SIBUR 2018 SUSTAINABILITY PERFORMANCE SUMMARY

Appendix to the Sustainability Report 2018
The Company

Sustainability strategy

The Company’s business strategy is geared towards maintaining steady and sustainable growth and committed to greater operational and financial efficiency while making sustainability an integral part of the Company’s business processes.

OUR COMPANY is committed to following the best international practices and it aligns itself with the United Nations’ 2030 Sustainable Development Goals. SIBUR has been a strong contributor to helping achieve these goals by implementing policies that are designed to improve production efficiency, reduce environmental impact, create favorable and efficient work conditions, preserve and maintain public health, and help address social issues in the regions where it conducts its operations.

DMITRY KONOVA
Chairman of the Management Board, PJSC SIBUR Holding

Sustainability management

The fact that the Company, year after year, has been successfully meeting its economic, social and environmental targets is proof of the effectiveness of SIBUR’s corporate governance system. Management of sustainable development is handled by relevant functions and units at the level of the Company’s Corporate Center in Moscow with further cascading down to the production sites’ level.

The Company’s Sustainability department is established in early 2019, to be followed, in mid-2019, by the Committee for Ecology, Sustainable Development and Social Investments. The Committee will report to the Management Board and coordinate the Company’s activities in the relevant areas. The new Sustainability department will become the Company’s joint coordination center for its sustainability activities, lead SIBUR’s climate agenda, and drive the transition to circular economy.
Economical efficiency

Since 2018, the Company has been conducting its operations in the following business segments:

**THE OLEFINS AND POLYOLEFINS SEGMENT:**
production and sale of polypropylene and its derivatives, polyethylene, olefins of ethylene and propylene

- 18% The share of the segment in the Company’s revenue

**THE PLASTICS, ELASTOMERS, AND INTERMEDIATES SEGMENT:**
production of plastics and organic synthesis products, elastomers, methyl-tertbutyl ether (MTBE), fuel components, as well as intermediate products

- 30% The share of the segment in the Company’s revenue

**THE MIDSTREAM SEGMENT:**
providing the Company’s petrochemical production facilities with raw materials obtained by processing associated petroleum gas (APG) and other types of hydrocarbons

- 42% The share of the segment in the Company’s revenue

---

### OPERATING PERFORMANCE

- **22.3 bcm**
  THE VOLUME OF PROCESSED ASSOCIATED PETROLEUM GAS (APG)

- **19.4 bcm**
  THE VOLUME OF NATURAL GAS PRODUCTION

- **6.4 mt (+2.3%)**
  THE VOLUME OF LPG PRODUCTION

- **579 kt (-11.3%)**
  THE VOLUME OF POLYPROPYLENE PRODUCTION

- **504 kt (+4%)**
  THE VOLUME OF ELASTOMERS PRODUCTION

---

### FINANCIAL PERFORMANCE

- **RUB 569 bln (+25%)**
  THE COMPANY’S REVENUE

- **RUB 201 bln (+25%)**
  EBITDA

- **RUB 160.4 bln (+5.1%)**
  OPERATING CASH FLOW

Excluding third-party volumes processed at SIBUR’s capacities.
Value creation

- **RUB 570 bln** generated economic value
- **RUB 500 bln** distributed economic value
- **RUB 446 mln** investments in environmental R&D projects
- **85%** emergencies predicted by using a predictive extruder maintenance model
- **>200** patents and patent claims registered by PJSC Sibur Holding
- **84%** degree of automation of all of the Company’s processes

### INVESTMENTS IN R&D

\[
\begin{array}{cccc}
\text{RUB} & 2014 & 2015 & 2016 & 2017 & 2018 \\
924 & 913 & 694 & \\
\end{array}
\]

Safe production

- **>8,000** employees passed occupational health and safety tests with the use of interactive tools
- **2,402** contractors’ employees underwent OHS training at the Company
- **RUB 1,812 mln** is how much the Company spent on occupational health and safety
- **0.37 LTIF** is the injury frequency rate, including contractors
- **1,883** sessions on risk assessment of potential accidents were conducted at the Company’s facilities
- **0** staff fatalities recorded within the Company

The Company has been named a winner in a number of nominations of the “5 STARS – LEADERS OF THE CHEMICAL INDUSTRY” contest, organized by the Russian Union of Chemists:

- **OCCUPATIONAL HEALTH AND SAFETY** – PJSC Sibur Holding, Sibur-Tobolsk LLC, Sibur-Kstovo LLC
- **INDUSTRIAL SAFETY** – JSC Polie, Sibur-Kstovo LLC

### ACCIDENTS

\[
\begin{array}{cccc}
\text{accidents} & 2014 & 2015 & 2016 & 2017 & 2018 \\
31 & 28 & 19 & 20 & 16 \\
\end{array}
\]
Environmental protection

RUB 1,914 mln economic effect of energy saving activities

RUB 3,900 mln the Company’s expenditures on environmental protection

86% of polymer particles are reintroduced into the production cycle

71 mt the volume of greenhouse gases emissions prevented thanks to the APG processing

443 employees received training in environmental protection

142,000 Siberian sturgeon hatchlings released into the Irtysh river by environmental staff at Tobolsk production site

---

SIBUR joined Plastics Europe Operation Clean Sweep® initiative, whose aim is to prevent discharge of polymer litter into the environment during production or transportation

In 2019, the Company became a signatory to the UN Global Compact reaffirming its commitment to sustainable development at the top level and readiness to assume relevant obligations.

---

Energy efficiency

29% year-on-year increase in cost effectiveness produced by energy saving measures

1.9 bln cost savings produced by 2018 energy saving measures

2018 saw PJSC SIBUR Holding successfully pass a compliance audit to verify its Energy Management System’s (EnMS) compliance with ISO 50001:2011. The audit report noted the Company’s commitment to continuing improvement of its EnMS at the facilities.

---

THANKS TO MEASURES IMPLEMENTED BY THE COMPANY UNDER ITS ENERGY SAVING PROGRAM, 2018 SAW A DROP IN CONSUMPTION OF ENERGY RESOURCES:

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Consumption (GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELECTRIC POWER</td>
<td>486</td>
</tr>
<tr>
<td>THERMAL POWER</td>
<td>2,745</td>
</tr>
<tr>
<td>FUEL GAS</td>
<td>10,235</td>
</tr>
</tbody>
</table>

and prevent emissions of

788 kt CO₂eq GREENHOUSE GASES

---

Within the framework of the program aimed at preventing plastics spills into the environment.

Environmental Impact Index (EII) is a relative indicator reflecting the volume of primary environmental impacts (emissions, effluents, and waste) per ton of actual facility output, per volume of processed raw materials, or per volume of shipped goods (depending on the facility’s business profile).
Human capital

26,164 employees headcount as of 31 December 2018

>38,000 applications to take part in the Small-Step Improvement contest were filed by staff members

2,471 contractors, partners, students got Sibur training for external audience

4,349 employees and members of their families enjoyed treatment at the Sibur-Yug Corporate Health Resort

4,212 employees took part in the interactive HR Day

9,500 employees received training via webinars

>38,000 applications to take part in the Small-Step Improvement contest were filed by staff members

26,164 employees headcount as of 31 December 2018

20.8 RUB min is the workforce productivity (revenue per employee per annum)

100% of staff are covered by collective agreements

4,212 employees took part in the interactive HR Day

9,500 employees received training via webinars

27.31 hours of training activities per 1 FTE

2018

WORKFORCE PRODUCTIVITY

20.8 RUB min

2015 14.9

2016 16.5

2017 14.9

2018 20.8
Contribution to the development of local communities

RUB 304.7 mln
Investments in the framework of the Formula for Good Deeds program

8th position
in the 2018 Corporate Philanthropy Leaders ranking

168 applications
submitted by employees for the contest of volunteer projects

>5,000 employees took part in volunteer events and activities

>40 social services facilities will be built or renovated by the Company as part of the Tobolsk-2020 project

700 employees’ families moved into company-owned apartments as part of the Company’s joint program with DOM.RF

120 grants were awarded in 2018 to non-profit organizations and social institutions

519 applications submitted for the grant contest of the Formula for Good Deeds program

>40 social services facilities will be built or renovated by the Company as part of the Tobolsk-2020 project

>1,000 community workers in regions received training in the framework of the educational programs of the Formula for Good Deeds partners

THE FORMULA FOR GOOD DEEDS PROGRAM

2 PLACE
in the nomination called “Best Program (Project) reflecting the policy and principles of corporate social investments in the regions” of the Corporate Philanthropy Leaders-2018 award presented by the Russian Union of Industrialists and Entrepreneurs (RSPP)

SPECIAL AWARD
in the Big Heart nomination of the HR Brand award for the volunteer program of the Formula for Good Deeds

CONTEMPORARY SCIENCE FILM FESTIVAL

1 PLACE
place in the Social Project Sponsorship nomination of Russian Sponsorship Awards

COMMON SENSE PROGRAM

2 PLACE
in the Social Project Sponsorship nomination of Russian Sponsorship Awards