTS

In the reporting period, SIBUR achieved the following results:

65% OF EMPLOYEES with proven development potential received appointments

FUTURE TODAY DECLARED SIBUR THE LEADER IN THE RATING OF BEST EMPLOYERS among students in its target audience

A HUMAN RIGHTS POLICY WAS APPROVED

A NEW COLLECTIVE BARGAINING AGREEMENT WAS CONCLUDED FROM 2020 TO 2022

HH.RU RANKED THE COMPANY SIXTH in the Rating of Russian employers

FORBES RANKED SIBUR FOURTH in the "50 Best Employers in Russia" rating

Goals for 2020 and Results

Goal: Recruit staff

Despite the pandemic, the Company paid special attention to the recruitment and onboarding of new specialists: it continued recruiting students, graduates and experienced employees, including from abroad; the process of onboarding new employees was standardized in conjunction with other HR processes, in particular by spelling out the roles of participants in the process and developing supporting materials.

Goal: Promote SIBUR's employer brand

In 2020, the Company made concerted efforts to attract talent for entry-level positions in the Production Efficiency Department. In particular, SIBUR launched a campaign to attract talented young people to its enterprises as part of the **First Element** and **Trajectory**, programmes for graduates and students. In an effort to strengthen SIBUR's brand as an employer, the employee value proposition (EVP) was updated.

SIBUR SECURED VICTORY IN THREE CATEGORIES AT THE "CREATING THE FUTURE" COMPETITION

In 2020, SIBUR's youth outreach efforts were recognized with three awards at the Russian competition for best employer practices "Creating the Future":

- **First place in the "Leaders of the Present" category:** for creating systemic opportunities for the development of leadership and leadership teams with its "First Element" program, which includes a six-month educational program for young physicists, engineers, mathematicians and IT specialists with the opportunity for employment at SIBUR;
- **First place in the "Synergy of Cooperation" category:** for developing cooperation practices between employers, the authorities, public and nonprofit organizations and implementing a project to create corporate classes; SIBUR's Tobolsk classes became a prototype for regional engineering education systems in the Amur Region and the Yamalo-Nenets Autonomous District, which successfully adapted the programs in the Tyumen Region;
- **Silver medalist in the "Leaders of the Future" category:** for creating systemic programs for working with schoolchildren and students to obtain professional expertise as well as the professional and social adaptation of children and youth; the competition's organizers and panel of judges offered high praise for the Company's efforts to develop a targeted training system for students, which in 2020 was implemented in 10 regions where the Company operates and brought together over 300 students from different universities throughout the country.

Social and Cultural Diversity and Equal Opportunity Strategy

SIBUR guarantees the observance of equal opportunities in accordance with the laws of the Russian Federation as well as a number of international and national documents, such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the principles of the UN Global Compact and the Social Charter of Russian Business. SIBUR's social partnership system aims to harmonize the interests of employees and the employer in terms of their social and labor relations.

The Company's Code of Corporate Ethics[1] is the internal document that declares corporate values, adherence to human rights and ethical rules of conduct. Since 2020, SIBUR has employed a Human Rights Policy, which ensures the fair treatment of all workers and stakeholders based on respect for their dignity and excludes any form of discrimination. In its Sustainable Development Strategy to 2025, SIBUR has set the goal of at least doubling the proportion of women on the Management Board and in senior management positions compared with 2018 (5.1%).

In its social and labor relations, including the recruitment, assessment and development of human resources, SIBUR adheres to the principles of a respectful attitude toward employees regardless of age, gender, race, nationality, ethnicity, skin color, language, religion or religious beliefs, property, social, official or marital status, political convictions or membership in public associations. Any restrictions – for example, not being authorized to work in hazardous professions—may be related solely to the requirements of regulatory legal acts. The level of remuneration is competitive and is determined solely by the qualifications, experience, knowledge and skills of employees.

The rights and interests of employees are represented by the SIBUR Trade Union, which includes more than 13,000 members (54% of the total number of employees). Communication with employees is predicated on constructive interaction in solving all social problems of both the team as a whole and each employee individually.

GRI 102-41

SIBUR fulfills all its obligations under the collective bargaining agreement, which covers 100% of employees of all production facilities. The new collective bargaining agreement was concluded for 2020–2022 and includes a number of changes related to the conditions of compensation payments, the payment of material assistance and paid holidays.

100% OF EMPLOYEES

are covered by SIBUR's collective bargaining agreement

Metrics and Targets

SOCIAL PARTNERSHIP

Most SIBUR employees work on an open-ended employment contract (73.3%) or are employed full-time (99%), which provides them with greater protection in an unstable labor market. In addition, the share of women in the overall number of employees working on a fixed-term basis (37%) slightly exceeds the share of women in the overall number of employees (32%).

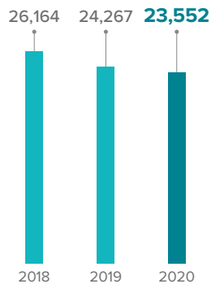
74% OF SIBUR EMPLOYEES

work on an open-ended employment contract

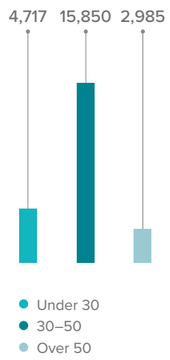
99% OF SIBUR EMPLOYEES

are employed full-time

CHANGES IN TOTAL HEADCOUNT IN 2018–2020, people



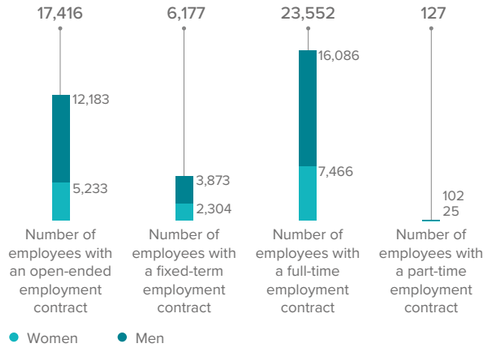
TOTAL HEADCOUNT BY AGE IN 2020, people



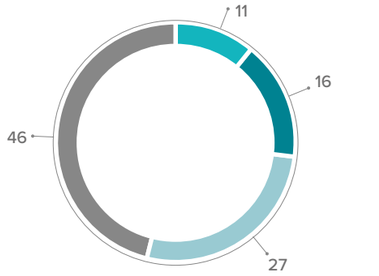
[1] For more, see the 'Business Ethics and Compliance' section.

GRI 102-8

TOTAL HEADCOUNT IN 2020 BY TYPE OF CONTRACT AND GENDER, people



PERSONNEL STRUCTURE BY BUSINESS SEGMENT, %



In 2020, the SIBUR Trade Union continued activities to protect the rights and interests of its employees. The professional association's agenda was adjusted in light of the pandemic and included the following activities:

- organizing and carrying out anti-COVID measures;
- establishing a culture of safe conduct;
- holding cultural events online;
- ensuring adherence to a healthy lifestyle.

RUB 503 MILLION

budget for cultural, sports and recreational events organized by SIBUR together with the Trade Union

[1] Data does not include NIPIgazpererabotka.
[2] Data updated for 2019.

EQUAL OPPORTUNITIES IN ATTRACTING AND DEVELOPING TALENT

GRI 102-8, 401-1

Despite the decline in business activity in 2020, SIBUR continued to hire new employees for both entry-level and managerial positions. As a result of a campaign that targeted students and graduates, SIBUR received applications for entry-level positions from more than 4,000 candidates, 173 of whom were hired in 2020. In addition, the SIBUR team was replenished with new employees who have experience working at leading Russian and foreign companies, including managers with international experience.

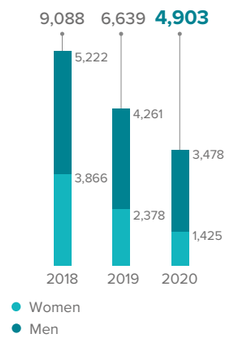
A total of 4,903 employees started working at the Company in the reporting year, which is 26% less than the previous year.[1] In terms of gender diversity among new hires, 71% were men and 29% were women. Staff turnover was 9.5%. As of the end of 2020, the Company had a total of 23,552 employees, which was 3% less than in 2019. Men accounted for 68% of the total number, while women made up 32% of total employees. In terms of business segments, the staff structure did not undergo any significant changes.

9.5%

staff turnover in 2020

GRI 401-1

NUMBER OF NEW EMPLOYEES BY GENDER IN 2018–2020, people[2]



In addition to working with external candidates, SIBUR continued to assess and develop in-house talent in order to form a talent pool. In 2020, the Company took measures to assess the potential and plan the further career development of SIBUR employees. The assessment was conducted among directors, middle managers, line managers and workers with development potential for line managers at 15 production facilities. Based on the assessment results, 84% of participants were found to have a mid to high level of potential, an increase of 12% from 2019. The majority (65%) of employees with this status received lateral and vertical appointments in 2020. The Company has a geographic rotation principle, particularly for production-related teams.

65% **OF MID- TO HIGH-POTENTIAL EMPLOYEES**

received lateral and vertical appointments in 2020

When assembling the talent pool, SIBUR is guided by the following principles:
- stable high productivity;
- potential for development and growth (taking into account a manager's recommendations);
- successful completion of the Development Center with confirmation of potential.

All assessment measures conducted as part of the staff recruitment and appraisal procedures have been transferred online. The new Potok online recruitment system has made the recruitment process more transparent and objective for all participants, and the use of the new adaptation standard has enabled newcomers to quickly integrate into the team. In an effort to find innovative solutions to speed up the recruitment process and improve the quality of candidate assessments, the Company conducted an HR Tech market analysis during the reporting period. Meetings with tech providers helped to identify four projects for pilot testing and themes for organizing an internal digital accelerator with the involvement of external teams.

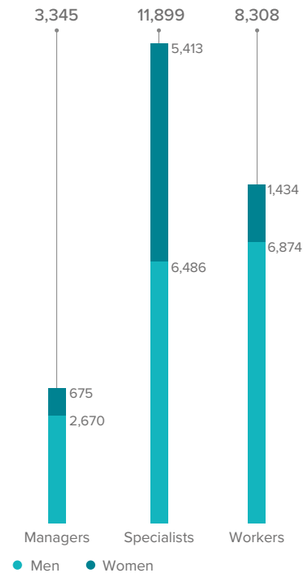
ENSURING GENDER EQUALITY

GRI **405-1**

In 2020, the number of female employees decreased by 6% compared with 2019, and women accounted for 28% of new employees. The number of women in the total headcount reached 32%, which is comparable with previous years and other peers in the industry. The specialist category had the largest share of women (72% of all women and 45% of all specialists). Among employees with mid to high potential, women made up 21%, while 51% of them received lateral or vertical appointments in 2020.

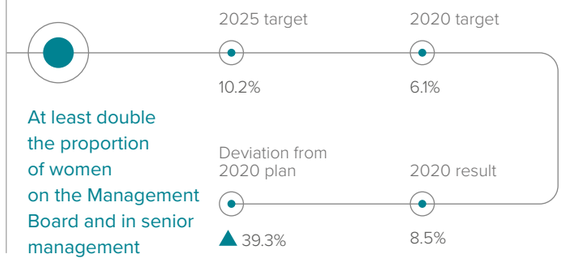
CHANGES IN THE TOTAL HEADCOUNT BY GENDER IN 2018–2020, %[1]

TOTAL HEADCOUNT BY JOB CATEGORY AND GENDER IN 2020, people



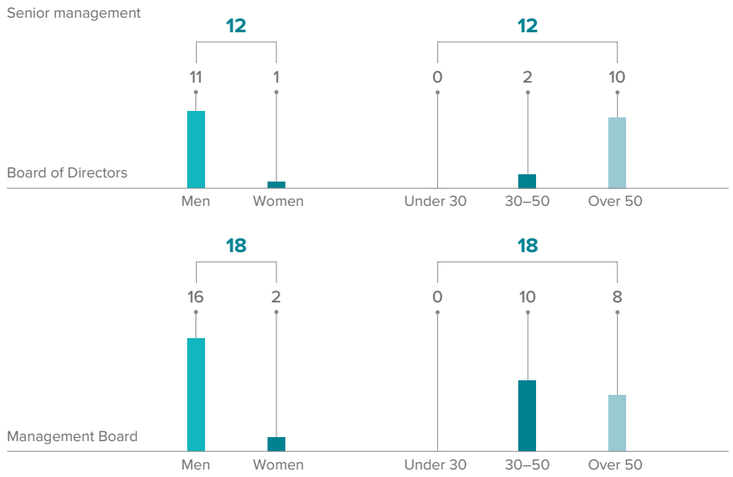
In 2020, women made up 8.5% of the Management Board and senior management positions. The targets for this indicator were 6.1% for 2020 and is 10.2% by 2025. The proportion of women on the Board of Directors in 2020 was 16.6% (2 out of 12 members), while the proportion of women on the Management Board in 2020 was 8.3% (1 out of 18).

GOAL



[1] Data updated for 2019.

SENIOR MANAGEMENT BY GENDER AND AGE AT THE END OF 2020, people



GRI **202-1, 405-2**

Entry-level employees have a salary that exceeds the statutory minimum wage in the regions where the Company operates by an average of 160% for men and 130% for women.[1] On average across all production facilities, the deviation from the minimum wage for entry-level male and female employees is 13% in favor of men.

The deviation in average base remuneration[2] for women from base remuneration for men (excluding Management Board members and managers of production facilities) is 8% in favor of remuneration for men, including 7% among nonmanagerial positions and 8% among managers. The average total remuneration[3] is 15% higher for men, including 15% among nonmanagerial positions and 15% among managers.[1] Excluding the influence of regional and northern factors as well as additional payments for overtime, which are mainly received by men, the difference in total remuneration decreases to 9%.

The deviation of the average total remuneration for women from remuneration for men on the Management Board is 56% in favour of men.

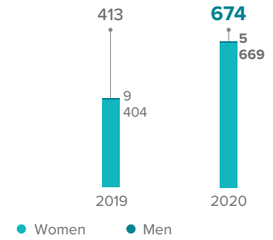
[1] See the 'Annexes' for details.
[2] Base remuneration is a fixed minimum amount that is paid to employees for performing their duties, excluding any additional remuneration such as overtime pay or bonuses.
[3] Total remuneration paid to employees may include amounts based on seniority, bonuses (including those paid in the form of shares or other securities), benefit payments, overtime and any other additional allowances.

GRI **401-3**

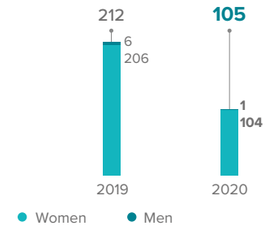
SIBUR provides equal opportunities for both women and men to take parental leave. The vast majority of employees who took parental leave in 2020 were women. The number of women who took leave in 2020 to care for children under the age of three increased by 66%.

The share of employees who returned from parental leave in 2020 amounted to 60% of the total number of employees who took leave. The number of employees who continued to work for the company 12 months after returning from parental leave decreased by 21% compared with 2019.

NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE BY GENDER IN 2019–2020, people



NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER THE END OF PARENTAL LEAVE AND CONTINUED TO WORK 12 MONTHS AFTER RETURNING TO WORK BY GENDER IN 2019–2020, people



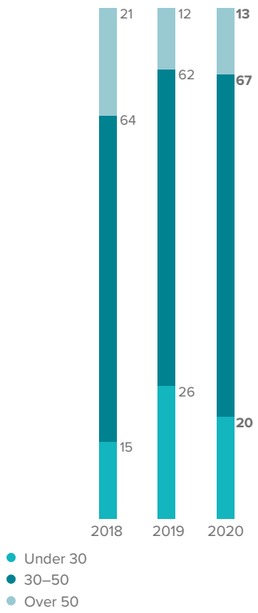
EQUAL OPPORTUNITIES AT ANY AGE

In the age structure of staff, an increase is seen every year in the proportion of specialists aged 30–50, who heavily dominate the overall numbers. The decrease in the number of young employees under 30 in entry-level positions (workers and specialists) is attributable to the fact that the target for recruiting graduates of secondary and higher vocational education was reduced due to the pandemic.

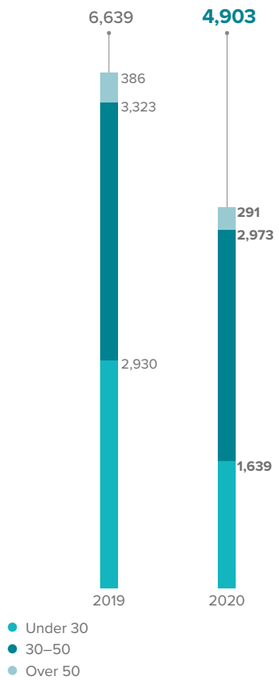
However, the Company continued its efforts to recruit young people, including women, for production positions as part of the First Element and Trajectory programs for graduates and students. The share of older employees (over 50 years old) remained at the 2019 level.

GRI 401-1

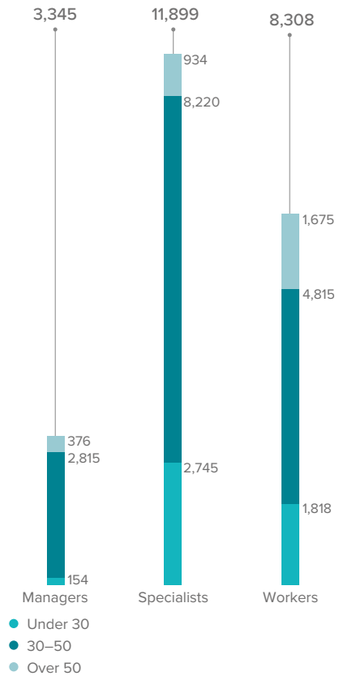
STRUCTURE OF THE TOTAL HEADCOUNT BY AGE IN 2018–2020, %



NUMBER OF NEW EMPLOYEES BY AGE IN 2020, people



TOTAL HEADCOUNT BY POSITION AND AGE IN 2020, people



OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

In 2020, the Company employed 150 employees as part of quotas for persons with disabilities. These employees worked both at production facilities and at the Corporate Center.

Interaction with Staff

Taking into consideration the needs and expectations of employees and improving the internal culture based on shared values are important factors in SIBUR's development. The Company is committed to taking into account the expectations of employees and boosting their level of engagement, which has a positive effect on labor productivity and resilience to external changes. Switching a substantial portion of staff to a remote work format or rotational work due to quarantine measures required a rethinking of traditional methods of interaction with employees and the introduction of innovations in internal communications.

2020 HIGHLIGHTS

In the reporting period, SIBUR achieved the following results:

RUB 23.1 MILLION
of labor productivity per person in 2020 (+11% vs. 2019)

70%
level of staff engagement according to the results of SIBUR Energy surveys

>14,000 IDEAS
submitted as part of the "Small Steps Improvement" program, of which 8,000 ideas were implemented

Goals for 2020 and Results

Goal: Enhance staff engagement

In 2020, the level of staff engagement, as determined by the annual SIBUR Energy survey, was 70%, while the annual target for 2020 was 74%, and the strategic goal is to increase this indicator to 80% by 2025. Staff engagement at the Company was higher than in the Russian manufacturing sector as a whole, although compared with the results of 2019, this indicator decreased by 4 p.p. due to the difficult period of remote work and self-isolation.

In 2020, 89% of the Company's employees took part in SIBUR Energy surveys (85% a year earlier). The increase in the number of participants shows trust in the survey as a tool for expressing opinions about work at SIBUR and serves as a starting point for systemic improvements at the level of each team, production facility and the Company as a whole. Besides determining the level of engagement, the survey also enabled management to collect and analyze the opinions of employees about their satisfaction with the Company's HR policy and employee development.

In addition to the SIBUR Energy survey, the Company introduced the practice of regular pulse surveys of employees. An anonymous survey was also conducted every two weeks about employee satisfaction with working conditions as well as the level of transparency and openness of management's actions. According to a pulse survey conducted in May 2020, more than 95% of employees working remotely and more than 90% of shift workers believed that the Company had provided all information in a timely manner and taken all the necessary actions to combat COVID-19.

MATERIAL TOPICS:
- Stakeholder engagement
- Interaction with staff

MORE THAN 90% OF EMPLOYEES
believe that the Company took timely actions to combat COVID-19

Employee Engagement Strategy

A close-knit team is one of SIBUR's core values. The Company guarantees compliance with equal opportunities in accordance with the laws of the Russian Federation and a number of international documents. To maintain team cohesion, where each employee feels important and can contribute to the achievement of the Company's strategic goals, SIBUR adheres to the following principles:
- sincere involvement of each member of the team/workforce;
- provision of opportunities to reveal the talents of each participant;
- trust, the right to an open dialogue and a defined level of freedom of each participant;
- presence of a common goal and an understanding of how to achieve it.

The development of a close-knit team is based on regular and transparent engagement with employees. During the pandemic, SIBUR promptly lent support to employees in organizing new working (remote work) and shift conditions. In particular, an internal hotline was used for nine months and received about 5,000 calls. In addition, the families of workers who went on shift work received assistance from employee family support centers that were set up from among volunteers and non-shift employees.

ENHANCING EMPLOYEE ENGAGEMENT

Transitioning to remote work required the launch of new tools to unite employees in a single information space and instill a sense of ownership in achieving the Company's goals. The new KLIK corporate network solves these problems and also serves as a platform for discussing work issues as well as sharing knowledge and experience both within and between teams. SIBUR also hosts its annual Employee Days, which aim to increase the level of staff engagement, awareness and motivation for development, while also promoting unification around the Company's values and goals.

LAUNCH OF THE KLIK CORPORATE BUSINESS NETWORK

In 2020, SIBUR introduced a new tool to interact with employees, the KLIK corporate business network, which replaced the corporate portal.

The business network aims to expand the cross-functional interaction of employees, resolve work issues more quickly, create a communication knowledge base and develop professional communities. With the KLIK network, which is accessible from desktop computers and mobile devices, employees can learn about the introduction of new standards, new business processes and other important milestones at the Company.

From April 2020 until the end of the year, more than 30 professional communities were created in KLIK, the number of views of posts increased from 7,000 to 140,000 per week, and the number of posts grew from 200 to 650 per week.

EMPLOYEE DAYS ONLINE

Employee Days are held annually, and 2020 was no exception.

As part of the two-week campaign, a cross-functional team of speakers spoke about opportunities that are available to SIBUR employees. The programme also included video materials, contests and other interactive events on the **siburenergy.ru** website and in the KLIK corporate network.

The total number of unique visitors during the campaign exceeded 2,500 employees, while communication coverage in the KLIK network reached 12,000 employees.

ENCOURAGING IDEAS AMONG EMPLOYEES

A core principle of SIBUR's business is the continuous process of positive changes. This process is the foundation of the SIBUR production system, which offers simple and understandable tools to enhance the efficiency of processes for each employee. The production system operates at all production facilities and includes such tools for interaction with employees as:

- the "Increasing Labor Productivity" initiative;
- educational activities;[1]
- the identification and promotion of the best practices of individual units and the Company as a whole;
- incentives for employees to actively participate in changes through the Small Steps Improvement program.

One key focus of the SIBUR production system is to seek out and implement employees' ideas through the Small Steps Improvement program. This initiative not only improves business performance but also enables employees to demonstrate innovative thinking and leadership potential.

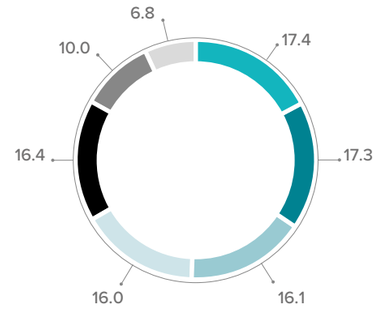
[1] For more, see the **'Training and Development'** section.

SMALL STEPS IMPROVEMENT PROGRAM

SIBUR is implementing a special program that aims to seek out and implement employees' ideas to improve the Company's operational efficiency. In 2020, employees submitted 14,500 ideas, around 8,000 of which were implemented. The management measures that were implemented as a result of these 8,000 ideas resulted in savings of roughly RUB 400 million.

Since the program was launched in 2011, more than 56,000 ideas have been implemented.

BREAKDOWN OF IDEAS IMPLEMENTED BY THEME, %



SOCIAL SUPPORT FOR EMPLOYEES

GRI 401-2

The compensation package for full-time employees includes social benefits, such as life and health insurance, medical care, disability benefits, maternity/paternity leave, financial assistance, subsidized vacation packages and payments for housing rental and travel home.

The voluntary medical insurance (VMI) program, as part of which the Health program is being implemented, extends to all SIBUR production facilities. The VMI program is available to all full-time employees who have completed their probationary period. The Company also arranges and pays for all types of mandatory medical examinations.

[1] For more, see the **PJSC SIBUR Holding Sustainability Report for 2019**.

100% OF EMPLOYEES

are provided with VMI

In addition to compulsory medical examinations and insurance, SIBUR is actively involved in disease prevention and the promotion of a healthy lifestyle among its employees. In 2020, employees were unable to take advantage of subsidized vacation packages to the SIBUR-Yug Corporate Wellness Center due to anti-COVID restrictions. Apart from that, there were no changes in the list of benefits and additional support measures provided to staff during the reporting year.

HEALTH PROGRAM

In 2020, SIBUR continued to implement its corporate Health program, which aims to build a system to protect the health of employees, create comfortable conditions and promote a healthy lifestyle. The Health program is built around three key pillars: physical health, mental health, well-being and healthy behavior, which focus on the following areas:[1]

- assessment of the effectiveness of programs based on indicators;
- healthy diet;
- sports and a healthy lifestyle;
- health assessment;
- personal insurance;
- continuous monitoring;
- development of medical care and services;
- health resort and rehabilitation treatment.

Anti-COVID events were a top priority of the Health program in 2020. All production facilities arranged for mass PCR testing of employees to ensure the early detection of coronavirus cases (a total of 143,302 tests were conducted), and all employees underwent preventive medical treatment to reduce the risk of being infected with COVID-19.

The Company provided medical support for production workers during the lockdown, including facilities with rotational shifts. Every sick employee received remote medical care.

SIBUR helps employees stay healthy, both physically and mentally, which is particularly important during the difficult period of the pandemic. Psychological support centers operate at three production facilities as a tool for social support. During the shift rotation period, psychologists provided remote support and took part in the rehabilitation of employees who had been sick with COVID.

PSYCHOLOGICAL SUPPORT CENTERS AT SIBUR TOBOLSK, ZAPSIBNEFTEKHIM AND SIBUR-NEFTEKHIM

The work of the psychological support centers is aimed at creating a comfortable social and psychological climate, preventing psychological stress, enhancing stress resistance and improving employees' communication skills.

In 2020, about 5,000 employees took part in psychological activities, including stress tests, individual counseling on professional and personal issues and one-on-one sessions in psychological relaxation rooms. Psychologists also conducted 78 sessions on coping skills and ways for employees to balance their personal and professional life.

Employees provided positive feedback on the effectiveness and accessibility of the events, the high level of professionalism and the customer-oriented approach of the staff at the psychological support centers.

In 2020, the Company carried out a large number of online events for employees and their families in order to create a pleasant psychological atmosphere, including creative and intellectual quizzes and contests, training master classes and online workshops on various themes, challenges, memorial events, sports competitions and activities to promote a healthy lifestyle.

In an effort to ensure the emotional comfort of employees working rotational shifts, the Company went to great lengths to take care of their families. Employee family support centers were set up at each production facility to provide social assistance in handling everyday problems and during emergency situations and also to purchase and deliver food, household chemicals, medicines, personal hygiene products and pet supplies upon request.

Metrics and Targets

ENHANCING EMPLOYEE ENGAGEMENT

GRI 404-3

Each year, SIBUR conducts a SIBUR Energy survey of employee engagement using the Kincentric (formerly Aon Hewitt) methodology. The employee engagement index in 2020 was 70%, which is 8% higher than the average for manufacturing companies in Russia for 2020, but 4 p.p. below the target level set by the Company. In light of the pandemic, lockdown and remote work, it was not easy to achieve the employee engagement goal, although four production facilities (Voronezhsintezkauchuk, SiburTyumenGaz, Zapsibtransgaz, Sibur-Neftekhim and the Krasnoyarsk Synthetic Rubber Plant) and 10 departments at the Corporate Center achieved results exceeding 78%. In 2021, the main focus in terms of increasing the level of employee engagement has been the development of cross-functional interaction, career expansion and performance management.

70%

The employee engagement rate in 2020

GOAL

Increase employee engagement up to 80%

2025 target	2020 target
80%	74%

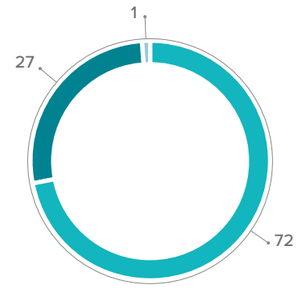
Deviation from 2020 plan	2020 result
▼ 4 p.p.	70%

SOCIAL SUPPORT FOR EMPLOYEES

GRI 401-2

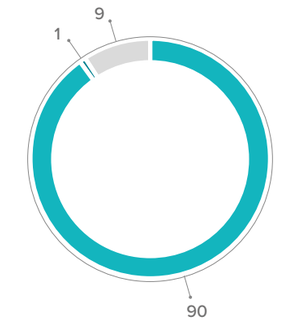
Total social expenses in 2020 amounted to RUB 1.4 billion, including RUB 0.5 billion on the social sphere and RUB 0.9 billion on employee insurance. The average amount of social expenses per employee was around RUB 60,000. Payment of voluntary medical insurance and cultural and sporting events for employees and their families accounted for the largest share of expenses.

STRUCTURE OF SOCIAL SPENDING IN 2020, %



- Cultural and sporting events
- Corporate events
- Other social expenses

STRUCTURE OF EMPLOYEE INSURANCE EXPENSES IN 2020, %



- VMI
- Life insurance
- Voluntary death and disability insurance

In 2020, 73% of employees underwent a preliminary medical exam and an annual regular medical examination (RME). All other employees underwent an RME in Q1 2021—the time frame for the RMEs was adjusted in accordance with an order from the Federal Service for Surveillance on Consumer Rights Protection and Human Well-being (Rospotrebnadzor) on the partial restrictions of RMEs during the pandemic.[1] The RMEs conducted in 2020 did not find any employees with occupational diseases.

Goals for 2021

SIBUR plans to achieve the following results in 2021:

- introduce a new operating model at all production facilities;
- update the employer value proposition (EVP);
- create a comprehensive diversity and inclusion (D&I) program and integrate D&I principles into key documents and corporate practices;
- increase the level of staff engagement to 79% and increase the appeal of the Company's employer brand;
- provide advanced training for staff and boost labor productivity;
- create an engaging and safe work environment and implement measures to support a safe work environment within the HR cycle;
- ensure growth in the overall level of employees' skills and technical expertise as well as recruit highly skilled specialists with unique expertise (with a focus on strengthening adaptation, including foreign specialists) and young specialists with potential;
- develop a talent management system with long-term continuity (two years or more) at the N-1 level and below through the formation of a resource strategy and career tracks in key departments;
- support the adoption of key managerial decisions through the manager's personal account: recruitment, referral for training, work time management and performance assessment;
- maintain leading positions in employer ratings;
- develop a resource strategy for the Amur Gas Chemical Complex;
- support the centralization and optimization of processes, including the creation of regional clusters and the outsourcing of noncore activities.

[1] Rospotrebnadzor banned all types of RMEs until October 2020, and until March 2021 in the Khanty-Mansi Autonomous District and Yamalo-Nenets Autonomous District, except for a few categories of employees (work at height and in confined spaces).

Training and Development

SIBUR's commitment to improved efficiency and innovation requires continuous training and staff development. The Company's training system enables the business to adapt to rapidly changing conditions and improve the performance and engagement of personnel; it also allows employees to realize their potential within the Company and remain competitive in the labor market. In addition to employees, the Company also offers training opportunities to clients, contractors, school pupils, undergraduate students and university graduates. By sharing knowledge, enhancing the prestige of the engineering profession and coordinating with universities, we are contributing to the development of the entire Russian petrochemical industry.

MATERIAL TOPICS:
- Employee engagement
- Stakeholder engagement
- Employee training and development

2020 HIGHLIGHTS

SIBUR achieved the following results in the reporting year:

THE SIBURINTECH PETROCHEMICAL ENGINEERING AND TECHNICAL EXPERTISE DEVELOPMENT CENTER WAS OPENED

A LICENSE WAS OBTAINED to conduct educational activities

41% of SIBUR employees completed a sustainability course

THE AMOUNT OF DISTANCE EDUCATION INCREASED BY 4.2x from 2019

52% of Corporate University programs took place online

"Being an industry leader is only possible with a strong team of highly qualified employees, so expanding competencies and increasing the professional expertise of our enterprises' workforce is one of the Company's key focuses."

Marina DEREVLEVA
Head of LLC SIBUR's Corporate University

2020 Goals and Results

GRI 404-2

Due to COVID-19-related restrictions and the need to reduce costs in 2020, the Company moved a significant portion of its training programs online, using in-house resources to a greater extent for their development and execution. The Leadership and Safety program, the Economy for Production program and the WorldSkills championship were postponed until 2021. All other strategic training and development initiatives continued.[1]

Goal: increase production efficiency and achieve "smart results" in terms of costs

The main highlight in 2020 was the opening of the SIBURINTECH Engineering and Technical Expertise Development Center in Tobolsk. SIBURINTECH is part of SIBUR's Corporate University and offers more than 200 programs for engineers and other personnel at the Company's production sites. During the reporting year, employees were also selected for master's programs at Russian universities as part of the chemical engineering flagship program. Earlier, workers were trained as part of this program at three foreign universities and defended projects on optimization management.

Programs aimed at training the next generation of engineers were also developed. For example, SIBUR Workshops—a project aimed at promoting engineering and other technical professions among schoolchildren and undergraduate students—were carried out in collaboration with Russia's Ministry of Education as part of the Education national project. In order to provide vocational guidance to schoolchildren in the regions where it operates, SIBUR also supported educational camps (regional competitions) in the Tyumen and Amur regions. The Company facilitated the implementation of educational projects in STEM subjects in the cities of Tobolsk and Svobodny, as a result of which participants were prepared to take unified state exams and were more inclined to choose an engineering profession.

Goal: obtain a license to conduct educational activities

In 2020, the Company received a license to conduct educational activities that enables it to train specialists from other companies in the oil and gas sector through its Corporate University.

Goal: professional development in the area of sustainability

In 2020, an online course on sustainability was launched through the Corporate University, which 41% of the Company's employees completed during the year. The course was included in the onboarding program for all new SIBUR employees. Staff training as part of the sustainability course is one of the strategic goals for sustainable development to 2025. SIBUR's target is to increase the percentage of employees who will have undergone training to 85% by 2025.

For the first time, SIBUR supported projects run by the Sirius Education Center, including on sustainability involving about 2.7 thousand gifted children.

Goal: development of the Company and its workforce on the basis of evolving values

The transition of the Company's production sites to a new operating model was complemented by training for employees in accordance with the new organizational structure, business needs and regulatory requirements.[1] Recommendations, courses and training materials were also developed to support changes in the personnel management system: standards were introduced for employee onboarding and for manager performance.

In order to analyze and improve the performance of SIBUR's Corporate University, KPIs were developed, including several that make it possible to compare its performance against international benchmarks. The KPIs include two indicators: training costs as a percentage of payroll and the number of training hours per employee and individual functions.

Goal: development of a culture of learning within the Company

SIBUR strives to create an internal environment where learning and development are the responsibility of and an opportunity for every employee. SIBUR encourages mentoring on the part of internal and external coaches both through activities that cover broad groups of employees (e.g. the Coaching for Your Victories intensive course) and through individual programs. In 2020, the Company conducted an intensive course called Coaching for Your Victories, in which more than 500 employees underwent training with respect to tools for engagement management.

[1] For more details, see 2019 Sustainability Report.

[1] For more details, see 'Growth Strategy and Investments.'

Corporate Training and Development System

SIBUR's training and development system is supported by the Learning and Development (L&D) department and is regularly reviewed to take into account current and long-term business needs, employee expectations and external trends. At the same time, the transition to remote work in connection with the COVID-19 pandemic was a test for the system's flexibility, which the Company successfully passed.

Training programs are developed annually by function leaders with the support of training specialists. In 2020, the Company began a transition to more systematic and centralized training planning for each function, taking into account its resource strategy and employee competency matrix. For example, uniform rules for learning English were created and pegged to each post.

The L&D department aims to be a partner for executives. During the reporting year, courses were launched for the onboarding of new managers and for the managers of new employees. By integrating training activities into the HR cycle, managers can better plan, organize and evaluate employee training and development.

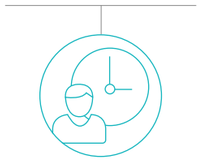
> 700 INTERNAL TRAINERS

help organize training and development for Company employees

APPROACH TO THE ORGANIZATION OF TRAINING AT SIBUR

The Company adheres to the following principles:

Integration into the HR cycle: training and development activities are part of a suite of HR activities that are repeated every year



Links to the organizational structure: training programs are linked to management levels or functions

Performance and development: programs are aimed at ensuring employees' performance in their current positions or their development based on an assessment and preparation for future roles

A key element of SIBUR's training and development system is the Corporate University, whose main objectives are to establish content and standards for corporate training, develop the Company's human resources and help the business implement changes. More than 700 internal trainers help organize training and development for Company employees.

In 2021, the Corporate University plans to complete the already-initiated process of international accreditation in line with the CLIP quality system,[1] as well as transfer all programs to the new learning management system (LMS).[2] As of the end of 2020, the new LMS contained 119 e-courses.

[1] Corporate improvement of training processes for corporate universities.
[2] A learning management system is a program for the administration of training courses through distance learning.

EFMD is an international association of business schools and corporate universities that developed the **CLIP (Corporate Learning Improvement Process)** system for assessing the quality of and providing accreditation for corporate learning functions.[1]

Obtaining CLIP accreditation will provide SIBUR's Corporate University with the following opportunities for further improvement and development:

- access to an international community of top corporate universities;
- analysis of international benchmarks, global research results and best practices;
- feedback from top experts in the field of corporate education;
- improved processes based on international standards.

119 E-COURSES

in the new LMS system

The Company also has a mentoring system in place as part of a single process for developing the professional competencies of employees. The mentor selection process is included as one aspect of the employee development centers across all production sites. In 2020, the mentor training program, like many other processes, took place online.

Learning and Development Strategy and Activities

GRI 404-2

The strategic objectives of the Corporate University, according to MAP2025, are focused on three key areas:

1 employee qualifications
2 employee engagement
3 employee performance

FOCAL POINTS HAVE BEEN HIGHLIGHTED WITHIN EACH AREA FOR THE PERIODS 2020–2022 AND 2023–2025

KEY AREAS OF MAP FOR HR AND THE CORPORATE UNIVERSITY	FOCAL POINTS FOR 2020–2022 Setting up basic processes for the formation of new habits and conventions	FOCAL POINTS FOR 2023–2025 Qualitative changes among staff as a result of improved competencies and engagement
Employee qualifications	◆ staff development	◆ steady increase in the overall level of competence
Employee engagement	◆ an engaging and safe working environment ◆ development of leadership among middle management	◆ competency management based on each team's performance metrics
Employee performance	◆ increased productivity ◆ completion of the HR transformation (creation of HR tools for data-driven management)	◆ from individual performance to high-performing teams

[1] For more information on CLIP, see https://www.efmdglobal.org/accreditations/companies/clip/.

CORPORATE UNIVERSITY CURRICULUM

GRI 404-2

The Corporate University's main areas of activity are Business Run and Business Change, which combine programs for the development of competencies and advanced training in employees' current positions and for career growth within the Company. The curriculum did not undergo significant changes in 2020, but open programs were added to it (intended for the external training of clients, partners and students). Programs for the Company's partners and clients are developed based on requests either on an individual basis or based on existing programs. In addition to the Business Run and Business Change programs, SIBUR supports programs with external providers. In 2020, for example, 30 employees underwent INSEAD[1] training as an employment-based incentive.

BUSINESS RUN:
programs to ensure the performance of employees in their current positions

- onboarding within the Company
- departmental onboarding
- the manager performance standard and tools for the HR cycle

BUSINESS CHANGE:
employee development programs (preparation for new positions and roles in line with the Company's current and future objectives)

- functional development
- tier-based management and leadership programs
- career track programs for experts
- project-based career track programs
- development in one's current role
- development of soft skills
- business training
- business fundamentals

OPEN PROGRAMS, PROGRAMS FOR EXTERNAL TRAINEES AND OTHER PROGRAMS

- programs for school pupils (e.g., Trajectory Junior, Lessons of the Present)
- programs for undergraduate students (for example, the Trajectory program for undergraduates and First Element)
- programs for clients and partners
- programs for teachers
- Chemistry of Life;
- digital skills development programs

DEVELOPMENT OF THE SIBURINTECH EDUCATIONAL CENTER FOR THE PETROCHEMICAL INDUSTRY

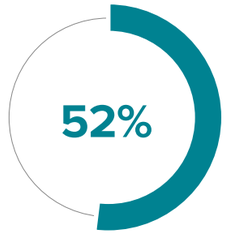
SIBUR continues to expand the SIBURINTECH engineering and technical expertise development center in Tobolsk. Reaching full capacity will allow the center to provide training for some 200 people per day. Its 26 laboratories provide training in mechanics, metrology, energy, OHS, chemical production and other areas and specialties relevant to SIBUR. SIBURINTECH continues to develop training sites and introduce the latest equipment from leading manufacturers of smart technologies and training solutions, including Festo, Siemens, Yokogawa and Schneider Electric, creating a unique platform for developing engineering skills and competencies for the petrochemical industry.

[1] European Institute of Business Administration.

CONVERTING PROGRAMS TO A REMOTE FORMAT

In 2020, the Company ensured the smooth operation of the Corporate University by converting 52% of the programs in its curriculum and all programs for school pupils and undergraduate students to a remote format. In addition, new online courses were launched covering areas such as sustainability, supply chain management and product management. As part of SIBUR's School of Business Analytics, webinars were launched on data analysis and in-demand programming languages.

In the context of remote work and accelerated digitalization, one of the Company's priorities in 2020 was to improve IT literacy and expand training on working with IT systems, including setting up remote access to corporate systems. In total, 568 training webinars were held in this area. More than eight thousand Company employees completed the Remote Work course.



of the programs in the Corporate University catalogue were converted to a remote format

SIBURINTECH PROVIDES TECHNICAL TRAINING IN A REMOTE FORMAT

In 2020, SIBURINTECH was actively involved in creating and converting SIBUR's corporate training programs to a remote format. Specifically, 124 thematic webinars were developed and incorporated into the distance learning program, covering all areas required by the Company's production sites: reliability and repairs, technology and production, and OHS. In addition, 44 online courses were developed.

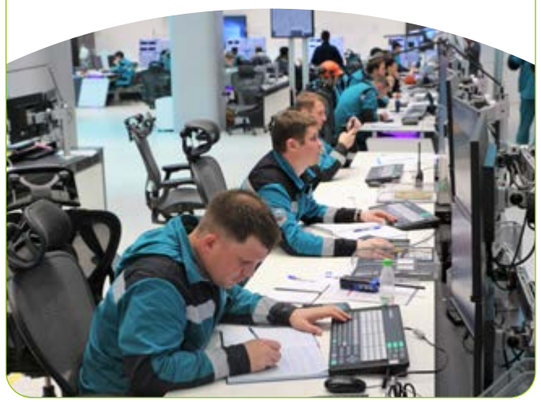
In 2020, distance learning via internal programs totaled 17,686 person-courses.

ZAPSIBNEFTEKHIM USES STATE-OF-THE-ART DIGITAL TECHNOLOGIES TO TRAIN EMPLOYEES

SIBUR uses digital technologies, and particularly computer-based simulation training systems, for practice-oriented staff training.

For the first time, the six simulators that were delivered to ZapSibNeftekhim in autumn 2019 are enabling employees to study the impact of various factors on the production chain. Simulator training gives the operator a margin for error that does not exist in real production conditions.

The simulators helped 300 technicians and equipment operators at ZapSib undergo training and affirm their qualifications in 2020.



DEVELOPMENT OF A NEW GENERATION OF ENGINEERS

By supporting projects aimed at university graduates, undergraduate students and school pupils, SIBUR is developing a new generation of engineers who will be able to use their talents at SIBUR or other companies. The flagship programs for the development and recruitment of young employees are Trajectory and First Element. The Company also supports the members of its production sites' youth councils through a youth leadership development program.

THE TRAJECTORY PROGRAM

helps undergraduates from all over Russia gain applied knowledge by combining work with their studies. In particular, program participants receive fundamental theoretical training and special training in a vocational profession, and they take part in a paid internship at SIBUR. The program is carried out remotely in partnership with leading Russian universities on the basis of contracts for targeted training, which helps ensure that students miss as few classes as possible in their main studies. Based on the results of the 2020 program, SIBUR hired 63 Trajectory program participants.

THE FIRST ELEMENT PROGRAM

provides a career start for graduates specializing in chemistry. Over the course of six months, participants have an opportunity to work in various Company divisions, take part in training and courses on chemistry and other specializations, as well as acquire knowledge and skills from experienced mentors. The program provides an opportunity not only to bolster their professional knowledge but also to develop cross-functional competencies and integrate themselves into SIBUR's corporate culture through English-language training and participation in specialized sports clubs and volunteer events. In 2020, a general corporate exam was introduced for program participants as the first stage of professional certification for future specialists at SIBUR production sites. Eighty-four graduates of the First Element program have started working for the Company.

SIBUR-SPONSORED PROGRAMS FOR SCHOOL PUPILS

are aimed at raising the profile of the engineering profession and promoting the study of the natural sciences. They also make a positive contribution to the development of local communities. The following programs were launched in 2020: **Trajectory Junior** for employees' children, **Lessons of the Present** for children from various regions of Russia (together with the Sirius Education Center) and EnergoGenius for motivated pupils with an interest in engineering. In addition, within the framework of the Formula of Good Deeds corporate social investment program, SIBUR supported the creation of the IT-cube technopark and the Quantorium project in the city of Svobodny.

TARGETED TRAINING PROGRAM IN THE FAR EAST

In 2020, SIBUR, in partnership with the Far Eastern Federal University, launched a training program for specialists in high-demand areas (chemical engineers and power engineers) for the Amur Gas Chemical Complex (GCC).

The Company received 141 applications for participation in the program. As a result of a multistage testing procedure and interviews with production managers, 20 students enrolled in the corporate training program. In addition, 11 students from Amur State University will take part in a corporate training course.

Individual learning paths and professional training and retraining programs were developed for each of the 31 selected students. Participants got an opportunity for professional and career development at the SiburTyumenGaz and ZapSibNeftekhim production sites, and by the time the Amur GCC is launched, they will be able to take on responsible and leading positions in the plant's operating processes.

WITH SIBUR'S SUPPORT, THE IT-CUBE TECHNOPARK AND THE QUANTORIUM PROJECT OPENED IN SVOBODNY

With SIBUR's support, two innovative platforms for education beyond the classroom for schoolchildren were launched in the city of Svobodny: the IT-cube digital education center for children and a branch of the Quantorium children's technopark.

The IT-cube center opened with SIBUR's involvement as part of the Education national project. About 500 schoolchildren from 8 to 17 years of age are studying at the IT-cube. Supplementary education is offered in six programs, including system administration, robot programming, and the development of applications and other programs aimed at developing children's IT skills in various aspects of digital environments. During the 2019–2020 academic year, more than 3,000 people were involved in IT-cube events.

The Quantorium project was implemented in partnership with the Institute for Education Development, the Ministry of Education and Science of the Amur region, Russian Railways and SIBUR, and the Fund for New Paths for Education. A new platform at the children's technopark has installed high-tech equipment, which schoolchildren use to learn the basics of engineering and project skills, and to solve real-world production problems alongside experienced mentors, including representatives from the worlds of scientific education, industry and business. More than 300 children from 12 to 17 years of age can receive instruction there on an ongoing basis.

Metrics and Targets

In 2020, SIBUR exceeded its target in terms of the number of employees who completed a course on sustainability (41% of all employees). The Company plans to double this result by 2025 in line with its Sustainable Development Strategy to 2025.[1]

TARGET

2025 target	2020 target	2020 result	Variation from 2020 target
85%	17%	41%	▲ 141%

Ensure that 85% of employees complete a sustainability course

GRI 404-1

In 2020, the average number of training hours per employee increased by one from the previous year (from 42 hours in 2019 to 43 hours in 2020). On average, male employees completed 50 hours of training during the year, and female employees completed 24 hours. The reason for this difference is that men are employed in positions requiring compulsory training to be permitted to work in production. Compulsory training accounts for about 60% of the total number of training hours. The same explanation accounts for the greater number of hours for blue-collar workers compared with management and specialists.

In 2020, the amount of distance learning increased by 4.2x from the previous year and accounted for 96% of all training conducted by the Corporate University. A total of more than 250 thousand person-hours were dedicated to remote learning, and some 17.1 thousand employees took part in training. At the same time, the weighted average net promoter score (NPS) decreased slightly but remained at a high level.

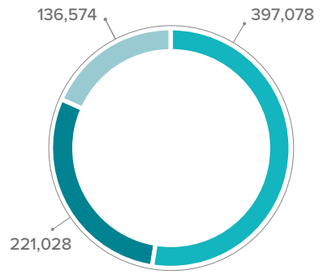
96%

of all training involved distance learning

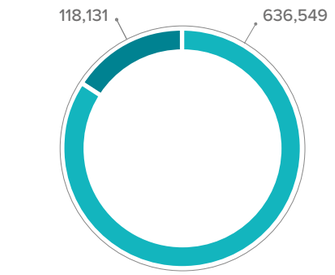
[1] The course is available to an external audience. **More on the course**.

TOTAL HOURS OF EMPLOYEE TRAINING AS OF THE END OF 2020, BY POSITION AND GENDER, %

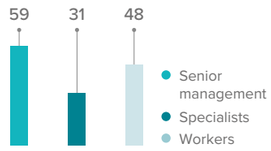
Total hours of training by position



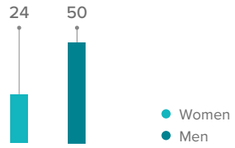
Total hours of training by gender



Total hours of training per person by position



Total hours of training per person by gender



DISTANCE LEARNING METRICS

Metric	2019	2020	Change over the year
Weighted average NPS, %	78.2	73.3	↓4.9 p.p.
Amount of training, person-hours	89,020	375,501	↑322%
Amount of training through webinars, person-hours	28,180	91,756	↑226%

In 2020, the number of trained clients, partners and contractors increased by **432%** compared with 2019.[1]

1,409 INDIVIDUALS

from among clients, contractors and partners **(55% OF THE TOTAL NUMBER OF PARTICIPANTS)** registered for the Company's training events on the SIBUR Business Practices platform

80 INDIVIDUALS

from among clients, contractors and partners **(23% OF THE TOTAL NUMBER OF PARTICIPANTS)** attended in-person lectures

71%

weighted average NPS for distance courses

7,230 PEOPLE

watched online training modules on SIBUR's YouTube channel (including videos after they were posted in the public domain)

93%

of participants are interested in further training from SIBUR

[1] See **'Society and Partnership'** for more information.

Goals for 2021

We have identified the focal points for further development for 2020–2022 in line with MAP2025.

Staff development

- uniform knowledge requirements for unified engineering and technical personnel in the Operational Performance department and key positions in other functions;
- recruiting highly professional employees with unique expertise and young professionals with potential;
- career tracks in key functions;
- a single corporate exam for production personnel, restarting mentoring;
- tools for assessing profile suitability for non-production functions;
- onboarding, training and development for employees that takes into account the current and future requirements in terms of competencies and career tracks.

An engaging and safe working environment

- working within a culture focused on engagement, satisfaction and safety;
- engaging managers in communication management during periods of change, transformation leadership;
- promoting the values of safe working conditions and concern for the health of employees, monitoring overtime and fatigue levels;
- updated system of corporate awards and recognition of achievements.

Leadership development among middle management

- making key management decisions for the Company's more than 1,300 managers through each manager's personal account;
- making management decisions based on HR data;
- introducing a manager performance standard (MPS), including digital developmental programs for managers.

Increase in labor productivity

- versatility of blue-collar workers;
- a resource strategy for the Amur GCC based on a unified organizational structure;
- working with low-performing staff in the framework of the assessment cycle;
- centralization and optimization of processes, regional hubs, outsourcing of general-purpose functionalities;
- fair remuneration, target level of remuneration for positions in the NOM.

Completion of the HR transformation (creation of HR tools for data-driven management)

- simple self-service options in each employee's personal account;
- simplification of HR communication, ramped-up work on social networks;
- further recruitment of employees from other functions and training of HR and Corporate University employees.

OCCUPATIONAL HEALTH AND SAFETY

The safety of personnel, partners and residents in the regions where SIBUR operates is the Company's priority in relation to the results of its production activities. SIBUR has taken an uncompromising approach to improving the safety culture of all its enterprises to bring it into line with the best practices of the world's petrochemical companies. SIBUR implements targeted programs aimed at preventing hazardous situations, achieving zero injuries and accidents and preventing occupational illness among employees.

MATERIAL TOPICS:
- Employee engagement
- Staff training and development
- Employee health and safety
- Emergency preparedness
- Stakeholder fngagement

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

2020 Goals and Results

SIBUR aims to achieve a zero LTIF.[1] Last year the figure was 0.33 including contractors. For 2020, there were zero fatal accidents among the Company's employees and contractors. SIBUR aims to achieve a level 1 accident rate index (IA1)[2] of zero; last year it was 0.04.

2020 HIGHLIGHTS

0 FATAL ACCIDENTS
among Company employees and contractors

THREEFOLD REDUCTION
in the number of serious accidents

0.33 ▲ 21%
LTIF among company employees, including employees of contractors

93 SIGNIFICANT RISKS
to life and health were eliminated

8 INCIDENTS ▼ 20%

0 ACCIDENTS

86 EXERCISES
in emergency response

180 ALARM DRILLS
were conducted

7,444 PEOPLE
underwent remote health and safety training, including **313 employees** of contractors

52 MEETINGS
of the OHSE Committee

12 MEETINGS
of the occupational health and safety commissions were held

3,581 COMPANY EMPLOYEES
underwent in-person OHS training

9,316 EMPLOYEES
underwent medical examinations

RUB 1.5 BILLION
was spent on OHS measures, including
RUB 360 MILLION
on purchasing personal protective equipment for employees

"Safety is extremely important for any production enterprise. Our goal is zero injuries as well as accident-free operations. But technological equipment becomes more complex every year, and so the requirements for worker qualifications and health and safety provisioning increase. In the modern world, safety is impossible without creating a particular environment that relies on a leadership approach at all levels of an organization and on a network of people who share the principles of conscious safety. This is the only way s company can operate safely and therefore stably."

Anas GAINULLIN
OHSE Function Director

IN 2020, A CSM[3] PROCESS WAS DEVELOPED FOR SELECTION CRITERIA FOR CONTRACTORS:

- A requirement was added for contractors' qualifications in OHSE services.
- Analysis of contractors' injuries was introduced.
- Storage of contractor history in the Company's accounting systems was restructured.

WITHIN THE FRAMEWORK OF THE HEIGHT WITHOUT DANGER PROGRAM, VARIOUS INFORMATIONAL, ORGANIZATIONAL AND TECHNICAL MEASURES WERE IMPLEMENTED TO REDUCE EMPLOYEE AND CONTRACTOR INJURIES WHEN WORKING AT HEIGHT. THE FOLLOWING WERE DEVELOPED AND IMPLEMENTED:

- the Come and See digital solution at Voronezhsintezkauchuk;
- mobile rounds and maintenance at 14 enterprises;
- online dashboards and online help with OHS indicators;
- drones to monitor compliance with OHS rules at ZapSibNeftekhim;
- video analytics tools.

0 FATALITIES
among the Company's enterprises and contractors

SIBUR'S Approach to OHS Management

The occupational health and safety of employees is among SIBUR's strategic priorities. Achieving key OHS performance indicators (LTIF, IA1) is part of the employee and management motivation system.

The Company complies with Russian and foreign health and safety legislation, and follows a system of internal regulations and provisions that correspond to Russian and global best practices.

OHS MANAGEMENT SYSTEM DOCUMENTS

SIBUR follows the principles set out in the following documents:

- an **Integrated management system policy for LLC SIBUR and the enterprises of PJSC SIBUR Holding (ISM Policy)**;
- Sustainable Development Strategy to 2025;
- guidelines for an integrated corporate management system for LLC SIBUR and enterprises of PJSC SIBUR Holding covering occupational health and safety and environmental protection, as well as industrial health and safety, quality and energy efficiency;
- an occupational health and safety and environmental management system code for PJSC SIBUR Holding;
- a regulation of the health and safety and industrial safety management system;
- occupational health and safety and environmental protection standards.

1 Lost time injury frequency.
2 An index expressing the ratio of the number of incidents to man-hours worked.
3 Occupational health and safety process management system.

GRI 403–1

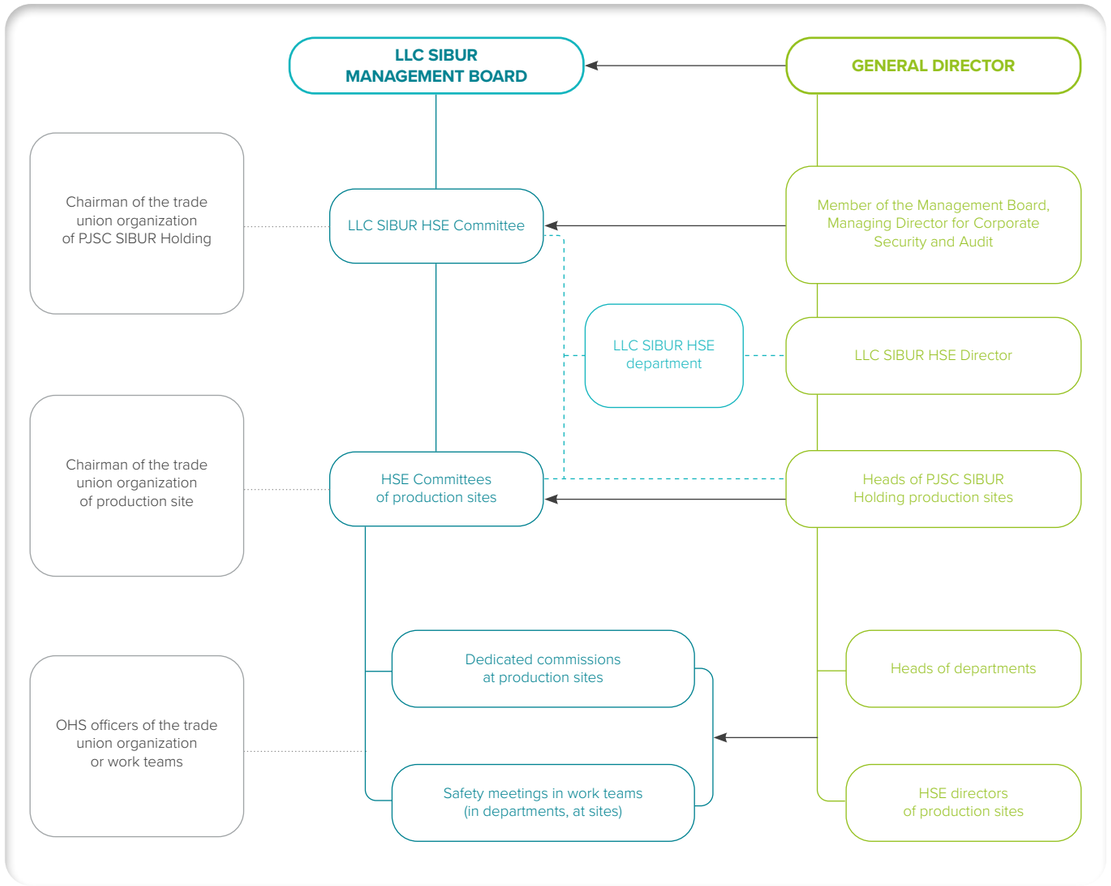
In 2020, the Board of Directors approved a new **Integrated Management System Policy for LLC SIBUR and the enterprises of PJSC SIBUR Holding**.

This certified IMS is the mainstay of the managing organization and all enterprises in formulating OHS goals and objectives. The IMS covers the industrial and administrative activities of 15 enterprises and the Corporate Center.

The IMS Policy's OHS provisions are implemented within the framework of PJSC SIBUR Holding's OHSE management system, the elements and principles of which are detailed in the code and regulations on the OHS management system.

OHS Management Structure

SIBUR's OHSE management system has several levels. The Managing Director, who is a board member and oversees Corporate Security and Audit, coordinates OHSE issues at the Company management level. The CEOs and OHSE managers oversee safety issues at the enterprise level.



The OHSE Committee
under the Company management coordinates cooperation between the Corporate Center and all SIBUR enterprises. The Regulations on LLC SIBUR's OHSE Committee regulate the committee's tasks and powers. SIBUR enterprises also have OHSE committees, whose competencies are stated in the relevant enterprise OHSE regulations.

OHS commissions
are organized at all enterprises based on the principle of social partnership between the employer and the primary trade union (an elected employee body).

Trade union representatives monitor compliance with OHS requirements at every administrative and production level.

OHSE Committee's Results for 2020:

The following were held in the reporting year:

4 MEETINGS
of the OHSE Committee at the Management Board level

52 MEETINGS
of OHSE committees at the enterprise level

12 MEETINGS
of OHS commissions (at the level of all Company enterprises)

THE OHSE MANAGEMENT STRUCTURE AT THE LEVEL OF THE CORPORATE CENTER OHSE FUNCTION COVERS FOUR AREAS

- HEALTH AND SAFETY, TRANSPORT AND INDUSTRIAL SAFETY, EMERGENCIES
- ENVIRONMENT
- PREDICTIVE ANALYSIS AND STATISTICS
- CONTRACTOR MANAGEMENT GROUP

GOALS AND OBJECTIVES OF BODIES MANAGING OHS

MANAGEMENT BODIES	GOALS	TASKS
OHSE committees	◆ preventing accidents ◆ preventing industrial injury ◆ reducing the risk of occupational illness ◆ developing a safety culture ◆ reducing the negative environmental impact	◆ developing a company OHSE policy and defining goals ◆ assessing the achievement of set goals and monitoring the implementation of plans ◆ determining measures and resources to improve the OHSE management system and prevent accidents ◆ encouraging safe employee behavior
OHS commissions		◆ reviewing OHS rule violations, including whether there were serious consequences or a threat of such consequences ◆ making proposals to discipline violators ◆ preparing proposals to improve the OHS system, improving employee health and recognizing employees who comply with OHS requirements and recommendations for improving health ◆ assisting in resolving labor disputes related to violations of OHS laws and changes in working conditions

OHS Training

GRI 403-2, 403-4

SIBUR employees can report occupational hazards through four channels:

- the corporate OHSE portal (SharePoint);
- an electronic OHSE audit log;
- registration of a behavioral safety audit (BSA);
- an independent internal SIBUR hotline.[1]

In 2020, nine calls were made to the OHSE hotline, each of which was processed.

In May 2019, the transition was made from issuing information sheets to the Lightning format, which SIBUR uses to notify staff about incidents up to 48 hours after they occur. Creating these Lightning reports is mandatory for major and significant incidents, as well as for other incident categories at the discretion of the enterprise's head of OHSE. In the reporting year, the Company issued 45 Lightning reports, which allowed it to promptly inform all enterprises about the relevant incident and act quickly to prevent repetitions.

SIBUR'S TVER ENTERPRISE WAS AGAIN RECOGNIZED AS THE BEST ENTERPRISE IN THE UPPER VOLGA REGION IN THE FIELD OF OCCUPATIONAL HEALTH AND SAFETY

For a second straight year, Sibur-PETF took the title of "Best enterprise in the Upper Volga region in the field of occupational health and safety". Seventy-two production enterprises in the Tver region with 101 to 250 employees participated in the competition. The key selection criteria were an absence of industrial accidents as well as costs and initiatives in the field of OHS.

THE SAFETY OF SHUTDOWN MAINTENANCE WAS IMPROVED WITH THE PARTICIPATION OF LABOR INSPECTORS FROM THE SIBUR TRADE UNION

In 2020, SIBUR enterprises underwent scheduled preventive maintenance, during which technical labor inspectors from SIBUR's Trade Union, together with the OHS representatives, acted as OHSE commissioners. During safety contacts and line rounds, the labor inspectors observed employee performance, recognized safe behavior and discussed areas for improvement in a direct dialogue format. Particular attention was paid to high-risk work, as well as temperature checks thermometry and the wearing of personal protective equipment amid the challenging pandemic situation.

Based on their enterprise inspections, the experts noted high levels of control to ensure safe working conditions and employees' commitment to the Safety Without Compromise principle. The Company plans to continue implementing such measures to improve the culture of safe working behavior and reduce the number of accidents.

Control and Monitoring

OHS Auditing

SIBUR regularly conducts external and internal audits for compliance with OHS management system requirements. In the reporting year, a cycle of internal IMS audits was conducted with the involvement of consultants from DQS.

In October 2020, the remote recertification of the IMS audit was completed, based on the results of which the international certification body Bureau Veritas Certification Rus confirmed that the Company's processes and practices met the international standard OHSAS 18001:2007 (occupational health and safety management system). In the first half of 2021, the Company received ISO 45001:2018 certification. SIBUR received a high evaluation for its competence and leadership in the field of OHS. The auditor emphasized management's commitment and employee engagement in OHS, customer service and sustainable development. The audit also noted the high level of digitalization and the development of the new operating model,[1] which increases the transparency and efficiency of business processes.

As a result of the external and internal audits, eight minor inconsistencies were identified, such as a violation of deadlines for updating the supplier evaluation methodology and a crane operator not wearing a helmet while loading and unloading. All inconsistencies were corrected in a timely manner, and measures were developed to prevent them from happening again.

State OHS supervisory authorities inspected SIBUR's enterprises in the reporting year, which revealed violations, and the Company paid fines totaling RUB 1.4 million. Plans have been developed and are being implemented to eliminate the identified violations and prevent them from reoccurring.

SIBUR regularly conducts BSAs at all enterprises, during which Company managers and specialists act as auditors. They observe an employee's actions as production tasks are performed, then have a conversation with the employee. This results in dangerous actions immediately being corrected and safe behaviour being recognized. In accordance with the enterprise standard (ES) for conducting BSAs, and within the framework of the Safety Championship, in 2020 SIBUR conducted 129,300 BSAs, including 94,700 audits with Company employees and 34,600 with employees of contractors. This represented a 128% increase in the number of BSAs versus 2019.

129,320 BEHAVIORAL SAFETY AUDITS

The Company conducted in 2020

[1] See 'Business Ethics and Compliance' for more information.

[1] See 'Growth Strategy and and Investments' for more information.

Digitalization in the Field of OHS

The new IMS Policy prioritizes the introduction of digital tools to improve process safety. The Company plans to implement projects to digitalize training when visiting SIBUR facilities and monitoring compliance with OHS rules. In 2020, SIBUR developed and implemented the following digital tools:

- **Online help** with OHS (LTIF, IA) as of the current date and forecast for year-end;
- **Online dashboards** about BSA, the OHSE championship and addressing orders from the supervisory authorities;
- **The Come and See digital solution** at Voronezhsintezkauchuk with the function of targeted planning of health and safety inspections and registration of inspection results using mobile devices;
- **Video analytics tools** that simplify the supervisory role for the plant operator and that work on the “black screen” principle, so when everything is normal the screen is off, but when the situation becomes abnormal, the screen turns on and shows where the irregularity occurred;
- **The use of drones** to monitor compliance with OHS rules at ZapSibNeftekhim;
- **Mobile rounds and maintenance** at 14 of the Company’s enterprises.

DRONES PARTICIPATE IN ZAPSIBNEFTEKHIM’S WORK

Despite the challenges posed by the epidemic in 2020, SIBUR’s Tobolsk enterprises ensured OHS rules were observed. They were helped by drones, which have unique qualities for inspecting hard-to-reach sites.

Equipped with cameras and thermal imagers, these unmanned assistants save time: for example, it takes specialists up to an hour and a half to inspect column equipment, while a drone needs just 15 minutes. They can climb to an altitude of 500 m and have a range of 8 km, and their 30x optical zoom allows specialists on the ground to notice even slight leaks and damage. Drones are effective in any weather, and during the pandemic they can allow unnecessary contact to be avoided.

Due to the pandemic, ensuring work safety related not only to the production process but also to quarantine restrictions:

10,000 EMPLOYEES

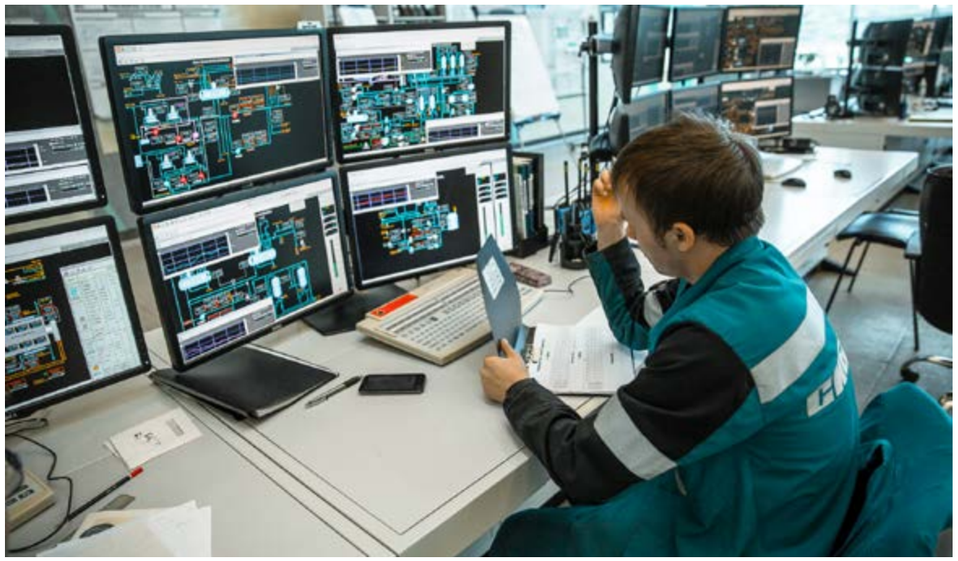
were moved to remote work while retaining access to all corporate services;

100%

of permits for hot work, gas-hazardous work and work at height were issued without contact

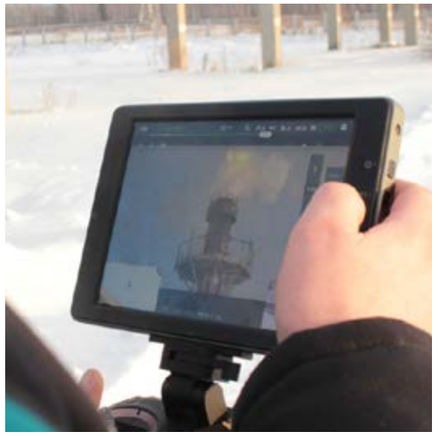
700 ONLINE CONSULTATIONS

with external experts (including foreign ones) were carried out using our in-house augmented reality platform to ensure the continuity of production processes and conduct shutdown maintenance at enterprises



5,000 EMPLOYEES

used the Mobile Rounds tool



MOBILE ROUNDS AND MAINTENANCE

In 2020, 5,000 employees used the Mobile Rounds tool to detect defects early and improve equipment reliability at 20 SIBUR enterprises. This made it possible to engage contractors and employees less frequently to repair equipment, thereby maintaining the isolation regime at production sites. The Company plans to scale up the product further at other enterprises in 2021.

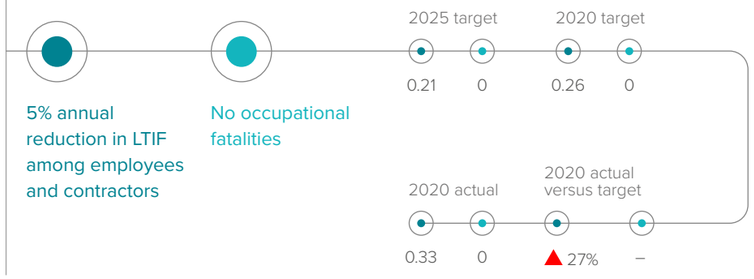
Metrics and Targets

Occupational Injuries

In accordance with the Strategy for Sustainable Development to 2025, SIBUR is committed to a 5% annual reduction in LTIF among employees and contractors (excluding construction contractors) and zero occupational fatalities.

Safety without compromise is a core value and a key priority for the entire Company.

TARGET



GRI 403-9

SIBUR's goal is to create a culture of zero injuries, in which there is no place for accidents, and where all employees and contractors comply with safety regulations. The Company encourages responsible behavior at every level to ensure a safe working environment for all employees and partners.

SIBUR is proud that 10 of its facilities had an LTIF of 0 in 2020.

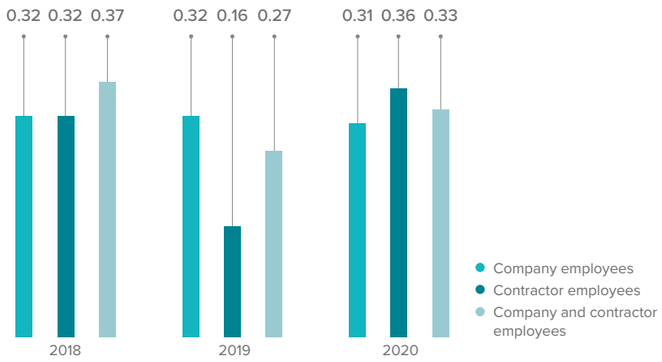
COMPANIES AND CONTRACTORS' CONSOLIDATED LTIF AMOUNTED TO:

0.33 among employees of the Company and contractors

0.31 among SIBUR employees

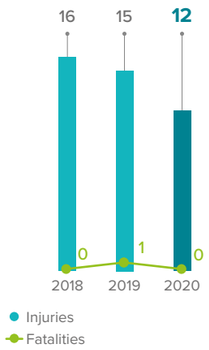
0.36 among employees of contractors

LTIF



During the reporting period, LTIF among employees of the Company and contractors grew by 21% versus 2019. The growth was due to an increase in the number of accidents among employees of contractors (which went from four to eight cases).

INJURY AND FATALITY AMONG SIBUR EMPLOYEES



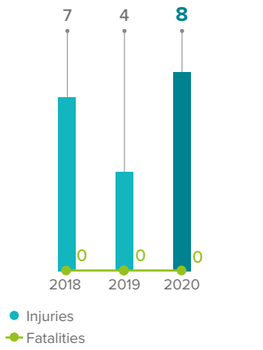
The total recordable incident rate (TRIR) among employees of the Company[1] and contractors[2] for the reporting year decreased by 19% to 0.22. The lost time injury severity rate (LTISR) among SIBUR employees was 35.8, up 34% versus 2019.

In the reporting year, there were 12 accidents among Company employees, down 20% versus 2019. One of these resulted in serious injuries. No fatalities were recorded in the reporting year.

In 2020, there were eight accidents among employees of contractors.[3]

SIBUR separately monitors the safety of contractors' employees who are involved in the construction and expansion of facilities.[4] In 2020, there were four construction accidents, which was 85% lower than in 2019. There were no fatalities.

INJURY AND FATALITY AMONG CONTRACTORS



Accident Investigation

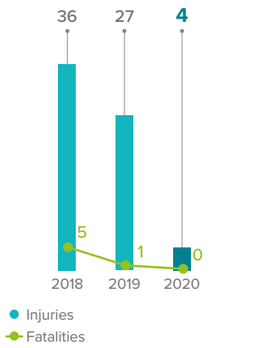
GRI 403-2

SIBUR rigorously investigates all accidents at its enterprises to identify and address deficiencies in the OHSE management system and to prevent such incidents from reoccurring.

At the end of 2020, SIBUR approved a new procedure for the notification and internal investigation of incidents relating to occupational health and safety and environmental protection, which, together with the Russian Labor Code and Russian Federal Law No. 116-FZ, serves as the main guideline for investigating accidents at the Company. Key changes include updating the Incident Reporting Matrix and the Incident Classifier, and adding the Undesirable Events Reporting Portal (UERP) to the incident reporting chain.

Internal accident investigations must be completed within 15 days of the incident. A list of corrective and preventive measures is drawn up based on the results of the investigation, responsibility for the implementation of which is assigned to the heads of the enterprises. To prevent such incidents from reoccurring, the results of the investigations are discussed at briefings and meetings, as well as in special emails.

INJURY AND FATALITY AMONG CONSTRUCTION FIRM EMPLOYEES



1 SIBUR employees per 1 million hours. The number of man-hours worked in 2020 was 38,721,459, while in 2019 it was 46,485,641.
2 Employees of contractors per 1 million hours. The number of man-hours worked in 2020 was 23,344,823, while in 2019 it was 24,288,951.
3 The Company keeps separate records of injuries among employees of construction contractors.
4 Employees of contractors involved in construction and expansion projects per 1 million hours. The number of man-hours worked in 2020 was 7,660,888, while in 2019 it was 60,447,910.

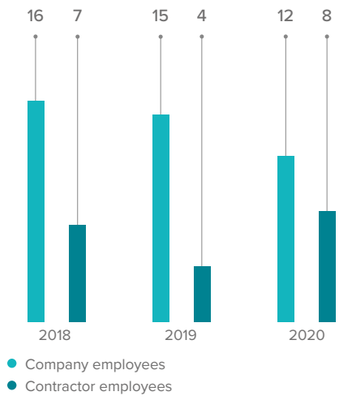
GRI 403-3

Minimizing Accidents

In the reporting year, the Company continued implementing measures to reduce the number of accidents and improve the safety culture, such as:

- **The Safety Without Compromises program**[1];
- **The Hazardless Height program** to reduce injuries among workers and contractors;
- **A program to reduce injuries** while traveling;
- **Risk assessment** and **implementing measures to reduce risks**;
- **Investigating incidents** and **developing measures to eliminate their root causes**;
- **Implementing the regulation** on the organization and implementation of oversight of compliance with industrial safety requirements at enterprises using a risk-based approach;
- **Process digitalization**;
- **Conducting training** and **holding meetings relating to OHSE** for employees of the Company and contractors.[1]

ACCIDENTS



An internal investigation in the reporting year showed that the main types of accidents at the Company remain tripping and slipping due to uneven and slippery surfaces as a result of insufficient employee caution. SIBUR has developed a program to reduce injuries while on the move, which includes:

COMPANY HAS DEVELOPED A PROGRAM TO REDUCE INJURIES WHILE ON THE MOVE:

- Fencing off hazardous areas and designating them with safety signs and signal markings;
- Preventing passage along unauthorized routes (paths);
- Conducting a BSA focusing on hazards encountered when moving around an enterprise;
- Conducting impromptu safety briefings during periods of icy conditions;
- Clearing away snow (ice) down to a dry surface (asphalt);
- Organizing delivery of special snow-removal equipment to buildings (premises), and applying anti-ice solutions;
- Identifying and eliminating the unauthorized release of steam and/or water;
- Checking that workers have special winter footwear with nitrile soles and prohibiting movement around an enterprise in summer footwear when temperatures are fluctuating.

[1] See 'Enhancing Safety Culture and Training' for more information.

Risk Management

GRI 403-2

The Company's procedure for identifying OHS hazards and managing risks was developed in accordance with the international standard OHSAS 18001: 2007. It establishes uniform OHS requirements for identifying hazardous factors, assessing risks and developing measures to minimize accidents.

The Company has approved the following risk management stages:

- **Identifying and monitoring OHS hazards**;
- **Assessing risks**, determining how acceptable they are and establishing measures to control them;
- **Preventing industrial injuries**, accidents and incidents and occupational illness;
- **Obtaining objective information** about the OHS situation in the Company;
- **Forming well-founded recommendations** to reduce risks.

To identify risks, SIBUR uses survey results, the technical documentation for equipment and processes, regulatory legal acts and internal regulations, directives from supervisory OHS authorities and the results of a special assessment of working conditions and operational monitoring of the working environment.

During routine operations, hazard identification and risk assessment are conducted every three years. Unscheduled measures are conducted in cases of modernization, reconstruction, equipment replacement, production-process changes, accidents and incidents, organizational structure updates and changes to relevant legal requirements.

The results of the risk assessment are reviewed at each enterprise's OHSE committee meetings. Hazard identification helps to identify problem areas in the OHSE management system, and the risk mitigation measures that have been developed help to reduce damage and decrease the likelihood of identified hazards.

During the reporting year, 30 significant risks were identified and 53 were excluded. As a result, the number of significant risks decreased from 164 to 111. At the beginning of 2021, 88 risks were under control; by the end of the year, it is planned to complete work on minimizing and eliminating these.

FIVE STEPS TO SAFETY

Employees of SIBUR's enterprises conduct a work performance safety analysis prior to commencing and periodically during their work. Its purpose is to assess whether it is possible to perform or continue work and to take the necessary safety measures to protect the safety and health of personnel and the environment. If an employee deems it impossible to start performing work having independently conducted a work performance safety analysis, the procedure is carried out together with the manager in either oral or written form.

A WORK PERFORMANCE SAFETY ANALYSIS IS CARRIED OUT ACCORDING TO THE FIVE STEPS TO SAFETY METHODOLOGY:

Step 1	Step 2	Step 3	Step 4	Step 5
Identify the hazard;	Assess the possible consequences;	Take the measures necessary for adequate protection;	Consider emergency response measures;	Determine the feasibility of starting or continuing work.

GRI 403-3

In 2020, SIBUR implemented the following technical and organizational measures to mitigate risks at its enterprises:

- Installing stationary anchor lines for loading and unloading racks;
- Determining movement routes, organizing timely cleaning and deicing of pedestrian paths;
- Installing service platforms;
- Replacing and repairing ventilation systems;
- Replacing end pumps with hermetically sealed ones.

The annual analysis showed that most risks were related to workers falling from height. In 2020, SIBUR implemented the large-scale **Height Without Danger program**, the goal of which is to achieve an LTIF of 0 among contractors and employees working at height.

Measures to Reduce Injuries within the Framework of the Height Without Danger Program

INFORMATIONAL MEASURES

- Maintaining an up-to-date information field about working at height through incident digests, posters displayed at enterprises and a corporate social network;
- Focusing attention on events that affect the accident rate and on accidents associated with moving, fastening and working at height.

ORGANIZATIONAL MEASURES

- Electronic courses, exams and conversations with workers about working safely at height;
- Unifying requirements regarding contractors' equipment for working at height;
- Contests (such as "Preventing Violations When Working at Height");
- Updating normative documents that cover working at height;
- Analyzing the results of workers' medical examinations to determine the need to restrict working at height.

TECHNICAL MEASURES

- Assessment of the technical condition of solutions for protection against falls from height;
- Mitigating health and safety risks associated with falling from height (providing safety systems for loading and unloading racks and installing service platforms).

Identifying Technogenic Risks

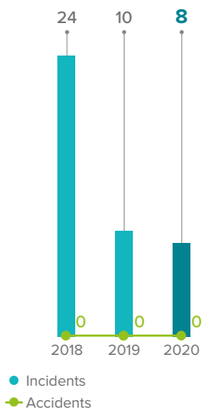
GRI 403-2

The approaches to determining SIBUR's technogenic risks are documented in the internal standard procedure for assessing accident risk.

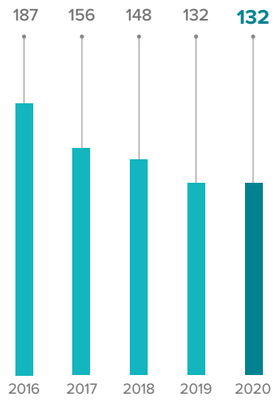
Sessions on potential accident risk assessment are held in accordance with the schedule approved for five years, and unscheduled sessions are held in cases stipulated by the ES. The Company uses the results of the sessions to identify the most significant risks and develops measures to prevent them. This leads to a decrease in the number of industrial incidents that have a negative impact on the environment and human health and property.

In the reporting year, based on the results of the OHSE Committee's work, a number of enterprises adopted a new methodology for assessing and managing technogenic risks using a barrier model. While piloting this methodology, 105 technogenic risks of various levels were identified, each of which was assigned its own management level, from head of production to CEO.

ACCIDENTS AND INCIDENTS



HAZARDOUS PRODUCTION FACILITIES



Since 2020, the Company has been using a new indicator to account for accidents, namely the accident rate index, in accordance with the global process safety events rate (PSER). This index shows the Company's performance in managing production enterprises' technogenic risks. An accident rate index of level 1 or level 2 is calculated as the ratio of the number of level 1 or level 2 events per 1 million hours worked; the level 1 figure was 0.04 for 2020, while the level 2 figure was 0.45.

Protecting Employee Health and Preventing Occupational Illness

GRI 403-6

SIBUR's employees are an important resource for sustainable and effective development, so the Company tries to create all necessary conditions to protect their health; it regularly conducts activities to support their health and prevent occupational illness.

All SIBUR employees are provided with access to expanded voluntary health insurance (VHI)[1] programs, telemedicine programs and life insurance covering accidents. First-aid training is a mandatory part of the educational programs at production sites.

The Company pays particular attention to developing programs to prevent illness and strengthen employees' health:

- Employees' commitment to a **healthy lifestyle** is part of SIBUR's corporate culture. To support physical activity among staff, materials are made available on healthy living, **health corners and health moments** are organized, and **health and sports sessions** are conducted. At least 30% of the **meals in the canteens** are healthy food, and there are free salad bars.
- To support our employees' psychological health, **stress levels are monitored**, measures are implemented to prevent emotional burnout, and online psychological support sessions are organized.
- The **personal doctor** is a doctor at a production site or in an office building who monitors staff health, including of employees with chronic illnesses.
- Employees can spend their holidays recuperating with a s**anatorium and spa treatment** at SIBUR-Yug and regional sanatoriums.
- All Company employees have access to additional **screening, clinical examinations, vaccinations and the health group**.

At SIBUR's enterprises, employees undergo an initial medical examination when they are hired, in accordance with the law, and undergo periodic checkups throughout the year.
In the reporting year, some of the examinations scheduled for 2020 were postponed to 2021 due to the epidemic.
As a result, the Company conducted medical examinations of 9,316 people in 2020.

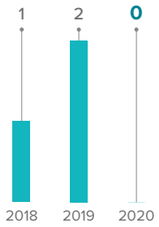
In 2020, SIBUR undertook large-scale measures to prevent **coronavirus infection** at its offices and enterprises. Free COVID-19 testing was organized at all production sites, employees were provided with personal protective equipment and antiseptics, and the air inside premises was disinfected and decontaminated. Office employees switched to working remotely, and business meetings were also conducted remotely.[2]

[1] See **'Personnel'** for more information.
[2] See **'Countering COVID-19 and the Contribution of SIBUR Products to Fighting the Pandemic'**, **'Global Challenges of Our Time'** and the SIBUR corporate website in the **COVID-19: Main section** for more information.

GRI 403-10

No new cases of occupational illness were detected among employees in 2020.

IDENTIFIED CASES OF OCCUPATIONAL DISEASES

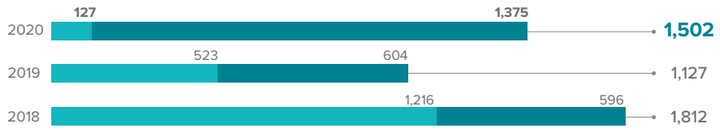


GRI 403-3

SIBUR personnel are provided with personal and collective protective equipment in accordance with approved standards. The catalogue of recommended and certified personal protective equipment is updated regularly based on the results of prototype usage. In total, RUB 360 million was spent on purchasing this equipment in the reporting year.

Instructions and standards have been developed for each enterprise for handling chemicals according to the production specifics. Instrumental assessments of harmful production factors are carried out regularly as part of the production control at each enterprise. SIBUR systematically reduces the time spent by employees exposed to hazardous production factors and, when necessary, replaces and repairs equipment in a timely manner.

INVESTMENT IN OHS MEASURES, RUB mln



- Investments made under the Targeted Production Program aimed at bringing SIBUR's facilities in line with the requirements of industrial safety regulations and standards
- OHS measures

In 2020, total expenditure on personnel occupational health and safety increased by 33% to RUB 1.5 billion, including RUB 126.5 million on a targeted production program to bring SIBUR's facilities into line with OHS standards and regulations (TPP-1).[1]

Measures to Improve Industrial Safety in 2020

KEY MEASURES	INVESTMENT
Bringing the primary processing unit for butadiene and benzene derivatives at the Voronezhsintezkauchuk enterprise into line with industrial safety standards and regulations	RUB 13.6 MLN
Installing a furnace steam curtain system at the ZapSibNeftekhim enterprise	RUB 9.5 MLN
Bringing the main product pipeline for ethylene and propylene into line with national OHS standards and regulations at the SIBUR-Neftekhim enterprise	RUB 8.1 MLN
Bringing the SiburTyumenGaz gas consumption network and Regional Production Support Center into line with standards and regulations for fuels and lubricants	RUB 4.0 MLN
Installing anchor systems to prevent falling from height when working on loading and unloading racks at the Tomskneftekhim enterprise	RUB 5.7 MLN

OHS measures include spending on addressing directives from OHS regulatory authorities and addressing internal criticisms of the production control system.

RUB 1.5 BILLION
invested in OHS in 2020

[1] Target production program.

Improving the Safety Culture and the Training Control System

To raise the effectiveness of its OHSE management system, SIBUR aims to increase personnel awareness. Extensive employee training and mentoring programmes are being developed to ensure compliance with safety regulations and to improve the overall safety culture.

The Company holds OHS days, which include development sessions on safety culture, in-person training on leadership and adherence to safety culture values. OHS days due for 2020 were postponed to 2021 at most of SUBUR's enterprises due to the epidemic.

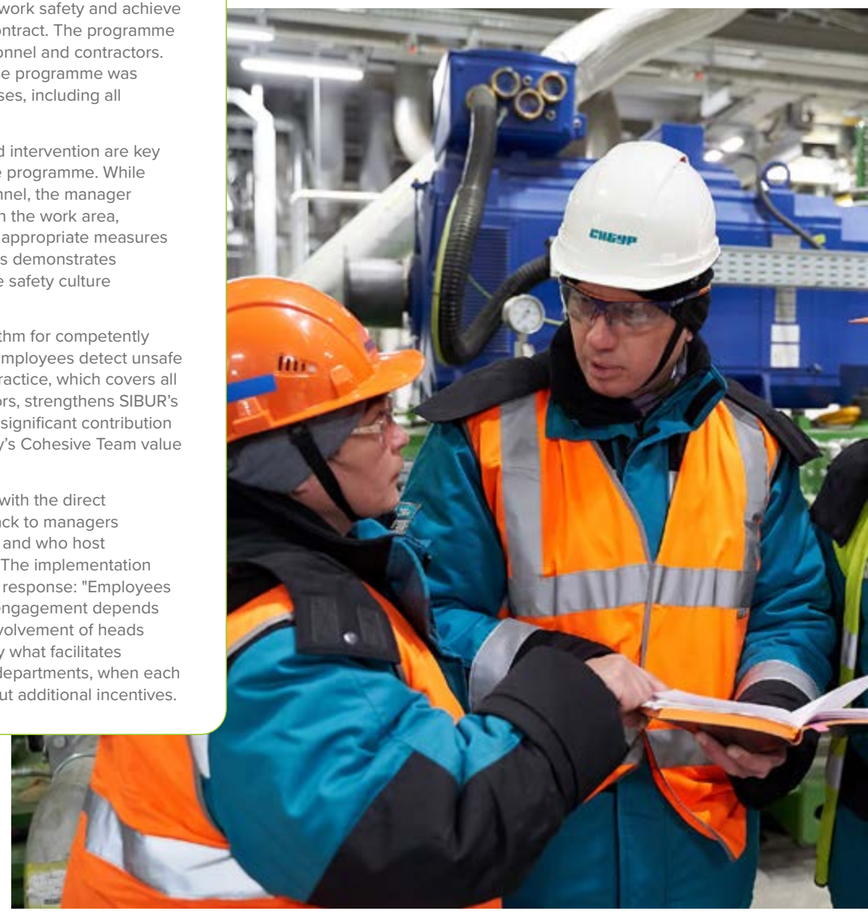
SAFETY WITHOUT COMPROMISE

In 2020 the Company continued to implement the Safety Without Compromise programme, which provides workers and managers with the tools to ensure work safety and achieve the goals specified in the production contract. The programme covers a large number of process personnel and contractors. In 2020, the Safety Without Compromise programme was fully implemented at six SIBUR enterprises, including all of SiburTyumenGaz's offices.

The practices of discussing hazards and intervention are key tools in the Safety Without Compromise programme. While discussing hazards with process personnel, the manager identifies existing or potential hazards in the work area, based on which the manager develops appropriate measures to reduce risk factors. The manager thus demonstrates their interest in improving the employee safety culture and develops their leadership qualities.

The practice of intervention is an algorithm for competently intervening in the work process when employees detect unsafe work factors at a production site. The practice, which covers all in-house personnel as well as contractors, strengthens SIBUR's team spirit, as each employee makes a significant contribution to production safety. Thus the Company's Cohesive Team value is being realised.

Both initiatives are being implemented with the direct support of trainers, who provide feedback to managers on how the practices are being applied and who host workshops about on-site interventions. The implementation of the practices has received a positive response: "Employees are of the opinion that high employee engagement depends largely on the attention, support and involvement of heads in safety management – this is precisely what facilitates the development of a safety culture in departments, when each employee starts managing safety without additional incentives.



OHS Training

GRI 403-5

SIBUR organises in-person and remote OHS training for its in-house personnel and contractors. The educational programmes cover Russian and international best practice in the field of OHS and fire safety, as well as how to improve safety culture.

SIBUR conducts compulsory training for new employees and when commissioning new equipment, and offers training if personnel request it. The enterprises have commissions to check knowledge of OHS requirements as well as certifications, testing students when they complete their courses. The Company has also implemented an electronic OHS simulator programme, which lets us assess the speed and accuracy of an employee's actions in emergencies. In 2020, 488 employees were tested using the incident simulator programme.

>23,000 COMPANY EMPLOYEES
and contractors underwent OHS training in 2020, including

7,444 PEOPLE
remotely

3,581 PEOPLE
in-person

All internal documents regulating the OHSE function are posted in the corporate information system. When a new document is released, the relevant managers and specialists are notified that they need to familiarise themselves with it. Direct supervisors conduct unscheduled training with workers and make an entry in the workplace training log.

The Company aims to replicate OHS best practice and post them on a public portal, sorted by topic (subject) area. In 2020, five OHSE best practices were proposed.

PROPOSED PRACTICE

VORONEZHSINTEZKAUCHUK JSC

During shutdown maintenance, promptly register behavioural safety audits conducted in the BSA module, indicating the name of the contractor in order to inform contractors further at the daily meetings (main office)

BIAXPLEN LTD

To ensure compliance with transport safety requirements when operating forklifts, install video recorders on each forklift to control the driver's permitted speed, as well as to resolve any disputes by viewing the recording

KSRW JSC

To protect process personnel from exposure to harmful substances in the event of a flange connection depressurising, acquire and install protective covers for flange connections

Employees of contractors also participate in SIBUR's educational programmes. In 2020, 313 people were trained in OHS subjects, and learned the practices of discussing hazards and interventions within the framework of the Safety Without Compromise programme.

Due to the epidemic, corporate training in the reporting year was mainly electronic, and covered the following topics:
- Interacting with contractors;
- Assessing health & safety risks;
- Internal accident investigation procedures;
- Transport safety;
- Managing contractor OHSE;
- Effectively conducting behavioural safety audits;
- Effective safety management practices for line managers.

IN-PERSON OHSE TRAINING PROGRAMMES IN 2020, Number of trained Company employees (full-time)[1]

SIBUR trains trainers for mandatory corporate training on OHS topics. In the reporting year, 231 trainers conducted training at enterprises for managers and engineering & technical specialists. The trainers were engaged to realise the Safety Without Compromise programme to implement workplace intervention and hazard discussion practices. In 2020, 48 people were trained to impart the methodology and were added to the programme's coaching staff.

In 2020, SIBUR opened the SIBURINTECH innovation centre for the development of engineering expertise, which has auditoriums and areas for OHS training using digital solutions from Industry 4.0 such as virtual and augmented reality:

INDUSTRY 4.0 TOOLS

- In the training programmes entitled "Safe methods and techniques for performing hot work" and "Safe methods and techniques for performing hazardous gas work and work in confined and enclosed spaces", the Digital Work Permit tool is used. The Mobile Rounds tool is also used to monitor the state of equipment in these programmes' classrooms. In 2020, 38 employees underwent training under programmes that included the Digital Work Permit module.

VR TECHNOLOGIES

- As part of the national Education project, simulators were created for five promising professions: welder, laboratory analyst, instrument technician, unmanned aerial vehicle operator and additive technology specialist (working with industrial 3D printers and scanners). For each profession, a specialised lesson was developed on the main actions to be taken in an emergency. Mass training of specialists using simulators will begin when the pilot stage is completed in 2021.

AR TOOLS

- AR solutions are used in mechanical and energy training programmes to demonstrate the ability to work safely using modern communications.[2]

[1] One person can undergo several training programs.
[2] See **'Training and Development'** for more information.

Preparedness for Emergency Situations

The Company trains personnel, management bodies and emergency response teams to operate in emergency conditions and situations. During the classes, training and exercises, the following are practised: conducting emergency rescues and other urgent operations, managing the forces and means of the Unified State System for the Prevention and Elimination of Emergencies and mutual interaction.

In 2020, the Company conducted 4,382 training sessions to develop emergency response plans and 180 training drills across all of its production sites. During the reporting year, the enterprises also conducted 86 emergency training responses.

Internal OHS Competitions and Awards

The Company regularly holds OHS competitions among employees and contractors to increase engagement and discipline, and to identify hazards at enterprises.

The Safety Championship is an annual competitive programme based on a point scoring system, and includes three categories: Best Employee, Best Team Shift and Best Enterprise. The best employee and the best team shift contribute to the rating and the total number of points received by the enterprise at the end of the reporting year. Each quarter, the enterprises stage an awards event, and at the end of the year, the Best Enterprise of the whole of SIBUR is determined.

The main criteria of the Safety Championship:
- Conducted by the BSA, which is registered on the OHSE corporate portal;
- Ideas submitted to improve OHSE in small steps;
- Registered interventions in the workflow when employees detect unsafe work factors at a production site;
- Mobile rounds being made, with hazardous conditions or employee actions being identified;
- Hazardous conditions being eliminated independently, with records made in OHS status logs;
- Notes on OHSE issues being entered into logs and the issues then being addressed.

SIBUR'S LARGE-SCALE EFFORTS TO CREATE A SAFE WORKING ENVIRONMENT HAVE NOT GONE UNNOTICED IN THE BUSINESS AND SCIENTIFIC COMMUNITIES. IN 2020, THE COMPANY'S ENTERPRISES RECEIVED A NUMBER OF AWARDS IN THE FIELD OF OCCUPATIONAL HEALTH & SAFETY:

- SIBUR was the main winner in the 5 Stars. Leaders of the Chemical Industry competition held by the Russian Union of Chemists. The Company's enterprises also took prize places in the Occupational Safety and Health & Safety at Work categories;
- KSRW took second place in the Krasnoyarsk region review competition in the categories entitled: “For the best organisation of work in the field of social partnership and health & safety” and “For the best protective structure”;
- Branches of SiburTyumenGaz took prize places in three regional competitions:
  - “Integrated approach – the basis of social stability” in Khanty-Mansiysk;
  - "Provision of first aid at work" in Pyt-Yakh;
  - "Best organisation of health & safety among industrial organisations" in Muravlenko.

Requirements for Suppliers and Contractors

GRI 414-2, 403-7

The Company takes the health & safety of its partners seriously, hence OHSE requirements also apply to SIBUR's contractors and suppliers.

In 2020, a new enterprise standard was adopted for managing contractors entitled "Methodological guidelines for safety management of contractors". This document updated the requirements and criteria for selecting of contractors, set out requirements for admitting and managing contractors when working at the Company's facilities, and established requirements for monitoring contractors’ OHSE performance. A detailed description of the cooperation processes with contractors is contained in the current ES.

ontractors are selected by the tender commission according to established criteria[1] with consideration given to OHS. The commission considers the presence of a certified OHS management system (OHSAS 18001 or GOST R 54934),[2] the Company's reputation, the presence of violations of legal OHS requirements, previously imposed penalties and injury levels. Before starting work, a contractor firm must obtain an act of admission to carry out the relevant work, including meeting requirements for implementing OHSE measures at all stages of the contractual obligations.

In the reporting year, SIBUR continued to implement measures to prevent industrial injuries and develop a safety culture among contractors' employees:
- Training contractors' personnel in OHS;[3]
- Regular meetings and plans to develop safety culture with contractors;
- Involvement in the corporate Safety Without Compromise programme;[3]
- Joint OHS contractor audits with the contract managers;
- BSA by employees of the enterprise and contractor heads;[4]
- Integrated assessments and ratings of contractors.

In the reporting year, SIBUR also introduced additional requirements for contractors in order to prevent the spread of a new coronavirus infection (mandatory testing and 14-day quarantining for workers before being allowed to enter an enterprise, wearing masks and gloves, observing social distancing, taking temperatures).

In 2020, more than 34,000 audits of contractors and suppliers were conducted, during which about 29,000 violations and hazardous situations were revealed. Based on the results of the 2020 audits, the Company identified 972 OHS violations by contractors. The contractors reviewed the claims and paid more than RUB 53 million in penalties for all OHSE violation types.

>34,000 AUDITS AND BSAS
of contractors were conducted in 2020

The main violations included the absence or violation of requirements of a work permit, violation of requirements when working at height, smoking at the enterprise and not using personal protective equipment.

Based on the results of the cooperation, SIBUR conducts integrated assessments of contractors and compiles contractor ratings. The key criteria for the contractor ratings are:
- The presence and number of major incidents;
- The number of violations of OHSE requirements;
- Independent identification, investigation and elimination of the causes of dangerous incidents and their number;
- Providing the client with OHSE reports.

Goals for 2021

SIBUR has set the following goals for 2021:
- Zero fatalities;
- Achieving zero LTIF;
- Achieving IA1 of zero;
- Ensuring 100% of enterprises are covered by the Safety Without Compromise programme;
- Introducing digital OHS management tools;
- Increasing employee involvement in OHS management processes to 90% by developing the Safety Championship.

1 See 🕮 **‘Sustainable Product Portfolio’** for more information.
2 In the first half of 2021, the Company received ISO 45001 certification.
3 See 🕮 **‘Enhancing Safety Culture and Training’** for more information.
4 See 🕮 **‘Health and Safety Audits’** for more information.

CONTRIBUTING TO LOCAL COMMUNITY DEVELOPMENT

The sustainability of SIBUR's business depends on the socio-economic development of the regions where it operates, including young people being motivated to stay and build a career in their home region, as well as local communities accepting the Company's activities.

By implementing investment projects and social initiatives, creating jobs and paying taxes to regional and local budgets, SIBUR works to the benefit of local communities, increases public confidence in the Company and creates favourable conditions for business to develop in the long term.

2020 HIGHLIGHTS

In the reporting year, SIBUR achieved the following results:

A SOCIAL INVESTMENT POLICY
was developed and approved

RUB 447.3 MILLION
the Company's social investments in 2020 (versus RUB 503.1 million in 2019)[1]

111 GRANT-BASED, 35 INTERREGIONAL AND 41 VOLUNTEER PROJECTS
were supported within the framework of the Formula for Good Deeds (FGD) programme, including **21 PROJECTS** in the field of Environmental Protection[2]

17%
were volunteers
from among SIBUR employees (up from 13% in 2019)

REGULATIONS FOR WORKING WITH AMBASSADORS
were adopted

16 CITIES
were covered by the Formula for Good Deeds programme

RUB 69.8 MILLION
was raised by Formula for Good Deeds grant programme participants, in the form of additional funding from the Presidential Grants Fund

RUB 2.3 BILLION
was spent in total on countering the pandemic, aimed at supporting all stakeholders in the regions where the Company operates

FIRST PLACE
in the **BEST PROGRAMME (PROJECT) TO SUPPORT CULTURE AND ART** category of the Russian Culture Ministry's Leaders of Corporate Philanthropy 2020 competition

SECOND PLACE
in the **CORPORATE SOCIAL RESPONSIBILITY OF THE YEAR** category of the Crystal Pyramid 2020 award

SIBUR's interregional Tobolsk Forest project won in the **BEST BUSINESS PROJECT IN THE FIELD OF FOREST CONSERVATION** category at the All-Russian Reliable Partner in Ecology competition

The Steel Character interregional project won the **SPORTS EVENT OF THE YEAR** category of the national Event of the Year award.

"As the Formula for Good Deeds programme is implemented, we are seeing active development of the social sphere in the regions where the Company operates. Many organisations and institutions, having received SIBUR's support, continue to develop new projects and to apply to participate in other contests and programmes. We welcome these decisions and consider them an important step towards achieving sustainability. I am convinced that the Company's support will continue to provide a powerful impetus for positive social change."

Stanislav KASPAROV
Head of Business Support in Regions where SIBUR LLC Operates

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

2020 Goals and Results

In 2020, the Company continued implementing its flagship **Formula for Good Deeds** social development programme in full.[1] SIBUR worked with its partners and grantees to do the following: ensure projects in 2020 were implemented to a high standard, taking into account current safety requirements for organisers and audiences; adapt the focus of social programmes; and help local communities to combat the spread of the coronavirus pandemic.[2]

Goal: elect programme ambassadors in each city where the Company operates to create a public council from among their number by 2025

In 2020, SIBUR continued developing the **FGD programme's institute of ambassadors**: the number of ambassadors totalled 13, including prominent public figures and Company employees in the regions where the company operates. FGD ambassadors are leaders of positive change who participate actively in the life of their cities, share volunteer experience with like-minded people and help the Company to select, implement, evaluate and promote social projects. The concept, functionality and requirements for the composition of the programme's public council were also agreed on.

Goal: attract volunteers to all FGD programme projects

Corporate volunteers represent local communities and can make a significant contribution to addressing local and national social and environmental issues. In 2020, the practice continued of integrating volunteerism into the implementation of grant-based and interregional FGD projects. Amidst the pandemic, SIBUR volunteers participated in seven grant-based projects. The proportion of volunteers among Company employees at the end of the year was 17%, 7 pp higher than in the base year.

Goal: increase the share of ecological and environmental protection projects

With the Company's support, 21 environmental protection projects were implemented: 14 grant-based and seven interregional (21% of all grant-based and interregional projects in 2020). The share of ecological and environmental protection projects increased by 3 pp versus 2019. The Tobolsk Forest and Lapwing Territory interregional projects continued being developed to preserve biodiversity in the regions where the Company operates.

Goal: implement a pilot educational project for developing social entrepreneurship

SIBUR views social entrepreneurship as a sustainable tool for social change. In 2020, it supported the Growth Formula accelerator for entrepreneurs in the Khanty-Mansiysk Autonomous Region (KMAR) (organised by the Our Future Foundation and the Social Innovation Centre (SIC)) and held an anti-crisis marathon for entrepreneurs from Tobolsk (also in partnership with Our Future). Seventy-two applications were received to participate in the accelerator, of which 19 projects from social entrepreneurs from eight cities were selected, including seven entrepreneurs from cities where SIBUR operates: Nizhnevartovsk and Nyagan. The result of the accelerator was that 11 projects were selected, the creators of which will receive personal mentors for three months.

Goal: identify potential international partners and reach preliminary agreement on one of the partnerships

In 2020, the Company conducted analysis of possible international partners in the social investment field, and identified two organisations with which active interaction will be launched in the near future.

1 In 2020, projects supporting basketball were excluded from the budget allocated to supporting interregional social projects, so the total amount was significantly lower than in 2019.
2 Some planned projects and activities were postponed to 2021 due to the pandemic.

1 See **Formula of Good Deeds** for more information.
2 See **Countering COVID-19 and SIBUR Products' Contribution to Combatting the Pandemic** for more information.

Goal: implement measures to develop Tobolsk's tourism potential

In 2020, with the support of SIBUR, new street art attractions were opened in Tobolsk, a fountain was built in Dostoevsky square, a unique educational and ecological route, Eco Track, was opened in city's Yermak Garden park and a path was laid to the ancient Pearl of Tobolsk pine tree. As part of the Street Dreams street theatre festival, the Free Youth Theatre presented performance premieres with the support of the Company.

Goal: develop a social investment policy and regulations for FGD programme ambassadors

The Company developed and approved a **Social Investment Policy**. Meanwhile FGD competition documents were updated and regulations for working with ambassadors were prepared and approved.

Managing local community development

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

Community development is an important aspect of sustainable development, controlled at the board of directors and executive board levels. At the operational level, SIBUR's social investments provide business support in regions where the Company operates. In 2020, no significant changes were made to the organisational structure for developing local communities.[1]

In the reporting year, the company adopted the Social Investment Policy, a key document regulating SIBUR's social activities, including its management structure, principles, directions, tools and approaches to assessing social investment.

Local Community Development Strategy

SIBUR invests in the socio-economic development of the regions where it operates by issuing grants for projects implemented by local budget and nonprofit organisations, as well as by implementing interregional projects and operating a corporate volunteerism programme. In addition, the company fulfils its obligations under socio-economic cooperation agreements with regional authorities and interacts with the community through public councils.

The sustainable development strategy to 2025 includes a number of goals to increase the efficiency and effectiveness of the company's social investments. These include:

- Creating a public council for the FGD;
- Launching at least three long-term environmental protection projects under the FGD, aimed at preserving biodiversity;
- Increasing the share of employees participating in volunteer programmes and other company social projects to 20%;
- Launching a separate space within the FGD for developing social entrepreneurship.

Supporting local communities during the coronavirus pandemic[2]

As part of the social and economic support for the regions where it operates, SIBUR sent more than 40,000 epidemiological kits for medical personnel to Russia's regions in accordance with medical institutions' requirements. In addition to providing anti-crisis assistance, the company also continued implementing the Formula for Good Deeds social investment programme in full.

In Russia's far east, SIBUR contributed to measures to combat the spread of coronavirus as part of a charitable programme by the Far East Development Fund. Dmitry Konov, PJSC SIBUR Holding's Executive Board Chairman, was on the programme's management board. The programme's goals were to purchase personal protective equipment for medical personnel in the far east and to direct financial assistance to the region. The Far East Development Fund, alongside large companies implementing investment projects in Russia's far east and those with enterprises operating in the region, allocated RUB 950 million to implementing the programme.

Social investment

Since 2016, the **Formula of Good Deeds** social investment programme has been the company's main development tool in the regions where it operates and their local communities. The programme is being implemented in 16 key cities in six social priority areas: culture, education & science, sports, volunteerism, environmental protection and the city.

A key focus of the company's social investment work in 2020 was supporting medical personnel in Russia's regions. The decision to provide support was made at a meeting of the company's Environment, Sustainability and Social Investment Committee.

All projects within the FGD framework are selected and implemented taking the following principles into account:

- Long term project sustainability;
- Active local community participation in improving regions' social environment;
- Feedback and information exchange between all programme participants;
- Developing project organisers and volunteers' competencies;
- Involving employees in volunteer and other social projects;[1]
- Developing sustainable development partnerships, including for recycling and waste disposal.[1]

FGD PROGRAMME ELEMENTS

SUPPORTING LOCAL NGOs AND SOCIAL INSTITUTIONS

The programme aims to stimulate local initiative and create active urban communities.

The company stages grant competitions and educational events for NGOs and social institutions in the cities where it operates

SPECIAL INTERREGIONAL PROJECTS

Projects that aim to acquaint regional residents with best practices in various spheres of public life, and to stimulate the creation of competitive local products.

The company's partners are leading national organisations and institutions

PROGRAMME TO DEVELOP CORPORATE VOLUNTEERISM

This programme gives the company's employees the opportunity to participate fully in positive changes in their cities.

The programme includes company-wide volunteer campaigns, project contests and good deed marathons

[1] See the **2019 sustainability report** for more information.
[2] See **'Countering COVID-19 and the Contribution of SIBUR Products to Combatting the Pandemic'** for more information.

[1] This principle for selecting and implementing projects within the FGD framework was added to the list after SIBUR's Sustainable Development Strategy to 2025 was approved.

In 2020, SIBUR expanded the geographical scope of its annual grant competition under the FGD. Now NGOs and social institutions in the Amur Region (in the cities of Blagoveshchensk and Svobodniy, and the Svobodnenskiy district) can apply for company support. In total, during the life of the competition, organisations in 18 cities have received grants.

In 2020, a number of documents regulating the FGD's activities were updated:

- **Regulations for the socially significant project competition**;
- **Sponsorship regulations**;
- **Regulations for the volunteer projects competition**;
- Regulations for evaluating projects submitted in programme competitions;
- Regulations for working with ambassadors.

Interacting with local communities

GRI **413-1, 413-2**

Strategic partnership with regional and municipal authorities is the basis for development in regions where the company operates and for interacting with local communities. SIBUR has socio-economic cooperation agreements with the KMAR, the Yamalo-Nenets Autonomous Region (YNAR), and the Amur and Tomsk regions. These agreements aim to create new opportunities for regional development, improve local quality of life and protect the environment.

SIBUR's programmes for developing the regions where it operates are drawn up considering local communities' needs, which are monitored and analysed through an established system of interaction with all stakeholders.

One tool for interacting with these local communities is public councils, which offer platforms for dialogue with local residents on enterprises' OHSE matters, personnel policy and social responsibility, as well as initiatives to improve local quality of life. In 2020, the public councils continued operating in Tobolsk (ZapSibNeftekhim), the Bashkortostan Republic (POLIEF) and the Amur Region (Amur MCC). Also, in line with legislation, when planning investment projects, SIBUR holds public hearings as part of its environmental impact assessment (EIA) procedure.[1]

In addition to the public councils in Tobolsk and Blagoveshchensk, FGD communications channels are open to all stakeholders. Four email addresses and a telephone line operate on a permanent basis. Company representatives regularly update stakeholders with programme news and current changes, including via mass mailing.

> "Our primary mission is to involve the younger generation in sports as much as possible, to encourage them to establish healthy habits and to develop skills and qualities that will help them be successful in any field."

Sergey BYKOV
leader of SIBUR's projects to develop basketball in the regions where LLC SIBUR operates

COOPERATION AGREEMENT WITH THE TYUMEN REGION

In 2020, as part of the Tyumen Oil Forum, Tyumen Region Governor Alexander Moor and PJSC SIBUR Holding Executive Board Chairman Dmitriy Konov signed a cooperation agreement between the regional government and the company; the agreement runs to the end of 2025.

The document sets out the intention of the company and region to cooperate on environmental protection and education, as well as to develop the region's scientific, technical, investment and industrial potential. It also provides for broader cooperation between the company and the Tyumen region in implementing long-term petrochemical production projects and creating new petrochemical plants.

The document gives separate mention to SIBUR's involvement in a wide range of social and economic programmes in the Tyumen region and Tobolsk, and to the company's support of the government's efforts to develop industrial tourism and urban infrastructure, as well as sporting, cultural and environmental initiatives.

[1] See **Our Approach to Environmental Management** for more information.

EXPANDED PARTNERSHIP WITH THE YNAR

In the reporting year, SIBUR and the YNAR government agreed on an expanded cooperation format between the company and the region, signing a supplementary agreement to the existing document.

The document is aimed at developing cooperation with the YNAR to support the regional government's environmental initiatives. SIBUR confirmed both its preparedness to participate in modernising the area's waste management system and the option of connecting its infrastructure to a unified automatic forest fire monitoring system.

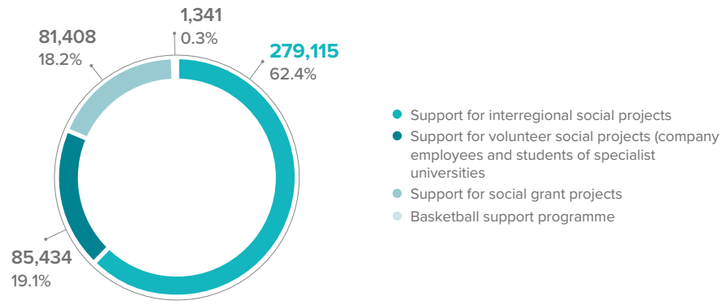
The supplementary agreement pays particular attention to assisting in developing the social sphere and strengthening social stability in the YNAR, including implementing projects within the framework of the FGD social investment programme.

Metrics and goals

At the end of 2020, SIBUR's social investments totalled RUB 447.3 million, down 11% versus 2019. The decrease was due to two factors, namely the accounting system being adjusted and some expenses being deferred to 2021 due to the pandemic. The expenditure structure saw a slight fund reallocation between local and interregional social projects.

GRI **203-1**

SOCIAL INVESTMENT VOLUME WITHIN THE FGD FRAMEWORK IN 2020, RUB '000



RUB 447.3 MILLION
volume of the company's social investments in 2020

In 2020, SIBUR achieved its quantitative social investment goals in line with its Sustainable Development Strategy.

TARGET

Launch at least three long-term environmental protection projects within the FGD framework aimed at preserving biodiversity	Increase the share of employees participating in volunteer programmes and other company social projects	Create at least two international partnerships; actively participate in initiatives for responsible handling of polymer waste
2025 target level: 3	2025 target level: 20%	2025 target level: 2
2020 target level: 1	2020 target level: 14.4%	2020 target level: 1
2020 actual level: 3	2020 actual level: 17%	2020 actual level: 1
Variation from 2020 plan: ▲ 200%	Variation from 2020 plan: ▲ 18%	Variation from 2020 plan: 0%

GRI 203-2

IN 2020, THE FGD PROGRAMME CONTINUED DEVELOPING IN SIX MAIN AREAS:

CITY DEVELOPMENT

Implemented **25** PROJECTS:

- 19 grant-based;
- 6 interregional.

Funding: **RUB 55.1 million**

SPORTS AND HEALTHY LIFESTYLE

Implemented **34** PROJECTS:

- 29 grant-based;
- 4 interregional;
- 1 basketball support programme.

Funding: **RUB 110.3 million**

CULTURE

Implemented **35** PROJECTS:

- 22 grant-based;
- 13 interregional.

Funding: **RUB 133 million**

ENVIRONMENTAL PROTECTION

Implemented **21** PROJECTS:

- 14 grant-based;
- 7 interregional.

Funding: **RUB 62 million**

EDUCATION AND SCIENCE

Implemented **25** PROJECTS:

- 20 grant-based;
- 5 interregional.

Funding: **RUB 50.1 million**

VOLUNTEERING

Implemented **48** PROJECTS:

- 7 grant-based projects;
- 41 volunteer projects by company employees.

Funding: **RUB 3.8 million**

In 2020, the company paid particular attention to projects that used modern technologies and implemented them in the regions where the company operates. The share of grant-based projects (competition winners) implemented in 2020 and that contributed to digital technology development in the social sphere was 19% (21 projects out of 111). The share of interregional projects implemented under the FGD in 2020 that contributed to digital technology development in the social sphere was 33% (13 projects out of 36).

City

In the City area, five urban improvement projects were supported:

- **Urban Renovations:** a programme to transform the urban environment, including by raising competitive funding;
- **Art Formula:** painting designs on building facades and an educational programme on contemporary art;
- **Family Ecology:** initiatives to tackle family crises within the framework of SIBUR's programme and the Children's Villages – SOS organisation;
- **Grant Laboratory:** educational activities to develop participants' abilities under the FGD grant programme, including training in seeking additional funding and ensuring sustainability.

ART FORMULA

In 2020, the facades of four residential buildings were decorated with the common theme "Open your city". In Blagoveshchensk, an image of a dancing couple with the caption "Girl at an open window" was painted on to two other houses.

At an online masterclass for Tobolsk and Blagoveshchensk residents, artists discussed contemporary art and suggested exercises and interactive elements on painting designs and calligraphy. By the end of 2020, the **broadcast of the master class** had been watched more than 21,000 times.

Cities: **Blagoveshchensk, Tobolsk.**

Education and Science

Six key programmes operate in the Education and Science arena:

- **The international CASE-IN championship** for solving engineering cases;
- **Next Educator: Teacher of the Future 2035** – professional development of teachers in the context of developing Industry 4.0;
- **Early Vocational Guidance for Students:** career guidance for schoolchildren, teaching materials and excursions to enterprises;
- **Scientific Shifts:** science camps where students learn applied skills in physics, chemistry, robotics, working with gadgets and modern media;
- **STEAM Fest:** science fairs that develop in children the applied competencies and skills needed for modern life;
- **STEAM School:** workshops for developing competencies among physics, mathematics, robotics and computer science teachers.

NEXT-EDUCATOR: TEACHER OF THE FUTURE 2035

This programme is based at the DI Mendeleev Tobolsk Pedagogical Institute, a branch of Tyumen State University. In 2020, 120 teachers took more than 40 webinars on developing professional competencies, and created methodological developments under the mentorship of experts in project activities in the education arena. The conclusion of the project saw the **TeacherFest festival** of educational practices staged, in which teachers exchanged experiences and discussed the results of their common work. The creators of the best projects took advanced training courses from the Enlightenment Academy.

Cities: **Tobolsk, Noyabrsk, Belogorsk, Blagoveshchensk and Svobodniy.**

Sport

Five projects were supported in the Sport sphere

- **Flag of Kindness:** charity football matches and fundraising for paediatric medical treatment;
- **Steel Character:** extreme obstacle courses, open training;
- **Winter Fest:** winter sports festivals with masterclasses by famous athletes;
- **RLD Yard:** a programme for preparing and organisation of delivery of a set of RLD ("Ready for Labour and Defence") norms;
- **A basketball development programme** (Basketball School, SIBURCAMP, Generation Link, an educational module for basketball coaches and PE teachers).

RLD YARD

In Voronezh and Gubkinskiy, two new sports grounds were opened for training and meeting the RLD standards. The project included recording 15 training videos on preparing for meeting RLD standards and leading a healthy lifestyle.

Cities: **Voronezh, Gubkinskiy.**

Environmental protection

Working with local communities to protect nature, SIBUR contributes to several strategic sustainable development goals, protecting the environment and assisting with responsible waste disposal. SIBUR supported seven projects in this area:

- **#lifecaps:** organising separate plastic collection; creating art pieces from recycled plastic and installing them in public spaces;
- **Urban Tour:** developing tourist communities, equipping sites and arranging camping;
- **•Recycling Workshop:** opening workshops to produce interior items from recycled plastic;
- **Eco Ball:** masterclasses on making household items from waste paper and other recyclable materials;
- **#ISave:** organising separate collection of medical masks and gloves, educational campaigns;
- **Tobolsk Forest:** reforestation campaigns, grant forest protection projects, educational events for schoolchildren and teachers;
- **Lapwing Territory:** ornithological surveys of the territories where SIBUR enterprises operate, birdwatching competitions (sports ornithology), educational events.

TOBOLSK FOREST

In June, the public council of SIBUR's Tobolsk enterprises summed up the results of the grant competition for schools and school forestry teams in the Tyumen Region, aimed at protecting and restoring forests. The jury selected five of the 16 entries: a project to process plant, food and organic waste; creating a seasonal greenhouse with seedlings for landscape gardening; upgrading the tourist trail to the ancient pine tree; creating a tree and shrub garden; and expanding the eco-park.

In September, an educational programme for teachers was launched that includes a series of webinars and teaching aids for organising research activities by forestry studies.

City: **Tobolsk.**

Culture

Eight projects in the Culture sphere were supported:
- Tours of performances by the State Theatre of Nations and theatrical festivals entitled **Theatre of Nations FEST**;
- An educational programme for regional cultural figures, work by art laboratories for regional theatre figures, tours of performances as part of the **Poetry Territory project**;
- **NEMOSKVA:** a programme for developing contemporary art in Russia's regions;
- **Fantastic Plastic:** exhibitions and an educational programme on recycling plastic;
- **Draw & Go drawing studio:** work by drawing studios, painting instruction;
- **Portfolio Review:** developing competencies among regional cultural professionals.

NEMOSKVA (NOT MOSCOW)

In August-October 2020 in St. Petersburg's Horse Guards Arena, an exhibition of works by artists from Russia's regions was held called Nemoskva is Not Far Away. Online discussions were also held on current practices and understanding of culture in Russia.

Over 48,000 residents and guests of St. Petersburg visited projects by 80 artists.

City: **St. Petersburg.**

Grant competition

GRI 102-8, 203-1, 413-1

In 2020, the FGD programme covered all cities in which SIBUR operates. Grant-based projects were implemented in nine regions where company enterprises are present, namely the Voronezh, Nizhny Novgorod, Tyumen, Tomsk, Amur, Bashkortostan and Perm regions, and the KMAR and YNAR.

In 2020, 503 applications were submitted to participate in the grant competition, of which 111 winners were chosen. The financing totalled RUB 81.4 million.

RUB 81.4 MILLION
of funding for grant-based projects

111 WINNERS
were selected based on the results of the FGD's grant competition

In the reporting year, SIBUR organised nine webinars, participated in by 475 winners and entrants in the grant competition from all FGD programme cities. A spring cycle of webinars was organised for the winners of the grant competition and was devoted to the practical aspects of implementing grant-based projects. The autumn cycle was devoted to submitting applications for the next grant competition.

FORMULA FOR GOOD DEEDS PROGRAMME AMBASSADORS

In 2020, SIBUR continued to develop the institution of Formula for Good Deeds programme ambassadors, with a total of 13 ambassadors. Seven well-known public figures with experience of successful project implementation within the FGD's framework are working on positive changes in the Voronezh, Nizhny Novgorod, Tomsk, Tyumen and Perm regions, and the KMAR and YNAR. Six volunteer ambassadors were selected from among staff in Voronezh, Krasnodar, Nizhnevartovsk, Perm and Tobolsk (two from Tobolsk). In 2021, the plan is to elect ambassadors for the remaining two regions that the FGD covers, namely the Amur and Bashkortostan regions.

In 2020, **regulations for working with FGD programme ambassadors** were developed and approved, with ambassadorial functions being established:
- Evaluating applications submitted for the grant competition;
- Participating in events for grant-based and interregional FGD projects and representing the programme at external events;
- Exchanging knowledge and experience with other FGD participants, including within the framework of the educational programme;
- Providing commentary and other information while publications about the programme and individual projects are being prepared.

Interregional projects

GRI 203-1

In 2020, 79 applications were submitted to participate in the interregional project competition, of which 36 winners were chosen. The financing totalled RUB 278.9 million. Interregional project events were held in Moscow, St.Petersburg, Krasnoyarsk and Omsk (without reference to specific enterprises).

RUB 278.9 MILLION
interregional project funding

Volunteer programme[1]

GRI 203-1

In 2020, the proportion of volunteers representing all of SIBUR's Russian enterprises increased from 13% to 17% and by the end of the year it totalled some 4,000 people. The funding totalled RUB 1.5 million.

RUB 1.5 MILLION
allocated to implement volunteer projects

17%
share of volunteers among SIBUR employees

GRI 203-1

Company employees and students can take part in SIBUR's volunteer programme in the following key areas:
- Urban improvement;
- Social protection;
- Environmental protection;
- Bespoke projects aiming at positive change;
- Assisting the most vulnerable social groups amidst COVID-19.

In 2020, the company chose 41 winners from among 156 applications in the volunteer project competition for employees and students.

VETERANS' TREE VOLUNTEER PROJECT

- In honour of the 75th anniversary of victory in the Great Patriotic War, tree seedlings were planted under the windows of five Tobolsk labour front veterans;
- Veterans' personal stories were collected and published;
- 20 volunteers participated.

VOLUNTEERS' PROJECT SOON TO SCHOOL

- On the eve of the new academic year, around 1,000 stationery sets were collected for 852 children in challenging situations;
- Roughly 1,000 volunteers participated.

VOLUNTEER PROJECT HURRY WHILE THE CANDLE'S BURNING

- A masterclass was held on making brooches from the St. George ribbon for infants from low-income families in the Staritskiy District;
- The children's playground in the Tver Region's social rehabilitation centre was improved;
- Trees were planted at the state budgetary institution's Comprehensive Centre for Popular Social Services in the Tver Region's Staritskiy District (inpatient ward for the elderly and disabled);
- Food products were delivered for the Tver Gerontology Centre;
- 59 volunteers participated.

FINAL ONLINE MEETING WITH VOLUNTEER PROGRAMME ACTIVISTS

At the end of the year, SIBUR organised an online meeting of the FGD programme team and volunteer programme leaders. Participants discussed the 2020 results and planned targets for 2021.

An awards ceremony was also held during the online meeting, during which 25 employees from 15 SIBUR enterprises and offices received awards for contributing to the development of the company's volunteer movement.

INTEGRATION OF GRANT-BASED, VOLUNTEER AND INTERREGIONAL PROJECTS

To increase the return on social investment, SIBUR is integrating the volunteer programme with interregional projects and the grant competition. As such, in 2020, SIBUR volunteers participated in seven FGD grant-based projects implemented in four cities where the company operates.[2] The most successful initiatives included:
- **The Inclusive Triathlon in Dzerzhinsk:** inclusive teams competed in three events, namely a laser biathlon, precision orienteering and wheelchair streetball. SIBUR volunteers participated in training and competitions;
- **The Okskiy ParaFest in Dzerzhinsk:** the fifth International Festival of Culture and Sports for People with Disabilities. SIBUR volunteers assisted in organising the event;
- **Local working Saturday in Tomsk:** volunteers participated in a series of litter-picking events in the city's historic districts;
- **Shaggy Cross in Tomsk:** a charity race with dogs in aid of stray animals. SIBUR volunteers organised the registration of event participants.

1 See **Attachments** for more information.
2 Some project activities were postponed to 2021 due to restrictions relating to COVID-19.

Evaluation of project effectiveness

KEY PARAMETERS AND RESULTS FOR 2020

314 APPLICATIONS
were analysed in accordance with the updated index methodology

137 PROGRAMME WINNERS AND PARTICIPANTS
participated in online surveys

628 EMPLOYEES
participated in a survey about SIBUR's volunteer programme

479 GRANT-BASED PROJECTS
in 2016–2019 (111 in 2019) correspond to eight Russian national projects

THE 31 INTERREGIONAL PROJECTS
in 2019 correspond to seven Russian national projects

RUB 173.4 MILLION
the total additional funding received from the Presidential Grants Fund in 2017–2020 (in 2020 it was RUB 69.8 million)

GRI **413-1, 413-2, 103-3**

SIBUR conducts annual research to assess the effectiveness of its FGD programme. In accordance with the recommendations of the 2019 study, the following improvements were made in the reporting year:

- The tender application form was optimised;
- FGD participants were informed about additional available financial and organisational support;
- The educational programme's topic range for FGD participants was expanded;
- The FGD gave participants feedback from the company.

While evaluating effectiveness in 2020, the company analysed the tender documentation and the database of winning projects and conducted surveys among competition participants and company employees. SIBUR also considered how grant-based and interregional projects correlated with Russian national projects, as well as additional funding from the Presidential Grants Fund.

In 2020, index systems were developed for each programme element, which allowed both specific projects and the development level of the programme as a whole to be evaluated.

The study used the following indices.

FOR GRANT-BASED PROJECTS:
- Application quality;
- Sustainability;
- Communication effectiveness;
- Project effectiveness

FOR INTERREGIONAL PROJECTS
- Application quality;
- Social effectiveness;
- Communication effectiveness;
- Project effectiveness

FOR VOLUNTEER PROJECTS: THE
- Application quality;
- Volunteer coverage;
- Communication effectiveness;
- Project productivity

The 2020 study suggested that all of SIBUR's social projects meet the criteria for relevance and social significance, and are implemented in constructive cooperation with stakeholders. Based on the evaluation results, recommendations were developed to improve the FGD programme, which SIBUR plans to adhere to. Regarding grant-based projects, these were revamping the mailing system and exchanging experience with interregional project organisers, while plans within the interregional project framework include preparing and publishing a collection of interregional project best practices. The recommendations for volunteer projects were preparing a collection of best practices for volunteer projects and developing volunteer programme presentation materials for new employees.

Continually improving SIBUR's approach to local community development includes exchanging knowledge and best practices with the professional community. As such, in 2020, a SIBUR representative headed the Donors' Forum Council.

GRI **203-2**

All of SIBUR's socially significant projects are objectively evaluated during competitive selection within the FGD framework, and meet the criteria for relevance and social significance. The FGD programme's projects are implemented in constructive cooperation with representatives of all stakeholders, including government authorities, NGOs and other local community representatives.

2021 goals:

SIBUR's objectives are:

- Start forming the FGD programme's public council;
- Increase the share of employees participating in volunteer and other socially significant projects;
- Strengthen the integration of grant-based, interregional and volunteer projects;
- Expand activities preserving ecological diversity and support social entrepreneurship in the regions where the company operates;
- Develop an educational programme for grantees, volunteers and partners in interregional projects;
- Implement measures to improve the professional competencies of culture and art specialists from the regions where the company operates.

SIBUR REPRESENTATIVE HEADS DONORS' FORUM COUNCIL

The Donors Forum is an association of Russia's largest grant-giving organisations, and aims to create a professional philanthropic community. The Donors' Forum Council promotes the association's strategic development by selecting projects, initiatives and events to implement.

In the spring of 2020, Stanislav Kasparov, Business Support Head in the regions of operation, was elected Chairman of the Donors' Forum Council. Throughout the year, Stanislav participated actively in the council's work, and in October he moderated at the Donors' Forum annual conference, which was held online.

ENVIRONMENTAL ASPECTS

ENERGY EFFICIENCY AND REDUCING CLIMATE IMPACT

Energy Consumption and Energy Efficiency

MATERIAL TOPIC:
- Increasing energy efficiency

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

> "Reducing the carbon footprint of manufactured products, which we can achieve by increasing the share of green energy, is a global priority today. As part of the global business community, SIBUR is also actively involved in this process. In 2019, we launched a solar power-generating station at one of our production sites and plan to further increase our use of renewable energy sources both through our own generation and through direct contracts with suppliers of green energy. This goal is integral to SIBUR's 2025 Sustainability Strategy and is helping to reduce our climate impact."

Vladimir TUPIKIN
Head of Energy and Resources at LLC SIBUR

Our Approach to Managing Energy Efficiency

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

Successful energy management and the deployment of low-carbon technologies are directly related to the rational use of natural resources and the achievement of SIBUR's strategic goals in terms of reducing its climate impact.

2020 HIGHLIGHTS

6 TARGETED ENERGY AUDITS
were carried out at four production sites

193 ENERGY-SAVING MEASURES
implemented last year

RUB 822 MILLION
in cost savings from the implementation of energy-saving measures

Energy intensity index of **151.3%,**
which was 4.2 p.p. lower year-on-year

Reduced emissions effect of more than **200 THOUSAND TONS OF CO_2-EQ**

Energy consumption decreased by **4.2 MILLION GJ**
year-on-year, including:
- ▼ **125 million kWh** of electricity consumption;
- ▼ **260 thousand Gcal** of thermal power consumption;
- ▼ **91 million cubic meters** of fuel and fuel gas consumption

REDUCED ENERGY INTENSITY PER TON OF PRODUCT ACROSS ALL SEGMENTS:
- ▼ **23%** in the Midstream segment
- ▼ **2%** in the Olefins & Polyolefins segment
- ▼ **28%** in the Plastics, Elastomers & Intermediates segment

[1] For more details, see **2019 Sustainability Report**.

2020 Goals and Results

Goal: install an automated energy balance information system at the SIBUR-Kstovo and Tomskneftekhim production sites

For management to make decisions regarding energy efficient, they need transparent and automated metering of the consumption and distribution of energy resources. At most production sites, the installation of an automated energy balance information system (automated energy balance functionality) and digital energy-efficiency dashboards was completed in 2019.[1] The implementation of the initiative enables the Company to track the energy performance of its operations in a fully automated manner.

In the reporting year, the Company installed its automated energy balance functionality at the Tomskneftekhim and SIBUR-Kstovo sites and began the work needed to do so at ZapSibNeftekhim. System installation at these production sites is scheduled for completion in 2021. On the basis of the automated energy balance functionality, management steps were developed at a cost of RUB 191.2 million.

5 PRODUCTION SITES
are using the automated energy balance functionality.

Results for 2020: The actual average disbalance (normalized value) in energy resources by production sites was:

ELECTRICITY	STEAM
0.4% against a target of 0.5%;	**2.5%** against a target of 4.0%.

Goal: conduct energy audits

Energy-efficiency monitoring includes task-specific energy audits at production sites. In 2020, six targeted energy audits were carried out at four sites. The audits were aimed at improving energy efficiency in the operation of water circulation systems, installations for the thermal recycling of air emissions and equipment that runs on fuel. Based on the results of the audits and corrective measures, the equipment's uptime was optimized, and measures were developed to improve the equipment's energy efficiency.

Goal: explore the potential for achieving long-term targets in terms of energy intensity indices

In 2020, the Company continued to analyze the potential to make energy-efficiency improvements at its production sites and to formulate the corresponding targets. For example, as part of the transition to a new operating model, all production sites have set goals to develop measures to bridge the gap between actual energy efficiency and benchmarks.[1]

Goal: implement energy-efficiency measures

GRI 302-4

In 2020, the Company continued to implement energy-saving and energy-efficiency measures. In total, 193 measures were taken that decreased energy consumption by 4.2 million GJ and resulted in cost savings of RUB 822 million, thanks in part to decreases in consumption of electricity by 125 million kWh, in thermal power by 260 thousand Gcal and in fuel and fuel gas by 91 million cubic meters.

Goal: monitor the energy intensity index and achieve targets

The energy intensity index shows the ratio of the actual consumption of energy resources (energy cost) required for production and the reference consumption rate characteristic of a chosen similar facility. The average energy intensity index for the Company in 2020 was 151%, compared with a target of 146%; the deviation was due to a change in the methodology for establishing planned energy resource consumption rates with regard to aggressive goal-setting in order to fulfill MAP25.[1]

[1] Details on energy-efficiency indices are provided in the **"Metrics and Targets"** section of this chapter.

Energy Management

Energy management is integrated into SIBUR's performance management system and includes elements of the ISO 50001 international standard. The system is aimed at the rational use of energy resources, which is achieved by ensuring the energotechnological efficiency of production processes through the rationing of energy consumption during the operation of equipment and the implementation of measures aimed at meeting resource consumption benchmarks in the long term.

The Corporate Center has an Energy and Resources Department, which oversees contracting issues for all types of energy resources and the search for alternative energy sources. The Department includes the power supply Company Siburenergomanagement, which is responsible for providing electricity to all SIBUR production sites and optimizing costs when purchasing electricity in wholesale and retail markets. Internal management of energy resources and the achievement of energy-efficiency targets both at production sites and in the Corporate Center are the responsibility of the Production and Technology Development Department. The Corporate Center sets energy consumption targets and examines best global practices for specific production processes to determine energy consumption benchmarks. In the following stages, development areas for improving compliance with best practices are reviewed and developed, factoring in feasibility and return on investment.

The rationing of energy consumption is an end-to-end process that is combined with the business planning process at production sites. The process involves both the production hierarchy (production managers, energy planning engineers and lead engineers) and the process hierarchy (chief process engineer, the energy manager and the technical department's lead process engineer). In addition, production sites have energy accounting departments that are involved in collecting information and planning energy supply for the respective sites. The process hierarchy is responsible for the objectivity and accuracy of planning. Production is responsible for compliance with the established norms and fulfillment of the business plan.

Potential to Improve Energy Efficiency

SIBUR is continuously working to close the gap in energy efficiency in an effort to meet its targets. The potential to improve the energy efficiency of the Company's production sites is determined on the basis of energy consumption standards for specific types of products (or processed feedstocks). Standards are based on the best global results for a specific type of product or values calculated on the basis of the theoretical energy consumption for a specific process. Current energy consumption is compared with the reference values. The reasons for gaps between the reference energy consumption values and actual consumption are determined, and measures are developed to bridge these gaps. In order to do this, the Company has set long-term targets of being in the first quartile (class) in terms of the efficiency of its new production facilities and facilities that are under construction and being in the first and second quartiles in terms of energy intensity for existing assets. Targets for both existing and new assets take into account the cost-effectiveness of implementing a particular measure or solution.

In the reporting year, the Company determined the long-term energy-saving potential for ZapSibNeftekhim, which was launched in 2019. All other production sites—for which the potential was determined earlier—continued to implement the five-year plans developed in 2019 to improve productivity as well as process and energy efficiency. The potential for energy savings (and to reduce energy costs) was determined for each enterprise, as were achievable targets, taking into account the cost-effectiveness and implementation timeline for any planned measures. Targets are passed on to production sites in the form of KPIs based on the energy-efficiency index.

MORE THAN 200 BEST PRACTICES
are available for SIBUR experts

The five-year plans include energy-efficiency measures and process solutions. The Company conducts targeted energy audits to address specific challenges and takes measures to reduce gaps in relation to benchmarks. First of all, measures with the greatest impact in terms of reducing energy consumption are selected for audits. In addition, production sites take into account energy-efficiency factors at the design stage of newly built or reconstructed facilities. At new facilities, only solutions and technologies that ensure energy consumption in line with best international practices are used.

Possible solutions with respect to energy efficiency are determined taking into account the best practices and new technologies—this information is available on SIBUR's interactive corporate portal. In 2020, more than 200 best practices were available on the portal, and experts from internal expert groups were also connected to the portal.

Accounting and Monitoring with Respect to Energy Efficiency

Production sites conduct production monitoring on a monthly basis. For this purpose, an automated monitoring system is used for all activities affecting production efficiency in terms of the following parameters:
- uptime;
- process efficiency index;
- energy intensity index.[1]

In addition, production sites monitor energy-efficiency measures using the SOVA information system. Production sites enter data on measures taken and the actual impact of their implementation into the system, which aggregates them into a general register of measures. The system enables the Corporate Center to analyze performance at the Company level and at the level of production sites.

Since 2019, an automated energy balance system has also been in operation at the following production sites: Voronezhsintezkauchuk, Polief, SIBUR-Neftekhim, SiburTyumenGaz and SIBUR-Khimprom. In 2020, work was carried out to connect to the system several other production sites: Tomskneftekhim, SIBUR-Kstovo, SIBUR Tobolsk and ZapSibNeftekhim. Automation makes it possible to build a transparent account of the consumption and distribution of energy resources, to identify areas where imbalances arise and to address them.

For the presentation of energy consumption results and management decision-making, digital energy-efficiency dashboards are used.[2] The dashboard functionality makes it possible to generate and visualize data on the energy intensity index and energy consumption of production sites by production facilities and installations on a monthly basis. Dashboards are used at all SIBUR production sites. In 2020, SiburTyumenGaz and Polief used fully automated dashboards based on Tableau solutions; in 2021, the Company plans to update

IMPLEMENTATION OF A GREEN OFFICE CONCEPT AT TOMSKNEFTEKHIM

SIBUR's Tomsk site was victorious in two categories in the "Green Office 2020" regional competition, which was organized by the Regional Environmental Protection Committee for companies with offices in the Tomsk region.

Tomskneftekhim prevailed in the "Greenest Office 2020" category for its efforts to save energy resources, create an office space with an environmentally friendly infrastructure, ensure rational waste management, conduct environmental education programs and support staff initiatives.

Tomskneftekhim was also named the winner in the category for the best video presentation of a Company's green office. The enterprise presented a podcast about its installation of containers for plastic lids and used batteries and the involvement of employees in this process. The 8 thousand plastic caps collected over four months in a smart container were given to charity, with the proceeds donated to the Zoozashchita foundation.

1 The ratio between the actual consumption of energy resources (the energy cost) needed for production and a reference consumption rate characteristic of a chosen similar facility. The goal is to decrease this index.
2 A document containing concise statistical data and reports, usually with infographic elements.

and automate the dashboards used by Voronezhsintezkauchuk, SIBUR-Neftekhim, SIBUR-Kstovo and ZapSibNeftekhim.

When purchasing equipment, the Company also audits suppliers for compliance with the Company's corporate energy-efficiency requirements.

SIBUR's energy-efficiency measures cover not only production facilities but also the reduction of energy consumption in its offices. In 2020, the efforts of Tomskneftekhim in this area were highly rated in the Green Office competition.

Energy-Efficiency Strategy and Measures

INCREASING ENERGY EFFICIENCY

GRI 302-4

In order to achieve the target levels of energy consumption at the Company's production sites in 2020, 193 measures to increase energy efficiency were implemented, resulting in cost savings of RUB 822 million and reducing emissions by more than 200 thousand tons of CO_2-equivalent.

Throughout the reporting year, the Company carried out consistent work to achieve its energy-efficiency targets. Below are the key targets for a range of initiatives for specific energy resources, as well as the resulting energy or cost savings.

2020 goals	Energy resource	Savings, ths GJ (planned)	Savings, ths GJ (actual)	Cost savings RUB mln (planned)	Cost savings RUB mln (actual)	Cost savings reduction in GHG emissions, ths tons of CO_2-eq.
Optimization of pumping and compressor equipment						
Yuzhno-Balyk GPC: switching the TK-901/1(2) compressor to standby mode in order to save fuel gas	Fuel gas	408	608	38	57	34
Nizhnevartovsk GPC: installation of a surge protection system and automatic control of the compressors at compressor stations Nos. 2 and 3 and of the propane cooling unit at the Nizhnevartovsk GPC	Electricity	59	62	43	45	7
Muravlenkovsky GPP: installation of a gear wheel and pinion on a booster compressor.	Electricity	33	39	23	27	5
Improving the efficiency of equipment that runs on fuel						
SIBUR-Khimprom: using methane rich gas from the cracker as fuel in the "Р-101 ПБСи2-ЭГ" furnace	Fuel gas	384	302	45	35	17
SIBUR-Khimprom: retrofitting of the "ДЕ 25-24-250ГМО" boilers to ensure stable operation using low-calorie fuel (К.332а)	Fuel gas	195	236	23	27	13
Increasing the energy efficiency of production processes						
Tomskneftekhim: reduction of the specific consumption of fuel gas for olefins (completed ahead of schedule)	Fuel gas	0	200	0	27	11
ZapSibNeftekhim: optimization of heat energy consumption at NGL processing facilities	Fuel gas	80	121	8	13	7
Voronezhsintezkauchuk: installation of a system to control the specific steam consumption for degassing	Thermal power	88	89	22	22	6
SIBUR-Kstovo: disconnection of Steam 15 at the LPG facility during the summer	Thermal power	75	75	19	19	5

GREEN ENERGY

In 2020, SIBUR continued working to increase the volume of green electricity in its energy balance, which is one of the Company's strategic priorities. According to the Sustainable Development Strategy to 2025, SIBUR is faced with the task of increasing its volume of green electricity fivefold compared with 2019.

In order to increase the volume of green electricity it uses, SIBUR is considering the possibility of building its own power generators based on renewable energy sources. An important step in this direction was the design of a solar power plant at Polief in 2020, which is expected to generate 6,140 MWh of electricity per year, with a capacity of 4.94 MW. Construction works are scheduled for 2021. Another project for power generation using renewable energy sources is the solar power plant at the SIBUR-Yug corporate health and wellness center. In 2020, the plant limited its power generation (89.9 MWh) due to the restrictions imposed on the center's operations. In 2021, the Company plans to lift restrictions gradually and restore operations at SIBUR-Yug while also increasing the amount of power generated by the solar power plant.

In 2020, SIBUR signed an agreement with VetroOGK for the supply of green electricity to the BIAXPLEN production site (Novokuibyshevsk). In 2021, Siburenergomanagement concluded an agreement with TGC-1 for the supply of hydroelectric power. Low-carbon electricity will be supplied by the Lesogorskaya hydropower plant in the Leningrad region.

SIBUR TOOK PART IN AN ONLINE CAPACITY-BUILDING WORKSHOP ON SUSTAINABLE RENEWABLE ENERGY INVESTMENT AND DEPLOYMENT

In 2020, an online workshop was held on capacity-building on sustainable renewable energy investment and deployment.

The purpose of the event was to present the UN Economic Commission for Europe's (UNECE) methodology for attracting investments and deploying sustainable renewable energy sources, as well as to study, alongside government officials, experts and other stakeholders, the possibility of adapting and applying this set of tools in UNECE subregions.

Metrics and Targets

GRI 302-1

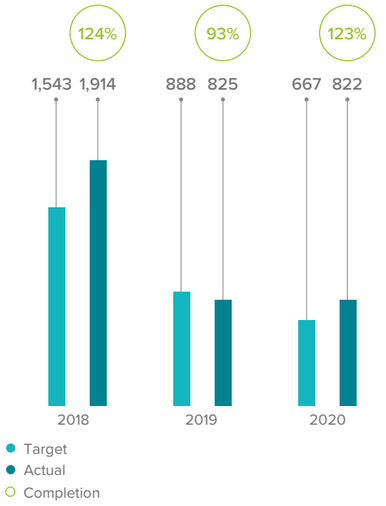
The financial savings from the measures taken exceeded the target by more than 20%. The largest contributions to this result came from SiburTyumenGaz (actual cost savings exceeded the target by 16%), ZapSibNeftekhim (exceeded the target by 53%) and Tomskneftekhim (exceeded the target by 148%).

In 2020, total energy consumption increased by 3.6% to 213.356 million GJ. The increase was mainly due to higher consumption of process gas due to ramped-up production at ZapSibNeftekhim. During the year, the Company reduced its consumption of purchased energy by 13% due to the reduction in thermal power consumption as a result of the sale of SIBUR Togliatti.

Energy-saving measures resulted in cost savings of
RUB 822 MILLION

Total energy consumption increased by
3.6%

COST SAVINGS FROM ENERGY-SAVING MEASURES,
RUB mln



KEY ENERGY INDICATORS

Indicator	2018	2019	2020
Energy consumption, mln GJ			
Electric power generated	10.0	10.5	**10.3**
Electric power purchased	37.4	39.6	**39.7**
Electric power sold	15.4	16.5	**16.4**
Electric power consumed (purchased + generated - sold)	32.1	33.6	**33.6**
Thermal power, mln GJ			
Thermal power generated	71.7	82.7	**96.1**
Thermal power purchased	21.0	18.8	**11.2**
Thermal power sold	4.5	4.2	**3.8**
Thermal power consumed (purchased + generated - sold)	88.2	97.3	**103.5**
Fuel, mln GJ			
Natural gas purchased	73.5	82.9	**75.9**
Fuel oil purchased	0.4	0.0	**0.6**
Process gas produced	77.4	85.3	**106.1**
Consumption of energy from renewable sources, mln GJ	–	0.0014	**0.0054**
Total energy consumption, mln GJ (fuel consumed + thermal and electric power purchased - thermal and electric power sold)	189.9	205.8	**213.4**

GRI 302-3

ENERGY INTENSITY INDEX

Period	Target, GJ	Target, %	Actual, GJ	Actual, %	Completion, %
2018	151,259,591	163.8	146,548,127	158.7	Underfulfilled by 3%
2019	131,312,787	156.0	130,779,837	155.5	Underfulfilled by 0.4%
2020	169,939,917	145.9	161,808,653	151.3	Underfulfilled by 4.8%

ENERGY INTENSITY BY SEGMENT, GJ/ton

Goals for 2021

- Define long-term targets in terms of reducing greenhouse gas emissions for all SIBUR production sites;
- Implement measures to improve energy efficiency and energy savings with annual cost savings of at least RUB 600 million
- Implement the automated energy balance functionality at SIBUR's largest production site—ZapSibNeftekhim;
- Conduct targeted energy audits on equipment that runs on fuel at no fewer than two of SIBUR's production sites and develop measures to improve energy efficiency;
- Develop measures to ensure the achievement of at least 90% of the long-term energy-efficiency targets for SIBUR's production sites.

Reducing Climate Impact and Greenhouse Gas Emissions

MATERIAL TOPIC:
- Tackling climate change

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION

"Climate risk management issues have long been one of the health-related factors of business activities. Leading companies are shifting their focus towards carbon neutrality and a circular economy. We see that the petrochemical industry is able to offer effective environmental solutions to tackle global warming."

Alexey KOZLOV
Executive Board Member and Managing Director for Administrative Business Support and Government Relations, LLC SIBUR

SIBUR recognizes climate change as one of the major environmental, social and economic threats affecting business sustainability. The Company believes that the petrochemical industry has significant technological, industrial and scientific potential in terms of reducing greenhouse gas (GHG) emissions and transitioning to a low-carbon economy.

As such, the Company is taking active steps to reduce its own climate impact and adapt to climate changes, using a range of decarbonisation tools.

CLIMATE CHANGE INFORMATION DISCLOSURE

SIBUR has completed CDP[1] climate surveys every year since 2018. The Company's CDP score for 2020 was an improvement on the previous year's result, receiving a B rating, which surpassed both the industry and global averages.

SIBUR has supported TCFD's[2] recommendations since 2019 by disclosing financially relevant climate information in its annual reports. In addition to informing stakeholders, following the recommendations helps the Company raise internal awareness and improve its climate change management system.

2020 HIGHLIGHTS

The Company conducted a **SCENARIO ANALYSIS OF HOW CLIMATIC FACTORS** influence its financial results, in accordance with TCFD recommendations:

A 124%
exceeding of the plan for using electricity from renewable sources

A 5%
reduction in the specific indicator of GHG emissions per ton of output in the Gas Processing and Infrastructure segment since 2019

AN 18%
reduction in the specific indicator of GHG emissions per ton of output in the Petrochemicals segment since 2019

AN 18%
decrease in energy-related GHG emissions decreased

A 13%
increase in direct GHG emissions

1 CDP is an international rating agency that publishes an annual ranking of organizations based on climate information disclosure quality.
2 TCFD is an international nonprofit organization that has developed guidelines for organizations to disclose climate-change-related financial information to external stakeholders such as investors, lenders and insurers.

2020 Goals and Results

In 2020, SIBUR continued implementing its **Sustainable Development Strategy to 2025** in terms of reducing its climate impact.

Goal:
increase the volume of green electricity

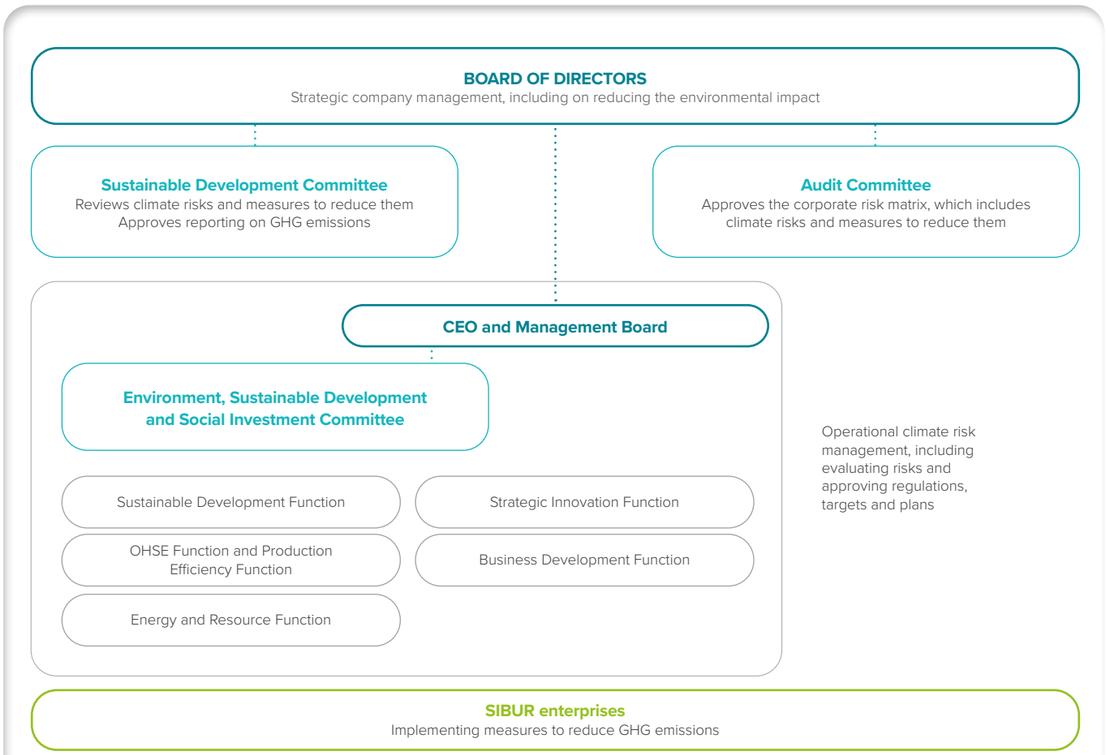
Exceeding the renewable energy-based electricity usage indicator by 124% was achieved by purchasing electricity generated at hydroelectric power plants from JSC Siburenergomanagement and operating its own solar power plant at the SIBUR-Yug[1] corporate health center.

Goal: conduct a climate change scenario analysis to assess the impact of various climatic factors on the Company's future financial results in accordance with TCFD

To better understand the impact of climate change on SIBUR's business, the Company conducted a scenario analysis of the impact of climate change on its financial results in 2020.

Climate Impact Management

SIBUR is guided by TCFD recommendations for developing a climate risk management and information disclosure system.



The **board of directors** determines SIBUR's strategic priorities and approves its long-term business plans and investment programmes, taking into account the Company's significant risks, including climatic ones. The board also approves the indicators and targets for the Company's Sustainable Development Strategy and reviews their implementation progress semi-annually. Climate risks are analysed during discussions on large projects and the implementation status of the Sustainable Development Strategy.

In April 2020, the **Sustainable Development Committee under the Board of Directors**[1] was established, which provides strategic management of sustainable development, including climate issues. The committee identifies the risks and opportunities associated with climate change. At least once per year, committee members plan to discuss possible responses to these challenges and opportunities, including reviewing the Sustainable Development Strategy's GHG emission reduction targets.

The Board of Directors' Audit Committee[2] is responsible for approving the corporate risk matrix, which includes climate risks. The committee also considers measures to manage all Company risks.

The sphere of work of the Executive Board's **Environment, Sustainable Development and Social Investment Committee** includes managing current and emerging risks to sustainable development, including climate risks. This committee also makes operational decisions and approves relevant policies, goals and plans.

The **Sustainable Development Function** plays a key role in developing and implementing SIBUR's climate strategy. The function assesses climate risks and opportunities, and proposes measures to manage them to the Board of Directors' Executive Board. The function coordinates all structural divisions' climate-related activities, including developing goals to reduce greenhouse gas emissions and a corresponding roadmap, as well as assessing investment projects' impact on goal implementation.

The **OHSE and Production Efficiency Functions** manage GHG emission-reduction indicators at the individual production unit and emission category level.

The **Energy and Resource Function** is responsible for achieving targets for increasing the share of 'green' electricity in the Company's energy balance.

The **Strategic Innovation Function** manages research on promising projects and technologies relating to decarbonisation, CO_2 utilisation and the use of alternative raw materials.

The **Business Development Function** manages development of SIBUR's portfolio of business expansion projects, including low-carbon products.

SIBUR enterprises are implementing measures to meet GHG emission reduction targets: in addition to energy saving and efficiency programmes and comprehensive environmental programmes, every enterprise's MAP2025 contains a set of sustainable development goals and initiatives, including greenhouse gas emission targets to 2025.

Departments and employees at all levels whose area of responsibility includes these indicators have KPIs set that relate to implementing the Sustainable Development Strategy. Monetary and/or non-financial rewards are given for achieving these KPIs.

Integrating the climate agenda across the Company's entire vertical management structure demonstrates our commitment to providing timely responses to climate challenges and our understanding of our role in reducing the carbon intensity of production.

SIBUR was awarded an

A–

(the highest) rating by CDP's for corporate governance and climate change risk management.

[1] Energy consumption and energy efficiency.

[1] See **Regulations on the Board of Directors' Sustainability Committee** for more information.
[2] See **Regulations on the Board of Directors' Audit Committee** for more information.

Strategy and Risk Management

SIBUR pays a great deal of attention to the potential impact of risks on its strategy. This includes risks relating to sustainable development and climate change, which, along with other business risks, are integrated into the Company's corporate risk management system.[1]

The Company identifies both the physical risks associated with the impact of natural conditions on its assets and the risks from the transition period associated with the transition to a low-carbon economy (risks of changes to climate legislation as well as market, reputational and technological risks). SIBUR assesses climate risks based on three climate change scenarios, the Company's geography, trends relating to regulation and the transition to a low-carbon economy. When planning investment projects and R&D, SIBUR considers climatic risks and a project's impact on an enterprise's emissions and the Company's overall GHG emissions.[2] When making decisions on implementing potential projects, the project's sensitivity is assessed, including the carbon price in the proposed sales markets.

CLIMATE RISK SCENARIO ANALYSIS

In 2020, SIBUR assessed climate risks' impact on financial results, including carbon pricing scenarios for transition period risks and climate change intensity scenarios for physical risks.

Transition risks were assessed at the Company level, while physical risks were assessed at the individual enterprise level then consolidated at the Company level. To analyse the impact of climate risks, financial models were drawn up to assess the impact of transition-period risks on SIBUR's financial performance under three different scenarios over three time horizons.

The scenarios used to assess the climate risks are based on research by the Organisation for Economic Co-operation and Development (OECD) and the International Energy Agency (IEA), TCFD recommendations, and sufficiency assessments based on Nationally Determined Contributions (NDCs).

SELECTED CLIMATE SCENARIOS

SCENARIO	DESCRIPTION	LIKELY GLOBAL AVERAGE TEMPERATURE INCREASES BY 2100
Hard (RCP 8.5[3])	◆ Business continues operating with current emissions. ◆ NDCs fully implemented.	More than 4°C
Moderate (RCP 4.5)	◆ Tough climate change mitigation measures to reduce emissions to half of current levels by 2080. ◆ Legislative changes are sufficient for targeted climate change limitation, but with a short-term delay in taking specific steps.	More than 2°C
Soft (RCP 2.6)	◆ Aggressive measures to halve emissions by 2050. ◆ Legislative changes are sufficient for targeted climate change limitation.	Less than 2°C

Risks were assessed over three time horizons: 2020, 2030, 2050.

SIBUR facilities are generally located in areas characterised by low physical risks (such as changing temperature and precipitation patterns and extreme weather conditions) but with high exposure to cold and warm spells, steppe fires and water shortages. The Company's management monitors physical risk trends to ensure the health of SIBUR employees, the stability of Company assets and supply-chain continuity.

The assessment has shown that legislative and market climate risks have the greatest influence on the Company.

1 See 🕮 **"Internal Control and Risk Management"** for more information.
2 See 🕮 **"Growth Strategy and and Investments"** for more information.
3 Representative Concentration Pathway: global warming scenarios used in the IPCC's Fifth Assessment Report, describing various future climate options depending on GHG emissions trends in the current century.

Climate Risks

RISK COMPONENTS	IMPACT ON FINANCIAL RESULTS	MANAGEMENT MEASURES
▲ Legislative risk		
◆ Risk of measures being taken to stimulate the transition to low-carbon processes in production or the raw materials supply chain (for example, through a carbon tax)	◆ Increased cost of GHG emissions ◆ Increased operating costs (for example, increased compliance costs)	◆ Calculating GHG emissions for investment projects ◆ Reducing specific GHG emissions per ton of manufactured products ◆ Ranking suppliers according to sustainable development criteria ◆ Developing new products with a lower carbon footprint throughout the entire lifecycle
▲ Market risk		
◆ Changes in the behaviour of buyers of products aimed at reducing the impact of climate change ◆ Increased costs of key suppliers	◆ Changes in the revenue structure and sources, leading revenue to decrease	◆ Developing new technologies ◆ Considering opportunities in climate projects ◆ Implementing projects to apply secondary raw materials in production.
▲ Reputational risk		
◆ Increased attention from investors and credit and insurance organisations on the business/ industry	◆ Difficulty accessing capital markets	◆ Preparation and independent verification of direct emissions (coverage areas 1 and 2) ◆ Improving the methodology for accounting for indirect emissions (coverage area 3) ◆ Updating greenhouse gas emission targets
– Technological risk		
◆ Existing production facilities and technologies being decommissioned early to mitigate the effects of climate change	◆ Existing goods and services being replaced with others that produce lower emissions ◆ Costs of introducing lower-emission technologies	◆ Monitoring physical risk trends in the regions where the Company operates ◆ Investing in R&D for low-carbon technologies, including for CO_2 capture, storage and utilisation
▼ Physical risks[1]		
◆ An increased number of weather anomalies ◆ Long-term changes in physical and geographical conditions	◆ Costs of maintaining and updating enterprises' infrastructure ◆ Increased insurance premiums	◆ Decision-making on investment projects taking climate risks into account

Risk exposure: ● High ● Medium ● Low

Risk exposure trends to 2050 (versus 2020): ▲ Increasing – Stable ▼ Decreasing

1 Each risk has its own risk exposure and tendency. This report provides a cumulative assessment of the physical risks.

The Company's key climatic capabilities relate to developing a circular economy, namely involving secondary raw materials in production and developing Russia's low-carbon electricity market. SIBUR believes that the key mechanisms for realising new opportunities include introducing the best available technologies, increasing the energy efficiency of its production and developing R&D areas including:

- Chemical processing of polymer waste;
- Developing new polymer materials and bringing them to market;
- Technologies to capture and process CO_2;
- Diversifying SIBUR's resource base.[1]

GRI 201-2

Climate Opportunities

OPPORTUNITY	IMPACT ON FINANCIAL RESULTS	MANAGEMENT MEASURES
Manufacturing products used in goods that reduce GHG emissions by saving energy and other resources	◆ Increased cost of GHG emissions ◆ Changing the product portfolio structure, increasing revenue from selling products with a low-carbon advantage	◆ Assessing and reducing products' carbon intensity; ◆ Manufacturing products using recycled or renewable raw materials; ◆ Assessing the climate benefits of traditional polymers at the usage stage.
Using electricity from renewable energy sources for production	◆ Cutting costs	◆ Increasing the volume of 'green' electricity in the Company's energy balance.
New raw-materials sources to replace hydrocarbons and prevent greenhouse gas emissions from landfilling or incinerating waste, so reducing the end product's carbon footprint	◆ Increasing revenue from selling low-carbon products demanded by the market	◆ Developing and implementing projects for recycling polymer waste and using renewable raw materials; ◆ Expanding the resource base by capturing CO_2.

CROSS-BORDER CARBON REGULATION

SIBUR monitors changes in climate legislation both in Russia and abroad. A significant risk lies in the introduction of cross-border carbon regulation (CCR). In 2020, the Company conducted a preliminary analysis of the risks of CCR being applied to its exports, and plans to conduct a more detailed analysis in 2021.

[1] See "Feedstock Sourcing" for more information.

Climate Risk Management Measures

GHG emissions are reduced using various measures throughout the product lifecycle, from processing APG to offsetting emissions from employee air travel, which was implemented as a pilot project in 2020. Climate risk management activities are shared between the corporate centre and the enterprises.

SIBUR is working on several projects to develop a circular economy,[1] introduce the best available technologies, increase the energy efficiency of its production,[2] and capture and store carbon. In addition to reducing direct GHG emissions from its own operations, SIBUR is helping to reduce oil producing companies' carbon footprints by processing their APG by-product. Using APG as a resource prevents up to 72 million tons of CO2-eq. emissions annually. SIBUR works with its partners to systematically reduce GHG emissions throughout the production chain and product lifecycle.
We receive GHG emission information from our suppliers and contractors, and discuss how to reduce them. We also tell our customers about our products' recyclability.

SIBUR plans to develop carbon capture and storage projects.

SIBUR'S FOCUS AREAS FOR REDUCING GHG EMISSIONS

Raw materials

- Processing APG, the combustion of which produces significant GHG emissions

Production

- Using energy- and resource-saving technologies and electricity based on renewable energy sources to produce polymers and other petrochemical products;
- Procuring and supplying the best available petrochemical technologies to reduce GHG emissions;
- Reducing products' carbon intensity;
- Offsetting GHG emissions

Product usage

- Manufacturing products that let households and businesses' reduce their carbon footprints compared with using replacement (substitute) products (for example a plastic bag instead of a paper one);
- Promoting the recycling of manufactured products, allowing for lower GHG emissions from producing raw materials

SIBUR JOINS THE CO_2ZERO INITIATIVE

SIBUR became one of the first Russian companies to participate in the Air France/KLM alliance's CO_2ZERO initiative, a carbon offset service which lets Air France/KLM corporate customers fly carbon neutral around the world. The CO_2 emissions from each flight are calculated based on the aircraft type, distance flown and average load factor for that flight. The proceeds from the compensation are used for reforestation.

The bulk of the emission compensation came from SIBUR employees using Air France/KLM flights in 2019 and Q1 2020. We expect to continue working closely together towards a sustainable future when restrictions are lifted.

[1] See "Sustainable Product Portfolio" for more information.
[2] See "Energy Consumption and Energy Efficiency" for more information.

Metrics and Targets

The Sustainable Development Strategy to 2025 contains climate targets:

CLIMATE IMPACT REDUCTION GOALS AND PROGRESS

Target	2025 target	2020 target	2020 actual	2020 actual versus target
Increase the volume of green electricity fivefold	1,972.5	710.1	1,589.9	↑124
Reduce the specific emission rate in the Gas Processing and Infrastructure segment	0.236	0.215	0.193	↓11
Reduce the specific emission indicator in the Petrochemical segment	1.54	1.51	1.67	↑10

Company-level goals are cascaded to the enterprise level, and each enterprise develops a master plan to 2025. The master plans include targets for specific greenhouse gas emissions and an action plan to achieve them.

The key metrics used by the leadership and management teams to manage climate risks are overall and specific GHG emissions. The Company's energy-mix characteristics are also used as a climate-related metric.

OVERALL GHG EMISSIONS

GRI 305-1, 305-2

GREENHOUSE GAS EMISSIONS,[1]
mln tons of CO_2-eq.

Metric	2018	2019	2020
Direct greenhouse gas emissions (coverage area 1)[2]	9.36	9.73	**10.60**
◆ CO_2	9.11	9.49	**10.38**
◆ CH_4	0.023	0.23	**0.21**
◆ N_2O	0.000019	0, 05	**0.01**
◆ HFCs	0.00000025	0.002	**0.002**
Indirect energy emissions of greenhouse gases (coverage area 2)	**5.013**	**5.28**	**4.38**

GRI 305-3, 305-4

VOLUME OF OTHER INDIRECT EMISSIONS (SCOPE 3),
million tons CO_2-eq., unless otherwise indicated

Activity type[3]	2018	2019	2020
Employee business travel (rail and air)[4]	0.0175	0.0164	**0.0029**
Specific greenhouse gas emissions from business travel, tons CO_2-eq./average number of personnel (people)	0.64	0.62	**0.12**
Use of products sold (gas processing fuel products) in energy needs, million tons of CO_2-eq.	51.5[5]	51.9[5]	**44.3**
GHG emissions prevented (due to APG processing), million tons CO_2-eq.[1]	–78	–79	**–74**

1 Confirmed data for 2019.
2 PFCs, SF_6 and NF_3 are not calculated as their emissions are not made by the company.
3 Categories 6 and 11 of the GHG Protocol were evaluated.
4 Based on travel aggregator data, augmented for rail transport factoring in average GHG emissions per passenger from Russian Railways.
5 Data was adjusted due to the update of the methodology.

GRI 305-5

For 2020, energy-saving measures prevented more than 200,000 tons of CO_2-eq. in direct emissions and indirect energy emissions of greenhouse gases.

The change in greenhouse gas emissions in 2020 was influenced by ZapsibNeftekhim reaching full capacity, the disposal of assets (SIBUR-Tolyatti), and shutdown maintenance at a number of enterprises. Also in 2020, double-counting of direct and indirect energy emissions from SIBUR-Tobolsk was excluded from the emission calculation; this double-counting had been due to electric-heat generation at the enterprise.

In 2020, development continued of the **Circular Economy and Climate Impact Reduction Policy**,[1] which sets SIBUR the strategic goal of reducing its negative environmental impact, cutting greenhouse-gas emissions, developing and implementing advanced low-carbon solutions and technologies, and promoting development of a circular economy.

The Company interacts with various stakeholders on climate change issues. In 2020, this included actively participating in consultations with the Economic Development Ministry on improving the regulatory environment to ensure Russia's socio-economic development along a low-carbon trajectory. In addition to initiatives by the Economic Development Ministry, in order to coordinate business efforts to address climate risks, SIBUR also sits on the Russian Union of Industrialists and Entrepreneurs' (RUIE) Climate Policy and Carbon Regulation Committee. It also participates in other intersectoral working groups on this issue, including events hosted by the Energy Ministry and plenary discussions with the Russian President's special representative on climate issues.

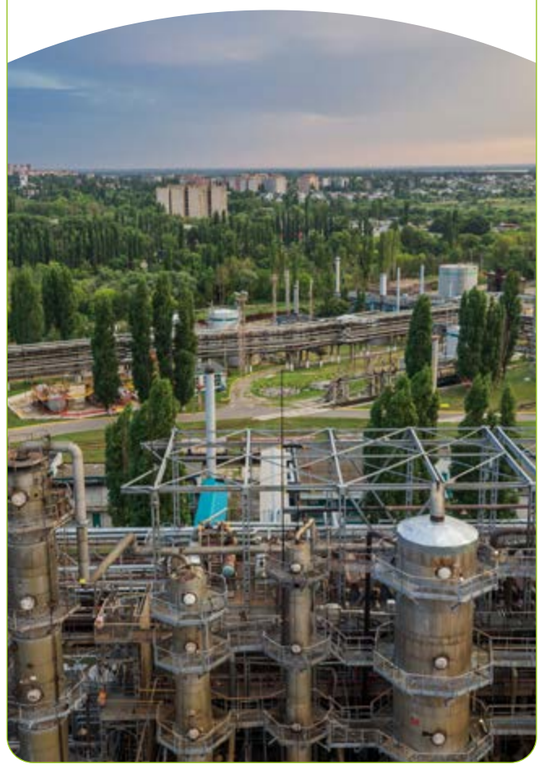
The Company also supports research on climate issues, the results of which can be useful to businesses and a wide range of stakeholders. So, in 2021 SIBUR signed an agreement to support projects to create carbon stations, the purpose of which will be gauging the ability of areas in the Tyumen and Voronezh Regions to absorb GHG emissions.

SUPPORT FOR PROJECTS TO CREATE CARBON STATIONS[2]

At the St. Petersburg International Economic Forum in June 2021, a cooperation agreement on the Carbon Station project was signed by SIBUR, the Tyumen region government and Tyumen State University (TyumSU).

Also in June 2021, SIBUR's Voronezh enterprise (Voronezhsintezkauchuk), the Voronezh Region government and the G.F. Morozov Voronezh State Forestry University agreed to implement a project to create a carbon test site (station) in the Voronezh Region.

Carbon stations are areas that will be created for implementing measures to control climate active gases alongside universities and scientific organisations. The project is to include creating reference sites to test and refine technologies for remote and ground monitoring of the sequestration potential of areas, with subsequent certification of methods to measure flows of the main greenhouse gases including carbon dioxide, methane and nitrous oxide. The results will be used in implementing reforestation projects, developing the agro-industrial complex, and in creating special carbon farms, i.e. areas with increased carbon dioxide absorption capacity.



1 Approved by the Company's Board of Directors on 23 April 2021. See **Circular Economy and Climate Impact Reduction Policies** for more information.
2 Event occurred after the reporting date.

IMPLEMENTING A JOINT CARBON-FOOTPRINT REDUCTION PROJECT IN DZERZHINSK

In 2020, we worked with Linde Gas Rus on preparing a project to utilise carbon dioxide generated at SIBUR-Neftekhim. The project includes SIBUR-Neftekhim building infrastructure to transport crude CO2 obtained as a by-product of ethylene oxide synthesis to Linde Gas Rus's site. Linde Gas Rus will build a facility to bring this gas's quality to the level of a commercial product, usable in the food industry among others, and sell it to end consumers. Thus, it is planned to utilise about 25,000 tons of 100% CO2 annually. All works, including at SIBUR's production site, will be done by Linde Gas Rus under an EPC contract. The project is expected to be implemented in 2021–2022.

DECARBONIZATION OF ELECTRICAL HEAT GENERATION PRODUCTION AT SIBUR TOBOLSK

In 2020, reliable and uninterrupted operation of electrical heat generation (PETPG) production in Tobolsk was ensured with the implementation of decarbonisation measures. So, in 2020, the combustion of the methane-hydrogen fraction (IMF) began instead of natural gas, which made it possible to reduce greenhouse gas emissions into the atmosphere.

Goals for 2021

- **Introduce an operational system to monitor GHG emissions**
- **Develop R&D for carbon capture and storage technology**
- **Develop carbon-utilization partnerships**
- **Update and expand analysis of climate risks and opportunities**
- **Continue coordinating with the business community on responding to climate risks, especially on CCR**

ENVIRONMENTAL PROTECTION

Our Approach to Environmental Protection

MATERIAL TOPIC:
- Stakeholder relations

Minimising environmental risks and reducing the negative environmental impact are priorities for SIBUR's management. The Company is continuously improving its environmental-management system at the production, product portfolio management and building supply chain stages, as well as controlling its greenhouse gas (GHG) and pollutant emissions, water consumption and waste management, among other things.

SIBUR is striving to develop an environmental culture within the Company, and to increase the amount of information on environmental issues available to its stakeholders. SIBUR implements best practices and technologies, complies with legal requirements, and interacts with a broad range of stakeholders on environmental issues.

"SIBUR focuses on the environmental aspects of its operations. Structurally, the environmental issue is divided into two parts. These are the impacts of our production facilities and of our products on the environment. In terms of the water and air balance, as well as the safety of the facilities for our employees and the regions where they are located, our priority will always be to use the best available techniques to minimise the environmental impact."

Dmitry KONOV
PJSC SIBUR Holding Executive Board Chairman

2020 HIGHLIGHTS

THE SUSTAINABLE DEVELOPMENT COMMITTEE WAS CREATED,
reporting to the Board of Directors; its agenda includes environmental issues

OUR ISO 14001:2015 CERTIFICATE
was extended for the next three years based on our audit results

STRATEGIES FOR MANAGING EMISSIONS, WASTE AND WATER RESOURCES WERE APPROVED

A CROSS-FUNCTIONAL ENVIRONMENTAL TECHNOLOGY EXPERT GROUP WAS CREATED

19 INVESTMENT PROJECTS
were assessed for environmental safety and use of the best available techniques (BAT)

2020 Goals and Results

Goal: Strategic Document Development

In 2020, the Company continued improving its environmental management system. At the Company level, internal strategies on emissions and waste management – which represent significant environmental aspects – were developed and implemented.

Goal: Reengineering Enterprises' Environmental Programs

At the enterprise level, our corporate objectives were detailed in comprehensive environmental programs and masterplans.[1] For example, the Amur Gas Chemical Complex (GCC) assessed environmental risks and identified measures to manage them. The results of this risk assessment were factored in when developing the enterprise's waste management strategies.

Goal: Cross-functional Interaction

For cross-functional coordination and experience exchange on key environmental protection focus areas, an Environmental Technology Expert Group was established in 2020. An Environmental Knowledge Library was also created, having been developed jointly with the NIOST corporate scientific centre, offering information on current environmental technologies. Jointly with the Production Efficiency function and enterprises, a Technological Equipment Register was created and approved for updating the engineering & technical service (ETS) 18 reference book Production of Basic Organic Chemicals about matters relating to BAT.

An Environmental Technology Expert Group was established

Goal: Contributing to Improving Environmental Legislation

In the reporting year, SIBUR continued seeking solutions to reduce environmental risks and improve environmental legislation by participating in nine working groups with government officials. Proposals and comments were made on more than 10 environmental regulation drafts.

Environmental Impact Assessment

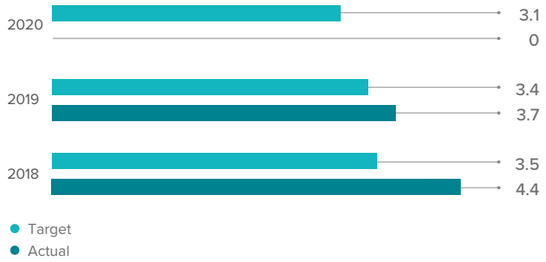
GRI 413–1

The Company calculates an environmental impact index (EII), which reflects the volumes of the main types of environmental impact (emissions, discharges, waste) per unit of output. Since 2020, the EII has not been a key performance indicator (KPI) due to the introduction of new environmental protection targets within the Sustainable Development Strategy to 2025. Below in this section are the 2025 environmental targets.

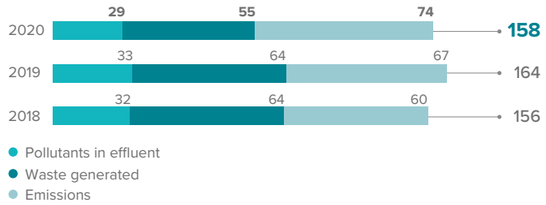
In 2020, the EII decreased by 4% from 3.4 to 3.1.

The EII was **3.1** ▼ 9%

ENVIRONMENTAL IMPACT INDEX



VOLUME OF POLLUTANTS, '000 tons



[1] Referred to internally as MAP (Management Action Plan).

Management Structure

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

The Company's environmental management system is integrated into SIBUR's activities at various levels, from the Board of Directors and the Executive Board through to enterprise management.

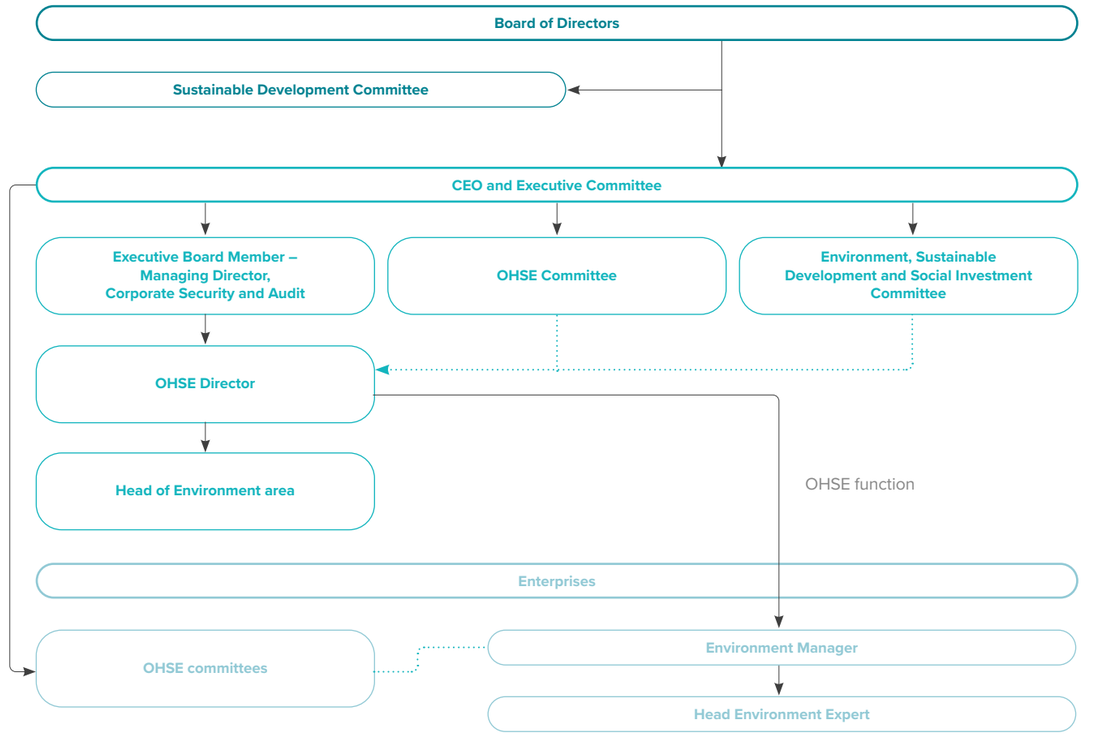
The Sustainable Development Committee under the Board of Directors reviews environmental risks and measures to manage them, approves environmental targets as part of the Sustainable Development Strategy to 2025 and monitors their implementation status.

At LLC SIBUR's Corporate Center level, environmental issues are overseen by LLC SIBUR's Managing Director for Corporate Security and Audit, who sits on the Executive Board. Among other things, he also manages the OHSE function, which includes a separate Environment area.

Environmental activities by the management Company and SIBUR enterprises is coordinated by two executive bodies under the Executive Board. These are the OHSE Committee (headed by LLC SIBUR's CEO) and the Environment, Sustainable Development and Social Investment Committee (headed by LLC SIBUR's Managing Director for Administrative Support for Business and Government Relations).

SIBUR enterprises also have OHSE committees. Environmental management at enterprises comes under the remit of the enterprise's CEO, then cascades to the level of director/head of OHSE and head of the environmental department or lead environmental engineer.

ENVIRONMENTAL MANAGEMENT STRUCTURE



Strategy and Risk Management

ENVIRONMENTAL MANAGEMENT SYSTEM

SIBUR's environmental principles, commitments and focus areas are set out in the **Integrated Management System (IMS) Policy on OHSE and operational quality and energy efficiency**. The policy reflects the Company's commitment to reducing both its direct and indirect environmental impact, including by monitoring its environmental performance, developing its risk management system, introducing innovative technologies, meeting regulatory requirements and environmental standards and developing competencies.

As part of the IMS, the environmental management system undergoes regular external audits. The recertification audit of the corporate centre and the Company's enterprises conducted in 2020 noted no environmental inconsistencies or points for comment. The certification body recommended extending the ISO 14001:2015 certificate to cover all production sites for the next three years.

STRATEGY

SIBUR seeks to minimise environmental risks and take advantage of opportunities to improve the environmental friendliness of its operations and products, develop an environmental culture and increase stakeholder confidence.

The Company's environmental goals are established in its Sustainable Development Strategy to 2025. The 2020 goals were fully met.

2025 Environmental Targets

- Reduce specific water consumption by at least 5% (versus 2018).
- Reduce specific pollutant emissions by at least 5% (versus 2018).
- Reduce the specific weight of pollutants in wastewater by 40%.
- Minimise the release of plastic particles into the environment from manufacturing (as part of the Operation Clean Sweep initiative).[1]
- Recover at least 50% of all waste generated.

In 2020, strategies were approved covering key environmental aspects at the Company and enterprise levels. The strategic goals established then cascade into the enterprises' masterplans, and are then reflected in more detail for each year in the comprehensive environmental programmes.

STRATEGIC ENVIRONMENTAL DOCUMENTS

MANAGEMENT COMPANY LEVEL

- Sustainable development strategy to 2025
- Emissions management strategy
- Water resource management strategy
- Waste management strategy for the Company and its enterprises
- Corporate sanitary protection zone programme
- Agreement on cooperation with the Federal Service for Supervision of Natural Resource Usage (Rosprirodnadzor) on pyrolysis production

ENTERPRISE LEVEL

- Enterprise masterplans, including the environmental block
- Enterprises' comprehensive environmental programmes
- Amur GCC: waste management strategy
- Amur GCC: biodiversity conservation strategy

[1] The OCS programme is commonly referred to in Russian as "Clean Broom" within the Company.

Environmental Management

The corporate risk matrix allows us to consolidate risks in all activity areas, including the environment, within a single coordinate system. The matrix includes sustainable development and climate change risks, including environmental risks.[1]

In addition to updating the corporate risk matrix, we also identify and assess enterprises' environmental impacts and aspects on an annual basis. Significant aspects requiring particular control by management are included in the registers approved by enterprises' OHSE committees. In 2020, the registers included the following significant aspects:

- Industrial emissions of pollutants into the atmosphere;
- Discharge of pollutants with effluent after treatment;
- Consumption of water from underground rivers and wells;
- Formation of excess sludge from biological wastewater treatment.

Unscheduled assessments of environmental aspects are conducted if and when production processes or the organisational structure changes, as well as in accordance with measures to reduce environmental risks. In 2020, there was no need to conduct any unscheduled assessments.

To manage environmental matters, all enterprises practise industrial environmental monitoring (IEM) in the following areas:

- Compliance with established environmental impact standards (emissions, pollutant discharge and waste disposal limits), taking into account the range and amount of pollutants entering the environment from the pollution sources;
- Ensuring the timely development of environmental impact standards (standards for permissible emissions, discharges, waste generation and disposal limits);
- The efficiency of environmental protection equipment (installations for capturing and decontaminating harmful substances from waste gases, systems for treating service utility and industrial storm wastewater, systems for recycling and reusing water);
- Compliance with regulations for handling production and consumption waste belonging to the I–V hazard classes;
- Implementing environmental measures, instructions and recommendations from state authorities;
- Obtaining information to justify payment levels for environmental pollution;
- Timely provision of information used in state statistical reporting, state environmental monitoring systems and cadastral records, among other things.

[1] See **"Reducing Climate Impact and Greenhouse Gas Emissions"** for details.

GRI **307–1**

To prevent environmental pollution, enterprises monitor environmental indicators via a laboratory network. This monitoring constitutes the second control stage, as production facilities are already equipped with automated process control and diagnostics systems that record all relevant parameters. During the quarantine restrictions, SIBUR continued implementing environmental measures in accordance with environmental legislation at all of its enterprises, including using drones. In 2020, the Company received no significant fines for violating legal environmental requirements.

DRONES HELP CONDUCT ENVIRONMENTAL MONITORING AT SIBUR TOBOLSK

SIBUR Tobolsk used drones in 2020 to ensure continuous monitoring and prevent the spread of coronavirus.

Unmanned monitoring at SIBUR's Tobolsk enterprises began in 2019, and underscored its importance in 2020 as some employees moved to remote or shift-rotation work. Drones were used to monitor compliance with waste storage regulations where employees could not be physically present. Every week the drones flew routes specified by the enterprise's environmental specialists.

In 2020, monitoring at the SIBUR Tobolsk enterprise did not reveal significant deviations from the established standards.

When considering projects to significantly modernise existing facilities, or entirely new projects, SIBUR conducts a mandatory environmental impact assessment (EIA) in accordance with statutory requirements, including public hearings. Appropriate measures are developed and implemented to manage potential negative impacts. The Company maintains a precautionary approach to environmental issues, being sure to consider the risk presented by the most dangerous possible scenario in order to prevent potential damage.

When considering investment projects, in addition to the mandatory EIA, SIBUR also factors in sustainable development metrics and the use of BAT in Russia and EU countries. In 2020, sustainable development criteria were used when considering 19 investment projects. For example, reconstruction of SIBUR-Kstovo's benzol recovery unit was postponed due to the need to reduce the environmental impact by constructing a costly vapour recovery unit for the loading rack. BAT compliance checks were conducted for 19 projects, including the Amur GCC.

19 INVESTMENT PROJECTS

were considered factoring in sustainable development criteria

SUSTAINABLE DEVELOPMENT METRICS FOR INVESTMENT PROJECTS

- POLLUTANT EMISSIONS
- WASTE GENERATION
- WASTEWATER DISCHARGE
- GHG EMISSIONS

PUBLIC HEARINGS

To inform and consider stakeholder expectations regarding planned EIA activities, the Company conducts public hearings, overseen by the government and creditors.

In 2020, hearings were held in accordance with requirements for preventing coronavirus infections, including in online and survey formats. Hearings were held regarding 10 projects, including those having a significant environmental impact; these included reclaiming landfill and installing post-treatment and sorting facilities for PET bottle flakes at the POLIEF enterprise, constructing local wastewater treatment facilities at the Tomskneftekhim enterprise and building a hydrocarbon condensate treatment unit at the SiburTyumenGaz enterprise.

During the hearings, enterprise specialists and designers gave the public comprehensive information on the expected environmental impact and environmental protection measures. All hearings within the EIA framework in 2020 had positive results without the need to develop additional measures.

Contractor Requirements

SIBUR requires contractors to comply with its Methodological Guidelines for Working with Contractors in the Field of OHSE at all stages of contract execution. During bidding procedures, contractors can self-assess their compliance with Company requirements against a **checklist**. Having a certificate of environmental management system compliance with ISO 14001:2015 allows bidders to gain additional points.

One requirement SIBUR has of contractors is that they can independently dispose of waste generated during the work. For this, the contractor must have waste disposal limits, an agreement with a waste disposal contractor and a contract appointing an individual responsible for environmental safety.

GRI **308-1, 308-2**

SIBUR conducts environmental audits of all suppliers and contractors. Waste management is checked, emission and discharge sources are monitored visually, and the quality of effluent is monitored as it is transferred to treatment facilities. Contractors violating the requirements are fined. In 2020, one contractor was fined for accumulating unrecycled waste at a construction site. To increase contractors' environmental awareness, the Company hosts roundtables on waste management requirements and sends letters about the need to separate paper and plastic waste collections. In 2021, the Company plans to update the environmental clauses in its standard contractor contracts.

Stakeholder Engagement

SIBUR engages with a wide range of stakeholders on environmental issues. This gives the Company access to leading practices and technologies, and enables it to participate in developing approaches to environmental issues and contribute to improving environmental legislation.

SIBUR participates in nine working groups and committees to analyse and support legislative, international, national and public initiatives. In 2020, Company representatives drafted proposals and comments on more than 10 statutory and regulatory acts regarding regulation and fees for adverse environmental impacts, waste management, environmental audits and other issues. With SIBUR's direct participation, the Industry and Trade Ministry compiled and approved the Environmental Protection Equipment Register for updating the ETS 18 reference book Production of Basic Organic Substances.

WORKING GROUPS/PROGRAMS

ROSPRIRODNADZOR
- Scientific and Technical Council Meetings
- Atmospheric Air working group
- BAT and Complex Environmental Permits (CEP) working group

NATURAL RESOURCES MINISTRY
- Removing Administrative Barriers in Environmental Management working group under the Government Commission on Environmental Management and Environmental Protection

INDUSTRY & TRADE MINISTRY AND BAT BUREAU
- BAT and Information and Technical References working group

RUIE
- Climate and Greenhouse Gases, Water Supply and Wastewater Disposal, and State Environmental Expert Review (SEER) working groups

RUSSIAN UNION OF CHEMISTS
- Responsible Care initiative

PLASTICS EUROPE
- Working group OCS, Waste Management

RUSSIAN ENVIRONMENTAL OPERATOR
- Ecology national project

GREEN CERTIFICATES

SIBUR is cooperating actively with the Market Council[1] to formulate the concept of a market for 'green' certificates confirming that electricity was produced from renewable energy sources (RES).

As part of the creation of a market for green certificates, national executive bodies prepared draft laws in 2020 to limit the issuance of green certificates to RES plants that sign a special agreement on the wholesale market and are commissioned after 2024. SIBUR proposed changes to one of these bills, namely that owners of RES facilities that produce electricity for their enterprises' own consumption should be included in the certificate issuance regardless of when they are commissioned. The current draft law removes some of the restrictions.

In addition to participating in working groups and committees, Company managers and specialists take part in various types of environmental events. For example, in June 2020, the Sibur-Khimprom enterprise participated in an online meeting organised by the Perm Region's Natural Resources Ministry to discuss OHSE in the pandemic with stakeholder organisations. POLIEF enterprise representatives took part in the roundtable on waste reform organised by the Komsomolskaya Pravda newspaper in Ufa. SIBUR also acted as a strategic partner in the Skolkovo Foundation's GreenTech Startup Booster, an environmental programme aimed at finding and implementing innovative environmental, OHS and sustainable development solutions.

SUPPORTING THE GREENTECH STARTUP BOOSTER

The Greentech Startup Booster environmental program aims to find and implement innovative environmental, OHS and sustainability solutions. The program is intended for companies with projects at readiness phases from the prototype stage to industrial production.

As a strategic partner of the program and a potential technology recipient, SIBUR is interested in projects to improve the environmental friendliness of its production and reduce its carbon footprint, including projects involving the chemical and mechanical processing of polymers with their subsequent use in production and the direct application of CO_2 in the manufacture of chemical products.

SIBUR specialists have reviewed more than 100 projects under the GreenTech Startup Booster program. The most effective and best-developed ideas were selected and recommended for further support from the Skolkovo Foundation.

Goals for 2021

- **Develop a roadmap for obtaining integrated environmental permits (IEP) and installing automated measurement systems (AMS);**
- **Provide the Amur GCC with methodological support and environmental solution design expertise;**
- **Automate environmental management processes;**
- **Implement the planned activities of enterprises' integrated environmental programmes;**
- **Adopt a biodiversity conservation strategy;**
- **Implement a stakeholder engagement plan to build environmental awareness in 2021;**
- **Introduce QR coding for waste disposal;**
- **Adapt and introduce methods for assessing products' environmental credentials by main product type;**
- **Implement the Environmental Technology Expert Group roadmap.**

[1] A noncommercial partnership, the main purpose of which is to ensure the functioning of the commercial infrastructure of the wholesale electricity and capacity market.

Pollutant Emissions

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

MATERIAL TOPIC:
- Pollutant emissions

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

The Company ensures that air quality is constantly monitored and has installed advanced technologies to reduce and monitor pollutant emissions at its production sites. By reducing specific emissions into the atmosphere, SIBUR is helping implement the nationwide "Clean Air" project aimed at reducing total emissions in large industrial centers.

2020 HIGHLIGHTS

AN EMISSIONS MANAGEMENT STRATEGY WAS DEVELOPED

THERE WERE NO CASES WHERE THE PERMISSIBLE LEVELS OF POLLUTANT EMISSIONS WERE EXCEEDED

Specific emissions of pollutants into the atmosphere decreased BY **11%** compared with 2019 (not including the launch of new production facilities)

2020 Targets and Results

Target: Reduction in specific pollutant emissions by at least 5% by 2025

To achieve the strategic goal of reducing specific emissions at a number of production sites, appropriate measures were taken, including increasing the efficiency of flaring systems and developing an effective system for capturing gas blowoff and stripped CO2 in order to return it to the production process or use it as fuel in combustion processes. As a result of the measures taken in 2020, SIBUR reduced specific emissions by 11% compared with 2019 and by 6% compared with the base year (2018), not including the launch of new production facilities.

Strategy and Risk Management

The Company pays a great deal of attention to its efforts to reduce pollutant emissions into the atmosphere. All SIBUR production sites take measures to improve the reliability and accident-free operation of equipment; they also exercise oversight to ensure that proper operating conditions are complied with and to monitor the performance of gas treatment plants.

To prevent potential leaks of gaseous materials at the Company's facilities, scheduled inspections of equipment and troubleshooting are carried out; any necessary repairs and maintenance are conducted using stationary and portable gas analyzers. Instrumental verification of stationary sources of emissions is carried out for compliance with established standards for maximum permissible emissions; the Company's own stationary and mobile laboratories regularly monitor and verify air quality both on the grounds of the Company's production sites and in nearby communities.

In 2020, an Emissions Management Strategy was developed to reduce and monitor process emissions effectively. This document supplements the 2025 Sustainable Development Strategy with respect to specific areas of operations in order to achieve the goal of reducing the emissions intensity.

EMISSIONS MANAGEMENT STRATEGY

Target: To reduce specific emissions by at least 5% by 2025 compared with 2018 levels.

Emissions reduction strategy
- Regulation of combustion processes;
- Reconstruction, retrofitting and equipment upgrades at production facilities;
- Improving the filtration of air emissions and the operation of flaring systems.

Strategy for effective emissions control
- Installation of automated measurement instruments;
- Application of mathematical modeling to monitor emissions;
- Development of smart video surveillance systems.

All SIBUR enterprises implement mandatory measures on a regular basis to reduce pollutant emissions. These measures are enshrined in the comprehensive environmental programs for SIBUR's production sites to 2025.

ABOUT 260 TONS

of pollutant emissions prevented

In addition to mandatory measures, the comprehensive environmental programs provide for short- and long-term projects to be carried out at the initiative of the production sites themselves in order to reduce emissions. Measures taken in 2020 prevented the release of about 260 tons of pollutant emissions into the atmosphere.

MANDATORY MEASURES FOR PRODUCTION SITES TO REDUCE THEIR IMPACT ON AIR QUALITY

- Industrial environmental monitoring (with the involvement of certified laboratories) at emission sources and at the borders of sanitary protection zones;
- In-house laboratory testing by our own stationary and mobile laboratories;
- Continuous monitoring of the weather conditions, taking appropriate measures in the event of adverse weather conditions;
- Maintaining an automated data collection and processing system;
- Compliance with the established procedure for equipment maintenance, conducting scheduled inspections, diagnostics and timely maintenance of process equipment and gas treatment plants;
- Measures to improve the reliability and accident-free operation of equipment.

EMISSION REDUCTION MEASURES IN 2020

PRODUCTION SITE	MEASURES	IMPACT
SIBUR-Khimprom	◆ Return of flare gases from production facilities into the fuel network using a TAKAT compressor unit ◆ Retrofitting of boilers to run on low-calorie fuel	↓13.7 thousand tons of CO_2 ↓0.02 thousand tons of pollutants (CO, NO, NO_2)
ZapSibNeftekhim	◆ Move to a two-year cycle of uninterrupted operations to reduce the number of hours in which combustion is taking place within the flaring unit	↓8.7 thousand tons of CO_2-eq.
	◆ Retrofitting of the Innovene PP waste gas section	↓0.04 thousand tons $(C_3H_6)_n$ (polypropylene)
	◆ Restoration of the operating capacity of the Innovene PP membrane unit	↓2.7 thousand tons of CO_2-eq.
	◆ Operating generation equipment that is running in power-saving mode	↓445.3 thousand tons of CO_2-eq.
SIBUR-Kstovo	◆ Replacement of two flare tips	↓8.0 tons of carbon black
	◆ Decommissioning of two petroleum storage tanks	↓92.2 tons per year (a mixture of C–1–C5 saturated hydrocarbons and a mixture of C6–C10 saturated hydrocarbons, pentylene, benzene, dimethylbenzene, methylbenzene and ethylbenzene)
Voronezhsintezkauchuk	◆ Commissioning of two units with a design capacity of 100,000 tons per year (TEP-100) for regenerative thermal oxidation for the treatment of air polluted by the production of thermoplastic elastomers	↓66.2 tons of pollutant emissions
Tomskneftekhim	◆ Retrofitting of pyrolysis furnaces (achieving significant environmental and economic results from the retrofitting of the F11 and F14 pyrolysis furnaces at the monomer production facility)	Up to ↓7.5 thousand tons of CO_2-eq. GHG emissions Up to ↓20 tons of pollutant emissions
	◆ Optimization of the operation of the heat and steam supply unit (boiler room): the operator's logs for each boiler unit optimize the unit's operational process and improve the efficiency of the equipment	Up to ↓36 tons of pollutant emissions Up to ↓7.8 thousand tons of CO_2-eq. GHG emissions
	◆ Video monitoring of flaring operations (the Econs digital solution at the monomer production facility—monitoring and reporting hydrocarbon consumption per flare stack, video monitoring of flare operations, drawing light gases (methane-rich gases) into the fuel network)	↓2.5 tons of carbon black emissions
	◆ Repair of the flare tip on the flare unit at the monomer production facility	Ensuring the reliability of the flare unit
	◆ Replacement of filling stands at SAU 1/2 for monomer production with air-tight equipment (reduction of product losses during filling)	Up to ↓5 tons of hydrocarbon emissions

COMMISSIONING OF A NEW EXHAUST AIR PURIFICATION UNIT AT VORONEZHSINTEZKAUCHUK

At the end of 2020, Voronezhsintezkauchuk launched a new unit to purify exhaust air and to subsequently use it as steam.

With the use of state-of-the-art afterburning technologies, possible pollutants are completely removed from the air, and the steam generated is used for the site's production needs. The process improves both the site's energy efficiency and its environmental friendliness.

The new unit will reduce the load on existing air purification equipment, improving environmental safety and at the same time providing the site with its own steam, which was previously purchased from external contractors.

INSTALLATION OF AN ENCLOSED FLARE SYSTEM AT SIBUR-KSTOVO

SIBUR-Kstovo is implementing a large-scale program to retrofit the environmental infrastructure of its production facilities. As part of this program, an enclosed flare system is being designed, the installation of which will reduce the site's impact on air quality by more than 50% and solve the problem of smoke-producing combustion at the site.

After the launch of the enclosed flare system, SIBUR-Kstovo will be able to dispose of up to 390 tons of incinerated residue per hour in a manner that is safe and does not produce smoke. Compared with traditional flare stacks, the enclosed system is more economical and safer; such systems can even be located in populated communities, while the system being designed for SIBUR-Kstovo will be located on the grounds of the plant.

OVERSIGHT AND MONITORING

To achieve target indicators, reduce risks and comply with legal requirements in the area of pollutant emissions into the atmosphere, all SIBUR production sites carry out mandatory monitoring on a regular basis. In 2020, there were no cases in which the maximum permissible emission levels were exceeded.

SIBUR is improving its monitoring processes by installing automatic measuring instruments (AMIs) and reporting tools at stationary emission sources in accordance with legal requirements. In 2019, the Company drew up a list of stationary emission sources where the AMIs would be installed, and in 2020 continued the implementation of the AMI pilot project at SIBUR-Khimprom.

INSTALLATION OF AMIS AT THE SIBUR-KHIMPROM SITE

An exhaust stack for seven pyrolysis furnaces at SIBUR-Khimprom was selected as the emission source for the implementation of the AMI pilot project. The AMIs will monitor the concentration of marker substances (nitrogen oxides, carbon monoxide, sulfur dioxide and methane) in emissions.

We selected a contractor for the installation of AMIs, conducted inspections of the stack, estimated the workload based on the planned sensor equipping and stack installation works and initiated pre-commissioning works.

In 2020, the project documentation was prepared, the project was approved, and construction and installation works began. Installation of AMIs at the SIBUR-Khimprom site and staff training are planned for 2021. In addition to meeting legal requirements, implementation of the project will make it possible to collect statistics on emissions in different operating modes and to plan measures to reduce emissions.

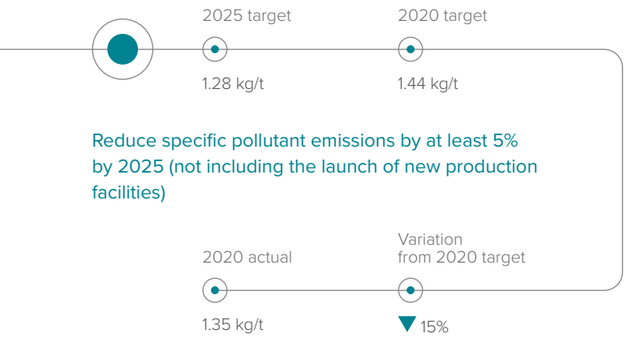
Metrics and Targets

GRI **305-7**

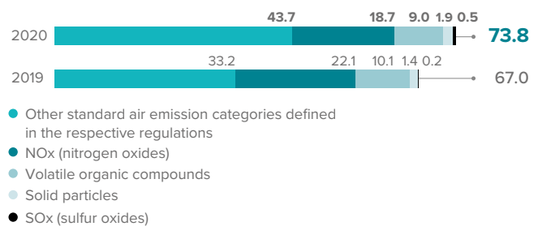
The specific indicator for emissions (not including the launch of new production facilities) did not exceed the target for 2020; it was 11% lower than for 2019 and 6% lower than the indicator for the base year.

In 2020, gross pollutant emissions increased by 10% year-on-year to 73.8 thousand tons. This is mainly due to the ramp-up of ZapSibNeftekhim to full production capacity. A slight increase in emissions was also associated with the increased operating time of equipment used for the production of terephthalic acid (TPA) at Polief compared with 2019, where production was stopped for five months for reconstruction. This growth did not affect the overall level of air pollution in the cities where the Company operates.

TARGET INDICATORS



POLLUTION EMISSIONS BY COMPOUNDS, Thousand Tons



Goals for 2021

Goal: continue to implement the Emissions Management Strategy;

SiburTyumenGaz:

- install a flare meter at the commodity base of the Yuzhno-Balyk line operations administration in order to reduce pollutant GHG emissions;

Tomskneftekhim:

- implement a project to install a turbine generator at the monomer production facility to reduce (indirect) GHG emissions thanks to the generation of electricity using the site's own capacities (up to 22 thousand tons per year of CO2-equivalent in accordance with the turbine generator's planned capacity)
- conduct a pinch analysis for the development of hypotheses and measures to improve energy efficiency at the monomer production facility (saving thermal energy)

ZapSibNeftekhim:

- install an automatic fuel and energy resources management system at PDH plant
- install a system of improved process control for the production of isobutylene and MTBE
- reduce oxygen in the flue gases from boilers and furnaces (a logical algorithm for the automatic regulation of oxygen content)
- reduce discharges into the propane flare from cryogenic tanks E-5/1,2 (perlite backfill into the interstitial space of the cryogenic tanks); application of cold insulation on pipelines of the MX compartments B-1/1 (application of an insulating coating on the pipelines from cryogenic tanks E-5/1,2 to compressors M-100/1,2 to ensure cooling losses)
- reduce discharges into the flare due to the transition to the two-year biennial shutdown schedule (Central Gas Fractionation Unit)
- reduce discharges into the flare due to the transition to a two-year transition to biennial shutdown schedule cycle (Central Gas Fractionation Unit)
- reduce C_1C_2 content in NGL after the launch of deetanization unit (columns K-6, columns K-1-1,2 (Central Gas Fractionation Unit)).

Water Consumption and Wastewater Discharges

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

MATERIAL TOPIC:

- Water consumption and wastewater discharges

GRI **103-1, 103-2, 103-3, 303-1**

The quality of life of millions of people, biodiversity and economic development largely depend on the quality and availability of water. SIBUR's operations use a substantial amount of water resources. The Company uses water for production, technical, utility and drinking needs, to cool equipment and products as well as for fire water supply. SIBUR strives to use water resources efficiently, reduce specific water consumption, recycle water and increase the degree of wastewater purification during discharges.

2020 HIGHLIGHTS

THE WATER RESOURCES MANAGEMENT STRATEGY was approved

NEW LTF WERE INSTALLED AT SIBUR-KSTOVO

Specific water consumption decreased **BY 9.4%** compared with 2019

The specific weight of pollutants in wastewater declined **BY 16.7%** compared with 2019

Total wastewater disposal decreased **BY 45%** compared with 2019

The water resources protection system of ZapSibNeftekhim won the **'BEST ENVIRONMENTAL PROJECT OF THE YEAR' CATEGORY AT THE CHEMISTRY COMPLEX BUSINESS INDEX AWARD**

2020 Goals and Results

In 2020, the Company reduced specific water consumption and the specific weight of pollutants in wastewater compared with the target for the year and showed progress in achieving the relative targets for 2025.

Specific water consumption decreased **BY 9.4%** compared with 2019

The specific weight of pollutants in wastewater declined **BY 16.7%** compared with 2019

Strategy and Risk Management

GRI 303-1

SIBUR enterprises take water from artesian wells, rivers, thermal power plants, reservoirs and also as part of an agreement with public utilities that handle water supply and sewerage. Wastewater is discharged into the water utility's sewage system, the centralized water disposal system, municipal treatment facilities, a sewage collector as part of an agreement with oil suppliers and a water body through a pressure-less collector and by gravity.

All water bodies that are affected by the discharge of wastewater and their water protection zones are regularly monitored by technical accounting meters, flow meters as well as computational methods based on pump power and the actual operating time of the equipment.

GRI 306-5 (2016)

WATER BODIES AFFECTED BY THE COMPANY

Voronezh reservoir
Voronezh
☆ It does not have the status of an environmentally protected site (territory)

Belaya River
Republic of Bashkortostan
☆ Category 1 fisheries reservoir

Irtysh River and its tributary Aremzyanka
Tyumen Region
☆ Category 1 fisheries facility

Bolshoy Balyk River
Nefteyugansk and Surgut Districts of the Khanty-Mansiysk Autonomous District-Yugra
☆ Category 2 fisheries reservoir

Given the need to use water resources to achieve SIBUR's strategic goals, the Company has identified two risks that it faces.

RISK	RISK MANAGEMENT MEASURES
Risk of the depletion of water resources	◆ Fulfillment of the terms of licenses for the use of subsurface resources to extract fresh groundwater; ◆ Systematic monitoring of groundwater conditions (instrumental measurements of water consumption, levels and flow rates and an analysis of water intakes and sanitary protection zones); ◆ Monitoring of the exceedance of approved groundwater reserves.
Risk of pollutants being discharged with wastewater	◆ Wastewater treatment; ◆ Reuse of clean effluents in production; ◆ Prompt elimination of defects in equipment as well as water supply and sewerage networks; ◆ Quality control of wastewater treatment; ◆ Construction or reconstruction of LTF; ◆ Use of closed water circulation cycles.

In 2020, SIBUR approved a Water Resources Management Strategy, which identifies the main focuses of the Company's activities to reduce water consumption, effectively monitor wastewater discharges and increase the Company's resilience to risks.

Water Resources Management Strategy

GOALS:

- Reduce specific water consumption by at least 5% by 2025 compared with 2018;
- Reduce the specific weight of pollutants in wastewater by 40% by 2025.

MAIN FOCUSES OF THE STRATEGY:

- Optimise the configuration of water supply systems;
- Arrange for treated effluents to be returned to the production process;
- Reduce the discharge of pollutants from production facilities as well as rebuild/modernise treatment facilities.

MEASURES TO REDUCE WATER CONSUMPTION

SIBUR took the following measures to reduce water consumption in 2020:

PRODUCTION FACILITY	MEASURES	REDUCTION IN WATER CONSUMPTION IN 2020
ZapSibNeftekhim	◆ Overhaul and repair of the steel Yepanchinsky water conduit; ◆ Replacement of steel water conduit pipes with polyethylene pipes; ◆ Elimination of losses of process water in fire pipelines; ◆ Operational and commissioning tests at electric heat and steam generation facilities – reuse of effluents in the production cycle.	Reduction in fresh water consumption by 1.752 million m^3
Tomskneftekhim	◆ Optimization of the operation of water circulation systems using digital technologies; ◆ Reduction in the volume of industrial water used to supply water circulation systems; ◆ Elimination of leaks and a reduction in the use of industrial water for production processes.	Reduction in industrial water consumption for the facility's production needs by 552,000 m^3
SIBUR-Kstovo	◆ Reduction in the volume of fresh water used to supply the primary water circulation system; repair of the primary lateral filtration unit; the full effect will be felt after the repair of the secondary lateral filtration unit. This measure will be completed by the end of 2021; ◆ Elimination of industrial water losses through the replacement of water pipelines. The water lines are being replaced in stages. This measure will be completed in 2022.	Reduction in the volume of water used to supply the water circulation system units

In an effort to increase the proportion of recycled water, POLIEF conducted an assessment of a project to return storm sewage to an open circulating cycle and water treatment unit, while SIBUR-Khimprom considered a project to return treated wastewater to a water circulating system.

MEASURES TO REDUCE POLLUTANT CONTENT IN WASTEWATER

The Company took the following measures to reduce pollutants in wastewater in 2020:

PRODUCTION FACILITY	MEASURES	REDUCTION IN POLLUTANT CONTENT IN WASTEWATER IN 2020
SIBUR-Neftekhim	◆ Partial use of underground water from the facility's own water intake in the manufacturing process instead of river water. ◆ Return of water to the production cycle for recycling and the optimization of water treatment processes and the water circulation cycle.	◆ Reduction in salinity by 100 tons in wastewater generated during water treatment ◆ Reduction in the specific weight of pollutants discharged with wastewater by 0.54 kg/t (by 15%)
Voronezhsintezkauchuk	◆ Commissioning of a TEP-100 evaporator to purify wastewater from lithium in the production process.	◆ Prevention of the lithium content in wastewater discharged into a reservoir after treatment facilities from exceeding the specified standards
SIBUR-Khimprom	◆ The Company carried out work with the Urals branch of the Russian Academy of Sciences: a bioculture capable of processing phthalates was isolated from the plant's effluents. From July to November 2020, the amount of biomass was increased at the plant to meet the current needs of the aeration tank. The stability of the culture was verified during planned shutdowns of the dioctyl terephthalate production facility in November 2020.	◆ Efficient processing of phthalates ◆ Identification of microorganism strains that make it possible to process wastewater with the same efficiency as before the wastewater is supplied from the dioctyl terephthalate production facility
POLIEF	◆ Replacement of reagents in the physical and chemical treatment unit; ◆ Increase in the efficiency of anaerobic bioreactors; ◆ Restoration of an ozonation unit at the water treatment plant; ◆ Restoration and commissioning of a bromide wastewater evaporation unit at the vacuum evaporation plant; ◆ Restoration and commissioning of an acetaldehyde water treatment unit at the wastewater incineration plant.	◆ Reduction in the mass of pollutants in wastewater treated to standard quality by 65 tons (main substances—COD, suspended solids, nitrites, nitrates and ammonium ion)
Tomskneftekhim	◆ Monitoring of the effluent pumping levels and rate in the monomer production unit; ◆ Maintenance of the effluent level in the stormwater reservoir to dilute chemically contaminated effluents; ◆ Deep cleaning of receiving chambers, oil traps and underground utilities; ◆ Draining of the upper contaminated layer of hydrocarbons from the chemically contaminated drainage bunkers of the monomer production unit and its transfer for disposal; ◆ Maintenance of the dosage of dimethyl disulfide in the pyrolysis furnace at a minimum level; ◆ Maintenance of the minimum volume of sulfur and alkaline effluents.	◆ Reduction in pollutant discharges in the facility's wastewater in the centralized sewerage network system by 1.39 million tons
Krasnoyarsk Synthetic Rubbers Plant	◆ Replacement of butadiene washing towers; ◆ Modernization of the nitrile water supply circuit for vacuum water ring pumps.	◆ Reduction of pollutants in effluents by 90 tons (main pollutants: oil products, phenols, suspended solids, surfactants and non-surfactants)
SiburTyumenGaz	◆ Installation of an ultrafiltration unit to improve the quality of wastewater treatment at the Yuzhno-Balyk Gas Processing Plant.	◆ Reduction of pollutants in effluents by 80 tons

INSTALLATION OF NEW LTF AT SIBUR-KSTOVO

In 2020, SIBUR-Kstovo wrapped up construction and installation work that had begun in 2019 and started commissioning new LTF.

The LTF will collect and treat wastewater from the production of ethylene, propylene and benzene. As a result, the plant will have an efficient multi-stage system to treat industrial wastewater, which will undergo sequential mechanical, physical, chemical, biological and additional treatment.

The capacity of the LTF is determined taking into account the development of production and amounts to 272 m^3/h. In addition, the LTF will reduce the impact on the atmosphere by 64% due to a decrease in the area of the oil collector reflector.

In 2020, the Company developed promising technologies and continued implementing long-term projects for the responsible treatment of water resources. In particular, ZapSibNeftekhim conducted operational and commissioning tests on two wastewater outlets from the electric heat and steam generation facility to fully eliminate wastewater in 2021. SIBUR-Kstovo completed construction on local treatment facilities (LTF) and began working on commissioning equipment.

EXTERNAL RECOGNITION OF ZAPSIBNEFTEKHIM'S WATER RESOURCES PROTECTION SYSTEM

ZapSibNeftekhim won the "Best Environmental Project of the Year" category during the presentation of the inaugural Chemistry Complex Business Index Award at the Chemical Industry in Details Forum, which took place in late 2020 with the support of the Russian Ministry of Industry and Trade.

The panel of judges at the competition offered high praise for the water resources protection system that has been introduced at SIBUR's Tobolsk plant. The water used in production, which is primarily for cooling equipment and products, is purified and repeatedly reused in the manufacturing process. This significantly reduces the consumption of clean river water, and no cooling water is discharged into reservoirs. The plant uses modern technologies to purify industrial and domestic water, including an evaporation unit for salt-containing effluents.

Thanks to the use of various technologies, ZapSibNeftekhim purified and recycled 6 million cubic meters of water in 2020.

CONTROL AND MONITORING

GRI 303-2

SIBUR's production facilities discharge wastewater within the limits that have been set in accordance with discharge permits and resolutions on the provision of water bodies for use. When calculating wastewater discharge limits, the background concentrations of pollutants in water bodies are taken into account in accordance with Russian legislation.

The frequency of monitoring is determined based on approved schedules concerning pollutant content in wastewater and water bodies using instrumental methods with the involvement of in-house and third-party accredited laboratories and also using computational methods (in accordance with the methods for pollutants approved in the Russian Federation). Additional control is also carried out if there is a need for the increased monitoring of the conditions of wastewater or water bodies.

In 2020, SIBUR facilities were found to have exceeded the limits for wastewater discharge six times. If the concentration of pollutants is exceeded or there are negative trends in pollutant indicators, the manufacturing processes are adjusted, and the quality of wastewater is reanalyzed. In addition, all the Company's divisions that are affected by this are informed.

CASES WHERE THE STANDARDS WERE EXCEEDED FOR DISCHARGES OF POLLUTANTS IN WASTEWATER

PRODUCTION FACILITY	DESCRIPTION OF HOW DISCHARGE STANDARDS WERE EXCEEDED	MEASURES TO ENSURE COMPLIANCE OF WASTEWATER WITH STANDARDS
Voronezhsintezkauchuk[1]	◆ Certain pollutants exceeded the specified standards for pollutants in wastewater when discharged into a surface water body after treatment.[1]	◆ Repair of the first biotank's aeration system; ◆ Replacement of the immobilization loading in one biotank; ◆ Replacement of a pipeline section and replacement of infeed and valves at the post-treatment unit.
POLIEF	◆ The maximum permissible concentration of permitted discharges in the water treated to standard quality were exceeded.	◆ The South Ural Department of the Federal Service for Supervision of Natural Resources in the Republic of Bashkortostan approved a plan to gradually reduce discharges to the permissible standards over the period from 2020 to 2023; ◆ A permit was granted to discharge wastewater within the specified limits.
Tomskneftekhim	◆ The standards were exceeded due to the ingress of pollutants from the sulfur and alkaline wastewater unit of the monomer production facility into the sewerage system.	◆ Construction of LTFs.
«ZapSibNeftekhim»	◆ The permissible concentrations of discharge standards were exceeded, but within the limits for the concentration of temporarily agreed discharge: aluminum, iron and copper.	◆ In 2019, a plan to gradually reduce discharges to the permissible standards over the period from 2019 to 2023 was updated and approved by the North Ural Department of the Federal Service for Supervision of Natural Resources; ◆ Measures are being implemented in accordance with the specified deadlines; ◆ A permit was granted to discharge wastewater within the specified limits; ◆ A 'zero discharge' initiative (excluding water discharges into water bodies) has been planned and is being implemented as part of the facility's master plan.

[1] Identified by the Voronezh Interdistrict Environmental Prosecutor's Office during a scheduled inspection.

GRI 306-3 (2016)

There were no industrial effluent spills in 2020.

Metrics and Targets

The goals of reducing specific water consumption and the specific weight of pollutants in wastewater are enshrined in SIBUR's 2025 Sustainability Strategy.

Specific water consumption changed in 2020 due to a reduction in water losses resulting from the replacement of communication systems, operational tests on the reuse of effluents at ZapSibNeftekhim as well as a decrease in drinking water consumption due to a large number of employees working remotely.

GOAL

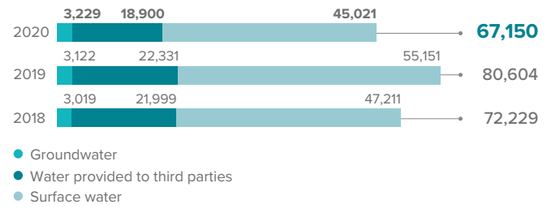
	Target for 2025	Target for 2020	Actual value 2020	Discrepancy vs. the 2020 target
Reduce specific water consumption by at least 5%	1.40	1.70	1.45	▼ 14.7%
Reduce the specific weight of pollutants in wastewater by 40%	0.47	0.69	0.65	▼ 5.8%

GRI 303-3

A total of 67,150,000 m^3 of water was withdrawn in 2020, of which 67% came from surface water bodies, 28% was provided by third parties and 5% came from underground wells. Total water intake decreased by 17% compared with the previous year. There were no leaks of withdrawn water.

In 2020, the share of recycled water at the Company was 0.97%. Water consumption amounted to 1.8 million cubic meters in resupply systems and 1.9 billion cubic meters in recycling water supply systems.

TOTAL WATER INTAKE FOR THE COMPANY'S NEEDS, thousand m^3



GRI 303-4

SIBUR reduced the volume of wastewater discharges to 31,577,000 cubic meters in 2020 (a 45% decrease compared with 2019). The volume of pollutants in the effluents of SIBUR production facilities in four key positions (COD, BOD, phosphorous compounds, and oil and petroleum products) remains within the maximum permissible levels of concentration, which increased in 2020 compared with the previous year due to higher production capacity as well as repair work and reconstruction.

SIBUR reduced wastewater discharges by

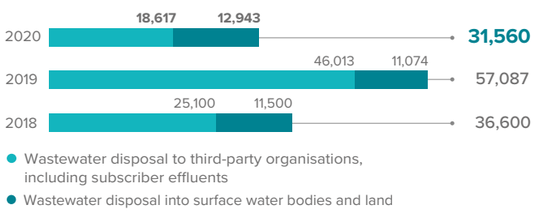
▼45%

compared with 2019

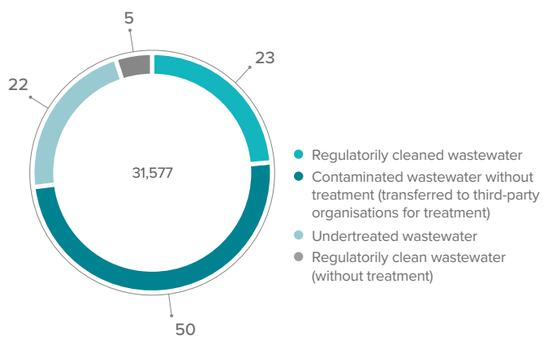
GRI 306-1 (2016)

Insufficiently purified water is prevalent in wastewater due to the fact that most of the wastewater from production facilities is diverted after primary treatment at LTF to third-party specialized organizations for standard treatment.

TOTAL WASTEWATER DISPOSAL BY PURPOSE, thousand m³



WASTEWATER VOLUME IN 2020 BY TREATMENT TYPE, %



Goals for 2021

- Reduce the Company's **specific water consumption** to 1.4 cubic meters per ton of products;
- Launch **a project to return treated wastewater** to the water circulation cycle at SIBUR-Khimprom;
- Complete **construction on treatment facilities** at Tomskneftekhim and SIBUR-Kstovo;
- Complete **a feasibility study on technical solutions** for the reconstruction of treatment facilities to determine the configuration of treatment facilities at POLIEF;
- Optimize **the water circulation system** for electric heat and steam generation (excluding discharges through two water outlets at the electric heat and steam generation facility) at ZapSibNeftekhim;
- Optimize **the operation of Recycling Water** Supply Unit 1 (acidification of recycled water) in 2021 and Recycling Water Supply Unit 2 at SIBUR-Khimprom in 2022;
- Increase **the efficiency of biological treatment** by repairing the aeration system and replacing the immobilization loading in three out of five biotanks at Voronezhsintezkauchuk;
- Conduct **an energy survey** of Voronezhsintezkauchuk in order to optimize water consumption and water disposal flows and to resolve closed water circulation;
- Study the idea of **involving surface runoff** in the water balance of Tomskneftekhim;
- Study ideas on how to implement the projects of SiburTyumenGaz for the **reconstruction of sewage treatment facilities** at the Belozerny GPP (feasibility study) and the industrial storm sewage system at the Nizhnevartovsk GPP (feasibility study);
- Study the idea of an **investment project involving the modernization of the sewage pumping station** (preparation of a feasibility study for the configuration of the water supply/sewerage system) at Krasnoyarsk Synthetic Rubbers Plant.

Waste Management

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS

MATERIAL TOPIC:
- Waste management

SIBUR takes responsibility for its environmental footprint. The Company introduces effective solutions to minimize and recycle industrial waste in order to reduce the burden on the environment and enhance business efficiency.

"Environmental protection is one of the Company's top priorities. In addition to the seasonal monitoring of noise exposure and pollutants at the control points of the sanitary protection zones of SIBUR enterprises, we are working to reduce the volume of waste disposal, for example, by converting it into secondary resources such as spent zeolite."

Nikolay SHAMRAY
Head of the Occupational and Industrial Safety and Environmental Protection Department of SiburTyumenGaz

2020 Goals and Results

Goal: Continue implementing the Operation Clean Sweep (OCS) initiative (the Sustainable Development Strategy aims to minimize the release of plastic particles into the environment from manufacturing facilities)

In 2020, the Company prevented the release of 15,300 tons of polymer particles into the environment. Of that amount, 45% of them were sold, 53% were returned to production and the remaining 2% were properly disposed.

Goal: Recycle at least 35% of all waste generated

The share of recycled waste in the total mass of waste generated increased from 32% in 2019 to 40% in 2020.

Goal: Enter into at least one international partnership and play an active role in initiatives aimed at the responsible handling of polymer waste

SIBUR joined the international project CEFLEX, which brings together companies from the value chain to achieve the common goal of increasing the collection and recycling of flexible packaging by 2025.

Strategy and Risk Management

In 2020, SIBUR drafted and adopted a **Strategy for Emissions, Waste and Water Resources Management,**[1] which encompasses the activities of all the Company's production facilities.

GOALS FOR WASTE MANAGEMENT AS PART OF SIBUR'S SUSTAINABLE DEVELOPMENT STRATEGY UNTIL 2025

- Minimize the release of plastic particles into the environment from manufacturing facilities as part of the OCS initiative;
- Recycle at least 50% of all waste generated;
- Enter into at least two international partnerships and play an active role in initiatives aimed at the responsible handling of polymer waste.

MAIN FOCUSES OF WASTE MANAGEMENT

- Initiatives to reduce and prevent waste generation;
- Initiatives to increase the share of recycled waste;
- Improvements to the separate collection system: gradual elimination of the placement of waste containing useful components in landfills.

[1] The Strategy for Emissions, Waste and Water Resources Management is an internal document of SIBUR, which means that it has not been published in the public domain. The Strategy for Emissions, Waste and Water Resources Management is a separate document from SIBUR's Integrated Environmental Programmes.

The Company transfers part of its waste to specialized licensed organizations that neutralize, recycle and dispose of it at specially equipped landfills in accordance with legislative requirements. SIBUR disposes of the rest of the waste at its own landfills or sends it to be recycled or processed as by-products.

GRI 306-1 (2020), 306-2 (2020)

Most of the Company's waste is generated by hazard class IV and V waste (low-hazard and virtually non-hazardous waste). The Company generated 52,100 tons of waste in 2020, down by 18% from 2019. The reduction in waste generation is mainly due to the sale of SIBUR Togliatti assets, a decrease in the volume of construction and repair work due to COVID-19 restrictions, the rotational and remote operation of production facilities and the conversion of waste into by-products.

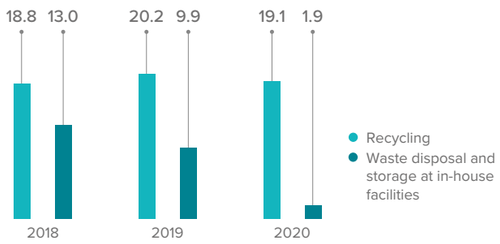
In 2020, the Company generated 52,100 tons of waste, down by

18%

from 2019

GRI 306-4 (2020)

REUSE AND DISPOSAL OF WASTE, '000 tonnes



GRI 306-3 (2020)

WASTE GENERATION, '000 tons

A total of 18,900 tons of waste was transferred to third-party organizations for recycling in the reporting year. As a result, the share of recycled waste increased by 8% for the year and amounted to 40% in 2020.[1] This growth is attributable to the use of additional opportunities for the recycling and sale of waste.

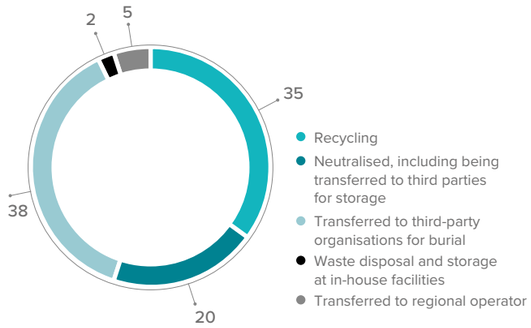
One of these opportunities was provided by the **Reactor Trading Platform**[2] – SIBUR's digital platform for the sale of recyclable materials that conveniently brings together buyers and sellers. Using this platform, the Company's production facilities managed to expand the pool of buyers of industrial waste and contracted more than 400 tons of waste in the reporting year instead of paying for their recycling.

The share of recycled waste increased by 8% in 2020 and amounted to

40%

GRI 306-2 (2016)

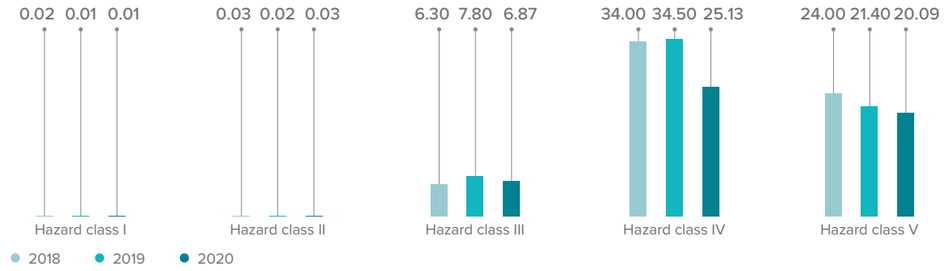
WASTE MANAGEMENT, %



1 For more, see the **'Waste Management Statistics'** Appendix.
2 For more on the Reactor project, see the **'Product Life Cycle Exposure Management'** section.

GRI 306-3 (2020)

WASTE GENERATION BY HAZARD CLASS, '000 tonnes



KEY WASTE TYPES BY CLASS:

- **Class I:** mercury, mercury-quartz and luminescent lamps that have lost their consumer attributes; mercury thermometer waste.
- **Class II:** uninterruptible power supplies; lead batteries with electrolyte; waste mixture of halogen-containing organic substances with chloroform; polybutyl acrylate from equipment stripping; purified terephtalic acid sweepings.
- **Class III:** spent oils, liquid hydrocarbon streams, spent catalysts and oil sludge.
- **Class IV:** sediments and sludge from publicly owned treatment works and water treatment facilities (natural water and wastewater treatment, waste adsorbents and filters, containers, municipal solid waste and sweepings) and contaminated metal.
- **Class V:** sweepings, polyethylene and polyethylene film waste, containers and uncontaminated metal.

Preventing the release of polymer particles into the environment

INTERNATIONAL ENVIRONMENTAL INITIATIVE OCS[1]

OCS is an initiative of the European polymer industry association PlasticsEurope to prevent the release of polymer particles into the environment. As part of the program, more than 500 companies have made a voluntary commitment to prevent polymer particles (microparticles, powder and dust) from being released into the environment and introduce advanced standards for working in warehouses as well as standards to contain polymer particles, which will eliminate their release. The parties to the initiative, which have doubled in number over the past three years, account for about 98% of the European Union's plastic value chain.

1 For more, see **"Membership in Organizations and Associations."**

SIBUR has been a member of the OCS initiative since 2018. The Company identified 11 relevant businesses (15 manufacturing sites) as part of an inventory and has reported annually to PlasticsEurope on its progress since that time:

- In 2018, SIBUR submitted a report on the initiative at three pilot enterprises – SIBUR Tobolsk, SIBUR-PET and SIBUR-Khimprom. As a result of the measures that were taken, the Company **prevented the release of 186 tons of polymer particles into the environment**, of which 86% were returned to the production cycle.
- In 2019, thanks to the efforts of 11 enterprises, SIBUR **prevented the release of 9,400 tons of polymer particles**[1] into the environment, 77% of which were sold, 20% were returned to production and the remaining 3% were properly disposed.
- In 2020, **SIBUR prevented the release of 15,300 tons of polymer particles** into the environment, 45% of which were sold, 53% were returned to production, and the remaining 2% were properly disposed.

Reporting on the progress of SIBUR production facilities is taken into account each year when preparing the pan-European PlasticsEurope report, which is available on the association's website.

Meeting the OCS targets is one of the top priorities in the Company's environmental agenda:

- The requirements of OCS are included in the Integrated Management System Policy;
- An OCS section with a list of measures to be taken, sources of funding and responsible persons is included in the comprehensive environmental programs for 2020–2025 of the relevant production facilities;
- The goal of "minimizing the release of plastic particles into the environment" as part of OCS is included in the Company's 2025 Sustainability Strategy;
- The Company's online course on sustainability includes an OCS training course to get employees, customers and partners involved in implementing the initiative. In 2020, the course was developed and made available on the SIBUR Business Practices platform;
- 11 enterprises continue to monitor potential sites and causes of microplastic spills;
- Finished products are packaged in pallets and bags with embossing, cargo is stabilized during transportation and the scattering of granules is prevented during the transportation of finished products;
- Value chain partners are involved in the OCS initiative. Information on the need to adhere to the policy of preventing the release of polymer particles was included in standard transportation contracts with forwarders.

SIBUR-KHIMPROM: GENERATING ATTENTION AMONG CUSTOMERS FOR THE OCS INITIATIVE

In 2020, when preparing documents to ship a batch of products to customers, SIBUR-Khimprom began attaching informational brochures about OCS to the package of documents. The brochures contained a QR link to guidelines for preventing spills of microplastics in production and logistics and was aimed at raising customers' awareness of the problem of microplastics and engaging them in the initiative.

Separate Waste Collection

As part of the "green office" concept, all SIBUR sites have made arrangements for separate waste collection (SWC) in an effort to maximize the recovery of valuable components and subsequently dispose of them. Separate containers for collecting plastic, paper, cardboard and plastic lids have been installed at administrative and industrial buildings and production facilities as part of the Kind Lids[2] campaign. The materials collected are sent to partner companies for recycling.

All SIBUR sites have separate waste collection

All of the Company's operations continue to gradually **replace mercury lamps with LEDs** in order to reduce the amount of extremely hazardous waste. SIBUR has also organized the separate **collection of rechargeable batteries and mercury lamps**[3] in a sealed certified container, which ensures that waste is secure during collection, handling and transportation. Batteries are also collected in closed (metal) containers installed on a concrete surface.

WASTE MANAGEMENT EFFORTS OF SIBUR PRODUCTION FACILITIES

ZapSibNeftekhim plans to build a R-4/9 reservoir at the P-10 non-recyclable landfill at the **SIBUR Tobolsk** industrial site. The facility will be commissioned after it undergoes another state environmental impact assessment scheduled for 2021, with public hearings on its design documentation.

The plant dries spent catalyst waste from the production of isobutylene and MTBE:

- The commissioning of an R-30 unit to dry spent catalysts from the production of isobutylene and MTBE makes it possible to reduce the cost of the transportation and disposal of waste (saving about RUB 9.8 million per year);
- After the spent catalysts are dried at the R-30 unit (similar to the dry waste fraction), the dewatered sludge water is sold as a by-product.

SIBUR-Khimprom is a Company pioneer in introducing best practices for SWC and management. During the reporting year, the Company implemented the following measures:

- Geotubes were used to dewater sewage sludge when cleaning LTF and storm ponds (reducing the volume of waste from 83-95% and reducing humidity to 60-70%);
- 47 street containers were set up for SWC. The color logistics previously used when equipping the facility's buildings with containers was taken into account when manufacturing them;
- Four radio broadcasts were held on environmental protection initiatives, including on SWC and waste processing;
- Four videos were filmed on waste types for employees to be broadcast on IndorTV;
- The "Properly Separate" competition was prepared and held for the facility's employees on the eco-friendly handling of municipal waste with the participation of the Russian Ministry of Natural Resources. The contestants' videos were submitted to the competition's partner organization to be posted.

Voronezhsintezkauchuk has been installing containers since 2019 to collect and subsequently sell PET bottles. The plant separately collects used helmets to send them to potential consumers to be crushed and processed into raw materials for their own production. The plant also uses QR codes for prompt waste management. Waste transporters receive the corresponding QR codes, which serve as electronic permits to perform activities, thereby enabling them to monitor the movement of waste.

Polief has installed containers to collect and subsequently sell PET bottles. Protective plastic helmets made of polypropylene, which have lost their consumer attributes, are sent for recycling and the manufacturing of polyethylene pipes.

The production facilities of **SiburTyumenGaz** use spent zeolite (converted into a secondary resource) to fill on-site roads and also sell it as products to third-party consumers.

Krasnoyarsk Synthetic Rubbers Plant conducted an analysis to compare the volume of MSW accumulation in different parts of the plant and the number of containers located there. Based on the analysis, the number of containers was reduced and some of the containers were redistributed throughout the plant.

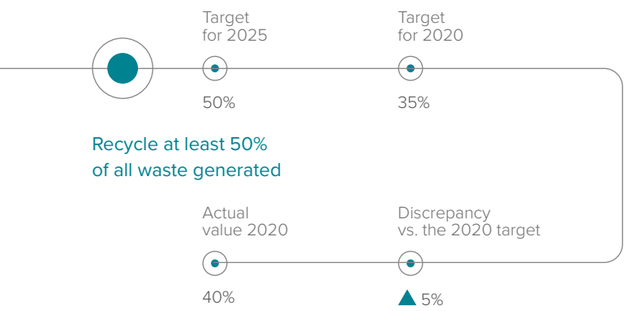
1 Excluding SIBUR-Togliatti, which was divested in 2019.
2 The project to raise funds from the supply of lids to a plastic processing plant was implemented in cooperation with the Kind Lids campaign and the Volunteers to Help Orphans Charitable Foundation.
3 In accordance with Resolution No. 681 of the Russian Government dated 3 September 2010.

Tomskneftekhim has implemented a project to collect and transfer the upper contaminated layer of hydrocarbons from oil traps to LLC Ekologiya Tepla (Heat Ecology) for disposal. As a result, the volume of sludge generated from cleaning the containers, which are decontaminated by a specialized organization, decreased by 34.64 tons. The plant also uses interactive containers for SWC of plastic waste and Boxy containers to collect batteries.

SIBUR-Neftekhim sold 10 tons of ion-exchange resin after using it in a cycle water purification unit instead of shipping it off to be neutralized. The Company also increased sales of by-products from industrial wastewater treatment, acrylic acid and esters production. This led to a 420-ton reduction in waste shipped off for burial.

Metrics and Targets

GOAL



The Company prevented the release of

15,300 TONS

of polymer particles into the environment

The recycling rate of waste generated exceeded the target for 2020 as well as the value of 2019 and the baseline period (2018) primarily as a result of a decrease in the volume of non-recyclable waste in the total mass of waste generated and the recycling of an unscheduled amount of waste at ZapSibNeftekhim.

Goals for 2021

In 2021, the Company will continue implementing the roadmap for the Enterprise Waste Management Strategy and the Sustainable Development Strategy until 2025. Increasing the share of waste recycling to 45%. To achieve this goal, the Company will continue supporting current initiatives (scaling the Reactor project and SWC measures), and will also launch several new ones:

- Launch of a project to **recycle collected PET bottles** at SIBUR-PET;
- **Production of paving slabs** from polymer waste during improvements to the territory of SIBUR-PET;
- Scaling of measures to **minimize the release of plastic particles into the environment** from production as part of the OCS initiative.

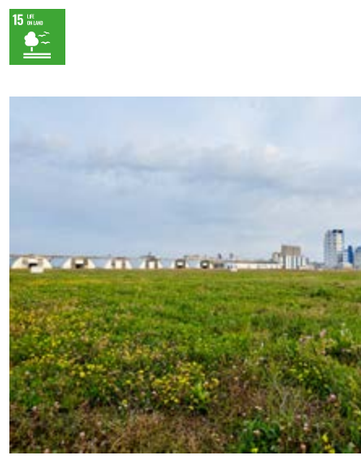
Environmental Protection Initiatives

Preventing a negative environmental impact, maintaining biodiversity and compensating for possible environmental damage are fundamental principles for SIBUR. The Company monitors the environmental impact of its enterprises, implements environmental initiatives, and fosters a culture of treating nature with common sense and care among its stakeholders. Many of the Company's environmental projects are implemented as part of its Formula for Good Deeds (FGD)[1] programme.

GRI **102-43, 413-1**

SIBUR works actively with all stakeholders on environmental issues. The Company provides feedback on inquiries about its enterprises' environmental impact, distributes the results of environmental studies of its production sites, and conducts introductory tours and visits to its production sites.

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS



Environmental Protection Investments

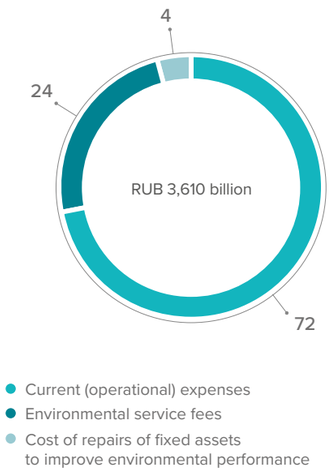
SIBUR aims to improve its environmental performance, hence it invests in environmental initiatives and makes capital investments in creating an energy efficient and environmentally friendly production infrastructure.

In 2020, SIBUR's expenditures on environmental protection came to RUB 3.6 billion. Fixed capital investments in environmental protection and sustainable natural resource usage (such as upgrading production facilities, commissioning environmentally friendly equipment and implementing energy efficient technologies) came to RUB 6.6 billion.

RUB 3.6 BILLION
operating expenditure on environmental protection

RUB 6.6 BILLION
fixed capital investments

EXPENDITURES ON ENVIRONMENTAL PROTECTION IN 2020, %



[1] See the FGD programme page for more details.

In 2020, SIBUR implemented numerous environmental protection measures at its production sites. Among the key results of SIBUR's work to create an integrated environmentally friendly infrastructure at its enterprises were the following:

ENTERPRISE	MEASURES
Sibur-Neftekhim	◆ Financing within the framework of current activities: operational needs, paying for environmental services and repairing fixed assets.
Tomskneftekhim	◆ Constructing local wastewater treatment facilities (WTFs) for decontaminating industrial wastewater from ethylene and propylene production.
POLIEF	◆ Designing a vertical structure storage reservoir, implementing a modern leakage control and process management system. ◆ Other water management and protection works, including determining acute, chronic toxicity, microbiological indicators in treated wastewater and surface water, as well as obtaining specialized information on the Belaya River's morphological characteristics. ◆ Implementing the project entitled Increasing the Performance of Existing PET Production to 4 Tons per Hour Using Recycled Polymer: adding up to 4 tons per hour of recycled PET to current primary PET production to produce 144,500 tons per year of pellets containing up to 23.5% secondary polymer. ◆ Initiating a project to reduce natural gas consumption by using flue gas heat (recuperative heat exchanger).[1] ◆ Initiating a project to return storm water to an open working cycle and water treatment installation.[2] ◆ Measures to acidify make-up water to increase the evaporation coefficient and reduce blowdowns and water intake.[3]
Voronezhsintezkauchuk	◆ Bringing waste-heat boilers for polluted air with steam generation into industrial operation. ◆ Installing LED lights and lamps to replace mercury-containing ones under the Smart Lighting project.
SIBUR-Kstovo	◆ Completing construction and installation of local WTFs, starting the commissioning process. ◆ Implementing a closed flare system project: holding public hearings for the design documentation, during which the state environmental expert review (SEER) returned a positive conclusion.

ACTIVITIES COMING UNDER THE ENVIRONMENTAL PROTECTION INVESTMENT PLANNED FOR 2021:

ENTERPRISE	MEASURES
Voronezhsintezkauchuk	◆ Completing the lighting system modernisation project, doing away with mercury lamps (class I hazard waste).
SIBUR-Khimprom	◆ Developing and implementing energy management measures: includes technical re-equipment of steam condensate systems and thermal insulation of rectification columns; ◆ Disposing of waste via the Reactor platform; ◆ Promoting the separate waste collection project and continuing to popularise the practice among staff.
Polief	◆ Continuing to implement the project entitled Increasing the Performance of Existing PET Production to 4 Tons per Hour Using Recycled Polymer.

1 The project will be implemented during the production shutdown (2022).
2 The event will be implemented within the framework of the integrated project entitled Increasing JSC Polief's Water Consumption Efficiency, the goal of which is to return at least 70% of water to the production process (2024).
3 Due to the coronavirus pandemic, the implementation date was changed, and the event will take place after the WTF reconstruction project is implemented.

ENTERPRISE	MEASURES
Tomskneftekhim	◆ Installing a turbine generator at the monomer plant to reduce indirect greenhouse gases (GHGs).
ZapSibNeftekhim	◆ Completing construction and commissioning of the sludge thermal treatment unit at the industrial water and wastewater neutralisation and purification division; ◆ Designing an ultrafiltration unit for the WTF complex.

Environmental Awareness

SIBUR is working not only to create an environmentally friendly production infrastructure, but also to foster a culture of responsibility towards the environment within the Company and among the public. Much of this effort goes into implementing environmental awareness initiatives. To achieve its goals, SIBUR:

- Analyses social topics to draw up a list of the most pressing issues;
- Conducts regular public opinion polls and sociological research;
- Arranges visits to its enterprises for a wide audience (including clients, students and the media);
- Hosts lectures, conferences and webinars for employees and other events on relevant environmental topics;
- Liaises with environmental scientific communities and social movements.

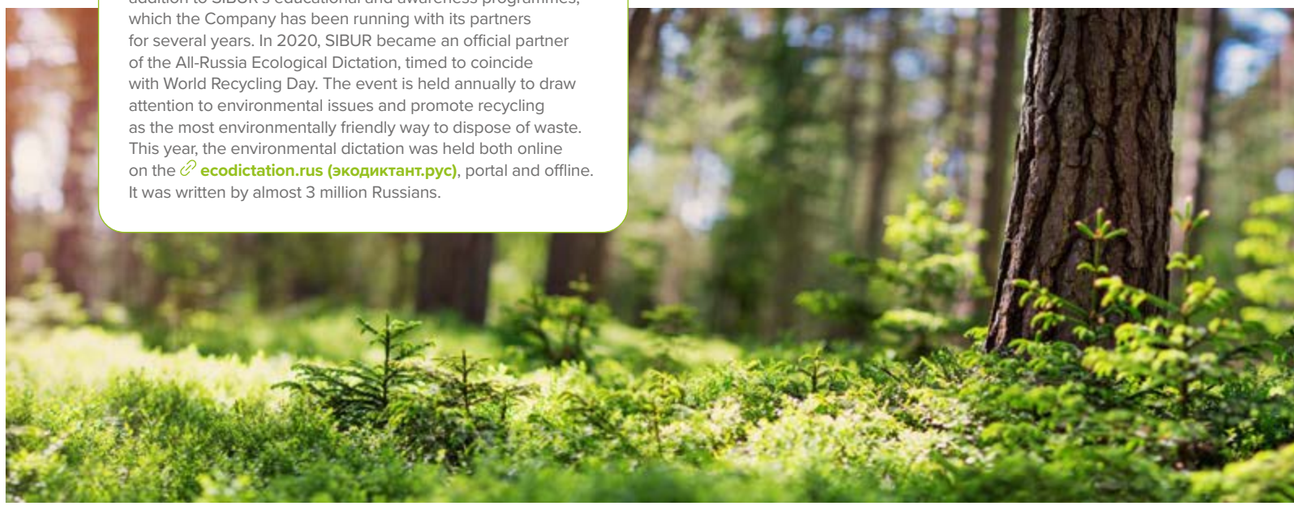
SIBUR's awareness projects involve professionals from various fields, such as corporate communications (including ESG communications), interaction with government bodies and personnel management, as well as OHSE staff.

In 2020, the Company independently initiated and participated in special events to raise public awareness of environmental issues and possible ways to solve them.

Initiatives to increase environmental transparency and promote responsible consumption were implemented at its enterprises: public measurements of ambient air quality near SIBUR's enterprises, developing the Second Life of Plastic project, online environmental **YouTube** sessions held jointly with regional authorities, experts, invited media and bloggers, and students and teachers from local educational institutions.

SIBUR BECOMES AN OFFICIAL PARTNER OF THE ALL-RUSSIA ECOLOGICAL DICTATION

The All-Russia Ecological Dictation has become a natural addition to SIBUR's educational and awareness programmes, which the Company has been running with its partners for several years. In 2020, SIBUR became an official partner of the All-Russia Ecological Dictation, timed to coincide with World Recycling Day. The event is held annually to draw attention to environmental issues and promote recycling as the most environmentally friendly way to dispose of waste. This year, the environmental dictation was held both online on the **ecodictation.rus (экодиктант.рус)**, portal and offline. It was written by almost 3 million Russians.



SIBUR communicates the idea of sustainable natural resource consumption via its online channels. During the year, the Company worked with experts to prepare materials on the Zero Waste theme and published information about its environmental projects on social media and the CLICK internal business network.

SIBUR'S SECOND LIFE OF PLASTIC PROJECT WINS THE NATIONAL ROUND OF THE MEDIATEK-2020 AWARD

In the reporting year, SIBUR's Second Life of Plastic project was named as the best corporate environmental practice in the Social and Environmental Initiative category among the Press Services of National and Interregional Fuel and Energy Complex (FEC) Companies group in the MediaTEK-2020 award.

SIBUR's comprehensive large-scale communications campaign reached over 80 million people. Using a variety of educational and game-based initiatives, SIBUR raised awareness of the separate collection and recycling of plastic waste among various target audiences. Activities aimed at both internal and external Company stakeholders contributed significantly to creating a culture of sensible and sustainable use of plastic.

In 2020, a series of game-based activities was developed for families and teachers in self-isolation. The programme includes a series of quests, intellectual games and environmental marathons, as well as practical and research assignments during which both children and adults learn how to sort waste properly. All materials are publicly available on the project's website.

SIBUR SUPPORTS THE ECOROBOTS CREATIVE PROJECT COMPETITION IN KSTOVO

In 2020, as part of the FGD social investment programme, SIBUR awarded a grant to the Intellect training centre in Kstovo to stage the Ecorobots creative project competition. The project aimed to raise awareness among the younger generation and their families of the need to protect the environment and ways to tackle environmental issues, including using robotic engineering models.

Schoolchildren from grades 1–11 from Kstovo and the Kstovo Region participated in the competition. The children presented their robotics models, which in the future may become real tools for addressing environmental issues.

SIBUR AND THE MOSCOW DESIGN MUSEUM ORGANIZE THE JOINT FANTASTIC PLASTIC EXHIBITION

In 2020, as part of the FGD programme, SIBUR partnered with the Fantastic Plastic exhibition organised by the Moscow Design Museum in the New Tretyakov Gallery's exhibition area.

The exhibition's primary goal was to show that the main environmental damage is caused not by plastic itself, but by its unsustainable use and improper disposal. Using real examples, the exhibition organisers aim to highlight the role of recycling and reusing materials in solving global environmental problems. More than 40 Russian and foreign designers participated in the exhibition, preparing creative objects from recycled and reused plastic.

During the year, SIBUR hosted several regional initiatives at its enterprises to promote sustainable waste management. These included Sibur-PETF hosting the Recycle Fest 2020 festival, a competition in which employees' children made handicrafts from waste materials. In Dzerzhinsk and Tobolsk, as part of the FGD programme, the Company launched the Recycling Workshop, an environmental project that teaches young people about polymer recycling in an entertaining way. The project ran a creative competition and a series of masterclasses on recycling plastic products. Environmental experts were invited to speak, and taught the children about the concept of a circular economy as well as the importance of separate waste collection (SWC) and recycling materials. SIBUR also continues to participate in the Kind Lids programme.

ENVIRONMENTAL AWARENESS EVENTS PLANNED FOR 2021:

ENTERPRISES	EVENTS
All SIBUR employees	◆ Consumer Inspection eco-marathon. This three-month marathon will help SIBUR employees dive deeper into the Company's environmental agenda, do away with stereotypes and learn to consume responsibly in their personal lives. ◆ SIBUR Without Paper communication campaign.
BIAXPLEN	◆ OHSE committees work concerning SWC for employees and contractors.
Sibur-Khimprom	◆ Organizing public air quality measurements for various stakeholders, online or broadcast via YouTube.
Sibur-PETF	◆ Developing a regional map of thought leaders. ◆ Conducting lessons with schoolchildren on the Second Life of Plastic. ◆ Implementing the collaborative project entitled Environmental and Waste Management Awareness for Children and Young People.
POLIEF	◆ Giving lessons on the environment including demonstrations by mobile automated environmental control laboratories (MAECL) at general educational institutions in Blagoveshchensk and Ilino-Polyana. ◆ Implementing the Second Life of Plastic educational project at general education institutions in Blagoveshchensk.
Tomskneftekhim	◆ Implementing projects within the FGD programme. ◆ Assisting municipal and regional environmental greening campaigns. ◆ Creating a database of materials and press releases about SIBUR enterprises' environmental protection activities. ◆ Participating in environmentally themed competitions organised by local authorities; ◆ Resuming introductory visits to enterprises if the epidemic situation allows. Conducting online events while restrictions to counter the spread of coronavirus remain in place.
Krasnoyarsk Synthetic Rubber Plant (KSRP)	◆ Giving environmental lessons at schools. ◆ Organizing tours of the enterprise.
SiburTyumenGaz	◆ Implementing projects under the FGD programme. ◆ Assisting with municipal and regional environmental greening campaigns. ◆ Creating a database of materials and press releases about SIBUR enterprises' environmental protection activities.

ENTERPRISES	EVENTS
ZapSibNeftekhim	◆ Implementing the Green City programme. ◆ Conducting ZapSibNeftekhim Community Councils. ◆ Implementing environmental projects such as the ECO-trail, SIBUR's Kind Neighbors, Lapwing Territory, Nighttime SIBUR, Ecopoints, #ISave and Tobolsk Forest. ◆ Implementing the Greener Together project. ◆ Implementing the Granule of SIBUR project. ◆ Conducting scientific research entitled Assessing the Number of Siberian Sturgeon and the Effectiveness of Measures to Restore Aquatic Biological Resources. ◆ Conducting scientific research to monitor flora and fauna around industrial sites. ◆ Implementing the methane fuel vehicle initiative. ◆ Implementing the Green Milestone initiative. ◆ Organizing in-house seminars on changes to environmental legislation. ◆ Giving environmental lessons to schoolchildren in the region. ◆ Implementing the project to improve the area opposite the Church of Peter and Paul and to create a square. ◆ Implementing the Recycling Workshop project based at the Quantorium-Tobolsk Children's Technology Park. ◆ Helping to develop industrial tourism at the complex.

Training Company Employees

SIBUR places great importance on environmental awareness within the Company, and stages various informative events for employees. SIBUR organises internal educational projects both in-house and with contributions from external experts; these take the form of seminars, lectures, online courses, roundtables, training and eco-marathons. In 2020, the coronavirus situation meant that SIBUR's environmental training for employees and partners was done mainly online.

The main events held in 2020 included:

- Large-scale training on Sustainable Development was arranged for employees at all enterprises;
- New employees at Voronezhsintezkauchuk underwent online training on Environmental Waste Management Safety and Environmental Protection;
- At BIAXPLEN, some employees were given online environmental training;
- Sibur-Khimprom employees were given Waste Management training;
- A number of POLIEF employees were trained under the programmes entitled Ensuring Environmental Safety by Managers and Specialists of General Management Systems, as well as Ensuring Environmental Safety When Handling I–IV Class Hazardous Waste;
- At ZapSibNeftekhim, a range of educational activities were conducted, including qualification training to work with I–IV class hazardous waste, and the programmes entitled Ensuring Environmental Safety by Managers and Specialists of Environmental Services and Control Systems, as well as Ensuring Environmental Safety by managers and Specialists of General Management Systems;
- Tomskneftekhim conducted Environmental Safety training for managers;
- The SIBUR-Kstovo enterprise ran a professional development programme on Ensuring Environmental Safety When Handling Hazardous Waste, as well as Waste Management Handling and Strategy training for OHS officials and trade union leaders;
- SiburTyumenGaz workers were trained in Ensuring Environmental Safety When Handling I–IV Class Hazardous Waste, Ensuring Environmental Safety by Managers and Specialists of Environmental Services and Control Systems, and Ensuring Environmental safety by Managers and Specialists of General Management Systems.

Biodiversity conservation

As part of its Sustainable Development Strategy to 2025, the Company aims to launch at least three long-term Environmental Protection projects to conserve biodiversity, under the FGD programme. To achieve this, in the reporting year SIBUR began developing a Biodiversity Conservation Strategy to 2025.

GRI 304-1, 304-4

SIBUR's production sites are not located in specially protected natural areas (SPNR) or in areas of high biodiversity value outside SPNRs. No animal or plant species listed in the International Union for the Conservation of Nature and Natural Resources' (IUCN) red list or the national protected species list found in the areas where enterprises operate. Nonetheless, the Company assists social and environmental organisations in the regions where it operates in supporting the existence of various flora and fauna species. Many projects are implemented under the environmental component of the comprehensive **FGD programme**.[1]

ZapSibNeftekhim's industrial area is located close to the Abalak Natural History Complex, a regionally significant SNPR; nonetheless, the most vulnerable plant groups in the terrestrial ecosystem are located far (about 20-30 km) from the enterprise. The part of the SNPR closest to the complex (about 2.5 km from the enterprise's border) is a recreational zone.

GRI 304-2

Environmental pollution from ZapSibNeftekhim's production facility operations is within the maximum concentration limit (MCL). The enterprise has developed documentation for implementing compensatory measures: an environmental and social action plan (April 2014) and an action plan for preserving biodiversity (March 2019) for the ZapSibNeftekhim project.

[1] See Contributing to **Local Community Development** for more information.

GRI 304-3

In 2020, SIBUR organised several greening initiatives in the regions where it operates. As part of the Hurry While the Candle's Burning initiative, organised by Sibur-PETF to preserve the memory of the events of the Great Patriotic War among the younger generation, volunteers held a working Saturday and planted saplings and shrubs at a paediatric social rehabilitation centre in Tver. In Blagoveshchensk, SIBUR volunteers planted 30 fir trees as part of the Green Bashkiria campaign.

Other major greening initiatives in the regions where the Company operates in 2020 included:

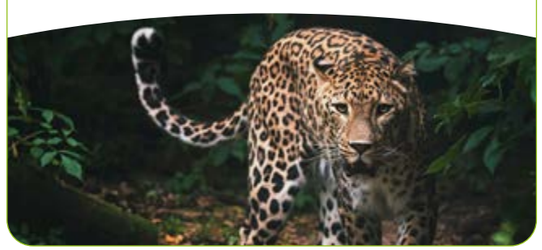
- Within Formula for Good Deeds programme with the participation of Inhabited Urals Charity Foundation for Environmental Awareness and Sibur-Khimprom volunteers the Green Shield project has been implemented, which involved planting 100 large trees of valuable species, creating an organic barrier between residential areas and the Ostentsovskiy industrial hub.
- ZapSibNeftekhim continued agrotechnical maintenance of forest plantations on an area covering 166 hectares.
- SiburTyumenGaz volunteers planted 70,833 seedlings in the Nefteyugansk forestry area covering 36,651 hectares, and greened the embankment in Nizhnevartovsk by planting 120 lilac bushes.
- ZapSibNeftekhim volunteers carried out a tree planting campaign, planting 3,000 pine seedlings in the Tobolsk Region and 100 seedlings in Tobolsk.

SIBUR pays particular attention to wastewater discharges into natural sites and biodiversity in natural waterbodies. The Company closely monitors discharge volumes within established regulatory limits, the level of which ensures that the waterbodies' biodiversity is not damaged. Detailed information is available in the Water Consumption and Wastewater Discharge section.[1]

SIBUR HELPS TO CONSERVE THE AMUR LEOPARD POPULATION

The Company is actively involved in the Amur leopard conservation programme. This includes measures to protect the leopard and its habitat, as well as implementing related scientific projects. Joint efforts have led to the Amur leopard population increasing from 30 to 114 individuals since 2011, while its habitat has expanded more than 11-fold to 4,500 square kilometers. Scientists forecast that, if this trend is maintained, the Amur Leopard will be able to be removed from the Red List species in five to seven years' time.

SIBUR is an official custodian of the Amur leopard in the Land of the Leopard national park in the coastal taiga.



SIBUR'S COMPREHENSIVE LAPWING TERRITORY BIRD CONSERVATION PROJECT

In 2019, SIBUR's Tobolsk enterprises initiated the Lapwing Territory project to conserve and maintain the bird population. Since the project was launched, the Company has conducted regular ornithological surveys of the territories, staged ornithology competitions, and hosted educational sessions and other events to support the region's biodiversity.

In 2020, two ornithological surveys were conducted, during which 51 bird species were found and 10 bird's nests identified in the area. And in eight schools in Tobolsk and the Tobolsk Region, SIBUR held open eco-lessons, attended by more than 150 pupils.

In 2020, SIBUR participated in the Eurasian Bird Census, an international flash mob of the ornithological community, aiming to count all birds, including migratory ones, from the Atlantic to the Pacific Ocean. The Company also organised birdwatching and ornithology competitions for schoolchildren, in which pupils from five schools took part. The volunteers counted more than 5,000 birds in total.

[1] See Water Consumption and Wastewater Discharges for more information.

SIBUR SUPPORTS WATERBODY BIODIVERSITY IN THE REGIONS WHERE IT OPERATES

On June 23 2020, SIBUR organised the release of another 10,000 sterlet fry into the Belaya River in Blagoveshchensk. This initiative to increase the fish population and improve the river's biodiversity has become a tradition for SIBUR since it was first implemented in 2015.

In 2020, SIBUR also released 27,700 peled fry into the Tom River and signed an agreement with a local fish farm to grow the fry from 0.5 to 1.5 g in 2021, ensuring greater survival and establishment of individuals.

ZapSibNeftekhim initiated scientific research to assess the number of Siberian sturgeon and monitor the effectiveness of measures to restore biological resources in waterbodies. The work is scheduled to be completed in 2021.

SIBUR COOPERATES WITH THE FOLLOWING ORGANISATIONS TO PROTECT AND RESTORE HABITATS:

ORGANIZATION	EVENTS
Tobolsk Integrated Scientific Station of the Ural Branch of the Russian Academy of Sciences (TISS UB RAS)	◆ Monitoring flora and fauna around the ZapSibNeftekhim site. ◆ Research entitled Assessing the Number of Siberian Sturgeon and the Effectiveness of Measures to Restore Aquatic Biological Resources; ◆ Project entitled Monitoring Flora and Fauna Around the Industrial Site; ◆ Research entitled Specifics of Seasonal Bird Migration Around the ZapSibNeftekhim Complex; ◆ Monitoring and maintaining the eco-trails around the ZapSibNeftekhim site.
Tyumen Region Forestry Department	◆ An agreement to work jointly to conserve and replenish forest resources and to develop the activities of school forestry areas in the region.

Biodiversity conservation activities planned for 2021:

A number of biodiversity conservation activities are planned at SIBUR enterprises in 2021. Sibur-Neftekhim plans to plant 7,000 pine seedlings in Dzerzhinsk, while ZapSibNeftekhim plans to implement the first stage of the Green Milestone project for the integrated greening of production sites and adjacent areas. In spring 2021, SIBUR-Kstovo purchased seedlings and planted them in a designated area.

In 2021, peled fry are to be released into the Tom River, sterlet fry into the Tom and Belaya Rivers, and sturgeon fry into the Ob and Amur Rivers.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE SYSTEM

MATERIAL TOPIC:
- Corporate Governance

“ESG’s strategy is based on three pillars, one of which is G, for Governance (corporate management). This development and management of a system with a decision-making sequence across the whole company, ensures protection of shareholders’ interests, upholds the principles of compliance and severe rejection of unethical practices in business, not only in the company, but with its partners and contractors; this is also a continuous improvement of a system (of corporate management) that focuses on creating additional value for the company. In the last year and a half in the company’s main collective platforms – Committee ESG (Sustainable Development) Management, the Board of directors’ Committee for sustainable development, meetings for the Board of directors – issues about forming the company’s ESG-agendas, the motions for their implementation and development of expertise in the given area are discussed routinely. And such attention on this part of the company is not thanks to time or a “fashionable” idea, but a thoughtful and serious approach, focus on the challenges, in an outside environment, which essentially many of SIBUR’s activities touch upon.”

Marina MEDVEDEVA
member of the Management Board, Managing Director. Business processes. Shared services. Corporate management LLC SIBUR

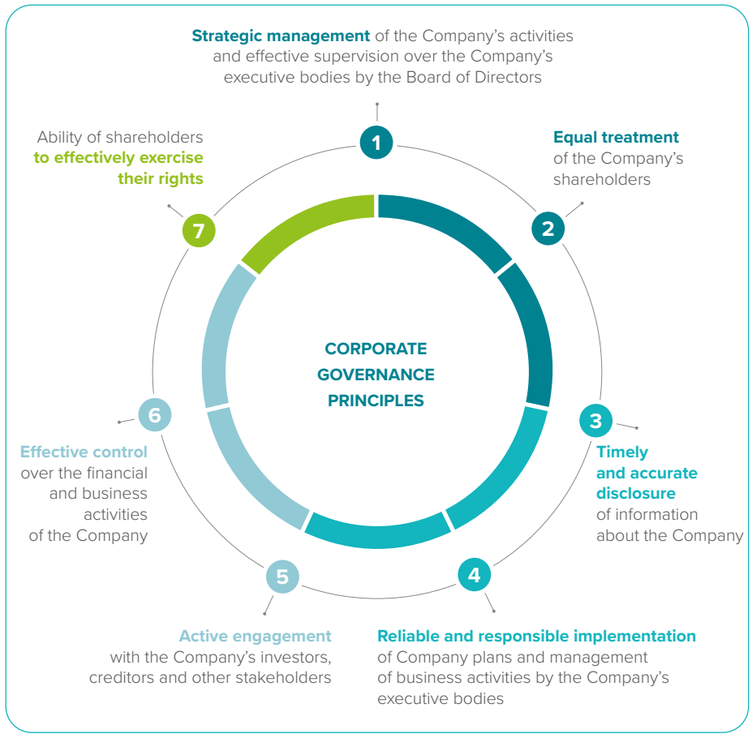
GRI 103-1, 103-2, 103-3

Effective corporate governance, transparency, stringent standards for internal audits and risk management, as well as compliance, all play a critical role in enhancing SIBUR's competitiveness and investment appeal.

The company's corporate governance system ensures transparency and a high level of trust in relations between SIBUR and its shareholders. The corporate governance system also guarantees that the rights and interests of the company's shareholders and investors are protected.

SIBUR's corporate governance system is based on PJSC SIBUR Holding's Code of Corporate Conduct,[1] as well as on the updated version of the Code of Corporate Governance approved by the Board of Directors of the Central Bank of Russia on 21 March 2014. Adhering to the principles of these documents promotes the company's successful and effective work.

PRINCIPLES OF CORPORATE GOVERNANCE

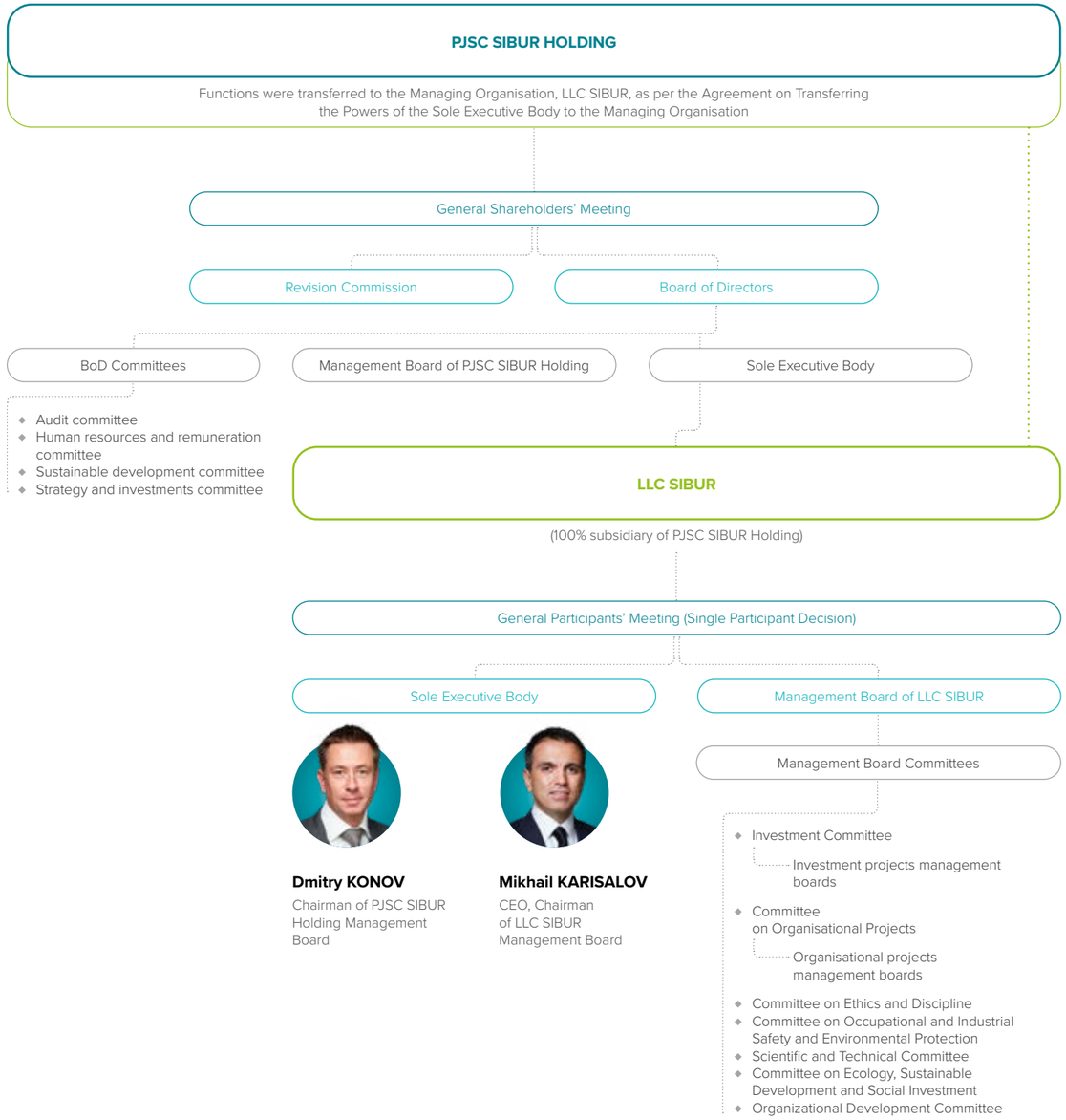


[1] Approved by PJSC SIBUR Holding's Board of Directors on 16 December 2014 (Version No. 5)

Corporate governance structure

GRI 102-18

CORPORATE GOVERNANCE STRUCTURE



Dmitry KONOV
Chairman of PJSC SIBUR Holding Management Board

Mikhail KARISALOV
CEO, Chairman of LLC SIBUR Management Board

The General Shareholders' Meeting, the Board of Directors, the Management Board, the Sole Executive Body, and the Revision Commission comprise SIBUR's management structure.

GENERAL SHAREHOLDERS' MEETING –

The supreme governing body of PJSC SIBUR Holding is responsible for taking decisions on critical material issues and activities, as expressly set forth in the Russian Federation Law on Joint Stock Companies and SIBUR's Charter, including election of the Board of Directors. The most recent Annual General Shareholders' Meeting took place on 7 April 2021.

BOARD OF DIRECTORS –

The collegial governing body of SIBUR is responsible for strategic management of the company's activities focused on creating and enhancing SIBUR's shareholder value. The Board of Directors takes decisions on all general management issues except for those that are the exclusive prerogative of the General Shareholders' Meeting and the Collegial and Sole Executive Body.

MANAGEMENT BOARD –

SIBUR's collegial executive body is responsible for organising effective management of the company's current activities. The Management Board develops and monitors implementation of SIBUR's strategy and implements resolutions adopted by the General Shareholders' Meeting and the Group's Board of Directors.

SOLE EXECUTIVE BODY

LLC SIBUR Managing Organisation (the Managing Organisation or the Corporate Centre) represents the Sole Executive Body pursuant to the decision of the General Shareholders' Meeting, as enshrined in the agreement on transferring powers. The powers of the Sole Executive Body are stipulated in Federal Law on Joint Stock Companies, the **Charter of PJSC SIBUR Holding**, the Charter of LLC SIBUR and the agreement on transferring powers to the managing organisation. SIBUR Holding LLC acts as the critical link in delegating authority from the Board of Directors and its committees to the heads of the relevant departments and enterprises in order to manage economic, environmental, and social issues.

REVISION COMMISSION

The Revision Commission is elected by the General Shareholders' Meeting, and reviews the preparation of accurate financial and accounting statements of SIBUR, other information about the financial and economic activities and property status of the company, as well as enhances the efficiency of managing its assets, mitigates financial and operational risks and optimises the internal control system.

EXTERNAL INDEPENDENT AUDITOR

SIBUR engages an external independent auditor to conduct an annual audit of financial statements in accordance with Russian Accounting Standards (RAS) and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The auditor is approved by the General Shareholders' Meeting based on the recommendation of the Board of Directors.

ALL ISSUES CONCERNING THE FORMATION, RESPONSIBILITIES, AND ACTIVITIES OF THE GOVERNING AND MANAGING BODIES ARE STIPULATED IN THE CHARTER OF PJSC SIBUR HOLDING, AS WELL AS IN THE RELEVANT INTERNAL DOCUMENTS, INCLUDING THE:

- **Regulations of the General Shareholders' Meeting of PJSC SIBUR Holding**;
- **By-laws of the Board of Directors of PJSC SIBUR Holding**, including the Regulations on remunerating members of the Board of Directors for performing their duties and compensating expenses related to performing their functions as members of the Board of Directors;
- Regulations of the Committees (**Audit**, **HR and Remuneration**, **Strategy and Investment**, **Sustainable Development**) of the Board of Directors;
- By-laws **of the Revision Commission of PJSC SIBUR Holding**;
- **Regulation of the Management Board of PJSC SIBUR Holding**.

GRI **102-25**

SIBUR is developing a compliance system designed to promote ethical business conduct, prevent corruption and all types of economic crime, and promote effective management of conflicts of interest within the company. The activities of the compliance system within the unit responsible for legal support are placed under the responsibility of the Board of Directors' Audit Committee. Coordination of the compliance system's operations is entrusted to the compliance manager of LLC SIBUR. Overall management of the compliance system is carried out by the Chairman of the Management Board of PJSC SIBUR Holding. The managing organisation has a Committee on Ethics and Discipline responsible for identifying and resolving potential conflicts of interest, while the enterprises have ethics and discipline committees with the same powers.[1]

The company maintains an active dialogue with employees on corporate governance issues, informing them about critical decisions of the governing bodies, including the approval of performance contract indicators and a report on its implementation. The company also keeps employees up to date on the implementation of decisions taken by the Board of Directors as part of SIBUR's global projects, as well as on approval of internal documents regarding corporate governance and sustainable development.

Developing the corporate governance system

SIBUR is constantly improving its corporate governance system to align with the best international standards and practices; it is also improving management practices and transparency of its subsidiaries' operations.

In the reporting year, work continued on integrating SIBUR's sustainable development goals into the corporate governance system. In April 2020, the Board of Directors decided to establish the Committee on Sustainable Development, which is charged with submitting recommendations to the Board of Directors on issues related to identifying and defining strategic goals within sustainable development (including in the area of industrial and occupational safety, environmental compliance and climate, and social responsibility); as well as promoting the company's activities in matters of ethical, transparent, and responsible business conduct. Creation of the Committee is in line with the best practices of leading international companies in sustainable development.[2]

GRI **102-28**

The Board of Directors of PJSC SIBUR Holding is not currently undergoing self-assessment or independent assessments involving external consultants. As part of the corporate governance system's development, there are plans in 2021 to develop and begin implementing a self-assessment procedure for the activities of the Board of Directors of PJSC SIBUR Holding. Other important areas of improving the efficiency of the Board of Directors in the medium term are updating the procedure for recognising directors as independent and continuing to diversify the Board of Directors by attracting experts with a variety of business experience and expertise, as well as specialists with experience in various regions of the world.

1 For more information, see **the Business Ethics and Compliance section**.
2 For more information, see **the Board of Directors section**.

SUSTAINABILITY MANAGEMENT

Corporate governance system

GRI 103-1, 103-2, 103-3, 102-19, 102-26

The aspects of the SIBUR's sustainable development are managed at the level of the Board of Directors, the Sustainable Development Committee of the Board of Directors, the Managing Organisation, and subsidiaries of the company.

THE BOARD OF DIRECTORS IS RESPONSIBLE FOR CONSIDERING THE STRATEGIC ISSUES OF THE COMPANY'S SUSTAINABLE DEVELOPMENT, AS WELL AS APPROVING INTERNAL DOCUMENTS IN THIS AREA. THE BOARD OF DIRECTORS HAS APPROVED THE FOLLOWING DOCUMENTS TO GUIDE OPERATIONS ACROSS THE CRITICAL ASPECTS OF SUSTAINABLE DEVELOPMENT:

- **Integrated management system policy for health, safety and environment, industrial safety, and quality, as amended**;
- Social Investment Policy;
- **Contractor's Code of Ethics**;
- **Human Rights Policy**;
- **Compliance Policy, as amended**;
- **Code of Corporate Ethics, as amended**.

GRI 102-20, 102-27, 102-29

SIBUR engages in the important task of raising awareness of the Board of Directors regarding the most pressing issues of sustainable development. To that end, SIBUR's Sustainable Development Committee regularly informs the members of the Board about its activities. The Committee is responsible for approving SIBUR's sustainability report. Board members receive the relevant reviews and materials on environmental, social and governance (ESG) risks.

Gaining management knowledge and expertise in sustainable development is one of the priorities for SIBUR. The expertise of the directors in sustainable development management is generally recognised. Members of the Board of Directors and the Sustainable Development Committee are regularly invited to conferences on sustainable development as keynote speakers.

Responsibility for managing the economic, environmental, and social aspects of the company's activities is vested in LLC SIBUR as the Sole executive body at the SIBUR management level. Moreover, each division of the company responsible for one or another aspect of sustainable development has a supervising member of the Management Board.

The activities of the Managing Organisation are assessed based on implementation of the LLC SIBUR performance contract, which is approved in December each year for the next reporting year, and it includes the company's key target indicators. For the first time, a group of sustainable development indicators was highlighted in the 2020 performance contract. Besides the lost time injury frequency rate (LTIFR) previously used as a target indicator in the performance contract, the sustainable development indicators included the accident and injury rate and implementation rate of the Sustainable Development Strategy.

GRI 102-31

The results of the performance contract are presented to the Board of Directors twice a year. The final report on fulfilling the goals of the performance contract is reviewed by the Board of Directors in February each year, receiving an assessment that in turn affects the key performance indicators (KPI) in the functional contracts of the divisions, the KPI of the managers and directors, and then on the KPI of each employee at the company.

Integrated management system

SIBUR maintains and develops an integrated management system (further – IMS), which is a set of management systems for industrial and occupational safety, environmental care, product quality and energy efficiency in production. The IMS covers the production and administrative activities of 24 industrial enterprises in the category of hazardous production facilities, and the corporate centre.

The company regularly undergoes external audits in order to confirm IMS compliance with the applicable international standards.[1] In October 2020, SIBUR's IMS was recertified, with JSC Bureau Veritas Certification issuing new certificates to SIBUR on compliance with the processes and practices for the requirements of international standards: ISO 9001: 2015 (Quality management system), ISO 14001: 2015 (Environmental management system), and OHSAS 18001: 2007 (Occupational health and safety Assessment Series).

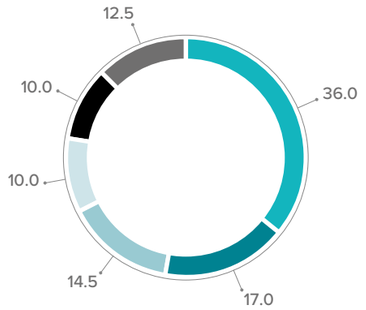
An integrated system for managing industrial and occupational safety, product quality and environmental care allows for effectively allocating organisational resources and the flow of relevant information. The company has had a division for supervising IMS performance since 2016.

[1] SIBUR's IMS complies with international standards: OHSAS 18001 (Occupational health and safety Assessment Series), ISO 45001 (Occupational health and safety (OH&S) management system), and ISO 14001 (Environmental management system).

GENERAL SHAREHOLDERS' MEETING

General Shareholders' Meeting – The supreme governing body of PJSC SIBUR Holding that is responsible for taking decisions on critical material issues of the company.

PJSC SIBUR HOLDING SHAREHOLDER COMPOSITION,[1] %



A General Shareholders' Meeting may be held in person or in the form of absentee voting.

The company is required to conduct an annual General Shareholders' Meeting annually, no sooner than two and no later than six months following the end of the reporting year. During the annual General Shareholders' Meeting, issues must be resolved on electing members of the Board of Directors and the Audit Committee, approving the company's auditor, annual reports and annual accounting/financial statements, and distributing profits, including payment/announcement of dividends, and losses of the company based on the results of the reporting year. Other issues may also be resolved at the annual General Shareholders' Meeting in accordance with the legislation of the Russian Federation and the company's Charter.

An Extraordinary General Shareholders' Meeting may be held as per the decision of the Board of Directors upon its own initiative, as required by the Audit Committee, as required by the company's auditor, and by the shareholders/a shareholder who own(s) at least 10% of the voting shares of JSC SIBUR Holding.

[1] As of March 2021.
[2] Owned directly or indirectly.

SIBUR GENERAL SHAREHOLDERS' MEETINGS IN 2020-FIRST HALF OF 2021

MEETING TYPE	DATE/FORM	ITEM(S) ON AGENDA
Extraordinary General Shareholders' Meeting	26 May 2021 (absentee voting)	Raising the charter capital of PJSC SIBUR Holding by placing additional shares.
Annual General Shareholders' Meeting	7 April 2021 (absentee voting)	1. 1Approving the annual report of PJSC SIBUR Holding for 2020, annual accounting/financial statements. 2. Distributing profits (including payment/announcement of dividends) and losses of PJSC SIBUR Holding based on the results of the reporting year. 3. Electing members of the Board of Directors of PJSC SIBUR Holding. 4. Electing members of the Audit Committee of PJSC SIBUR Holding. 5. Approving the auditor of PJSC SIBUR Holding. 6. Taking decisions on consenting to completing (subsequently approving) related transactions in which there is an interest.
Extraordinary General Shareholders' Meeting	28 January 2021 (absentee voting)	Taking decisions on consenting to completing (subsequently approving) related transactions in which there is an interest.
Extraordinary General Shareholders' Meeting	3 September 2020 (absentee voting)	Paying/announcing dividends based on the results of 6 months of the 2020 reporting year.
Annual General Shareholders' Meeting	2 April 2020 (joint attendance)	1. Approving the annual report of PJSC SIBUR Holding for 2019, annual accounting/financial statements. 2. Distributing profits (including payment/announcement of dividends) and losses of PJSC SIBUR Holding based on the results of the reporting year. 3. Electing members of the Board of Directors of PJSC SIBUR Holding. 4. Electing members of the Audit Committee of PJSC SIBUR Holding. 5. Approving the auditor of PJSC SIBUR Holding.

BOARD OF DIRECTORS

GRI 102-26

The Board of Directors of SIBUR determines the priorities of the company, approves its strategy, and monitors the quality of management work and implementation of critical development targets.

The main function of SIBUR's Board of Directors is strategic management of the company as per the Federal Law on Joint Stock Companies and JSC SIBUR Holding's Charter. The Board of Directors is responsible for approving the company's annual and long-term business plans, and investment programmes, as well as for reviewing matters of financial performance, compliance, internal control, and strategic interactions with the company's key stakeholders.

Composition of the Board of Directors

GRI 102-24

The procedure for electing members of the Board of Directors complies with the legislation of the Russian Federation, and is enshrined in the **Regulation of the Board of Directors of PJSC SIBUR Holding**.

The decision on the composition of the SIBUR Board of Directors is taken at the Annual General Shareholders' Meeting or at an Extraordinary General Shareholders' Meeting. The Board of Directors serves in the elected composition until the next Annual General Shareholders' Meeting. A General Shareholders' Meeting has the right to terminate the powers of the Board of Directors, in its entirety only, ahead of schedule.

According to the Charter, JSC SIBUR Holding must include at least 10 members. SIBUR guarantees the transparency of the Board of Directors selection procedure, including by:
- providing shareholders with the opportunity to nominate candidates;
- disclosing information on candidates for the new composition of the Board of Directors in advance;
- Applying the principle of cumulative voting as part of the procedure for electing the Board of Directors.

All independent directors are recognised as such in accordance with the criteria for the independence of directors as established by Russian legislation.

MEMBERS OF THE BOARD OF DIRECTORS FROM 2 APRIL 2020 TO 7 APRIL 2021

Name	Year of birth	Title	Year appointed
Leonid Mikhelson	1955	Director, Chairman of the Board of Directors	2011
Wang Dan	1969	Director, member of the Strategy and Investments Committee	2017
Alexander Dyukov	1967	Director, deputy chairman of the Board of Directors, Chairman of the Strategy and Investments Committee, member of the Human Resources and Remuneration Committee	2005
Sergey Vasnetsov	1963	Independent Director, Member of the Strategy and Investments Committee, member of the Audit Committee	2018
Andrey Vernikov	1960	Independent director, member of the Human Resources and Remuneration Committee, member of the Audit Committee, member of the Sustainable Development Committee	2018
Li Cheng Feng	1963	Director, member of the Strategy and Investments Committee	2018
Alexey Komissarov	1969	Independent director, Chairman of the Human Resources and Remuneration Committee, member of the Audit Committee	2018
Dmitry Konov	1970	Director	2007
Peter Lloyd O'Brien	1969	Until 1 October 2020: independent director, Chairman of the Audit Committee, member of the Human Resources and Remuneration Committee member of the Sustainable Development Committee. Since 1 October 2020: director, member of the Sustainable Development Committee	2018
Vladimir Razumov[1]	1944	Director, member of the Strategy and Investments Committee, member of the Sustainable Development Committee	2013
Gennady Timchenko	1952	Director, member of the Strategy and Investments Committee	2012
Kirill Shamalov	1982	Director, member of the Strategy and Investments Committee, member of the Sustainable Development Committee	2014

[1] Vladimir Razumov passed away on 27 May 2021, at the age of 78.

The composition of the Board of Directorsas of 31 December 2020 was elected by the annual General Shareholders' Meeting held on 2 April 2020.

In accordance with the decision of the annual General Shareholders' Meeting held on 7 April 2021, a new composition of the company's Board of Directors was elected. In place of Peter Lloyd O'Brien, who was appointed in September 2020 as a member of the Management Board, managing director, Economy and Finance of LLC SIBUR, Ksenia Sosnina, CEO of JSC Ilim Group, joined the Board of Directorsas an Independent Director.

ANALYSIS OF THE COMPOSITION OF THE BOARD OF DIRECTORS

Reference	As of 7 April 2021 (Annual General Shareholders' Meeting)	As after 7 April 2021 (annual General Shareholders' Meeting)
Average age	54	54
Country	Russia 9; China 2; Finland 1	
Gender	Men 11; Women 1	Men 10; Women 2
Independent directors	4 of 12 until 1 October 2020 3[1] of 12 since 1 October 2020	4 of 12
Speciality	Engineering and technical 5; Economy and finance 4; Chemical 2; Legal 1	
Extended education – MBA	5 of 12	4 of 12

INFORMATION ON PARTICIPATION BY MEMBERS OF THE BOARD OF DIRECTORS IN MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

Members of the Board of Directors	Board of Directors	Audit Committee	Human Resources and Remuneration Committee	Sustainable Development Committee	Strategy and Investments Committee
Wang Dan	100%	–	–	–	100%
Sergey Vasnetsov	100%	100%	–	–	100%
Andrey Vernikov	100%	100%	100%	100%	–
Alexander Dyukov	100%	–	100%	–	100%
Alexey Komissarov	100%	100%	100%	–	–
Dmitry Konov	100%	–	–	–	–
Li Cheng Feng	100%	–	–	–	100%
Leonid Mikhelson	100%	–	–	–	–
Peter Lloyd O'Brien	100%	100%[2]	100%[2]	100%	–
Vladimir Razumov	100%	–	–	100%	100%
Gennady Timchenko	100%	–	–	–	100%
Kirill Shamalov	100%	–	–	100%	100%

1 On 1 October 2020, Peter Lloyd O'Brien was appointed as a member of the Management Board, Managing Director, Economy and Finance of LLC SIBUR.
2 As per the decision of the Board of Directors of PJSC SIBUR Holding, Peter Lloyd O'Brien, as of 1 October 2020, is not a member of the Audit Committee and the Human Resources and Remuneration Committee (Minutes of the Board of Directors No. 230 dated 5 October 2020).

MEMBERS OF THE BOARD OF DIRECTORS ELECTED AT THE ANNUAL GENERAL SHAREHOLDERS' MEETING ON 7 APRIL 2021

Members of the Board of Directors	Year of birth	Title	Year appointed
Leonid Mikhelson	1955	Director, Chairman of the Board of Directors	2011
Wang Dan	1969	Director, member of the Strategy and Investments Committee	2017
Alexander Dyukov	1967	Director, Deputy chairman of the Board of Directors, Chairman of the Strategy and Investments Committee, member of the Human Resources and Remuneration Committee	2005
Sergey Vasnetsov	1963	Independent director, Chairman of the Audit Committee, member of the Strategy and Investments Committee, member of the Sustainable Development Committee	2018
Andrey Vernikov	1960	Independent director, member of the Human Resources and Remuneration Committee, member of the Audit Committee, member of the Sustainable Development Committee	2018
Li Cheng Feng	1963	Director, member of the Strategy and Investments Committee	2018
Alexey Komissarov	1969	Independent director, Chairman of the Human Resources and Remuneration Committee, member of the Audit Committee	2018
Dmitry Konov	1970	Director	2007
Vladimir Razumov	1944	Director, member of the Strategy and Investments Committee, member of the Sustainable Development Committee	2013
Ksenia Sosnina	1968	Independent director, member of Human Resources and Remuneration Committee, member of the Audit Committee, member of the Sustainable Development Committee	2021
Gennady Timchenko	1952	Director, member of the Strategy and Investments Committee	2012
Kirill Shamalov	1982	Director, chairman of the Sustainable Development Committee, member of the Strategy and Investments Committee	2014

Remuneration for members of the Board of Directors

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

As per the decision of the General Shareholders' Meeting, members of the Board of Directors are remunerated when performing their duties, and may be compensated for expenses related to performing their functions as members of the Board of Directors.

The principles for determining the amount of remuneration and reimbursement of expenses to members of the Board of Directors are governed by the Regulations on Remuneration to Members of the Board of Directors of PJSC SIBUR Holding for performing their duties and reimbursing expenses related to performing their functions as members of the Board of Directors of PJSC SIBUR Holding,[1] as approved by the General Shareholders' Meeting. Remuneration includes:

- the permanent part of the remuneration;
- an additional part of remuneration for performing duties related to work in the committees of the Board of Directors;
- compensation for chairmanship of the Board of Directors.

Additional forms of remuneration are paid upon fulfilment of duties in proportion to the actual period for performing the duties. According to the Regulations on the Board of Directors, members of the Board of Directors are also entitled to participate in the Programme of incentives for company executives, which entitles them to purchase shares and/or other equity securities, with the number being determined by the decision of the Human Resources and Remuneration Committee of the Board of Directors.

As of 31 December 2020, the company's Board of Directors comprised 12 people. At the end of the 2020 corporate year, the amount of accrued remuneration to members of the Board of Directors totalled RUB 147 million compared with RUB 153 million in 2019.[2]

1 Appendix No. 1 to the Regulation on the Board of Directors of the company.
2 In 2019, the new version of the Regulation on remuneration of members of the Board of Directors for performing their duties was approved, according to which the amounts of remuneration and compensation were revised.

REMUNERATION REMITTED TO INDIVIDUAL MEMBERS OF THE BOARD OF DIRECTORS IN 2020, in RUB mln

Name of each member of the Board of Directors	Permanent part	Variable part				Chairmanship in the Board of Directors
		Audit Committee	Human Resources and Remuneration Committee	Sustainable Development Committee	Strategy and Investments Committee	
Leonid Mikhelson	12	–	–	–	–	6
Alexander Dyukov	12	–	3	–	3	–
Gennady Timchenko	12	–	–	–	3	–
Peter Lloyd O'Brien	12	1.33	0.75	1.2	–	–
Andrey Vernikov	12	3	3	3	–	–
Sergey Vasnetsov	12	3	–	–	3	–
Wang Dan	12	–	–	–	3	–
Andrey Komissarov	12	3	3	–	–	–
Li Cheng Feng	12	–	–	–	3	–

Communication of the Board of Directors with the company's stakeholders

GRI 102-33, 102-34

Members of the Board of Directors are constantly aware of the critical aspects of SIBUR's operations. If it is necessary to inform the Board of Directors about emergencies, accidents and other critical issues, prompt communication is used to deliver up-to-date information on the current events. In March 2020, a detailed briefing was prepared for the members of the Board of Directors on the state of the company in connection with the spread of COVID-19.

SIBUR regularly provides its employees with information on key decisions of the Board of Directors regarding corporate governance.

GRI 102-21

SIBUR interacts with outside stakeholders (business partners, representatives of government authorities, and the media), including consulting them on economic, environmental, and social issues, through the company's press service, corporate website, and official pages on social networks, as well as during external events and conferences with the participation of representatives of professional communities.

The members of the Board of Directors also interact with the company's outside stakeholders. Particularly, they have the opportunity to participate in discussions with investors during the signing of reports.

Composition of Board of Directors from 2 April 2020 to 7 April 2021

GRI 102-22

Wang DAN

Member of the Board of Directors since 2017

Member of the Strategy and Investments Committee of the Board of Directors of PJSC SIBUR Holding since 2017

Education:
- 1991 – School of Management, Wuhan University. Bachelor's degree in International Finance;
- 1994 – Tsinghua University PBC School of Finance. Master's degree in International Finance.

Professional experiences:
- 2012–2015 – Deputy General Director of the International Department and Department of Monetary Policy, II People's Bank of China;
- 2015 – 2017 – member of the Board of Directors, Pirelli & C. S.p.A.;
- 2015 – present – Executive VP, Silk Road Fund Co. Ltd;
- 2017 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2018 – present – non-executive member of the Board of Directors, Orient Overseas (International) Limited;
- 2019 – present – member of the Board of Directors, BNR Infrastructure Investment Limited.

Sergey VASNETSOV

Member of the Board of Directors since 2018

Member of the Strategy and Investments Committee and Audit Committee of the Board of Directors of PJSC SIBUR Holding since 2018

independent director

Education:
- 1985 – Master's degree in Chemistry from Novosibirsk State University;
- 1990 – studies and research at the Oxford University;
- 1995 – MBA in Finance from Rutgers University (USA).

Professional experiences:
- 2010 – 2016 – Senior VP for Strategic Planning and Company Development; Head of Directorate for Special Plastics for Automotive Industry, LyondellBasell;
- 2016 – 2019 – member of the Board of Directors, EuroChem AG;
- 2018 – present – member of the Board of Directors, independent director, PJSC SIBUR Holding.

Andrey VERNIKOV

Member of the Board of Directors since 2018

Member of the Audit Committee (chairman of the Audit Committee since October 2020) and of the Human Resources and Remuneration Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Member of the Sustainable Development Committee of the Board of Directors of PJSC SIBUR Holding since 2020

Independent director

Education:
- 1981 – Moscow State Institute of International Relations of the USSR Ministry of Foreign Affairs, economist for international economic relations with knowledge of a foreign language;
- 2006 – Doctor of Economic Sciences.

Professional experiences:
- 2005 – present – Lead research fellow, Institute of Economics, Russian Academy of Sciences;
- 2006 – 2016 – Professor, Department of Finance, National Research University Higher School of Economics;
- 2018 – present – member of the Board of Directors, independent director, PJSC SIBUR Holding.

Alexander DYUKOV

Member of the Board of Directors since 2005

Deputy Chairman of the Board of Directors since 2011

Chairman of the Strategy and Investments Committee since 2011

Member of the Human Resources and Remuneration Committee since 2016

Education:
- 1991 – Leningrad Shipbuilding Institute, aerodynamic engineer;
- 2001 – MBA international management institute of Saint Petersburg (IMISP).

Professional experiences:
- 2005 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2006 – present – Chairman of the Board of Directors, PJSC SIBUR Holding;
- 2011 – present – Deputy Chairman of the Board of Directors, PJSC SIBUR Holding;
- 2006 – present – President, PJSC Gazprom Neft (OJSC Gazprom Neft);
- 2008 – present – CEO, Chairman of the Management Board, member of the Board of Directors, PJSC Gazprom Neft (OJSC Gazprom Neft);
- 2007 – 2019 – member of the Board of Directors, Gazprom Neft East European Projects (formerly JSC MFC Lakhta Centre);
- 2009 – 2019 – Chairman of the Board of Directors, Gazprom Neft East European Projects (formerly JSC MFC Lakhta Centre);
- 2007 – present – member of the Supervisory Board, Union of Oil and Gas Industry Organisations, Russian Gas Society;
- 2008 – 2017 – President-Chairman of the Board of Directors, JSC Zenit Football Club;
- 2017–2019 – Chairman of the Board of Directors, JSC Zenit Football Club;
- 2006 – 2019 – member of the Board of Directors, JSC Zenit Football Club;
- 2008 – present – member of the Board of Trustees, St. Petersburg Mining University;
- 2009 – 2019 – member of the Board of Directors, National Oil Consortium LLC;
- 2010 – present – member of the Board of Directors, SKA Hockey Club LLC (formerly SKA Hockey Club CJSC);
- 2010 – present – member of the Board of Trustees, all-Russian public organisation Russian Geographical Society;
- 2012 – 2016 – member of the Board of Directors, LIGA-TV LLC;
- 2012 – present – member of the Board of Directors, Hockey City LLC;
- 2013 – present – member of the Management Board, member of the Bureau of the Management Board, Chairman of the Industrial Safety Committee, Co-Chairman of the Commission for the Oil and Gas Industry, all-Russian public organisation Russian Union of Industrialists and Entrepreneurs;
- 2014 – 2019 – member of the Presidium, Regional Sports Football Federation of St. Petersburg;
- 2014 – 2019 – member of the Executive Committee, Chairman of the Committee for Football Development Programs, all-Russian public organisation Russian Football Union;
- 2014 – present – member of the Board of Trustees, Russian chess federation;
- 2015 – present – member of the Board of Trustees, Fund to Support Scientific and Project Activities of Students, Postgraduates and Young Scientists National Intellectual Development;
- 2015 – present – member of the Board of Trustees, Gubkin Russian State University of Oil and Gas;
- 2017 – 2019 – Chairman of the Board of Directors, Zenit Basketball Club LLC;
- 2018 – present – member of the Board of Trustees, University Gymnasium (boarding school) of Lomonosov Moscow State University;
- 2019 – 2019 – member of the Board of Directors, Chairman of the Board of Directors, Gazprom Neft Shelf LLC;
- 2019 – present – President, all-Russian public organisation Russian Football Union;
- 2019 – present – member of the Council under the President of the Russian Federation for the development of physical fitness and sports;
- 2020 – present – member of the Government Commission on digital development and use of IT to improve the quality of life and conditions for doing business;
- 2020 – present – member of the board of the international Fund for the Public Interest;
- 2020 – present – member of the Government Commission on nature management and environmental protection.

Alexey KOMISSAROV

Member of the Board of Directors since 2018

Chairman of the Human Resources and Remuneration Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Member of the Audit Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Independent director

Education:
- 1994 – Moscow automobile and road construction state technical university (MADI), auto mechanic;
- 2003 – Kingston University, London, MBA;
- 2010 – Institute of Directors, London, IoD Chartered Director.

Professional experiences:
- 2011 – 2015 – Moscow City Government: Advisor to the Mayor of Moscow (2014 – 2015); Minister of the Moscow City Government, head of the Department of Science, Industrial Policy and Entrepreneurship (2011 – 2014);
- 2015 – 2017 – director, industrial development Fund;
- 2015 – 2017 – independent director, member of strategy and investments Committee, Chairman of the Budget, and Reporting Committee of JSC GLONASS;
- 2017 – 2019 – member of the Supervisory Board of the fund for infrastructure and educational programs;
- 2017 – present – Vice Rector, Director, Graduate School of Public Administration, RANEPA;
- 2017 – 2020 – independent director, Chairman of the Human Resources, Remuneration and Corporate Governance Committee, JSC Federal Cargo Company;
- 2018 – 2019 – member of Supervisory Board of ANO Federal Centre for Expertise in Labour Productivity;
- 2018 – present – member of the Board of Directors, independent director, PJSC SIBUR Holding;
- 2018 – present – general director, ANO Russia: Land of Opportunities;
- 2018 – present – co-chairman of the central headquarters of the all-Russian public movement People's Front for Russia;
- 2019 – present – member of the Board of Directors, independent director, Chairman of the Nominating Subcommittee, member of the Nominating Committee and the Public Interest Committee, Yandex N.V. PLLC;
- 2020 – present – member of the Board of Directors, independent director, member of the Audit Committee and Risks, Human Resources, Remuneration and Corporate Governance Committee, JSC Federal Passenger Company.

Dmitry KONOV

Member of the Board of Directors since 2007

Chairman of the Management Board of PJSC SIBUR Holding

Education:
- 1994 – Moscow State Institute of International Relations, concentration in International Economic Relations;
- 2001 – MBA International Institute for Management Development (IMD).

Professional experiences:
- 2007 – present – Chairman of the Management Board, PJSC SIBUR Holding;
- 2007 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2007 – 2015 – Chairman of the Board of Directors, RusVinyl LLC;
- 2008 – 2015 – Chairman of the Board of Directors, SNCK LLC;
- 2014 – 2016 – member of the Board of Directors, OJSC Stroytransgaz;
- 2014 – 2020 – member of the Board of Directors, JSC StroyTransNefteGaz (formerly CJSC Stroytransgaz);
- 2014 – 2020 – member of the Board of Directors, STGM LLC;
- 2016 – 2018 – Chairman of the Board of Directors, JSC NIPIGAS;
- 2017 – present – member of the Supervisory Board, PJSC ALROSA;
- 2018 – present – member of the Board of Directors, JSC NIPIGAS.

LLC SIBUR:
- 2007 – present – member of the Management Board (collegial executive body);
- 2011 – 2016 – CEO;
- 2016 – 2018 – Chairman of the Management Board (sole executive body);
- 2018 – present – Chairman of the Management Board of PJSC SIBUR Holding (sole executive body).

Leonid MIKHELSON

Chairman of the Board of Directors of PJSC SIBUR Holding since 2011

Not a member of the Committees

Education:
- 1977 – Kuibyshev Civil Engineering Institute (today called Samara State University of Architecture and Civil Engineering).

Professional experiences:
- 2003 – present – Chairman of the Management Board, member of the Board of Directors, PJSC NOVATEK;
- 2011 – present – Chairman of the Board of Directors, PJSC SIBUR Holding;
- 2019 – present – Chairman of the Board of Trustees, all-Russian public organisation Russian Football Union.

Peter Lloyd O'BRIEN

Member of the Board of Directors of PJSC SIBUR Holding since 2018

Chairman of the Audit Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Member of the Human Resources and Remuneration Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Member of Sustainable Development Committee of the Board of Directors of PJSC SIBUR Holding since 2020
Independent director[1]

Education:
- 1991 – Duke University, BA (USA);
- 2000 – Columbia business School, MBA, Finance;
- 2011 – Harvard business School, advanced management programme.

Professional experiences:
- 2012 – 2019 – member of the Board of Directors, independent director, Chairman of the Audit Committee, OJSC TMK;
- 2012 – 2019 – Chairman of the Board of Directors, independent director, member of the Audit Committee, PJSC TransFin-M;
- 2015 – 2018 – member of the Board of Directors, independent director, Chairman of the Audit Committee, PJSC T Plus;
- 2016 – 2018 – member of the Board of Directors, independent director, member of the Audit Committee, member of the Human Resources and Remuneration Committee, PJSC TransContainer;
- 2018 – 2019 – member of the Board of Directors, independent director, Regalwood Global Energy (USA);
- 2017 – 2018 – member of the Board of Directors, independent director, Sberbank CIB USA Inc. (New York);
- 2018 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2018 – present – member of the Advisory Board, Advisory Board of Invitro Holding Limited (Cyprus);
- 2020 – present – member of the Management Board, Managing Director, Economics and Finance, LLC SIBUR.

Vladimir RAZUMOV

(had the following duties until the end of May 2021)

Member of the Board of Directors of PJSC SIBUR Holding since 2011

Member of the Strategy and Investments Committee of the Board of Directors of PJSC SIBUR Holding since 2012

Member of the Sustainable Development Committee of the Board of Directors of PJSC SIBUR Holding since 2020

Education:
- 1967 – Voronezh Technological Institute, engineer;
- 1980 – Plekhanov Moscow Institute of National Economy, Organising and planning material and technical supply;
- 1987 – 1989 – Academy of National Economy under the Council of Ministers of the USSR, Economics, National Economy Management.

Professional experiences:
- 2006 – present – Senior Executive VP, member of the Management Board, Executive Director, Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2007 – 2021 – Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2010 – 2016 – Chairman of the Board of Directors, Tobolsk-Polymer LLC;
- 2011 – 2021 – member of the Board of Directors, PJSC SIBUR Holding.

On 27 May 2021, Vladimir Razumov passed away at the age of 78, while on a business trip to the Voronezhsintezkauchuk enterprise, to which he devoted many years. Vladimir Razumov had worked at SIBUR since 1999 at the forefront of establishing the company, having made great contributions to developing the industry. Vladimir Razumov was an example and mentor for colleagues and partners alike.

Gennady TIMCHENKO

Member of the Board of Directors of PJSC SIBUR Holding since 2012

Member of the Strategy and Investments Committee of the Board of Directors of PJSC SIBUR Holding since 2012.

Education:
- 1976 – Leningrad Mechanical Institute, mechanical engineer.

Professional experiences:
- 2015 – present. – PJSC NOVATEK – member of the Board of Directors;
- 2015 – present. – Franco-Russian Chamber of Commerce and Industry (CCIFR) – Co-Chair of the Economy Council;
- 2015 – present. – SKA Hockey Club LLC, Chairman of the Board of Directors;
- 2015 – present. – All-Russian public organisation Russian Geographical Society, member of the Board of Trustees;
- 2015 – present. – Kontinental Hockey League (KHL) LLC, Chairman of the Board of Directors;
- 2015 – present. – member of the Board of Directors of PJSC SIBUR Holding;
- 2015 – present. – Olympic Committee of the Russian Federation, Vice President, member the Executive Committee;
- 2015 – present. – Russian-Chinese Business Council, Chairman of the Supervisory Board.

[1] On 1 October 2020, Peter Lloyd O'Brien was appointed as a member of the Management Board, Managing Director, Economy and Finance of LLC SIBUR. Pursuant to the decision of the Board of Directors of PJSC SIBUR Holding, Peter Lloyd O'Brien is not a member of the Audit Committee and Human Resources and Remuneration Committee as of 1 October 2020 (Minutes of the Board of Directors No. 230 dated 5 October 2020).

Li CHENG FENG

Member of the Board of Directors of PJSC SIBUR Holding since 2018

Member of the Strategy and Investments Committee of the Board of Directors of PJSC SIBUR Holding since 2018

Education:
- 1988 – MSc in Chemical Engineering, Zhejiang University.

Professional experiences:
- 2014 – 2016 – President, Sinopec Wuhan Petrochemical Company;
- 2016 – 2016 – Chairman of the Management Board, Sinopec-SK Wuhan Petrochemical Company;
- 2016 – 2018 – Chairman of the Management Board, Sinopec-BASF Yangzi;
- 2018 – present – CEO of the Department of Chemical Industry, China Petrochemical Corporation (Sinopec Corporation);
- 2018 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2020 – present – Deputy Chief Engineer, Sinopec Corporation, CEO, Chemical Department of Sinopec Corporation.
- 2021 – present – Chairman of the Board of Directors of Amur GCC LLC.

Kirill SHAMALOV

Member of the Board of Directors of PJSC SIBUR Holding since 2014

Member of the Strategy and Investments Committee of the Board of Directors of PJSC SIBUR Holding since 2014

Chairman of the Sustainable Development Committee of the Board of Directors of PJSC SIBUR Holding since 2020

Education:
- 2004 – St. Petersburg University, Faculty of Law.

Professional experiences:
- 2012 – 2015 – Deputy Chairman of the Management Board, LLC SIBUR;
- 2014 – present – member of the Board of Directors, RCC LLC;
- 2014 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2015 – present – President, Lagoda Management LLC;
- 2018 – present – CEO; Lagoda Management LLC;
- 2017 – present – Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2018 – present – CEO, Yudoga Investment LLC.

As of the date of compiling the single report, as per the decision of the annual General Shareholders' Meeting of PJSC SIBUR Holding, dated 7 April 2021 (minutes No. 66 dated from 12 April 2021), and the updated Board of Directors, as of 7 April 2021, Peter Lloyd O'Brien is not a member of the Board of Directors of PJSC SIBUR Holding, with Ksenia Sosnina having been elected as a member of the Board of Directors. Ksenia Sosnina, as per the decision of the Board of Directors, has become a member of the following committees of the Board of Directorsas of 20 April 2021: Audit Committee, Human Resources and Remuneration Committee, Sustainable Development Committee.

Report on the activities of the Board of Directors

In 2020, the Board of Directors conducted eight meetings, 3 were held in joint attendance and 5 were held via absentee voting. The Board of Directors reviewed matters in the following areas of the company:

1. MATTERS INVOLVING STRATEGIC AND INVESTMENT PLANNING AND MONITORING INVESTMENT ACTIVITIES:

- A decision was taken on consenting to completing related transactions involving attracting financing for Amur GCC LLC at a cost of 5%, and a more balance sheet value of the assets of PJSC SIBUR Holding;
- The PJSC SIBUR Holding securities prospectus was approved;
- A decision was taken on consenting to completing the deal to acquire shares of third parties;
- The Report on executing the annual business plan and the annual investment programme was reviewed for the first half of 2020, including information on implementing the Performance contract of LLC SIBUR.

2. MATTERS INVOLVING CORPORATE MANAGEMENT OF THE COMPANY:

- Candidates for the post of sole executive bodies of LLC SIBUR, the Managing organisation of PJSC SIBUR Holding approved;
- Internal documents and latest editions of the company's internal documents approved.

3. MATTERS INVOLVING BUDGET PLANNING AND FINANCING:

- Annual business plan and annual investment programme of PJSC SIBUR Holding for 2021 approved;
- Key indicators of the Performance contract of LLC SIBUR approved for 2021.

4. MATTERS INVOLVING SUSTAINABLE DEVELOPMENT:

- Reports on implementing the company's strategy for sustainable development in the first half of 2020 and 2020 as a whole reviewed;
- IMS policy, Policy on social investment, Contractor's Code of Ethics, Human Rights Policy and a number of other documents defining operations in sustainable development approved.

APPROVING SIBUR'S NEW DIVIDEND POLICY

In March 2021, the Board of Directors of SIBUR approved the new **Regulation on the dividend policy**, which stipulates that the minimum ratio of dividend payments has increased from 35% to 50% of adjusted net profit of the company to IFRS. The new policy enters into force as of the reporting periods beginning on 1 July 2020.

Committees of the Board of Directors

as of 31 December 2020

GRI **102-18, 102-22**

The Committees of the Board of Directors are advisory bodies intended to provide the Board of Directors with recommendations on issues within their expertise. SIBUR has four Committees of the Board of Directors: Audit Committee, Human Resources and Remuneration Committee, Strategy and Investments Committee, and the Sustainable Development Committee formed in the reporting year.

The members of the Committees are elected at the first meeting of the Board of Directors after the annual General Shareholders' Meeting, and they act within their capacity until a new composition has been elected.

Audit Committee

The main purpose of the Committee is to advise the Board of Directors on the following matters:

- preliminary review and external audit financial/accounting statements, including consolidated financial statements prepared as per International Financial Reporting Standards (IFRS);
- consideration and preparation of recommendations on the annual report of PJSC SIBUR Holding;
- qualification of an independent auditor of the company;
- improvement of the internal control and risk management system;
- review of issues related to the area of compliance;
- evaluation of the effectiveness of the internal control system for the financial and economic activities of the company, and preparing proposals for its improvement;
- amount and procedure for paying dividends.

COMPOSITION OF THE COMMITTEE[1]

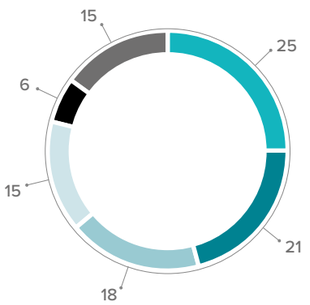
Andrey VERNIKOV
Chairman of the Committee

Sergey VASNETSOV

Andrey KOMISSAROV

In line with the best international corporate practices, the members of the Audit Committee are formed from independent directors.

ISSUES CONSIDERED BY THE AUDIT COMMITTEE IN 2020, %



During the reporting year, the Audit Committee conducted

11 MEETINGS

and reviewed

33 MATTERS

- Audit-related issues
- Operation of the IAD, ICS, RMS[2]
- Risk management
- Review of reporting
- Dividends
- Other

[1] Until 1 October 2020, Peter Lloyd O'Brien was Chairman of the Audit Committee.
[2] IAD – Internal Audit Department, ICS – Internal Control System, RMS – Risk Management System.

Human Resources and Remuneration Committee

The main purpose of the Committee is to advise the Board of Directors on the following matters:
- forming the key areas of focus of SIBUR's HR policy;
- approving the company's key performance indicators and analysing the extent to which they have been achieved;
- implementing a long-term employee inventive program;
- selecting candidates for management bodies;
- following a remuneration policy for members of management bodies;
- increasing the level of involvement and labour productivity;
- making personnel policy in subsidiaries.

COMPOSITION OF THE COMMITTEE[1]

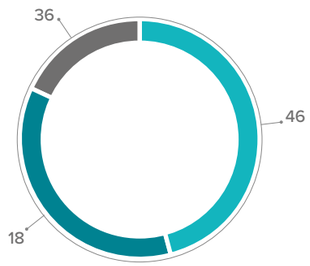
Andrey KOMISSAROV
Chairman of the Committee

Andrey VERNIKOV

Alexander DYUKOV

The Chairman of the Human Resources and Remuneration Committee is an independent director who complies with the best corporate governance practices.

ISSUES CONSIDERED BY THE HUMAN RESOURCES AND REMUNERATION COMMITTEE IN 2020, %



- HR policies
- Performance indicators
- Other

In the reporting year, the Human Resources and Remuneration Committee held

4 MEETINGS

and considered

11 ISSUES

[1] Until 1 October 2020, Peter Lloyd O'Brien was a member of the Human Resources and Remuneration Committee.

Strategy and Investments Committee

The main purpose of the Committee is to advise the Board of Directors on the following matters:
- defining the main strategic directions of the company;
- controlling the strategic development of the company in the long term, and the annual and long-term business plans, investment plans, as well as reports on their implementation;
- forming the investment development policy and interaction since SIBUR shareholders and investors;
- establishing commercial organisations, as well as the acquisition, disposal, encumbrance, or creation of the possibility of disposal of assets;
- issuing securities;
- implementing measures in labour protection, industrial safety, and environmental protection;
- implementing the company's capital investment program.

COMPOSITION OF THE COMMITTEE

Alexander DYUKOV
Chairman of the Committee

Wang DAN

Sergey VASNETSOV

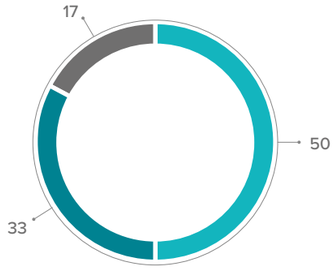
Vladimir RAZUMOV
(until the end of May 2021)

Li CHENG FENG

Gennady TIMCHENKO

Kirill SHAMALOV

ISSUES CONSIDERED BY THE STRATEGY AND INVESTMENTS COMMITTEE IN 2020, %



- Strategic issues
- Operational and financial management
- Other

In the reporting year, the Strategy and Investments Committee held

5 MEETINGS

and considered

12 ISSUES

Sustainable Development Committee

The main goal of the Committee is to advise the Board of Directors on the following issues:
- implementing SIBUR's 2025 Sustainable Development Strategy;
- publicly promoting a responsible business model;
- controlling the activities of the company since a sustainable development point of view;
- forming a base of internal regulatory documents in the field of sustainable development.

COMPOSITION OF THE COMMITTEE

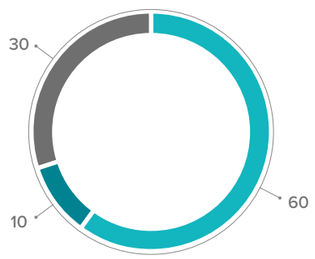
Kirill SHAMALOV
Chairman of the Committee

Peter Lloyd O'BRIEN

Vladimir RAZUMOV
until the end of May 2021)

Andrey VERNIKOV

ISSUES CONSIDERED BY THE SUSTAINABLE DEVELOPMENT COMMITTEE IN 2020, %



- Sustainable Development Strategy
- Approval of Internal Documents
- Other

In the reporting year, the Sustainable Development Committee held

3 MEETINGS

and considered

10 ISSUES

CORPORATE SECRETARY

The Corporate Secretary of SIBUR ensures an appropriate level of communication with shareholders, coordinates activities to protect their rights and interests, ensures the adoption of corporate decisions, and performs a number of other functions:
- ensuring interaction between the Board of Directors and management;
- ensuring strict compliance by members of collegial bodies and employees of the company with procedures related to the work of collegial bodies established by the current legislation, the Charter, and other internal documents of PJSC SIBUR Holding, LLC SIBUR and at the enterprises of the Group;
- responding to inquiries from shareholders;
- advising the Board of Directors, management, and shareholders;
- providing methodological, information, analytical and organisational support of the collegial management bodies of the company;
- informing the business community about the company's corporate practices;
- organizing the disclosure of information about the company in the amount, terms and procedure stipulated by the legislation of the Russian Federation;
- interacting with government bodies, the Moscow Exchange, registrars, and depositories, including the preparation of the necessary documents for obtaining permits/approvals/approvals, holding general meetings of shareholders;
- coordinating SIBUR's reporting preparation processes.

THE MAIN DOCUMENTS REGULATING THE ACTIVITIES OF THE CORPORATE SECRETARY AT SIBUR ARE
- **the Charter of PJSC SIBUR Holding,**
- **the Regulation on the General Shareholders' Meeting and**
- **the Regulation on the Board of Directors.**

The functions of the Corporate secretary at SIBUR are performed by Marina Medvedeva, member of the Management Board and managing Director.

In 2020, Marina Medvedeva won the Best Director for Corporate Governance award Top 1,000 Russian Managers, organised by the Association of Managers.

Marina MEDVEDEVA
Member of the Management Board and managing Director

Education:
- 2000 – Moscow academy of Economics and Law, lawyer;
- 2004 – recipient of the Edmund S. Muskie Graduate Fellowship Program (U.S. Department of State);
- 2008 – Moscow State Institute of International Relations, faculty of Additional Professional Education, MBA International Oil and Gas Business;
- 2004 – 2009 – International business school INSEAD, various programs;
- 2018 – 2020 – business school International Institute for Management Development, general management programs.

Professional experiences:
- 2008 – 2016 – director, General corporate services, and governing bodies of LLC SIBUR;
- 2012 – 2019 – member of the Board of Directors, Petrochemical India Private Limited;
- 2012 – present – member of the Board of Directors, Reliance Sibur Elastomers Private Limited;
- 2016 – 2018 – member of the Management Board – Director, General Corporate Services and Management Bodies;
- 2018 – present – member of the Management Board, managing Director, Business Processes, Corporate Services, Corporate Governance LLC SIBUR.

MANAGEMENT BOARD

The Management Board is a collegial executive body of SIBUR, whose area of responsibility includes managing the company's current activities, developing, and implementing key strategic initiatives of SIBUR, as well as managing the company's assets to improve their efficiency and profitability.

In addition, the Management Board ensures implementing the decisions of the General Shareholders' Meeting and the Board of Directors, enhancing the efficiency of the internal control and risk management system, as well as observing the rights and interests of the company's shareholders.

COMPOSITION OF MANAGEMENT BOARD AS ON 31 DECEMBER 2020

Name	Year of birth	Title	Year appointed
Dmitry Konov	1970	Chairman of the Management Board	2007
Vladimir Razumov (until the end of May 2021)	1944	Deputy Chairman of the Management Board	2007
Kirill Shamalov	1982	Deputy Chairman of the Management Board	2017
Mikhail Karisalov	1973	Member of the Management Board	2007
Alexey Kozlov	1982	Member of the Management Board	2015
Sergey Lukichev	1964	Member of the Management Board	2016
Alexander Petrov	1981	Member of the Management Board	2016

One of the goals set in the 2025 Sustainable Development Strategy is at least to double the number of women on the Management Board and in the senior management ranks of SIBUR. This issue remains in the constant focus of attention of the company's management.

Members of the Management Board of SIBUR as on 31 December 2020

Dmitry KONOV

Chairman of the Management Board of PJSC SIBUR Holding

Education:
- 1994 – Moscow State Institute of International Relations, concentration in International Economic Relations;
- 2001 – MBA International Institute for Management Development (IMD).

Professional experiences:
- 2007 – present – Chairman of the Management Board, PJSC SIBUR Holding;
- 2007 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2007 – 2015 – Chairman of the Board of Directors, RusVinyl LLC;
- 2008 – 2015 – Chairman of the Board of Directors, SNCK LLC;
- 2014 – 2016 – member of the Board of Directors, OJSC Stroytransgaz;
- 2014 – 2020 – member of the Board of Directors, JSC StroyTransNefteGaz (formerly CJSC Stroytransgaz);
- 2014 – 2020 – member of the Board of Directors, STGM LLC;
- 2016 – 2018 – Chairman of the Board of Directors, JSC NIPIGAS;
- 2017 – present – member of the Supervisory Board, PJSC ALROSA;
- 2018 – present – member of the Board of Directors, JSC NIPIGAS;

LLC SIBUR:

- 2007 – present – member of the Management Board (collegial executive body);
- 2011 – 2016 – CEO;
- 2016 – 2018 – Chairman of the Management Board (sole executive body);
- 2018 – present – Chairman of the Management Board of PJSC SIBUR Holding (sole executive body).

Vladimir RAZUMOV

(had the following duties until the end of May 2021)

Deputy Chairman of the Management Board of PJSC SIBUR Holding

Member of the Management Board LLC SIBUR

Education:
- 1967 – Voronezh Technological Institute, engineer;
- 1980 – Plekhanov Moscow Institute of National Economy, Organising and planning material and technical supply;
- 1987 – 1989 – Academy of National Economy under the Council of Ministers of the USSR, Economics, National Economy Management.

Professional experiences:
- 2006 – present – Senior Executive VP, member of the Management Board, Executive Director, Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2007 – present – Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2010 – 2016 – Chairman of the Board of Directors, Tobolsk-Polymer LLC;
- 2011 – 2021 – member of the Board of Directors, PJSC SIBUR Holding.

On 27 May 2021, Vladimir Razumov passed away at the age of 78, while on a business trip to the Voronezhsintezkauchuk enterprise, to which he devoted many years. Vladimir Razumov had worked at SIBUR since 1999 at the forefront of establishing the company, having made great contributions to developing the industry. Vladimir Razumov was an example and mentor for colleagues and partners alike.

Kirill SHAMALOV

Deputy Chairman of the Management Board of PJSC SIBUR Holding

Education:
- 2004 – St. Petersburg University, Faculty of Law.

Professional experiences:
- 2012 – 2015 – Deputy Chairman of the Management Board, LLC SIBUR;
- 2014 – present – member of the Board of Directors, RCC LLC;
- 2014 – present – member of the Board of Directors, PJSC SIBUR Holding;
- 2015 – present – President, Lagoda Management LLC;
- 2018 – present – CEO; Lagoda Management LLC;
- 2017 – present – Deputy Chairman of the Management Board, PJSC SIBUR Holding;
- 2018 – present – CEO, Yudoga Investment LLC.

Mikhail KARISALOV

Member of the Management Board of PJSC SIBUR Holding

Chairman of the Management Board LLC SIBUR

Education:
- 1998 – Russian Academy of Public Administration under the President of the Russian Federation, State and Municipal Administration;
- 2010 – Tyumen State Oil and Gas University, professional retraining course Chemical technology of natural energy carriers and carbon materials.

Professional experiences:
- 2007 – present – member of the Management Board, PJSC SIBUR Holding;
- 2007 – 2016 – member of the Board of Directors, Yuzhno-Priobsky GPP LLC;
- 2009 – 2016 – member of the Board of Directors, OOO Tobolsk-Polymer;
- 2012 – 2016 – member of the Management Board, Deputy chairman of the Management Board – executive director;
- 2014 – 2020 – Chairman of the Board of directors, STGM LLC;
- 2016 – 2018 – member of the Management Board, COO;
- 2016 – present – member of the Board of Directors, JSC NIPIGAS;
- 2018 – present – Chairman of the Management Board and CEO LLC SIBUR;[1]
- 2021 – present – member of the Board of Directors, Amur GCC LLC.

Alexey KOZLOV

Member of the Management Board of PJSC SIBUR Holding

Member of the management Board, Managing Director, Business Administration and Government Relations, LLC SIBUR

Education:
- 2004 – Kutafin Moscow State Law University (MSAL), Faculty of Law, PhD in Law.

Professional experiences:
- 2015 – present – member of the Management Board of PJSC SIBUR Holding
- 2015 – present – member of the Management Board, Managing Director, Business Administration and Government Relations, LLC SIBUR.

[1] In February 2018, SIBUR updated the Charter of the Management organization of LLC SIBUR, and there are currently two governing bodies consisting of one director, respectively, Chairman of the Management Board of SIBUR Holding LLC, Dmitry Konov, and General Director of LLC SIBUR, Mikhail Karisalov. This decision is associated with the design of previously initiated processes for the separation of strategic and operational leadership and is aimed at further improving management efficiency.

Sergey LUKICHEV

Member of the Management Board of PJSC SIBUR Holding

Member of the Management Board, managing Director, Corporate Security and Audit LLC SIBUR

Education:
- 1986 – Perm Higher Military Command School, physics, and power plants engineering.

Professional experiences:
- 2011 – 2018 – member of the Management Board, managing Director (Economic Security LLC SIBUR);
- 2016 – 2019 – member of the Board of Directors, Modern Technologies of Metal Protection LLC;
- 2018 – present – member of the Management Board, managing Director, (Corporate Security and Audit LLC SIBUR);
- 2016 – present – member of the Management Board of PJSC SIBUR Holding.

Alexander PETROV

Member of the Management Board of PJSC SIBUR Holding

Member of the Management Board, Managing Director, Directorate of Plastics, Elastomers, Organic Synthesis, Production Assurance at LLC SIBUR

Education:
- 2003 – Financial Academy under the Government of the Russian Federation, finance, and credit;
- 2014 – Business school INSEAD, MBA.

Professional experiences:
- 2012 – 2016 – Director, Financial Controlling and Reporting, LLC SIBUR;
- 2015 – 2020 – member of the Board of Directors, RusVinyl LLC;
- 2016 – 2020 – member of the Management Board, Managing Director, Economy and Finance at LLC SIBUR;
- 2016 – present – member of the Management Board, LLC SIBUR;
- 2020 – present – CEO, JSC Sibur-Khimprom;
- 2020 – present – Member of the Management Board, Managing Director, Directorate of Plastics, Elastomers, Organic Synthesis. Production Assurance at LLC SIBUR;
- 2021 – present – Chairman of the Board of Directors, SNCK LLC.

Principles for determining remuneration for SIBUR management

SIBUR has a long-term incentive plan in the form of cash payments. Among other factors, remuneration under the plan depends on the contribution that management makes to the increase in the fair value of SIBUR's business, which is calculated as the change in the fair value of the Group's business divided by the average change in the fair value of the business of SIBUR's peer group of companies. Under the terms of the plan, receipt of remuneration is determined, among other things, by a manager's tenure in the company. Remuneration rights are transferred in annual tranches amounting to 33.3% of the total provided remuneration, provided that the incentive plan participant has worked at the company without interruption from the time the remuneration rights were granted until the respective effective date of the remuneration.

At the end of 2020, the company reflected expenses under the long-term incentive plan in the amount of RUB 470 million, which is 35% less than in 2019.

SIBUR EXECUTIVES AMONG THE TOP 1000 RUSSIAN MANAGERS AWARD WINNERS

SIBUR's executives are traditionally among the winners of the Top 1000 Russian Managers award, which is organised by the Association of Managers with advisory support from Kommersant Publishing House. The award is granted to the winners of the annual rating of the same name.

For 2020, 11 SIBUR representatives were included in the ranking of Russia's best managers.

EXTERNAL AUDITOR

SIBUR hires an external auditor every year to perform an assessment of its financial statements prepared under Russian Accounting Standards (RAS) and International Financial Reporting Standards (IFRS).

In order to ensure a transparent, objective, and independent selection of an auditor, SIBUR holds a tender for the selection of an auditing organisation each year. The Audit Committee prepares recommendations on the auditor's approval for the Board of Directors based on the results of the tender. If the auditor's candidacy is approved by the Board of Directors, that candidate is submitted for approval by the General Meeting of Shareholders. Following decisions by the Annual General Meetings of Shareholders held on April 2, 2020 and April 7, 2021, PricewaterhouseCoopers Audit JSC (PwC)was re-elected as the company's auditor.

The auditor's fees for auditing the financial statements of PJSC SIBUR Holding in accordance with RAS and the consolidated financial statements of PJSC SIBUR Holding and its subsidiaries in accordance with IFRS for 2020, including verifying the condensed consolidated financial information for three, six and nine months of 2020, amounted to RUB 46.6 million, excluding VAT. The amount of the auditor's fees remained unchanged from 2019.

BUSINESS ETHICS AND COMPLIANCE

2020 HIGHLIGHTS:

MATERIAL TOPIC:
- Respect for human rights

THE CONTRACTOR'S CODE OF ETHICS
approved by the Board of Directors

HUMAN RIGHTS POLICY
adopted

ANTIMONOPOLY POLICY
developed

ARBITRATION COMMISSION
established as a decision-making body to interact with contractors (in the event of negative experience)

RUSSIA'S FIRST
international compliance conference – Ethics and Compliance in the Oil and Gas Industry – held by SIBUR and RBEN

20 MEETINGS
of ethics and discipline committees held in all company enterprises

8 CONFIRMED
conflicts of interest identified (22 fewer than in 2019)

155 CALLS
made to the hotline

2 NEW COMPLIANCE AREAS –
sanctioned compliance and compliance in the field of information protection; the total number of compliance areas at the end of the year reached 12

57 COMPLIANCE RISKS
identified in the company register

8 ENTERPRISES
where the compliance system was introduced for the first time

100%
of new employees completed anti-corruption compliance and corporate ethics training in 2020

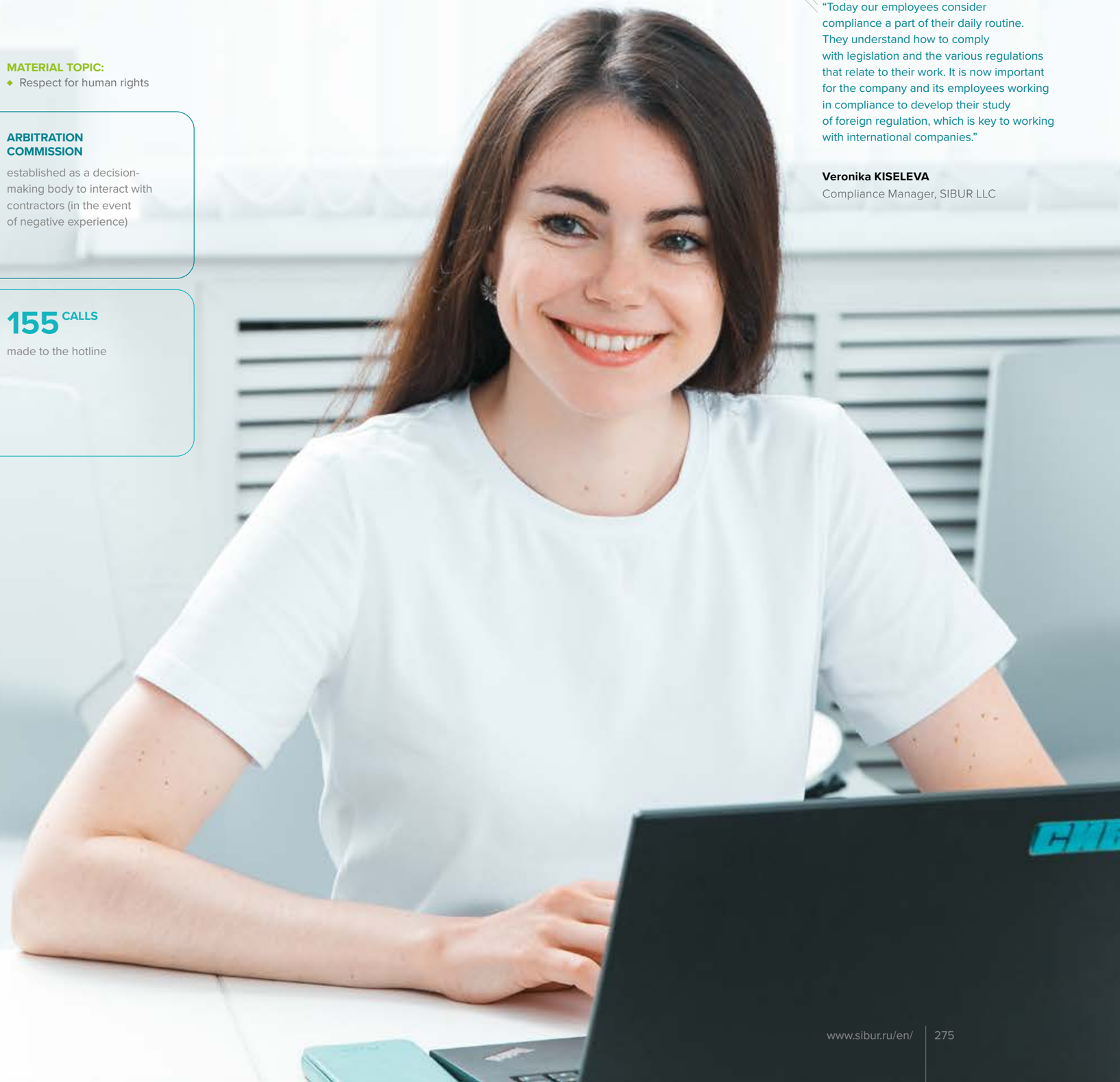
2,440 EMPLOYEES
trained on the Rules of Corporate Ethics and Compliance

4 TRAINING PROGRAMS
developed in the main compliance areas

HIGHEST RATING CATEGORY (A1)
received by SIBUR in the Russian Union of Industrialists and Entrepreneurs' Anti-Corruption Rating of Russian Business

VICTORY BY SIBUR IN THE CATEGORY
of Effective Management of Legal and Compliance Risks (Russia's Best Legal Departments of 2020 award)

SIBUR'S PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS



"Today our employees consider compliance a part of their daily routine. They understand how to comply with legislation and the various regulations that relate to their work. It is now important for the company and its employees working in compliance to develop their study of foreign regulation, which is key to working with international companies."

Veronika KISELEVA
Compliance Manager, SIBUR LLC

GRI 102-17

Ethical business conduct and respect for human rights, fighting corruption and all types of economic crime, and managing conflicts of interest are at the heart of SIBUR's operations. The company's effectiveness in these areas is confirmed by a high level of trust among all stakeholders.

SIBUR strives to create an atmosphere of mutual respect and openness by implementing the best international practices in business ethics and compliance.

As a member of the United Nations Global Compact, SIBUR strives to comply fully with the principles of the initiative as it relates to countering corruption and respecting human rights, as well as contribute to achieving the UN SDGs.

Business ethics and compliance are part of SIBUR's 2025 Sustainable Development Strategy. In 2020, SIBUR fully implemented the activities and goals that had been planned in accordance with the Strategy for the year in this area.

ACTIVITIES AND GOALS OF THE 2025 SUSTAINABLE DEVELOPMENT STRATEGY

Goals and metrics	Milestones achieved in 2020
Adoption of The Contractor's Code of Ethics and extension of its requirements to all company suppliers	◆ The Contractor's Code of Ethics was approved at the Board of Directors meeting on 17 December ◆ Contractor agreements are supplemented with the corresponding provision
Expanded coverage of the compliance system	The compliance system was implemented at a further six production sites (at 12 production sites in total)
Creation of educational resources on all SIBUR business programmes	Four programmes developed: ◆ Compliance for compliance representatives ◆ Compliance by area: – Procurement – Human resources support – Economic security
Development of the "Respecting Human Rights" compliance programme	A policy on human rights was approved at the Board of Directors meeting on 17 December

SIBUR Compliance System

SIBUR is actively developing an effective compliance system to ensure that company operations and the activities of its employees are in compliance with both Russian and international legislation, industry standards and other requirements.

SIBUR's compliance system is based on ISO 19600: 2014 "Compliance Management System", under which the company was certified in 2018. It is also based on regulations, recommendations from regulators, specific industry requirements and best practices in the field of compliance.

Elements of the compliance system have been integrated into all company activities, as well as into operating processes and procedures.

GRI 102-16

The main principles and areas covered by the compliance system are established in the **Compliance Policy**, which was adopted in 2018.

COMPLIANCE SYSTEM PRINCIPLES

1. adherence to the standards of business ethics;
2. adherence to best domestic and international practice;
3. adoption of and adherence to the requirements of the compliance system by all employees;
4. preventing violations of the compliance system;
5. allowing compliance processes to be performed.

KEY COMPLIANCE AREAS

GRI 103-2

All areas of the compliance system are overseen by the relevant business units, each of which implements its own compliance programme for minimising risks.

The compliance manager of LLC SIBUR is entrusted with coordinating the compliance system and its operation. The compliance system's general management is handled by the Chairman of the Management Board of PJSC SIBUR Holding.

Approach to Business Ethics and Compliance Management

GRI 103-2

The company has a Committee on Ethics and Discipline, which includes SIBUR's top management. Ethics and discipline commissions address and resolve conflicts of interest at SIBUR production sites.

The main document establishing the principles of honest and ethical business conduct in the company is the **Code of Corporate Conduct**. This document applies to all areas of SIBUR's operations and represents a basic set of standards and requirements that the company imposes on its managers and all employees.

In 2020, the Code of Corporate Conduct was supplemented with additional relevant sections, including in key areas such as:

- corporate values and respect for human rights;
- ethical rules of business conduct for managers and employees;
- requirements regarding the use of social media by employees when sharing information about the company;
- communication channels.

One of the key priorities in developing compliance at SIBUR is extending the compliance system to all of the company's production sites. In 2020, the compliance system was implemented at eight SIBUR production sites – ZapSibNeftekhim, SIBUR Tobolsk, Voronezhsintezkauchuk, BIAXPLEN, BIAXPLEN-T, KZSK, NIOST and Portenergo. By the beginning of 2021, the compliance system had been extended to 14 SIBUR production sites. To develop compliance at the enterprise level and increase involvement by business representatives in the compliance system's work, the Compliance Representative programme was launched in 2019 and includes 15 employees. In 2020, this programme entered a new phase of development, covering 14 production sites; in the reporting year, it was introduced at eight of these for the first time. Compliance representatives who are at industrial sites on a regular basis are responsible for the implementation and effective operation of the compliance system at production sites.

In the reporting year, eight compliance audits of SIBUR production sites were carried out in a number of areas of activity. As a result of these audits, recommendations were given on the application of best practices in procurement and improving tender work efficiency, which the company plans to implement in practice.

GRI 102-25

SIBUR holds regular meetings of the Ethics and Discipline Committee of the Management Board and relevant commissions in order to review circumstances indicating conflicts of interest for SIBUR employees. In the reporting year, eight conflicts of interest were identified and resolved.

In 2020, 20 meetings of the Ethics and Discipline Committee of the Management Board and relevant commissions were held (at the level of all company production sites).

Important compliance tasks are to identify, assess, prevent, and control compliance risks that arise in SIBUR's operations. At the end of 2020, the company was focusing on 57 compliance risks. All significant compliance risks are included in a register created in accordance with the Compliance Risk Assessment Methodology at LLC SIBUR and at PJSC SIBUR Holding production sites.

KEY COMPLIANCE TOOLS

KEY REGULATORY DOCUMENTS IN THE AREA OF ETHICS AND COMPLIANCE

- Compliance Policy;
- The Contractor's Code of Ethics;
- Anti-corruption Policy;
- Human Rights in the Workplace Policy;
- Regulation on LLC SIBUR's adherence to anti-corruption law;
- Declaration on adherence to ethical and legal standards by SIBUR and its business partners.

WORK OF THE COMMITTEE ON ETHICS AND DISCIPLINE
Under the Chairmanship of the Members of the Management Board

WORK OF THE COMMISSIONS ON ETHICS AND DISCIPLINE AT PRODUCTION SITES
Headed by General Directors of the production sites

REGULAR DECLARATION OF INFORMATION ON CONFLICTS OF INTEREST

INFORMING AND TRAINING EMPLOYEES ON COMPLIANCE ISSUES

HOTLINE FOR COMMUNICATION ABOUT VIOLATIONS

REGULAR AUDIT OF INTERNAL REGULATORY DOCUMENTS

Anti-corruption compliance

The company strives to develop and maintain an atmosphere where any form and manifestation of corruption in the SIBUR Corporate Centre is not tolerated. The same holds true for all Group production sites. SIBUR ensures compliance with the requirements of the Federal Law on Combating Corruption (No. 273-FZ dated 25 December 2008) and is guided by the principles of the United Nations Convention against Corruption.

Procedures for enforcing anti-corruption legislation are enshrined in the company's business processes, as well as **in the Anti-Corruption Policy of LLC SIBUR and the production sites of PJSC SIBUR Holding**. All of SIBUR's employment contracts with employees contain an anti-corruption clause. In addition, an anti-corruption clause has been included in SIBUR's contracts with contractors, which stipulate that business partners are to comply with all applicable anti-corruption, anti-money laundering and terrorism laws and regulations when performing their obligations.

GRI 205-3

There were no confirmed cases of corruption in the company during the reporting year. Corruption lawsuits were not initiated against the organisation or its employees in 2020.

SIBUR AWARDED THE HIGHEST LEVEL IN THE NATIONAL ANTI-CORRUPTION RATING OF THE RUSSIAN UNION OF INDUSTRIALISTS AND ENTREPRENEURS

In 2020, SIBUR was one of ten Russian companies to be awarded the highest level in the anti-corruption rating by the RUIE. As part of the rating, experts from RUIE assessed how effective the activities at Russia's 50 largest companies were in combating corruption based on 37 transparent criteria. Based on the assessment, SIBUR was assigned an A1 rating, which corresponds to companies with the highest level of anti-corruption and the lowest level of corruption risk.

Compliance in the area of countering the misuse of insider information

An important task for SIBUR involves developing an effective system of insider compliance and countering the misuse of insider information, i.e., non-public service data, which if disclosed may affect the market value of the company's securities. To comply with legal requirements and best practices in this area, SIBUR has adopted the **Regulation on Insider Information**. The document confirms the procedure for accessing and using insider information, and it also governs how the list of insiders and the list of insider information is maintained.

In 2020, development of this area involved a number of activities:

- revision of the list of information constituting trade secret;
- issuance of a new enterprise standard on the procedure for handling confidential information;
- introduction of an information system to work with trade secrets, with protection against copying and distribution of trade secrets.

PRIMARY COMPANY DOCUMENTS GOVERNING ISSUES CONCERNING ANTI-CORRUPTION WORK

ANTI-CORRUPTION POLICY

- Determining, preventing, and minimising cases of illegal, unethical, and corrupt behaviour among SIBUR employees

CODE OF CORPORATE ETHICS

- Facilitating honest and ethical business conduct, preventing abuse and violations of the law

THE CONTRACTOR'S CODE OF ETHICS

- Facilitating adherence to the principles of combatting corruption on the part of SIBUR's contractors and partners

Compliance in the area of information policy and personal data processing

As processor of personal data, SIBUR takes the legal, organisational, and technical measures that are both required and sufficient to protect information containing personal data. The company's **Personal Data Processing Policy** defines the primary goals, procedure and conditions for processing personal data, as well as the measures taken to ensure the security of personal data.

In 2020, the following activities were carried out in this area:
- updating used consent forms regarding the composition of the collected personal data and issues related to transfer of such data to third parties;
- audit of activities undertaken by divisions that process personal data for compliance with local regulations and legislation on personal data;
- risk mitigation in the area of personal data processing with respect to localisation of databases Russian territory due to tightened legislation.

Anti-Monopoly Compliance

GRI 206-1

As the scale of SIBUR's operations increases, ever greater attention is paid to developing anti-monopoly compliance, analysing, and preventing relevant risks, and improving our control procedures in this area.

In 2020, SIBUR developed and submitted a draft Anti-Monopoly Policy to FAS Russia, which was prepared in accordance with best practices and approaches to anti-monopoly risk minimisation.

In the reporting year, SIBUR processed 34 requests from the FAS Russia to analyse the service market (heat, water, and energy supply) and the petrochemical market. Moreover, in 2020, SIBUR was noted by FAS Russia representatives as being among the companies that voluntarily implemented antimonopoly compliance.

In 2020, no legal actions were taken against the company due to barriers to competition or violations of anti-monopoly laws. However, as part of the fight against unfair competition, SIBUR won a case against a company that had acquired and used a brand name similar to the brand name and trademarks owned by PJSC SIBUR Holding.

Training

GRI 205-2

SIBUR pays considerable attention to training employees and contractors in compliance requirements and to promoting this area. All new SIBUR employees are trained in anti-corruption compliance and the rules of corporate ethics.

One of the goals of the 2025 Sustainable Development Strategy is to create educational resources for all SIBUR compliance programmes. In 2020, the company developed training programmes in three compliance areas (Procurement, Human Resources, and Economic Security), as well as a training programme for compliance representatives. In addition, training materials were created to ensure comprehensive awareness among employees regarding the basics of the compliance system. Comprehensive staff training is scheduled for 2021.

In 2020, SIBUR also developed a course on Confidential Information to strengthen data protection compliance. We also prepared a catalogue of courses in the area of anti-monopoly legislation.

In 2020, the company held SIBUR Employee Awareness Day, which was timed to coincide with International Anti-Corruption Day, preparing a corresponding newsletter about compliance requirements.

In 2020,

2,440 EMPLOYEES

of SIBUR and its production sites underwent compliance training (including 333 in-person).

THE BEST LEGAL DEPARTMENTS OF RUSSIA – 2020

In 2020, SIBUR won the Best Legal Departments of Russia 2020 award in the special category of Corporate Training. A record number of nominees – 163 legal departments at Russian and foreign firms doing business in Russia – took part in the competition, which was organised by Corporate Lawyer magazine and the Aktion Pravo publishing house.

Association memberships and conference participation

SIBUR actively takes part in conferences on compliance and business ethics and is also a member of numerous reputable organisations that contribute to developing Russian and international anti-corruption policy.

SIBUR's Compliance Manager is also Director of the Russian Business Ethics Network in the area of ethics and compliance in the gas processing and petrochemical industry.

In 2020, SIBUR joined the Council on Development of Anti-Corruption Compliance and Business Ethics at the Chamber of Commerce and Industry of the Russian Federation.

The company also became a member of subgroups under the aegis of an interdepartmental working group of Russia's Ministry of Labour on the implementation of Russian legislative requirements on combating corruption in state agencies and organisations.

THE FIRST INTERNATIONAL COMPLIANCE CONFERENCE IN RUSSIA

In 2020, SIBUR joined with the Russian Business Ethics Network to host the first international compliance conference in Russia – Ethics and Compliance in the Oil and Gas Industry – which was dedicated to the specific nature of ethics and compliance management in gas processing and petrochemical companies.

More than 80 representatives of Russian and international companies attended the conference along with representatives of the Russia's Ministry of Labour. Conference participants included leaders of the Russian and international oil and gas industry, including Gazprom, LUKOIL, Schlumberger, SOCAR and numerous others.

Plans to develop SIBUR's compliance system in 2021

In 2021, SIBUR will continue developing key compliance areas. Key initiatives include developing the Human Rights in the Workplace compliance programme, further implementing the corporate-wide compliance training programme and the training programme for compliance representatives, confirming the quality of the compliance system as part of a repeat audit in accordance with ISO 19600:2014, introducing compliance systems at three additional production sites, including the Amur gas chemical complex that is currently under construction, as well as implanting the compliance representative programme in order to promote a culture of compliance in the company.

Business Ethics and Compliance in Relations with Contractors

The Contractor's Code of Ethics

SIBUR strives to adhere to high ethical standards in relations with all stakeholders and expects its contractors to comply with business conduct standards. In 2020, the company approved the **Contractor's Code of Ethics**, which contains corporate social responsibility requirements for organisations with which SIBUR does business. The Contractor's Code of Ethics declares SIBUR's adherence to the principles of fair competition and states the company's desire to ensure equal opportunities for all potential contractors.

The main requirements for contractors include:
- positive business reputation;
- compliance with the law, as well as with commonly accepted standards of corporate and business ethics;
- anti-corruption;
- respect for human rights and freedoms;
- management of conflicts of interest;
- refusal of material incentives for SIBUR employees aimed at encouraging employees to favour the party granting incentives;
- protection of confidential and insider information;
- concern for occupational health and safety;
- environmental protection and compliance with environmental legislation;
- timely informing about cases of actual or possible violation of the provisions of the Contractor's Code of Ethics.

In 2021, the company will continue extending the requirements of the Contractor's Code of Ethics to all suppliers.

Compliance in procurement

Important mechanisms for ensuring transparency in SIBUR's operations are the regulation and effective management of procurement processes. The company has a Procurement Regulation and detailed requirements for tender procedures that determine the criteria for selecting contractors, business reputation requirements as part of procurement procedures, disclosure of information on the outcome of competitive procedures and other aspects of tender activities.

SIBUR carried out the following activities in 2020 to develop compliance in procurement:

- the Contractor's Code of Ethics was approved;
- the Arbitration Commission was established – a decision-making body to limit the participation of contractors in the company's tenders (in the event of a negative experience with a given contractor);
- a register of appeals and a register of contractors requiring increased attention are maintained;
- a closed list of reasons for direct selection of a contactor has been established;

- working meetings were held to share experience with representatives of the Bank of Russia with respect to procurement compliance.

PRIMARY AREAS OF COMPLIANCE SYSTEM DEVELOPMENT FOR 2021

TRAINING COMPLIANCE REPRESENTATIVES; DEVELOPING COMPLIANCE COMPETENCES

- Developing the training program established in 2020

ANTI-CORRUPTION COMPLIANCE

- Promoting the Contractor's Code of Ethics among business partners
- Automating declarations of conflicts of interest using SAP

HUMAN RIGHTS IN THE WORKPLACE

- Developing a compliance programme
- Creating mechanisms for monitoring, auditing, and reporting for the purpose of public information disclosure

ALIGNING COLLABORATION OF THE INTERNAL AUDIT AND COMPLIANCE SERVICE

- Increasing the effectiveness of compliance processes through coordinating the work of subdivisions

CERTIFICATION

- Conducting a recertification audit in accordance with ISO 19600:2014 "Compliance Management System"

DEVELOPING GENERAL CORPORATE TRAINING PROGRAMMES IN COMPLIANCE

- Developing training and communication materials for all SIBUR compliance programmes

Respecting human rights

GRI 406-1

Respect for human rights is the overriding principle for interacting with SIBUR's employees and stakeholders. The company guarantees that the rights of its employees will be protected in line with the principles and approaches reflected in the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, the UN Global Compact, the UN SDGs, the Constitution of the Russian Federation, the Labour Code of the Russian Federation as well as other international and Russian documents in the area of human rights.

SIBUR's key internal documents concerning the observance of human rights are the SIBUR Code of Corporate Ethics, the company's 2025 Sustainable Development Strategy, and its Human Rights Policy.

The company respects the rights and freedoms of its employees; treats them with trust; provides them with equal career opportunities, decent and safe working conditions; and ensures employees' compensation is paid in a timely manner.

SIBUR is tolerant and respectful of employees regardless of age, gender, race, nationality, ethnicity, skin colour, language affiliation, religion and religious beliefs, property, social, official, marital status, political convictions, and membership in public associations. Any restrictions, for example, non-admission to hazardous professions, can be related solely to legal and regulatory requirements. In 2020, there were no cases of discrimination by the company in the workplace.

In the event there is discovery of any instances of violations or suspicion of violations, employees are obligated to immediately report this to the legal support department by sending an email to ✉ **compliance@sibur.ru**.

SIBUR is aware of risks to employees' health that are associated with work, and takes responsibility for providing social support for employees, safe working conditions at work and decent wages.

HUMAN RIGHTS POLICY

In December 2020, the SIBUR Board of Directors approved the Policy on Human Rights in the Workplace. The policy declares the company's commitment to respecting human rights and intolerance toward all types of discrimination. It also discloses the basic principles and tools for protecting human rights, and guarantees that these rights are respected across all of SIBUR's operations. The company aims to apply the principles of the document to all stakeholders that it influences, including employees, employees of suppliers and contractors, counterparties, and local communities in the regions of presence.

In the reporting year, SIBUR implemented the following initiatives aimed at developing human rights observance:

- continued development of Human Rights in the Workplace compliance programme;
- adoption of the 🔗 **Human Rights Policy** of LLC SIBUR and the production facilities of PJSC SIBUR Holding;
- updates to the Code of Corporate Ethics with an amended section "Human Rights in the Workplace";
- development of the Contractor's Code of Ethics with the inclusion of a subsection on "Respect for Human Rights".

Pursuant to Article 21 of the Federal Law on Social Protection of Disabled People in the Russian Federation (no. 181-FZ, dated 24 November 1995), the company promotes the employment of individuals with disabilities.

SIBUR's plans for 2021 include development of the "Human Rights in the Workplace" compliance programme, as well as creating mechanisms for monitoring, audit, and reporting for the purpose of public information disclosure.

Hotline and Feedback

GRI 102-17

From March to December 2020, the hotline received

155 CALLS

To promote fair and ethical business conduct and prevent violations, SIBUR has an internal hotline for employees and contractors.

In addition, the company uses an independent external operator hotline, which provides an opportunity to confidentially report known cases of corruption, fraud, discrimination, and other violations of human rights, as well as any other norms of the current legislation on the part of SIBUR employees. The collection and processing of information is carried out by an independent operator, Deloitte CIS, which guarantees the confidentiality of the information received in line with the legislation of the Russian Federation.

SIBUR regularly informs employees on the principles of human rights observance and opportunities to contact the hotline in the event of violations in this area.

The company maintains monthly statistics on the number and topic of calls; reporting on the hotline is provided to the top management on a quarterly basis. From March to December 2020, the hotline received 155 calls.

TO RECEIVE ADVICE OR REPORT A VIOLATION TO SIBUR, YOU CAN CALL OR EMAIL ANONYMOUSLY THROUGH THE DELOITTE WEBSITE:

Independent SIBUR hotline:
+7 (800) 500-08-74

Website:
https://www.sibur.deloitte-hotline.ru/

E-mail:
sibur-hotline@deloitte.ru

Internal SIBUR hotline:
compliance@sibur.ru

Deloitte.

Individual meetings between the compliance manager and employees at production sites

GRI 102-17

Since 2019, SIBUR has followed the practice of holding individual meetings with employees at production sites in order to increase local engagement and to effectively manage compliance risks. The company strives to give all employees the opportunity to meet with the compliance manager in person.

In 2021, SIBUR plans to resume this practice, which was interrupted due to the COVID-19 pandemic. In-person meetings with compliance representatives are planned to be held once every quarter.

All production sites are planned to have quarterly in-person meetings with their employees in 2021.

Approach to taxation

GRI 207-1

SIBUR maintains high standards of tax transparency, which enables the company to provide long-term value to its stakeholders.

The company strives to build open and trusting relationships with the tax authorities in all jurisdictions where it is present through its wholly owned subsidiaries[1]. The main provisions concerning taxation are enshrined in corporate principles for tax accounting.

GRI 207-2

The Tax Policy, Accounting and Reporting subdivision is responsible for managing the company's taxation and includes three tax areas:
- tax analysis of primary operations;
- international taxation, investment activities;
- tax accounting and reporting.

Tax risk management is consistent with and a part of corporate risk management. Identification, assessment, and actualisation of tax risks is carried out in the following cases:
- analysis of future transactions, including information from related areas;
- analysis of transactions at the end of a period and preparation of tax reports;
- conducting thematic tax audits;
- analysis of changes in tax legislation and law enforcement practice.

GRI 207-2, 207-3

The quality of compliance with tax legislation is assessed as part of specialised audits, following which an assessment of the established processes is assigned. Audit results, if applicable, are reflected in provisions in the statements. SIBUR builds professional relations with tax authorities based on constructive assistance in carrying out tax control measures, the principles of transparency and openness.

GRI 207-1

Following the laws and practices of the Russian Federation, SIBUR performs the below duties of a taxpayer:
- timely and full payment of tax payments;
- disclosure of all required information at the request of tax authorities;
- timely response to changes in tax legislation;
- use of tax incentives if they meet the criteria established by law for such incentives.

SIBUR assesses allowable tax preferences and the effect of their application when drafting or updating strategic directions for the company's development, including as it relates to sustainable development. When choosing tools to improve tax efficiency, SIBUR is guided by the following principles:
- strict observance of legislative requirements on taxes and fees; in cases of ambiguity in interpretation of the tax law and in conditions of ambiguous practice, external tax advice may be requested, and an inquiry for clarification sent to state agencies;
- mandatory review of new opportunities in the context of the company's overall development strategy.

GRI 207-2

In 2020, there were no complaints concerning the integrity of the organisation with respect to taxation.

GRI 207-3

SIBUR follows an approach according to which participation in open dialogue with government authorities makes the creation of an effective tax system achievable. In this regard, the company takes part in specialised committees under the Russian Union of Industrialists and Entrepreneurs, the Chamber of Commerce and Industry of Russia, as well as working groups on improving tax legislation and investor support that are organised under the Ministry of Finance of Russia, the Ministry for the Development of the Russian Far East, the Ministry of Economic Development of Russia, the Ministry of Energy of Russia, the Federal Tax Service of Russia, and the Federal Customs Service of Russia.

[1] For details, see the Appendices.

INTERNAL CONTROL AND RISK MANAGEMENT

MATERIAL TOPIC:
- Risk management

SIBUR's risk management and internal control system is an integral component of the company's overall corporate governance system. The continuous development of this system enables us to achieve our strategic goals, while ensuring the stability of business amidst uncertainty and adverse impacts on the company.

The company has incorporated a risk-oriented approach into its management decisions at all stages of the management cycle, from setting goals to monitoring their achievement in its operating and investment activities. This approach includes continuously developing and improving the effectiveness of the risk management system. The development of a risk management culture within the company helps to identify existing risks, prevent new risks, promptly respond to such risks, and engage in open discussions.

2020 HIGHLIGHTS

The Internal Audit Department conducted **8 AUDITS**

The Audit Committee held **11 MEETINGS**

THE COMPANY'S KEY RISK MAP was updated

TRAINING COURSES were developed to promote **A RISK MANAGEMENT CULTURE**

Initiatives were taken to draft **ADDITIONAL METHODOLOGICAL GUIDELINES CONCERNING RISK MANAGEMENT**

THE COMPANY'S MAIN RISK MANAGEMENT AND INTERNAL CONTROL DOCUMENTS ARE THE

- **Risk Management Policy. Revision No. 4;**
- **Regulation on Internal Control of Financial and Economic Activities. Revision No. 4.**

Countering the risk of the spread of COVID-19 was one of the key aspects of risk management in the reporting year. SIBUR conducted, as part of this, the transfer of numerous employees to remote work, organizing rotational shifts at production facilities, and providing staff with personal protective equipment[1].

Due to the epidemiological situation, cross audits of the company's enterprises were conducted remotely. In addition, the company made wholesale changes in its approach to control and preventive measures. A qualified external auditor and a subdivision of the corporate centre's Integrated Management System (IMS) were engaged as a second party to conduct audits.

At present, 24 of SIBUR's industrial enterprises are included in the scope of certification. In October 2020, the company's IMS underwent a recertification audit. JSC Bureau Veritas Certification issued new certificates to verify that SIBUR's processes and practices comply with the requirements of international standards ISO 9001:2015 (Quality Management system), ISO 14001:2015 (Environmental Management system) and OHSAS 18001:2007 (Occupational Health and Safety Assessment series).

[1] Detailed information about the company's activities to combat the COVID-19 pandemic can be found in the **'Countering COVID-19 and the contribution of SIBUR products to combatting the pandemic'**.

Risk management

GRI 102-11

The primary goal of the risk management process is to find a balance between identifying and exploiting new opportunities and minimizing potential losses. The risk management process takes place within special authorised departments whose activities are exposed to risk factors. The company is guided by the precautionary principle in its Integrated Management System Policy and Risk Management Policy.

SIBUR is committed to a proactive approach, risk prevention is at the foundation.

The company's risk management system consists of several sequential processes: risk identification, analysis, and assessment, the selection and application of response measures, continuous monitoring, and control of all aspects of the company's activities.

INITIATIVES TO DRAFT ADDITIONAL RISK MANAGEMENT GUIDELINES

SIBUR continues to improve its methodological approaches to risk assessment. In 2020, the company took the following initiatives as part of this objective:

- Further incorporation of risk management tools into production;
- Developed and passed off a barrier model for managing technology-related risks;
- Developed a standard operating procedure to regulate the risk updating process by risk owners in the common risk database;
- Developed a prototype of a risk database using the corporate MS SharePoint platform and tested the technology of forming a map of key risks for the company using Tableau software;
- Thoroughly updated the regulatory documents of the Business Service Centre's (BSC) services, including the risk matrix and control procedures;
- Made improvements to the risk management and control portals, the monitoring (FCC) of control procedures, and the quality dashboard;
- Fine-tuned risk indicator panels for individual business processes.

Principles of risk management

The company adheres to the following principles of risk management:[1]

- Integrated approach;
- Goal setting;
- Open discussion;
- Analysis of risks that have materialised;
- Distribution of responsibility;
- Management decisions taking into account information about risks;
- Flexibility and willingness to change;
- Continuity of the process.

Structure of the risk management system

GRI 102-30

The Audit Committee is responsible for developing the risks management function, defining its principles as well as overseeing the execution and analysis of the effectiveness of the RMS. In the reporting year, the Committee, according to the audit, held 11 meetings and reviewed a wide range of risks in various businesses. Each quarter in 2020, the Committee, according to the audit, monitored the execution of RMS measures.

The risk manager, which is part of the Corporate Security and Audit Unit, develops the methodology and provides consulting support to business.

The subdivisions that perform risk management via functional units as part of the RMS work to incorporate elements of the RMS into all the company's processes. The main responsibility for the execution of RMS measures is assigned to the business functions of SIBUR.

SIBUR's employees are actively involved in identifying, analysing, and assessing risks, responding to them, and continuously monitoring and controlling all aspects of the company's activities.

[1] A detailed description of the principles is given on page 43 of the **SIBUR Annual Report for 2019**.

Given that the company has organised a regular review of the list of significant risks, SIBUR employees and management are always aware of the most significant risks and measures to mitigate them.

Monitoring the effectiveness of the RMS and its improvement is carried out at both the corporate and operational levels.

The Internal Audit Department conducts an independent assessment of the reliability and efficiency of the risk management system based on the RMS plan approved by the Audit Committee.

Key risks and measures to mitigate them

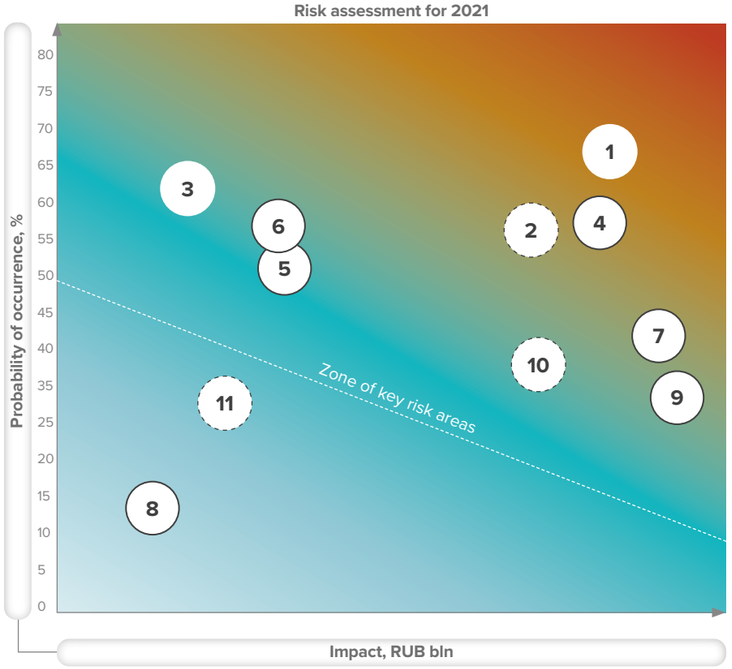
SIBUR's key risk map aggregates all the risks that are relevant to the company for the current year in a single coordinate system, reflecting their probability and impact in the event they materialise. Risk mitigation measures carried out by SIBUR management help to significantly reduce the likelihood of their occurrence and potential losses.

IN 2020, THE COMPANY MADE CONSIDERABLE EFFORTS TO RAISE THE STANDARDS AND IMPROVE THE WORK OF THE RMS.

SIBUR continued to develop the components of the BSC quality management ecosystem – specifically a risk management portal that can monitor the implementation of control procedures.

The company also conducted a sweeping update of the regulatory documents for BSC services, including risk matrixes and control procedures. In 2020, projects were also implemented to assess the effectiveness of the RMS and individual services of the BSC, which resulted in the updating of internal regulations and the drafting of action plans to improve the control environment.

KEY RISKS AND MEASURES TO MITIGATE THEM



Internal factors
External factors
Impact of both external and internal factors

1. Production risks
2. Commodity risks
3. Technology-related risks
4. Market risks
5. Logistics risks
6. Procurement risks
7. Risks to long-term financial stability
8. Information system risks
9. Investment activity risks
10. Regulatory risks
11. Risks related to sustainable development and climate change and the production and consumption of polymer products

GRI 102-15

In 2020, sustainable development risks were added to the list of key risks[1]

DESCRIPTION OF KEY RISKS	RISK MITIGATION MEASURES
1. Production risks	
The risk of unscheduled shutdowns and disruptions in the operation of equipment at key production assets and the assets of contractors' enterprises. The deterioration of equipment, possible failure of production control systems, erroneous actions by staff and other factors could have an influence on a decrease in production and entail losses due to downtime and also lead to expenses to restore equipment.	To mitigate the risk impact, the company: ◆ Regularly rebuilds and modernises facilities ◆ Organises continuous monitoring of equipment operation and condition; ◆ Introduces advanced methods for the maintenance and renovation of fixed assets; ◆ Implements projects to improve the qualifications of workers who operate equipment; ◆ Works to prevent disruptions in production and unscheduled downtime at the company's key facilities.
2. Commodity risks	
The insufficient supply of raw materials on the market or a shortage of certain raw material fractions could have a negative impact on the company's production processes, including being able to stop or delay the timely implementation of SIBUR's production plan, thus disrupting the schedule for the delivery of finished products to consumers. In addition, the poor quality of raw materials could have a negative infuence on the quality of the company's products.	To manage risks, the company implements the following measures: ◆ Keeps production facilities in close proximity to raw material producers; ◆ Develops its own raw materials supply base; ◆ Invests in the development of infrastructure to collect, process and transport raw materials to consolidate flows of hydrocarbon raw materials and ensure reliable access to the resource base; ◆ Concludes long-term contracts for the supply of raw materials; ◆ Seeks to diversify raw material suppliers.
3. Technology-related risks	
The occurrence of events that entail adverse consequences as a result of the company's production activities as well as events that may occur due to the impact of natural phenomena or the actions of third parties.	◆ The company is taking active steps to prevent, detect, monitor, and mitigate the consequences of adverse events.

unchanged | increased | decreased

[1] This list of risks is not exhaustive and reflects the most significant risks based on SIBUR's own assessments. An analysis of risks of a general economic and social nature, including a slowdown in economic growth, or a decrease in the purchasing power of the population is outside the scope of this section.

DESCRIPTION OF KEY RISKS	RISK MITIGATION MEASURES

4. Market risks

A decrease in demand and/or prices for the sale of the products, including for oil and petroleum products, increased market competition as well as the replacement of the company's products with analogues could lead to a reduction in SIBUR's market share, the loss of consumers of its products and, as a result, the deterioration of its financial results.

The company manages market risks in several areas:
- Monitors and analyses markets;
- Conducts segment diversification, develops the product portfolio, diversifies sales geography, and concludes long-term contracts for the sale of finished products;
- Employs a customer-oriented approach through the fulfilment of customer demand for product quality, transportation, labelling and packaging;
- Develops the system of sales and sales channels taking into account the commissioning of new capacity;
- Holds premarketing events.

5. Logistics risks

Changes in the delivery time of raw materials and finished products, changes in product quality during transportation, a limitation in the capacity of railways, highways, warehouse and railway infrastructure, terminals and ports, a shortage of rolling stock and transport equipment and a decrease in the quality of products during transportation could affect the company's performance of contractual obligations and lead to a loss of marginal revenue and an increase in logistics costs.

To minimise the probability of risks associated with logistics processes, the company:
- Develops alternative routes to transport products;
- Implements measures to create and/or develop infrastructure facilities;
- Develops comprehensive long-term solutions to logistic problems together with its partners – shippers, Russian Railways, and the government.

6. Procurement risks

Delays in delivery as well as the overvaluing and low quality of materials, equipment and services could affect SIBUR's ability to fulfil its production programme and cause disruptions in projects for the maintenance and development of fixed assets, organisational and infrastructural development, and support for administrative and economic measures, and also lead to an excessive increase in the cost of these projects and measures.

Procurement risks are managed by:
- Developing and introducing procurement strategies both in terms of materials and equipment as well as services;
- Automating the procurement and inventory management process;
- Improving the efficiency of warehouse balance management and building up reserve stocks.

unchanged increased decreased

DESCRIPTION OF KEY RISKS	RISK MITIGATION MEASURES

7. Risks to long-term financial stability

The company's inability to fulfil its obligations as part of financial, investment and operating activities due to a lack of liquidity.

In managing this risk, the company:
- Conducts five-year, annual, quarterly, and monthly planning of cash flow;
- Monitors investment programmes;
- Manages financial debt and working capital (including accounts receivable);
- Conducts a scenario analysis of the impact of macroeconomic and political factors on the company's activities.

The following achievements ensured a significant reduction in this risk:
- BBB- investment ratings with a stable outlook received from Fitch and S & P rating agencies;
- RDIF credit covenants aligned with Eurobond conditions;
- Expansion of credit instruments using state support via financing from the monocity development Fund;
- Access to the rouble bond market secured: bond issues have been registered.

8. Information system risks

The inoperability of key information systems and equipment as well as data transmission networks, unauthorised access to confidential information, the distortion of information during its transmission and the adoption of erroneous decisions based on such information. The company is actively centralising information systems between enterprises, so the failure of key software and/or equipment could lead to lower operational efficiency as well as the diminished quality and longer duration of financial reporting.

To manage information system risks, the company is:
- Introducing and continuing to develop data backup systems;
- Launching systems to protect information, channels, and communication equipment against penetration from the external environment;
- Implementing fault tolerance methods when establishing communication channels and connecting equipment;
- Preparing plans to restore key information systems;
- Using the approach of the geo-redundancy of support systems for information systems, communication systems and infrastructure.

unchanged increased decreased

DESCRIPTION OF KEY RISKS	RISK MITIGATION MEASURES

9. Investment activity risks

Failure to achieve the approved indicators for design capacity, the quality of products, deadlines, and project cost. The company's development strategy calls for building new production facilities and modernising existing ones.

Failure by contractors and suppliers to comply with approved work schedules, the poor quality of the design and performance of construction and installation work, and other factors could lead to missed deadlines, higher capital investments and, as a result, a shortfall in operating profit.

To manage this risk, the company is:
- Strengthening the project management function and controlling design quality and engineering supervision;
- Actively developing mechanisms to improve the quality of the prequalification of counterparties;
- Introducing tools to effectively influence contractors and suppliers, including incentives to optimise design solutions.

To reduce this risk:
- An in-house database of wage rates for the cost of work has been established;
- Physical volumes are monitored, starting from the stage when technical solutions are developed;
- An expert network was created to carry out Value Engineering for each package of engineering documentation;
- A unified knowledge base was established for ongoing and completed projects.

10. Regulatory risks

Activities in countries with emerging economies, such as Russia, entail the risk of periodic changes in tax legislation, matters concerning private property and other legislation. Changes in legislation may prohibit certain types of transactions, applied technologies, or increase the cost of compliance with legislative requirements.

To minimise these risks, the company:
- Employs an information and analytical system to monitor counterparties and the regulatory environment in order to promptly respond to changes in legislation;
- Provides consultations and trains employees on legislative issues;
- Actively participates in discussions of draft legislative acts.

unchanged increased decreased

DESCRIPTION OF KEY RISKS	RISK MITIGATION MEASURES

11.1. Risks related to sustainable development and climate change

The main sources of any negative environmental impact are greenhouse gas emissions, air, water and land pollution and incidents at treatment facilities, that could lead to fines and excessive payments. Potential significant consequences also include legal liability and financial charges.

In an effort to manage this risk in a more centralised manner:
- The company established the sustainable development department in 2019;
- The 2025 Sustainable Development Strategy was drafted and approved by the Board of Directors of PJSC SIBUR Holding;
- Goals to reduce greenhouse gas emissions and introduce solutions that aim to transition to a circular economy constitute a separate part of the Strategy within the 2025 Sustainable Development;
- The company's climate risks were assessed in the context of three climatic scenarios.

11.2. Risks related to the production and consumption of polymer products[1]

Risks related to the production and consumption of polymer products, which include the risks of non-tariff barriers being imposed on the export of the company's products, a tax being imposed on the production of primary polyolefins, diminished trust among stakeholders in the event of the failure to perform obligations under the Sustainable Development Strategy, of a decrease up to 2025, reducing demand for products made from primary polymers and the diminished appeal of polymer packaging due to the introduction of high environmental tax rates for polymer packaging, could adversely affect the company's financial results, the implementation of its strategic goals and also complicate the company's relations with customers.

To minimise these risks, SIBUR:
- Analyses trends and updates to foreign legislation and carbon regulation;
- Tracks changes in Russian legislation and participates in the discussion of draft regulations;
- Is a member of international associations;
- Analyses strategic sustainable development indicators of peer companies and FMCG companies, and conducts and updates benchmarking of the target values of peer companies;
- Implements a set of measures that aim to improve its positions in ESG ratings;
- Assesses sustainable development risks when preparing reports for investment projects;
- Drafts and incorporates methodologies to assess the product portfolio based on sustainable development criteria;
- Sets and monitors target values as part of the 2025 Sustainable Development Strategy;
- Seeks out solutions for types of plastic that are complex and difficult to recycle, the microplastic agenda and the possible rejection of a number of segments of use;
- Raises awareness about plastic and its benefits.

unchanged increased decreased

[1] Part of risks related to sustainable development and climate change.

Risk insurance

To mitigate operational risks, the company maintains insurance coverage that meets global standards and best practices. Insurance policies are underwritten by reputable Russian insurance companies, with partial placement of risks on international insurance and reinsurance markets.

PROPERTY DAMAGE (PD) INSURANCE PROGRAMME.

- All of the company's production facilities are covered under comprehensive property damage (PD) insurance programmes. PD insurance is maintained for full replacement value based on an independent valuation. An independent surveyor identifies risks at each production facility. Based on the surveyor's reports, estimated maximum losses are determined, and the Group then implements and monitors compliance with the surveyor's recommendations.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION (PD/BI) PROGRAMME.

- SIBUR has also compiled a list of production facilities at which accidents or incidents could incur the largest financial impact. SIBUR implements a property damage and business interruption (PD/BI) programme at such facilities.

VOLUNTARY CIVIL LIABILITY INSURANCE IN CONJUNCTION WITH THE COMPULSORY INSURANCE OF HAZARDOUS PRODUCTION FACILITIES (HIF) PROGRAMME.

- SIBUR also maintains a voluntary civil liability insurance programme for harm to the life, health and/or property of third parties that is supplemental to the compulsory insurance program of hazardous production facilities (HIF) programme. Comprehensive insurance provides the greatest coverage against the adverse effects of accidents and incidents.

COMPREHENSIVE DIRECTORS AND OFFICERS LIABILITY INSURANCE (D&O).

- The company provides comprehensive insurance against risks for directors and officers (D & O) – that consists of insurance coverage for the personal liability of members of the company's corporate governance bodies against lawsuits and claims of third parties that may arise from the unintentional and/ or erroneous actions of company officials. The insurance ensures the full coverage of the company's interests.

COMPREHENSIVE CARGO AND CREDIT INSURANCE PROGRAMME.

- To protect its trading operations and risks to product supplies on extended payment terms, the Group maintains comprehensive cargo and credit insurance programmes.

Additionally, PJSC SIBUR Holding insures risks when implementing major investment projects, including risks related to construction, third-party liability, cargo transportation and other financial losses.

The company actively works with the reinsurance market on a long-term basis and is constantly improving the conditions of its insurance coverage. Reinsurance is provided by major reinsurance companies with a credit rating of A– or better on the S & P Global Ratings' financial strength rating scale.

SIBUR believes that insurance coverage is only one of the risk mitigation actions it must take as part of a comprehensive risk mitigation approach and works to implement other measures to decrease its maximum cumulative risk.

Internal Control

GRI 102-30

Internal control is a means of supervising SIBUR's financial and operational activities, and is carried out by the Board of Directors, the Management Board, and the Sole Executive Body with the participation of the company's relevant business units and employee groups that oversee control initiatives.

The internal control system aims to guarantee that SIBUR will meet its goals in the following areas:

1. increasing the efficiency and effectiveness of the company's financial and economic activities as well as the safety of assets, while reducing risks and losses;
2. ensuring compliance with applicable laws and regulations, including meeting requirements related to industrial, economic, environmental and information security;
3. ensuring the reliability of financial and non-financial reporting for all stakeholders.

Internal control activities fall belongs to the competence of the **Board of Directors' Audit Committee**. Its role is to analyse the efficiency of the internal control and risk management system, as well as of internal and external audit. The Regulations on the Board of Directors' Audit Committee of PJSC SIBUR Holding stipulate that the main purpose of the Committee, according to the audit, is to conduct analyse and provide recommendations to the company's Board of Directors on the following issues:

1. conducting an annual independent external audit of the company's financial (accounting) or other statements, including consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS);
2. qualifications of the auditor, the quality of the services provided by the auditor, and compliance with the requirements of independence;
3. improving internal control and risk management system;
4. assessing the effectiveness of the system of internal control over the financial and operational activities, as well as preparing proposals for its improvement.

An independent assessment of the effectiveness of the risk management and internal control system is carried out by the internal Audit function as part of audit projects and monitoring risks in key business areas. The results of internal audits and unscheduled audit engagements that were performed by the internal Audit function in 2020 and were aimed at assessing risk management and internal control, and corporate governance, allow the overall state of the company's internal control, risk management, and corporate governance system to be assessed as effective. In the reporting year, the internal Audit function conducted 8 audits.

SIBUR's internal audit department conducted

8 INTERNAL AUDITS

to reduce the risks associated with business processes

Focus was placed on issues related to managing the reconstruction and modernisation process, managing the technological material balance and technological losses, the pricing process, as well as the efficiency of the process for procuring chemical products and catalysts. The audits made it possible to focus the business's attention on the areas of refining the control system in business processes in order to reduce the risks inherent in business processes.

Adherence to international management systems is ensured by regular internal process audits in accordance with the internal Procedure for Managing Internal Assessments (SR/01-02-01/PR02) conducted by LLC SIBUR in line with the requirements and principles of ISO 19011.

Responsibilities for improving the company's internal control system and reducing financial and operational risks lie with the company's **Revision Commission**.

The Regulations on the Revision Commission of PJSC SIBUR Holding state that this body exercises control over the company's financial and operational activities. The Revision Commission is primarily responsible for:

1

exercising control over the generation of reliable accounting (financial) statements;

2

exercising control over legislative compliance of the accounting procedure and over the company's submission of financial statements and information to relevant authorities and shareholders;

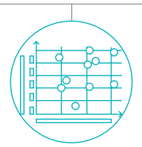
3

improving the company's asset management efficiency and other financial and operational activities, reducing financial and operational risks, and improving the internal control system.

GOALS FOR 2021

forming and updating methodological and regulatory support for Risk management, internal control and Internal Audit;

developing and piloting new risk management and internal audit methods and tools, e.g., key risk indicator systems and a continuous audit methodology;



building capacity for internal audit automation.

INFORMATION FOR SHAREHOLDERS AND INVESTORS

Share capital and shareholding structure

The share capital of PJSC SIBUR Holding amounts to RUB 21,784,791,000. As of 31 December 2019, the share capital consisted of 2,178,479,100 ordinary shares with a par value of RUB 10 each.

The state registration number is 1-02-65134-D, with a registration date of 31 May 2012.

The number of authorised shares amounts to 9,653,045,500 ordinary shares and 2,500,000,000 preferred shares with a par value of RUB 10 each. No preferred shares have been issued.

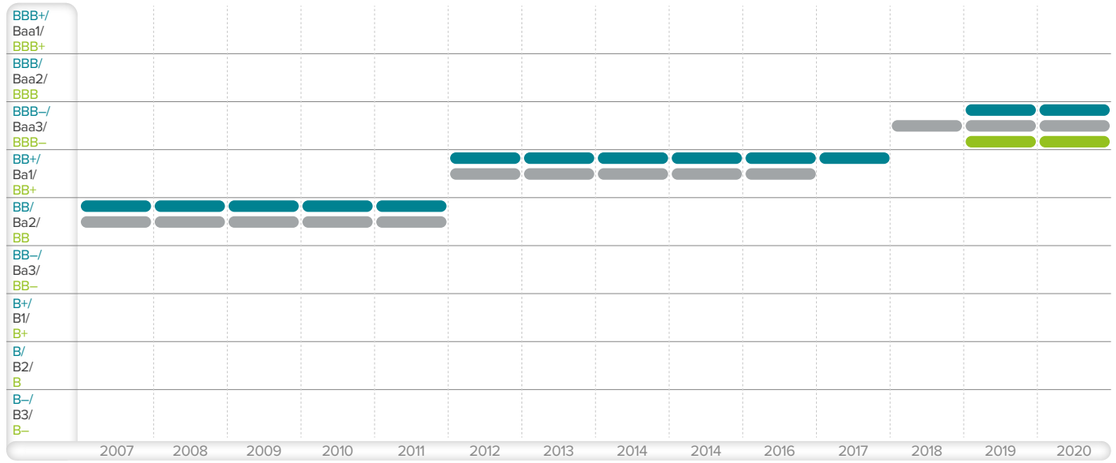
Credit ratings

In June 2020, Fitch and Moody's affirmed SIBUR's long-term issuer default ratings at investment grade BBB- and Baa3, with a stable outlook. The stable outlook for the company reflects the higher utilisation rate at its recently built ZapSibNeftekhim plant, a fall in 2020–2021 CAPEX due to completion of large expansionary investments, and overall economic recovery after the downturn caused by the coronavirus pandemic. Fitch also noted that despite a slump in demand for SIBUR's key products, demand for these products will keep growing above the global GDP growth rate in the long term.

Moody's expects SIBUR to be in a sufficiently strong position going forward thanks to its business resilience, an accumulated liquidity cushion, and successful completion of the active investment phase early in 2020. The agency also noted the successful launch of the ZapSibNeftekhim facility that will boost sales of high value-added products.

SIBUR's sustainability results were recognised externally in the ratings of independent think tanks and agencies such as MSCI, Sustainalytics, Ecovadis and CDP.[1]

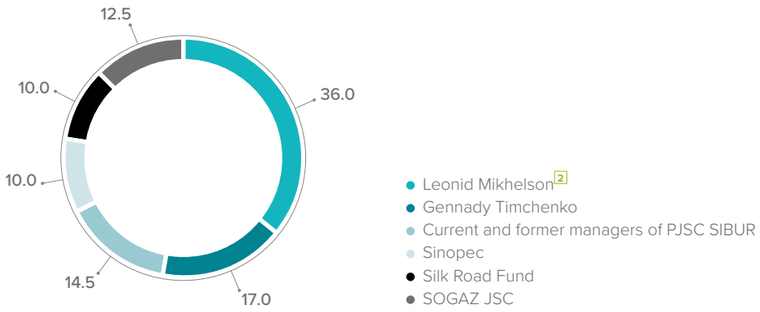
Fitch / Moody's / S&P



[1] For more, see the **'SIBUR – A Sustainable Company'** section.

Shareholding structure

SHAREHOLDING STRUCTURE,[1] %



Eurobonds

In July 2020, SIBUR floated five-year eurobonds for USD 500 million on the Irish Stock Exchange with the lowest coupon yield ever for a Russian corporate issuer of 2.95%. The initial price guidance was 3.13–3.25% per annum, but decreased as orders were collected to the final level of around 3% per annum (±5 basis points), which indicates that the international financial community continues to have a high level of confidence in the Company.

Total demand among investors for SIBUR's five-year eurobonds exceeded USD 1 billion. The eurobonds were distributed among both global and Russian investors in the placement. Moody's rated the bonds at Baa3, while Fitch gave them a rating of BBB-.

Outstanding	Amount of issue, USD mln	Coupon rate, %	Annual interest payment dates	Maturity date
Eurobond 2023	500[3]	4.125	5 Apr and 5 Oct	5 Oct 2023
Eurobond 2024	500	3.45	23 Mar and 23 Sep	23 Sep 2024
Eurobond 2025	500	2.95	8 Jan and 8 July	8 July 2025

[1] As of April 2021.
[2] Leonid Mikhelson's stake is owned directly and indirectly.
[3] In October 2018, SIBUR repurchased part of its USD 500 million Eurobond 2023 notes with a nominal value of USD 192 million at a price of 97.4% of the par value.

Dividends

SIBUR's dividend policy aims to increase the Company's investment appeal and shareholder value. Decisions on the payout of dividends are based on maintaining a balance of strategic goals, investment plans and the ability to return invested capital to the Company's shareholders in strict accordance with Russian legislation as well as the Charter and internal documents of SIBUR.

The General Shareholders' Meeting makes decisions on dividend payouts and amounts, as well as the timing and form of payment, based on the Board of Directors' recommendations.

SIBUR INCREASES MINIMUM DIVIDEND PAYOUT TO 50%[1]

In March 2021, SIBUR's Board of Directors approved a new Regulation on the Dividend Policy, which increased the minimum dividend payout ratio from 35% to 50% of the company's adjusted IFRS net profit. The new policy takes effect as of the reporting periods starting on 1 July 2020.

AT LEAST 50%

of adjusted net profit – payouts to shareholders based on the company's updated dividend policy

The Board of Directors now makes dividend recommendations based on SIBUR's payout target of not less than 50% of net profit, payable to the shareholders of the parent company, as determined on the basis of the Company's consolidated financial statement prepared in accordance with IFRS standards for the relevant reporting period and adjusted for:

- The amount of foreign exchange gains and/or losses;
- The amount of extraordinary non-cash income and expenses, including those related to the amount of share-based payments to employees obtained on behalf of the Company and not consolidated in the Company's IFRS financial statements;
- One-off (irregular) income and expenses.

▼ Open

For more information about SIBUR bonds, visit **the Company's website**.

▼ Open

For more information about SIBUR's dividend policy, visit **the Company's website**.

DIVIDENDS ACCRUED AND PAID OUT FOR PJSC SIBUR HOLDING SHARES SINCE 2015

Dividend accrual period	Dividend per share, RUB	Dividends accrued, RUB
1H 2015	3.90	8,496,068,490
2H 2015	3.24	7,058,272,284
1H 2016	3.33	7,254,335,403
2H 2016	4.30	9,367,460,130
1H 2017	4.50	9,803,155,950
2H 2017	6.75	14,704,733,925
1H 2018	5.06	11,023,104,246
2H 2018	10.46	22,786,891,386
1H 2019	7.70	16,774,289,070
2H 2019	8.06	17,558,541,546
1H 2020	5.73	12,482,685,243
2H 2020	13.17	28,690,569,747

[1] Event after the reporting date.

ANNEXES

REPORT ASSURANCE

GRI 102-56

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ОГРН: 1027739707203
ИНН: 7709383532

Independent practitioner's assurance report

To the Board of Directors of SIBUR Holding PJSC

Subject matter

We have been engaged by SIBUR Holding, PJSC (hereinafter 'the Company') to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, (herein 'the Engagement'), to report on SIBUR Holding, PJSC sustainability information disclosed in the Integrated Report (hereinafter 'the Report') and marked by «◔» including following sustainability indicators as of 31 December 2020 or for 2020 (hereinafter 'the reporting period'):

- Direct and indirect greenhouse gases (GHG) emissions (Scope 1, 2 and 3);
- Specific emission rate in the Gas Processing and Infrastructure and the Petrochemical segments;
- Specific water consumption;
- Lost Time Injury Frequency (LTIF) rate among employees and contractors;
- Percentage of women in the Management Board and senior management positions;
- Volume of investments in R&D projects;
- Volume of energy consumption including consumption from the renewable sources;
- Volume of social investments.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Under this engagement, we did not perform any procedures with regard to the following:

- Forward-looking statements on performance, events or planned activities of the Company;
- Statements of third parties included in the Report;

and other agreed limitations.

Applicable criteria

In preparing the sustainability information disclosed in the Integrated Report the Company applied Global Reporting Initiative Sustainability Reporting Standards (hereinafter 'GRI Standards') in Core option and the sustainability reporting principles of the Company as set forth in the criteria defined in chapter 'About this report' of the Report and notes to the indicators in the Report (hereinafter 'the Criteria'). We believe the Criteria to be consistent with the objectives of the subject matter.

The Company's responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the sustainability information disclosed in the Integrated Report in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the sustainability information disclosed in the Integrated Report, such that it is free from material misstatement, whether due to fraud or error.

The Practitioner's responsibilities

Our responsibility is to express a conclusion on the presentation of the sustainability information disclosed in the Integrated Report based on the evidence we have obtained.

We conducted our assurance engagement in accordance with International Standard for Assurance Engagements (revised) "International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (hereinafter 'ISAE 3000'). ISAE 3000 requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the sustainability information disclosed in the Integrated Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality control

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Summary of work performed

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

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Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems. A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the sustainability information disclosed in the Integrated Report, and applying analytical and other appropriate procedures.

Our procedures included:

- Inquiries of the representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting,
- Analysis of key documents related to Company sustainability policies, activities, performance and relevant reporting,
- Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company,
- Analysis of the Company stakeholder engagement activities via participating in public hearings on the draft Report,
- Benchmarking of the Report against sustainability reports of selected international and Russian peers of the Company and lists of petrochemical sector-specific sustainability issues raised by stakeholders,
- Review of a selection of corporate and external media publications with respect to the Company sustainability policies, activities, events, and performance in the reporting period,
- Analysis of material sustainability issues identified by the Company,
- Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report,
- Review of data samples regarding key human resources, environmental protection, health and safety, and charitable activities etc. indicators for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately,
- Interviews with representatives of Sibur Kstovo LLC responsible for human resources, environmental protection, health and safety and for gathering evidence supporting the assertions on the Company's sustainability policies, activities, events, and performance made in the Report,
- Collection on a sample basis of evidence substantiating other qualitative and quantitative sustainability information included in the Report at the headquarters level,
- Assessment of compliance of the sustainability information disclosed in the Report and its preparation process with Company's sustainability reporting principles,
- Assessment of compliance of sustainability information and data disclosures in the Report with the requirements of the Core option of reporting 'in accordance' with the GRI Standards.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information disclosed in the Integrated Report is not represented fairly, in all material respects, according to the Criteria.

I.A. Buyan
Partner
Ernst & Young LLC
27 July 2021

Details of the entity

Name: SIBUR Holding PJSC
Record made in the State Register of Legal Entities on 8 July 2002, State Registration Number 1057747421247.
Address: Russia, 626150, Tyumen. Region, Tobolsk, Eastern Industrial Park, 30.

Details of the independent practitioner

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

NAMEPLATE CAPACITY AND PRODUCTION CAPACITY UTILISATION RATES

The nameplate capacity of our production sites is the capacity registered in the documentation. It is defined as the volume of products that could be produced by a plant or a unit if it operates a certain number of hours per annum, usually less than the number of hours in a calendar year.

As such, the nameplate capacity implicitly assumes scheduled shutdowns, but it does not take into account the possible cyclicality of scheduled shutdowns (for example, the two-year maintenance cycle adopted at some of SIBUR's facilities). The nameplate capacity also does not take into account quality, grade or other characteristics of the products produced. For our petrochemical facilities, we provide capacity for each product group separately, since certain petrochemicals are used for production of other products.

Capacity utilisation is calculated as total production as a percentage of the weighted average capacity during the year. Weighted average capacity during the year may differ from nameplate capacity as of the year end if the capacity was expanded or the asset was consolidated during the respective period. We seek to operate our production facilities at optimal levels of capacity utilisation, taking into consideration prevailing general economic conditions, availability of feedstock, demand for our products and other factors. Capacity utilisation below 100% at GPPs is driven primarily by availability of feedstock at a particular location. Capacity utilization below 100% at other production facilities is driven more by a combination of market demand for each particular product and our decision and ability to switch the production between different types of products.

In addition, capacity utilisation levels below 100% may reflect lost days of production due to unscheduled shutdowns at our own facilities as well as at facilities of our suppliers or customers. Capacity utilisation exceeds 100% when we are able to run a facility more efficiently over time, upgrading the technology and implementing various debottlenecking measures. As the nameplate capacity includes scheduled shutdowns, the capacity utilisation at a particular facility may exceed 100% during those periods in which the frequency and duration of shutdowns is less than scheduled, including two-year maintenance cycles (when there is a short maintenance shutdown during one year and a lengthy one during the next year).

DISCLAIMER

The information contained herein pertaining to SIBUR (the "Group") has been provided by the Company solely for information purposes. By reading this Consolidated Report, you agree to be bound by the limitations set out below.

The material contained in this Consolidated Report is presented solely for information purposes and is not to be construed as providing investment advice. As such, it has no regard to the specific investment objectives, financial situation or particular needs of any recipient. It should not be regarded by recipients as a substitute for the exercise of their own judgment.

There may be material variances between estimated data set forth in this Consolidated Report and actual results, and between the data set forth in this Consolidated Report and corresponding data previously published by or on behalf of the Company.

This Consolidated Report contains forward-looking statements, including (without limitation) statements based on the current expectations and projections of the Company about future events, and these statements are subject to change without notice. All statements, other than statements of historical fact, contained herein are forward-looking statements.

Forward-looking statements are subject to inherent risks and uncertainties such that future events and actual results may differ materially from those set forth in, contemplated by or underlying such forward-looking statements. The Company may not actually achieve or realise its plans, intentions or expectations.

There can be no assurance that the Company's actual results will not differ materially from the expectations set forth in such forward-looking statements. Factors that could cause actual results to differ from such expectations include, but are not limited to, the state of the global economy, the ability of the petrochemical sector to maintain levels of growth and development, risks related to petrochemical prices and regional political and security concerns. The above is not an exhaustive list of the factors that could cause actual results to differ materially from the expectations set forth in such forward-looking statements. The Company and its affiliates are under no obligation to update the information, opinions or forward-looking statements in this Consolidated Report.

GLOSSARY

Terms and abbreviations

CLIP	An international accreditation for various forms of corporate education (Corporate Learning Improvement Process for corporate universities).
CMBA	Corporate Master of Business Administration training programme. SIBUR Driving Transformation & Innovation. Leadership through innovation and transformation.
CSI	Customer Satisfaction Index, which shows the satisfaction of a trainee with the programme.
COVID-19	A potentially serious acute respiratory disease caused by SARS-CoV-2, a novel type of coronavirus. Referred to in the report in the context of the global epidemiological situation caused by the virus in 2020.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
ESG-rating	The Environmental, Social and Governance rating (assesses environmental and social business risks, as well as corporate governance risks for the company.
GR	Government relations.
HR	Human Resources. In this report, the HR comprises HR department with its specialists as well as business processes related to personnel management.
HR-cycle	Comprises annually recurring HR events, including planning, performance management, engagement, reward and talent development.
Indoor TV	The internal corporate television channel.
L&D	Learning & Development (a team of specialists engaged in developing employee potential).
LMS	The Learning Management System (a programme for administering learning courses within the distance learning framework).
LTISR	Lost Time Injury Severity Rate.
LTIF	Lost Time Injury Frequency.
NPS	Net Promoter Score, an index showing the willingness of customers to recommend a product to others.
S&OP	Sales and Operations Planning (a process for planning procurements, production, sales and logistics).
Scope 1	Direct emissions (from owned or controlled sources).
Scope 2	Indirect emissions stemming from the generation of purchased energy (emissions resulting from burning fuel at third-party sources of energy purchased by the organization).
Scope 3	Greenhouse gas emissions resulting from economic or other activities (emissions resulting from production and transportation of fuel, raw materials and semi-products, as well as emissions resulting from the use of products and utilization of product waste).

Terms and abbreviations

TRIR	Total Recordable Incident Rate.
WorldSkills	A corporate professional mastery championship at our sites.
Herbicides	Chemical substances used to inhibit the growth of unwanted plants.
Grade	A position or group of positions with comparable wages and a similar level of competences and experience.
Diversification	A method of minimizing risk by distributing resources across different industries or areas.
Compliance	Conformity with internal or external requirements or norms, including legislative requirements.
Marker subtance	Pollutants that are indicative of the technologies and process parameters at a NEI facility.
Microplastics	Plastic fragments that are less than 5 mm in length.
SOGAZ IMM	SOGAZ International Medical Center.
Naphta	A highly-flammable liquid with a specific smell produced at the first stage of crude oil refining.
R&D	Research and development
Pyrolysis	The thermal anaerobic decomposition of organic and many inorganic materials at elevated temperatures.
Polymer	Composite chemical substances widely used in modern technologies.
Polymerization	The process of forming larger macromolecules (polymers).
Polyolefins	A category of high-molecular substances (polymers) used for production of film, tubes, hoses, sheet material, cables, tanks, packaging, specialized and other products.
Polypropylene	A category of high-molecular substances (polymers) used for production of film, tubes, hoses, sheet material, cables, tanks, packaging, specialized and other products.
IRP	Industrial rubber products
Carbon footprint	The total greenhouse gas (GHG) emissions caused by an individual organization.
COD	COD Chemical oxygen demand, a metric of organic content in water, O_2 mg.
SPP-1	Special-purpose programs aimed at upgrading the company's facilities in accordance with requirements for industrial safety.
Elastomers	Polymers with viscosity and elasticity, commonly called rubbers.

IDENTIFYING MATERIAL TOPICS

To fully and qualitatively disclose relevant information about our activities, we strive to take into account the opinions and interests of all stakeholder groups. For this purpose, the most important aspects of doing business, corporate governance, social and environmental protection are identified – essential topics.

GRI **103-1, 103-2, 103-3, 102-46, 102-47**

This approach is based on the best practices in corporate reporting and is recommended by the GRI Standards.

The identification of material topics is based on a survey of various stakeholder groups: employees, top management, business partners and suppliers, customers, as well as authorities and regulators, and expert analysis of the company's information field. Based on the information obtained from the questionnaires, material topics were identified, which:

- Are of great importance to SIBUR's stakeholders, influencing their assessment of its performance, reliability, and reputation, as well as their decision-making regarding interaction with it;
- Reflect the vision of top management assessing the company's economic, social and environmental impact within each theme.

THE IDENTIFICATION OF MATERIAL AND MATERIAL TOPICS TOOK PLACE IN THREE STEPS.

Step 1

The first step was to compile a list of material topics which was formed based on the analysis of issues raised by stakeholders in various communication channels, including the media domain, as well as based on a comparative analysis of the reports of major players in the international petrochemical market.

The selected topics were divided into four blocks: environmental, social, governance, and business aspects. The business aspects were first singled out as a separate block in 2020 in connection with the preparation of the consolidated report.

During this step,

30 MATERIAL TOPICS

were selected

Step 2

In the second step, an online questionnaire was administered to internal and external stakeholders to determine the extent to which each topic influenced their opinions and decision-making regarding SIBUR.

288 NUMBER

of survey respondents[1]

Step 3

At the third step, the selection of material topics from the formed list of material topics in accordance with the GRI approach was carried out. For this purpose, a ranking of topics based on the results of the questionnaire was carried out along with an additional expert analysis of the company's information field, an assessment of the impact of industry leaders within the topics, and an analysis of the main aspects of ESG ratings.

21 MATERIAL TOPICS

were included in the final list

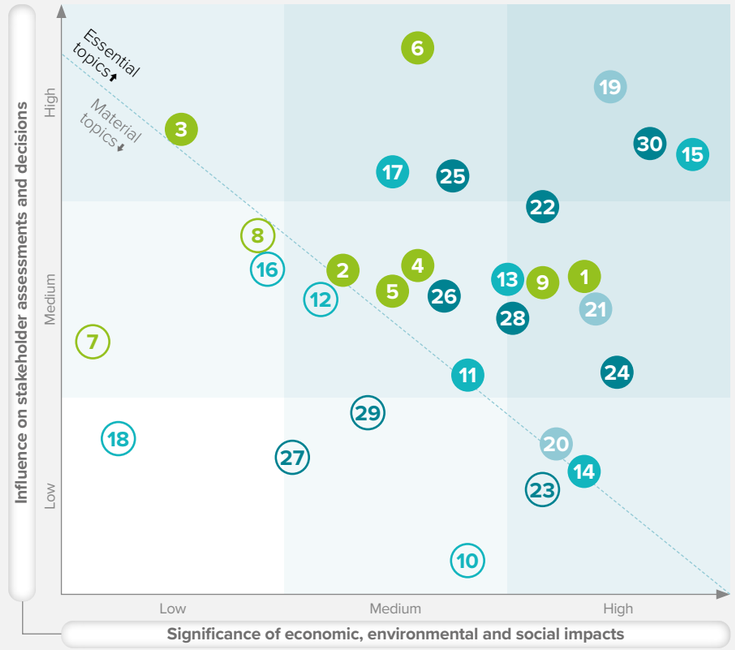
[1] More details in the Appendix.

Materiality Matrix

We developed a materiality matrix based on our surveys of stakeholders and senior management. The list and ranking of topics formed the basis for developing the structure and content of the report and determined which GRI disclosures we covered[1].

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

MATERIALITY MATRIX



Material topic[2]

ENVIRONMENTAL ASPECTS

1. Circular Economy
2. Energy Efficency
3. Climate Change
4. Pollutant Emissions
5. Water Consumptions and Wastewater Discharge
6. Company Waste Management
7. Biodiversity
8. Product Stewardship
9. Emergency Preparedness

SOCIAL ASPECTS

10. Company's Contribution to Minimizing the Effects of COVID-19
11. Stakeholder Engagement
12. Diversity and Equal Opportunities
13. Employee Engagement
14. Employee Training and Development
15. Employee Health and Safety
16. Engagement with Local Communities
17. Respect for Human Rights
18. Responsible Supply Chain

CORPORATE GOVERNANCE ASPECTS

19. Corporate Governance
20. Risk Management
21. Business Ethics, Anti-Corruption, Legal Complicance

BUSINESS ASPECTS

22. Company Development Strategy, Investment Projects and Responsible Financing
23. Interaction with Company Shareholders and Investors, Credit Ratings, Bonds and Dividends
24. Company's Business Model, Value Chain
25. Application of the Company's Products, Sources and Composition of Raw Materials
26. Operational and Financial Performance Results
27. Transportation and Logistics
28. Innovation and R&D
29. Digitalization
30. Customer Centricity

[1] See the GRI Indicator Table for details.
[2] The essential topics are highlighted in black, and the material topics are highlighted in gray.

Results of the Stakeholder Survey

Based on the results of the stakeholder survey.

- Topic 19 “Corporate Governance,” Topic 30 “Customer Centricity,” and Topic 15 “Employee Health and Safety” were the most material topics.
- Topics that have the greatest influence on stakeholder assessments and decisions: Topic 6 “Company Waste Management,” and Topic 19 “Corporate Governance.”
- Topics rated as having the highest significance:
- Topic 15 “Employee Health and Safety,” Topic 30 “Customer Centricity,” and Topic 24 “Company’s Business Model, Value Chain.”

When topics’ significance was assessed, some topics emerged as, highly significant for some stakeholder groups:

- Topic 22 “Company Development Strategy, Investment Projects and Responsible Financing” and Topic 30 “Customer Centricity” were assigned the highest degree of significance for the members of the Board of Directors;
- Topic 13 “Employee Engagement” and Topic 15 “Employee Health and Safety” were assigned the highest degree of significance for employees.
- Topic 30 “Customer Centricity,” Topic 1 “Circular Economy,” and Topic 11 “Stakeholder Engagement” were identified as most relevant to business partners and suppliers.
- Topic 30 “Customer Centricity,” and Topic 25 “Application of the company's products, sources and composition of raw materials,” were the most material topics for clients.
- Topic 9 “Emergency Preparedness,” Topic 6 “Company Waste Management,” and Topic 2 “Energy Efficency” were the most material topics for government authorities and regulators.

Stakeholder groups	Number of respondents who participated
Top management	12
Board of Directors	11
Investors	1
Employees	89
Media	5
Business partners and suppliers	24
Non-profit organizations	12
Residents of the towns where the company operates	4
Clients	110
Government authorities and regulators	19
Rating agencies	1
TOTAL	288

SIBUR STRUCTURE AND SCOPE OF THE REPORT

PJSC SIBUR Holding Structure (including joint ventures)[1]

PJSC SIBUR HOLDING
THE MANAGEMENT COMPANY LLC SIBUR

MIDSTREAM

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

PETROCHEMICALS

PLASTIC AND ORGANIC SYNTHESIS

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

ELASTOMERS

- JSC Voronezhsintezkauchuk (100%);
- JSC Krasnoyarsky zavod sinteticheskogo kauchuka (74,99%) (part of a JV with Sinopec, Sibur Sinopec Rubber Holding Company Limited);
- Reliance Sibur Elastomers Private Limited (25, 10%) (СП с Reliance Industries Limited).

OLEFINS AND POLYOLEFINS

- Tomskneftekhim LLC (100%);
- SIBUR-Kstovo LLC (100%);
- Rusvinyl LLC (50%) (JV with SolVin);
- BIAXPLEN LLC (100%);
- BIAXPLEN T LLC(100%);
- NPP Neftekhimia LLC (50%) (JV with Gazprom Neft);
- POLIOM LLC (50%) (JV with Gazprom Neft);
- ZapSibNeftekhim LLC (100%)[2];
- SIBUR Tobolsk LLC (100%).

INTERMEDIATES

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

BUSINESS SUPPORT

MANAGEMENT, LOGISTICS, AND BUSINESS SUPPORT

- JSC Siburenergomanagement (100%) (power);
- SIBUR Digital LLC (100%)[3];
- SOIR LLC (100%) (service organisation);
- NIOST LLC (100%) (R&D);
- JSC NIPIgaspererabotka (50%) (engineering) (including subsidiary SIBUR-Krasnodar LLC);
- SIBUR TsOB LLC (100%) (service center, consolidated into SIBUR LLC in 2018);
- SIBUR International GmbH (100%) (exports) (SIBUR International Shanghai Trading Company, SIBUR International Trading Istanbul);
- UK SIBUR-Portenergo LLC (100%) (transportation);
- JSC SIBUR-Trans (100%) (transportation);
- SIBUR PolyLab LLC (100%);
- SIBUR-Finance LLC (100%);
- SIBUR-Yug Health and Wellness Center LLC (100%);
- REACTOR LLC (100%).

1 The table lists companies included in the consolidation list of this report, as well as service centers and joint ventures (JVs) with partner companies.
2 In 2020, SIBUR Tobolsk LLC and ZapSibNeftekhim LLC were merged into a single legal entity, ZapSibNeftekhim LLC.
3 In 2020, SIBUR IT LLC was renamed to SIBUR Digital LLC.

GRI 102-45

As of December 31, 2020, SIBUR comprised 39 enterprises both in the Russian Federation and abroad.

GRI 102-10

In 2020, SIBUR IT LLC was renamed to SIBUR Digital LLC. SIBUR Tobolsk LLC and ZapSibNeftekhim LLC were also merged into a single legal entity, ZapSibNeftekhim LLC.

Companies covered by the scope of this report

- PJSC “SIBUR Holding”;
- LLC SIBUR;
- JSC SiburTyumenGas;
- ZapSibTransGaz LLC;
- JSC Voronezhsintezkauchuk;
- JSC KZSK;
- SIBUR PETROCHEMICAL INDIA PRIVATE LIMITED
- Sibur-Sinopec rubber Holding Company Limited;
- JSC SIBUR-Neftekhim;
- JSC SIBUR-Khimprom;
- SIBUR-Kstovo LLC;
- JSC SIBUR-PETF;
- JSC POLIEF;
- BIAXPLEN LLC;
- BIAXPLEN T LLC;
- Tomskneftekhim LLC;
- ZapSibNeftekhim LLC;
- JSC Siburenergomanagement;
- NIOST LLC;
- JSC SIBUR-Trans;
- JSC SpetsTransOperator;
- JSC NIPIgaspererabotka;
- SIBUR International GmbH;
- SIBUR International Shanghai Trading Company;
- SIBUR International Trading Istanbul;
- SOIR LLC;
- Quinzol Ventures Limited;
- SIBUR-Finance LLC;
- SIBUR Securities Ltd.;
- SIBUR Investments AG;
- SIBUR-Yug Health and Wellness Center LLC;
- UK SIBUR-Portenergo LLC;
- SIBUR-Krasnodar LLC;
- SIBUR PolyLab LLC;
- SIBUR Digital LLC;
- REACTOR LLC;
- Formula for Good Deeds, SIBUR Holding PJSC’s Charitable Foundation for Supporting Social Projects;
- NIPIGAS FRANCE SAS;
- NIPIGAS GmbH.

ADDITIONAL INFORMATION

Supplementary information for the “Employees” chapter

Additional information relating to GRI 102-8 “Information on employees and other workers”

GRI 102-8

TOTAL HEADCOUNT BROKEN DOWN BY EMPLOYMENT AGREEMENT TYPE, EMPLOYMENT CATEGORY, GENDER AND REGION

Company	Employees on permanent employment contracts	Employees on fixed-term employment contracts	Full-time employees	Part-time employees	Total
PJSC SIBUR Holding	**4**	**50**	**54**	**0**	**54**
◆ women	1	22	23	0	23
◆ men	3	28	31	0	31
LLC SIBUR	**1,769**	**466**	**2,235**	**0**	**2,235**
◆ women	1,096	207	1,303	0	1,303
◆ men	673	259	932	0	932
SIBUR International GmbH	**74**	**0**	**74**	**0**	**74**
◆ women	28	0	28	0	28
◆ men	46	0	46	0	46
SIBUR International Shanghai trading Company	**28**	**0**	**28**	**0**	**28**
◆ women	19	0	19	0	19
◆ men	9	0	9	0	9
SIBUR International Trading Istanbul	**4**	**0**	**4**	**0**	**4**
◆ women	2	0	2	0	2
◆ men	2	0	2	0	2
JSC SiburTyumenGas	**1,883**	**55**	**1,859**	**79**	**1,938**
◆ women	362	24	307	79	386
◆ men	1,521	31	1,552	0	1,552
SIBUR Tobolsk LLC	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0
◆ men	0	0	0	0	0
JSC Voronezhsintezkauchuk	**1,698**	**102**	**1,800**	**0**	**1,800**
◆ women	592	50	642	0	642
◆ men	1,106	52	1,158	0	1,158
JSC KZSK	**341**	**17**	**352**	**6**	**358**
◆ women	144	12	150	6	156
◆ men	197	5	202	0	202
JSC SIBUR-Neftekhim	**639**	**52**	**691**	**0**	**691**
◆ women	211	21	232	0	232
◆ men	428	31	459	0	459
JSC SIBUR-Khimprom	**879**	**71**	**950**	**0**	**950**
◆ women	197	35	232	0	232
◆ men	682	36	718	0	718

Company	Employees on permanent employment contracts	Employees on fixed-term employment contracts	Full-time employees	Part-time employees	Total
SIBUR-Kstovo LLC	**453**	**73**	**526**	**0**	**526**
◆ women	100	28	128	0	128
◆ men	353	45	398	0	398
JSC SIBUR-PETF	**175**	**10**	**185**	**0**	**185**
◆ women	59	2	61	0	61
◆ men	116	8	124	0	124
JSC POLIEF	**649**	**57**	**706**	**0**	**706**
◆ women	186	22	208	0	208
◆ men	463	35	498	0	498
BIAXPLEN LLC	**690**	**22**	**712**	**0**	**712**
◆ women	192	7	199	0	199
◆ men	498	15	513	0	513
BIAXPLEN T LLC	**93**	**1**	**94**	**0**	**94**
◆ women	15	0	15	0	15
◆ men	78	1	79	0	79
Tomskneftekhim LLC	**1,322**	**73**	**1,376**	**19**	**1,395**
◆ women	341	42	383	0	383
◆ men	981	31	993	19	1,012
ZapSibNeftekhim LLC	**3,874**	**316**	**4,190**	**0**	**4,190**
◆ women	855	118	973	0	973
◆ men	3,019	198	3,217	0	3,217
JSC Siburenergomanagement	**20**	**2**	**22**	**0**	**22**
◆ women	10	1	11	0	11
◆ men	10	1	11	0	11
NIOST LLC	**142**	**16**	**158**	**0**	**158**
◆ women	67	7	74	0	74
◆ men	75	9	84	0	84
JSC SIBUR-Trans	**11**	**0**	**11**	**0**	**11**
◆ women	7	0	7	0	7
◆ men	4	0	4	0	4
ZapSibTransGaz LLC	**646**	**5**	**636**	**15**	**651**
◆ women	62	2	49	15	64
◆ men	584	3	587	0	587
SOIR LLC	**39**	**1**	**32**	**8**	**40**
◆ women	6	1	7	0	7
◆ men	33	0	25	8	33
SIBUR-Finance LLC	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0
◆ men	0	0	0	0	0
SIBUR-Yug Health and Wellness Center LLC	**9**	**1**	**10**	**0**	**10**
◆ women	5	0	5	0	5
◆ men	4	1	5	0	5

Company	Employees on permanent employment contracts	Employees on fixed-term employment contracts	Full-time employees	Part-time employees	Total
Amur GCC LLC	**0**	**63**	**63**	**0**	**63**
◆ women	0	21	21	0	21
◆ men	0	42	42	0	42
UK SIBUR-Portenergo LLC	**2**	**2**	**4**	**0**	**4**
◆ women	0	0	0	0	0
◆ men	2	2	4	0	4
JSC NIPIgaspererabotka	**1,046**	**4,474**	**5,520**	**0**	**5,520**
◆ women	426	1,540	1,966	0	1,966
◆ men	620	2,934	3,554	0	3,554
SIBUR-Krasnodar LLC	**7**	**0**	**7**	**0**	**7**
◆ women	4	0	4	0	4
◆ men	3	0	3	0	3
SIBUR PolyLab LLC	**39**	**15**	**54**	**0**	**54**
◆ women	15	6	21	0	21
◆ men	24	9	33	0	33
SIBUR Digital LLC	**1,003**	**68**	**1,071**	**0**	**1,071**
◆ women	327	25	352	0	352
◆ men	676	43	719	0	719

Additional information relating to GRI 202-1 “Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation”

GRI 202-1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION, rubles.

Company	Standard wage for an entry-level male specialist	Standard wage for an entry-level female specialist	The average statutory minimum wage in the company’s regions of operation	Ratio of standard entry-level wages of male employees to the established minimum wage	Ratio of standard entry-level wages of female employees to the established minimum wage
PJSC SIBUR Holding	81,075	70,001	12,200	6.6	5.7
LLC SIBUR	15,600	15,600	15,000	1.04	1.04
SIBUR International GmbH	–	–	–	–	–
SIBUR International Shanghai Trading Company	–	–	–	–	–
SIBUR International Trading Istanbul	–	–	–	–	–
JSC SiburTyumenGas	34,760	34,760	12,200	2.8	2.8
SIBUR Tobolsk LLC	–	–	12,200	–	–
JSC Voronezhsintezkauchuk	20,800	18,000	12,130	1.7	1.5
JSC KZSK	21,600	21,600	12,130	1.8	1.8
JSC SIBUR-Neftekhim	25,200	26,500	12,130	2.1	2.2

Company	Standard wage for an entry-level male specialist	Standard wage for an entry-level female specialist	The average statutory minimum wage in the company's regions of operation	Ratio of standard entry-level wages of male employees to the established minimum wage	Ratio of standard entry-level wages of female employees to the established minimum wage
JSC SIBUR-Khimprom	26,450	22,770	12,130	2.2	1.9
SIBUR-Kstovo LLC	29,300	28,400	12,130	2.4	2.3
JSC SIBUR-PETF	21,900	18,500	12,130	1.8	1.5
JSC POLIEF	25,875	24,150	12,130	2.1	2.0
BIAXPLEN LLC	25,100	20,100	12,130	2.1	1.7
BIAXPLEN T LLC	25,740	25,740	12,130	2.1	2.1
Tomskneftekhim LLC	21,840	18,460	12,130	1.8	1.5
ZapSibNeftekhim LLC	22,080	26,680	12,130	1.8	2.2
JSC Siburenergomanagement	61,900	45,600	12,130	5.1	3.8
NIOST LLC	37,700	36,400	12,130	3.1	3.0
JSC SIBUR-Trans	180,000	–	15,000	12	–
ZapSibTransGaz LLC	28,290	28,865	12,130	2.3	2.4
SOIR LLC	50,000	21,000	15,000	3.3	1.4
SIBUR-Finance LLC	–	–	12,130	–	–
SIBUR-Yug Health and Wellness Center LLC	20,370	20,370	12,130	1.7	1.7
Amur GCC LLC	83,600	69,000	12,130	6.9	5.7
UK SIBUR-Portenergo LLC	–	–	12,800	–	–
JSC NIPIgaspererabotka	20,600	15,000	12,130	1.7	1.2
SIBUR-Krasnodar LLC	45,978	45,978	12,130	3.8	3.8
SIBUR PolyLab LLC	–	–	12,130	–	–
SIBUR Digital LLC	26,000	26,000	12,130	2.1	2.1

Additional information relating to GRI 401-1 "New employee hires and employee turnover"

GRI 401-1

TOTAL NEW HIRES FOR THE REPORTING PERIOD BY AGE, GENDER AND REGION

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
PJSC "SIBUR Holding"	**1**	**4**	**4**	**34**	**0**	**1**	**5**	**39**
◆ women	0	0	3	7	0	1	3	8
◆ men	1	4	1	27	0	0	2	31
LLC SIBUR	**184**	**266**	**262**	**307**	**7**	**13**	**453**	**586**
◆ women	76	163	120	108	1	3	197	274
◆ men	108	103	142	199	6	10	256	312
SIBUR International GmbH	**0**	**5**	**0**	**7**	**0**	**1**	**0**	**13**
◆ women	0	4	0	0	0	0	0	4
◆ men	0	1	0	7	0	1	0	9
SIBUR International Shanghai trading Company	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR International Trading Istanbul	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
JSC SiburTyumenGas	**100**	**55**	**54**	**64**	**4**	**12**	**158**	**131**
◆ women	10	6	4	16	1	6	15	28
◆ men	90	49	50	48	3	6	143	103
SIBUR Tobolsk LLC	**129**	**103**	**152**	**219**	**5**	**16**	**286**	**338**
◆ women	27	18	64	41	1	3	92	62
◆ men	102	85	88	178	4	13	194	276
JSC Voronezhsintezkauchuk	**98**	**35**	**47**	**27**	**6**	**8**	**151**	**70**
◆ women	6	3	17	9	2	3	25	15
◆ men	92	32	30	18	4	5	126	55
JSC KZSK	**19**	**29**	**14**	**22**	**2**	**7**	**35**	**58**
◆ women	6	11	5	11	2	4	13	26
◆ men	13	18	9	11	0	3	22	32
JSC SIBUR-Neftekhim	**37**	**14**	**14**	**15**	**1**	**1**	**52**	**30**
◆ women	10	3	3	4	0	1	13	8
◆ men	27	11	11	11	1	0	39	22
JSC SIBUR-Khimprom	**54**	**31**	**26**	**22**	**4**	**0**	**84**	**53**
◆ women	15	7	14	7	0	0	29	14
◆ men	39	24	12	15	4	0	55	39
SIBUR-Kstovo LLC	**26**	**14**	**12**	**24**	**3**	**2**	**41**	**40**
◆ women	7	1	2	6	1	0	10	7
◆ men	19	13	10	18	2	2	31	33
JSC SIBUR-PETF	**5**	**0**	**4**	**2**	**1**	**1**	**10**	**3**
◆ women	1	0	2	1	0	1	3	2
◆ men	4	0	2	1	1	0	7	1
JSC POLIEF	**39**	**58**	**19**	**45**	**1**	**8**	**59**	**111**
◆ women	13	4	6	11	0	1	19	16
◆ men	26	54	13	34	1	7	40	95
BIAXPLEN LLC	**32**	**25**	**38**	**33**	**2**	**1**	**72**	**59**
◆ women	8	9	7	7	0	0	15	16
◆ men	24	16	31	26	2	1	57	43
BIAXPLEN T LLC	**1**	**7**	**4**	**2**	**0**	**0**	**5**	**9**
◆ women	0	1	0	1	0	0	0	2
◆ men	1	6	4	1	0	0	5	7
Tomskneftekhim LLC	**78**	**115**	**18**	**26**	**1**	**8**	**97**	**149**
◆ women	4	2	3	6	1	5	7	13
◆ men	74	113	15	20	1	3	90	136
ZapSibNeftekhim LLC	**60**	**129**	**79**	**389**	**14**	**66**	**153**	**584**
◆ women	12	12	13	52	1	15	26	79
◆ men	48	117	66	337	13	51	127	505

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
JSC Siburenergomanagement	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**2**
◆ women	0	0	0	1	0	0	0	1
◆ men	0	0	0	1	0	0	0	1
NIOST LLC	**25**	**12**	**12**	**6**	**0**	**0**	**37**	**18**
◆ women	12	6	1	1	0	0	13	7
◆ men	13	6	11	5	0	0	24	11
JSC SIBUR-Trans	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
ZapSibTransGaz LLC	**20**	**27**	**24**	**31**	**2**	**5**	**46**	**63**
◆ women	2	3	5	3	0	0	7	6
◆ men	18	24	19	28	2	5	39	57
SOIR LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Finance LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Yug Health and Wellness Center LLC	**1**	**10**	**5**	**28**	**5**	**35**	**11**	**73**
◆ women	1	1	2	26	1	28	4	55
◆ men	0	9	3	2	4	7	7	18
Amur GCC LLC	**4**	**10**	**18**	**70**	**0**	**13**	**22**	**93**
◆ women	1	7	7	16	0	6	8	29
◆ men	3	3	11	54	0	7	14	64
UK SIBUR-Portenergo LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
JSC NIPIgaspererabotka	**519**	**568**	**811**	**1,428**	**34**	**83**	**1,364**	**2,079**
◆ women	214	242	223	404	8	21	445	667
◆ men	306	326	588	1,024	26	62	920	1,412
SIBUR-Krasnodar LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR PolyLab LLC	**1**	**14**	**2**	**13**	**0**	**1**	**3**	**28**
◆ women	0	6	0	6	0	0	0	12
◆ men	1	8	2	7	0	1	3	16
SIBUR Digital LLC	**110**	**108**	**119**	**157**	**5**	**9**	**234**	**274**
◆ women	23	32	23	39	2	3	48	74
◆ men	87	76	96	118	3	6	186	200

GRI 401-1

TOTAL EMPLOYEES DISMISSED IN THE REPORTING PERIOD BY AGE, GENDER AND REGION

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
PJSC "SIBUR Holding"	**12**	**7**	**24**	**38**	**2**	**9**	**38**	**54**
◆ women	7	4	17	28	2	7	26	39
◆ men	5	3	7	10	0	2	12	15
LLC SIBUR	**242**	**376**	**300**	**558**	**18**	**42**	**559**	**976**
◆ women	146	220	172	262	8	21	326	503
◆ men	96	156	128	296	10	21	234	473
SIBUR International GmbH	**0**	**5**	**0**	**26**	**0**	**3**	**0**	**34**
◆ women	0	4	0	12	0	1	0	17
◆ men	0	1	0	14	0	2	0	17
SIBUR International Shanghai trading Company	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR International Trading Istanbul	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
JSC SiburTyumenGas	**89**	**38**	**128**	**149**	**56**	**52**	**273**	**239**
◆ women	16	10	61	47	30	16	107	73
◆ men	73	28	67	102	26	36	166	166
SIBUR Tobolsk LLC	**126**	**140**	**199**	**424**	**45**	**156**	**370**	**720**
◆ women	46	38	89	123	18	46	153	207
◆ men	80	102	110	301	27	110	217	513
JSC Voronezhsintezkauchuk	**92**	**48**	**87**	**144**	**34**	**66**	**213**	**258**
◆ women	38	13	53	81	21	35	112	129
◆ men	54	35	34	63	13	31	101	129
JSC KZSK	**27**	**24**	**26**	**32**	**7**	**21**	**60**	**77**
◆ women	15	7	13	13	2	10	30	30
◆ men	12	17	13	19	5	11	30	47
JSC SIBUR-Neftekhim	**30**	**7**	**61**	**39**	**11**	**35**	**102**	**81**
◆ women	13	1	33	21	5	22	51	44
◆ men	17	6	28	18	6	13	51	37
JSC SIBUR-Khimprom	**52**	**13**	**79**	**76**	**21**	**28**	**152**	**117**
◆ women	17	5	38	28	9	12	64	45
◆ men	35	8	41	48	12	16	88	72
SIBUR-Kstovo LLC	**14**	**12**	**36**	**32**	**11**	**20**	**61**	**64**
◆ women	2	5	8	10	0	12	10	27
◆ men	12	7	28	22	11	8	51	37
JSC SIBUR-PETF	**6**	**3**	**14**	**11**	**2**	**10**	**22**	**24**
◆ women	1	0	6	8	2	6	9	14
◆ men	5	3	8	3	0	4	13	10
JSC POLIEF	**58**	**37**	**67**	**67**	**14**	**18**	**139**	**122**
◆ women	25	11	24	32	3	3	52	46
◆ men	33	26	43	35	11	15	87	76

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
BIAXPLEN LLC	**52**	**49**	**86**	**95**	**21**	**21**	**159**	**165**
◆ women	18	18	31	31	4	6	53	55
◆ men	34	31	55	64	17	15	106	110
BIAXPLEN T LLC	**5**	**6**	**3**	**13**	**0**	**4**	**8**	**23**
◆ women	0	1	0	2	0	3	0	6
◆ men	5	5	3	11	0	1	8	17
Tomskneftekhim LLC	**73**	**87**	**120**	**102**	**28**	**115**	**221**	**304**
◆ women	29	5	58	50	17	37	104	92
◆ men	44	82	62	52	11	78	117	212
ZapSibNeftekhim LLC	**63**	**279**	**207**	**958**	**27**	**160**	**297**	**1,397**
◆ women	11	82	32	216	3	37	46	335
◆ men	52	197	175	742	24	123	251	1,062
JSC Siburenergomanagement	**3**	**0**	**3**	**2**	**1**	**0**	**7**	**2**
◆ women	2	0	2	0	1	0	5	0
◆ men	1	0	1	2	0	0	2	2
NIOST LLC	**16**	**30**	**15**	**42**	**4**	**2**	**35**	**74**
◆ women	7	12	5	16	1	0	13	28
◆ men	9	18	10	26	3	2	22	46
JSC SIBUR-Trans	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
ZapSibTransGaz LLC	**31**	**9**	**51**	**53**	**15**	**15**	**97**	**77**
◆ women	5	0	5	13	0	2	10	15
◆ men	26	9	46	40	15	13	87	62
SOIR LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Finance LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Yug Health and Wellness Center LLC	**4**	**10**	**10**	**56**	**4**	**54**	**18**	**120**
◆ women	2	1	7	38	0	30	9	69
◆ men	2	9	3	18	4	24	9	51
Amur GCC LLC	**0**	**4**	**4**	**62**	**0**	**9**	**4**	**75**
◆ women	0	3	0	11	0	4	0	18
◆ men	0	1	4	51	0	5	4	57
UK SIBUR-Portenergo LLC	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	1	0	0	0	1
JSC NIPIgaspererabotka	**185**	**113**	**379**	**393**	**36**	**34**	**600**	**540**
◆ women	73	46	104	98	10	7	188	151
◆ men	112	67	275	295	25	27	412	389
SIBUR-Krasnodar LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
SIBUR-Yug Health and Wellness Center LLC	**1**	**10**	**6**	**56**	**0**	**54**	**7**	**120**
◆ women	1	1	1	38	0	30	2	69
◆ men	0	9	5	18	0	24	5	51
SIBUR Digital LLC	**105**	**179**	**121**	**322**	**20**	**19**	**246**	**520**
◆ women	32	51	41	76	11	6	84	133
◆ men	73	128	80	246	9	13	163	387

GRI **401-1**

EMPLOYEE TURNOVER, %

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
PJSC "SIBUR Holding"	**66**	**187**	**33**	**191**	**13**	**124**	**35**	**175**
◆ women	71	194	35	317	14	104	35	222
◆ men	59	179	29	90	0	344	35	113
LLC SIBUR	**30**	**56**	**20**	**41**	**13**	**36**	**23**	**45**
◆ women	28	51	22	37	11	39	24	42
◆ men	34	64	18	45	16	33	22	49
SIBUR International GmbH	**–**	**40**	**–**	**38**	**–**	**49**	**–**	**39**
◆ women	–	50	–	41	–	192	–	45
◆ men	–	22	–	35	–	36	–	34
SIBUR International Shanghai trading Company	**–**	**0**	**–**	**0**	**–**	**–**	**–**	**0**
◆ women	–	0	–	0	–	–	–	0
◆ men	–	–	–	0	–	–	–	0
SIBUR International Trading Istanbul	**–**	**0**	**–**	**0**	**–**	**–**	**–**	**0**
◆ women	–	–	–	0	–	–	–	0
◆ men	–	0	–	0	–	–	–	0
JSC SiburTyumenGas	**27**	**12**	**10**	**12**	**14**	**15**	**13**	**12**
◆ women	38	26	20	18	28	23	24	20
◆ men	25	10	6	10	9	13	10	11
SIBUR Tobolsk LLC	**18**	**23**	**9**	**23**	**7**	**29**	**11**	**24**
◆ women	28	32	16	26	9	31	17	28
◆ men	15	21	7	22	6	28	8	23
JSC Voronezhsintezkauchuk	**27**	**16**	**7**	**13**	**8**	**17**	**10**	**14**
◆ women	59	33	10	18	11	21	14	20
◆ men	20	14	5	9	5	14	8	11
JSC KZSK	**49**	**45**	**11**	**16**	**7**	**24**	**15**	**23**
◆ women	79	35	13	16	6	33	20	23
◆ men	34	51	10	16	8	19	13	23
JSC SIBUR-Neftekhim	**34**	**8**	**12**	**9**	**6**	**23**	**13**	**12**
◆ women	77	6	18	14	7	44	19	20
◆ men	24	8	9	6	5	13	10	8
JSC SIBUR-Khimprom	**28**	**7**	**11**	**12**	**13**	**23**	**14**	**12**
◆ women	35	10	25	22	14	29	24	20
◆ men	26	6	7	9	12	19	11	10

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
SIBUR-Kstovo LLC	**16**	**13**	**11**	**10**	**10**	**21**	**12**	**12**
◆ women	12	37	11	13	0	42	8	23
◆ men	17	9	11	9	14	12	13	9
JSC SIBUR-PETF	**20**	**15**	**13**	**12**	**2**	**14**	**10**	**13**
◆ women	28	0	14	23	6	22	12	22
◆ men	19	15	12	5	0	9	9	8
JSC POLIEF	***41***	***29***	***13***	***14***	***12***	***19***	***18***	***18***
◆ women	80	60	13	21	9	12	22	23
◆ men	30	24	13	11	13	23	16	15
BIAXPLEN LLC	**47**	**47**	**14**	**18**	**18**	**25**	**19**	**23**
◆ women	63	63	17	22	14	34	23	29
◆ men	41	40	13	16	20	23	18	20
BIAXPLEN T LLC	**21**	**27**	**4**	**19**	**0**	**66**	**8**	**24**
◆ women	0	81	0	21	0	61	0	38
◆ men	24	24	5	19	0	85	9	21
Tomskneftekhim LLC	**39**	**50**	**12**	**11**	**6**	**30**	**13**	**21**
◆ women	83	26	18	19	11	34	21	23
◆ men	29	53	9	8	3	28	10	20
ZapSibNeftekhim LLC	**16**	**72**	**17**	**106**	**24**	**161**	**17**	**100**
◆ women	19	179	24	165	14	144	22	166
◆ men	15	57	16	96	26	167	17	89
JSC Siburenergomanagement	**300**	**0**	**17**	**12**	**45**	**0**	**34**	**10**
◆ women	0	0	22	0	415	0	54	0
◆ men	100	0	12	26	0	0	18	19
NIOST LLC	**25**	**49**	**12**	**37**	**39**	**35**	**17**	**41**
◆ women	24	45	9	34	27	0	14	36
◆ men	27	52	14	40	46	62	20	45
JSC SIBUR-Trans	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
ZapSibTransGaz LLC	**29**	**9**	**11**	**12**	**14**	**17**	**14**	**12**
◆ women	59	0	10	28	0	47	16	25
◆ men	26	9	11	10	14	15	14	11
SOIR LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Finance LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Yug Health and Wellness Center LLC	**10**	**878**	**11**	**357**	**5**	**454**	**9**	**418**
◆ women	9	5,314	11	553	0	724	6	625
◆ men	11	804	12	204	16	310	13	288
Amur GCC LLC	**0**	**48**	**15**	**132**	**0**	**217**	**11**	**126**
◆ women	0	77	0	123	0	319	0	127
◆ men	0	22	21	135	0	172	16	126

Company	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
UK SIBUR-Portenergo LLC	**0**	**0**	**0**	**41**	**0**	**0**	**0**	**23**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	41	0	0	0	23
JSC NIPIgaspererabotka	**26**	**0**	**15**	**0**	**15**	**0**	**18**	**0**
◆ women	23	0	14	0	8	0	15	0
◆ men	28	0	16	0	22	0	19	0
SIBUR-Krasnodar LLC	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
◆ women	0	0	0	0	0	0	0	0
◆ men	0	0	0	0	0	0	0	0
SIBUR-Yug Health and Wellness Center LLC	**8**	**878**	**24**	**357**	**0**	**454**	**18**	**418**
◆ women	25	5314	14	553	0	724	16	625
◆ men	0	804	28	204	0	310	18	288
SIBUR Digital LLC	**28**	**61**	**14**	**43**	**29**	**41**	**19**	**48**
◆ women	25	53	17	38	33	29	21	42
◆ men	29	64	13	45	25	52	18	50

Additional information relating to GRI 401-3 “Parental leave”

GRI 401-3

PARENTAL LEAVE, people.

	2019	2020
The number of employees who took parental leave in the reporting period	**413**	**566**
◆ women	404	561
◆ men	9	5
Total number of employees who returned to work in the reporting period after parental leave	**324**	**187**
◆ women	318	186
◆ men	6	1
Total number of employees who returned from parental leave and continued to work for 12 months in the reporting period	**212**	**167**
◆ women	206	166
◆ men	6	1
Total number of employees who were expected to return to work in the reporting period after parental leave	**404**	**290**
◆ women	391	287
◆ men	13	3
The rate of employees returning to work after parental leave in the reporting period	**0.80**	**0.64**
◆ women	0.81	0.65
◆ men	0.46	0.33
The retention rate of employees who took parental leave in the reporting period	**0.59**	**0.52**
◆ women	0.58	0.52
◆ men	1.00	0.17

Additional information relating to GRI 405-1 “Diversity of governance bodies and employees”

GRI 405-1

EMPLOYEE DIVERSITY INDICATORS BROKEN DOWN BY GENDER AND AGE

	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
Total management	**3,641**	**2,899**	**9,401**	**11,035**	**1,146**	**1,310**	**14,188**	**15,244**
◆ women	1,552	1,418	3,250	4,101	484	569	5,286	6,088
◆ men	2,089	1,481	6,151	6,934	662	741	8,902	9,156
Total management	**3,641**	**2,899**	**9,401**	**11,035**	**1,146**	**1,310**	**14,188**	**15,244**
◆ of which senior managers	334	154	2,648	2,815	344	376	3,326	3,345
◆ female managers	39	24	505	562	92	89	636	675
◆ male managers	295	130	2,143	2,253	252	287	2,690	2,670
◆ of which specialists	3,307	2,745	6,753	8,220	802	934	10,862	11,899
◆ female specialists	1,513	1,394	2,745	3,539	392	480	4,649	5,413
◆ male specialists	1,794	1,351	4,009	4,681	410	454	6,213	6,486
◆ of which employees	0	0	0	0	0	0		0
◆ female office employees	0	0	0	0	0	0	0	0
◆ male office employees	0	0	0	0	0	0	0	0
Total workers	**2,226**	**1,818**	**4,896**	**4,815**	**1,616**	**1,675**	**8,738**	**8,308**
◆ female workers	228	171	1,055	879	378	384	1,662	1,434
◆ male workers	1,997	1,647	3,840	3,936	1,238	1,291	7,076	6,874
TOTAL	**5,867**	**4,717**	**14,297**	**15,850**	**2,762**	**2,985**	**22,926**	**23,552**
◆ women	1,780	1,589	4,305	4,980	862	953	6,948	7,522
◆ men	4,086	3,128	9,992	10,870	1,900	2,032	15,978	16,030

MANAGEMENT DIVERSITY INDICATORS BROKEN DOWN BY GENDER AND AGE

	Aged under 30		Aged 30-50		Over 50		Total employees	
	2019	2020	2019	2020	2019	2020	2019	2020
The Management Board	**0**	**0**	**13**	**10**	**3**	**8**	**16**	**18**
◆ women	0	0	2	2	0	0	2	2
◆ men	0	0	11	8	3	8	14	16
The Board of Directors	**0**	**0**	**4**	**2**	**8**	**10**	**12**	**12**
◆ women	0	0	1	0	0	1	1	1
◆ men	0	0	3	2	8	9	11	11
Total number of managers	**0**	**0**	**17**	**12**	**11**	**18**	**28**	**30**
◆ women	0	0	3	2	0	1	3	3
◆ men	0	0	14	10	11	17	25	27

Additional information relating to GRI 405-2 “Ratio of basic salary and remuneration of women to men”

GRI 405-2

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

Company	Specialists and workers	Management	Total employee
PJSC “SIBUR Holding”	0.87	0.92	0.58
LLC SIBUR	0.71	0.80	0.53
JSC SiburTyumenGas	0.95	0.80	0.92
SIBUR Tobolsk LLC	0.87	0.77	0.84
JSC Voronezhsintezkauchuk	0.95	0.80	0,90
JSC KZSK	0.93	0.68	0.83
JSC SIBUR-Neftekhim	0.91	1.07	0.83
JSC SIBUR-Khimprom	0.78	0.99	0.75
SIBUR-Kstovo LLC	0.85	0.89	0.79
JSC SIBUR-PETF	0.99	0.80	0.95
JSC POLIEF	0.91	1.1	0.84
BIAXPLEN LLC	0.93	0.87	0.95
Tomskneftekhim LLC	0.93	1.17	0.93
ZapSibNeftekhim LLC	0.76	0.56	0.69
JSC Siburenergomanagement	0.74	0.92	0.69
NIOST LLC	0.84	0.80	0.71
SIBUR-Yug Health and Wellness Center LLC	0.84	0.50	0.66
SIBUR PolyLab LLC	0.93	0.87	0.92
SIBUR Digital LLC	0.90	0.96	0.76
Average deviation of the base rate of women's wages from the base rate of men's wages	**0.93**	**0.92**	**0.92**

RATIO OF WOMEN'S REMUNERATION TO MEN'S REMUNERATION

Company	Specialists and workers	Management	Total employee
PJSC SIBUR Holding	1.23	0.93	0.60
LLC SIBUR	0.71	0.76	0.50
JSC SiburTyumenGas	0.93	0.75	0.89
SIBUR Tobolsk LLC	0.84	0.71	0.80
JSC Voronezhsintezkauchuk	0.92	0.79	0.86
JSC KZSK	0.95	0.72	0.84
JSC SIBUR-Neftekhim	0.89	1.08	0.81
JSC SIBUR-Khimprom	0.79	1.01	0.75
SIBUR-Kstovo LLC	0.81	0.86	0.75
JSC SIBUR-PETF	0.96	0.71	0.90
JSC POLIEF	0.90	1.20	0.83
BIAXPLEN LLC	0.93	0.83	0.94
Tomskneftekhim LLC	0.84	1.11	0.84
ZapSibNeftekhim LLC	0.76	0.59	0.67
JSC Siburenergomanagement	0.75	0.92	0.68
NIOST LLC	0.82	0.79	0.69
SIBUR-Yug Health and Wellness Center LLC	0.81	0.37	0.57
SIBUR PolyLab LLC	0.98	0.84	0.95
SIBUR Digital LLC	0.88	0.94	0.75
Average deviation of women's remuneration to men's remuneration	**0.85**	**0.85**	**0.85**

Supplementary information for the “Occupational Health and Industrial Safety”

Additional information relating to GRI 403-9 “Workplace injuries”

GRI 403-9

WORKPLACE INJURIES

	Indicator	Unit of measurement	Company employees	Contractor employees	Construction contractor employees
Average headcount	–	Number of people	23,115	10,251	1,448
Man-hours worked	–	Man-hour	38,721,459	22,344,823	7,660,888
Total work-related accidents, including:	–	Number of incidents	12	8	0
◆ Fatalities	–	Number of incidents	0	0	0
◆ Collective accidents	–	Number of incidents	0	0	0
People injured, including:	–	Number of people	12	8	4
◆ Fatalities	FA	Number of people	0	0	0
◆ Severe injuries	–	Number of people	1	1	1
◆ Minor injuries	–	Number of people	11	7	3
People injured in collective accidents, including:	–	Number of people	0	0	0
◆ Fatalities	–	Number of people	0	0	0
◆ Severe injuries	–	Number of people	0	0	0
◆ Minor injuries	–	Number of people	0	0	0
Lost time injury	LTI	Number of people	12	8	4
Injuries that resulted in a temporarily restricted ability (a transfer to a less strenuous job without reduction in performance ability)	RWC	Number of people	0	0	0
Injuries that required medical treatment without reduction in performance ability (minor injuries)	MTC	Number of people	37	8	0
Total work-related injuries registered	TRI	Number of incidents	49	16	4
Fatality accident rate	FAR	Per 100 million hours	0	0	0
Total recordable injury frequency rate	TRIFR	Per 1 million hours	1.27	0.72	0.52
Lost time injury frequency rate	LTIFR	Per 1 million hours	0.31	0.36	0.52
Lost Time Injury Severity Rate	LTISR	Per 1 million hours	35.79	–	–

Supplementary information for the “Contribution to the development of local communities”

Supplementary information relating to GRI 203-1 “Investments in infrastructure and free services”

GRI 203-1

RESULTS OF THE IMPLEMENTATION OF A GRANT COMPETITION IN 2020

VOLUNTEERING

- 7 project-winners;
- 2,273,320 – grant (rubles);
- 50 severely ill children received aid after a marathon for charity: “Ordinary miracle” in Tomsk;
- 30 activities for computer literacy and programming were introduced for disabled children from Blagoveshchensk;
- 13 disabled children from Nizhnevartovsk received the opportunity to play on a specially equipped walking area;
- 150 people took part in a fun run, “Furry race,” in Tomsk.

EDUCATION AND SCIENCE

- 20 project winners;
- 12,119,167 – grant (rubles);
- Nearly 150 interesting educational activities: tournaments, conferences and circuit activities took place in 2020;
- More than 1,500 people took part in a project, which was aimed at senior high school pupils in Perm, as part of a professional orientation;
- Nearly 280 teachers became participants at Tomsky’s educational chemical forum and discussed the development of a school programme;
- 60 pupils visited the summer educational session at the children’s camp in Perm.

CITY

- 19 project-winners;
- 18,091,423 – grant (rubles);
- 14 major and exciting city activities happened in regions of SIBUR’s activity areas;
- 100 pines were planted in the park at the School No. 16 in Tobolsk to honour those who died in the Great Patriotic War;
- 6 social taxi became accessible to citizens in November, thanks to the establishment of the centre for disabled people;
- 22 people received the opportunity to take part in inclusive volunteering following activities in Russian sign language in Perm.

PROTECTION OF THE ENVIRONMENT

- 14 project winners;
- 7,165,922 – grant (rubles);
- 34 projects from the environmental cultural organization for children and teenagers were introduced in 2020: theatrical productions, marathons, school expeditions, and more;
- Nearly 1000 people won the new bench game “Planet 36’6,” which is dedicated to caring for the environment;
- More than 6000 children and teenagers took part in environmental action and activities in 2020.

CULTURE

- 16,910,561 – grant (rubles);
- 17 major events involving different areas of culture and art took place in 2020;
- 47 artists from the Free youth theatre went through a programme at a leading theatre university in Moscow and St Petersburg;
- 2 new tourist museum squares opened in Gubkinsky and Pyt-Yakh;
- More than 2,000 audience members visited theatre festivals “Sons of the Streets”(Tobolsk) and “Theatre in my pocket” (Tomsk).

SPORT

- 29 project-winners;
- 24,834,144 – grant (rubles);
- 6 sporting competitions of different scales and professional levels were introduced in 2020;
- More than 2,000 citizens of Kstovo visited the renovated city pool;
- Participants of the grant scheme brought more than 800 items of sports equipment to set up the area for sporting activities;
- More than 1,000 people took part in runs and marathons, conducted in different towns.

RESULTS OF THE IMPLEMENTATION OF THE VOLUNTEER PROGRAMME IN 2020

COMPETITIONS FOR THE WORKERS’ AND STUDENTS’ VOLUNTEER PROJECTS

- 156 registrations;
- 41 winners;
- 1,516,025 rubles – total grant in all regions.

MORE THAN 5,000 VOLUNTEERS
from SIBUR across 25 towns (+ SIBUR International and St Petersburg)

628 EMPLOYEES OF SIBUR
from 37 towns took part in research along the theme of volunteering

3,000 PEOPLE
took part in voluntary work for students to support SIBUR

MORE THAN 4,000 KILOGRAMS OF RECYCLED MATERIALS
were gathered and sent to be processed as part of environmental action

29 VIRTUAL VOLUNTEER PROJECTS
for workers and students, due to COVID-19

MORE THAN 1,000 CHILDREN
experiencing hardship, were helped by workers within corporate wide events

MORE THAN 2,000 BOOKS
were transferred to 250 students

50 DISABLED CHILDREN AND ADULTS
took part in creative masterclasses

8 new buildings were built
FOR 80 HOMELESS ANIMALS
at the shelter “Dog House” in Tomsk

MORE THAN 100 EMPLOYEES OF THE COMPANY
joined the programme of corporate volunteering

MORE THAN 500 PEOPLE
took part in voluntary action for SIBUR’s employees

MORE THAN 200 STUDENTS
joined a programme for corporate volunteering

Supplementary information for the “Environmental Impacts” chapter

Additional information relating to GRI 303-1 “Interactions with water as a shared resource”

GRI 303-1

LIST OF WATER INTAKE SITES

- The subsoil plot is located at the town of Nizhnevartovsk, Tyumen region, Kanty-Mansiisk Autonomous District;
- The subsoil plot is located 15 km southeast of the town of Muravlenko, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located 40 km west of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located northwest of the Gubkin Gas Processing District site in an industrial zone of the town of Gubkinsky, Yamalo-Nenets Autonomous District;
- The subsoil plot is located at the town of Pyt-Yakh, Tyumen region, Kanty-Mansiisk Autonomous District;
- The subsoil plot is located at Nizhnevartovsk, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plots is located at the town of Raduzhny, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located 3.5 km west of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located at Nefteyugansk region, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located at the town of Nyagan, Tyumen region, Kanty-Mansiisk Autonomous District-Yugra;
- The subsoil plot is located 75 km southeast of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The subsoil plot is located 80 km northeast of the town of Noyabrsk, Pur district, Yamalo-Nenets Autonomous District;
- The Irtysh river, the water intake is located 691 km from the estuary, at Yepanchino village, Tyumen region;
- Water wells at production sites are located in the Dzerzhinsk East Industrial Zone, Nizhny Novgorod region;
- The alluvial valley of the Kamenka River, Perm region;
- The Voronezh water reservoir, Voronezh region;
- The river Tom, 62.3 km from Tomsk, Tomsk region.

Additional information relating to GRI 303-4 “Discharges to water”

GRI 303-4

LIST OF PRIORITY POTENTIALLY HAZARDOUS SUBSTANCES IN WASTEWATER DISCHARGES

Containment	Process for identifying the substance, applicable international standards, lists and criteria	Approach to establishing limits for disposing the substances
Chemical oxygen demand (COD)	PND F 14.1:2:4.190-03. Water quantitative chemical analysis. Dichromate oxidizability analysis (chemical oxygen demand) of samples of natural, fresh and wastewater by the photometric method and using the fluid analyzer Fluorat-02.	The process for identifying substances and establishing limits complies with Russian legislation
Biochemical oxygen demand	FP.1.31.2006.02304. Methodology for measuring biochemical oxygen demand samples of natural, fresh and wastewater using the titrimetric method; PND F 14.1:2:3:4.123-9 Methodology for measuring the biochemical demand for oxygen (the total biological oxygen demand, TBOD) after n-days of incubation in surface, subsoil (ground), fresh, waste and treated wastewater.	
Phosphorus compounds	FR.1.31.2006.02314. Methodology for measuring mass concentration of phosphate ions in samples of natural, treated wastewater and wastewater by applying the photometric method; PND F 14.1:2:4.165-2000 (FR.1.31.2009.06203) Methodology for measuring the aggregate mass concentration of mineral and organic phosphorus (total phosphorus) in samples of fresh, natural and wastewater using the photometric method.	
Nitrogen compounds	FR.1.31.2006.02305. Methodology for measuring mass concentration of ammoniacal nitrogen in samples of natural, treated wastewater and wastewater using the photometric method; FR.1.31.2006.02294. Methodology for measuring mass concentration of nitrite ions in samples of fresh, treated wastewater and wastewater using the photometric method; FR.1.31.2006.02296. Methodology for measuring mass concentration of nitrite ions in samples of natural, treated wastewater and wastewater using the photometric method.	
Oil and oil products	PND F 14.1:2:4.128-98. Water quantitative chemical analysis. Methodology for measuring mass concentration of oil products in samples of natural, fresh and wastewater using the fluorimetric method via a FLUORAT-02 fluid analyzer; PND F 14.1:2:4.168-2000 (FR.1.31.2017.26183) Methodology for measuring mass concentration of oil products in samples of fresh, natural and wastewater by applying the infrared spectophotometry and using the concentration meters series KN.	

Additional information relating to GRI 306-2 (2016) “Waste by type and disposal method”

GRI 306-2 (2016)

WASTE BY TYPE AND DISPOSAL METHOD, tones

	I Extremely hazardous waste	II Highly hazardous waste	III Moderately hazardous waste	IV Low-hazardous waste	V Virtually not hazardous waste	Total
As at the beginning of the year	0.31	1.64	272.30	20,054.87	49.61	**20,378.73**
Waste generated for the year	10.86	29.50	6,870.49	25,135.32	20,067.29	**52,113.46**
Shipment from other facilities	0.00	0.00	0.00	0.00	0.00	**0.00**
Waste decontamination	0.00	0.00	0.05	764.44	4.22	**768.71**
Municipal solid waste transferred to the regional operator	0.00	0.00	0,00	2,453.89	43.18	**2,497.07**
Processed waste	0.00	0.00	4.58	0.00	0.50	**5.08**
Transferred to third-party organizations for processing	0.00	19.65	2,628.16	1,223.84	14,531.07	**18,402.72**
Transferred to third party organizations for disposal at landfills	10.79	9.40	3,719.54	6,697.35	7.06	**10,444.13**
Waste storage at the operated sites	0.00	0.00	26.12	14,933.99	4,958.75	**19,918.85**
Waste placement at the operated sites	0.00	0.00	0.00	316.66	0.00	**316.66**
Disposed waste at operated sites	0.00	0.00	575.00	681.00	40.00	**1,296.00**
Waste available at the year end	0.35	1.31	247.16	20,076.32	94.18	**20,419.32**
Transport of waste	0.00	0.00	0.00	0.00	0.00	**0.00**

Supplementary information relating to GRI 306-5 (2020) “Waste designed for burning and dumping”

GRI 306-5 (2020)

WASTE DESIGNED FOR BURNING AND DUMPING, tones

	Waste transferred to the regional operator		Transferred to third parties for dumping		Decontaminated		Transferred for decontamination		Overall weight of waste for dumping and burning[1]	
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
I Class	–	**–**	–	**–**	–	**–**	16.8	**10.8**	16.8	**10.8**
II Class	–	**–**	–	**–**	–	**–**	17.7	**9.4**	17.7	**9.4**
III Class	–	**–**	24.9	**26.1**	–	**0.05**	4,395.1	**3,719.5**	4,419.9	**3,745.7**
IV Class	3,078.0	**2,429.8**	13,091.2	**14,592.6**	590.3	**764.4**	7,224.3	**6,781.3**	23,983.9	**24,568.2**
V Class	36.5	**43.2**	5,798.9	**4,944.8**	9.0	**4.2**	10.2	**7.1**	5,854.6	**4,999.3**
Total	3,114.5	**2,473.0**	18,915.0	**19,563.6**	599.3	**768.7**	11,664.1	**10,528.1**	34,292.8	**33,333.4**

[1] The Company does not keep statistics on waste incineration.

Supplementary information for “Corporate governance”

Supplementary information relating to GRI 207-4 “Report for the breakdown nationwide

GRI 207-4

LIST OF TAXES OF THE JURISDICTIONS OF THE COMPANY

Tax jurisdiction	The name of companies appearing as tax residents	Remaining action areas for organizations[1]
Russian Federation	◆ PJSC SIBUR Holding ◆ BIAXPEN LLC ◆ BIAXPLEN T LLC ◆ JSC Voronezhsintezkauchuk ◆ ZapSibNeftekhim LLC ◆ ZapSibTransGaz LLC ◆ JSC KZSK ◆ NIOST LLC ◆ JSC NIPIgaspererabotka ◆ JSC POLIEF ◆ LLC SIBUR ◆ SIBUR-Kstovo LLC ◆ JSC SIBUR-Neftekhim ◆ JSC Sibur-PETF ◆ JSC SIBUR-Trans ◆ JSC SiburTyumenGas ◆ JSC Sibur-Khimprom ◆ JSC Siburenergomanagement ◆ SIBUR-Yug Health and Wellness Center LLC ◆ Tomskneftekhim LLC ◆ Amur GCC LLC ◆ MC SIBUR-Portenergo LLC ◆ SIBUR-Krasnodar LLC ◆ SIBUR PolyLab LLC ◆ SPG NOVAENGINEERING LLC ◆ SIBUR Digital LLC ◆ Reaktor LLC ◆ JSC SpetsTransOperator ◆ SOIR LLC ◆ SIBUR-Finance LLC ◆ Amur GCC LLC	◆ JSC SIBUR-Trans, LLC SpecTransOperator offer transport-expediting services; ◆ ZapSibTransGaz LLC offer operational services for pipelines ◆ “Corporate wellness center LLC” “SIBUR-Yug” offer sanatoriums and health resorts, as well as health-promoting services ◆ “SIBUR Krasnodar LLC” offers services for renting equipment and goods; ◆ JSC Siburenergomanagement administer the supply of electrical energy ◆ SPG Novaengineering LLC ◆ NIPIgaspererabotka LLC provide engineering services for the development of project documentation for factory construction ◆ SIBUR Digital LLC offer services in the IT area ◆ Reaktor LLC carry out activities for processing data and the assignment of services for distributing information linked with these activities ◆ SOIR LLC offer cleaning, food, repair, and transport services.
Cyprus	QUINZOL Ventures Limited.	Asset management
Austria	SIBUR International GmbH.	Trade
People’s Republic of China	SIBUR International Shanghai Trading Company.	Trade
Turkey	SIBUR International Trading Istanbul EGS.	Trade

SIBUR TAX PAYMENTS, million rubles

Tax jurisdiction	Russian Federation	Cyprus	Austria	People’s Republic of China	Turkey
Revenue from sales for the third party	521,354.13	10.62	2,678.38	180.85	1.39
Revenue from operations, in which different Groups were contractors who were tax residents in other tax jurisdictions	180,180.08	298.18	27.85	22.45	3.70
Amount of profit/loss before taxes	38,790.69	26.84	18.98	0.45	- 0.37
Fixed assets, except monetary funds and their counterparts	1,046,608.78	414.00	0.81	2.95	0.02
Tax burden for an organization’s profit (income tax (profits) or the analogue)	8,946.23	–	5.89	–	–
Amount of estimated tax for an organization’s profit (income tax (profits) or the analogue)	10,813.38	–	5.13	–	–

[1] The indicated areas of activity differ from SIBUR's primary activities.

Supplementary information relating to GRI 417-2 “Incidents of non-compliance concerning product and service information and labeling”

GRI 417-2

In 2020 we received 19 complaints that information in our products, services and labeling did not comply with regulations and/or voluntary codes. A root cause analysis was conducted for each complaint, and we created a list of corrective and preventative measures based on our findings.

Site	Number of complaints	Reason for complaint	Decision on the complaint
ZapSibNeftekhim	10	Labeling discrepancies	Warning
Tomskneftekhim	5	Labeling discrepancies	Warning
Voronezhsintezkauchuk	1	Labeling of additional discrepancies	Warning
POLIEF	3	Labeling discrepancies	Warning
SIBUR-PET	1	Labeling discrepancies	Warning

TABLE OF GRI DISCLOSURES

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
GRI 102: General Disclosures 2016					
1. Organizational profile					
102-1	Name of the organization	**About the report**	4		
102-2	Activities, brands, products and services	**Group Profile**	10		
102-3	Location of headquarters	**About the report**	4		
102-4	Location of operations	**Group Profile** **Geographic Footprint**	11, 37		
102-5	Ownership and legal form	**About the report**	4		
102-6	Markets served	**Geographic Footprint**	37		
102-7	Scale of the organization	**Group Profile** **Operating and financial results**	10, 61, 63		8, 9
102-8	Information on employees and other workers	**Diversity and equal opportunities** **Annexes**	141, 188, 313–315	A significant part of the labor is carried out by routine workers (not builders). Significant discrepancies in 102-8a — 102-8в (including, according to a season) they are absent in this year’s report.	8
102-9	Supply chain	**Responsible Supply Chain**	116		12
102-10	Significant changes to the organization and its supply chain	**Annexes**	312		
102-11	Precautionary Principle or approach	**Internal control and risk management**	287		15
102-12	External initiatives	**Global challenges of our time** **Society and partnership** **Table of recommendations TCFD**	42–43, 75–77, 343		17
102-13	Membership of associations	**Society and partnership** **Innovation and R&D**	73, 123		17
2. Strategy					
102-14	Statement from senior decision-maker	**Message from the Chairman of the Board**	6–7		
102-15	Key impacts, risks, and opportunities	**Internal control and risk management**	289–293		
3. Ethics and integrity					
102-16	Values, principles, standards, and norms of behavior	**Group Profile** **Business etiquette and compliance**	10, 276–277		8, 16
102-17	Mechanisms for advice and concerns about ethics	**Business etiquette and compliance**	276, 284		8, 16

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
4. Corporate governance					
102-18	Governance Structure	**Corporate Governance**	248, 265–268		
102-19	Delegating authority	**Management in the area of stable development**	252–253		
102-20	Executive-level responsibility for economic, environmental, and social topics	**Management in the area of stable development**	252		
102-21	Consulting stakeholders on economic, environmental, and social topics	**Corporate governance**	258		16
102-22	Composition of the highest governance body and its committees	**Board of Directors**	259–263, 265–268		5, 16
102-23	Chair of the highest governance body	**Table of GRI Disclosures**	–	Chairman of the highest order of corporate management is not the Executive Director of the company	16
102-24	Nominating and selecting the highest governance body	**Board of Directors**	255		5, 16
102-25	Conflicts of interests	**Business etiquette and compliance** **Corporate management**	251, 278–279		16
102-26	Role of highest governance body in setting purpose, values, and strategy	**Corporate Governance**	252–253, 255		
102-27	Collective knowledge of highest governance body	**Management in stable development**	252		
102-28	Evaluating the highest governance body's performance	**Board of Directors**	251		
102-29	Identifying and managing economic, environmental, and social impacts	**Management in stable development**	252		16
102-30	Effectiveness of risk management processes	**Internal Control and Risk Management**	287–288, 295–296		
102-31	Review of economic, environmental, and social topics by highest governance body	**Management in stable development**	252		
102-32	Highest governance body's role in sustainability reporting	**About the report**	4		
102-33	Communicating critical concerns to the Board of Directors	**Board of Directors**	258		
102-34	Nature and the total number of critical concerns	**Board of Directors**	258		
102-35	Remuneration policies	**Board of Directors**	257–258		10
102-36	Process for determining remuneration	**Board of Directors**	257–258		8, 10
102-37	Stakeholders' involvement in remuneration	**Board of Directors**	257–258		10, 16
102-38	Relationship of the total annual allowance of the most highly paid qualified person for the annual mean allowance for all workers.	**Board of Directors**	257–258	This indicator is not calculated in accordance with GRI methodology. However, information on the remuneration of members of the Board of Directors and standard employee salaries is disclosed in the report.	10
102-39	Relationship of the total annual allowance of the most highly paid qualified person for the annual mean allowance for all workers.	**Board of Directors**	257–258	This indicator is not calculated in accordance with GRI methodology. However, information on the remuneration of members of the Board of Directors and standard employee salaries is disclosed in the report.	
5. Stakeholder Engagement					
102-40	List of stakeholder groups	**Society and partnership**	68–69		8, 11, 17
102-41	Collective bargaining agreements	**Diversity and equal opportunities**	140		8
102-42	Identifying and selecting stakeholders	**Society and partnership**	67–69		8, 11, 17
102-43	Approach to stakeholder engagement	**Society and partnership**	67, 237		8, 11, 17
102-44	Key topics and concerns raised by stakeholders	**Society and partnership**	66–67		8, 11, 17
6. Reporting					
102-45	Entities included in the consolidated financial statements	**Appendices**	312		
102-46	Defining report content and topic Boundaries	**About the report** **Defining Material Topics**	4, 308–310		
102-47	The list of material topics	**Defining Material Topics**	308–310		
102-48	Restatements of information/new definitions	**Table of GRI Disclosures**	–	Data was updated in terms of the dynamics of staff size and greenhouse gas emissions linked with detailing payment.	
102-49	Changes in reporting	**Table of GRI Disclosures**	–	Significant changes are absent.	
102-50	Reporting period	**About the report**	4		
102-51	Data of most recent report	**Table of GRI Disclosuress**	–	The previous report was published on the 26th August 2019.	
102-52	Reporting cycle	**About the report**	4		
102-53	Contact point for questions regarding the report	**Contact information**	345		
102-54	Claims of reporting in accordance with the GRI Standards	**About the report**	4		
102-55	GRI content index	**Table of GRI Disclosures**	–		
102-56	External assurance	**Report assurance**	300–302		

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
GRI 103: Management approach 2016					
103-1	Explanation of the material topic and its Boundary	**Defining Material Topics**	311–313		
103-2	The management approach and its components			The Report includes codifiers for those parts of the text that provide information on the approach to the management of a particular material topic.	8
103-3	Evaluation of the management approach			The Report includes codifiers for those parts of the text that provide information on the approach to the management of a particular material topic.	
GRI 200: Economic standards					
GRI-201: Economic indicators 2016					
201-1	Direct economic value generated and distributed	**Operational and financial performance**	62		8, 9
201-2	Financial implications and other risks and opportunities due to climate change	**Reducing Climate Impact and Greenhouse Gas Emissions**	206		13
201-3	Defined benefit plan obligations and other retirement plans	**Table of GRI Disclosures**	–	SIBUR does not arrange liabilities apart from allowances for insurance premiums for obligatory personal insurance. A special fund for cash payments of personal obligations is absent.	
201-4	Financial assistance received from the government	**Table of GRI Disclosures**	–	In 2020, the company did not receive financial aid from the government. The state did not rank among shareholders. Financial aid from the state is handled in accordance with the definition from the IFRS.	
GRI 202: Market presence 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	**Diversity and inclusion and equal opportunities** **Appendices**	143, 315–316		5, 8, 10
GRI 203: Indirect economic impacts 2016					
203-1	Infrastructure investments and services supported	**Social initiatives** **Appendices**	185, 188–189, 327-328		5, 7, 8, 9, 11, 15
203-2	Significant indirect economic impacts	**Social initiatives**	186, 191		3, 8, 10, 17
GRI 204: Purchases 2016					
204-1	Proportion of spending from local suppliers	**Responsible Supply chain**	116		12
GRI 205: The fight with corruption 2016					
205-2	Information about politics and methods of opposing corruption, and education	**Business etiquette and compliance**	280	In this year's report the possibility for the collection of data of the number of workers, who went through training in politics and methods to counter corruption, on a disaggregated basis according to the group of workers and regions, was absent.	16
205-3	Confirmed instances of corruption and actions taken	**Business etiquette and compliance**	279		16

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
GRI 206: Anti-competitive behavior 2016					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	**Business etiquette and compliance**	280		16
GRI 207: Taxes					
207-1	Policy in the tax area	**Business etiquette and compliance**	285		16, 17
207-2	Management of corporate taxes and control systems and risk-management	**Business etiquette and compliance**	285	Assertion in published data about verification of the company's tax bill is not available.	17
207-3	Implication of the part, which interested management with questions, which concern tax assessment	**Business etiquette and compliance**	285		16, 17
207-4	Reporting on a disintegrated basis countrywide	**Appendices**	331		17
GRI 300: Environmental Standards					
GRI 301: Materials 2016					
301-2	Used and manufactured materials	**Growth strategy** **Sustainable project portfolio**	58, 91–93	In this year's report SIBUR did not use manufactured materials for production of products. The aims, corresponding to the economic rules of a closed cycle, were interested in the company's strategy. SIBUR maintained policy in the closed cycle economic area and in reducing the effects of climate change and carrying out investment projects, which commit to the use of recycled materials.	8, 12
301-3	Useful production and its packaging	**Growth Strategy and Investments** **Table of GRI Disclosures**	58, 93	The remaining activity for the company is linked with wholesale selling of petrochemicals incidentally repeatedly the proportion of used products and their packaging is not a vital factor for SIBUR, and the value of the model feature is not brought to light.	8, 12
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	**Environmental protection and Energy Saving**	199–200		7, 8, 11, 12
302-3	Energy intensity	**Environmental protection and Energy Saving**	200		7, 8, 11, 12
302-4	Reduction of energy consumption	**Environmental protection and Energy Saving**	195, 198		7, 8, 11, 12
GRI 303: Water and effluents 2018					
303-1	Interactions with water as a shared resource	**Water Consumption and Wastewater Discharges** **Appendices**	223–224, 328		6, 12
303-2	Management of water discharge-related impacts	**Water Consumption and Wastewater Discharges**	228		6, 12

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
303-3	Water withdrawal	🕮 Water Consumption and Wastewater Discharges	229		6, 12, 15
303-4	Discharges to water	🕮 Water Consumption and Wastewater Discharges 🕮 Appendices (State the list top-priority potentially dangerous materials, which are contained in wastewater discharges)	230, 329		6, 12, 15
303-5	Water consumption	🕮 Table of GRI Disclosures	–	The water supply construction company does not produce in territories with deficit water	6, 12
GRI 304: Biodiversity 2016					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	🕮 Environmental Awareness – Biodiversity	243		6, 15
304-2	Significant impacts of activities, products, and services on biodiversity	🕮 Environmental Awareness – Biodiversity	243		6, 15
304-3	Habitats protected or restored	🕮 Environmental Awareness – Biodiversity	244		6, 15
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	🕮 Environmental Awareness – Biodiversity	243		6, 15
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	🕮 Reducing Climate Impact and Greenhouse Gas Emissions	208		3, 12, 15
305-2	Indirect (Scope 2) GHG emissions	🕮 Reducing Climate Impact and Greenhouse Gas Emissions	208		3, 12, 15
305-3	Other indirect (Scope 3) GHG emissions	🕮 Reducing Climate Impact and Greenhouse Gas Emissions	208		3, 12, 15
305-4	GHG emissions intensity	🕮 Reducing Climate Impact and Greenhouse Gas Emissions	208		13, 15
305-5	Reduction of GHG emissions	🕮 Reducing Climate Impact and Greenhouse Gas Emissions	209		13, 15
305-6	Emissions of ozone-depleting substances (ODS)	🕮 Table of GRI Disclosures	–	The emission of ozone destroying substances is not carried out in the company.	3, 12
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	🕮 Pollutant Emissions	222		3, 12, 15
GRI 306: Effluents and waste 2016					
306-1 (2016)	Water discharge by quality and destination	🕮 Water consumption and wastewater discharges	230		3, 6, 12
306-2 (2016)	Waste by type and disposal method	🕮 Management of waste 🕮 Appendices	232, 330		3, 6. 12
306-3 (2016)	Significant spills	🕮 Water consumption and wastewater discharges	229		3, 6, 12
306-4 (2016)	Transport of hazardous waste	🕮 Table of GRI Disclosures	–	Enterprises from SIBUR do not bring about transportation of hazardous waste.	3, 6, 12
306-5 (2016)	Water bodies affected by water discharges and/or runoff	🕮 Water consumption and wastewater discharges	224		6, 15
306-1 (2020)	Education about waste and existing action with education about this	🕮 Waste Management	232		3, 12
306-2 (2020)	Action management is linked with education about waste	🕮 Waste Management	232		3, 12
306-3 (2020)	Total scale of generated waste	🕮 Waste Management	232–233		3, 12
306-4 (2020)	Waste which is returned back to the economy	🕮 Waste Management	232		3, 12
306-5 (2020)	Waste sent for burning and dumping	🕮 Appendices	330		3, 12
GRI 307: Non-compliance environmental legislation and standard demands					
307-1	Non-compliance environmental legislation and standard demands	🕮 Our approach to environmental protection	215		16
GRI 308: Environmental evaluation from the suppliers					
308-1	Percentage of new suppliers, who passed the assessment for environmental merits	🕮 Our approach to environmental protection	217		
308-2	Negative action of supply chains for the environment and undertakings linked with these measures	🕮 Our approach to environmental protection	217		
GRI 400: Social topics					
GRI 401: Employment 2016					
401-1	New employee turnover	🕮 Diversity and inclusion and equal opportunities 🕮 Appendices	141–142, 144, 316–323		5, 8
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	🕮 Employee engagement	147–149		8
401-3	Parental leave	🕮 Employee engagement 🕮 Appendices	143, 323		5, 8, 10

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
GRI 402: Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational charges	🕮 **Table of GRI Disclosures**	–	In accordance with the Russian Federation's labor code, the minimum period of notice before the start of the corresponding installation of actions of employment service bodies in trade unions were pointed out in a contract: no later than two months before the start of the corresponding installation of actions, and if in the event that a decision about reduction in force or routine staff may cause for their collective resignation - not later than three months before corresponding installation of actions.	8
GRI 403: Health and safety in the workplace 2018					
403-1	Occupational health and safety management system	🕮 **Our Approach to Occupational Health and Safety**	162		3, 8
403-2	Hazard identification, risk assessment, and incident investigation	🕮 **Our Approach to Occupational Health and Safety**	164, 169, 171–173		3, 8
403-3	Occupational health services	🕮 **Our Approach to Occupational Health and Safety** 🕮 **Protection of employees' health и measures to prevent sickness in the workplace**	170, 172, 174		3, 8
403-4	Worker participation, consultation, and communication on occupational health and safety	🕮 **Our Approach to Occupational Health and Safety**	164		3, 8
403-5	Worker training on occupational health and safety	🕮 **Fostering a Stronger Safety Culture and Training**	176–178		3, 8
403-6	Promotion of worker health	🕮 **Reaction to COVID-19 the contribution of SIBUR's products during the pandemic** 🕮 **Protection of employees' health and measures to prevent sickness in the workplace**	24–29, 173		3, 8
403-7	Prevention and mitigation of the impact of business relations on occupational health and safety	🕮 **Requirements for suppliers and contractors**	179		
403-8	Workers covered by an occupational health and safety management system	🕮 **Our Approach to Occupational Health and Safety**	138		3, 8
403-9	Work-related injuries	🕮 **Our Approach to Occupational Health and Safety** 🕮 **Appendices**	168, 326		3, 8
403-10	Work-related ill health	🕮 **Protection of employees' health и measures to prevent sickness in the workplace**	174		3, 8
GRI 404: Training and development 2016					
404-1	Average hours of training per year per employee	🕮 **Training and development**	157–158		5, 8
404-2	Programs for updating employee skills and transition assistance programmes	🕮 **Training and development**	150–157		8
404-3	Percentage of employees receiving regular performance feedbacks and career development reviews	🕮 **Our approach to environmental protection Employees health and safety**	148		5, 8
GRI 405: Diversity and equal opportunity 2016					
405-1	Diversity of governance bodies and employees	🕮 **Diversity and inclusion and equal opportunities** 🕮 **Appendices**	142, 324		5, 8
405-2	Ratio of basic salary and remuneration of women to men	🕮 **Diversity and inclusion and equal opportunities** 🕮 **Appendices**	143, 325		5, 8, 10
GRI 406: Non-discrimination 2016					
406-1	Incidents of discrimination and corrective actions taken	🕮 **Business Ethics and Compliance** 🕮 **Diversity and inclusion and equal opportunities**	283		5, 8, 10, 16
GRI 407: Freedom of association and collective bargaining 2016					
407-1	Business units and vendors where freedom of association and collective bargaining may be exposed to risks	🕮 **Table of GRI Disclosures**	–	In the divisions the listed companies lack risks.	8
GRI 408: Child Labor					
408-1	Divisions and suppliers, where there is a risk of the use of child labor	🕮 **Table of GRI Disclosures**	–	In the divisions the listed companies lack risks.	8
GRI 409: Involuntary and compulsory work					
409-1	Divisions and suppliers, where there is a risk of the use of involuntary or forced work labor	🕮 **Table of GRI Disclosures**	–	In the divisions the listed companies lack risks.	8
GRI 413: Local Communities 2016					
413-1	Operations with local community engagement, impact assessments, and development programmes	🕮 **SIBUR's approach to interactions with local communities** 🕮 **Our approach to environmental protection**	184, 188, 190–191, 212, 237		8, 11, 15, 17
413-2	Operations with significant actual and potential negative impacts on local communities	🕮 **Contribution to the development of local communities**	184, 190–191		
GRI 414: Assessment of suppliers' actions in society 2016					
414-2	Negative social impacts in the supply chain and actions taken	🕮 **Fostering a Stronger Safety Culture and Training**	179		8
GRI 415: Public policy 2016					
415-1	Monetary value of financial and in-kind political contributions	🕮 **Table of GRI Disclosures**	–	The companies do not bring in political fees	16

Number	Disclosure name	Reference	Pages	Comment	Focus UN Goals
GRI 416: Customer health and safety 2016					
416-1	Assessment of the health and safety impacts of product and service categories	**Sustainable project portfolio**	89		9, 12
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	**Table of GRI Disclosures**	–	In this year's report cases of non-compliance and demands for legislation or demands for a voluntary code of laws, which concerned the effects of products and services of health and safety, were not brought to light.	16
GRI 417: Marketing and labeling 2016					
417-1	Requirements for product and service information and labeling	**Sustainable project portfolio**	89		9, 12
417-2	Incidents of non-compliance concerning product and service information and labeling	**Appendices**	332		8
GRI 419: Socioeconomic compliance 2016					
419-1	Non-compliance with laws and regulations in the social and economic area	**Table of GRI Disclosures**	–	The collective amount of financial sanctions in this year's report for non-compliance of legal requirements in the socioeconomical sphere amounted to 100 thousand rubles. In the company in 2019 one instance of acceptance of nonfinancial sanctions was secured by way of notice.	16

TCFD TABLE

TCFD recommendations	Place of disclosure in the report
CORPORATE GOVERNANCE **Disclosure of information about corporate governance and climate risks and opportunities**	
a) Role of the Board of Directors in questions about climate risks and opportunities	Reducing Climate Impact and Greenhouse Gas Emissions – Management of climate action
b) Role of management in assessment and management of climate risks and opportunities.	Internal control and risk management – Management of risks
STRATEGY **Disclosure of information about the possible influence of climate risk and opportunity for commercial activity, and strategics and financial planning, if this information is vital**	
a) Description of climate risks and opportunities, which have been brought to light by the organization in the short term, medium-term and long-term perspective	Reducing Climate Impact and Greenhouse Gas Emissions – Strategy and risk management
b) Description of the effects of the risks linked to climate and opportunities for action, strategy, and financial planning for the organization.	Reducing Climate Impact and Greenhouse Gas Emissions – Strategy and risk management
c) Description of a stable strategy for an organization with allowances made for different climate scenarios, including the scenario of a temperature increase by 2°C.	Reducing Climate Impact and Greenhouse Gas Emissions – Strategy and risk management
RISK MANAGEMENT **Disclosure of information methods of exposure, and an assessment of climate risks and management of them**	
a) Description of the processes of identification and assessment of climate risks	Internal control and Risk management – Risk management
b) Description of the processes of management of climate risks	Reducing Climate Impact and Greenhouse Gas Emissions – Measures for managing climate risks
c) Description of methods of recording processes of identification, assessment, and management of climate risks in the general risk management system.	Reducing Climate Impact and Greenhouse Gas Emissions – Risk management
FIGURES AND TARGETS **Disclosure of information targets and figures in the evaluation area and management of climate risks and opportunities, if this information exists**	
a) Disclosure of information about features, which are used by an organization for the assessment of risks and opportunities with the climate according to its strategy and process of risk management.	Reducing Climate Impact and Greenhouse Gas Emissions – Metrics and targets
b) Disclosure of information about emissions of ПГ within Scope 1, Scope 2 and, when applicable to, Scope 3, and about the risks connected to this.	Reducing Climate Impact and Greenhouse Gas Emissions – Metrics and targets
c) Description of the target, which is used by the organization for management of climate risks and opportunities, and activities to reach performance targets.	Reducing Climate Impact and Greenhouse Gas Emissions – Metrics and targets

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