

SUSTAINABLE DEVELOPMENT

Sustainable Development Policy
(Version 1.0)

INTRODUCTION

The Sustainable Development Policy (hereinafter referred to as the Policy) has been developed by the quality management representative of UTS Group of Companies.

This Policy has been developed in accordance with Russian law, with applicable international law, with the requirements of Russian and international standards in the field of sustainable development, with the rules of the international program “Responsible Care” and with respect to the experience of leading chemical companies, as well as to leading practices in the field of safety, environment and health at all stages of the product life cycle.

The Policy is an undated permanent document. The Policy at UTS Group can be developed, approved, modified, reviewed and cancelled by an order of the General Director of OOO JV UTS. Amendments to the Policy can be initiated by any employee of the Company. Other types of actions should be initiated by top managers of UTS Group.

The Policy was put in force on July 1, 2020 by the Order № 1-YP, dated June 29, 2020.

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1. INTRODUCTORY PROVISIONS

1.1 OBJECTIVE

UTS Group of Companies declares its adherence to the UN sustainable development goals and, being a leader in its market segment in Russia and one of the significant companies in European and global chemical products distribution, strives for not only achieving high financial and performance indicators, but also for contributing to development and prosperity of our country and of the regions and countries, where we operate, for improvement of the quality of life of people, including of the Company's staff-members, for environment protection, including careful handling of the natural resources, minimisation of its impact on the environment by virtue of prudent and careful utilisation of natural resources, as well as of reduction of risks of accidents.

This policy aims at supporting sustainable development as a well-balanced approach to social progress, economic growth and responsible attitude toward the environment – three main aspects of sustainable development. These three components - the social, the economic and the environmental ones, are mutually dependent and they complement each other.

Sustainable development should be considered as a way to express the wide expectations of the society as a whole.

This policy is a fundamental document, intended for signifying the Company's attitude and for setting an integrated approach to its work in the field of sustainable development, including:

- Setting the Company's sustainable development goals with respect to the Sustainable Development Agenda (UN) and to the requests and expectations of the interested parties;
- Determining the principal directions of the Company's work in the field of sustainable development;
- Declaring the adherence to the main principles and standards in the field of sustainable development;
- Setting the basic reporting principles for sustainable development and for Responsible Care, as a sustainable development's instrument.

1.2 SCOPE OF APPLICATION

This policy is obligatory for all the Company's entities and divisions: branches, offices and employees of UTS Group in all the countries and regions of operation.

The Policy's provisions become obligatory for application, observing and implementation upon their approval and introduction into force by an order of the General Director of OOO JV UTS.

This policy is generally available and recommended for implementation including by interested parties outside the Company.

The executive and regulatory acts and other kinds of internal documents should not come in contradiction with this Policy.

1.3 TERMS, DEFINITIONS, ACRONYMS

Top management – a person or a group of people, responsible for the high-level management of the organization ^[8].

UTS Group of Companies (Company) – a group of legal entities, including JV OOO UTS.

Life cycle of product – a complex of interrelated processes of consequential alterations of the state of product from the feasibility evaluation of its development to the completion of its usage and disposal ^[7].

Interested party – a person or a group of persons interested in any decisions of the Company or in its activities ^[9].

Entity – a business entity, forming part of UTS Group.

Environment protection – activities of governmental agencies of Russian Federation, of governmental agencies of subjects of Russian Federation, of local self-government agencies, of public associations and not-for-profit organisations, of legal and physical persons, aiming at conservation and recreation of natural environment, efficient usage and regeneration of natural resources, prevention of adverse impact of economic and other activities on the environment and at liquidation of the consequences thereof [4].

Policy – intentions and directions of the Company, officially formulated by its leadership ^[8].

Principle – a fundamental base for adoption of decisions or for behaviour ^[9].

Industrial safety – security of the vital interests of individuals and of the society against accidents at production and warehouse facilities and against the consequences of such accidents ^[6].

Sustainable development – development, meeting the present-day needs without jeopardizing the capabilities of future generations to meet the needs of theirs ^[9].

Chemical products – a chemical substance or mixture ^[3].

UN sustainable development goals – the goals, approved by the heads of states and governments, adopted as part of the Sustainable Development Agenda 2030 by the UN General Assembly in New York on September 25, 2015, aiming at protection of the planet's resources and at supporting the well-being for all, and containing a series of indicators, that need to be achieved in the world in the course of 15 years. They comprise 17 goals and 169 tasks ^[1].

Emergency – a situation, formed in a certain territory as a result of an accident, of a dangerous act of nature, of a catastrophe, of propagation of a disease, posing threat for wider public, natural or other kind of disaster, which can entail or have entailed casualties, damage to the health of humans or to the environment, considerable material losses and disturbances to the living environment of people ^[5].

“Responsible Care” – an international program since 1984, representing a voluntary initiative by the global chemical industry, aiming at permanent improvement of safe handling of chemicals and at reaching excellent indicators in the field of environment protection, health and safety. Russia has been implementing this program, starting from 2007 ^[10].

UTS Group – UTS Group of Companies.

STC – science and technology center.

UN – United Nations Organisation.

RUCh – Russian Union of Chemists.

SDG – Sustainable Development Goals.

ES – Emergency Situation

2. FUNDAMENTAL PRINCIPLES

2.1 SUSTAINABLE DEVELOPMENT GOALS

The main sustainable development goals.

- Support the implementation of the Company's strategy of development of leadership in the market of chemical products, strengthen the Company's reputation and the reputation of the chemical industry.
- Make a positive contribution in the social and economic development of our country, of the region and of the other countries of the Company's operation.
- Observe the standards of environmental, industrial safety, of corporate governance and social responsibility.
- Prevent and reduce risks and protect from natural and man-made threats.

2.2 SUSTAINABLE DEVELOPMENT OBJECTIVES

The main objectives of the sustainable development activities:

- Create true value added, increase sales, maintain high management standards, financial health and reputation of the Company in the field of its operation.
- Provide for conformity of the chemical products (raw and other materials) to the existing requirements.
- Create a transparent system of collaboration with interested parties and aspire to prevent corruption.
- Join the international initiative of chemical enterprises on improving performance in the fields of: protection of workers, environment protection and safety – Responsible Care.
- Observe the law of Russian Federation, as well as the norms of international law in the field of environment, sanitation and epidemiological well-being, industrial safety, technical regulation, recovery of production wastes.
- Involve and collaborate with interested parties, including with state power and governmental control agencies, local self-government organs, trade union, contractual partners, employees, general public.
- Strive for cooperation and mutual assistance, for participation in open information exchange regarding the significant issues for the society, economy and environment.

- Make the contractual partners aware of the UTS Group's sustainable development policy and control the observance of the above principles by them.
- While selecting its contractual partners, the company considers it essential for them to take similar obligations in terms of adherence to the goals and principles of sustainable development, formulated by the UN, to safety, health and environment protection.
- Check the contractual partners for their observance of the law of Russian Federation in the field of environment protection, industrial safety, social policy, using the SPARK-Interfax information system.
- Support the social and economic development in the regions of operation of the Company and in the country as a whole, as well as in other countries of operation.
- Observe the labour law, respect the human rights, avoid using child and forced labour, avoid discrimination of any kind.
- Observe the Company's responsibilities vis-à-vis job-seekers and employees of the Company during the selection and employment process, promotion, motivation, disciplinary procedures and separation.
- Support professional and human growth of the Company's employees.
- Participate in training programs, seminars, webinars on sustainable development and responsible care, train the Company's staff, as well as the staff of contractual partners and of consumers.
- Set indicators of the environmental, social efficiency, of industrial and labour safety, measure and assess them.
- Provide for safety of the Company's employees, of the staff of the contractual partners and of general public during the Company's operation.
- Protect the health of the employees. Raise awareness. Use sanitisers in office and warehouse premises. During pandemics, provide personal protection equipment for respiratory organs, sanitisers and first-aid equipment.
- Organise cultural events for the children of the Company's employees.
- Organise sports and health events and celebrations for the Company's employees.
- Issue the corporate information digest "Success Formula" in order to maintain a single information space, to support the corporate culture and to improve communication.
- Prevent injuries and accidents; take tailored measures for elimination of their causes.
- Optimise the consumption of energy from non-renewable sources and of water.
- Use the energy from renewable sources, where possible.

- Minimise the negative impact of the Company's activities on the environment, on the human habitat and on the production environment at all the stages of the life cycle of the products, including procurement of raw materials, production, taking samples, storage, selling, technical support, recycling.
- Efficient and effective utilization of the biological natural resources. Reproduction of resources.
- Foster careful attitude to the natural resources among the Company's employees, contractual partners, general public and other interested parties both in the Company's business operation and in the everyday life.
- Identify the risks, involved by the Company's operation for the environment protection and for social environment, labour safety and health protection.
- Stimulate and motivate responsible behaviour of the Company's employees aiming to prevent production risks, negative impact on the environment and on social life and to provide for labour safety and health protection.
- Introduce innovation and new technologies and best international practices and management instruments for the transport, logistics, warehouse, manufacture and office operations.
- Accomplish a systemic identification of threats, related to the human factor, to the impact on the environment and evaluation of risks related to the operation, raw materials, products and services during the transport, logistics, warehouse, manufacture and office operations.
- Develop and set the rules of joint transportation, storage of chemical products.

2.3 SUSTAINABLE DEVELOPMENT PRINCIPLES

The work of UTS Group in the field of sustainable development is based on the following main principles, which conform with its values and traditions. These principles have been made available to all the Company's employees, the contractual partners and other interested parties are familiarizing themselves with these principles.

- Observance of law, observance of ethical norms.

The Company operates in accordance with the requirements of the law of Russian Federation, of Eurasian Economic Union, with the norms of international law. The Company also strives to conform with best international sustainable development practices and respects the UN Sustainable Development Goals. The Company also fulfills

all the obligations, described in its corporate documents, and taken vis-à-vis interested parties. The principles of adherence to the ethic norms and of observance of law are fundamental for the entire work of the Company.

- Consideration of interests and expectations of interested parties.

Interests and expectations of interested parties continue expanding and deepening in today's day-to-day reality. The Company identifies and analyses the expectations and the interests of interested parties on a regular basis. The Company builds its relationships with the interested parties on the basis of mutual interest in the results of the collaboration. The Company strives to maintain the balance of interests of all the interested parties.

- Respect of human rights.

According to The Universal Declaration of Human Rights, every individual should enjoy all the rights, included in the Declaration, independently on the race, colour, gender, age, language, religion, political and other views, ethnic or social origin, material, birth or other status. The Company recognizes the integrity of the human rights, including of labour rights and of the right for comfortable environment. The Company strives to avoid any violations of the human rights, including avoidance of child and forced labour.

- Introduction of the sustainable development principles in the routine activities of the Company

The Company strives to introduce the sustainable development principles in its daily work by way of planning its sustainable development activities and their integration in the Company's business processes. Sustainable development represents a part of the Company's business development strategy and it is taken into consideration during development and implementation of all the new projects of the Company.

- Understanding and consideration of regional specifics.

The Company accomplishes its sustainable development activities with due respect to the social, economic, natural and cultural features of the regions and countries of operation, as well as to their traditions. The Company follows the principle of preferential hiring of local residents (all else skills being equal).

- Assessment of efficiency and constant improvement.

The Company assesses the efficiency of its sustainable development activities on a regular basis. The Company strives to constantly improve its results, related to achievement of the identified goals.

- Risk management.

The Company's work in the field of risk management aims at constant identification and evaluation during both planning and implementation of the Company's activities. The Company strives to reduce, to prevent and to remove risks. The Company pursues the policy of awareness about the risks both for the in-house and for the outside interested parties.

- Information transparency.

The Company strives to increase the awareness of all the interested parties regarding the main aspects of its work and to provide them with credible, relevant and timely information. To this end, the company prepares the financial reports, verified by an independent auditor, and various kinds of reports on the ongoing projects. The unclassified reports are published on the corporate web site. The reports, intended for in-house interested parties, are published through interior corporate resources.

3. MAIN AREAS OF THE COMPANY'S SUSTAINABLE DEVELOPMENT ACTIVITIES

The UTS Group's sustainable development activities aim at creation of true value added, increase of sales, maintaining high management standards, financial health and reputation through increasing economic efficiency, staff development and maintaining its stability, at providing for a high level of safety of the Company's staff, for contractual partners, general population and environment and at social and economic development of the regions of operation.

These goals are reached through effective collaboration with interested parties and through realization of comprehensive measures in the following main areas:

- Collaboration with interested parties;
- Industrial safety, protection of labour and of environment;
- Prevention and liquidation of emergencies;
- Energy saving and increase of energy efficiency;
- Management of technological development.

3.1 COLLABORATION WITH INTERESTED PARTIES

The Company's business activities involve directly and systematically the interested parties, including the Company's employees, the business community and the society as a whole.

The company considers its staff as a key asset and it strives to support the professional and human growth of its staff-members and to keep the best specialists in order to improve the efficiency of the Company's business processes. The company builds its relationships with its employees on the basis of the principles of social partnership, providing for safe and comfortable work environment, competitive remuneration level and social protection. The company attaches a particular importance to the issues of labour and industrial safety and protection of health, and it considers the human life and health as a supreme value.

The Company sets the development of a leading position in the market of chemical products and maintaining the highest management standards as its prime goal. Reaching this goal directly depends on the efficiency of the Company's collaboration with its contractual and industrial partners, based on the principles of transparency and fair competition. Adherence to transparent and responsible business management is essential for maintaining the investors' confidence and for generation of maximal profits for the owners.

The Company cares about the social and economic development of the regions of operation, of the country as a whole and of other countries of operation. The Company strives to secure the status of the best employer in its area of work and of the best partner both in its business activities and in its interaction with the state power agencies, educational institutions, consumers and the society in general.

3.2 INDUSTRIAL SAFETY, LABOUR SAFETY AND ENVIRONMENT PROTECTION

The company considers the human life and health as a supreme value, it strives to protect the environment, giving preference to preventive measures, aiming to provide for the safety of the employees, of the contractual partners, for minimization of the impact on the environment and on the human habitat, as well as for efficient utilization of natural resources.

To this end, the company accomplishes a complex of measures to prevent accidents and incidents, injuries and damage to the health of the employees.

3.3 PREVENTION AND LIQUIDATION OF EMERGENCIES

The Company ensures the protection of its employees, of its manufacturing, warehouse and office facilities from emergencies within the framework of the federal law № 68-ФЗ «On protection of population and territories from natural and man-made emergency situations» of 21.12.1994, in accordance with its article 14 “Responsibilities of organisations in the field of protection of the population and territories from emergencies” ^[5].

To this end, the company accomplishes a complex of measures in the field of protection of the Company’s staff and facilities, of maintaining the permanent operational readiness of local alarm systems, of provision of financial and material reserves for liquidation of emergencies and other measures.

3.4 ENERGY SAVING AND IMPROVEMENT OF ENERGY EFFICIENCY

The Company realizes, that efficient using the energy resources is an important value along with the improvement of the results of its core business, industrial security and ecology.

The Company strives to optimize the using of energy resources and to be energy efficient. A number of measures is being taken to this end: observation of the requirements of law of Russian Federation; recording the consumption as well as the losses of energy resources; procurement, mounting and using energy efficient equipment; fostering economical using of energy resources by the Company’s employees, contractual partners and by other interested parties.

3.5 MANAGEMENT OF TECHNOLOGICAL DEVELOPMENT

In order to improve the efficiency of its business, the Company carries out technological research and development. To this end, the Company has created the UTS Group Center of Science and Technology, which includes five laboratories, focusing on various areas. One of the areas of work of the STC is innovation development, including creation and implementation of new technologies, used at different stages of the product’s life cycle. The STC holds thematic events, working closely with interested parties.

4. SUSTAINABLE DEVELOPMENT AND RESPONSIBLE CARE REPORTING

The company strives to be transparent and to provide the information on the results of its sustainable development and Responsible Care activities to the interested parties, including the information on the results of its interaction with various groups of the interested parties. All the related information is available on the web site of UTS Group at: <https://utsrus.com>.

5. REFERENCES

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