
APPROVED
by the Board of Directors
of PJSC SIBUR Holding
Minutes No. 237 dated 23 April 2021

CIRCULAR
ECONOMY
AND CLIMATE IMPACT REDUCTION POLICY
OF SIBUR LLC AND PJSC SIBUR HOLDING'S COMPANIES

(revision No. 1)

Tobolsk
2021

Article 1. General Provisions

- 1.1. Circular Economy and Climate Impact Reduction Policy of LLC SIBUR and PJSC SIBUR Holding's enterprises (hereinafter – “Policy”) declares the commitment of LLC SIBUR (hereinafter – “Company”) and PJSC SIBUR Holding's enterprises (hereinafter collectively – “SIBUR”) for the purposes of sustainable development, adopted by the United Nations, United Nations Global Compact principles, circular economy principles, purposes of Paris Agreement, Long-term Development Strategy of the Russian Federation for low greenhouse gas emissions for the period to 2050.
 - 1.2. SIBUR acknowledges the global importance of the climate change and transition to circular economy agendas and believes that the active role of business overall and petrochemical industry in particular is essential for those agendas.
 - 1.3. SIBUR realizes the role of awareness of a wide range of stakeholders of the agenda for the climate change and transition to circular economy, and thus finds that the dissemination of information and education on these disciplines is critical.
 - 1.4. SIBUR acknowledges the role of its staff in implementing activities, aimed at reducing greenhouse gas emissions and the principles of circular economy, as well as developing ideas to implement such Policy.
 - 1.5. SIBUR welcomes dissemination of the Policy and its adaptation by a wide range of stakeholders (including clients, suppliers and other partners) and their compliance with this Policy.
 - 1.6. This Policy is public and it is posted at the Company’s official website www.sibur.ru.
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Article 2. Terms. Definitions. Abbreviations

Renewable energy sources (RES) means energy sources generated on the basis of permanent or periodic processes in nature and the life cycle of flora and fauna and human society life-sustaining activity. Renewables include: solar energy, wind energy, hydro power, biomass energy, etc ¹.

Secondary raw material (SRM) means production and consumption wastes where it is technically or economically viable to recycle materials for repeated use in production to obtain raw and materials, products and/or energy².

Renewable materials means a complex of plant, animal and microbic biomass, based on natural resources, for which the recoverability rate is comparable to the consumption rate and which are used by people for material and energy purposes outside nutrition and feedstuff³.

The United Nations Global Compact is the international initiative for business in terms of corporate social responsibility and sustainable development.

Decarbonization means a complex of activities aimed at reducing CO₂ emissions by enhancing energy efficiency, electrification, using green fuel (including hydrogen) and technologies for CO₂ capturing, disposing and recycling.

Low-carbon fuel means fuel types with reduced carbon content as compared to conventional petroleum fuel; they include natural gas and alternative fuels (biofuel, hydrogen).

R&D (Research and Development) C is a complex of activities aimed at gaining new knowledge and practical use while creating new product or technology.

Paris Agreement⁴ means the agreement made as part of the UN Climate Change Framework Convention, that was adopted in 2015 and regulates the activities to decrease the carbon dioxide content in atmospheric air starting from 2020. The declared goal of the Paris Agreement is to keep the global average annular overtemperature on the Planet within 2°C compared to the pre-industrial level and to make every efforts to keep the warming within the limits of 1.5°C by 2100.

SIBUR Holding, PJSC Sustainable Development Strategy is a public document listing quantitative and qualitative commitments of the Company in the area of sustainable development⁵.

United Nations Sustainable Development Goals (UN SDGs) is a set of goals (17 global goals and 169 relevant targets) that United Nations member states undertook to achieve by 2030, including “Climate action”, “Responsible production and consumption”, “Industry, innovation and infrastructure” etc.

Circular economy is economy based on the aspiration to continue using material resources as long as possible throughout their useful life, to restore and regenerate products and materials at the end of their life cycle; this is an alternative to traditional linear economy⁶.

Operation Clean Sweep⁷ is an international initiative aimed to prevent polymer particles from getting into the environment in production and logistics.

¹ GOST R 54100-2010 Unconventional technologies. Renewable energy sources. General provisions

² GOST R 54098-2010 Resource saving. Secondary material resources Terms and definitions

³ GOST R 56693-2015 Renewable energy sources. Terms and definitions

⁴ https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_russian_.pdf

⁵ https://www.sibur.ru/sustainability/docs/Strategy_Sibur_2025.pdf

⁶ WRAP, the UK

⁷ <https://www.opcleansweep.org/>

TCFD (The Financial Stability Board Task Force on Climate-related Finance Disclosure)⁸ is a task force under the Financial Stability Board that focuses on the disclosure of climate change-related financial information.

Article 3. SIBUR strategic goals and objectives in the area of circular economy and climate impact reduction

- 3.1. SIBUR strategic goals in the area of circular economy and climate impact reduction are:
- 3.1.1. mitigation of the negative environmental impact, reduction of greenhouse gas emissions, development and implementation of advanced low-carbon solutions and technologies.
 - 3.1.2. facilitation of circular economy development by implementing own projects and by means of actively engaging partners and other stakeholders within the chemical/petrochemical products value chain, including a broad range of waste management market players.
- 3.2 To implement the goals set forth in paragraph 3.1., SIBUR has the following objectives:
- implementation of business development and improvements projects in view of sustainable development and climate impact reduction criteria and circular economy principles;
 - research and technology advancement and investment in promising technologies in the area of managing polymer waste, engaging renewable sources of feedstock in production, and renewable energy and decarbonization technologies;
 - improvement of SIBUR and stakeholders' awareness of responsible polymer waste management methods, facilitation in the implementation of efficient tools for secondary material resources recovery;
 - utilization of the potential associated with renewable sources of energy, and improvement of energy efficiency to reduce greenhouse gas emissions;
 - SIBUR infrastructure adjustment to climate change in view of various climate scenarios and relevant risks;
 - utilization of the potential of climate management (including forestry-based climate management) projects to offset greenhouse gas emissions;
 - interaction with partners (clients, suppliers, contractors and other counterparties) to systemically reduce greenhouse gas emissions along the production chain and throughout the product life cycle;
 - proactive participation in the creation of regulatory conditions aimed at migrating to circular economy, achieving the goals of Paris Agreement, and maintaining competitiveness.

Article 4. Circular economy

- 4.1 SIBUR realizes the role of petrochemicals as an industry that has a large potential in circu-

⁸ <https://www.fsb-tcfd.org/>

lar economy development due to the unique properties of petrochemical products, the possibility to recycle them several times, and the development of technologies enabling the engagement of polymer waste in production, which reduces the use of primary feedstock and prevents greenhouse gas emissions.

- 4.2 SIBUR strives to contribute to the achievement of UN SDG No. 12 “Responsible production and consumption” and to promote the development of rational waste management models.
- 4.3 SIBUR is guided by the following circular economy principles in its business:
- preservation and augmentation of natural capital by means of controlling finite resources and coordinating the flows of renewable resources;
 - optimization of resources utilization by means of products, components and materials recycling with maximum value captured;
 - improvement of systems efficiency by means of identifying and excluding (at the design stage) negative external factors.
- 4.4 SIBUR implements circular economy principles along its production chain and throughout the product life cycle, in particular it:
- 4.4.1 sets the targets to increase the share of products containing secondary or renewable materials within its product portfolio;
- 4.4.2 implements investment projects related to using polymer waste as secondary feedstock;
- 4.4.3 creates sustainable product solutions that reduce negative environmental impact and help its customers to achieve their sustainable development goals;
- 4.4.4 takes finished products recycling opportunities into account when developing new products;
- 4.4.5 invests in R&D projects aimed at polymer waste recycling and use of renewable feedstock;
- 4.4.6 aims to reduce industrial waste, improve its utilization and use in production;
- 4.4.7 minimizes the release of polymer particles in the environment in production and logistics within the international Operation Clean Sweep initiative;
- 4.4.8 develops recommendations for customers and requirements to suppliers that promote circular economy;
- 4.4.9 implements educational initiatives for company employees that encourage responsible consumption and waste management.

Article 5. Climate impact reduction

- 5.1. SIBUR acknowledges that global climate change and its consequences are one of the most serious threats to economic, environmental and social development at all levels — global, national, regional, corporate, individual.
- 5.2 SUBUR believes that the petrochemical industry has a great technology, production and scientific potential in the area of greenhouse gas emission reduction and low-carbon transition.
- 5.3 SIBUR strives to contribute to the achievement of UN SDG No. 13 “Climate action” and the goals of Paris Agreement, and to reduce greenhouse gas emissions along the production
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chain and throughout the products life cycle.

- 5.4 The Company's risk management system includes measures to monitor and manage climate risks, including financial risks related to climate change, in accordance with TCFD recommendations. The Company takes into account climate change-related risks when determining its strategy and assessing investment projects.
- 5.5 SIBUR strives to reduce greenhouse gas emissions along its production chain and throughout the product life cycle, in particular it:
- 5.5.1 sets targets on greenhouse gas emissions reduction;
 - 5.5.2 regularly gets updates on greenhouse gas emissions of its suppliers and is ready to assist them in the development of their climate policy and goals;
 - 5.5.3 works with its suppliers on the opportunities to reduce greenhouse gas emissions related to the purchasing and delivery of materials and services, feedstock and equipment;
 - 5.5.4 takes into account the contribution of investment projects into the change of SIBUR greenhouse gas emissions. SIBUR applies an internal carbon price in the calculation of financial indicators for its projects;
 - 5.5.5 strives to reduce greenhouse gas emissions of its own manufacturing facilities by implementing comprehensive environmental programs and energy saving programs, as well as measures to optimize process equipment operation in the event of weather conditions change;
 - 5.5.6 takes measures aimed at increasing the share of renewable and low carbon sources of energy in the energy balance;
 - 5.5.7 manufactures products that enable its customers to reduce energy consumption and greenhouse gas emissions in the course of using them, thus meeting their own climate targets;
 - 5.5.8 uses associated petroleum gas as feedstock, thus preventing its flaring and enabling oil and gas companies to reduce their own greenhouse gas emissions;
 - 5.5.9 takes product carbon-intensity into account when evaluating new products.
- 5.6 SIBUR monitors other indirect emissions of greenhouse gases and implements measures to reduce them, including business travel policy measures;
- 5.7 SIBUR studies the potential to reduce emissions by using natural carbon sinks and intends to use forestry-based climate management opportunities to offset its own emissions;
- 5.8 SIBUR implements energy efficient solutions in its offices and runs educational programs for its employees promoting responsible consumption of energy resources.

Article 6. Technologies, innovations and R&D

- 6.1. SIBUR aims to contribute to circular economy development and climate impact reduction by means of implementing and developing advanced technologies of recycling polymer waste and using renewable sources of feedstock in the production cycle and commercial activities, as well as technologies aimed at manufacturing facilities and products decarbonization.
- 6.2 SIBUR innovative development focuses on R&D in the following areas:
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- recycling of polymer waste;
 - development and marketing of new polymer materials, solutions and technologies that help customers meet sustainability and circular economy targets;
 - studying CO2 capturing, storage and processing technologies, including those aimed at producing valuable chemical products;
 - diversification of the raw materials base by means of using renewable sources of feedstock and low-carbon fuels.
- 6.3 SIBUR cooperates with partners to create infrastructure required to develop and test new polymer solutions, and to develop unique engineering and technical expertise and share experience.

Article 7. Partnership and educational initiatives

- 7.1 Global climate change and circular economy development goals require better awareness of a broad range of stakeholders.
- 7.2. SIBUR takes efforts to improve environmental awareness and to shape waste management culture by means of:
- a broad range of training programs on various sustainability topics that are available to both SIBUR employees and its clients, partners, suppliers, residents of the areas of operation, including via the official website of SIBUR;
 - interaction with educational establishments (including regional);
 - interventions made at various venues and publications in mass media.
- 7.3. SIBUR aims to share expertise in the area of circular economy and climate impact reduction by means of providing stakeholders with information on the mentioned topics.
- 7.4. SIBUR welcomes all types of partnership aimed at reducing the negative environmental impact, including such in line with UN SDGs.

Article 8. Implementation of Circular Economy and Climate Impact Reduction Policy of PJSC SIBUR Holding

- 8.1. The implementation of this Policy is to be regularly reviewed in meetings of the Board of Directors of the Company and the Sustainable Development Committee.
- 8.2 The goals of SIBUR in the area of climate impact reduction and sustainable products portfolio development are included in the Sustainable Development Strategy of the Company.
- 8.3. As it is committed to the policy of transparency and openness, the Company annually publishes its Sustainability Report, which is prepared in accordance with international non-financial reporting standards and undergoes an independent audit. The report includes information on the Company's Sustainable Development Strategy goals implementation, the level of greenhouse gas emissions and measures to reduce them, as well as measures and initiatives aimed at the introduction of circular economy principles.
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