

ESG REPORT 2024

PUBLIC VERSION



20
24



ESG Report 2024



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List of acronyms and abbreviations

Abbreviation	Definition
ADEME	French Environment and Energy Management Agency
AIS	Automatic Identification System
AML	Anti-money Laundering
BoD	Board of Directors
CDO	Chief Development Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CI	Carbon Intensity
CLCO	Chief Legal and Compliance Officer
COO	Chief Operating Officer
CRO	Chief Risk Officer
COP	Conference of the Parties
CRRO	Climate-related Risks and Opportunities
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Trading Officer
DOA	Delegation of Authority
EF	Emission Factor
EEOI	Energy Efficiency Operational Indicator
ERM	Enterprise Risk Management
ESG ¹	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
ETRM	Energy Trading and Risk Management
ETS	Emissions Trading System
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
HSE	Health, Safety and Environment

Abbreviation	Definition
HSEC	Health, Safety, Environment and Communities
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
IROs	Impacts, Risks and Opportunities
IETA	International Emissions Trading Association
ICGN	International Corporate Governance Network
IFRS	International Financial Reporting Standards
ISSB	International Sustainability Standards Board
KPI	Key Performance Indicator
KYC	Know Your Counterparty
LCDS	Low Carbon Development Strategy
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MEPC	Marine Environment Protection Committee
mmt	Million metric ton
MRV	Measurement, Reporting and Verification
MtM	Mark to Market
Mtoe	Metric ton of oil equivalent
NGO	Non-governmental Organization
NOC	National Oil Company
OKR	Objectives and Key Results
P&L	Profit and Loss
REMIT	Regulation on Wholesale Energy Market Integrity and Transparency
SDGs	Sustainable Development Goals
SASB	Sustainability Accounting Standards Board
SCC	Sea Cargo Charter
SOCAR	State Oil Company of the Azerbaijan Republic
SPP	Stockage des Produits Pétroliers
TSO	Transmission System Operator
TCFD	Task Force on Climate-related Financial Disclosures
VaR	Value at Risk
WISTA	Women's International Shipping and Trading Association

¹ Throughout the Report, ESG and sustainability performance may be used interchangeably.



Natig Mustafayev
CEO of SOCAR Trading



Statement from the CEO

“Dear stakeholders,

I am pleased to present SOCAR Trading’s fourth ESG Report, highlighting our key activities and achievements throughout 2024.

Since joining the company in 2024 and assuming the role of Chief Executive Officer in 2025, I have focused on strengthening governance, enhancing transparency, and aligning our strategy more closely with the broader objectives of the SOCAR Group.

In 2024, we successfully delivered 42.3 MMT of crude oil and products, along with 7.4 MMT of LNG and gas, bringing total traded commodity volumes to nearly 50 MMT. The share of transitional commodities in our portfolio rose to 15%—the highest in our history—driven by increased traded

volumes of natural gas in Europe. Consequently, the carbon intensity of our portfolio declined to its lowest level since at least 2019, when we first began measuring this metric.

We expanded our presence within European gas markets, entering new countries such as Slovenia, Slovakia, North Macedonia, and Croatia. Additionally, we strengthened our regional footprint by securing strategic storage and capacity positions, reinforcing our objective of providing more reliable energy access across Europe.

Regarding our core crude trading business, we have significantly expanded trading activity in the Atlantic basin. In response to evolving market needs, we established a Biofuels and Fertilizers trading desk to further diversify our portfolio.

Expanding the LNG business remains a key priority, and in 2024, the senior management team focused on its strategic development.

Operationally, we improved process efficiency and enhanced risk management, continuing efforts to strengthen internal systems for greater resilience and consistency in performance.

With Azerbaijan hosting COP29 in Baku, SOCAR Trading actively contributed by organizing two events on climate finance opportunities—focusing on methane emission reduction and grid decarbonization in emerging markets.

As SOCAR advances its strategy to become a leading national energy company with a diversified portfolio of hydrocarbon and low-carbon businesses, we are actively developing carbon projects in Azerbaijan supporting both our parent company and SOCAR Green, SOCAR’s wholly owned subsidiary dedicated to implementing clean energy initiatives, with a strong focus on renewable energy projects.

We integrated two sustainability targets into a loan, related to carbon intensity of our chartering activity and ESG rating. I am pleased to report that both targets were successfully met in 2024. Our ESG performance score from EcoVadis places us in the 81st percentile among 150 000+ companies and the 91st percentile within our industry.

Looking ahead to 2025, we plan to further diversify our portfolio while reinforcing the company’s foundation through stronger governance and strategic realignment. Our strategy is being refined to reflect evolving market conditions and align more closely with the SOCAR Group’s overall direction.

This report outlines both our progress and our areas of continued focus. We deeply appreciate the support and collaboration of our partners, colleagues, and stakeholders throughout the year.”

Natig Mustafayev,
CEO of SOCAR Trading

Subsequent event

In April 2025 SOCAR Trading underwent a Leadership change with Natig Mustafayev assuming the role of CEO, succeeding Mariam Almaszade. This transition marks a new chapter for the company as it continues to strive for operational excellence, innovation and sustainable growth.

About This Report

02

SOCAR Trading presents its fourth ESG Report outlining its aspirations and commitments as well as key achievements with respect to material ESG topics associated with its performance.

Reporting Standards

This Report was prepared in accordance with Global Reporting Initiative (GRI) Standards - the most widely used global sustainability reporting standards - and has been externally assured according to this standard.

The Report also draws on elements of the European Sustainability Reporting Standards (ESRS), particularly the Double Materiality Assessment (DMA), as well as the United Nations Sustainable Development Goals (SDGs), as additional, non-assured reference frameworks.

Additionally, we adhere to the new principles of the IFRS S2 Climate-related disclosures by the ISSB, which now supersedes the TCFD framework.

Adjustments

To ensure the transparency, comprehensiveness and accuracy of our disclosed indicators, we have provided explanatory notes throughout the Report for any indicators that have undergone adjustments or changes in calculation methodology compared to the previous Report.

Reporting boundaries

The information disclosed in this Report covers the period of 01.01.2024 – 31.12.2024 with the most significant events associated with SOCAR Trading's ESG performance in earlier years also being discussed. There are no differences between the reporting periods of our financial and sustainability reporting.

The entities covered by the sustainability reporting include our main trading hubs with the most material impacts, as listed below, if not indicated otherwise:

▪ SOCAR Trading SA	Geneva
▪ SOCAR Trading (UK) Limited	London
▪ SOCAR Trading Singapore Pte., Ltd.	Singapore
▪ SOCAR Trading (North America) LLC	Houston
▪ SOCAR Trading Middle East DMCC	Dubai
▪ SOCAR Trading Gas & Power SARL	Luxembourg

As part of standard reporting procedures, the CEO of SOCAR Trading is responsible for the review and approval of the current Report. All material restatements to information for previous reporting years are indicated in the respective sections. Specific notes are provided to highlight assumptions and cases of expert judgment used for data compilation.

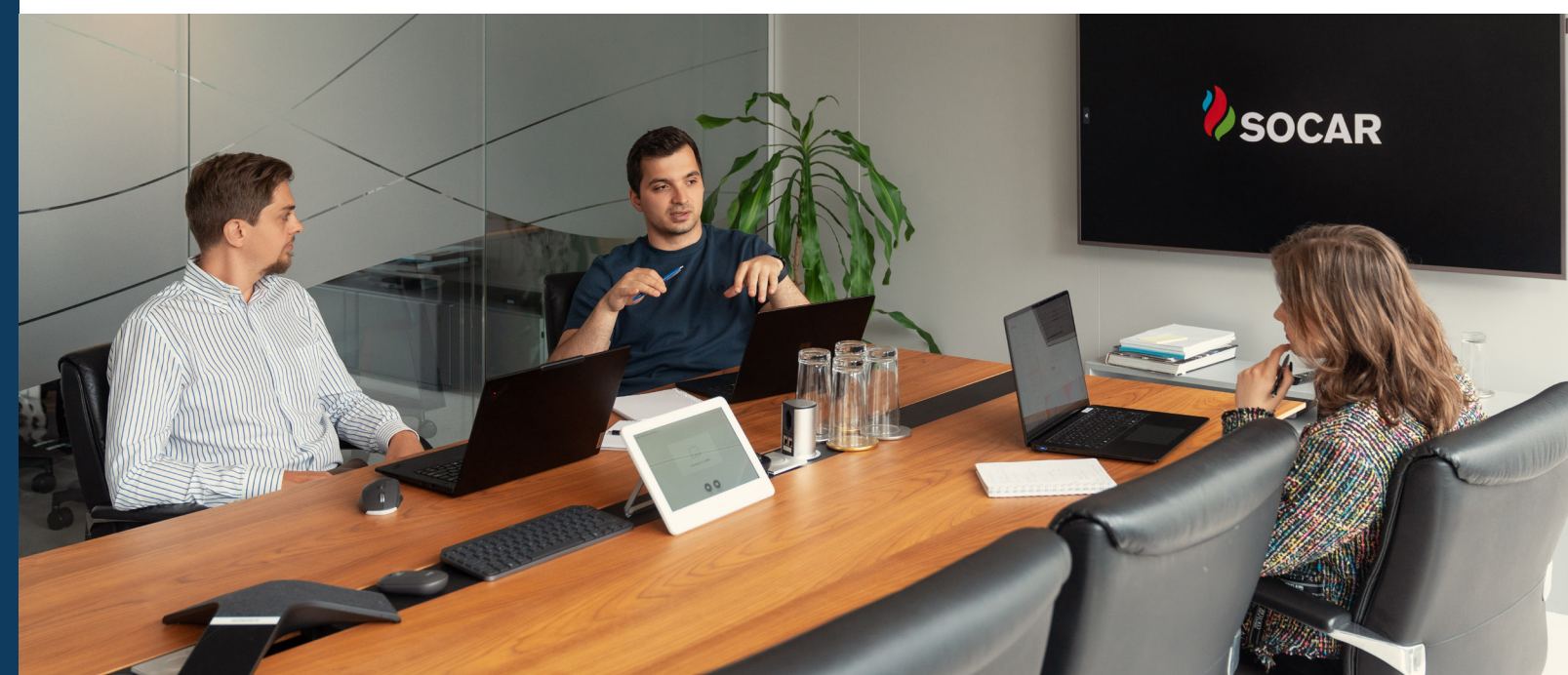
The GRI Context Index as well as TCFD summary table presenting the status of each material topic and recommended disclosures can be found at the end of the Report on pages 110-121, and 101 respectively. The Independent Practitioner's Assurance Report provided by EY can be found on page 122-124 of the current Report.

Forward-looking statements

The following report includes forward-looking statements. Forward-looking statements describe the vision of the future presented by the Company based on its current or initial understanding of the organization's progress and capacity to reach its targets. SOCAR Trading expects report users to understand the natural limitation of these statements and, as such, cannot be held accountable for any kind of damage arising from the reliance of report users on these statements.

We welcome feedback and any questions that can arise regarding the information disclosed in this Report. We encourage you to address your feedback to the following point of contact:

✉ Email: sustainability@socartrading.com





Cultural Landscape of People of Khinalig and “Köç Yolu” Seasonal Migration Route

High in the mountains of Azerbaijan, the village of Khinalig is home to one of the world's oldest communities. For thousands of years, the Khinalig people have preserved their unique language, traditions, and way of life. Their homes, made of stone and built on steep slopes, offer breathtaking views of the Caucasus Mountains.

A key part of their culture is the “Köç Yolu” (Migration Route), an ancient path used for seasonal livestock migration. Every year, shepherds move their flocks from mountain pastures to warmer lowlands, following the same routes as their ancestors.



About SOCAR Trading

03

3.1 SOCAR Trading at a glance

SOCAR Trading is a global commodity trading organization, which was established in 2007 as a marketing arm of the State Oil Company of Azerbaijan Republic (SOCAR). Initially, SOCAR Trading was founded with the mandate to market crude oil from the Azeri-Chirag-Guneshli (ACG) and surrounding fields. Today, SOCAR Trading is a global commodity trader headquartered in Geneva, with more than 200 employees in five trading offices spanning across Europe, Asia, Middle East and United States.

Through the years, SOCAR Trading has developed a variety of business relationships, particularly with state-owned entities, and steadily diversified its trading portfolio to include different types of commodities, spanning various hydrocarbon-based products, such as Crude Oil, Light and Middle distillates, LNG, LPG, Natural Gas as well as environmental products.

Our signature product, Azeri crude, is traded predominantly through the Baku-Tbilisi-Ceyhan pipeline (BTC) from Ceyhan, Türkiye and the Western Route Export Pipeline (WREP) from Supsa, Georgia. SOCAR Trading trades various crude oil grades as well as a variety of petroleum products globally through its network of trading offices. In the East from Singapore we continue building business relationships with our valuable partners in Asia. SOCAR Trading also develops important business bonds in several locations in the Middle East and Africa from its Dubai office. Our trading activity in North and South America is managed from the US office respectively.

We continue looking to combine our trading activities with continuous investment in physical infrastructure assets to generate sustainable trading flows.

	Total volume of commodities traded	Total volume of crude oil and refined products traded
2024	49.68 mmt	42.27 mmt
2023	51.69 mmt	46.49 mmt
2022	53.45 mmt	48.57 mmt

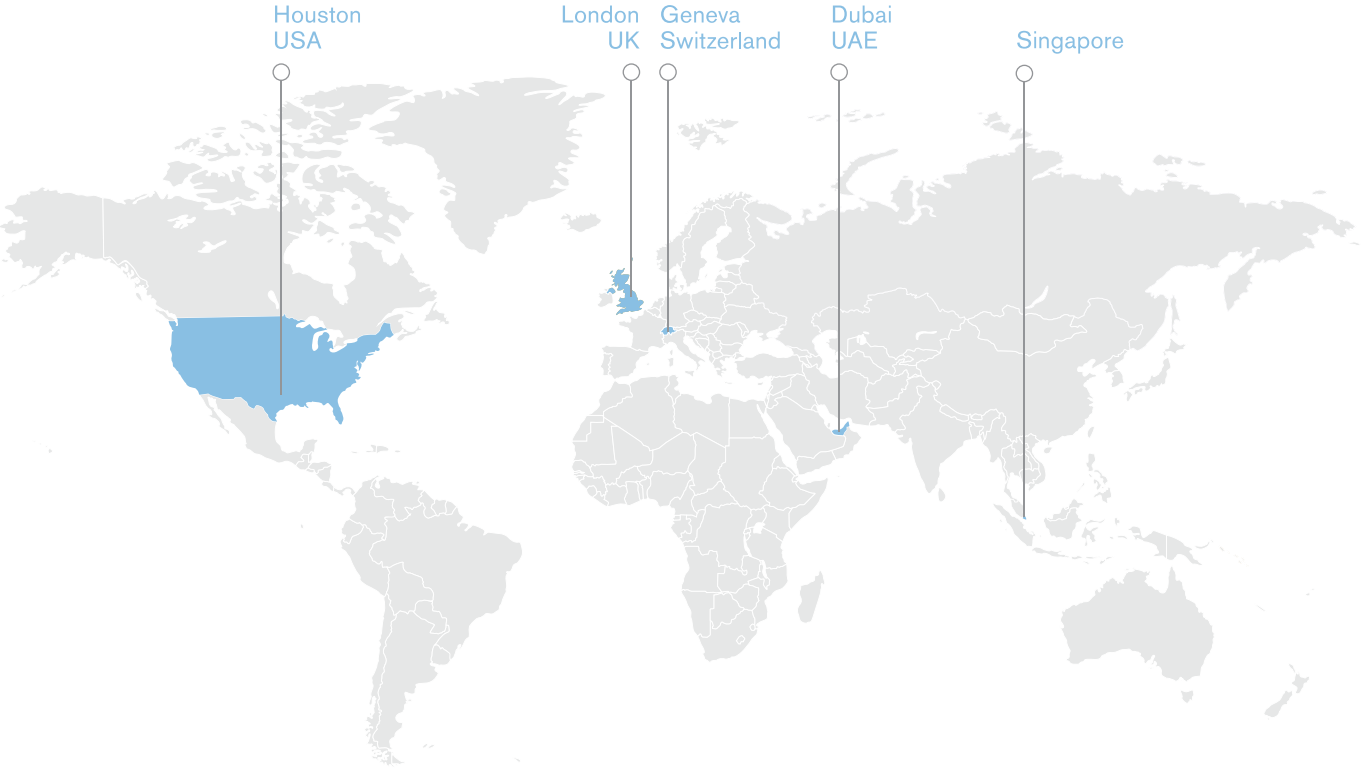
	Total volume of LNG/Natural gas traded	Total number of employees worldwide
2024	7.41 mmt	231
2023	5.21 mmt	214
2022	4.88 mmt	215

	Total number of counterparties	Total GHG emissions in metric tons ²
2024	251	969 915
2023	253	908 162
2022	246	1 208 054



² Total GHG emissions include Scope 1, Scope 2 market-based, Scope 3 (Capital goods, Fuel and energy related activities, Business Travel, Employee commuting, Upstream leased assets & Investments). For more details, please refer to Section 5.2.

Figure 1. SOCAR Trading offices around the globe

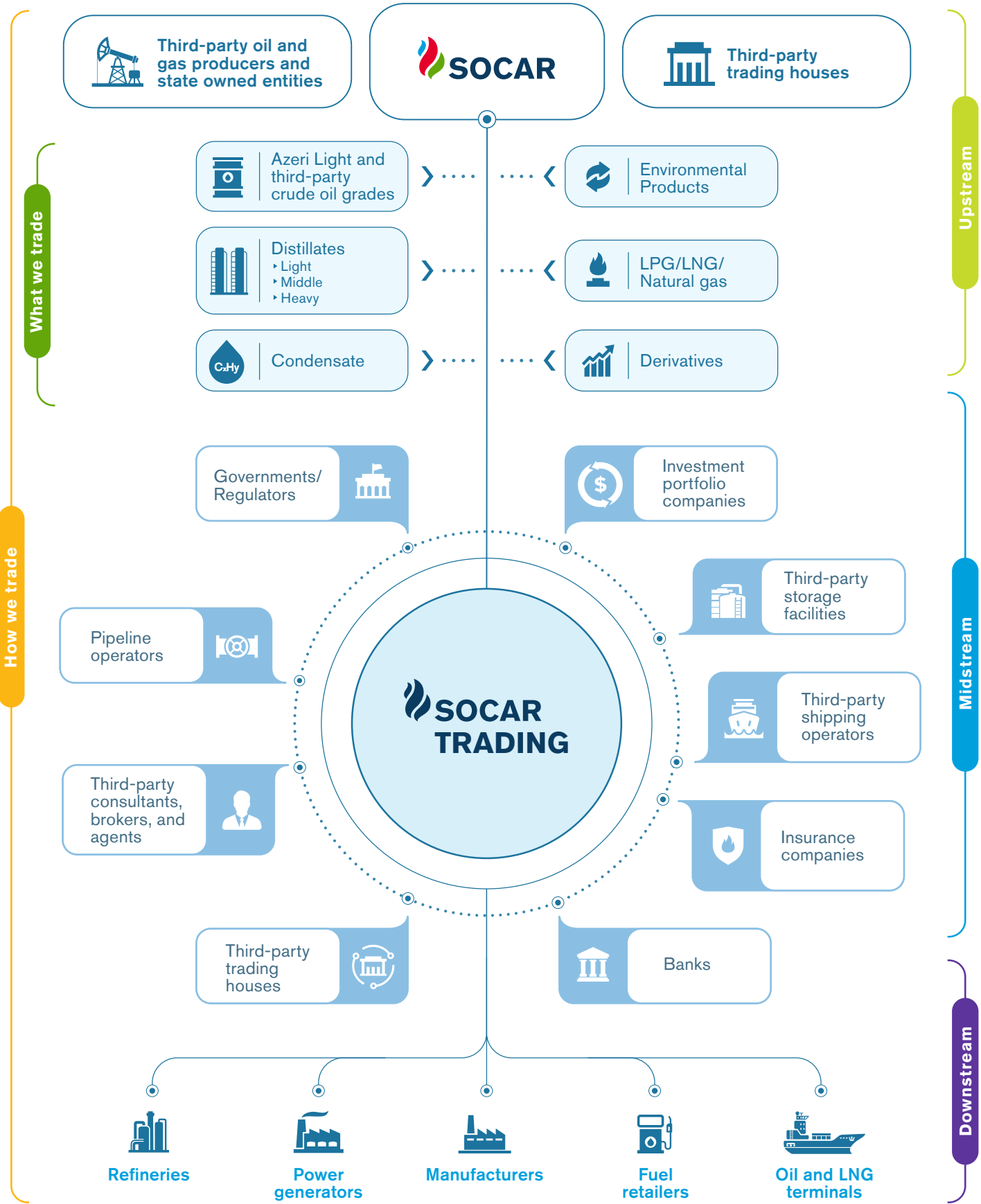


Total number of employees per offices:

Geneva	London	Dubai	Houston	Singapore
115	25	69	6	16



3.2 The value chain

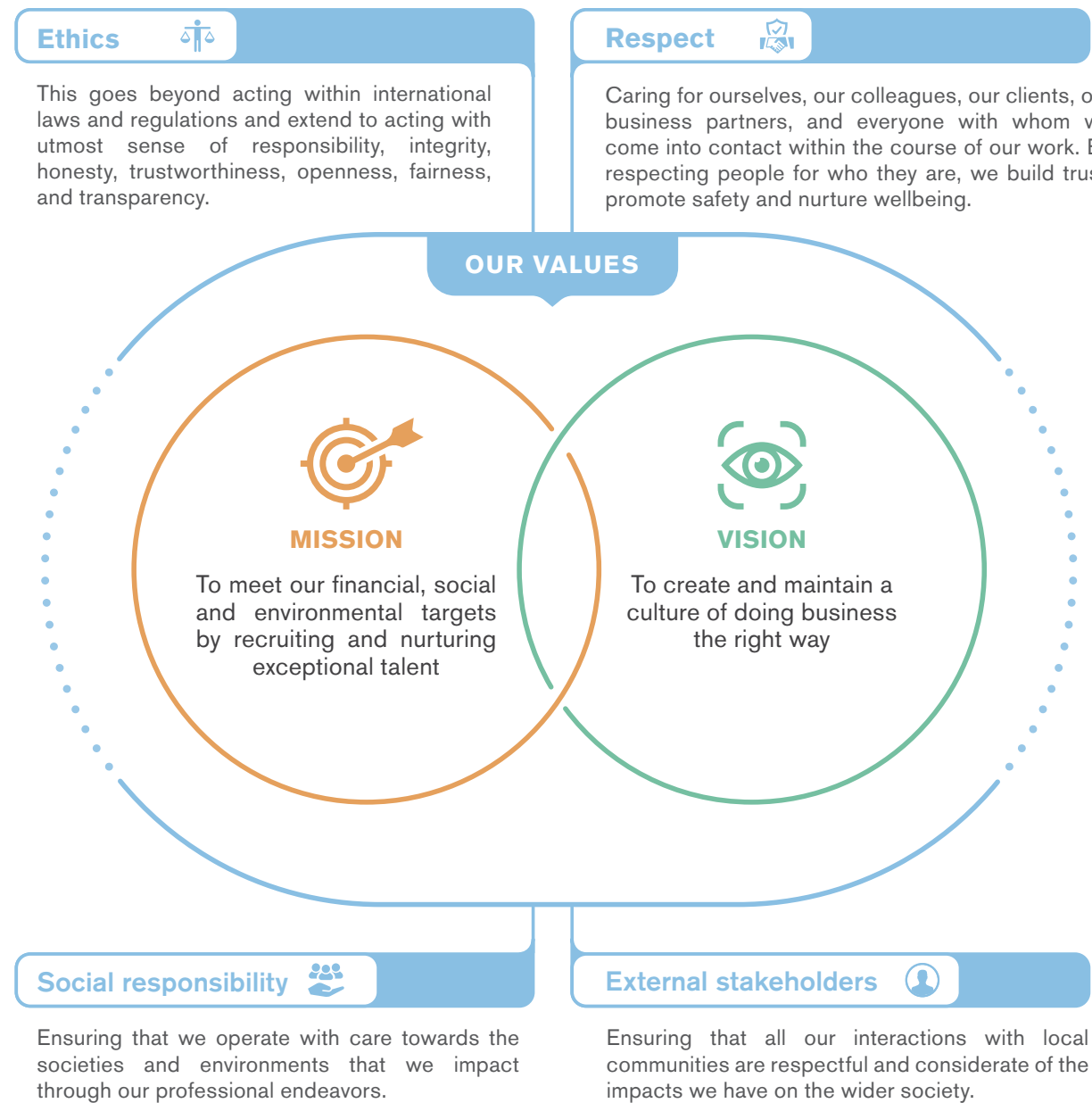


3.3 Mission, vision and values

As an ambitious commodity trading organization, we are aligning our future aspirations and targets with our overarching purpose and sustainability framework.

We are inspired by the idea that our everyday actions allow us to bring energy security to where it is needed the most. We are committed to enhancing positive and reducing negative impacts on our stakeholders by integrating our responsible business approach into all our operations and strategic objectives. **Our mission, vision, and values shape our strategic trajectory and are an indispensable part of our organizational identity.**

Figure 2. SOCAR Trading's mission, vision and values

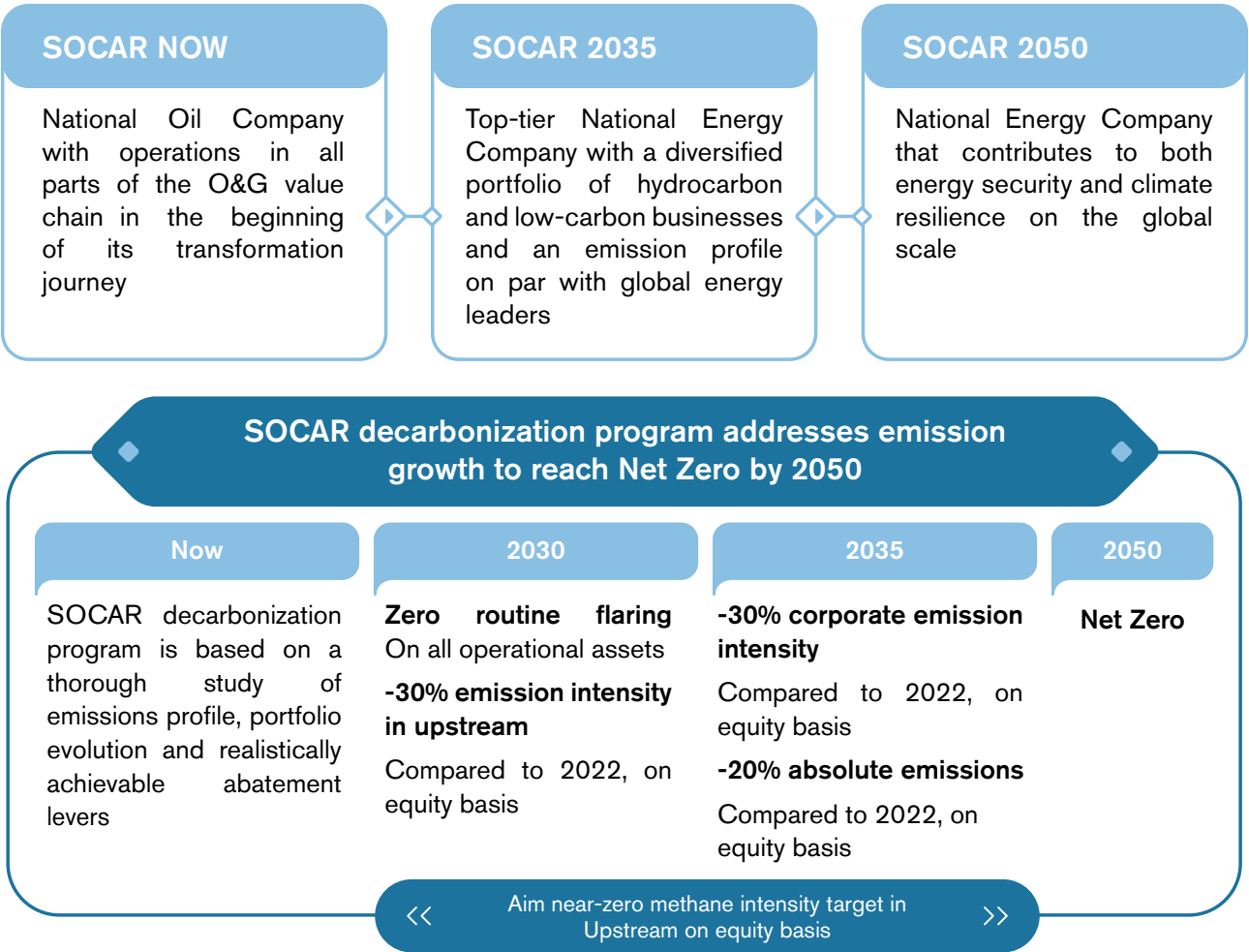


3.4 SOCAR Decarbonization Strategy

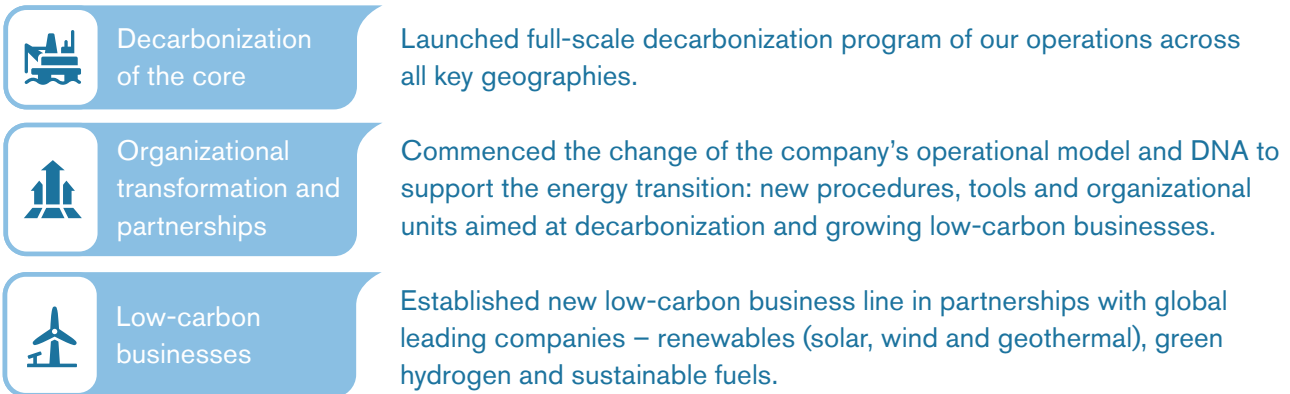
In 2024, SOCAR advanced its decarbonization strategy, reinforcing its vision to transform itself into a National Energy Company providing affordable, secure and sustainable energy globally.

Additionally, SOCAR received its first ESG rating from MSCI, a leading global provider of investment decision support tools, attaining a 'BBB' rating.

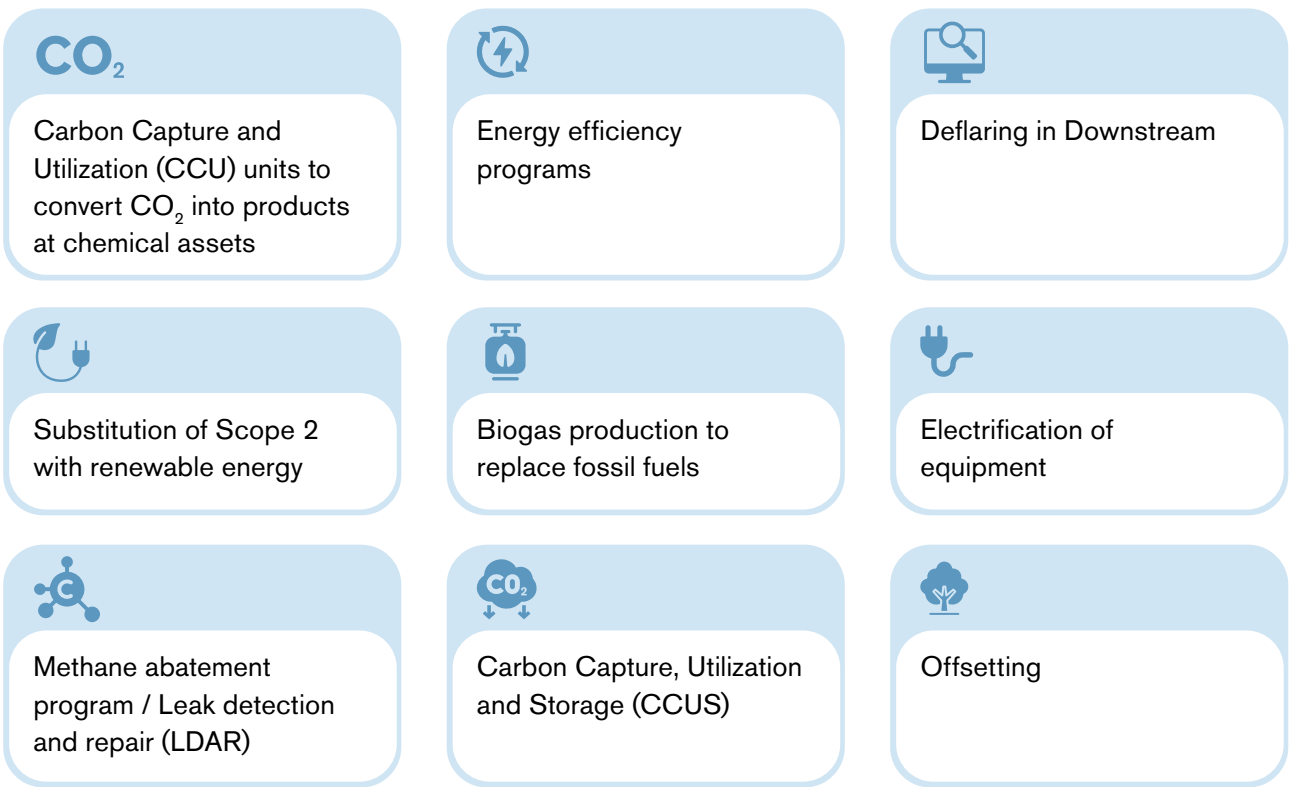
Figure 3. Transformation of SOCAR



To reach its decarbonization goals, SOCAR leverages internal enablers, such as core decarbonization, low-carbon businesses and organizational transformation and partnerships.



SOCAR aims to decarbonize the core of its operations via the program launched in January 2024 within all SOCAR assets covering 9 main levers:



3.4.1 SOCAR's Engagement in COP29 Events

As a national energy company committed to advancing the global energy transition, SOCAR leveraged COP29 in Baku, Azerbaijan, as a strategic platform to demonstrate its role in addressing climate change, driving innovation, and fostering international collaboration. Against the backdrop of growing urgency around global climate goals, SOCAR showcased its strategic vision and dedication to aligning its operations with international climate objectives.

SOCAR's broad engagement throughout COP29 was highlighted by the organization of six major events, the signing of over 20 strategic agreements, active participation in stakeholder forums, and the announcement of new partnerships. These initiatives addressed critical topics such as the decarbonization of the oil and gas sector, methane abatement, renewable energy expansion, and the

deployment of advanced digital and AI-driven technologies. By facilitating these dialogues, SOCAR reinforced its commitment to operational transformation and its alignment with net-zero targets.

Overall, during COP29, SOCAR presented its strategic initiatives, technological advancements, and collaborative efforts. By fostering international partnerships and addressing critical global challenges, SOCAR strengthened its role in the energy transition and reaffirmed its commitment to achieving a sustainable, net-zero future.

SOCAR Trading's COP29 involvement



In November 2024, Baku hosted the 29th United Nations Climate Change Conference (COP29). With a central focus on climate finance, the conference brought together nearly 200 countries and resulted in an agreement to triple climate finance for developing countries, aiming to reach USD 300 billion annually by 2035.

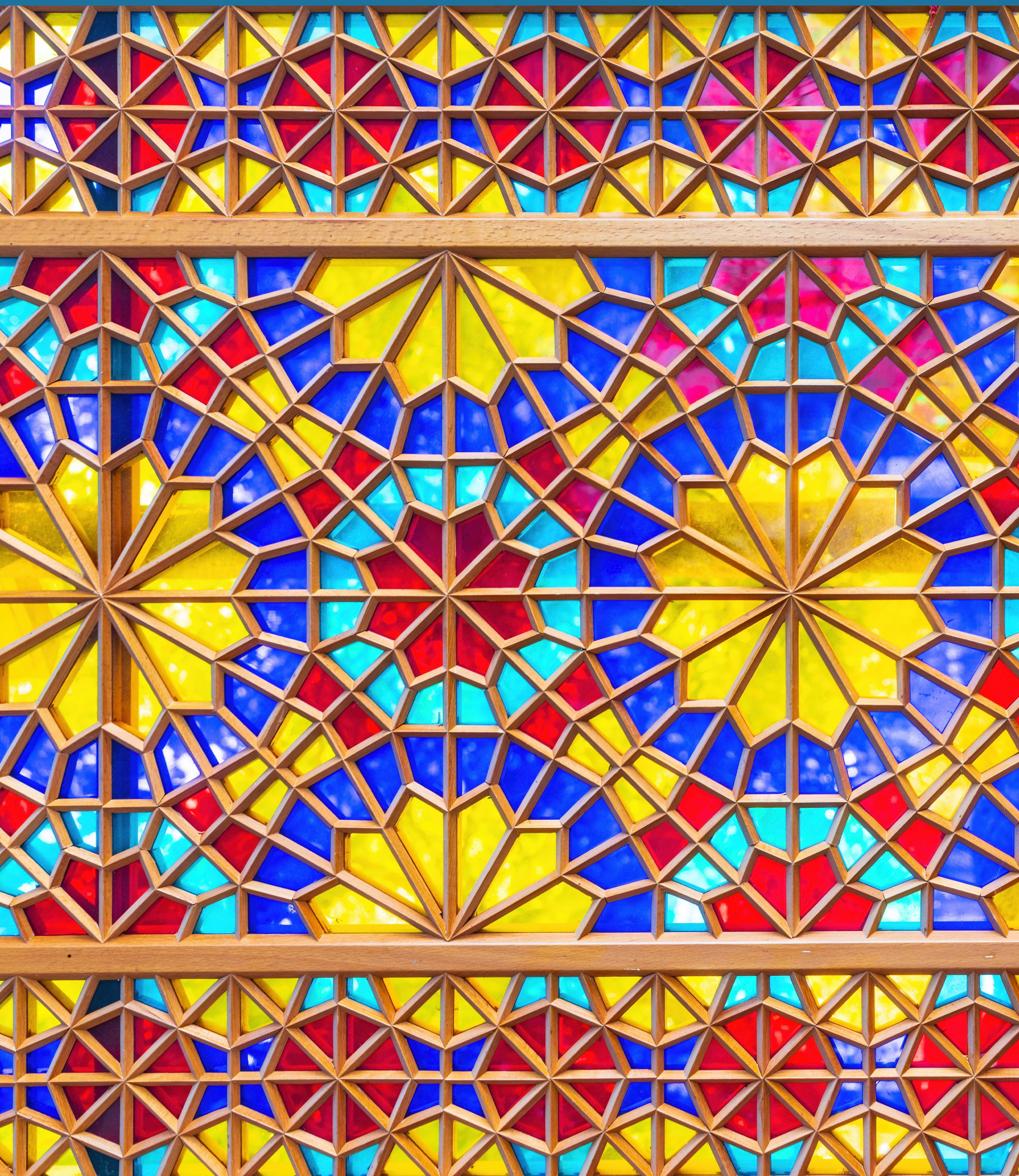
SOCAR Trading played an active role in COP29, contributing to important discussions

and initiatives in climate finance and carbon markets.

One of the key highlights was our organization of an event titled *"Leveraging Article 6 Climate Finance for Methane Reduction"*, held with the support of the Article Six Group. This event presented a case study from Azerbaijan, showcasing our commitment to utilizing Article 6 mechanisms to drive global methane reduction efforts.

Another significant event in which we provided support was *"Net Zero Power: Can Carbon Markets Decarbonize the Grid?"* This session focused on our collaboration with AzerEnerji, a government body in Azerbaijan responsible for energy production and transmission. The event highlighted our joint efforts in the carbon credit project, particularly through AzerEnerji's small hydro power plants in the Garabakh region.

During COP29, SOCAR Trading and AzerEnerji also signed a Forward Sale Agreement with Ansaldo Energia, marking a pivotal step in carbon markets in Azerbaijan.



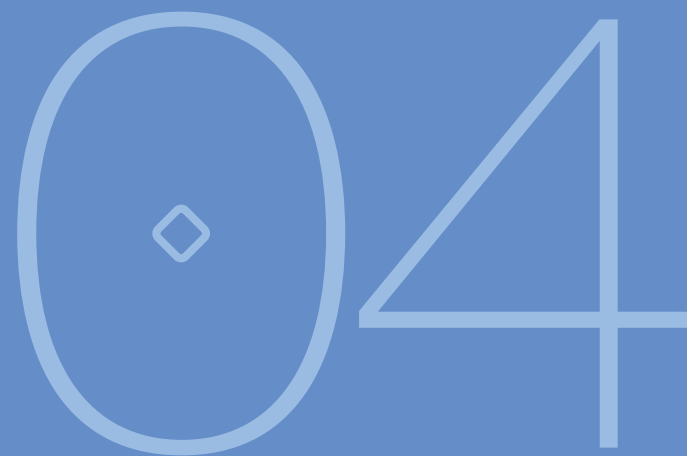
“Şəbəkə”

(Shebeke - Stained Glass Art)

Shebeke is a traditional Azerbaijani stained-glass art form, known for its intricate geometric patterns and vibrant colors. Crafted without the use of nails or glue, Shebeke consists of small pieces of colored glass held together by finely carved wooden frames, typically made from walnut or oak. Shebeke is commonly found in the windows of historical palaces, mosques, and homes, creating a mesmerizing interplay of light and color. This unique art form is especially prominent in the architecture of Sheki, with the Sheki Khan's Palace being a prime example. Symbolizing harmony and precision, Shebeke reflects the deep-rooted artistic heritage of Azerbaijan and continues to inspire modern designs.



ESG management at SOCAR Trading



ESG progress

2024 marked a pivotal year for sustainability at SOCAR Trading, driven by several impactful ESG initiatives, as well as the COP 29 event in Baku. With a central focus on climate finance, including Article 6 and carbon markets, COP29 became a key priority for SOCAR Trading's management, ESG team and Carbon desk throughout the reporting year. During COP 29, we organized 2 events centered on climate finance, in collaboration with the Energy Transition, Environment, and Decarbonization (ETED) team at SOCAR Group, AzerEnerji – the state-owned largest electricity producer in Azerbaijan – and Article Six Group, an international consultancy specializing in climate finance.

During the reporting year, we engaged with a sustainability consultancy to develop

a double materiality assessment. A total of 3 537 assessments were completed in 2024, with the work being finalized in the first quarter of 2025. To better understand our material impacts and the expectations of internal and external stakeholders, we contacted 487 stakeholders including business partners, employees and civil society.

We introduced 5 new ESG focused policies during the year. Additionally, based on the internally developed ESG KPIs, a total of 18 counterparties, including two of the investment portfolio companies, underwent an ESG assessment as per our updated Sustainable Procurement and Supply Chain Policy.

In 2024, we finalized the work related to securing funding through a loan with

decarbonization and ESG rating targets. These targets focus on reducing the carbon footprint of our shipping operations and improving our EcoVadis ESG Rating. We are proud to report that both the targets agreed for the reporting period have been achieved.

In the final quarter of 2024, we received our second ESG rating score from EcoVadis, an independent ESG Rating company. We improved our score by 9 points compared to the previous year, placing us in the top 10% of companies rated by EcoVadis within our industry.

We sponsored four CSR projects in Azerbaijan, including two with a positive impact on biodiversity. Please refer to section [6.4] for more information.

Two Sustainability Committee meetings were held during the reporting year, along with an additional meeting in January 2025 that

addressed topics from the last two quarters of 2024. During the sustainability committee meetings in 2024, discussions revolved around crucial topics such as COP29-related initiatives, upcoming ESG reporting regulations such as the CSRD, related initiatives undertaken by the ESG team, and automation of ESG data reporting processes.

We continued expanding our cross-functional ESG Working groups, holding more than 80 working group meetings during the reporting period. ESG working groups are composed of ESG champions across most of our functional units, continued their efforts to ensure that sustainability principles are incorporated into each branch of our operations.



We intend to become a sustainability-driven organization with a diversified portfolio of energy commodities that not only brings energy security but also does so in line with the overarching goals and targets of the energy transition.

While trying to achieve our strategic goals, we intend to act responsibly in all our business engagements throughout the value chain.

Figure 4. SOCAR Trading's ESG framework



For more details on the ESG Governance Framework within SOCAR Trading, please see section 8.1 of the present document.

4.1 Newly developed and revised policies governing our ESG approach across value chains

We have made significant steps to integrate the ESG agenda into our operations by developing and updating several policies throughout the reporting year.

Environmental Policy

During the reporting period we have developed a stand-alone policy representing our environmental commitments, targets and approach to emissions management.

Human Rights Policy

We have also developed a stand-alone Human Rights Policy, building on the commitments outlined in our revised HSEC Policy. The policy outlines our commitments, approach to identifying potential risks within our supply chain, and remediation actions when necessary.

Cybersecurity Policy

The Cybersecurity Policy was developed to establish a robust framework for protecting our operations, data, and assets. This policy reflects our commitment to mitigating cybersecurity risks and ensuring resilience across our global operations.

Incident Response Plan

In addition to the Cybersecurity Policy, we developed an Incident Response Plan (IRP) to establish clear procedures for identifying, responding to, and recovering from cybersecurity incidents. This plan is designed to minimize damage and restore normal operations quickly, ensuring the continued integrity and availability of our systems and data.

Sustainability Code of Conduct

The SOCAR Trading Sustainability Code of Conduct outlines our commitment to ethical operations, environmental compliance, and respecting human rights, while setting clear expectations for employees and suppliers to minimize adverse impacts across our value chain.

Sustainable Procurement and Supply Chain Policy

We have also updated our Sustainable Procurement and Supply Chain Policy to clearly state our objectives in ESG framework and updated questions that are distributed to our most material stakeholders and investment companies.

Updated KYC

The ESG section in the KYC document has been updated to include questions on child labor and modern slavery, enabling high-level assessments of potential counterparties.

Our progress in focus:

Dedicated sustainability page on new SOCAR Trading website

During the reporting period, we launched our new SOCAR Trading website, featuring a dedicated page on sustainability. This page is accessible at www.socartrading.com and provides insights into our initiatives and commitments.

4.2 ESG strategic objectives and targets

The figure below outlines the three key pillars of our ESG Strategy. These pillars form the foundation of our ESG objectives, reflecting our strategic commitment to advancing ESG competence and contributing to global goals. **To ensure that our operations and aspirations envisage ESG principles, we have updated our strategic KPIs and targets. Figure 6** outlines our strategic objectives in relation to ESG initiatives while Table 1 includes specific targets associated with such objectives.

Figure 5. SOCAR Trading ESG Strategy

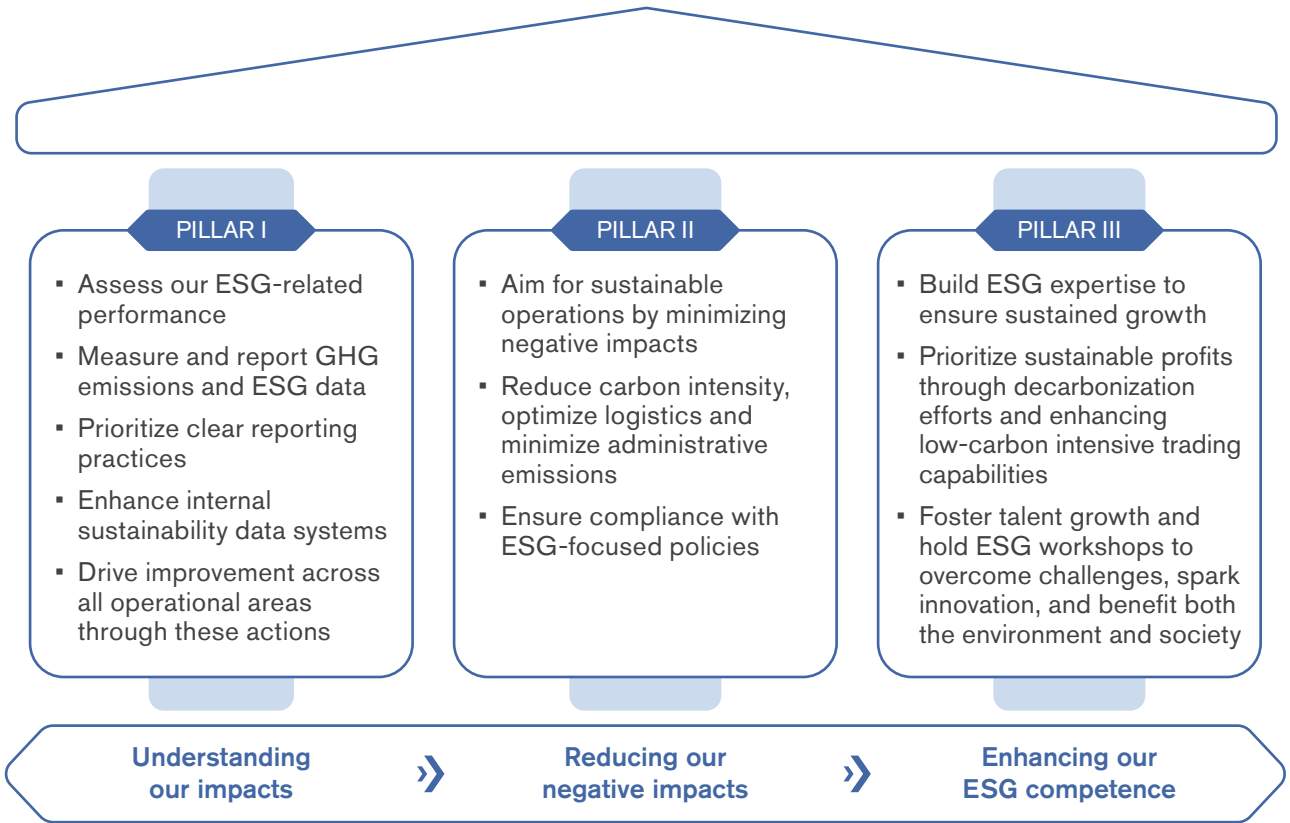
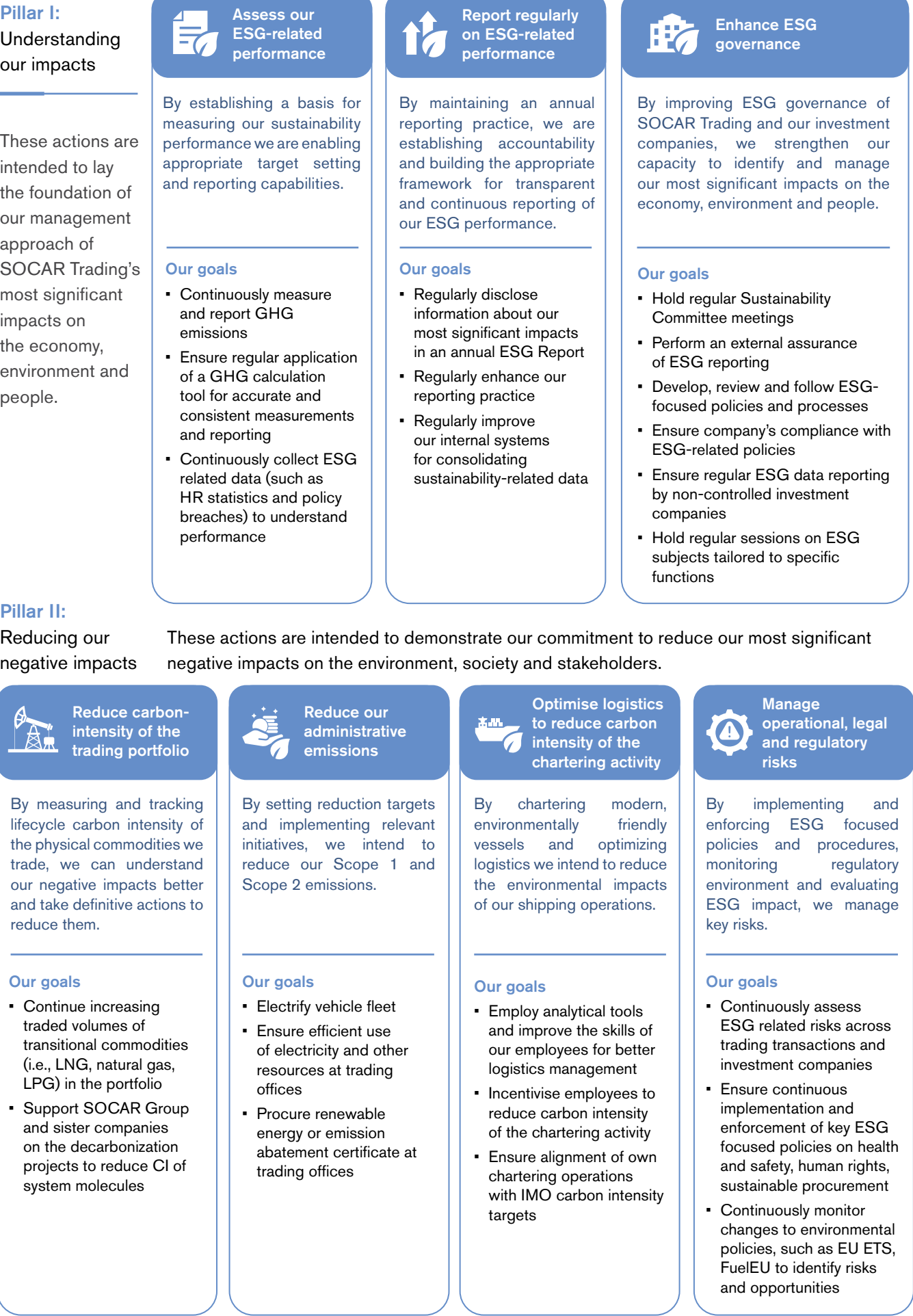


Figure 6. SOCAR Trading's ESG strategy



Pillar III: Enhancing our ESG competence

These actions are intended to develop our market expertise and analytical capability, provide commercial know-how, upscale positive impacts and enable us to contribute to the energy transition.

Sustainable earnings from core business

By improving our ESG performance and achieving our ESG objectives, we contribute to sustainable profitability.

Our goals

- Support SOCAR Group companies on the projects to reduce CI of system molecules we trade
- Reduce negative impacts and upscale positive impacts across the value chain

Increase activity in transitional commodity trading

By leveraging our existing trading know-how, we intend to increase the share of transitional commodities in the trading portfolio, with a particular focus on LNG and natural gas.

Our goals

- Expand the gas value chain in Europe
- Increase our LNG trading volumes

Develop zero and low carbon trading capabilities

Since 2021, we have been developing our environmental product trading capabilities. We are now active on both compliance and voluntary carbon markets and are developing carbon projects in our core markets.

Our goals

- Increase traded volumes of environmental products at both compliance and voluntary markets
- Develop carbon reduction, removal and avoidance projects

Attract and develop talent

By engaging and providing development opportunities to our employees and contractors, our key stakeholder group, we create suitable environment to attract and retain top quality talent.

Our goals

- Identify and address training needs of the employees
- Hold regular function/subject specific sessions on the ESG matters

During the reporting year, we have continued to strengthen our business practices by closely monitoring progress toward our ESG targets. The targets are classified into three categories (environmental, social, and governance) and presented in the Table 1. Each target is aligned with our overarching ESG objectives mentioned in the preceding figure.

We are proud to mention that in the reporting year, we managed to achieve most of the goals listed in the **Table 1**.

Table 1. ESG KPIs³

Achieved
 Partially achieved
 Ongoing
 Not Achieved

Pillar	Environment	Initial Target Year	Status	New Target Year	Status	Reference in Report
I	Implement standard ESG data measurement and reporting tool across SOCAR Trading	2023		2024		Section 7.2
II	Reduce Scope 1 and 2 emissions by 30% by 2025 ⁴	2025		-		Section 5.2
II	Ensure alignment of carbon intensity of chartering operations with IMO targets ⁵	Continuous		-		Section 5.3
III	Implement at least one (CSR or commercial) project with positive biodiversity impact	2024		2025		Section 6.4

³ Compared to the 2023 ESG Report, the goal of developing an automated tool to estimate the lifecycle emissions intensity of traded commodities has been removed. This change reflects a shift in priorities, as we have identified off-the-shelf products available on the market that may be utilized in the future.

⁴ The target is based on a 2019 baseline and is related to Scope 1 emissions assuming that no new assets will come under operational control.

Pillar	Social	Target Year	Status	New Target Year	Status	Reference in Report
I	Zero incidents of grievances about labor practices	Continuous		-	-	Section 6.1.4
I	Zero incidents of discrimination	Continuous		-	-	Section 6.1.1
I	Zero incidents resulting in injury	Continuous		-	-	Section 6.1.6
I	Zero incidents of human rights violation (i.e., modern slavery practice)	Continuous		-	-	Section 6.1.3
III	Implement at least two CSR projects	Continuous		-	-	Section 6.4
Pillar	Governance	Target Year	Status	New Target Year	Status	Reference
I	Complete double materiality assessment	2025		-	-	Section 4.3
I	Create stand-alone page on SOCAR Trading website dedicated to Sustainability matters	2024				Section 4.1
I	Ensure water and electricity consumption reporting by offices is available	Continuous		-		Section 5.4
I	Zero reported incidents of corruption	Continuous		-	-	Section 7.6
I	Zero reported incidents of money laundering	Continuous		-	-	Section 7.6
I	Zero reported instances of trading with sanctioned authorities	Continuous		-	-	Section 7.6
I	Zero reported instances of market abuse	Continuous		-	-	Section 7.6
I	Produce stand-alone Environmental, Human Rights and Cybersecurity policies	2024		-	-	Section 4.1
I	Develop stand-alone Sustainability Code of Conduct	2024		-	-	Section 7.3

⁵ IMO target is based on the decarbonization trajectory target as defined by Sea Cargo Charter (SCC), which is consistent with the ambitions of the IMO, including its revised 2023 IMO GHG Strategy for GHG emissions from international shipping to drop to net-zero around 2050 compared to 2008 levels with indicative checkpoints in 2030 and 2040 on a well-to-wake basis. Furthermore, the emissions boundary now includes the impact of CO₂e emissions (having now expanded from only covering CO₂ emissions, to also including non-CO₂ GHG species such as methane (CH₄) and nitrous oxide (N₂O). When calculating EEOI, voyages over data accuracy of which we had the highest degree of confidence were covered by calculations, representing more than 90% of total GHG emissions from chartering activity. Voyages in the Caspian region were excluded from the carbon intensity calculations due to a limited direct and AIS data, as well as limited choice over fleet availability.

Pillar	Governance	Target Year	Status	New Target Year	Status	Reference
I	Further enhancement of ERM framework to include additional climate-related risks	2024	✓	2025	↻	Section 7.7
III	Undergo second ESG rating assessment by independent third-party company ⁶	2024	✓	-	-	Section 7.3
III	Obtain a third EcoVadis ESG rating assessment, achieving a score of 66 or higher	2025	↻	-	-	Section 7.3

4.3 Defining what matters

We recognize that the process of ‘defining what matters’ is essential for aligning our ESG Strategy. As part of our effort to enhance our sustainability reporting practices and to align with upcoming regulatory standards, during 2024 we conducted a Double Materiality Assessment to identify our sustainability material issues from both impact and financial perspectives.

Guided by the recommendations of the European Sustainability Reporting Standards (ESRS) and in collaboration with a reputable advisory firm, the assessment followed a structured approach. Further details on each step are provided below:

Evolution of the Sustainability Reporting regulatory landscape

We remain vigilant in monitoring the ongoing evolution of sustainability reporting regulations, particularly in light of the recent Omnibus proposal introduced by the European Commission on February 26th, 2025. This proposal may significantly overhaul existing sustainability reporting practices in EU and beyond. In response, we are closely tracking the legislative developments related to this proposal to ensure that we can promptly adapt and align our reporting procedures with the latest regulatory standards.

Understanding the context

The process began with a comprehensive analysis of key business streams, activities and geographic locations. Business relationships were mapped across the upstream and downstream value chains to provide a holistic view of ESG impacts across the entire business ecosystem. Additionally, the legal and regulatory framework, media reports, peer activities, sector-specific benchmarks, sustainability publications and scientific literature were analyzed to ensure a robust evaluation.

Engaging with relevant stakeholders

To ensure a comprehensive perspective, a diverse range of stakeholders was actively engaged throughout the process. This structured engagement captured insights from all levels of the organization as well as from key external partners. The stakeholder groups involved included business partners, civil society representatives, corporate management and employees.

⁶ With a goal to improve the ESG score by 5 points compared to the initial ESG score obtained in 2023, which serves as a baseline.

Identification of the actual and potential IROs related to sustainability matters

A comprehensive evaluation was conducted to identify sustainability matters relevant to the company's operations, value chain and broader business ecosystem. This process involved compiling a long list of sustainability topics and assessing actual and potential impacts, risks and opportunities (IROs). The identification process was based on:

- Previous Impact Assessments: findings from past evaluations were reviewed to ensure continuity in tracking sustainability issues and to integrate lessons learned from previous reporting cycles.
- Peer Impact Materiality Assessments: sector-specific materiality analyses conducted by industry peers provided valuable benchmarking insights, ensuring alignment with evolving sustainability standards and stakeholder expectations.
- Sectoral Best Practices: industry-leading frameworks and best practices were incorporated to ensure the assessment reflects recognized sustainability trends, regulatory developments and stakeholder concerns.

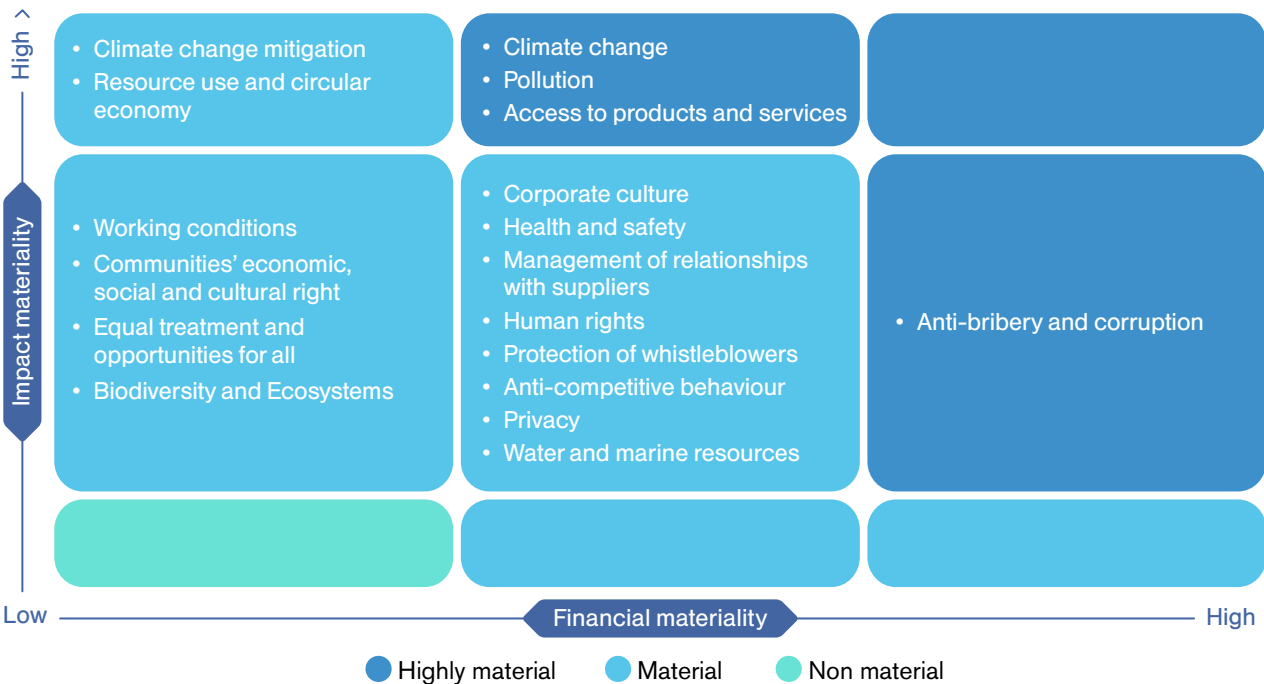
Assessment and determination of material IROs related to sustainability matters

In line with relevant standards, the materiality of IROs and related sustainability matters was assessed from a dual perspective:

- Impact Materiality Assessment: nearly 500 participants - including external partners, civil society and employees - evaluated the scale, scope, and persistence of sustainability impacts. Their assessments also considered the likelihood and time horizon of potential impacts.
- Financial Materiality Assessment: Key company functions - spanning compliance, human resources, ESG, risk and IT - were involved in the analysis of sustainability-related risks and opportunities. This financial assessment focused on the magnitude, likelihood and time horizon financial impacts.

To facilitate informed stakeholder assessments, each identified topic was accompanied by a contextualized summary. These summaries detail the specific impacts, incorporate key industry data to benchmark our performance and clearly illustrate the relevance of each matter to our operations and value chain. This approach is intended to support stakeholders in understanding our assessment process and the basis for our findings.

Figure 7. Double materiality matrix















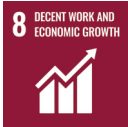
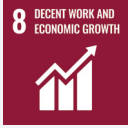
The results of the Double Materiality Assessment are presented in a comprehensive matrix. The horizontal axis represents financial materiality, while the vertical axis captures impact materiality. This visual representation provides a balanced overview of our sustainability priorities, ensuring that both impact and financial dimensions are given due consideration in our strategic decision-making.

By incorporating a financial-driven perspective alongside the impact assessment and by broadening the analysis to encompass our value chain, new topics have emerged as material. Following the finalization of the DMA in early 2025, we have initiated a process to gather additional information and data with the aim of ensuring a more comprehensive disclosure of such topics in our forthcoming ESG Reports.

The table below offers detailed insights into our material topics, aligning them with our ESG strategy pillars and highlighting their connections to specific Sustainable Development Goals (SDGs).






Table 2. Material topics and connections to SDGs




Topic	ESG Strategy Pillar	Description	Link to SDG	Reference
Environmental	II	Our unwavering commitment to reducing our carbon footprint remains at the forefront of our efforts. To this end, we are dedicated to minimizing our Scope 2 emissions through the sourcing of renewable electricity. Additionally, we understand the significant role of energy efficiency and are continuously exploring innovative solutions to enhance our energy conservation efforts.	 	Section 5.2 of the Report
		Climate change		
	III	As part of our commitment to advancing the global effort to combat climate change and accelerate the energy transition, we have taken proactive steps. These include participating in carbon markets and enhancing the global capacity to supply relatively low-carbon energy and environmental products. We remain dedicated to our efforts in pursuing carbon trading, as well as carbon removal and avoidance projects through our Carbon Desk.	 	Section 5.2 of the Report
		Climate change mitigation		
	I	We acknowledge that pollution can arise at various stages of our value chain, affecting air, water, and soil quality. As we continue to assess our ability to influence our indirect impacts, we aim to identify opportunities to contribute to their mitigation.	 	Updates will be shared in upcoming ESG Reports
		Pollution		
	I	Natural resources play a key role in our value chain and their finite nature underscores the importance of considering more circular models. We are committed to improving resource management within our operations by enhancing efficiency and further developing our trading capabilities around environmental products, such as biofuels.		Section 5.4 of the Report
		Resource use and circular economy		

Topic	ESG Strategy Pillar	Description	Link to SDG	Reference
Environmental	II	We recognize the critical role of biodiversity and ecosystem services in maintaining ecological balance and long-term sustainability. Through regular CSR initiatives that positively impact biodiversity, we aim to support conservation efforts, enhance ecosystem resilience, and contribute to the protection of natural habitats.	 	Section 6.4 of the Report
		Biodiversity and ecosystems ⁷		
	I	We understand that water is a vital and finite resource essential to sustaining life on our planet. As part of our commitment to responsible resource management, we ensure that all our offices accurately monitor and report their water consumption. While our direct water usage is limited to office operations, we acknowledge the broader environmental impacts that may arise throughout our value chain.	 	Section 5.4 of the Report
		Water and marine resources ⁸		
Social	III	We recognize the importance of representation within the company, and we embed equal opportunities, diversity, and inclusion into our corporate culture. Our Equal Opportunities and Diversity Policy applies to everyone, including employees, workers, agency workers, contractors, as well as volunteers, and prohibits discrimination based on race, religion, ethnicity, nationality, age, gender, sexual orientation, disability, or other particulars protected by law.		Section 6.1.1 of the Report
		Equal treatment and opportunities for all		
	III	At SOCAR Trading, we emphasize the importance of job quality, including secure employment, adequate wages, social dialogue and work-life balance. Additionally, we consistently support and encourage our employees to enhance their knowledge and skills through both internal training sessions and external professional development opportunities. Our aim is to equip our employees with the necessary tools to excel in their roles and contribute positively to our operational excellence.		Sections 6.1, 6.1.2 and 6.1.5 of the Report
		Working conditions		
	II	We are dedicated to upholding international human rights standards, including the UN Guiding Principles on Business and Human Rights. Our commitment is to achieve our trading objectives while ensuring that our value chain remains free from violations. We prioritize the protection of fundamental human rights, including the prevention of child labor, forced or bonded labor, exploitative labor practices and other essential workers' rights.		Section 6.1.3 of the Report
		Human rights ⁹		

^{7,8} These topics have been considered material even though the initial impact assessment suggested a more limited significance. Their materiality is substantiated by the impacts on biodiversity and marine resources generated by actors in our value chain.

⁹ Originally categorized as 'Other work-related rights', this topic has been considered material, even though the initial impact assessment suggested it held more limited significance. This approach ensures continuity with previous impact assessments, as no significant developments have occurred that would justify considering it as non-material.

	Topic	ESG Strategy Pillar	Description	Link to SDG	Reference
Social	Health and safety	II	Ensuring the health and safety of our workforce is a fundamental responsibility. We prioritize the well-being of our employees, contractors, suppliers, customers, partners, and the communities in which we operate. We are committed to preventing injuries, incidents, and occupational illnesses through the development of robust monitoring and reporting mechanisms, and by taking timely and effective action.		Section 6.1.6 of the Report
	Communities' economic, social and cultural rights	II	At SOCAR Trading, we are committed to contributing positively to the well-being of the communities in which we operate. By implementing impact-driven CSR projects, we aim to promote mutual benefit and longterm positive impact.		Sections 6.2 and 6.3 of the Report
	Access to products and services	I	We recognize the importance of ensuring reliable and responsible access to energy products to meet the needs of our customers and markets. Our commitment extends to providing energy solutions that benefit society, reaching a wide geographical area and a significant number of people. As we continue to expand our portfolio, we aim to provide a diverse range of energy products that support the evolving needs of communities and contribute to sustainable development.		Updates will be shared in upcoming ESG Reports
Governance	Anti-competitive behaviour ¹⁰	I	At SOCAR Trading, we are dedicated to fostering fair competition. To achieve this goal, we have established robust monitoring and risk assessment protocols to oversee and regulate any potential anti-competitive practices. Our commitment extends to compliance with the EU's Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) No 1227/2011. Additionally, we continually evaluate our impact on market integrity through our Market Abuse Policy and REMIT Inside Information and Anti-Market Abuse Policy.		Section 7.6 of the Report
	Anti-bribery and corruption ¹¹	I	We recognize the critical importance of antibribery and anti-corruption measures. These practices ensure legal compliance, protect reputation, promote fair competition, and effectively manage ESG risks. To achieve these goals, we have in place a comprehensive Anti-Bribery and Corruption Policy that adheres to international legal standards.		Section 7.6 of the Report
	Corporate culture	I	We emphasize the importance of responsible governance in achieving sustainable business practices by prioritizing transparency and compliance with international declarations, conventions, and both national and local regulations. Additionally, we recognize the importance of incorporating ESG factors in governance to attract responsible investors, enhance our reputation, and create long-term value.		Sections 7.1 and 7.6 of the Report

	Topic	ESG Strategy Pillar	Description	Link to SDG	Reference
Governance	Privacy ¹²	I	At SOCAR Trading, we recognize that data privacy and security are critical for safeguarding sensitive information and maintaining trust in our operations, as breaches can significantly impact both our organization and our counterparties. To address these challenges, our Cybersecurity Policy and Incident Response Plan provide a comprehensive framework to proactively manage cybersecurity threats.		Section 7.2 of the Report
	Protection of whistleblowers ¹³	I	Employees and stakeholders, who expose wrongdoing, play a crucial role in safeguarding our company's reputation and ensuring compliance with legal and ethical guidelines. We recognize that fostering a culture that supports whistleblowers is essential for early detection of misconduct and mitigation of potential risks. Therefore, through our Whistleblower Policy, we encourage employees to report any concerns directly through the appropriate channels, assuring them that there will be no adverse consequences for doing so.		Section 7.6 of the Report
	Management of relationships with suppliers	I	We recognize the importance of maintaining a responsible supply chain. Our Sustainable Procurement and Supply Chain Policy outlines our approach to mitigate social and environmental risks throughout the supply chain. Additionally, to this end we regularly evaluate the ESG performance of our main trading and financial counterparties using internally developed Key Performance Indicators (KPIs).		Sections 4.1 and 6.1.3 of the Report



^{10, 11, 12, 13} These topics have been considered material even though the initial impact assessment suggested a more limited significance. To maintain alignment with previous impact analyses, these governance topics are treated as material, as no significant events have occurred that would justify considering them as non-material.



Mud Volcanoes

Azerbaijan is home to the world's largest number of mud volcanoes, with over 350 found across the country. These unique geological formations result from underground gas and mineral-rich mud erupting to the surface, creating ever-changing landscapes. Some of the most famous mud volcanoes are in the Gobustan region, known for their bubbling craters and therapeutic mineral properties. Mud volcanoes play a significant role in Azerbaijan's natural ecosystem and scientific research, as they provide insights into seismic activity and underground resources.



The “E”

05

5.1 Our approach to environmental management

In the wake of decarbonization requirements and the drive for net-zero, we are developing and implementing new initiatives to decrease our direct and indirect impacts. In parallel, we are looking forward to expanding our environmental product trading capabilities.

Being an asset-light commodity trading company, we are not directly involved in upstream production, refining or shipping. Thus, our direct environmental impacts are lower than those generated by our peers directly involved in mining, oil and gas production, refining, shipping, and energy generation. Nevertheless, we acknowledge the indirect environmental impacts inherent in our value chain.

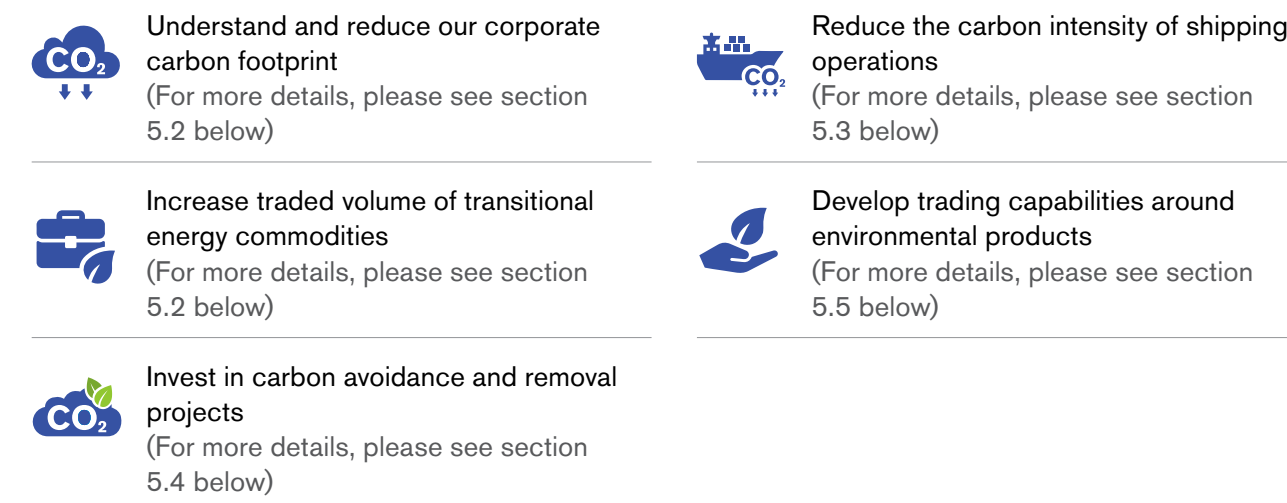
On a strategic level, our priorities with respect to the environment are centered around three pillars:

Figure 8. Three pillars shaping SOCAR Trading's environmental approach



We identified the following key directions guiding our environmental initiatives and performance:

Figure 9. Key directions of SOCAR Trading's environmental initiatives



5.2 Our corporate carbon footprint

Our progress in focus:

Status update on our Scope 1 and 2 emissions

SOCAR Trading set an ambitious target to reduce Scope 1 and 2 emissions by 30% by 2025, using 2019 as the baseline¹⁴. This target was achieved ahead of schedule, primarily through the reduction of the Scope 2 emissions.

In 2024, we proactively engaged with our electricity suppliers to obtain detailed information about the composition of the electricity supplied to our offices and, specifically, the share of renewable electricity in the supply energy mix. This additional data enabled us to use supplier-specific emissions factors and calculate our Scope 2 emissions more accurately according to the market-based method.

Additionally, we retrieved residual mix emissions factors where supplier-specific information was not available. The 2022 and 2023 figures were also recalculated to incorporate this additional information, ensuring a consistent approach and comparability over time.

Moreover, to further reduce our footprint, Renewable Energy Certificates were purchased for our Dubai and Houston offices, covering their whole electricity supply.

As a result, our total Scope 1 and 2 emissions for 2024 amounted to 36 tCO₂e¹⁵. We remain committed to further reducing our emissions and will continue to transparently report our progress in the coming years.

Our approach goes beyond simply measuring and reporting – it is about holistic understanding and evaluation of major impacts and definitive actions aimed at rapid mitigation.

In 2024, the overall carbon intensity of our trading portfolio continued its downwards trend thanks to the increased share of transitional commodities, especially natural gas.

¹⁴ In 2019, our Scope 1 and 2 emissions were recorded at 202 tCO₂e.

¹⁵ Considering Scope 1 + Scope 2 market-based

Figure 10. Share of transitional commodities in our portfolio

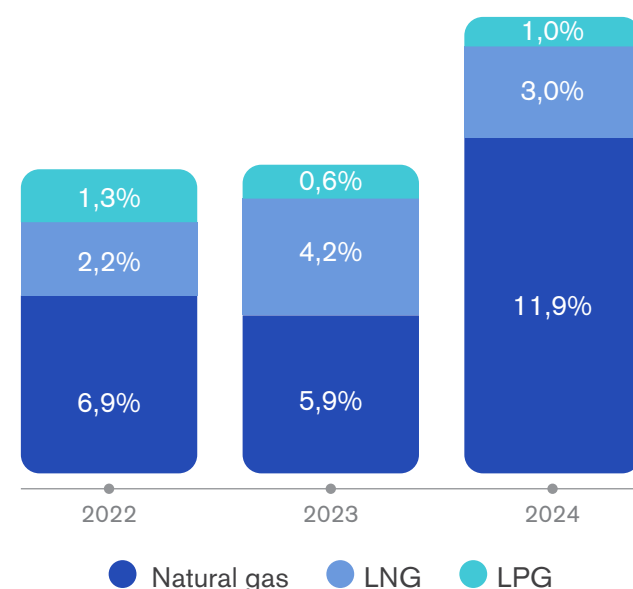
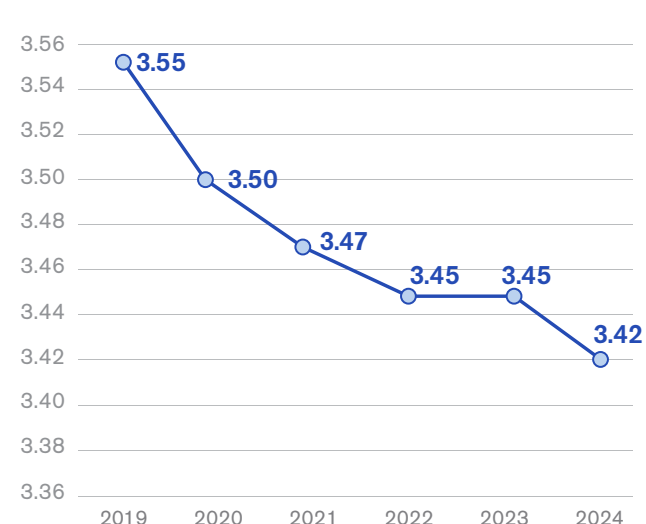


Figure 11. Lifecycle carbon intensity of SOCAR Trading's trading portfolio (tCO₂e/Mtoe)¹⁶



deep market expertise, we have developed tailored hedging solutions to mitigate risks associated with volatile energy prices, fluctuating feedstock costs, and uncertain regulatory environments.

Parallel to these developments in the petrochemical arena, the gasoline market is experiencing substantial shifts. Changing regulations and evolving consumer behaviours, such as increased demand for hybrid vehicles and de-dieselification in Europe, are reshaping regional dynamics. In the United States, initiatives to boost biofuel penetration, including the year-round sale of E15 in several states, are gaining momentum. In states like California, rising ESG-related costs are prompting some refineries to

pivot towards biodiesel production or close. Internationally, countries outside the OECD, such as Nigeria and India, are implementing stricter emission regulations and enhancing biofuel blending to reduce pollutants.

During 2024, we continued to work closely with our clients, helping them to secure the financial stability and flexibility needed to make informed decisions about future investments and operations. Despite significant challenges, we are confident that with the right support and strategies, the petrochemical and gasoline industries can adapt and thrive, embracing the growing influence of ESG issues while facing global competition.

Our progress in focus:

Florent Chevrier Trading Manager LPG



The Light Ends team closely monitors ESG policies affecting the petrochemical and gasoline industries. The petrochemical industry is the largest consumer of ethane, LPG and naphtha feedstocks and a key sector for the transition away from fossil fuels. However, such transition is especially

complex due to limited and expensive alternatives. LPG is acknowledged as a transitional fuel that facilitates the shift from conventional energy sources to lower-carbon alternatives. European industry leaders are exploring further changes in feedstock and developing offset strategies to meet climate neutrality targets. Although emerging niche markets for bio-propane and bio-naphtha are taking shape, a fully developed formal market for these products has yet to develop, and we are actively tracking its evolution.

In a landscape marked by rising energy costs, supply chain disruptions, geopolitical tensions and stringent environmental regulations, European petrochemical facilities are confronting unprecedented challenges. These pressures are driving up production costs and forcing a re-evaluation of operational viability, leading to closures in some instances. In response, our team has been dedicated to supporting European petrochemical producers as they navigate these turbulent conditions. Leveraging our

Our progress in focus:

Statement from the Natural Gas Trading Desk

Since 2021, the Natural Gas Trading Desk has played a pivotal role in SOCAR's mission to ensure reliable, secure, and responsible energy supply across Europe. Amid growing energy demands, geopolitical upheavals, and the evolving regulatory landscape, natural gas continues to play a significant role in supporting energy system reliability while enabling reductions in carbon intensity compared to other fossil fuels. Our desk continues to drive impact, balancing ESG considerations with commercial excellence.

Our expansion into the European natural gas markets came at a defining moment. In 2021, we established our subsidiary in

Luxembourg and proceeded to our set up across Europe. We have now acquired trading licenses across six countries—Austria, Bulgaria, France, Greece, Hungary, and, most recently, Romania. Today, we can cover operations in 16 countries, with active memberships across key European hubs and exchanges including TTF, PSV, CEGH, CEEGEX and BGH, as well as critical infrastructure access such as the Trans Adriatic Pipeline (TAP).

Our presence has grown most notably in Eastern Europe. Since 2022, a region once heavily reliant on Russian gas has undergone a seismic transformation. The geopolitical changes in Europe in 2022 —

¹⁶ Following a refinement of our carbon-intensity calculations to better reflect the energy content of the products we trade, the reported 2022 and 2023 values have been adjusted resulting in slight decrease compared to previously disclosed figures.

and the strategic curtailment of Russian gas flows that preceded it—sent shockwaves through European energy security with pipeline flows to Europe significantly reduced and Gazprom-owned storage facilities in Europe alarmingly lowered. LNG supply necessitated time and infrastructure developments to bridge the gap, which further amplified vulnerabilities.

We enabled flows of natural gas from our parent company SOCAR to enter European markets, starting with Italy in 2022, and expanding to Bulgaria in 2023. In 2024, we solidified our position as a key supplier to Eastern Europe, extending deliveries to Serbia, Hungary, North Macedonia, Slovenia, Slovakia, and Croatia. Through strategic capacity and storage positions—particularly in Bulgaria and Hungary—we’ve enhanced supply resilience and mitigated delivery risks for our customers.

Our Natural Gas Desk is not just a trading tool — it is an integrated function for optimisation, hedging and portfolio strategy. As Europe recalibrates its energy mix, natural gas continues to rise in strategic importance. Our portfolio reflects this shift.

In 2024 alone, natural gas traded volumes have increased by over 90% compared to 2023. After just three years of operations, natural gas now accounts for nearly 12% of our overall commodity portfolio and 75% of transitional commodities one - making it the leading contributor.

This growth is not merely quantitative. It underscores our commitment to transitional energy: cleaner than most other traditional commodities, reliable at scale, and essential for stabilising grids increasingly powered by intermittent renewables. While natural gas is no longer the dominant fuel in Europe’s evolving energy mix, its role in ensuring

system flexibility and supply continuity—especially during periods of disruption—remains indispensable.

Our trading operations are deeply aligned with SOCAR Trading’s broader ESG strategy. As energy systems evolve, we continue to adapt with foresight and responsibility —supporting both current energy security and long-term sustainability goals.

The challenges are not insignificant. The European Union’s climate policies and upcoming reporting obligations will require producers and traders alike to become more transparent, efficient and low carbon. Yet we see this not as a hurdle, but as a catalyst.

Natural gas continues to play a transitional role in Europe’s energy mix. It is vital to reduce the carbon intensity of heating, balancing renewables and ensuring industrial competitiveness. By leveraging our infrastructure, market insight, and strategic partnerships, SOCAR Trading is not only delivering molecules— but also enabling the shift toward a more secure and lower-emission energy system.

Carbon projects

We are working with our parent company and other stakeholders in Azerbaijan on the development of carbon removal and avoidance projects, with some of them having the potential to achieve a reduction of GHGs associated with our value chain. In the reporting year, we continued engaging on the development of two carbon projects: a) an Upstream Emissions Reduction project based on Leak Detection and Repair methodology and b) a collaborative effort between AzerEnerji and SOCAR Trading, focusing on the issuance of the voluntary carbon market certificates for the selected small-scale hydropower plants in Azerbaijan. Additionally, we have begun collaborating with local companies and organizations to supply carbon offsets, contributing to the further development of such solutions and partnerships in the region.

Biofuels and fertilizers desk

In 2024, we launched a dedicated Biofuels and Fertilizers Desk as part of our ongoing commitment to sustainability and the global energy transition. This desk plays a pivotal role in integrating low-carbon biofuels into our trading portfolio, supporting the shift toward cleaner energy alternatives. By actively contributing to decarbonization efforts and responding to the increasing global demand for renewable energy, the desk embodies our ESG objectives and reinforces our focus on delivering practical, impactful solutions to climate challenge.

As part of our operational framework, we continuously monitor relevant regulations to ensure full compliance with evolving industry standards. Moreover, we have obtained ISCC certification to verify that our practices meet established sustainability criteria.

5.2.1 Our approach to assessing our corporate carbon footprint

Our approach towards measurement of our GHG emissions is based on the GHG inventory method outlined in the GHG Protocol standards. In accordance with these standards, we first identified major sources of GHG emissions associated with our operations by scope (see Figure 12). GHG inventory reporting includes carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) gases.

Scope 1 emissions are direct emissions associated with company-controlled assets. We apply the “operational” control approach, meaning that we report emissions from operations over which we have control. Our Scope 1 emissions are limited to those associated with the company’s own vehicles.

Scope 2 emissions are indirect emissions associated with electricity, heating and cooling at SOCAR Trading offices.

With no operational assets under our control, our Scope 1 and Scope 2 emissions and associated impacts are low, making it less than 0.1% of the total footprint in 2024.

Our **Scope 3 emissions** include other activities associated with the value chain (see Figure 12) and make up the majority of our GHG emissions. Due to materiality, we focus our efforts on the categories associated with our **chartering activity and non-controlled investments**. We recognize that these are the areas, over which we have the most influence and are constantly evaluating possible emission reduction targets and the measures to reduce the negative impacts caused by our operations.

Figure 12. GHG emission sources of SOCAR Trading

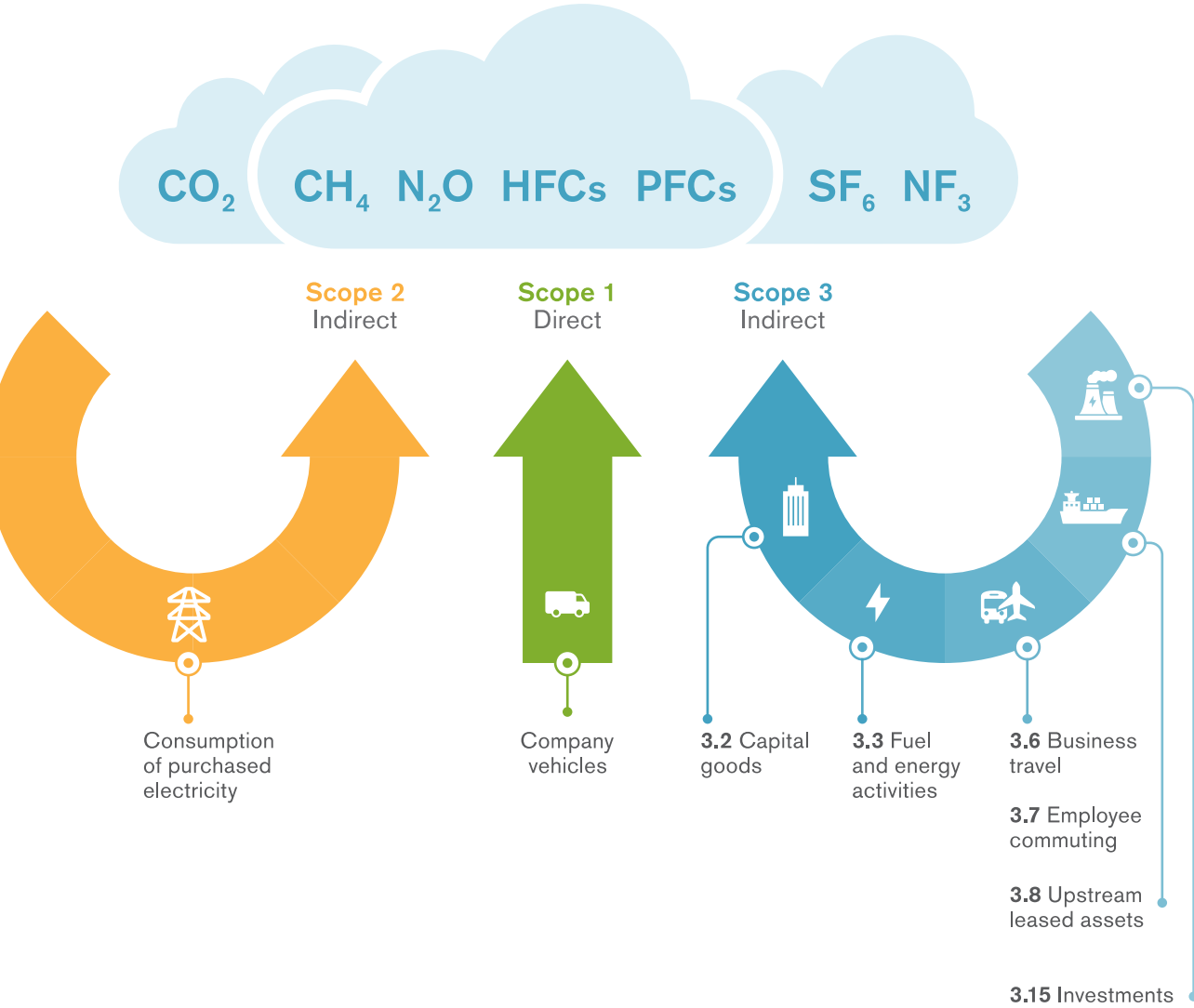


Table 3. GHG emissions by scopes, tCO₂e

Direct (Scope 1) GHG emissions	2022	2023	2024
GHG direct emissions, metric tons of CO ₂ eq.	23	30	24
Energy indirect (Scope 2) GHG emissions	2022	2023	2024
GHG indirect emissions caused by the electricity consumption, metric tons of CO ₂ eq. (location-based approach)	162	125	168
GHG indirect emissions caused by the electricity consumption, metric tons of CO ₂ eq. (market-based approach) ¹⁷	131	16	12

¹⁷ Scope 2 emissions according to the market-based method were calculated using residual-mix emissions factor for our office in Singapore, while for Geneva and London offices supplier-specific emissions factor were applied. Additionally, for the Dubai and Houston offices, Renewable Energy Certificates have been procured.

Indirect (Scope 3) GHG emissions	2022	2023	2024
GHG other indirect emissions, metric tons of CO ₂ eq., from the following sources:			
3.2 Capital goods ¹⁸	31	65	42
3.3 Fuel and energy related activities	62	51	65
3.6 Business travel	0 ¹⁹	0 ²⁰	0 ²¹
3.7 Employee commuting ²²	0 ²³	0 ²⁴	178
3.8 Upstream leased assets	1 060 003	697 834	629 701
3.15 Investments	387 075	337 564	339 893
Total ²⁵	1 447 325	1 035 560	969 915

In 2024, our total GHG emissions decreased by 6% compared to the previous year, primarily due to a slight reduction in chartering activity.

In the reporting year, following updates to the Sea Cargo Charter methodology to align with the revised 2023 IMO GHG Strategy, we recalculated our historical shipping emissions using the updated approach. With the latest updates, the SCC now provides well-to-wake CO₂ equivalent emission factors, which we have applied in our recalculations. The revised indirect emission for our chartering activity are presented in the table below. For reference, figures calculated using the previous methodology are also included.

Table 4. Chartering activities emissions, tCO₂e

GHG emissions from chartering activities ²⁶ (tCO ₂ e)	2022	2023	2024
2023 SCC Methodology v2.3 ²⁷	746 547	404 024	N/A ²⁸
2024 SCC Methodology v4.1	908 971	503 833	512 405

Our progress in focus:

Offsetting Initiatives

We have offset our 2024 GHG emissions from Business Travel through the purchase nature-based carbon credits. Additionally, following the revision of our 2022 and 2023 Employee Commuting emissions - previously offset in the respective years - we acquired supplementary credits to address the incremental emissions identified through the recalculation.²⁹

¹⁸ Emissions associated with capital goods used in office facilities are now reported under Scope 3.8 — Upstream leased assets. As a result, Scope 3.2 figures for 2022 and 2023 have been adjusted accordingly.

¹⁹ In 2022, we offset our GHG emissions arising from Business travel (429 tCO₂eq).

²⁰ In 2023, we offset our GHG emissions arising from Business travels (466 tCO₂eq).

²¹ We have offset our 2024 GHG emissions from Business Travel (524 tCO₂eq).

²² The figures for 2022 and 2023 have been updated following a revision of our Scope 3 commuting calculations. The updated approach now accounts for both the journey to the office and the return trip home, allowing us to consider different modes of transport that may be used in each direction.

²³ In 2022, we offset our GHG emissions arising from Commuting (166 tCO₂eq).

²⁴ In 2023, we offset our GHG emissions arising from Commuting (158 tCO₂eq).

²⁵ Considering Scope 1, Scope 2 market-based and Scope 3.

²⁶ Voyages in the Caspian Sea excluded from the calculations, as emissions from the subject fleet are currently based on estimates.

²⁷ In 2022, emission factors were calculated and verified by an independent third party based on a tank-to-wake approach. In 2023, emissions were calculated using the same methodology in-house. In 2023 the SCC had published only CO₂ emission factors on a tank-to-wake basis, CO₂ equivalent emission factors were calculated referencing the IPCC Assessment Reports and IMO Resolution MEPC.308(73).

²⁸ Not available as in CO₂ tank-to-wake EFs are no longer published by SCC.

²⁹ Starting from the upcoming reporting period, our offsetting efforts will focus primarily on Business Travel emissions. Employee Commuting will no longer be offset, as we explore alternative approaches to address emissions associated with such category.

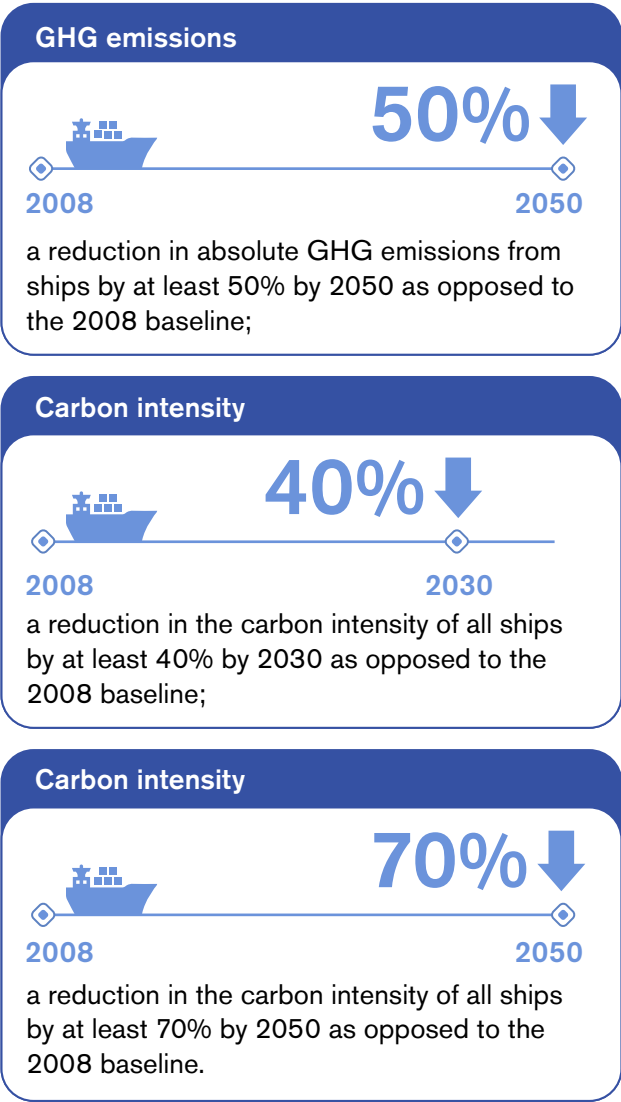
Table 4. Our approach to measuring our carbon footprint

Category	What is covered?	Sources of primary data	Sources of secondary data	Main observations
Scope1	Emissions that are associated with SOCAR Trading's own vehicles and combustion sources	<ul style="list-style-type: none">Liters of fuel consumed according to the bills	For fuel combustion, we used the ADEME Base Carbone EFs.	Similar to other companies of the same sector and operations, these emissions are immaterial in comparison with the indirect Scope 3 emissions.
Scope 2	Emissions that are associated with purchased electricity	<ul style="list-style-type: none">Electricity consumption from the bills, and amount of electricity calculated as calibration from the contractual office area	For the electric grid carbon intensity, we used the IEA values for each country, except US and UK, where US EPA for Texas EF and EF from DEFRA were applied.	Although these emissions are immaterial compared to overall emissions, they represent up to 88% of Scope 1 and 2 emissions.
Scope 3.2 – Capital goods	Emissions that are associated with cradle-to-gate emissions of purchased capital goods (i.e., buildings, cars, hardware)	<ul style="list-style-type: none">Number of IT equipment units procured	For capital goods, we used the ADEME Base Carbone EFs for purchased goods (i.e. IT equipment).	These emissions are immaterial compared to the other Scope 3 categories.
Scope 3.3 – Fuel and energy-related activities not included in Scope 1 and Scope 2	Emissions that are associated with upstream emissions of purchased fuels and electricity.	<ul style="list-style-type: none">Electricity consumptionLiters of fuel consumed	For fuel-related activities not included in Scope 1, we used EFs from ADEME. For energy related activities, not included in Scope 2, we used IEA methodology.	These emissions are immaterial compared to the other Scope 3 categories and are linked to Scope 1 and 2 emissions.
Scope 3.6 – Business travel	Emissions that are associated with the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses and passenger cars.	<ul style="list-style-type: none">Average distance traveled in an aircraftPaid fare for business-related train tripsAverage distance traveled in a trainAverage distance traveled in a rented carRental period for leased carsExpenses associated with hotel stays	For business travel, we used the EFs from ADEME Base Carbone for transportation and hotels whenever the travel agency/ company did not provide specific EFs.	We have fully offset our GHG emissions arising from our business travel in 2024.

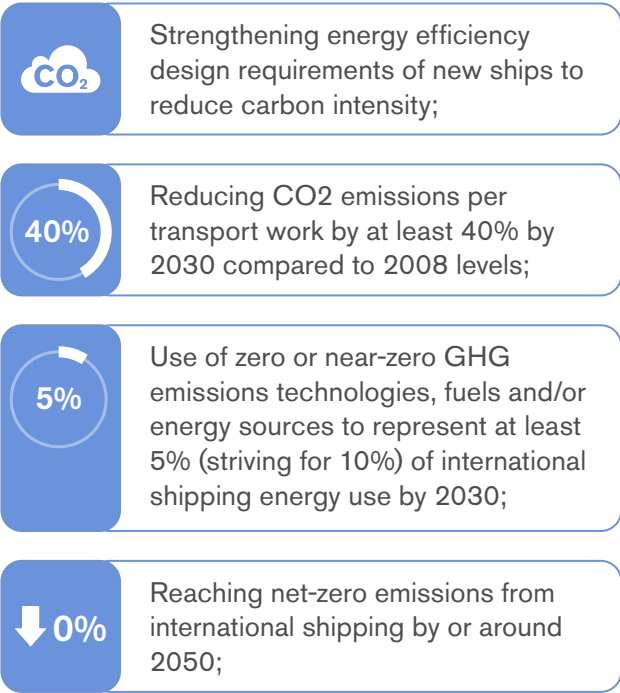
Category	What is covered?	Sources of primary data	Sources of secondary data	Main observations
Scope 3.7 – Employee commuting	Emissions that are associated with the transportation of employees between their homes and their worksites.	<ul style="list-style-type: none">Number of days employees spent on siteAverage distance traveled, by mode of transport based on a survey	For commuting, we used country-specific emission factors where available. Otherwise, emission factors from ADEME Base Carbone were applied.	These emissions are immaterial compared to the other Scope 3 categories.
Scope 3.8 – Upstream leased assets	Emissions that are associated with the transportation of commodities we trade, where we are responsible for the arrangement and payment. The main contributors are: <ul style="list-style-type: none">Our chartering activityPipeline transportation	<ul style="list-style-type: none">Quantity of commodities tradedSpecifications of chartered vesselsTons of fuel consumed during shipping voyagesDistance traveled during shipping voyages.Manual estimates were based on voyage duration, distance, tonnage and observed emissions for ships within the same voyage.Square meters of space occupied by offices	For transportation emissions on upstream leased assets, we used EFs from IMO MEPC.308(73) and SCC guidance version 4.1	This category accounts for c. 65% of total emissions in 2024. The majority of these emissions are from our chartering activity, with the rest associated with pipeline transportation.
Scope 3.15 Investments	Emissions that are associated with any entity where SOCAR Trading has at least 5%, but not more than 50% interest. Entities included in the reporting: <ul style="list-style-type: none">ElectroGas Malta (Scope 1)*Octogone Product Terminal in Benin (Scope 1, 2 and Scope 3.11) <i>* Since ElectroGas Malta is a power generating facility, Scope 2 emissions were deemed as immaterial.</i>	<ul style="list-style-type: none">Direct emission data for ElectroGas Malta already calculated under existing regulationsQuantity of commodities traded for Octogone SPP	For Scope 3.11 of the investment portfolio companies, we used EFs from ADEME Base Carbone for each commodity type.	The emissions included in SOCAR Trading's carbon footprint assessment are equal to the percentage of SOCAR Trading's ownership in its investments and account for c. 35% of total emissions in 2024. In cases when Scope 1 and 2 emissions of our non-controlled investments were found to be immaterial, Scope 3 category 11 (Use of sold products) emissions were considered.

5.3 Shipping optimization

Globally, maritime transportation accounts for around 3% of GHG emissions. In 2018, the International Maritime Organization (IMO) adopted a strategy to reduce carbon emissions from the shipping industry by targeting:



In 2023, IMO updated its strategy on the reduction of GHG emissions from ships. The new strategy incorporates “levels of ambition”, such as:

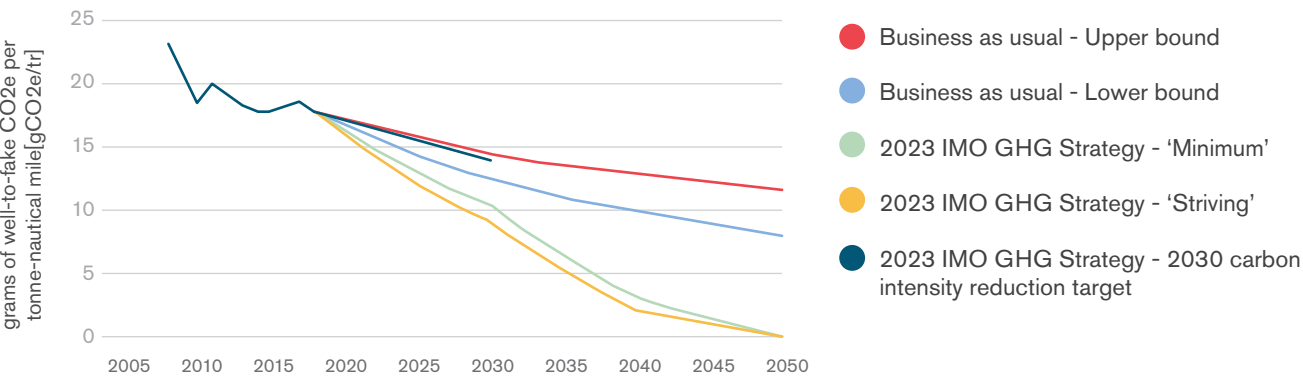


and targets:

- reduction in absolute GHG emissions from ships by at least 20% (striving for 30%) by 2030 as opposed to the 2008 levels.
- reduction in absolute GHG emissions from ships by at least 70% (striving for 80%) by 2040 as opposed to the 2008 levels.

Additionally, the 2023 IMO GHG Strategy specifies that shipping emissions should consider well-to-wake as opposed to tank-to-wake emissions.

Figure 13. Global fleet's emissions targets and trajectories defined by the 2023 IMO GHG Strategy³⁰ (grams of CO2e per tonne-nautical mile [gCO2e/tnm])



³⁰ Published by Sea Cargo Charter in 2024.

In addition, the shipping industry was included in the EU Emission Trading Scheme (EU ETS) in 2024, with a phase-in period ending in 2026. As part of this scheme, the shipowners need to buy permits to cover 100% of their emissions for voyages between EU ports and 50% of emissions for voyages between EU and international ports.

We adopt the EEOI as a key ESG metric to monitor our decarbonization efforts, as it measures the carbon intensity related to chartering activities. EEOI is based on a voyage performance in real operating environment as opposed to relying on a design specification metric. The metric is based on:

- GHG emissions over both ballast and laden legs;
- Actual distance travelled over laden leg; and
- The amount of cargo transported over the given voyage.

When calculating EEOI, voyages over data accuracy of which we had the highest degree of confidence³¹ were covered by calculations.

We track our performance against the decarbonization trajectory target as defined by the Sea Cargo Charter (SCC),³² which is aligned with the IMO 2018 strategy absolute target of a 50% reduction in absolute shipping GHG emissions by 2050 as opposed to the 2008 baseline.

In 2024, the SCC has published a new charter that includes updated decarbonisation trajectories that are aligned with IMO revised 2023 strategy.

There are two trajectories that are based on (1) minimum requirement of the 2023 IMO GHG Strategy with a 20% reduction in 2030, a 70% reduction in 2040 as opposed to the 2008 baseline leading to net zero by 2050; and (2) the higher level of ambition with a 30% reduction in 2030, a 80% reduction in 2040 as opposed to the 2008 baseline leading to net zero by 2050³³.

³¹ Representing more than 90% of total GHG emissions from the chartering activity.

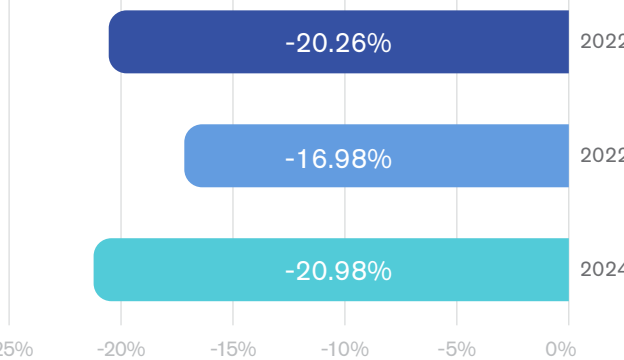
³² SCC Technical Guidance Version 2.3 published in March 2023.

³³ It should be mentioned that SOCAR Trading is currently not a signatory to the SCC.

³⁴ Voyages in the Caspian Sea excluded from the calculations due to a limited direct and AIS data, as well as reduced choice over fleet availability.

The chart below illustrates the historical Delta, reflecting the percentage difference between the EEOI of SOCAR Trading's chartered vessels and the SCC 2023 decarbonization trajectory which aligns with the 2018 IMO GHG Strategy. This metric serves as an indicator of the climate alignment of our shipping performance. In 2024 the EEOI metric of our chartered vessels marked a -20.98% performance against the SCC 2023 decarbonization trajectory.

Figure 14. SOCAR Trading's performance on shipping activities' climate alignment³⁴



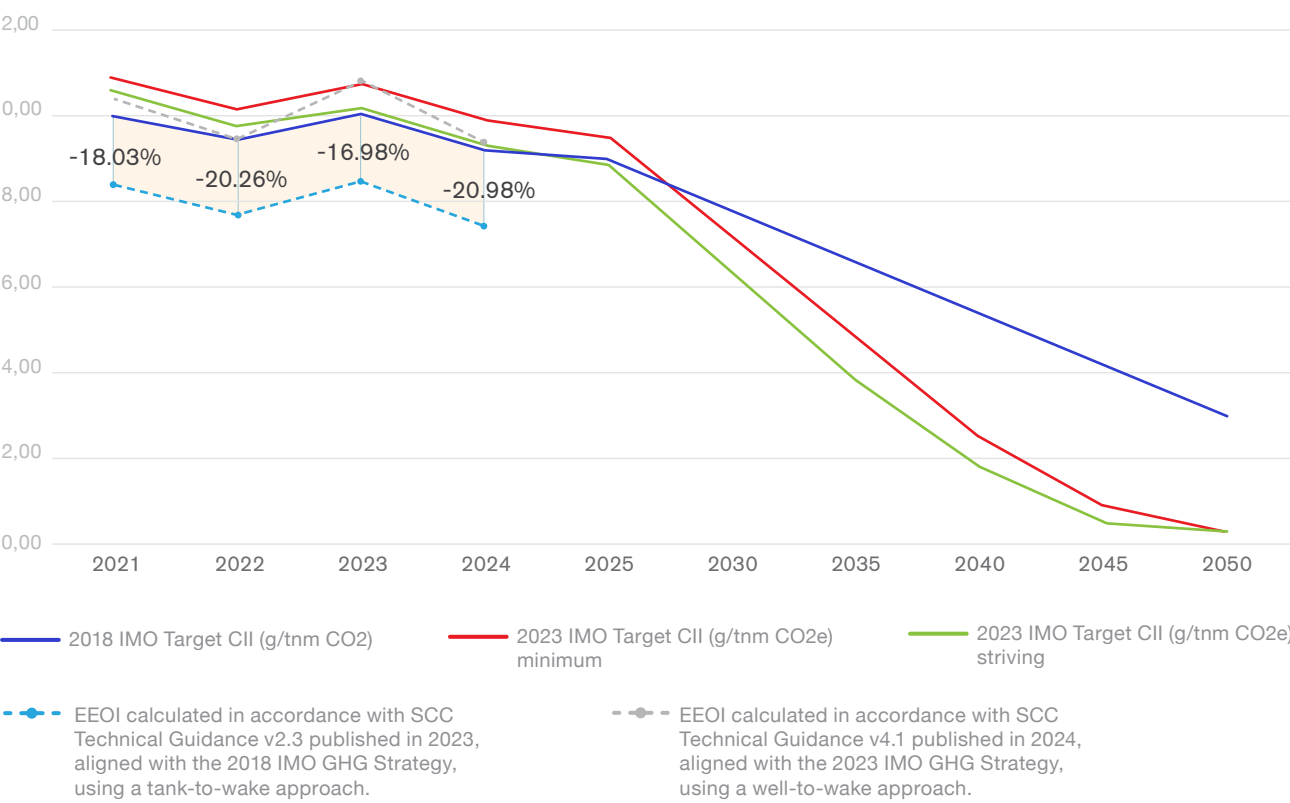
Additionally, we track our performance using the Sea Cargo Charter technical guidance released in 2024, which aligns with the 2023 IMO GHG Strategy. Following this technical guidance, our chartered fleet's climate alignment for 2024 is -8.08% under the minimum trajectory and -2.68% under the striving trajectory, which demonstrates lower emissions intensity compared to both decarbonization trajectories.

Under the updated SCC methodology, which has been revised to align with the IMO 2023 GHG Strategy, SOCAR Trading has established an internal target to maintain alignment with the “Minimum” decarbonization trajectory, while aiming to meet the more ambitious “Striving” trajectory.

Table 5. Climate Alignment per the 2023 IMO GHG Strategy

Trajectory	Delta, %
Minimum Trajectory	-8.08%
Striving Trajectory	-2.68%

Figure 15. SOCAR Trading's performance on chartering activities against the 2018 and 2023 IMO Strategy Targets



Our progress in focus:

Incentivising staff to minimise environmental impact

Our Cost Allocation Policy incentivizes traders to use low-carbon intensity shipping options. The key metric we monitor and measure performance against is the alignment of voyage carbon intensity as measured by EEOI with the SCC decarbonization trajectory that is consistent with the IMO 2050 absolute target. This initiative will help us to reduce our environmental impact and facilitate integration of ESG into behavior and mindset of our employees. In the reporting year, we implemented our incentivization initiatives within the company for the second time.

As environmental regulations tighten, SOCAR Trading and most of our shipping partners will be strongly incentivized to reduce carbon footprint from the shipping activity. We are also responsible for prompting our counterparties to reconsider their operations to avoid the risks of non-compliance and operational disruption in the future. We hold regular communication with shipping and trading teams to discover potential opportunities for shipping optimization to minimize the environmental impact of our activities.



Our progress in focus:

Improving data accuracy^{35 36}

In the reporting year, we obtained direct CO2 emissions data for 99% of our fleet, with the exception of voyages conducted in the Caspian Sea, where direct emissions reporting has been partially established and efforts are ongoing to further enhance it. This was made possible through our charterparty agreements, which require counterparties to provide detailed fuel consumption data, including fuel type, volume consumed during ballast and laden legs, as well as loading and discharge operations.

Additionally, we have continued to work on aligning with the compliance requirements of the EU ETS, further strengthening our commitment to transparent and accountable emissions reporting.

We continue working with our shipping and trading teams on:

1. Improvement of data collection and reporting by our operators and shipping specialists directly from the ship owners and technical managers related to fuel consumption and other variables used as input for our calculation tool;
2. Measurement and reporting of energy efficiency performance metrics for our chartering activity, i.e., Energy Efficiency Operational Indicator (EEOI), together with the alignment with IMO and Sea Cargo Charter (SCC) targets;
3. Initiatives designed to incentivize traders and operators to use less carbon-intensive ships;
4. Risk Management and incorporation of environmental compliance costs (i.e., carbon tax) in decision-making.

Our progress in focus:

ESG performance of most material counterparties

During the reported period, we implemented an ESG performance assessment of our 18 most material counterparties from trading, banking and admin areas, along with 2 investment companies, where we have 33% and 20% stake.

We have developed Key Performance Indicators (KPIs) aligned with the Environmental, Social, and Governance dimensions, designed to address specific areas of concern and opportunity within each ESG category.

The assessment of each KPI is based on a three-score system, where a score “3” represents the highest level, while “0” signifies non-compliance. We then monitor the overall score of the companies.

The assessment is conducted on a publicly available information which can take the form of ESG and/or Sustainability reports. Counterparties, on which there is not enough information available, are asked to fill an internally developed ESG survey. Moving forward, we remain committed to refining and expanding our assessment approach to drive continuous improvement.

5.4 Efficient use of natural resources in our offices

While managing the leased assets which we contract from the property owners, such as offices, we advocate resource efficiency in buildings. Such initiatives are especially relevant to our Swiss office. To conserve energy in the office, we follow the Geneva public authority's recommendations. We minimized energy waste by promoting habits of the office light and electronic equipment shut down over off-hours. We also replaced single-use cutlery with reusable in the office. The Swiss office also practices waste segregation with separate bins for paper, plastic, glass, and food waste. We motivate our employees to use soft copies of the documents to reduce the paper waste. To further support our sustainability efforts, all of our printers across all the trading entities are set to default to double-sided grayscale printing ensuring that we reduce paper consumption.

Our progress in focus:

IT waste recycling practices in Geneva office

At our Geneva office, IT waste recycling is coordinated by the IT department every two to three years. Obsolete or non-functional equipment—including computers, monitors, network and storage devices, printers, telephones, and peripheral accessories such as headphones, cables, mice and keyboards—is collected and transferred to a company specialized in the recycling of electronic equipment.

Furthermore, specific attention is given to hazardous materials: used printer toners are retrieved directly by supplier personnel to ensure proper handling, while alkaline batteries are deposited by employees in a dedicated collection box. Once the box reaches capacity, the batteries are delivered to an authorized collection point for disposal.

³⁵ One voyage required an estimated GHG footprint due to the absence of direct emissions data for that specific voyage.

³⁶ Although direct reporting for voyages in the Caspian Sea has only been partially established, we estimate the emissions from activities in this region using an alternative approach due to data limitations and report them in our scope 3.8.

Our progress in focus:

Sustainable Consumption Initiative

At SOCAR Trading, we continue to take steps to promote more sustainable consumption practices across our operations.

To raise awareness and foster sustainable habits, we regularly run internal campaigns, such as the “Sustainability Campaign” poster series. These campaigns offer practical advice to employees on effectively managing waste disposal and recycling, as well as optimizing electricity and water usage.

During the reporting period, we monitored waste production at our Houston office, which amounted to 20 cubic meters. As part of our efforts to improve waste reporting practices, we are working to expand comprehensive waste monitoring to all our offices.



Table 6. Water consumption at SOCAR Trading offices, thousand liters³⁸

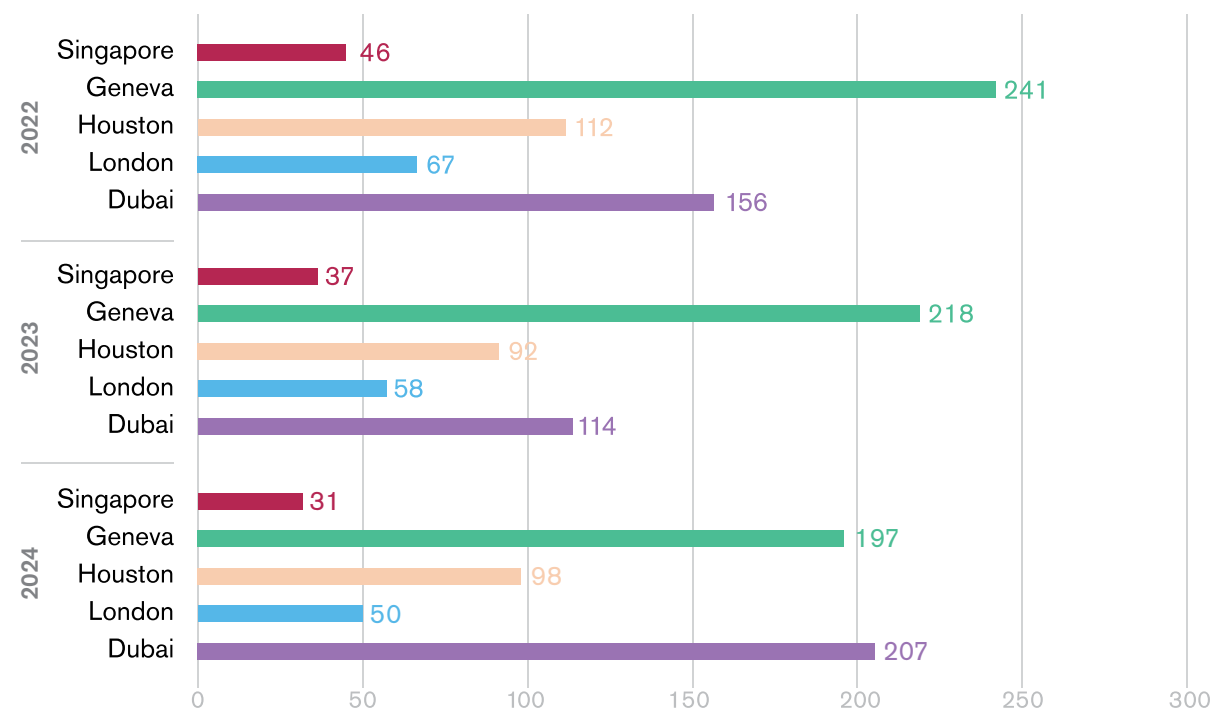
Water consumption	2022	2023	2024
Geneva	383	506	457
Houston	362	231	82
Dubai	261	257	609
Singapore	N/A	73	141
London	N/A	112	247
Total	1 006	1 178	1 537

The table below provides the fuel consumption figures for our company-owned cars in Geneva and Dubai offices.

Table 7. Fuel consumption at SOCAR Trading offices, liters

Fuel consumption	2022	2023	2024
Geneva (Gasoline)	1 442	1 483	1 339
Geneva (Diesel)	2 843	4 027	3 617
Dubai (Gasoline)	3 970	4 992	3 533
Total	8 255	10 502	8 489

Figure 16. Electricity consumption at SOCAR Trading (2022-2024), MWh³⁷



³⁷Electricity consumption for all five trading offices is included, except cooling and heating figures of our Singapore office.



³⁸ Water consumption data is reported for all SOCAR Trading offices. Figures for our Singapore office were calculated based on average consumption per employee in two different locations (Geneva and Houston). Calculations for Dubai office are based on assumption due to limited bills availability.



Ghizil-Agaj State Reserve

The Ghizil-Agaj State Reserve, located along the southern coast of the Caspian Sea, is one of Azerbaijan's most significant natural habitats. Established in 1929, it was the first nature reserve in the country, created to protect wetlands that serve as a critical stopover for migratory birds. The reserve covers over 100,000 hectares, including coastal lagoons, reed beds, and shallow waters that support a diverse range of wildlife. Recognized as a UNESCO Biosphere Reserve, Ghizil-Agaj is home to more than 250 bird species, including endangered species such as the Dalmatian pelican and white-headed duck. The area also supports rare Caspian seals and various fish species essential to the region's biodiversity.



The “S”



6.1 Our people

At SOCAR Trading, we are constantly looking for ways to enhance our employees' personal and professional abilities.

We believe that by contributing to the personal development of our employees, we invest in the Company's long-term success and sustainability. It is essential for us to act in a way befitting a responsible and attractive global employer. A core component of this is our ability to create a technologically sophisticated, healthy and safe working environment where our employees can fully achieve their potential.

SOCAR Trading maintains HR functions in all representative offices around the globe. The main HR management is based in the Head Office of the company in Geneva. Representative offices perform their key functions independently; however, all data are collected, provided and sent to the Head Office as part of a centralized global HR management system. Furthermore, we employ direct communication channels with all offices to promptly address any issues that may arise locally and globally.

Part of the corporate strategy covering the HR management function involves strengthening reporting mechanisms, harmonizing variable compensation and bonuses, expanding the areas of operation and launching new product lines by supporting the C-level managers in charge of those functions.

We have developed a comprehensive **Employee Handbook** for each of our global offices. The Handbook provides general information and guidelines on SOCAR Trading policies, practices, procedures, ethical frameworks, expectations, standards, facilities, and benefits. Despite the general similarity between versions, some regions have slight differences in the content of the Handbook to comply with local employment regulations. We believe that these policies and regulations do assist our employees in the alignment of their performance with the values and principles of the Company.

During the reporting period, the Handbook was updated by incorporating new enhancements that strengthen our commitment to diversity, employee support, workplace fairness and professional development. These updates include measures to promote equal opportunities in hiring and career advancement, bolster protections against workplace harassment, enhance support for employees during workforce transitions and ensure a transparent and merit-based promotion process. The following key additions have been made:

- ◆ **Equal opportunity Hiring Practices:** we strengthened recruitment guidelines to promote diversity, prevent discrimination, and ensure fair hiring practices, with HR oversight to address potential biases.
- ◆ **Layoff Mitigation and Employee Support Program:** we introduced measures to minimize the impact of workforce reductions, including advance notice, financial support and retraining opportunities.
- ◆ **Grievance Procedure:** we enhanced reporting mechanisms to ensure workplace concerns, including discrimination and harassment, are addressed through a formal, confidential process.

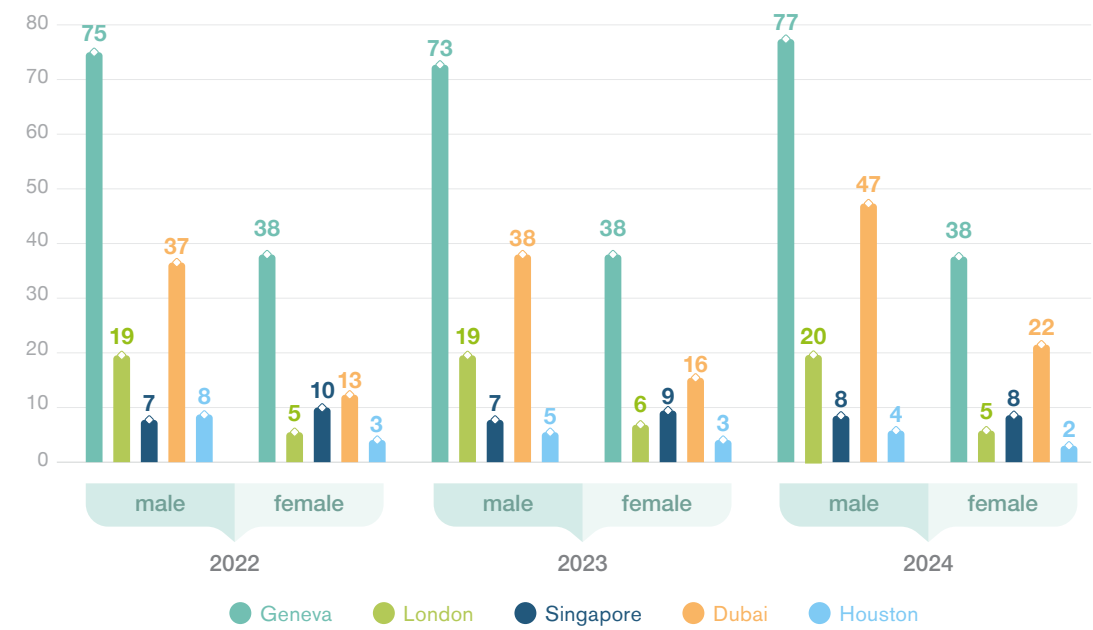
- ◆ **Preventing Workplace Harassment:** we established a proactive approach to preventing workplace harassment through clear reporting channels, a zero-tolerance policy and ongoing HR training to implement best practices.
- ◆ **Equal Opportunities in Professional Development and Promotion:** we ensured a merit-based promotion process with clear objective criteria and oversight by the Compensation Committee to maintain fairness and transparency.



Personnel profile

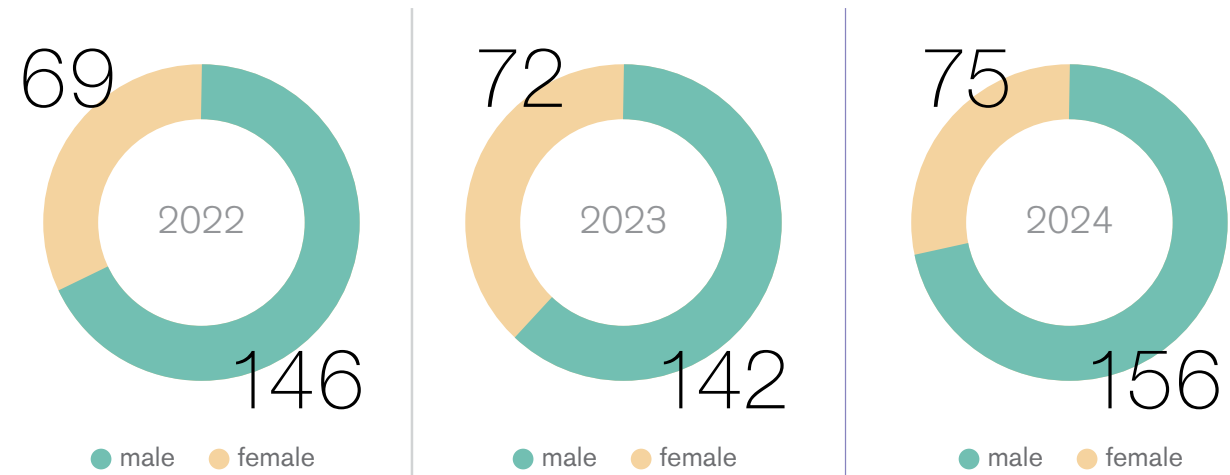
In 2024, our headcount increased compared to the previous year, reaching 231 employees by the end of the year.

Figure 17. Number of employees in international representative offices, by gender



In 2024, the total workforce at SOCAR Trading was composed of 67.5% male and 32.5% female employees.

Figure 18. Total number of employees by gender



In 2024, 73.5% of the SOCAR Trading's employees fell within the age range between 30-50, 19.5% were over 50 and 7% were under the age of 30.

Figure 19. Total number of employees by age

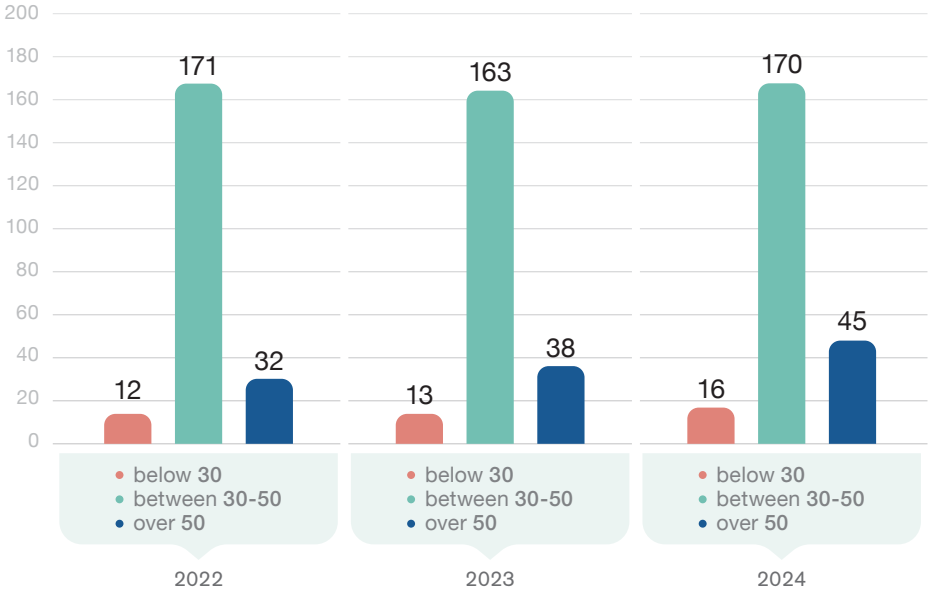


Figure 20. Total number of full-time and part-time employees by gender

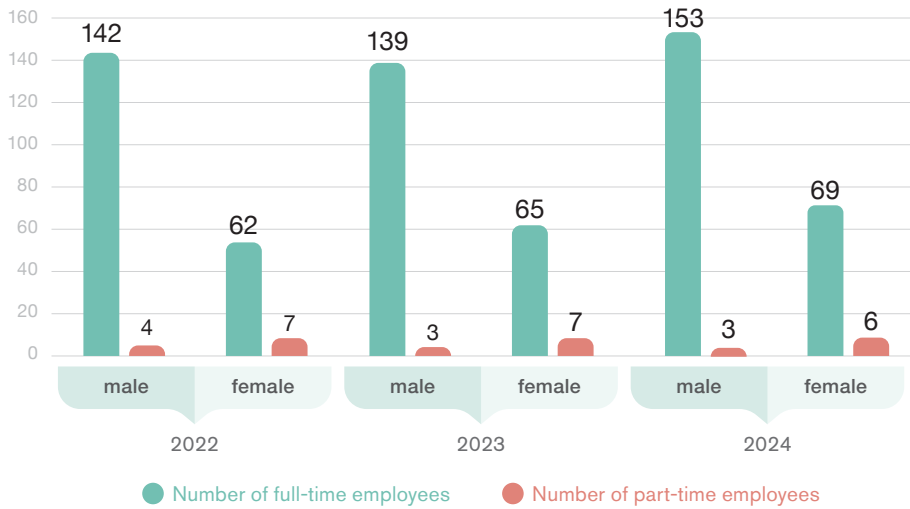
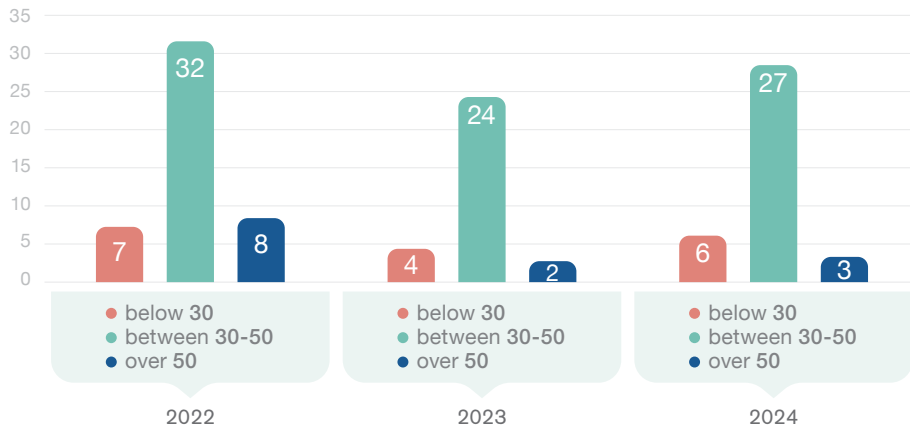


Figure 21. Total number of hired employees by age



6.1.1 Equal opportunities, Diversity and Inclusion

At SOCAR Trading, equal opportunities, diversity and inclusion are an integral part of our corporate culture. We are convinced that a diversified workforce, as well as an open and appreciative corporate culture, are important success factors in a globalized world. SOCAR Trading values diversity and is committed to promoting its values within the workplace by seeking to ensure that all individuals are treated with dignity and respect.

At the same time, we believe that diversity fosters employee engagement and development since it nurtures different ideas and approaches within the business. It contributes to business success by empowering leaders to maintain a workforce of the highest quality through targeted recruitment, retention, development and advancement of individuals from a diverse talent pool on the basis of merit.

We are committed to fostering gender balance and broader diversity across our recruitment and workplace practices. To promote equitable hiring, we actively collaborate with recruitment agencies to ensure more diverse and representative candidate shortlists. Beyond hiring, we have introduced unconscious bias training for our managers, empowering them to make more inclusive decisions. Additionally, we facilitate culture and diversity workshops that address workforce segmentation and foster a shared understanding among colleagues. These sessions encourage employees to reflect on and share their cultural backgrounds, serving as a powerful catalyst for inclusion across all dimensions of diversity. To further champion female leadership development, we provide a range of targeted initiatives, including one-on-one coaching and group exercises, which include external HR coaching and psychometric testing to help our managers become more inclusive leaders.

Nationality distribution of SOCAR Trading’s workforce:

- Australia

Austria

Azerbaijan

Belarus

Belgium

Brazil

Canada

China

Croatia
- Denmark

Estonia

France

Germany

Greece

India

Ireland

Italy

Japan
- Jordan

Kosovo

Kyrgyzstan

Latvia

Lithuania

Malta

Nepal

The Netherlands

Norway
- Pakistan

Philippines

Portugal

Romania

The Russian Federation

Singapore

Sri Lanka

Switzerland
- Turkiye

Ukraine

The United Kingdom

The United States of America

Uzbekistan

Venezuela

Vietnam

To be aligned with these principles, we remain committed to our **Equal Opportunities and Diversity Policy**, which is applied to all employees, workers, agency workers, self-employed contractors and volunteers. SOCAR Trading does not tolerate any form of discrimination based on race, religion, ethnicity, nationality, age, gender, sexual orientation, disability or other reasons protected by law. This policy applies to all decisions relating to recruitment or employment, including job selection, work assignments, training, promotion, performance appraisal, career development, compensation and benefits, administration and conditions of employment.

Employees are expected to address all potential or actual cases of discrimination, harassment, or bullying within the Company through the grievance procedure described in Employee Handbook. All complaints are treated seriously and investigated promptly.

When an issue arises, HR initiates an investigative process. Based on the conclusions drawn, appropriate actions are taken, such as internal transfers or disciplinary measures, as well as the implementation of training initiatives aimed at preventing future incidents. Moreover, an incident report is regularly submitted to senior management or the CEO for review and any further directives. During the reporting period, we had zero incidents of complaints regarding discrimination or similar cases arising from employees in all locations.

Table 8. Parental leave by gender

Parental leave by categories	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of employees entitled to parental leave	146	69	140	69	156	75
Total number of employees that took parental leave	7	1	7	0	6	3
Total number of employees returned to work after parental leave	7	1	7	0	6	3
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	4	1	6	0	6	3

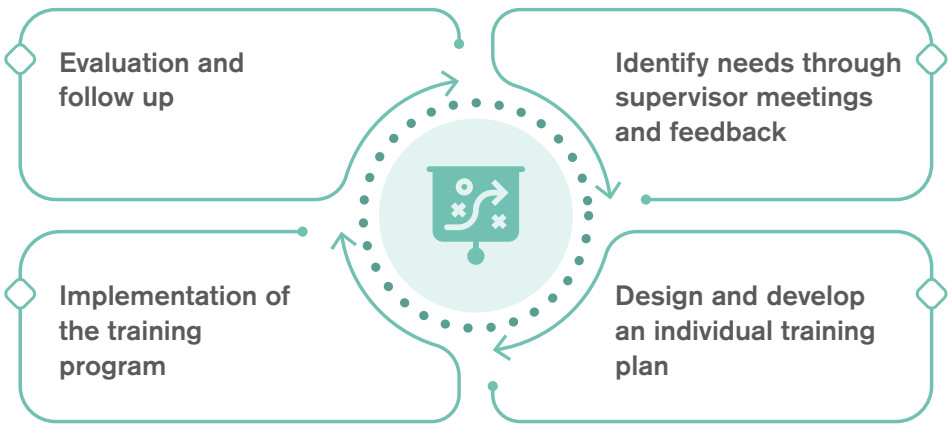
SOCAR Trading offers employees with disabilities an equal opportunity to succeed, learn and be compensated fairly. We do not tolerate discrimination against disabled employees and recognize our responsibility for taking reasonable actions to help avoid work practices that might place a disabled employee at a substantial disadvantage compared to other employees.

6.1.2 Employee training and development

We recognize that skilled employees lie at the centre of our long-term success as a Company. Consequently, the education and promotion of employee capabilities across all representative offices are one of our core priorities. SOCAR Trading regularly supports and encourages employees to enhance their knowledge and skills through external professional development opportunities and internal training sessions. These measures aim to equip our employees with the relevant tools to engage in professional development and streamline positive contributions to SOCAR Trading’s operational excellence..

We provide both digital and in-person learning opportunities based on individual needs and relevance to each employee’s industry or subject matter expertise. Individual development plans are designed through regular meetings of employees and their respective supervisors. This makes it easier to define individual development measures that address both the company’s needs and each employee’s ambitions and potential. The Company will also cover the costs associated with an external course or certification that was approved by a supervisor.

Figure 22. Individual training plan cycle

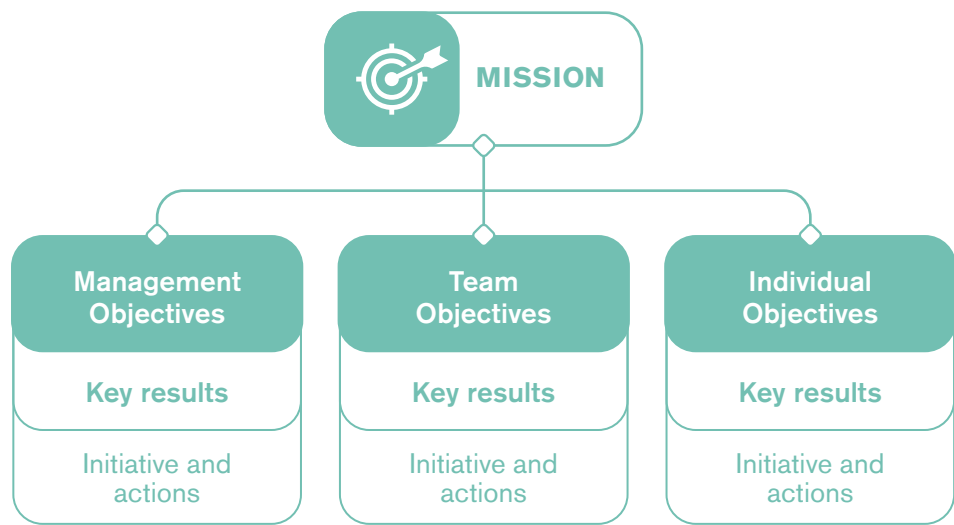


In addition to individual training plans, all employees are required to follow the mandatory annual training programs linked to KPIs, which are developed by the Compliance Department in association with HR. Department specific KPIs are set based on each employee's position and function within the Company. Additionally, all new hires are required to complete a series of training sessions focused on risk management, IT, and compliance to ensure they adhere to company policies from the outset.

Furthermore, SOCAR Trading provides access to online training platforms for all employees that are aimed at their professional development and continuing education. For instance, we partnered with an online course provider, LinkedIn Learning, which has a wide collection of online courses taught by industry experts in various fields, including commodity trading.

The Company has also adopted an Objectives and Key Results (OKR) goal-setting system to ensure that our employees work in alignment with organizational priorities and personal ambitions. OKR is a goal-setting methodology that helps us set measurable goals in relation to employee performance and development. We aim to increase employee engagement in goal setting and support the company in achieving its ambitious goals.

Figure 23. The general structure of the OKR goal-setting system



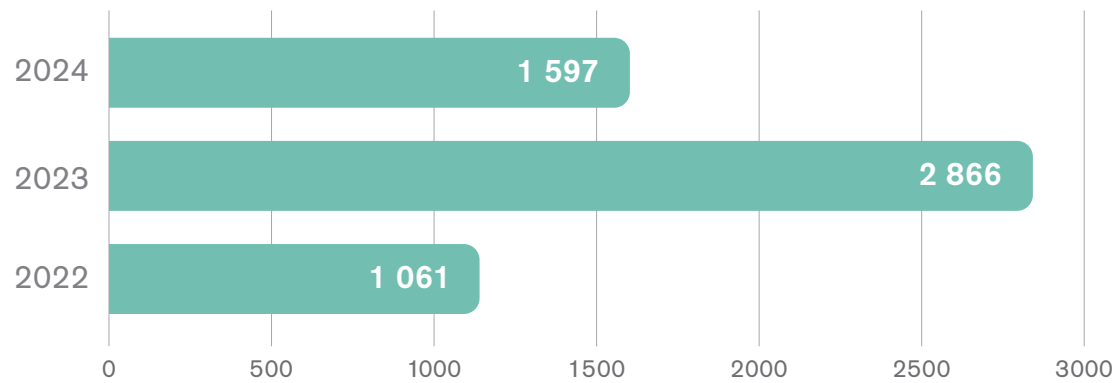
OKR is a simple, fast-cadence, bottom-up process that engages each team's perspective and creativity. Within this system, Executive Management and departmental objectives will be reviewed on a yearly basis. Individual objectives will be reviewed twice a year. The process will be facilitated by the HR department and individual line managers.

Table 9. Average hours of training provided to employees

Average training hours		2022	2023	2024
Average hours of training by employee categories	Executive	2	20	30
	Senior	2	7	1
	Mid-Career	7	14	7
	Junior	6	26	14
Average hours of training by gender	Male	5	13	8
	Female	5	15	5

We are organizing regular workshops involving trading, shipping, and support functions to better understand and manage ESG-related risks and improve the accuracy and efficiency of relevant data collection and reporting. As part of these workshops, we are developing tools and measures to incentivize our employees to help the Company achieve its ESG goals, such as reducing its carbon footprint and carbon intensity of the relevant operations.

Figure 24. Total hours of training provided to employees



In 2024, a wide range of learning programs were offered to employees to satisfy the evolving demands of the business landscape, e.g., specialist training, data management, security, language learning as well as the development of both soft and technical skills.

Youth development

SOCAR Trading offers internship opportunities for young professionals. In 2024, we accommodated 22 interns across all our offices.

Through the internship, we provide opportunities for young specialists to enhance their knowledge and become acquainted with the energy trading business from within, encompassing both its risks and opportunities. Internship programs offer participants valuable insight into the operations of different departments.

Moreover, on November 24 we had the pleasure of welcoming employees' children in our Geneva office for the "Futur en Tous Genres Day". This special day allowed them to broaden their horizons and learn more about their parents' workplace and profession in a fun way. The event included several presentations by employees, featuring short videos, workshops, games, and quizzes. The children also enjoyed a tour of the facilities and spent time at their parents' workstations. Feedback from the children was highly positive, and they truly enjoyed the experience.

Empowering Future Leaders in Commodity Trading



Julie Noller, our Head of Carbon, coordinates the minor in Commodity Trading within the International Business Management Bachelor's program at Haute École de gestion Genève (HEG). Beyond her coordination duties, she delivers lectures on pivotal topics such as carbon trading and energy transition, enriching the academic experience with valuable and practical insights.



Our Trade Finance Manager, Jérôme Glauser, contributes to the academic field by teaching Trade Finance Banking Instruments in the Master of Science in Commodity Trading program. This academic program is offered by the University of Geneva in collaboration with SUISSENÉGOCE, of which SOCAR Trading is a member. The course equips students with an in-depth understanding of financial instruments essential to commodity trading, demonstrating our commitment to sharing applied expertise with the next generation.



Thomas Ruckebusch, our Head of LNG & Natural Gas Middle Office, shares his expertise by teaching Project Management in the Commodity Trading Risk Analyst Certificate program offered by SUISSENÉGOCE. His sessions are designed to equip participants with robust project management skills, tailored specifically for the dynamics of commodity trading.

6.1.3 Respect for human rights

Respect for the rights and dignity of every individual influenced by our business operations is an essential element of our values and culture. Recognizing suppliers as one of our main stakeholders, we are committed to upholding our values of respect and social responsibility in relation to our human rights impacts. Consequently, we strive to ensure that human rights are respected throughout our value chain.

We adhere to the following fundamental principles of human rights:

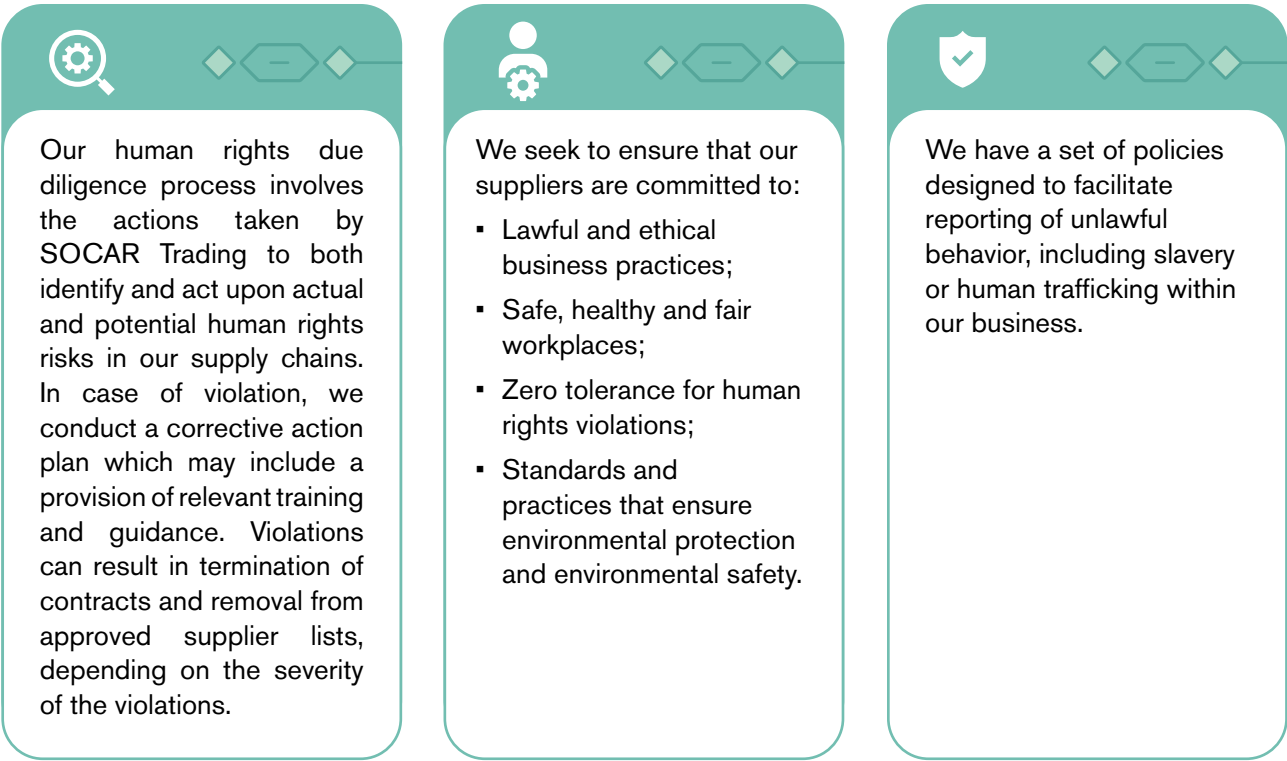
Figure 25. SOCAR Trading's principles of human rights



We are committed to opposing any form of forced, compulsory or trafficked labor, slavery or servitude through our **Modern Slavery Statement** and do not tolerate any violations within our business itself or in our supply chains. We expect our suppliers to be aligned with our human rights values, be committed to conducting business ethically and comply with all applicable laws and regulations. In 2024, we have developed a stand-alone **Human Rights Policy** which covers our commitments with regards to the UN Guiding Principles on Business and Human Rights. The purpose of this policy is to establish clear guidelines and principles for SOCAR Trading's commitment to upholding fundamental human rights standards.

To ensure that suppliers conduct business with a high degree of integrity and in a socially and environmentally responsible manner, we have taken the following steps to assess and manage any risk of human rights violations in our supply chains:

Figure 26. SOCAR Trading's approach to managing human rights risks



During the reporting period, no reports have been recorded from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified at SOCAR Trading and its supply chains.

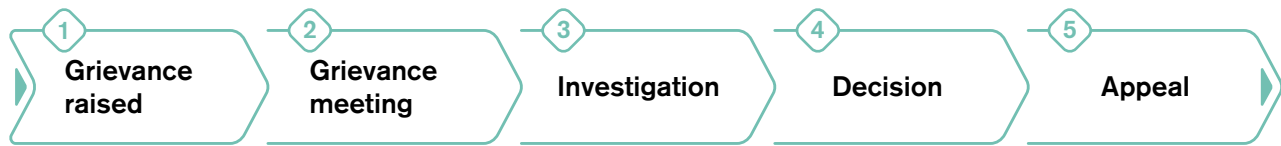
As part of our commitment to align with the UN Guiding Principles on Business and Human Rights, our Human Rights policy outlines our approach to identifying, assessing and reporting potential human rights impacts. If a human rights violation is identified, we are committed to providing remediation to the affected party. Remediation can take various forms, including departmental transfer of respective employees, training on human rights and provisions to ensure the harm cannot recur.

6.1.4 Management of employee grievances

SOCAR Trading understands the value of receiving feedback and addressing employee concerns across the Company. For general work-related issues, employees are encouraged to resolve problems informally through direct discussions with their managers or the HR Department. However, issues related to work conditions, such as discrimination or harassment, should be reported directly to the HR Department or the designated Trusted Person due to their sensitive nature.

For other work-related concerns, in cases when employees do not feel that the issue can be resolved on an informal basis, they can use the Grievance Procedure. This formal process ensures the matter is addressed to senior management and all complaints are handled impartially, confidentially, and in a timely manner.

Figure 27. Steps of the grievance procedure



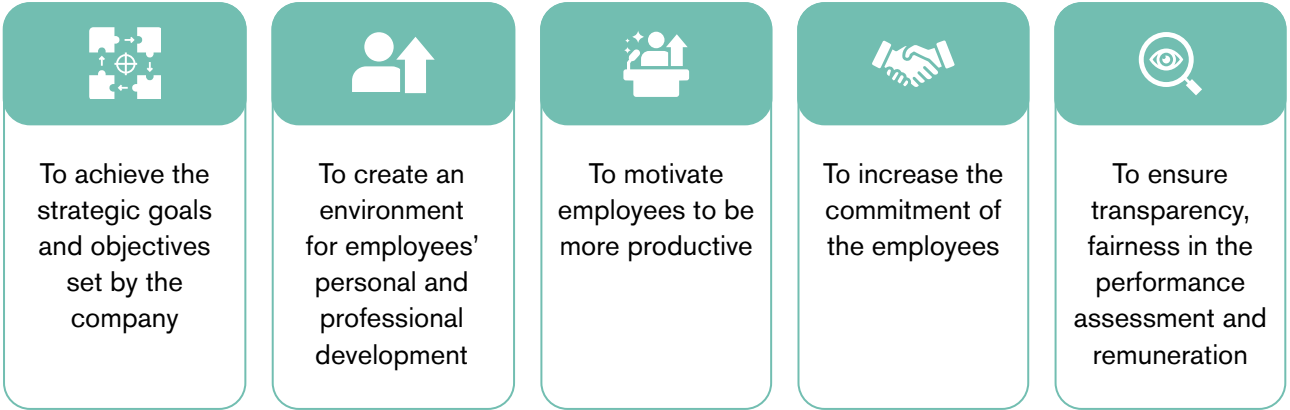
Employees who initiate the grievance procedure will have the issue addressed as confidentially as possible. SOCAR Trading will protect all employees who have initiated a complaint under the grievance procedure or assisted in an investigation to resolve a complaint. We ensure that investigation is held in a just and transparent manner towards all parties involved.

During the reporting period, the HR department received a grievance regarding a communication incident among employees. While formal action was not deemed necessary, constructive discussions were held with those involved to help prevent similar incidents in the future.

6.1.5 Fair remuneration

Recognizing and acknowledging our employees' contributions enables us to maintain our long-term and sustainable business success by providing market-competitive benefits based on country-specific needs and government requirements. While our benefit packages may differ depending on the region, they are all designed to attract top talent and foster long-term loyalty. Our remuneration system is maintained in accordance with the following principles and objectives:

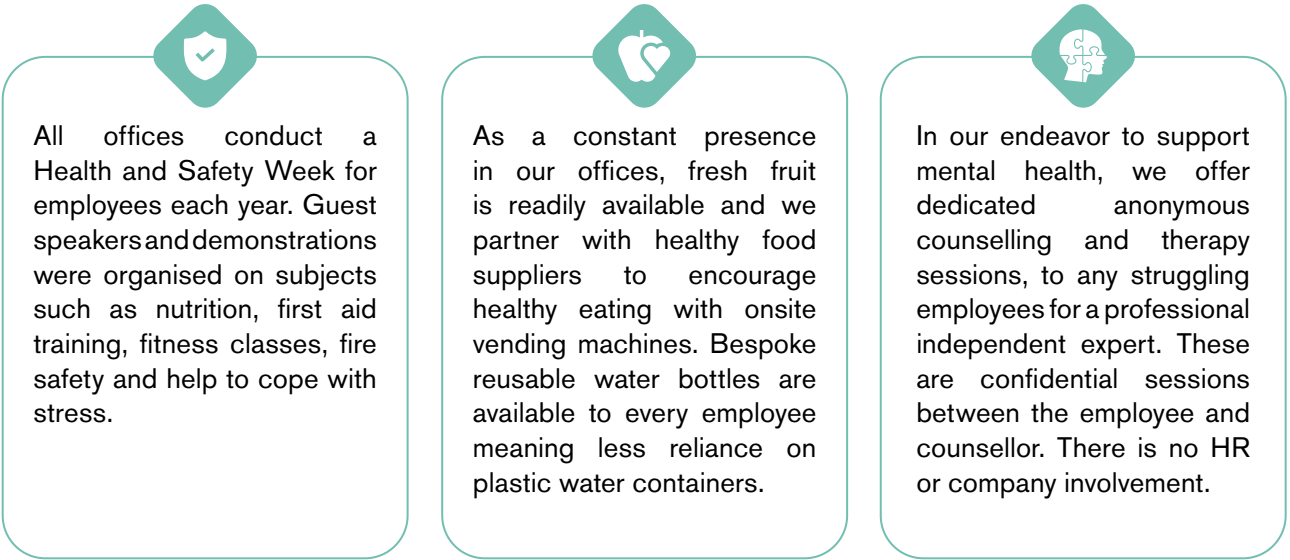
Figure 28. SOCAR Trading's remuneration principles



The amount of the total compensation is identified based on the evaluation performed within the Company and is paid on an annual basis.

6.1.6 Employee safety and wellbeing

Promoting and establishing healthy lifestyles among our employees is an absolute priority. As such, we offer a number of services to aid employees listed below.



The company takes full responsibility for supporting our employees with the following health and safety concerns:

- ✓ Safe work practices and safe workplaces;
- ✓ Emergency procedures and first-aid facilities;
- ✓ Appropriate health and safety training and supervision;
- ✓ Adequate welfare facilities and a safe and healthy environment;
- ✓ Consultation with Employees on matters of health and safety;

We strongly encourage our employees to notify their supervisors in case of any work-related matters which might present an actual or potential threat to their health or safety. In addition, employees should inform the HR department, management, and, if applicable, the emergency services, in case of an accident or illness. It is mandatory to report all incidents that occurred on Company premises, including minor injuries.

We believe that the efficiency of the OHS system primarily depends on the appropriate corporate culture and right tone from the top management. We have therefore increased the focus on relevant trainings and awareness raising programs among our employees over the last two years.

Table 10. Total number of OHS training provided to employees, by employee category

OHS training	2022	2023	2024
Total number of employees who received OHS training by employee category	89	87	108
Executive	1	1	2
Senior	20	20	22
Mid-career	58	60	75
Junior	10	6	9

SOCAR Trading prioritizes the health of its employees and encourages them to remain active both at work and outside of the workplace, promoting a healthy lifestyle. As a part of our annual Health and Safety week, our employees participate in health-oriented exercises such as steps challenge, which develops healthy habits, creates healthy competition, and increases motivation throughout the organization.

Additionally, we have made further strives by running an annual team-based competition, The Step Challenge, encouraging employees to form teams and to collectively walk the most steps within a three-week timeframe. Regionally, offices support their employees' participation in various health initiatives, such as the “Course de l'Escalade,” an annual race in Geneva, or the Chase 5 km run in Singapore.



Our progress in focus:

“Course de l'Escalade” marathon

The ‘Course de l'Escalade’ is a vibrant, family-friendly event held at the beginning of December in Geneva’s Old Town as part of the Fête de l'Escalade, an annual celebration of the city’s historic victory over the Duke of Savoy in December 1602. The race brings together participants of all ages, promoting community spirit, health and tradition. As part of our CSR initiatives for the 2024 edition, we covered the registration fees for employees and their families, leading to 38 participants.

During the reporting period, there were no work-related incidents resulting in employee injuries of any severity. We recognize the significance of reflecting on potential incidents and learning from them, thus contributing to the ongoing improvement of our safety measures.

Our progress in focus:

Health and Safety week

The Health & Safety Week at the Geneva Office offers a variety of training sessions and workshops to enhance employee well-being and safety. During 2024 these include First Aid training, Fire Extinguishers training and Fire Wardens training, all aimed at equipping participants with essential emergency response skills. Additionally, there were sessions such as Unlocking Your Body, Biohacking Your Sleep, Functional Breathing for Business and Yoga to promote physical and mental health. Employees also enjoyed a Chair Massage and attended a Nutrition Session throughout the week.



Finally, SOCAR Trading believes that flexible working arrangements significantly enhance employee satisfaction and well-being while boosting productivity. These arrangements are also crucial for maintaining business continuity during external or internal disruptions, providing both employees and the company with additional tools to achieve their goals. Coherently, we have implemented a work-from-home policy, based on employee feedback from 2020 and 2021 and in response to the COVID-19 pandemic. This policy is reviewed regularly, at least annually, to ensure it aligns with staff needs and business objectives.

6.2 Our contribution to the local economies

Considering the global scale of our operations, our globalized supply chain includes large international companies with which we cooperate for maintaining our primary business activities. However, for administrative and office needs we engage with suppliers local to the country of each office's operations – such synergy both empowers local economies and strengthens the local workforce.

The majority of costs in Geneva are associated with information technology (IT) and market data. The vendors for these services are not located in Switzerland. Consequently, any increase in these specific expenses affects the balance between local and foreign expenditures. Moreover, considering our diverse service needs and the relatively small amounts spent in the UK, Dubai, Houston, and Singapore, even minor changes can significantly impact the balance between domestic and foreign expenditures.

6.3 Our social responsibility

Along with providing favorable workplace conditions and contributing to the development of local talent, SOCAR Trading is looking to enhance its contribution to the social wellbeing of the communities in which it operates. We believe that engaging in social initiatives demonstrates our commitment to our values and reinforces our position as a responsible corporate citizen. At the same time, we strongly believe that our demonstrative adherence to improving the welfare of the people will enhance employee motivation within our organization and position us as the employer of choice.

Our CSR policy is designed to ensure that SOCAR Trading and its affiliates operate in an ethical, responsible, and transparent manner. It reflects our commitment to meeting stakeholder expectations and serves as guiding framework for integrating CSR practices into our operations.

Figure 29. Core pillars of the CSR Policy



Our progress in focus:

CSR policy update

In 2024, we began the process of updating our Corporate Social Responsibility (CSR) policy to strengthen the project selection process and related governance. CSR initiatives will be overseen by a newly established CSR Admin Team, comprising the Group Head of HR and the Group Head of Accounting. The revised policy

will also introduce a clearer definition of CSR projects, categorizing them into two main areas: Donations & Sponsorships, and Initiatives Involving Employee Engagement. A more detailed overview of the updated process will be presented in our upcoming ESG Report.

In its early stages our CSR programme has primarily focused on initiatives in Azerbaijan. With a vision to become an employee-led initiative that reflects the company's global presence and cultural diversity, the programme is evolving to encourage broader participation. For 2025, the Board of SOCAR Trading has allocated a budget of \$100'000 for employees across our five locations to propose community-based CSR projects. Our employees are encouraged to submit initiatives that meet CSR criteria and requirements. This approach fosters proactive engagement, empowering our people to support and promote local causes while expanding the programme's reach to a global audience.

6.4 CSR projects

During the reporting year, we have implemented four CSR projects in Azerbaijan. These projects focused on practical measures such as planting trees, encouraging informed discussions about environmental issues, enhancing waste collection and recycling practices, and cleaning up coastal areas. A more detailed overview of each initiative is provided below.

Project I:

Planting trees initiative

Encouraging our employees to have healthier lifestyle, while promoting tree planting.



Each year, SOCAR Trading organizes a Health & Safety Week, encouraging employees to participate in various health-focused activities. One of the highlights is the Step Challenge, where employees compete to achieve the highest number of steps within a set period.

In 2024, we connected our annual Step Challenge to a "Tree Planting Initiative," inspiring our people to walk more while promoting a healthier lifestyle. For every participant, 50 trees were planted as part of this initiative.

SOCAR Trading collaborated with the Ministry of Ecology of Azerbaijan, resulting in the planting of 6,120 trees across the Absheron Peninsula in Azerbaijan.

Project II:

#Greentalks Podcast Series

In 2024, designated as the "Year of Solidarity for a Green World" in Azerbaijan and marked by the global spotlight of COP29 in Baku, SOCAR Trading supported the #Greentalks podcast series organized by EcoHub.

The 12-episode series aimed to raise awareness about climate change and sustainability, fostering impactful discussions both within Azerbaijan and internationally.

As part of the series, two SOCAR speakers shared their insights on the following critical topics:

- Greenhouse Gas Emissions:**
Reduction Strategies and Innovations
- Importance of Coastal Cleanup:**
Awareness and Protection

Through this collaboration, SOCAR Trading contributed audiences on key environmental issues, promoting for a greener, more sustainable future in line with for solidarity in addressing global environmental.



Project III:

Plastic collection and recycling initiative

In collaboration with EcoHub, SOCAR Trading is supporting a plastic collection and recycling initiative aimed at reducing plastic waste and fostering a culture of recycling and environmental responsibility in Azerbaijan. This initiative, organized by EcoHub in partnership with the Ministry of Ecology and Natural Resources, has selected 20 universities to serve as key collection points for the project.

Throughout 2024, extensive efforts were made in planning, partner coordination, and procurement to prepare for the upcoming initiatives. The collection process began in early 2025, marked by the installation of dedicated recycling bins across several higher education institutions in Baku to support the efficient collection and management of plastic waste. Students and relevant university staff received informational guidance on how to use



the bins correctly and efficiently. This ensured that the system was not only operational but also effectively integrated into daily campus life.

The initiative is designed to engage approximately 30,000 students, fostering a collective sense of environmental responsibility and action within local communities.

Through workshops, programs, and community events, the initiative aims to educate students about recycling, promoting sustainable practices and enhancing public awareness of environmental issues.

The project also provides opportunities for students and community members to actively participate in environmental stewardship, creating a hands-on approach to sustainability.

Progress updates will be provided in the upcoming ESG Report. Recycling activities are currently ongoing, with regular collection and monitoring systems in place.

Project IV:

Caspian Beach Clean-up

As a part of our commitment to implement CSR projects with a positive impact on biodiversity, SOCAR Trading co-sponsored a large-scale environmental initiative, “Protect the Caspian Sea!”, organised by the “EcoHub” - an environmental platform, supported by the Ministry of Ecology and Natural Resources of the Azerbaijan Republic, SOCAR and SOCAR Trading. In 2024 it was dedicated to the “Year of Solidarity for a Green World”.

The “Protect the Caspian Sea!” movement aligns with the globally recognized International Coastal Cleanup Day, established in 1986. This event involves over 100 countries globally, making it the most extensive international volunteer effort to address coastal pollution.

From September 7 to 21, 2024, volunteers covered several coastal areas concluding in Baku, where over 1,500 volunteers cleared a 23-hectare area, removing approximately 7 tons of waste.

In 2024, a cleanup initiative targeted seven distinct regions along Azerbaijan's border of the Caspian Sea. These regions include:

1. Baku
2. Lankaran
3. Astara
4. Khachmaz
5. Shabran
6. Siyazan
7. Sumgait



6.5 Engaging with our stakeholders

Our commitment to sustainability and corporate responsibility drives us to proactively engage with our stakeholders. To this end, our **Stakeholder Engagement Policy** details how we foster positive and effective relationships with them.

We have identified our stakeholder groups through consultations with third-party experts, by reviewing the stakeholder frameworks of our peers, and through an internal assessment of our operations. Below is an overview of our key stakeholders and the ways in which we communicate with them.

Table 11. List of main stakeholder groups

Stakeholder group	Why we engage	How we engage	Outcome
 Governments and Regulators	We regularly engage with governments and regulators to understand the regulatory frameworks of the countries we trade in and bring fair value to the international community with due consideration of various local contexts.	<ul style="list-style-type: none"> Third-party agents Open dialogues with government officials Open dialogues with SOEs 	<ul style="list-style-type: none"> During the reporting year we developed competences by holding regular meetings and involving relevant functions to enhance our compliance management with the ETS. Furthermore, we continuously monitored regulatory updates that might impact us, positioning us to effectively respond to potential changes.
 Suppliers and Customers	We are regularly communicating with our suppliers, customers and shipping counterparties in order to understand and track our negative impacts across our value chain. We are working diligently to improve our management capability of material issues. Our HSEC and Sustainable Procurement and Supply Chain policies are key to improving our oversight of crucial ESG risks associated with our operations.	<ul style="list-style-type: none"> Open dialogues with crucial suppliers and customers 	<ul style="list-style-type: none"> In our commitment to understand and track our negative impacts across our supply chain, we have developed a stand-alone Human Rights policy and a Sustainable Procurement and Supply Chain Policy. For more details, please refer to section 4.1. In the reporting year, we enhanced our internal KPIs to assess ESG performance of our most material counterparties. The assessment is based on publicly available information, where there is no publicly available information, an internally developed ESG questionnaire is shared with stakeholders. In 2024, we conducted an assessment of eighteen counterparties, including two investment companies.
 People	We communicate with the wider society to understand the overarching stakeholder expectations concerning our operations and improve our grip over our most significant impacts on various communities around the world.	<ul style="list-style-type: none"> Senior management visits Communication with NGOs 	<ul style="list-style-type: none"> In the reporting year, we implemented four CSR projects. For more details, please see section 6.4.

Stakeholder group	Why we engage	How we engage	Outcome
 <p>Capital providers</p>	<p>We depend on our capital providers, such as banks due to their ability to provide access to funding opportunities for SOCAR Trading. We are actively listening to the recommendations and requirements of investors in order to meet relevant expectations and contribute to the wider goals of the energy transition.</p>	<ul style="list-style-type: none"> Stakeholder surveys Open dialogues with banking representatives 	<ul style="list-style-type: none"> As a result of active engagement with capital providers, we have developed an ESG tool which was designed to automatically estimate GHG emissions and store ESG related information. In 2024, the tool was improved for smoother operation, with a modernized interface and a new Waste Management reporting section. For more details please refer to section 7.5 of the ESG report. In the reporting year, we obtained our second ESG rating score assigned by EcoVadis, an independent ESG rating company. For more details, please refer to section 7.3.
 <p>Insurance companies</p>	<p>We depend on the insurance companies, as they enable us to through insurance contracts specific risks identified in our risk management framework.</p>	<ul style="list-style-type: none"> Stakeholder surveys Open dialogues with insurance representatives 	<ul style="list-style-type: none"> We subscribe to insurance policies designed to balance our risk appetite with the level of risk we transfer to our insurer, ensuring that our exposure is effectively managed.
 <p>Employees and contractors</p>	<p>We depend on our employees and contractors to maintain the operational sustainability and financial health of our organization. Consequently, we are actively listening to our employees and contractors to understand and fulfill their needs. We employ dedicated channels to streamline our communication with these parties.</p>	<ul style="list-style-type: none"> Performance and feedback reviews Stakeholder surveys Employee events Grievance mechanisms Employee satisfaction surveys 	<ul style="list-style-type: none"> In 2024, we finalized our onboarding platform, allowing us to provide a fully digital solution where new hires can access documents and policies. During the reporting period we started integrating Team Flect, a digital platform that allows to standardize performance management, ensuring equal and structured performance reviews.
 <p>Media</p>	<p>We are committed to fair and timely disclosure of information. By building trust, we aspire to inform the audiences about important developments and maintain a healthy corporate image.</p>	<ul style="list-style-type: none"> Direct communication with media outlets Corporate website 	<ul style="list-style-type: none"> During the reporting year, we launched our new SOCAR Trading website, which now includes a dedicated page for sustainability issues. This page highlights our ESG-related initiatives and efforts.

Stakeholder group	Why we engage	How we engage	Outcome
 <p>Investment Portfolio</p>	<p>We are regularly communicating with our investment companies, where we have a minority stake and our investment partners to better understand their impact on sustainability-related matters.</p>	<ul style="list-style-type: none"> Investment company board representation Open dialogues with investment companies ESG Questionnaire 	<ul style="list-style-type: none"> In the reporting period, we conducted an assessment of ESG performance of Investment companies based an internally developed ESG survey. For more details, please refer to section 5.3.



Besh Barmag Mountain

Besh Barmag, meaning “Five Finger Mountain”, is one of Azerbaijan’s most iconic natural landmarks. Located along the Caspian coast, this striking rock formation rises 382 meters above sea level and is named after its distinctive five-peaked silhouette.

Historically, Besh Barmag has held strategic importance. It was part of the Caspian Shore Defensive Constructions — a series of fortifications built to protect the region.



The “G”

7.1 Governance at SOCAR Trading

We believe that strong corporate governance underpins the long-term success of any organization.

By managing the interaction between multiple stakeholders, governance systems work to create operational synergies while ensuring integrity, transparency, and resilience. Good governance is the foundational element of sustainable growth, where it allows employees to flourish, societies to benefit, and nature to be preserved.

We thus employ a robust governance system, which is designed to continuously maintain and improve oversight over crucial operations. Our governance model relies on clearly defined lines of oversight established through relevant internal documentation. It is with the help of this documentation that we have standardized and streamlined our day-to-day activities to enable a more transparent and effective engagement of top management in company operations.

The governance structure of SOCAR Trading is composed of a Board of Directors (BoD), members of senior management, and the committees that work closely together to maintain formal oversight of the company. The BoD is responsible for determining the overall strategy and maintaining communication with

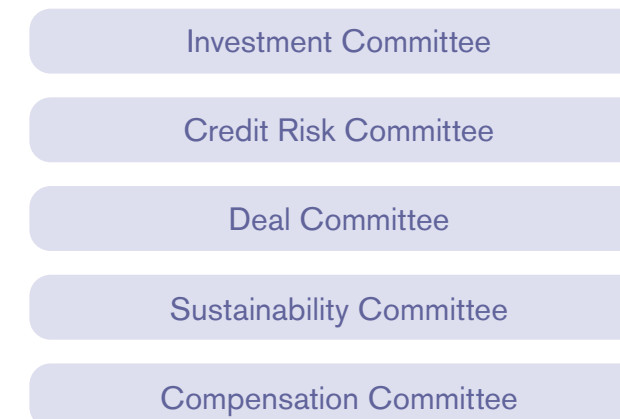
stakeholders. All policies and processes at SOCAR Trading are approved by the senior management members and uploaded into the internal system, which is accessible by all our employees. The responsibilities of governing bodies, performance evaluation schemes and governance principles are determined by respective company charters, articles of association and best-practice corporate governance principles outlined in ICGN Corporate Governance Principles.

Our senior management team undergoes an assessment process based on Objectives and Key Results (OKRs). These OKRs encompass a broad spectrum of performance metrics, including specific ESG-related objectives. This framework allows us to quantitatively and qualitatively evaluate the contributions of our senior managers to the company's sustainability and social responsibility goals.

The governance structure at SOCAR Trading includes oversight of ESG progress by our Board of Directors (BoD). Our CEO, who is also a member of the Board, plays a pivotal role in this process. At least twice a year, the CEO of SOCAR Trading presents the progress of our ESG framework to the BoD. Other Board members review and provide feedback on the presented ESG progress. This feedback mechanism ensures that the board's expertise and strategic guidance are leveraged to enhance our ESG strategies.

Besides regular meetings involving senior management, five management committees have been formed to manage crucial operational decisions within the company. These committees were created to maintain a closer oversight of the most important activities of SOCAR Trading:

Figure 40. Committees at SOCAR Trading



Investment Committee

The Investment Committee is responsible for the management and oversight of investment project lifecycles of major infrastructure projects of SOCAR Trading. It works closely with the business development function and other functional units to oversee that the process of project development is streamlined appropriately. Additionally, it is responsible for making investment decisions, subject to relevant regulations, including board approval. The investment project approval process is governed by relevant documentation, which provides step-by-step guidance on the process, and defines responsibilities and execution steps.

Credit Risk Committee

The Credit Risk Committee is responsible for the management and oversight of credit risks at SOCAR Trading. It is engaged in the review and approval of credit lines to counterparties and works closely with the credit department to report credit exposures which arise from business transactions. The credit line approval process is governed by relevant documentation, which provides step-by-step guidance on the process, and defines responsibilities and execution steps.

Deal Committee

The Deal Committee is responsible for the management and oversight of new trading deals that fall outside of the scope of standard trading limits. It works closely with all functions to assess the risks of a new trading idea to determine if it's in line with SOCAR Trading's objectives and capabilities. Additionally, it maintains oversight of the whole deal approval process. The involvement of the Deal Committee is governed by relevant documentation, which provides step-by-step guidance on the process, and defines responsibilities and execution steps.

Sustainability Committee

The Sustainability Committee plays a crucial role in ensuring that SOCAR Trading is aligned with its ESG Strategy and is responsible for the management and oversight of ESG risks. The Committee works closely with the COO function and other functional units. Established in 2022, the Committee's core objective is to foster a corporate culture that fully integrates sustainability principles, ensuring that it remains a key consideration in all aspects of SOCAR Trading's operations. Throughout the reporting period, the Committee held two meetings, along with an additional meeting in January 2025 that addressed topics from the last two quarters of 2024.

Compensation Committee

The Compensation Committee is dedicated to ensuring fair and effective compensation practices within our company. This committee is responsible for approving the headcount plan in line with the company's strategy and for reviewing employee performance, benefits, compensation and overall remuneration.



Rovshan Najaf
Chairman of the Board

About Rovshan Najaf

In 2007-2008 Rovshan Najaf completed the master's program in Economic Policy Management / International Energy Management and Policy at Columbia University. He holds a PhD in Economics, is the 3rd degree State Counsellor. In 2010-2018, he worked as the Deputy Executive Director and Executive Director of "Azerbaijan Investment Company" OJSC. He was later appointed as the Chairman of the Financial Monitoring Service of the Republic of Azerbaijan. Mr. Najaf continued his career as the First Deputy Minister of Economy after being appointed by the President of Azerbaijan in 2021. In 2022, he became the First Vice President and Acting President of the State Oil Company of the Republic of Azerbaijan by the Order issued by the President of Azerbaijan.



Elshad Nassirov
Board member

About Elshad Nassirov

Elshad Nassirov graduated from the Moscow State Institute of International Relations in 1982. He worked in various diplomatic positions for the USSR, including in the Afghanistan embassy (1981-1982), in the Institute of Oriental Studies of the USSR Academy of Sciences (1982-1985), and in the Soviet Embassy in India (1989-1992). After Azerbaijan gained its independence, he worked in the Permanent Representative Office of Azerbaijan in the UN (1992-1995) and as administration division chief in the Ministry of Foreign Affairs from 1995-1997. From 1997-2003, he was a chief of the Foreign Economic Operations Department, and from 2003-2005 a chief of the Marketing and Operations Department of SOCAR. Elshad Nassirov was appointed Vice-President of SOCAR for Investments and Marketing in 2005 and awarded the Order of Glory in 2010.



Zaur Gurbanov
Board member

About Zaur Gurbanov

Zaur Gurbanov was born in the city of Mingachevir in 1982. In 2000-2005, he served in the Armed Forces of Azerbaijan and participated in peacekeeping missions outside the country. In 2010 he graduated from the Odar Yurdu University with a Bachelor's Degree in Business Organisation and Administration, and in 2012, he graduated from Azerbaijan State University of Economics with a Master's Degree in finance. In 2005-2010, he worked in various local and foreign companies. Between 2010 and 2020, he worked as a senior specialist, senior consultant, manager, general manager and director in the international audit and consulting company Ernst&Young. During these years, he participated in a number of trainings. Since 2020, he has held the position of Deputy CEO of Azerbaijan Investment Holding. On the 11th of August 2021, he was appointed Vice President of SOCAR by the Order issued by the President of the Republic

of Azerbaijan. In 2021-2022, he held the positions of a member of the Supervisory Board of Azerbaijan Caspian Shipping CJSC, Azerbaijan Airlines CJSC and Baku Metropolitan CJSC in accordance with the orders of the Azerbaijani President.



Anar Akhundov
Board member

About Anar Akhundov

Anar Adalat oglu Akhundov was born in 1975. In 1996, he graduated from the Azerbaijan State University of Economics with a degree in economics. He began his career at the Baku Interbank Currency Exchange and subsequently worked in various commercial banks. From 1999 to 2004, he worked as a senior specialist, head of unit, and head of department at the State Committee for Securities under the President of the Republic of Azerbaijan. From 2004 to 2006, he worked as the head of the Stock Market Development Department and Chairman of the Board of Directors of the Baku Stock Exchange. From 2006 to 2009, he served as the Executive Director of the Azerbaijan Investment Company. From 2009 to 2014, he worked as the Deputy Chairman of the Board of Directors at "Bank Standart" CJSC. From 2014 to 2022, he served as the head of department at the Ministry of Education of the Republic of Azerbaijan. In

2022, he was appointed as a member of the Supervisory Board of the State Oil Company of the Republic of Azerbaijan (SOCAR), in accordance with the Order of the head of state. In accordance with the Order of the President of the Republic of Azerbaijan dated April 16, 2024, he was appointed as the Deputy Minister of Economy of the Republic of Azerbaijan.



Ziba Mustafayeva
Board member

About Ziba Mustafayeva

Ziba Mustafayeva was born on December 9, 1979, in Tula, Russian Federation. In 1996, she entered the International Economic Relations Department at the Azerbaijan State University of Economics, graduating with a Bachelor's degree in 2001 and subsequently earning a Master's degree from the same department in 2003. In 1998-1999, Ziba successfully passed the competition of the "FSA" program organized by the U.S. Embassy and studied General Economics at the University of Alabama in Huntsville, USA. Ziba began her career at Azercell Telekom LLC in 2000. Starting in January 2000, she worked as a junior representative in the Customer Service Department, and in November of the same year, she was promoted to lead the Telemarketing Group. From 2001 to 2004, she served as the group leader of the Telephone Contact Center within the Customer Relations Department. From 2004 to 2006, Ziba joined the

Human Resources Department as a representative of the Branch Management and Internal Communication Department. Between 2006 and 2008, she served as the head of the Recruitment and Business Units Management Department, and from 2008 to 2010, as the head of the Organizational Development Department. On July 30, 2010, she was appointed head of the Human Resources Department and was promoted to Director of the department in December of the same year. On July 1, 2019, she assumed the role of Director of the Human Capital Management Department, a position she held until February 14, 2022. In March 2022, Ziba became an adviser to the First Vice President of SOCAR. From July of the same year, she began serving as an adviser to the President of SOCAR. By a decree of the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, dated July 28, 2023, Ziba Mustafayeva was appointed Vice President of the State Oil Company of the Azerbaijan Republic (SOCAR).

³⁹ The composition of the Board of Directors, as presented below, reflects its status at the time of publication of this ESG Report. In early 2025 Mariam Almaszade and Farrukh Gasimov ceased to be members of the Board, while Anar Akhundov, Ziba Mustafayeva, and Rashid Agakishiyev were subsequently appointed..



Rashid Agakishiyev
Board member

About Rashid Agakishiyev

Born in 1977, Rashid Agakishiyev holds a master's degree in Economic Policy Management from Columbia University's School of International and Public Affairs (2001–2002). With a background in metallurgy and industrial construction, he has extensive expertise in strategic planning, business development, supply chain management, project and contract management, as well as structured trade financing. Mr. Agakishiyev joined SOCAR in 2018 as Chief Executive Officer of SOCAR Construction in Russia. During this period, he played a key role in major international projects, including the construction of the Amur Gas Processing Plant in Russia and the modernization of the hydrocracking unit at the Mozyr Oil Refinery in Belarus. He serves on the Boards of SOCAR Rus, SOCAR Gas Operating Company, SOCAR Downstream Management, SOCAR

Polymer, and SOCAR Energy Ukraine and SOCAR Trading SA. He currently holds the position of Advisor to the President of SOCAR and Head of the Marketing and Economic Operations Department.



Natig Mustafayev
Board member

About Natig Mustafayev

Natig Mustafayev has been appointed as CEO of SOCAR Trading in April 2025. He brings nearly two decades of experience in global financial markets, with a strong record of managing risk and public service in Azerbaijan. Prior to joining SOCAR, Natig held senior roles at Credit Suisse Securities in London and since 2014 at Barings in London and Boston serving as Managing Director and Portfolio Manager for Emerging Markets Debt portfolios. He is a highly regarded macroeconomist and accomplished portfolio manager, with deep expertise in developing investment strategies and leading highperformance teams. Natig has experience in building and leading businesses and teams in investment strategies where he has worked with governments officials, economic policy makers and corporates, ensuring successful decision making and returns. His career spans both

the private and public sectors, including senior positions at the Securities Commission of Azerbaijan and as Commercial Analyst at BP Azerbaijan.

Our progress in focus:

Strengthening our governance framework: Internal Audit function and Compensation Committee

In 2024, SOCAR Trading SA took a significant step in strengthening its corporate governance by establishing a dedicated Internal Audit function. This initiative represents a major milestone in the Board of Directors' commitment to enhancing transparency, accountability, and oversight across the organization.

The primary objective of the Internal Audit function is to provide independent and objective assurance and advisory services designed to add value and improve the Company's operations. It aims to support

SOCAR Trading SA in achieving its strategic objectives by applying a systematic, disciplined approach to evaluating and enhancing the effectiveness of governance, risk management, and internal control processes.

By early 2025, a dedicated Internal Audit team was established, composed of professionals with deep expertise in commodity trading and internal auditing. In parallel, a comprehensive audit manual, along with policies and procedures, was developed in accordance with the

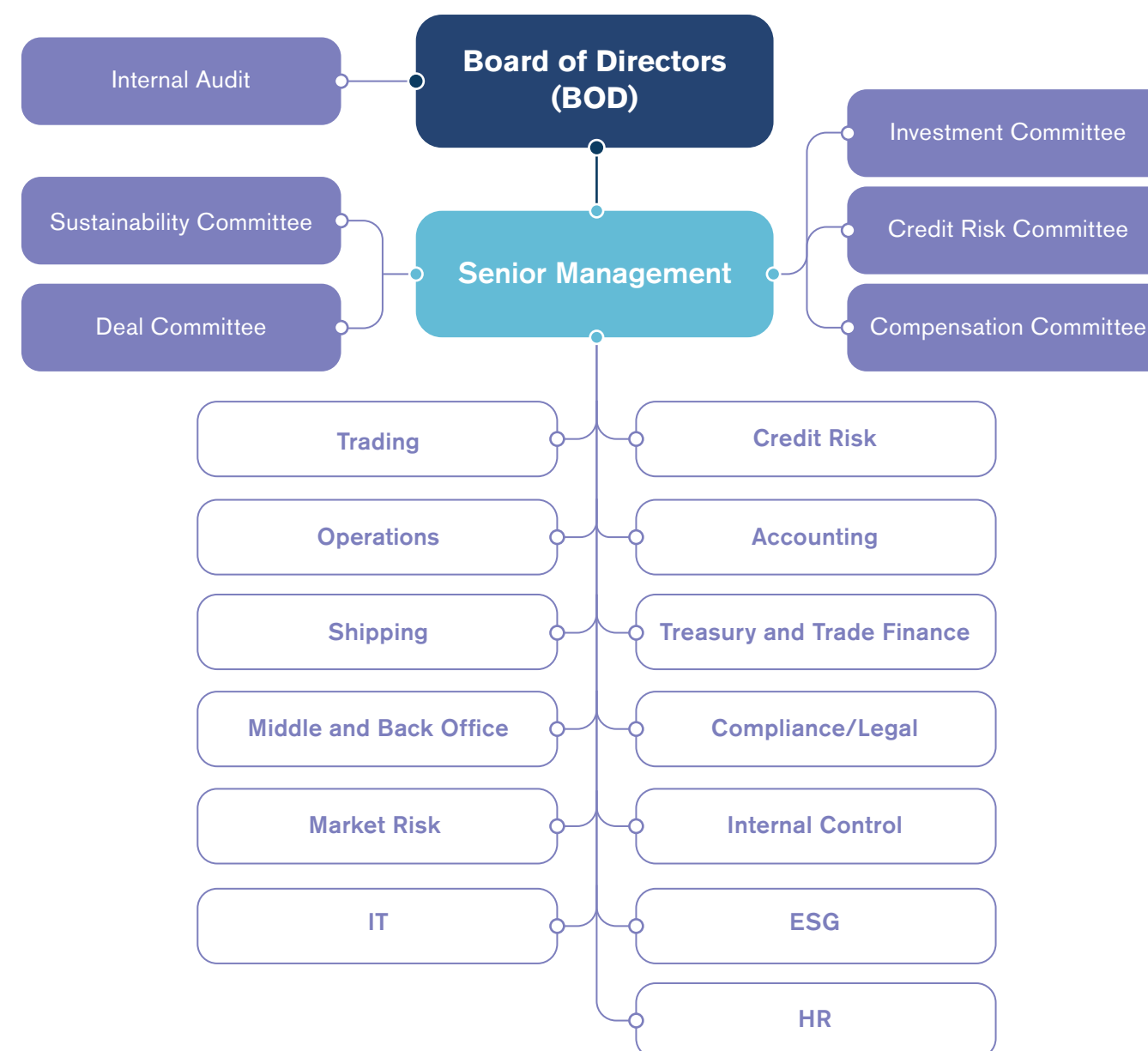
International Standards for the Professional Practice of Internal Auditing. This foundation ensures that the Internal Audit function is equipped to perform risk-based assurance and advisory activities with discipline, consistency, and alignment to globally recognized best practices.

With the necessary capabilities, resources, and framework now in place, the Internal Audit function is prepared to commence its risk-based audit engagements in 2025. These activities will be directed toward providing independent and objective

assurance to the Company's shareholder over key risk areas, while also identifying opportunities to strengthen internal controls, enhance operational efficiency, and support sound governance across SOCAR Trading SA..

A further step to enhance our governance system was made with the establishment of the Compensation Committee. This Committee is entrusted with the responsibility of ensuring fair and effective compensation practices throughout the company.

Figure 30. Governance structure of SOCAR Trading



Our progress in focus:

Our ESG team

Anna is a Sustainability Analyst at SOCAR Trading, holding a Bachelor's degree in Commodity Science and a strong background in data analytics. She specializes in carbon accounting and plays a key role in ESG reporting and sustainability metrics. Her expertise in data management supports the integration of data-driven insights into emissions tracking and the company's broader sustainability strategy.



Anna Zheleznyak
Sustainability Analyst



Tommaso Orlandi
Sustainability Analyst

Tommaso is a dedicated sustainability professional. He holds a Master's Degree in Law and a Master in Sustainability and Energy Management. Before joining SOCAR Trading in early 2025, he worked as Sustainability Consultant with the Boston Consulting Group and Enel X, building a solid knowledge of ESG features in the energy sector. His expertise in European sustainability standards and regulations make him a valuable asset to the company's ESG reporting and strategy efforts.

7.2 Data and information security

Our progress in focus:

Baptiste Choy Group Head of IT Infrastructure



At SOCAR Trading, our IT department is committed to supporting the organization's ESG objectives through sustainable technology practices, digital transformation, and responsible data management. Our approach integrates innovation, security, and efficiency to reduce our environmental footprint and enhance digital inclusion.

We recognize the role of IT in minimizing environmental impact through cloud-based solutions and responsible e-waste management.

This year, our key initiatives included:

- Completion of our Cloud journey, leveraging cloud-native services to reduce on-premises energy consumption. We continuously monitor and assess IT security risks through Azure Sentinel and EDR system

- Fostering digital equity and cybersecurity awareness through regular cybersecurity training and Microsoft 365 adoption programs to promote digital literacy and secure operations.
- Adoption of AvePoint solutions for secure data archiving and lifecycle automation, reducing unnecessary data storage and improving digital sustainability.
- Implementation of a recovery initiative to responsibly recycle or repurpose outdated hardware.
- Expansion of Office 365 digital collaboration tools to minimize paper usage and promote a remote-friendly work environment.
- Actively moving away from physical access cards in favor of wireless authentication methods, such as biometric authentication, and NFC-enabled access. This initiative enhances sustainability by reducing plastic waste.
- Actively minimizing the number of devices per employee, reducing unnecessary hardware use. By encouraging multifunctional devices, such as laptops that replace desktops, we cut down on overall device consumption, energy use, and e-waste.
- Implementing flexible desks whenever possible to further optimize our workspace and support a dynamic, collaborative work environment

Our IT Department remains committed to advancing ESG goals through technology-driven solutions that enhance operational efficiency, reduce environmental impact, and foster a flexible, secure, inclusive digital environment.

By leveraging Microsoft solutions and AvePoint, we continue to drive digital sustainability and align our IT strategies with the broader corporate ESG vision.

In 2024, SOCAR Trading made significant advancements in strengthening its approach to information security, reflecting our commitment to protecting sensitive data and ensuring compliance with global standards.

As part of these efforts, we developed and implemented a standalone **Cybersecurity Policy** and **Incident Response plan**. The Policy outlines the key principles, responsibilities, and measures for safeguarding our systems and responding promptly to potential threats. The incident response plan establishes a structured process for identifying, mitigating, and recovering from cybersecurity incidents, ensuring business continuity and minimizing disruptions.

Recognizing the importance of employee awareness, we introduced regular training programs to enhance our workforce's understanding of security risks and best practices. These trainings empower employees to recognize threats, manage vulnerabilities, and adhere to secure data handling practices.

7.3 Second ESG rating score



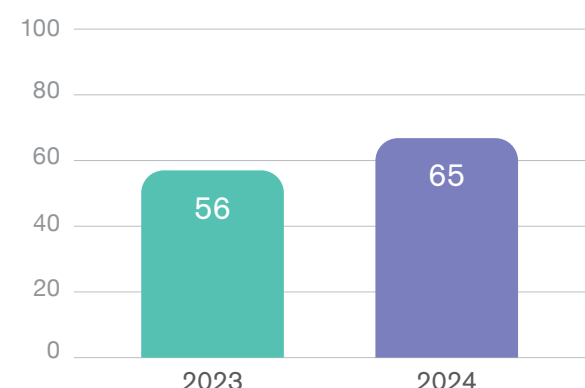
In the reporting period, SOCAR Trading underwent a second evaluation of its ESG performance by EcoVadis, an independent sustainability rating company. We achieved a score of 65 out of 100 (Figure 42), which represents a 9 points improvement from our 1st ESG rating score.

This score places SOCAR Trading in the 81st percentile within the EcoVadis universe, demonstrating a performance level higher than or equal to 81% of the 150 000+ companies assessed globally. Within our industry, we rank among the top 9% of peer companies rated by EcoVadis.

The assessment covered four critical areas: a) Environment, b) Labour & Human Rights, c) Ethics and d) Sustainable Procurement. Significant progress was made in the first three areas. The improvements were largely driven by

targeted initiatives, enhanced reporting, deeper engagement with relevant functions and policies development and refinement. Building on these results, SOCAR Trading has conducted a detailed analysis of the assessment to identify areas for further improvement, resulting in a comprehensive action plan, with the goal of improving our current score in the upcoming 2025 EcoVadis ESG rating.

Figure 31. SOCAR Trading's ESG rating score



7.4 Leveraging ESG Financing Tools

In 2024, SOCAR Trading successfully integrated two targets into a loan to incentivize improvements in environmental and social performance. These targets are tied to (1) our chartering activity - the biggest source of our reported GHG emissions - and (2) our ESG rating. We are pleased to report that both targets were successfully met during the reporting period.

The first target is linked to the Delta metric, which, as described in Section 5.3, measures the alignment of our EEOI with the decarbonization trajectory set by the Sea Cargo Charter (SCC) - which is aligned with IMO's absolute target defined in its 2018 strategy. Our target is even more ambitious than the SCC trajectory, reinforcing our commitment to improving shipping efficiency and accelerating the decarbonization of our operations⁴⁰.

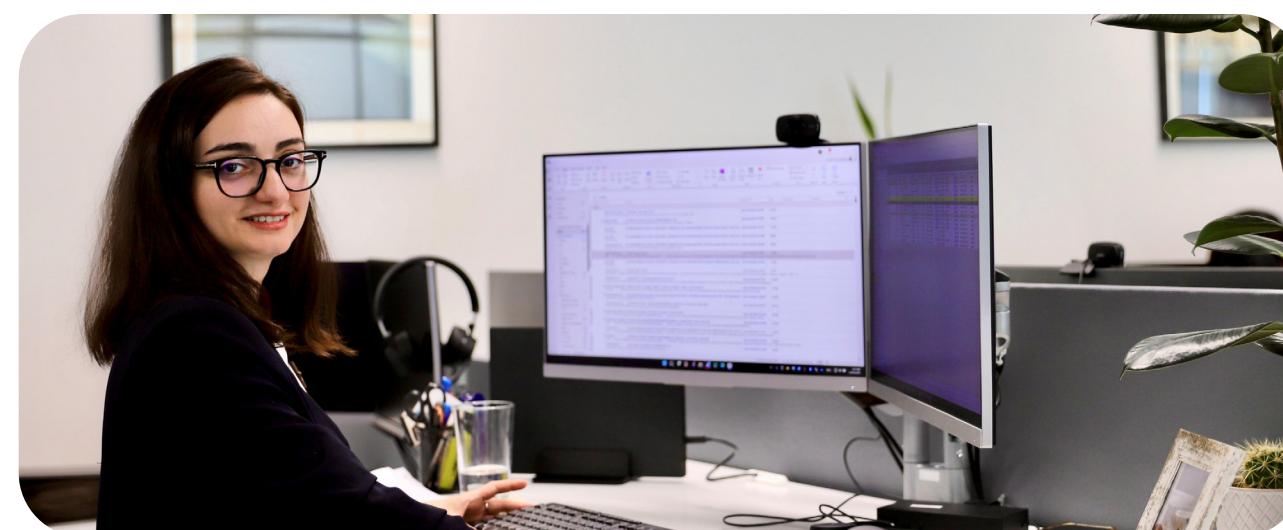
The second target focuses on enhancing our ESG rating assessment. As noted in the previous section, SOCAR Trading achieved an improved rating in its latest assessment⁴¹. We aim to improve our rating further by following EcoVadis' recommendations and incorporating stakeholders feedbacks.

Our progress in focus:

Securing funding for our carbon market activities

We acknowledge the growing emphasis financial institutions are placing on sustainable financing, recognizing its crucial role in driving the global energy transition. In line with this trend, we remain committed to securing the necessary funding to support our sustainability objectives.

During the reporting period, we took a significant step by initiating discussions with our lenders to secure dedicated funding. Bilateral carbon trade finance facilities will play a pivotal role in supporting our activities across both voluntary and compliance carbon markets.



⁴⁰ For comprehensive information on SOCAR Trading's performance concerning the Delta metric, please see Section 5.3.

⁴¹ For detailed information on SOCAR Trading's EcoVadis ESG score, please refer to Section 7.3.

7.5 ESG Data management tool

Our progress in focus:

Case Study: Enhancing ESG management at SOCAR Trading based on stakeholder engagement

Engaging stakeholders:

During the reporting year, SOCAR Trading further strengthened its engagement with capital providers and assurance service providers to align with evolving expectations and requirements.

In-house solution

Building on insights from the discussions, SOCAR Trading has implemented a comprehensive ESG management solution.

This solution:

- optimizes data collection,
- automates GHG emissions calculations,
- enhances transparency,
- supports a robust reporting framework,
- streamlines the assurance process for our annual ESG report.

Cross-functional collaboration:

ESG data management tool that we have developed is based on a cross functional approach, which involves several ESG working groups - Emissions (please see figure 45) and Shipping emissions teams - which are composed of representatives from all five trading offices to ensure that all the data is documented and reported.

How it works:

As a first step, we invite responsible people to enter raw data related to their offices in the fixed template. This includes input data for our reported Scope 1, 2 and 3 GHG emissions.

As a second step, we invite responsible ESG working groups to upload supporting documents into "Documents" section to facilitate assurance process for the ESG report and to store all data in one place.

As a third step, based on the entered information, our tool automatically estimates GHG emissions in accordance with GHG protocol. We then present obtained results in the form of Power BI reports internally with visuals and graphs that help analyse our performance.

As a final step, before the assurance process, our ESG team verifies entered information, ensures that all the supporting documentation is uploaded and updates Emission factors, if required.

Additional features:

To facilitate the data collection process and reporting of the quantitative information in section "S" and "G" of the present report, we have developed dedicated sections in our tool for Legal & Compliance and OHS, where we invite responsible employees to enter information which we then display both in our tool and in an annual ESG report.

In 2024 the ESG Management Tool was improved to work smoothly, without disruptions. Interface was modernized to be more user friendly, and a new reporting section – Waste management – was added.

If the input is invalid, SOCAR Trading ESG data management tool notifies the ESG team and flags a potential error.

7.6 Compliance and responsible business management

Our approach to engaging in everyday activities is inseparable from our ethical standards and overarching responsibility in front of the economy, society, and environment. Our adherence to these principles rests on our **core values** that are guiding us to create and maintain a culture of **doing business the right way**. To mainstream the values and principles of responsible business management into our day-to-day operations, we built a **Code of Business Conduct and Ethics** – an ethical roadmap, guiding our employees through the complicated landscape of rights and wrongs. We expect all our employees to familiarize themselves with the Code and adhere to its principles at all times. Our senior employees are responsible for leading by example and promoting our blueprints of integrity in everything that we do.

SOCAR Trading strives to continuously inform its stakeholders about emerging laws, regulations and principles of responsible business conduct. The required communication to **employees** is delivered through internal training to ensure every newcomer is informed about the procedures and policies of SOCAR Trading. Policies for ensuring responsible business conduct are managed by the legal and compliance functions of SOCAR Trading, and issues related to non-compliance with policies and procedures are encouraged to be addressed to senior representatives of these functions. The CEO appointed the Chief Legal and Compliance Officer (CLCO) to lead the legal and compliance functions at SOCAR Trading and oversee the management of organizational impacts in that domain. During the reporting year, there were no instances of non-compliance with international laws and regulations.

Figure 32. SOCAR Trading's instruments for ensuring responsible business management



Table 12. Policies governing responsible business conduct at SOCAR Trading

Policies	Description
Anti-Bribery and Corruption Policy	SOCAR Trading does not tolerate corruption and expects its employees and business partners, including contractors, third-party consultants, and agents to abide by this principle. Clauses on intolerance towards anti-corruption are contained in the Code of Conduct and managed by a dedicated Anti-bribery and Corruption Policy . This policy was built upon the UK Bribery Act 2010, The U.S. Foreign Corrupt Practices Act, and the OECD Anti-Bribery Convention. During the reporting year, no incidents of corruption were reported.
Gifts and Entertainment Policy	In support of the anti-bribery policy, the Gifts and Entertainment Policy outlines the rules and procedures related to the process of building a constructive relationship with counterparties through gifting activities. The policy is aimed at monitoring that entertainment and gifting activities do not impact the impartiality of SOCAR Trading's employees and counterparties.
Anti-Money Laundering and Counter Terrorism Financing Policy	To mitigate the risks of engaging with counterparties involved in money laundering and terrorism financing, SOCAR Trading developed an AML & TF Policy . The policy aims to prevent SOCAR Trading employees from being involved in or facilitating potential money laundering operations of counterparties. We expect both our employees and business partners, including contractors, third-party consultants, and agents to follow this policy. SOCAR Trading implements a variety of procedures in order to identify and prevent instances, such as appropriate documentation practices, rigid KYC controls, group-wide AML risk analyses and the implementation of other supporting policies. The policy was built upon the Terrorism Act 2000 and Proceeds of Crime Act 2007. During the reporting year, there were no instances of money laundering detected at SOCAR Trading.
Conflict of Interest Policy	SOCAR Trading is committed to ensuring that conflicts of interest arising within the organization are managed in a timely manner. In order to facilitate this process, we developed a Conflicts of Interest and Personal Account Dealing Policy . This policy is designed to ensure that the choices our employees make in the workplace are not against SOCAR Trading's objectives and interests. Our employees are encouraged to assist in the identification of potential conflicts of interest by reporting relevant inquiries directly to the compliance team, which will help determine if the conflict exists. This policy applies to all SOCAR Trading's employees and its counterparties.
International Trade Sanctions Policy	In the current international trading landscapes, reducing regulatory risks associated with sanctioned parties is essential to maintain our activities globally. The International Trade Sanctions and Anti-Boycott Policy was developed to outline the procedures required to avoid these risks. With the guidance of this policy, SOCAR Trading performs careful due diligence checks during KYC procedures in order to spot counterparties mentioned in international sanctions lists. SOCAR Trading relies on official sources of information such as The Office of Foreign Assets Control (OFAC) of the U.S. Department of Treasury. This policy is applicable to all SOCAR Trading employees, subsidiaries, affiliates, joint ventures, and contractors acting on behalf of SOCAR Trading. During the reporting period, there were no instances of fines and bans imposed on SOCAR Trading as a result of trading with sanctioned authorities.

Policies	Description
Market Abuse and REMIT Inside Information and Anti-Market Abuse Policy	We believe that fair competition is a foundational element of a sustainable economy and have created relevant processes to protect against both intended and unintended instances of market abuse. We comply with Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) and are regularly assessing our impact on market integrity. Under our Market Abuse Policy and REMIT Inside Information and Anti Market Abuse Policy , SOCAR Trading outlines its obligation to publish information that can be regarded as insider information before making trading decisions and defines the term with practical examples. These policies are applicable to every employee of SOCAR Trading. There were no instances of market-abuse allegations against SOCAR Trading (including instances associated with price gouging, price fixing, or price manipulation) during the reporting period.
Business Communications Policy	The Business Communications Policy outlines the rules and procedures related to the business communications between SOCAR Trading employees and its counterparties. It accentuates the importance of coherent, professional, timely, and truthful information exchange.
Whistleblower Policy	SOCAR Trading's Whistleblower Policy enables employees to confidentially report any unethical or illegal behavior. The policy ensures protection against retaliation for those who report in good faith and guarantees that all concerns are investigated and addressed appropriately. During the reporting year, there were no instances of unethical or illegal behavior reported and detected at SOCAR Trading.

We understand that the effectiveness of the implementation of our policies depends on our pledge to integrate relevant ideas into our company culture. We go the extra mile to teach our principles through dedicated training sessions conducted by SOCAR Trading for all employees. We have drafted relevant plans to expand the scope of these training sessions in the future.

Table 13. Percentage of employees who received anti-corruption training

Anti-corruption training	2022	2023	2024
Top management	100%	100%	100%
Other employees	96%	90%	94%

We are regularly assessing our operations for risks related to corruption as part of our commitment to embed our policy commitments into our operations.

Table 14. Total number and percentage of operations assessed for risks related to corruption

Anti-corruption risk assessment	2022		2023		2024	
	percentage	scope	percentage	scope	percentage	scope
	100%	By Business Line, all business lines covered	100%	By Business Line, all business lines covered	100%	By Business Line, all business lines covered

We are carefully monitoring that our activities are consistently in line with applicable laws and regulations as part of our compliance management functions. Timely screening of new counterparties and vessels has allowed us to avoid possible legal actions in the last three years and preserve our reputation as a trusted trader. To monitor shipping compliance, we are using a shipping compliance software designed to optimize the efficiency of KYC checks associated with chartering activities. Additionally, in 2024, the ESG section in the KYC document has been revised and now incorporates questions about child labor and modern slavery, enhancing social evaluation of prospective counterparties.

Table 15. Total number of shipping compliance checks

	2022	2023	2024
Number of new vessels that were screened for compliance violations	179	216	409
Total number of authorized vessels	2 412	2 783	2 860

Table 16. Total number of KYC checks

	2022	2023	2024
Number of new business partners that were screened for compliance violations	123	109	81
Total number of authorized business partners	2 511	2 434	2 575

Whistleblower and incident escalation mechanisms

To ensure that we are always aware of possible breaches of the Code, we created a dedicated channel for receiving and analyzing these breaches. The existence of this channel is regularly communicated to all employees and is mentioned in the **Code of Conduct**. To establish a formal basis for analyzing and communicating incidents of questionable behavior to senior management, we created a **Whistleblower Policy**, which outlines the reporting procedure in detail. This makes reporting incidents more accessible and makes it more likely for our employees to report instances of non-compliance by giving them the security to do so. Our documented **Incident Escalation Procedure** supports this process by supplementing the Whistleblower Policy and other grievance mechanisms in promoting transparency across all SOCAR Trading branches.

Our engagement with third-party agents

We recognize the elevated risks of corruption emerging from our relationships with third-party agents. In order to mitigate these risks, we are following a formally approved **Contracts with Third-party Agents** procedure. As per this procedure, SOCAR Trading is obligated to maintain more rigorous oversight of third-party agents if the terms of the deal meet specific criteria. These measures may include expanded KYC checks, mandatory compliance training sessions, higher frequency reporting, and stricter contract clauses.

7.7 Risk management

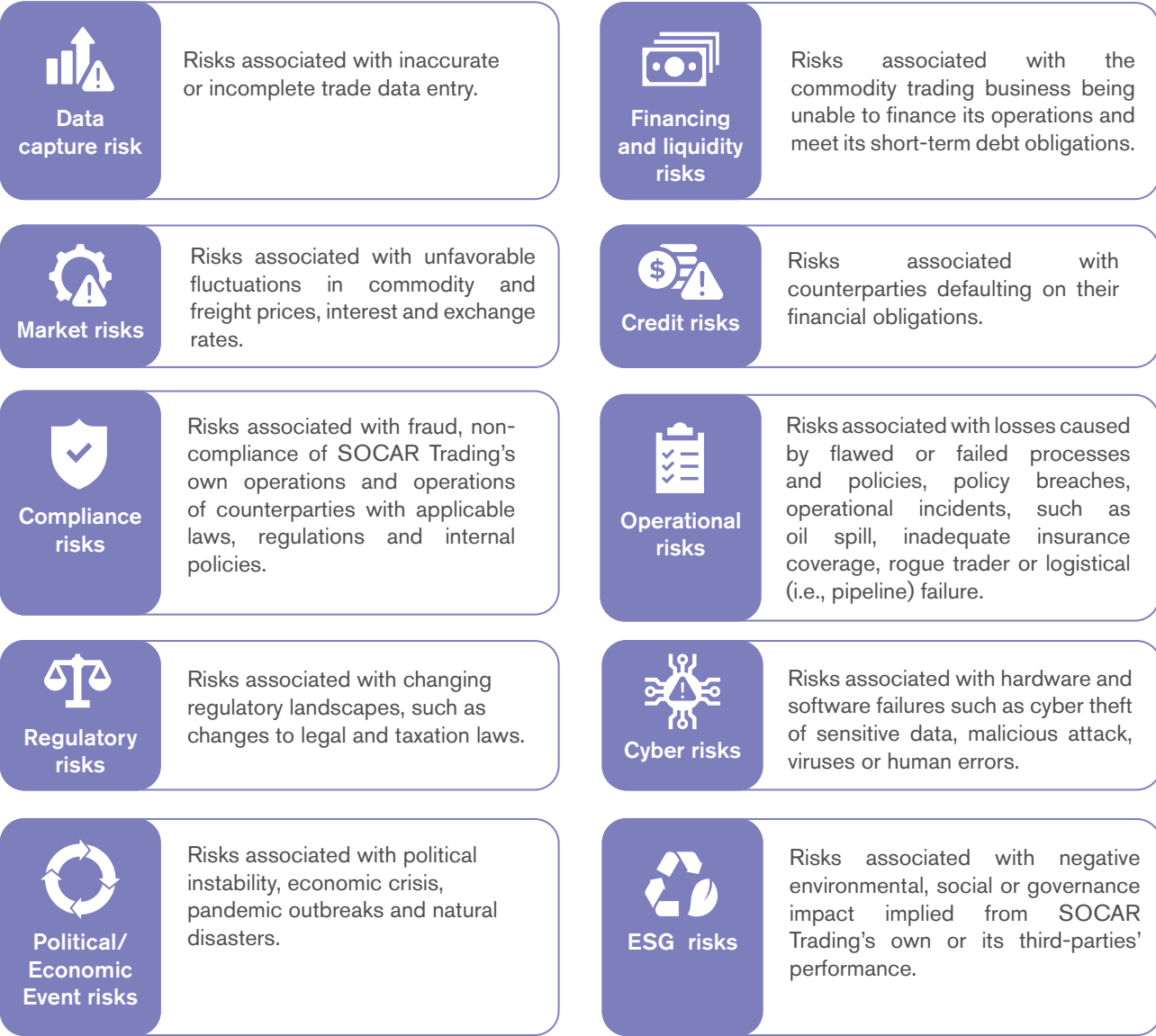
As a commodity trading organization, we face a multitude of risks through our everyday trading activities. As a result, each and every action we take with our counterparties must be managed in a comprehensive and dynamic system in order to ensure the financial success of our business and guarantee adherence to our values. For this purpose, we built a comprehensive risk management framework that governs this process by integrating all major functional units of our organization into this process. Together, these functions work in unison to assist in the assessment and identification of risks throughout the deal flow.

SOCAR Trading is a centralized commodity trading company that is using its global presence for effective

identification of risks through its risk management framework. To implement this framework, we use an internal Energy Trading and Risk Management (ETRM) system coupled with a variety of analytical tools to regularly measure our performance and risk exposure through daily Value at Risk (VaR), position and Profit and Loss (P&L) reporting. By consulting our daily risk exposure calculations, we monitor if our risk limits are being approached; consequently, this approach informs our next course of action.

Additionally, in 2024 we conducted a sustainability risk assessment as part of our broader risk management approach. This assessment identified potential impacts and corresponding mitigation measures, reinforcing our ability to address sustainability-related challenges.

Figure 33. Key risks managed at SOCAR Trading





Shusha historical and architectural reserve

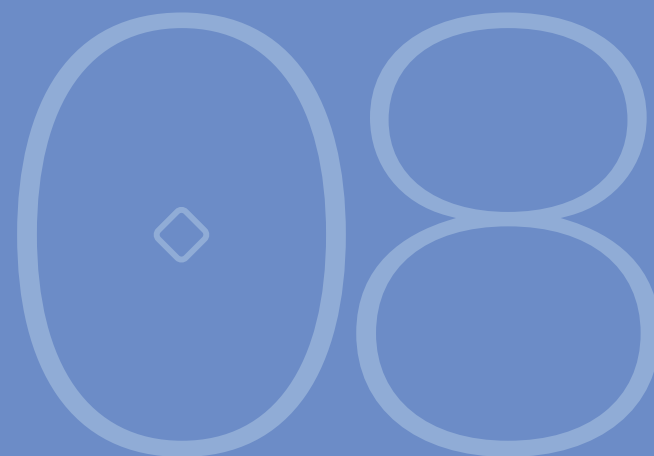
Shusha, often called the “Conservatory of the Caucasus,” is the cultural heart of Garabakh and one of Azerbaijan’s most important historical and cultural cities. Established in 1752, Shusha is renowned for its unique architectural heritage, blending traditional Azerbaijani design with elements of defensive urban planning. In recognition of its exceptional value, Shusha and its surroundings have been declared a Historical and Architectural Reserve and are currently included in the Tentative List of UNESCO World Heritage Sites.

The city is home to historic mosques, caravanserais, fortress walls, and elegant stone mansions that reflect centuries of craftsmanship. Shusha is also the birthplace of many of Azerbaijan’s greatest poets, musicians, and artists, making it a living symbol of national identity and creativity.

Following extensive restoration efforts, Shusha continues to revive its role as a center of Azerbaijani culture, heritage, and history.



Alignment with TCFD's recommendations



We believe that our climate change disclosures aligned with the recommendations of the G20 Financial Stability Board's TCFD, serve as a testament to the work we have already undertaken in this area. As the TCFD framework is being integrated into the International Sustainability Standards Board's (ISSB) IFRS S2 standard, we adhere to its principles and will continue to monitor its development to inform future enhancements to our climate-related strategy and governance.

We tried to enhance our positive impacts by strengthening climate change governance, integration of climate change issues into our corporate vision and

strategy, considering major climate change risks and opportunities within our risk management framework, and most importantly, working to formulate respective KPIs and targets. There is certainly significant work we need to accomplish. We schedule specific tasks for upcoming periods, including developing and testing climate-related scenarios to guarantee the resilience of our strategy. We believe, however, that the progress we have made and steps we have taken will serve as a firm foundation for our further growth.

Table 17. TCFD summary table

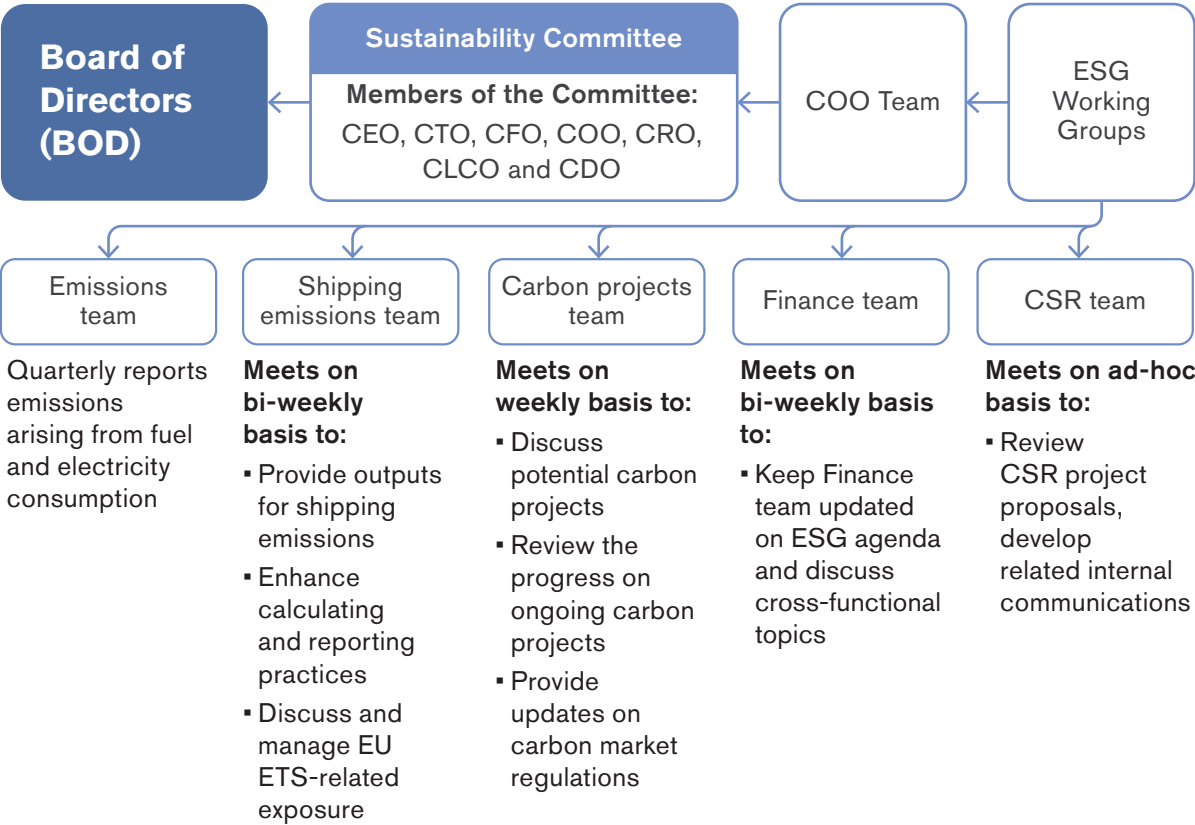
TCFD recommendation	Disclosure	Reference
Governance		
a. Describe the Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> ESG management at SOCAR Trading Governance 	4 - 7 8.1
b. Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> ESG management at SOCAR Trading Risk management Governance Climate risk management 	4.7 7.7 8.1 8.3
Strategy		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	<ul style="list-style-type: none"> ESG strategic objectives and targets Strategy Metrics and targets 	4.2 8.2 8.4
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> Strategy 	8.2
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> Our approach to environmental management Strategy 	5.1 8.2
Risk management		
a. Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Risk management Climate risk management 	7.3 8.3
b. Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> Policies governing our ESG approach across value chains Risk management Climate risk management 	4.1 7.3 8.3
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"> Risk management Climate risk management 	7.3 8.3
Metrics and targets		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> ESG strategic objectives and targets Metrics and targets 	4.2 8.4
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<ul style="list-style-type: none"> Our corporate carbon footprint Metrics and targets 	5.2 8.4
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> ESG strategic objectives and targets Our corporate carbon footprint Metrics and targets 	4.2 5.2 8.4

8.1 Governance

There are four committees at SOCAR Trading that work closely together to maintain formal oversight of the company. Overall, management of the climate change risks and opportunities is monitored at the Sustainability Committee level and is overseen by the Board while operational aspects are managed by ESG Working Groups coordinated by COO. Our ESG working groups are built on the cross-functional approach which enables us to closely monitor, assess and manage climate-related risks and opportunities in different areas of our business **(for more details, please refer to Section 4 of our ESG report)**. During the reporting period we had five ESG working groups as can be seen in figure 45 below.

Our high-level climate-related risks are identified through the ERM process where the management representatives are directly involved. CRO is a key person to coordinate the process and ensure that identified risks have an ultimate C-level owner to approve the risk level and mitigants. Members of **Sustainability Committee** play a vital role in identification of emerging trends, risks and opportunities as well as monitoring the implementation of adaptation and mitigation measures to ensure SOCAR Trading's operations are resilient in the long-term.

Figure 34. STSA's ESG governance structure



To align with the EU ETS shipping emissions regulations that came into effect in January 2024, we expanded our shipping emissions working group during the reporting year to include representatives from the Legal and Trading teams. One of the outcomes of the cross-functional collaboration is that we managed to build calculation model to estimate EU ETS exposure in-house.

8.2 Strategy

It is undeniable that implications of global warming are serious for almost all sectors and regions across the globe. To ensure that our strategy addresses all applicable risks and opportunities brought by climate change, we understand the essence of regular analysis and review of the trends, publications and research that would help us prioritize the relevant business development and financial planning initiatives.

The Sustainability Committee identified potential risks and opportunities in line with TCFD recommendations and conducted an assessment which involved analysing the probability of each risk and opportunity occurring, as well as the potential impact on the company's operations, finances and reputation (See table 20 below for details). During the literature review of existing scientific publications, we conclude that there is a high level of uncertainty about the climate change impacts in the regions of our presence. As a starting point, we initiated a high-level review of two scenario trajectories suggested by the IEA Global Energy and Climate Model (GEC) in 2022, i.e.:

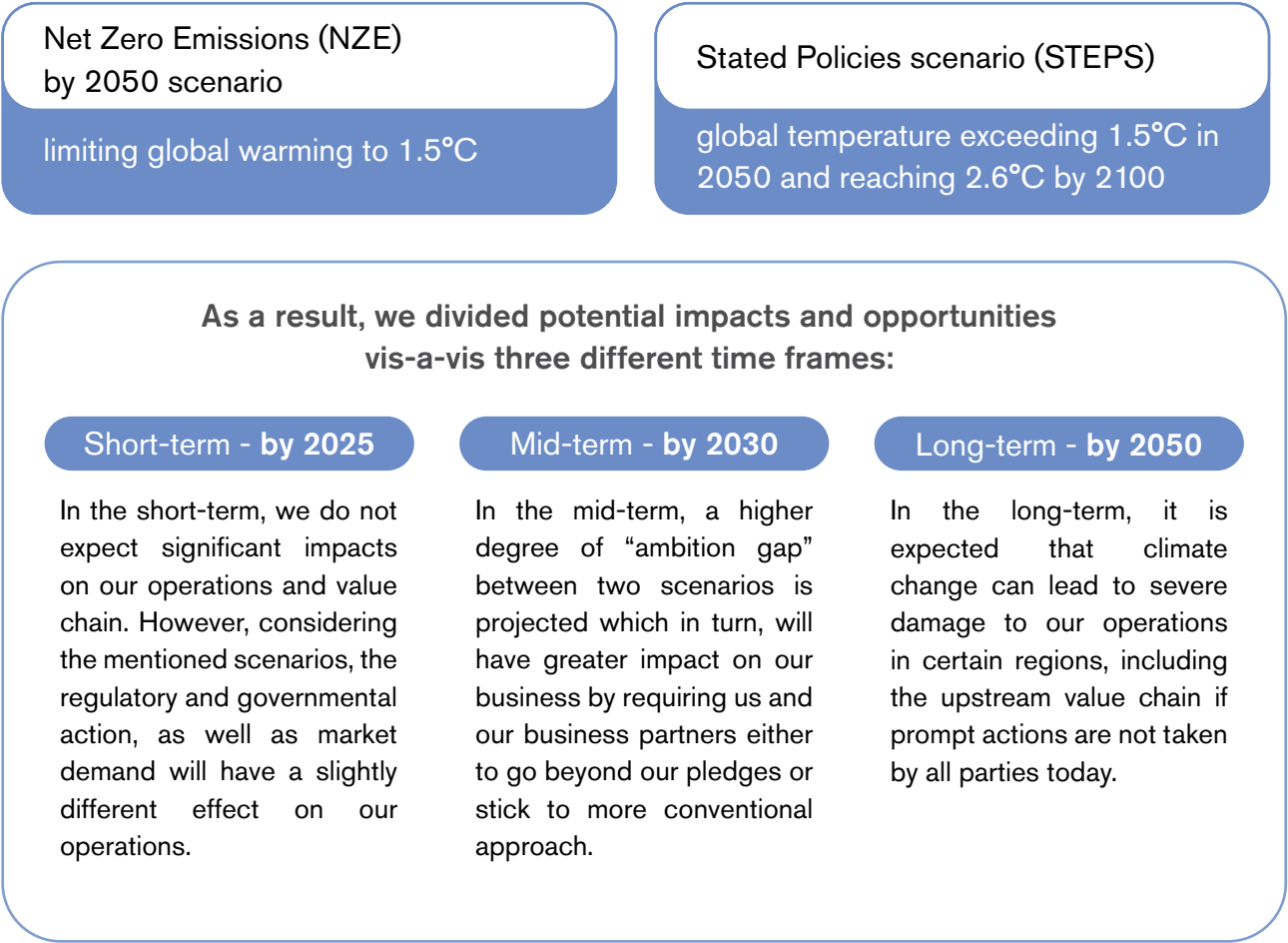


Table 18. Climate related risks and opportunities table

Transitional risks				
Material elements	Potential impacts	Management response	Time period	Likelihood
Policy and Legal				
<ul style="list-style-type: none">Increased regulatory requirements on activities and traded products, such as carbon tax and cap and trade systemsChanges in regulations or policies related to climate change	<ul style="list-style-type: none">Increased operational and compliance costsIncreased costs and reduced revenue caused by fines and litigationReputational damage	<p>We keep a close eye on developments in areas such as climate change policy and regulations, carbon pricing, and emissions reporting by continuously monitoring the legal and regulatory landscapes at both local and international levels. Furthermore, we take proactive measures to ensure that we enhance our ESG reporting system to be prepared for mandatory reporting frameworks requirements. By closely monitoring these developments, we can anticipate changes that may affect our business and stay ahead of the curve. We work to ensure that our climate-related impacts are managed effectively by regularly measuring, analysing and optimizing our performance results.</p>	<ul style="list-style-type: none">ShortMidLong	Very likely
Market				
<ul style="list-style-type: none">Increasing demand for low-carbon alternativesShifts in geopolitical situation	<ul style="list-style-type: none">Lower demand or lower prices for fossil fuelsExpenditures in research and development, as well as in implementation of the energy transition initiatives	<p>We understand that energy market is subject to a range of internal and external factors that can significantly affect the supply, demand and profitability of our trading activities. We recognize the growing demand for low-carbon commodities and are proactively taking steps to prepare for this transition. For instance, we are diversifying our energy portfolio by increasing the share of transitional commodities, such as LNG and natural gas, and constantly improving our risk management strategies to mitigate against price fluctuations and supply disruptions. Furthermore, we are considering the technologies that would allow to develop innovative environmental products and services tailored to the evolving needs of the energy market.</p>	<ul style="list-style-type: none">Mid	Likely

Transitional risks				
Material elements	Potential impacts	Management response	Time period	Likelihood
Reputation				
<ul style="list-style-type: none">Stakeholders' greater emphasis on transparency of environmental performanceNegative stakeholder feedback	<ul style="list-style-type: none">Negative impact on reputation and social license to operate in case of the failure to meet expectationsReduction in financing and capital attractionReduced revenue due to refusal to cooperate	<p>We are committed to ongoing communication and collaboration with a wide range of stakeholders, including policy makers, capital providers and business partners. We recognize that addressing climate change requires a coordinated effort and we are actively engaged in raising awareness of climate issues and advocating for investment in mitigation and adaptation projects in the regions of our presence. We ensure the transparency and reliability of ESG disclosure by engaging third-party verifier. In addition, we emphasize an importance of collaborating with business partners that share our vision and values.</p>	<ul style="list-style-type: none">MidLong	Likely
Physical risks				
Material elements	Potential impacts	Management response	Time period	Likelihood
Extreme weather events				
<ul style="list-style-type: none">Natural disasters, including floods, heatwaves or storms can lead to damage of infrastructure and assets used for transportation and storage	<ul style="list-style-type: none">Higher costs from transport difficulties, supply chain interruptionsIncreasing capexHigher costs from negative impact on workforcePower outages due to heatwaves or freezing weather	<p>We maintain appropriate insurance cover against all physical damage and losses during transit or intermediate storage or transport of commodities under our responsibility caused by natural disasters and adverse climatic conditions. In 2022, we developed an Incident Report Form for operators' team to document incidents occurred. Depending on the severity of the incident, it is immediately reported to Top Management, Head of Desk or relevant department. After this, an incident is reviewed in a smaller group to produce mitigation action plan. In 2024, a total of three incidents were reported using the incident report form. All of these incidents have been resolved. All of these are related to legal and insurance issues.</p>	<ul style="list-style-type: none">MidLong	Likely

Opportunities				
Material elements	Potential impacts	Management response	Time period	Likelihood
Resource Efficiency				

<ul style="list-style-type: none"> ▪ Efficient consumption of resources ▪ Use of more efficient transportation modes 	<ul style="list-style-type: none"> ▪ Reduction of operational costs of offices 	We raise awareness among our employees and shipping operators and provide incentives. In 2024, we continued applying incentivization initiatives, encouraging the use of less carbon-intensive vessels within our company.	<ul style="list-style-type: none"> ▪ Short ▪ Mid 	Very likely
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Opportunities				
Material elements	Potential impacts	Management response	Time period	Likelihood
Products and Services/Markets				

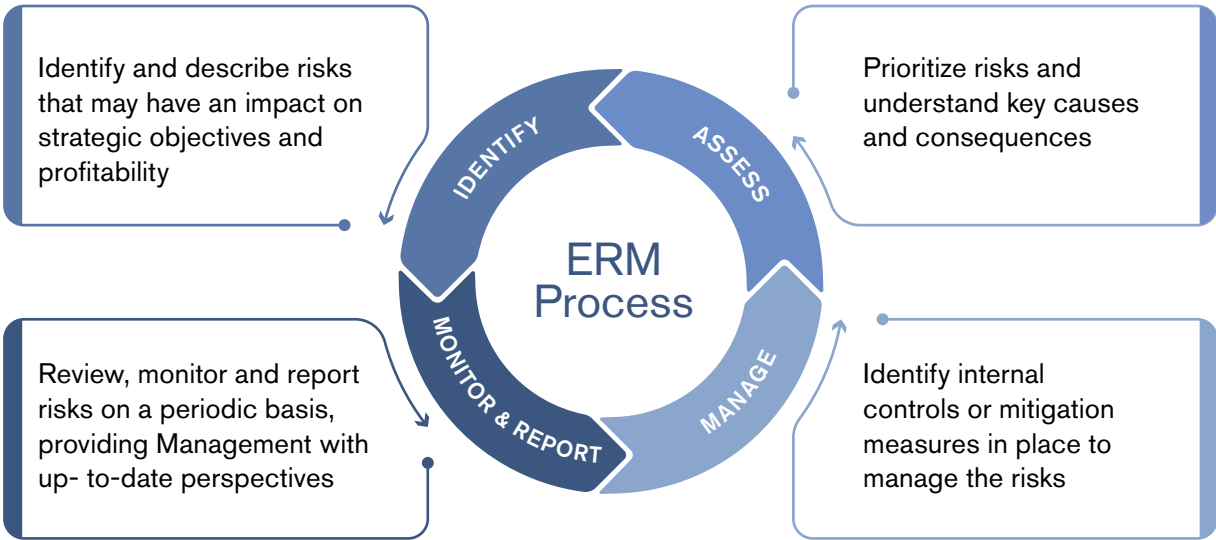
<ul style="list-style-type: none"> ▪ Development of low-carbon products and services and environmental solutions ▪ Ability to diversify business activities ▪ Shift in market needs ▪ Participation in carbon markets 	<ul style="list-style-type: none"> ▪ Increased revenue from growing decarbonization solutions due to rising demand for cleaner commodities ▪ Increased revenue from monetization of carbon offsets ▪ Increased capital availability by attracting investors 	We invest to expand our presence in LPG, LNG and natural gas markets. We also aim to increase the share of cleaner commodities in our portfolio each year. As part of our strategic objectives, we are actively seeking opportunities to expand our presence in the US, Asian, and African markets. Our Carbon Desk is dedicated to actively engaging in developing carbon trading capabilities and emission avoidance and removal projects. We will continue to explore innovative solutions and practices that contribute to a low-carbon economy while delivering high-quality commodities to our customers.	<ul style="list-style-type: none"> ▪ Short ▪ Mid ▪ Long 	Very likely
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We have not yet quantified the impacts to our business, including P&L and balance sheet, under different scenarios and plan to conduct a deeper testing of different scenarios using relevant external and internal data sources in the upcoming periods.

8.3 Climate risk management

At SOCAR Trading, we apply a comprehensive approach that has Enterprise Risk Management (ERM) process at its core. The ERM depends on four steps during which all types of risks, including specific high-level climate-related ones, are identified.

Figure 35. ERM risk identification process



Our updated KYC policy enables us to screen potential business partners on a number of ESG related impacts to avoid risks to our reputation and operations.

For more detail on our risk management approach, please refer to Section 7.3.

We refer to ISSB recommendations in prioritising the specific set of transition and physical risks and opportunities. In particular, we consider the following objectives while performing the prioritisation exercise:

- ◊ Compliance with existing and emerging regulations;
- ◊ Increasing the efficient management of resources;
- ◊ Ensuring safe working conditions for our employees and operators;
- ◊ Expanding the portfolio of clean commodities;
- ◊ Managing the pollution and carbon footprint throughout the value chain;
- ◊ Meeting stakeholder expectations;
- ◊ Monetising on emerging opportunities while promoting climate change adaptation/mitigation project.

To be better protected from potential negative impacts associated with climate change and ensure long-term sustainability, we have incorporated ESG aspect into key risk management processes such as Deal Committee procedure and Investment Project

Lifecycle. Both processes are designed to provide cross-functional risk assessment for either a new trading deal/high risk transaction or investment project proposal. As a part of the screening exercise, ESG impact assessment is held to ensure climate-related risks are not omitted.

8.4 Metrics and targets

To keep the Board, management level and employees informed of the company’s exposure to CRRO and accurately assess the performance, we have developed strategic KPIs and related qualitative and quantitative targets that could be found in Section 4.2.

We have already started to regularly measure, analyse and report on GHG emissions and lifecycle emissions intensity to understand the operations that may result in higher risks and started to design relevant optimisation measures to reduce the carbon footprint of our operations together with our partners. We identified that shipping operations contribute to a significant proportion of our impact to climate change, so in the reporting year we have started designing the programs to increase the logistics efficiency, e.g., by incentivizing our traders and business partners, increasing control over counterparties’ activities, aligning our shipping activities with IMO 2050 carbon intensity targets, etc. **(for more details, please refer to Section 5.3).**

We calculate and disclose our Scope 1, 2 and 3 emissions in Section 5.2.1 and set reduction targets that could be found in Section 4.2, Table 1.



Craftsmanship and performance art of the Tar, a long-necked string musical instrument

The Tar is one of Azerbaijan's most treasured musical instruments. Its name means "string" or "thread," and its deep, expressive sound is at the heart of Mugham, the country's traditional music.

Each Tar is handmade by skilled craftsmen who carefully select the best materials: mulberry wood for the body, walnut for the neck, and pear wood for the tuning pegs. The body, shaped like a figure eight, is covered with a thin layer of ox pericardium. Musicians hold the Tar against their chest, plucking its metal strings with a plectrum. The Tar plays a key role in Azerbaijani weddings, celebrations, and concerts.



GRI Content Index Table



Statement of use

SOCAR Trading has reported in accordance with the **GRI Standards** for the period **01.01.2024-31.12.2024**.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standard(s)

GRI 11: Oil and Gas Sector 2021

GRI	Disclosure	Location	Omission / note
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	2. About this Report 3.1. SOCAR Trading at a glance	
	2-2 Entities included in the organization's sustainability reporting	2. About this Report	
	2-3 Reporting period, frequency, and contact point	2. About this Report	
	2-4 Restatements of information	2. About this Report	
	2-5 External assurance	Independent Assurance Statement	
	2-6 Activities, value chain and other business relationships	3.1. SOCAR Trading at a glance 3.2. The value chain 3.3. Mission, vision and values	
	2-7 Employees	6.1. Our people	
	2-8 Workers who are not employees	Not available	SOCAR Trading hires subcontractors for certain procedures. This disclosure is omitted because the data is not currently available. The organization does not collect this information from external parties or subcontractors. Efforts to obtain this information may be considered in future reporting periods.
	2-9 Governance structure and composition	7.1. Governance at SOCAR Trading	
	2-10 Nomination and selection of the highest governance body	Not available	We believe that a well constituted Board should include a diverse range of directors with the necessary knowledge, independence, competence, industry experience, and perspectives to foster effective discussion and objective decision-making in line with the company's mission, long-term strategy, and the interests of relevant stakeholders.

GRI	Disclosure	Location	Omission / note
GRI 2: General Disclosures 2021	2-11 Chair of the highest governance body	7.1. Governance at SOCAR Trading	
	2-12 Role of the highest governance body in overseeing the management of impacts	4. ESG management at SOCAR Trading 8.1 Governance	
	2-13 Delegation of responsibility for managing impacts	4. ESG management at SOCAR Trading 8.1 Governance	
	2-14 Role of the highest governance body in sustainability reporting	2. About this Report	
	2-15 Conflicts of interest	7.6. Compliance and responsible business management	
	2-16 Communication of critical concerns	6.1.4. Management of employee grievances	
	2-17 Collective knowledge of the highest governance body	The senior management is continuously improving their competence in the management of material sustainability issues through direct engagement in the development of major infrastructure projects, attendance in various international training sessions, and collaborations with industry peers.	
	2-18 Evaluation of the performance of the highest governance body	7.1 Governance at SOCAR Trading	
	2-19 Remuneration policies	6.1.5. Fair remuneration	
	2-20 Process to determine remuneration	6.1.5. Fair remuneration	
	2-21 Annual total compensation ratio	Not available	This information is not disclosed as it is treated as confidential by SOCAR Trading.
	2-22 Statement on sustainable development strategy	1. Statement from the CEO 4. ESG management at SOCAR Trading	
	2-23 Policy commitments	4.1. Newly developed and revised policies governing our ESG approach across value chains 6.1.3. Respect for Human Rights 7.6. Compliance and responsible business management	

GRI	Disclosure	Location	Omission / note
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	4.1. Newly developed and revised policies governing our ESG approach across value chains 6.1.3. Respect for Human Rights 7.6. Compliance and responsible business management	
	2-25 Processes to remediate negative impacts	5.1. Our approach to environmental management 5.3. Shipping optimization 6.1.4. Management of employee grievances 7.6. Compliance and responsible business management	
	2-26 Mechanisms for seeking advice and raising concerns	6.1.4. Management of employee grievances 6.5. Stakeholder engagement 7.6. Compliance and responsible business management	
	2-27 Compliance with laws and regulations	7.6. Compliance and responsible business management	SOCAR Trading have not been subject to fines or monetary sanctions due to non-compliance with laws and regulations during the reporting period.
	2-28 Membership associations		1) Membership in <i>Women's International Shipping & Trading Association (WISTA)</i> 2) Membership in <i>International Emissions Trading Association (IETA)</i> 3) Membership in <i>SUISSENÉGOCE</i> 4) Membership in <i>Groupement des Entreprises Multinationales (GEM)</i>
	2-29 Approach to stakeholder engagement	6.5. Stakeholder engagement	
	2-30 Collective bargaining agreements	Not applicable	None of SOCAR Trading's employees are subject to collective bargaining agreements.

GRI	Disclosure	Location	Omission / note
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	4.3. Defining what matters	
	3-2 List of material topics	4.3. Defining what matters	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.2. Our contribution to the local economies	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	6.2. Our contribution to the local economies	This information is not disclosed as it is treated as confidential by SOCAR Trading, except information on payments to government by country.
	201-2 Financial implications and other risks and opportunities due to climate change	8. Alignment with TCFD's recommendations	
	201-3 Defined benefit plan obligations and other retirement plans	6.1.5. Fair remuneration	SOCAR Trading operates retirement and pension plans that vary at the local level, based on legal and market requirements and practices.
	201-4 Financial assistance received from government	Not applicable	SOCAR Trading did not receive financial assistance from any government.
Market presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage		This information is not disclosed as it is treated as confidential by SOCAR Trading.
	202-2 Proportion of senior management hired from the local community		We have made progress in strengthening our internal HR data collection systems. However, we are still in the process of implementing the necessary features to support this specific disclosure. We aim to disclose such information in the upcoming reporting cycles..

GRI	Disclosure	Location	Omission / note
Indirect economic impacts			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	6.4 CSR projects	
	203-2 Significant indirect economic impacts		Our operations contribute to the energy security of the regions in which we operate. We actively support decarbonization initiatives by collaborating with relevant market players, participating in associations, and increasing our investments in cleaner commodities and relevant projects. Additionally, we are enhancing the knowledge and skills of our employees through partnerships with various universities, which offer industry-specific education programs.
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.2. Our contribution to the local economies	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	6.2. Our contribution to the local economies	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	7.6. Compliance and responsible business management	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	7.6. Compliance and responsible business management	
	205-2 Communication and training about anti-corruption policies and procedures	7.6. Compliance and responsible business management	
	205-3 Confirmed incidents of corruption and actions taken	7.6. Compliance and responsible business management	

GRI	Disclosure	Location	Omission / note
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	7.6. Compliance and responsible business management	
GRI 206: Anticompetitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	7.6. Compliance and responsible business management	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.2. Our contribution to the local economies 6.5. Stakeholder engagement	
GRI 207: Tax 2019	207-1 Approach to tax	6.2 Our contribution to the local economies	SOCAR Trading's Tax Strategy and Tax Policy are not publicly available.
	207-2 Tax governance, control, and risk management		Our measures for an effective tax governance, control and risk management includes: <ul style="list-style-type: none"> ▪ Annual tax planning for each office based on OECD guidelines, ensuring that our tax practices align with global and local standards and regulations. ▪ Working sessions to adjust tax policies, allowing us to continuously improve and our approach to tax governance and risk management.
	207-3 Stakeholder engagement and management of concerns related to tax	6.2. Our contribution to the local economies 6.5. Stakeholder engagement	
	207-4 Country-by-country reporting	6.2. Our contribution to the local economies	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	5.4. Efficient use of natural resources	

GRI	Disclosure	Location	Omission / note
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.4. Efficient use of natural resources in our offices	
	302-2 Energy consumption outside of the organization		We adhere to the entities specified within the Report's boundaries and do not consolidate data regarding energy consumption outside of our organization.
	302-3 Energy intensity	5.2 Our corporate carbon footprint 5.2.1. Our approach to assessing our corporate carbon footprint	SOCAR Trading focus on lifecycle carbon intensity of the trading portfolio. Other forms of energy intensity might be not material.
	302-4 Reduction of energy consumption	5.4. Efficient use of natural resources in our offices	SOCAR Trading's energy consumption from direct operations is not significant. We still strive to increase the share of renewables in our energy usage.
	302-5 Reductions in energy requirements of products and services		Due to irrelevance to the business nature and portfolio of SOCAR Trading, this information is not disclosed.
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	5.4. Efficient use of natural resources in our offices	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	5.4. Efficient use of natural resources in our offices	
	303-2 Management of water discharge related impacts		Not material.
	303-3 Water withdrawal		Not material.
	303-4 Water discharge		Not material.
	303-5 Water consumption	5.4. Efficient use of natural resources in our offices	
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	5.1. Our approach to environmental management 5.2. Our corporate carbon footprint	

GRI	Disclosure	Location	Omission / note
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	5.2.1. Our approach to assessing our corporate carbon footprint	
	305-2 Energy indirect (Scope 2) GHG emissions	5.2.1. Our approach to assessing our corporate carbon footprint	
	305-3 Other indirect (Scope 3) GHG emissions	5.2.1. Our approach to assessing our corporate carbon footprint	
	305-4 GHG emissions intensity	5.2.1. Our approach to assessing our corporate carbon footprint	
	305-5 Reduction of GHG emissions	5.2.1. Our approach to assessing our corporate carbon footprint 5.3. Shipping optimization	
	305-6 Emissions of ozone-depleting substances (ODS)	Not applicable	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		With regards to our operations, such emissions result solely from the company-owned vehicles, resulting in a non-material amount of air emissions for the purposes of this disclosure.
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	5.4. Efficient use of natural resources in our offices	
GRI 306: Waste 2020	306-1 Waste generation and significant wasterelated impacts	5.4. Efficient use of natural resources in our offices	
	306-2 Management of significant wasterelated impacts		Not material.
	306-3 Waste generated		Not material.
	306-4 Waste diverted from disposal	5.4. Efficient use of natural resources in our offices	
	306-5 Waste directed to disposal		Not material.

GRI	Disclosure	Location	Omission / note
Supplier environmental assessment			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	5.3 Shipping optimization	
	308-2 Negative environmental impacts in the supply chain and actions taken	5.3 Shipping optimization	
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1. Our people	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.1. Our people	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		We are committed to providing all our employees with the benefits they are entitled to under local legislation, regardless of their employment status (fulltime, part-time or temporary).
	401-3 Parental leave	6.1.1. Equal opportunities, diversity and inclusion	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1.6. Employee safety and wellbeing	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	6.1.6. Employee safety and wellbeing	
	403-2 Hazard identification, risk assessment, and incident investigation	6.1.6. Employee safety and wellbeing	
	403-3 Occupational health services	6.1.6. Employee safety and wellbeing	
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.1.6. Employee safety and wellbeing	

GRI	Disclosure	Location	Omission / note
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	6.1.6. Employee safety and wellbeing	We are upgrading our system to streamline the process of registering and reporting training hours. This improvement will enable us to better track employee training progress and ensure compliance with training requirements.
	403-6 Promotion of worker health	6.1.6. Employee safety and wellbeing	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.1.6. Employee safety and wellbeing 7.6. Compliance and responsible business management	
	403-8 Workers covered by an occupational health and safety management system		100% of the SOCAR Trading employees are covered by health prevention programs and activities.
	403-9 Work-related injuries	6.1.6. Employee safety and wellbeing	
	403-10 Work-related ill health	6.1.6. Employee safety and wellbeing	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1.2. Employee training and development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.1.2. Employee training and development	
	404-2 Programs for upgrading employee skills and transition assistance programs	6.1.2. Employee training and development	
	404-3 Percentage of employees receiving regular performance and career development reviews	6.1.2. Employee training and development	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1.1. Equal opportunities, diversity and inclusion	

GRI	Disclosure	Location	Omission / note
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.1.1. Equal opportunities, diversity and inclusion	
	405-2 Ratio of basic salary and remuneration of women to men	Not available	This information is not disclosed as it is treated as confidential by SOCAR Trading.
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1.1. Equal opportunities, diversity and inclusion	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6.1.1. Equal opportunities, diversity and inclusion	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1.3. Respect for Human Rights	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.1.3. Respect for Human Rights	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	6.3. Our social responsibility 6.4 CSR projects	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	6.3. Our social responsibility 6.4 CSR projects	
	413-2 Operations with significant actual and potential negative impacts on local communities	6.3. Our social responsibility 6.4 CSR projects	



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Independent practitioner's assurance report

SOCAR Trading S.A

Scope

We have been engaged by SOCAR Trading S.A. (hereinafter "STSA") to perform a limited assurance engagement, in accordance with the International Standards on Assurance Engagements, to report on the ESG disclosures (the "Subject Matter") presented in STSA's ESG Report 2024 (the "Report") for the reporting period from 01.01.2024 - 31.12.2024.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by STSA

In preparing the ESG Report 2024, STSA applied the GRI standard (Criteria) and alignment with the TCFD framework.

STSA's responsibilities

STSA's management is responsible for selecting the Criteria, and for presenting the ESG Report 2024 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.



We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and with reference to the GRI standard requirements, and the terms of reference for this engagement as agreed with STSA on 21.02.2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

While our assurance engagement primarily focused on evaluating the ESG disclosures, we also performed selected testing procedures on relevant internal controls to assess the reliability of underlying data. These procedures included limited testing of data aggregation and calculation processes within the Client's IT systems. However, our engagement was not designed to provide comprehensive assurance on the overall effectiveness of the internal control environment.

A limited assurance engagement consists of making enquiries, primarily of professionals responsible for preparing the ESG Report 2024 and related information and applying analytical and other appropriate procedures.



Our procedures included:

- ▶ Inquiries of the representatives of STSA's management and specialists responsible for its ESG policies, activities, performance and relevant reporting.
- ▶ Analysis of key documents related to STSA's ESG policies, activities, performance and relevant reporting.
- ▶ Obtaining understanding of the process used to prepare the information on ESG performance indicators of STSA.
- ▶ Review of a selection of corporate and external publications on STSA's ESG policies, activities, events, and performance in the reporting period.
- ▶ Collection on a sample basis of evidence substantiating the qualitative and quantitative information included in the Report.
- ▶ Review of data samples regarding key ESG indicators for the reporting period to assess whether these data have been collected, prepared, collated and reported appropriately, and
- ▶ Assessment of compliance of information and data disclosures in the Report with the requirements of the GRI Standards.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to ESG Report covering period of 01.01.2024 - 31.12.2024, in order for it to be in accordance with the Criteria.

Ernst & Young Holdings (CIS) B.V.

June 30, 2025

Baku, Azerbaijan



We value your feedback and welcome any questions you may have regarding the information provided in this Report. We encourage you to address your feedback to the following point of contact:

sustainability@socartrading.com

