



ТРУБНАЯ МЕТАЛЛУРГИЧЕСКАЯ КОМПАНИЯ

## ENVIRONMENTAL POLICY OF TMK GROUP

TMK Group as one of the world's largest producers of tubular products is aware of its social responsibility to preserve a favorable environment and biodiversity in the regions where it operates, and pursues an effective and transparent environmental policy.

The mission of TMK Group is to ensure stable economic growth in the near and long term while comprehensively reducing its environmental footprint and consistently enhancing the effectiveness of its environmental policy.

The Environmental Policy of TMK Group is based on the legislation of the Russian Federation and on generally accepted international regulations in the field of environmental protection. It is an official public document regulating the Company's overall development strategy for improving the environmental impact management system. TMK Group's commitments to comprehensively mitigate the effects of production on the climate change are reflected in the Climate Policy of TMK Group. The approach to implementation of these commitments is outlined in the Concept for Implementation of the Environmental Policy.

TMK Group is committed to the principles of environmentally responsible business conduct in the regions where it operates. The environmental component is considered in the Company's strategic planning, facilitating the introduction of modern technologies and equipment for comprehensive reduction of the environmental impact and implementation of measures to ensure sustainable low-carbon development.

The Environmental Policy is mandatory for all employees regardless of their position. The Company is building a feedback system that enables employees to share their suggestions on reducing the environmental impact at various stages of production and encourages environmentally responsible behavior among its staff.

### Purpose of the Environmental Policy of TMK Group

Minimize the environmental footprint while preserving and enhancing the quality of the environment and biodiversity, and helping to preserve the climate in the regions of operation as an integral part of the common corporate culture and environmentally conscious management.

#### Key principles:

- resource efficiency and energy efficiency at all stages of production;
- implementation of state-of-the-art technologies to reduce the environmental impact;
- use of a risk-based approach in environmental impact management;
- accessibility and transparency of the environmental policy.

### Commitments of TMK Group defined in accordance with the principles of environmental responsibility:

- carry out production activities in accordance with the requirements of the environmental legislation of the Russian Federation, international laws and regulations related to the environmental side of work of the enterprises of TMK Group, and motivate suppliers and contractors of the enterprises of the Group to comply with these regulations;
- continuously monitor and manage environmental risks at all stages of the product life cycle;
- pursue a consistent policy to improve the environmental safety of production;
- implement state-of-the-art technologies to reduce the environmental impact, apply best environmental practices and initiatives;
- in planning and implementing investment projects, provide for environmental, climate and biodiversity impact mitigation, and consider sustainable low-carbon development approaches;
- effectively manage production waste-related processes in order to minimize waste generation and increase recycling rates;
- make rational, efficient and safe use of resources and energy in the production processes;
- contribute to a consistent reduction of the negative impact on biodiversity;
- continuously improve the environmental management system based on the results of control and monitoring of audits and efficiency review;
- improve environmental protection indicators through the reduction of emissions and discharges and reduction of concentrations of pollutants from production activities;
- maintain an open and objective dialogue with internal and external stakeholders on environmental impact issues;
- consistently improve environmental awareness of employees.

Chief Executive Officer, PAO TMK

/signature/

Igor Korytko

Directive of PAO TMK No. 903 dd. December 30, 2021



ТРУБНАЯ МЕТАЛЛУРГИЧЕСКАЯ КОМПАНИЯ

## CONCEPT FOR IMPLEMENTATION OF THE ENVIRONMENTAL POLICY OF TMK GROUP

This Concept defines the direction of TMK Group's development in relation to the fulfilment of its commitments to improve the level of environmental safety at the enterprises of TMK Group and minimize the negative impact on the environment. The key tools are the use of state-of-the-art technologies in the production processes, continuous improvement of product quality and environmental safety criteria, controlled compliance with generally accepted sustainability principles, legal requirements, industrial and environmental standards, and consistent improvement of corporate governance efficiency.

The Company seeks to increase its business economic performance and the Company's capitalization in combination with improvements in the quality of eco systems in the regions where it operates. In order to reduce the resource and energy intensity of production activities of enterprises of TMK Group, we have set priorities aimed at conducting a stable long-term pipe business taking into account the rational use of resources and respect for the environment.

### *Our priorities*

- **eco-technologies**

In its product design, selection of the production technology, raw materials and partners for industrial cooperation TMK is guided by environmental benchmarks.

- **eco-processes**

TMK integrates into its production processes technologies and equipment that, among other technological advantages, make it possible to relieve the burden on the environment and cut down resource consumption through rational use.

- **eco-products**

TMK strives to ensure environmental safety throughout the entire life cycle of its products, from resources and energy use, research and development of new products, production, storage, transportation to disposal (recycling) of products.

Guided by the principles of TMK's environmental responsibility, which are focused on sustainable and efficient business conduct, and taking into account the goals of preserving environmental wellbeing and ensuring environmental safety of the processes that we use, we have identified the key elements of TMK's environmental protection activities, basic approaches and mechanisms for implementing the undertaken commitments.

### *Key elements of TMK environmental protection activities*

- **Atmospheric air protection**

Focus of activity:

- implementation of technologies and measures ensuring compliance of the emission level with the established maximum permissible limits and reduction of gross emissions of pollutants into the atmospheric air;
- ensure efficient operation of gas-treatment equipment;
- development and improvement of monitoring of the level of impact on the atmospheric air.

- **Water management and protection**

Focus of activity:

- identification and assessment of current and future risks associated with the quantity, quality and availability of water resources in the areas of operation;
- implementation of technologies and measures ensuring compliance with regulatory requirements and improvement of the quality and quantity of wastewater discharge;
- ensuring efficient operation of treatment plants;
- implementation and increase of the capacity of closed-circuit water systems and water reuse systems that contribute to the reduction of water consumption and minimize or discontinue discharges of polluted wastewater;

- reduction of the volume of off-balance water;
- reduction of the volume of fresh water used for the main technological processes (steelmaking and pipe production);
- development and improvement of monitoring of water consumption and water disposal;
- improvement of the water resources and risk management system.

- **Rational use and protection of land, reduction of the negative impact on soil**

Focus of activity:

- effective management of storage and disposal of industrial and domestic waste;
- prevention of soil pollution;
- elimination of environmental damage from past economic activities.

- **Industrial and consumption waste management**

Focus of activity:

- effective management of the processes of accounting, collection and disposal of industrial waste;
- implementation of methods and technologies for recycling and utilization of waste and use of waste as raw materials in own production and in other industries;
- waste recycling (by our own means or with the help of third-parties).

- **Management of physical effects**

Focus of activity:

- ensure that the noise level is in line with the current regulations.

- **Conservation of biodiversity**

Focus of activity:

- conduct business operations considering the objectives of conservation of world heritage sites and specially protected natural areas;
- reduce the impact of production activities on biodiversity;
- facilitate protection and preservation of the ecological landscape and biodiversity.

Improvement in environmental performance in the key elements of TMK environmental protection activities involves balanced implementation of a set of stated basic approaches that need to be unconditionally complied with as part of the Company's regular business activities.

### ***Basic approaches to TMK environmental protection activities***

#### Protection of the environment

Focus on the use of advanced scientific developments, technological innovations and state-of-the-art technologies as the main means of minimizing the negative impact of activities of the enterprises on the environment with an emphasis on preventive measures to minimize the risk of negative environmental impact.

#### Compliance with mandatory requirements

Ensuring compliance of the Company's activities with legislative and other mandatory requirements in the field of environmental protection and environmental safety.

Operation of equipment and production facilities in accordance with the requirements of environmental legislation and other regulatory industry and corporate standards and practices that the Company has committed itself to comply with.

#### Process safety

Enhancement of the level of environmental safety through improvement of technological processes, technical equipment, skill levels and environmental awareness of our staff.

Integration and continuous improvement of the accuracy of assessment of environmental safety of processes at the production facilities of TMK, including the stages of planned activities, production functioning, routine maintenance and, if needed, subsequent decommissioning.

#### Prevention of environmental risks

Organization of safe planned and current production at TMK enterprises based on the initial identification of potential and existing hazards and analysis and management of possible and actual industrial environmental risks, in order to prevent possible events that might adversely affect the environment and ensure a continuous production process with an acceptable level of impact on natural components.

In relation to the planned activities, a strong emphasis is made on assessment of new industrial sites that are planned to be acquired in the context of the history of environmental pollution and environmental damage that might have been caused by the operation of the facility in the past periods.

#### Improvement of environmental protection activities and the environmental management system

Maximize the efficiency of environmental protection management through the introduction of uniform corporate approaches, principles and practices of environmental governance in the Company corresponding to the relevant local environmental legislation and the current version of ISO 14000 international standard in the following areas:

- assessment of environmental safety of investment projects;
- enhancement of efficiency of environmental protection activities;
- creation of a single information system in the field of environment;
- development of the reputation of an environmentally responsible Company and improvement of the level of cooperation with external stakeholders;
- implementation of the corporate environmental training program.

***Assessment of actions aimed at improvement of environmental protection activities is based on the review of the following indicators:***

- total expenditures on environmental protection and implementation of environmental measures;
- water consumption;
- share of recycled and reused water in the total volume of consumed water;
- pollutant emissions;
- wastewater discharges;
- impact on biodiversity;
- share of waste released into the environment;
- implementation of environmental initiatives;
- implementation of training programs raising environmental awareness.

***Key indicators used for management and decision-making in the field of environmental protection:***

- compliance with established targets and requirements;
- percentage of achievement of the goals and objectives;
- dynamics of changes in the amount of payments for negative impact on the environment;
- use of fresh water for production needs;
- share of recycled and reused water in the total volume of consumed water;
- gross volume of pollutant emissions;
- volume of effluent disposal;
- volume of pollutants discharged into natural water bodies;
- volume of production waste generation;
- volume of waste released into the environment;
- share of reused waste;
- level of negative impact on biodiversity;
- number of significant incidents or violations of environmental legislation, under which penalties or other types of administrative responsibility have been imposed;
- share of employees trained in environmental protection;
- volume of collected funds (environmental damage), due to violation of environmental legislation.

Implementation of modern methods of environmental governance will make it possible to ensure environmental sustainability and safety of production activities. This will require shaping of uniform mechanisms for implementation of undertaken commitments and their reflection in all components of the environmental protection activities of the enterprises of TMK.

***Mechanisms for implementation of the undertaken commitments***

- ensure compliance with the requirements of legislation and regulations in the field of environmental protection and compliance with the provisions of internal environmental standards applicable to specific operations, which are related to the environmental side of production activities;

- regular monitoring of the regulatory framework of environmental legislation and participation in the review of environmental legislation, and promotion of business initiatives aimed at reducing administrative barriers and excessive financial risks;
- implementation of state-of-the-art technologies, modernization of production facilities, installation of equipment and use of materials ensuring resource saving and reduction of pollutant emissions into the atmospheric air and water bodies;
- preventive actions aimed at mitigation of the risks of negative environmental impact during production and operation of products;
- implementation of uniform standards aimed at minimizing waste generation that set out identical requirements for contractors in terms of waste management; development and implementation of mechanisms for environmentally safe waste disposal;
- implementation of environmentally safe production facilities, technological processes and equipment;
- environmental review of feasibility studies, expansion and reconstruction projects of existing production facilities, as well as newly created technologies and equipment and development of measures for implementation of new equipment;
- effective operation of environmentally protected sites, facilities and equipment;
- research and experimental work on treatment of industrial wastewater, prevention of pollution of the environment, emission of harmful substances into the atmosphere, reduction or complete elimination of process waste and rational use of water resources;
- maintenance and continuous improvement of environmental management systems used at the enterprises with account of the current requirements of ISO 14000 standard;
- assessment of environmental safety and analysis of environmental and climate risks of investment projects planned for implementation;
- creation of a modern environmental monitoring system and implementation of a single information and analytical system in the field of environmental protection;
- installation of continuous environmental monitors on the sources of emission/discharge in accordance with the requirements of the legislation;
- rehabilitation of lands disturbed as a result of production activities;
- assistance in maintaining biodiversity systems in the regions of operation;
- promotion of environmental protection among suppliers and subcontractors;
- ensure transparency of information related to the Company's environmental protection activities when cooperating with shareholders, customers, state authorities, representatives of public organizations, local communities, etc.;
- development of environmental culture in the Company and in the areas where the Company operates;
- enhancement of the competence and motivation of the Company's employees in relation to ensuring environmental safety in order to perform the tasks in accordance with the principles of environmental responsibility.