

APPROVED BY  
Resolution of the Board of Directors  
PJSC TATNEFT n.a. V.D. Shashin  
May 27, 2022  
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**Policy  
of PJSC TATNEFT n.a. V.D. Shashin  
in the field of sustainable development  
and interaction with stakeholders**

First enacted.

Almetyevsk  
2022

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## **1 GENERAL PRINCIPLES**

Public Joint Stock Company Tatneft named after V.D. Shashin (hereinafter referred to as the Company) recognizes the challenges, tasks and trends associated with the aspects of sustainable development, adheres to the 10 Principles of the UN Global Compact and 17 Sustainable Development Goals adopted by Resolution A/RES/70/1 of the UN General Assembly on 25.09.2015. "Transforming Our World: The 2030 Agenda for Sustainable Development"; Principles for Responsible Investment (UNPRI) initiated by the United Nations, taking into account the priorities of the updated PRI strategy for the period of 2021-2024, the United Nations Environment Program (UNEP), as well as the G20/OECD Fundamental Corporate Governance Principles and the Social Charter of Russian Business. This approach is considered by the Company as a backbone for ensuring the long-term sustainable development of the TATNEFT Group and corporate contribution to the development of a prosperous and inclusive society as a whole.

The company is a member of the UN Global Compact and shares the principles set forth in the fundamental international declarations and conventions in the field of human rights, labour relations, environmental protection and the fight against corruption, including the Universal Declaration of Human Rights, the Declaration of the International Labour Organization on fundamental principles and rights in the field of labour, the Rio Declaration on Environment and Development, the United Nations Convention against Corruption.

The Company takes into account all significant environmental, social and management factors (ESG: environmental - ecology, social - social development, governance - corporate governance) and integrates them simultaneously with the Sustainable Development Goals in the value chain and corporate business strategy, and also consistently builds its capacity to move towards carbon neutrality by 2050 as one of the key conditions for sustainable development under the Paris Climate Agreement.

The Company seeks to create long-term value in socially significant economic, environmental and social areas based on building effective and ethical interaction with stakeholders at each stage of its activities, taking into account reasonableness and adaptability, as well as evaluating the effectiveness of its contribution to sustainable development. The Company seeks to reach consensus on sustainable development with stakeholders based on an integrated approach, the formation of cross-industry, multi-discipline common values to increase the sustainability and high competitiveness of corporate investment and business plans, research projects, products and services at the strategic and operational levels.

The Company takes into account the expectations of stakeholders, as well as the impact that its activities have on stakeholders, examines problems and opportunities in a

comprehensive approach to make the most effective business decisions that will ensure continuous sustainable growth.

The Company position is that harmonious, efficient and sustainable development of business and society as a whole can be ensured only by maintaining a balance between economic, environmental and social aspects, expanding social partnership and responsible investment.

From the very beginning of its activity, the Company adheres to the standards of corporate responsibility, social and humanitarian values and consistently improves the practice of sustainable development. To do this, the Company forms appropriate internal procedures based on advanced international standards, a culture of integrity and adherence to generally accepted principles. In order to develop the practice of sustainable development, the Company is implementing the international standard ISO 37101:2016 "Sustainable development in communities - Management system for sustainable development - Requirements with guidance for use", IDT" (identical national standard is GOST R ISO 37101-2018 "Sustainable development in communities. Management system for sustainable development. Requirements and guidelines for use").

The company also implements other compatible international standards: ISO 26000 "Social responsibility. Performance efficiency and implementation of methods that increase the level of social responsibility", ISO 9001 "Quality management systems", ISO 45001 "Occupational safety and health management systems", ISO 14001 "Environmental management systems", ISO 14090 "Adaptation to climate change. Guidelines, requirements and guidelines", ISO 14064 "Greenhouse gases", ISO 50001 "Energy management systems", ISO 37001 "Anti-corruption management system", as well as a number of other standards that help build effective management in all aspects of sustainable development, and are identical to international ISO series standards are national standards.

The policy of PJSC TATNEFT in the field of sustainable development and interaction with stakeholders (hereinafter referred to as the Policy) has been developed in accordance with the Russian legislation, applicable international law, the requirements of securities market regulators and investors expectations in the field of sustainable development and reporting in the field of sustainable development, taking into account the experience accumulated by the Company, as well as advanced international and national corporate governance practices.

This Policy is a public document aimed at reflecting the Company position in the field of sustainable development and ensuring a systematic coordinated approach to integrating aspects of sustainable development and responsible investment into the business processes of PJSC TATNEFT and controlled and related organizations.

The instrument for the implementation of the Policy is program actions and projects, within which key indicators of sustainable development, mechanisms for their achievement and distribution of responsibility are determined.

This Policy is approved by the decision of the Board of Directors of PJSC TATNEFT.

The Policy applies to PJSC TATNEFT and other organizations of the TATNEFT Group insofar as it does not contradict the legislation of the Russian Federation and the national legislation of the countries in which the enterprises of the TATNEFT Group operate. The requirements of this Policy are mandatory for application in PJSC TATNEFT. The decision on the application of this Policy in controlled and related organizations is made in accordance with the procedure established in these organizations. Responsibility for the adoption of this Policy in controlled organizations lies with the curator of the TATNEFT Group. Application of this Policy is recommended for related organizations.

The Company makes appropriate efforts to ensure that the principles and goals of sustainable development are integrated into the activities of suppliers and contractors, business partners and other stakeholders involved in the activities of the TATNEFT Group.

## **2 MAIN OBJECTIVES OF THE SUSTAINABLE DEVELOPMENT POLICY**

The goals of this Policy are as follows:

- Ensuring an effective sustainable development management system at all levels of strategic and operational planning of corporate activities, the structure and placement of assets, as well as responsible investment approaches based on the integration of sustainable development factors and goals, including the climate agenda, into the value chain of the TATNEFT Group, taking into account social significant values and contribution to the sustainable development of society as a whole.
- Determination of priorities and principles in the field of sustainable development of the Company and interaction with stakeholders in accordance with applicable fundamental international principles and best practices in the field of sustainable development and responsible investment, as well as the sustainable development management system, applicable standards of information disclosure and reporting in the field of sustainable development.
- Formation of understanding by all stakeholders, including employees of the Company, shareholders, investors, representatives of state and municipal authorities, business partners, suppliers and contractors, local communities and other interested parties, of the Company responsible position in the field of sustainable development and interaction with stakeholders.

### **3 COMPANY SUSTAINABLE DEVELOPMENT PRIORITIES**

The Company seeks to increase production and financial efficiency, return and growth in the value of all types of assets, increase competitiveness and increase its leadership position based on high standards of corporate responsibility and a reasonable balance of taking into account the expectations of stakeholders with the Company business plans.

In order to ensure sustainable development, the Company adheres to key priorities in 5 areas:

#### **1. Support for local communities and promotion of social development:**

##### **▪ Positive contribution to the development of society**

The Company contributes to the development of state and local economies in the areas of its operation by creating high added value, providing jobs, attracting local suppliers and contractors, promoting the development of related industries and directs voluntary investments in the development of social infrastructure. The Company implements projects in the field of healthcare and a healthy lifestyle, education, culture, sports for people of all ages, supports the preservation of the spiritual and national traditions of the indigenous population, and also provides support to socially vulnerable segments of the population in order to develop a favorable social environment and improve the quality of life in the territories its activities for all, including inclusive opportunities.

##### **▪ Responsible tax policy**

The Company is a responsible taxpayer in the regions where it operates and plays an important role in generating federal and regional budget revenues. The Company discloses the amount of taxes accrued and paid, and also comments on the tax conditions applicable to the Company in order to ensure transparency to stakeholders regarding material benefits generated by natural resources in accordance with the Global International Extractive Industries Transparency Initiative as part of the Global Standard for Effective Oil Management, gas and mineral resources (EITI).

#### **2. Creation of conditions for effective work and development of human potential:**

##### **▪ Qualitative working conditions, high level of competence and involvement of personnel. Gender equality**

The Company is a responsible employer, provides high-quality and safe working conditions at all enterprises of the TATNEFT Group, adheres to the principle of gender equality and equal opportunities, maintains a decent level of remuneration and provides reliable social guarantees to employees and social support to their families.

The company follows the standards in terms of the level of professional competence and staff motivation. The priority is to attract highly qualified employees and provide opportunities for professional development and personal growth of the staff.

### **3. Minimizing environmental impact:**

#### **▪ Ensuring of industrial and environmental safety**

The Company implements an effective policy of industrial and environmental safety based on the principle of the priority of human life and preventive measures to prevent accidents. The approach to safety is implemented in all production processes, in the work of our own staff and contractors with the priority of health protection.

#### **▪ Preservation of a friendly environment**

The Company reduces the man-caused impact on the natural environment of ecosystems and maintains favorable living conditions in the areas of its operations, improving environmental performance, and takes measures to restore the ecosystem to the level of self-healing potential, including the protection and conservation of biodiversity.

#### **▪ Rational use of resources**

The company develops a model of rational consumption and a circular economy based on a careful attitude to the consumption and distribution of all types of resources (natural, human, financial), applies methods for assessing the effectiveness of resource management, takes into account the resource potential of production processes along the entire value chain and life cycle of products and services. This makes it possible to reduce the environmental intensity of economic growth with an increase in the efficiency of production processes and preserve natural resources for future generations.

### **4. Transition to a low-carbon economy and development of technologies:**

#### **▪ High quality of products and services**

The company ensures the high quality of its products and services and aims to continuously improve and improve their consumer and environmental performance, taking into account the changing requirements and expectations of consumers, as well as in order to reduce the carbon footprint in the life cycle of products and services. The Company is responsible for providing reliable information about products and services provided, including their compliance with industry quality standards, information about environmental performance and climate impact.

#### **▪ Forming a sustainable energy future**

In the context of growing society need for clean and affordable energy, as a factor in improving the quality of life, the Company sets goals to find low-carbon solutions, controls

greenhouse gas emissions in its production chains and takes measures to improve the environmental performance of business processes, manufactured and consumed products. The Company also seeks to disseminate this approach among its suppliers, contractors, consumers and customers in order to consolidate efforts to reduce its carbon footprint and move towards a low-carbon future.

- **Development of innovative potential**

In the context of the growth of high-tech solutions in the energy industry, the Company forms a reliable technological base, systematically develops and implements the most advanced solutions, many of which are unique in the industry and in the technology supply market. Interaction with the national and foreign leading scientific, technical, and technological centers allows for the integration of production tasks and extensive experience with innovative scientific potential in all fields of the Company activities.

- 5. **Improving corporate governance, security and ESG risk management practices, including in the supply chain:**

- **Sustainable and transparent supply chain**

The Company strives to ensure the supply chain based on the principles of equal opportunities, excluding discrimination in any form, full transparency of decisions made, competitive advantages and assessment of compliance with the priorities and principles of sustainable development adopted by the Company, including the goals of reducing the carbon footprint and moving to carbon neutrality with regular analysis of supply chains to avoid conflict and violation of the rights and legitimate interests of other parties. The Company constantly improves the mechanisms of the supply chain and interacts with its suppliers, contractors, consumers and clients to increase the transparency and sustainability of their activities, and also expects them to implement the fundamental principles of sustainable development in their activities.

- **Advanced Corporate Governance Standards**

The Company develops advanced corporate governance practices based on ensuring the rights and legitimate interests of shareholders, a long-term strategy, an effective composition of the Board of Directors and management, an integrated risk management and internal control system, a transparent remuneration system, as well as an internal and external audit system. The Company principal focus is on providing mechanisms to combat corporate fraud and corruption, including in the supply chain. Taking into account the growth of cyber risks, the Company raises internal standards for managing cyber security and cyber resilience, including the protection of all types of assets, production processes, financial transactions, as well as in the field of personal data protection.



## 4 COMPANY SUSTAINABLE DEVELOPMENT PRINCIPLES

The Company activities in the field of sustainable development are based on the following principles:

- **Compliance with legal requirements and other obligations assumed by the Company.** The Company activities are carried out in accordance with the requirements of Russian legislation, international law, international agreements of the Russian Federation and applicable laws of other jurisdictions where the Company operates, as well as voluntary commitments made by the Company in the field of sustainable development. Taking into account the overall improvement of approaches in the field of sustainable development, responsible investment and climate at the international and national levels, the Company consistently introduces advanced standards into corporate practice, expanding the boundaries of its responsibility in order to increase efficiency and effectiveness in all factors of sustainable development. The list of the main international principles, guidelines and standards applied by the Company is given in Section 11 of this Policy.
- **Taking into account the interests and expectations of stakeholders.** The Company seeks to maintain a balance of interests of all stakeholders and builds interaction with stakeholders based on the principles of mutual interest, honesty, ethics and transparency. The Company regularly identifies the interests and expectations of stakeholders in order to take them into account in its activities and adheres to an open dialogue in discussing issues relevant to stakeholders, the solution of which is related to the Company capabilities within the framework of its strategy and the Sustainable Development Policy, as well as the Company contribution to development state economy, industry, technological and digital potential, healthy environment and social infrastructure.
- **Integration of sustainable development factors and goals into the business model, strategy and operations.** The company integrates sustainable development targets and processes into the value chain, strategic goals and objectives, investment planning, the life cycle of business processes, products and services. At the same time, the principles of sustainable development are being integrated into the corporate culture and business ethics of the Company.
- **Competence, awareness and information exchange.** The Company ensures an appropriate level of competence and awareness of the management and management bodies involved in sustainable development management and personnel involved in the implementation of strategic objectives, operational plans and sustainable development goals, and also improves the mechanisms for internal and external information exchange in general.

- **Understanding and taking into account regional specifics.** When planning its activities, the Company identifies and takes into account the socio-economic, environmental, historical, cultural and other features of the regions of presence and reasonably adapts its activities taking into account regional specifics.
- **Performance evaluation and continual improvement.** The Company strives for maximum efficiency in all processes of its activities and effective management of sustainable development, constantly improving the mechanisms of planning, control and reporting. The Company develops a KPI system and evaluates the maturity of achieving sustainable development levels.
- **Risk management.** The Company is developing an integrated risk management and internal control system that includes sustainable development factors and climate risks, raises stakeholder awareness of all risk factors and takes appropriate measures to eliminate or reasonably minimize them.
- **Information transparency.** The Company adheres to the principles of timely, reliable and complete disclosure of information with equal accessibility for stakeholders to make informed decisions and form the most objective perception of the Company activities, including both mandatory disclosures and information disclosed on a voluntary basis.

## 5 HUMAN RIGHTS

The Company fully shares and supports the principles of observance of human rights in accordance with the Constitution of the Russian Federation, the Social Charter of Russian Business, the generally recognized norms enshrined in the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the main treaties under which it was codified: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, as well as those set out in the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

5.1. Implementing business projects in countries with different political systems and cultural traditions, the Company proceeds from the fact that everyone should have all the proclaimed rights and freedoms without any distinction, regardless of race, skin color, gender, age, language, religion, political or other opinions, national or social origin, disability, property, estate or other status, including the right to work, the right to a favorable environment, the rights of indigenous peoples and special groups of the population, and others.

5.1.1. The Company takes appropriate corporate actions to exclude in its practice any form of human rights violations along the entire value chain and expects respect for human rights from its suppliers, contractors, business partners and other stakeholders involved in the activities of the TATNEFT Group, and also strives to take appropriate measures to prevent

or mitigate adverse human rights impacts that are directly attributable to its activities, products or services in the event that it occurred as a result of a business relationship, even if the Company did not directly contribute to such an impact.

5.1.2. The Company does not tolerate any form of harassment or discrimination, excluding any possibility of a hostile, humiliating or humiliating atmosphere, any form of involuntary or forced labour.

5.1.3. The Company provides and encourages equal opportunities and treatment of employees in the field of employment, including equal remuneration for women and men for work of equal value, as well as non-discrimination in the field of labour and employment.

5.1.4. The company excludes the use of child labour. For persons under the age of majority, entry into labour relations is carried out in strict accordance with the Convention of the International Labour Organization "On the Minimum Age for Admission to Employment" and the applicable laws of the country in which the activity is carried out.

5.1.5. The Company recognizes and ensures the rights of each employee to collective representation of interests, including in trade union organizations of his/her own choice and the rights regarding the freedom of employees to form trade unions, as well as the right to collective bargaining.

5.1.6. The Company assumes the obligations in respect of rights to healthy environment and safe work and intends to implement all the available and feasible measures to prevent occupational injuries and diseases of personnel, accidents and to mitigate any consequences thereof.

5.1.7. The Company supports preservation of national and cultural identity of the people living in regions of the Company's operation.

5.2. The Company provides a set of measures to assess the actual and potential impact on human rights in order to respond in a timely manner in the event of a risk of adverse impact on human rights associated with the activities of the Company, its products and services through business relations and inform stakeholders accordingly, including:

5.2.1 Monitoring and control of the effectiveness of human rights compliance mechanisms directly in the organizations of the TATNEFT Group, as well as in the processes of interaction with suppliers, contractors, business partners and other interested parties;

5.2.2. Development of appropriate internal indicators for assessing the observance of human rights in the course of the Company activities;

5.2.3. Providing information channels from internal and external sources, taking into account various stakeholder groups, including the hotline;

5.2.4. Development of a risk management system in the field of human rights observance and, in the event of an adverse impact on human rights, the availability of redress mechanisms within the framework of legal redress processes and cooperation to redress it;

5.2.5. Development of a system of public reporting and internal accountability of the organizations of the TATNEFT Group for the observance of human rights.

## **6 INTERACTION WITH STAKEHOLDERS**

6.1. The Company considers all groups of its environment as stakeholders and adheres to the position that constructive and open interaction allows accumulating experience in various areas of corporate practice, comprehensively assessing external views on various topics and problems relating to the interests of the Company and various groups of communities from its environment, observance of rights human being and to determine more significant priorities in planning activities and setting goals.

6.2. Engagement with stakeholders is built on the basis of strict compliance with the law and relevant industry norms and standards, adherence to ethical standards, which also includes the desire to maintain a diverse and inclusive culture in the corporate environment.

6.3. Interaction with stakeholders is carried out at all levels of the Company activities using mechanisms and forms that correspond to the scale and content of the tasks being solved, which are in the area of mutual interests and are supported by internal documents and corporate standards.

6.5. Engagement with key stakeholder groups:

### **Interaction with staff**

The company builds relationships with personnel based on the principles of social partnership. The Company pays special attention to issues of industrial safety, labour protection and health, considering human life and health as the highest priority. The Company HR approaches include: providing an incentive system aimed at increasing employees interest in the results of work; maintaining a competitive level of wages and salaries; professional development and personnel training, creation and development of the Company talent pool for managerial positions of various levels; cooperation with trade unions and ensuring compliance with mutual obligations of the employer and employees under the Collective Agreement; development of corporate social plans for employees (health insurance plan, housing plan, pension plan, etc.); promoting the development of safe and comfortable conditions for urban infrastructure and settlements.

### **Interaction with shareholders, investors and the business community**

The Company follows the principles of commitment to transparent and responsible business conduct, fair competition, maintaining an open dialogue in developing cooperation with

shareholders, investors and the business community. The interaction is based on the full observance of the rights and the most complete realization of the legitimate interests of shareholders and investors; effective corporate governance and continuous improvement of corporate practices in accordance with best international standards; ensuring strategic management of the Company by an efficient and professional Board of Directors; informing shareholders, investors and the business community by preparing, publishing and providing reporting and other required information; compliance with ethical standards of business conduct; Supply chain and procurement transparency equality, fairness, lack of discrimination and unreasonable restrictions on competition, in strict accordance with the law and applicable regulations. The Company interacts with Russian and international industry associations, associations and research centers, analytical and expert communities in order to improve corporate governance practices, sustainable development and responsible investment in general.

### **Interaction with society**

The Company builds its interaction with society on the basis of the principles of efficiency, significance, consistency and openness. This means that the Company strives to achieve an effective result aimed at solving problems and improving. The Company strives to ensure that socially-oriented programs are as targeted as possible, systematic and systematic in nature to increase the level of well-being and develop socially significant areas of society. The Company seeks to develop and implement social programs based on dialogue and cooperation with stakeholders and introduces social licensing of its business projects into its practice, which it considers as confirmation of the confidence of stakeholders in the Company activities and recognition of the socially significant value of the Company contribution to improving sustainable development factors.

6.6. Interaction with stakeholders in the framework of key international initiatives:

### **Interaction in the target areas of sustainable development**

The company is a member of the UN Global Compact and the National Network of the UN Global Compact in Russia. Interaction within the framework of these initiatives opens up new opportunities for establishing partnerships to address global and local challenges, promote common goals and consolidate efforts in the implementation of the Sustainable Development Agenda and the Company participation in targeted action platforms at the UN Global Compact platform and the Global Compact National Network in the Russian Federation. The Company sees great prospects in this area, primarily within the framework of the Sustainable Development Goals adopted by the Board of Directors of PJSC TATNEFT as a priority for the period up to 2030.

The Company joins existing programs and initiates joint programs with other companies and representatives of stakeholders in various areas of sustainable development.

## **Cooperation on combating climate change and transition to carbon neutrality**

The Company consistently and comprehensively adheres to initiatives related to transition to carbon neutrality and is an active participant in the discussion and implementation of measures to regulate greenhouse gas emissions at both the national and international levels. The Company ensures the adoption of managerial decisions on the development of a corporate system for recording and controlling greenhouse gas emissions in the direction of reducing them and reducing the carbon footprint. The Company considers not only emissions from its own operations, but also emissions from the use of products that are produced and supplied to the market by the Company enterprises, as well as in the supply chain associated with its activities by scope: 1 - direct greenhouse gas emissions gases from the operating activities of the Tatneft Group; scope 2 - indirect emissions associated with the energy supply of the Tatneft Group; scope 3 – greenhouse gas emissions associated with the use of the Company products.

The Company is planning targets for reducing total greenhouse gas emissions and increasing the share of business with a smaller carbon footprint through the introduction of advanced technologies to prevent, capture and offset greenhouse gas emissions; utilization and efficient use of associated petroleum gas; improving the energy efficiency of production processes; development of low carbon energy sources such as gas, renewable sources, biofuels; production and use of environmentally friendly fuel; development of technologies for capturing and safe storage of CO<sub>2</sub>. Compensatory programs include improving the efficiency of forest plantation management, taking into account their absorptive capacity, biodiversity conservation and the development of a circular bioeconomy. In accordance with this, the interaction of the Company on the issues of control and reduction of greenhouse gas emissions covers all stakeholders involved in the production and consumption of the Company products, supply and consumption of electricity, as well as parties involved in the development of technologies and technological processes aimed at solving the problems of transition towards carbon neutrality and zero emissions.

## **7 SUSTAINABLE DEVELOPMENT MANAGEMENT SYSTEM**

7.1. The Company sustainable development management system is aimed at providing effective and transparent mechanisms in the areas of corporate practice:

- Identification of areas of sustainable development;
- Creation, regulation and implementation of sustainable development mechanisms (tools, procedures) in the Company;
- Integration of sustainable development goals into strategy and operations;
- Definition of responsibility in the field of sustainable development;
- Ensuring an effective system of KPIs in the field of sustainable development;

- Monitoring risks and opportunities related to sustainable development and climate change;
- Informing employees, management bodies, shareholders, investors, contractors, representatives of state and municipal authorities, other stakeholders about the Company activities in the field of sustainable development;
- Promoting the professional and personal growth of the Company employees;
- Promoting social and economic development of the regions where the Company operates, as well as the country as a whole;

7.2. The corporate governance system in the field of sustainable development includes setting goals and overseeing their achievement by the Board of Directors and securing clear responsibility for the Company managers and divisions to fulfill their tasks.

**The Company has established and actively operates the following committees under the Board of Directors** - the Committee on Sustainable Development and Corporate Governance, the Audit Committee, the Human Resources and Remuneration Committee, which participate in the preparation of decisions on sustainable development and climate in accordance with their competencies.

**The Sustainable Development and Corporate Governance Committee of the Board of Directors** regularly reviews issues related to sustainable development and climate, defines strategic goals and plans, and approves priority Sustainable Development Goals. Climatic and sustainable development aspects are taken into account when considering issues related to the analysis and formation of strategies, investment plans, risk management, business plans, R&D programs, the use of the best available technologies (BAT), the development of green technologies and projects, characteristics of products and the potential of alternative renewable energy, programs to improve the knowledge and competencies of employees. As goals are set related to sustainable development and decarbonization aspects, the Board of Directors is expanding its practice of taking these factors into account when making decisions.

Taking into account the impact of sustainable development and climate aspects on the prospects for reflecting relevant risks and opportunities in the Company's reporting, as well as their impact on financial and economic activities and the ability to raise financing, issues regarding risks and opportunities related to sustainable development and climate change are periodically considered at meetings of the Audit Committee of the Board of Directors.

**The Board of Directors has appointed an independent director responsible for monitoring the Company climate change activities**, who works closely with other members of the Board of Directors and the Company management on plans, initiatives, goals and actions related to climate-related risks and opportunities.

**The Management Board** reviews progress on key sustainability and climate projects of the Company on a regular basis.

**The General Director of the Company, members of the Management Board** are responsible for carrying out the tasks and implementing the decisions determined by the Company Board of Directors, including those related to sustainable development and climatic aspects.

In connection with the decisions of the Company Board of Directors on mandatory consideration of risks and opportunities related to climate change in the Company's activities, all Company managers are responsible for developing and making decisions taking into account these factors. The General Director of the Company is responsible for taking climatic factors into account when defining initiatives and plans, as well as in the actions of the Company. Other managers who report to the General Director are responsible within their competence, in particular, the heads of the strategic unit for taking into account climate aspects when determining the strategy of TATNEFT Group and selecting scenarios that take into account the climate agenda, business supervisors for assessing risks associated with climate change, and determining the appropriate opportunities to reduce greenhouse gas emissions, Heads of Environmental Services of the Company for the organization of emissions accounting and coordination at the level of the entire TATNEFT Group on the development and setting of appropriate emissions reduction goals, managers responsible for interaction with shareholders, investors, media and other stakeholders, for timely, complete and accurate disclosure of information on the Company actions in the field of climate risks and opportunities.

When considering investment projects, the Company **Investment Committee** takes into account factors related to aspects of sustainable development and climate change.

**In its sustainability risk assessment processes**, the Company considers the risks to society and the environment arising from the Company actions, and not only the risks to the Company itself. These risks are considered within the framework of the corporate risk management system. The structure of management and responsibility for risks and opportunities related to sustainable development and climate includes the CEO (accountable to the Board of Directors), deputy CEOs, business supervisors (accountable to the CEO), heads of departments and departments (accountable to the CEO, deputy CEOs, heads of departments). Monitoring the implementation of tasks within the framework of the sustainable development goals and related to climate is carried out personally by the CEO and other managers by monitoring the relevant instructions. The Company practice also provides for mechanisms to avoid **conflicts of interest**.

**The Company is developing a system of KPIs** for achieving sustainable development and decarbonization goals with the spread of the practice of dependence of compensation on the



achievement of sustainable development and climate goals for all key managers as relevant goals are set. This issue is under the control of the Human Resources and Remuneration Committee of the Board of Directors.

7.3. In order to organize, improve and control the system for the implementation of the principles and measures in the field of sustainable development, the Company has a **Steering Board for sustainable development**, formed to make the most important decisions on managing a portfolio of projects on sustainable development goals and develop key approaches for integrating international principles and standards in the field of sustainable development.

7.3.1. The composition of the Steering Board is approved by the General Director of PJSC TATNEFT. The Chairman of the Steering Board is the Deputy General Director for industrial safety, labour protection and ecology of PJSC TATNEFT. The work plan of the Steering Board is approved by its chairman.

7.3.2. The main functions of the Steering Board include: definition and approval of the vision, goals and composition of the project portfolio; approval of project/programme roadmaps, implementation timelines and their targets; Decision-making on key project participants analysis and assessment of the effectiveness of projects/programs, new challenges and risks; interaction with key stakeholders and issues of their informing on the Company actions in the field of sustainable development.

7.4. Control over the implementation of projects and programs in the area of the Sustainable Development Goals is provided by **the Project Office for Sustainable Development**, which functions include: keeping a project/program register; monitoring the implementation of project roadmaps, prompt identification of deviations of current indicators from planned ones in order to ensure corrective actions; methodical support of project teams; maintaining a project portfolio risk register; analysis and assessment of the quality of project management, formation of summary reporting.

## **8 INFORMATION DISCLOSURE AND REPORTING**

8.1. The Company adheres to the criteria of significance for stakeholders in disclosing information about the Policy and actions in the field of sustainable development of the TATNEFT Group. The Company assumes that aspects of sustainable development and climate aspects can be significant for making investment and business decisions, joint plans and sponsorship, understanding by local communities of the Company plans for the development of social infrastructure and the possibility of participation of stakeholders in the Company development of sustainable development decisions.

8.2. In disclosing information, the Company generally maintains a reasonable balance between transparency and compliance with the protection of confidential information.

8.3. Information about the Company activities in the field of sustainable development is disclosed on the Company website at: <https://www.tatneft.ru/>, including in the section "Sustainable Development", in the Company annual report and in the annual report on sustainable development. As a member of the UN Global Compact, the Company also annually prepares a Report on Progress in the Implementation of the 10 Principles and Achievement of the Sustainable Development Goals, within the framework of which an application is submitted on the UN Global Compact website from the CEO and an online questionnaire is filled out containing questions about the corporate actions of the company, which are linked to the 10 Principles and the SDGs.

8.4. When disclosing information on sustainable development, the Company adheres to the requirements and standards applicable within the framework of national and international regulation, as well as applicable to the preparation of the annual report and the report on sustainable development. In addition, the Company voluntarily discloses information in order to obtain the most complete and objective picture of our activities for stakeholders to make decisions.

8.5. In order to ensure transparency in relation to tax policy and payments, the Company discloses the amount of taxes assessed and paid, comments on the tax conditions applicable to the Company, and also annually publishes a "Report on payments to governments in connection with mining activities". The purpose of these reports is to disclose information to the public and citizens regarding the material benefits generated by natural resources and obtained by governments of countries rich in these resources. This Company approach is in line with the Global Extractive Industries Transparency Initiative (EITI).

8.6. The Company provides stakeholders with access to complete, accurate and understandable information that allows them to make informed decisions, including information about business processes, product labeling, posting information on the websites of manufacturers, and providing additional information. Interaction is as well ensured with business partners, suppliers and dealers to provide the most complete information about products, necessary and useful for consumers.

## **9 FINAL PROVISIONS**

9.1. These Policy is a local normative document of continuing validity.

9.2. Issues not regulated by this Policy are governed by the current legislation of the Russian Federation and internal regulatory documents. If, as a result of changes in the legislation of the Russian Federation and regulatory legal acts in the areas affected by this Policy, certain provisions of this Policy conflict with them, these clauses become invalid, and until the amendments are made to the Policy, it is necessary to be guided by the relevant norms and legal acts of the current legislation of the Russian Federation.

## 10 BASIC TERMS AND DEFINITIONS

**17 Sustainable Development Goals (SDGs)** - the goals adopted as part of Resolution A / RES / 70 / 1 of the United Nations General Assembly on 25.09.2015 “Transforming Our World: The 2030 Agenda for Sustainable Development”, aimed at conserving the planet's resources and ensuring well-being for all, and containing targets to be achieved in the world within 15 years.

**The UN Global Compact** is a Global Voluntary Initiative for Corporate Social Responsibility, initiated by United Nations Secretary-General Kofi Annan and officially effective since July 26, 2000. Mission of the Global Compact: “Business as a force for good. By striving for sustainable development, business can take on a shared responsibility for creating a better world.” Joins forces to mobilize a global movement of sustainable companies and stakeholders in the implementation of the 10 Principles of sustainable development in the field of human rights, labour protection, environment and fight against corruption, as well as in taking strategic actions to advance the 17 UN Sustainable Development Goals with strengthening cooperation and innovative opportunities.

**TATNEFT Group** means a group of legal entities, including PJSC TATNEFT n.a. V.D. Shashin, without forming a legal entity, having a legal relationship based on a direct or indirect proprietary control of one entity over the other (others) through the possession of controlling stock (units, stakes) in the authorized capital or the ability to exercise a decisive influence on the basis of a contract or on any other grounds.

**Stakeholders are** individuals and (or) legal entities, groups of persons, public authorities and public organizations, media that may influence the Company activities or be influenced by its activities, manufactured products or services and related activities.

**Responsible investment** is based on the key principles of the investment community Principles for Responsible Investment, initiated by the United Nations (UN PRI) and aimed at effective capital management of companies - creating value, taking into account the essential factors of sustainable development. UN PRI was first introduced in 2006. Adhering to the Principles is a public demonstration by companies of a commitment to integrating environmental, social and governance considerations into investment decision-making for better risk management and a sustainable and long-term return on investment.

**A controlled organization** is a legal entity under the direct or indirect control of a controlling person.

**A related organization** is a legal entity in which PJSC TATNEFT named after V.D. Shashin has the right directly or indirectly (through controlled and related persons) to dispose of less than 50 percent of the votes in the senior management body.

**Social license** (Social License to Operate/SLO) is a confirmed consent of the local community to the activities of the company. International practice aimed at expanding the responsibility of companies - users of natural resources to local communities: large industry projects are implemented with the loyalty of the local population to the project confirmed by research. The development of the practice of social licensing for mining is supported by the World Bank and other financial institutions.

**Sustainable development:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

NOTE Sustainable development refers to integrating the goals of a high quality of life, health and well-being with social justice and maintaining the Earth ability to support life in all its diversity. These social, economic and environmental goals are interdependent and mutually supportive. Sustainable development should be seen as a way of expressing the broad expectations of society as a whole.

[GOST R 54598.1-2015, 2.3]

**ESG** (Environmental Social Governance) / Ecology. Social sector Corporate governance) is a system of criteria in the strategic, investment and operational planning and activities of organizations that relate to the three central factors in the field of ecology, social sphere and management in assessing the sustainability and social impact of organizations directly, as well as investments in a company or business. These criteria are taken into account by investors when determining the future financial performance of companies.

## **11 KEY INTERNATIONAL PRINCIPLES, GUIDELINES AND STANDARDS APPLIED BY THE COMPANY**

In order to develop best practices in the field of sustainable development, the Company applies and takes into account the following international documents as a backbone:

### **I. Guidelines**

1. UN Global Compact Principles <https://www.unglobalcompact.org/http://www.globalcompact.ru/about/ten-principles/> ;
2. OECD Guidelines for Multinational Enterprises; <https://mneguidelines.oecd.org/guidelines/MNEGuidelinesRussian.pdf>;
3. United Nations Universal Declaration of Human Rights. Adopted by resolution 217 A (III) of the UN General Assembly of December 10, 1948 [https://www.un.org/ru/documents/decl\\_conv/declarations/declhr.shtml](https://www.un.org/ru/documents/decl_conv/declarations/declhr.shtml);
4. UN Guiding Principles on Business and Human Rights; Adopted by the United Nations in 2011. [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_ru.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_ru.pdf);

5. ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy; Adopted by the Governing Body of the International Labour Office at the 204th session (Geneva, November 1977) as amended at the 279th (November 2000), 295th (March 2006) and 329th (March 2017) sessions.  
<https://www.ilo.org/>  
Declaration of Fundamental Rights and Principles at Work of the International Labour Organization (ILO); Adopted by the General Conference of the International Labour Organization at its 86th session, Geneva, June 18, 1998 <https://www.ilo.org/>;
6. Convention No. 87 of the International Labour Organization (ILO) "Regarding freedom of association and protection of the right to organize". Adopted at the 31st session of the ILO General Conference, San Francisco, 09 July 1948  
<https://www.ilo.org/>;
7. ILO Convention No. 98 "Concerning the Application of the Principles of the Right to Organize and Collective Bargaining"; Adopted at the 32nd session of the ILO General Conference, Geneva, July 01, 1949  
<https://www.ilo.org/>;
8. ILO Convention No. 111 "Concerning Discrimination in the Field of Labour and Occupation". Adopted at the 42nd session of the General Conference of the International Labour Organization, June 25, 1958 <https://www.ilo.org/>;
9. UN Declaration on the Environment and Development; Adopted by the United Nations Conference on Environment and Development, Rio de Janeiro, June 3-14, 1992 [https://www.un.org/ru/documents/decl\\_conv/declarations/riodecl.shtml](https://www.un.org/ru/documents/decl_conv/declarations/riodecl.shtml) ;
10. United Nations Convention against Corruption. Adopted by General Assembly resolution 58/4 dated October 31, 2003  
[https://www.un.org/en/documents/decl\\_conv/conventions/corruption.shtml](https://www.un.org/en/documents/decl_conv/conventions/corruption.shtml) .

## **II. Industry Guidelines and Standards for Sustainability Disclosure**

1. IPIECA reporting recommendation – Oil and gas industry guidance on voluntary sustainability reporting: Reporting 2015 (3rd Edition) / IPIECA, API, IOGP - International Petroleum Industry Environmental Association, American Petroleum Institute and International Association of Oil and Gas Producers (3rd Edition) Sustainability Reporting Guidelines.
2. GRI standards - Global Reporting Initiative TM (GRI) Sustainability Reporting Standards - Standards for reporting in the field of sustainable development, developed by the international organization "Global Reporting Initiative".
3. A series of AA 1000 standards developed by the International Institute for Social and Ethical Reporting (Account Ability);
4. Baseline performance indicators. Recommendations for use in management practice and in corporate non-financial reporting of the Russian Union of Industrialists and Entrepreneurs;
5. Business Reporting on SDGs.
6. Global International Extractive Industries Transparency Initiative (EITI).
7. International Integrated Reporting Council (IIRC) integrated reporting standard.

### **III. Documents, Guidelines and standards in the field of climate**

1. The Paris Climate Agreement;
2. Standard for measuring and managing greenhouse gas emissions - Greenhouse Gas Protocol/GHG;
3. TCFD - The Task Force on Climate-related Financial Disclosures .