

A SUSTAINABLE ENERGY FUTURE

The 2020 Sustainability Development Report

About the Report

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

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

The 2020 Sustainability Report is our 16th report in this area.

The Report considers our main priorities, goals, indicators and significant events in terms of actions and plans of TATNEFT in the field of sustainable development, corporate social and environmental responsibility.

Scope of the Reporting

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

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

While preparing this Report, we consider and apply the following standards and guidelines:

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

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

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

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

In accordance with the approaches reflected in the above documents and guidelines, the Company is developing its own system of public reporting indicators. The list of indicators and the procedure for their disclosure, including the allocation of responsibilities, terms and procedure for the formation and disclosure of indicators, are determined by internal local documents. The preparation of public reporting is also reflected in the Company's KPI system.

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

Report Preparation Principles

Engagement with Stakeholders

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

Sustainable Development Context

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

Materiality

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

Completeness

The Company strives to disclose information in the economic, environmental and social areas of its activity to the fullest extent possible. The set of issues reflected in the Report is sufficient for the users of the Report to assess the performance of the Company as a whole and its contribution to the sustainable development of society.

Balance

As part of observing the principle of balance, the Report reflects both favorable operating results and the problems the Company faces. The degree of attention given to various issues is proportional to their relative materiality.

Comparability

The Report ensures the comparability of the results of the Company's activities over the past periods. An explanation is provided for each material change in terms of boundaries, scope or reporting period. To ensure comparison of the Company's performance with the results of other companies, when preparing the Report, the indicators included in the GRI guidelines and technical protocols were used.

Accuracy

The Company strives to ensure that the information provided in the Report is accurate and detailed enough so that stakeholders can use it to make decisions with a high degree of confidence. The margin of error in the data is minimized. Data are presented using the generally accepted international units and are calculated using standard coefficients.

Timeliness

The Company understands the need to provide timely information in the Report, therefore, the Report is published annually at the same frequency (once a year in advance of the AGM of shareholders).

Clarity

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

Reliability

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

React

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

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

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

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

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

Substantial Topics and Issues

“Sustainable Energy Future”, the key topic of the Report, reflects the Company’s long-term priorities.

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

Determining the materiality of sustainable development topic, the Company rests primarily on aspects affecting the interests of Tatneft and our environment (stakeholders), as well as influencing the industry, social, environmental, and corporate factors in 2020.

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

The stakeholders include the Company’s shareholders and investors, employees, business partners, customers, suppliers and contractors, local communities, civil society organizations, research and training centers, local social infrastructure organizations and many others.

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

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

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

External Opinion

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

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

The Most Significant Topics

Sustainable Development Planning

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

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

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

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

The Company's Attitude to Socially Responsible Investment

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

The Company's Opinion on the Human Rights Observance

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

The Company's Opinion on Climate Change. Decarbonization Targets

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

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

In 2020, the Company announced plans to decarbonize by 2050 with a subsequent reduction of CO₂ emissions by 10% by 2025 and by 20% by 2030 as compared to the reference 2016 year.

Currently, TATNEFT continues to improve the management system for planning, accounting and disclosure of information on the climate impact of the TATNEFT Group enterprises. When disclosing information on climate, the Company takes into account the TCFD recommendations, as well as recommendations of the Carbon Disclosure Project (CDP) (disclosure of information on greenhouse gas emissions) and the International Project Science Based Targets (setting science-based goals to reduce greenhouse gas emissions).

Compliance of the Report with International Standards

Principles of the UN Global Compact

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

The Ten Principles of the United Nations Global Compact are based on: The Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption.

Connection of the Company's Activities with the Ten Principles of the UN Global Compact

Scope	Principle	Reflection of the position and actions of the Company in the Sustainability Report. Report Sections
Human Rights	Principle 1	<p>Business community should support and respect the internationally proclaimed human rights.</p> <p>Human Rights and Business Ethics Responsible Business Stakeholders Working Together Industrial and Environmental Safety Management, Labor Protection Social Partnership Hotline</p>
	Principle 2	<p>Business community should not be involved in human rights violations.</p> <p>Human Rights and Business Ethics Responsible Business Stakeholders Working Together Industrial and Environmental Safety Management, Labor Protection Social Partnership Hotline</p>
Labor Relations	Principle 3	<p>Business community should support the freedom of association and recognize the right to collective bargaining.</p> <p>Human Rights and Business Ethics Trade Union Organization and Collective Agreement</p>

Scope	Principle	Reflection of the position and actions of the Company in the Sustainability Report. Report Sections
	Principle 4	<p>Business community should advocate the elimination of all forms of forced and compulsory labor.</p> <p>Human Rights and Business Ethics Responsible Business Stakeholders Working Together Industrial and Environmental Safety Management, Labor Protection Social Partnership Hotline</p>
	Principle 5	<p>Business community should advocate the total elimination of child labor.</p> <p>Human Rights and Business Ethics Hotline</p>
	Principle 6	<p>Business community should advocate the elimination of discrimination in employment.</p> <p>Human Rights and Business Ethics Responsible Business Stakeholders Working Together Industrial and Environmental Safety Management, Labor Protection Social Partnership Hotline</p>
Environment	Principle 7	<p>Business community should support a precautionary approach to environmental issues.</p> <p>Priority Sustainable Development Goals Environmental Activities Environment Climate Change and Sustainable Energy Future Measures and Results of Actions Protecting Sensitive Ecosystems Environmental Activities Hotline</p>
	Principle 8	<p>Business community should take initiatives to increase responsibility for the environment.</p> <p>Priority Sustainable Development Goals Environmental Management System Environment Hotline</p>

Scope	Principle	Reflection of the position and actions of the Company in the Sustainability Report. Report Sections
Anti-corruption	Principle 10	<p>Business community should resist all forms of corruption, including extortion and bribery.</p> <p>CAnti-Corruption Policy Responsible Business Hotline</p>
	Principle 9	<p>Business community should promote the development and diffusion of environmentally-friendly technologies.</p> <p>Industrial and Environmental Safety Management, Labor Protection Environmental Management System Environmental Activities Global Business Challenges and New Opportunities Hotline</p>

Assurance of the report

To improve the quality of the Sustainable Development Report, we submit our Reports for public assurance (confirmation), as well as for independent limited assurance of environmental and climate performance by an independent auditor.

The purpose of public assurance of the Report is:

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

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

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

The purpose of the assurance review of environmental and climate performance indicators by an independent auditor is as follows:

- diagnostics of the Company's data collection and accounting system for environmental indicators and greenhouse gases;
- an independent audit of key environmental and greenhouse gas emissions performance indicators providing limited assurance under the International Standards for Assurance Engagement (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and 3410 "Assurance Engagements on Greenhouse Gas Statements";

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

Compliance of the Report with GRI Standards

Certificate of Public Assurance of a Corporate Non-Financial Report

Limited Liability Independent Audit Report

About the Company

Tatneft Group, one of the leaders of the Russian fuel and energy industry, boasts more than 80 years of experience in the industry, including over 25 years as a public joint stock company listed on the international stock market. The strategy of full production cycle vertical integration is implemented in the Group status. The Company's main assets are located in the Russian Federation, business projects are implemented in both domestic and foreign markets.

The corporate business model is built in compliance with the long-term sustainable development strategy and provides a value chain based on the vertical integration of the full production cycle of the Group enterprises with an optimal distribution of the balance in oil and gas production, oil refining, and petrochemicals to achieve maximum operational profitability. The Company particularly focuses on maintaining a favorable environment and mitigating the climate change impacts while placing a high priority on the social aspects. Corporate responsibility and security stand the fundamental principles for the Company.

The landmark guidance for the Company is the UN Action Program "Transforming our World: The 2030 Agenda for Sustainable Development." Tatneft integrates 10 Principles and 17 Goals of sustainable development into its business model as a member of the United Nations Global Compact.

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

The Company is headquartered in Almetyevsk, Republic of Tatarstan. The Company has representative offices in Moscow, Kazan, Ukraine, the Republic of Iraq, the Republic of Uzbekistan, as well as branches in Libya and Turkmenistan.

Portfolio of brands of TATNEFT Group

Production and operational activities

Production and sales



PJSC TATNEFT

Oil and gas processing



TANECO Oil Refining and Petrochemical Complex



INKO TEK LLC



ТОЛЬЯТТИСИНТЕЗ Industrial Park



ТОЛЬЯТТИКАУЧУК LLC

Tire business



MC TATNEFT-NEFTEKHIM LLC



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



Product brand of passenger, light truck tires.



Product brand of passenger, light truck tires.



Product brand of solid metal cord (SMC) tires.

FIBERPULL FIBERPRESS TATNEFT-PRESSKOMPOZIT LLC

Non-productive activities

Banking activity



ZENIT Bank

Non-State Pension Fund



JSC «NATIONAL NON-STATE PENSION FUND»

Sports



Professional hockey club

Social block

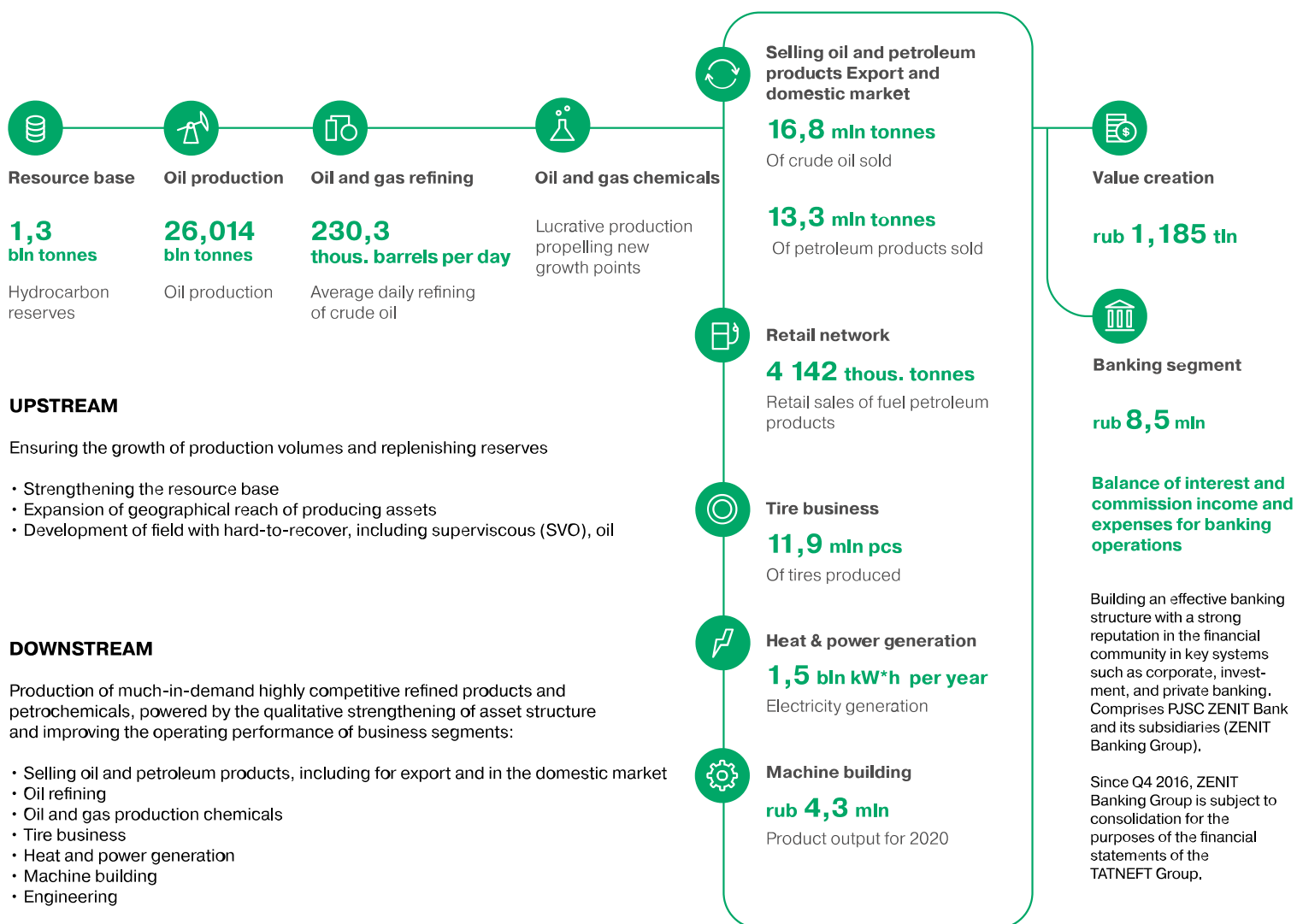


Shifaly Sanatorium

Business Model

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

We are developing our production capacities on an ongoing basis to make it possible to convert the hydrocarbon reserves into products with high added value.



Created and distributed economic value, rub mln

Revenue	720 677
Income from financial investments	4 428
Direct economic value created	725 105
OPEX	286 678
Payments to capital suppliers	80 909
Payments to the state	223 454

Social investments	20 990
Distributed economic value	658 815
Retained economic value	66 290

The Company creates added value, i.e., the direct economic value created and distributed, for all stakeholders, namely: shareholders, investors, employees, contractors, state authorities, and local communities.

Capital

Resources

Financial

rub 1,26 tln

Consolidated asset value

rub 103,3 bln

Investments

Results

Financial

rub 187,3 bln

Adjusted EBITDA

rub 103,3 bln

Profit attributable to group's shareholders

13 %

ROACE

rub 95,7 bln

Free cash flow

Social and reputational

10 countries

of Company's global reach

Active participant of the UN Global Compact

Social and reputational

rub 344,4 bln

Accrued taxes, charges, and contributions

rub 20,2 bln

Social investments

rub 130,2 bln

Tatneft brand value

Human

About 60 thous

Employees highly qualified personnel

Intellectual

rub 2,4 bln

Investments in R&D and pilot tests

Natural

rub 11,3 bln

Investments in environmental activities

Operational

110 enterprises

Diversified structure of full cycle assets

Human

19 236 employees

Trained

28

Corporate training programs

Intellectual

5 846

Intellectual property items

Natural

rub 11,3 bln

Environmental expenses

Reducing environmental impacts to ensure self-restoring capacity of ecosystems

Operational

+ 12,2%

Petroleum products output growth

+ 11,4%

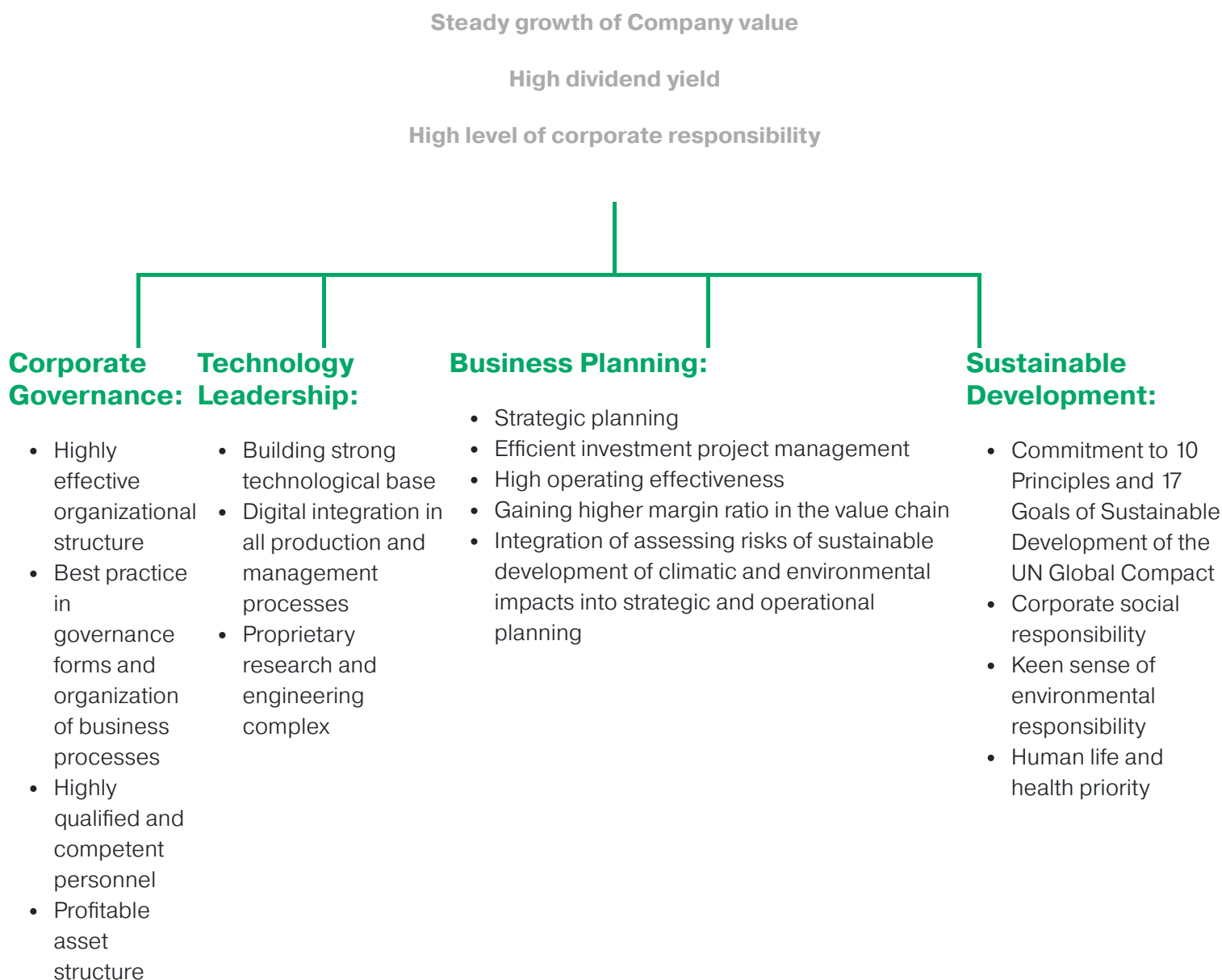
Crude oil refining growth

+ 5,8%

Tire output growth

Strategy of the Company

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



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

The Company's stance pursues that only balancing between these aspects, abiding by high ethical principles, and developing social partnership can ensure harmonious and effective business development.

The Company's key objective is to ensure the most efficient monetization of reserves and direct profits earned to create new lucrative points of value growth and diversify the business, which would ensure the Company sustaining a strong position and profitability beyond the 2030 horizon.

Risk Management

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

The Company operates the Policy of PJSC TATNEFT in the field of an integrated risk management and internal control system, including ESG risk management, approved by the Board of Directors.

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

The Company develops an integrated risk management and internal control system, including the assessment of sustainability factors and climate risk, raises awareness among stakeholders of all risk factors and takes appropriate measures to eliminate or minimize risk factors.

Main Risks in the Field of Sustainable Development

Risks of human rights violations

Conducting our business, we assess and control potential risks associated with human rights violations: harm to human health as a result of environmental pollution, industrial accidents, pollution of water sources used by local communities, as well as risks associated with the supply chain, such as violation by suppliers, contractors, partners of key human rights, incl. discrimination against workers, for example, based on race, gender or other criteria of diversity.

Company Measures

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

Health, safety and environment risks

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

Company Measures

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

- Targeted corporate programs in the field of industrial safety, labor protection and the environment;
- Production control over the operation of hazardous production facilities;
- Diagnostics (non-destructive testing) and control of equipment parameters;
- Repair and timely replacement of equipment;
- Ensuring compliance with the requirements in the field of industrial safety, labor and environmental protection for contractors at all stages of interaction with them;
- Development of leadership and safety culture;

- Ensuring the qualifications of personnel of all levels;
- Special assessment of working conditions, improvement of working conditions for workers;
- Development of action plans for the containment and elimination of the consequences of accidents at hazardous production facilities, plans for the elimination of oil and petroleum products spills, the formation of a reserve of forces and means of response to emergencies and emergencies, training of personnel serving a hazardous production facility and emergency rescue teams to prevent liquidation of emergency situations;
- Other measures to reduce accidents and injuries at work in the organizations of the TATNEFT Group.

Risks associated with climate change

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

Company Measures

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

Cyber risks

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

Company Measures

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

Risks associated with corporate fraud and corruption

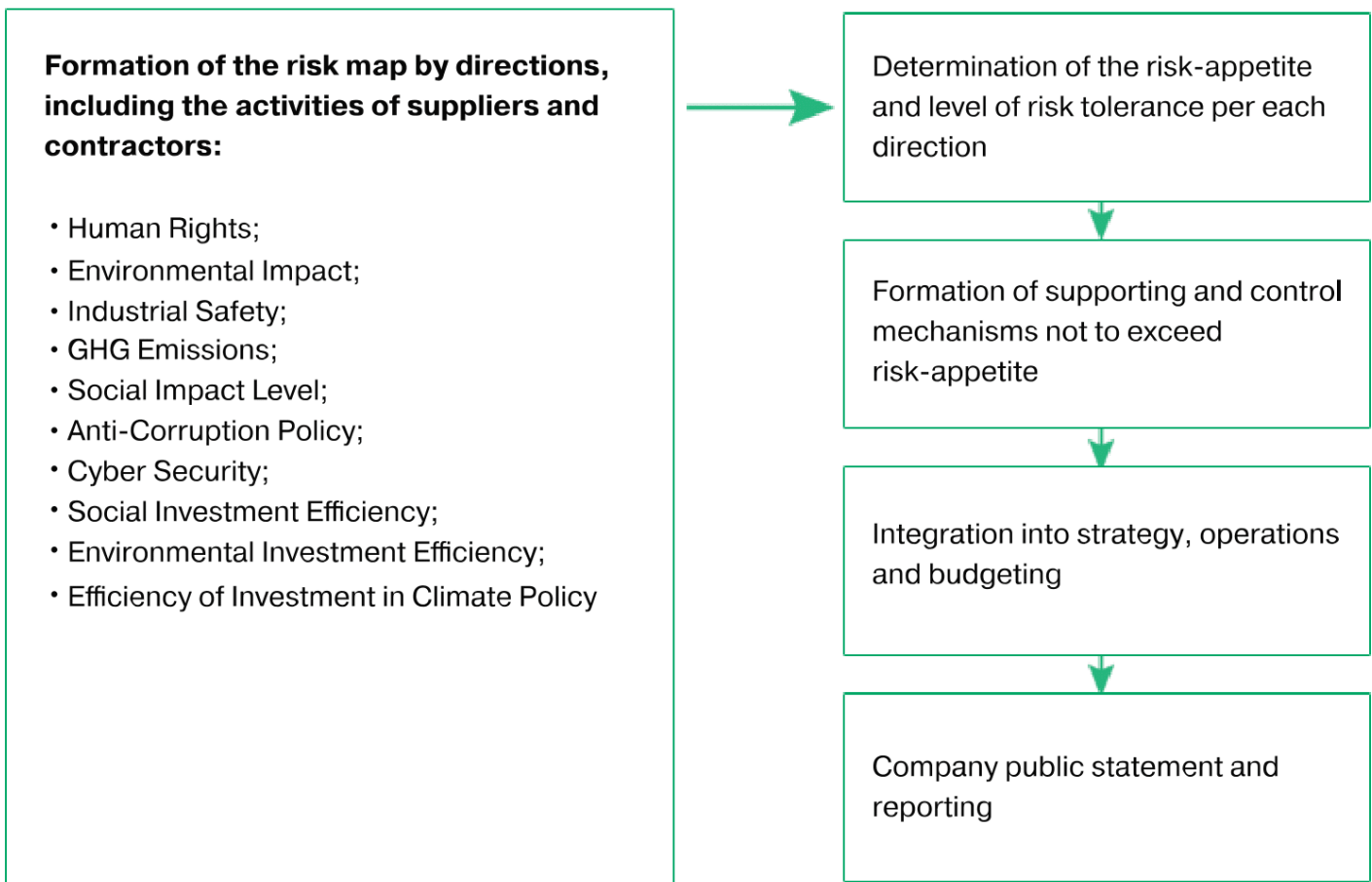
Based on the scale of operations, the wide range of stakeholders and territories of the Company's operations, we assess the severity of the consequences associated with corporate fraud and corruption. This risk is associated in general with the supply chain. We also assess the risks associated with conflicts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

Company Measures

The Company adheres to the principle of unacceptability of corruption in any form. The Company has an Anti-Corruption Policy and relevant corporate regulations, as well as control mechanisms to prevent incidents of corruption and conflicts of interest. At the level of the Office of the Corporate Secretary, work is underway to raise the level of awareness of the members of the Board of Directors and the Management Board about conflicts of interest. To detect situations that are dangerous in terms of corruption, as well as to understand them, the Group's enterprises periodically assess corruption risks and map the processes that are most dangerous in terms of corruption, and propose solutions, as well as prepare an overview of the situation for the Board of Directors. In this work, the Company follows the legal norms, as well as the [UN Risk Assessment Guidelines](#). To build its ability to prevent bribery, the Company applies the provisions of the [ISO 37001 anti-bribery standard](#), ISO 37001 anti-bribery standard published by the International Organization for Standardization.

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

Determination of the Level of Risk-Appetite by ESG Risks of the TATNEFT Group



2020

2021

Responsible Business

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

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

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

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

The Company joined the UN Global Compact and the UN Global Compact National Network as a member, and, in March 2021, it was approved as an active participant in the UN Global Compact following the results of the first year of joining the largest international initiative on sustainable development. The first year of the Company's participation in the Global Compact was marked by significant events. 2020 marked the 20th anniversary of the Global Compact creation and the 5th anniversary of the UN Sustainable Development Goals adoption. We checked the level of integration of all aspects of sustainable development into our business processes. Priority SDGs have been selected, in the implementation of which Tatneft can achieve the greatest progress and efficiency, taking into account the specifics of our activities.

The Company publicly reaffirms its commitment to the UN Global Compact Corporate Responsibility Initiative and its human rights, labor, environment and anti-corruption principles.

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

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

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

- ILO Convention No. 111 “Concerning Discrimination in the Field of Labor and Occupation”.

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

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

More information on the United Nations Sustainable Development Goals can be found at: <https://sdgs.un.org/>

Joint Address



R. N. Minnikhanov
The President of the Republic of Tatarstan,
Chairman of the Board of Directors, PJSC Tatneft



N. U. Maganov
General Director, Chairman of the Management
Board of PJSC TATNEFT

Dear shareholders, investors and partners,

The reporting 2020 year was full of events that affected the global and domestic economy of the Russian Federation. Limitation of oil production under the OPEC+ agreement, a decrease in oil and petroleum product prices caused by a decrease in demand during a pandemic, as well as decisions on changes in the taxation of the oil industry related to an increase in government spending, affected the results of the Company's financial and economic activities. However, timely measures taken to diversify capital investments, implement projects for continuous improvement of processes and significant cost optimization have helped to reduce the negative impact of external factors.

The value of consolidated assets of the Tatneft Group in the reporting year increased by 2% and amounted to 1,263 billion rubles. The key driver for strengthening the structure and growth in the value of assets was expansion of "Refining and Sale of Oil and Petroleum Products" segment.

Consolidated revenue for the year amounted to RUB 720.7 billion. Group shareholder profit amounted to RUB 103.5 billion. The Company consistently demonstrates a high level of profitability and a low level of debt burden. Adjusted EBITDA amounted to RUB 187.3 billion, return on capital employed (ROACE) made 13%.

The Company was ranked 6th in the oil and gas sector in the Boston Consulting Group (BCG) 'Value Creator Ranking' with a total shareholder return (TSR) of 19%.

In accordance with the dividend policy of the Company, the Board of Directors recommended to allocate 50% of the net profit of TATNEFT Group to the payment of dividends at the end of 2020.

The Company's investment policy is implemented on the basis of the principle that ensures the growth of value for shareholders and the implementation of the tasks of the long-term development of TATNEFT Group in the context of the world economy transition to a low-carbon development path. We exercise strict control over the financial discipline of investment projects and monitor the return on the assets used. In 2020, the volume of investments in the Company amounted to RUB 103.3 billion. This is below the level of 2019 by 20.3% due to a reduction in geological and technical activities due to the need to comply with the requirements of the OPEC+ agreement. More than 80% of the investments

volume was directed to the most capital-intensive business areas: oil and gas processing and oil and gas chemistry, as well as oil exploration and production.

In 2020, plans for oil production were revised. In 2019, oil production reached almost 30 million tons and its further growth was expected. In 2020, due to OPEC+ restrictions, 26 million tons were produced. At the same time, the Group has sufficient potential to implement its Strategy.

Our efforts are focused on additional exploration of previously discovered fields and search for new ones in the regions of traditional oil and gas production of the Republic of Tatarstan. At the beginning of 2021, the reserves of hydrocarbons in the TATNEFT Group, according to an independent assessment by Miller and Lents, the Consulting Company, based on target oil prices, amount to 1,300.1 million tons of oil equivalent, including proven reserves amounting to 927.4 million tons of oil equivalent.

Preservation of the economic stability of the Company in the difficult macroeconomic conditions of the last year ensured diversification of investments in oil refining. The enterprises of the block processed 13 million tons of raw materials; three units were put into operation at TANECO. The total production of oil and gas products amounted to 12.5 million tons. The share of sales of petroleum products in 2020 is more than 40% of the total net revenue. In 2021, we plan to launch six new plants and production facilities. The volume of total processing of oil raw materials will increase to 14.5 million tons per year.

In the face of growing society's need for clean and affordable energy, we are constantly improving the characteristics of the produced petroleum products and petrochemicals. The production of Euro-6 gasoline will increase. With the commissioning of the second delayed coking unit, the volume of raw materials processed by the Company will reach a processing level of 16 million tons per year.

In 2020, over 5 million tons of petroleum products were sold through the Company's retail network. Fuel quality and customer service allowed Tatneft's network to be one of the few in the industry to exceed pre-crisis indicators. Today, 819 gas stations operate under the corporate brand in Russia and abroad. In the coming years, we plan to increase the number of gas station in the regions of Russia.

The tire complex also retains its leading position in terms of its market share. With the worldwide suspension of automotive production, KAMA TYRES increased sales by 18% and sold 12 million units of tire products. In 2021, it is planned to expand the product range and sell about 13 million tires.

We see a significant potential for business expansion in the development of tire production outside of Russia. In Kazakhstan, a joint construction of a plant for the production of high-quality passenger car, light-truck and truck solid metal cord tires has begun. The products will be supplied both to Russia and the countries of Central Asia. Completion of the construction is scheduled for 2022.

The oil and gas chemical production of the Company has reached the maximum level over the past 12 years. In 2020, 208 thousand tons of rubbers and 163 thousand tons of fuel additives to gasoline were produced.

The utilities are integrated into the business model of the Company and provide a full cycle of generation, transmission, and sale of heat and electric energy. In 2020, heat energy was generated by 16% more than in 2019. As part of solving the strategic task of expanding the range of innovative products, more and more preference is given to fiberglass. It is an environmentally optimal material; in the production of fiberglass products, the carbon footprint is 6.5 times less than in the production of metal ones. The pipes and cable systems produced by the Company are used in the development of oil fields, in the construction of an oil refinery and infrastructure facilities, and are also sold to third-party customers.

Strengthening the technological base of the TATNEFT Group is based on digital solutions, a comprehensive transition to innovative digital forms of management and organization of business processes. At the beginning of 2020, a single center of competence and responsibility for key IT processes was formed on the basis of the created TATNEFT-Digital Development subdivision. As part of the digitalization program, projects have been launched on a wide range of processes, from calculating reserves and planning well construction to shipping petroleum products and developing digital twins.

In 2020, the TATNEFT Group provided more than 60 thousand jobs at 110 enterprises in the Russian Federation and abroad. As part of the HR strategy implementation, we focus on the tasks of training and improving the competence of personnel, improving the motivation system, and forming a talent pool. We pay great attention to corporate culture and youth policy. A significant HR project in 2020 was the opening of new specialties and the development of our own human resources to meet new challenges. For example, the Company has organized a targeted program "School of Business Analytics" to train one of the most demanded professions, which makes it possible to promptly identify problems and determine ways to solve them.

Considering that the Company implements large investment projects, including those outside Russia, TATNEFT has launched a special training program for project activities.

Professional retraining programs are implemented by the Corporate University of the Company.

When managing industrial safety at production facilities, we use a risk-based approach. Much attention is paid to programs for the prevention of industrial injuries, training of personnel in a complex of long-term and preventive measures. 1.4 billion rubles were allocated for labor protection measures in 2020. In its activities, the Company strictly adheres to the fundamental principles in the field of Human Rights, including the right to a safe environment.

Protection of life and health of people and a favorable environment are among the key priorities. The Company acts in accordance with the Policy in the field of industrial safety, labor and environmental protection, taking into account climate change and modern international practice, is guided by the principles of recognizing the priority of human life and health to production activities, a high level of industrial safety, ensuring the potential for self-healing of ecosystems, reducing the carbon footprint.

The expenses of TATNEFT Group aimed at environmental safety and protection in 2020 amounted to 11.3 billion rubles. The sustainable energy future of the Company is inextricably linked with the transition of the world economy to a low-carbon path of development and actions to prevent climate change. The TATNEFT Group is implementing projects focused on the task of reducing the carbon footprint and integrating this task into business processes. The Company actively uses the mechanisms of international platforms and standards in the field of climate initiatives in its activities.

Energy efficient production processes, a rational resource consumption model and high environmental performance of the Company's products contribute to the continuous reduction of specific greenhouse gas emissions into the atmosphere.

The Company shares and integrates into its business model the 17 Sustainable Development Goals adopted by the UN for the period up to 2030. These are climate challenges, decarbonization and clean energy challenges, resource efficiency, innovation and infrastructure opportunities. A significant mechanism in the implementation of the Sustainable Development Goals on climate and the principles of the UN Global Compact is TATNEFT's joining the SBTi international initiative (Science Based Targets initiative) on the Business Ambition for 1.5C platform. TATNEFT Group plans to switch to carbon neutrality by 2050 with a phased reduction in the intensity of greenhouse gas emissions along the entire value chain.

As part of efforts to reduce its carbon footprint, since 2000, TATNEFT Group has been implementing a program for planting and reforestation, taking into account the absorptive capacity of green spaces, as well as measures to improve the efficiency of green planting management, taking into account biodiversity and the development of a circular economy. In 2020, 1.97 million saplings were planted, which, according to preliminary expert estimates, will compensate for 660 thousand tons of CO₂-equivalent greenhouse gas emissions (after trees reach the age of maturity). A total of 12 million trees have been planted since the Program commencement. The Company plans to automate the monitoring of the Reforestation Program with an assessment of the forests' absorption capacity and biodiversity. In the future, the Company plans to pass the Reforestation Program validation procedure and obtain assurance of the results achieved to compensate for greenhouse gas emissions on a regular basis.

TATNEFT is one of the largest taxpayers in the region of its main activities, which plays an important role in providing revenues to the federal and regional budgets. This contributes to the stable social and economic development of the territories where our enterprises are located. In addition, within the framework of targeted corporate programs, the Company annually makes social investments that are directed to the development of healthcare, science and education, the cultural environment, preservation of the spiritual heritage, and support for sports. At the end of 2020, the investments of the TATNEFT Group, which have a social orientation or component, exceeded 20 billion rubles. The TATNEFT Charitable Foundation plays a key role in this process.

The year of 2020 began for the Company with a serious challenge related to the spread of the new coronavirus infection. TATNEFT made every effort to prevent the spread of the epidemic. During the restrictive regime, the Group's enterprises were the first in Tatarstan to cancel business trips and transfer their offices to a distant mode of operation.

Some of the life support enterprises were transferred to a special regime, where employees worked in isolation from the outside world, supplying water, electricity and heat to residential buildings and production. The enterprises of the continuous cycle (mining, processing, etc.) continued their work around the clock with the use of increased sanitary protection measures.

As part of COVID-19 prevention on its own, the Company arranged the production of protective equipment to combat coronavirus infection and donated protective suits and masks to hospitals in Tatarstan designated as hospitals for the

treatment of coronavirus patients, as well as supplied them to ambulance stations, central regional hospitals and social workers.

Since 2021, the tax conditions affecting the activities of the Company have changed. To replenish the state budget during the crisis, the Russian Government decided to abolish differential taxation, including for depleted fields and facilities of high viscosity and super viscous oil. This required a revision of the investment program in this direction. Under the current tax system, the commissioning of new uplifts of super viscous oil is not economically feasible, therefore, only the uplifts that have already been introduced continue to be developed in the fields of super viscous oil. We are making every effort to change the situation for the better. We are negotiating with federal executive authorities with the aim to cost-effectively involve additional reserves of super viscous oil in the development, and improve conditions for depleted fields. Support for projects such as super viscous oil is beneficial to everyone, and above all to the state, as it provides a significant multiplier effect.

In an environment of high price volatility and uncertainty, the results achieved confirm the effectiveness of the Company's business model and management's programmatic actions aimed at increasing business margins, effectively building business processes and maintaining a stable financial, economic and social situation. The value chain is constantly being improved, including by increasing the share of innovative solutions, strict adherence to quality and safety standards.

The Board of Directors makes decisions aimed at the long-term successful development of the Company. Consistently implementing our plans, we carefully assess the business challenges associated with the transition of the world economy to a carbon-neutral development path. Global shifts in the field of climate change mitigation require us to diversify business processes and actively strengthen our internal reserves for increasing competitiveness. The Company will make every effort to meet the challenges.

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

R. N. Minnikhanov
The President of the Republic of Tatarstan,
Chairman of the Board of Directors, PJSC Tatneft

N. U. Maganov
General Director, Chairman of the Management
Board of PJSC TATNEFT

Sustainable Development

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

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

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

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

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

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

Shaping a sustainable energy future

As society's demand for clean and affordable energy continues to grow, we produce petroleum products and petrochemicals with constantly improving environmental performance. We are committed to developing and implementing innovative technologies and being an active part of the energy industry in the search for low-carbon solutions. We control greenhouse gas emissions in our production chains and take steps to provide low carbon products to help our customers reduce harmful emissions.

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

We have stepped up our action towards decarbonization in 2019 and 2020. The Company announced a transition to carbon neutrality by 2050. The Board of Directors adopted a new environmental policy taking into account climate change, and approved a roadmap. We aim to reduce carbon intensity by 10% by 2025 and by 20% by 2030 towards the 2016 baseline.

We adhere to international standards and guidelines in developing the greenhouse gas emission management system: GreenHouseGas (GHG) protocol on measurement, control, and disclosure of emissions, including supply chains; TCFD Implementation Guide, carbon footprint reporting; and we provide data for CDP climate rating. In assessing the scope of emissions accounting, we intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting.

To reduce greenhouse gas emissions, we apply innovations throughout the oil production, refining, petrochemical and power generation business processes, expand the line of low-carbon products and control

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

We believe that the most important elements in reducing climate risks are offset measures for CO₂, taking into account the absorptive capacity of forests. In order to create a favorable environment in the area of its operations and increase the absorption of greenhouse gases, Tatneft has been implementing a Lawning Program since 2000. A total of 12 million trees have been planted since the Program commencement by the end of 2020.

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

All these actions are considered by us as mechanisms in the implementation of the 13th Sustainable Development Goal on climate. This goal has been selected by the Company as one of its priorities.

Positive contribution to society

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

Creation of Shared Values

Our responsible attitude to society is based on the principles and standards of the Company's corporate ethics. We adhere to the position of "creating shared value" considering the interests of society as a whole. This means that Tatneft in its activities takes into account all the impacts it has on stakeholders and makes commercial choices taking into account social aspects. Soon, we plan to introduce the concept of "Social License" into corporate practice, which will consolidate our interaction with the public environment.

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

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

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

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

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

Key Indicators

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

1, 186 billion rubles

Company capitalization at the end of 2020

130,2 billion rubles

Value of the Tatneft brand in 2020, according to the international assessment of Brand Finance

95,7 billion rubles

Free cash flow in 2020

1,26 trillion rubles

Value of consolidated assets in 2020

103,3 billion rubles

Profit of TATNEFT Group shareholders in 2020

Created and distributed economic value, RUB mln

Revenue	720 677
Income from financial investments	4 428
Direct economic value created	725 105
Operating expenses	286 678
Payments to capital suppliers	80 909
Payments to the state	223 454
Social investments	20 990
Distributed economic value	658 815
Retained economic value	66 290

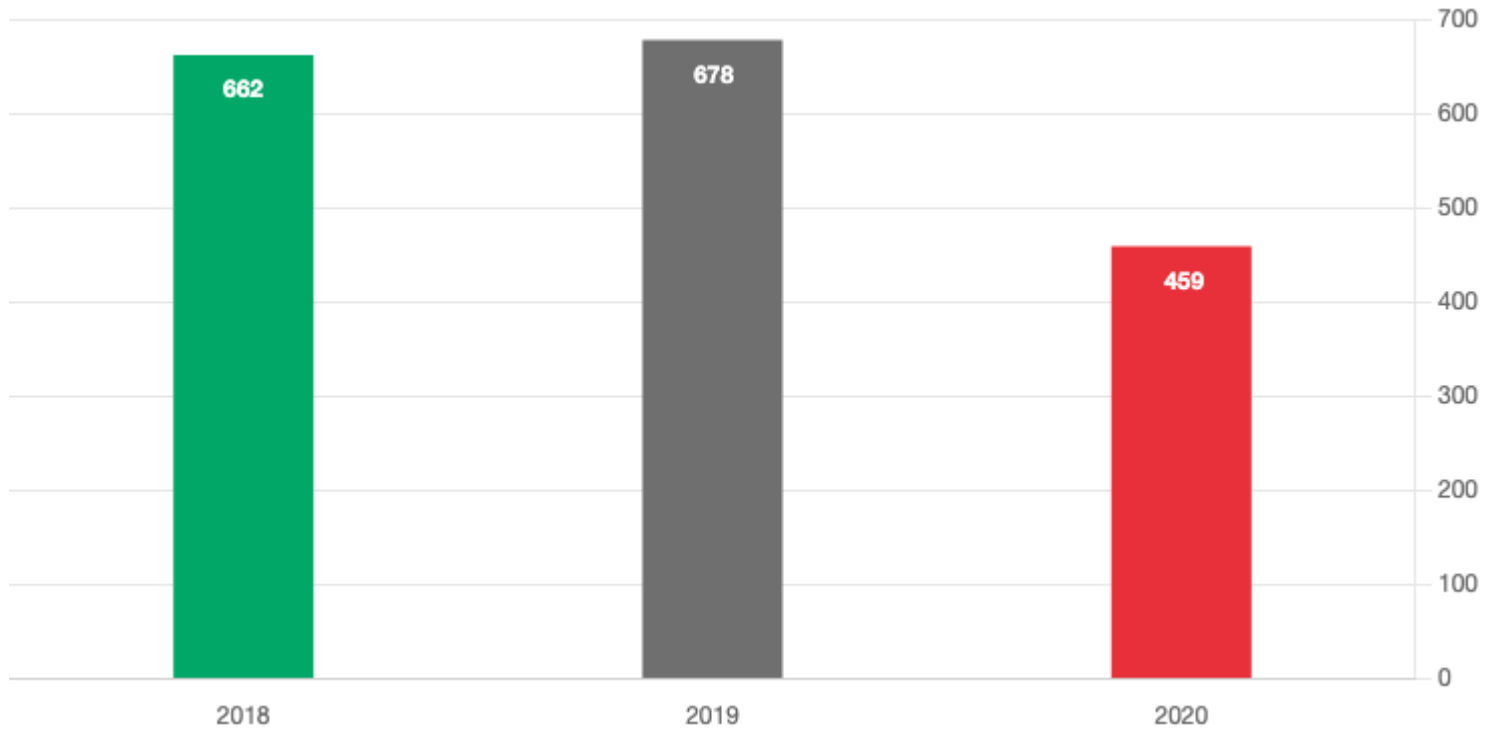
The Company creates added value, i.e., the direct economic value created and distributed, for all stakeholders, namely: shareholders, investors, employees, contractors, state authorities, and local communities.

The direct economic value created and distributed reflects the subsequent distribution of revenue by stakeholder group.

The difference between the created and distributed value is explained by the retention of a share of the economic value, which is used for the further development of the Tatneft Group's business, as well as a significant contribution to social projects.

Added value

Added value dynamics, bln rub



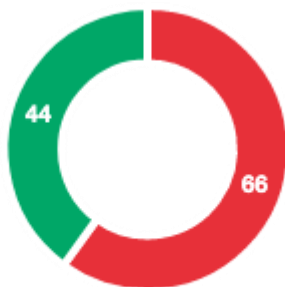
The decline in added value is due to the oil production restrictions introduced in 2020, the overall "temporary shutdown" of the market of goods and services due to the pandemic, and the drop in oil prices.

66% share of added value in total output

rub **459** bln

added value of TATNEFT Group
in 2020

Share of added value in total output, %



Share of added value in total output

The analysis of the value chain and its structure shows the key role of the oil production segment (it accounted for circa 90% of the total scope in 2020).

In the structure of the Company's added value, the largest share in 2020 accounts for taxes and fees making circa 50%, while the production profit is circa 30%, and wages and depreciation are 6% and 14%, respectively.

The production profit as part of the Company's added value in 2020 amounted to RUB 129 billion, which is half as high as the previous year. The return on added value (the share of production profit in added value) in 2020 was 28%.

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

rub **344,4** bln

Total accrued taxes, charges, and contributions

rub **20,2** bln

Social investments

circa **60** thousand

Jobs

rub **11,3** bln

Environmental spending

rub **1,4** bln

Occupational safety spending

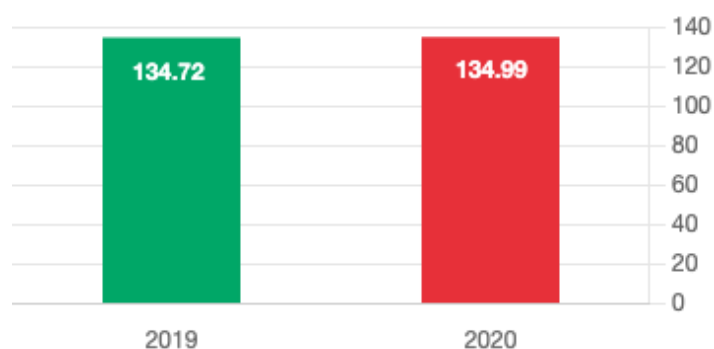
0,2

Lost time injury frequency rate (LTIFR)

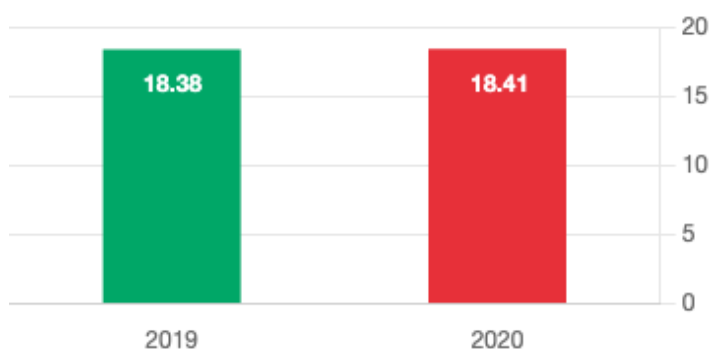
Basic principles of the Company: recognizing that human life and health takes priority over production activities; high level of industrial safety; ensuring self-restoring capacity of ecosystems, mitigating negative impacts on the environment and carbon footprint for sustainable energy future. The Company reduces the man-induced burden on the environment in a comprehensive manner.

Specific indicators of greenhouse gas emissions (Scope 1, 2) by main areas of activity

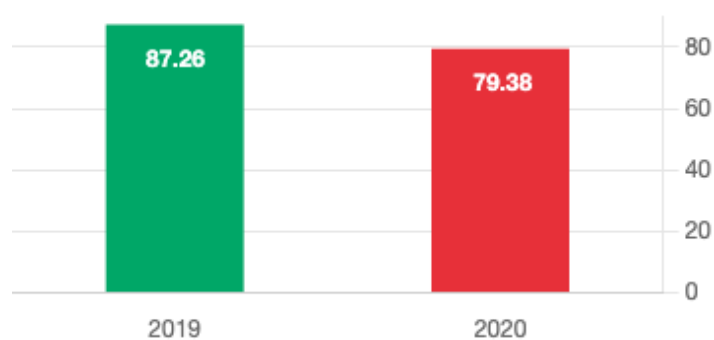
Specific GHG emissions from oil production, kg/tons of oil produced



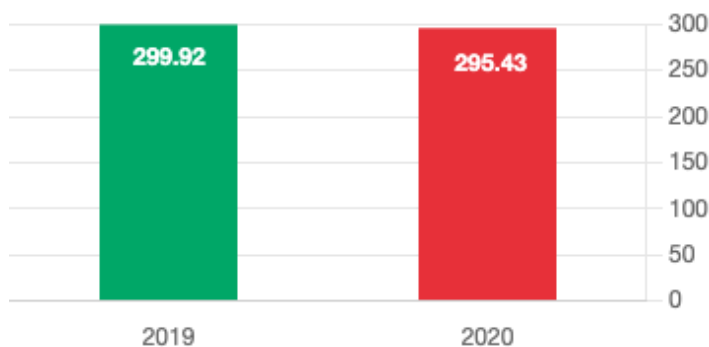
Specific GHG emissions from oil production, kg/barrel of oil produced



Specific GHG emissions from oil and gas processing, kg/tons of oil equivalent



Specific GHG emissions from heat and electricity generation, tons/mln kWh

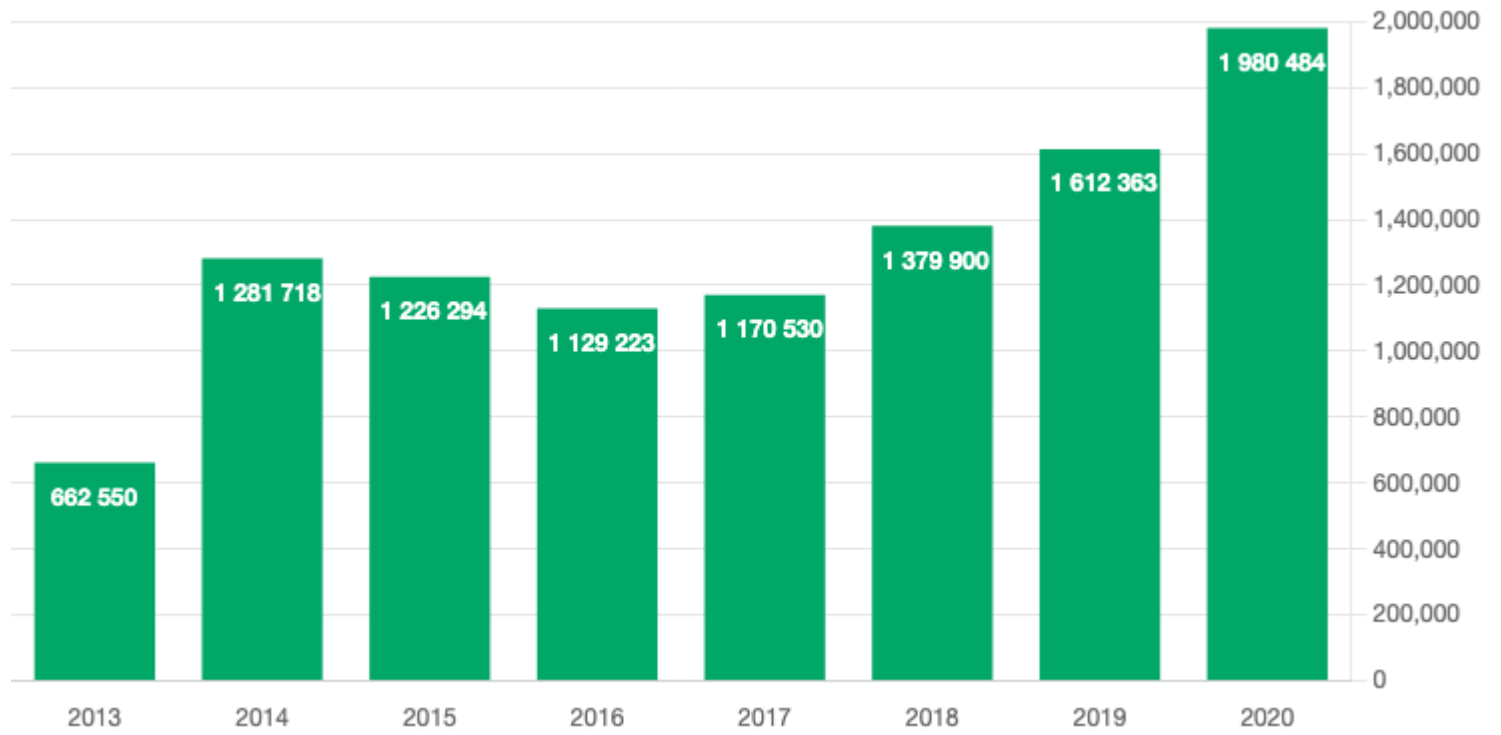


Calculated in accordance with GRI 305-4 GHG emissions intensity

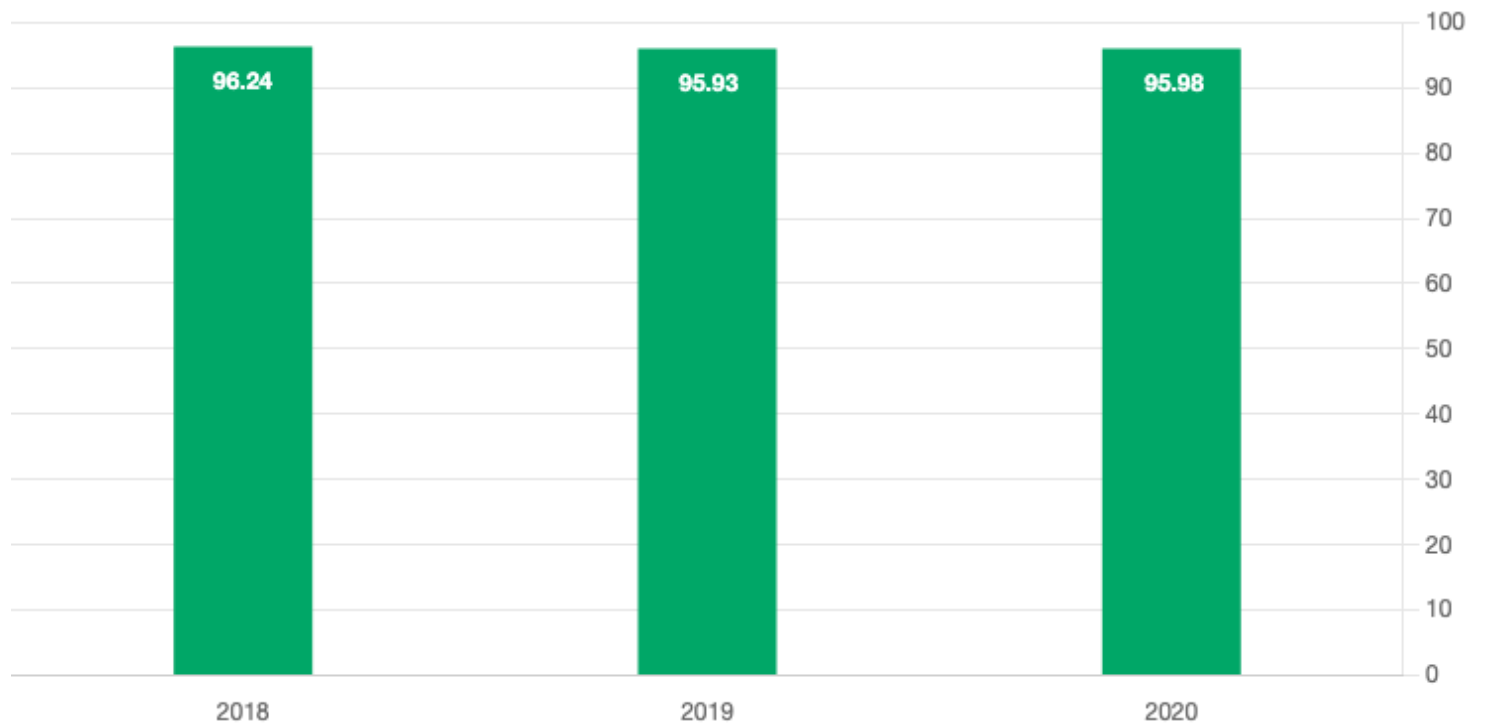
The Company has reduced the specific greenhouse gas emissions of Scope 1 and 2 by Oil and Gas Refining and Power Generation business areas amid production growth in these segments, while the specific indicators for the Exploration and Production business area remained practically unchanged.

Currently, the TATNEFT Group has a program of measures aimed at reducing direct and indirect emissions. The measures implemented in 2020 made it possible to reduce direct greenhouse gas emissions by 85 thousand tons of CO₂-equivalent, indirect emissions within Scope 2 by 111 thousand tons of CO₂-equivalent.

Planting of vegetation, pcs.



Effective APG utilization rate, %



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

The Company takes into account all 17 Sustainable Development Goals in its activities and makes a diverse contribution to their aspects. Considering the directions of its activity, the Company focuses most of its attention on those areas and tasks that it can implement as efficiently as possible by managing its capabilities and resources.



Goal 1: End poverty in all its forms everywhere

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

Tatneft's Effort

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

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

Tatneft is a responsible employer and social partner of the state and society, making significant investments in strengthening social and economic stability and improving the quality of life of the population, developing health care and education, improving the infrastructure of cities and towns. The Company implements targeted programs to provide assistance to vulnerable groups of the population. The Company consistently provides about 60 thousand jobs attracting the local population to work and creating good working conditions, supports the growth of opportunities for the local population to receive education, including those with high qualifications, both in the field of the Company's core activities and in areas (professions) in demand in the region.

The average monthly salary in the Company in 2020 amounted to RUB 72.2 thousand with a total wages fund of RUB 19,924 million.

At the end of 2020:

- **The ratio of wage to the minimum consumer budget in the Republic of Tatarstan (RT) was 4.118.**

- **The ratio of the tariff rate (wage) of the first category with standard working conditions and the minimum wage for the RT (Minimum Wage Rate of the RT) was 1.29.**

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

The high-quality performance of the Company's operations and social initiatives contribute to economic growth in the regions of presence in general, and create new jobs.

In the conditions of COVID-19, the Company provided the necessary assistance to vulnerable groups of the population, including food, prime necessities, antiseptics, personal protective equipment, and also provided computer equipment for children from large and low-income families for remote classes in schools.

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

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



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

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

Tatneft's Effort

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

As part of its activities, the Company makes a feasible contribution to achieving the goal. We initiate voluntary initiatives in this area, engaging with stakeholders, primarily our staff, customers and local communities. These are programs that promote access to a healthy lifestyle, prevention of chronic diseases, healthy and affordable food, and improve the welfare of vulnerable groups of the population. In the shops and cafes of our network of gas station complexes, we develop the sale of "healthy/organic food" and provide control over the safety labeling of food products sold in shops and cafes on the territory of the gas stations of the complexes. We strictly adhere to the internal consumer information policy and plan to expand the internal standard of the gas station service system to inform consumers about the quality of food sold in shops and cafes at gas stations.

More than 300 volunteers from the Company's young employees helped elderly people living in self-isolation by delivering food, medicine, and essential goods to their homes. The Tatneft Volunteers Resource Center covered 11 cities where the Company operates.

22.5 thousand low-income citizens received food packages from the TATNEFT.



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

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

Tatneft's Effort

The Company realizes the importance of industrial safety control and reduction of all types of environmental impact, preservation of clean air, water resources, land and increase of forests to create favorable conditions for human health.

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

The priorities of the Company in this area include the growth of a healthy and socially prosperous young generation, starting from birth; good quality of life for all employees of the Company and the local population; decent living conditions and medical care for retirees and elderly people. The Company provides these priorities with appropriate initiatives and programs.

Corporate leaders in the implementation of the roadmap and achievement of SDG 3 targets are Elena Yashina, Advisor to the General Director, Head of the TATNEFT Medical Programs Development and Support Service, and Azat Khabibrakhmanov, Deputy General Director for Industrial Safety, Labor Protection and Ecology.

Voluntary Health Insurance

The total number of insured employees is 23,153 people. The total amount of VHI contracts is RUB 328.7 million. The Company arranges and pays for medical and other services under the following programs: "Outpatient Services," "Inpatient Services," "Rehabilitation Treatment," and "Comprehensive Medical Care."

Employees were vaccinated against seasonal influenza (871 people) and tick-borne encephalitis (3,438 people). A medical examination of the employees of the Company was carried out in order to detect cancer at an early stage. 18,230 employees were examined under the "Women's Health" and "Men's Health" programs. Under the VHI contract, PCR tests were taken for the novel COVID-19 coronavirus infection. A total of 8,769 PCR tests were taken.

Healthcare Support

One of the directions for achieving this goal is to expand the list of high-tech medical services for the Company's employees and the population of the southeast of the Republic of Tatarstan. As of today, the Company has already initiated this process by implementing such projects as "Hybrid Operating Room," "Reconstruction of Reanimation," "Neurosurgery Operating Room," "Telemedicine." Since the opening of the regional medical diagnostic center, 3,974 operations have been performed.

In order to improve corporate sustainability, the Company strives to reduce the risk of temporary disability of employees.

From the first day of the pandemic threat and up to the present, Tatneft has been doing everything possible to preserve the health and lives of its employees, their families, local population, customers and partners.

We have launched a set of actions to prevent the virus spread, improve the equipment of medical institutions, and help vulnerable groups of the population.

Our enterprises have produced more than **10 million masks and 40 thousand protective suits**, which the Company donated to hospitals and ambulance stations in Tatarstan. The production of antiseptics was also mastered at the Company's facilities.

The Company allocated RUB 1.5 billion to combat the COVID-19 pandemic in 2020.

To reduce the risk of infectious diseases, the Company formed a COVID-19 headquarters, maintained the capacity for the PPE production in mobilization readiness, organized work on vaccination and immunization of TATNEFT Group employees, and built a BBT laboratory for testing.

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

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

Sanatorium and Wellness Complexes

In 2020, 1,061 Company employees engaged in work with harmful and/or hazardous production factors rested and improved their health in sanatorium healthcare centers, 519 employees underwent sanatorium rehabilitation.

Children's Wellness Holidays

There are 10 children's health camps (CHC) with 2,663 beds within TATNEFT. Annually, in accordance with the children's health improvement program, about 11 thousand children, including children of public sector workers in the municipal districts of the oil region, have holidays in children's health camps.

In the conditions of COVID19, the Company decided to temporarily suspend children's visits to CHCs. All social facilities, including children's camps, were mobilized and brought to full readiness to accommodate the Company's employees in a continuous production cycle.

The team of the “League of Tatneft Children’s Camps” project also faced a difficult task of arranging recreation and leisure activities for children during the holidays in self-isolation. A single Internet platform for children’s online projects was launched. The total coverage of the project reached 150,000 people.

Longevity Centers

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

More details about health and wellness programs can be found in “[Working Together](#)”, “[Social Partnership](#)” Sections.



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

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

Tatneft’s Effort

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

Corporate leaders in the implementation of the roadmap and achievement of SDG 4 targets are Nurislam Syubaev, member of the Board of Directors, member of the Management Board of PJSC TATNEFT, Deputy General Director for Strategic Development of PJSC TATNEFT, and Damir Mukhametshin, Deputy General Director, Director of the Department of PJSC TATNEFT in Kazan.

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

The Company has implemented a project to create a **Higher Oil School** — in Almetyevsk on the basis of the Almetyevsk State Oil Institute (ASOI) and the TatNIPIneft R&D Institute. The construction of a new research campus and training center with a total area of 15.5 hectares was completed.

The transformation strategy of the Petroleum Institute presupposes the creation of a modern research center in which researchers and students will be able to engage in fundamental and applied science. TATNEFT plans to use the developments of the future Higher Oil School in practice, to use the entire scientific center for real application in the industry.

Another new educational space was the Public Center created by TATNEFT with an information and exhibition space, an interactive scientific and educational center “Almetrika”, a Digital Academy was opened nearby for those wishing to study photo and computer graphics, animation. The language school Ace Language Academy (ace lengwich academy translation: language academy Ace) will help

everyone to learn English, Chinese, German and French at a professional level. Children who have received knowledge at this school will have a chance to enter the most prestigious educational institutions not only in Russia, but also in the world.

“School of Animation” was established by the Company together with Soyuzmultfilm film studio. The goal of the project is the development of domestic animation, the promotion of animation creativity, the strengthening and popularization of children’s and teenage animation in the Republic of Tatarstan. Opening of the “School of Animation” in Almetyevsk will allow us to build a full cycle from training to employment. It will give us the opportunity to get into a creative environment and find job in various directions in the specialties that are acquired within the school.

“Engineering Lyceum” is the facility was constructed within the framework of the “Housing and Urban Environment” national project, initiated by Vladimir Putin, the President of the Russian Federation, thanks to the financial support of the Company, and was built using advanced Russian and foreign experience in creating multifunctional spaces in the educational process, with the prospect of developing a competence center in the field of engineering education in Almetyevsk. The school has IT rooms for teaching programming skills, a prototyping center for creating objects with 3D printing, art workshops for architectural design, a 25-meter pool.

Within the framework of the “Innovative Oil and Gas Subsurface Use” and “Hydraulic Fracturing Treatment” master’s programs offered at ASOI, the Company employees are now trained in additional professional training programs with the involvement of leading Russian scientists in the field of geology, petrophysics, geophysics, development, hydrodynamics, and subsurface use. A total of 19 employees were trained. A modular training program for lean-trainers has been organized for the purpose of training specialists who are able to give advice and conduct internal training for employees of the Company in process and project management, apply lean manufacturing methods and tools, and coordinate the work of improvement project teams. Training was organized for 36 employees of the Company under the Lean-Specialist modular program.

The Company pays great attention to the development of comprehensive command of foreign language in specialists and managers, which would be used in their work and participation in foreign projects. So, during 2020, more than 200 employees were trained in English courses.

In 2020, 264 employees were trained at the Employment Center of the city of Almetyevsk as part of advanced vocational training and additional vocational education for employees of organizations carrying out restructuring and modernization of production.

Within the framework of the “Demography” national project: 45 female workers on parental leave for a child under three years of age have undergone retraining; 86 employees aged 50 and over received vocational training and additional vocational education.

The Company is developing its own Corporate University, targeted training programs for employees, the expansion of general humanitarian knowledge. In 2020, 1,992 persons were trained (offline and online) in 28 courses at the Corporate University. In addition, training by external providers was organized for 694 persons. More than 32,580 employees completed distant learning in 42 courses.

In 2020, RUB 115.3 mln were allocated for employees training.

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



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

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

Tatneft's Effort

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

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

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

The average annual number of training hours per 1 trained female employee is 67.19 hours, male employee is 54.71 hours.

Tatneft Group Staff Breakdown by Gender, %

Share of Employees	31.12.2018	31.12.2019	31.12.2020
men	55,0	54,4	54,5
women	45,0	45,6	45,5

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

Details on the distribution of personnel by gender can be found in [“Working Together”/“Company Personnel” Section.](#)



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

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

Tatneft's Effort

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

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

Corporate leader in the implementation of the roadmap and achievement of the SDG 6 targets is Andrei Laptev, Director of LLC Process Fluid Treatment Facility for Reservoir Pressure Maintenance.

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

To preserve ecosystems with clean water, the TATNEFT Group is implementing a **project to improve the Stepnoy Zai River, a tributary of the Kama River**. The goal of the project is to identify the main sources of surface water pollution, to attract the attention of economic entities, control and supervisory authorities, to plan and initiate the implementation of environmental protection measures to achieve water quality that meets the requirements of sanitary standards.

TANECO JSC is systematically decreasing water consumption. The collection and use of steam condensate as a raw material for the production of demineralized water for own needs was arranged. A water supply scheme has been implemented, including **a full return of treated effluents to production** with the excess being directed to Nizhnekamsk CHP; by the end of 2020, **zero fresh water consumption was achieved**.

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

In 2020, implementation of the plan of bilateral measures to improve the air and water environment in the southeast of the Republic of Tatarstan of the Almetyevsk municipal district for 2019-2021 continues. As part of this plan implementation, measures were taken to identify sources of pollution of water bodies, a register of settlements was compiled where the construction of treatment facilities was required, water crossings were dismantled, and the planting of forest belts began. Dynamics of the content of pollutants is monitored on the regime observation network. The work will continue in 2021.

The Company's volunteers cleaned the water areas of reservoirs in the cities of Almetyevsk, Leninogorsk and Nizhnekamsk as part of the "Clean Coast", all-Russian environmental campaign (150 volunteers collected 56 m³ of garbage).

Tatneft was recognized the best according to the results of the International Competition of the V.I. Vernadsky Non-Governmental Ecological Foundation "Ecological Culture. Peace and Harmony" in the "Conservation of Natural Complexes and Biodiversity" nomination.

TATNEFT's environmental initiatives and environmental activities, which have been implemented over the years, have been logically continued in the framework of the implementation of the sustainable development goals, which the Company supports as a member of the UN Global Compact. The environmental programs of the joint stock company contribute to the solution of urgent environmental problems in the region. Improvement of springs and other natural sources of drinking water is part of the implementation of SDG 6 "Clean Water and Sanitation".

Since the mid-90s of the last century, oilmen have restored, equipped and improved over 500 unique

natural sources of drinking water located in the territories of the Company's operations.

More details about the rational use of water resources can be found in “Environmental Activities”/“Protection of Water Resources” Section.



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

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

Tatneft's Effort

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

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

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

The Company has set a target to increase by 2030 the annual effect of the energy efficiency and energy saving program by 2.2% relative to the actual consumption of fuel and energy resources in the previous year.

The Company is implementing the target-focused resource saving program 2020-2023, which includes the energy saving program. The program goal is to curb the costs for fuel and energy resources through their rational use and improved energy efficiency of the production operations.

In 2020, the Company approved and put into effect the Policy of the TATNEFT Group in the field of integrated management system, which incorporates the provisions of the energy management system. The main objectives in this area are as follows: continuous improvement of energy efficiency, improvement of energy efficiency and energy-saving management processes in all types of production activities, cost reduction through the deployment of advanced innovative energy-efficient technologies and rational use of energy resources, development, implementation, operation, and continuous improvement of the Energy Management System compliant with the requirements of ISO 50001-2018.

As a result of implementation of the Energy Saving Program for 2020, the TATNEFT Group's enterprises **saved more than 108 thousand tons of oil equivalent**, which amounted to **RUB 728.4 million**.

Renewable Energy Sources

The Company's strategy takes into account the role of renewable energy sources and their relevance to a cleaner, low-carbon energy future. The development of renewable energy, such as solar and wind power, is of undisputed importance. TATNEFT intends to develop these activities and is considering best opportunities and lucrative projects.

By 2030, the Company's benchmark for the use of renewable energy sources is to use up to 10%

of the total electricity generation of the TATNEFT Group.

Currently, the main share (89%) of Energy generation from renewable energy sources in the TATNEFT Group is accounted for heat generation from pellet boilers, 11% accounts for electricity generation from small hydroelectric power plants at Karabash Reservoir, and 1% is generated by solar power plants in the Company's retail and sales network. In 2020, the total energy generation from renewable energy sources was 1,221.2 tons of oil equivalent or 0.14 % of the TATNEFT Group's total Energy generation.



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

Eradicating poverty requires a revision of economic and social policies.

Tatneft's Effort

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

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

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

In 2020, the Company confirmed its status of one of the largest employers in the Russian Federation.

*More details about the programs and results of the Company in the field of work and economic growth can be found in **“Working Together” Section and in the Annual Report of the Company.***



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

To achieve sustainable development, investment in infrastructure is crucial.

Tatneft's Effort

Tatneft is aware of the importance of high-quality infrastructure in the general social sense (including transport, energy supply, information and communication technologies, medical and educational

institutions, etc.) and directly for successful sustainable development of the Company's business. In this regard, we invest in the development and maintenance of socially significant infrastructure projects in our territories and in the development of our own corporate infrastructure.

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

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

The Company applies advanced innovative digital solutions and environmentally friendly technologies, considering them as strategic investments in ensuring a sustainable future.

Corporate leaders in the implementation of the roadmap and achievement of SDG 9 targets are Marat Zalyatov, Director of the TatNIPIneft R&D Institute, and Ruslan Zabbarov, Director of the Center for Technological Development.

Tatneft is expanding the integration of innovative capabilities through the development and transfer of the best technologies, taking on large-scale technological challenges. It is planned to increase efficiency of the cycles for the implementation of innovative projects from idea to obtaining a financial result, including time frames and investment returns.

TATNEFT is the leader in Russia in terms of the number of registered patents for inventions and utility models. In 2020, the Company received 281 patents.

Specialists of the scientific cluster of the Company solve urgent production issues of the development of hard-to-recover oil reserves, rational use of energy resources.

The Company sees the strengthening of its own research and educational centers as the most important condition.

According to the agreement between TATNEFT and the Skolkovo Foundation, a scientific and technical center of the Company was opened on the territory of the science city, a multidisciplinary R&D center was launched, the purpose of which is to perform a wide range of scientific research works. Specialists of NTC TATNEFT have been conducting research activities within the Skolkovo ecosystem since the end of 2012.

The strategically significant tasks also include the development of innovative opportunities in the infrastructure of cities and towns in the territories of the Group's enterprises.

The Company takes an active part in the improvement of settlements in all regions of its activity.

Detailed information on the Company's programs can be found in the "Social Partnership" Section, Register of Social Programs, and in the Annual Report of the Company.



Goal 10: Reduced Inequalities

Reduce inequality within and among countries

Tatneft's Effort

We are aware of the global goals of stimulating local economic development, increasing social stability, as well as the importance of investing in this direction. This will help reduce inequality, enhance social well-being, and reduce the risk of conflict in different areas.

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

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



Goal 11: Make cities and communities inclusive, safe, resilient and sustainable

Investment in infrastructure development will help achieve sustainable development.

Tatneft's Effort

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

From 2005 to 2020, 124 apartment buildings were commissioned, more than 13 thousand families were provided with housing under the social mortgage program. 30% of apartments on social mortgage are provided to young people.

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

In 2020, the Company's social investments amount to RUB 20.2 billion annually.

Social expenses of the TATNEFT Group for 2020 amounted to RUB 20,270 million in the following main areas:

- Social benefits and guarantees under the Collective Agreement;
- Social insurance and non-state pension provision;
- Improvement of conditions under the program of state support for the development of housing construction in the Republic of Tatarstan;
- Charity and social investment.

Charitable programs are an important part of the social policy of PJSC TATNEFT.

In 2020, the amount of charitable assistance provided amounted to RUB 5,536 million, incl. through the TATNEFT Charitable Foundation under the programs of RUB 2,822 million:

- Support veterans and retirees – RUB 391 million;
- Support motherhood and childhood – RUB 11 million; Support science and education – RUB 432 million;
- Support and develop culture and art, preserve traditions – RUB 507 million;
- Support institutions for the development of civil society and patriotic education – RUB 254 million;
- Implement infrastructure projects – RUB 442 million;
- to support sports and a healthy lifestyle - 298 million rubles;
- information support of charitable activities - 30 million rubles;
- other expenses - 456 million rubles.

The Company's expenses for supporting sports and healthy lifestyles in 2020 amounted to 20% of the overall social program.

The provision of charitable assistance under the programs for the construction and overhaul of social facilities in 2020, as well as other assistance on requests from individuals and legal entities, amounted to RUB 2,713 million.

All social guarantees under the collective agreement to the working employees, veterans and retirees of the Company for the reporting year were fulfilled in full.

Information on social expenditures from 2018 to 2020, RUB million

	2018	2019	2020
Social expenditures (collective agreement, loan repayment, company anniversaries, etc.)	624	693	558
Voluntary Health Insurance, Voluntary Life Insurance, Non-State Pension Insurance	482	530	523
Contributions to the State Housing Fund	4 485	5 830	4 989
Charity	6 653	7 688	5 536
Property contributions	1 324	638	642
Uncovered expenses from the maintenance of social facilities (sanatoriums, CHCs, recreation centers, etc.)	3 113	2 948	2 767
Social investments (capital investments)	1 960	1 261	1 527
Sports support costs	5 617	4 485	3 728
Total	24 258	24 073	20 270

The Company considers all ongoing programs to develop the infrastructure of cities and towns as a contribution to sustainable development.

Corporate leader in the implementation of the roadmap and achievement of the SDG 11 targets is Rinat Mamin, Director of the TATNEFT Charitable Foundation.

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

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

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

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

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

"Almet" Public Center is a multifunctional cultural and educational space. The stylish five-story building is designed to provide Almetyevsk residents with a variety of leisure and development options and become part of an emerging urban identity. On the ground floor there is an interactive exhibition of one painting, "Madonna and Child" by Francesco Ubertini (Bacchiacchi), the Italian Renaissance artist. In the future, the painting will become part of a large art gallery, work on which will begin next year.

"The collection is already being formed. The gallery will have exhibits of the Hermitage level, this is how it should be for our fellow countrymen, who will be able to become acquainted with high culture without leaving the city."

General Director of PJSC TATNEFT
Nail Maganov

A separate space was occupied by an exhibition of musical instruments. The exposition of 624 items from private collections is divided into several zones dedicated to the music of the peoples of the world.

The Digital Academy, created in cooperation with RedMedia, the Russian television company, conducts courses in computer design for adults and children from 14 years old. Students study theory online at a convenient time, and then practice their skills on professional equipment.

The Ace Language Academy linguistic center provides the opportunity to study English, German and Chinese in classrooms equipped with interactive panels, an acoustic system, equipment for creating a virtual environment and multimedia tables. The games room and the library of foreign literature will be complemented by an auditorium for vocal lessons and an art studio.

"Almetrika" Interactive Scientific and Educational Center. The main purpose of the exhibition in the educational format (education — "education" + entertainment — "entertainment") is to explain complex scientific processes and phenomena in a simple and visual way.

"Such spaces will gradually appear in all cities in the south-east of Tatarstan. We are sure that every resident should have the opportunity to get acquainted with something beautiful and interesting, something that goes beyond the ordinary life. Cities should have fewer huge shopping malls that take people off the streets, and more educational spaces that can be reached in 15–20 minutes."

General Director of PJSC TATNEFT
Nail Maganov

The Company has automated a Grant Competition for PJSC TATNEFT aimed at improving the efficiency of social initiatives implementation. As of today, applications are submitted, processed and examined on the website. This allows one to select interesting projects and support the best initiatives of non-profit organizations and active citizens for their implementation on the territory of the republic. In 2020, more than 900 applications for a total amount of 0.6 billion rubles were submitted for the competition. 163 best projects from 26 districts of the Republic of Tatarstan and 1 region of the Russian

Federation were selected for a total amount of 68.2 million rubles. The largest number of winners was identified in the “Culture and Art” nomination (37 projects), “Healthy Lifestyle and Tourism” nomination (27 projects) and “Protection of Vulnerable Groups” nomination (26 projects). Over the 5 years of the competition’s existence, 401 projects have received support for a total amount of 370 million rubles.

More details about the programs can be found on the Company’s website in the “Charitable Foundation” Section http://www.bf-tatneft.ru/fond/?4events&link=grant5_results



Goal 12: Ensure transition to sustainable consumption and production patterns

Sustainable consumption and production are intended to “do more and better with less.”

Tatneft’s Effort

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

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

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

The Company is increasing the production of environmentally friendly products, including high-quality high-performance fuels and lubricants (TANECO EURO-6 fuel, TANECO oils), petrochemicals and tire products with increased maximum returns during the life cycle of all products and the provision of sufficient information to consumers through standardization and labeling, etc.

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

Inclusion of production waste in processing, including the transition from a linear to a circular economy. The Company implements projects aimed at recycling. A fast pyrolysis unit for processing woody biomass and other types of waste was built and is successfully operating to produce bio-oil and biochar. The projects aimed at improving the environmental situation: processing of polymer waste by catalytic hydroconversion; production of rubber modified bitumen; plant for processing tires into crumb rubber are being implemented.

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

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

More details about the Company's programs and results in the field of responsible production and consumption can be found on the Company's website at:
<https://www.tatneft.ru/?lang=en>



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

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

Tatneft's Effort

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

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

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

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

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

The Company announced its transition to carbon neutrality by 2050. The Board of Directors adopted a new environmental policy taking into account climate change, and approved a roadmap. We aim to reduce carbon intensity by 10% by 2025 and by 20% by 2030 towards the 2016 baseline.

The Company adheres to international standards and guidelines: GreenHouseGas (GHG) protocol on measurement, control, and disclosure of emissions, including supply chains; TCFD Implementation Guide (carbon footprint reporting), and we provide data for CDP climate rating. We intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting.

The most important step was Tatneft's joining in 2020 the international initiative for setting science-based targets (SBTi) in order to reduce greenhouse gas emissions and prevent climate changes.

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

The Company develops high-tech production of composite materials at the facilities of LLC Tatneft-Presscomposit. The most significant benefit of composite materials is their environmentally friendly properties and low carbon footprint. CO₂ emissions from construction of fiberglass pipelines an average of 6.5 times lower than emissions from construction of steel pipelines.

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

The Company has a program of measures aimed at reducing direct and indirect emissions. The measures implemented in 2020 made it possible to reduce direct greenhouse gas emissions by 85 thousand tons of CO₂-equivalent, indirect emissions within Scope 2 by 111 thousand tons of CO₂- equivalent.

As part of the Company's efforts to reduce its carbon footprint to neutralize greenhouse gas emissions, since 2000, TATNEFT Group has been implementing a program to plant and restore forests, considering the absorption capacity of green areas. Measures are being implemented to improve the efficiency of green planting management, taking into account biodiversity and the development of circular bioeconomics. In 2020, 1.97 million saplings were planted, which, according to preliminary expert estimates, will compensate for 660 thousand tons of CO₂-equivalent greenhouse gas emissions (after trees reach the age of maturity). A total of 12 million trees have been planted since the Program commencement. The Company plans to automate the monitoring of the Reforestation Program with an assessment of the forests' absorption capacity and biodiversity. In the future, the Company plans to pass the Reforestation Program validation procedure and obtain assurance of the results achieved to compensate for greenhouse gas emissions from forest plantations on a regular basis.

Dynamics of greenhouse gas (GHG) emissions under Scope 1, 2, 3, (mln tons of CO₂-equivalent)

	2019	2020	Changes
Scope 1	4,1	4,5	0,4
Scope 2	5,2	4,7	0,5
Scope 3	111,1	112,6	1,5

** Note: In 2016 (baseline), Scope 1's greenhouse gas emissions were 4.3 million tons CO₂-equivalent. Climate risk assessment is included in investment decision-making processes, integrated into the creation of the Company's value and into the life cycles of business processes, products and services, including contractors and suppliers.*

More information on the Company's programs and results in the field of measures to combat climate change and the transition to carbon neutrality can be found in the section of the Report "Climate Change and a Sustainable Energy Future", as well as on the Company's website in "Sustainable Development" Section, at:

<https://www.tatneft.ru/sustainable-development/climate-change/?lang=en>



Goal 14: Marine Ecosystems Preservation

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

Tatneft's Effort

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

The Company is implementing a Program for the Conservation of Biodiversity, which includes measures to compensate for damage to aquatic biological resources. In 2020, over 6,000 carp fry with a total weight of 1.7 tons were released into the Kama River.

To prevent the pollution of water areas with oil, stationary oil recovery structures, booms, and lagoons are maintained in working condition.



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

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

Tatneft's Effort

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

In 2020, the Company spends about 11.3 billion rubles on environmental protection.

Nº	Article title	Cost amount, RUB mln
1.	protection of atmospheric air and prevention of climate change	4 054,60
2.	for collection and treatment of waste water	2 783,057
3.	for waste management	525,18
4.	for the protection and rehabilitation of land, surface and ground waters	3 779,11
5.	to protect the environment from noise, vibration and other types of physical impact	0,10
6.	to preserve biodiversity and protect natural areas	1,65
7.	to ensure radiation safety of the environment	3,22
8.	for research activities and developments to reduce negative anthropogenic impacts on the environment	88,68
9.	to other areas of activity in the field of environmental protection	29,57
10.	Total:	11 265,157

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

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

The environmental activity of the Company covers all aspects of the Company's impact on nature and includes measures to preserve and restore a favorable environment, natural ecological systems, natural landscapes, natural complexes, forests and biological diversity of systems in the regions of operation. It is strategically important to unite disparate projects into a single system. An example of this approach is the Circular Forest project.

To restore species diversity and ecosystems, the Company opened 6 biological rooms in schools in the region, where students are engaged in microcloning plants, studying pests of agricultural crops, as well as breeding beneficial bacteria for plant protection. The resulting seedlings are grown in greenhouses for heating which heat from a biomass processing unit is used. The raw material for this installation is cut wood residues. Implementation of such projects has a synergistic effect, that is, it includes recycling waste, offsetting greenhouse gas emissions, and restoring biodiversity.

In order to improve conditions of the environment, restore productivity of disturbed lands, the Company carries out reclamation of disturbed lands in the course of production activities. In 2020, 1,139 hectares of disturbed lands were restored.

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

The largest specially protected natural area of federal importance located in the region of TATNEFT Group operations is FSBI National Park Nizhnyaya Kama.

TATNEFT Group does not cause an irreversible impact on biodiversity. The main impacts on biodiversity are associated with the exploration, production, preparation, transportation, and retailing of petroleum products.

The Biodiversity Conservation Program is being implemented by PJSC TATNEFT. It sets goals for the conservation of biodiversity in the territories of operation at a level that ensures their sustainable existence and inexhaustible use.

An additional Action Plan depending on the results achieved, social and economic changes taking place in the country is being developed to achieve specific characteristics of biodiversity in a certain time period and area.

In 2020, the following measures aimed at preserving biodiversity were implemented: comprehensive monitoring in the area of operation of PJSC TATNEFT on the territory of the protected areas of the FSBI SPNR National Park Nizhnyaya Kama; replacement of uninsulated wires on power lines with steel insulated wires; maintenance of power lines in a treeless state; compensation for damage to aquatic bioresources.

More details about the Company's programs and results in the field of preserving terrestrial ecosystems can be found in "Environmental Activities" Section of the Report, as well as on the Company's website at <https://www.tatneft.ru/ekologiya/?lang=ru>



Goal 16: Peace, Justice and Strong Institutions

Tatneft's Effort

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

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

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

The Company has historically recognized the importance and value of the fundamental human rights and freedoms proclaimed by the UN and throughout its activities, it observes the responsibility commitments concerning the principles of human rights, labor relations, and the fight against corruption as reflected in fundamental international declarations and conventions:

When carrying out business projects in the countries with different political systems and cultural traditions, the Company believes that everyone should enjoy all the rights and freedoms proclaimed, including the right to work, the right to a favorable environment, the rights of indigenous minorities and special groups of the population, etc., without any distinction, regardless of race, color, gender, age, language, religion, political or other beliefs, national or social origin, disability, property, class or

other status, as well as equal opportunities for women and men, excluding any forms of harassment or discrimination in the field of work and employment.

The Company uses its best endeavors to prevent any adverse human rights impacts that is directly related to its business activities, products or services, business relations, as well as to preserve the national cultural identity of ethnic groups inhabiting the regions of the Company's operations, and takes all available measures to eliminate the consequences of such an impact, should it happen.

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

Information about the Collective Agreement is posted on the website at tatneft.ru.

The Company strictly complies with the anti-corruption legislation of the Russian Federation, as well as the anti-corruption legislation of other countries where it operates.

Continuous anti-corruption activities have minimized the number of corruption cases. For 2016–2020, more than 100 investigations have been carried out. Disciplinary and other measures were taken against 96 perpetrators, criminal cases were initiated and sentences were passed against 13 persons, 13 counterparties were added to the stop list. Currently, 12 facts are under investigation.



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

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

Tatneft's Effort

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

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

The Company participates in several international and Russian associations whose activities are aimed at implementing the Goals and supporting their sustainable development initiatives.

Since 2019, the Company is a member of the UN Global Compact, adhering to the 10 Principles on Human Rights, Labor, Environment, Anti-Corruption and integrating 17 Sustainable Development Goals into its activities. These principles and goals are the basis for a prosperous and inclusive future in accordance with the World Agenda until 2030, and we take a responsible attitude to the contribution of the TATNEFT Group to solving the tasks of sustainable development in the territories of our operation. Participation in the Global Compact is our deliberate step in the development of a corporate strategy that historically takes into account aspects of corporate responsibility.

As part of the official events marking the 75th anniversary of the United Nations, the **Company**, among other Global Compact participants, **signed the “Business Leaders Statement for Renewed Global Cooperation”**, which affirms business support for international cooperation across countries, sectors, and generations to adapt to changing circumstances, including the COVID- 19 pandemic, economic uncertainty, climate change, and other factors of impact on the Sustainable Development

Goals. **The Statement was presented to the UN Secretary-General during the UN Private Sector Forum on September 21, 2020.**

We are implementing our corporate sustainable development practice taking into account the new UN Global Compact Strategy “Accelerating Business Actions to Achieve Sustainable Development Goals and More Ambitious Climate Targets,” adopted for the period of 2021–2023. By following the Roadmap of this Strategy, we are strengthening our contribution to collective action and partnerships for sustainable development, increasing interaction with our business partners, contractors and suppliers. In order to comply with the assessment of the effectiveness of the Company’s contribution to solving sustainable development problems, we integrate into our practice indicators of the new UN Global Compact Strategy, including climatic aspects and aspects related to the field of human rights, with an assessment of the compliance of the Company’s activities with relevant global conventions and agreements, including the **Guiding Business Principles and Human Rights, International Tripartite Declaration of Labor Organization Principles for Multinational Enterprises and Social Policy, Convention on the Elimination of All Forms of Discrimination of the Rights of Women (CEDAW), Beijing Declaration and Platform for Action, Principles for the Empowerment of Women, Gender Aspects of Business Guiding Principles on Human Rights.**

Tatneft is a member of the “National Network of the UN Global Compact in the Russian Federation” Association and, in 2020, a representative of the Company entered the Governing Council of the Association. Within the framework of the Governing Council, the Company interacts with other members of the Association to coordinate the solution of sustainable development problems and develop joint solutions. In 2020, we initiated a corporate volunteer movement to promote the Sustainable Development Goals among young people at the Tatneft’s Youth Forum on Sustainable Development and will be part of the Volunteer Movement Program of the National Network of the UN Global Compact in Russia.

As part of the Company’s membership in the UN Global Compact and the Russian National Global Compact Network, the **Company participates in the large-scale project “SDG Ambition. Global Level SDG Ambition, which was initiated by the UN Secretary General in January 2020 at the World Economic Forum in Davos known as “SDG Ambition: Scaling Business Impact for the Decade of Action.”**

As part of interaction with the state for the goals of sustainable development, TATNEFT participates in the **Interdepartmental Working Group for the development of investment activities and attraction of extra-budgetary funds in sustainable development projects under the Ministry of Economic Development of the Russian Federation. The Company also implements targeted environmental and social programs within the framework of National Projects**, approved by the RF Presidential Presidium of the Council for Strategic Development and National Projects.

The Company’s key sustainable development initiatives include taking urgent action to combat climate change, as enshrined in the Paris Agreement. We have stepped up our action towards decarbonization in 2020. The Company announced a transition to carbon neutrality by 2050. We adhere to international standards and guidelines in developing the greenhouse gas emission management system: GreenHouseGas (GHG) protocol on measurement, control, and disclosure of emissions, including supply chains; TCFD Implementation Guide (carbon footprint reporting) and we provide data for CDP climate rating. In assessing the scope of emissions accounting, we intend to expand the application of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Standard for Accounting and Reporting, as well as the **PAS series of standards**. We also take into account the activities of the International Petroleum Industry Environmental Conservation Association (IPIECA). We believe these international initiatives are highly essential to progress towards the decarbonization goals and sustainable development in general. The paramount step for TATNEFT in 2020 was to join SBTi, a group of leaders of the international platform for setting science-based goals, to contribute to preventing the rise of the planet’s temperature by more than 1.5 degrees Celsius.

At the Russian level, the Company takes part in **the work of the RSPP Committee on Climate Policy and Carbon Regulation, established in 2020**. The Company also participates in the work of the **RSPP Committee on ecology and nature management**. **The Company takes an active position in the field of formation of carbon regulation in the Russian Federation and interacts with all interested parties to develop the most effective mechanisms for carbon regulation.**

In 2020, the Company participated in **the target working groups of the “Business 20” (B201) in preparation for the summit of the “Business 20” (G20) at the highest political level:**

- “Energy, Sustainability and Climate” Group;
- “The Future of Employment and Education” Group;
- “Digitalization” Group;
- “Finance and Infrastructure” Group.

Note: B20 is one of the key social partners of the Group of Twenty (G20), representing the interests of the global business community and companies of the G20 countries in promoting sustainable economic growth and successful work of the G20.

Global Business Challenges and New Opportunities

We are changing together with the world, accepting challenges and seeing new opportunities for social and economic improvements, the progress of the society and an increase in the quality of life.

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

The Company takes into account factors and scenarios related to the potential influence of the goals of the paris agreement on the world balance of primary energy consumption, carbon footprint reduction and environmental regulation

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

DYNAMIC GROWTH OF HIGH-TECH SOLUTIONS IN THE OIL INDUSTRY

Cutting-edge reliable technological basis

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

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

Strong financial standing

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

HIGHLY-COMPETITIVE INDUSTRY ENVIRONMENT

Sustainable competitive position

- Calibrated production targets based on the analysis of industry
- factors. Reliable pool of financial and economic sustainability.
- Focus on leadership across all targets.
- Deepening vertical integration.
- Maximizing returns on existing assets and increasing margins.

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

Formation of the company's single integrated platform

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

INCREASING RESPONSIBILITY FOR CYBERSECURITY

Following advanced cyber-protection standards for business processes, financial operations, corporate information, and personal data

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

GROWING ENVIRONMENTAL AND SOCIAL RESPONSIBILITY (ESG)

Reduction of environmental footprint to the level where there is a potential for self-recovery of ecosystems, favorable living conditions in the territories of the company's operation

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

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

High level of competence and employee engagement

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

Sustainable Development Context

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

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

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

The World Economic Forum's 2021 Global Risks Report identifies the global challenges. This Report describes lessons learned from the COVID-19 pandemic to improve global resilience. The World Economic Forum's Global Risk Report, published in March 2021, focuses on:

- Risks of social divisions manifested in constant and emerging risks to human health,
- Rising unemployment,
- Widening of the digital divide,
- Frustration of youth and geopolitical fragmentation.

Global Risks of Urban Change

- COVID-19 has exposed vulnerabilities and deep-seated inequalities in cities that will worsen as urbanization continues and migration flows accelerate.
- Failure to tackle climate change will increase pressure on urban spaces.
- With careful planning, adaptation and the necessary investment, cities can become the new centers of sustainable development of the future.

The main risks for business after COVID

- The business environment will face greater uncertainty in the post-COVID era.
- Companies need to watch out for three risk factors: political, technological, and social.
- The pandemic has highlighted the importance of public and private collaboration.

The Biggest Threats in 2021:

- Billions of people risk missing out on the digital leap forward as growing inequality challenges the social fabric.
- Over the medium term, the global economy will be threatened by the side effects of the coronavirus crisis, while geopolitical stability will be critically fragile in the next 5 to 10 years.
- Environmental risks continue to threaten: they remain the top risks in terms of likelihood and impact in this year's study.

“The 2020 pandemic was a stress test that shook the foundations of economies and societies around the world. Restoring resilience to systemic shocks will require significant funding, international cooperation and greater social cohesion. Sustainability will also depend on increased access to the Internet globally, as we know that economies that have digitized earlier performed relatively better in 2020,” said SK Group President of the Social Values Committee. “However, if the continued deployment of 5G and artificial intelligence is to become the engine of growth, we must urgently bridge the digital divide and eliminate ethical risks.”

The Company's Action to Implement the Sustainable Development Goals

The Company makes a statement regarding ESG factors and the SDGs and their importance but does not point out the specific aspirations or objectives in this regard.

2018-2019

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

The Company makes a statement regarding ESG factors and SDGs and provides quality information regarding its aspirations or goals to achieve them.

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

The Company defines quantitative KPIs for ESG factors and priority SDGs.

2020

- Determination of the vector of corporate actions on the SDGs
- Prioritization of 10 SDGs
- Determination of quantitative KPIs for the priority SDGs
- Consideration of priority SDGs by the Board of Directors
- Reporting in the field of corporate responsibility as per GRI.

The Company defines quantitative KPIs and targets for ESG factors and priority SDGs.

2020-2021

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

The Company connects KPIs for ESG factors and priority SDGs with its impact on society, with full integration into the business model.

2021-2022

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

Priority Sustainable Development Goals

The Company takes into account all 10 Principles of the 17 Sustainable Development Goals in its activities and makes a contribution to their aspects, taking into account the directions of its activities and the specifics of the tasks of local infrastructures. The Company focuses most of its attention on those areas that it can implement as efficiently as possible by managing its capabilities and resources. The Company focuses most of its attention on those areas that it can implement as efficiently as possible by managing its capabilities and resources.

Sustainable development goals are integrated into the strategic planning of the Company.

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

2020 FOCUS

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

2021 FOCUS

Continued work on improving corporate governance, focusing on international best practices and principles of socially responsible investing (SOI).

Continued formation of target values in the field of sustainable development. The goals are achieved on the basis of roadmaps with an annual performance analysis and integration into the KPI system of the Company's management.

Integration of Priority Sustainable Development Goals



Economic aspect

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



Innovations

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



Social aspect

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



Environmental aspect

- Environment protection.
- Climate action.
- Use of recyclable materials.
- Use of environment-friendly energy sources.
- Energy saving.
- Waste treatment.
- Ensuring safe working conditions, protecting the health of the personnel and the population living in the areas of the Company's operation.
- Reduction of environmental footprint and prevention of environmental damage from economic activities.

- Rational use of natural resources.
 - Implementation of a set of measures to maintain the environment in the regions of the Company's operation at the standard admissible level compliant with the potential of natural ecosystems for self-recovery.
 - Increasing the level of health and safety, reducing injuries, accidents, occupational diseases.
 - Reduction of man-induced burden and maintenance of natural environment and human habitat in a favorable state.
 - Rational use, restoration, and protection of natural resources, biodiversity conservation.
 - Implementation of the world's best practices in the field of environmental safety.
-

When planning actions on the SDGs, the Company at the corporate level follows the Global Indicators System developed by the Inter-agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) and agreed by the UN General Assembly in 2017 for the period up to 2030.

The scorecard is revised annually by the UN Statistical Commission, taking into account the performance already achieved at the international level. The latest metrics update was published in March 2020. This approach allows systematizing at the corporate level planning, analysis, assessment and reflection of progress in the implementation of the Sustainable Development Goals.

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

Corporate Sustainability Management

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

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

The corporate management system classified as risks and opportunities related to climate change includes setting goals and overseeing their achievement by the Board of Directors and assigning clear responsibility to the heads and divisions of the Company for the implementation of the assigned tasks.

Sustainable Development Management System

Level 1 – Management at the level of the Board of Directors and management of the Company.

The Board of Directors regularly reviews issues related to the climate change. During 2020, the Board of Directors considered 7 issues related to climate change and made the following decisions:

- Actions of the TATNEFT Group on work with personnel in the field of climate change control;
- Setting long-term goals in the field of reducing the carbon footprint by 2030 and preparing proposals for revising the methodology for calculating emissions from fugitive sources of oil and gas equipment in order to reduce the estimated emissions of methane;
- Approving initiatives for the implementation of international standards ISO 14001: 2015, ISO 45001:2018 at the enterprises of the TATNEFT Group;
- Approving the Sustainable Development Goals as one of the priorities for the Company within the framework of the UN Global Compact "Taking Urgent Measures to Combat Climate Change and its Consequences" (SDG 13);
- Approving the directions for the implementation of the Sustainable Development Goal "Taking Urgent Measures to Combat Climate Change and its Consequences";
- Providing timely information on the risks of changing the dominant trends associated with the state of the world and regional oil balances;
- Reflecting in the Strategy 2030, which is to be updated by the 4th quarter of 2021, the development prospects of the Company, taking into account strengthening of the global environmental and climate agenda.

The Board of Directors of the Company takes into account climatic aspects when considering issues related to the analysis and formation of strategies, investment plans, risk management policies, business plans, R&D programs, the use of the best available technologies (BAT), the development of green technologies, characteristics of products and the potential of alternative renewable energy, programs to improve the knowledge and competencies of employees. As goals are set related to decarbonization aspects, the Board of Directors is expanding its practice of taking these factors into account when making decisions.

Taking into account the impact of the climate agenda on the prospects for reflecting the relevant risks and opportunities in the Company's reporting, as well as their impact on financial and economic activities and the possibility of attracting funding, issues related to risks and opportunities related to climate change are periodically considered at meetings of the Audit Committee under the Board of Directors.

The management of the Company regularly reports on progress and achievement of goals in relation to risks and opportunities associated with climate change, which are established by the relevant decisions of the Board of Directors.

Consideration of the climate agenda is under the control of the Corporate Governance Committee of the Board of Directors.

The General Director of the Company, members of the Management Board and other managers are responsible for the fulfillment of tasks and implementation of decisions determined by the Board of Directors of the Company, including in relation to climate aspects. In connection with the decisions of the Board of Directors of the Company on the mandatory consideration of the risks and opportunities associated with climate change in the activities of the Company, all managers of the Company are responsible for the development and adoption of decisions taking into account these factors. The General Director of the Company is responsible for taking climatic factors into account when defining initiatives and plans, as well as in the actions of the Company. Other managers who are subordinate to the General Director are responsible within their competence, in particular, the leaders of the strategic unit – for taking into account climate aspects when determining the strategy of the TATNEFT Group and choosing scenarios that take into account the climate agenda, business leaders – for assessing the risks associated with the climate change, and identifying appropriate opportunities to reduce greenhouse gas emissions, environmental leaders, for organizing emissions accounting and coordination at the level of the entire Group for the development and delivery of relevant emission reduction targets, managers responsible for interaction with shareholders, investors, media and other stakeholders persons, for the timely, complete and accurate disclosure of information about the actions of the Company in the field of climate risks and opportunities.

Level 2 – Formation of sustainable development targets and performance KPIs. Integrating the SDGs into Strategy and Business Planning.

Development of the corporate system of KPIs in the field of sustainable development is based on assessing the achievement of target values for the SDGs, defined in the Company as priorities for the period up to 2030, with monitoring of intermediate values and their integration into the value chain, investment and operating activities of the Company. Targets are set in accordance with the Global Indicators Framework developed by the Inter-Agency and Expert Group on SDG Indicators (IAEG-SDGs).

In 2020, active work began to implement the commitments made, aimed at economic growth and quality of life. To implement the maximum opportunities for each goal, project programs have been opened, managers with high competencies have been identified as leaders. Project teams, following the SDG compass, define a development benchmark and shape goals and objectives for the implementation.

It is planned to envisage target levels of efficiency in the KPI system, defining the goal setting through the formation of roadmaps of measures to integrate the SDGs into the activities of specific segments of the Company.

The Company supports all sustainable development goals. The main ones are identified, the implementation of which is directly related to business goals and new world challenges. These are climate challenges, decarbonization and clean energy challenges, resource efficiency, innovation and infrastructure opportunities.

Realizing seriousness of environmental issues and the importance of changing corporate thinking, special attention is paid to the direction of decarbonization and reducing the carbon footprint. Since 2020, the KPI system provides the “Reduction of Greenhouse Gas Emissions” indicator for a number of managers. In 2021, this indicator was decomposed to heads of all business areas. Changes are envisaged in assessing the effectiveness of the Company’s investment projects, in terms of the influence of the factor of changes in CO₂ emissions.

These principles and approaches to setting goals for monitoring the achievement of performance are translated into all large-scale projects.

Level 3 – Formation of program actions. Evaluating the results effectiveness. Risk Management.

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

Management Priorities in the Field of Sustainable Development.

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

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

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

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

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

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

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

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

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

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

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

Mr. Laszlo Gerecs, an Independent Director, oversees the Company's activities related to climate change and closely interacts with other members of the Board of Directors and the management of the Company regarding plans, initiatives, goals and actions related to climate-related risks and opportunities.

ENHANCING THE COLLECTIVE ESG KNOWLEDGE OF THE BOARD MEMBERS

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

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

- Implementation of the sustainable development goals of PJSC TATNEFT in the framework of the UN Global Compact.
- Key conclusions from the impact of the COVID-19 pandemic. On planned measures to prevent strategic, operational and management risks associated with the spread of coronavirus infection and to ensure the continuity of the production process.
- On implementation of the Sustainable Development Goal “Clean Water and Sanitation”.
- Taking urgent action to combat climate change and its impacts.
- Protection and restoration of terrestrial ecosystems and promotion of their rational use, rational forest management, combating desertification. Halting and reversing land degradation and halting biodiversity loss (UN SDGs, Goal 15).
- Ensure healthy lives and promote well-being for everybody at all age categories (UN SDGs, Goal 3).
- Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all people (UN SDGs, Goal 4).

IN 2021, THE BOARD OF DIRECTORS CONSIDERED ISSUES IN THE FIELD OF SUSTAINABLE DEVELOPMENT IN THE FOLLOWING AREAS:

- Ensure access to affordable, reliable, sustainable and modern energy for all (UN SDGs, Goal 7).
- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (UN SDGs, Goal 9).
- On measures to prevent the spread and mitigate the consequences of the COVID-19 epidemic.
- Make cities and communities inclusive, safe, resilient and sustainable (UN SDGs, Goal 11).
- Environmental program for the TATNEFT Group for 2021—2025.
- Ensure transition to sustainable consumption and production patterns (UN SDGs, Goal 12).

Corporate Governance System

A well-functioning corporate governance system is an important factor for successful implementation of the strategy and sustainable development.

The Company has a two-tier model of governing bodies, involving the separation of management functions between the Board of Directors and executive bodies.

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

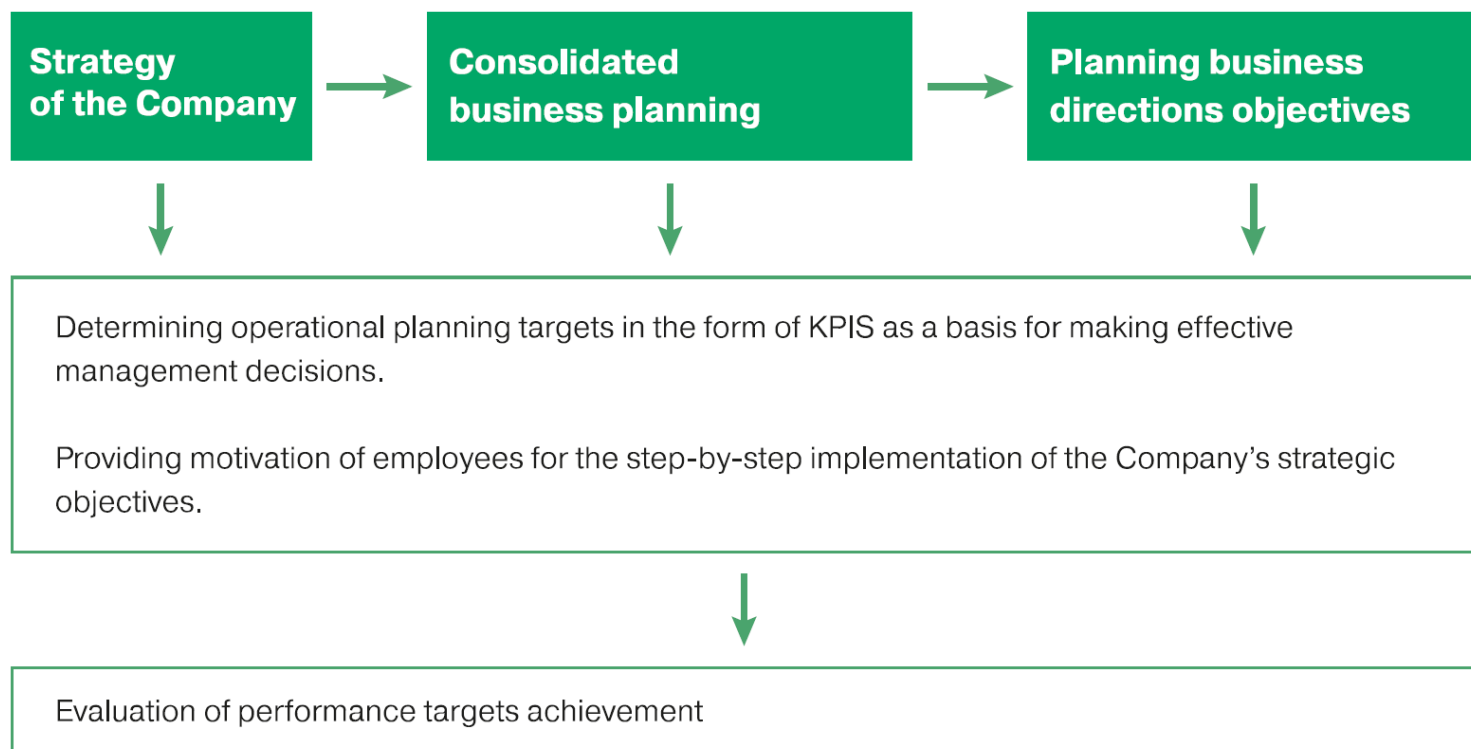
The chief executive officer of the Company is the General Director of PJSC TATNEFT. The collegial executive body of the Company is the Management Board headed by the General Director.

The General Director and the Management Board report to the Board of Directors and the General Meeting of Shareholders. General supervision over the financial and economic activities of the Company is carried out by the Audit Commission.

Details on the structure of corporate governance in the Company: [Annual Report of TATNEFT for 2020](#), p. 129

Key Performance Indicator System

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



Details about the KPI system in the Company: [Annual Report of TATNEFT for 2020](#), p. 80

Main Internal documents of the Company

- Articles of Association of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the General Meeting of Shareholders of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Board of Directors of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Audit Committee of the Board of Directors of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the HR and Remuneration Committee of the Board of Directors of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Corporate Governance Committee of the Board of Directors of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the General Director of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Management Board of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Audit Commission of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Corporate Secretary of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Internal Audit Department of PJSC TATNEFT n.a. V.D. Shashin
- Code of Corporate Governance of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Dividend Policy of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the Information Policy of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on Disclosure to Shareholders of PJSC TATNEFT n.a. V.D. Shashin
- Regulations on the procedure for access to insider information of PJSC TATNEFT n.a. V.D. Shashin, the rules for protecting its confidentiality and monitoring compliance with the requirements of the legislation of the Russian Federation and the European Union and internal documents adopted thereunder.
- Regulations on the TATNEFT Group

Find out more about the main internal documents of the Company on the Company's website at:
<https://www.tatneft.ru/aktsioneram-i-investoram/vnutrennie-dokumenti-obshchestva?lang=ru>.

Antimonopoly Policy

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

The Company is constantly improving its internal procedures aimed at preventing and avoiding violations of current anti-monopoly legislation, including the training of employees in anti-monopoly regulation.

For the period 2017–2020, there were no significant violations of the antimonopoly legislation by the Company, and there were no significant fines.

Anti-Corruption Policy

Company Policy on Combating Corporate Fraud and Corruption

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

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

In accordance with the Convention of the Council of Europe “On Criminal Responsibility for Corruption,” Federal Law No. 273-FL “On Combating Corruption” dated 25.12.2008, the Decree of the President of the Russian Federation “On the National Anti-Corruption Plan for 2018–2020” and the Organization Standard “Anti-Corruption Policy of PJSC TATNEFT named after V.D. Shashin”, the Company strictly complies with the anti-corruption legislation of the Russian Federation, as well as the anti-corruption legislation of other countries where it operates.

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

Securing Responsibility for the Implementation of the Company’s Anti-Corruption Policy

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

The Company in its activities adheres to the international standard ISO 37001:2016

Regulatory Framework for the Anti-Corruption Policy

- Criminal Code of the Russian Federation No. 63-FL dated 13.06.1996
- Code of the Russian Federation on Administrative Offenses No. 195-FL dated 30.12.2001
- Labor Code of the Russian Federation No. 197-FL dated 30.12.2001
- Federal Law of the Russian Federation No. 273-FL “On Combating Corruption” dated 25.12.2008;
- Decree of the President of the Russian Federation No. 378 “On the National Anti-Corruption Plan for 2018–2020” dated 29.06.2018;
- Guidelines for organizing risk management and internal control in the field of preventing and combating corruption in joint-stock companies, approved by Order of the Federal Property Management Agency No. 80 dated 02.03.2016
- Guidelines of the Ministry of Labor of Russia on the development and adoption by organizations of measures to prevent and combat corruption in pursuance of subparagraph “b” of paragraph 25 of the Decree of the President of the Russian Federation No. 309 “On measures to implement certain provisions of the Federal Law “On Combating Corruption” dated 02.04.2013 and in accordance with Article 13.3 of the Federal Law No. 273-FL “On Combating Corruption” dated 25.12.2008
- Corporate Governance Code recommended by the letter of the Bank of Russia No. 06-52/2463 dated 10.04.2014.

Internal Documents Regulating the Company's Practice in the Field of Combating Corporate Fraud and Corruption

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

Progress Review

In 2020 and 2021, the Company carried out work to develop the practice of combating corporate fraud and corruption, to ensure that corporate practices comply with the best international regulatory and methodological framework.

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

- The United Nations Convention against Corruption (adopted by Resolution 58/4 at the plenary meeting of the 58th session of the UN General Assembly in New York on 31.10.2003);
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, adopted by the Organization for Economic Cooperation and Development (OECD) on 21.11.1997;
- Criminal Law Convention on Corruption (concluded in Strasbourg on 27.01.1999, ETS No. 173);
- Code of Conduct to Prevent Extortion and Bribery of the International Chamber of Commerce (ICC Rules on Combating corruption);
- Transparency International Anti-Corruption Plain Language Guide
- 2010. We also follow the international standards of the ISO 37001.

Basic Principles, Rules and Procedures Aimed at Preventing Corruption

Rejection of Corruption and Prohibition of Corrupt Practices

The Company's activities are based on the prevention of corruption in all forms and manifestations. All employees, members of the Company's management bodies and other persons acting on behalf of the Company or in its interests are prohibited, directly or indirectly, personally or through some kind of mediation, to participate in corrupt activities regardless of the business practices in a particular country or region.

TATNEFT does not allow corrupt practices, including the manifestation of a conflict of interest, both in relation to representatives of the state, public formations, organizations of any form of ownership, politicians and other third parties, and in relation to employees of the Company, in any way, including through abusing official position in order to derive any personal benefit.

Punishment Inevitability

The Company investigates all reasonably justified reports of violations of proper procedures to counter involvement in corrupt activities and prosecutes the perpetrators without regard to their position, duration of

work, status in the Company and other relationships with it in accordance with applicable law and local regulations of the Company. The Company makes all possible reasonable and legal efforts for the fastest possible suppression of violations. The Company discloses information on persons who have violated the requirements of the applicable law and the Anti-Corruption Policy.

Course of Law

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

Senior Management Voice

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

Consistency and Proportionality

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

Due Diligence Principle

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

Information and Training

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

Monitoring

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

Improving the System of Proper Procedures

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

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

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

Protecting the Interests of Employees

No sanctions can be applied to an employee for:

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

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

Responsibility

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

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

Regular Risk Assessment of Engaging in Corrupt Activities

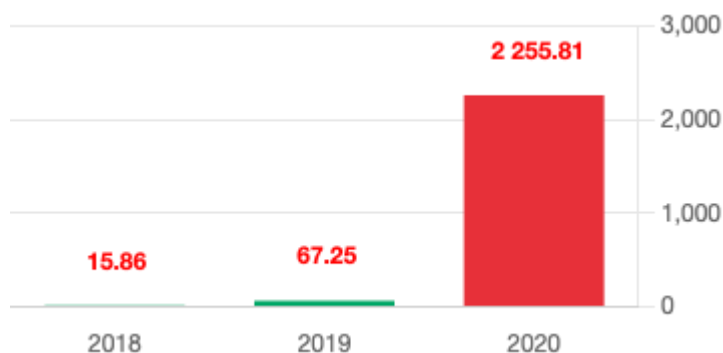
The Company identifies, evaluates and periodically re-assesses corruption risks characteristic of its potentially vulnerable business processes. When identifying and assessing risks, the Company takes into account the fullness of information on activities and plans, including investment and strategic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

Results of anti-corruption programs implementation for the period from 2016 to 2020

Continuous anti-corruption activities have minimized the number of corruption cases.

Over the past five years, more than 100 investigations have been carried out. Disciplinary and other measures were taken against 96 perpetrators, criminal cases were initiated and sentences were passed against 13 persons, 13 counterparties were added to the stop list. Currently, 12 facts are under investigation.

The dynamics of the prevented damage for the period of 2016-2020 (million rubles)



Informing the personnel about anti-corruption methods

Information is posted on the Internet in the Anti-Corruption Section on the official website of PJSC TATNEFT. Anti-corruption conditions are included in all types of contracts in a separate section.

The Company informs and explains the principles and norms of applicable law, the Anti-Corruption Policy and other local regulatory documents in relation to combating involvement in corruption activities. The available regulations contribute to the formation of rules of conduct for employees and to counteract their involvement in corrupt activities.

Company employees, including the Department of Economic Security, Information Protection, Civil Defense and Emergencies, adhere to fundamental human rights principles. Human Rights aspects are included in the Company's personnel development programs.

Hotline

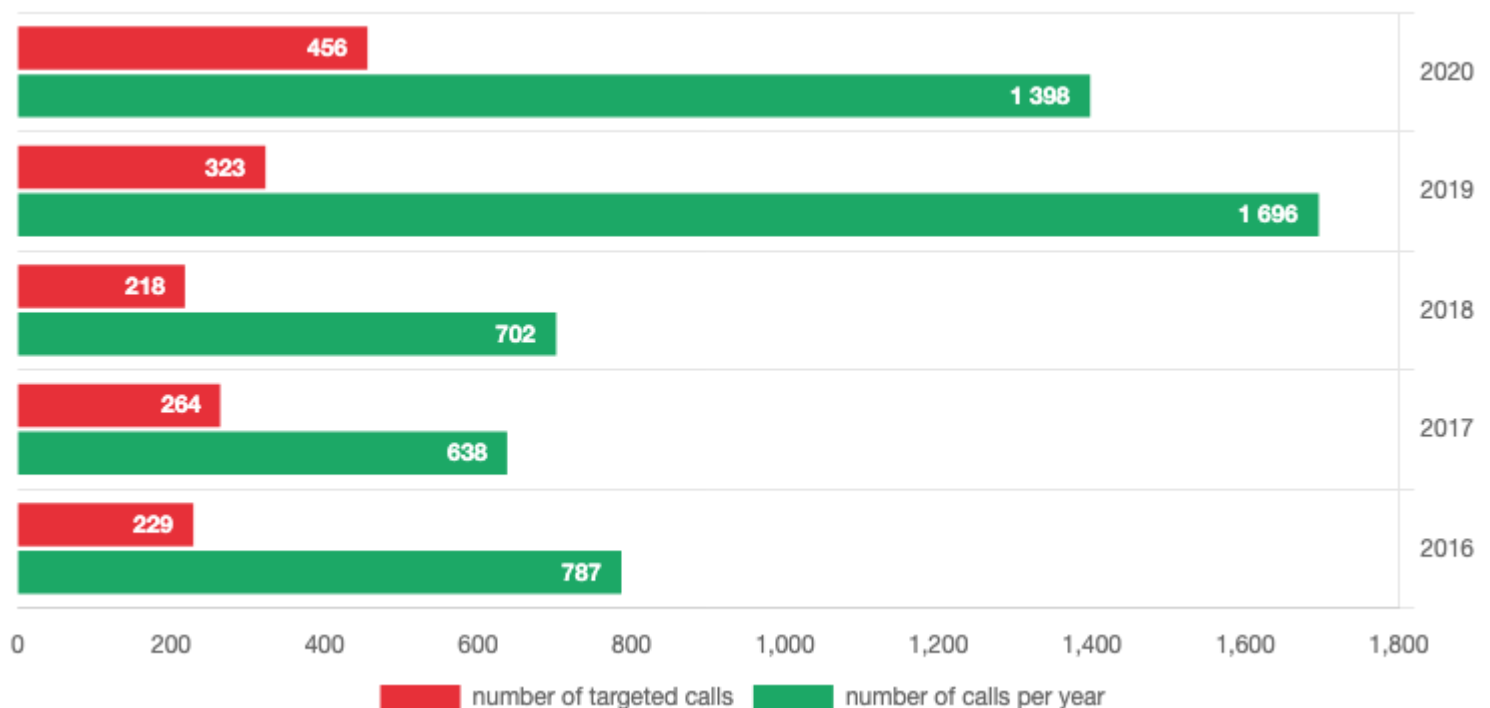
The Company effectively operates a special confidential channel, the “Hotline”, through which an employee or an outsider can report facts of various violations related to the Company’s activities, such as professional activities, corporate governance, and corporate ethics issues, respect for human rights, work schedule, social aspects, industrial and environmental safety, labor protection, quality of products and services, other issues, including those of a corruption nature.

Calls are received by an independent operator and the possibility of maintaining the anonymity of persons who reported the facts of violations and corruption is provided.

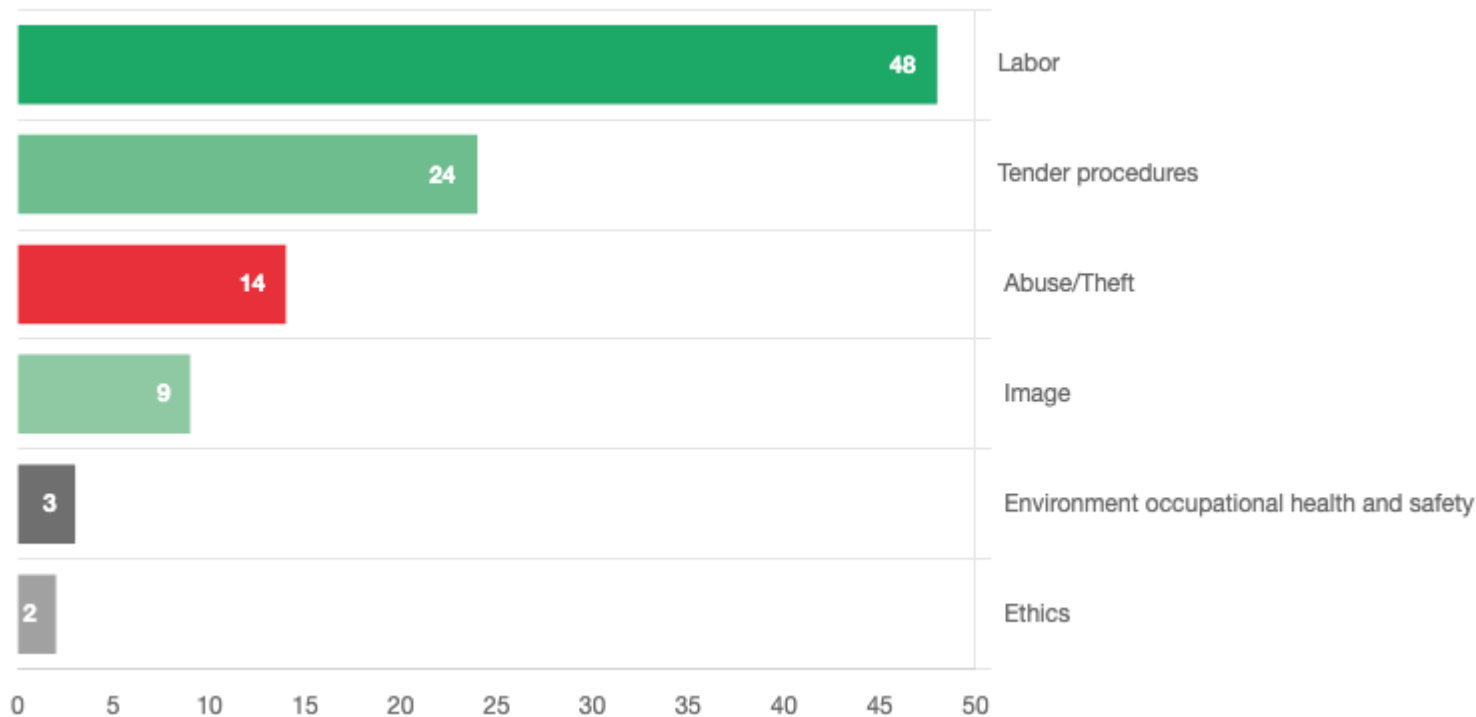
All messages are checked. The results of the checks are accumulated in the Internal Audit Department, which is entrusted with the function of the “Hotline” coordinator.

In 2020, the Hotline received about 2,000 calls on various topics and areas, of which 25% are targeted calls regarding identification of deficiencies, violations and theft.

The number of calls to the Hotline for the period of 2016-2020



Topics of calls, %



The main topics of calls: information on violations of corporate procedures, labor legislation, possible theft of the Company's property, social and ethical issues.

Each inquiry was considered with adoption of appropriate measures, including those aimed at reducing the risks of violations in production and economic activity, as well as at increasing labor discipline and employee responsibility. Additional control measures have been introduced to prevent previously identified violations in the future.

The Hotline number is posted on the website, information stands, pay sheets, overalls of the Company's employees.

Hotline information system

Telephone: 8 800 100 4112

E-mail: tn@88001004112.ru

Information Technology

The most important basis for the dynamic development of the Company is the provision of a reliable technological base and the integration of digital solutions in management and production at all stages of planning, implementation and control, as well as the provision of cybersecurity of the Company. The Company is largely investing in its own development, testing and implementation of innovative technological solutions and equipment, interacts with leading industry research centers.

Digital Technology

Today all stages of planning, business processes, production, control of the Company are provided with modern corporate information systems. Our plants are equipped with high-precision electronic control systems.

The Board of Directors approved the Innovation Strategy, which determined a new approach to the formation of a portfolio of innovative projects. A new innovation flow management system has been formed.

rub **2,0** bln

R&D investments and NTUs
in 2020

rub **431,9** mln

investments in main engineering solutions
in 2020

Cybersecurity

Corporate Cybersecurity Policy

Provision of cybersecurity is an area of increased attention of the top management of the Company.

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

The Company takes into account global cybersecurity challenges that pose potential risks and provide new opportunities in the development of information technology. The Company's key cybersecurity initiatives are based on analyzing the synergy potential of digital solutions and reducing operational risks.

The Company follows regulatory requirements and considers cybersecurity in three main aspects: Integration of information protection processes and tools into ongoing digital transformation strategic initiatives, security of using advanced technologies, improving the efficiency of cybersecurity functions.

The Company forms a transparent holistic multi-level cyber risk management system and integrates it into the overall risk management system.

In the course of restructuring in 2020, a corporate Information Security Center was created to ensure the cybersecurity of the personal data of employees involved in the implementation of the Company's production processes, cybersecurity of the critical information infrastructure of the Group of Companies and ensuring the overall cybersecurity of information and telecommunication systems involved in production processes.

Constant monitoring and response to cybersecurity incidents is carried out in terms of ensuring the integrity, availability and confidentiality of information resources of the TATNEFT Group.

In its activities in the field of cybersecurity, the Company is guided by: the Russian legislation, Information Security Policy, Information Security Regulations, Instructions for Identifying and Ranking Cybersecurity Risks, Interaction Regulations of the National Coordination Center for Computer Incidents and PJSC Tatneft named after V.D. Shashin when informing the FSB about computer incidents, responding to computer incidents and taking measures to eliminate the consequences of computer attacks.

To increase the awareness of the TATNEFT Group employees with information security requirements, training on ensuring cybersecurity was carried out.

*** 6 thousand**

employees underwent training

3 000

e-signatures

41 million

websites blocked

During 2020, measures were taken to survey the level of cybersecurity, as part of the implementation of measures for the transition to paperless document flow, about 3,000 electronic signatures were generated and access from the corporate data network to 41 million websites containing prohibited and dangerous content was blocked. A project has been developed to centralize the anti-virus protection service.

In order to combat the COVID-19 pandemic, reduce the risks of its impact on the production processes of the TATNEFT Group's business areas and reduce the time spent by employees in the office, about 9,000 distant workplaces have been arranged.

9 000

distant workplaces

The Company forms a transparent holistic multi-level cyber risk management system and integrates it into the overall risk management system.

Personal Data Protection

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

Key elements of cyber security

Blockchain

Artificial intelligence and robotics

Biometrics

Internet of Things

Transparency

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

4 485

operating performance
publications in federal mass
media in 2020

1 162

financial performance
publications in federal mass
media in 2020

3 220

publications on the Company's
position in the industry in federal
mass media in 2020

1 091

Company ratings' publications in
federal media in 2020

3 829

publications about deals,
projects and investments of the
Company in federal mass media
in 2020

3 396

publications about the
Company's corporate actions in
federal mass media in 2020

4 974

publications about Company
securities in federal mass media
in 2020

937

publications about the
Company's environmental
activities in federal mass media
in 2020

100

messages disclosed in "screen"
information agency

163

press releases about the
Company's activities published
on the official website of the
Company

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

The Company discloses material information about its activities and avoids a formal approach to information disclosure. At the same time, the Company does not evade from disclosing negative information about itself, if such information is essential for shareholders, investors and other stakeholders. The Company seeks to provide simultaneous disclosure of material information in the Russian Federation and abroad in accordance with the circulation of the Company's securities in overseas organized securities markets, including in the form of foreign depositary receipts.

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

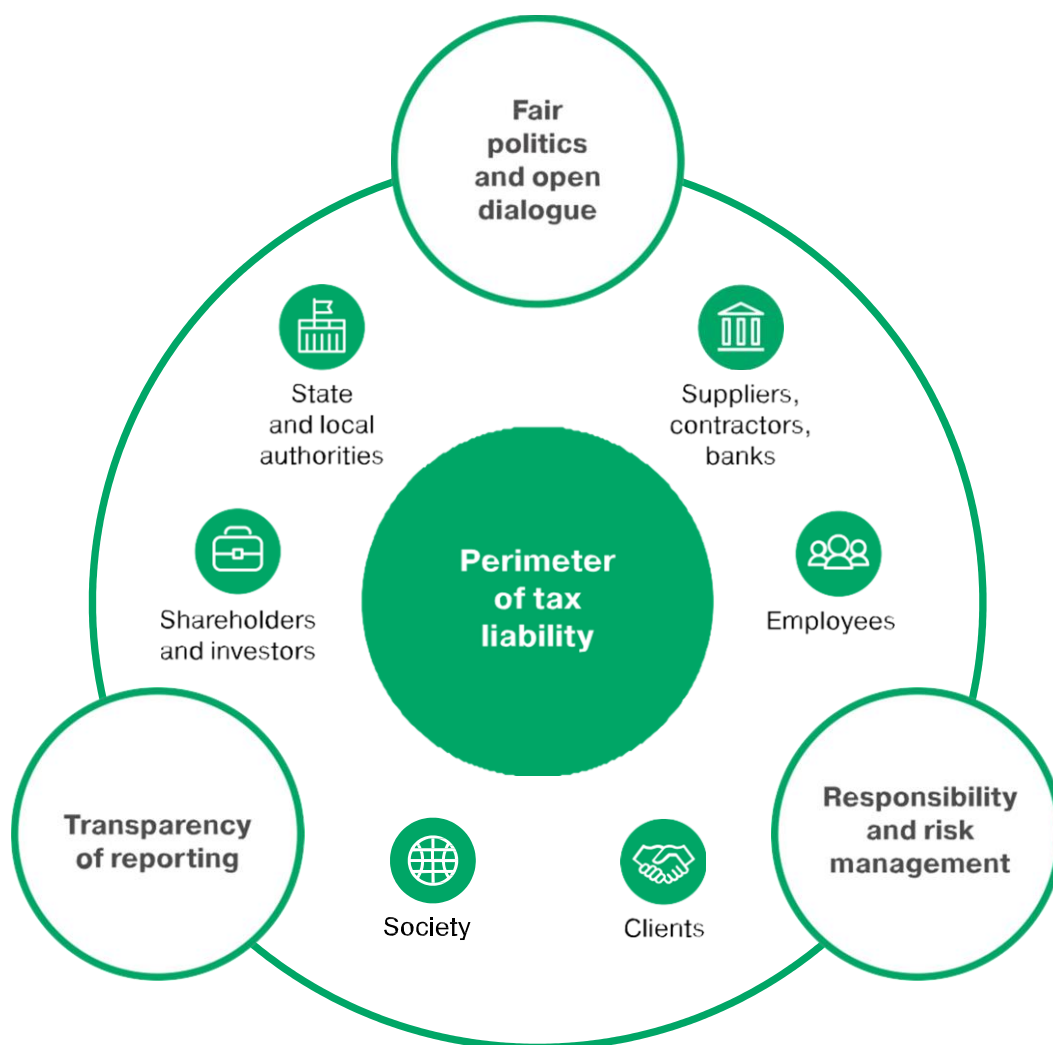
Disclosure Principles

- Regularity and sequence of disclosure of information on the main activities.
- Efficiency of disclosing relevant information on material events and facts in the Company's activities.
- Guarantee of the accuracy and completeness of the disclosed information about the Company and legal entities controlled by it, which are of substantial importance to it within the framework of the TATNEFT Group.
- Ensuring the availability of information for stakeholders and equal access to information for the same categories of stakeholders.
- Ensuring compliance and consistency of information disclosed in different ways and/or in different forms, as well as the possibility of comparing the disclosed indicators for different periods of time.
- The independence of the provision of financial and other information on the interests of any persons or their groups.

Taxes

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

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



We annually disclose the amounts of taxes assessed and paid, as well as comment on the tax conditions applicable to the Company. We publish this information in the Annual Report of the Company and “[Analysis of the Financial Condition and Operating Results performed by the Company Management](#)”.

Information on taxes for 2020 is published as part of the Analysis of the Financial Condition and Operating Results performed by the Company Management.

Starting from the 2015 reporting year, Tatneft annually publishes a Report on Payments to Government Resulted from Extractive Activities. This report complies with the rules approved by the European Parliament, based on the EU Directive on transparency in reporting payments to governments by mining and logging companies, the securities of which are listed on recognized stock exchanges in the EU. The purpose of such disclosures is to provide for transparency in front of society and citizens in relation to wealth generated by natural resources collected by resource-rich countries. The 2020 Report can be found at the [link](#).

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

The total amount of all accrued taxes, payments and contributions for the TATNEFT Group amounted to RUB 344.4 billion.

TATNEFT Group taxes in 2020

- The Company assesses the importance for stakeholders of a high level of transparency in the tax burden of the business and voluntarily implements appropriate best practices and procedures in its operations, following the best international standards.
- The focus of the Company's increased attention is the assessment of the conscientious observance of tax legislation by counterparties involved in the financial and economic activities of the TATNEFT Group.

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

2020 FOCUS

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

2021 FOCUS

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

Supply Chain

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

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

We regularly review and examine our supply chains in order to rule out conflict and violation of the rights and legitimate interests of other parties. The Company has developed and implemented a comprehensive program to combat corporate fraud and corruption, including throughout the supply chain.

The Company buys and sells a significant amount of goods and services. It selects its suppliers according to the unified rules, only based on open e-bidding. Each potential supplier has an opportunity to participate in the tender procedure with the mandatory confirmation of compliance with the established criteria.

The Company increases transparency by adhering to stricter standards in its operations in comparison with industry standards and by making publicly available the information on service pricing and payments to the budget in the form of taxes. We cooperate with our suppliers to increase the transparency of their activities.

The potential suppliers undergo a comprehensive assessment of compliance with corporate requirements.

Following the principles of corporate responsibility, the Company considers potential suppliers for compliance of their activities with the environmental and social responsibility. If the subject of the tender stipulates the need to check the state of the labor protection and industrial safety system, as well as assess the environmental impact of a potential supplier, an appropriate examination is carried out, which may include a request for confirmation of the availability of the necessary production facilities and technologies, appropriate qualifications of specialists, licenses, certificates, including in the field of ISO, technical audit conclusions. In addition, within the framework of tender procedures, the Company provides a request for information regarding the social aspects of a potential supplier's activities, including respect for human rights.

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

The Company builds on its business activities based on the legislation requirements ensuring freedom of association and collective bargaining. The Company is not aware of the divisions and suppliers in which these rights may be violated. Where human rights to freedom of association and collective bargaining may be violated or where there is a significant risk of violation of these rights.

One of the key areas for us is the implementation of sustainable development policies and other initiatives aimed at combating climate change.

The Company integrates goals to reduce greenhouse gas emissions throughout the supply chain and into the life cycles of business processes, products and services, including contractors and suppliers. In cooperation with business partners, contractors and suppliers, the Company expands the requirements for

the control of greenhouse gas emissions and initiates joint programs to reduce the carbon footprint as a result of production and economic activities, energy consumption, transportation and use of manufactured products.

Trade and Procurement Platform

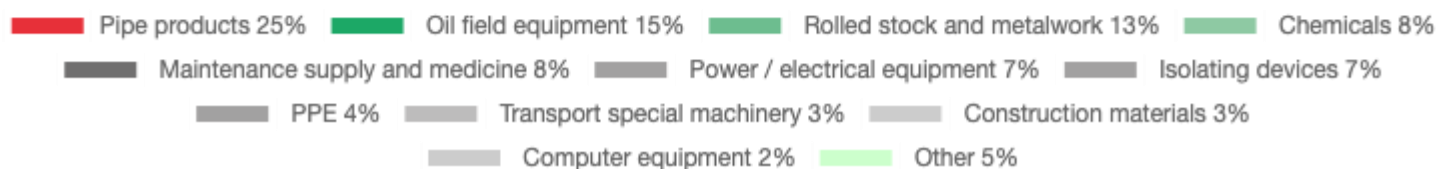
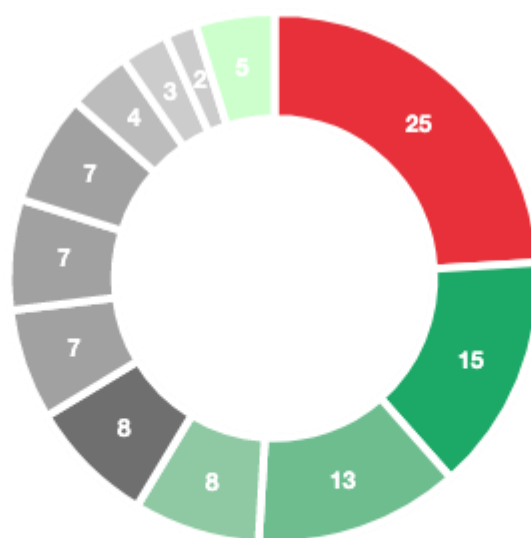
In 2020, the Company concluded 10 thousand contracts and specifications thereto with 1,057 suppliers, totaling RUB 28.2 billion (VAT excluded). 50% of all orders were placed with the enterprises of the Republic of Tatarstan. Import contracts accounted for 1.5 %, including 1.47% for the purchase of personal protective equipment (PPE) and equipment for the production of PPE to combat the spread of coronavirus infection.

The low share of import contracts indicates a steady decline in the Company’s import dependence.

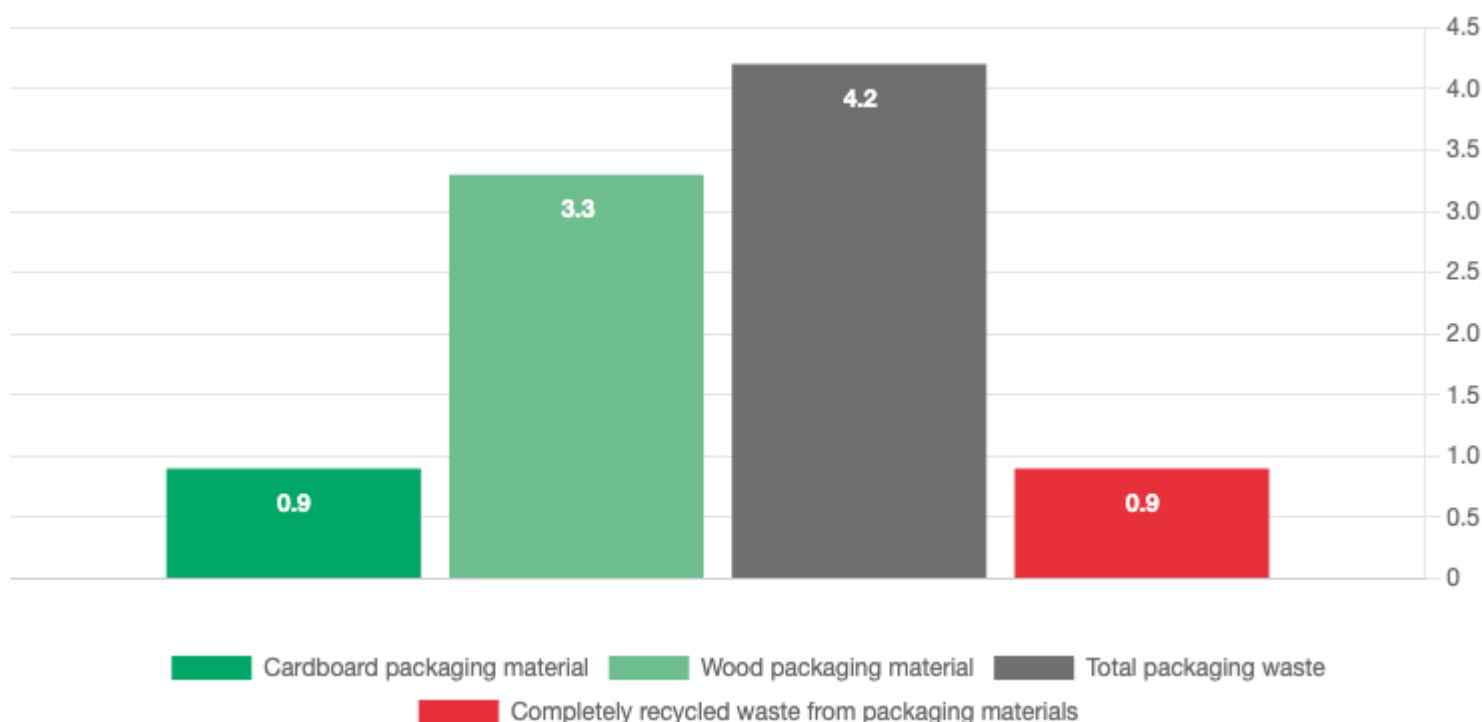
The principal share in the procurement structure accounts for the supply under the price books: framework and long-term contracts for an open amount, which allows for procurement without loss of time and resources as well as improves the efficiency of estimating the cost of facilities under construction and budget planning.

As of today, there are over 800 price books covering about 150 thousand stock-list items, which accounted for 84% of the total procurement in 2020 (81% in 2019).

Procurement structure by product categories, %



Reuse of materials, tons



FOCUS AND PROGRESS REVIEW IN 2020

In 2020, the Company has built up its supply chain capacity with sustainability in mind. Work is underway to improve internal regulations in terms of monitoring the compliance of suppliers and contractors with the Company's requirements for ensuring industrial and environmental safety, occupational health and safety, monitoring social factors and reducing all risks of negative impact on the environment.

Particular attention is paid to joint training programs for Company employees and suppliers and planning interaction, taking into account the aspects of the transition to carbon neutrality, rational environmental management, responsible production and consumption, energy efficiency and resource conservation.

The Company is expanding the perimeter of monitoring major suppliers and contractors for compliance with labor rights and social standards.

As part of the development of material and technical resources (MTR) procurement ecosystem, the following algorithms (web services) have been developed by the Company: transfer of data on illiquid MTR inventories from the accounting systems of the TATNEFT Group; transmission of the counterparty unreliability label (stop list) to the record systems of the TATNEFT Group.

Within the framework of the Procurement Centralization Project, a single information and regulatory space is being formed, which will ensure the manageability of the procurement system to improve the efficiency of working capital utilization. For these purposes, a project to create a procurement ECOSYSTEM has been initiated.

2021 FOCUS

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

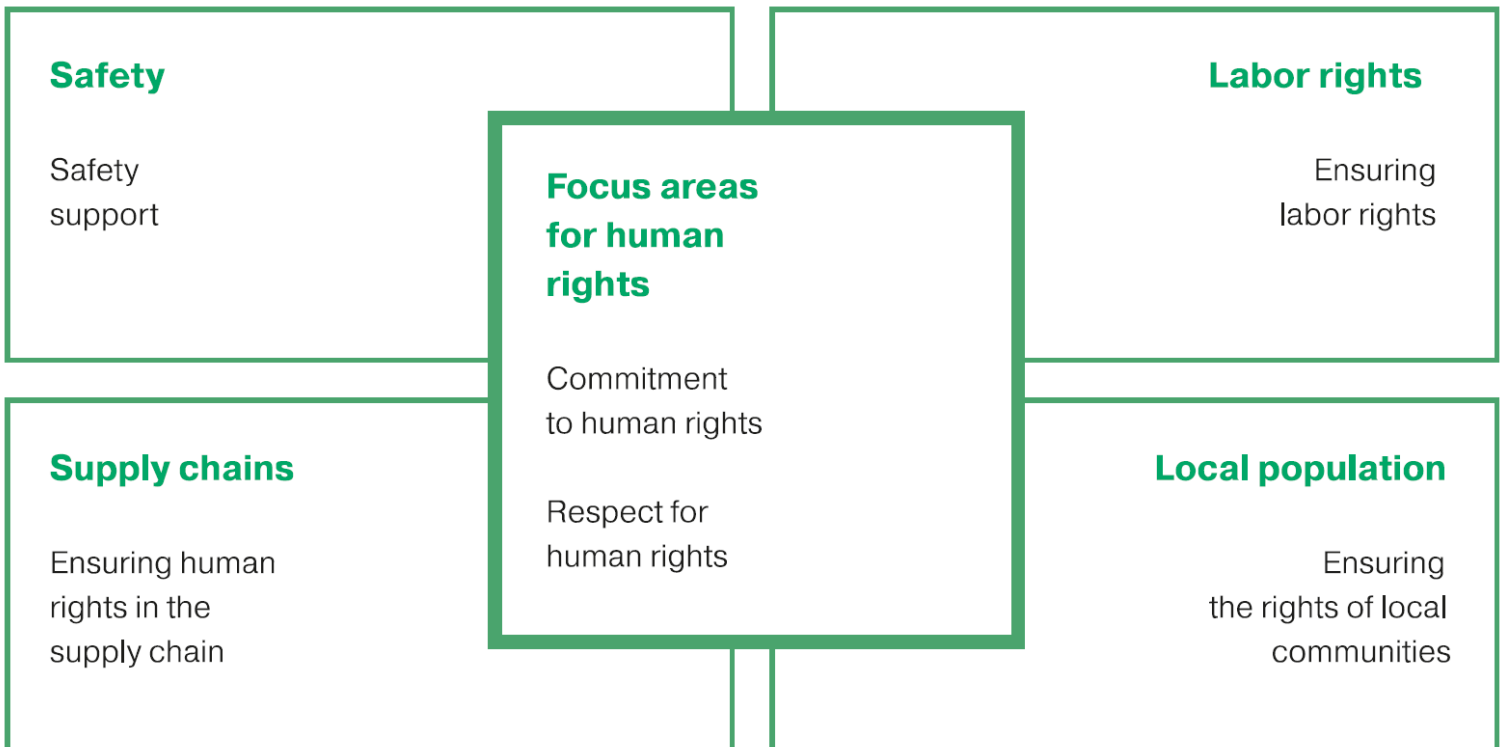
Human Rights and Business Ethics

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

As an international company conducting business projects in countries with different political systems and cultural traditions, TATNEFT presumes that everyone should have all the rights and freedoms set forth therein without distinction of any kind, such as race, color, sex, age, language, religion, political or other convictions, national or social origin, property, birth, or other status, including the right to work, the right to a favorable environment, the rights of indigenous minorities and special population groups, etc.

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

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



RESPECT

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

Commitment to human rights

- The Company strives to adhere to the basic principles in the field of labor relations and environmental protection enshrined in the conventions of the UN and the International Labor Organization (ILO).

- The Company does not tolerate any form of harassment or discrimination.
- The Company respects the rights of each employee to collective representation, including labor unions, while excluding any possibility of an atmosphere that is hostile, humiliating, or insulting for human dignity.
- The Company assumes the obligations in respect of rights to healthy environment and safe work and intends to implement all the available and feasible measures to prevent occupational injuries and diseases of personnel, accidents and to mitigate any consequences thereof.
- The Company supports preservation of national and cultural identity of the people living in regions of the Company's operation.
- The Company recognizes and respects the rights of trade unions, including those enshrined in the ILO core conventions:
 - the right of each employee to be represented by a trade union organization of his/her own choice and the fundamental trade union rights relating to the freedom of association and the right of employees to organize trade unions as well as the right to collective bargaining;
 - exclusion of any form of forced or compulsory labor; de facto exclusion of child labor;
 - promoting and ensuring equal opportunities and treatment for the employees, including equal compensation for women and men for work of equal value, and nondiscrimination in employment and occupation.

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

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

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

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

There were no cases of discrimination in the Company.

The Company has committees the area of competence of which includes issues related to ensuring human rights.

- Committee of the Board of Directors of PJSC TATNEFT for corporate governance.
- Human Resources Management Committee.
- Ethics and Corporate Culture Development Committee.

Safety support

The Company strives to ensure the safety of personnel and production and economic facilities, respecting the human rights to safe work and the safety of local communities. We carefully assess the potential risks of our operations and work with government agencies, partners and contractors, and public associations to ensure the safety of our assets and a safe working environment for employees and contractors. The Company strictly adheres to the principle of preventive safety measures and implements safety standards and regulations at all its facilities.

Ensuring labor rights

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

Ensuring human rights in the supply chain

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

Ensuring human rights in local communities

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

Progress Review

In 2020, the Company has taken steps to integrate human rights procedures into corporate practice.

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

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

In the context of the COVID-19 pandemic, the Company pays special attention to ensuring measures to preserve the health and life of people, preventive measures, including preventive measures, testing and vaccination, as well as to provide high-tech medical care. **Details on the Company's actions in a pandemic are available on the Company's website in the #STOPCOVID19 Section.**

We consider the further development of feedback mechanisms with the population with the maximum coverage of stakeholders as an important area of ensuring the rights of local communities. The Company develops the practice of Public Councils to receive feedback from the population on ongoing production and infrastructure projects.

Public Councils enable the Company to obtain more precise information on the demand and expectations of the social environment, distribute corporate resources more efficiently in implementation of the social policy, and increase the stakeholders' awareness of the TATNEFT Group activities.

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

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

2021 Focus

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

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

Business Ethics

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

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

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

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

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

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

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

The Company supports free competition and entrepreneurship, and pursues a fair and open policy towards competing

organizations. The Company does not enter into relationships with persons using illegal and/or unethical business practices.

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

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

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

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

Ethics and Corporate Culture Development Committee

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

The Committee is responsible for making appropriate decisions and developing recommendations for employees and officials of the Company.

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

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

We consider strengthening of corporate culture to be the main mechanism for ensuring a high level of corporate business ethics and preventing any violations. The Company implements relevant targeted programs and activities aimed at increasing the knowledge of employees in all aspects of accepted corporate rules and standards, as well as in the field of development trends for best business practices and sustainable development in general.

Stakeholders

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

Strict compliance with the legislation and the industry standards concerning the Company's operations.

Adherence to the code of ethics, including commitment to supporting diversity and inclusive culture in the corporate environment.

STAKEHOLDERS

- **Shareholders and Investors**
- **Business partners and customers**
- **Employees**
- **Contractors**
- **Local communities**
- **State**
- **Regulators**

We are propelling the progress in sustainable development together with our communities taking into consideration the standpoint of the stakeholders concerning all aspects of the Company's corporate, operating, and social activities.

The Company is expanding the perimeter of interaction with stakeholders – government bodies, international and Russian industry associations and companies, investors and financial institutions on climate policy issues, the formation of effective mechanisms to support decarbonization and carbon regulation initiatives. As part of such interaction, Tatneft, in particular, interacts with the Russian Union of Industrialists and Entrepreneurs (RUIE) on the climate agenda, participates in discussion of a number of initiatives and projects being implemented under the World Economic Forum, of which the Company is a partner.

An active dialogue is carried out with representatives of the industry, both Russian and foreign companies, partners, contractors and customers on the issue of interaction in the field of reducing and preventing greenhouse gas emissions, developing "negative emissions" through natural and technological solutions for capturing and storing carbon, and the development of a circular economy. Work is carried out with research and educational institutions to develop and apply technologies that help reduce the carbon footprint, develop new products with high "green" characteristics.

Opportunities are being considered to attract "green" financing for the Company's relevant projects.

The Company pays special attention to interaction with educational and training institutions for the preparation and development of its own human resources in the field of climate issues, as well as to promote the formation of specialists in the industry as a whole in solving decarbonization problems.

Forms of interaction

Interaction with stakeholders is carried out at all levels of the Company's operation using mechanisms and forms appropriate to the scale and content of the tasks being addressed, which are in the sphere of mutual interests.

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

Principles of stakeholder engagement

Safety

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

No significant incidents of non-compliance with health and safety impacts of products and services in 2020-2021 (as of the date of this Report) were registered.

Disclosure

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

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

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

No cases of non-compliance with regulatory requirements and significant violations of the provision of information related to informing stakeholders, including shareholders, investors, business partners, consumers in 2020-2021 (as of the date of this report) were registered.

Fair and responsible marketing practices

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

In 2020-2021 (as of the date of this report), there were no significant cases of inconsistency of the Company's activities with legislation in the field of promoting products and services, advertising and marketing. The

Company has not been charged with significant fines for non-compliance with laws and regulations regarding the provision and use of products.

Compensation for damage

The Company has clear mechanisms and procedures for resolving claims and disputes with stakeholders, including consumers of our products and services, as well as measures to prevent them and the procedure for compensation for damage. The Company implements a policy of minimizing consumer risks in terms of product quality.

All cases of receiving complaints from consumers are registered, the reasons are analyzed and, in case of objective claims, appropriate measures are developed. We take preventive measures to prevent damage to the interests of consumers on an ongoing and continuous basis.

Privacy

The Company ensures respect for privacy and protection of personal data using reliable and secure systems for the collection and protection of consumer data. Information on consumers is collected only in legal ways. The collection of personal data of consumers of the Company's products and services is limited to the information required for the provision of products or rendering services or is provided on a voluntary basis with the consumer's consent. Protection of the collected personal data of consumers is ensured with the use of the effective security measures.

2020 FOCUS AND PROGRESS

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

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

In 2020, it became an active participant in the UN Global Compact. A representative of the Company was elected to the Governing Council of the National Network of the Global Compact in the Russian Federation

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

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

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

Detailed information on the Company's participation in associations, national and international organizations, support of international and national economic, environmental and social initiatives is presented in the Company's 2020 Annual Report as well as on the Company's website: <https://www.tatneft.ru/>.

2021 FOCUS

- Integration of the Sustainable Development Goals into the Company's business model with the involvement of partners and contractors, as well as local communities.
- Joining international and national initiatives and platforms for sustainable development and the transition to carbon neutrality, building partnerships.
- Development of the program of social licensing of the Company's activities and business projects of the TATNEFT Group enterprises (SLO).
- Expanding the practice of socially responsible investment - assessing ESG factors along the entire product life cycle from development to recycling in accordance with the international UN PRI Principles for Responsible Investment.

Responsibility to stakeholders

REGULATORS

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

SHAREHOLDERS AND INVESTORS

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

STAFF

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

TRADE UNION

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

VETERANS AND RETIREES

- NPF provision
- Economic support aimed at improving the living standards of veteran oil workers
- Organization of medical treatment and rest of labor veterans
- Material assistance to veterans

BUSINESS PARTNERS

- Compliance with the ethical principles of the Company
- Fair competition
- Timely and accurate fulfillment of contractual conditions
- Mutually beneficial cooperation

CONSUMERS

- Provision of high quality goods and services
- Continuous improvement of product quality
- Strive to follow changing demands of consumers
- Provision of reliable information on the Company's products

LOCAL COMMUNITIES AND PUBLIC ORGANIZATIONS

- Assistance in the social and economic development of the regions of the Company's operation
- Promotion of education, culture, and sports
- Careful and efficient nature management and environmental protection
- Support for socially vulnerable groups

- 1000SES (2015)

In our activity we are guided by the Stakeholder Engagement Standard AA1000SES (2015)

When concluding agreements and joint actions with stakeholders, the Company conducts a negotiation process, allowing each party to state its position and jointly find a solution that suits both parties. The fulfillment of obligations is accompanied by monitoring, allowing each party to assess the effectiveness of interaction.

The results of the implementation of agreements, as a rule, are discussed with stakeholders, including at public events. The Company also provides feedback in the form of surveys, round tables, conferences, meetings, feedback channels, “hotline,” which allows to identify the satisfaction of stakeholders with various aspects of the Company’s activities, including its products, services, social programs.

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

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

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

Details of the Company’s internal documents can be found on the Company’s website in the [“Corporate Governance” Section](#).

Climate Change and Sustainable Energy Future

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

We recognize our responsibility to act with urgency to prevent the irreversible effects of climate and environmental change, to participate in the global economic transformation.

Under the 2015 Paris Agreement, most governments have pledged to limit global temperature rise to well below 2°C above pre-industrial levels and to continue efforts to limit warming to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change (IPCC) warned that global warming should not exceed 1.5°C to avoid the catastrophic effects of climate change.

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

The Company's Position on Climate Change

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

Our aim is to achieve carbon neutrality by 2050.

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

The Strategic Global Partnership "Caring for Climate", which is being implemented jointly by the UN Global Compact, the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Environment Program (UNEP), is based on the position that global warming is associated with industrialization and the growth of industrial production.

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

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

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

The Company implements comprehensive measures.

As we shape our strategy to move towards low-carbon production and carbon neutrality by 2050 to ensure sustainable development in the long term, we intend to achieve ambitious goals and contribute to the achievement of global goals for decarbonizing the economy.

96%

effective APG utilization rate

since **2015**

The Company has been accounting greenhouse gas emissions

Strategic Guidelines

The Company recognizes the importance of demand of the public for moving towards cleaner energy and takes into account the fundamental trend of rebalancing of energy mixes towards less carbon-intensive fuels, development of new energy sources to reduce greenhouse gas emissions, as well as a variety of possible long-term scenarios for global energy system transition to decarbonization. Although, the social and economic growth and better quality of life involve higher energy consumption. Being aware that there are a lot of uncertainties in the energy transition consumers are expected to continue using oil and gas for a long time to come. Not all types of economic activity can be easily, quickly, or cost-effectively electrified. We see a permanent role of oil and gas in the future along with renewable energy, hydrogen and new technologies. The key task in this direction is to develop our business model, which seeks to minimize and subsequently to zero emissions. These ambitions will be determined by specific goals for the long term with intermediate target values.

Consumers and partners

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

Governance

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

International and national initiatives

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

Operating activities

Tasks to reduce greenhouse gas emissions are consistently integrated into the business processes. We plan to assess the impact on the environment, including an anthropogenic one, throughout the entire value chain, including logistics and supply.

The Company has launched two target projects:

- Implementation of the Company's initiatives and actions on climate aspects. Greenhouse gas management and accounting processes.
- Analysis and selection of promising methods for reducing emissions, recovering and processing carbon dioxide.

We carry out a detailed inventory of emission sources, analysis and selection of promising methods for reducing emissions, carbon dioxide capture and processing. The Company intends to develop a product line with lower carbon emissions and to develop renewable energy (clean low-carbon energy generation) and biofuels. To improve the climate

management system effectiveness, it is planned to integrate the standards, such as ISO14064–1:2018; ISO 14064–2:2019; ISO14064-3:2019.

Information disclosure

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

Reporting

Climate information is disclosed in the Annual Report and Sustainability Report. In 2021, an independent verification of greenhouse gas emissions indicators according to international standards was carried out by PricewaterhouseCoopers Audit, an independent auditor.

Green TATNEFT brands

High environmental properties of the Company's products, energy efficiency and performance of the production processes and its model of rational consumption of resources that contribute to the continuous reduction of specific greenhouse gas emissions into the atmosphere form a single "green" brand of the Company. All products of the TANECO fuel line such as gasoline of grades AI-92, AI-95, AI-98, AI-100 and diesel fuel comply with the EURO-6 environmental standard and represent a "green" calling card of the Company.

In order to create a favorable environment and increase the absorption of greenhouse gases the Company has been implementing a landscaping and forestation program taking into account the absorptive capacity of green spaces. Measures are being implemented to improve the efficiency of green planting management, taking into account biodiversity and the development of circular bioeconomics. In 2020, 1.98 million saplings were planted, which, according to preliminary expert estimates, will compensate for 660 thousand tons of CO₂-equivalent greenhouse gas emissions

(after trees reach the age of maturity). A total of 12 million trees have been planted since the Program commencement. The Company plans to automate the monitoring of the Reforestation Program with an assessment of the forests' absorption capacity and biodiversity. In the future, the Company plans to pass the Reforestation Program validation procedure and verify the results achieved to compensate for greenhouse gas emissions from forest plantations on a regular basis.

Science

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

Online youth forum of the Company

In December 2020, an online youth forum "Sustainable Development" was held (in honor of the anniversary of the TATNEFT Group's accession to the UN Global Compact on the Sustainable Development Goals development (hereinafter referred to as the SDGs), dedicated to the anniversary of joining the UN Global Compact (hereinafter referred to as the Forum). The Company is working to achieve goals such as Combating climate change, preserving terrestrial ecosystems, affordable and clean energy, sustainable consumption and production, health and well-being, quality education and medicine. The Forum is held with the aim of popularizing the UN SDGs, as well as forming teams of active youth to broadcast and promote the SDGs in the South-East of the Republic of Tatarstan.

As part of the Forum, panel discussions, round tables, and brainstorming sessions were held on the topic of integrating the SDGs into the Company's business processes.

Measures and Results of Actions

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

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

Since January 2021, the Company has been featured on the Science Based Targets (SBTi) list of leaders in decarbonization for setting science-based targets to reduce greenhouse gas emissions. Also, TATNEFT is included in the list of business leaders in taking measures for decarbonization on the website of the UN Global Compact.

In the process of building a system of accounting and reporting on greenhouse gas emissions in TATNEFT Group, the Company adheres to the standards and recommendations of the Greenhouse Gas Protocol (GHG Protocol) and aims to ensure disclosure of information regarding climatic aspects in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In 2020, the Company has been upgraded in the international climate rating of the Carbon Disclosure Project (CDP).

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

Science Based Targets (SBTi)

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

Carbon Disclosure Project (CDP)

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

A new version of the Policy in the field of environmental protection taking into account climate change was adopted by the Board of Directors of PJSC TATNEFT and is maintained in the Company.

Key Provisions of the Company’s Position in the Field of Climatic Aspects and Greenhouse Gas Emissions Reduction

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

The Company adopted new “Regulations for accounting and provision of information on greenhouse gas emissions.”

The calculation of greenhouse gas emissions of Scope 1 is based on the “Methodological guidelines and guidelines for quantifying the volume of greenhouse gas emissions by organizations carrying out economic and other activities in the Russian Federation,” introduced by Order of the Ministry of Nature of Russia No. 300 dated June 30, 2015. When calculating greenhouse gas emissions, stationary fuel combustion and flaring are taken into account. Scope 1 emission accounting complies with The GHG Protocol Corporate Standard recommendations.

Scope 2 greenhouse gas emissions are calculated in accordance with The GHG Protocol Scope 2 Guidance.

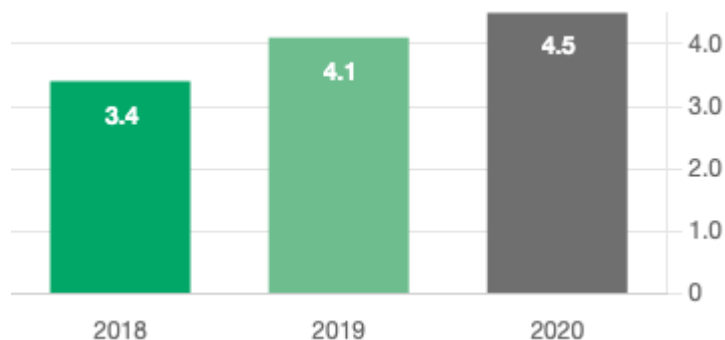
Emissions under Scope 3 are calculated in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

A centralized approach to the collection of data on greenhouse gas emissions has been consolidated, and an approach based on the control of internal processes and procedures is used to consolidate emissions.

CH₄ and CO₂ generated during fuel combustion at stationary combustion sources are accounted for.

According to the recommendations of the "Corporate Standard GHG Protocol" for a consistent comparison of emissions over time, TATNEFT Group has chosen as the baseline the earliest year for which reliable data are available - 2016.

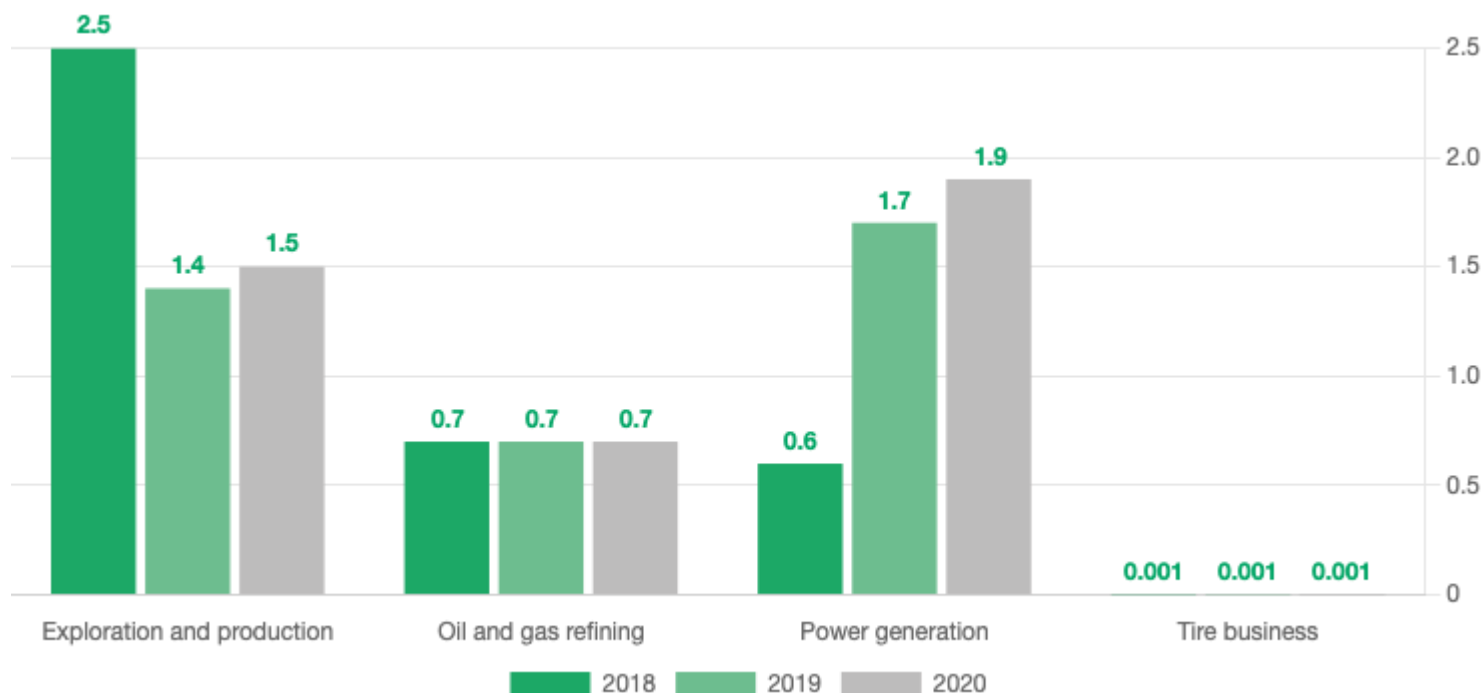
Dynamics of greenhouse gas emissions of the tatneft group, mln tons (CO₂ eq.)



In 2020, the mass of direct greenhouse gas emissions in the TATNEFT Group amounted to 4.5 million tons of CO₂-equivalent, which is 9.8% higher than in 2019 (4.1 million tons of CO₂-equivalent).

Of the total amount of TATNEFT Group’s greenhouse gas emissions, over 90% is carbon dioxide. The main reasons for the growth in Scope 1 emissions in 2020 are an increase in heat production by the “Energy” business area and an increase in natural gas consumption (steam generation) for the EHV production.

Dynamics of greenhouse gas emissions under Scope 1 in main business areas of the TATNEFT Group, (mln tons of CO₂-equivalent)

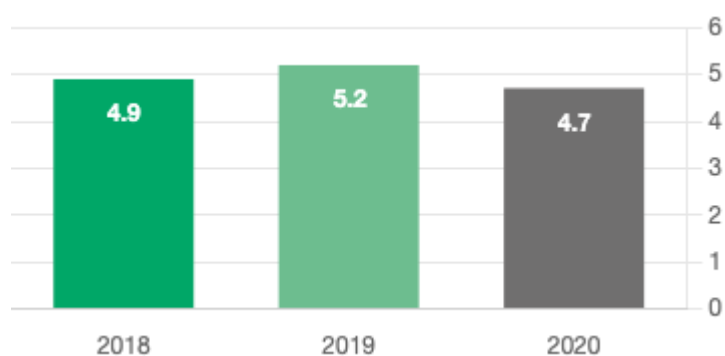


The dynamics of emissions by business areas shows that most of the emissions are accounted for by the business area “Energy”.

The growth is associated with the growth in production of electricity and heat. The growth of direct greenhouse gas emissions in the reporting year in the Exploration and Production business area is related to an increase in the share of production of super viscous oil (as an economically justified business line) which is produced using thermal methods by injecting steam generated by burning gas, which leads to carbon dioxide emissions. Also, a factor in the growth of emissions in 2020 in the Exploration and Production business area was the scheduled overhaul work at associated petroleum gas processing facilities, which led to a reduction in its value-added use during such work. At the same time, the Company plans to switch to an increase in the inter-repair period, which will eliminate the adverse impact of this factor on the emissions in the coming years.

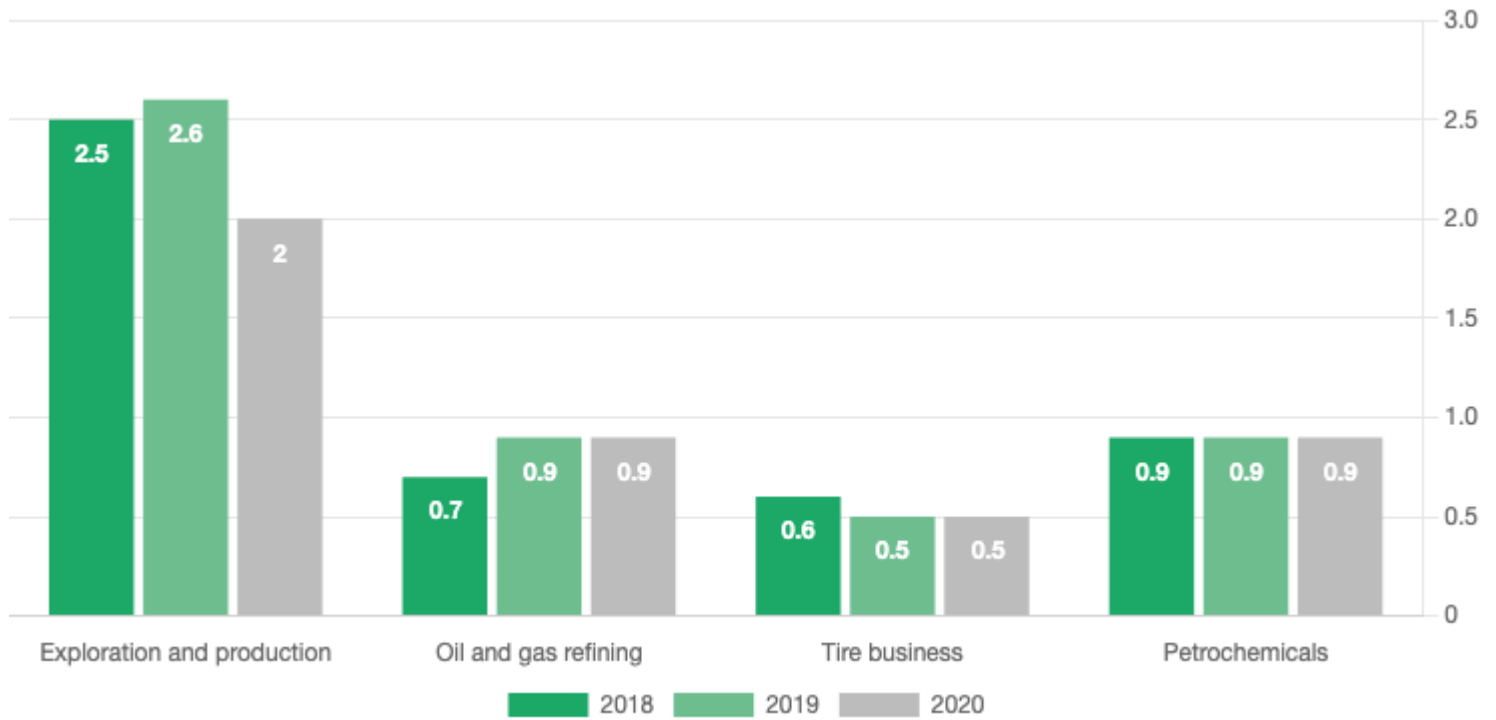
More than 90% of direct greenhouse gas emissions are attributable to stationary fuel combustion sources. Due to the high share of APG disposal in the TATNEFT Group, greenhouse gas emissions from flaring account for less than 7% of Scope 1 emissions.

Dynamics of indirect greenhouse gas emissions under Scope 2 in the TATNEFT Group, mln tons (CO₂ eq.)

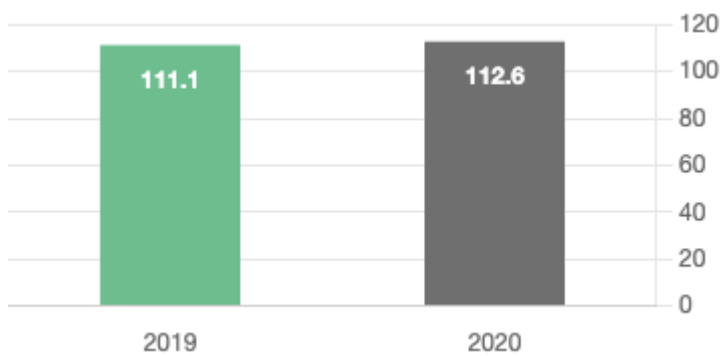


TATNEFT Group’s indirect greenhouse gas emissions under Scope 2 in 2020 amounted to 4.7 million tons of CO₂-equivalent, which is less than in 2019 by 10% (0.5 million tons of CO₂-equivalent). The reason is the lower electricity consumption associated with the OPEC+ restrictions on oil production and the measures taken by the Company to improve energy efficiency within the targeted corporate program.

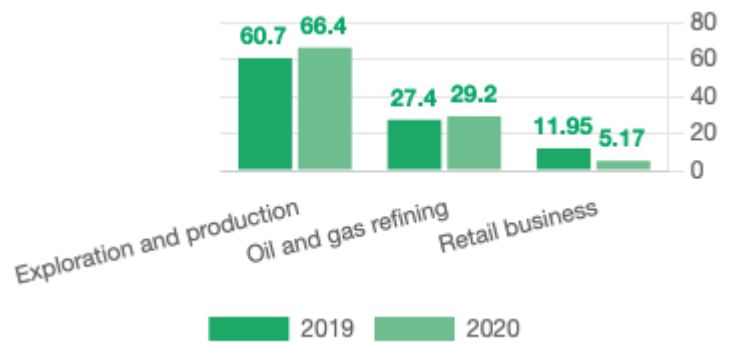
Dynamics of indirect greenhouse gas emissions under Scope 2 in the main business areas of the TATNEFT Group, mln tons of CO₂-eq.



Dynamics of indirect greenhouse gas emissions under Scope 3 in the TATNEFT Group, mln tons (CO₂ eq.)



Dynamics of indirect greenhouse gas emissions under Scope 3 in the main business areas of the TATNEFT Group, mln tons of CO₂-eq.



The increase in greenhouse gas emissions under Scope 3 is associated with an increase in the sales of oil and petroleum products.

Specific indicators of greenhouse gas emissions (Scope 1, 2) by main areas of activity

	2019	2020	Changes
Specific GHG emissions from oil production, kg/t of oil produced	134,72	134,99	0,27
Specific GHG emissions from oil production, kg/barrel of oil produced	18,38	18,41	0,03
Specific GHG emissions from oil and gas processing, kg/tons of oil equivalent	87,26	79,38	(7,88)
Specific GHG emissions from heat and electricity generation, t/mln kWh	299,92	295,43	(4,49)

Note: Calculated in accordance with GRI 305-4 GHG emissions intensity

The Company has reduced the specific greenhouse gas emissions of Scope 1 and 2 by Oil and Gas Refining and Power Generation business areas amid production growth in these segments, while the specific indicators for the Exploration and Production business area remained practically unchanged.

Currently, the TATNEFT Group has a program of measures aimed at reducing direct and indirect emissions. The measures implemented in 2020 made it possible to reduce direct greenhouse gas emissions by 85 thousand tons of CO₂-equivalent, indirect emissions within Scope 111 by 2 thousand tons of CO₂-equivalent.

Dynamics of greenhouse gas emissions under Scopes 1, 2, 3, mln tons of CO₂-equivalent

Category	2019	2020	Changes
Scope 1	4,1	4,5	0,4
Scope 2	5,2	4,7	(0,5)
Scope 3	111,1	112,6	1,5

Aggregate data on Scope 1, 2, 3 emissions by business areas of the TATNEFT Group in 2020, mln tons of CO₂-equivalent

Business area	Scope 1	Scope 2	Scope 3
Exploration and production	1,5	2,0	66,4
Oil and gas refining	0,7	0,9	29,22
Tire business	0,001	0,5	11,77
Power generation	1,9	0,2	-
Retail business	0,003	0,036	5,17
Machine building	0,012	0,020	-
Composite materials	0,014	0,022	-
Oil and gas production chemicals	0,3	0,9	-
Other	0,000	0,1	-
Overall volume	4,5	4,7	112,56

Emissions of ozone-depleting substances

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

2021 FOCUS

- Focusing efforts on the development and integration into the Company's business processes of technologies to reduce CO₂ emissions along the entire value chain, including making investment decisions.
- Strengthening mechanisms for interaction with contractors and suppliers to ensure the transition to carbon neutrality.
- Expanding disclosure of information on carbon dioxide emissions, incl. within the Carbon Disclosure Project – CDP taking into account the TCFD Recommendations.
- Search and implementation of technologies for carbon capture and storage (CCS).
- Integration of international standards ISO 14064 "Greenhouse gases":
 ISO 14064-1:2018 "Specification with instructions for an organization to quantify and report greenhouse gas emissions and removals";
 ISO 14064-2:2019 "Specification with project-level instructions for quantifying, monitoring and reporting greenhouse gas emissions reduction or cleaning improvement";
 ISO 14064-3:2019 "Specification with instructions for verifying and confirming the reporting of greenhouse gases."

- Expanding application of the Corporate Standard for Accounting and Reporting of the Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI) in assessing the scope of accounting for greenhouse gas emissions of the Company.
- Introduction in the Company of the practice of international labeling of carbon trust in the Company (corporate practice and products).
- Creation of a target “green” brand of “clean” technologies and products of the TATNEFT Group.
- Formation of prerequisites for expanding opportunities for “green” investment in the TATNEFT securities market.

Target Programs of the TATNEFT Group to Reduce the Carbon Footprint

The Company clearly sees its contribution to sustainable energy future in the context of transition of the global economy to a low-carbon development path associated with climate change and ensuring global economic growth and aims to achieve carbon neutrality by 2050.

Intermediate goals:

- Reduction of emissions by 2025 by 10% in relation to 2016 base year;
- Reduction of emissions by 2030 by 20% in relation to 2016 base year.

The intermediate goals were decomposed according to the business areas of the TATNEFT Group in the Strategy for the development of the industrial safety, labor and environmental protection system until 2030, and are under implementation. The main ways to achieve intermediate goals are the modernization of production assets, the introduction of digital technologies, increasing energy efficiency, increasing the share of renewable energy sources, compensation measures.

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

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

“Implementation of the Company’s initiatives and actions on climate aspects. Greenhouse gas management and accounting processes” Project

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

In 2020, the project was implemented. The main achievement of the project was the development and regulation of a system for accounting and calculating greenhouse gas emissions for the TATNEFT Group, assessing historical greenhouse gas emissions by the Group’s enterprises, ensuring disclosure of information on greenhouse gas emissions in accordance with GRI.

“Analysis and selection of promising methods for reducing emissions, recovering and processing carbon dioxide” Project

In order to reduce its carbon footprint, the Company launched a comprehensive project to find and evaluate promising technological solutions applicable in the conditions of the TATNEFT Group to reduce greenhouse gas emissions. The project combined the scientific and production potential of the Company. Thanks to the joint work of specialists from

PJSC TATNEFT, LLC Nizhnekamsk CHP, TANECO JSC, the production department of super viscous oil, TatNIPIneft, a pool of projects was formed, which later became the basis for the Emission Reduction Program.

To date, the project has been completed. The goals of the project have been achieved. **The Program of measures to reduce direct and indirect greenhouse gas emissions of the TATNEFT Group was developed and approved.**

Efficient use of associated petroleum gas

For many years, the Company has been implementing a program aimed at reducing the flaring of associated petroleum gas in flares. Due to the purposeful work to reduce the volumes of APG flaring at flares, in 2020 the level of APG utilization at PJSC TATNEFT accounted for about 96%. Introduction of various technological and technical solutions made it possible to reduce the emissions of pollutants and greenhouse gases generated during the combustion and dispersion of APG. The main ones are overhaul and expansion of the gas collection system from the facilities of PJSC TATNEFT, construction of facilities for the utilization of associated petroleum gas, as well as work on their technical re-equipment, reconstruction and modernization.

For 2012-2020, work was performed to connect 12 previously unconnected separation facilities to the gas collection system, which made it possible to reduce the volume of gas flared at flare units in the amount of more than 30 million m³/year.

Production of products that help reduce CO₂ emissions

The Company is committed to producing products that help reduce our carbon footprint. In the development and production of fuels, petrochemical products, tire products, composite materials, internal planning standards for reducing GHG emissions are introduced, from the design stage to the end of the product life cycle (recycling/disposal) along the entire business process chain. The Company also takes this factor into account in the supply chain, considering the contribution to the reduction of GHG emissions by suppliers and contractors.

Within the framework of the project “Formation of the Company’s Sales Strategy”, it is planned to assess the environmental impact, including anthropogenic, along the entire value chain of the product - at each stage of its life cycle (development, including laboratory, production, sales and consumption), including the assessment of impact by contractors and suppliers. At the same time, we are developing mechanisms for accounting for carbon footprint in our engineering services and in the execution of external contracts.

Innovative methods and technologies

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

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

For example, when considering the “Program for the overhaul of water pipelines using fiberglass pipes” for 2020, specialists of the TatNIPIneft Institute together with LLC Tatneft-Presscomposit carried out estimates of greenhouse gas emissions when using fiberglass pipes and metal analogues. Calculations have shown that Scope 1 emissions when using fiberglass pipes are about 6,5 times less than when using metal analogues.

Greenhouse Gas Capture, Conservation and Storage (CCS) Technologies

The Company is considering greenhouse gas capture, conservation and storage (CCS) technologies as one of the key effective areas for the transition to carbon neutrality.

Currently, the Company is actively considering the possibility of collecting CO₂ from waste flue gases at Nizhnekamsk CHP and TANECO JSC and its further use for enhanced oil recovery and disposal.

Improving energy efficiency and resource conservation

The company implements the energy efficiency and energy saving program 2020-2023. The program goal is to curb the costs for fuel and energy resources through their rational use and improved energy efficiency of the production operations. **As a result of the implementation of the Energy Saving Program for 2020, the TATNEFT Group enterprises saved over 108 thousand tons of conventional fuel, an equivalent of RUB 728.4 million.** The most cost-efficient business lines are processing, oil and gas refining, transport, technology of oil and gas production, reservoir pressure maintenance.

The 2021 Improved Energy Efficiency and Energy Saving Program is targeted to attain not less 2% of the baseline of 2020.

Responsible consumption of resources

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

Energy generation using renewable energy sources

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

In 2020, the total energy produced from renewable energy sources was 1,221.2 tons of oil equivalent or 0.14 % of the TATNEFT Group's total energy production.

The main share (89%) of energy production from renewable energy sources in the TATNEFT Group is accounted for heat generation from pellet boilers, 11% accounts for electricity generation from small hydroelectric power plants at Karabash Reservoir, and 1% is generated by solar power plants in the Company's retail and sales network.

Compensatory measures

We believe that the most important element in reducing climate risks is offsetting CO₂ emissions, taking into account the absorptive capacity of forests in order to create a favorable environment in the area of its activity and increase the absorption of greenhouse gases of the TATNEFT Group. In particular, measures are being implemented to improve the efficiency of green planting management, taking into account biodiversity and the development of circular bioeconomics; the program for planting and reforestation has been launched. The Company plans to automate the monitoring of the Reforestation Program with an assessment of the forests' absorption capacity and biodiversity.

Climate Policy Management of the Company in accordance with TCFD Guidelines

CORPORATE GOVERNANCE

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

The corporate management system classified as risks and opportunities related to climate change includes setting goals and overseeing their achievement by the Board of Directors and assigning clear responsibility to the heads and divisions of the Company for the implementation of the assigned tasks.

The Board of Directors regularly considers issues related to climate change and takes into account climatic aspects when considering issues related to the analysis and formation of strategies, investment plans, risk management policies, business plans, R&D programs, the use of the best available technologies (BAT), the development of green technologies, characteristics of products and the potential of alternative renewable energy, programs to improve the knowledge and competencies of employees. As goals are set related to decarbonization aspects, the Board of Directors is expanding its practice of taking these factors into account when making decisions.

The management of the Company regularly reports on progress and achievement of goals in relation to risks and opportunities associated with climate change, which are established by the relevant decisions of the Board of Directors.

All managers of the Company are responsible for the development and adoption of decisions taking into account the risks and opportunities associated with climate change in the activities of the Company.

Consideration of the climate agenda is under the control of the Corporate Governance Committee of the Board of Directors.

STRATEGY

TCFD recommendations provide a description of the risks and opportunities associated with climate change identified by the Company, which may have long-, medium- and short-term impact, their impact on businesses, strategy and financial planning, as well as a description of the sustainability of the Company's strategy, taking into account climate scenarios, including the one based on not exceeding a global temperature of 2°C or below.

In accordance with the decision of the Board of Directors dated December 21, 2020, the Strategy of the TATNEFT Group until 2030 is subject to updating, including taking into account the strengthening of the environmental and climate agenda, and must be submitted for approval by the Board of Directors in the 4th quarter of 2021. The process of updating Strategy 2030 includes a comprehensive consideration of the risks and opportunities associated with climate change, as well as scenarios related to the climate targets. Approval of the updated Strategy 2030 will allow the Company to expand its disclosure in the area of strategy related to the risks and opportunities related to climate change.

RISK MANAGEMENT

Identifying, assessing and managing climate-related risks.

Climate-related risks are assessed along with other risks affecting the business and strategy of the Company. The risk management process, including their identification, analysis and prevention, is determined by the Risk Management and Internal Control Policy of PJSC TATNEFT, approved by the decision of the Board of Directors of the Company dated June 29, 2020. Primary responsibility for risk management rests with business unit leaders, while business line managers and deputy CEOs are responsible for ensuring the resilience of the business to risk. Considering the role of regulation in relation to climatic aspects, the Company pays special attention to existing and emerging regulatory acts in the field of carbon regulation both in the Russian Federation and abroad, which may have an impact on the Company's activities and its strategic plans. Among the most important is the assessment of the potential impact of cross-border carbon regulation (CCR) on the part of the EU, as well as possible measures of the Russian Federation aimed at reducing the possible negative effect of introducing CCR.

Use of Fuel and Energy Resources

To improve rational energy consumption, the Company advances its energy efficiency and energy saving management processes in all production activities through advanced innovative energy-efficient technologies and rational use of energy resources.

rub >2 bln

cumulative effect from energy saving program

108 thous. tons

oil equivalent saved in 2020

Fuel and energy resource consumption

PJSC TATNEFT fuel and energy consumption

Fuel and Energy Resource	UoM	2018		2019		2020	
		Consumption in kind	Costs, million RUB	Consumption in kind	Costs, million RUB	Consumption in kind	Costs, million RUB
Electric power, including	thous. KWh	4 412 301	12 489	4 643 109	14 237	3 625 798	11 421
Industrial consumptione	thous. KWh	4 394 890		4 623 697		3 611 949	
Heat energy*, including	Gcal	334 789	543	319 353	531	232 134	415
Industrial consumption	Gcal	290 745		268 800		187 047	
Natural gas, including	thous. m ³	704 689	2 964	874 750	3 822	953 372	4 188
Industrial consumption	thous. m ³	704 433		874 344		952 566	
Diesel fuel	tons	2 407,1	99,107	3 088,5	132,387	4 289,6	190,521
Gas	tons	631	19,054	840	23 969	1 003,5	33 147
Gasoline (total) including:	tons	2 799,02	122,264	2 849,6	127,487	2 497,24	114,521
AI-80	tons	138,7	5,512	69,2	2,897	0,8	0,034
AI-92	tons	1 759,43	75,212	2 056,2	90 563	1999,6	90 340
AI-95	tons	896,8	41,324	710,55	33,306	485,4	23,496
AI-98	tons	4,09	0,217	13,25	0,721	11,44	0,651

* Thermal energy for super viscous oil production is included in the natural gas purchases.

TATNEFT Group fuel and energy consumption

Fuel and Energy Resource	UoM	2018		2019		2020	
		Consumption in kind	Costs, million RUB	Consumption in kind	Costs, million RUB	Consumption in kind	Costs, million RUB
Electric power, including	thous. KWh	6 027 682	16 833,077	6 267 991	18 775,841	5 180 874	16 425,429
Industrial consumption	thous. KWh	5 990 446		6 126 577		5 168 262	
Heat energy*, including	Gcal	3 468 154	3 314,468	3 722 179	3 739,357	4 061 473	4 295,605
Industrial consumption	Gcal	3 421 156		3 683 207		4 016 708	
Natural gas, including	thous. m ³	1 990 178	8 732,258	2 126 429	9 649,622	2 233 479	10 222,532
Industrial consumption	thous. m ³	1 989 696		2 126 023		2 232 691	
Diesel fuel	tons	4 154,26	169,976	4 811,08	201,585	6 142,6	266,433
Gas	tons	691,73	20,374	971,8	26,337	1 073	34,799
Gasoline (total) including:	tons	3 984,03	170,636	3 868,41	168,339	3 443,5	153,341
AI--80	tons	194,96	7,798	101,97	4,294	0,9	0,039
AI--92	tons	2 431,31	101,828	2 632,66	112,171	2 541,3	112,043
AI--95	tons	1 353,24	60,772	1 120,53	51,154	889,8	40,606
AI--98	tons	4,52	0,238	13,25	0,721	11,5	0,653

Climate Policy Context

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

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

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

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

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

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

The Company considers opportunities to attract “green” financing for the relevant projects.

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

Industrial and Environmental Safety Management, Labor Protection

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

The Company has a Policy in the field of industrial safety, labor protection and the environment, taking into account climate change, including the expansion of the perimeter of the Company's voluntary responsibility.

Policy in the field of industrial safety, labor protection and environment, taking into account changes

In 2020, the TATNEFT Group Policy in the field of an integrated management system was introduced, which contains goals and obligations in the field of an integrated management system, taking into account the principles and goals of sustainable development of the UN Global Compact. The document describes the intentions and external environment of the TATNEFT Group, reflects the Company's position on recognizing global challenges, problems and trends related to aspects of sustainable development, sharing global concerns about climate change and supporting the initiatives of the Caring for the Climate Strategic Partnership, reveals the commitments of the management of the Tatneft Group and the principles of achieving goals.

Integrated Management System Policy of the TATNEFT Group

The Company implements international standards

- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management Systems

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

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

Recognition of global challenges and trends related to aspects of sustainable development.

Compliance with established norms and improvement of performance.

Strategic and operational planning of activities taking into account OSH and OS.

Risk-oriented approach to planning and current activities.

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

The strategic goal is to achieve leadership positions in ensuring:

- Trouble-free production activities;
- Safe working conditions at the facilities of the Company;
- Rational use of natural resources;
- Minimizing adverse impacts on the environment.



Qualitative improvement of indicators in the field of OSH and OS

Reducing corporate and production risks.

Key priorities

- To recognize the right of people to safe working conditions, healthy environment, and favorable living conditions.
- To ensure the occupational and environmental safety of production processes as an integral part of national security.
- To preserve and restore the favorable environment, natural ecosystems, natural landscapes, natural complexes, and biological diversity of systems in the regions of operation of TATNEFT Group organizations.
- To ensure the rational use of natural resources involved in the production by TATNEFT Group organizations through

the introduction of resource-saving and energy-efficient technologies, the use of environmentally friendly and alternative energy sources, waste processing, and the use of recyclable materials.

- To reduce consistently the negative impact on the environment and prevent environmental damage from the economic activities of TATNEFT Group organizations, to minimize the impact on climate change through the introduction of the best available technologies, equipment, materials, digital solutions for technological process control.
- To adhere to the risk-based approach to HSE. The Company adheres to the principle of “consistent procedures,” which means that further measures are formed based on data obtained as a result of the previous level procedure

The occupational health, safety, and environment (HSE) measures at the facilities and territories of operation of all the TATNEFT Group organizations are ensured based on a systematic approach and effective interaction with stakeholders.

Special attention is paid to the development and implementation of environmentally effective innovative technologies that contribute to the reproduction and rational use of natural resources, prevention of the negative impact of production processes on the environment as well as the restoration of natural ecosystems, conservation of biological, landscape diversity and climate. Important aspects in the management of the Company’s production processes are the issues of reducing the carbon footprint, ensuring environmentally safe waste management, developing renewable energy sources and energy saving.

System for the prevention and elimination of emergencies caused by oil spills

System of prevention and response to emergencies, which result from oil and petroleum products spills, and the protection of people and the environment from their harmful impact is implemented in two focus areas: a set of engineering and organizational measures aimed at enhancing production equipment reliability, timely oil spill detection, and minimizing the resulting damages as well as a set of measures to respond immediately to this type of emergency.

In order to prevent pollution of surface watercourses (rivers) and water bodies (reservoirs) with oil, 460 stationary oil recovery structures (ORS) are maintained in a working condition, irreducible reserves of material resources have been created, including for the elimination of oil and petroleum products spills on water bodies – there are 1,980 meters of booms, 16 oil skimmer installations.

The Company, in accordance with the established procedure, has developed and approved by the Ministry of Emergency Situations of Russia “Plans for the prevention and elimination of oil spills”, which provide calculations of the required number of forces and means to respond to an oil spill.

Contingency accident response units, which are authorized to perform operations for the localization and elimination of oil spills a gas-hazard operations, have been established in oil and gas producing divisions of the Company and certified by the industry certification commission.

Emergency rescue teams have been provided with trained personnel, equipment, and special tools sufficient for the localization and elimination of oil spills (special equipment on the chassis of high-mobility vehicles, pumping units, tankers, vacuum installations, cranes, cargo vehicles, excavators, bulldozers, as well as equipment and materials, according to the requirements of regulatory documents).

In order to prevent and eliminate emergencies related to oil spills, contracts were concluded with professional emergency rescue teams of the Main Directorate of the Ministry of Emergencies of Russia in the Republic of Tatarstan and the Federal State Institution ASF “North-Eastern Anti-Gushing Militarized Unit.” Theoretical and practical training sessions on the elimination of possible spills of oil and petroleum products are conducted.

Emergency Readiness, Accident Readiness and Response

In January 2020, a comprehensive exercise was held at the hazardous production facility of PJSC TATNEFT to eliminate and localize the consequences of the accident in the presence of a representative of the “UDS RT” Professional Rescue Team. Their purpose was to check the readiness of the personnel of the facility and detachments of non-standard formations for actions to carry out emergency rescue operations and liquidate oil spills, as well as to work out interaction with the fire departments of the Ministry of Emergency Situations. Following the principles of openness, representatives of the media were involved to cover the above events for the public and stakeholders.

In 2020, no accidents were registered.

Occupational Health & Safety

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

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

The average expenditure on labor protection measures per 1 employee amounted to 26.6 thousand rubles

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

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

In order to build a unified effective management system for industrial, environmental safety and labor protection, the Company has developed and operates the following documents:

- Procedure for managing risks and opportunities of the management system in the field of industrial safety, labor protection and the environment in the TATNEFT Group
- Procedure for internal audit of the management system in the field of industrial safety, labor protection and the environment in the TATNEFT Group
- Guidelines for the management system of industrial safety, labor protection and environment of the TATNEFT Group
- Policy of PJSC TATNEFT n.a. V.D. Shashin in the field of industrial safety, labor protection and the environment, taking into account climate change.
- Regulations on the industrial safety management system at PJSC TATNEFT
- Regulations on the labor protection management system
- Regulations on production control over compliance with industrial safety requirements at hazardous production facilities of PJSC TATNEFT
- Integrated Management System Policy of the TATNEFT Group

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

Consultations are regularly held with employees and their representatives, as well as with contractors on safety and health protection, industrial and environmental safety at the Company's facilities.

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

The share of the Company's employees working in hazardous working conditions has been steadily declining over the past years due to the consistent implementation of measures to improve working conditions. In order to preserve the health of workers employed in work with harmful and (or) hazardous working conditions, to reduce the days of temporary disability, this category of workers has the opportunity to receive sanatorium rehabilitation.

The Company has professions associated with the risk of high injury and high risk of morbidity associated with the work performed.

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

In 2020, the TATNEFT Group experienced an increase in the number of days of temporary disability as a result of work-related accidents. The reason for the increase was the group cases of injuries that occurred at the end of 2019, for which the days of disability were transferred to 2020.

Dynamics of the number of days of temporary disability at work

	2016	2017	2018	2019	2020
The number of days of temporary disability in production	1,378	692	499	431	1 765

The Lost Time Injury Frequency Rate (LTIFR) (the number of lost working hours referred to the total hours worked in the organization for the reporting year and normalized to 1 million people/hour) in 2020 was 0.2.

0,2

LTIFR rate

In 2020, 17 accidents with employees of the Company were registered. Each case was investigated and appropriate measures taken to prevent similar incidents in the future.

Occupational safety expenses for TATNEFT Group, including per employee

	2016	2017	2018	2019	2020
Funds spent on labor protection measures, RUB billion	0,97	0,98	1,06	1,3	1,37
Funds spent on labor protection measures per employee, RUB thousand	22,1	22,3	23,9	26,8	26,6

Dynamics of industrial injuries at TATNEFT

	2016	2017	2018	2019	2020
Total number	12	8	6	9	17
including fatal	2	1	1	3	0

Dynamics of industrial injuries with employees of contractors at the facilities of TATNEFT

	2016	2017	2018	2019	2020
Total number	14	10	9	8	19
including fatal	3	2	3	3	6

High-risk occupations for high injury rate and occupational morbidity:

- operator for oil and gas production
- laboratory assistant of chemical analysis
- cleaner
- operator of dewatering and demineralization plants
- commodity operator
- gas collection operator
- operator for maintaining reservoir pressure
- driver for pumping a working agent into the reservoir
- operator for preparing wells for capital and underground repairs
- mechanic for the repair of technological installations
- locksmith-repairman
- technological pump operator
- compressor operator
- geophysicist
- well survey operator
- electrician for the repair and maintenance of electrical equipment
- electric welder

Interaction with contractors

The Company establishes uniform requirements in the field of HSE for the employees of TATNEFT Group and for contractors in respect of works performed at the Company's facilities and/or for the benefit of the Company, including obligations to be guided by the applicable international law, the requirements of the applicable Russian legislation, and the Company's requirements in the field of HSE, prevention of negative impact for natural objects, including animals and plants, in the area of implementation of the Company's projects when planning and carrying out their activities.

The corresponding provisions are necessarily incorporated into the contracts for works and services, concluded with contractors. The contractor organizations are subject to the obligation for the employees working at the Company's facilities to undergo training, mandatory introductory briefing, comply with the requirements for personal protective equipment, the operated transport, in the field of environmental protection, and other obligations determined by the relevant standards.

Assessment of working conditions, control of compliance with requirements and analysis of results in the field of industrial safety and labor protection.

The Company has established the Occupational Safety Requirements Compliance Committee, which is composed of the representatives of the Company (employer) and the trade union committee. Its principal tasks are monitoring of working conditions and occupational safety in workplaces, providing workers with means of individual protection, assessment of the existing risk for the employees' health, and the development of measures to prevent industrial injuries and occupational diseases.

The main tool for assessing working conditions is the procedure regulated by the Russian legislation, that is the Special Assessment of Working Conditions (SAWC).

The 2018-2020 SAWC procedure covered all workplaces of TATNEFT Group enterprises.

We implement and constantly improve the internal control system, which ensures the organization of a systematic approach to assess the technical condition of production facilities, including with respect to the technical devices, materials and personal protective equipment used; compliance by the organizations of the TATNEFT Group with the requirements of applicable legislation and applicable norms of international law, internal standards and regulations in the field of HSE; implementation of measures to eliminate the identified deficiencies in the field of HSE and the reasons for their occurrence.

In 2020, PJSC TATNEFT has signed a general contract for scheduled (once every 5 years) and unscheduled special assessment of working conditions at workplaces in structural subdivisions of the Company in 2020-2021.

2019–2020 FOCUS AND PROGRESS

- Approval by the Board of Directors of the Company's position in the field of labor protection and industrial safety (as part of the new version of the Policy of PJSC TATNEFT in the field of industrial safety, labor protection and the environment, taking into account climate change).
- Determination of SDG 3 "Ensuring a healthy lifestyle and promoting well-being for all at any age" as one of the priority goals of the Company in the field of sustainable development. Formation and approval by the Board of Directors of PJSC TATNEFT of the program for the implementation of SDG 3. (The program was approved in 2020).
- Integration of ISO 45001:2018 Occupational Health and Safety Management Systems
- Improving the level of labor protection and safety, the quality of jobs.
- Expansion of opportunities for innovative equipment of workplaces and the use of modern technologies for training and testing personnel in the field of industrial safety, including VR simulators.
- Formation of a risk map in the field of industrial safety and labor protection.
- Expansion of the volume of voluntarily disclosed information on aspects of labor protection and industrial safety of the Company.

2021 FOCUS

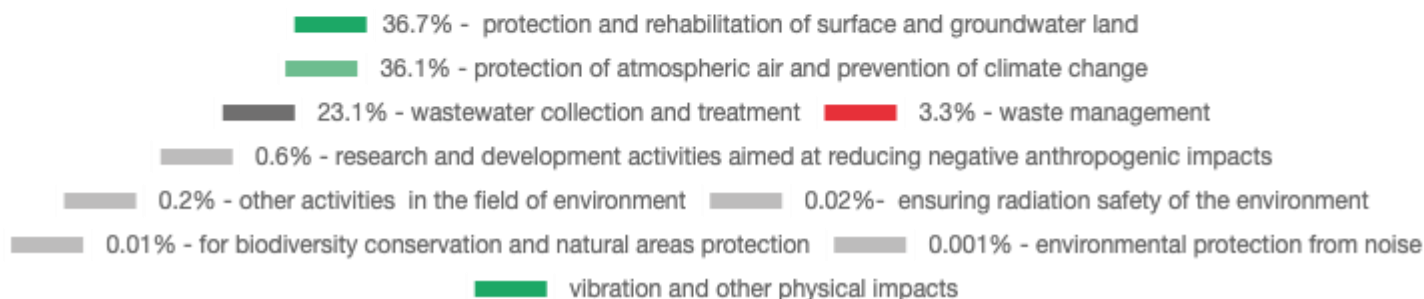
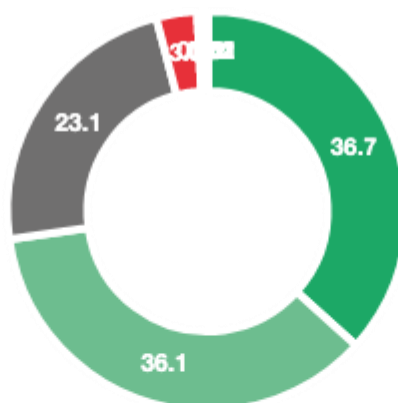
- A set of measures for a special assessment of working conditions in order to reduce (minimize) harmful and dangerous production factors and their impact on the health of workers.
- Development of a safe and healthy working environment.
- Development of a corporate system for identifying and assessing risks and sources of hazards in production processes and at facilities related to labor protection and industrial safety, including new production facilities, introduced technologies and the use of resources.
- Development of interaction in the field of advanced corporate practices in occupational safety and health.

Environmental Activities

We are aware of the responsibility to society for the rational use of natural resources and the preservation of a favorable environmental situation as one of the basic conditions of our activities based on risk-based approaches and taking preventive measures comprehensively aimed at reducing the impact on the environment and ensuring the potential for self-healing of ecosystems.

Environmental spending in the TATNEFT GROUP in 2020 amounted RUB 11.3 bln.

Environmental spending, %



The Company implements consistent research, production, technological, socio-economic, organizational and economic programs and measures aimed at effectively solving problems in the field of environmental safety and awareness of stakeholders about the environmental aspects of its activities.

The Company takes measures to prevent environmental pollution, reduce and prevent adverse impacts thereon, in particular, on natural objects with increased vulnerability and objects the protection and preservation of which is of particular importance; to increase the energy efficiency of production processes, to ensure resource saving, efficient use, and minimal loss of natural resources.

Production and investment planning include the identification of all significant impacts on the environment, including reduction of losses of oil, gas, and products of oil and gas and the prevention of their entry into the environment; increasing efficiency of associated petroleum gas; reducing greenhouse gases; reducing significant impacts of the Company's activities, products, and services on biodiversity of protected natural areas and areas of high biodiversity value outside of protected natural areas; conducting additional risk assessment in the ecologically valuable territories.

The Company implements integrated environmental impact assessment (EIA) approaches for the project from the construction stage to the liquidation stage within the project implementation and its affiliated projects; strategic environmental assessment (SEA) in the case of implementing major infrastructure projects. A necessary condition for effective performance in this area and in reducing production risks is greater involvement of employees and maintaining an open dialogue with stakeholders on the HSE issues. In 2020, TATNEFT Group enterprises continued their targeted systematic work in the field of improving the environmental safety of technological processes.

We use a “sequential procedure” methodology, in which follow-up actions are formed on the basis of data obtained from the results of the previous level procedure. In the process of environmental management, the Company has established the following sequence of procedures:

- Maintaining primary accounting in the field of environmental protection;
- Determination of current environmental obligations and development of measures to mitigate environmental impact;
- Establishment of target and planned environmental indicators, specifying current environmental obligations;
- Analysis and assessment of the effectiveness of environmental protection;
- Determination of directions for improving environmental protection activities and the possibility of further reducing the impact on the environment.

Land reclamation

In 2020, the area of disturbed lands was 865 hectares, and reclaimed land, 1,139 hectares.

In TATNEFT Group, a comprehensive approach is applied to the reclamation of lands affected during the construction and operation of facilities, taking into account the categories of land use, soil types, types of violations, and pollution.

To support the reclamation process, PJSC TATNEFT developed and implemented standards for the permissible residual content of oil and petroleum products (PRCOPP) for 9 soil types of industrial significance in 2020. The RCOOP standards were approved by Order of the Ministry of Ecology and Natural Resources of the Republic of Tatarstan under No. 89-p dated January 28, 2020.

The Company's standards for land reclamation affected during the construction and operation of oilfield facilities, loss of piping integrity, the use of biotechnologies and the preparation of reclamation projects have been updated.

Comprehensive field and laboratory studies on the comparative analysis of the effectiveness and environmental safety of new technologies for reclamation of oil-contaminated and saline lands were conducted. Based on the results of scientific research, a list of the most effective biotechnologies has been formed, using native strains in combination with nanosorbents (based on local agrominerals), as well as humic products.

Protecting Sensitive Ecosystems

The Company's activities are based on complex processes aimed at identifying all aspects of interaction with the environment and preventing negative impacts, reducing and eliminating adverse effects on the ecosystem and social environment.

We are implementing integrated monitoring programs to identify areas for improving the effectiveness of our environmental actions.

- Maintenance of databases of environmental impact sources and state of environment, processing and analysis of the data obtained
- Determination of the impact source compliance with the environmental requirements
- Analysis and forecast of the environment state in the regions of operation
- Measurement and sampling related to environment protection
- Comprehensive measures to ensure emergency prevention and response

The Company's activities are based on complex processes aimed at identifying all aspects of interaction with the environment and preventing negative impacts, reducing and eliminating adverse effects on the ecosystem and social environment.

Voluntary insurance of environmental risks

The Company is developing a voluntary environmental risk insurance system within the corporate integrated risk management system.

To find out more on the risk management system, see [2020 Annual Report, pp. 178-183](#)

Subdivisions of the TATNEFT Group on an ongoing basis provide insurance against risks associated with damage to the environment. Insurance contracts are concluded for all hazardous production facilities assigned to structural divisions and subsidiaries of the Company. The insurance company compensates for physical and property damage, as well as damage to the environment.

Environmental monitoring

The Company monitors all aspects of the environmental impact, including the state of atmospheric air, surface and groundwater bodies, land resources, and biodiversity conservation.

The main areas of monitoring:

- Taking measurements and samples related to environment protection;
- Maintenance of databases of environmental impact sources and state of environment, processing and analysis of the data obtained;
- Determination of the impact source compliance with the environmental requirements;
- Analysis and forecast of the environment state in the regions of operations;
- Development of an environmental monitoring system in new areas of operation.

Environmental monitoring includes control of environmental impact sources (emissions and discharges of pollutants, wastewater), the state of environmental components (air, surface and groundwater, soil, ground, geological environment), as well as two-level inspection control of compliance with environmental legislation.

6 499

measurements
of physical factors

1 918

observation points for surface and ground water
bodies in the territory of the Company's operation

27 186

assays to determine the current state of
atmospheric air

95 321

chemical assays of natural water carried out
in 2020

Ambient air monitoring

In order to control the compliance with the sanitary norms and rules for the protection of atmospheric air in populated areas, as well as within the framework of work to justify (establish) sanitary protection areas (SPAs) in the territories of the Company, the state of atmospheric air of settlements, SPAs of production facilities, level of emissions from sources of air pollution are monitored - a total of 148 points in settlements and 273 points on the border of the SPAs are under control. In the reporting year, more than 6,499 measurements of physical factors and more than 27,186 assays were carried out to determine the current state of atmospheric air.

In order to control compliance with sanitary norms and rules for the protection of atmospheric air in populated areas, as well as within the framework of work to justify (establish) the size of sanitary protection areas (SPAs), the state of atmospheric air was monitored in settlements located in the area of activity of the TATNEFT Group, and at the SPA boundaries of production facilities.

Project on automated control of industrial emissions of pollutants

In 2018, the TANECO Complex, Rosprirodnadzor and the Ministry of Digital Development, Telecommunications and Mass Communications of the Russian Federation launched a joint "pilot" project for the automated control of industrial pollutant emissions into the air at pollution sources with measurement of industrial emissions. A tripartite Agreement between the Federal Service for Supervision of Natural Resources, the Ministry of Digital Development, Communications and Mass Media of the Russian Federation and the TANECO Complex was signed.

To ensure the monitoring, data transfer from automatic control systems of industrial emissions of the TANECO Complex to the database of the State Register of Facilities Having a Negative Impact on the Environment (Moscow) was organized.

In March 2019, the Rules for the Creation and Operation of an Automatic Control System for Emissions of Pollutants and/or Discharges of Pollutants (approved by Resolution No. 262 of the Government of the Russian Federation dated 13.03.2009) were approved. The document outlined the requirements for the programs of creation of the system of automatic control over the environmental impact at the enterprises and the conditions for inclusion of the stationary sources of emissions (discharges) into such program.

At the agreement conclusion, the management of Rosprirodnadzor emphasized that such pilot projects will help to form standards that will allow in the coming years to introduce systems of automatic control of air emissions at all Russian enterprises, which should switch to the best available technologies (BAT). This initiative was implemented in order to ensure effective public administration and ensure environmental safety, increase the effectiveness of supervisory activities.

Monitoring of water bodies

The Company operates a local network of water bodies observation points. In 2020, more than 1,918 observation points for surface and underground water bodies were monitored, more than 9,077 samples were taken within the framework of local hydro-monitoring, more than 95,321 tests of natural water were performed.

Air protection

Reducing emissions of pollutants into the air during production activities is one of the key areas to minimize the impact on the environment.

The emission of pollutants by the TATNEFT Group in 2020 amounted to 108.7 thousand tons, which is 5% higher than in 2019. The reason for the growth in emissions of pollutants into the air is an increase in emissions in the “Exploration and Production” and “Energy” sectors. In the “Exploration and Production” business area, the increase in pollutant emissions is mainly associated with scheduled preventive maintenance at the UTNGP PJSC TATNEFT. The growth of emissions in the “Energy” business area is associated with an increase in fuel combustion at LLC Nizhnekamsk CHP.

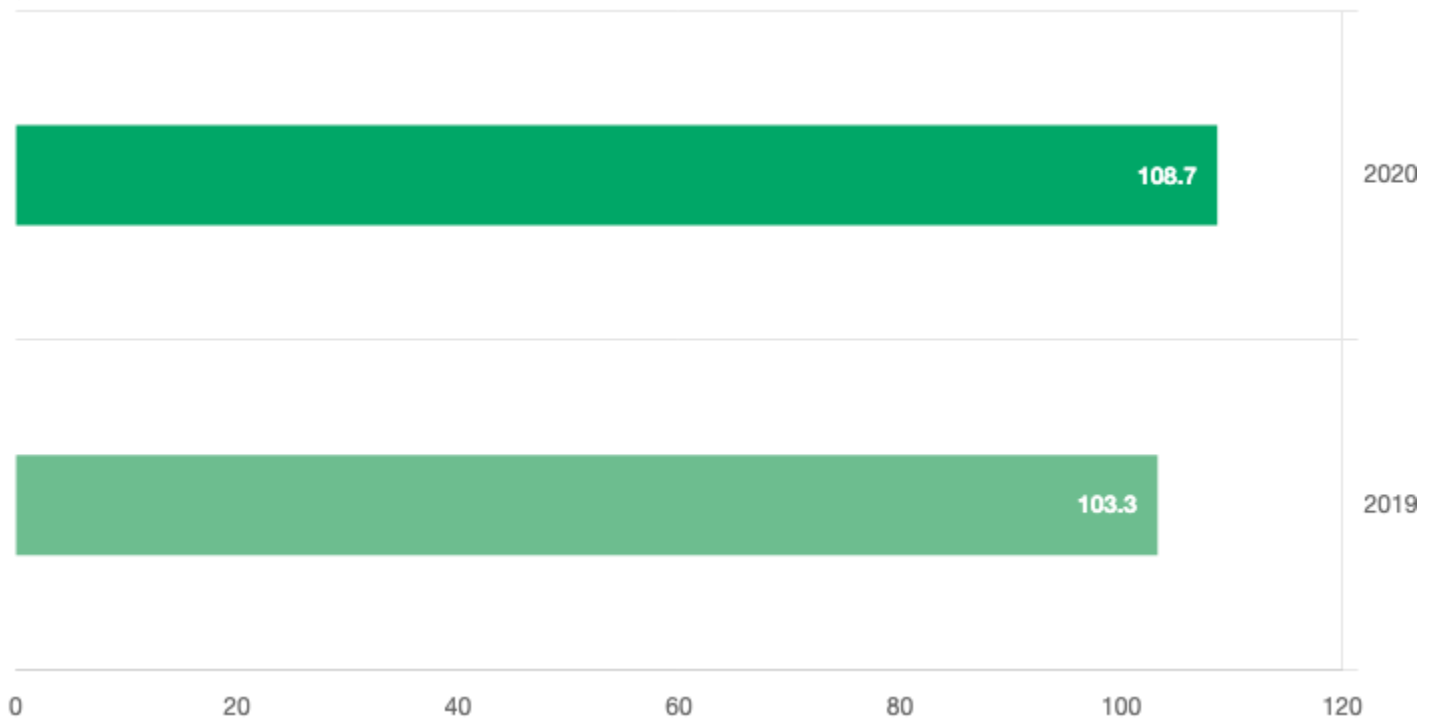
Special attention is paid to reducing emissions of pollutants into the atmosphere, which is achieved through the implementation of the following measures:

- implementation of measures to control emissions during adverse weather conditions;
- gas fuel conversion of vehicles;
- reduction of losses of hydrocarbon raw materials, growth of processing volumes thereof, increasing energy efficiency of production;
- implementation of measures to reduce hydrocarbon emissions from oil storage and treatment tanks;
- carrying out repair and commissioning works on the fuel-burning equipment;
- Introduction of technology of light hydrocarbon vapor recovery (LHVR) allowed for more than a 4-fold reduction of carbon emissions as compared with emissions in 1991. Currently, the facilities of PJSC TATNEFT operate 42 LHVR units. In 2020, the amount of carbon recovered by the LHVR units amounted to 28.9 thousand tons;
- pilot tests of the Dekonta air purification unit (Czech Republic) were carried out at the JSC TANECO’s treatment facilities to reduce hydrogen sulfide emissions. A set of measures was implemented that made it possible to reduce the total consumption of fuel gas by lowering its flow to flare header purge at the refinery.

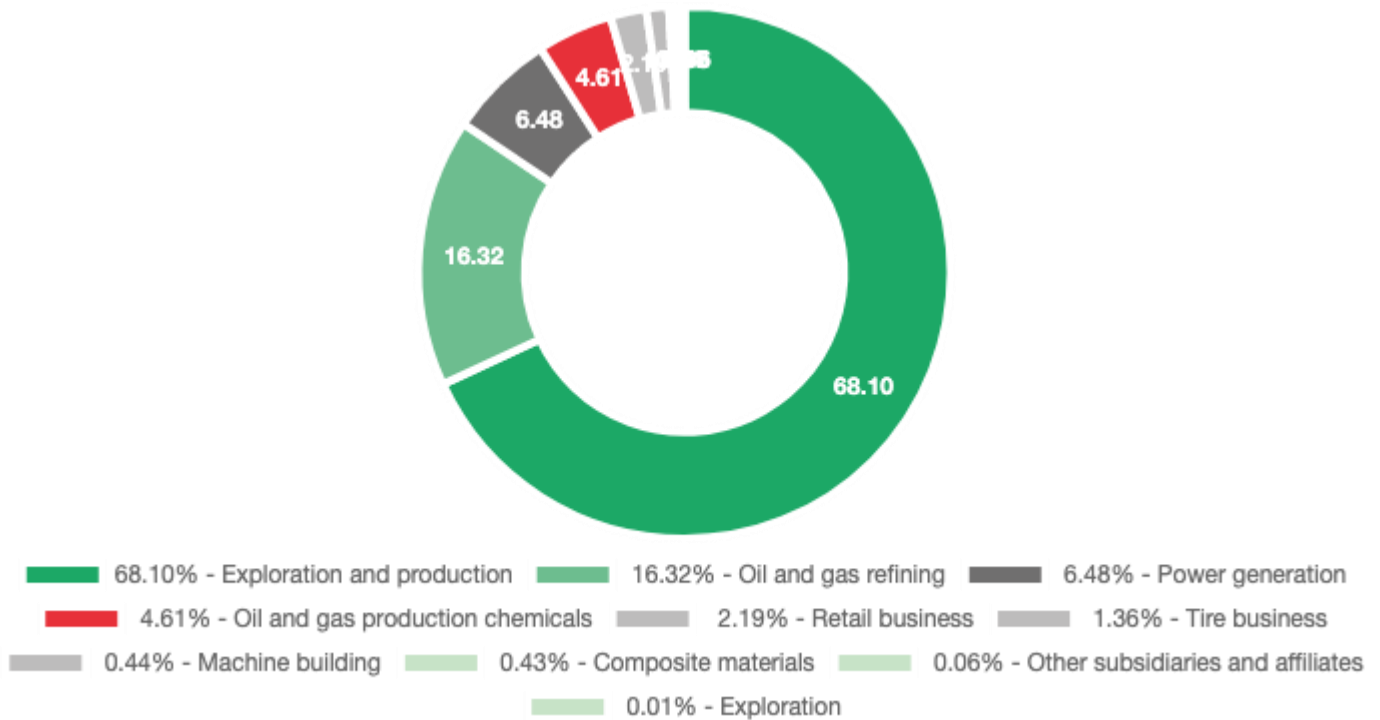
PJSC Tatneft has created a system for automatic monitoring of atmospheric air quality in its area of operation, identifying and eliminating sources of pollution. In 2020, automatic air quality control stations as well as a monitor for displaying information on the state of environment continue operating in Almeteyevsk.

In 2020, the Company was one of the first in Russia to receive three integrated environmental permits, meaning that the level of production impact does not exceed permissible standards (Aznakaevskneft NGDU and two TANECO sites).

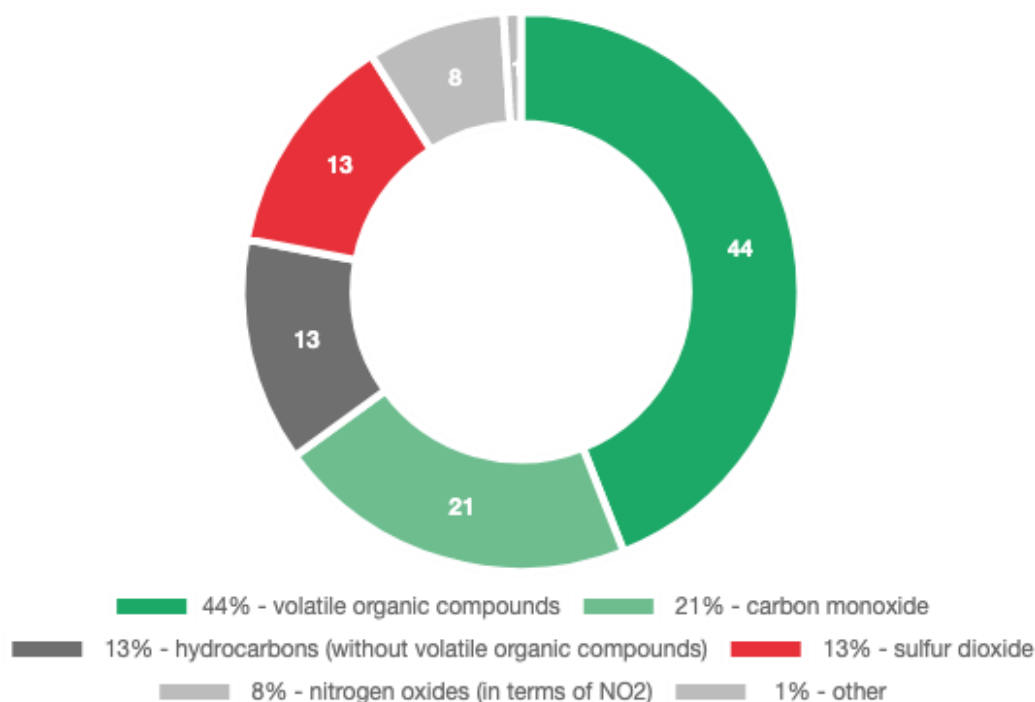
Dynamics of emissions of pollutants into the atmospheric air by the TATNEFT Group for the period of 2018-2020, thousand tons



Emissions of pollutants into the air by business areas of the TATNEFT Group in 2020

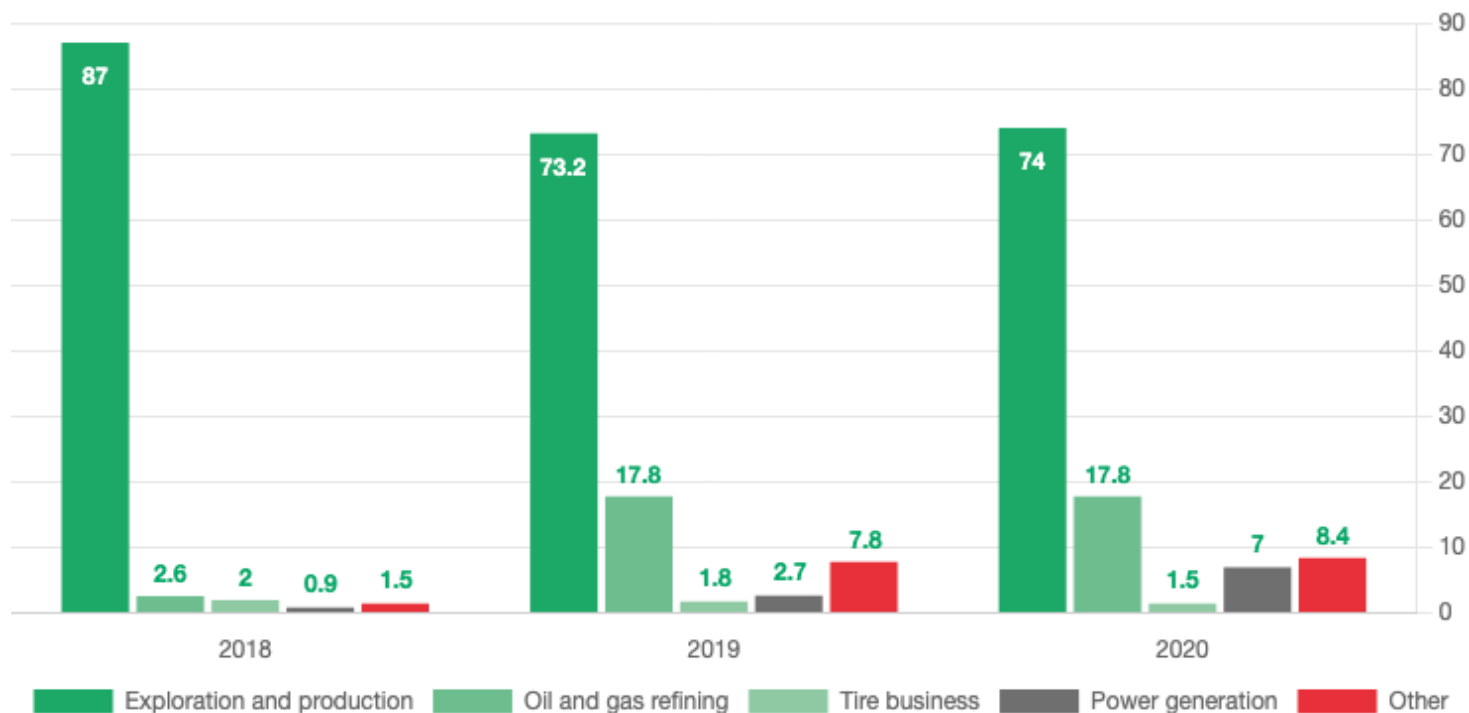


Composition of atmospheric emissions of gaseous pollutants by the TATNEFT Group in 2020



In order to ensure the population safety and in accordance with the Federal Law “On sanitary and epidemiological well-being of the population” dated 30.03.1999 No. 52-FL around the facilities and productions of the TATNEFT Group, which are sources of impact on the environment and human health, sanitary protection areas (SPAs) are arranged.

Dynamics of emissions of pollutants into the air by business areas of the TATNEFT Group, thousand tons



Efficient use of associated petroleum gas (APG)

The Company implements a program to improve the rational use of associated petroleum gas aimed at stimulating the processing of APG into products with high added value and reducing the impact on the environment and climate.

Currently, the level of APG utilization in the Company is 95.98%.

The implementation of technological solutions contributes to the achievement of this indicator. The main ones are overhaul and expansion of the gas collection system from the facilities of the Company, construction of facilities intended for APG utilization as well as works on their updating, refurbishment, and modernization.

In 2020, 6.9 km of gas pipelines were overhauled. The project to expand the gas collection system of Yamashinsky and Tyugeyevsky fields is still being implemented; in 2021, it is planned to carry out construction and installation works.

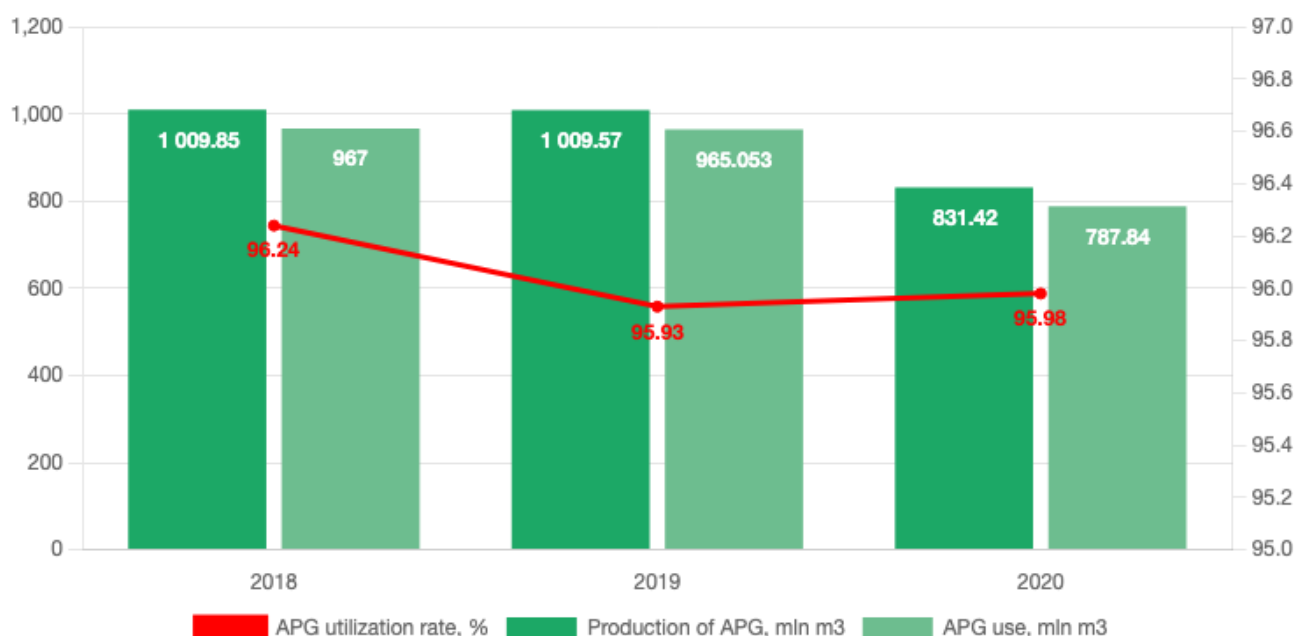
The Company is responsible for monitoring the efficiency of operation of gas treatment plants, their current and planned preventive repairs.

Volume of APG combustion by the TATNEFT Group, million m³



A significant share of emissions of pollutants into the air is accounted for by the “Exploration and production” business line (68.1%), with the efficient use of associated petroleum gas (APG) being one of the main air protection measures and reducing its flared volume. The reduction in APG flaring in 2020 as compared to 2019 is mainly due to a reduction in oil production.

Dynamics of the level of APG utilization in the TATNEFT Group



The measures undertaken by the Company in 2020 aimed at increasing and maintaining the level of useful gas utilization made it possible to increase the level of APG utilization compared to 2019, which contributed to a reduction in pollutant emissions and greenhouse gas emissions generated during the combustion and dispersal of APG.

The main activities for APG disposal are processing at the production facilities of the Company and further products delivery to the consumers. As part of the Program to improve the rational use of associated petroleum gas, the Company implements:

- Construction of facilities intended for the use of associated petroleum gas, their technical reequipping, reconstruction, and modernization;
- Control and reduction of losses of hydrocarbon raw materials, growth of processing volumes thereof, increasing energy efficiency of production;
- Measures to reduce hydrocarbon emissions from storage and treatment tanks; performance and adjustment work on fuel-burning equipment.

Water protection

Reasonable and careful conservation of the ecosystem with clean water, access to water resources is one of the main factors of sustainable development.

The Company uses water resources rationally and implements measures to reduce the impact on water resources, protect them and replenish them in all regions of its presence, including modernizing infrastructure and introducing the best available technologies.

The Company aims to increase the share of recycled and consistently used water, environmentally safe handling of produced water, introduction of modern wastewater treatment systems.

Water use in TATNEFT Group is in compliance with the Water Code of the Russian Federation and the Federal Law on Subsoil, on the grounds of contracts for the use of water bodies, decisions on providing water bodies for use, licenses for the right to use subsoil for groundwater extraction.

The Company does not violate the right to water and access to it, including for the local population. The territories of the Company's production activities do not belong to regions with a shortage of water resources.

According to laboratory studies, in 2020, the water quality in the main rivers in the territory of the Company activity is maintained at a stable level, the content of chloride ions, oil and petroleum products in the dissolved and emulsified state does not exceed the established MPC standards for pollutants.

Within the territory of the Company's operations, over 500 springs were cleared, captured, and architecturally completed with the resources of the Company's divisions. PJSC TATNEFT arranged and held an annual contest "For maintaining the aesthetic condition of equipped springs and improving the water quality" for the 26th time in 2020.

In 2020, TATNEFT was recognized the best according to the results of the International Competition of the V.I. Vernadsky Non-Governmental Ecological Foundation "Ecological Culture. Peace and Harmony" in the "Conservation of Natural Complexes and Biodiversity" nomination.

The Company presented a popular science atlas «Родники жизни. Тормыш чишмәләре. Springs of life," published in Russian, Tatar and English and dedicated to the unique natural, historical and cultural heritage of the regions of Tatarstan.

To ensure the standard level of wastewater treatment and complete exclusion of discharge of polluted effluents into the environment in 2021, the following measures were taken:

- Water block No. 3 was put into operation at TANECO JSC;
- Commissioning of units of 1 treatment facilities system, demineralization unit was completed;
- Work was carried out to fine-tune the automated process control systems at biological treatment units, a physical and chemical treatment unit, a dehydration unit, and a desalination unit of treatment facilities;
- Technological standards for the content of pollutants in wastewater are complied with;
- Sanitary and ecological condition of the territory of the sites and the place of waste water discharge are kept in proper condition.

In 2020, zero consumption of fresh river water was achieved and the discharge of treated wastewater was reduced, the return of treated wastewater to the service water network from treatment facilities increased by 1.5 million m³ (by 107%) compared to the previous year.

During 2020, a significant scope of work was performed to improve the reliability of pipelines for various purposes.

Anti-corrosion pipes are used to ensure reliable operation of oil field pipelines. In 2020, Bugulma Mechanical Plant produced 723 km of pipes.

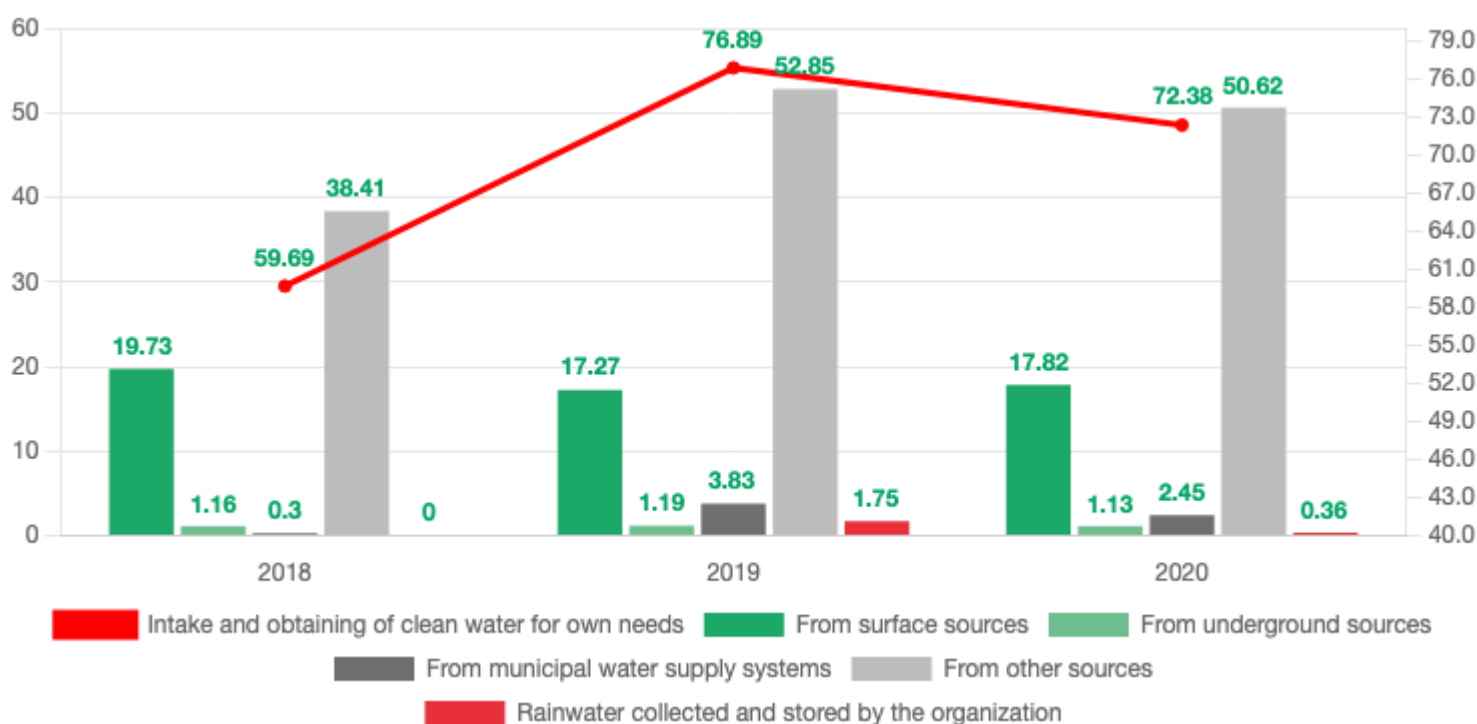
To prevent the pollution of surface watercourses (rivers) and water bodies with oil, oil recovery structures (ORS) and booms are maintained in working condition.

In order to protect lands, surface and ground waters in PJSC TATNEFT, in 2020, 10,109 wells were provided with cathodic protection of casing strings, 20,107 km of pipelines were provided with tread protection, electrochemical protection against corrosion of the inner and outer surfaces of 40 tanks (RVS) and horizontal sedimentation tanks was performed.

The water withdrawal for the TATNEFT Group decreased by 6% in 2020.

The main reasons are reduction in own production, decrease in production volumes due to the changed conditions for the development of oil fields in accordance with the world OPEC+ restrictions on oil production; commissioning of the water block No. 3, completion of the commissioning of blocks 1 of the treatment facilities system, desalination block at TANECO JSC.

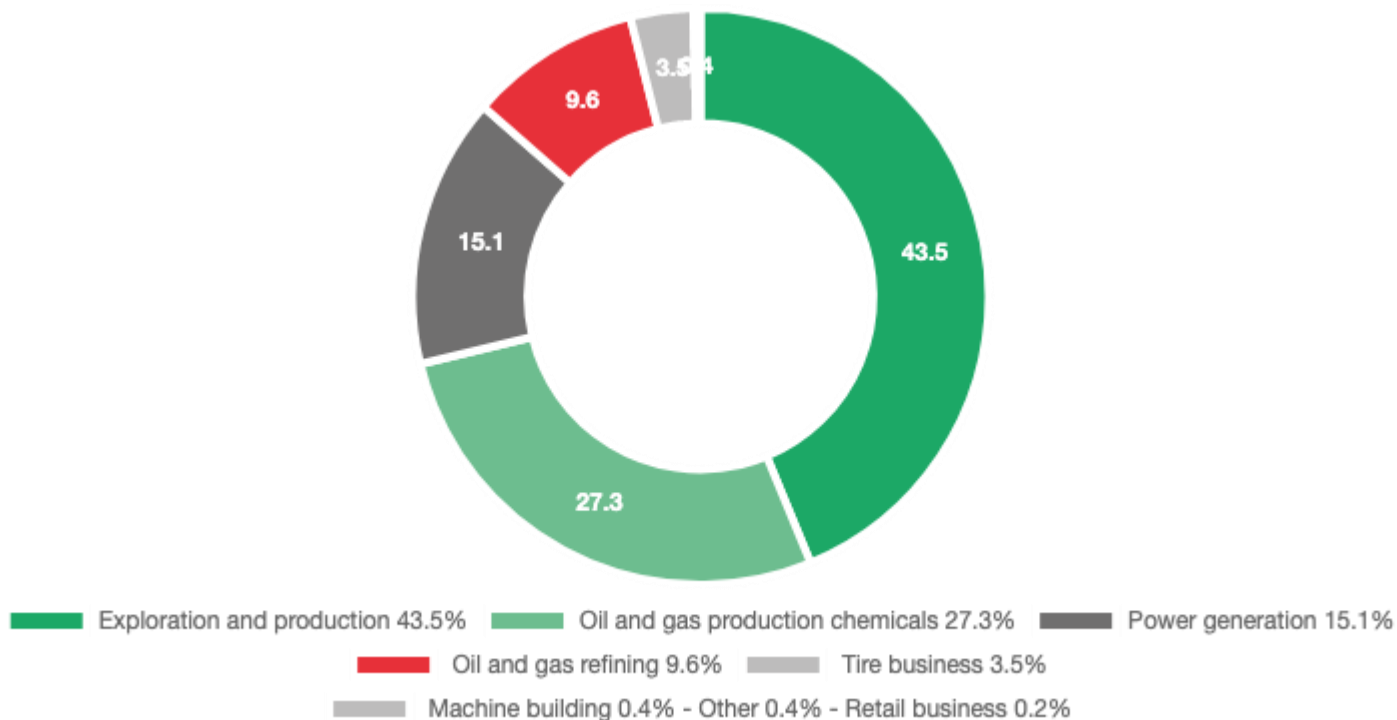
Dynamics of water withdrawal for own needs for the TATNEFT Group, mln m³



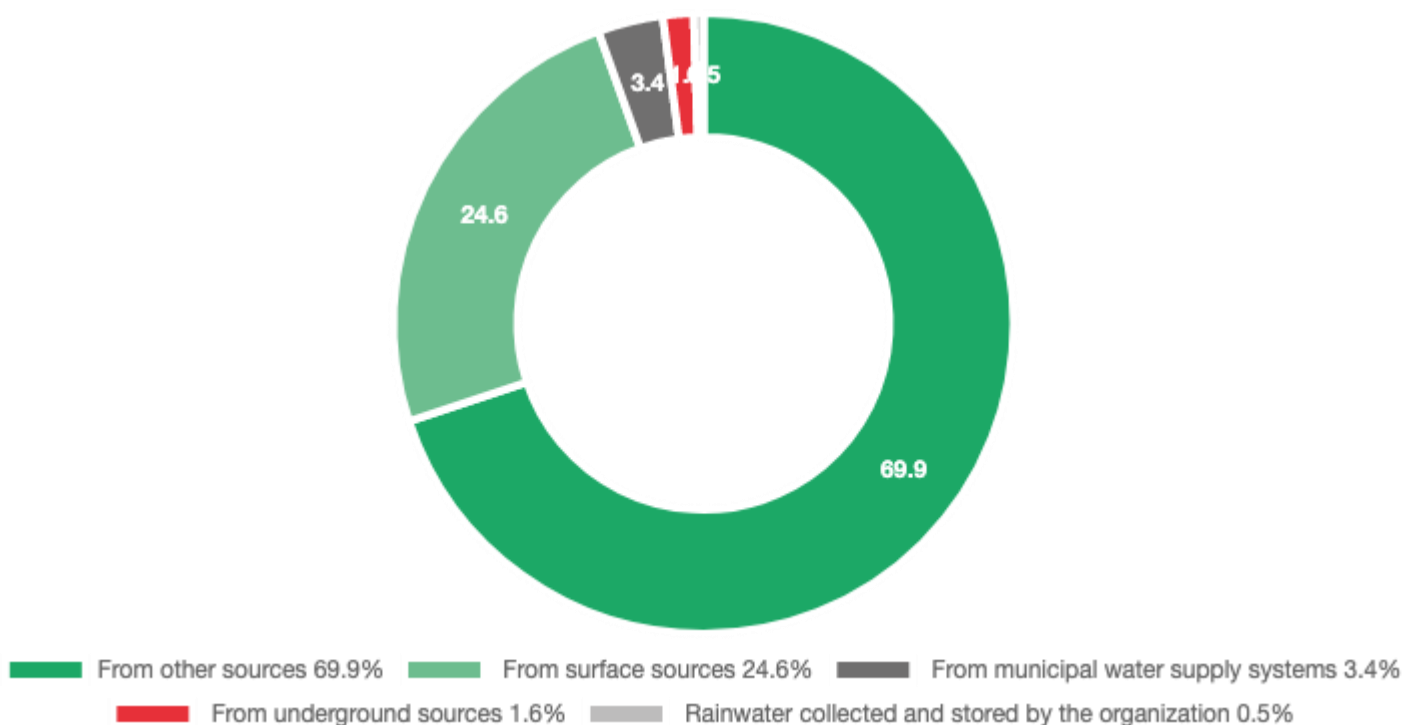
The main consumer of water in the TATNEFT Group is the “Exploration and Production” business area with 43.5%. The “Other” section includes LLC Tolyattikauchuk with a water consumption of 19.79 million m³.

Most of the water supplied to the Group’s enterprises comes from suppliers (“other sources”), the largest of which is LLC PFTF for RPM.

Water consumption for own needs by business areas in 2020, %



Distribution of water withdrawal for own needs by water sources in 2020, %



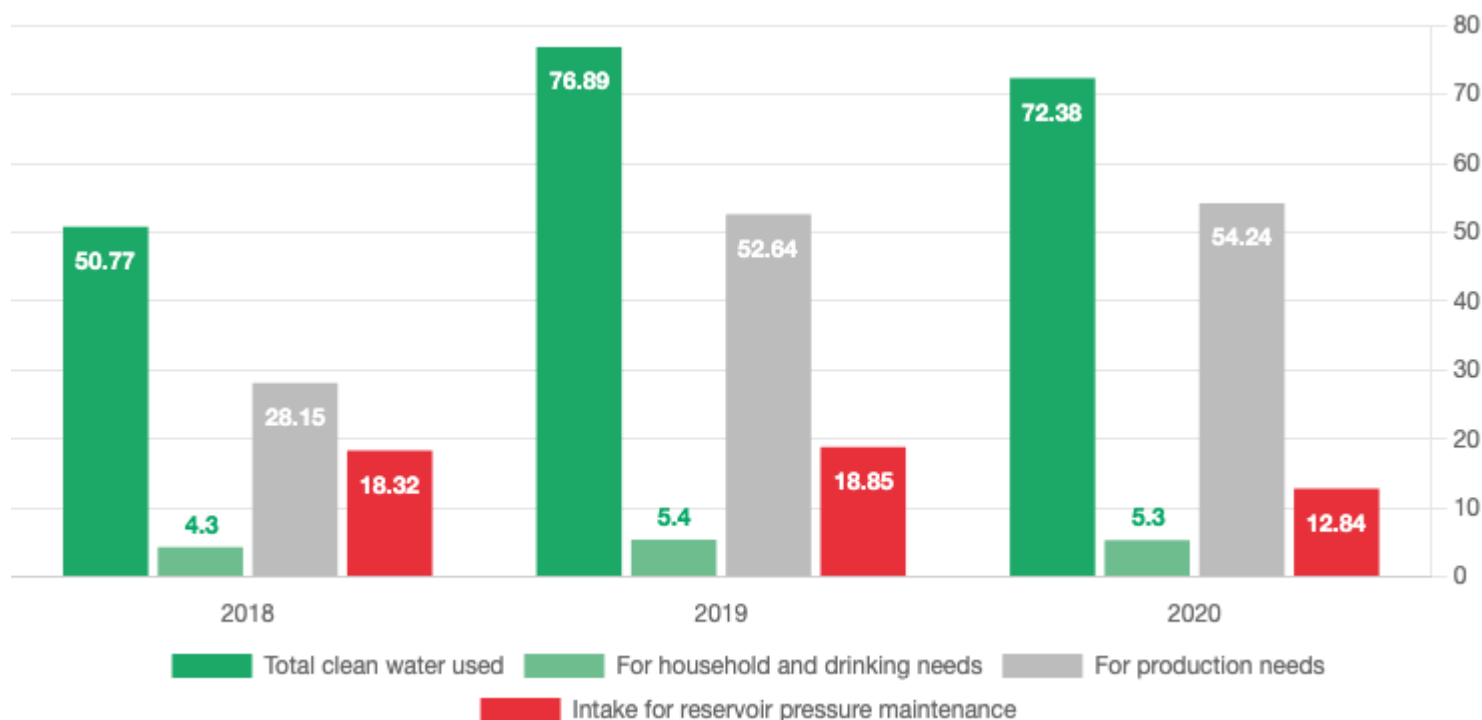
The main sources of water are the Kuibyshev storage reservoir, the Volga, Kama and Stepnoy Zai rivers. The water withdrawal is carried out in accordance with water resources management agreements.

The TATNEFT Group does not have a significant impact of the water withdrawal on natural water sources. The water withdrawal from surface and underground sources do not exceed the allowable withdrawals.

Realizing the importance of preserving clean water ecosystems, the TATNEFT Group is implementing a project to

improve the health of the Stepnoy Zai River. The goal of the project is to identify the main sources of surface water pollution, to attract the attention of economic entities, control and supervisory authorities, to plan and initiate the implementation of environmental protection measures to achieve water quality that meets the requirements of sanitary standards.

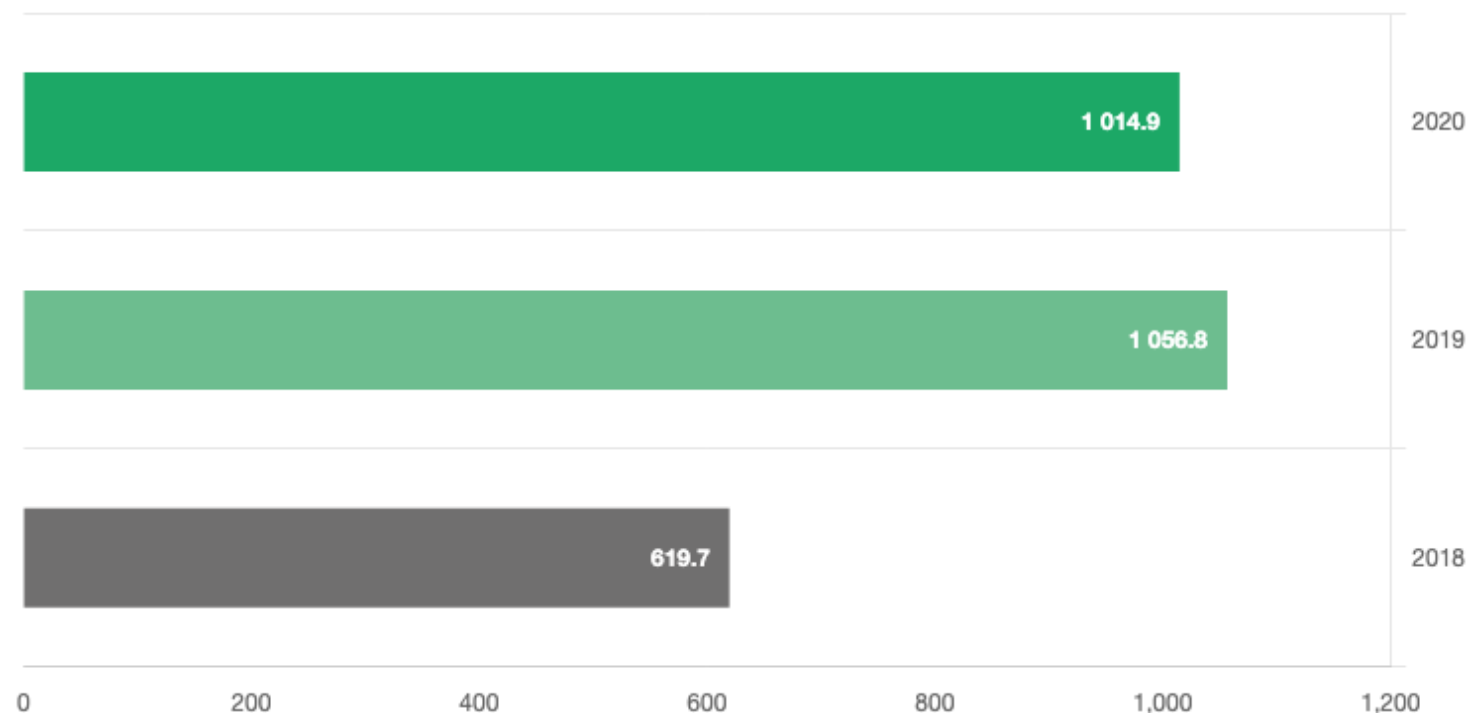
Dynamics of water withdrawal use for various needs, mln m³



In 2020, 74.9% of consumed water is used for production needs, 7.3% for household and drinking needs.

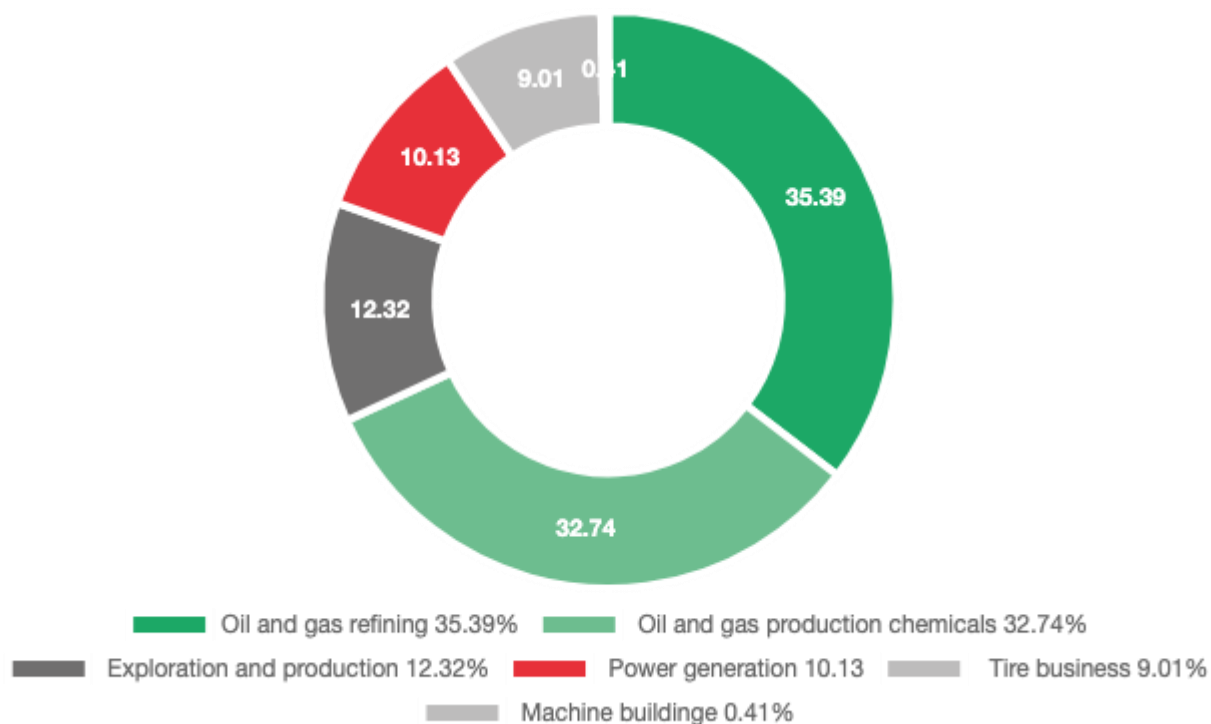
An important indicator for the characteristics of rational water use is the costs in the systems of circulating and re-supplying water. In 2020, this indicator for the TATNEFT Group amounted to 1,014.9 million m³.

Volume of recycled and reused water for the TATNEFT Group, million m³

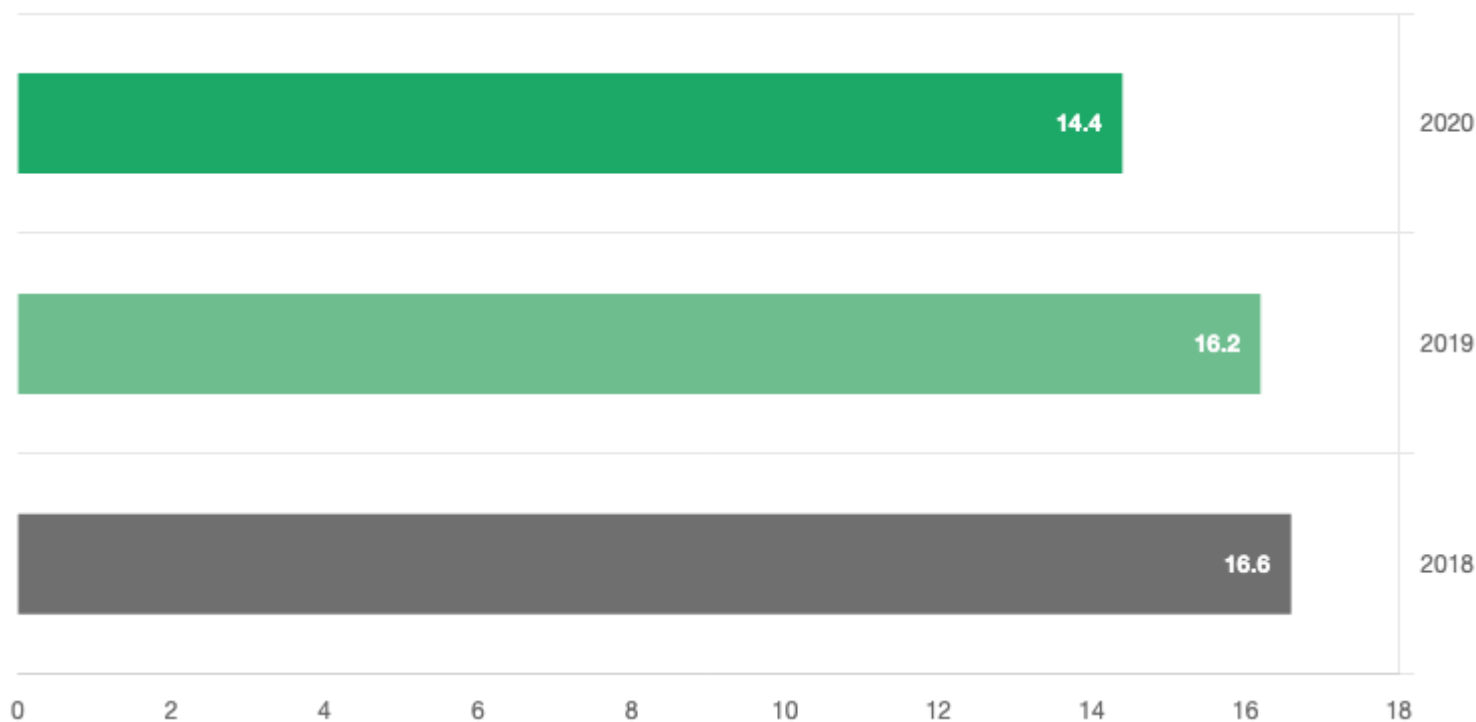


The largest volumes of recycled water supply are in TANEKO JSC, LLC Tolyattikauchuk, PJSC Nizhnekamskshina, LLC Nizhnekamsk Truck Tire Plant, LLC Nizhnekamsk CHP, PJSC TATNEFT n.a. V. D. Shashin.

Total volume of recycled and re-supplied water in the TATNEFT Group's business areas in 2020, %



Dynamics of water disposal to surface water bodies for the TATNEFT Group, mln m³



In 2020, TATNEFT Group had a decrease in water disposal volumes by 11%.

In order to prevent pollution of surface and ground waters in the course of its activities, the TATNEFT Group implements a number of measures:

- At oil gathering and oil treatment facilities of oil and gas production departments, protection of the inner surface of process tanks (RVS and HE) with anti-corrosion coatings is provided.
- Dozens of reagent brands have been tested and adapted to protect oilfield equipment and pipelines from internal corrosion. Currently, according to the results of the unification carried out in recent years, only highly efficient and technologically advanced corrosion inhibitors are used. In 2020, 3,716 thousand tons of highly effective corrosion inhibitors were used.
- Electrochemical protection against corrosion damage.

In order to monitor the state of surface and ground waters in the area of its activity, the TATNEFT Group operates a local network of observation points for water bodies.

Industrial environmental monitoring of the condition of water bodies is carried out by the chemical and analytical laboratories of the structural divisions of PJSC TATNEFT and subsidiaries of the TATNEFT Group. The water is analyzed according to the parameters that are characteristic of the influence of production processes, in particular oil production, oil refining: chloride ion, sulfate ion, total hardness, hydrocarbonates, hydrogen index, calcium, anionic surfactants, oil and petroleum products in a dissolved and emulsified state.

According to the results of laboratory studies, the water quality in the major rivers in the territory of the operations was stable in 2020. The content of chlorides, crude oil, and petroleum products in a dissolved and emulsified state in major rivers and in the vast majority of springs did not exceed the maximum permissible concentrations (MPC) of harmful substances. Currently, the process of their steady concentration reduction in the groundwater is taking place.

Unique treatment facilities of the TANECO Complex

The TANECO complex was the first in Russia to build and operate unique treatment facilities using membrane treatment technologies designed for receiving and fine cleaning of all generated wastewater: industrial, domestic, and storm water, providing for possible return of the treated wastewater to production for reuse. The efficiency of wastewater treatment for marker substances is up to 99.9%. It allows to reduce the content of pollutants in effluents to the required maximum permissible concentrations for fishery reservoirs.

In 2020, a full return of treated effluents to production was reached with the excess being directed to Nizhnekamsk CHP as well as zero fresh water consumption was achieved.

Biodiversity conservation

The Company has a “[Program for the Conservation of Biological Diversity](#)”, developed taking into account the legislative and other applicable requirements for the conservation of biodiversity and aimed at preserving rare species of animals by supporting the existing specially protected natural areas (SPNA) of zoological, entomological, botanical, hydrological and geological profiles and sparing (rational) nature management in the habitats of rare species.

The Company sets goals for the conservation of biodiversity in the territories of operation at a level that ensures their sustainable existence and inexhaustible use.

The assessment of biodiversity by reliable indicators of the state of the environment shows that the state of ecosystems in the territory of the Company’s production activities complies with the standards. TATNEFT Group does not cause an irreversible impact on biodiversity. The Company has no facilities that have a significant impact on biodiversity. If necessary, the program of industrial environmental control (PEC) includes monitoring of flora and fauna. The main impacts on biodiversity are associated with the exploration, production, preparation, transportation, and retailing of petroleum products.



Objects of the natural reserve fund of the region of the Company’s production activities, including preserved and restored habitats ([open the list](#))

The largest specially protected natural area of federal significance located in the region of the Company's operations is **the Nizhnyaya Kama National Park**. Industrial ecological control of the plant world (phytomonitoring) on the territory of the Nizhnyaya Kama National Park is carried out in the following directions: control of mechanical disturbances of the soil and vegetation cover, including post-reclamation monitoring, complex technogenic impact, structure and natural dynamics of phytocenoses and biodiversity (background territories), surface pollution.

In 2020, comprehensive monitoring of the Nizhnyaya Kama National Park was carried out and measures were taken to reclaim disturbed lands, work continued on replacing bare wires on power lines, clearings and power lines were kept in a treeless state. According to the results of monitoring studies, in 2020, the operation of oil field facilities of NGDU Prikamneft did not lead to a deterioration in the state of the ecosystems of the adjacent territory and did not violate the protection regime of the Nizhnyaya Kama National Park. The enterprises of the TATNEFT Group performed work on compensatory forest planting on the area of 1,085 hectares for RUB 122.4 million. Work was carried out to combat invasive vegetation in the floodplain of the Stepnoy Zai River, which suppresses the growth of local trees.

Due to the special vulnerability of natural tundra complexes, the program of environmental control has been expanded in the territories of developed fields located in the Nenets Autonomous Okrug (NAO). The control program includes an assessment of the species and quantitative composition of vegetation cover, soil mesofauna and soil mammals, mosses, fauna, and benthos. The monitoring results show that the territory of activity is not subject to significant anthropogenic impact.

Protected species in the region of the Company's activity. Support for species of animals listed in the Red Book

There are two species of mammals listed in the Red List of the Russian Federation and the Republic of Tatarstan, i.e., the bobac and desman (the desman is also included in the Red List of the International Union for Conservation of Nature (IUCN)).

The location of production facilities outside the habitat and activities aimed at reducing the negative impact on the environment exclude the slightest threat to the existence of these species in the region where the Company operates.

Focus of action on biodiversity replenishment

As part of the Program for the Conservation of Biodiversity, the Company has implemented a number of technological solutions:

- Aboveground laying of pipelines for the EHV production. In this case, pipelines are not an obstacle to the natural migration of wild animals;
- Drilling horizontal and multilateral wells allows minimizing the area of anthropogenically disturbed habitats, as well as excluding activities on the territory of protected areas;
- Drilling out the production facility according to an individual grid of wells, taking into account the existing road network, avoids further fragmentation of landscapes and isolation of natural areas;
- An increase in the turnaround time of wells and, accordingly, a decrease in the number of underground repairs on the problem fund through the introduction of various technological solutions (for example, the introduction of chain drives (CD)) allows to reduce the impact on the soil mesofauna and groups of sedentary animals

An additional Action Plan is being developed to achieve specific characteristics of biodiversity in a certain time period and area. It depends on the results achieved, the socioeconomic changes within the country. The plan is being updated.

Waste management

One of the environmental priorities of TATNEFT Group is the reduction of environmental footprint through the reduced waste generation.

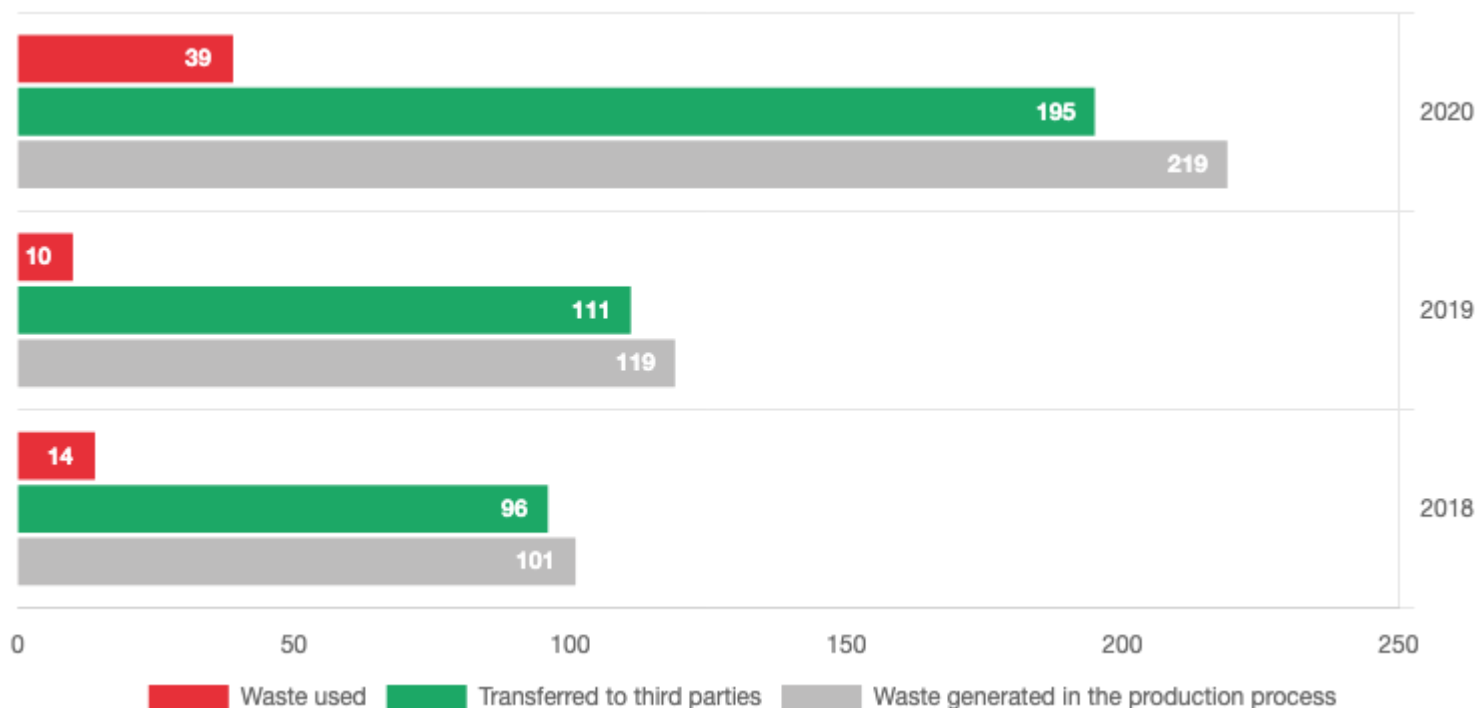
The Company has established a complex system of selective accumulation and disposal of production and consumption wastes and using them as a raw material to produce marketable products.

In 2020, the TATNEFT Group generated 218.8 thousand tons of waste (in 2019, 119 thousand tons), including oil sludge (III hazard class) 16.7 thousand tons, oil sludge (IV hazard class) 8.4 thousand tons, SHW 11.1 thousand tons. 38.5 thousand tons of wastes were disposed of (in 2019, 9.8 thousand tons), 4.2 thousand tons were neutralized at the production facilities of the TATNEFT Group (in 2019, 4.4 thousand tons). 195.4 thousand tons were transferred to third-party enterprises, of which 16.7 thousand tons were oil sludge (III hazard class) and 8.2 thousand tons (IV hazard class) and 10.9 thousand tons of SHW. 91.2 thousand tons of waste (excluding SHW) were transferred to its own facilities.

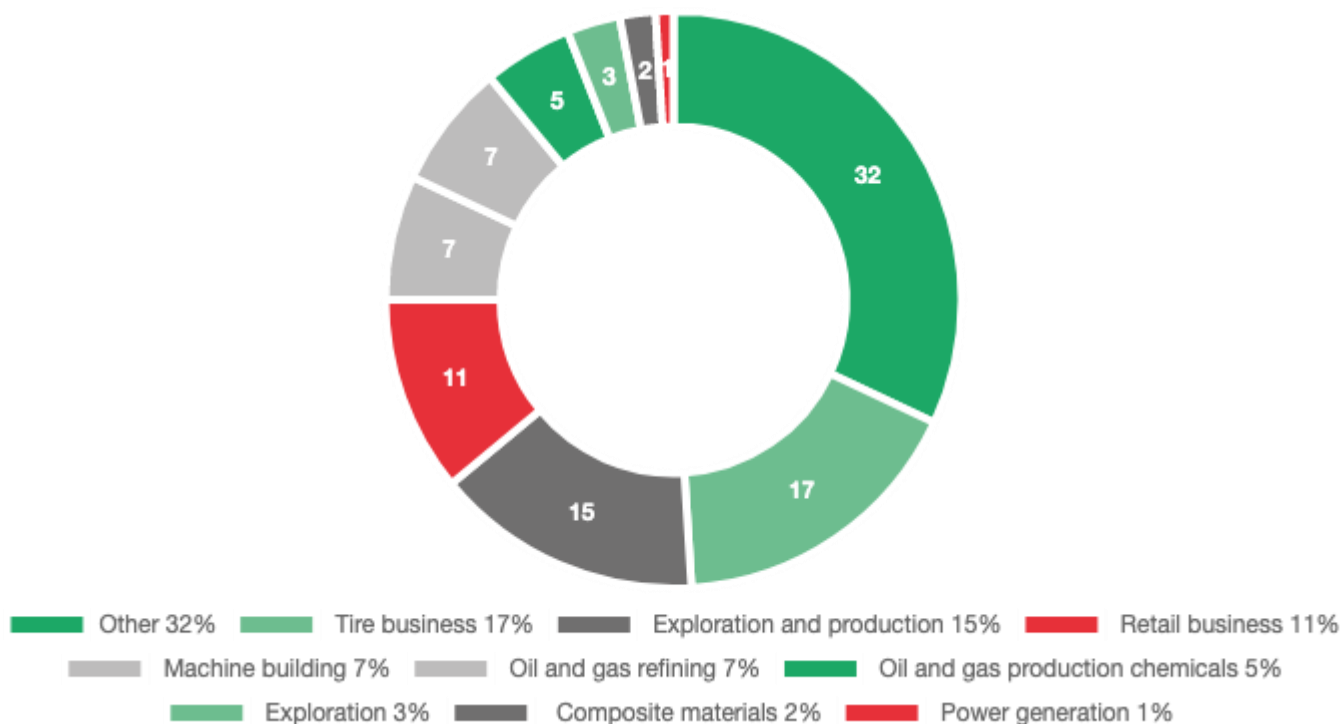
159.8 thousand tons of waste were disposed at operated facilities. The reasons that caused increase in waste in 2020 were:

- Information accounting in the formation of statistical reports of the TATNEFT Group of the following companies: LLC Construction Company "Idea-South-East", LLC BUMMASH Plant, LLC Tatneft-AZS-Severo-Zapad, LLC Tolyattisintez, LLC ActiveGasEngineering (the total share of waste for these enterprises is 45%);
- Overhaul of technological units and feedstock of the NPiNHZ complex of TANECO JSC;
- Reconstruction of the factories of LLC Nizhnekamskshina and LLC Nizhnekamsk Truck Tire Plant.

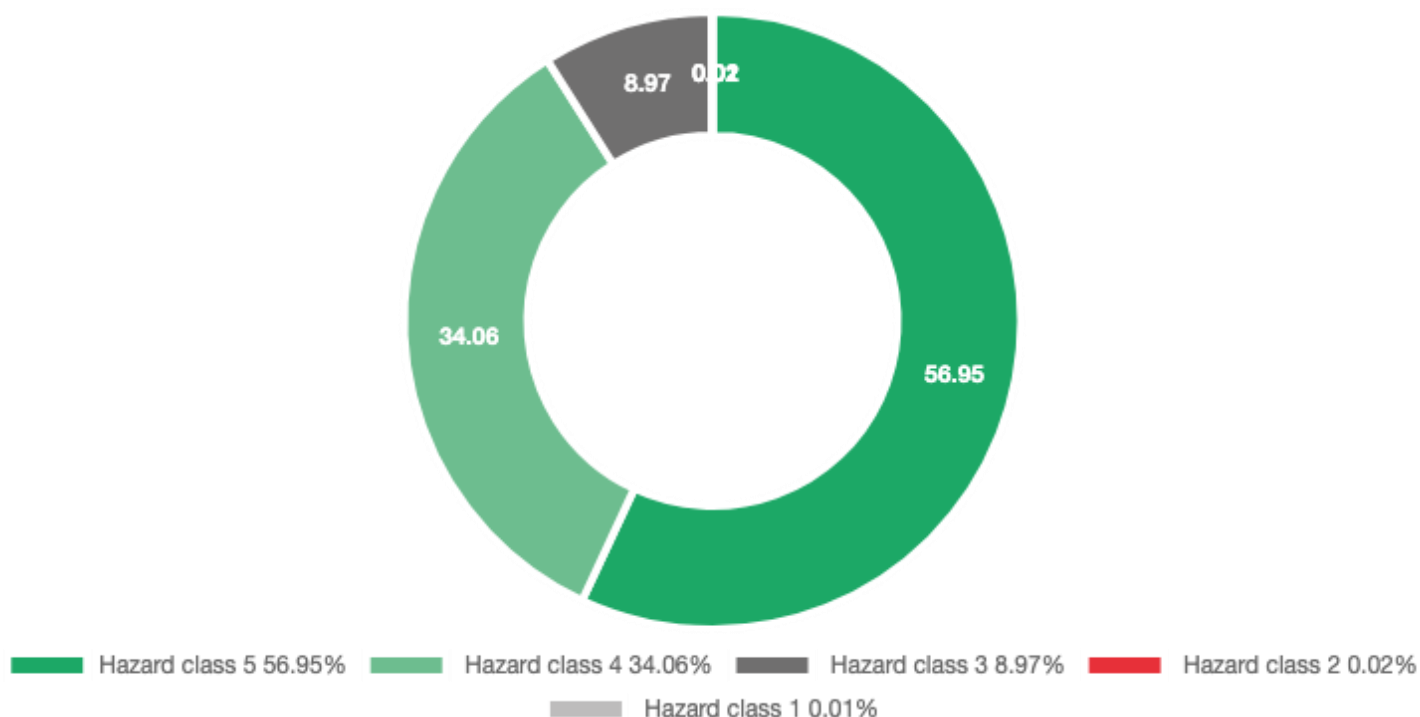
TATNEFT Group waste handling and management, ths tons



Waste generated by business areas across the TATNEFT Group in 2020, the tons



Generation of waste of I-V hazard class by the TATNEFT Group in 2020, %



Total Waste Generation per year	218 825
Hazard class 1	13,636
Hazard class 2	48,152
Hazard class 3	19 631,53
Hazard class 4	74 520,911
Hazard class 5	124 610,8973

Of the total amount of waste generated in 2020, 43% were hazardous, i.e., belonged to 1-4 hazard classes, 57% were non-hazardous.

Drilling Waste Management

The Company has guidelines that establish general requirements for the management of drilling waste during well construction, operation and subsequent liquidation of waste accumulation sites in the conditions of a well site, for accounting and movement of waste generated during well drilling: “Technological Regulations for the Process of Drilling Waste Management During Well Construction,” “Regulations for Accounting and Movement of Drilling Wastes.” All waste generated during well drilling by contractors is the property of the Contractor.

Unique Landfill for Industrial Waste

A unique industrial waste disposal site was commissioned at the TANECO Complex. It is unique because a reliable screen made of a geosynthetic membrane (HDPE) is provided at the base, which excludes the possibility of biological and chemical contamination of the adjacent territories, groundwater, and ensures the collection of leachates for its subsequent transportation to the treatment facilities of the Refinery and Petrochemical Plant Complex. Waste disposed in this way can be recovered for disposal when new recycling technologies become available. There has been a positive trend towards an increase in the part of waste that is sent for reuse and disposal.

Environmental Impact Indicators

The Company is one of the leaders of the fuel and energy complex of the Russian Federation and is aware of the nature and scale of the impact of its activities, correlates them with the importance of rational use of natural resources, ensuring safe production, preserving a favorable environment and reducing climate risks.

We take measures to prevent environmental pollution, reduce and prevent adverse impacts thereon, in particular, on natural objects with increased vulnerability and objects the protection and preservation of which is of particular importance; to increase the energy efficiency of production processes, to ensure resource saving, efficient use, and minimal loss of natural resources.

Production and investment planning include the identification of all significant impacts on the environment, including reduction of losses of oil, gas, and products of oil and gas and the prevention of their entry into the environment; increasing efficiency of associated petroleum gas; reducing greenhouse gases; reducing significant impacts of the Company's activities, products, and services on biodiversity of protected natural areas and areas of high biodiversity value outside of protected natural areas; conducting additional risk assessment in the ecologically valuable territories.

We implement a comprehensive approach to reduce environmental impact and strive for leading positions in the industry in terms of minimum negative impact on the environment.

2020 Environmental Impact Information *

Indicator	UoM	Business area "Exploration and Production"	Oil and Gas Processing» Business Area
Oil production / refining	mln tons	26,0	12,12
Gas production / refining	mln m ³	831,419	693,9
Hydrocarbons produced / processed	tons of oil equivalent	9 180,086	18 269 008
Total emission of pollutants into the atmosphere	thousand tons	74,05	16,9
Specific emission of pollutants into the atmospheric air per unit of extracted/processed hydrocarbon raw materials	kg/tons of oil equivalent	1,94	0,93
GHG Emissions	mln tons CO ₂ - equivalent	1,5	0,5
Specific emission of GHG into the atmospheric air per unit of extracted/processed hydrocarbon raw materials	kg CO ₂ tons of oil equivalent	39,99	29,21
Associated petroleum gas (APG) utilization rate	%	95,98	-
Total clean water used:	thousand m ³	31 482,39	4 942,24

Indicator	UoM	Business area "Exploration and Production"	Oil and Gas Processing» Business Area
including for the needs of:			
household and drinking	thousand m ³	238,32	449,9
production	thousand m ³	18 401,3	4 592,34
other (withdrawal for reservoir pressure maintenance)	thousand m ³	12 842,77	-
Specific water consumption for the Company's own (production) needs	m ³ /tons of oil equivalent	0,8188	0,27
Drainage to surface water bodies, total:	thousand m ³	16,58	2 625,436
including:	thousand m ³		
contaminated (without purification)	thousand m ³	0	0
contaminated (insufficiently purified)	thousand m ³	0	0
regulatory clean (without purification)	thousand m ³	0	0
regulatory clean, including:	thousand m ³	16,58	2 625,436
at biological treatment facilities	thousand m ³	16,58	2 566,816
at physical and chemical treatment facilities	thousand m ³	0	58,62
at mechanical treatment facilities	thousand m ³	0	0
Specific drainage of polluted waters into surface water bodies without treatment or insufficiently treated	m ³ /tons of oil equivalent	0	0
Waste at the beginning of the year (1 to 4 hazard classes)	tons	1861,7	
Waste generated per year, total:	tons	44 759,246	
including:			
hazard class 1	tons	5,382	
hazard class 2	tons	13,747	
hazard class 3	tons	17 937,117	
hazard class 4	tons	18 094,5	
hazard class 5	tons	8 708,5	

Indicator	UoM	Business area	
		“Exploration and Production”	Oil and Gas Processing» Business Area
Waste received from other enterprises (1-4 hazard classes)	tons	1 535,1	
Waste utilized in the Company’s own production activities (1-4 hazard classes)	tons	2 727,203	
Waste disposal in the Company’s own production (1-4 hazard classes)	tons	0	
Transferred to third-party organizations for disposal and neutralization (1-4 hazard classes)	tons	26 706,447	
Share of recycled and neutralized waste (1-4 hazard classes)	t/t	0,7461	
Share of recycled and neutralized waste (1-4 hazard classes) without taking into account the historical heritage	t/t	0,7831	
Environmental payments (payment for negative impact on the environment) for excess emissions, discharges, for excess waste disposal	thousand rubles	330,039	
Environmental payments (payment for negative impact on the environment) in total for the reporting year	thousand rubles	11 094,656	
Share of excess payments in the total amount of payments for negative impact on the environment	RUB/RUB	0,0297	
Specific frequency of incidents on pipelines leading to spills of oil, condensate, petroleum products and formation waters	cases/1,000 km of pipeline	0,104	-
Specific amount of spilled oil, condensate and petroleum products as a result of accidents and gusts	kg/tons of oil equivalent	0	-
Ratio of the area of contaminated land at the end of the year to the beginning of the year	ha/ha	0	-
Ratio of the reclaimed contaminated land area during the year to the area of contaminated land during the year	ha/ha	0	-

**The Exploration and Production business area includes JV Tatneft-Production, PJSC TATNEFT, LLC Tatneft-Samara. The business area "Oil and Gas Processing" includes JSC TANECO, UTNGP PJSC TATNEFT.*

Working Together

The Company's activities are based on a high level of personnel competence and the involvement of the entire team in the implementation of the corporate Strategy.

A prerequisite for our success is effective interaction with shareholders and investors, government, regulators, industry companies and organizations, nongovernmental organizations, research and educational centers, local communities and many other stakeholders.

The level of cooperation ranges from joint business projects to social investments in various social initiatives.

Personnel of the Company

The Company has an integrated HR management system aimed at maintaining high level of proficiency of workers and specialists engaged in all areas TATNEFT Group operation.

Implementation of the personnel management policy is reflected in the relevant standards defining the procedure for hiring personnel, opportunities for professional and career growth of employees, system of material and non-material incentives, social support.

Currently, to ensure effective implementation of the personnel policy, the HR strategy of TATNEFT Group until 2030 is being formed. With the development of operational activities and the assessment of the need for human resources specialists and operating personnel, the tasks of forming a personnel reserve, training and development, the system of financial and non-financial incentives, corporate culture and youth policy are focused. The HR management policy is aimed at attracting and retaining responsible and professional employees. Career development, incentives and employee performance assessment are one of the key areas of the corporate personnel development system. A large-scale HR project in 2020 was the opening of new professions (positions) in the Company and the development of an in-house own talent pool to address new tasks of the Company with more than 300 employees professionally retrained in the expert group of the IT block at the Company's Corporate University. A Project Office was opened in the Geological Exploration block to retrain and develop its own personnel.

Plans for 2021 include: implementation of a project for the development of experts in the field of construction projects, standardization (unification) of the process of mandatory personnel training in business blocks and business lines in the Alfa information system, participation in the development of instructions for the "Personnel Reserve" and "IDR" modules in the Mirapolis software.

The Company is one of the largest employers in the Russian Federation. At the end of 2020, the payroll of the Company amounted to 59,869 people, an increase compared to 2019 is related to the development of production assets.

Structure of the TATNEFT Group personnel by categories as of 31.12.2019, 31.12.2020, persons

Employees category	2019	2020
Managers	5 959	6 158
Specialists and clerical staff	16 367	17 174
Workers	37 434	36 537
Total	59 760	59 869

TATNEFT Group headcount, broken down by gender, people

Number of Employees	December 31, 2018	December 31, 2019	December 31, 2020
men	30 399	32 527	32 688

Number of Employees	December 31, 2018	December 31, 2019	December 31, 2020
women	24 902	27 233	27 181
Total	55 301	59 760	59 869

TATNEFT Group staff breakdown by gender, %

Share of Employees	December 31, 2018	December 31, 2019	December 31, 2020
men	55,0	54,4	54,6
women	5,0	45,6	45,4

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

TATNEFT Group staff breakdown by age, %

Share of Employees	December 31, 2018	December 31, 2019	December 31, 2020
under 19	0,3	0,3	0,3
20 to 29 years	17,1	16,0	14,1
30 to 39 years	32,9	33,7	33,8
40 to 49 years	27,2	27,7	28,4
over 50	22,5	22,2	23,3

The structure of personnel by age during the study period is almost constant, small dynamics is associated with the age gap between groups, when the transition from one age group to another is uneven.

TATNEFT Group staff breakdown by country, %

Country	December 31, 2018	December 31, 2019	December 31, 2020
Russian Federation	97,2	96,4	96,2
Canada	0,006	0,005	0,005
China	-	0,002	0,002
Libya	0,013	0,011	0,010

Country	December 31, 2018	December 31, 2019	December 31, 2020
Republic of Belarus	0,006	0,007	0,4
Republic of Kazakhstan	0,87	1,06	1,08
Republic of Moldova	-	0,002	0,002
Republic of Turkmenistan	0,14	0,85	0,73
Republic of Uzbekistan	0,006	0,124	0,125
Ukraine	1,74	1,54	1,44

TATNEFT Group staff breakdown by country and gender, %

Country	Gender of Employees	December 31, 2018	December 31, 2019	December 31, 2020
Russian Federation	men	56	55	54
	women	44	45	46
Canada	men	33	33	33
	women	67	67	67
China	men	-	100	100
	women	-	-	-
Libya	men	100	100	100
	women	-	-	-
Republic of Belarus	men	33	-	28
	women	67	100	72
Republic of Kazakhstan	men	76	73	76
	women	24	27	24
Republic of Moldova	men	-	-	100
	women	-	100	-

Country	Gender of Employees	December 31, 2018	December 31, 2019	December 31, 2020
Republic of Turkmenistan	men	88	96	97
	women	13	4	3
Republic of Uzbekistan	men	67	80	77
	women	33	20	23
Ukraine	men	58	58	58
	women	42	42	42

Dynamics of the ratio of men and women in the management of the TATNEFT Group, %

Total Number of Employees	December 31, 2018	December 31, 2019	December 31, 2020
men	74	74	75
women	26	26	25

The dynamics of the structure of personnel in the category “Managers” by gender throughout the study period remains almost constant.

Number of employees accepted to the TATNEFT Group by gender as and age group

Total Number of Employees	2018	2019	2020
under 19	641	523	207
men	296	284	151
women	345	239	56
20 to 29 years	4 160	3 669	2 848
men	2 576	2 160	1 684
women	1 584	1 509	1 164
30 to 39 years	4 362	4 182	3 985

Total Number of Employees	2018	2019	2020
men	2 501	2 115	2 041
women	1 861	2 067	1 944
40 to 49 years	2 888	2 965	2 705
men	1 486	1 447	1 218
women	1 402	1 518	1 487
over 50	2 357	1 920	1 975
men	1 267	1 049	937
women	1 090	871	1 038
Total:	14 408	13 259	11 720

Share of employees accepted to the TATNEFT Group by gender as and age group, %

Share of employees	2018	2019	2020
under 19	4	4	2
men	46	54	73
women	54	46	27
20 to 29 years	29	28	24
men	62	59	59
women	38	41	41
30 to 39 years	30	32	34
men	57	51	51
women	43	49	49
40 to 49 years	20	22	23

Share of employees	2018	2019	2020
men	51	49	45
women	49	51	55
over 50	16	14	17
men	54	55	47
women	46	45	53

Total number of workers eligible for child care leave until they reach the age of 3 years (mother, father) by TATNEFT Group by gender

Number of Employees	2018	2019	2020
Men	4 111	4 130	3 454
Women	2 360	2 603	2 587
Total	6 471	6 733	6 041

Total number of employees with child care leave until they reach the age of 3 years old by the TATNEFT Group by gender

Number of Employees	2018	2019	2020
Men	18	10	26
Women	2 137	2 246	2 278
Total	2 155	2 256	2 304

Workers legally considered to be engaged in individual labor or business activities, or persons other than full-time and part-time employees, including full-time and part-time employees of subcontractors, do not perform a significant proportion of the work. There are no significant seasonal changes in the number of employees in the Company.

Number of individuals providing services under GPC agreements by gender

2018

	Men	Women	Total
Number of individuals providing services under GPC agreement	1	5	6

Note	2 contracts valid for the period of 2017-2019; 3 contracts valid until 02.12.2018; 1 contract valid for the period of 2018-2019		
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2019

	Men	Women	Total
Number of individuals providing services under GPC agreement	7	9	17

Note	2 договора со сроком действия в период 2017-2019 гг.; 2 contracts valid for the period of 2017-2019; 15 contracts with a validity period in 2019; Taking into account the fact that 2 contracts were concluded with the same individual.		
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2020

	Men	Women	Total
Number of individuals providing services under GPC agreement	11	30	41

Remuneration

The Company considers remuneration as a part of an integrated system of financial and nonfinancial encouragement of personnel, which allows the Company to maintain high competitiveness by attracting and retaining qualified and incentivized employees.

Principles of the Company's policy in the field of remuneration and motivation

- Competitiveness: the level of remuneration is formed based on the analysis of the level in the labor market (demand, supply, level of payment, incentive instruments, trends in motivation policy, etc.)
- Efficiency: the level of remuneration is formed depending on the implementation of specific performance indicators by each employee and the achievement of the Company goals in general.
- Justice: the level of remuneration is formed depending on the functions performed and the degree of responsibility of decision-making on the position held.
- Targeting is the possibility of forming the level of wages by categories of workers, changing the structure of wages and using alternative tools of motivation (career routes, training, etc.) based on the results of sociological surveys.
- Unification: uniform instruments of motivation, types and sizes of incentives for categories of employees with the same functionality and degree of responsibility.

The indicators when making a decision to increase remuneration are the following:

- Consumer price index (inflation rate);
- Minimum consumer budget in the region;
- The level of remuneration in other companies in the industry;
- Increase in labor productivity in the Company.

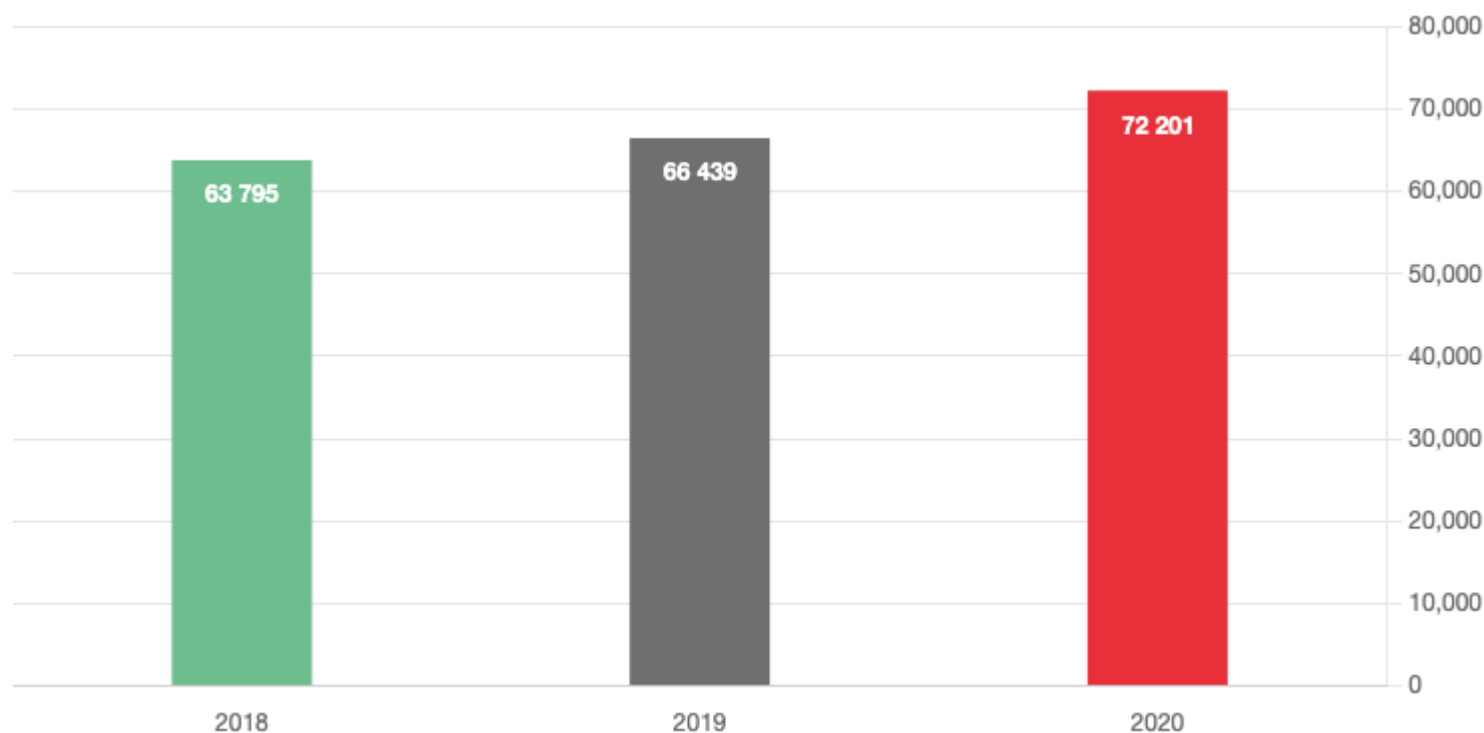
Management staff motivation policy

The policy of incentives for the Company's management personnel is aimed at forming a single remuneration system with its variable part linked to key performance indicators presenting the success of achieving the Company's strategic goals.

The personnel basic income is formed from wages and employment benefits. Wages include a tariff-based (fixed) part, according to the Unified Rate Schedule, and bonus-based (variable) part. The employment benefits provide employees with a relevant scope of medical and other social guarantees.

The Company adheres to the principle of ensuring equality of opportunity and treatment of employees in the field of employment, including equal remuneration for women and men.

Average monthly wage of employees, rub.



Based on the results of 2020, the ratio of wage to the minimum consumer budget in the Republic of Tatarstan was 4.18. The ratio of the tariff rate (wage) of the first category with standard working conditions and the minimum wage for the Republic of Tatarstan (Minimum Wage Rate of the Republic of Tatarstan) was 1.29.

The remuneration of members of the executive bodies and other key managers of the Company is determined in such a way as to ensure a reasonable and grounded ratio of the fixed part of the remuneration and the variable part of the remuneration, depending on the performance of the Company and the personal (individual) contribution of the employee to the final result.

The remuneration system of members of the Board of Directors is based on the principles and recommendations of the Corporate Governance Code, taking into account the Company's remuneration and compensation practices. The Company seeks to establish remuneration for members of the Board of Directors, considering the contribution they make to the development of the Company.

For the preliminary consideration of issues related to the formation of an effective and transparent practice of remuneration, the Company established a HR&Remuneration Committee consisting of independent directors and headed by an independent director who is not the chairman of the Board of Directors.

When forming the remuneration system and determining the specific remuneration to members of the Company's management bodies, it is assumed that the level of remuneration payable should be sufficient to attract, motivate and retain persons with the necessary competence and qualifications for the Company.

The Board of Directors determines the Company's policy on remuneration and/or reimbursement of expenses (compensations) to members of the Board of Directors, executive bodies and other key executives of the Company.

Remuneration of the members of the Board of Directors is formed from constant and variable parts. The permanent part of the remuneration is established by the Regulations and is indexed simultaneously with the change in tariffs and salaries of PJSC TATNEFT employees.

The variable part of the remuneration of the members of the Board of Directors is formed depending on the fulfillment of the following key indicators: the ratio of the level of the Company's capitalization at the end of the year as compared to the previous year; the ratio of dividend expenses to net profit (compared to the previous year); the size of the additional profitability in relation to the baseline profitability.

The amount of remuneration to the members of the Board of Directors is established by the decision of the General Meeting of Shareholders and includes, among other things: remuneration for the performance of the duties of a member of the Board of Directors; remuneration for performing the functions of the Chairman of a committee of the Board of Directors.

Payments to members of the Management Board are made in accordance with the main terms of the contracts for fulfilling the duties of a member of the Management Board, including the implementation of decisions of the General Meeting of Shareholders, the Board of Directors, participation in the elaboration of development plans for the Company, improving the performance of the Company and its divisions.

The system of remuneration of management personnel is formed taking into account the 2030 strategic goals of the Company.

Remuneration of the members of the Board of Directors of PJSC TATNEFT, rub

Indicators	2020
Remuneration for participation in the management body	108 178 531,00
Salary	17 174 690,21
Awards	162 607 545,79
Commission	0
Other types of rewards	1 604 906,67
Total	289 565 673,67
Compensation	1 819 487,93

Remuneration of members of the PJSC TATNEFT Management board, rub

Indicators	2020
Remuneration for participation in the management body	3 379 382,00
Salary	19 851 081,74
Awards	117 922 584,12
Commission	0
Other types of rewards	9 720 260,54
Total	150 873 308,40
Compensation	157 568,00

Comment

Information on the remuneration of members of management bodies (the Board of Directors and the Management Board) is disclosed in accordance with the Bank of Russia Regulation No. 454-P "On disclosure of information by equity securities issuers" dated 30.12.2014 (as amended on 25.05.2018) Chapter 70, clause 3 "Disclosure of the annual report of the joint-stock company": "The main provisions of the policy of the joint-stock company in the field of remuneration and (or) compensation of expenses, as well as information on each of the management bodies of the joint-stock company (except for the individual who held the position (performed the functions) of the sole executive body of the joint-stock company, unless such person was a manager) indicating the amount of all types of remuneration, including the salary of members of the management bodies of the joint-stock company who were its employees, including those who worked part-time, bonuses, commissions, remuneration separately paid for participation in the work of the relevant management body, other types of remuneration, which were paid by the joint-stock company during the reporting year, and indicating the amount of expenses related to the performance of the functions of members of the management bodies of the joint-stock company, compensated by the joint-stock company during the reporting year. If the joint-stock company paid remuneration and (or) compensated expenses.

Trade Union Organization and Collective Agreement

The Company recognizes the rights of every employee to collectively represent interests, including trade union organizations, recognizes and respects the rights of trade unions, including the rights enshrined in the basic conventions of the International Labor Organization - the right of each employee to be represented by a trade union of his/her own choice and basic trade union rights freedom of association and the right to organize workers in trade unions, and the right to collective bargaining.

The Company does not prevent its employees from joining associations and trade unions. This right is exercised through the participation of the TATNEFT Group employees in the activities of the trade union and in the process of forming the Collective Agreement

Trade union organization

The main collective representation of the interests of the Company's employees based on partnership is carried out by the Interregional Trade Union Organization of PJSC TATNEFT.

About 135 thousand people are members of the trade union organization, of which more than 83,425 people are working, about 46,826 people are non-working pensioners, more than 5,392 are students and 22 thousand are working youth.

The interregional organization unites 145 primary trade union organizations, 515 shop trade union committees, 2,239 trade union groups. 96.8% are trade union members.

Primary united, primary trade union organizations conduct their work in structural divisions, service management companies and subsidiaries located in Tatarstan and beyond.

The percentage of the employees covered by collective bargaining agreements of Tatneft Group enterprises is approximately 100%.

Sociological surveys are regularly conducted among workers in order to determine the degree of satisfaction of members of the trade union with the organization of labor and its safe provision, the quality of work of trade union committees. Legal advice is provided. There is a "helpline" in the trade union committee, where each member of the trade union can call and voice his problem. In the primary trade union organizations, a reception on personal issues of members of the Trade Union is organized.

The Trade Union Committee of the Company pays great attention to the protection of the life and health of the TATNEFT Group employees. During the period of the coronavirus infection spread, an operational headquarters was created to organize and conduct measures aimed at preventing and prevent spreading coronavirus infection, explanatory work was arranged on diagnostics, treatment and prevention with the involvement of medical workers, a set of anti-epidemic measures was ensured when a suspicion of a disease was detected, including for their isolation from work teams, a plan of preventive measures was developed and approved to protect workers from the risks caused by the infection spread

1 095 trade union members

received free legal aid

2 380

complaints and appeals reviewed

Commission on Social and Economic Protection of Trade Union Members

Provides identification and timely solution of the problems of trade union members, the formation of proposals to the conciliation commission of the Company to increase the level of social protection of employees, control over the implementation of the provisions of the Collective Agreement, informs about the activities of the trade union committee.

Legal protection commission

Monitors compliance with labor legislation by administrations of enterprises on the following issues: conclusion, amendment and termination of employment contracts with employees; working time and rest time; wages; guarantees and compensations; labor discipline, participation of trade union committees in the adoption of local regulations. The work carried out by the commission in conjunction with the trade union committee, trade union committees of primary trade union organizations and with employers makes it possible to reduce the number of labor conflicts at enterprises and to effectively resolve them.

Based on the results of inspections, employers and trade union committees of primary trade union organizations are sent information about the violations found to eliminate them. Issues of employers' compliance with labor legislation are considered at meetings of the Company's trade union committee with the invitation of responsible persons.

Labor protection commission

Public control of the implementation of the current legislation in the field of labor protection in enterprises is carried out by the labor protection committee, the chief technical labor inspector of the trade union and representatives of the trade union for labor protection. In order to protect the rights of workers injured at work and members of their families, the chief technical labor inspector of the PJSC TATNEFT trade union takes part in the investigation of accidents at work, as well as commissions in various inspections areas..

In 2020, the chief technical labor inspector of the trade union conducted 15 inspections of the state of labor conditions and safety, compliance with labor protection legislation, implementation of collective agreements and labor protection agreements at the enterprises where our union members work.

To exercise public control over the state of labor protection, in the primary trade union organizations of the structural divisions of PJSC TATNEFT there are more than 1,585 trade union representatives on labor protection.

Youth Commission

Participates in the formation of a package of proposals to the conciliation commission for the development of the Collective Agreement, and also assists in resolving issues of youth teams, including issues of labor rights and social guarantees.

Mass Organization Commission

A trade union organization unites 145 primary trade union organizations that operate at the enterprises of PJSC TATNEFT, in the Republic of Tatarstan and other constituent entities of the Russian Federation.

In 2020, trade union organizations were re-established, which became part of Tatneft Trade Union: Field Development Department of JV Tatneft-Dobycha, Oil Acceptance and Delivery Center of JV Tatneft-Dobycha, Department for Planning and Improving the Efficiency of Production Processes of JV Tatneft-Dobycha, Tatneft-Digital Development.

Cultural and Sports and Health Commission

The Commission holds various events dedicated to supporting creativity, the continuity of cultural, national and spiritual traditions, as well as a healthy lifestyle and sports.

In 2020, artwork competition, bike ride of the Interregional Trade Union Organization Tatneft Trade Union, Day of Trade Unions of the Republic of Tatarstan were remotely held. New Year's festive events in the open air in cities and towns were arranged. The trade unionists took an active part in honoring the participants of the Great Patriotic War, widows and home front workers at the events dedicated to the 75th anniversary of the Great Victory.

Housing Commission

The trade union committee participates in the development and implementation of the housing policy of the TATNEFT Company, assists in solving housing problems and improving the living conditions of workers and retirees.

Food Control Commission

Together with the administrations and chairmen of the trade union committees, the commission constantly monitors the quality of food in working canteens, in food points for drilling crews, in crews of underground and workover wells.

Commission for Work with Veterans of Labor and the Great Patriotic War

The Commission, together with the administration of the Company and the Councils of Veterans, provides assistance to non-working pensioners in solving social problems, financial support, as well as support for a healthy lifestyle and longevity, and cultural activities.

Collective bargaining agreement

The basis of cooperation is the Collective Agreement, which is adopted annually and covers all employees of the Company. Each employee has the right and opportunity to participate in the process of forming the Collective Agreement by sending his proposal to the trade union organization. A conciliation commission, consisting of representatives of the PJSC TATNEFT administration and the trade union committee, considers each proposal. Trade union representatives take part in the consideration of all social and labor issues and events significant for employees, incl. carrying out structural transformations of the Company, changes in the field of organization and remuneration.

The Company provides its employees with a package of social benefits and guarantees. The obligations to ensure the same are stipulated in the Collective Bargaining Agreement concluded annually between PJSC TATNEFT and the personnel and covering employees and non-working pensioners of the Company.

The Collective Bargaining Agreement sets out mutual obligations of the employer and the Trade Union Committee in 12 sections. They reflect the tasks of effective production management, organization of safe labor, decent remuneration, social benefits for employees, and support for non-working pensioners; a section on guarantees of the trade union organization is also included.

The enterprises belonging to TATNEFT Group have concluded their own collective bargaining agreements which are intended to comply with the Collective Bargaining Agreement of PJSC TATNEFT in terms of the content and scope of benefits and guarantees.

The Collective bargaining agreement provides for:

- Benefits and guarantees for employees;
- Social protection of young workers;
- Support for veterans and pensioners.

The structure of social benefits and guarantees is determined by the TATNEFT Group's Collective Bargaining Agreement Standard, recommended.

Information about the Collective Agreement is posted on the website tatneft.ru.

In 2020, PJSC TATNEFT officially joined the Industry Agreement on organizations of the oil and gas industries and the construction of oil and gas facilities in the Russian Federation. The provisions of the Industry Agreement are reflected in the Collective Agreement of PJSC TATNEFT.

Health

The Company implements programs aimed at preventing diseases and improving the health of employees. i.e., voluntary health insurance, sanatorium recovery, vaccination, involvement in physical education and sports.

Voluntary Health Insurance

In accordance with Voluntary Health Insurance contracts, the total number of insured employees was 23,153 persons. The total amount under VHI contracts is RUB 328.7 million.

The Company provides organization and payment of medical and other services under 4 programs:

- “Outpatient Services”;
- “Inpatient Services”;
- “Rehabilitation Treatment”;
- “Comprehensive Medical Care.”

In order to reduce infectious diseases, annual seasonal immunoprophylaxis was conducted. In 2020, employees of PJSC Tatneft were vaccinated against seasonal flu (873 persons were vaccinated) and tick-borne encephalitis (3,438 persons). Under the “Women’s Health” and “Men’s Health” programs a medical examination of 18,230 employees was conducted to detect cancer at an early stage. Within the framework of the VHI agreement, PCR tests were taken for the novel COVID-19 coronavirus infection.

A preferential category of citizens of the Russian Federation, children and citizens who, if medically required, need rehabilitation are treated in the Company’s sanatoriums.

The Company has 11 sanatorium healthcare centers on its balance sheet. In 2020, 1,061 employees of structural divisions of PJSC Tatneft engaged in work with harmful and (or) dangerous production factors rested and improved in health care centers. 519 employees underwent sanatorium rehabilitation in the “Yuzhny Obyekt.”

In 2020, two sanatorium healthcare centers received a license for medical rehabilitation: “Ivolga” (Bavly), for the rehabilitation of patients with diseases of the central nervous system (strokes, conditions after brain injuries); “Kosmos” (Elabuga), for the rehabilitation of patients with somatic diseases (diseases of the cardiovascular system, including heart attacks; diseases of the endocrine system (diabetes, thyroid diseases (goiter); lung diseases (pneumonia, bronchial asthma).

High-tech medical care

Thanks to the significant organizational contribution of Tatneft, a Regional Medical Diagnostic Center of Tatneft Medical Unit (Almetyevsk) operates in the South-East of Tatarstan, providing high-tech medical care in cardiovascular surgery, traumatology and orthopedics, ophthalmology and urology. This is a large and modern multi-field Health Care Center, which has a highly qualified personnel potential and is equipped with the latest medical equipment. The clinic uses a complex of high-tech methods of diagnostics and treatment: hybrid cardiac surgery; radiofrequency ablation of heart rhythm disorders using CARTO 3 nonfluoroscopic navigation system; neurosurgical operations using neuronavigation equipment. Every year, state quotas are allocated for the Medical Unit to perform high-tech operations for residents of 10 districts of the South-East of the Republic of Tatarstan in the fields of cardiovascular surgery, traumatology and orthopedics and neurosurgery, which are successfully implemented.

Within the implementation of the state order on provision of high-tech medical care for residents of the Southeast of the Republic of Tatarstan, funds in the amount of RUB 291.7 million were allocated. The Medical Unit specialists have fulfilled the state order.

For 2018, funds for the implementation of the state task to provide medical treatment to residents of the Southeast of the Republic of Tatarstan were allocated in the amount of RUB 314 million. For 2019, funds for the implementation of the state task to provide HTMC for residents of the South-East of the Republic of Tatarstan were allocated in the amount of RUB 328,9 million. For 2020, an application was submitted for the provision of HTMC for residents of the South-East of the Republic of Tatarstan in the amount of RUB 346.8 million, at the moment RUB 182.7 million have already been allocated. For 2021, a request to provide medical treatment to residents of the Southeast of the Republic of Tatarstan for the amount of RUB 500.27 million was submitted. As of 01.02.2021, funding in the amount of RUB 260.46 million was approved (CHI HTMC, RUB 237.66 million; HTMC paid from the budget of the Republic of Tatarstan, RUB 22.8 million).

Since the opening of the Regional Medical Diagnostic Center in 2008, 2,466 open heart surgeries, 23,264 coronary angiographies, 8,312 stenting of coronary arteries, 1,136 implantation of electric cardio stimulators, 919 radiofrequency ablation surgeries, more than 729 endoprosthesis replacements of large joints as well as more than 9,415 microinvasive surgeries on the anterior and posterior eye segments have already been performed. New effective and minimally invasive surgical treatment using hybrid technologies is being developed and implemented, such as transcatheter aortic valve replacement, installation of stent grafts to eliminate aortic aneurysms, and other vascular and heart surgeries. To date, 102 such operations have been performed. In 2020, 15 cryoablation surgeries in tachysystolic forms of cardiac arrhythmias were performed for the first time. These surgeries have several advantages over radiofrequency ablation, associated with the development of post-surgical complications. These surgeries were carried out jointly with leading Russian specialists from Moscow and Ufa. Hybrid surgeries on the aorta and aortic valve, which is also a major achievement were performed with no proctor support.



“Healthy lives and well-being at all ages”

By becoming an active participant in the UN Global Compact, the Company is integrating the SDG 3 goal “Healthy Lives and Well-being” into its activities.

In 2020, the Board of Directors reviewed the implementation plan and targets for the goal.

The key priorities of work in this area are the development of high-tech medical care for the Company’s employees and the population of the southeast of the Republic of Tatarstan, the effective functioning of the system for the prevention, treatment and rehabilitation of infectious and non-infectious diseases, as well as the “Active Longevity” program.

The implementation of Goal 3 is aimed at increasing labor productivity in the Company, ensuring the uninterrupted operation of enterprises of a continuous cycle and life support, as well as increasing the efficiency of spending in the social area.

To achieve the goal of “Healthy Lives and Well-being”, a roadmap for the program of projects was formed, which provides for the modernization of the work of the health centers of TATNEFT, the construction of a bacteriological laboratory, the creation of a medical information system, measures to reduce industrial injuries, accidents and continuity by managing the technical condition of equipment (the introduction of virtual and augmented reality (VR/AR) simulators, the use of a robotic tank cleaning complex, the use of RFID tags to identify PPE, the use of lifting devices based on an exoskeleton, the introduction of the Smart Helmet PPE), improvement of programs for a healthy lifestyle. TATNEFT has set the task of reducing the number of days of temporary disability of the Company’s employees by 50% by 2030 with an intermediate result of 25% by 2025. When evaluating the effectiveness of investment projects, their impact on the health and well-being of the TATNEFT Group employees will be taken into account.

Implementation of the Green Fitness projects, the Centers for Active Aging, the maintenance and development of professional and amateur sports, in addition to the main focus, also contribute to strengthening relations with stakeholders and have a positive effect on the health of both the Company’s employees and the general population.

According to the roadmap of the “Healthy Lives and Well-being” project program,

- in 2020, the following were implemented: modernization of the program for a healthy lifestyle, increasing the efficiency of interaction with IC “Chulpan” within the framework of voluntary health insurance.
- The following is planned to be implemented in 2021: the construction of a bacteriological laboratory in the medical unit, reducing the frequency of industrial injuries, accidents and ensuring industrial safety through the management of technical state of the equipment, the development of public-private partnerships in health care, increasing the efficiency of interaction with extra-budgetary state funds and state executive bodies, modernization of the work of health centers in TATNEFT, development and implementation of a standard for the provision of affordable high-quality medical services, creation of the Center for Rehabilitation Medicine of the Medical Unit of PJSC TATNEFT and Almet'yevsk on the basis of the “Zdorovye” sanatorium-preventorium.

The Company got the opportunity to access international research and technology, as well as create effective partnerships, including: joining the ASSOCIATION OF SPORT PERFORMANCE CENTERS (the only ones from Russia); conducting training seminars The Institute for Health and Productivity Management (IHPM); introduction of advanced rehabilitation technologies (Institute GUTTMANN) in the area of neurorehabilitation.

Social Partnership

We follow the principles of high corporate responsibility, realizing the importance of social partnership between business and society for the sustainable development of the regions of our activity, strengthening the stable economic infrastructure of the state and meeting global goals for social progress.

The Company makes a large-scale contribution to ensuring favorable conditions and quality of life in the territories of its main activities, implements targeted corporate programs to support healthcare, science, education, preservation of spiritual heritage, culture and sports in the form of social partnership and social investments.

The Company strives to maintain the status of the best employer and the best partner both in its business activity and in interaction with state authorities and administrations, educational, non-profit and public institutions, the local population and society in general.

Forming social programs for the development of health care, science and education, the cultural environment, the preservation of the spiritual heritage, sports, the Company takes into account the social priorities of state policy - the Concept of long-term socio-economic development of the Russian Federation and the Strategy of socio-economic development of the Republic of Tatarstan. A number of corporate programs interacts with national projects.

Social partnership is built based on an effective and transparent system of interaction with all interested parties. All actions taken are consistent and are subject to constant monitoring of their effectiveness.

Principles and Priorities of the Company's Social Policy

When carrying out production activities, the Company interacts with local communities by implementing targeted programs to develop the infrastructure of the territories of its activity and conducting a systematic assessment of the impact on local communities in the field of social and environmental aspects.

When developing and implementing social programs, the Company is guided by the following principles:

EFFICIENCY

The funds spent on the implementation of programs should significantly help in solving problems. The results of programs are subject to regular evaluation and recording.

SIGNIFICANCE

The Company strives to ensure that social programs are as targeted as possible, timely, and meet the urgent needs of society.

CONSISTENCY

Social programs are regular and systematic.

TRANSPARENCY

The Company seeks to develop and implement social programs based on dialogue and cooperation with interested parties.

Priorities of the Company's social policy

By adhering to the principles of high social responsibility, the Company pays special attention to creating a favorable and stable social environment at enterprises and in the regions of presence based on the following priorities:

- Constant improvement of working conditions at production facilities and social infrastructure of the territories of TATNEFT Group enterprises.
- Maintenance of a high-quality system of labor protection and staff health, development of targeted programs for a healthy lifestyle, support of state and municipal health care.
- Contribution to improving the quality of education at all levels.
- Development of a scientific and technological base and innovative infrastructure of the industry and related industries.
- Promotion of a qualitative improvement in the living conditions of staff and the local population, including a comprehensive housing program and corporate mortgage.
- One of the most important areas is a non-state pension provision for employees.

Local communities

Enterprises of TATNEFT Group are city-forming enterprises in most localities of the operation regions. Following the principles of corporate social responsibility, the Company, in collaboration with municipal authorities, implements projects for the improvement of cities and development of the infrastructure of towns, takes part in the construction of socially important facilities, assists in the promotion of education, health, culture, and sports.

Assistance in the economic development of the regions of the Company's operation.

Ensuring budget revenues

The Company is one of the largest taxpayers, providing a stable contribution to state budget revenues, which contributes to the implementation of the state socio-economic policy.

Promoting the development of infrastructure, related industries, industrial complexes

Production activity, investment program and new projects of the Company have a significant impact on the development of industrial infrastructure and related industries, provide an increase in the level of introduction of advanced technologies, digital solutions and general industrialization of the territories of presence of the enterprises of the TATNEFT Group. The Company's investment program includes the expansion of territories and areas of activity, the development of new production assets, the construction of new and modernization of existing production facilities, the formation of a high-quality, socially oriented and environmentally friendly infrastructure for doing business in the regions of operation. The stable demand of TATNEFT for products and services in the regions of operation creates sustainable opportunities for the development of the business of suppliers and contractors of the Company, guarantees jobs and employment of the local population, including in related industries.

The Company gives priority to recruiting local indigenous people.

Small and medium business support

The Company implements a targeted program to support small and medium-sized businesses based on mutually beneficial cooperation. The main forms of such cooperation are the creation of new promising production of goods and services on the basis of the released capacities and economic facilities of the Company. On this basis, we see a real prospect for the development of small and medium-sized businesses in the region and are ready to provide this opportunity to interested parties by leasing or selling the vacated production facilities.

Today, the region has all the necessary conditions for the development of small and medium-sized businesses: a developed network of banking services, leasing and consulting companies are operating, the population's solvency is growing. The entrepreneur's idea is the missing link against this background. Fresh thoughtful ideas for the development of new industries and the provision of services are a real prospect for enterprising entrepreneurs.

The Company develops the Idea-South-East Innovation and Production Technopark, **Alabuga-2. Petrochemistry**, created in 2004 in Leninogorsk for promoting the development of small and medium-sized businesses in the southeast of the Republic of Tatarstan.

On this well-equipped territory with a well-established infrastructure, there are premises designed to accommodate offices and production facilities.

One of the main tasks of the Company is to create optimal conditions for organizing and developing business on the territory of the Technopark. today, representative offices and production facilities of 40 enterprises are located on the territory of the Technopark.

Technopark is valid a member of the Association of Industrial Parks, a member of the Association of Enterprises and

Industrialists of the Republic of Tatarstan, a member of SRO Association of Builders of the Republic of Tatarstan. In November 2017, IPT “Idea-Yugo-Vostok” was accredited by the Ministry of Economy of the Republic of Tatarstan. [More information about the Technopark.](#)

Promoting an inclusive environment for people with disabilities and vulnerable groups

The Company strives to develop an inclusive environment for people with disabilities in the workplace and in the infrastructure of cities and towns.

More than 300 people with disabilities work at the enterprises of the Company, incl. with specially equipped working conditions. We equip our administrative buildings and a number of production facilities with ramps where people with disabilities are allowed to work.

Work on the development of educational opportunities for people with disabilities, starting from a young age, is as a separate dedicated area. As part of the implementation of SDG 4 “Quality Education”, it is planned to launch a program to support children, parents, teachers and educators to create conditions for the education of children with disabilities, incl. in remote settlements in the regions where the Company operates.

The Company takes part in the Program of the Republic of Tatarstan to support the employment of the unemployed. In the context of the pandemic, 50 jobs were specially created to ensure safety conditions.

TATNEFT CHARITABLE FOUNDATION

The TATNEFT Charitable Foundation was created with the aim of implementing social projects of the Company related to supporting education, culture, scientific creativity, sports, and providing material assistance to various categories of the population. In 2018, the management of PJSC TATNEFT decided to consolidate the activities of the existing charitable foundations Gifted Children, Rukhiyat, Miloserdie and Tazalyk into a single “Tatneft Charitable Foundation”. These foundations were established in different periods for the implementation of social projects of the Company related to the support of education, culture, scientific creativity, sports, provision of material assistance to various categories of the population.

Powered by the Foundation, a unified center of responsibility for the implementation of charity programs of the TATNEFT Group is being formed.

The scope of social investments of the TATNEFT Group via corporate charitable foundations (until 2018, *Miloserdie*, *Ruhiyat*, *Tazalyk*, and *Gifted Children*) for 1998-2020 exceeds RUB 8.3 billion. This includes targeted assistance to citizens, including the improvement of the financial situation of the poor, social rehabilitation of the unemployed, people with disabilities, and other persons, support for education, science, culture, art and publishing, physical culture and mass sports, public health prevention and protection, and environmental efforts.

In 2020, the social investments totaled more than RUB 2.8 billion. Additional contributions from third-party legal entities and private patrons exceeded RUB 276 million.

Despite all the challenges for the Company's economic and social security, the Republic of Tatarstan, and the country as a whole, the Foundation has not only implemented the main activities of the program but also adapted to the current challenges of the time. In a short time, the foundation was reoriented to the implementation of current tasks:

1. Assistance to medical institutions, municipalities, and state authorities. In total, the Company donated over RUB 210 million worth of personal protective equipment, consumables, and other assistance through the foundation.
2. Implementation of the Kits of Goodness charity campaign, during which 22.5 thousand food packages were formed and distributed among low-income segments of the population of the Republic of Tatarstan.
3. To create conditions for distance learning of schoolchildren from large and low-income families, over 300 units of equipment were collected and distributed. These included computers, tablets, smartphones, etc.
4. Together with the Quantorium technopark, the production of personal protective equipment on 3D printers was launched. In total, more than 5,000 protective screens and more than 1,000 respirators were manufactured. In addition, the foundation supported initiative volunteers from Kazan (3D makers), who printed out more than 2,500 protective screens on their 3D printers and handed them over to medical institutions in the capital of the Republic of Tatarstan.

Work continued on the main programs and significant social projects.

Under the Miloserdie program, targeted assistance is provided to veterans and people with disabilities, low-income families, foster children, orphan students, and citizens who encountered difficult situation. The Company supports nonprofit organizations. In total, more than **42,600** individuals and **380** legal entities received targeted charitable assistance exceeding RUB 2.5 billion in 2020.

Every year, the perimeter of the Foundation's responsibility is expanded, and the system of planning and accounting for the use of funds allocated to charity is improved. The Company has developed regulations for the consideration of incoming requests from individuals and legal entities. A special committee vested with the required powers has been established to make decisions.

The charitable foundation interacts with foundations on projects for the most vulnerable segments of the population related to the treatment of children:

- Together with Rusfond, TATNEFT is implementing a project to form the Volga Region Register of Potential Bone Marrow Donors (a program of targeted assistance to children of Tatarstan).
- A similar joint project is being implemented with Chulpan Khamatova's Podari Zhizn foundation which provides targeted assistance to children from Tatarstan in the treatment of cancer.

In addition, support has been provided to the Science for Children Foundation's project "Search for Molecular Genetic Markers for Early Diagnosis of Predisposition to Tumor Diseases."

[More information about the Foundation.](#)

Public Council

The Company practices Public Councils to improve the efficient interaction with the stakeholders, including the awareness level of stakeholders on socially important aspects of the TATNEFT Group's activities and the feedback effectiveness.

The Public Council is a collegial body with the participation of the top management of the Company and representatives of the public concerned, such as leaders of civil associations and trade unions, industry experts, media representatives, and the local population.

The Public Council brings together the stakeholders to discuss topical issues and further develop the Company solutions required. The Company lays special emphasis on building inclusiveness of local people in the social policy of the Company. In order to ensure direct contact with stakeholders, N.U. Maganov, General Director of PJSC TATNEFT, is member of the Public Council.

The Public Council work in 2019-2020 has been devoted to socially important infrastructure projects of the Company in healthcare and education.

Development projects of the TATNEFT Medical Treatment Facility and a new campus of the higher education institution of Almetyevsk State Petroleum Institute were submitted for discussion. During the discussion, constructive proposals were developed taking into account the proposals received from the participants in the public discussion.

At a meeting of the Public Council of TATNEFT on the development of health care in Almetyevsk and the South-East of the Republic of Tatarstan, decisions were made to implement the following projects: construction of a maternity hospital with a perinatal center, creation of a unified system for routing patients to medical institutions in Almetyevsk, creation of a unified medical information system. In the South-East of Tatarstan, the tasks of the education system for the provision of personnel, the development of infrastructure and technologies will also be solved with the participation of PJSC TATNEFT. The Company intends to develop a program for the development of preschool and school education for the next five to six years.

Public councils enable the Company to get more precise information on the demand and expectations of the social environment, more efficiently distribute the corporate resources in implementation of the social policy, and also increase the stakeholders' awareness level about the activities of TATNEFT Group.

Important statements

This Report contains forward-looking statements regarding the financial condition, operating and performance results of the TATNEFT Group. Such statements include, inter alia, plans, tasks, and forecasts of production, including those relating to the output, products, and services, economic, and financial indicators, information concerning anticipated or expected income, profit (loss), net profit (loss) in respect of shares, dividends, capital structure, and other indicators and ratios as well as statements concerning the prerequisites, on which we base our statements. All statements, other than statements of historical facts, are or may be considered as forecast statements. Forward-looking statements are statements of future expectations that are based on the management's current expectations and assumptions and include known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements regarding the Company's potential exposure to market risks and statements expressing the expectations, beliefs, estimates, forecasts, projections and assumptions of the management. These statements are accompanied by the wordings "is expected," "intends," "is planned," "will," "strives," "is projected," "is forecast," "ambition", etc.

Due to their specific nature, the statements about future are subject to inherent risk and uncertainties, both general and specific. There is a risk that future actual results may differ materially from plans, goals, expectations, estimates and intentions expressed in such statements or may not be realized due to a number of different factors of economic, financial, political, social, legal aspects that are outside of the Company's control, including factors that may affect future operations of the Company. (See "Risk Factors" further in the Annual Report.) Forward-looking statements cannot be the basis for making investment decisions. Each forward-looking statement corresponds only to the date of this Report. Neither the Company nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or other information. Except for financial statements, the text of the Report may contain errors in the calculation of shares, percentages, amounts due to rounding the calculated indicators. The data presented in this Report may differ slightly from the data published previously due to the difference in rounded figures.

Basic terms

Basic terms and concepts in the field of sustainable development

They are applied in this Report in accordance with the GRI Standard Sustainability Reporting Guidelines.

Aspect is a list of topics of sustainable development of the Company covered by this Report.

Impact: in this Report, the term “impact” means the significant economic, environmental and social impact of the Company.

The United Nations Global Compact (UNGC) is an international initiative to transform business in favor of society, nature and the future of the planet and to mobilize the global movement for corporate social responsibility and sustainable development.

Aspect Disclosure Border is used to describe the scope of each significant Aspect. When defining the Aspect Disclosure Borders, the Company seeks to take into account the impact it has both on the Company itself and beyond as a result of the Company's activities towards the environment, social environment, as well as compliance with best corporate governance practices and ethical standards.

Stakeholders are organizations or persons that, according to reasonable expectations, may be significantly influenced by the activities, products and/or services of the Company, and whose actions, according to reasonable expectations, within the framework of the rights established by law and/or international conventions, may affect the ability of the Company to successfully implement its strategy and achieve its goals. Stakeholders are those who contributed to the Company (employees, shareholders and suppliers) and those who have a different relationship with it (local people, various groups of civil society).

Corporate governance is a system of relations between the management of the Company, its Board of Directors, shareholders and other stakeholders, which is the basis for determining the goals of the Company, as well as the means to achieve these goals and ways to control activities.

General Standard Disclosures shall mean a description of reporting organization and process.

Responsible investment is a concept defined by the UN Initiatives on Responsible Investment Principles (UNPRI), the basic system-forming approaches aimed at creating mechanisms for sustainable business development, ensuring the reliability and efficiency of investments.

Sustainability Report is a cumulative determination of the materiality of the Aspects and indicators, their consolidation, analysis and presentation based on a balance of financial, production, social and environmental components of the Company's activities, generally reflecting the Company's activities, principles and mechanisms for taking into account the interests of a wide range of stakeholders, and interaction management in solving problems important to the Company and society.

Coverage is the aggregate of Aspects included in the Report.

OECD and G20 Corporate Governance Principles are a set of requirements for the institutional, legal, regulatory aspects of company policymaking and practical recommendations for their application at the national level for countries at different stages of development, characterized by different legal systems. Compliance with the OECD and G 20 Principles is recognized by the world community as the key to sustainable financial and economic development, efficiency, creating transparency in business activities, and stimulating long-term investments. The Principles are aimed at ensuring high quality corporate governance standards and their compliance with the latest changes in the financial and corporate sectors.

Sustainability Reporting Guide of the Global Reporting Initiative (GRI) is the standard that includes indicators characterizing the profile of the company and its management approaches, and specific quantitative indicators with a description of their calculation methodology. Indicators are grouped into three key categories: economical (including

corporate governance), environmental, and social. The Global Sustainability Standards Board (GSSB) has released five generations of GRI standards, the latest version was released in 2016. The current version of the Guide is G4. GRI aims to ensure disclosure to all stakeholders of the quality of sustainable development management and, at the internal level, to identify the parties to the Company's activities that require improvement.

Specific standard reporting elements shall mean information on the management and performance of the Company, related to significant Aspects.

Significant Aspects are the aspects reflecting the significant economic, environmental and social impact of the Company or having a significant impact on the estimates and decisions of stakeholders. The Company determines the materiality of the Aspect based on a qualitative analysis, quantitative assessment and discussion.

Sustainable development is the concept of development of the world community, put forward by the UN at the World Summit in Rio de Janeiro in 1992. Sustainable development refers to the development of society in which the needs of current generations are met without compromising the ability of future generations to meet their needs.

Sustainable Development Goals – 2030 (SDGs) are the goals adopted in 2015 by the UN General Assembly until 2030. The UN document contains 17 global goals, each of which includes indicators that must be achieved within 15 years as a result of joint efforts of governments, the private sector, civil society. The Russian Federation is participating in the implementation of the SDGs (Report of the Analytical Center under the Government of the Russian Federation (["UN Sustainable Development Goals and Russia"](#))). The SDGs are set symmetrically by socially-oriented companies.

List of abbreviations

The designations “PJSC TATNEFT”, “TATNEFT Group”, “Group”, “Tatneft”, “Company”, “we” and “our” used in the text of this Report are considered to be equivalent and refer to the TATNEFT Group as a whole, PJSC TATNEFT and/or its subsidiaries, depending on the context.

AGFS	Autogas Fueling Station
ASPI	Almetyevsk State Petroleum Institute
GS	Gas Station
JSC	Joint Stock Company
EU	European Union
UNECE	United Nations Economic Commission for Europe
KFU	Kazan (Volga Region) Federal University
R&D	Research and Development
NPF	Non-State Pension Fund
STC	Science and Technology Center
UNO	United Nations Organizations
NCA	Nature Conservation Area
PO	Pilot Operations
OECD	Organization for Economic Cooperation and Development
SEZ	Special Economic Zone
APG	Associated Petroleum Gas
VSST	Vertical Stainless Steel Tank
RYSO	Regional Youth Social Organization
RT	Republic of Tatarstan
RF	Russian Federation
ISMS	Industrial Safety Management System
MC	Management Company
LHVR	Light Hydrocarbon Vapor Recovery
CDH	Central District Hospital
PTC	Personnel Training Center

Contact information

The Public Joint Stock Company TATNEFT named after V.D. Shashin (hereinafter referred to as the "Company") has been established pursuant to the Decree of the President of the Republic of Tatarstan "On transformation of State-Owned Enterprises, Organizations and Associations into Joint Stock Companies" No.UP-466 issued on September 26, 1992, and the Law of the Republic of Tatarstan "On transformation of state-owned and communal property in the Republic of Tatarstan (denationalization and privatization)" of February 05, 1992 No. 1403-XII.

The Company was established in January 1994 for an indefinite period.

The Company is registered by the Ministry of Finance of the Republic of Tatarstan (registration No. 632 dated January 21, 1994).

REGISTERED ADDRESS AND HEAD OFFICE

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

Tel.: +7 (8553) 30–75–68

REPRESENTATIVE OFFICE IN MOSCOW

17 Tverskoy Boulevard, Moscow, 123104 Russian
Federation

Tel.: +7 (495) 937–55–78

REPRESENTATIVE OFFICE IN KAZAN

71 Karla Marksa Street, Kazan, Republic of Tatarstan,
Russian Federation

Tel.: +7 (843) 533–83–12

INFORMATION DISCLOSURE SERVICE

Office of the Corporate Secretary

**Tel.: +7 (8553) 37–61–01,
+7 (8553) 37–30–03**

COMPANY WEB-SITE

Тел.: <http://www.tatneft.ru>

AUDITOR OF THE COMPANY'S FINANCIAL STATEMENTS ACCORDING TO RUSSIAN AND INTERNATIONAL STANDARDS

**Joint Stock Company PricewaterhouseCoopers
Audit**

White Square Business Center, 10 Butyrsky Val Street,
Moscow, 125047 Russian Federation

Tel.: +7 (495) 967–60–00

COMPANY'S REGISTRAR

LLC Euro-Asian Registrar

10 Mira Street, Almetyevsk, Republic of Tatarstan, 423450
Russian Federation

Tel.: +7 (8553) 22–10–88

REPORT PREPARATION TEAM

A.M. Alparova
A.F. Alchinov
R.N. Abdullin
R.R. Gaifullina
D.M. Gamirov
V.K. Gataullin
A.A. Glazkov
Yu.V. Zemlyakova
V.A. Karpov
D.V. Kurochkin
T.G. Malakhova
O.M. Matveev
R.N. Mukhamadeev
I.I. Salakhov
N.Z. Syubaev
A.G. Khabibrakhmanov
O.A. Sharagina