# Partners **for growth**

INTEGRATED
REPORT 2021
PJSC SIBUR HOLDING

(Short version)

SIBUR

# Contents



## About the Report

This report includes the key results of PJSC SIBUR Holding[1] and its subsidiaries (hereinafter – SIBUR, the Group or the company") from 1 January to 31 December 2021 in the field of sustainable development. The report also outlines the events of Q1 2022 that had the most significant impact on the company's performance. Legal entities included in the perimeter of the Report are listed in ESG-database.

Main lines of SIBUR business and performance results in the economic, environmental and social spheres are described in the integrated report based on:

- Global Reporting Initiative Standards (hereinafter the GRI Standards) as “main” option disclosure;
- Provisions of the Sustainability Accounting Standards Board (SASB);
- Task Force on Climate-Related Financial Disclosures (TCFD);
- The UN Sustainable Development Goals (SDG);
- Social Charter of Russian Business, requests of analytical and rating agencies, disclosure of information as part of the relevant tasks in terms of target UN SDGs;
- UN Global Compact principles.

The integrated report has undergone public assurance at the Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs (RSPP) and an independent review in accordance with International Standard on Assurance Engagements (ISAE) 3000 in terms of the sustainable development information disclosed in the Report. Sustainable development information that has been assured is marked by the symbol “✓”. This report is a short version of the integrated report.

[1] The company is registered in Tobolsk, the headquarter is located in Moscow.

# Exploring opportunities in chemistry


# ABOUT SIBUR

## CONTENTS

# Group Profile

**SIBUR is creating demanded raw materials from by-products of oil and gas extraction used in all key sectors of economy: olefins (ethylene and propylene), polyolefins (polyethylene (PE) and polypropylene (PP)), other plastics, elastomers, etc.**

SIBUR's business comprises three operating segments, two of which are petrochemical:

- midstream;
- olefins and polyolefins;
- plastics, elastomers and intermediate products.

SIBUR is an integral part of today's economy and we acknowledge our commitment to improve people's lives by adapting to their needs and promoting sustainable business development.

## OUR VALUES

- One team
- Mutual respect
- Getting better every day
- Smart results
- Partnership
- Uncompromising safety

## KEY STRATEGIC DIRECTIONS OF SIBUR'S DEVELOPMENT

1. Expansion of the production base in the petrochemical industry
2. Further operational excellence improvement
3. Focus on sustainability





## Leading Integrated Petrochemical company

### MAJOR RUSSIAN PETROCHEMICAL PRODUCER

and one of the most dynamically developing companies in the global oil and gas chemical industry

### UNIQUE INFRASTRUCTURE

for hydrocarbons processing and transportation

### AVAILABLE RAW MATERIALS BASE AS COMPETITIVE ADVANTAGE

due to the strategic location of assets in Western Siberia, the Russia's richest region in terms of oil and gas reserves

### SIBUR AND TAIF MERGER

will allow the company to become one of the global leaders in polyolefins and rubber production

**2,799**

### KM

length of pipeline network

# Business Model

Unique asset base, in-depth integration of petrochemical business with gas refineries and well-developed transportation infrastructure ensure business resilience to volatility in the raw materials and currency markets compared to key competitors, expanding the opportunities to create value for a wide range of stakeholders, including employees of the Company, members of the Board of Directors, top management, investors, banks and financial institutions, business partners and suppliers, clients, NGOs, residents in the cities of presence, authorities and rating agencies.

| Equity | Resources | Achievements and results • 2021 |
|---|---|---|
| **HUMAN –**<br>**occupational health and safety, personnel development, equity and human rights** | **44,358 thousand**[1] – average headcount<br>**RUB 1.7 bln** – OHS investments<br>**>700 internal trainers** conduct trainings for personnel | **Golden Employer award** in the category "Employees and Companies" of the Forbes rating of the Russian best employers<br>**76%** – employee engagement<br>**0 fatalities**<br>**0.23** – LTIF[3] among employees and contractors<br>**3,178 new employees** in 2021<br>**70 training hours** per employee per year<br>**Diversity and Inclusion Policy developed**<br>**33.0%** – women's share in the company<br>**11.2%** – turnover rate |
| **SOCIAL AND REPUTATIONAL –**<br>**supporting local communities and promoting responsible waste management and plastic processing** | **5 countries and 31 cities** of presence<br>**Participation in 6 national projects**<br>**Circular economy development**<br>**2,285** key suppliers<br>**1.8 thousand** customers | **16 cities of SIBUR presence** has been covered by the Formula for Good Deeds program since 2016<br>**40%** – share of purchases from local suppliers<br>**RUB 524 mln** investments in social initiatives<br>**28%** employees participate in volunteer and socially important projects<br>**85%** – customer satisfaction index (CSI) |
| **ENVIRONMENTAL –**<br>**resource usage efficiency and raw material sustainability** | **221.6 mln GJ**[2] – total energy consumption<br>**1,53 m³/t**[2] specific water consumption<br>**RUB 5.1 bln**[2] spent on environmental protection<br>**5,216 announcements** submitted to the Reactor platform | **41 functional environmental expert reviews** performed for new and reconstructed projects<br>Processing APG during 18 years allowed SIBUR prevent **>1 bln tons of $CO_2$ equivalent** emissions<br>**Indirect GHG emissions** decreased **by 0.2%** compared to 2020<br>**8,665 users** of the Reactor platform |
| **PRODUCTION / OPERATIONAL –**<br>**reducing the environmental impact and use of processed raw materials for production purposes** | **Russia's largest** integrated infrastructure for transportation and processing of raw materials<br>**Up-to-date** production facilities<br>**Portfolio of projects** with annual potential of using >200 thousand tons of processed raw materials for production purposes by 2030 | Establishment of **a consolidated company** with TAIF Group under the management of SIBUR<br>**Launch of green granules production** under the Vivilen brand<br>**Launch of sectoral sales structures:** construction, medicine, packaging and transport<br>**Opening of the first carbon landfill** in Tyumen region in Russia<br>**Installation of photovoltaic modules** of a solar power plant at POLIEF |
| **FINANCIAL –**<br>**ESG financing instruments** | **Largest** investment program<br>**SIBUR first ESG loan** linked to the achievement of the 2025 Sustainable Development Strategy goals | **Ensuring the financial** stability of the company<br>**Creating additional value** for shareholders and investors |
| **INTELLECTUAL –**<br>**innovation for the introduction of circular economy principles** | **8 research centers** and **~250 core employees**<br>**USD 2,049 mln** – R&D expenses drive innovation, efficiency and sustainability<br>**RUB 76.9 mln** – investments in plastic recycling R&D projects | **Over 150 projects** in SIBUR R&D portfolio in 2021 |

[1] 2021 metrics are given for the united company: the historical perimeter and production sites of the Republic of Tatarstan in Q4. For more information see ESG-database.
[2] The indicator is based on the historical perimeter. For more information see ESG-database.
[3] Lost time injury frequency rate.

# Geography of Presence

SIBUR sells its products on various markets, changing the direction of its sales policy depending on the situation in the global demand. The company's products are used in more than 10 economic sectors, including agriculture, construction, food industry, medicine and pharmaceuticals, automotive industry, and mining.


**100**

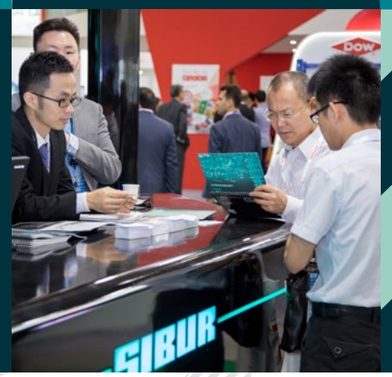
COUNTRIES

included in the geography of sales

**6**

FOREIGN OFFICES

supporting export sales




**LEGEND**

- Business support services
- Plastics, elastomers and intermediate products
- Olefins and polyolefins
- R&D
- Gas processing and infrastructure
- (1) Number of production sites

# Growth strategy and investments

## TAIF Group

In 2021 SIBUR and TAIF signed an agreement to establish a united company. The company received a large-scale synergy effect through diversification of its raw material base, optimization of distribution and logistics, R&D development, as well as improvement of operating efficiency of its assets.

TAIF owns a unique product portfolio and technologies which, in combination with SIBUR's competences, help significantly strengthen the position of Russian petrochemistry in the global market.

**APRIL 2021**

**SIBUR and TAIF announced the signing of an agreement on the intention to combine their petrochemical businesses**. Under the terms of the agreement TAIF shareholders would receive 15% of SIBUR's shares in exchange for 50% + 1 share of TAIF, SIBUR would hold an option to call the remaining stake in TAIF

**MAY 2021**

**The Board of Directors of SIBUR approves** the issue of additional shares for the transaction with TAIF

**JULY 2021**

**Federal Antimonopoly Service of Russia approves** the merger

**OCTOBER 4, 2021**

**Closing of the transaction on the merger** of the petrochemical and energy assets of SIBUR and TAIF

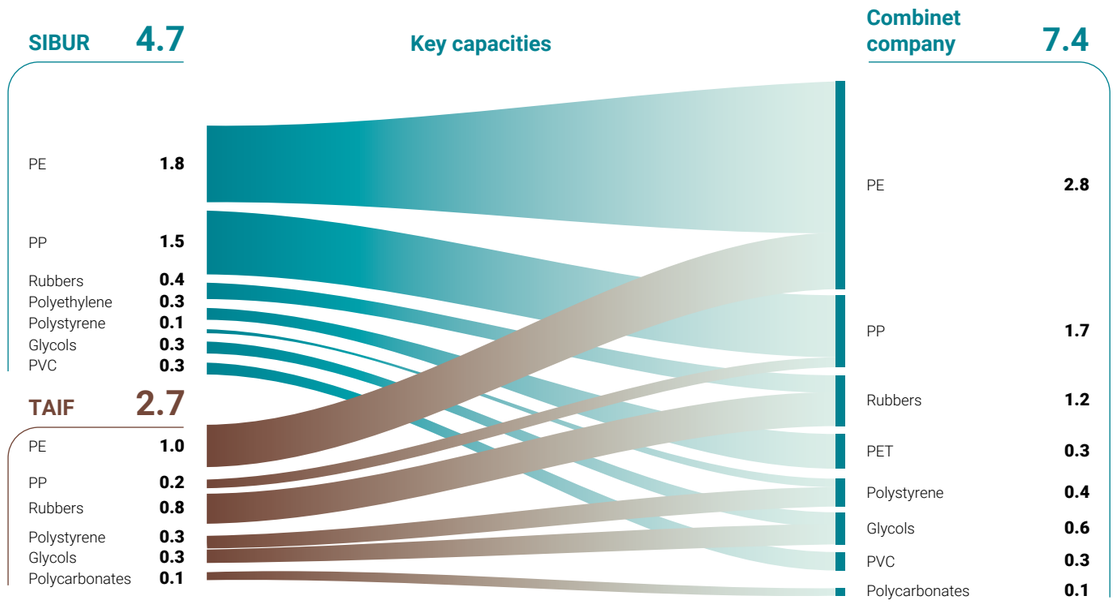
**OCTOBER 1, 2021**

**The European Commission approves** the merger

**SEPTEMBER 2021**

**SIBUR and TAIF announced the signing of a binding agreement on the final terms** under which SIBUR accelerates its call option and buys the remaining stake in TAIF in exchange for the exchange-traded bonds issued in favor of TAIF shareholders

**SIBUR and TAIF's complementary product portfolios** • mln tons




## Key investment projects

### AIRPORT CONSTRUCTION IN TOBOLSK

At the end of 2021, SIBUR, with the support of the Tyumen Region Government, completed the construction of the new Remezov Airport in Tobolsk.


**>5**
UNITS
Runway smoothness rate (the Russian average is three)

**380**
PEOPLE/HOUR
Terminal capacity

**2**
YEARS
Record-short construction period

**2,400**
M
Runway length

**>832**
UNITS OF EQUIPMENT

**90%**
of design materials are made from SIBUR polymers

### ADVANCED PRODUCTION: ETHYLENE COMPLEX IN NIZHNEKAMSK

The new olefin production complex (EP-600) is a new state-of-the-art ethylene complex. Its launch will help ramp up Russian ethylene capacities significantly, covering growing domestic demand and offsetting reduced imports of derivatives.

The EP-600 project is included in the Socio-Economic Development Strategy of the Republic of Tatarstan to 2030, and is also part of the long-term development strategy for chemical and petrochemical facilities in Russia to 2030.

The construction is scheduled to be completed by the end of 2022, and production startup is scheduled for mid-2023.

**>600**
NEW JOBS
are planned to be created at the operation stage

### THE FUTURE IS IN THE EAST: AMUR GCC

In 2021, SIBUR continued its investment project to construct the Amur Gas Chemical Complex (AGCC), a joint venture between SIBUR and Sinopec.

The progress was about 30% at the end of 2021.

**UP TO 1,000**
NEW JOBS
are planned to be created at the operation stage

### COOPERATION IN KAZAKHSTAN: INTEGRATED GAS CHEMICAL COMPLEX

In October 2021, SIBUR, Samruk-Kazyna National Welfare Fund and KazMunayGas signed the basic terms of cooperation on oil and gas chemical projects in the special economic zone National Industrial Petrochemical Technopark in Atyrau. The final investment decision on the polyethylene plant project is planned to be made by the end of 2023.

To implement the project of the polypropylene and polyethylene production, KPI and Silleno were established, respectively. SIBUR will act as a distributor of finished products of the enterprises intended for external markets.

The new facilities will drive the growth in domestic consumption of polymer products in Kazakhstan and other EAEU countries and bolster exports of products with high added value.

# SIBUR – a sustainable company

**KEY RESULTS • 2021**[1]

**APPROVAL OF UPDATED**
2025 Sustainable Development Strategy

**APPROVAL OF CIRCULAR ECONOMY**
and Climate Impact Reduction Policy

**PRESENTATION OF VIVILEN BRAND –**
a decision was made to produce eco-friendly plastic packaging

**~150**
TONS
of products incorporating recyclables

**8,655**
USERS
use SIBUR's own Reactor electronic platform for trading in recyclable materials

**17**
PRODUCTS
have been impact assessed across the entire value chain

**81.4%**
increase in investments into R&D related to involvement of recyclables and bio feedstock into production increased (compared to 2019)

## Sustainability product portfolio

SIBUR's sustainable development management rests upon circular economy development (hereinafter – CE). The company strives to expand best CE practices, promoting responsible management of polymer waste.

**IMPLEMENTATION OF SUSTAINABLE DEVELOPMENT PROJECTS**

In 2021 the company developed four PE and PP grades incorporating recyclables for various applications.

One of our innovation products is Vivilen brand – an eco-friendly solution with consistent quality. This is a mixture of high-quality primary raw materials and recycled polymers.

[1] The key results are based on the historical perimeter.





**GEMENT OF IMPACT THROUGHOUT LIFECYCLE**

**R&D: technologies and solutions for the transition to circular economy principles throughout the entire value chain**

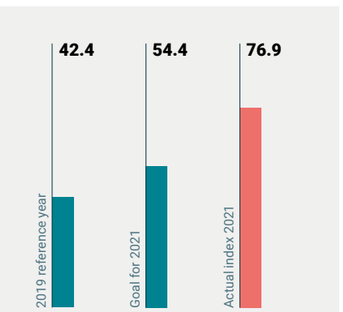
**Supply chain**
- Preventing anthropogenic emissions by processing by-products from oil and gas production
- CSR requirements for suppliers, supplier training
- Supplier evaluation against ESG criteria
- "Greening" the logistics chain

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

**Product**
- Product quality control
- Improving product recyclability
- Products containing bio feedstocks and $CO_2$
  - Bio feedstock
  - Products from captured $CO_2$
- Products containing recycled raw materials
  - PP and PE compounds
  - PET with recycled materials

**Customers and partners**
- Joint formulation development
- Facilitating recyclability of polymer waste
- Reactor: SIBUR's online platform for trading in recyclable materials
- Reactor: SIBUR's online platform for trading in recyclable materials


**INVESTMENTS INTO R&D PROJECTS ON POLYMER RECYCLING AND USE OF RENEWABLE RAW MATERIALS •**
RUB mln



## SIBUR'S SUSTAINABLE PRODUCTS

| Product | Application | Contribution to sustainable development | Contribution to SDGs |
|---|---|---|---|
| **General-purpose polystyrene** | The product is used to produce extruded polystyrene (heat insulation type) | This material's characteristic properties include durability, elasticity, abrasive resistance; environmental and biological safety.<br>Complete thermal insulation of a 4-storied 2-section building reduces $CO_2$ emissions by 60 tons per year | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION |
| **Polystyrene foam** | The product is used to produce foam plastic (type of polymer heat insulation) | Products from polystyrene foam have higher thermal insulating properties compared to traditional construction and insulation materials | 7 AFFORDABLE AND CLEAN ENERGY |
| **Thermoelastoplasts (TEPs)** | TEPs are used in road construction and roofing | TEPs' characteristic properties are recyclability, nontoxicity and a quite long operational period. Their use significantly increases pavement and roof coatings' service life | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION |
| **Tire rubber** | The product is used for tire manufacturing | Together with global leading tire manufacturers the company works on joint sustainable development projects | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Dioctyl terephthalate (DOTP)** | The product is used to produce soft cable compounds, vinyl wallpaper, PVC of flooring materials, medical products, children's PVC-toys and more | DOTP is a new-generation plasticizer which meets all current safety and environmental requirements. | 3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Polyethylene (PE) Polypropylene (PP)** | These products are used to produce polymer pipes | The use of polymer pipes has a combined effect onto reduction of GHG emissions throughout the whole lifecycle due to low carbon footprint of feedstock and finished product production, transportation, long service life (100 years compared to 20-30 years for steel pipes), significant reduction of construction and assembly works' scope and duration, high energy efficiency (energy consumption to overcome pressure loss is from 3 to 6 times less), joint tightness, high resistance to corrosion, freezing, hydro abrasive wear and water hammer). | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION |

## Ensuring sustainability and quality of products

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

**100%**

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

### Incorporation of Polymers in Recycling

Recycling of polymer waste reduces $CO_2$ compared to producing the same mass of plastics from primary raw materials.

### SIBUR'S DEVELOPMENT RECOGNIZED AS ONE OF THE BEST RUSSIAN DEVELOPMENTS OF THE 21 CENTURY

Based on the results of popular vote, an additive developed by SIBUR to prolong the life time of polymers, was included in the list of top-10 greatest Russian developments of the 21 century.


### GREEN GRANULES PROJECT

In 2021 SIBUR's POLIEF site in Blagoveshchensk, Republic of Bashkortostan, continued implementation of a project on production of green PET granules incorporating recycled materials. The technology helps reduce specific GHG emissions per ton of finished products and shows the principle of circular economy in action. The green granule produced by POLIEF will contain 25% of recycled raw materials and will comply with the highest regulatory requirements.

## Promotion of Circular-Economy Principles

### Development of the Reactor project

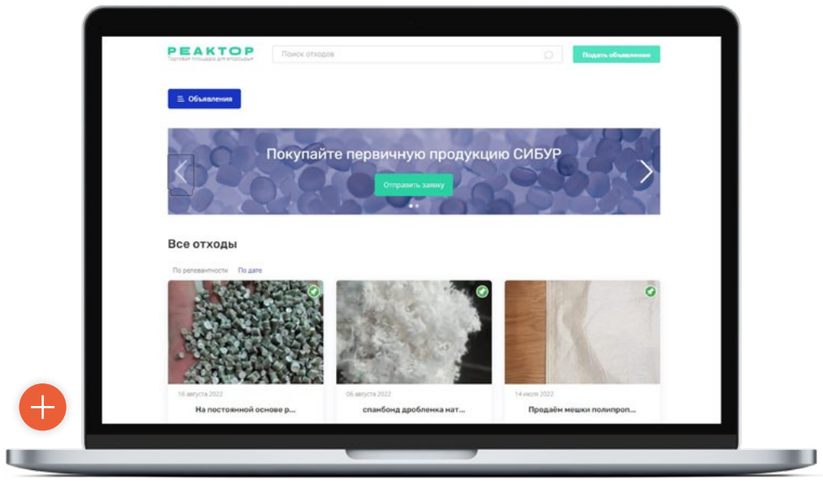
In 2021 the Reactor electronic trading platform for recyclable raw materials continued its development.

**REACTOR PROJECT • 2021**

**5,216**
ANNOUNCEMENTS

**8,665**
USERS

RUB **11.4**
MLN
the total effect from the sale of waste




### Projects and Initiatives to Promote Circular Economy Principles

**CLEAN STADIUM**

Jointly with the Russian Football Union at training camps and matches of the national team and their further recycling and implementation of efficient waste management principles.

**PLASTIC, GIVE UP**

A pilot project on reverse vending machines for collecting used plastic packaging items in Nizhnekamsk. As part of Plastic, Give Up! initiative schoolchildren compete in bringing plastic bottles for recycling and get prizes for this.

**PLASTIC – RESOURCE, NOT WASTE ECO-PROJECT**

A joint environmental project to develop recycling for guest accessories and to reduce waste in Azimut hotels. SIBUR developed formulations for the production of cosmetics and hotel accessories using recyclable alternatives.

**CIRCULARITY SCHOOL**

A joint project with the HSE University on training in sustainable design and plastic recycling.

## Responsible supply chain

In 2021 SIBUR introduced a SAP questionnaire and tender procedures in order to make up suppliers' ESG-ratings. A webinar on sustainable development was held for suppliers. Besides, some aspects related to sustainable development are now included into supplier audits.

**32%**
of key suppliers were evaluated based on the following criteria: environment, labor and human rights, ethics, sustainable development

SIBUR STARTED USING A TECHNOLOGY FOR TRACKING
the sources of recycled raw materials it uses

# Digital transformation and innovation

**KEY RESULTS • 2021**[1]

>RUB **11** BLN
the combined effect of optimization and digitalization of end-to-end processes

>RUB **4** BLN
the effect from introduction on digital tools

RUB **2,049** MLN
R&D investments

**5**
THOUSAND
users use Mobile Rounds and Maintenance app

**43**
PRODUCTION SITES
are equipped with improved process management systems

**>2.5**
THOUSAND
IIoT[2] sensors are installed at SIBUR's plants

**>92%**
is the coverage by automated process control systems

**5** R&D
ENTERPRISES
use unmanned aerial vehicles

**294** R&D
PATENTS
actual number of current patents for the historical period as at the end of 2021 (121 patent at production sites in the Republic of Tatarstan in Q4)

Digital transformation focuses on optimization of production and business processes. The most efficient projects in terms of economic effect were projects in the order-to-cash (O2C) process, the plan-to-produce (P2P) process and source-to-pay (S2P) process.

In 2021 two SIBUR's digital products entered external market of digital solutions: a complex of industrial IoT and an augmented reality (AR) platform.

SIBUR has five own R&D centers that implement projects and form the research base of SIBUR. In 2021 there was a significant expansion of R&D project portfolio as part integration of the company: currently the portfolio features over 150 projects.

[1] The key results are based on the historical perimeter.
[2] IIoT – Industrial Internet of Things.

# ESG Ratings

**IN 2021 THE COMPANY MAINTAINED ITS HIGH POSITIONS IN KEY ESG RATINGS**

**BBB**
POSITION IMPROVEMENT
(2020 – BB)

MSCI

**B**
MAINTAINING THE POSITION
(2020 – B)

CDP

UP TO **17.2**
In 2022 the risk profile decreased (vs. 19.2 in 2021)

SIBUR RANKED AMONG **TOP-8**
companies of the global chemical industry and among 1% of companies of "Base chemistry" group with the lowest level of ESG-risks

MORNINGSTAR | SUSTAINALYTICS

**68**
SCORE
(as of April 2022)

ecovadis

**10th**
POSITION

RAEX EXPERT RA RATING AGENTUR EUROPE





# Membership in organizations and associations

**AS OF THE END OF 2021 SIBUR IS A MEMBER OF THE FOLLOWING ORGANIZATIONS:**

- Russian Chemists Union (RCU);
- Russian Union of Industrialists and Entrepreneurs (RSPP);
- Association of Expanded Polystyrene Manufacturers (AEPM);
- European Chemical Industry Council (CEFIC);
- ICCA Responsible Care;
- PlasticsEurope (Association of European polymer producers) and Operation Clean Sweep initiative;
- World Plastics Council;
- Petcore Europe (European association of companies & member associations involved in the PET value chain);
- CEFLEX (A collaborative initiative representing the entire value chain of flexible packaging);
- Task Force on Climate-related Financial Disclosures (TCFD);
- United Nations Global Compact (UNGC);
- World Economic Forum (WEF).

Developing regions **of new technologies**


# SOCIAL ASPECTS

## CONTENTS

# Employees

PRIORITY UN SDGS FOR SIBUR

## KEY RESULTS • 2021[1]

**17,167**
EMPLOYEE
average headcount

**70**
TRAINING HOURS
per employee per year

**33%**
female employees

**100%**
employees covered by the collective bargaining agreement

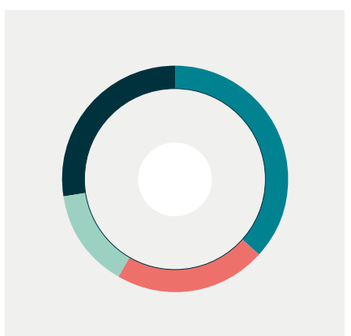
**76%**
employee engagement

RETAINING POSITIONS IN THE KEY RATINGS OF EMPLOYERS:
HeadHunter, Forbes, Future Today, Universum, Randstad

**99%**
employees passed the Single Corporate Exam

SIBUR APPROVED
a Diversity and Inclusion (D&I) Policy

### PERSONNEL STRUCTURE BY BUSINESS SEGMENT IN 2021 • %[2]



- **36.7** Plastics, Elastomers and Intermediates, Plastics
- **21.7** Olefins & Polyolefins
- **14.3** Fuel and Raw Materials segment
- **27.3** Others (logistics, marketing, administrative functions)

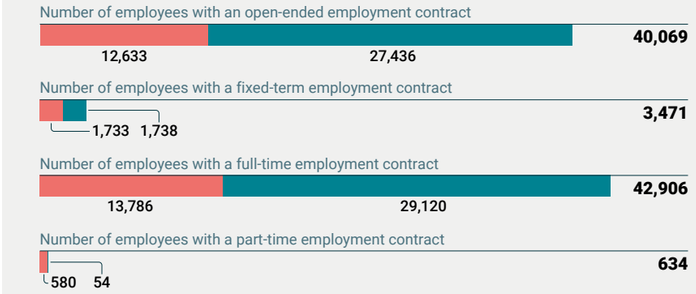
[1] The highlights are presented for the historical perimeter only.
[2] The indicator includes data for the historical perimeter only.

## Sociocultural diversity and equal opportunities

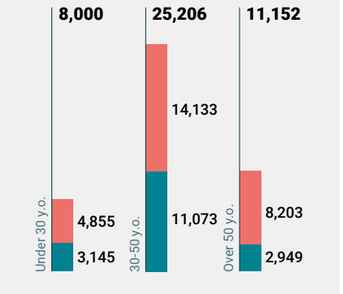
Diversity and inclusion are critical to SIBUR's long-term success. Diverse personnel help make balanced management decisions and promptly respond to market changes.

The majority of SIBUR employees work full-time (98.5%) and have open-ended employment contracts (92%).

### TOTAL HEADCOUNT IN 2021 BY CONTRACT TYPE AND BY GENDER • people[3]




### AVERAGE HEADCOUNT IN 2021 BY AGE • people





## Gender equality

The share of women in SIBUR's headcount in 2021 was 33%.[3]

The percentage of women on the Management Board and senior management[4] was 10.5% against the 2025 target of 10.2%: including 11.1% on the Management Board (2 of 18) and 10.3% in the senior management team (4 of 39).

Female employees accounted for 37.2% of the company's new hires.[3]

### CHANGES IN THE TOTAL HEADCOUNT BY GENDER • %[3]


[3] The metrics are provided for the combined company: the historical perimeter and production sites in Republic of Tatarstan as at 31 December 2021. For more information see ESG database.
[4] The following positions are taken into account in the assessment of the senior management team: CEO, Chief Engineer, directors of functions and comparable positions.

**SIBUR RANKED AMONG TOP 25 RUSSIAN COMPANIES FOR WOMEN'S CAREERS BY FORBES**

The company was highly appreciated by the comprehensive Diversity & Inclusion program, the implementation of corporate social programs, including support programs to support mothers.

**SIBUR RECEIVES AN AWARD FOR SUCCESSFUL DEVELOPMENT OF WOMEN'S LEADERSHIP**

SIBUR won the Development of Women's Leadership competition among state-owned and for-profit entities in the Leader of Change category.

The award attests to the company's success in developing corporate programs supporting women's leadership and its comprehensive support of female employees.

# Interaction with employees

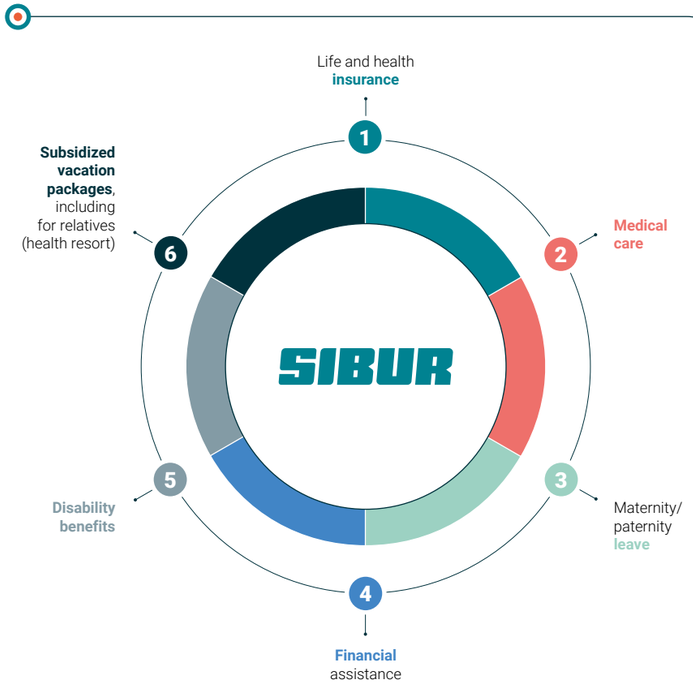
## Increasing employee engagement

The engagement indicator in the reporting period was 76%, which is 6 pps higher than in 2020. 94% of the company's employees (based on the historical perimeter) participated in the survey (2020: 89%).

SIBUR's employee engagement rate exceeds by 11 pps the 2021 figure for the Russian manufacturing sector as a whole.

## Social support for employees

The compensation package for full-time employees includes:




**100%**

of employees are provided with VMI

The voluntary medical insurance program extends to all SIBUR production facilities. It is available to all full-time employees who have completed their probation period. In the reporting period, SIBUR employees underwent a preliminary medical examination and an annual regular medical examination (RME). RMEs identified two cases of occupational diseases in 2021.





# Training and development

SIBUR's commitment to improved efficiency and innovation requires continuous training and staff development. SIBUR offers educational opportunities not only to its employees, but also to contractors, schoolchildren, students and graduates.

The key areas of activity of the company's Corporate University include: Business Run and Business Change. In addition, SIBUR supports programs with external partners.

**SIBUR'S PROGRAM FOR ENGAGING EMPLOYEES IN SUSTAINABILITY EFFORTS WON THE GREEN LIGHT AWARD**

The Green Light Award ceremony is organized by Schneider Electric. The award is aimed at highlighting sustainability principles, forming an expert community, and developing new solutions and approaches to achieve sustainability goals.

SIBUR's systematic work to involve employees in the ESG agenda was highly appreciated by the expert jury and people's voting.

SIBUR is one of the first Russian companies to have a sustainability course for employees. It was developed back in 2019, and since 2020, the course has been available to everyone on businesspractices.ru. . In 2021, 66% of SIBUR employees completed it.

## CU FOCUS AREAS

**BUSINESS RUN:**

**programs to ensure the performance of employees in their current positions**

- Onboarding within the Company
- Departmental onboarding
- The manager performance standard and tools for the HR cycle

**BUSINESS CHANGE:**

**employee development programs (preparation for new positions and roles in line with the Company's current and future objectives)**

- Functional development
- Tier-based management and leadership programs
- Career track programs for experts
- Project-based career track programs
- Development in one's current role
- Development of soft skills
- Business training
- Business fundamentals

**OPEN PROGRAMS, PROGRAMS FOR EXTERNAL TRAINEES AND OTHER PROGRAMS**

- Programs for school pupils (e.g., Trajectory Junior, Lessons of the Present)
- Programs for undergraduate students (for example, the Trajectory program for undergraduates and First Element)
- Programs for clients and partners
- Programs for teachers
- Chemistry of Life
- Digital skills development programs

# Occupational health and safety

**PRIORITY UN SDGS FOR SIBUR**

## KEY RESULTS • 2021[1]

**0**
fatal accidents among the company's employees and contractors

**0**
serious accidents with the company's employees

**0.23** ▼ 30%
LTIF among the company's employees, including employees of contractors

**93**
significant risks to life and health were eliminated

**10**
incidents (8 in 2020)

**1**
accident (0 in 2020)

**75**
meetings of the Health, Safety and Environment Committee were held, **19 meetings** of the occupational health and safety commissions were held

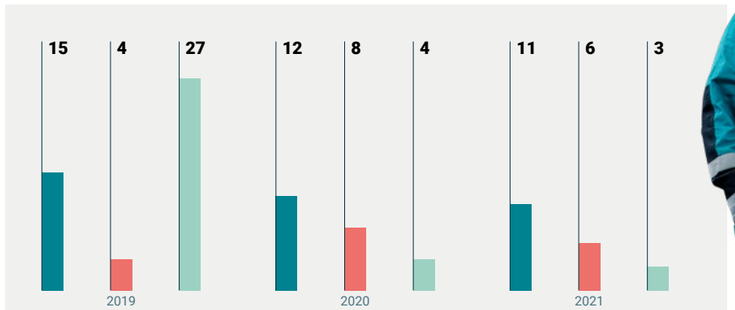
RUB
**1.7**
BLN
spent on OHS measures[2]

**10,809**
PEOPLE
underwent medical check-up

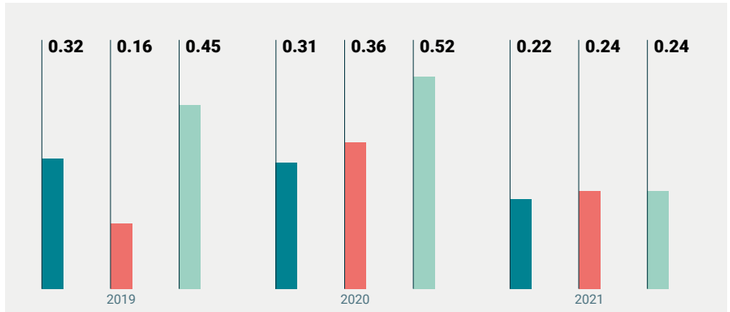
**28,273**
PEOPLE
underwent OHS training, including contractors' employees[2]

[1] 2021 metrics are given for the united company: the historical perimeter and production sites of the Republic of Tatarstan in Q4, if there are no additional references on the text of the report. For more information see ESG database.
[2] The indicator for 2021 is based on the historical perimeter. For more information see ESG database.

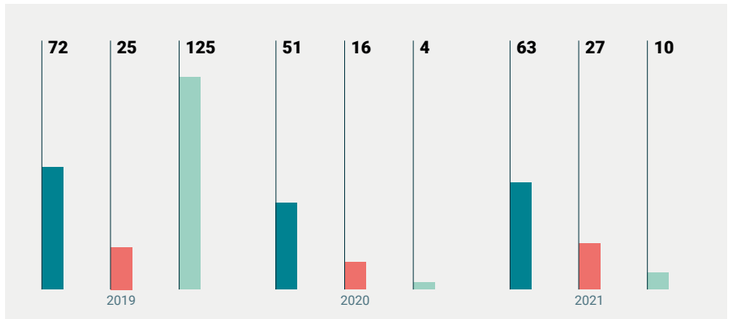
## LOST TIME INJURIES AMONG EMPLOYEES AND CONTRACTORS




## LOST TIME INJURY FREQUENCY RATE • LTIF[3]




## REGISTERED INJURIES AT WORK AMONG EMPLOYEES AND CONTRACTORS[4]




SIBUR employees
Contractors' employees
Construction contractors' employees

## TRIR DYNAMICS[5]


[3] LTIF = (the number of lost time injuries) x 1,000,000 / (total worked hours). The number of worked man-hours in 2021 reached 49,157,145 for the Company's employees, 24,750,542 for the contractors; and 38,721,459 for the Company's employees and 22,344,823 for the contractors in 2020.
[4] Employees of construction contractors are contractors' employees involved in construction and capacity expansion projects.
[5] The total recordable incident rate (TRIR) = (total number of the registered injuries) x 200,000 / (total worked hours).

## Minimizing Accidents

**INVESTMENTS IN OHS ACTIVITIES** • RUB mln[1]


- OHS events
- Targeted production programs to align SIBUR facilities with OHS standards and regulations (TPP-1)

In 2021, SIBUR took measures to reduce the number of accidents and improve the safety culture:

- The Safety Without Compromises program;
- Step Without Danger, Freight Without Danger, Height Without Danger programs;
- distribution of experience-based information digests, implementation of corrective measures to prevent the recurrence of incidents;
- engagement of employees in the safety management process with a focus on identifying dangerous conditions and actions;
- assessment risks and implementation of mitigation measures;
- application of the Regulations on the organization and performance of production control of the compliance with industrial safety requirements at enterprises based on the risk-oriented approach;
- process digitalization.

### KEY AREAS OF EMPLOYEE HEALTH PROTECTION

| | |
|---|---|
| **Voluntary health insurance and life insurance** | • All SIBUR employees are provided with access to expanded voluntary health insurance (VHI) and life insurance.<br>• In 2021 the updated SOGAZ Telemedicine app was used over 1,000 employees |
| **Promotion of healthy lifestyles** | • Various methodological materials on the topic of a healthy lifestyle are being developed. Health corners and health moments are organized at the company. 30% of the meals in SIBUR canteens are healthy food |
| **Monitoring of physical and psychological health** | • A personal doctor service is available at production sites and office premises to monitor the employees' health including employees with chronic illnesses.<br>• The company monitors stress level and organizes consultations and support sessions to prevent emotional burnout |
| **Dealing with COVID-19** | • A 96% collective immunity is reached by vaccinating 49,206 employees.<br>• Coming-to-Office rules, business trip regulations and COVID-19 action plan were updated and complied with.<br>• Regular employees' testing.<br>• 4,629 people had the possibility to undergo rehabilitation treatment |

[1] 2021 metrics is based on the historical perimeter. For more information see ESG database.





# Contribution to development of local communities

**PRIORITY UN SDGS FOR SIBUR**

**KEY RESULTS • 2021**[1]

RUB **524** MLN ▲ 16.8%

amount of the company's social investments in 2021 (versus RUB 448.6 mln in 2020)

RUB **333.3** MLN ▲ 19.5%

amount of financing of interregional projects in 2021 (RUB 278.9 mln in 2020)

**28%** ▲ 64.7%

share of volunteers among employees (compared to 17% in 2020)

**125** GRANT PROJECTS

**35** INTERREGIONAL PROJECTS

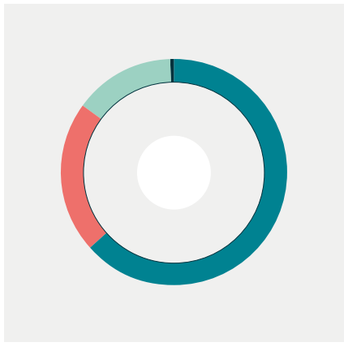
**81** VOLUNTEER PROJECT

received support as part of Social Investment Program "Formula for good deeds", including **24 "Environmental protection" projects**

In accordance with the 2025 Sustainable Development Strategy, goals related to local community development:

- Launching one long-term interregional "Social inclusion" project;
- Increasing the share of employees participating in volunteer programs and other company's social projects to 20%;
- Launching a separate space within FGD for developing social entrepreneurship.

**THE AMOUNT OF SOCIAL INVESTMENTS AS PART FOR FGD PROGRAM IN 2021** • mln RUB



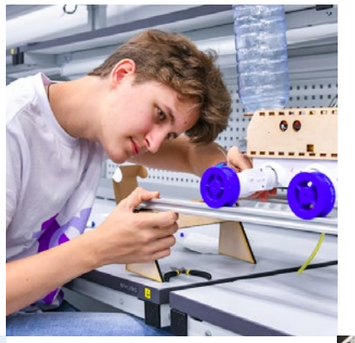

[1] The indicator for 2021 is based on the historical perimeter. For more information see ESG database.

**In 2021 the company continued implementation of FGD program in six[1] main aspects:**

### URBAN

**32 projects** implemented:
- 27 grant projects
- 5 interregional projects

RUB **65.8** MLN[2]



### SPORTS

**35 projects** implemented:
- 29 grant projects
- 5 interregional projects
- 1 basketball support program

RUB **93.1** MLN[2]

### EDUCATION AND SCIENCE

**33 projects** implemented:
- 28 grant projects
- 5 interregional projects

RUB **58.5** MLN[2]

### ENVIRONMENTAL PROTECTION

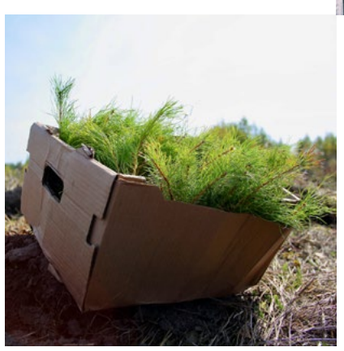
**24 projects** implemented:
- 15 grant projects
- 9 interregional projects

RUB **89.1** MLN[2]

### VOLUNTEERING

**88 projects** implemented:
- 7 grant projects
- 81 volunteer project

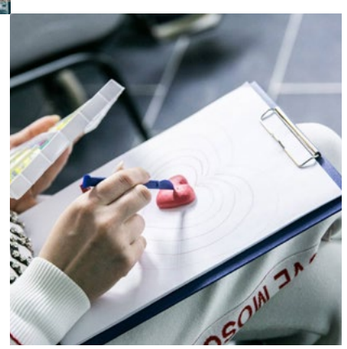
RUB **5.7** MLN[2]



### CULTURE

**30 projects** implemented:
- 19 grant projects
- 11 interregional projects

RUB **133.4** MLN[2]



[1] The project for inclusion was launched in late 2021.
[2] The total amount of financing.





# Volunteer program

In the first half of 2021 SIBUR for the first time carried out a contest of volunteer environmental projects among its employees as part of FGD

**THE CONTEST RECEIVED**

OVER **60** INITIATIVES
the contest received

**28** BEST PROJECTS
received grants for their implementation

## Employees participating in volunteer projects

FGD volunteer program unites the employees of the company and the residents of the cities of SIBUR operations around universal human values and engages them into joint socially important volunteer projects aimed at development of the cities of presence.

**"Sensory garden"** is a volunteer project of JSC "Sibur-Khimprom" employees on creation of a sensory garden on the outside territory of the City Children Clinical Hospital No. 9 named after P.I. Pichugin for children with autism spectrum disorders.

**"Freedom of life"** is a volunteer project of "ZapSibNeftekhim" and "NKHTK" employees on hosting field volunteer actions to help homeless animals and on initiatives to improve "The right for life" homeless animal help center. This project is a continuation of the" Kind Heart" project (2019).

## Assessment of projects' efficiency

**186** PROJECTS
were included into the research of FGD program efficiency

**181** PEOPLE
took part in surveys and interviews during the research of FGD program efficiency

**565** GRANT PROJECTS

**68** INTERREGIONAL PROJECTS
meet the target indicators of national projects

**102** GRANT PROJECTS

**32** INTERREGIONAL PROJECTS
to implementation of national projects

# Taking care of a sustainable growth



# ENVIRONMENT

## CONTENTS

# Energy Consumption and Energy Efficiency[1]

**PRIORITY UN SDGS FOR SIBUR**

## KEY RESULTS • 2021

**3**
targeted energy audits held at 3 enterprises

**335**
ENERGY-SAVING MEASURES
(193 in 2020)

RUB
**891**
MLN
in cost savings due to energy-saving measures

**233**
THOUSAND OF $CO_2$-EQ.
reduced emissions due to energy-saving measures

Energy consumption increased by
**8.23**
MLN GJ
compared to 2020

**24%**
reduction in energy intensity per 1 ton of products in Olefins and Polyolefins compared to 2020 (2% in 2020)

[1] In this section 2021 metrics are based only on the historical perimeter. For more information on the united company indicators (the historical perimeter and production sites in the Republic of Tatarstan for Q4), see ESG database.

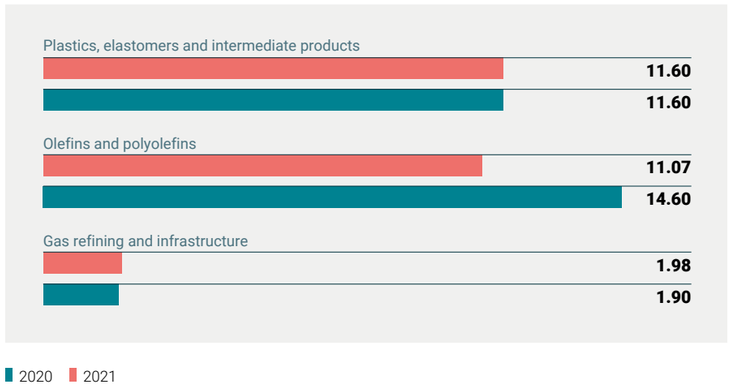




# Our Approach to Managing Energy Efficiency

Energy resources management is integrated into SIBUR performance management system. All SIBUR enterprises operate in line with ISO 50001 Energy Management Systems. The company's Integrated Management System (IMS) Policy on OHSE and operational quality and energy efficiency is focused on the rational use of energy resources and improving the energy efficiency of SIBUR enterprises.

**ENERGY INTENSITY PER 1 TONS OF PRODUCTS BY BUSINESS AREA** • GJ/t




### PURCHASE OF GREEN ENERGY IN ACCORDANCE WITH INTERNATIONAL I-REC CERTIFICATES

I-REC certificate is a tool to document the acquisition of a green attribute from a source included in the I-REC Register. However, the purchase of I-REC certificates does not involve the physical power supply.

In the reporting period SIBUR purchased I-REC green certificates from Yumaguzinskaya HPP confirming the acquisition of a green attribute for 100 MWh.

### SIBUR COMPLETED CONSTRUCTION ITS OWN SOLAR POWER PLANT

SIBUR completed construction of a solar power plant at POLIEF in Blagoveshchensk, Bashkortostan, a leading producer of TPA and PET in Russia.

The use of clean solar energy will help reduce GHG emissions and the carbon footprint of products. The planned capacity of the power plant is about 4.9 MW, and the total area of solar panels is 8 ha. Project investments will exceed to RUB 250 mln.

# Reducing Environmental Impact[1]

**PRIORITY UN SDGS FOR SIBUR**

## KEY RESULTS • 2021

BY **241%**
the usage of renewable energy exceeded the plan

BY **6.5%**
direct GHG emissions increased

BY **1.9%**
indirect GHG energy emissions fell

BY **1.6%**
specific GHG emissions per ton of manufactured products in Gas Refining decreased compared to 2020

BY **4.2%**
specific GHG emissions per ton of manufactured products in Petrochemicals grew compared to 2020

IN 2021 SIBUR APPROVED
Circular Economy and Climate Impact Reduction Policy

[1] In this section 2021 metrics are based only on the historical perimeter. For more information on the indicators for the united company (the historical perimeter and production sites in the Republic of Tatarstan for Q4), see ESG database.

## CLIMATE IMPACT REDUCTION GOALS AND PROGRESS

| Goal | Target | | 2021 actual | 2021 2020 actual versus target, % |
|---|---|---|---|---|
| | 2025 | 2021 | | |
| Increase green electricity fivefold, MWh | 1,972.5 | 1,040.00 | 3,545.64 | Exceeded by 241% |
| Reduce specific GHG emissions in Gas Refining and Infrastructure, t $CO_2$-equivalent /t of manufactured products | 0.236 | 0.21 | 0.19 | Exceeded by 9.5% |
| Reduce specific GHG emissions in Petrochemical, t $CO_2$-equivalent /t of sold products | 1.4 | 1.47 | 1.74 | Not completed by 18.4% |

Direct GHG emissions in 2021 reached 11.29 mln t of $CO_2$-equivalent, a 6.5% increase compared to 2020 due to increased production. Indirect energy emissions amounted to 4.3 mln t of $CO_2$-equivalent – 1.9% less compared to 2020.

The key factors that contributed to a slight increase in the specific indicator in the petrochemicals segment included ZapSibNeftekhim reaching full capacity at the end of 2020 and the growing number of planned activities related to the implementation of the 'Repair interval reduction – 4 years' investment project.

## GHG EMISSIONS • mln t of $CO_2$-eq.[2]

| Indicator | 2019 | 2020 | 2021 |
|---|---|---|---|
| Direct GHG emissions (Scope 1) | 9.73 | 10.60 | 11.29 |
| $CO_2$ | 9.49 | 10.38 | 11.09 |
| $CH_4$ | 0.23 | 0.21 | 0.2 |
| $N_2O$ | 0.05 | 0.01 | 0.006 |
| HFCs | 0.002 | 0.002 | 0.002 |
| Energy indirect GHG emissions (Scope 2) | 5.28 | 4.38 | 4.31 |

# Strategy and Risk Management

Since 2020, SIBUR has been disclosing financially relevant climate information in its annual reports in accordance with the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD), which allows the company to improve its climate risk management system.

**SIBUR RETAINED ITS HIGH POSITION IN 2021 CDP GLOBAL CLIMATE RANKING**

In 2021, SIBUR managed to keep its management level (B) in the Carbon Disclosure Project (CDP) climate ranking.

The company's performance results are higher than the global average; SIBUR kept its leadership level in the climate change corporate governance category exceeding the average rating in the sector.

[2] The calculation is based on GWP from the 4th Intergovernmental Panel on Climate Change (IPCC) assessment report.

## Climate risks

**Risk exposure[1]**

- High
- Medium
- Low

**Risk exposure trends to 2050 (compared to 2020)**

- Increasing
- Stable
- Decreasing

| Risk components | Management measures |
|---|---|
| **Legislative risk** | |
| **Implementation of international and national carbon regulations** | • Calculation of GHG emissions for investment projects, application of internal carbon price.<br>• Reduction of specific GHG emissions per ton of manufactured products.<br>• Ranking suppliers according to sustainable development criteria (including compliance with requirements to GHG emissions reporting and assessment of own emissions).<br>• Reducing carbon footprint throughout the entire lifecycle of products |
| **Market risk** | |
| **Increased cost of purchased raw and other materials** | • Development of new low-carbon technologies.<br>• Consideration of climate projects opportunities.<br>• Implementation of $CO_2$ capture projects, use of secondary raw materials in production to reduce the consumption of hydrocarbon raw materials.<br>• Assessment of green financing instruments |
| **Reputational risk** | |
| **Negative perception of the company** | • Disclosure of GHG emissions and product carbon footprint information.<br>• Preparation and independent verification of direct (Scope 1) and indirect (Scope 2) energy emissions.<br>• Improving the methodology for accounting for indirect emissions (Scope 3).<br>• Development and publication of more ambitious targets to reduce GHG emissions, development of a decarbonization roadmap, publication of the company's climate report in accordance with the TCFD recommendations |
| **Technological risks** | |
| **Technology implementation requirements to decarbonization of manufacturing processes to reduce GHG emissions or product carbon footprint** | • Monitoring of the low-carbon technologies market.<br>• Assessment of GHG emissions in the supply chain to prioritize decarbonization areas in Scope 3.<br>• Investment in low carbon R&D, including $CO_2$ capture, storage and disposal |
| **Physical risks** | |
| • **Increased weather anomalies**<br>• **Long-term changes in physical and geographical conditions** | • Adoption of decisions on investment projects based on climate risks.<br>• Development of plans to adapt the company's assets to climate change.<br>• Identification and assessment of physical climate risks.<br>• Improving climate risk management system |

[1] The exposure to transitional and physical climate risks was assessed based on the share of the asset's area in the total area of the Company's enterprises.

### CARBON BORDER ADJUSTMENT MECHANISM

Climate legislation trends in Russia and abroad demonstrate the possible introduction of Carbon Border Adjustment Mechanism (CBAM), which is a significant risk for SIBUR. In 2021, an analysis of the risks related to introducing CBAM for the company's export flows was performed.

# Climate risk management measures

OVER **230**

TONS OF $CO_2$ EQUIVALENT

in 2021, SIBUR implemented projects to reduce GHG emissions

## SIBUR focus area to reduce GHG emissions

**Raw materials**

- Processing APG, the combustion of which generates significant GHG emissions

**Production**

- Use of electric and renewable energy
- Using energy- and resource-saving technologies to produce polymers and other petrochemical products
- Procuring and supplying the best available petrochemical technologies
- Reducing carbon intensity
- GHG emission offset projects

**Product usage**

- Manufacturing products that allows consumers reduce their carbon footprints
- Promoting the recycling of products

## Climate opportunities

| Opportunity | Impact on financial performance | Management measures |
|---|---|---|
| **Manufacturing products facilitating the transition to a low carbon economy** | Increased profits due to high consumer demand for this category of products | • Assessment and reduction of the carbon intensity of products<br>• Manufacturing products using processed or renewable raw materials<br>• Assessing the benefits of traditional polymer at the usage stage |
| **Use of renewable energy for production needs** | Increasing the availability of renewable energy (for the development of own generation and purchases from third parties) | • Increasing the volume of 'green' electricity in the company's energy balance, reducing GHG energy emissions |
| **Development and improvement of CCUS availability**[1] | Reduce raw material costs, provide $CO_2$ capture services to third parties | • Expansion of the raw materials base by $CO_2$ capture |

### OPENING RUSSIA'S FIRST CARBON STATION


The Russia's first carbon station was opened in Tyumen region on the basis of the Tyumen State University biological station on Lake Kuchak (Nizhnetavdinsky district) with the support of SIBUR. This is the starting point for building Russian national carbon balance monitoring system.

[1] Carbon Capture, Use and Storage (CCUS) is a technology that allows capture and efficient utilization of carbon emissions generated during production.

# Environmental protection[1]

**PRIORITY UN SDGS FOR SIBUR**

**KEY RESULTS • 2021**

**108.7%**
overall achievement of the Environmental Protection goals of the Sustainability Strategy

**1.59**
KG/T
specific emissions of pollutants (against the target of 1.76 kg/t)

**0.58**
KG/T
specific weight of pollutants in wastewater (against the target of 0.61 kg/t)

**1.53**
$M^3/T$
specific water consumption (against the target of 1.38 $m^3/t$)

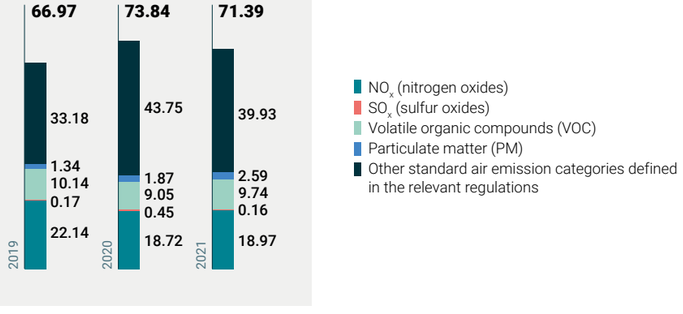
**59%**
waste recycling

RUB
**5.1**
BLN
environmental costs

## Pollutant emissions

As a result of the measures taken in 2019–2021, SIBUR reduced specific air emissions (excluding the launch of new production facilities) by 5% as compared to the base year of 2018, thus **achieving the target of its Sustainability Strategy until 2025**.

**POLLUTANT EMISSIONS BY COMPOUNDS** • thousand tons




[1] This section presents the 2021 metrics based on the historical perimeter only. For more information on the combined company's indicators (the historical perimeter and production sites in the Republic of Tatarstan for Q4), see ESG database.

## Measures to reduce emissions of pollutants in 2021

To cut air pollutant emissions and prevent potential leaks of gaseous materials at the company's facilities, SIBUR has developed a set of measures, including:

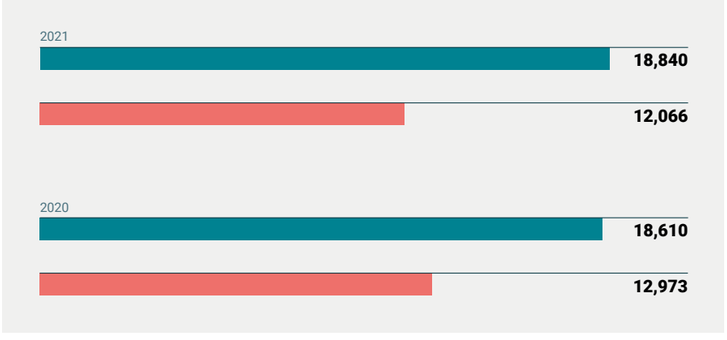
- scheduled inspections of equipment and monitoring of its operational condition;
- control over compliance with the process parameters of facilities;
- monitoring of the effectiveness of gas cleaning equipment;
- equipment repairs and maintenance using stationary and portable gas analyzers;
- monitoring of compliance of stationary sources with established standards for maximum permissible emissions;
- monitoring of air quality both on the grounds of the company's production sites and in nearby communities;
- regular measures to reduce pollutant emissions at company enterprises;
- implementation of short-term and long-term projects to reduce emissions.

A list of mandatory measures in this area is provided in the comprehensive environmental programs of SIBUR production sites to 2025. 2021 saw the company prepare a checklist to review greenhouse gas emission calculations and update the Emissions Management Strategy.

## Water consumption and discharge

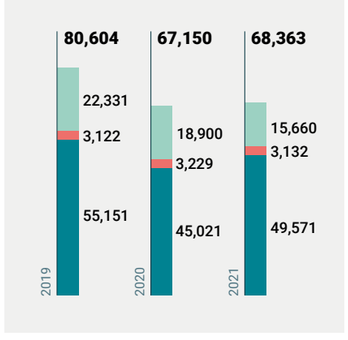
Due to the technical and organizational measures implemented in 2019–2021, specific water consumption by SIBUR enterprises decreased by 7% and the specific weight of pollutants in wastewater (discharged to water bodies) reduced by 54% compared to the base year of 2018, thus **achieving the target of the Sustainability Strategy until 2025**.

**BREAKDOWN OF TOTAL WATER DISCHARGE BY DESTINATION** • megaliters




BY **7%**
decrease of water consumption by SIBUR enterprises compared to the base year of 2018

**TOTAL WATER WITHDRAWAL FOR THE COMPANY'S NEEDS** • megaliters



Total water withdrawal increased by 1.8% year on year. The growth in water consumption was due to a gain in production capacity. There were no leaks of withdrawn water.

The volume of pollutants in the effluents of SIBUR production facilities, based on five key indicators (COD [1] BOD,[2] phosphorous compounds, oil and petroleum products), remained within the maximum permissible levels of concentration in 2021. No water is drawn in regions with an observable water shortage.

In 2021, SIBUR updated its Water Management Strategy, which is aimed at reducing water consumption, increasing the effectiveness of control over wastewater discharge, and mitigating risks in this area.

**1.53**

$M^3/T$

specific water consumption in 2021 (against the target of 1.38 $m^3/t$)

**TARGET • 2025**

**To reduce specific water consumption by at least 5% by 2025 compared to 2018**

## Measures to reduce water consumption and emissions of pollutants in wastewater

Measures in the field of efficient water consumption at the company's enterprises in 2021 included:

- a comprehensive survey and in-depth analysis of existing "retrospective" water supply and discharge systems were carried out;
- key milestones to construct an LTF were achieved;
- an investment project to repeteadly use blow-down water from electric heat and steam generation cooling towers was implemented;
- measures were taken to prevent slime water from electric heat and steam generation evaporator systems from being discharged to the Irtysh and Aremzyanka rivers;
- filtered water recovery was arranged in power production resulting in water discharges reducing by 260,000 m3 per year;
- continuation of work on the reconstruction of the industrial storm sewage system.

[1] Chemical oxygen demand (COD) – indicator of organic substances content in water, mg $O_2$.
[2] BOD – biochemical oxygen demand.





# Waste management

In 2021, the share of recycled waste increased by 30% compared to the base year of 2019 to reach 59% of the mass of all generated waste, thus **achieving the target of the Sustainability Strategy until 2025**.

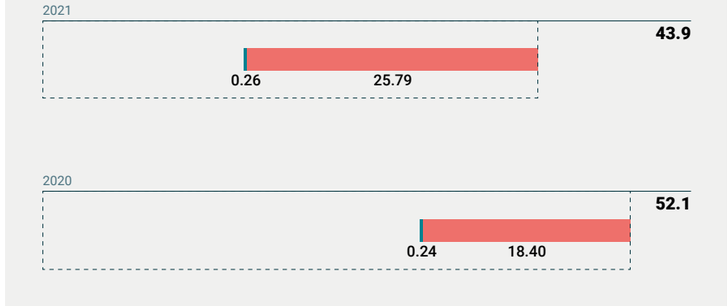
The total weight of waste generated in 2021 decreased by 15.7% due to an increase in repair intervals and, as a result, a decrease in the formation of waste catalysts, zeolites, oils, and construction debris. It influenced the achievement of indicators and the improvement of separate waste collection, the introduction of accounting by the weight method.

The bulk of SIBUR's waste consists of waste of hazard classes IV (low-hazard waste) and V (practically non-hazardous waste). All classes and types of waste generated are managed in strict compliance with legal requirements and internal waste management guidelines.

**59%**

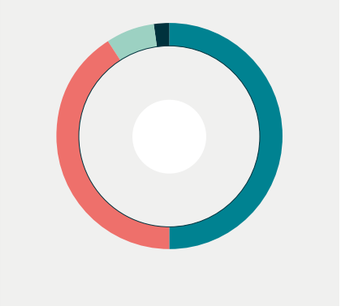
waste recycling in 2021 (against the target of 45%)

**TOTAL WEIGHT, WASTE REUSE AND RECYCLING** • thousand tons




Total weight
Total waste reused (recycled)
Waste transferred to third parties for recycling

**BREAKDOWN OF THE MASS OF WASTE SENT FOR NEUTRALIZATION AND TO A LANDFILL** • %



**50** Transferred to third parties for landfilling
**41** Transferred to third parties for neutralization
**7** MSW transferred to a regional operator
**2** Neutralized

## Waste recycling measures in 2021

SIBUR manages waste by reusing and recycling it as by-products, and part of the waste is sent to the company's own landfills in strict compliance with current legislation. The company works with specialized organizations in this area. In 2021, SIBUR updated its Strategy for Production and Consumption Waste Management covering four areas:

- reducing the mass of waste generated (dewatering of wet waste);
- recycling waste into by-products;
- increasing the share of recycled waste;
- measures aimed at eliminating environmental risks related to soil pollution.

Production facilities seek to find consumers of waste for using it as by-products. Work is also underway to increase the amount and types of waste transferred for recycling instead of being sent to a landfill. The share of waste transferred for recycling to third-party organizations increased, due to:

- development of SIBUR's Reactor Trading Platform for sale of recyclables;
- expansion of the number of counterparties;
- improved quality of separate waste collection in order to extract useful components;
- optimized waste management schemes.

## Operation Clean Sweep (OCS)[1]

SIBUR joined the Operation Clean Sweep initiative in 2018. OCS measures have been included as a separate block in the comprehensive environmental programs of SIBUR enterprises for 2020–2025.

In 2021, the company reported progress to Plastics Europe for 11 relevant production facilities (15 production sites).

SIBUR prevented 22.1 thousand tons of microplastic particles from releasing into the environment, of which:

- 67% were sold;
- 32% were returned to production;
- 1% were recycled in accordance established requirements.

For more information about SIBUR's OCS activities, please refer to the Collection of Best Practices of SIBUR under the Operation Clean Sweep Program.


[1] OCS is an initiative of Plastics Europe, an association of European polymer manufacturers, to prevent polymer particles from entering the environment.





# Environmental initiatives

**Biodiversity Conservation Strategy** developed

**5 thousand pine seedlings** were planted in the 1.72 ha area of Kstovo forestry; 3 thousand pine seedlings were planted in the Dzerzhinsk and Tomsk urban forests each

**Reforestation work was** completed (planting Siberian spruce seedlings) as part of the airport construction project in Tobolsk on 48.1 thousand hectares

**The company released**: 27.7 thousand peled fry, 10 thousand sterlet fry, performed four releases of Siberian sturgeon fry with 156.8 thousand individuals, 2 thousand Amur sturgeon fry

## Biodiversity conservation

SIBUR enterprises are not located in specially protected natural areas (SPNAs) or areas with high biodiversity value outside protected natural areas.

The most vulnerable plant communities are found on the territory of the Abalak Natural History Complex, mainly in the protected zone located in the eastern and northern parts of the SPNA. However, ZapSibNeftekhim's operations do not cause damage to the biodiversity of the complex, since environmental pollution from the production facilities does not exceed the maximum permissible values.

### CORPORATE ENVIRONMENTAL PROGRAMS • 2022

To achieve the UN SDGs and implement the Ecology national project, SIBUR has developed four environmental programs that it plans to implement in 2022. The programs are aimed at the full engagement of staff in the implementation and building environmental awareness among employees according to the principle #WorkLikeHome, as the effectiveness of achieving the set goals depends on the contribution of each staff member.

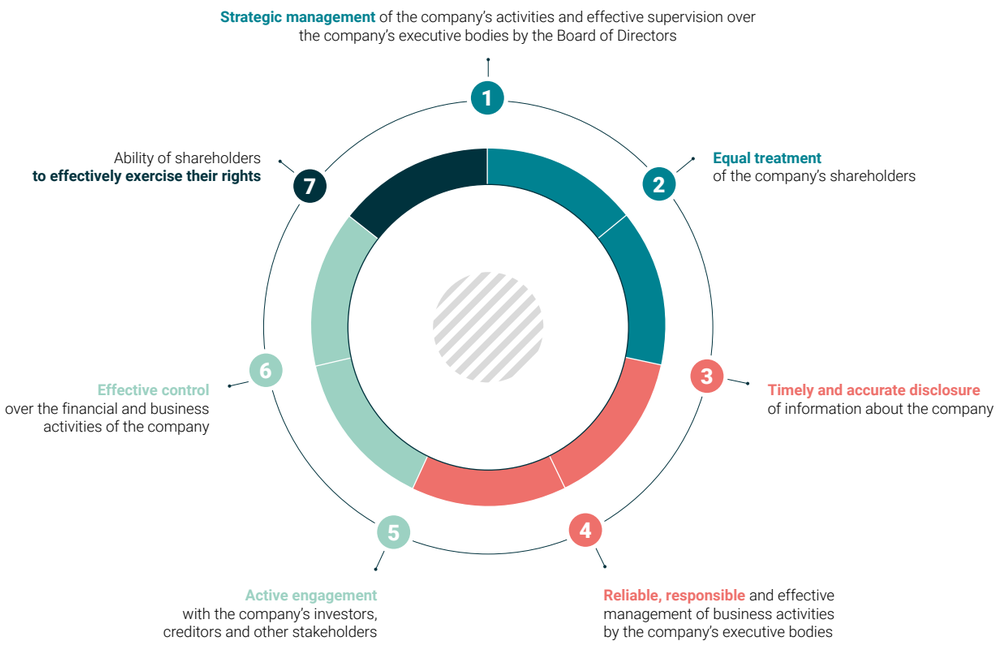
# Raising corporate **governance standards**

# CORPORATE GOVERNANCE

## CONTENTS

# Corporate governance system of PJSC SIBUR Holding

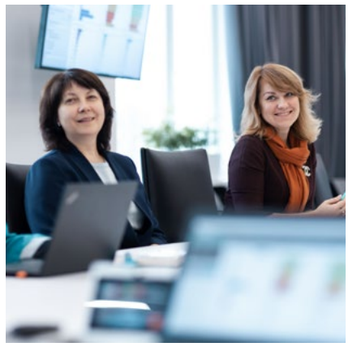
## Corporate governance principles




## SUBUR MANAGEMENT AND CONTROL STRUCTURE

| Authority | Key characteristics and functions |
|---|---|
| General Shareholders' Meeting | The supreme governing body of PJSC SIBUR Holding is responsible for taking decisions on critical material issues and activities, including election of the Board of Directors.<br>More information about the competencies and meetings of the General Meeting of Shareholders can be found on the company's corporate website |
| Board of Directors | The collegial governing body of SIBUR is responsible for strategic management of the company's activities and takes decisions on all general management issues except for those related to the General Shareholders' Meeting |
| Revision Commission | The Revision Commission is elected by the General Shareholders' Meeting. The Revision Commission reviews the preparation of accurate information about the financial and economic activities, the financial and accounting statements, as well as enhances the efficiency of managing corporate assets and mitigates operational risks |
| Management Board[1] | SIBUR collegial executive body is responsible for the effective management of the company's activities, development and implementation of the corporate strategy. The Management Board ensures the implementation of resolutions adopted by the General Shareholders' Meeting and the Board of Directors |
| Sole Executive Body | The management organization of LLC SIBUR (hereinafter the Management Organization or the Corporate Center) is entrusted with the authorities to manage the company's development issues, including environmental, social and economic aspects |
| External independent auditor | SIBUR engages an external independent auditor to conduct an annual audit of financial statements in accordance with Russian Accounting Standards (RAS) and consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The auditor is approved by the General Shareholders' Meeting based on the recommendation of the Board of Directors |

[1] The authorities of the Management Board were terminated by decision of the Board of Directors of PJSC SIBUR Holding of 25.03.2022 (Minutes No. 256).



# Business ethics and compliance

PRIORITY UN SDGS FOR SIBUR

**KEY RESULTS • 2021**

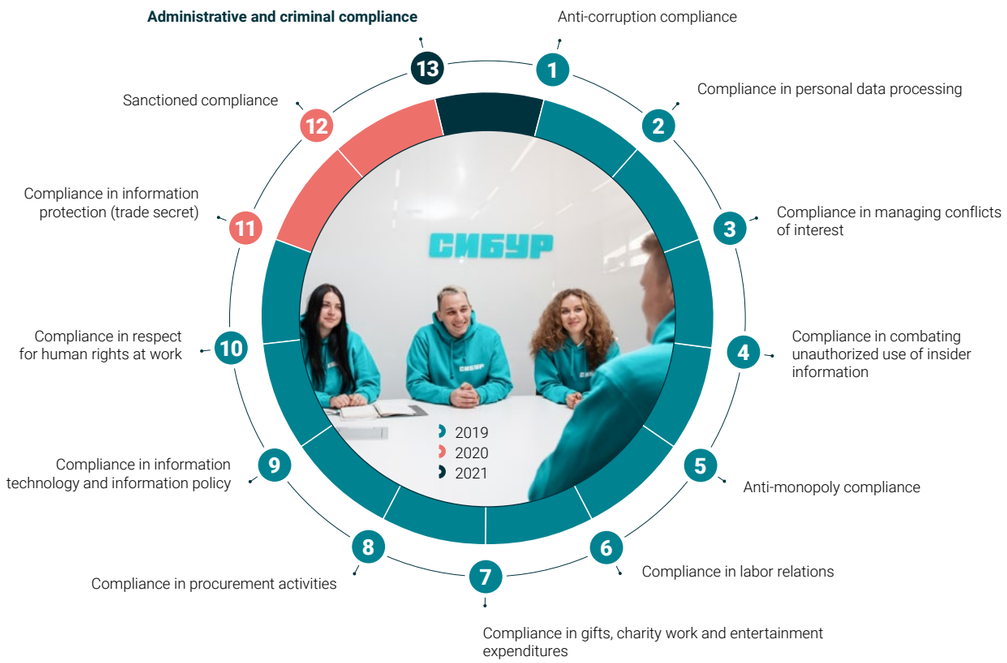
**Integration processes of the tax function** at a united company comprising major Russian petrochemicals producers have been launched

**A new line** of administrative and criminal compliance has been created

## SIBUR Compliance System

SIBUR's compliance system is based on ISO 37301: 2021 "Compliance Management System", as well as regulations, recommendations from regulators, specific industry requirements and best compliance practices. The main document establishing the principles of ethical business conduct at SIBUR is the Code of Corporate Ethics.

## Key compliance areas




## Key compliance tools

**KEY REGULATORY DOCUMENTS IN ETHICS AND COMPLIANCE**

- Compliance Policy;
- Code of Corporate Ethics
- The Contractor's Code of Ethics;
- Anti-corruption Policy;
- Human Rights in the Workplace Policy;
- Diversity and Inclusion Policy
- Regulation on adherence to anti-corruption law of LLC SIBUR;
- Declaration on adherence to ethical and legal standards by SIBUR and its business partners.

**Work of the ethics and discipline Committee**
Under the Chairmanship of the Members of the Management Board

**Regular declaration of information on conflicts of interest**

**Hotline for communication about violations**

**Work of the ethics and discipline commissions at production sites**
Headed by General Directors of the production sites

**Informing and training employees on compliance issues**

**Regular audit of internal regulatory documents**

**SIBUR WAS AWARDED THE HIGHEST LEVEL IN THE ANTI-CORRUPTION RATING IN 2021**

The Russian Union of Industrialists and Entrepreneurs rated SIBUR as the company with the highest anti-corruption level, the minimum level of corruption risks associated with the threat to investors, creditors and business partners. SIBUR is awarded the highest RUIE Anti-Corruption Rating for the second year in a row.

## Respecting human rights

SIBUR guarantees that the rights of its employees will be protected in line with the principles and approaches reflected in the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, the UN Global Compact, the UN SDGs, the Constitution of the Russian Federation, the Labor Code of the Russian Federation as well as other human rights regulations. SIBUR key documents regarding the protection of human rights are the Human Rights Policy, the Code of Corporate Ethics and the Diversity and Inclusion Policy.

To investigate actual or potential violations, employees may contact the compliance manager personally or report the violation by sending an e-mail to compliance@sibur.ru.

**A human rights training** course was implemented

**A training video** "Human Rights at Work" was developed

**A human rights risk** assessment was conducted

## Hotline and Feedback

**155** CALLS

in 2021, the hotline received

SIBUR has an internal hotline in place for employees and contractors. In addition, the Company uses an independent external operator hotline, allowing confidential reporting of any cases of violations of human rights and freedoms, discrimination, fraud, corruption and other violations. In 2021, the hotline received 155 calls.

# Contact information

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PARTNERS
FOR GROWTH

SIBUR