



Taking care of what really matters

Annual Report 2022



(Taking care) of what really matters

The theme for NOVATEK’s Annual Review 2022 is “Taking care of what really matters”.

Given the past year’s challenges, the Company was focused on what is truly important: caring of employees, continuous operations of production facilities, support of local communities and relations with our partners. We continued to implement our corporate strategy, actively developed our current and prospective projects, proving ourselves as a responsible and reliable business partner, employer and supplier.

To download the Sustainability Report 2022 at our [website](#)

of our employees



of our partners
and consumers



of local
communities



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- www.novatek.ru/en/ Link to our website's materials

Letter to Shareholders



Alexander Natalenko

Chairman of the Board
of Directors

Leonid Mikhelson

Chairman of the
Management Board



We would like to thank everyone for your support during the past year, and especially, our employees for their commitment and dedication to their work at our production fields, construction sites, processing facilities and offices. On behalf of the Board of Directors and the Management Board, we are pleased to present the Company's 2022 Annual Report to all our valued stakeholders.

639
MMBOE

Total
hydrocarbon
production
in 2022

17,571
MMBOE

Total proved
hydrocarbons
reserves (SEC)⁽¹⁾
as of 31 December 2022

Dear Shareholders,

“TAKING CARE OF WHAT REALLY MATTERS” is our underlying theme for our latest Annual Report 2022. During the past year, we focused on the crucially important items to maintain our operations and deliver on our sustainability goals. We strengthened the support of our employees and the local communities where we operate while continuing active development of the Company's strategic projects, proving ourselves to the global community as a responsible and reliable business partner, employer, and supplier. Throughout the year, we continued implementing NOVATEK's Corporate Strategy up to 2030, adhering to responsible business conduct principles and demonstrating strong results of operations.

The landmark achievement for NOVATEK in 2022 was the progress achieved at our unique LNG Construction Center in the Murmansk Region, the world's first facility for mass production of high-tonnage natural gas liquefaction trains on gravity-based structures.

The facility represents our commitment to build an LNG Center of excellence in Russia, developing in-house LNG technical expertise and contributing to the economic development of our country. We completed the construction of the workshop for the final assembly of LNG modules, being the largest production workshop in Russia in terms of the size of internal dimensions. Over 19 thousand workers are employed by the Center along with 800 enterprises across all of Russia, with more than 80 thousand jobs participating in the production value chain. Commissioning works at the first GBS of the Arctic LNG 2 project is now in process at the LNG Construction Center, while the modules of the second and third trains are being assembled. At the end of 2022, the overall estimated progress on Arctic LNG 2 was 73%, with the estimated progress on the first GBS-based LNG train was 95%.

Our flagship Yamal LNG plant has consistently outperformed its nameplate capacity and achieved a capacity utilization rate of 120% in 2022. The Project's 4th LNG production train utilizing our patented Arctic Cascade gas liquefaction technology confirmed its reliable operations and high energy efficiency during the year. In May 2022, Yamal LNG reached a significant milestone by shipping the Project's one-thousandth anniversary LNG cargo since the plant launch in December 2017. This important milestone was reached in only 4.5 years of operations, representing a significant achievement in the global LNG industry. During the year, the Yamal LNG dispatched 284 cargos or almost 21 million tons of LNG.

Active exploration works on the Gydan and Yamal peninsulas, as well as in the UGSS zone remains our strategic priority to monetize our resource base and to support our future LNG platform and our current domestic gas business. **During the reporting period, our reserve replacement rate amounted to 282%.** As of 31 December 2022, our overall hydrocarbon proved reserves⁽¹⁾ increased to 17,571 million barrels of oil equivalent (boe) under the SEC reserve methodology, including 2,431 billion cubic meters (bcm) of natural gas and 194 million tons of liquid hydrocarbons.

Our 2022 hydrocarbon production totaled 638.7 million boe, including 82.14 bcm of natural gas and 11.9 million tons of liquids (gas condensate and crude oil). The commissioning of new production capacities (the Kharbeyskoye field of the North-Russkiy cluster in 4Q 2021 and fields of the Yevo-Yakhinskiy cluster in 2Q 2022), as well as the launch of the fourth train at Yamal LNG plant in 2Q 2021 and achievement of higher productivity of the first three LNG trains fully offset the declines in hydrocarbons production at mature fields of our subsidiaries and joint ventures.

Our total natural gas sales volumes, including volumes of LNG sold, aggregated 76.6 bcm. The liquids sales volumes amounted to 15.9 million tons.

We continued this positive trend in 2022, whereby the Board of Directors recommended to the General Meeting of Shareholders to approve dividends for 2022 at RR 105.58 per share, exceeding the dividend paid out for the previous year by 47.8%.

During the past year, the global gas markets experienced record historical price volatility and it demonstrated the critical role that LNG plays

in balancing energy markets and ensuring security and continuity of supplies. “TAKING CARE OF WHAT REALLY MATTERS” defines NOVATEK's contribution to society by delivering clean-burning natural gas and LNG to our customers, minimizing our environmental footprint, and supporting the people who live in the regions of our operations and our employees.

At the beginning of 2022, an increase in geopolitical instability disrupted supply chains and increased imbalances in the global energy markets. Under these circumstances, it is our utmost priority to ensure uninterrupted operations of our business while maintaining our commitments to sustainability and our support to the local communities. During 2022, we raised our employee compensation three times and significantly increased our targeted and social support payments for employees, with total social spending up 15% year on year. Moreover, for the 2022 to 2024 period we plan an increase in the total amounts payable for a number of social benefits.

We also fully delivered on our commitments to support local communities in the regions of our operations. We implemented educational projects across our corporate footprint, as well as our grant programs for school students and teachers. We pay particular attention to preserving the traditional ways of living and cultural heritage of the indigenous peoples of the Far North and regularly engage with them to identify their most pressing needs.

⁽¹⁾ Including the Company's share in JVs.

(Taking care) of our employees

As a major employer, NOVATEK recognizes its responsibility for building long-term mutually beneficial relationships with its employees, while ensuring decent and safe working conditions. The Company considers human capital to be its core asset and offers its employees competitive salaries and other financial incentives, as well as opportunities for unlocking their professional potential and achieving personal development.

Headcount by line of work

%



Social Programs



Voluntary medical insurance



Health resort treatment



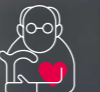
Repayable financial aid program



Rehabilitation of children with disabilities



Targeted compensation and social support payments



Pension program



NOVATEK-Veteran social protection foundation



For more details
about Human
Resources
please see **p. 74**

(Taking care) of our partners and consumers

In 2022, an increase in geopolitical instability disrupted supply chains and increased imbalances in the global energy markets. Under these circumstances, it is our utmost priority to ensure uninterrupted operations of our business and continuous products sales. NOVATEK is building a transparent supply chain by consistently embedding sustainability into its strategic and operational activities.



800

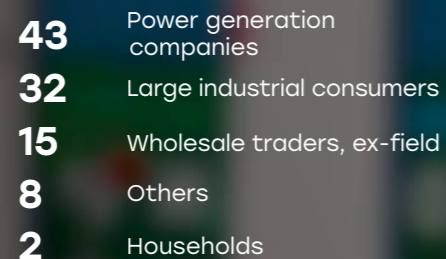
ENTERPRISES

across all of Russia with more than 80,000 jobs participating in the production value chain at our LNG Construction Center

For more details about Supply Chain please see Sustainability Report 2022 and www.novatek.ru/en/

Natural gas sales breakdown on the Russian domestic market by customers in 2022

%



Supplier Code of Conduct

Supplier Code of Conduct is available at our [website](#) Section Company/ Corporate governance / Charter and Corporate Documents



For more details about NOVATEK's operations please see [p. 16](#)

(Taking care) of local communities

NOVATEK fully recognizes its responsibility to drive the sustainable development of the regions where it operates. Pursuant to its cooperation agreements with various regions, the Company was investing in the Yamal Nenets and Khanty Mansi Autonomous Areas, Tyumen, Chelyabinsk, Leningrad, Murmansk and Kostroma Regions, and Kamchatka Territory throughout 2022.



3.3

RR BLN

NOVATEK's, its subsidiaries' and joint ventures' social spending and reimbursements to support charitable, cultural, educational and healthcare initiatives



Culture

- Organization and staging of traditional festivals of indigenous peoples
- Funding the Limbya Nomad Camp ethnographic park
- Implementation of Khorei – the Yamal Literary Map project
- Support for activities to preserve the traditional ways of life, culture, and language of the indigenous peoples of the Far North
- Financial support to the Yamal for Descendants Association of indigenous peoples



Education

- Grants programs for schoolchildren and teachers
- Implementation of the unique "Teacher for Russia" Program
- Support for targeted training initiatives to have indigenous minorities employed with energy sector companies and local governments of the YNAO
- Support for gifted and talented youth



Sport

- Since 2013, 48 football grounds built for championship-winning schools under the Step to Bigger Football project



other

- Financing of refueling services, purchases snowmobiles and boat motors for indigenous communities, and delivery of forage to prevent mass reindeer mortality



For more details about our Cooperation with the regions please see [p. 81](#)

(01)

About the Company

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PDF of the Report is available on our [website](#), Section Investor Relations/ Annual Reviews

NOVATEK is the largest independent natural gas producer in Russia. The Company is principally engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons and has more than 20 years of operational experience in the Russian oil and natural gas sector.

№3

Global position by proven natural gas reserves (SEC)

№5

Global position by natural gas production

12%

Share in natural gas production in Russia

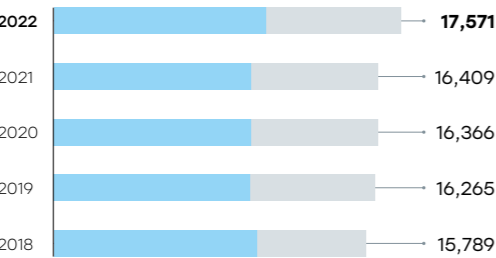


Key Indicators

Operating indicators

Total hydrocarbon reserves (SEC)

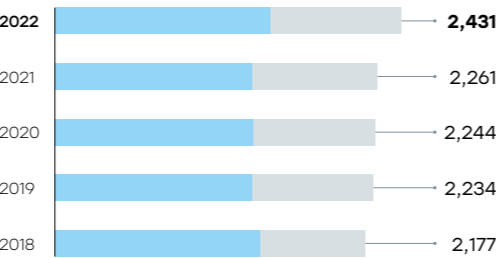
mmboe



● Proved undeveloped
● Proved developed

Proved natural gas reserves (SEC)

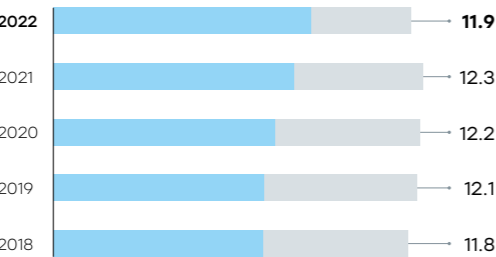
bcm



● Proved undeveloped
● Proved developed

Liquid hydrocarbons production

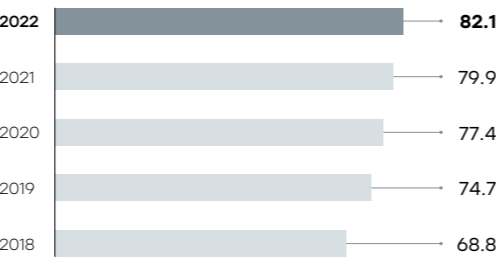
mt



● Gas condensate
● Crude oil

Natural gas production

bcm



	2021	2022	Change, %
OPERATING INDICATORS ⁽¹⁾			
Proved natural gas reserves (SEC), bcm	2,261	2,431	7.5
Proved liquid hydrocarbon reserves (SEC), mmt	189	194	2.6
Total hydrocarbon reserves (SEC), mmboe	16,409	17,571	7.1
Natural gas production, bcm	79.9	82.1	2.8
Liquid hydrocarbons production, mt	12,299	11,943	(2.9)
LNG production, mt	12,180	12,992	6.7
Total production, mmboe	626.3	638.7	2.0
Daily production, mmboe/day	1.72	1.75	2.0
POSITIONS IN RUSSIA			
Share in natural gas production ⁽²⁾ , %	10.5	12.1	1.6 p.p.
Share in liquid hydrocarbons production ⁽²⁾ , %	2.3	2.2	(0.1 p.p.)

⁽¹⁾ Oil and gas production, reserves and LNG production are calculated based on 100% of production and reserves of our subsidiaries and our proportionate share in the production and reserves of our joint ventures including fuel gas. Production and reserves of the South-Tambeyskoye field and LNG production of Yamal LNG are reported at 60%.

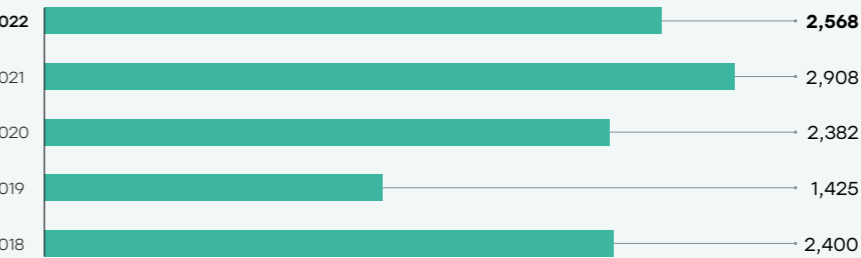
⁽²⁾ According to CDU TEK information.

ESG-indicators

Environmental

Environmental protection and sustainable nature management

RR mln



For more details please see [Sustainability Report 2022](#) Section Environmental Protection

For more details about the Company's decarbonization initiatives, see [p. 57](#)

Social

Headcount of NOVATEK, its subsidiaries and joint ventures ⁽¹⁾

people



2.3 ^{↑15%}
RR BLN

Targeted and social support for employees

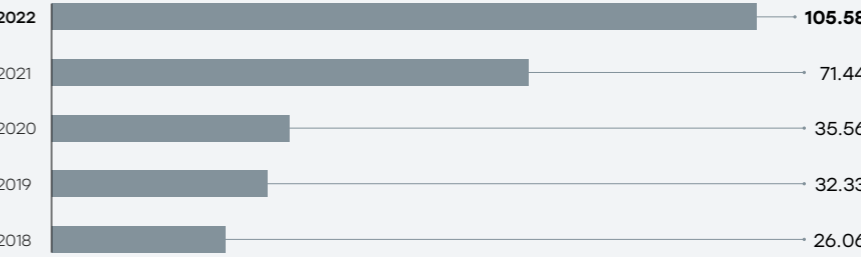
3.3
RR BLN

NOVATEK's, its subsidiaries' and joint ventures' social spending and reimbursements to support charitable, cultural, educational and healthcare initiatives

Governance

Dividends per share

RR



48%
Growth of dividends per share vs 2021

For more details about the Company's Corporate Governance System, see [p. 90](#)

⁽¹⁾ As of 31 December 2022.
⁽²⁾ Recommendation of the Board of Directors.

NOVATEK's operations

17.6
BILLION BOE

Total proved hydrocarbons reserves

76.6
BCM

Total natural gas sales

8.5
BCM

International gas sales

MAIN REGIONS OF GAS SALES IN RUSSIA

- | | |
|--------------------------|--------------------------------------|
| 1 Leningrad Region | 10 Stavropol Territory |
| 2 Vologda Region | 11 Perm Territory |
| 3 Moscow | 12 Chelyabinsk Region |
| 4 Moscow Region | 13 Tyumen Region |
| 5 Kostroma Region | 14 Khanty-Mansiysk Autonomous Region |
| 6 Tula Region | 15 Yamal-Nenets Autonomous Region |
| 7 Lipetsk Region | |
| 8 Belgorod Region | |
| 9 Nizhny Novgorod Region | |

15.9
MMT

Liquid hydrocarbons sales

40
REGIONS

Natural gas sales in Russia

13
LNG REFUELING STATIONS

in Russia

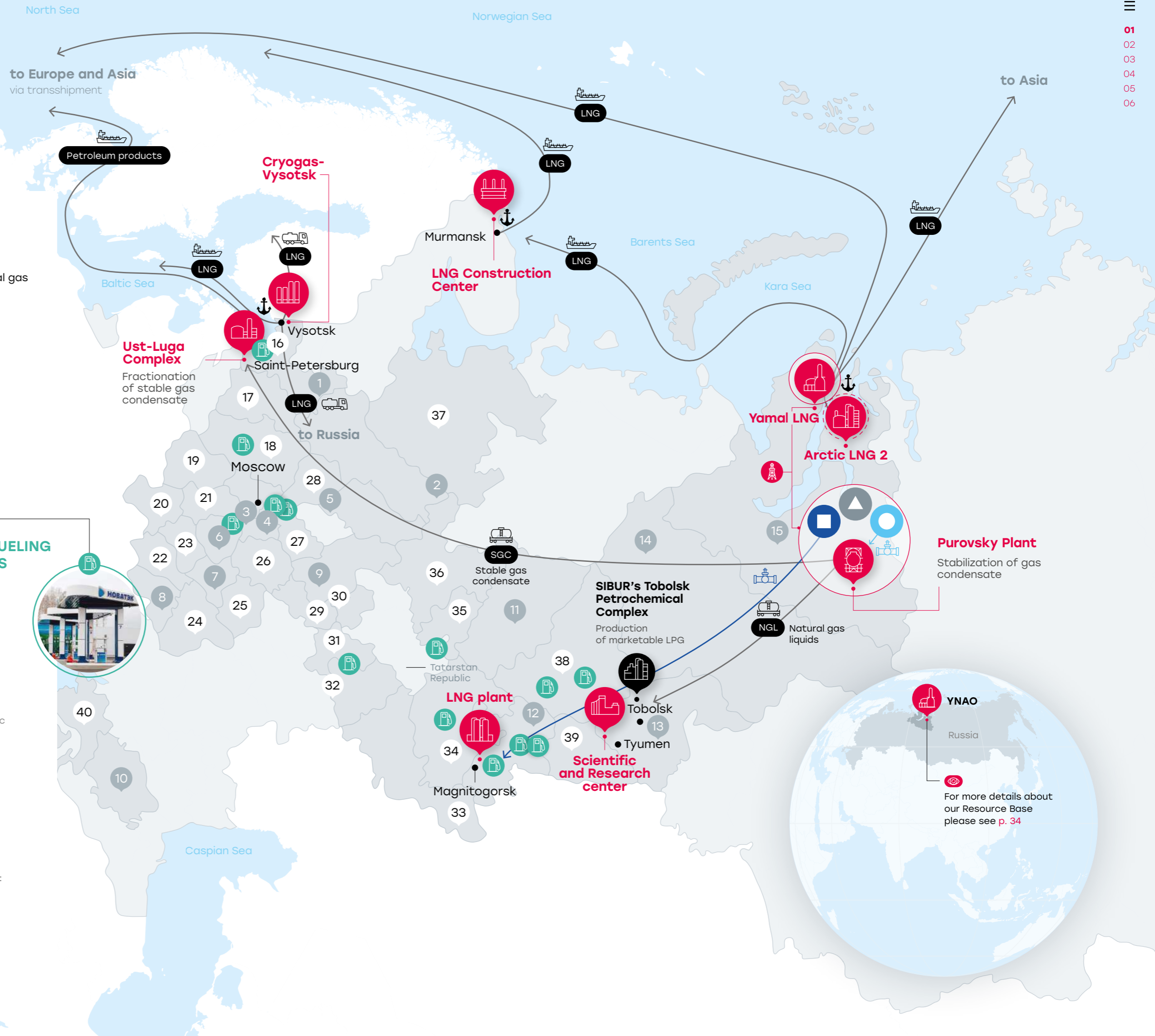
OTHER REGIONS OF GAS SALES IN RUSSIA

- | | |
|---------------------|---------------------------|
| 16 St. Petersburg | 29 Mordovia Republic |
| 17 Novgorod Region | 30 Chuvash Republic |
| 18 Tver Region | 31 Ulyanovsk Region |
| 19 Smolensk region | 32 Samara Region |
| 20 Bryansk Region | 33 Orenburg Region |
| 21 Kaluga Region | 34 Bashkortostan Republic |
| 22 Kursk Region | 35 Udmurt Republic |
| 23 Oryol Region | 36 Kirov Region |
| 24 Voronezh Region | 37 Arkhangelsk Region |
| 25 Tambov Region | 38 Sverdlovsk Region |
| 26 Ryazan region | 39 Kurgan Region |
| 27 Vladimir Region | 40 Krasnodar Territory |
| 28 Yaroslavl Region | |

MAP LEGEND

- Infrastructure facilities
- NOVATEK's fields and license areas
- Natural gas
- Crude oil
- Unstable gas condensate
- Type of main products

- Transportation:
- by rail
- by pipeline
- by tankers
- by road
- LNG stations
- Port



2022 Key Events and Achievements

DEVELOPMENT OF THE LNG BUSINESS:

- At the end of 2022, the overall **progress on the Arctic LNG 2** project was 73%, with the first train being 95% complete.
- **Modules installation and GBS hydro tests** of the Arctic LNG 2's first train were completed at the LNG Construction Center in the Murmansk Region. Now fully concreted, GBS 2 is undergoing mechanical outfitting.

73%

overall progress
of the Arctic LNG 2 project

EXPANDING THE RESOURCE BASE AND PRODUCTION:

- **We started commercial development of gas and condensate deposits** within the Yevo-Yakhinskiy cluster that comprises the fields of the Yevo-Yakhinskiy and Ust-Yamsoveyskiy license areas and a portion of the Urengoyskoye field (within the Olimpiyskiy license area).
- **A new gas and condensate field was discovered** on the Gydan Peninsula following a prospecting campaign. The field was named after Viktor Girya, an outstanding geologist who was among those who founded NOVATEK.
- **We obtained mineral licenses** for the North-Yarudeyskiy license area in the YNAO and Yeniseyskiy license area in the Krasnoyarsk Territory, which will expand the Company's resource base for its future projects.

A new gas and condensate field was discovered on the Gydan Peninsula

SUSTAINABLE DEVELOPMENT:

- **As part of our decarbonization efforts, we obtained three licenses** in the Tyumen, Yaroslavl and Vologda Regions for exploration and assessment of suitability for underground storage of CO₂.
- Under our comprehensive plan to achieve climate and environmental targets and develop a system for multi-level **instrumented leak monitoring**, drones were used to monitor methane leaks.
- **We signed cooperation agreements** with Gazprom for sustainable development of the Russian Arctic and a memorandum of cooperation in decarbonization with Rosatom.
- In the Moscow Exchange's milestone 25th Annual Report Competition, **NOVATEK was recognized as the top performer in sustainability disclosures**.
- **NOVATEK adopted a revised Code of Business Conduct and Ethics**, which is now aligned with the most up-to-date laws and regulations as well as with the Company's commitments and practices.

3

SUBSOIL
AREA LICENCES

obtained as part of our
decarbonization efforts

SALES AND TRANSPORTATION:

- In February, Arc7 ice-class vessel AUDAX completed **a unique journey** along the Northern Sea Route after the end of the traditional navigation season to deliver a process module weighing almost 12 mt for the Arctic LNG 2 project from the port of Tianjin in China to Murmansk.
- **Record production volume at the Yamal LNG plant**. In 2022, 284 LNG cargoes (20.7 mmt) and 20 cargoes of stable gas condensate (0.8 mmt) were offloaded from the plant.
- **We signed agreements relating to small-scale LNG** with the Governments of the Moscow and Samara Regions to promote the use of natural gas as a motor fuel and to supply off-grid customers.

284

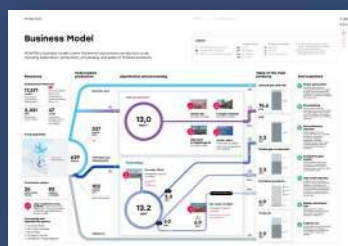
LNG
CARGOES

offloaded from the Yamal LNG plant

(02)

Strategy Review

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For more details about Business Model please see [p. 29](#)

NOVATEK has a number of key competitive advantages to successfully implement our corporate strategy: the size and structure of its hydrocarbon resource base; the close proximity of existing infrastructure to core producing fields; a well-developed customer base for natural gas sales; natural gas liquefaction capacity and LNG project execution experience; and facilities for gas condensate processing and product exports.

NOVATEK's Key projects



Yamal LNG

[p. 46](#)



Arctic LNG 2

[p. 54](#)



LNG Construction Center

[p. 52](#)



Laboratory and Research Center

[p. 42](#)

The main areas of Strategy implementation are related to the Company's priority UN Sustainable goals:



For more details about our Sustainable Development priorities see [p. 30](#)

NOVATEK at a Glance 2022

№3

Global position by proven natural gas reserves (SEC)⁽¹⁾

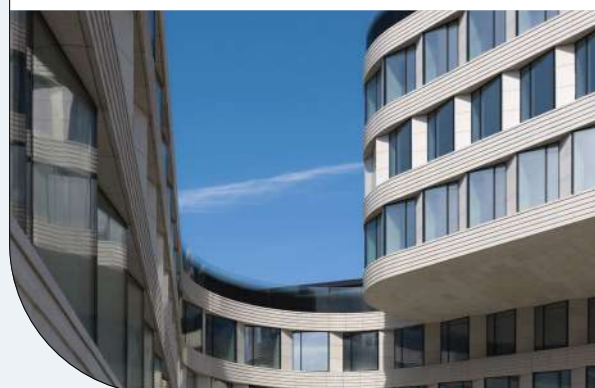
№5

Global position by natural gas production⁽¹⁾

One of the Industry lowest Finding & Development costs

NOVATEK's new office in Moscow

In 2022, the construction of a new multifunctional office complex of the Company was completed in Moscow. Our main goal was to accommodate the structural units of the Company under one roof and increase the working efficiency due to a unified comfortable office environment meeting the state-of-the-art requirements for ergonomics and design. In terms of energy efficiency, environmental friendliness and comfort, the new office complex can be classified as Class A.



⁽¹⁾ Among publicly traded companies.



Hydrocarbon Reserves

17.6
BILLION BOE

Total proved hydrocarbons reserves (SEC)

47
YEARS
proved and probable reserve to production ratio (PRMS)

282% Reserve replacement ratio

83 Fields and license areas


NOVATEK IS ONE OF THE CLEANEST PRODUCERS OF NATURAL GAS AND LNG IN THE WORLD



Hydrocarbon Production

639
MMBOE
Hydrocarbon production

84.1%
Share of gas in Company's total hydrocarbon output

 For more details about our Resource Base see [p. 34](#)

12.1% Share in natural gas production in Russia

2.8% Natural gas production increase


CONCENTRATION OF THE COMPANY'S FIELDS IN ONE PROLIFIC GAS-PRODUCING REGION



Sales

68.1
BCM
Natural gas sales in Russia

15.9
MMT
Liquid hydrocarbons sales

 For more details about NOVATEK's operations see [p. 16](#)

20.7
MMT
of LNG dispatched from Yamal LNG

284
LNG CARGOES
offloaded from Yamal LNG

SALES OF PRODUCTS TO THE DOMESTIC MARKET AND FOREIGN MARKETS



Natural Gas and LNG Market Overview

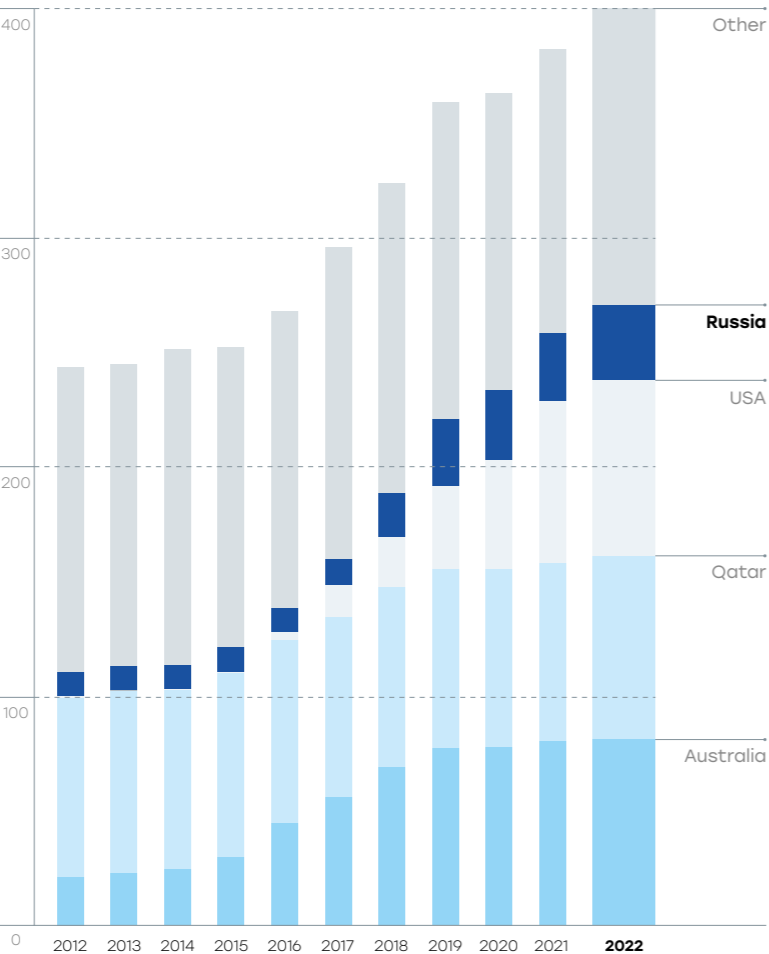
In 2022, the global LNG production increased by 6% year on year to a record high of 400 mmt, with Russia being one of the biggest contributors.

Over the year, Russia's overall LNG exports grew by 9% to 33 mmt. **Major LNG exporting countries** also increased their output, with Australia surpassing 81 mmt, and Qatar exceeding 80 mmt. Since 2010, the global LNG production is up almost 80%.

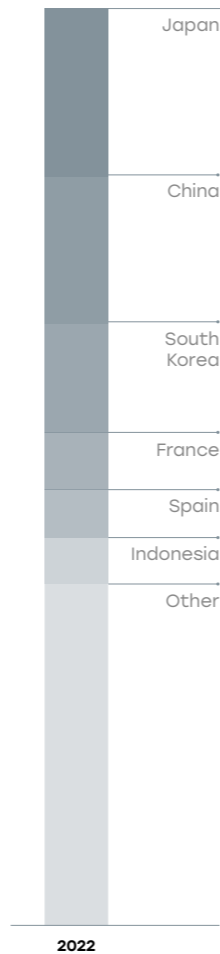
In 2022, the geopolitical situation brought about major structural changes in global natural gas market: the pipeline gas flows to Europe were down 24% from the previous year coupled with the global gas price volatility. While LNG flows to Europe increased by 70% year on year following the decrease of imports by pipeline, APAC's LNG demand shrank by 7% due to COVID-19 restrictions in China and higher LNG spot prices.

Global LNG production⁽¹⁾

mln tons



LNG importing countries



⁽¹⁾ All data in this section is based on public info as of the date of publication of this Annual Report, unless otherwise indicated.

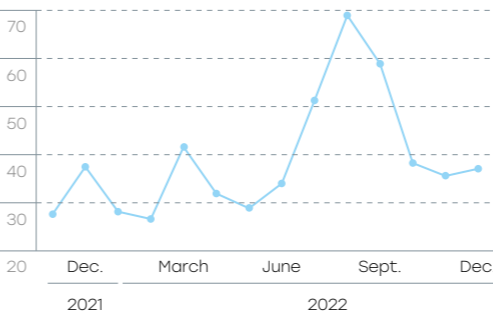
The Asia-Pacific region has historically been a premium LNG import market with higher spot LNG prices as compared to Europe. In the second half of 2022, however, the European market rose as Asia Pacific's competitor for spot LNG. For the first time ever, North-Western Europe's LNG import terminals capacity utilization was higher than 100% during 2022.

In 2022, the spot LNG prices in Europe were significantly higher than in Asia for the first time ever. The spread between the European and Asia-Pacific prices averaged 6.5 USD/mmbtu in 2022, while in 2021 the Asian prices, conversely, were at a premium of 2.4 USD/mmbtu to the European market. Natural gas prices at European hubs hit a record high in 2022, with TTF (Dutch natural gas hub) set a record of 90 USD/mmbtu in August.

At the end of the year, a high level of Europe's UGS capacities, relatively warm temperatures, and strong LNG inflow contributed towards gas price normalization both in Europe and Asia. The spread between the European and Asian prices started to narrow gradually.

Average TTF prices "month ahead"⁽¹⁾

USD/mmbtu



NOVATEK's Share

In 2022, NOVATEK's projects share in the global LNG market increased to 5.4% as our Yamal LNG and Cryogas-Vysotsk liquefaction facilities reached higher output. Yamal LNG is a top 4 plant by LNG production globally and Russia's largest LNG project.

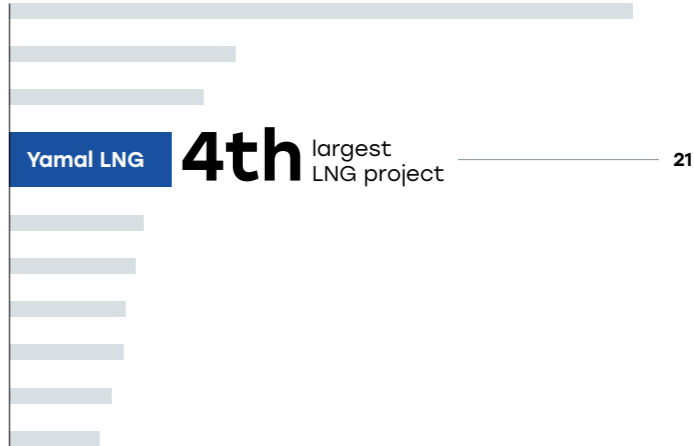
5.4%⁽¹⁾

NOVATEK's projects share in the global LNG market

For more details about the Yamal LNG project see p. 46

The world's largest LNG projects by production volume in 2022

mln tons



⁽¹⁾ Company's data.







Strategy

We adhered to our goals and objectives for the year ended 31 December 2022 as outlined in our long-term corporate strategy covering the period up to 2030 presented in 2017.



Natural gas, which is at the core of NOVATEK's business, is an important element of energy security and a pre-requisite for energy market balance across the world for decades to come.

- ①
- Our high level of operational flexibility and our consistent and efficient use of leading edge technologies in production and processing practices as well as our adherence to sound and prudent business management support our competitive position.

Resource base growth	Increase hydrocarbon production	Sustainable development ⁽¹⁾	Maintain low cost structure	Optimize marketing channels	Build low cost scalable LNG platform
STRATEGIC PRIORITIES					
<ul style="list-style-type: none">Organic resource growth from exploration and development activities on the Yamal and Gydan peninsulasStrategic acquisitions and active participation in license tenders	<ul style="list-style-type: none">Increase gas production through development of projects within the UGSS and LNG projects in the ArcticDevelopment of deeper Jurassic and Achimov layersFully utilize the processing capacity of the Ust-Luga complex	<ul style="list-style-type: none">Security and respect for human rightsReduce and prevent negative environmental impactIncrease the efficiency and rational use of natural resourcesAdaptation to climate risks	<ul style="list-style-type: none">Remain one of the lowest cost hydrocarbon producers in the global oil & gas industryOptimize the cost structure through strategic investment of capitalDevelop a low cost LNG value chain	<ul style="list-style-type: none">Maximize the use of the Northern Sea Route and develop key transshipment pointsBuild a diversified LNG trading portfolioDevelop strategic partnerships with industry partners in key markets	<ul style="list-style-type: none">Increase production through development of scalable LNG projectsDevelopment of proprietary LNG technologiesIntegrated projects for production and liquefaction of natural gas
STRATEGY IMPLEMENTATION PROGRESS FROM 2018 TO 2022					
<ul style="list-style-type: none">The increase in hydrocarbon reserves amounted to 5,463 mmbœ over five yearsThe reserves replacement ratio is 282% as of 202227 new hydrocarbon exploration and production license areas (the total number of licenses is now 83)A systematic approach to resource base development – a Laboratory and Research Center was launched within NOVATEK's Scientific and Research Center	<ul style="list-style-type: none">Commercial hydrocarbon production is carried out at 26 fields (8 fields added)Natural gas production up by 13.3 bcm (+19%)Advanced techniques are used for production (horizontal drilling).Ust-Luga capacity utilization averages 116%	<ul style="list-style-type: none">Sustainability targets were set and their contribution towards the United Nations SDGs was determinedEnvironmental and climate targets were approved and relevant action plans were developed and launchedGreater attention from the Board of Directors⁽²⁾Decarbonization techniques are being developed⁽³⁾	<ul style="list-style-type: none">Direct hydrocarbon production costs are maintained at a low level (USD 0.77 per boe in 2022)CAPEX per ton of LNG as well as construction and logistics costs were reduced by launching a facility for "mass production" of natural gas liquefaction trains on GBS	<ul style="list-style-type: none">Yamal LNG dispatched over 85 mmt of LNG, or 1,174 cargo lots, since it commenced operation in 2017The LNG shipping window along the NSR was expanded with voyages well before or well after the end of the traditional navigation seasonsThe number of LNG cargoes shipped through the NSR's Eastern route totaled 130 within five yearsTwo LNG transshipment terminals are being developed in Kamchatka Territory and the Murmansk RegionThe Company is developing the market for LNG as motor fuel through the use of its network of 13 LNG fueling stations	<ul style="list-style-type: none">Yamal LNG, the Company's first LNG project, is operating at 120% of its nameplate capacityYamal LNG's Train 4, which uses NOVATEK's patented liquefaction technology called the Arctic Cascade, proved its reliability and energy efficiency in 2022In 2022, Yamal LNG produced 21 mmt of LNG and 0.8 mmt of SGC, which is its highest technically achievable production rateThe LNG Construction Center, which commenced its operation, is a key facility for Russia's emerging LNG equipment manufacturing industryArctic LNG 2 has reached 73% completion. The first train is 95% complete
KEY RISKS					
  	    	   	    	  	  

The Company has a number of key competitive advantages to successfully implement our corporate strategy:












- size and structure of its hydrocarbon resource base;
- close proximity of existing infrastructure to core producing fields;
- a well-developed customer base for natural gas sales;
- natural gas liquefaction capacity and LNG project execution experience; and
- facilities for gas condensate processing and product exports.

Our commitment to the principles of sustainable development, social responsibility and to observing the latest environmental, health and safety standards are integral parts of NOVATEK's development strategy and managerial philosophy.

The development of a low-cost LNG platform and delivering cost-competitive LNG export sales to key consuming regions are key strategic priorities for the Company.

Another core priority is to increase production within the reach of the UGSS through sustainable and responsible development of new fields and exploration activities, targeting lower producing horizons and complimented by acquisitions meeting certain financial and operational criteria.

Key risks

-  Climate
-  Geological
-  Legislative and regulatory
-  Technological
-  Environmental
-  Vendor and contractor risks
-  Cyber risks
-  Force majeure
-  Project
-  Market
-  Political

For details on risks, see p. 114

⁽¹⁾ For more information on our Sustainable Development Priorities see p. 30.
⁽²⁾ A Subcommittee on Climate and Alternative Energy was established, more sustainability matters are now covered at Board meetings.
⁽³⁾ Energy efficiency improvement through wider use of cogeneration technology, higher APG utilization by delivering APG to trunk lines and by reinjecting it, investigation of carbon capture and storage opportunities); captive renewable power is being developed.

Business Model

NOVATEK’s business model covers the entire hydrocarbon production cycle, including exploration, production, processing, and sales of finished products.

LEGEND

Perspective LNG projects

Sales within the Russia

Sales on international markets

by rail

by pipeline

by tankers

by road

Petroleum products

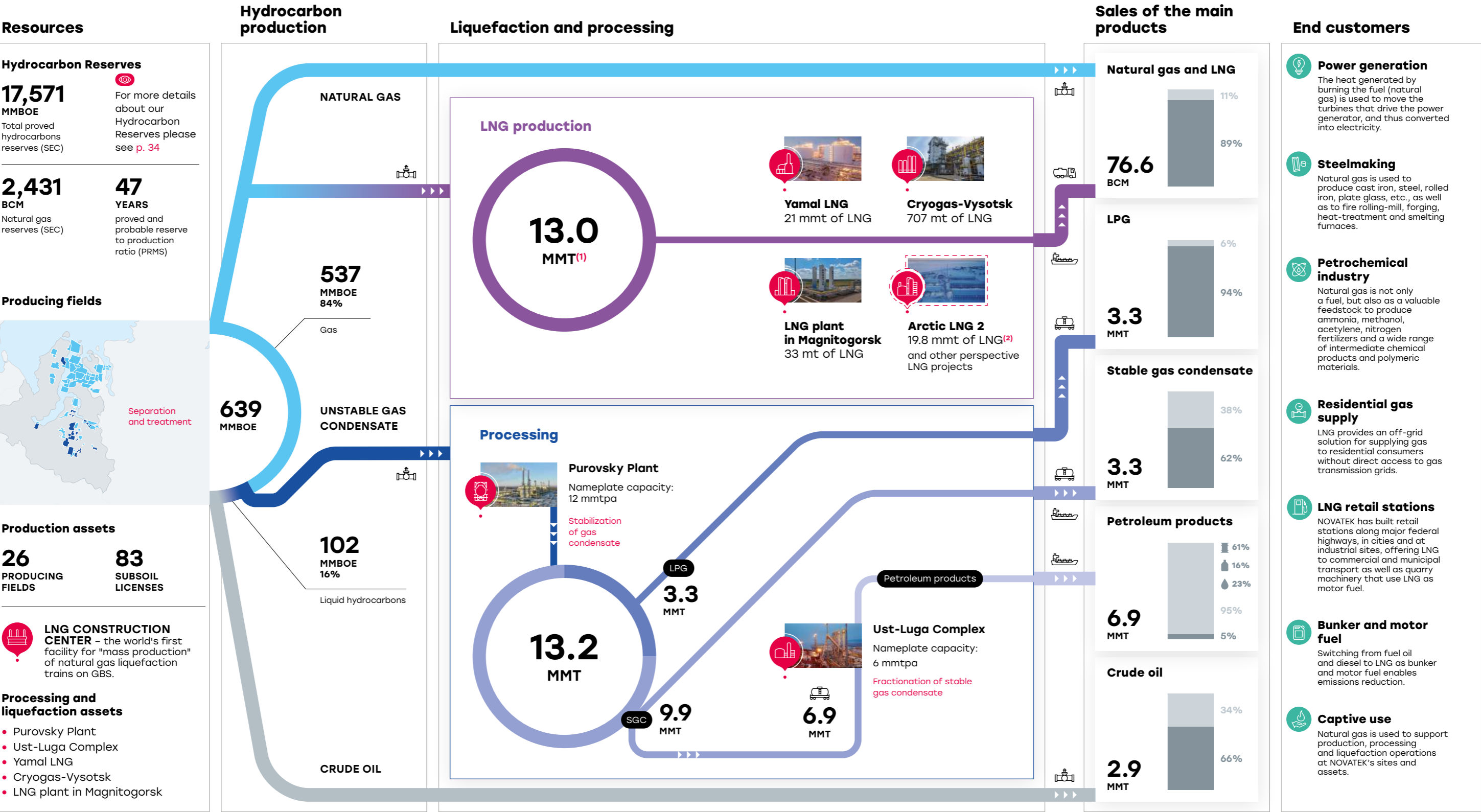
Naphtha

Jet fuel

Fuel oil and gasoil

⁽¹⁾ Including the Company’s share in JVs. LNG production of Yamal LNG is reported at 60%.




⁽²⁾ According to the Corporate Strategy presented in 2017.



Sustainable Development Priorities




CLIMATE AND ENVIRONMENTAL IMPACT MITIGATION

-  Reduce air pollutant emissions per unit of production by 20% by 2030.
-  Reduce greenhouse gas emissions.
-  Increase the share of waste directed to utilization and disposal to 90% by 2030.

Sustainability management is an integral part of NOVATEK’s corporate governance system.




Our sustainable development concept encompasses economic, environmental and social responsibility and is incorporated into our corporate strategy. We endeavor to mitigate the environmental impact as much as possible and be resource efficient.

The Board of Directors and its committees actively engage in sustainability management. At the level of the executive body, all key aspects of sustainable development are supervised by respective deputies of the Chairman of the Board. Sustainability is integrated into the Company’s top management KPIs. This makes for proper management of both strategic and operational aspects of sustainability.

 For more details about the Company's Key business risks see [p. 114](#)



ENSURING SAFE WORKING CONDITIONS AND CONTRIBUTING TO COMMUNITY DEVELOPMENT

-  Reduce LTIFR among the Company's employees by 5%.
-  Provide good education to employees.
-  Support educational institutions, and implement educational programs in the regions where the Company operates.

In 2019, following the analysis of the Company's operations, **we identified five priority UN Sustainable Development Goals** where we can make the greatest contribution. To achieve these five goals, NOVATEK has already set its own internal targets and launched the implementation of relevant action plans. More details about the Company’s contribution to the UN Sustainable Development Goals will be available in our Sustainability Report 2022.




NOVATEK uses the **Integrated Management System for Environmental Protection, Occupational Health and Safety (IMS)**, embracing environmental and climate aspects. In environmental management, the system complies with international standards ISO 14001:2015, and in industrial safety – with ISO 45001:2018.

The IMS follows the management model “Planning Implementation–Follow-Up–Acting”, which is a continuous and iterative process that allows to establish, implement and maintain the HSE Policy, with the Company’s management playing the leading role.


The IMS standardizes business processes related to health, safety, and environment in the area of planning, identification of environmental aspects, environmental risk assessment, roles and responsibilities of personnel, reporting, internal audit, etc.



CONTINUOUS IMPROVEMENT IN CORPORATE GOVERNANCE

-  Continuously improve governance practices.
-  Maintain high transparency.
-  Combat corruption in all its forms.



 Details on the progress towards our Environmental and Climate Change Targets will be presented in the [Sustainability Report 2022](#).



(03)

Review of Operating Results

- 34 Hydrocarbon Resource Base
- 36 Licenses
- 37 Hydrocarbon Reserves
- 39 Geological Exploration
- 42 Laboratory and Research Center
- 44 Field Development and Construction
- 45 Hydrocarbon Production
- 46 LNG Projects
- 58 Processing of Gas Condensate
- 60 Natural Gas Sales
- 63 Liquid Hydrocarbons Sales



In 2022, we continued active development of the Company's strategic projects, proving ourselves to the global community as a responsible and reliable business partner, employer, and supplier.

2,431
BCM

Natural gas reserves (SEC)

639
MMBOE

Hydrocarbon production

76.6
BCM

Total natural gas sales

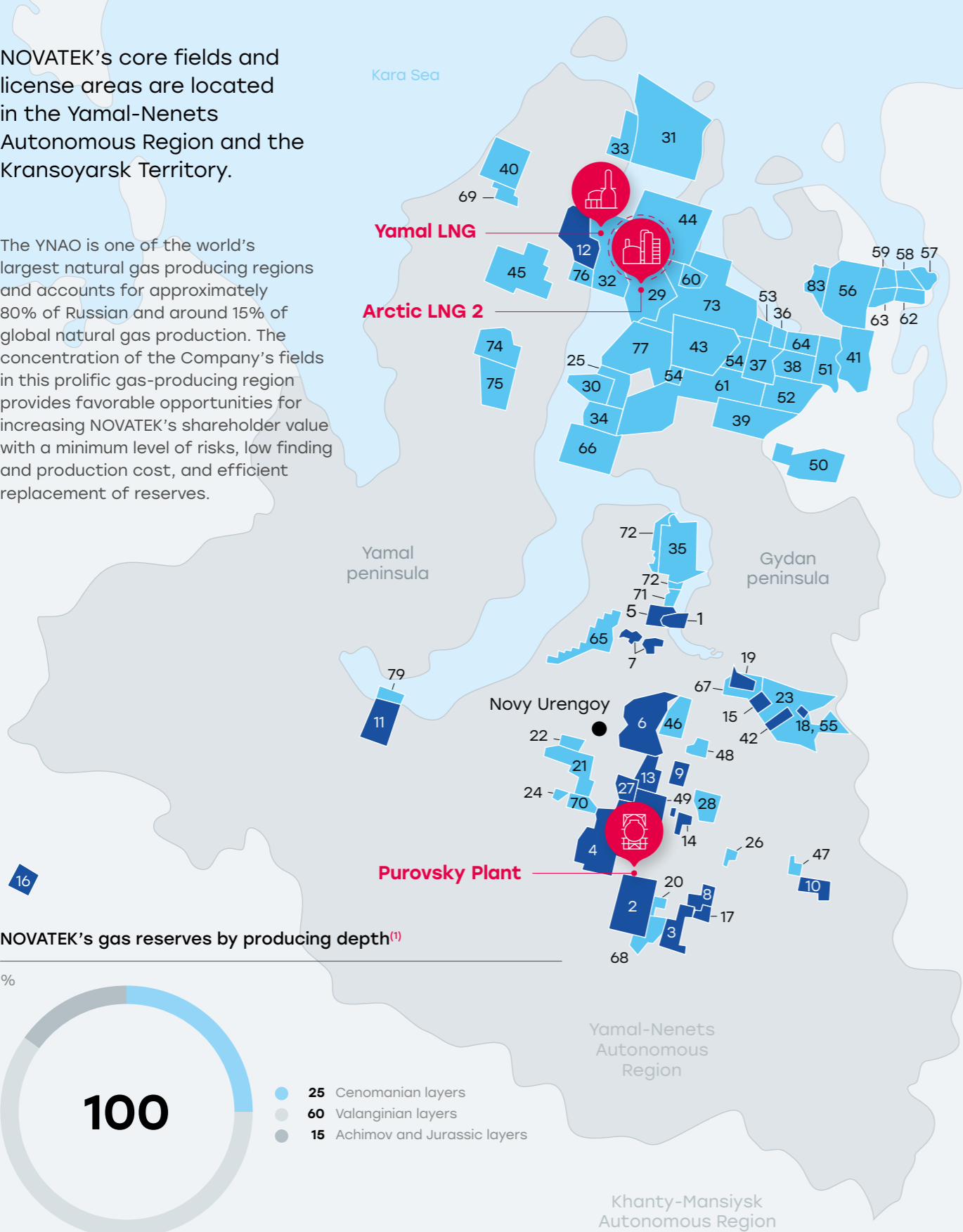


For more details about
Hydrocarbon Reserves see [p. 37](#)

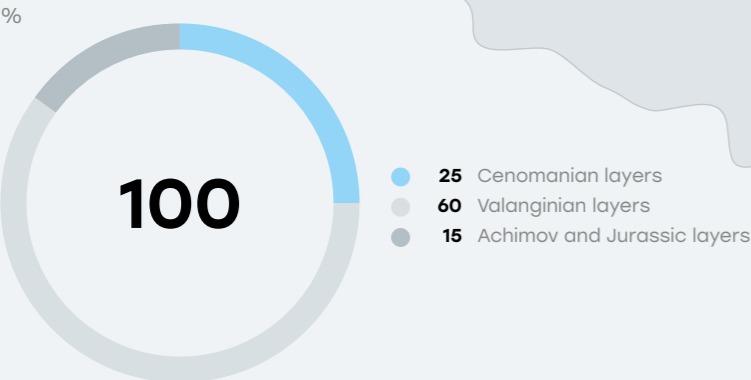
Hydrocarbon Resource Base

NOVATEK’s core fields and license areas are located in the Yamal-Nenets Autonomous Region and the Krasnoyarsk Territory.

The YNAO is one of the world’s largest natural gas producing regions and accounts for approximately 80% of Russian and around 15% of global natural gas production. The concentration of the Company’s fields in this prolific gas-producing region provides favorable opportunities for increasing NOVATEK’s shareholder value with a minimum level of risks, low finding and production cost, and efficient replacement of reserves.



NOVATEK’s gas reserves by producing depth⁽¹⁾



⁽¹⁾ Including NOVATEK’s proportionate share in joint ventures as of 31 December 2022.

Krasnoyarsk Territory

83

Fields and license areas

17.6

BLN BOE
Total proved hydrocarbons reserves (SEC)



CENOMANIAN LAYERS

1,000_M

"Dry" gas not containing liquid hydrocarbons



VALANGINIAN LAYERS

1,700_M

Gas containing liquid hydrocarbons – "wet" gas



ACHIMOV LAYERS

3,200_M

"Wet" gas with high share of liquid hydrocarbons. The layers have low permeability and require special development techniques



JURASSIC LAYERS

"Wet" gas with the highest share of liquid hydrocarbons. The deposits are characterized with complex geology and difficult drilling conditions due to abnormally high formation pressure

PRODUCING FIELDS AND LICENSE AREAS

- | | |
|---|---------------------------------------|
| 1. Yurkharovskoye field | 12. South-Tambeyskoye field |
| 2. East-Tarkosalinskoye field | 13. West-Yaroyakhinskiy LA |
| 3. Khancheyevskoye field | 14. Beregovoy LA |
| 4. Olimpiyskiy LA | 15. North-Russkoye field |
| 5. West-Yurkharovskoye field | 16. Syskonsynynskiy LA ⁽¹⁾ |
| 6. Samburgskiy LA | 17. South-Khadyryakhinskoye field |
| 7. North-Urengoyevskoye field | 18. Dorogovskoye field |
| 8. North-Khancheyevskoye and Khadyryakhinskoye fields | 19. East-Tazovskoye field |
| 9. Yaro-Yakhinskiy LA | 27. Yevo-Yakhinskoye field |
| 10. Termokarstovoye field | 42. Kharbeyskoye field |
| 11. Yardeyskoye field | 49. Ust-Yamsoveyskiy LA |

PROSPECTIVE FIELDS AND LICENSE AREAS

- | | |
|--|---|
| 20. Yumantilskiy LA | 53. Ladertoyskiy 1 LA |
| 21. West-Urengoiyskiy LA | 54. Gydanskiy 1 LA |
| 22. North-Yubileynoye field | 55. Dorogovskiy 1 LA |
| 23. North-Russkiy LA | 56. South-Leskinskiy LA |
| 24. Ukrainsko-Yubileynoye field | 57. Dorofeevskiy LA |
| 25. Geofizicheskoye 1 LA | 58. West-Dorofeevskiy LA |
| 26. West-Chaselskoye field | 59. Khalmeriakhskiy LA |
| 28. North-Chaselskiy LA | 60. Shtormovoy 1 LA |
| 29. Utrenneye field | 61. Soletsko-Khanaveyskoye fields |
| 30. Geofizicheskoye LA | 62. South-Dorofeevskiy LA |
| 31. North-Obskiy LA | 63. South-Khalmeriakhskiy LA |
| 32. East-Tambeyskiy LA | 64. East-Ladertoyskiy LA |
| 33. North-Tasiyskiy LA | 65. South-Yamburgskiy LA |
| 34. Trekhubugorni LA | 66. Bukharinskiy LA |
| 35. Nyakhartinskiy LA | 67. East-Tazovskiy 1 LA |
| 36. Ladertoyskiy LA | 68. East-Tarkosalinskiy 1 LA |
| 37. Nyavuyahskiy LA | 69. Syadorskiy 1 LA |
| 38. West-Solpatinskiy LA | 70. West-Urengoiyskiy 1 LA |
| 39. North-Tanamskiy LA | 71. West-Yurkharovskiy LA |
| 40. Syadorskiy LA | 72. Nyakhartinskiy 1 LA |
| 41. Tanamskiy LA | 73. North-Gydanskiy LA |
| 43. Gydanskiy LA | 74. Neytinskoye field |
| 44. Shtormovoy LA | 75. Arkticheskoye field |
| 45. Verhnetiuteyskiy+ West-Seyakhinskiy LA | 76. Obskiy LA |
| 46. Osenniy LA | 77. Tadebyayakhinskiy LA |
| 47. Chernichnoye field | 78. North-Vrangelevskiy LA ⁽²⁾ |
| 48. Raduzhnoye field | 79. North-Yardeyskiy LA |
| 50. Payutskiy LA | 80. Vologodskiy 2 LA ⁽³⁾ |
| 51. Central-Nadoyakhskiy LA | 81. Vologodskiy 3 LA ⁽⁴⁾ |
| 52. Palkurtoyskiy LA | 82. Abalakskiy LA ⁽⁵⁾ |
| | 83. Yeniseyskiy LA |

⁽¹⁾ Located in the KMAO-Yugra.

⁽²⁾ Located in the eastern part of the East Siberian Sea and the western part of the Chukchi Sea.

⁽³⁾ Located in the Yaroslavl Region.

⁽⁴⁾ Located in the Vologda Region.

⁽⁵⁾ Located in the Tyumen Region.

Licenses

NOVATEK's core fields and license areas are located in the Yamal-Nenets Autonomous Region and in the Kransoyarsk Territory. In 2022, we obtained new licenses in the Yamal-Nenets Autonomous Region (YNAO) and in the Kransoyarsk Territory where the Company operates, in close proximity to existing licenses.

The YNAO is one of the world's largest natural gas producing regions. It accounts for approximately 80% of Russian natural gas production and around 15% of global natural gas production. The concentration of the Company's fields in this prolific gas-producing region provides favorable opportunities for increasing NOVATEK's shareholder value with a minimum level of risks, low finding and production cost, and efficient replacement of reserves.



With more than 25 years of operational experience in the region, NOVATEK is in a good position to efficiently monetize its resource base.

Exploration and production of natural resources in Russia is subject to federal licensing regulations.

The Company holds long-term licenses for its core fields. There is a standard practice of license extension based on design documents to reflect the time it would take to develop the respective field.

In the reporting year, NOVATEK added several major licenses to its portfolio:

- following the results of auctions, NOVATEK was awarded two new exploration and production licenses for the North-Yarudeyskiy and Yeniseyskiy subsoil areas;
- within the decarbonization program, three licenses were secured for geological study and assessment of the suitability of Abalakskiy (Tyumen Region), Vologodskiy 2 (Yaroslavl Region) and Vologodskiy 3 (Vologda Region) subsoil areas for the further construction and operation of underground facilities not related to hydrocarbon production.

The Company boasts a vast resource base in the YNAO. With these new licenses, NOVATEK will be able to further expand its resource base to provide feedstock to its LNG projects as well as to maintain a stable production level at its existing fields.

NOVATEK strives to strictly observe all of its license obligations and conducts continuous monitoring of license tenders in order to expand its resource base in strategically important regions.

83

SUBSOIL LICENSES

NOVATEK's subsidiaries and joint ventures held a total 83 subsoil licenses for areas within Russia⁽¹⁾

⁽¹⁾ As of 31 December 2022.

Hydrocarbon Reserves

Most of the Company's reserves are located, or can be developed from, onshore and fall into the conventional hydrocarbon categories (capable of being exploited using conventional technologies, in contrast to unconventional gas deposits such as shale gas or coal-bed methane).



The Company's reserves are estimated on an annual basis under both SEC and PRMS reserves reporting standards.

As of 31 December 2022, NOVATEK's SEC proved reserves⁽¹⁾, aggregated 17,571 mmboe, including 2,431 bcm of natural gas and 194 mmt of liquid hydrocarbons. Total proved reserves increased by 7.1% as compared to year-end 2021, representing a reserve replacement ratio of 282% for the year. At year-end 2022, the Company's SEC proved reserves life was 28 years.

282%

Reserve replacement ratio

As of 31 December 2022, the Company's PRMS proved and probable reserves⁽¹⁾, aggregated 29,726 mmboe, including 4,069 bcm of natural gas and 359 mmt of liquid hydrocarbons, with a reserves-to-production ratio of 47 years.

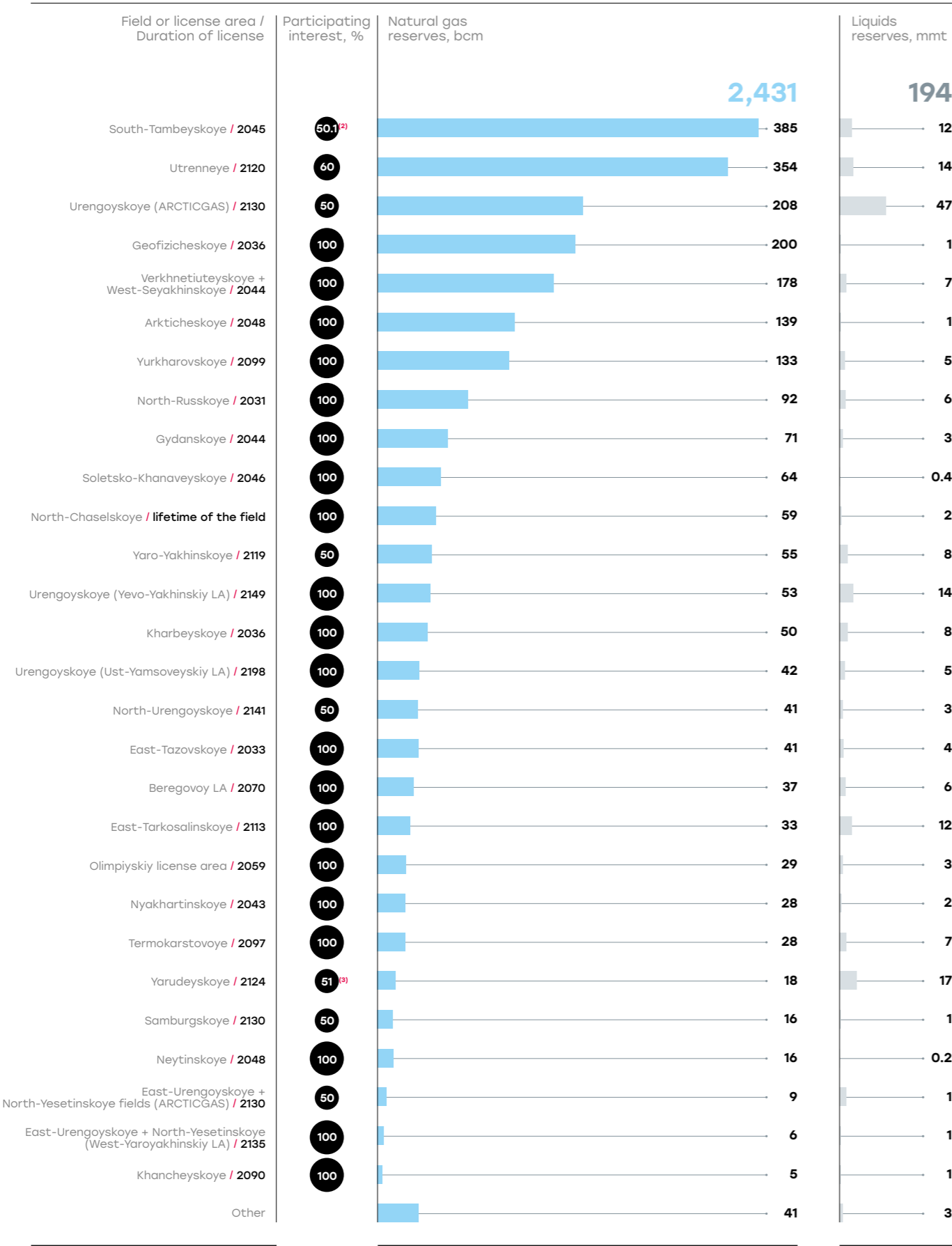
The 2022 reserves growth was driven by the successful exploration at the Gydanskoye, South-Tambeyskoye, Verkhnetiuteyskoye, and the North-Chaselskoye fields, the production drilling at the Utrenneye, South-Tambeyskoye, North-Russkoye fields and the Urengoyskoye field within the Samburgskiy, Yevo-Yakhinskiy, Ust-Yamsoveyskiy, and Olimpiyskiy license areas, acquisition of new licenses in auctions (the Arkticheskoye and Neytinskoye fields), and an increase of the ownership stake in Terneftegas to 100%.

The high quality of the reserve base enables NOVATEK to maintain its position as one of the lowest cost producers in the global oil and gas industry.



⁽¹⁾ Including the Company's proportionate share in joint ventures.

SEC proved reserves as of 31 December 2022 and duration of licenses⁽¹⁾



⁽¹⁾ Based on the Company's equity ownership interest in joint ventures.
⁽²⁾ 59.97% of reserves.
⁽³⁾ 100% of reserves.

Geological Exploration

NOVATEK takes a systematic and comprehensive approach to developing hydrocarbon resources, from selecting methodologies for seismic surveys and well tests to generating rationales for the most appropriate field development system and actioning them.

To achieve better efficiency in its activities, the Company applies state-of-the-art technology and leverages the experience and expertise of its geological teams. We employ modern techniques for drilling and completion, geophysical logging and data processing and interpretation from as early as the prospecting stage.

In 2022, NOVATEK conducted the bulk of its geological exploration on the Yamal and Gydan peninsulas to ensure the resource base could be quickly and efficiently prepared for future LNG projects.

On the back of a comprehensive campaign of seismic surveys, prospecting and appraisal drilling, we expended the deposits area, and the PRMS proved and probable Jurassic reserves at the South-Tambeyskoye field increased by 186 mmboe⁽¹⁾ to 607 mmboe. By exploring Jurassic deposits and bringing Jurassic wells onstream, the South-Tambeyskoye field's resource base and production plateau could be further extended. Pilot production of these Jurassic deposits is underway. As part of our efforts to determine the production prospects of these Jurassic deposits, five production wells were drilled, with tests demonstrating producibility at four of the wells. With an initial yield between 369 and 1,166 mcmpd, these wells also proved to be commercially viable.

The Utrenneye field's SEC proved reserves grew by 357 mmboe to 590 bcm of natural gas and 23 mmt of condensate, while its PRMS proved and probable reserves estimates currently stand at 1,457 bcm of gas and 89 mmt of condensate.

The Company's scientific and research center in Tyumen is the focal point for analyzing and compiling data and building forecasts.

The Laboratory and Research Center – tasked with testing and studying core plugs, fluid samples, drilling muds, frac fluids, proppants, and the thermal and physical properties of permafrost – was inaugurated in May 2022 to enable even better research.

For more details about NOVATEK's Laboratory and Research Center please see p. 42



The Company aims to expand its resource base by conducting geological exploration at fields and license areas not only in close proximity to existing transportation and production infrastructure, but also in new and promising hydrocarbon areas. With this approach, we are able to carry out prospecting, exploration and production of hydrocarbons in a cost-effective and environmentally prudent manner.

⁽¹⁾ Including 2022's production



A large-scale exploration campaign is underway at the Arctic LNG 1 fields. In 2022, all the preparations to develop the Geofizicheskoye field’s Cretaceous deposits were completed, and a necessary field development plan was produced. Further reserve maturation efforts were made at the Gydanskoye field, the Viktor Giryа gas condensate field and the Soletsko-Khanaveyskoye fields. Six prospecting and exploration wells underwent testing to validate the productivity of the Cretaceous deposits. The Gydanskoye field’s Achimov deposits were demonstrated to be commercially viable, with yields up to 230 mcmppd. The Company drilled an exploration well with horizontal completion targeting the Achimov deposits. Well tests are scheduled to be completed in 2023. 3D seismic surveys at the Gydanskiy and the North-Gydanskiy license areas covered 2,600 square km. Arctic LNG 1’s SEC proved reserves now total 2,237 mmboe, while its PRMS proved and probable reserves stand at 4,236 mmboe.

The Cretaceous reserves were matured at the Verkhnetiuteyskoye and West-Seyakhinskoye fields. This helped demonstrate the productivity of the Aptian-Albian and Neocomian deposits and acquire data on fluid composition. Development plans for the fields were produced. A prospecting well was drilled and tested at the Verkhnetiuteyskoye field, demonstrating its Jurassic deposits are highly productive. During the test, yields of up to 1,156 mcmppd were achieved, with a condensate content of up to 300 g/cm. The Verkhnetiuteyskoye field’s SEC proved reserves currently total 449 mmboe, while its PRMS proved and probable reserves stand at 525 mmboe. As part of resource base maturation

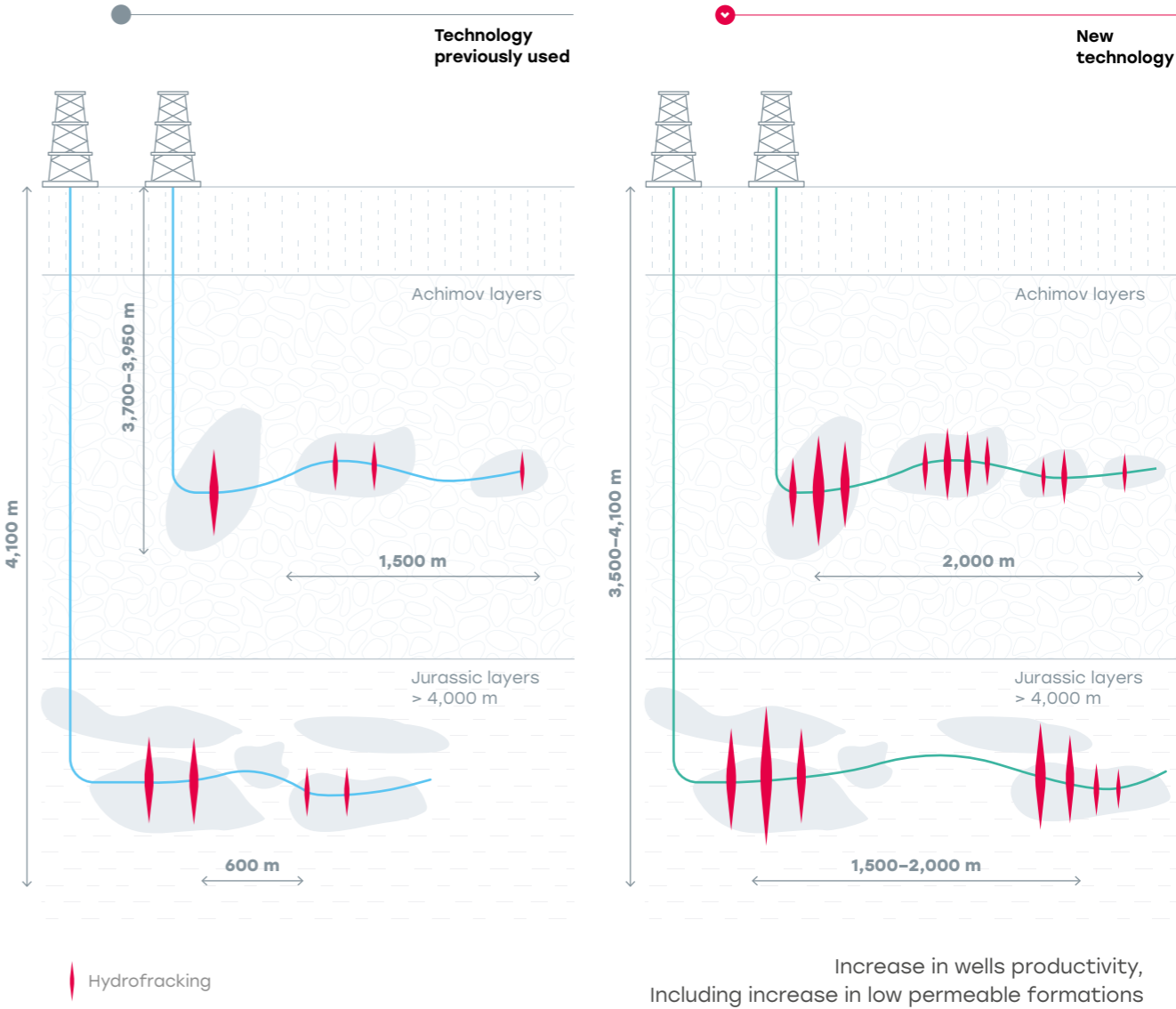
efforts on the Yamal Peninsula, a high-density 3D seismic survey covering 1,255 square km was completed at the Arkticheskoye and Neytinskoye fields. Preparation is now ongoing for exploration drilling.

In order to maintain pipeline gas production levels and the volumes sent to the Purovsky Plant, we continued geological exploration at the Nadym-Pur-Taz region’s fields and license areas.

Efforts are underway to further explore and launch production from the Urengoyetskoye field’s Achimov reservoirs. Exploration showed the Urengoyetskoye field’s SEC proved Achimov reserves grew by 265 mmboe (including 2022’s production) to 3,920 mmboe.

With reserves maturation now complete at the North-Chaselskoye field, its PRMS proved and probable reserves reached 546 mmboe, and a field development plan was prepared. Reserves at the Nyakhartinskoye field were also matured, pushing its PRMS proved and probable reserves to 306 mmboe.

Technologies to develop deep layers



Geological Exploration

	2021	2022	Change, %
2D seismic, linear km	2,090	0	n/a
Subsidiaries, linear km	275	0	n/a
Joint ventures, linear km	1,815	0	n/a
3D seismic, square km	3,996	4,908	23
Subsidiaries, square km	2,232	4,763	113
Joint ventures, square km	1,764	145	(92)
Exploration drilling, th m	61.6	23.2	(62)
Subsidiaries, th m	40.7	8.6	(79)
Joint ventures, th m	20.9	14.6	(30)

Laboratory and Research Center

The launched in 2022 new laboratory center empowers NOVATEK to carry out a broad scope of studies in-house at our Scientific and Technical Center in Tyumen. It would also significantly contribute to the research and technical capabilities of Russia’s oil and gas industry, improve the economic efficiency, speed and quality of studies performed.



Press release about the Center's inauguration is published on our website www.novatek.ru/en/

130
NEW JOBS
were created in the Center

38
YEARS
average age of the professional team



▲ KEY INDICATORS OF THE CENTER

Its size and functionalities make the Center one of the leading research institutions both nationally and globally.

8
HA
land area of the Center

>13
THOUSAND SQ. M
area of all premises

>200
PIECES
of world-class testing equipment

Encompassing several laboratories, the site unlocks unparalleled research and development using cross-disciplinary studies of core plugs, fluid samples, materials, and substances.

The reservoirs found at NOVATEK Group’s fields have low permeability, overpressure, and formation fluids with a unique physical and chemical composition.

Developing these reservoirs thus calls for not only high-performance equipment and upstream technology, but also advanced methodologies for acquiring the underlying geophysical data.

In 2019, NOVATEK decided to establish an in-house unit for conducting experiments. This led to the May 2022 inauguration of NOVATEK’s Laboratory and Research Center (the “Center”) in Tyumen, which significantly expands the Company’s scientific and technical capabilities.

Having in-house capacity to experiment paves the way for developing new study methodologies and creating intellectual property.

Our own in-house laboratory center will unlock faster access to better quality input data for the geological structure of natural reservoirs. Studies of core plugs and fluid samples are essential to precisely estimating reserves, forecasting production, and selecting technology that will ensure the most suitable production processes.

The cutting-edge center comprises laboratories for:

- conducting comprehensive studies of core samples, fluids, drilling muds and cement slurry, hydraulic fracturing fluids and proppants, and permafrost.
- studies of operational reliability of oil and gas field facilities; and
- environmental monitoring.

▲ The Center’s capabilities enable the analysis of thermodynamic, physical and chemical properties of a wide range of formation fluids, from dry gas to heavy high-viscosity oil and near-critical fluids.

Apart from the laboratories, the facility has a warehouse for storing core plugs and lab samples. **Storing core plugs** for the long term is crucial for keeping the window open for future core studies. The facility can accommodate 150 linear km of full-size core plugs, which means it can support NOVATEK’s geological exploration efforts for over 20 years.

NOVATEK’s Laboratory and Research Center boasts more than 200 pieces of world-class testing equipment. When coupled with auxiliary equipment, this figure rises to over one thousand. The equipment enables tests and studies at above 700 bar and at over 150 degrees Celsius.

Certain items of equipment are unique in Russia, with individual units manufactured exclusively for us.

The Center also has **a unique research and development testing ground** for studying the efficiency and real-life performance of soil thermostabilizers under actual site conditions. Five boreholes, 60 cm in diameter and 16 m deep, are leveraged to compare insulation methods used to ensure the stability of wellheads and foundations.



Field Development and Construction

In 2022, NOVATEK continued to develop producing and prospective fields as well as to build field infrastructure.

In the reporting year, the Company's subsidiaries invested

**RR 82.9
BILLION**

in resource base development

In 2022, production drilling⁽¹⁾ totaled 622,000 m, representing a 14% decrease year on year. Production drilling was conducted at the Beregovoye, East-Tazovskoye, Samburgskoye, North-Russkoye, North-Urengoyenskoye, Urengoyenskoye (including the Olimpiyskiy, Yevo-Yakhinskiy and Ust-Yamsoveyskiy license areas), Utrenneye, Kharbeyenskoye, South-Tambeyskoye, Yurkharovskoye, and Yarudeyskoye fields.

A total of 109 wells were put on stream, including 100 gas and gas condensate wells and nine crude oil wells.

Under the program to promote LNG as a motor fuel within the Russian Federation, construction was launched to develop integrated liquefaction facilities within the special economic zones in Togliatti and Kashira.

A new office building was constructed in Moscow. Construction is ongoing under NOVATEK Scientific and Technical Center's new office building development project in Tyumen.

In 2022, an integrated gas treatment facility started operation at the Yevo-Yakhinskoye field. A methanol recovery unit, a gas treatment unit with gas coolers, and a 24-MW power plant (4 x 6 MW power generators) were commissioned under the integrated gas treatment facility development project at the Kharbeyenskoye field.



When constructing Jurassic wells at the South-Tambeyskoye field, seven thousand tons of proppant were injected in one well under a massive 20-stage frac job for the first time ever in Russia.

⁽¹⁾ Including joint ventures.

Hydrocarbon Production

In 2022, NOVATEK carried out commercial hydrocarbon production at 26 fields. The Company's production⁽¹⁾ amounted to 638.7 mmboe, up 2.0% versus 2021. The key contributor to the production increase was the launch of new production capacities (at the Kharbeyenskoye field of the North-Russkiy cluster in 4Q 2021 and fields of the Yevo-Yakhinskiy block in 2Q 2022), as well as the launch of the 4th train at the Yamal LNG plant in 2Q 2021 and achieving higher productivity of the first three liquefaction trains.

The production decline at mature fields of our subsidiaries and joint ventures was mainly due to a natural drop in formation pressure within the current gas producing horizons.

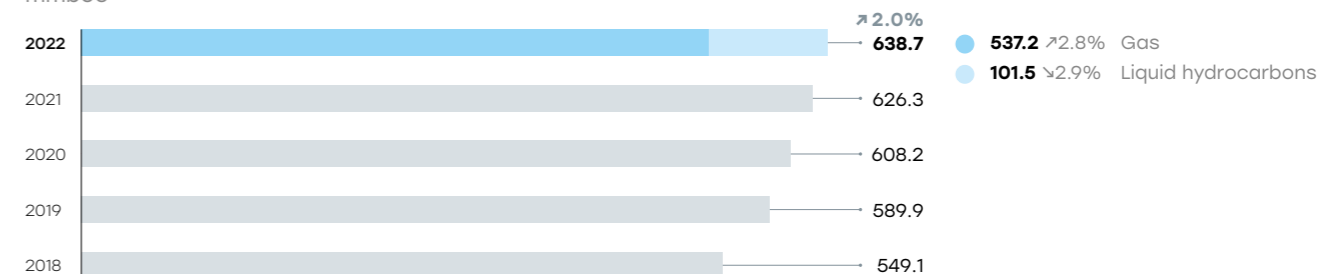
Total natural gas production including the Company's share in production of joint ventures aggregated 82.14 bcm, representing 84.1% of our total hydrocarbon output. The share of gas produced from gas condensate bearing layers (or "wet gas") in proportion to total gas production was 83.8%. Production of natural gas increased by 2.8%, as compared to 2021 volumes.

Production of liquid hydrocarbons including the Company's share in production of joint ventures totaled 11,943 mmt. Marketable production of liquid hydrocarbons decreased by 2.9%, as compared to 2021.

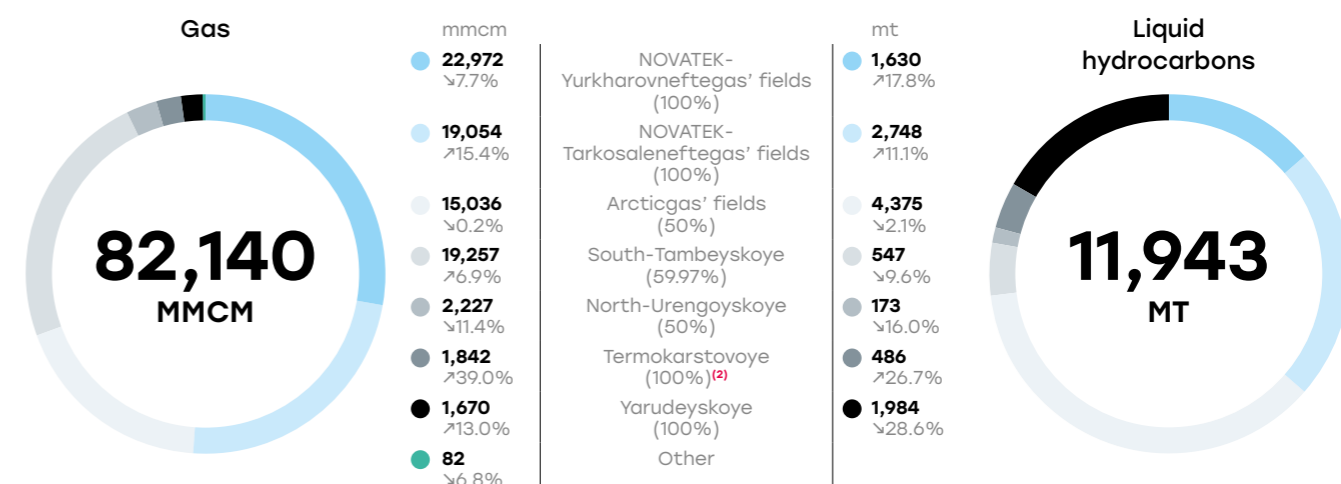
In 2022, we continued to achieve some of the lowest lifting costs in the industry⁽¹⁾. The Company's lifting costs were RR 52.8 (USD 0.77) per boe this year.

Hydrocarbon production⁽¹⁾

mmboe



Hydrocarbon production breakdown in 2022⁽¹⁾



⁽¹⁾ Including the share in production by joint ventures.

⁽²⁾ In September 2022, NOVATEK increased its ownership stake in ZAO Terneftegaz, from 51% to 100%, and began to consolidate this company as a subsidiary.

LNG Projects

Yamal LNG

Yamal LNG is NOVATEK’s first large-scale LNG project, a top 4 plant by LNG production globally and Russia’s largest LNG project.



▲ PROVED RESERVES OF THE FIELD (SEC)⁽¹⁾

For more details about the Project please see yamallng.ru/en/

643
BCM
of gas

20
MMT
of liquid hydrocarbons



▲ PLANT PERFORMANCE IN 2022

In 2022, the plant showed its highest technically achievable production rate.

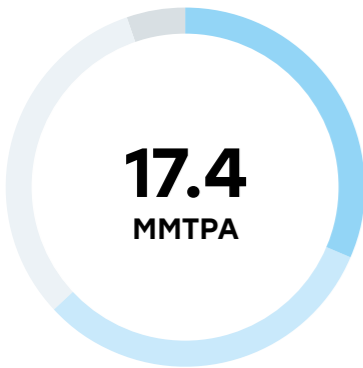
120%
utilization rate of the nameplate capacity

21
MMT
LNG produced

0.8
MMT
SGC produced

Nameplate capacity of the LNG plant

mmtpa



Production trains

- 5.5 Train 1
- 5.5 Train 2
- 5.5 Train 3
- 0.9 Train 4

The project relies on resources of the South-Tambeyskoye field, which is located at the North-East of the Yamal Peninsula.

The field is being developed using horizontal wells with drilled lengths of up to five thousand meters and horizontal sections of up to 1.5 thousand meters.

The nameplate capacity of the LNG plant is 17.4 mmtpa (with three 5.5 mmtpa trains and a 0.9 mmtpa train). Three trains totaling 16.5 mmtpa were commissioned ahead of the schedule and on budget, which is an outstanding achievement in the global oil and gas industry.

The fourth train designed to produce 0.9 mmtpa commenced operation in 2021. This train uses NOVATEK’s patented liquefaction process called Arctic Cascade, and its main equipment was manufactured in Russia. The Arctic Cascade process offers high energy efficiency assisted by the cold climate of the Far North. In 2022, the fourth train showed stable operation in line with its at design parameters.

For more details about NOVATEK’s Arctic Cascade technology please see p. 48

⁽¹⁾ Proved reserves of the South-Tambeyskoye field (SEC).

The first three trains’ actual availability of 99.5% in 2022 is one of the best performances in the industry.



Fifteen UNIQUE ARC7 ICE-CLASS LNG CARRIERS

were designed and built specifically for the Yamal LNG project.

These vessels are capable of trading along the Northern Sea Route (NSR) without icebreaker assistance.

Since the project launch in 2017, over 85 mmt of LNG or 1,174 tankers were dispatched.

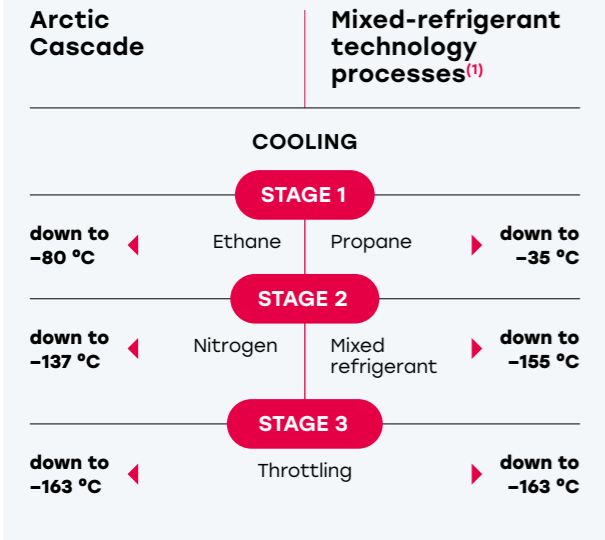
In 2022, fifteen (15) ship-to-ship LNG transshipment operations were completed in the Kildin Strait of the Barents Sea in the Russian Federation.

Arctic Cascade

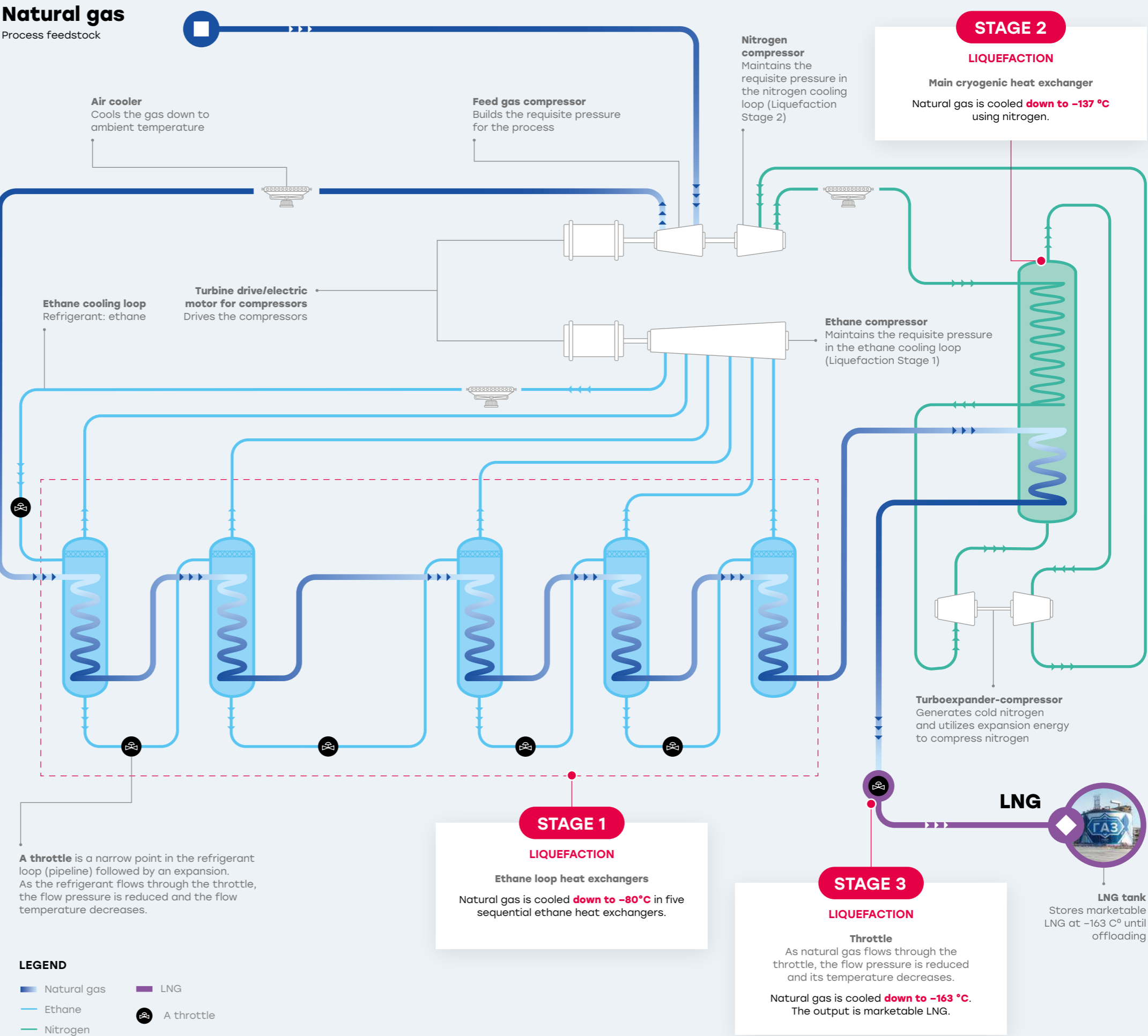
NOVATEK has developed and patented a natural gas liquefaction technology tailored for Arctic conditions that enables high performance while driving down energy consumption and capital expenditures.

What makes the Arctic Cascade technology stand out from the most widely-used liquefaction processes:

- better performance achieved by leveraging the Arctic climate (low ambient temperatures);
- a simpler design of heat exchangers and compressors enabled by the use of single-component refrigerants (ethane and nitrogen);
- Russian manufacturers and design institutes are familiar with the technology.



⁽¹⁾ Nitrogen, methane, ethane, propane.



Cryogas-Vysotsk

Cryogas-Vysotsk is our first medium-scale LNG project. The project targets small- and medium-scale LNG deliveries in LNG trucks and gas carriers.



One of our LNG strategic initiatives is to develop small- to medium-scale projects.



▲ NAMEPLATE CAPACITY OF THE LNG PLANT

660
MT OF LNG P/A

For more details about the Project please see novatek.ru



▲ PLANT PERFORMANCE IN 2022

707
MT
LNG produced

107%
utilization rate of the nameplate capacity

Cryogas-Vysotsk demonstrated strong operating performance.

▲
The Cryogas-Vysotsk project company is owned by NOVATEK (51%) and Gazprombank (49%).

We see vast prospects in using LNG as marine fuel and motor fuel to substitute for fuel oil and diesel, thus contributing to curbing emissions and improving the environment.

The plant with a nameplate capacity of 660 mt of LNG per annum located in the North-West of Russia near the Gulf of Finland, 140 km away from St. Petersburg, comprises two 330 mtpa liquefaction trains. The project's infrastructure includes a jetty that can handle 30 mcm LNG carriers and bunkering vessels, and a truck loading bay. Commercial LNG loadings started in 2019.

The project's infrastructure includes:

- a jetty that can handle 30 mcm LNG carriers and bunkering vessels; and
- a truck loading bay.

In order to increase its design capacity from the current 660 mt to 820 mt of LNG per year, **we began the construction of a booster compressor station** with a capacity of 2.5 MW. At the end of 2022, working documentation was being developed, orders for basic equipment were placed. In 2022, construction of the second LNG truck loading bay for road transport at the Cryogas-Vysotsk LNG plant began.

Since the commencement of operation in 2019, the project has shipped a total of 2.34 mmt of LNG, with 446 LNG tankers and over 6.3 thousand trucks loaded. 120 tankers and around 3.1 thousand trucks were loaded in 2022 to deliver a total of 682 mt of LNG.

As part of NOVATEK's LNG supplies to the Group's fueling stations as well as to wholesale consumers in the Murmansk Region and bus lines in St. Petersburg, around 2.1 thousand truckloads were delivered to the domestic market.

▲
120 tankers and around 3.1 thousand trucks were loaded in 2022 to deliver a total of 682 mt of LNG.



Since 2022, Cryogas-Vysotsk has been using green electricity for its operations, which is produced at wind farms located within the Russian Federation. The purchase of green electricity allows NOVATEK to reduce its carbon footprint of LNG produced at the plant (Scope 2).

LNG Construction Center

The world's first facility for "mass production" of natural gas liquefaction trains on gravity-based structures (GBS).

PERSPECTIVE LNG PROJECTS

ARCTIC LNG 2

Arctic LNG 2 Project

NOVATEK's second large-scale LNG project involves the construction of three natural gas liquefaction trains.

19.8

MMTPA
Nameplate capacity of the LNG plant

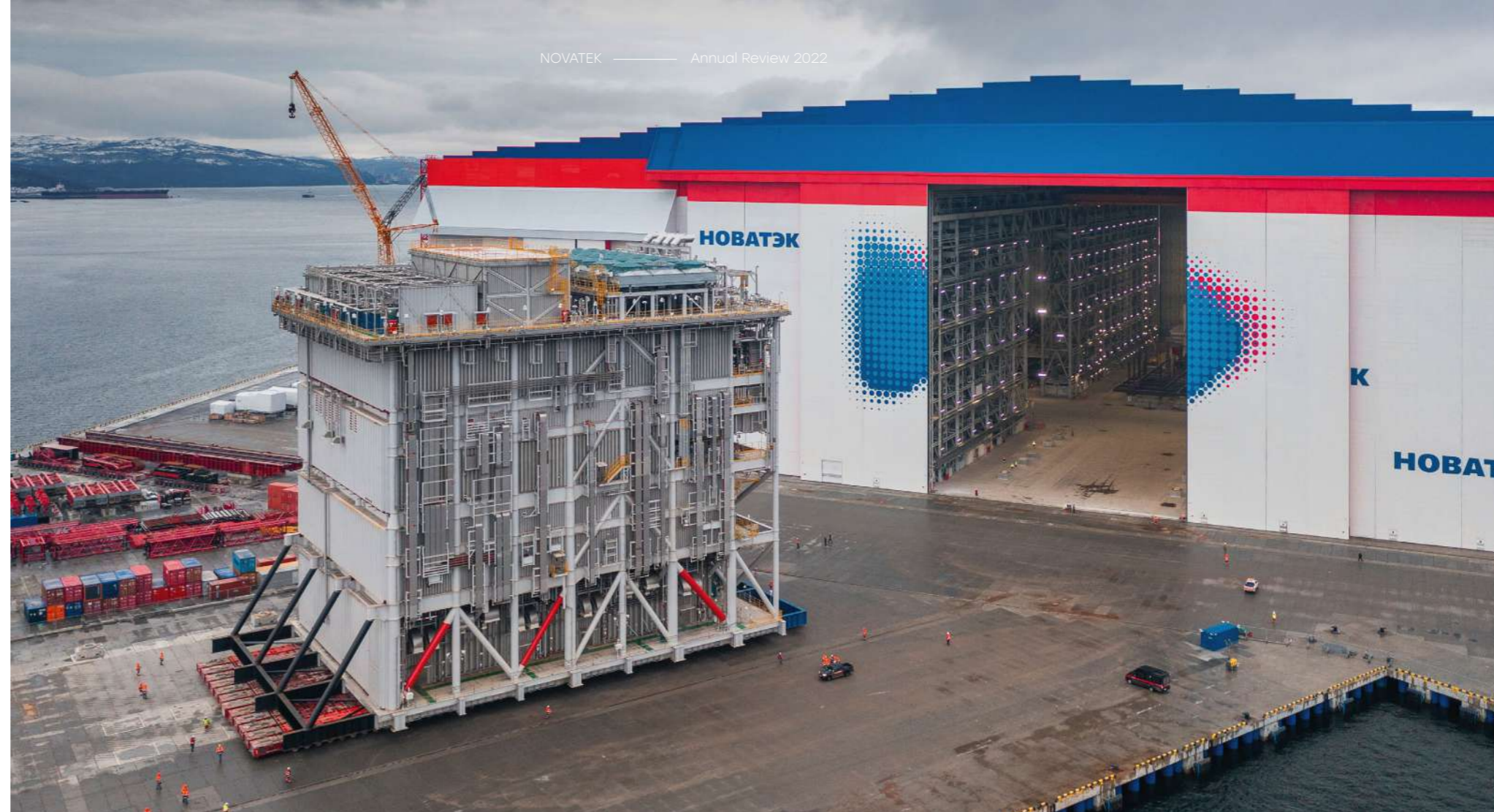
590

BCM OF GAS
Proved reserves of the Utenneye field (SEC)⁽¹⁾

73%

Overall Project progress

- The resource base of the project: Utenneye field in the Gydan Peninsula
- Reduce capex due to a new LNG train concept on GBS
- Construction of three trains in the Center in the Murmansk region with subsequent sea towing to Gydan Peninsula
- 3 trains with the capacity to produce 6.6 mmtpa of LNG each
- Low cost of development and production



In 2022, the Center's final module assembly workshop became fully operational. This workshop, which is 93 m high, 280 m long and 345 m wide, has larger internal space than any manufacturing workshop in Russia.

▲ KEY ADVANTAGES OF THE CENTER:

- Optimize and reduce CAPEX per ton of LNG liquefaction
- Low cost, onshore conventional natural gas
- Reduce construction and logistical costs as main LNG equipment is built and installed at the LNG construction center
- High local content
- Modular construction minimizes scope of work in the Arctic area
- Minimization of environmental impact

The Center offers state-of-the-art technical foundation for LNG technologies in Russia, creates new jobs, and contributes to the economic development of the country.

The Center has two dry docks and manufacturing facilities to fabricate GBS and topside modules.

As part of the dry dock #1, **the world's largest dock gate** was built, measuring 200 m in length, 20 m in width and in height. The dock gate has passed the tests and is fully ready for operation (GBS withdrawal from the dry dock).

All of **the first train's 14 topside modules** have been installed on the GBS and are now being integrated with the base structure. Handover of completed module systems and GBS to commissioning is also underway.

GBS 2 has been fully concreted, with mechanical outfitting of its top slab and internal compartments now ongoing.

All 14 modules for the GBS #1 arrived in February 2022.

The first two modules for the GBS #2 arrived in Murmansk in October 2022.

⁽¹⁾ Proved reserves of the Utenneye field (SEC) as of 31 December 2022.

PERSPECTIVE LNG PROJECTS

Arctic LNG 2 Project

Arctic LNG 2 is the second large-scale LNG project.

ARCTIC LNG 2

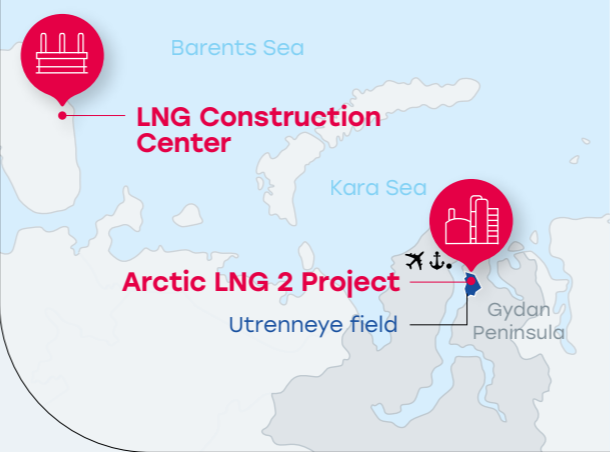
The Utrenneye field – the resource base for the project – is located in the Gydan Peninsula in the YNAO, approximately 70 km across the Ob Bay from the Yamal LNG project.

OOO Arctic LNG 2 is the project operator and owner of all of the assets and holds the LNG export license.

For more details about the Project please see arcticspg.ru

The plant’s first train is scheduled to be launched in 2023, Train 2 – in 2024, and Train 3 scheduled for launch in 2026.

73% Overall Project progress⁽¹⁾ **95%** The first train progress⁽¹⁾



PROVED RESERVES OF THE FIELD (SEC)⁽¹⁾

590 BCM of gas **23** MMT of liquid hydrocarbons

The Project involves the development of the field, construction of the Utrenniy terminal and three natural gas liquefaction trains on gravity-based structures (GBS), with the capacity to produce 6.6 mmtpa of LNG each and cumulative stable gas condensate capacity of up to 1.6 mmtpa. The total LNG capacity of the three trains will be 19.8 mmtpa.

The GBS design concept as well as extensive localization of equipment and materials manufacturing in Russia will considerably reduce the capital expenditures per ton of LNG produced; thus, ensuring low liquefaction cost per ton of LNG produced.

NOVATEK created the LNG Construction Center in Belokamenka near Murmansk to fabricate the GBSs, assemble and install topside modules. **It’s the world’s first facility for “mass production” of natural gas liquefaction trains on GBS.**

The Center has two dry docks and manufacturing facilities to fabricate GBS and topside modules.

All of the first train’s 14 topside modules have been installed on the GBS and are now being integrated with the base structure. Handover of completed module systems and GBS to commissioning is also underway. GBS 2 has been fully concreted, with mechanical outfitting of its top slab and internal compartments now ongoing.

As of the end of 2022, a total of 79 wells have been drilled at the Utrenneye field, including 23 wells drilled in 2022. Enough production wells have now been drilled to ensure the loading of the project’s first train during start-up. As of the end of 2022, five drilling rigs were engaged in production drilling.

All three sections of the Utrenniy terminal’s quayside that will accommodate the project’s three GBS platforms commenced operation. One of the sections is currently used for materials and equipment load-in. Ice barriers construction was completed in late 2022.

Construction has been completed and all facilities of the GBS and topside modules site has been launched. These facilities

are being operated, the modules of trains 2 and 3 of the LNG plant are being assembled.

As part of the dry dock #1, the world’s largest dock gate was built, measuring 200 m in length, 20 m in width and in height. The dock gate has passed the tests and is fully ready for operation (GBS withdrawal from the dry dock).

The Belokamenka site now has a residential complex for up to 17 thousand beds.

The Utrenniy airport built specifically for the Arctic LNG 2 project on the Gydan Peninsula handled more than two thousand flights in 2022. The airport enables efficient logistics for the project’s rota-tional personnel as airplanes can now be used instead of helicopters.



⁽¹⁾ Proved reserves of the Utrenneye field (SEC) as of 31 December 2022.

EACH OF THE
TERMINALS
INCLUDES
A FLOATING LNG
STORAGE WITH
A VOLUME

360
MCM

with two
transshipment
points “ship-to-
ship”

PERSPECTIVE PROJECTS

Transshipment Complexes
in the Murmansk and Kamchatka Regions

In order to optimize the Arctic LNG transportation, OOO Arctic Transshipment is implementing a project for the construction of two LNG transshipment complexes in Kamchatka and in the Murmansk Region.

The terminals are designed to ensure efficient transportation of LNG from Arctic LNG 2 and other NOVATEK’s projects by transshipment from LNG tankers of the Arc7 ice class to conventional vessels. Transshipment complexes will ensure optimal use of the ice tanker fleet and reduce the cost of transportation to the markets of consumer countries for the Company’s existing and perspective LNG projects.



complex. The infrastructure is fit for utilizing CO₂ from the Yamal LNG plant as well. The CO₂ will be stored underground the Obskiy license area located 50 km away from Sabetta. The exploration license was obtained in 2022. The infrastructure includes a CO₂ treatment plant (compression and dehydration), a CO₂ pipeline, and a disposal wells site.

In 2022, NOVATEK completed a wind measurement program and explored technical solutions for a wind power plant (WPP) in Sabetta, achieving the installed capacity factor of 50%, which is well above

the average for WPPs in Russia (about 30–35%). The Company developed requirements to the wind turbines design which take into account specific wind parameters⁽¹⁾. The WPP will supply power to the existing and planned facilities in Sabetta, thus reducing the carbon footprint of their products (LNG and ammonia).



NOVATEK frequently monitors changes in legislation on decarbonization matters, assesses the implications of such changes and updates its plans accordingly. In addition, the Company takes an active role in elaborating proposals on improving legislation and communicates its position, including on decarbonization and the achievement of climate change targets.

▲ THE PROJECT
WILL COMPRISE
TWO LNG TRAINS
WITH A CAPACITY
OF AT LEAST

2.5
MMTPA

each

PERSPECTIVE PROJECTS

Obskiy LNG Project

Obskiy LNG is another large-scale LNG project of NOVATEK to be developed on the resource base of the Verkhnetiuteyskoye, West-Seyakhinskoye, Arkticheskoye, and Neytinskoye fields in the YNAO.

As of the end of 2022, pre-FEED studies were ongoing to select the most appropriate design. The LNG plant to be built under the project will use NOVATEK’s patented gas liquefaction technology, Arctic Cascade, and Russia-made equipment.

PERSPECTIVE PROJECTS

Decarbonization Projects

In 2022, NOVATEK decided to develop a Russian low-carbon ammonia production technology. Carbon dioxide will be captured and put into a long-term geological storage (CCS).

In 2022, as part of a pre-FEED with international engineering companies, NOVATEK developed a concept of CCS infrastructure for utilization of CO₂ from its planned low-carbon ammonia production



In 2022, we continued to explore various options to cooperating on joint decarbonization projects.

Specifically, the Company signed an agreement of intent with PAO Gazprom Neft, which prioritizes the review of conditions for joint implementation of projects aimed at producing low-carbon products from natural gas while capturing the carbon dioxide and putting it into an underground storage. As part of its partnership projects development, NOVATEK obtained exploration and production licenses for subsoil areas in the Vologda Region and the Khanty-Mansi Autonomous Region. These areas are intended to become underground storage sites for CO₂ from steelmaking and petrochemical plants.

In 2022, the Company also signed a Memorandum of Understanding with Rosatom on decarbonization.

The subject matter of the memorandum is cooperation in reducing the carbon footprint of products, as well as carbon footprint per unit of energy produced. The memorandum provides for the purchase by the Company’s enterprises of electricity produced at Rosatom’s wind power plants, implementation of joint hydrogen power projects, and construction and operation of wind farms in the Arctic conditions, thus ensuring uninterrupted power supply for the Company’s needs.

⁽¹⁾ Smooth variability of wind speed, low turbulence, air density increase at negative temperatures.



Processing of Gas Condensate

Purovsky Plant

Our subsidiaries and joint ventures are producing natural gas with a significant content of liquid hydrocarbons (gas condensate).

① The Purovsky Plant is the central element in our vertically integrated value chain that provides us complete operational control over our processing needs and access to higher yielding marketing channels for our stable gas condensate. The Purovsky Plant processes unstable gas condensate into stable gas condensate and natural gas liquids (NGL).

After being separated and de-ethanized at the field, the main part of unstable (de-ethanized) gas condensate is delivered via a system of condensate pipelines owned and operated by the Company for further stabilization at our Purovsky Plant located in the YNAO in close proximity to the city of Tarko-Sale.

In the reporting period, the Purovsky Plant processed 13,247 mt of de-ethanized gas condensate, representing a 3.3% increase compared to 2021. The processing capacity of the Purovsky Plant is in line with the total production capacity of NOVATEK and its joint ventures' fields that supply feedstock to the Purovsky Plant. The 2022 output mix included 9,857 mt of stable gas condensate, 3,302 mt of NGL and LPG, and 23.5 mt of regenerated methanol.

The Purovsky Plant is connected via its own railway line to the Russian rail network at the Limbey rail station. Subsequent to the launch of the Ust-Luga Complex in 2013, most of the stable gas condensate volumes produced at the Purovsky Plant are delivered by rail to Ust-Luga for further processing or transshipment to exports, with the remaining volume of stable gas condensate sold directly from the plant to the domestic market.

All of the NGL volumes (feedstock for LPG production) produced at the plant are delivered by pipeline to SIBUR's Tobolsk Petrochemical Complex for further processing.

Ust-Luga Complex

The Ust-Luga Complex processes stable gas condensate into light and heavy naphtha, jet fuel, ship fuel component (fuel oil) and gasoil, and enables us to ship the value-added petroleum products to international markets.

The Ust-Luga Complex also allows for transshipment of stable gas condensate to the export markets. After launching in 2013, the complex has improved our logistics and reduced transportation costs.

In the reporting year, the Ust-Luga Complex processed 6,943 mt of stable gas condensate into 6,825 mt of end products, including 4,208 mt of light and heavy naphtha, 1,052 mt of jet fuel and 1,487 mt of ship fuel component (fuel oil) and gasoil, 78 thousand tons of LPG.

The Ust-Luga Complex is implementing construction of a hydrocracker unit and capacity expansion of the complex. The launch will increase the depth of processing of stable gas condensate into higher grade value-added petroleum products.

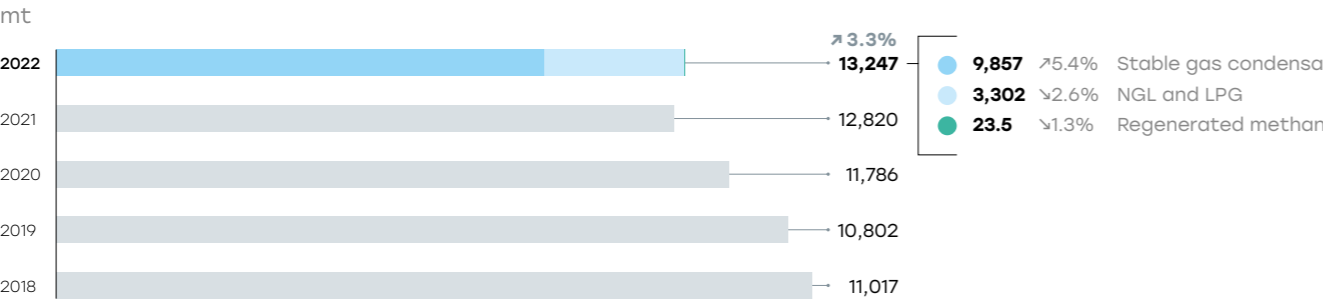
In 2022, the main construction works were completed and commissioning (individual tests of equipment and hydrostatic tests of pipelines) began.



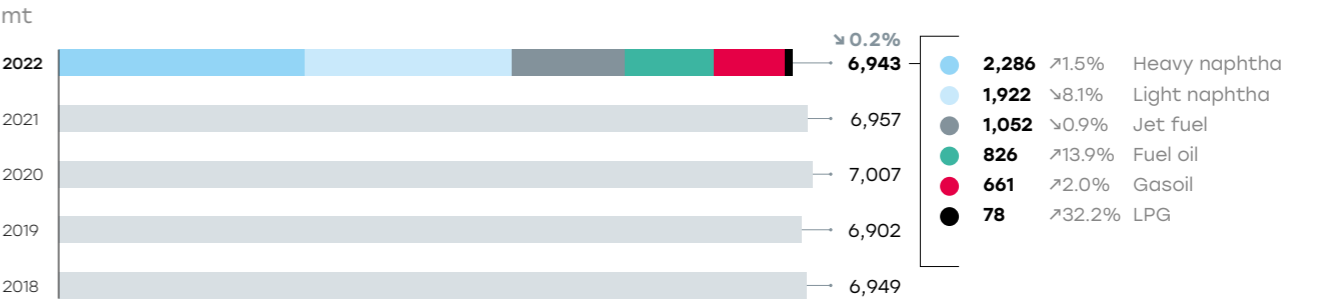
As the Ust-Luga Complex reached full processing capacity, we transshipped stable gas condensate to the export markets by sea.

High value-added petroleum products produced at the Ust-Luga Complex have a significant positive impact on the profitability of our liquid hydrocarbons sales and the Company's cash flow generation.

Processing volumes and output of the Purovsky Plant



Processing volumes and output of the Ust-Luga Complex





Natural Gas Sales

Our sales of natural gas in the Russian domestic market are mainly through trunk pipelines and regional distribution networks, as well as sales of LNG mainly through its own refueling complexes.

95.7%

Share of end customers in domestic gas sales in 2022

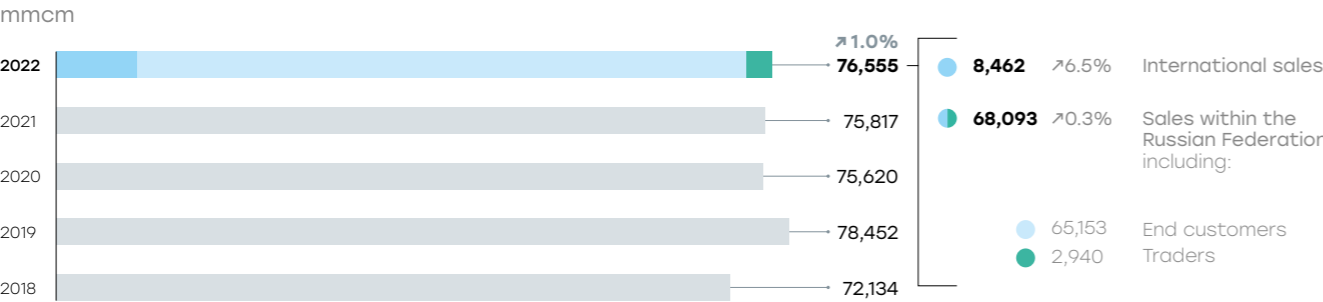


The LNG sold on the domestic market is produced at our small-scale LNG plant in the Chelyabinsk Region, or purchased mainly from our joint venture OOO Cryogas-Vysotsk.

Our sales of natural gas on international markets are sales of LNG purchased primarily from our joint ventures, OAO Yamal LNG and OOO Cryogas-Vysotsk.

In 2022, natural gas sales volumes, including volumes of LNG sold, aggregated 76.56 bcm, representing an increase of 1% as compared to 2021. Our natural gas sales in the Russian Federation totaled 68.09 bcm, which is a 0.3% increase year on year. Our international LNG sales totaled 8.46 bcm, which is a 6.5% increase year on year. This growth in international sales was driven by higher LNG production at our joint venture Yamal LNG.

Natural gas sales



Sales in the Russian Federation

NOVATEK has a key role in ensuring pipeline natural gas supplies to the domestic market.

In 2022, the total volume of natural gas sold in the Russian Federation amounted to 68.09 bcm, increasing by 0.3% compared to the previous year.

During 2022, the Company supplied natural gas to 40 regions within the Russian Federation. Our end customers and traders were located primarily in the following regions: Chelyabinsk Region, Khanty-Mansiysk Autonomous Region, Moscow and Moscow Region, Lipetsk Region, Perm Territory, Yamal-Nenets Autonomous Region, Vologda Region, Tula Region, Stavropol Territory, Tyumen Region, Nizhny Novgorod Region, Leningrad Region, Belgorod Region, and Kostroma Region. The above regions accounted for more than 92.4% of our total pipeline gas sales in the Russian Federation.

In order to manage seasonal gas demand, historically NOVATEK has entered into an agreement with Gazprom for underground storage services. Natural gas inventories are accumulated during warmer periods when demand is lower and then used to meet increased demand during periods of colder weather. At year-end 2022, our inventories of natural gas amounted to 0.82 bcm.

NOVATEK’s strategy as a natural gas and LNG producer **implies greater involvement in the promotion of natural gas as a motor fuel** both in Russia and abroad. This market segment represents significant growth potential in the context of increasingly stringent environmental standards. Compared to diesel, LNG significantly reduces the emissions of nitrogen oxides, carbon dioxide and almost completely eliminates particulate matter emissions.

NOVATEK is implementing a pilot project for the sale of LNG as a motor fuel and for autonomous gasification. The implementation of this project is operated by our wholly owned subsidiary

OOO NOVATEK–LNG Fuel, which will construct small-scale LNG plants, facilitate LNG wholesale markets and develop a retail network for LNG as a motor fuel in the Russian domestic market.

LNG sales are carried out from our **small-scale LNG plant in Magnitogorsk**, launched in 2020, located in the Chelyabinsk Region. In 2022, 33 thousand tons of LNG were sold from the Magnitogorsk LNG plant.

Additionally, to provide fuel for automobile transport in the North-Western and Central Federal Districts, **LNG is purchased from Cryogas-Vysotsk**. In 2022, sales volumes amounted to approximately 38 thousand tons.

In addition to the existing LNG plants, **we started construction of two facilities (14.2 mt per year each)** in the Kashira and Togliatti special economic zones in the Moscow Region and the Samara Region, respectively. Once launched, these facilities will supply motor fuel to the Central and Volga Federal Districts with a shorter LNG transportation distance.

At the end of 2022, **13 LNG refueling stations** for automobile transport were in operations in the Urals, North-Western, Central and Volga Federal Districts of Russia (one of them was built in the reporting year in the city of Petushki in the Vladimir Region). These stations are located on the main federal highways, in cities and on the territory of industrial enterprises and allow to provide clean-burning fuel to commercial and municipal transport, as well as heavy haul and highway trucks. In 2022, the volume of sales at filling stations more than doubled, reaching 51 mt.



40 REGIONS

The Company supplied natural gas to 40 regions within the Russian Federation

Sales on International Markets

8.5
BCM

International
sales in 2022

In 2022, NOVATEK sold 8.5 bcm of gas (6.0 mmt of LNG). We sold 80 large-scale LNG tanker cargos from the Yamal LNG plant (including regasified LNG) totaling 7.9 bcm of gas (5.6 mmt of LNG), which is a 6.9% increase year on year, as well as 0.1 bcm of boil-off gas. In the small-scale and mid-scale LNG markets, the Company sold 73 tanker cargos of LNG⁽¹⁾ as well as more than 600 truckloads aggregating 0.5 bcm of gas (0.4 mmt of LNG).

In view of the major structural changes on global gas markets amid the geopolitical situation and unprecedented volatility of global gas prices, NOVATEK is using its best endeavors to avoid production turndowns and secure uninterrupted LNG sales from its large-scale projects. The Company is negotiating additional supplies with both existing and new customers, including those from friendly countries, seeking new market areas, and considering ramping up LNG transshipment

To cater to the requests for information on greenhouse gas emissions associated with LNG shipping, the Yamal LNG project company and NOVATEK collaborated to develop corporate GHG accounting guidelines⁽²⁾ in November 2022.

Our successful LNG sales in the leading international markets, flexible and optimized logistics solutions helping reduce the already low carbon footprint of our LNG demonstrate that LNG produced in the Arctic can be highly competitive anywhere in the world.

For more details about the Yamal LNG please see p. 46

The Company is further ramping up cargo turnover via the Northern Sea Route (NSR) and is working to extend the navigation window for eastbound LNG deliveries from our Arctic projects via this route. In 2022, the port of Sabetta shipped 32 LNG cargoes via the NSR's eastern sector to Asia-Pacific both under long-term contracts and as part of spot optimizations.

Based on the experimental early and late eastbound voyages via the NSR in 2021 and the shipping expertise gained, LNG was also delivered to Asia-Pacific outside the traditional navigation season in 2022.

In 2022, fifteen (15) ship-to-ship transshipment operations were completed at the LNG transshipment point near the Kildin Island in the Murmansk Region. In late 2022, similar ship-to-ship facilities commenced operation at the LNG transshipment terminal in the Kamchatka Territory. Transshipment development projects enable the Company to gain in-house expertise as well as the ability to transship LNG in Russia and streamline the operation of its unique fleet of Arctic-class carriers.



Liquid Hydrocarbons Sales

NOVATEK sells liquid hydrocarbons⁽¹⁾ domestically and internationally. We strive to respond quickly to changing market conditions by optimizing our customer base and supply geography, as well as developing and maintaining an efficient and profitable logistics liquids infrastructure.

In 2022, NOVATEK's liquids sales volumes reached 15.9 mmt, or 4.2% less than in 2021.

High-value added petroleum products from the Ust-Luga Complex accounted for a 39% share of our overall liquids sales volumes.

We sold a total of 6.2 mmt of stable gas condensate products, including 3.8 mmt of naphtha, 1.0 mmt of jet fuel, and 1.4 mmt of fuel oil and gasoil. The majority of petroleum products (95%) were exported.

Export and domestic sales of stable gas condensate continued in 2022. Total stable gas condensate sales volumes amounted to 3.3 mmt.

A portion of light hydrocarbons produced at the Purovsky Plant is processed on tolling terms at SIBUR's Tobolsk Petrochemical Complex into marketable LPG, which is then delivered to NOVATEK's customer base, while the rest of the light hydrocarbons volumes are sold to SIBUR. We sold 2.4 mmt of light hydrocarbons in 2022.

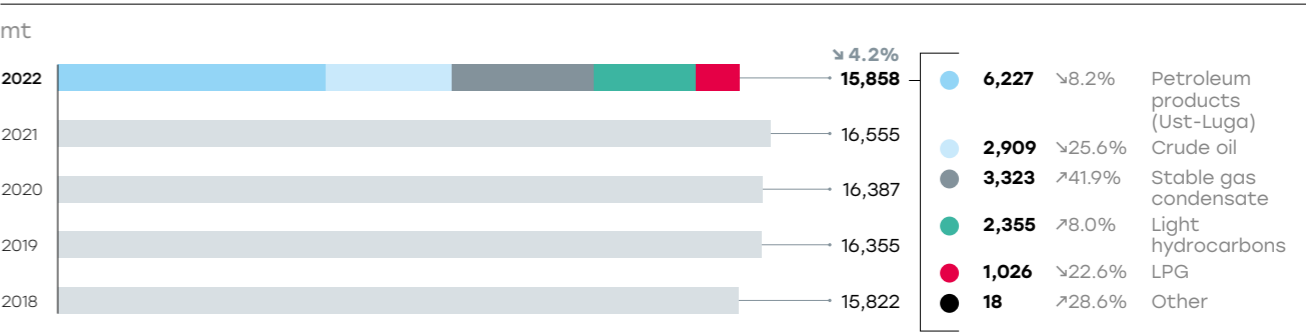
Marketable LPG sales volumes totaled 1.0 mmt in 2022, representing a 23% decrease compared to 2021.

The sale of LPG in small wholesale and retail was carried out through a network of filling stations and gas filling stations located mainly in the Chelyabinsk, Volgograd, Rostov and Astrakhan regions, and the Republic of Bashkortostan.

As of the end of the year, sales were carried out from 85 retail gas stations and seven gas filling stations.

Sales of crude oil in 2022 totaled 2.9 mmt, which is 26% lower compared with 2021. We sold 66% of our crude oil volumes in the domestic market, with the remaining volumes exported to international markets.

Liquid hydrocarbons sales



⁽¹⁾ Stable gas condensate, petroleum products, light hydrocarbons, LPG and crude oil.

⁽¹⁾ Including regasified LNG.
⁽²⁾ Based on GIIGNL's recommended methodologies and ISO standards.

(04)

Sustainable Development

- 66 Environmental Protection
- 68 Occupational Health and Safety
- 74 Human Resources
- 79 Social Policy and Charity



Best Sustainability
Disclosure

NOVATEK adheres to the principles of effective and responsible business conduct and considers the welfare of its employees and their families, environmental and industrial safety, the creation of a stable and beneficial social environment as well as contributing to Russia's overall economic development as priorities and responsibilities of the Company.

BB **2.6**
BILLION

Environmental expenses

15,718
PEOPLE

received health and safety training
and were certified in industrial safety



For more details about Sustainable Development priorities see [p. 30](#)

Environmental Protection

NOVATEK's core producing assets are located in the Far North, a harsh Arctic region with vast mineral resources and a fragile and vulnerable environment. The Company is committed to environmental protection in all its operations.

In 2022, the Company's overall spending on environmental protection and sustainable nature management amounted to

**RR 2.6
BILLION⁽¹⁾**

Detailed information on the activities will be presented in the [Sustainability Report 2022](#)

In 2020, NOVATEK's Board of Directors approved the Company's environmental and climate targets for the period until 2030, encompassing reductions in emissions intensity; methane emissions in upstream, midstream and LNG; and greenhouse gas emissions in upstream and LNG. The plans also include improving associated petroleum gas utilization and increasing the percentage of waste sent for recycling or neutralization.

In 2022, a number of activities to cut pollutant and greenhouse gas emissions, as well as to improve APG utilization, took place under the comprehensive environmental target program. The Company's 2022 Sustainability Report will offer extensive details about what has been achieved.

As part of its efforts as a member of the initiative, the Company continued methane leak surveys at its industrial sites in 2022. In the reporting period,

integrated aerial methane leak detection using drones was successfully deployed at a pilot site. Acoustic and thermal cameras were also tested for their remote leak detection capability. These efforts helped demonstrate that these methods could be feasible and powerful tools in future.

The Company recognizes its responsibility for preserving natural ecosystems in all regions where it operates, actively cooperating with scientific and environmental organizations and embedding the principles of rational and efficient use of natural resources into all operational levels.



In all its operations, NOVATEK abides by the requirements of Russian environmental legislation as well as international practices, standards, and conventions.



In 2020, NOVATEK joined the Methane Guiding Principles (MGP), a global oil and gas initiative that targets climate neutrality and a low-carbon economy.



⁽¹⁾ Including NOVATEK's share in joint ventures.



Biodiversity conservation

Furthermore, a number of key biodiversity conservation activities undertaken in 2022 **were first envisaged as part of a cooperation agreement signed in 2021 with Kronotsky State Reserve to conserve biological diversity in the Kamchatka Territory:**

- studies and drafted action plans to maintain and restore the wild reindeer population;
- population accounting of threatened sea otters along the South-East coast of Kamchatka; and
- a range of activities to study marine mammals and their habitats near Cape Shipunsky.



The Company actively contributes to the work of environmental charities. In 2022, a number of NOVATEK subsidiaries supported **the Green Spring 2022** environmental cleanup day, an annual event organized by the V.I. Vernadsky Non-Governmental Ecological Foundation. Another important environmental awareness highlight was our employees volunteering on the removal of an illegal dump on Marra Island (Olgin Island), 95 km away from the Taz River.

With the majority of the Company's industrial sites located in the Russian Arctic, the front-end engineering, design, construction, and operation of buildings and facilities is performed with a particular focus on researching, evaluating, forecasting, and monitoring the permafrost and cryogenic processes. Throughout each project's lifecycle, forecasting the evolution of permafrost hazards amid regional and global climate trends remains top of mind. Advanced engineering technologies combined with thermal calculations, which are subsequently verified against real-world geotechnical monitoring data, enable an unparalleled assessment of the permafrost and the condition of our engineering facilities. Moreover, the local environmental monitoring program includes actions to identify areas with intensifying cryogenic processes. In 2022, the Company continued its cryogenic monitoring.



Creation of a nature trail

In 2022, **an initiative to create a nature trail in the Vyborgsky State Nature Reserve (the Cape Kiperort nature trail)** launched by NOVATEK subsidiary managing the Cryogas-Vysotsk project gained public recognition. The Cape Kiperort nature trail won the Eco-Tourism prize at Ecological Culture: Peace and Harmony, an international competition organized by the V.I. Vernadsky Non-Governmental Ecological Foundation.



Occupational Health and Safety

NOVATEK is fully committed to putting the life and health of its employees above its bottom line, and is aware of its responsibility for ensuring accident-free operations and safe labor conditions, as well as for protecting the health of the local population in the areas of its operation.

9,513
WORKSTATIONS

meet or exceed the applicable standards based on the results of a special assessment of working conditions

Given the scale of the Company’s business, including operations in the challenging Arctic climate, and the significant scope of work associated with developing major projects, NOVATEK strives to maintain an adequate level of monitoring at all levels of operation and continues to implement its industrial safety and occupational health action plan.

The Company continuously improves its industrial safety and occupational health management system and makes a significant effort to boost employee, manager, and service contractor engagement at all levels. We endeavor to build and foster a zero injury culture, where every employee assumes personal responsibility both for their own safety and the safety of their co-workers.

Pursuant to effective legislation, **workplaces undergo special certification of working conditions.** As at 31 December 2022, 10,650 workstations were covered by assessments. The assessment concluded that 9,513 workstations (89.3%) meet or exceed the applicable standards.

At workplaces with harmful working conditions, a set of measures to eliminate or mitigate harmful factors has been implemented. No workplaces with hazardous working conditions were identified.

NOVATEK places an emphasis on **safety culture**, ensures prompt and efficient responses to incidents, and records and discloses incidents in accordance with applicable laws, regulations, and internal standards, which enables timely root cause analysis and the development of a corrective action plan to prevent their recurrence.

The Company is engaged in the exploration, production, transportation, processing, and sale of natural gas and liquid hydrocarbons, which implies setting up complex technological processes for operating fire- and explosion-hazardous facilities. Fire- and explosion-hazardous industrial facilities are operated in line with industrial safety laws. **The Group’s entities have licenses to operate Hazard Class I, Class II, and Class III fire-, explosion-, and chemical-hazardous production facilities.**

In 2022, regional branches of the Federal Environmental, Industrial, and Nuclear Supervision Service registered 276 hazardous production facilities that are in operation, including:

- Class I (extremely high hazard) – 14 facilities;
- Class II (high hazard) – 59 facilities;
- Class III (medium hazard) – 176 facilities; and
- Class IV (low hazard) – 27 facilities.

For Class I and Class II hazardous production facilities, industrial safety management systems, and industrial safety declarations were developed, providing estimates and specifying actions for:

- identifying, assessing, and forecasting accident risks;
- planning and implementing accident risk mitigation measures;
- coordinating accident and incident prevention measures;
- supervising the production; and
- involving employees in the development and implementation of accident risk mitigation measures.

To provide compensation in the event of fatality, injury or damage inflicted to third parties resulting from accidents at hazardous production facilities, all hazardous production facilities are insured in accordance with Federal Law No. 225-FZ On Mandatory Third Party Liability Insurance for Owners of Hazardous Facilities for Damage Inflicted by Accidents at Hazardous Facilities.

Executives and specialists at subsidiaries and affiliates that are subject to the Federal Environmental, Industrial, and Nuclear Supervision Service supervision undergo certification on industrial safety rules on a regular basis.



1 Industrial safety assessment commissions are set up within the entities to evaluate staff and permit them to work independently at hazardous production facilities using the Unified Testing Portal.

Occupational health training is mandatory for all employees and is offered at all entities. In accordance with Russian law, chief executives, their deputies, and workplace managers receive safety training and undergo knowledge checks at licensed training centers. To offer in-house training to white-collar employees, the Company has developed training programs and set up certification commissions to assess trainees’ knowledge of occupational health requirements. There are training classes at each entity, equipped with process flow diagrams, dummies to practice first-aid skills, information boards, and training materials.

▲ BELOW ARE THE KEY PRINCIPLES THAT EACH AND EVERY COMPANY EMPLOYEE MUST FOLLOW.



- | | | | | |
|--|--|---|--|--|
| 1
Responsible attitude to the residents and the area where the Company operates through compliance with all safety requirements. | 2
Continuous development of industrial safety expertise throughout their career. | 3
Engaging in identifying hazards and reducing operational risks. | 4
Acknowledgment of the right to refuse to perform work that is unsafe or dangerous. | 5
Prioritizing prevention over reaction. |
|--|--|---|--|--|

15,718
PEOPLE

received health and safety training and were certified in industrial safety in 2022

In 2022, 15,718 employees received health and safety training and were certified in industrial safety, which is in line with the established training plan. In 2022, standing safety and occupational health control commissions carried out 722 compliance checks at controlled entities. The results were documented in relevant reports, and special measures were developed to eliminate the identified gaps. Employees in charge of these activities submit monthly remedial action reports to their respective health and safety units for further analysis of hazards.

In 2022, NOVATEK continued its targeted audits of controlled entities for compliance with occupational health, industrial, fire, and environmental safety requirements by a Company committee.

①

Over the reporting year, two integrated and 18 target audits were completed at the following entities: Sabetta International Airport, NOVATEK-Murmansk, NOVATEK-Purovsky Plant, NOVATEK-Yurkharovneftegas, Terneftegaz, NOVATEK-Energo, NOVATEK-AZK (Chelyabinsk and Zlatoust offices), NOVATEK-Tarkosaleneftegas, Yargeo, NOVATEK-Ust-Luga, Nortgas, Arcticgas, Yamal LNG, and Cryogas-Vysotsk. A report was drafted based on the findings, and remedial actions were developed.

At the Company level, we collect and analyze data regarding the remediation of all findings of both scheduled and unscheduled audits carried out by the government supervisory authorities and of integrated and targeted audits by the Company’s committee.

- The Company takes the following steps to prevent accidents and incidents at hazardous production facilities:
- Each year, the Company develops and rigorously implements technical inspection, certification, and test schedules for various types of equipment (e.g. external and internal visual inspection, hydrostatic and pneumatic tests, and industrial safety audits). In 2022, the Company performed industrial safety audits of 1,182 items of equipment, thereby extending their safe operating life.
 - The Company runs drills and exercises on accident containment and response scenarios and actions for the personnel involved in maintaining equipment, buildings, and structures at hazardous production facilities. A total of 7,302 drills and exercises were run in 2022.

- In 2022, there were:
- 12 work-related accidents; and
 - two emergencies:
 - on 17 April 2022, a wellhead loss of containment event occurred at Arcticgas’ well No. 5302 on well pad U53 at the Urengoyskoye field, resulting in the collapse of the X-mas tree and master valve, and an uncontrolled release of gas and condensate,
 - on 11 September 2022, a wellhead loss of containment event occurred at NOVATEK-Tarkosaleneftegas’ well No. 9201 on well pad 92 at the Urengoyskoye field, resulting in formation gas blowout and damage to the casing nipple below the casing head.

In accordance with the law, an investigation of the causes and circumstances of accidents was performed. Based on the findings, preventive measures were taken on similar equipment, and additional safety measures were added to the entities’ internal regulations. One of the key priorities when developing action plans is to mitigate the risks of workplace accidents, as well as emergencies and incidents involving equipment in operation.



Employee Health Protection

Healthcare management is an integral part of the industrial safety and occupational health management system.

We constantly seek to improve **the healthcare management system** used to safeguard the health of NOVATEK employees, which includes employee wellbeing and disease prevention. The functioning of the system is facilitated by the management teams of NOVATEK, its subsidiaries and affiliates, and controlled entities, as well as by occupational health teams with healthcare responsibilities, the medical staff at health stations, and healthcare service providers. In residential and production areas at the fields, controlled entities and contractors set up around-the-clock healthcare stations.

The Group’s entities have regulations in place to ensure emergency medical assistance and medical evacuation are always available, as well as emergency medical standards and other documents stipulating procedures and requirements for first aid and emergency medical assistance at production facilities. These documents describe what should be done by witnesses (employees, contractors, subcontractors or third parties) and medical professionals of the local health station, and provide guidance for cooperation with other structural units of an entity that participate in medical emergency response in accordance with statutory obligations to provide timely and adequate first aid to employees.

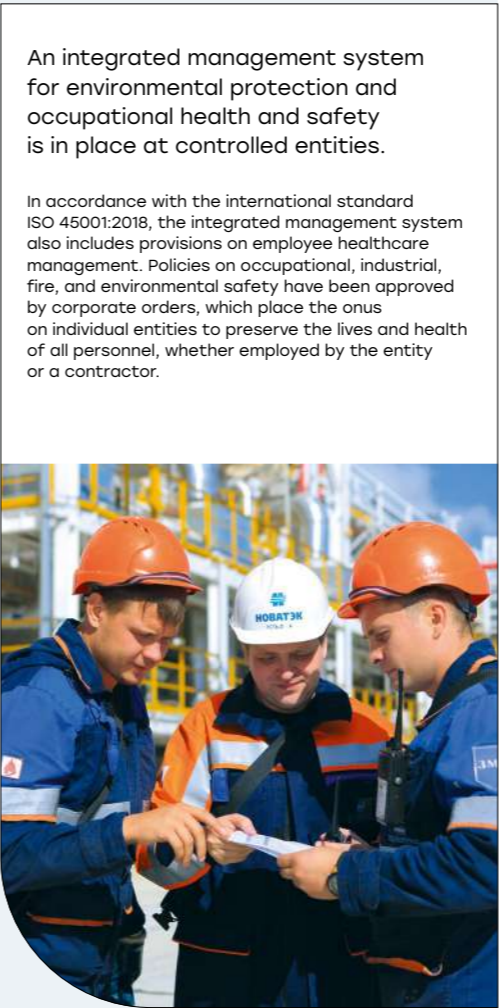
There are also action plans for medical emergency response at fields designed to mitigate the impact of accidents and acute diseases on employees’ health based on workplace risk assessment and employee health risks inherent to a particular site. These plans are instrumental in ensuring first aid, urgent medical care, and medical evacuation of an injured or infected employee to the most suitable medical facility offering specialized medical services, as soon as possible. Training sessions and drills are held to test the effectiveness and relevance of these plans.

To secure sanitary and epidemiological welfare at the Company’s facilities, **we monitor the water supply and sewage; the sanitation and hygiene standards at catering facilities, accommodation and industrial premises; and waste disposal.** In the reporting year, there were no cases of contagious diseases related to catering services or water supply recorded among employees.

Epidemic monitoring takes place at the Company’s industrial sites to enable a rapid reinstatement of the above restrictions should **the COVID-19 situation deteriorate.**

①

Pursuant to Directive of Russia’s Chief Public Health Officer No. 18 dated 20 June 2022, some restrictions (i.e. testing and quarantining before a rotation shift, isolating close contacts, and mask mandates) were lifted in light of lowering COVID-19 infection rates.



We continue to monitor the activities prescribed by epidemic and sanitary rules set forth in SP 3.1.3597-20 Prevention of the Novel Coronavirus Infection (COVID-19), and Directive of Russia's Chief Public Health Officer No. 13 dated 14 April 2022, including:

- rapid identification of infection and isolation;
- setting up adequate testing; and
- enforcing anti-COVID measures in high-occupancy spaces.

NOVATEK’s comprehensive efforts to protect employee health, including preventive and containment efforts, enabled industrial facilities to operate uninterrupted and helped prevent work-related diseases and epidemics.

Fire Safety, Civil Defence and Emergency Response

Since the Group’s business directly involves operation of facilities exposed to fire and explosion risks, fire safety is a top priority for NOVATEK.

1,310
PEOPLE
Headcount of fire and emergency brigades serving on a 24-hour basis

The Group has a fire safety system compliant with Russian law. The system’s objective is to prevent fires and protect people and property in the event of a fire or an emergency.

In 2022, ten controlled entities held active licenses to service firefighting equipment and six controlled entities were licensed to perform firefighting, emergency response, and rescue operations. A large portion of licensed fire safety services is outsourced to contractors. A total of 29 professional emergency response and rescue teams operate to ensure the safety of controlled entities operating hazardous production facilities that produce, collect, process, and manufacture explosive and flammable substances. In addition, **we have decided to build fire stations and establish emergency response and rescue teams as part of prospective field development and field infrastructure projects.**

In 2022, the headcount of fire and emergency brigades serving the facilities on a 24-hour basis stood at 1,310.

There were 103 engineers at controlled entities who directly monitored and supervised fire safety and emergency response preparedness at our facilities.

Inspections are regularly carried out at controlled entities to assess the emergency response preparedness of the Company’s business units and personnel and evaluate the capabilities of in-house and external professional emergency response and rescue teams. In 2022, 22,029 patrols took place around facility areas in order to continuously monitor for safe operation conditions, and 1,160 checks of outdoor fire water supply sources were carried out. Professional emergency response and rescue teams performed 37,270 supervisory activities for safe hot work and fire- and gas-hazardous operations. **Controlled entities’ facilities are fully compliant with oil, petroleum product, and other hydrocarbon spill response requirements.** The materials and equipment available to emergency response and rescue teams comply with all existing requirements. The Company



3,999
PEOPLE
received basic fire safety training, refresher and additional related trainings

ensures the timely replacement of its fleets of general and specialist fire vehicles.

Fire safety, civil defense, and emergency response training, as well as fire and emergency drills, are an important element of the overall fire safety and fire and emergency response preparedness system. In 2022, the Company organized 33,104 fire safety briefings offering guidance materials and visual aids, as well as hands-on demonstrations. A total of 3,999 people received basic fire safety training, as well as refresher and additional training related to fire safety. The number of fire safety training sessions and exercises totaled 1,993, and 767 evacuation drills were also arranged. To improve the preparedness

NOVATEK Group’s controlled entities are ready to respond to, contain, and mitigate fires and emergencies.

of the Company’s governing bodies, employees, and equipment to respond to potential accidents and emergencies, 12 comprehensive training exercises were arranged in 2022, including exercises covering procedures under oil spill response plans.

In 2022, one fire occurred at a Company facility, but it was not related to production processes. The fire caused no casualties and no property damage.

NOVATEK fully complies with fire safety, civil defense, and emergency regulations, and all of its facilities are equipped with automatic fire detection, alarm, and extinguishing systems.



Human Resources

Employees are NOVATEK’s most valuable resource, allowing the Company to grow rapidly and effectively.

The Company’s human resource management system is based on the principles of fairness, respect, equal opportunities for professional development, dialogue between the management and employees, as well

as continuous, comprehensive training and personal development opportunities at all levels.

The average age of the Company’s employees is

41
YEARS

NOVATEK’s Headcount⁽¹⁾ by line of work as of 31 December 2022



Personnel Training and Development

Amid the rapid development of technologies and management systems, our multilevel training and professional development program enable our employees to contribute to raising the Company’s competitiveness. **In 2022, the primary activities of training and professional development included:**

- implementing the In-house Training program to improve the competences of the Company’s employees;
- implementing the Steps in Discovering Talents program for young specialists targeted at training highly qualified personnel whose competence level fully meets business needs;

- developing and improving the Corporate System for the Evaluation of Technical Competencies;
- the Professional Skills Contest;
- engaging the Company’s young specialists to take part in research and practice conferences;
- cooperating with higher education institutions to usher in new LNG talents.

⁽¹⁾ Including its subsidiaries and joint ventures.



In 2022, NOVATEK continued its efforts to advance the professional capabilities of its employees, improve working conditions and train its personnel on safe working practices at its production facilities. A total of 71.5% of employees upgraded their skills. In 2022, the Corporate System for the Evaluation of Technical Competencies tested 1,172 employees across the Group, including 44 persons tested at recruitment and 122 persons tested at promotion.

In 2022, 87 young specialists participated in **the Steps in Discovering Talents program**. In this edition, the program’s tenth, 15 young specialists completed the on-the-job adaptation and professional development program, while 22 young specialists coached by 17 mentors completed the first step of the program. In autumn 2022, 50 mentors were assigned to a new batch of 50 young specialists joining the program. Both young specialists and mentors received the Mentoring Culture training courses. A total of 44 mentors completed this training.

87
YOUNG SPECIALISTS

participated in the Steps in Discovering Talents program

71.5%
EMPLOYEES

upgraded their skills

1,172
PEOPLE

were tested under the Corporate System for the evaluation of technical competencies

51
PROJECTS

were presented at the 17th Interregional Research-to-Practice conference for the Company’s young specialists

NOVATEK’s Scientific and Technical Center (NOVATEK STC) has been hosting the In-House Training program since 2016.

In 2022, NOVATEK STC’s experts delivered classroom training courses on the following subjects: Introduction to Seismic Wave Propagation Theory; Seismic Petrophysics, Logging Basics; Basics of Well Flow Studies, Course 1: Introduction. Types of Well Flow Studies; Basics of Well Flow Studies, Course 2: Filtration Theory Basics; Basics of Well Flow Studies, Course 3: Flow Conditions. A total of 24 of the Company’s employees received training under this program in 2022.



In December 2022, the Moscow office hosted **the 17th Interregional Research-to-Practice Conference for the Company’s young specialists**, which was attended by 64 employees from 15 subsidiaries and joint ventures. The contest’s committee received 51 applications. All winners and runners-up received cash prizes.

In 2018, NOVATEK launched cooperation with the Gubkin Russian State University of Oil and Gas under **the master’s degree program on cryogenic technologies and gas-related equipment**.

The program is being implemented by the Department of Oil Refining and Gas Processing Equipment of the Faculty of Mechanical Engineering. This unique program pursues a multi-disciplinary approach to deliver a combination of management skills and technical knowledge in LNG production, storage and regasification. In addition to the university’s faculty, invited professors from the Bauman Moscow State Technical University and NOVATEK’s experts with hands-on experience also teach in the program. Successful graduates get the opportunity to join the Company and take part in large-scale LNG projects in Russia. During the training, "A" students and "B" students also receive an additional scholarship from the Company.

Following the two-year training course, 11 out of 20 graduates (enrolled in 2020) joined the Group in 2022:

- six graduates joining Arctic LNG 2;
- two graduates joining Yamal LNG;
- two graduates joining Obsskiy GCC; and
- one graduate joining NOVATEK.

Ten students (enrolled in 2021) were invited to get hands-on learning experience:

- Yamal LNG (four persons);
- Arctic LNG 2 (six persons).

In December 2022, 20 first-year students (enrolled in 2022) visited the LNG plant in Sabetta and the LNG Construction Center in Belokamenka on introductory tours.



In 2022, NOVATEK STC and Yamal LNG were awarded Certificates of Merit under **the 1st and the 2nd prize of the International Contest of Scientific, Technical and Innovative Developments for the Development and Exploitation of the Arctic and Continental Shelf**.

In September 2022, the Group concluded its **6th Interregional Professional Skills Contest**. A total of 110 contestants from 11 entities took part in the contest. The contest, spanning seven areas of expertise, was hosted by NOVATEK-TARKOSALENEFTEGAS and included a theoretical stage and a practical stage, following which the winners were chosen.



In 2017, **the Innovator Corporate Idea Management System** was launched in NOVATEK. Currently, 22 Group entities are connected to the system.

① The Innovator System is an automated platform for collecting and processing employees’ proposals on improving and developing the Company’s business.

In 2022, our employees shared 737 ideas on how to streamline operations, reduce production costs and implement new work methodologies. The total number of applications over six years of the system’s life now stands at 2,526, with 595 ideas approved for implementation and 313 ideas already implemented. These generated a positive economic effect of RR 5.9 bln.

Social Programs



Our focus in employee relations is on implementing social programs. According to the Core Concept of the Company’s social policy, adopted in 2006, the social benefits package for employees includes the following programs:

Voluntary medical insurance for employees

Our policy includes full outpatient care, dental care, and emergency and scheduled hospital treatment.



To reduce the risk of occupational diseases at the Company’s subsidiaries located in the Far North, we run comprehensive medical examinations of employees once every two years.

Health resort treatment

We offer subsidized health resort vouchers to employees and their families. Under this program, NOVATEK employees may spend their vacations at any of 53 health resorts located in Russia’s most picturesque places. In 2022, 6,633 NOVATEK Group employees took advantage of the program. In 2023, the program will be expanded to include ten more resorts in locations such as Lake Baikal in the Irkutsk Region, the Republic of Karelia, Kazan, and Krasnaya Polyana in Sochi.

6,633
EMPLOYEES
took advantage
of the program

Repayable financial aid program

Our special-purpose loan program has two focus areas:

- short-term special-purpose loans intended for employees experiencing economic difficulty;
- special-purpose, interest-free home loans for employees residing in Tarko-Sale, Novy Urengoy, Moscow, Nadym, Sosnovy Bor, Tyumen, and Vysotsk.



The Company’s Management Board made a number of key changes to the housing program. The amount of money allocated to the housing program will increase from 2023 onwards; the program will expand to include the subsidiaries in Kostroma, Chelyabinsk, and Moscow; and the terms of the program have been amended.

Social Policy and Charity

The Social Policy and Charity make up an important part of NOVATEK’s activities. In 2021, the Company continued to pay close attention to projects aimed at supporting the culture, preserving and revitalizing national values and spiritual legacy of Russia, developing mass and high-performance sports.



NOVATEK continued to fulfill the Agreements with local governments in the regions of the Company’s operations by further implementing the plan for promoting living standards and preserving distinctive cultural identity of indigenous peoples of the Far North.

In 2022, NOVATEK’s, its subsidiaries’ and its joint ventures’ social spending and reimbursements to support charitable, cultural, educational and healthcare initiatives aggregated⁽¹⁾

RR **3.3**
BLN

Cooperation with the Regions

Pursuant to its cooperation agreements with various regions, the Company was investing in the Yamal-Nenets and Khanty Mansi Autonomous Regions, and Tyumen, Chelyabinsk, Leningrad, Murmansk and Kostroma Regions throughout 2022. **The Company allocated funds to implement the social policy, educational, cultural and sports initiatives, as well as to extend support to kindergartens and indigenous minorities of the North. The elderly, veterans, children and people with disabilities, as well as people who faced hardships received aid.**

Together with the Government of the YNAO, the Company continued its participation in the “Teacher for Russia” program in 2022. **The program’s purpose is to train young professionals to become teachers** as well as to offer those graduating from Russia’s leading universities a job as a teacher in regional schools to enable equal access to education for children living in different regions and localities across Russia.

The Company supported **programs for the education and development** of gifted children on the basis of secondary educational school No. 2 in Tarko-Sale, Purovsky District of the YNAO, Tyumen Lyceum No. 81, secondary educational school No. 2 in Salekhard, secondary educational school No. 36 in Murmansk. Programs for schoolchildren and teachers of the Purovsky District have been further developed in the following areas: “Grants for schoolchildren” and “Grants for teachers”.

Supporting educational initiatives is one of the key elements of NOVATEK’s social policy.

<p>Targeted compensation and social support payments</p> <p>This program provides targeted, free support to Company employees under specific circumstances, including the following payments: to employees who have just had a child, to employees with large families, to employees affected by natural disaster or fire, compensation for the care of a child up to three years of age, financial aid for the care of children with disabilities, financial aid for a burial, compensation for sports and recreational activities, and milestone anniversary payments.</p>	<p> The Company’s Management Board decided that, starting from 2023, children of employees aged 8–16 will also qualify for a 50% subsidy of health resort vouchers to government-certified children’s camps.</p>
<p>Rehabilitation of children with disabilities</p> <p>The program is aimed at supporting families of Group employees who are raising children with disabilities.</p>	<p>AS PART OF THE PROGRAM, the children undergo individual rehabilitation courses and receive qualified medical care</p>
<p>Pension program</p> <p>We keep in touch with the people who helped build NOVATEK and continue to take care of them after their retirement. In 2007, the Regulations on Social Benefits for Retired NOVATEK Group Employees came into force. The Company calculates monthly social benefits according to the Regulations, taking into account the employee’s average salary, employment track record, and location. The Company’s Management Board decided to extend the benefit calculation period to 20 years starting from 2023.</p>	<p>As of 31 December 2022, the program covered a total of</p> <p>1,325 PEOPLE</p>
<p>NOVATEK-Veteran social protection foundation</p> <p>The NOVATEK-Veteran social protection foundation was established in 2005 to provide social assistance to ex-employees of the oil and gas sector with a significant employment history in the Russian Far North. The foundation provides pensioners with quarterly financial assistance, allocates lump-sum benefits, pays for medical treatment and medicines, organizes health resort treatment and rehabilitation, and provides other types of assistance needed.</p>	

⁽¹⁾ Including NOVATEK’s share in joint ventures.

- In 2022, **financial aid** was extended to:
- kindergartens in the regions where the Company operates for maintenance and procurement;
 - remote education programs for underfilled schools in the Leningrad Region;
 - a boarding school in the Tazovsky District’s Gyda locality to build campus housing for 600 beds;
 - residents of the Murmansk Region to purchase two ambulances with relevant equipment;
 - the Tarko-Sale Central District Hospital to purchase medical equipment;
 - a project to develop a medical cluster in Salekhard;
 - the “YAMINE” charitable foundation to arrange medical examination and healthcare services to critically ill children, children with disabilities living in the YNAO, special care and rehabilitation;
 - purchase stair climbers to create accessible environment in the YNAO to make mobility comfortable for wheelchair users both inside and outside, as well as in the airport, to use the boarding stairs and move around inside the aircraft;
 - children and youth with disabilities, whose families cannot afford high-tech customized rehabilitation equipment, or healthcare, examination, rehabilitation services in the Leningrad Region.



Importance is placed on providing **finance for activities aimed at preserving and developing cultural heritage**. The Company participates in a project to reconstruct the “Rodina” cinema theatre in the Murmansk Region, which is considered cultural heritage. The works began in 2022.

Finance was provided to develop designs for the project to preserve and contemporize the cultural heritage site Priory Park in Gatchina (Leningrad Region).

As part of the efforts **to support environmental projects**, the Company aided environmental initiatives and studies of marine mammals in Kamchatka and on the northern Kuril Islands, as well as activities aiming to preserve, record and study Kamchatka's wild reindeer population. In the Leningrad Region, support was extended to the development of nature trails and conservation areas.

Finance was provided for engineering surveys and design development for an automated waste sorting facility with a landfill in Salekhard, Novy Urengoy, Muravlenko for the purposes of creating a comprehensive solid domestic waste management system in the YNAO.

The Company is also **focused on conserving the biodiversity of the YNAO** unique nature by supporting the projects to restore fish population in bodies of water.

Cooperation with Indigenous Peoples of the Far North

NOVATEK participates in organizing and staging traditional ethnic festivals of indigenous peoples (Reindeer Herder’s Day, Fisherman’s Day, Indigenous Peoples of the Far North Day as well as events commemorating anniversaries and memorable dates of Nenets writers and poets) and supports cultural heritage preservation projects, e. g. the “Choree, a Literary Map of Yamal” project.



For more details about Cooperation with Indigenous Peoples of the Far North please see [p. 10](#)

We support traditional trades by purchasing satellite phones, snow mobiles, delivering firewood, financing tundra monitoring from air. In 2022, the Company provided finance to purchase diesel generators for trading posts. To help maintain reindeer stocks, we purchase animals, deliver reindeer food and veterinary drugs. As always, the Company extended finance to procure motor fuel for indigenous communities, air and rail passenger travel for nomads.

We support activities aiming to preserve traditional lifestyles, culture and language of indigenous minorities of the North, provide finance for targeted training initiatives to have indigenous minorities employed with energy sector companies and local governments of the YNAO, help young talents from among the indigenous communities. The Company delivers humanitarian aid to those in need because of hardships from among the indigenous minorities of the North.

Educational Programs

For years, NOVATEK has been building its continuing education program, which enables the Company to recruit highly qualified and educated young people from the regions of our operation.



Recruitment and career guidance for potential future employees start with **the Gifted Children program**, currently running at School No. 8 in Novokuybyshevsk, School No. 2 in Tarko-Sale, School No. 81 in Tyumen, and Secondary School No. 2 in Salekhard. In 2021, School No. 36 in Murmansk joined the program.

Special classes are run at the schools, with places allocated competitively to the most talented grade 10 and 11 students with above-average test results.

698
STUDENTS
attended the
Natural Science
Center

In 2022, as part of an agreement between NOVATEK and the Higher School of Economics, students were given the opportunity to use an online school **to better prepare for their final-year exams in Russia**: specialized mathematics, physics, and computer science.

At the end of April 2022, Tyumen Lyceum No. 81 again, after a two-year break, hosted a physics and mathematics school for students from Tarko-Sale, Tyumen, Novokuybyshevsk, Salekhard, and Murmansk.

A total of 63 tenth graders participating in **the Gifted Children study program** spent several days in engineering competitions and classes with instructors from the regional School of Physics and Mathematics and the Kvantorium children’s technology park.

At the end of October 2022, schoolchildren participating in the Gifted Children program from Tarko-Sale, Tyumen, Novokuybyshevsk, Salekhard, and Murmansk traveled with their teachers to take part in the NOVATEK Intellectual Club in Murmansk.

A total of 124 students and 15 teachers visited the LNG Construction Center in Belokamenka on the western coast of the Kola Bay. The children saw with their own eyes how an LNG plant is built on gravity-based structures, then they had a tour around Europe’s largest assembly shop and learned about new and exciting professions in the oil and gas industry. In a meeting with the Chairman of NOVATEK’s Management Board, they talked about their studies in the specialized classes, their hobbies outside school and impressions from what they saw at Belokamenka.



In 2017, a resource center for industry-specific student training – **the Natural Science Center** – was built and fully equipped in Tarko-Sale, the YNAO. The Center opened in 2018. At year-end 2022, 682 students from Tarko-Sale and 16 students from the settlement of Kharampur, all aged five to 18 years, attended the Center, which offers 31 additional education programs (79 groups of students) and 37 individual learning paths focusing on the natural sciences, technology, tourism, and regional natural history. The programs challenge the students to solve advanced-level problems and prepare them for national contests and competitions. The students also research projects on topics relevant for the YNAO.

Our grant program for schoolchildren is aimed at fostering academic success and creativity, and encourages students to take their studies seriously. Under this program, the Company awards grants to schoolchildren in grades five through eleven. In 2022, the Company awarded 48 grants. Our grant program for teachers is intended to raise the profile of the teaching profession and help new and talented teachers to flourish. In 2021, seven teachers from the Purovsky District received grants under this program.

In an effort to make more effective use of university and college resources to better prepare students for their future work, the Company has developed and successfully implemented the NOVATEK-University program. The program is an action plan for focused, high-quality training in key areas of expertise for students specializing in relevant fields. This investment should translate to Company growth and foster young talent to meet the Company’s needs.

NOVATEK-University program participants comprise the most motivated and gifted graduates of the Gifted Children program in Novokuybyshevsk, Tarko-Sale, Tyumen, Salekhard, as well as children of employees of NOVATEK’s subsidiaries located in the North and graduates

from schools in the Purovsky District who received grants from NOVATEK.

High-performing students who pass their exams with good or excellent grades receive additional monthly stipends.

Besides that, the Company covers commuting costs while on internships. In 2022, the Company’s Management Board decided to increase compensation and scholarships starting from 2023, meaning during their studies, students are offered paid internships. In 2022, 63 students of the **NOVATEK-University program** interned at Company subsidiaries.

Preserving Cultural Heritage

In 2022, NOVATEK continued its cooperation with Russia’s leading museums, including the State Russian Museum, the Tretyakov Gallery, and the Moscow Museum of Modern Art (MMOMA).



In the reporting year, **History in Fine Arts: 19th Century** exhibitions were held in Chelyabinsk, Kostroma, Novy Urengoy, and Murmansk as part of the State Russian Museum’s educational initiatives for children and young people, which the Company has been supporting since 2021. The project aims to promote Russian history through the most important events captured in Russian art. The project also encompassed a workshop to share information and discuss different methodologies through a series of lectures, consultations, and round tables for teachers, as well as seminars and master classes for school students.

In 2022, NOVATEK supported the Tretyakov Gallery’s exhibition **Thing. Space. Man**, which was dedicated to Russian art from the 1960s to the early 2000s. It covered abstractions and kinetic experiments stemming from the discoveries of the Russian avant-garde, to painted objects by the first Moscow conceptualists and large-scale projects and installations by contemporary artists. The exhibition featured works by Mikhail Roginsky, Ilya Kabakov, Viktor Pivovarov, Vladimir Yankilevsky, Eduard Steinberg, Leonid Sokov, Boris Orlov, Dmitry Prigov, and other talented artists. In breaking with tradition, the exhibits were not arranged chronologically or grouped depending on style. Man, Space, World, and other artistic themes served as the basis for selecting particular pieces for the exhibition.

NOVATEK also worked with the MMOMA Education Center to launch **Faces and Figures: The Journey of Images**. The exhibition springboards off portraiture. The museum’s collection shows how the method of portraiture has changed over the 20th and 21st centuries and how different meanings have been attributed to the image of a person. The curators challenge the idea that the portrait is a familiar and conservative genre of flat drawings or paintings. They broaden the understanding of portraiture with a palette of new media to depict a person’s likeness, including sculptures, installations, and videos.

Ⓢ

The Golden Mask festival is a performing arts festival that brings the most important plays from different Russian cities to Moscow every spring.

The Company also supported the MMOMA’s **White Cube: August exhibition**. The name of the exhibition – simple yet enigmatic – functions as a kind of a cipher. A recurring motif of the exhibition is the sense of wandering within a “picture of the world”. In the selected works, created by artists of different generations (Viktor Alimpiev, Evgeniya Buravleva, Valentin Gerasimenko, Aleksey Dubinsky, Vyacheslav Koleichuk, Nikolay Nasedkin, Nikola Ovchinnikov, and others), this idea acquires a manifold expression: from the archaic symbols of the labyrinth and the playing field, topographic maps and three-dimensional drawings, to the images of optical devices, panoramic landscapes, visionary compositions, and digital environments. Together, they serve as waypoints to meanings that lie beyond the visible and evident.

In 2022, NOVATEK became a partner of the Golden Mask festival’s regional events in Samara and Novokuybyshevsk.

In 2022, festival events were held in 13 Russian cities. The Samara Region welcomed events for the second time. Samara’s Academic Opera and Ballet Theater hosted a night of one-act ballets, including **Naples, Brahms Party, and Salieri Variations** by Yekaterinburg’s Ural Opera Ballet theater. The Russian State Academic Youth Theatre’s play *The Son* was also performed.

The Theatre of Nations’ puppet show **Nasreddin Hodja**, the first of its kind for the theatre, was performed in Novokuybyshevsk.

In 2022, NOVATEK remained the general partner of the Moscow Soloists Chamber Ensemble under the direction of Yuri Bashmet.



As part of the efforts promoting corporate sports, the All-Russian Federation of DanceSport and Acrobatic Rock’n’Roll has continued to run its **Corporate Clubs for Acrobatic Rock’n’Roll project** with NOVATEK. The project currently covers five Russian cities: Moscow, Kostroma, Murmansk, Tyumen, and Chelyabinsk. More than 220 boys and girls, including children of NOVATEK employees, are involved in the clubs.

In April and October 2022, talents from our corporate clubs participated in regional acrobatic rock’n’roll competitions as well as in November’s Central Federal District competition. In early December, corporate club members participated in the Russian National Championship and Competition in Moscow, and later in the month, talents from Kostroma participated in the Kostroma City Cup competition.

In 2022, the Company continued its cooperation with the Student Basketball Association. With the support of NOVATEK, **the association held competitions for student basketball teams** across the country, with more than 800 teams and ten thousand athletes participating from over 70 regions of Russia. Since 2017, the Kostroma Region has hosted the Student Basketball Association regional division competition, in which about nine teams participate annually. In 2022, women’s teams participated in the Student Basketball Association’s 3x3 tournament for the first time. In a major step for women’s university basketball, the 2022–2023 Student Basketball Association Championship will welcome women’s teams from universities in the Kostroma, Ivanovo and Yaroslavl Regions thanks to NOVATEK’s support.

In addition to these competitions, various regions hosted acrobatic rock’n’roll and university basketball workshops and showcases.

In the reporting year, NOVATEK **continued supporting Russian national football teams, Russian Football Cup matches, Dinamo women’s volleyball team and NOVA Volleyball Club** and its affiliate children and youth clubs.



16
THOUSAND
BOYS AND
GIRLS

take part in the mini-football championship every year

Sports Projects

In 2022, NOVATEK continued **to promote children and youth sports** in its regions of operation by providing competing indoor football, acrobatic rock’n’roll and student basketball teams with equipment, official competition balls, uniforms, prizes, cups, and medals.

During the year, **an indoor football championship** was run for school teams in the Chelyabinsk and Kostroma Regions. More than 16 thousand boys and girls take part in the championship every year, and indoor football pitches are built for the schools of the championship’s winning teams. In 2022, two were built in the Chelyabinsk Region and two were built in the Kostroma Region. All in all, since 2013, 48 football grounds have been built for championship-winning schools under the Step to Bigger Football project. In the reporting year, the school gym of the Kamchatka Territory’s competition-winning team was upgraded.



Help to Children in Desperate Need

In 2022, pursuant to NOVATEK’s corporate charity policy, the Company continued to run projects aimed at **helping children in desperate need** in its regions of operation.

The Health Territory project saw leading doctors from the Russian Children’s Clinical Hospital (RCCH) visit eight cities: Tarko-Sale, Novy Urengoy, Kostroma, Chelyabinsk, Magnitogorsk, Petropavlovsk-Kamchatsky, Murmansk, and Tyumen. In total, 14 surgeries were performed, 721 severely ill children received expert help, and 151 children were admitted to the RCCH and other federal hospitals. In addition to providing medical assistance to children, RCCH doctors have held research-to-practice conferences for regional specialists and case conferences, including with leading experts on rare pathologies. Since project launch in 2018, a total of 2,923 children have received assistance on 21 medical specialties, and 619 children have been admitted to the RCCH and other federal medical centers where 19 surgeries were performed.

As part of **the Targeted Therapy project** aimed at helping children with cancer undergoing treatment in the Dmitry Rogachev National Medical Research Center of Pediatric Hematology, Oncology and Immunology, 74 children received molecular genetic tests to help inform individual courses of treatment, which significantly increases their chances of recovery. A total of 366 children received medical assistance since the start of the project in 2018.

As part of **the Internships project**, 16 doctors from seven regional clinics in Murmansk, Chelyabinsk, Magnitogorsk, Kostroma, Tyumen, Novy Urengoy, and Tarko-Sale completed individual in-person professional development courses in rare medical specialties at Moscow’s Pirogov Russian National Research Medical University.

The High-Tech Equipment project involved the Company financing the purchase of modern medical equipment for five functional therapy departments and the Medical Rehabilitation Center of the Kostroma Regional Children’s Hospital, as well as Kostroma Children’s Polyclinic No. 5. Ophthalmic equipment and medical supplies used to treat and rehabilitate children with visual impairments were purchased for the Children’s Development Center – Kindergarten No. 132 – in Magnitogorsk.

Financial support for the treatment, rehabilitation, social adjustment, and training of visually impaired and deaf-blind children is traditionally channeled through Con-nection, a deaf-blind support foundation.

Targeted donations to help treat critically ill children were provided in response to multiple private requests received by the Company, as well as to the children at the Gorodok Neznaiki foster home in Moscow. The Company made a donation to procure a year’s worth of medical supplies and pay for medical services for the children at the Kolomna (Schurovo) Most Holy Trinity Church’s Center for the Social Rehabilitation of Children, and provided financing to rebuild the administrative building of the foster home’s petting zoo after a fire.

By running the projects under the Company’s charity policy, we were able to boost both the quality of support given and the number of children to receive targeted aid and social and psychological assistance in the regions where the Company operates.



In 2022, the key activities of **the Company’s volunteer movement All Together** remained unchanged: providing support for orphans and

children with various illnesses and gifting New Year’s presents from the Company and its subsidiaries’ employees to more than 200 care recipients at the Noginsk boarding school in the Moscow Region.

Other Charitable Activities



In 2022, the Company provided **financial assistance to restore memorials** in eight municipalities of the Chelyabinsk Region, as well as a free gas supply across the region for Eternal Flame memorials under the Fire of Victory project. The Company helped restore and repair a total of 65 Great Patriotic War memorials.

Under **the Childhood Protection project**, the Company financed Boarding School No. 13 and the Aistenok Child Care Center in the Chelyabinsk Region, helping to repair their classrooms, living quarters and studio theater, while also sending the boarding school children on a holiday to a children’s health resort in Anapa.

A regional children’s drawing contest, in which over 400 girls and boys took part, was run by NOVATEK-Kostroma in conjunction with the Department of Education and Science as part of the Company’s social projects. The Company awarded winners and medalists with certificates, prizes, and gifts.



NOVATEK subsidiaries – including NOVATEK-Tarkosaleneftegas, NOVATEK-Yurkharovneftegas, and NOVATEK-Kostroma – also took part in **a Memory Garden** initiative in 2022. Our employees, local schoolchildren and volunteers planted trees to commemorate those who died in the Great Patriotic War..



In the Kostroma Region, events are organized under the national **#TogetherBrighter** competition for creativity, design, and research, including open days to introduce NOVATEK-Kostroma and NO-VATEK to young people. .



In late September 2022, NOVATEK and the GES-2 House of Culture arts center arranged **an Our Festival** event in a park near the State Philharmonic of the Kostroma Region. In a first for Kostroma, the GES-2 House of Culture launched one of its regional initiatives aiming to enable networking and the exchange of experience between cultural professionals in the regions, develop local artists’ potential, and actively involve local residents in cultural projects.

(05)

Management and Corporate Governance

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The activity of all these bodies is governed by the applicable laws of the Russian Federation, NOVATEK's Articles of Association and internal documents available on our website www.novatek.ru/en/

NOVATEK strives to commit to the highest standards of corporate governance. We believe that such standards are an essential prerequisite to business integrity and performance and provide a framework for socially responsible management of the Company's operations.

The Company has established an effective and transparent system of corporate governance complying with both Russian and international standards.

105.58

RR

dividends per share for 2022⁽¹⁾

⁽¹⁾ Recommendation of the Board of Directors.

9

MEETINGS

of the Board of directors were held during the 2022 corporate year



For more details about the Board of directors' activities please see [p. 93](#)

Management and Corporate Governance

NOVATEK strives to commit to the highest standards of corporate governance. We believe that such standards are an essential prerequisite to business integrity and performance and provide a framework for socially responsible management of the Company’s operations.

The Company has established an effective and transparent system of corporate governance complying with both Russian and international standards. NOVATEK’s supreme governing body is the General Meeting of Shareholders. The corporate governance system comprises the Board of Directors, the Board Committees, and the Management Board, as well as internal control and audit bodies and the Corporate Secretary.

NOVATEK strives to consider the principles of corporate governance outlined in the Corporate Governance Code recommended by the Central Bank of Russia (Letter No. 06-52/2463 dated 10 April 2014). The Company follows the recommendations of the Code, as well as offers to our shareholders and investors other solutions that are intended to protect their rights and legitimate interests.

The Company adheres to its Code of Business Conduct and Ethics approved by the Board of Directors in 2022 (Minutes No. 258 dated 20 December 2022). The Code sets forth overall provisions and principles governing the conduct of members of the Board of Directors, the Management Board and the Revision Commission, as well as managers and employees of NOVATEK, which were drafted according to our moral and ethical values, professional standards, and sustainability best practice.

NOVATEK’s Code of Business Conduct and Ethics is available at our [website](#) in Section Charter and Corporate Documents

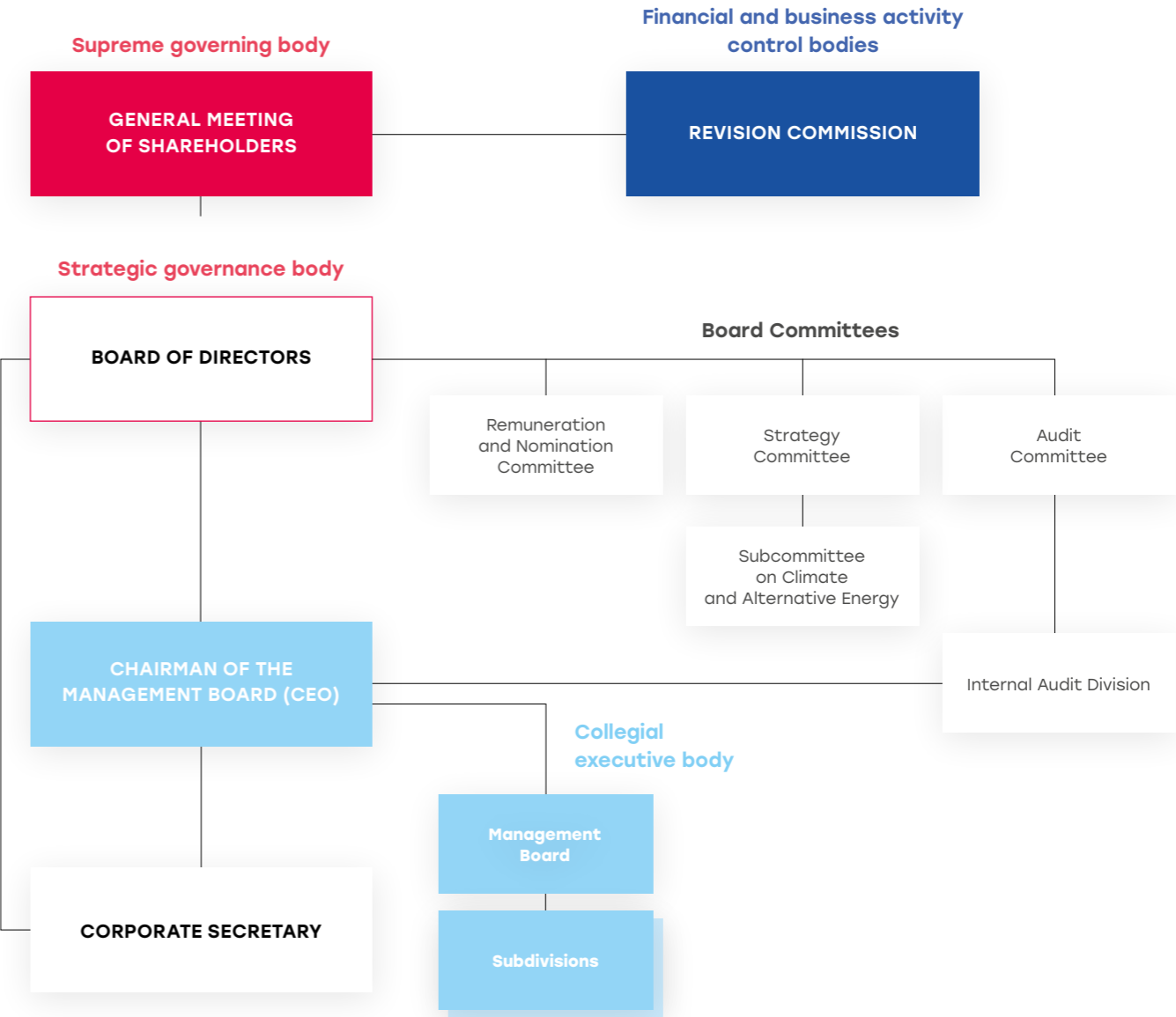
The Code also outlines the rules governing relationships inside the Company and NOVATEK’s relationships with its subsidiaries and joint ventures, shareholders, investors, the government and the public, consumers, suppliers, and other stakeholders.

In December 2021, NOVATEK’s Board of Directors approved the **Company’s Human Rights Policy**, which formalizes the Company’s stance on human rights and encompasses all fundamental principles, including respect for human dignity, providing a safe working environment, non-discrimination, as well as respect for the rights, distinctive culture, and customs of local communities and indigenous peoples.

The Company tracks any changes in current legislation and the Listing Rules of the Moscow Exchange and the London Stock Exchange and harmonizes its internal documents to reflect such changes.

① NOVATEK’s current regulations on the Company’s corporate governance and executive bodies, Internal Audit Policy, Regulations on Risk Management and Internal Control System, Regulations on the Corporate Secretary, and other regulations are up to date and do not require any amendments.

NOVATEK’s corporate governance practices allow its executive bodies to manage day-to-day operations effectively, prudently and in good faith – all to the benefit of the Company and its shareholders.



General Meeting of Shareholders

The General Meeting of Shareholders is NOVATEK’s highest governance body.

Regulations on the General Meetings approved by NOVATEK’s General Meeting of Shareholders in 2005 are available at our [website](#)

①

The activity of the General Meeting of Shareholders is governed by the laws of the Russian Federation, the Company’s Articles of Association, and the Regulations on the General Meetings approved by NOVATEK’s General Meeting of Shareholders in 2005 (Minutes No. 95 dated 28 March 2005) with subsequent alterations and amendments.

The General Meeting of Shareholders is responsible for:

- approving annual reports and annual financial statements;
- distributing profit (including dividends);
- electing the Board of Directors and the Revision Commission;
- approving the Company’s External Auditor, and other corporate and business matters.

On 21 April 2022, the Annual General Meeting of Shareholders approved the 2021 Annual Report, accounts, and financial statements prepared under the Russian Accounting Standards (RAS), voted to distribute the profit, and agreed on the size of the year-end dividend for 2021. The meeting also elected the Board of Directors and the Revision Commission, approved the remuneration payable to the Board of Directors and the Revision Commission, and approved the external auditor for 2022.

On 28 September 2022, the Extraordinary General Meeting of Shareholders approved the size of the interim dividend for the first half of 2022.

The Board of Directors were elected at the Annual General Meeting of Shareholders on 21 April 2022. **The elected Board is comprised of nine members, of which eight are non-executive directors, including three independent directors.** The Board is chaired by Alexander Natalenko. The Chairman is responsible for leading the Board and ensuring it operates efficiently.

The members of NOVATEK’s Board have a wide range of expertise as well as a solid track record in strategic, operational, financial, and commercial activities in oil and gas. The Board members hold regular meetings with NOVATEK’s top management to gain a detailed understanding of NOVATEK’s business activities and strategy as well as its key risks. The directors also have access to the Company’s middle management for both formal and informal discussions to ensure

the information needed for Board meetings flows freely and informs decision making.

The Corporate Secretary also plays a key role in the Board’s work. The Corporate Secretary is sufficiently independent (they are appointed and dismissed by the Board of Directors) and is endowed with the necessary powers and resources to carry out their role in accordance with the Regulations on the Corporate Secretary⁽¹⁾.

Regulations on the Corporate Secretary approved by NOVATEK’s Board of directors are available at our [website](#)

Board of Directors

Regulations on the Board of Directors approved by NOVATEK’s General Meeting of Shareholders are available at our [website](#)

①

The Board of Directors’ (the “Board”) activity is governed by the laws of the Russian Federation, the Company’s Articles of Association and the Regulations on the Board of Directors first approved by NOVATEK’s General Meeting of Shareholders in 2005 (Minutes No. 96 dated 17 June 2005) with subsequent alterations and amendments.

The Board carries out the overall strategic management of the Company’s activities on behalf and for the benefit of all its stakeholders and ensures the Company delivers strong performance to increase shareholder value in a prudent and responsible manner.

The Board determines the Company’s strategy and priority lines of business, endorses long-term and annual business plans, reviews financial performance, internal control, risk management and other matters within its remit, including optimizing corporate structure, approving major transactions, making decisions on investment projects and recommendations on the size of dividend and its payment procedure, and convening the General Meeting of Shareholders. The General Meeting of Shareholders elects the Board of Directors.

Board Activities during the 2022 Corporate Year⁽²⁾

To ensure the Company’s efficient performance, Board meetings are convened on a regular basis at least once every two months.

- The following key issues were discussed and decisions made:
- the Company’s 2022 full-year operating and financial results were reviewed and approved;
 - an interim dividend was proposed for the first half of 2022 based on interim financial results for the period, as well as a final dividend for 2022 based on the full-year financial results;
 - Extraordinary and Annual General Meetings of Shareholders were convened. During the meetings in 2022, telecommunications facilities were used to allow the shareholders to vote via electronic ballots;
 - the main parameters of NOVATEK’s business plan for 2023 were reviewed and approved;

9
MEETINGS

of the Board were held during the corporate year 2022

4
MEETINGS

were held in the form of joint attendance

⁽¹⁾ Approved by the Board of Directors, Minutes No. 168 dated 28 April 2014 with subsequent alterations and amendments
⁽²⁾ From the Annual General Meeting of Shareholders on 21 April 2022 until 21 April 2023.

- NOVATEK’s Sustainability Report 2021 was approved;
- the revised Occupational Health, Industrial and Fire Safety, and Environmental Policy of NOVATEK Group was approved;
- NOVATEK’s revised Code of Business Conduct and Ethics was approved;
- a work plan and budget for NOVATEK’s Internal Audit Division was approved for 2023.

In order to improve the efficiency of corporate governance and meet the recommendations of the Russian Corporate Governance Code, the Company **carries out external assessments** of the Board of Directors’ and the Board committees’ activities **by engaging an external independent consultant once every three years, and conducts a self-assessment annually**.

The results of an annual self-assessment carried out by NOVATEK’s Board of Directors in March 2022 were reviewed at the Board meeting.

The assessment covered the following areas:

- the Board’s overall performance;
- each Board committee’s performance;
- the Board Chairman’s performance;
- the Corporate Secretary’s performance.

The self-assessment methodology involves a survey of members of the Board of Directors.

The activities of NOVATEK’s Board of Directors and its committees were reviewed and assessed for compliance with the recommendations of the Russian Corporate Governance Code; the Moscow Exchange Listing Rules; the recommendations of the Central Bank of the Russian Federation on risk management, internal control, internal audit, and the board of directors (supervisory board) audit committee’s activities in public joint stock companies; the recommendations of the Central Bank on the formation and succession of the board of directors; as well as international and Russian best practices.

During the self-assessment process, key activities of the Board of Directors and its committees were reviewed, including strategy definition, supervisory and monitoring functions, interaction with top management, risk management, remuneration, succession, and development of key managers.

The self-assessment helped **identify the areas for improving the Board’s performance**.

Board Committees

The Company has three Board committees: the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee.

①

The committees’ activities are governed by the specific Committee Regulations approved by the Board of Directors and are available on our [website](#).

In 2021, the Board of Directors made decision to create a Subcommittee on Climate and Alternative Energy under the Strategy Committee.

The committees play a vital role in ensuring that high standards for corporate governance are maintained throughout the Company and that a broad number of issues are investigated and necessary recommendations are made prior to general Board discussions.

In order to discharge their duties, the committees may request information or documents from members of the Company’s executive bodies or heads of the Company’s relevant structural units. For the purpose of considering matters within their remit, the committees may also engage experts and advisers with specialist professional knowledge and skills.

Following previous assessments, workshops were requested for Board members. Two workshops were run in 2022 covering sustainability and the LNG market, with leading experts in these areas invited as speakers.

Audit Committee

▲ THE PRIMARY ROLE

To monitor the Company’s financial and business activities. In order to support the Board’s monitoring functions, the committee’s remit includes, but is not limited to, evaluating the reliability of the Company’s annual financial statements, the nominated auditor, the auditor’s report, and the efficiency of the Company’s internal control system and risk management system.

The Audit Committee interacts with the Company’s Revision Commission, external auditor and executive bodies. NOVATEK executives charged with preparing accounts and financial statements are invited to the Committee’s meetings.

- In the corporate year 2022, the committee met five times, including four meetings in the form of joint attendance, to:
- discuss the Audit Plan and review the audit report covering the Company’s activities for the year across two meetings with the Company’s external auditor;
 - review NOVATEK Group’s risk register;
 - review reports on compliance with the Information Policy and the Anti-Corruption Policy;
 - review the Company’s quarterly financial performance;
 - approve six-month and full-year reports on the activities of the Company’s Internal Audit Division;
 - make a recommendation to the Board of Directors to approve the Company’s Annual Report and Internal Audit Plan and Budget;
 - make a recommendation on the Company’s nominee auditor and the size of their remuneration;
 - review the Internal Audit Division’s report on the reliability and efficiency of the risk management system, the internal control system, and corporate governance;
 - consider other matters within the Audit Committee’s remit.

Attendance of Board and Committee Meetings in the Corporate Year 2022

Board meetings 9 meetings / attendance, %	Remuneration and Nomination Committee 6 meetings / attendance, %	Audit Committee 5 meetings / attendance, %	Strategy Committee 4 meetings / attendance, %
1st / 100	1st / 100	1st / 100	1st / 100
2nd / 100	2nd / 100	2nd / 100	2nd / 100
3rd / 100	3rd / 100	3rd / 100	3rd / 100
4th / 77	4th / 100	4th / 100	4th / 100
5th / 100	5th / 100	5th / 100	
6th ^(*) / 100	6th / 100		
7th / 100			
8th / 100			
9th / 100			

- 1 Joint attendance
- 3 In absentia

(*) Excluding Arnaud Le Foll and Dominique Marion who resigned from the Board.

Remuneration and Nomination Committee

THE PRIMARY ROLE

To develop an efficient and transparent compensation practice for members of the Company’s management, boost the professional expertise and performance of the Board of Directors, and make recommendations for the Company’s Board of Directors on priority areas in sustainability, industrial safety, environmental protection, climate impact, corporate governance, and social activities.

In order to assist the Board, the Committee performs the following functions:

- developing and regularly reviewing the Company’s remuneration policies for the Board of Directors, executive management and the sole executive body of the Company overseeing their adoption and implementation;
- conducting a preliminarily assessment of the Company Management Board’s performance for the year in line with the Company’s remuneration policy;
- conducting detailed and formalized annual performance self-assessments or commissioning external assessments for the Board, its members and committees; setting priority areas for strengthening the Board of Directors;

- interacting with shareholders, which shall not be limited to major shareholders, with a view to generate recommendations prior to the election of nominees to the Company’s Board of Directors;
- planning appointments of members of the executive body and the sole executive body to ensure business continuity;
- supervising the disclosure of Board of Directors and Management Board member shareholdings, as well as those of other key executives; and
- reviewing reports on industrial safety, environmental protection, climate impact, corporate governance, and social activities, as well as reviewing the Company’s sustainability reports on an annual basis.

In the corporate year 2022, the Remuneration and Nomination Committee met six times, including four meetings in the form of joint attendance, to:

- review NOVATEK’s 2021 Sustainability Report and recommend it for approval by the Board of Directors;
- review NOVATEK Group’s 2021 HSE performance report;
- make recommendations in accordance with NOVATEK Group’s Executive Bodies and Other Key Employees Remuneration and Reimbursement Policy;
- review NOVATEK’s 2022 HR management report;
- review the 2022 report on NOVATEK’s social performance in the regions where the Company operates;
- make recommendations to the Board of Directors to form committees in line with the recommendations of the Corporate Governance Code and the profile of each Board member;
- make recommendations to the General Meeting of Shareholders with respect to remuneration payable to the Board of Directors;
- review the self-assessments of NOVATEK’s Board of Directors and Board committees;
- preliminarily review and recommend the approval of the revised Occupational Health, Industrial and Fire Safety, and Environmental Policy of NOVATEK Group;
- consider other matters within the committee’s remit.

Strategy Committee

THE PRIMARY ROLES

Setting strategic business objectives and following up on strategy implementation, as well as developing dividend policy recommendations.

In discharging its responsibilities and assisting the Board members in discharging their duties, the committee is tasked with, among other things:

- evaluating the long-term performance of the Company’s business;
- preliminarily reviewing and making recommendations on the Company’s participation in other entities;
- assessing voluntary and mandatory offers for the Company’s securities;
- considering the financial model and business valuation of the Company and its business segments in order to make recommendations to the Board of Directors on the Company’s business priorities;

- making recommendations to the Board of Directors on transactions subject to Board approval; and
- making recommendations to the Board of Directors with respect to the Company’s policy on the use of its non-core assets.

In the corporate year 2022, the Strategy Committee met four times, including three meetings in the form of joint attendance, to:

- make recommendations regarding the size and form of the six-month and full-year dividend payout;
- review progress updates on NOVATEK’s Corporate Strategy up to 2030, including:
 - the analysis of domestic and international markets, logistics, risks and risk evaluation, and performance targets,
 - the status of key projects,
 - the mineral resource base status and maturation,
 - the NSR development;
- preliminarily review and make recommendations to approve the main parameters of NOVATEK’s consolidated business plan for 2023, including analysis of the Company plan’s sensitivity to macro factors in 2023;
- consider other matters within the committee’s remit.

Subcommittee on Climate and Alternative Energy (under the Strategy Committee)

THE PRIMARY ROLES

Reviewing the Company’s business and developing recommendations to the Board on matters related to NOVATEK’s climate and decarbonization strategy, renewables, and the production of low-carbon fuels.

In July 2021, the Board of Directors passed a resolution to establish a Subcommittee on Climate and Alternative Energy under the Strategy Committee. Having a dedicated subcommittee promotes regular in-depth reviews of NOVATEK’s climate strategy performance and the timely submission of climate-related proposals to the Board of Directors.

In the corporate year 2022, the Subcommittee on Climate and Alternative Energy met four times, including three meeting in the form of joint attendance.

Management Board

NOVATEK’s Management Board is a collective executive body responsible for the day-to-day management of the Company’s business

The Management Board’s remit is detailed in [NOVATEK’s Articles of Association](#)



The Management Board’s activities are governed by the laws of the Russian Federation, NOVATEK’s Articles of Association, resolutions of the General Meetings of Shareholders and the Board of Directors, and by other internal documents.

Members of the Management Board are elected by the Board of Directors from among the Company’s key employees. The Management Board is accountable to the Board of Directors and the General Meeting of Shareholders. The Chairman of the Management Board is responsible for leading the Board

and ensuring its efficient performance as well as organizing Management Board meetings and implementing decisions of the General Meeting of Shareholders and the Board of Directors. The Management Board was elected by the Board of Directors on 25 August 2017 (Minutes No. 198 dated 25 August 2017) with subsequent changes in its composition pursuant to the resolutions of the Board of Directors dated 12 July 2018; 21 September 2018; 14 November 2018; 14 December 2018; 19 March 2019; 2 November 2020; 17 December 2021; and 25 August 2022.

of their functions as members of NOVATEK’s Board of Directors.

The procedure and criteria for calculating the level of remuneration paid to the Chairman and members of NOVATEK’s Management Board, as well as the compensation of their expenses, are prescribed in the Regulations

on the Management Board, NOVATEK Group’s Executive Bodies and Other Key Employees Remuneration and Expense Reimbursement Policy (approved by the Board of Directors on 17 December 2019, Minutes No. 226 dated 17 December 2019), and the employment contracts they sign with the Company.

Remuneration to the Board of Directors and the Management Board

Regulations on Remuneration and Compensations Payable to Members of Board of Directors approved by NOVATEK’s General Meeting of Shareholders are available at our [website](#)



The procedure for calculating the remuneration and compensation paid to members of NOVATEK’s Board of Directors is governed by the Regulations on Remuneration and Compensations Payable to Members of NOVATEK’s Board of Directors approved by the Annual General Meeting of Shareholders (Minutes No. 122 dated 24 April 2015) with subsequent amendments pursuant to the resolution of the Annual General Meeting of Shareholders dated 23 April 2019.

According to the Regulations, remuneration consists of the following:

- a fixed part;
- remuneration for attending Board meetings; and
- remuneration for attending Board committee meetings.

The fixed part of a Board member’s remuneration stands at RR 15 mln per corporate year. The fixed part for the Chairman of the Board of Directors totals RR 30 mln per corporate year. Members of the Board of Directors are also paid remuneration for attending Board meetings to a maximum amount of RR 4.5 mln per corporate year, as well as remuneration for attending committee meetings to a maximum amount of RR 3 mln per corporate year.

Board members are also compensated for travel and accommodation expenses related to the performance

Risk Management and Internal Control System

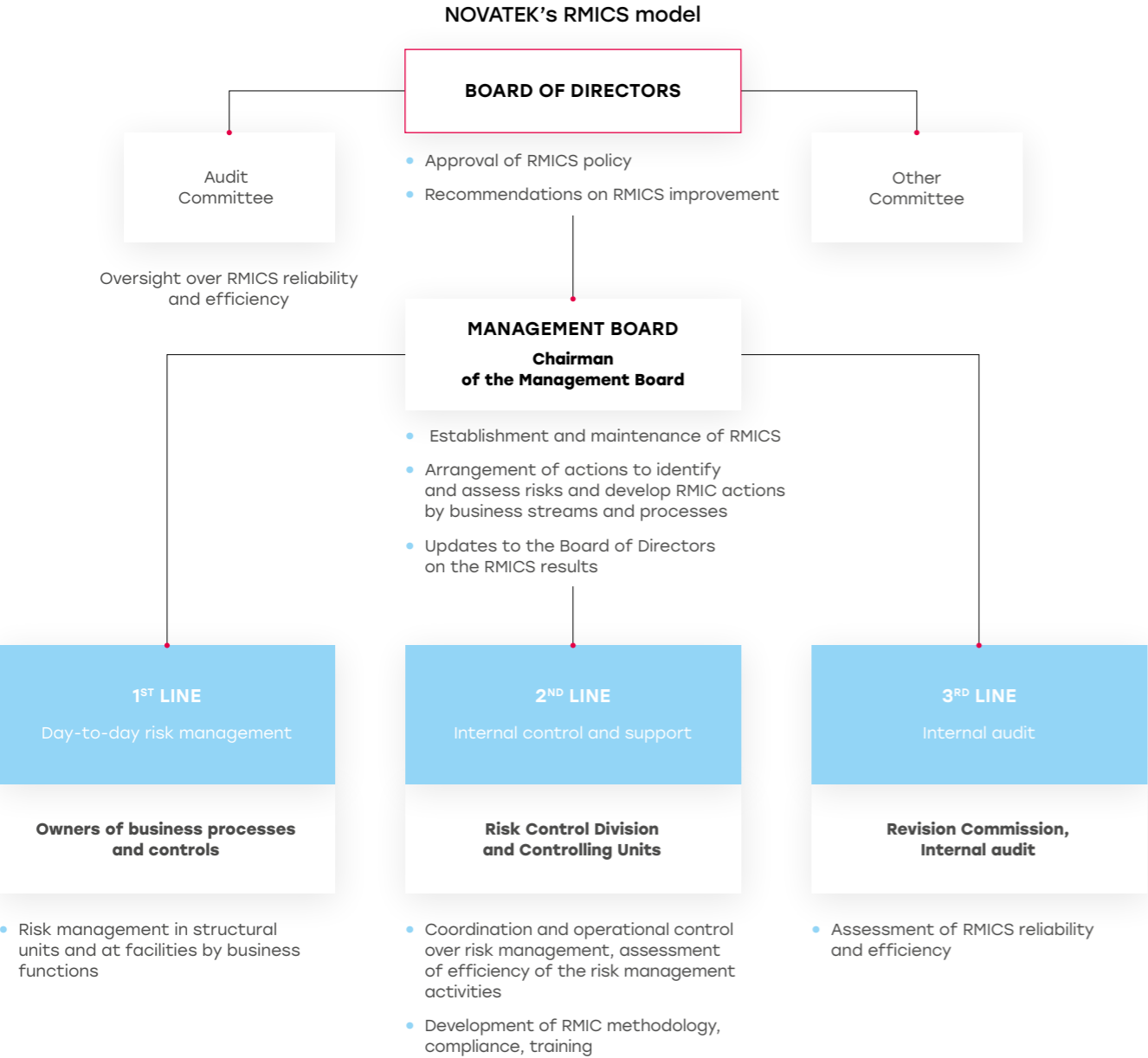
Risk Management and Internal Control System Model

The Company has a comprehensive Risk Management and Internal Control System (RMICS) aimed at protecting assets, improving business processes, enhancing operational efficiency and complying with applicable laws and regulations.

Timely identification of discrepancies and sources of inefficiency, analysis and forecasting of future scenarios, development of measures to prevent or reduce impact of risks in a timely manner contribute a lot to achieving the Company’s operational and strategic goals.

The Company’s RMICS operates continuously and covers all levels of corporate governance and each area of activity and business process across NOVATEK’s structural and standalone units.

Its model of operation implies the involvement of all levels of corporate governance in timely identification and management of risks and discrepancies and includes aligning RMICS elements at strategic and tactical management levels as well as ensuring independent evaluation and oversight over the RMICS functioning.



⁽¹⁾ The above list includes key RMICS policies and does not include internal regulations developed to implement the policies.

For the purposes of implementing the Regulations on NOVATEK RMICS, **the Company developed internal documents governing various aspects of the RMICS functioning**, including risk management, internal audit, combating corruption, compliance with business ethics, control over insider information, processing and use of personal data, etc., most of which are publicly available and can be accessed through [the Company's official website](#).

▲ KEY DOCUMENTS REGULATING RMICS IN NOVATEK⁽¹⁾



1

Regulations on Risk Management and Internal Control System

2

Risk Management Procedure

3

Code of Business Conduct and Ethics

4

Supplier Code of Conduct

5

Anti-Corruption Policy

6

Internal Audit Policy

7

Insider Information Access and Distribution Policy

8

Human Rights Policy

①

The main principles and approaches, goals and objectives, the list of participants of the RMICS as well as their obligations and cooperation procedure are governed by the Regulations on NOVATEK Risk Management and Internal Control System approved by the Board of Directors (Minutes No. 247 dated 27 August 2021).

The Company has adopted best international and Russian practices of risk management and internal control, including:

- COSO 2017 "Enterprise Risk Management – Integrating with Strategy and Performance" (COSO ERM);
- COSO 2013 "Internal Control – Integrated Framework";

- Concept of the Institute of Internal Auditors – IIA's Three Lines Model. Updated Three Lines of Defense model (2020);
- GOST R ISO 31000-2019 National Standard of the Russian Federation – Risk management. Principles and Guidelines (2020), and other standards;
- recommendations on organizing risk management, internal control, internal audit, work of the audit committee of the board of directors (supervisory board) in public joint stock companies (as recommended by information letter of the Bank of Russia No. IN-06-28/143 dated 1 October 2020).

Regulations on Risk Management and Internal Control System approved by NOVATEK's Board of directors are available at our [website](#)

Internal Audit Division

In order to assist the Company's Board of Directors and executive bodies in preserving and increasing the value of NOVATEK Group, NOVATEK's Internal Audit Division (the "Division") performs objective internal audits based mainly on the risk-oriented approach.

The internal audit function in NOVATEK is centralized.

In its activities, the division is guided by the applicable laws of the Russian

Federation, NOVATEK's internal documents and International Standards for the Professional Practice of Internal Auditing. The main document regulating internal audit activities is NOVATEK's Internal Audit Policy approved by the Board of Directors, which defines the internal audit's goals, objectives, functions and powers, as well as the internal audit's place in the Company's organizational structure.

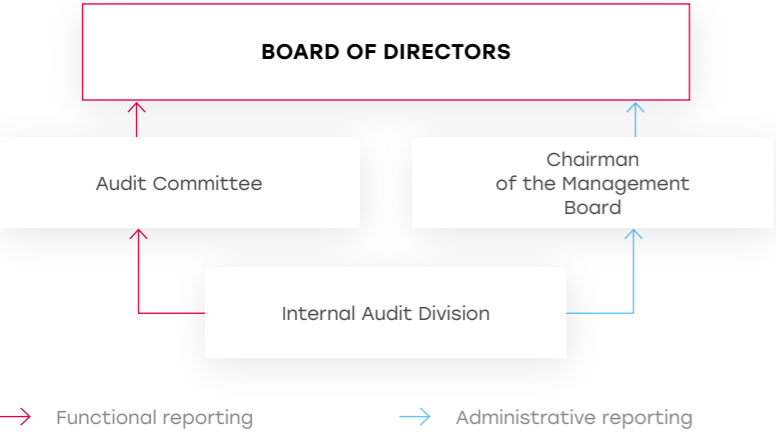
Internal Audit Policy approved by NOVATEK's Board of directors is available at our [website](#)

Organizational independence

The Internal Audit Division is:

- functionally subordinated to the Board of Directors which, among other things, approves the Internal Audit Policy and the division's work plan and budget;

- administratively subordinated to the sole executive body, the Chairman of the Management Board, who facilitates the implementation of the Internal Audit Policy and internal audit activities.



To efficiently perform the internal audit function:

- the division is free to access any assets, documents, accounting entries and other information related to NOVATEK Group's business;
- the division head is allowed to directly communicate with the Chairmans of the Board of Directors, the Audit Committee and the Management Board.

Activities in the reporting period

In 2022, the division carried out its activities based on the annual plan prepared using a mainly risk-based approach and approved by the Board of Directors after preliminary review by the Audit Committee. The division monitored the implementation of recommendations to eliminate the risks identified during internal audits as well as to improve the internal control system.

As the third line of the RMICS, the Internal Audit Division evaluates the system's reliability and efficiency on an annual basis. Based on the 2022 performance,

the Internal Audit Division issued an opinion on the reliability and efficiency of the RMICS, which pursuant to the Federal Law "On Joint Stock Companies" is included in information (materials) to be provided to those entitled to participate in General Meetings of Shareholders.

The results of NOVATEK's Internal Audit Division in 2022 were reviewed by the Audit Committee comprised of independent directors. NOVATEK's internal audit activities in 2022 were recognized as efficient.

Internal and external quality assessment

The division has a program to assess and improve the quality of the internal audit function, whereunder:

- internal quality assessment is performed on an annual basis;
- independent external quality assessment is performed every five years.

In 2018, the division initiated the first independent external assessment. The initiative was supported by the executive management and the Audit Committee. The assessment by Ernst and Young – Evaluation and Consulting Services LLC validated the compliance of NOVATEK's internal audit activities with the International Standards for the Professional Practice of Internal Auditing (Opinion dated 22 March 2019).

Coordination of activities with other parties

The Internal Audit Division cooperates with the external auditor in sharing information related to working plans and other matters of relevance

to the parties. To improve the efficiency and reduce the costs, the Internal Audit Division employees serve on revision commissions of the Company's affiliates.

Risk Management System

To ensure sustainable development in the context of uncertainty and ever-changing environment, NOVATEK has built a risk management system which involves systemic assessment and response to all risks that may hinder the achievement of the Company's goals.

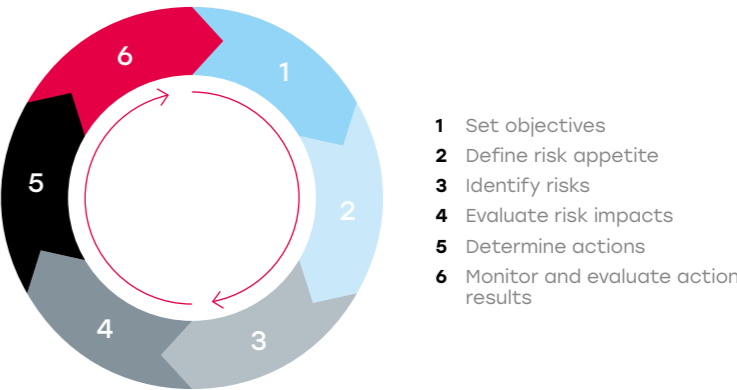
The Company's risk management system involves:

- risk identification and quantitative assessment vis-a-vis the Board-approved risk appetite;
- development of action plans to prevent or mitigate any adverse effect from risk materialization and ongoing follow-up on the action plans during the year.

Risk management is an integral part of the Company's operational and strategic planning process and is carried out in accordance with the principles and approaches set forth in the Regulations on NOVATEK RMICS, the Risk Management Regulations, and other internal regulations which detail all the aspects of the risk management process.

The Company has established a standalone Risk Control Division which is responsible for coordinating risk management activities and maintaining a centralized approach to securing insurance coverage for the Company.

NOVATEK's risk management process



The Company describes its risks through risk maps that provide a systematic view across the Company's business processes and lines of activities for the risks that could threaten the achievement of the Company's goals in the next one–three years.

NOVATEK's key risks and respective risk management activities are listed in the section dedicated to Key Business Risks.

While the Company endeavors to mitigate the adverse effect of risks materialization, it also strives to identify and evaluate opportunities in a timely manner as well as to take action to generate upside from their materialization.

The Company describes its opportunities in its Opportunities Map. NOVATEK intends to leverage the following opportunities by 2030.

- 1 Expanding the production of LNG as a low-emission hydrocarbon fuel
- 2 Developing proprietary technological solutions to enable the achievement of the Company's long-term goals
- 3 Studying and producing new low-carbon energy products
- 4 Developing decarbonization and renewable energy projects
- 5 Using new logistical channels, including expanding navigation via the Northern Sea Route
- 6 Digitalizing the Company's business processes

The Company's Management Board and the Board of Directors receive reports on risk and opportunity management activities on a regular basis.

The Company develops and implements action plans to improve its risk management system on a regular basis.

The following efforts helped improve NOVATEK's risk management system in 2022:

- Approval of NOVATEK's Risk Management Regulations (an internal framework for risk identification, evaluation and mitigation planning);
- For the first time ever, the Company conducted an opportunity identification exercise resulting in action plans, which could contribute towards the Company's business objectives as well as help identify new revenue streams until 2030;
- Update of the Company's 2023–2025 Risk Map.

NOVATEK's risk management system development objectives for 2023–2025:

- Improve risk management awareness and create a training course on risk management practicalities in the Company;
- Improve risk management communication between the Company's business units and affiliates;
- Update the Company's risk maps and opportunities maps as may be relevant given the context and based on risk management best practices.

Risk Management Activities

The Company develops and implements risk management action plans, including insurance programs, business continuity plans and stress-testing exercises.

Risk insurance



NOVATEK's insurance programs involve major Russian insurance companies with good reputation and high rating. Due to sanctions, in 2022 the Company had to switch from international reinsurance companies to the Russian National Reinsurance Company established by the Bank of Russia.

Given the scale and complexity of its projects, NOVATEK widely uses compulsory and voluntary insurance plans.

1 PROPERTY DAMAGE AND BUSINESS INTERRUPTION (PD/BI) INSURANCE PROGRAM

An insurance covering property, including the risk of mechanical failures and loss of production across key industrial sites, to mitigate negative consequences for the Group's business

2 LIABILITY INSURANCE PROGRAM FOR OWNERS OF HPF AND VEHICLES

An insurance covering liability associated with operating the Company's hazardous production facilities and vehicles, including fatalities, injuries and property damage resulting from industrial accidents and road accidents

3 PROPERTY DAMAGE INSURANCE PROGRAM

An insurance covering non-production facilities (administration buildings, accommodation camps and other social infrastructure)

4 DIRECTORS AND OFFICERS (D&O) LIABILITY INSURANCE PROGRAM

An insurance covering liability of senior executives and the Group in case of third-party claims related to faulty actions or decisions by senior executives and governing bodies

5 INVESTMENT PROJECTS RISKS INSURANCE PROGRAM

Comprehensive insurance programs covering major projects (such as Yamal LNG, Arctic LNG 2, etc.) across their lifecycle (engineering, exploration and production, construction, operation, transportation of finished products)

6 THIRD-PARTY AND ENVIRONMENTAL LIABILITY INSURANCE PROGRAM

A third-party liability insurance covering fatalities, injuries and damage to property of third parties and to environment in the course of the Group's operations

7 WELL INSURANCE PROGRAM

The Group's subsidiaries and affiliates involved in petroleum production procure an insurance covering well control events as well as damage to drilling equipment

8 MARINE RISKS INSURANCE PROGRAM

An insurance covering finished products and project cargoes during transportation, marine hull and machinery, ship owner's and charterer's liability

In 2022, no insured major accidents or incidents occurred.

Business continuity plans

In addition to Russian legislative requirements for regular identification and control of risks at hazardous production facilities, **the Company has been developing business continuity plans for major production facilities on a regular basis** since 2018. The purpose of developing the continuity plans is to secure rapid recovery of production

processes by implementing previously developed action plans and procedures for personnel cooperation to mitigate the consequences of accidents at the Company’s key process facilities. The development of business continuity plans covers all of the Group’s subsidiaries and affiliates and continued on a systematic basis in 2022.

Stress testing

NOVATEK runs stress tests to assess the Company’s resilience to potential impact of the more significant risks using various tools:

- insurance stress testing;
- sensitivity analysis for financial planning;
- scenario modeling of climate change.

Revision Commission

Regulations for Revision Commission approved by NOVATEK’s General Meeting of Shareholders in 2005 are available at our [website](#)

The Revision Commission consisting of four members is elected at the Annual General Meeting of Shareholders for a period of one year.



The competence of the Revision Commission is governed by the Russian Federation Law On Joint Stock Companies No. 208-FZ dated 26 December 1995 as well as by NOVATEK’s Articles of Association and Regulations for the Revision Commission approved by the General Meeting of Shareholders in 2005 (Minutes No. 95 dated 25 March 2005) for anything beyond the contents of the aforementioned law.

The Revision Commission is an internal control body overseeing the Company’s financial and business activities. The Revision Commission performs audits of the Company’s financial and business performance for the given year as well

as any other period as may be decided by its members or other persons having the respective authority pursuant to the Russian law and the Company’s Articles of Association. The results are reported by the Revision Commission in the form of opinions.

In March 2023, the Revision Commission completed an audit of financial and business activities of the Company for the year 2022. The resulting opinions to be submitted to the Annual General Meeting of Shareholders validate the reliability of information contained in the Company’s 2022 Financial Statements (under the Russian Accounting Standards), 2022 Annual Report and 2022 Report on Related-party Transactions.

Corporate Ethics and Compliance

In performing its operations and cooperating with partners, **NOVATEK focuses on complying with ethical standards and ensuring that its activities comply with the laws of the countries where the Company operates.** The commitment to adhering to leading legal and ethical practices is the Company’s corporate governance standard, which applies both to the Company’s employees and to all of its partners.

NOVATEK’s revised Code of Business Conduct and Ethics approved by the Board of Directors in 2022 (Minutes No. 258 of 20 December 2022), together with the Company’s Human Rights Policy, Anti-Corruption Policy, and Supplier Code of Conduct form a corporate document framework related to ethics and business conduct.

Compliance with anti-corruption laws

NOVATEK believes that strict compliance with applicable anti-corruption laws is one of the most important conditions for sustainable business development.

The Company’s Anti-Corruption Policy has been in place since 2014. It was approved by the Board of Directors (Minutes No. 170 dated 1 September 2014). The Company declares that it rejects unlawful business practices and assumes anti-corruption obligations in all areas of its activities and in its interaction with partners.

NOVATEK’s Human Rights Policy formalizes the Company’s stance on human rights and incorporates all the fundamental principles, including respect for human dignity, providing safe working environment, non-discrimination, as well as respect for the rights, distinctive culture, and customs of local communities, including indigenous minorities.

NOVATEK Group’s Supplier Code of Conduct contains recommendations and principles of open and honest business conduct, business ethics, and sustainable development that NOVATEK expects its suppliers to follow.

Revised Code of Business Conduct and Ethics approved by the Board of directors in 2022 is available at our [website](#)

The Company has developed and implements best international and Russian anti-corruption practices, analyzes potential corruption-related risks on a regular basis, and **implements the required internal control procedures to prevent corruption.** Given the importance of compliance with anti-corruption laws for the Company’s reputation of an honest and reliable partner, NOVATEK makes its employees undergo training in the Anti-Corruption Policy standards and the Company’s ethical values on a regular basis.

Anti-Corruption Policy approved by the Board of directors is available at our [website](#)



The Company has a [security hotline](#)

Business ethics compliance

To ensure compliance with the Code of Business Conduct and Ethics, the Human Rights Policy, and the Supplier Code of Conduct, any concerned party may report any known facts of misconduct to a dedicated email ethics@novatek.ru. No message is ignored. NOVATEK guarantees

Compliance with law requirements

NOVATEK's activities are based on the fundamental principle of full compliance with the standards and requirements set forth in the Russian legislation, international law and all international treaties and agreements.

The Company has a security hotline, which any employee, counterparty or other concerned party can contact to report facts or signs of corruption in relation to any aspect of the Company's activities. Following each report, the Company launches an internal investigation and takes relevant corrective action.

The Company ensures that its Board of Directors is continuously updated on the results of activities aimed at compliance with the Anti-Corruption Policy and operation of the security hotline.

confidentiality and no retaliation or repression to anyone reporting such violations in good faith.

The Company ensures that the Board of Directors is updated on the results of the ethics hotline functioning on a regular basis.

As part of its RMICS, the Company continuously implements control procedures to ensure compliance with applicable laws across the Company's lines of activities as well as statutory disclosure of information about the Company's business.

External Auditor

The Annual General Meeting of Shareholders approved an external auditor **to conduct independent review of NOVATEK's financial statements**. The Audit Committee gives recommendations to the Company's Board of Directors regarding the nomination of external auditors and the price of their services. Based on the committee's recommendations, the Board nominates an auditor for the Annual General Meeting of Shareholders to consider and approve. Joint Stock Company "Technologies of Trust – Audit"⁽¹⁾ was selected as the Company's external auditor to conduct the audit of the annual financial statements under the Russian Accounting Standards as well as the audit of the annual consolidated financial statements, reviews of the Company's quarterly financial statements under IFRS, as well as the Company's sustainability report.

When an auditor is to be nominated, attention is given to the level of its professional qualifications, independence, potential risk of any conflict of interest, terms of the contract, and remuneration.

The Audit Committee oversees the external auditor's independence and objectivity as well as the quality of the audit conducted. The committee updates the Board of Directors on the results of review and evaluation of the audit opinion regarding the Company's financial statements on an annual basis. In 2022, the Audit Committee had two meetings with the auditor.

NOVATEK's management acknowledges and accepts the recommendations on the external auditor's independence by restricting such auditor's engagement for provision of any non-audit services.

In accordance with auditing standards, in order to maintain the independence, **the Company's external auditor rotates its key audit partner at least once every seven years**. The external auditor's partner changed in 2022.

Share Capital

Our share capital is RR 303,630,600 and consists of 3,036,306,000 ordinary shares, each with a nominal value of RR 0.1. As of 31 December 2022, NOVATEK did not have preference shares.



Our shares are traded in Russian roubles on the Moscow Exchange and have a first grade listing (ticker symbol: NVTK).

⁽¹⁾ Until June 2022 known as Joint Stock Company "PricewaterhouseCoopers Audit".

Dividends

Regulations on Dividend Policy approved by the Board of directors are available at our [website](#)



The Company’s dividend policy is regulated by the Regulations on Dividend Policy of PAO NOVATEK, with its new amendments approved by the Board of Directors on 18 December 2020 (Minutes No. 236 of 18 December 2020).

NOVATEK’s dividend policy is based on keeping the balance between the Company’s business goals and shareholder’s interests. A decision to pay dividends as well as the amount of the dividend, the payment deadline and form of the dividend is passed by the Annual General Meeting of Shareholders according to the recommendation of the Board of Directors. Dividends are paid twice a year. In determining the recommended amount of dividend payments to be distributed the Board of Directors consider the current competitive and financial position of the Company, as well as its development prospects,

including operating cash flow and capital expenditure forecasts, financing requirements, debt servicing and other such factors as it may deem relevant to maintaining financial stability and flexible capital structure of the Company. NOVATEK is strongly committed to its dividend policy.

On 17 March 2023, the Board of Directors of PAO NOVATEK recommended to the Annual General Meeting of Shareholders to pay dividends for FY 2022 in the amount of RR 60.58 per ordinary share, exclusive of RR 45.00 of interim dividends per ordinary share paid for the first six months of 2022.

Thus, should the General Meeting of Shareholders approve the recommended dividend, the dividends for 2022 will total RR 105.58 per ordinary share. This will represent a 47.8% increase in dividend per share compared to 2021.

Accrued dividends on NOVATEK shares for the period from 2017 to 2022

Dividend accrual period	Amount of dividends, RR per share
2017	14.95
2018	26.06
2019	32.33
2020	35.56
2021	71.44
First half 2022	45.00

Information Transparency

NOVATEK complies with the best practices for information disclosure while adhering to a maximum level of information transparency.



The Regulations on Information Policy approved by the Board of Directors as amended and restated in 2017 (Minutes No. 198 of 25 August 2017), define main principles for disclosing information and increasing information transparency.

Material information about the Company is disclosed in a timely manner in the form of press releases and notification of material facts through authorized disclosure channels and by posting such information on the Company’s website. The information is disclosed in full compliance with Russian and international legal requirements.

The Company’s website provides detailed information on all aspects of its activities, including our Sustainability Report. NOVATEK has been annually reporting on its GHG emissions and energy efficiency of its operations via the global Carbon Disclosure Project (CDP), as well as other industry’s publications and studies.

The Company maintains an ongoing dialog with shareholders and investors in order to ensure full awareness of the investment community about its activities. The main channels of communication with the investment community are through the Chairman of the Management Board, the Deputy Chairman and the Investor Relations department. The Company’s representatives are available to market participants to discuss any matters of interest.

In 2022, the Regulations on NOVATEK Information Policy that the Company efficiently implements helped NOVATEK maintain a steady goodwill as Russia’s largest independent natural gas producer and a global leader in LNG production implementing its projects without disruptions.

Pursuant to the information policy principles, NOVATEK is actively involved in interfaces with federal, foreign and regional media. In 2022, more than 91.5 thousand publications were made about the Company, which is an 18% increase year on year. The federal business press and news agencies traditionally accounted for the bulk of NOVATEK’s media coverage with 60% of publications, while the share of materials in the regional media slightly decreased to 22%. The Company news coverage in foreign media doubled to 18% of the total number of publications.

Regulations for Information Policy approved by the Board of directors are available at our [website](#)

MORE THAN 91.5 THOUSAND PUBLICATIONS about the Company were made in 2022

60% OF PUBLICATIONS accounted for the federal business press and news agencies

600

NEWS ITEMS

about the Company's activities were released on domestic and foreign TV channels

The Company coverage on television increased in 2022. The increase was driven by additional relevant efforts in response to the growing popularity of news programs among the target audience. During the year, domestic and foreign TV channels aired over 600 news pieces about the Company's activities. The shares of coverage in other media remained at the same level as in the previous reporting period.

LNG equipment manufacturing localization and R&D in Russia became the key highlight of 2022. To cover this topic, we organized an information campaign to demonstrate how Russian-sourced technology and equipment are applied under NOVATEK's projects.

The Offshore Superfacility Construction Center (OSCC) and the Arctic LNG 2 project development were in the media spotlight, including equipment delivery along the NSR, GBS 1 and GBS 2 completion, installation, integration and commissioning of modules for Arctic LNG 2, as well as completion of OSCC construction in Belokamenka, the Murmansk Region.

A lot of attention was given to the performance achieved by Yamal LNG, which celebrated its fifth anniversary in 2022. Yamal LNG's highlights included LNG output and delivery destinations, extension of the NSR navigation window, Train 4 operation based on the Arctic Cascade process, which is a unique proprietary liquefaction technology.

The Kamchatka and Murmansk transshipment terminals construction, the prospective Obskiy LNG project», the development of domestic small-scale LNG market and LNG retail network, as well as the Company's social and environmental initiatives at the federal and regional levels also enjoyed wide coverage.

In the past year, NOVATEK's representatives and speakers attended many public events. For instance, a panel discussion on Foreign Competency Substitution in the Industrial Support of Russian LNG Projects that was organized at SPIEF-22. The Company also participated in major Russian congress and exhibition events: **Eastern Economic Forum, Russian Energy Week, Arctic: Today and the Future, Industrial and Energy Forum** (Tyumen Oil and Gas Forum), as well as in industry events.

In 2022, our Chairman of the Management Board attended a series of public events, including briefings, media scrums, public statements, and signing ceremonies with partners. As part of press tours, journalists from foreign, federal and regional media visited the Company's industrial sites in Murmansk, Yamal and Gydan.

NOVATEK uses modern channels to communicate information and interact with the general public through social media. **The Company has social medial accounts in Russian language on VK, Telegram, Youtube, and Rutube** that help promptly update the subscribers on the Company's activities and projects.

To prevent any potential spreading of inaccurate information, an external perimeter, including a system for monitoring the information field and responding to emerging threats, was engaged.

The Company publishes its eponymous newsletter and a corporate magazine called NOVATEK Plus to position the Company and inform employees, their families, and third parties about the Company's operational plans and performance, cultural, sports, and charitable initiatives and projects. The contents of these publications are also available on NOVATEK's corporate portal.

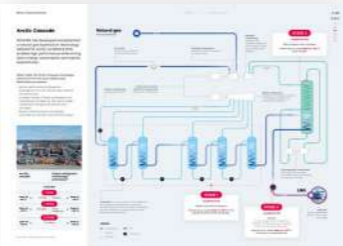
Around 1,050 publications were posted in the Company's accounts in 2022. The number of subscribers at the end of the year was 32,540. Over 28,731 posts and comments with references to the Company were published in social media in the reporting period.



For more details about Arctic LNG 2 [p. 54](#)



For more details about Yamal LNG [p. 46](#)



For more details about Arctic Cascade [p. 48](#)



Additional Information

Key Business Risks⁽¹⁾

The Company’s business is associated with operating in complex and rapidly evolving environments. The Company’s ability to achieve its targets and ambitions is maintained through timely risk identification, assessment and management. The table below represents NOVATEK’s key business risks which may have the most significant impact on the achievement of the Company’s operational and strategic goals, the operation of the Company’s business model and the shareholder value generation, with its estimated potential impact on the Company’s operations.

Each risk’s criticality in terms of its impact on the Company's operations and achievement of strategic goals is also given.

NOVATEK's strategic goals

1

Expanding the resource base

2

Maintaining a low-cost structure

3

Developing sustainably

4

Increasing hydrocarbon production

5

Streamlining marketing channels

6

Building competitive and scalable LNG facilities

Risk criticality⁽²⁾

High

Medium





Low

Risk and its impact on strategic goals ⁽¹⁾	Risk causes and consequences	Current risk status / Actions to mitigate risk impact
OPERATIONAL RISKS		
<div><div></div>Process risks</div> <div><div>2</div><div>3</div><div>4</div></div>	<ul style="list-style-type: none">Risks of property damage and business interruption due to accidents at key production facilitiesRisks of damage to third parties, life or health of the Company's employees during operation of hazardous production facilitiesRisks of damage to third parties during operation of vessels	<p>All sites undergo inspections for compliance with OHS laws as well as planned preventative maintenance on a regular basis in accordance with relevant schedules. No major emergencies occurred at the Company's process sites in 2022.</p> <ol style="list-style-type: none">Using equipment and technologies which are highly reliable and safe.Arranging activities as prescribed by NOVATEK's Integrated Management System for Environmental Protection, Occupational Health and Safety in consistency with ISO 45001:2018 with regular regulatory inspections (by the Federal Service for the Supervision of Environment, Technology and Nuclear Management and other authorities).Arranging prompt incident reporting across all sites through the Central Dispatch Office.Implementing action plans to prevent and respond to accidents and emergencies (emergency containment and management plans, oil spill response plans, etc.), developing business continuity plans.Setting up an OHS Coordination Council within NOVATEK Group to build a uniform risk identification and de-risking system, develop corporate standards for training and knowledge checks, revise occupational health incentives and the action tracking system across the Company's subsidiaries.Securing insurance against property damage and business interruption in case of emergencies, etc.
<div><div></div>Environmental risks</div> <div><div>3</div><div>4</div><div>6</div></div>	<ul style="list-style-type: none">Risks of impact on (damage to) the environment and biodiversity in the course of the Company's operations and as a result of accidents at production facilitiesRisks of incremental costs due to changes in environmental laws	<p>The approved action plan to mitigate the environmental impact of the Company's operations was implemented in 2022. No emergencies resulting in environmental impact occurred in 2022.</p> <ol style="list-style-type: none">Making considerations for the approved 2030 environmental goals in the Company's operations.Developing and implementing action plans to prevent potential impact of operations on local ecosystems in the regions where the Company operates.Arranging activities as prescribed by NOVATEK's Integrated Management System for Environmental Protection, Occupational Health and Safety in consistency with ISO 45001:2018 and ISO 14001:2015 with regular regulatory inspections (by the Federal Service for Supervision of Natural Resources and other authorities).Setting up a corporate GHG emissions monitoring system.Securing insurance against environmental impact in case of emergencies.



⁽¹⁾ NOVATEK’s risk management framework is outlined in the section dedicated to the Risk Management & Internal Control System.
⁽²⁾ Risk criticality is a comprehensive measure of a risk's impact on the Company's business, including the combined effect of current risk probability forecast and quantitative assessment of risk consequences. It is calculated based on an in-house risk assessment methodology used within NOVATEK taking into account the risk mitigation action plans that are currently put in place.

⁽¹⁾ These are the strategic goals that are affected the most by each respective risk group.







Risk and its impact on strategic goals ⁽¹⁾	Risk causes and consequences	Current risk status / Actions to mitigate risk impact
 Climate risks 	<ul style="list-style-type: none">Risks of damage/business interruption due to Far North weather conditions and climate change (physical risks)Risks of incremental costs due to the global Energy Transition and the global community's efforts to combat climate change (transition risks)	<p>The Company practices weather monitoring for prompt response. Project development involves permafrost surveys. The Company implements action plans to mitigate the climate impact as part of the efforts to achieve the 2030 environmental goals.</p> <ol style="list-style-type: none">Implementing the annual action plan to mitigate man-made climate impact in consistency with the Company's approved 2030 environmental goals, including developing decarbonization projects, wind power generation, etc.Practicing continuous weather monitoring during operations, including ice conditions considerations for delivery of cargoes to project sites and finished products.Ensuring that production sites are protected from exposure to climate (lightning, floods, wind, low temperatures, etc.).Analyzing scenarios of climate change impact on the Company's business (engineering and operational considerations for production sites).Securing insurance against damage and business interruption as well as liability in case of any negative climate events.
 Risks of force-majeure events (acts of terrorism, large epidemics, etc.) 	<p>Risks of business interruption/damage to the Company's assets due to:</p> <ul style="list-style-type: none">terrorist attacks on production sites;large epidemics and emergencies	<p>Across 2022, actions were taken to ensure compliance with anti-terrorist security laws (evacuation drills, simulation exercises, regulatory inspections, etc.) and with epidemiological safety laws. No acts of terrorism or large disease outbreaks were recorded at the Company's sites in 2022.</p> <ol style="list-style-type: none">Developing and implementing action plans to ensure anti-terrorist security at the Company's sites and compliance with Russian regulatory requirements.Arranging a monitoring system for prompt response to epidemic emergencies at the Company's sites.Arranging efforts to ensure epidemic safety at the Company's sites (PPE, remote work, checks for symptoms, regulatory compliance, etc.).
 Vendor and contractor risks 	<ul style="list-style-type: none">Risks of cost increase due to rising prices of materials and equipment, works and servicesRisks of defaults on the Company's obligations towards its customers due to contractors' failure to deliver products on timeRisks of incremental costs/failure to secure access to infrastructure of transportation service monopolists (Gazprom, Russian Railways, Transneft)	<p>The Company has zero tolerance to corruption and takes action to comply with the Anti-Corruption Policy. The Company performed all obligations towards its customers in accordance with existing agreements.</p> <ol style="list-style-type: none">Using uniform standards and approaches to arranging procurement across the Company.Following up on counterparties' performance under purchase orders, contracts and service agreements.Entering into long-term agreements and ensuring constant follow up on shipment schedules and transportation fees.Entering into long-term agreements with reliable vendors and contractors.
 Geological risks 	<ul style="list-style-type: none">Risks of losses due overestimated commercial hydrocarbon reservesRisk of losses due to overestimated original reserves in place and recoverable reserves in place	<p>In 2022, the Company performed its annual reserves estimation validated by independent expert determinations. The Company's reserves are growing.</p> <ol style="list-style-type: none">Performing annual estimation and securing independent validation for commercial reserves in accordance with recognized reserves estimation methodologies.Performing comprehensive review of G&G data using advanced software and methodologies.Engaging proficient experts and contractors, using state-of-the-art equipment and technology across the exploration process.Assessing and controlling the quality of exploration results in the in-house Scientific and Technical Center (NOVATEK STC).

Risk and its impact on strategic goals ⁽¹⁾	Risk causes and consequences	Current risk status / Actions to mitigate risk impact
 IT and information security risks (cyber risks) 	<ul style="list-style-type: none">Risks of loss of key information, integrity and stable operation of the IT systems due to cyber attacksRisk of losses/interruption of production as a result of incidents at IT infrastructure facilities	<p>In 2022, efforts were made to ensure the security of the Company's critical infrastructure in accordance with the Russian law, approved schedules and service intervals.</p> <ol style="list-style-type: none">Arranging a multi-level system for protection of IT infrastructure with the use of advanced software and specialized equipment.Checking the reliability of security systems through external attack and threat simulation.Arranging an information security system to protect NOVATEK Group's critical infrastructure.Arranging prompt response as part of online support across the whole range of IT issues.
 Project risks 	<p>Risks of project execution delays and/or incremental project costs due to:</p> <ul style="list-style-type: none">revised technical legislation relating to engineering, construction and operation;increased cost of relevant materials, equipment, services and works;contractors' failure to maintain the schedule and quality of the work;delays in project financing;changes in the market environment, etc.	<p>During 2022, despite the sanctions, which included a restriction on the supply of foreign technology and equipment and the withdrawal of foreign vendors and contractors, the Company took a range of actions to withstand the pressure. No major delays are foreseen in the execution of the Company's projects (Arctic LNG 2, etc.).</p> <ol style="list-style-type: none">Analyzing and building forecasts for all stages of future projects, including risk identification and assessment as well as development of action plans to manage the identified risks.Using a monitoring system for prompt response to delays in project execution schedules across the project phases covering calendar planning, project financing and purchase order placement.Only engaging pre-qualified vendors and contractors to perform work/services.Following up on the project execution status on a regular basis at the Company's top management level.




FINANCIAL AND MARKET RISKS

 Market risks 	<ul style="list-style-type: none">Risks of lower revenue in case of a drop in prices for the Company's products in the international marketsRisks of losses due to state regulation of natural gas tariffs in RussiaRisks of increased costs due to rising consumer prices in Russia and rising inflation rate	<p>The Company compensates the effect of sanctions imposed in 2022 on energy supplies from Russia by promptly adapting its sales strategy (redirecting the products to other market areas, entering into long-term agreements, scouting for new markets and customers). Domestically, the gas is sold in accordance with the process regulated by Russian state authorities for natural monopoly holders in the energy and transportation sectors.</p> <ol style="list-style-type: none">Tracking the evolution of price environment on a regular basis and building forecasts for price situation in the international oil, petroleum products, gas and LNG markets.Simulating different scenarios and analyzing the sensitivity of the contracts portfolio to global price fluctuations and other macroparameters.Promptly redirecting the quantities to market areas offering better marketing conditions for the Company's products.Entering into efficient sales and purchase agreements where pricing mechanisms include various protections, using hedging against low price risks.Diversifying the natural gas sales portfolio, including commodity trading, etc.
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NOVATEK's strategic goals

 Expanding the resource base	 Increasing hydrocarbon production
 Maintaining a low-cost structure	 Streamlining marketing channels
 Developing sustainably	 Building competitive and scalable LNG facilities

Risk criticality


 High
 Medium
 Low


⁽¹⁾ These are the strategic goals that are affected the most by each respective risk group.



Risk and its impact on strategic goals ⁽¹⁾	Risk causes and consequences	Current risk status / Actions to mitigate risk impact
<div> FX risks</div> <div> </div>	Risk of changes in the Company's budget revenue and spending on the Company's operations in foreign currencies as a result of changes in foreign and domestic currency exchange rates	<p>During 2022, the Central Bank of Russia used a number of measures to keep the exchange rate of the Russian Ruble to major foreign currencies in check. The Company followed every requirement with respect to FX transactions and promptly responded to any changes in the FX market.</p> <ol style="list-style-type: none">Tracking the evolution and forecasts of FX rates on a regular basis as part of short-term and long-term planning.Leveraging the possibilities to use alternative currencies to make payments to and receive payments from customers and vendors in case of a global FX crisis.Analyzing the sensitivity of the Company's key financial performance indicators to exchange rate evolution as part of short-term business planning and long-term strategic planning.
<div> Credit risks</div> <div> </div>	<ul style="list-style-type: none">Risks of increased debt burden in case of growth of interest rates on the Company's external borrowingsRisk of the Company's liquidity deterioration due to customers' / vendors' failure to perform their obligations (past-due receivables)	<p>The Company's centralized approach to managing funds allows it to promptly adjust the level of its consolidated debt burden and meet its subsidiaries' financing needs, which contributes significantly to the reduction of the Company's sensitivity to the volatility of external lending interest rates, notwithstanding the existing restrictions.</p> <ol style="list-style-type: none">Tracking the situation in the lending and bank financing market to identify more favorable conditions.Adhering to a well-balanced policy to maximize long-term liabilities with fixed interest rates and maintain flexibility under the Company's investment plans.Using refinancing at better interest rates in case benchmark rates increase significantly.Using various tools to drive down the risk of payment delays and past-due debts, including selling the Company's products under pre-payment conditions, using security mechanisms, etc.
REGULATORY AND STRATEGIC RISKS		
<div> Legislative and regulatory risks</div> <div>  </div>	<p>Risks of legislative impact on the Company's business in the following areas:</p> <ul style="list-style-type: none">taxes, excises, duties, mandatory payments;control over hydrocarbon production, processing, storage and sales activities (industrial and environmental safety, etc.);licensing requirements for natural resource extraction;state regulation of Russian gas prices and tariffs of natural monopolies;operations in certain economic zones (the Arctic)	<p>During 2022, changes in legislative requirements were constantly monitored to promptly react with appropriate measures.</p> <ol style="list-style-type: none">Following up on compliance with legislative requirements set forth by the Russian Government and other state authorities supervising individual domains in which the Company is active.Continuously tracking legislative initiatives and predicting their future impact on the Company's business.Arranging input and assistance to dedicated committees on energy under the Russian Government and the Russian State Duma, industrial associations on a wide range of matters related to the energy sector development.Ensuring compliance with license agreements during operations related to natural resources extraction, arranging joint revision of license agreements as necessary.
<div> Litigation risks</div> <div></div>	<ul style="list-style-type: none">Risk of potential losses in case of awards against the Company under claims raised by its counterpartiesRisk of potential losses in case of awards against the Company under claims raised by the Company against its counterparties	<p>The Company was not involved in any major legal proceedings in 2022.</p> <ol style="list-style-type: none">Entering into cooperation agreements only after pre-qualifying the potential counterparties.Arranging claim and litigation management in a timely manner in case a counterparty violates the agreement.Referring disputes to courts only if amicable resolution cannot be achieved.Using the directors & officers liability insurance (D&O) to mitigate the impact of litigation risks.


Risk and its impact on strategic goals ⁽¹⁾	Risk causes and consequences	Current risk status / Actions to mitigate risk impact
<div> Political risks</div> <div>  </div>	<ul style="list-style-type: none">• Risk of losses/adverse effect on the Company's business due to sanctions imposed on Russian companies by foreign governments• Risk of impact on the Company's business because of political and economic situation in Russia and other countries where the Company operates	<p>Amid the sanctions imposed in 2022, the Company's management does everything necessary to mitigate the adverse effect of the sanctions on the Company's business, including by sourcing equipment and services from Russia, scouting for alternative markets and customers, etc.</p> <ol style="list-style-type: none">1. Seeking partnerships, engineering solutions and financing sources for the Company's projects.2. Adhering to the policy of import substitution and localization of manufacturing of equipment and software in Russia.3. Seeking alternatives in view of the existing restrictions: reverse engineering (Russian manufacturing, etc.), parallel imports, supplies from/to friendly nations (APAC, Middle East, etc.).4. Creating an emergency stock of foreign equipment, software and IT components.5. Developing and using in-house engineering solutions for LNG production and gas processing.


NOVATEK's strategic goals

-  Expanding the resource base




 Maintaining a low-cost structure

 Developing sustainably
-  Increasing hydrocarbon production

 Streamlining marketing channels

 Building competitive and scalable LNG facilities

Risk criticality

-  High
-  Medium
-  Low

⁽¹⁾ These are the strategic goals that are affected the most by each respective risk group.

Report on major, and interested-party transactions that the Company did in the reporting year

The list of transactions made by the Company in the reporting year recognized in accordance with the Federal Law “On Joint Stock Companies” as major transactions and (or) interested-party transactions is not disclosed in accordance with Resolution of the Government of the Russian Federation No. 400 dated 4 April 2019.

Corporate Governance Code Compliance Report

This Corporate Governance Code Compliance Report (hereinafter, the “Report”) was reviewed at the meeting of PAO NOVATEK’s Board of Directors on 17 March 2023 (Minutes No. 261).

The Board of Directors certifies that data in this Report contain full and reliable information on compliance by the Company with the principles and recommendations of the Corporate Governance Code for 2022.

When assessing our compliance with corporate governance principles as set out in the Code, we were guided by the Guidelines for Reporting on Compliance with the Corporate Governance Code recommended by the Bank of Russia in its Letter No. IN-06-28/102 dated 27 December 2021.

An overview of the most relevant aspects of the corporate governance model and practices in the Company is presented in the Corporate Governance section of this Annual Report.

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company should ensure equitable and fair treatment of every shareholder exercising their right to take part in managing the company.			
1.1.1	The company ensures the most favorable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	1. The company provides accessible means of communication via hotline, e-mail or an online forum for shareholders to voice their opinions and submit questions on the agenda in preparing for the general meeting. The above means of communication were organized by the company and provided to shareholders in the course of preparation for each general meeting held in the reporting period.	This principle is complied with.	–
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	1. In the reporting period, the notice of an upcoming general meeting of shareholders is posted (published) on the company's website online at least 30 days prior to the date of the general meeting, unless a longer time period is required by the applicable Russian law. 2. The notice of an upcoming meeting specifies the documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and who proposed nominees to the company's board of directors and the revision commission.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company’s executive bodies and the board of directors, and to communicate with each other.	1. In the reporting period, shareholders were able to put questions to members of executive bodies and members of the board of directors during the preparation for the meeting and in the course of the general meeting of shareholders. 2. The position of the board of directors (including dissenting opinions entered into the minutes, if any) on each agenda item of general meetings held in the reporting period was included in the materials to the general meeting of shareholders.	This principle is complied with. This principle is not fully complied with.	– When convening General Meetings of Shareholders, the Board of Directors reviews all agenda items of the relevant meeting and presents them to the meeting for consideration or provides necessary advice. Materials to the General Meeting of Shareholders include recommendations of the Board of Directors as required by law. In accordance with paragraph 1 of Art. 54 of the Russian Federal Law “On Joint Stock Companies”, the list of information (materials) provided to shareholders in preparation for the General Meeting of Shareholders is determined by the Board of Directors. Accordingly, the Board of Directors includes its position on the issues on the agenda of the General Meeting of Shareholders, if it deems it necessary. The Company considers the established procedure to be balanced, not bearing any risks for the Company and its shareholders, and does not plan to change the existing approach.
		3. The company gave duly authorized shareholders access to the list of persons entitled to attend the general meeting, as from the date of its receipt by the company, for all general meetings held in the reporting period.	This principle is complied with.	–
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company’s governing bodies, and to make proposals for the agenda of the general meeting.	1. The company's articles of association determine the deadline for shareholders to submit proposals for the agenda of the annual general meeting which is at least 60 days after the end of the relevant calendar year. 2. In the reporting period, the company did not reject any proposals for the agenda or nominees to the company’s governing bodies due to misprints or other insignificant flaws in the shareholder’s proposal.	This principle is complied with.	–
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way.	1. The company's articles of association provide for the possibility to fill in the electronic voting ballot at a website, specified in the notice of the general meeting of shareholders.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions.	1. General meetings of shareholders held in the reporting period in the form of a meeting (i.e. joint presence of shareholders) provided for sufficient time for making reports on and for discussing agenda items. The shareholders were given the opportunity to voice their opinions and ask questions on agenda items.	This principle is complied with.	–
		2. The company invited nominees to the company's governing and control bodies and took all necessary actions to ensure their participation in the general meeting of shareholders at which their nominations were put to vote. The candidates for the management and control bodies of the company who were present at the general meeting of shareholders were available to answer questions from shareholders.	This principle is complied with.	–
		3. The company's sole executive body, person in charge of accounting, chairman or other members of the audit committee of the board of directors were available to answer questions of shareholders at the general meetings of shareholders held in the reporting period.	This principle is complied with.	–
		4. In the reporting period the company used telecommunication means for the shareholders to participate remotely in the general meetings or the board of directors passed a justified decision that there was no need (possibility) to use such means in the reporting period.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.2 Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.				
1.2.1	The company has designed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure.	1. The company's regulations on the dividend policy are approved by the board of directors and disclosed through the company's website. 2. If the dividend policy of the company, issuing consolidated financial statements, uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements. 3. Justification of the proposed distribution of net profit, including for dividend payment and the company's own needs, and an assessment of its compliance with the company's dividend policy, with explanations and economic justification of the need to direct a particular part of net profit to the company's own needs in the reporting period, was included in the materials to the general meeting of shareholders where the agenda included an item on profit distribution (including on payment (declaration) of dividends).	This principle is complied with.	–
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance.	1. The company's regulations on the dividend policy identify, in addition to restrictions imposed by law, the financial and economic circumstances wherein the company shall not resolve to pay out dividends.	This principle is complied with.	–
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired.	1. In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	This principle is complied with.	–
1.2.4	The company makes every effort to prevent its shareholders from using other means to profit (gain) from the company other than dividends and liquidation value.	1. In the reporting period the company's controlling persons did not use any means of receiving profit (gain) from the company (for example, transfer pricing, unjustified provision of services to the company at an inflated price by the company's controlling person, provision of internal loans substituting dividends to the company's controlling person or to his or her persons under control) other than dividends	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.3	Corporate governance framework and practices should ensure equality for the shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equitable treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governing and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders.	1. In the reporting period the company's controlling persons did not allow abusing rights with respect to the company's shareholders; there were no conflicts between the company's controlling persons and shareholders, and if there were any, they have been duly addressed by the board of directors.	This principle is complied with.	–
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control.	1. No quasi-treasury shares were issued or used to vote in the reporting period.	This principle is complied with.	–
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4.1	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.	1. The technology used by the company's registrar and the conditions of services provision are in line with the needs of the company and its shareholders, ensure accounting of rights to shares and exercise of shareholders' rights in the most efficient manner.	This principle is complied with.	–
2.1	The board of directors provides strategic management of the company, determines key principles of and approaches to setting up a corporate risk management and internal control framework, monitors performance by the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including for improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts.	This principle is not fully complied with.	<p>The issue of determining the amount of remuneration paid to the Chairman of the Management Board based on the results of the work for the year falls within the authority of the Board of Directors.</p> <p>In accordance with the Company's Articles of Association, the Management Board is elected by the Board of Directors from among the Company's employees, solely on the recommendation of the Chairman of the Management Board. The amounts of official salaries and other terms of employment contracts with the Company's employees, including members of the Management Board, are determined by the Chairman of the Management Board taking into account the parameters of the Company's business plan approved by the Board of Directors in accordance with the NOVATEK Group's Executive Bodies and other Key Employees Remuneration and Expense Reimbursement Policy approved by the Board of Directors.</p> <p>The Company considers the established procedure to be effective, balanced, not bearing any risks for the Company and its shareholders, and does not plan to change the existing approach.</p>

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
		2. In the reporting period, the nomination/HR committee reviewed the compliance of professional qualification, skills and experience of members of the executive bodies with the company's current and expected needs determined by the approved strategy of the company.	This principle is complied with.	–
		3. In the reporting period, the board of directors reviewed the report(s) by the sole executive body or members of the collective executive body on the implementation of the company's strategy.	This principle is complied with.	–
2.1.2	The board of directors sets key long-term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), and criteria and performance (including interim) of the company's strategy and business plans.	This principle is complied with.	–
2.1.3	The board of directors defines the company's risk management and internal control principles and approaches.	1. The company's risk management and internal control principles and approaches are defined by the board of directors and established the company's internal documents that define the risk management and internal control policy. 2. In the reporting period, the board of directors approved (reviewed) the amount of risks (risk appetite) which is acceptable for the company; or the audit committee and/or risk committee (if available) considered the advisability of submitting the issue of revising the company's risk appetite to the approval by the board of directors.	This principle is complied with.	–
2.1.4	The board of directors determines the company's remuneration and reimbursement (compensation) policy for its directors, members of executive bodies and other key executives.	1. The company developed and put in place a remuneration and reimbursement (compensation) policy (policies), approved by the board of directors, for its directors, members of executive bodies and other key executives. 2. In the reporting period, the board of directors discussed matters related to such policy (policies).	This principle is complied with.	–
2.1.5	The board of directors plays a key role in preventing, identifying and resolving internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying and resolving internal conflicts. 2. The company set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents.	1. The company's internal documents identify persons responsible for implementing the information policy.	This principle is complied with.	–
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company.	1. In the reporting period the board of directors reviewed the results of self-assessment and/ or external assessment of the company's corporate governance practices.	This principle is complied with.	–
2.2 The board of directors is accountable to the company's shareholders.				
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	1. The company's annual report for the reporting period includes the information on the attendance of the board of directors and committee meetings by each of the board of directors' members. 2. The annual report discloses key results of the board of directors' performance assessment (self-assessment) in the reporting period.	This principle is not fully complied with.	–
2.2.2	The chairman of the Board of Directors is available to communicate with the Company's shareholders.	1. The company has in place a transparent procedure enabling shareholders to address the chairman of the board of directors and obtain the relevant feedback.	This principle is complied with.	–
2.3 The board of directors manages the company in an efficient and competent manner and make fair and independent judgments and decisions in line with the best interests of the company and its shareholders.				
2.3.1	Only persons of impeccable business and personal reputation who have knowledge, expertise and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors.	1. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, knowledge, business reputation, absence of conflicts of interest, etc.	This principle is complied with.	–
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	1. Whenever the general meeting of shareholders was held in the reporting period, the agenda of which included election of the board of directors, the company provided shareholders with the biographical data of all nominees to the board of directors and the results of assessing the compliance of their professional qualifications, experience and skills with the company's current and expected needs by the board of directors (or its nomination committee), as well as the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the nominees' written consent to be elected to the board of directors.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise and business qualities, and enjoys its shareholders' trust.	1. In the reporting period the board of directors reviewed its requirements to professional qualifications, experience and business skills, and determined competence level requirements for the board of directors in the short and long term.	This principle is complied with.	–
2.3.4	The company has a sufficient number of directors to organize the board of directors' activities in the most efficient way, including ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	1. In the reporting period, the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	This principle is complied with.	–
2.4 The board of directors includes a sufficient number of independent directors.				
2.4.1	An independent director is a person who is sufficiently professional, experienced and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders or other stakeholders. It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty or competitor of the company, or related to the government, may not be considered as independent under normal circumstances.	1. In the reporting period, all independent directors met all independence criteria set out in Recommendations 102–107 of the Code or were deemed independent by the board of directors.	This principle is complied with.	–
2.4.2	The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance should prevail over form.	1. In the reporting period, the board of directors (or its nomination committee) made a judgment on independence of each nominee to the board of directors and provided its opinion to shareholders. 2. In the reporting period the board of directors (or its nomination committee) reviewed, at least once, the independence of incumbent directors (after their election). 3. The company has in place procedures defining the actions to be taken by a member of the board of directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.	This principle is complied with.	–
2.4.3	Independent directors make up at least one third of the elected board members.	1. Independent directors make up at least one third of the board members.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions.	1. In the reporting period independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interests and submitted the results to the board of directors.	This principle is not fully complied with.	<p>In accordance with the Company's Articles of Association, the Regulations on the Board of Directors and the Regulations on the Committees of the Board of Directors, a large block of issues related to significant corporate actions is preliminarily considered by the Audit Committee and the Remuneration Committee consisting of independent directors. In addition, most of such decisions</p> <p>shall be approved by the Board of Directors, if eight out of nine directors voted for the corresponding decision. Thus, any two independent directors may block the adoption of an undesirable decision in their opinion.</p> <p>The Company believes that independent directors have sufficient capacity to assess significant corporate actions.</p>
2.5	The chairperson of the board ensures that the board of directors discharges its duties in the most effective and efficient way.			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairperson of the board of directors is chosen from among the elected independent directors.	<p>1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors.</p> <p>2. The role, rights and duties of the chairperson of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.</p>	This principle is not fully complied with.	<p>The role of independent directors on the Company's Board of Directors is very important, since the Audit Committee and the Remuneration and Nomination Committee of the Board of Directors are comprised of independent directors only. Formally, the Chairman of the Board of Directors is not an independent director. However, the Chairman of the Board of Directors meets all independence criteria, except for his tenure on the Board of Directors. For chairmanship purposes, the directors elected the most experienced of the Board members who is not an independent director.</p> <p>The Company considers the established procedure to be balanced and does not plan to change the existing approach.</p>
2.5.2	The chairperson of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. Performance of the chairperson of the board of directors was assessed as part of assessment (self-assessment) of the board of directors' performance in the reporting period.	This principle is complied with.	–
2.5.3	The chairperson of the board of directors takes all steps necessary for the timely provision to members of the board of directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairperson of the board of directors to take all steps necessary for the timely provision of complete and reliable information on agenda items of the board meeting to members of the board of directors.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.			
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	<p>1. The company's internal documents provide that a director should notify the board of directors of any existing conflict of interest as to any agenda item of the meeting of the board of directors or its committee, prior to discussion of the relevant agenda item.</p> <p>2. The company's internal documents provide that a director should abstain from voting on any item in connection with which he has a conflict of interest.</p> <p>3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.</p>	This principle is complied with.	–
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents.	1. The company adopted and published an internal document that clearly defines the rights and duties of directors.	This principle is complied with.	–
2.6.3	Directors have sufficient time to perform their duties.	<p>1. Individual attendance at board and committee meetings, as well as sufficient time devoted to work on the board of directors, including in its committees, was recorded as part of the procedure for assessing (self-assessing) the board of directors' performance in the reporting period.</p> <p>2. Under the company's internal documents, directors notify the board of directors of their intentions to be elected to governing bodies in other entities (apart from the entities controlled by the company), and of their election to such bodies.</p>	This principle is complied with.	–
2.6.4	All directors shall have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	<p>1. In accordance with the company's internal documents, directors are entitled to receive information and documents they need to perform their duties related to the company and controlled entities, and the company's executive bodies shall ensure provision of relevant information and documents.</p> <p>2. The company has in place a formalized onboarding program for newly elected directors.</p>	This principle is complied with.	–
2.7	Meetings of the board of directors, preparation for such meetings and participation of board members therein ensure efficient performance by the board of directors.			
2.7.1	Board meetings are held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.7.2	The company's internal regulations stipulate the procedure to prepare for and hold the board's meetings, enabling the directors to make proper preparations for them.	<div>1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting shall be given, as a rule, at least five days prior to such meeting.</div> <div>2. In the reporting period members of the board of directors absent from the venue of the meeting were given an opportunity to participate in discussions on agenda items and vote remotely via video or telephone conference calls.</div>	This principle is complied with.	–
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of items on the agenda. The most important matters are dealt with at meetings of the board of directors held in person.	1. The company's articles of association or internal documents provide for the most important matters (as per the list set out in Recommendation 168 of the Code) to be passed at in-person meetings of the board of directors.	This principle is complied with.	–
2.7.4	Resolutions on most important matters relating to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected board members.	1. The company's articles of association provide for the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected board members.	This principle is not fully complied with.	<div>The Company's Articles of Association do not provide for resolutions of the Board to be passed by qualified majority on the following matters:</div> <ul style="list-style-type: none">• submission to the General Meeting of matters relating to the Company's liquidation;• submission to the General Meeting of matters relating to amendments to the Company's Articles of Association;• review of material issues relating to operations of legal entities controlled by the Company. <div>The Company deems sufficient the existing norm stipulated in the legislation and the Articles of Association according to which decisions on amendments and additions in the Company's Articles of Association, including approval of the latter in a new wording, as well as on the Company's liquidation, appointment of a winding up commission and approval of the interim and final liquidation balance shall be made by the General Meeting of Shareholders by the three-fourths majority of the votes of shareholders holding the voting shares and taking part in the meeting.</div> <div>The Company considers the established procedure to be balanced, not bearing any risks, and does not plan to change the existing approach.</div>

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8	The board of directors sets up committees for preliminary consideration of the most important issues related to the business of the company.			
2.8.1	To preview matters related to controlling the company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	1. The board of directors has set up an audit committee comprised solely of independent directors.	This principle is complied with.	–
		2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code.	This principle is complied with.	–
		3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analyzing, assessing and auditing accounting (financial) statements.		
		4. Meetings of the audit committee were held at least once a quarter during the reporting period.		
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee is set up, comprised of independent directors and headed by an independent director who is not the chairperson of the board of directors.	1. The board of directors has set up a remuneration committee comprised solely of independent directors.	This principle is complied with.	–
		2. The remuneration committee is headed by an independent director who is not the chairperson of the board of directors.	This principle is complied with.	–
		3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, as well as events (circumstances) upon the occurrence of which the remuneration committee considers reviewing the company's policy on remunerating its directors, executive body members and other key executives.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (HR) committee is set up, predominantly comprised of independent directors.	<div>1. The board of directors has set up a nomination committee (its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors.</div> <div>2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.</div>	<div>This principle is complied with.</div> <div>This principle is complied with.</div>	<div>The tasks listed in Recommendation 186 of the Code are implemented within the framework of another committee – the Remuneration and Nomination Committee</div> <div>–</div>
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	1. In the reporting period, the company's board of directors considered whether the structure of the board of directors was consistent with the scope and nature, goals and needs, and risk profile of the company. Additional committees were either set up or not deemed necessary.	This principle is complied with.	–
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	<div>1. The audit committee, the remuneration committee, the nomination committee (or a relevant committee with combined functions) were headed in the reporting period by independent directors.</div> <div>2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or a relevant committee with combined functions) and the remuneration committee may attend committee meetings only by invitation of the chairperson of the respective committee.</div>	This principle is complied with.	–
2.8.6	Committee chairpersons inform the board of directors and its chairperson on the work of their committees on a regular basis.	1. During the reporting period, committee chairpersons reported regularly to the board of directors on the work of committees.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.9	The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.			
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's development requirements, as well as bolstering the work of the board of directors and identifying areas for improvement.	<div>1. The company's internal documents outline the procedures for performance assessment (self-assessment) of the board of directors.</div> <div>2. Performance assessment (self-assessment) of the board of directors carried out in the reporting period included performance assessment of the committees, each individual member of the board of directors, and the board of directors in general.</div> <div>3. Results of performance assessment (self-assessment) of the board of directors carried out in the reporting period were reviewed at the in-person meeting of the board.</div>	This principle is complied with.	–
2.9.2	Performance of the board of directors, its committees and directors is assessed on a regular basis at least once a year. An external organization (advisor) is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	This principle is complied with.	–
3.1	The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinates the company's efforts to protect shareholder rights and interests and supports the activities of the board of directors.			
3.1.1	The corporate secretary has the knowledge, experience and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The biographical data (including age, education, qualification, track record) of the corporate secretary as well as information on positions in other legal entities' governing bodies held by the corporate secretary for at least five most recent years are published on the corporate website and in the company's annual report.	This principle is not complied with.	–
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.	<div>1. The company has adopted and published an internal document, regulations on the corporate secretary.</div> <div>2. The board of directors approves the nomination for the corporate secretary position and terminates the corporate secretary's powers, decides on the payment of additional remuneration to the corporate secretary.</div> <div>3. Pursuant to the company's internal documents, the corporate secretary may seek and obtain the company's documents and information from the company's governing bodies, business units and officials.</div>	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.1	Remuneration paid by the company is sufficient to attract, motivate and retain persons who have competencies and qualifications required by the company. Directors, executive body members and other key managers are remunerated as per the company's remuneration policy.			
4.1.1	The amount of remuneration paid by the company to members of the board of directors, executive bodies and other key executives creates sufficient incentives for them to work efficiently, while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	1. The remuneration of the company's board of directors, executive bodies, and other key executives is set forth based on benchmarks for comparable companies' remuneration level.	This principle is complied with.	–
4.1.2	The company's remuneration policy is developed by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. During the reporting period, the remuneration committee considered the remuneration policy (policies) and/or the practical aspects of its (their) introduction, assessed their efficiency and transparency, and presented relevant recommendations to revise the same to the board of directors as required.	This principle is complied with.	–
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key executives of the company, and regulates all types of expenses, benefits and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key executives of the company, and regulates (regulate) all types of expenses, benefits and privileges provided to such persons.	This principle is complied with.	–
4.1.4	The company defines a policy on reimbursement (compensation) of costs detailing a list of reimbursable expenses and specifying service levels that members of the board of directors, executive bodies and other key executives of the company can claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of costs incurred by members of the board of directors, executive bodies and other key executives of the company.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.2	Directors' remuneration ensures that their financial interests are aligned with long-term financial interests of shareholders.			
4.2.1	The company pays fixed annual remuneration to members of the board of directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for members of the board of directors.	1. In the reporting period, the company paid remuneration to members of the board of directors as per the company's remuneration policy. 2. In the reporting period, the company did not apply any form of short-term motivation or additional financial incentive contingent on the company's performance results (indicators) for members of the board of directors. No remuneration was paid for attending particular meetings of the board of directors or its committees.	This principle is complied with.	–
4.2.2	Long-term ownership of the company's shares helps align the financial interests of members of the board of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and members of the board of directors do not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) – stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members are defined and disclosed, aimed at stimulating long-term ownership of such shares.	This principle is complied with.	Not applicable, since the Regulations on Remuneration and Compensations Payable to Members of PAO NOVATEK Board of Directors does not provide for remuneration of the directors with Company shares.
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of office of members of the board of directors resulting from the change of control or any other reasons whatsoever.	1. The company does not provide for any extra payments or compensations in the event of early termination of office of members of the board of directors resulting from the change of control or any other reasons whatsoever.	This principle is complied with.	–
4.3	Remuneration of executive body members and other key managers is linked to the company's results and their personal contribution thereto.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's performance and the employee's personal contribution.	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the system of remuneration for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies an efficient ratio of the fixed and variable parts of remuneration. 3. In order to avoid incentivizing excessively risky management decisions, the company's risks are factored in when establishing the remuneration for members of executive bodies and other key executives of the company.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3.2	The company put in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	1. If the company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares), the program implies that the right to dispose of such shares and other financial instruments takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	This principle is not complied with.	Currently, The Company does not consider necessary implementing a long-term incentive program for members of executive bodies and other key executives of the Company with the use of the Company's shares (financial instruments based on the Company's shares).
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, does not exceed the double amount of the fixed part of their annual remuneration.	1. In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	This principle is complied with.	–
5.1	The company put in place an effective risk management and internal control system to guarantee, in a reasonable manner, fulfillment of the company's goals.			
5.1.1	The board of directors of the company has defined the company's risk management and internal control principles and approaches.	1. Functions of different management bodies and divisions of the company in the risk management and internal controls are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	This principle is complied with.	–
5.1.2	The company's executive bodies ensure establishment and continuous operation of efficient risk management and internal controls in the company.	1. The company's executive bodies ensured the distribution of duties, powers and responsibility related to risk management and internal controls between the heads (managers) of divisions and departments accountable to them.	This principle is complied with.	–
5.1.3	The company's risk management and internal controls ensure an objective, fair and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has an approved anti-corruption policy. 2. The company established a safe, confidential and accessible method (hotline) of notifying the board of directors or the board's audit committee of breaches of any violations of the law, the company's internal procedures and code of ethics.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.1.4	The company's board of directors shall take necessary measures to make sure that the company's risk management and internal controls are consistent with the principles of, and approaches to, its setup determined by the board of directors, and that the system is functioning efficiently.	1. In the reporting period, the board of directors (audit committee and/or risk committee (if any)) arranged an assessment of the reliability and efficiency of the risk management and internal controls. 2. In the reporting period, the board of directors considered results of the assessment of the reliability and efficiency of the company's risk management and internal controls, and data on the results of the consideration are included in the company's annual report.	This principle is complied with.	–
5.2	The company arranges for an internal audit to assess reliability and performance of the risk management and internal control system on a regular and independent basis.			
5.2.1	The company set up a separate business unit or engaged an independent external organization to carry out internal audits. Functional and administrative reporting lines of the internal audit department are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company set up a separate business unit – an internal audit division – functionally reporting to the board of directors, or engaged an independent external organization with the same line of reporting.	This principle is complied with.	–
5.2.2	The internal audit division assesses the performance of the internal controls, risk management, and corporate governance. The company applies generally accepted standards of internal audit.	1. In the reporting period, an assessment of the reliability and efficiency of the risk management and internal controls was made as part of the internal audit. 2. In the reporting period, an assessment of the corporate governance framework (practices) was made within the internal audit framework, including information interaction procedures (i.a. those concerning internal control and risk management) at all levels of the company's governance, including interaction with stakeholders.	This principle is complied with.	–
6.1	The company and its operations are transparent for its shareholders, investors and other stakeholders.			
6.1.1	The company has developed and implemented an information policy ensuring an efficient exchange of information by the company, its shareholders, investors, and other stakeholders.	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. In the reporting period, the board of directors (or one of its committees) considered efficiency of the exchange of information of the company, shareholders, investors and other stakeholders and the feasibility (necessity) to revise the company's information policy.	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.1.2	The company discloses information on its corporate governance and practice, including detailed information on compliance with the principles and recommendations of the Code.	<div>1. The company discloses information on its corporate governance and general principles of corporate governance, including disclosure on its website.</div> <div>2. The company discloses information on the membership of its executive bodies and the board of directors, independence of the directors and their membership in the board's committees (as defined by the Code).</div> <div>3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance.</div>	This principle is not fully complied with.	The Company does not disclose information about the composition of the executive bodies and the Board of Directors, the independence of the members of the Board and their membership in the Board committees.
6.2	The company discloses up-to-date, complete and reliable information on its operations in due time to enable its shareholders and investors to make informed decisions.			
6.2.1	The company discloses information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness and comparability of disclosed data.	<div>1. The company has defined the procedure to align all the structural units and employees of the company whose activities are related to or may require information disclosure.</div> <div>2. If the company's securities are traded on foreign organized markets, the company ensured concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting year.</div> <div>3. If foreign shareholders hold a material portion of the company's shares, information was disclosed both in the Russian language and one of the most widely used foreign languages in the reporting period.</div>	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law.	<div>1. The company's information policy sets out approaches to disclosing information on other events (actions) that have a material impact on the company's evaluation and the price of its securities, disclosing information on which is not required by law.</div> <div>2. The company discloses information on its capital structure in accordance with Recommendation 290 of the Code both in the annual report and on the company's website.</div> <div>3. The company makes disclosures on controlled entities that are material to the company, including disclosures on their core business areas, mechanisms ensuring their accountability, the board of directors' authority in respect of shaping the strategy and assessing the performance of controlled entities.</div> <div>4. The company makes non-financial disclosures through the sustainability report, the environmental report, the corporate social responsibility report or any other report containing non-financial information, including environmental aspects (e. g. ecological aspects and aspects related to climate change), social aspects, and governance aspects, excluding the report of the issuer of securities and the annual report of the joint-stock company.</div>	This principle is not fully complied with.	The Company discloses its capital structure to the extent required by the applicable laws.
6.2.3	The company's annual report, as one of the most important tools of its information exchange with shareholders and other interested parties, contains information enabling assessment of the company's annual performance results.	<div>1. The company's annual report contains information on the audit committee's assessment of third-party and internal audit process efficiency.</div> <div>2. The company's annual report contains information on the company's environmental policy and social policy.</div>	This principle is complied with.	–
6.3	The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.			
6.3.1	The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.	<div>1. The company's information policy (internal documents governing the information policy) sets forth an easy procedure for providing shareholders with access to the company's information and documents upon request.</div> <div>2. The information policy (internal documents governing the information policy) makes provisions for the company to use necessary efforts to obtain from the company-controlled entities the information on relevant company-controlled entities as requested by a shareholder.</div>	This principle is not fully complied with.	The Company's information policy determines an easy procedure for providing shareholders with access to information, with the exception of information on legal entities controlled by the Company the provision of which is not prescribed for by law.

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.3.2	When providing information to shareholders, the company shall ensure a reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitiveness.	<div>1. In the reporting period, the company did not refuse any shareholder requests for information or such refusals were justified.</div> <div>2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</div>	This principle is complied with.	–
7.1	Actions which will or may materially affect the company's share capital structure and its financial position and accordingly the position of its shareholders (“material corporate actions”) are taken on fair terms ensuring that the rights and interests of the shareholders and other stakeholders are observed.			
7.1.1	Material corporate actions include restructuring of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's authorized capital, listing or de-listing of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's articles of association provide a list (criteria) of transactions or other actions classified as material corporate actions within the authority of the company's board of directors.	1. The company's articles of association include a list of (criteria for) transactions or other actions deemed to be material corporate actions. According to the company's articles of association, resolutions on material corporate actions are referred to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general shareholders meeting, the board of directors presents relevant recommendations to shareholders.	This principle is not fully complied with.	<div>The Company's Articles of Association do not contain a separate section with a list of significant corporate actions. At the same time, decision-making on issues related to significant corporate actions falls within the authority of the Board of Directors.</div> <div>The Company does not see any risks in this.</div>
7.1.2	The board of directors plays a key role in passing resolutions or making recommendations on material corporate actions, relying on the opinions of the company's independent directors.	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	This principle is not fully complied with.	Relevant comments are provided in items 2.4.4. and 2.5.1 hereof.
7.1.3	When taking material corporate actions which would affect rights or legitimate interests of shareholders, equal terms and conditions are guaranteed for all shareholders; if the statutory procedure designed to protect shareholders' rights proves insufficient, additional measures are taken to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	<div>1. Due to specifics of the company's operations, the company's articles of association stipulate that the board of directors has the jurisdiction over the approval of other transactions that are material to the company in addition to the transactions set forth in the legislation.</div> <div>2. All material corporate actions in the reporting period were duly approved before they were taken.</div>	This principle is complied with.	–

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.2	The company provides a procedure for taking material corporate actions that would enable its shareholders to receive full information about such actions in due time and influence them, and also guarantee that the shareholder rights are observed and duly protected when such actions are taken.			
7.2.1	Information about material corporate actions is disclosed with explanations of the grounds, circumstances and consequences.	1. If the company performed material corporate actions during the reporting period, the company disclosed, timely and in detail, information on such actions, including the reasons, conditions and consequences of such actions for shareholders	This principle is not fully complied with.	–
7.2.2	Rules and procedures related to material corporate actions taken by the company are set out in the company's internal documents.	<div>1. The company's internal documents define the cases and a procedure for engaging an appraiser to estimate the value of assets either disposed of or acquired in a major transaction or a related-party transaction.</div> <div>2. The company's internal documents set out a procedure for engaging an appraiser to estimate the value of shares acquired and redeemed by the company.</div> <div>3. If there is no formal interest of a member of the board of directors, the sole executive body, a member of the collegial executive body of the company or a person being the company's controlling person or a person entitled to give the company binding instructions, in the company's transactions, but if there is a conflict of interest or other actual interest of them, the internal documents of the company provide that such persons shall not participate in the voting on the approval of such transaction.</div>	This principle is not complied with.	The need to involve an appraiser for the valuation of the purchase price of the Company's shares is provided by the current legislation. There is no need to duplicate this requirement in the internal documents of the Company.

Forward-looking Statements

This Annual Review includes forward-looking information within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended.

Certain statements included in this Annual Report and Accounts, including, without limitation, statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for our products; economic outlook and industry trends; developments of our markets; the impact of regulatory initiatives; and the strength of our competitors.

The forward-looking statements in this Annual Review are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, the management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control.

As a result, we may not achieve or accomplish these expectations, beliefs or projections. In addition, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in the balance of oil and gas supply and demand in Russia and Europe;
- the effects of domestic and international oil and gas price volatility and changes in regulatory conditions, including prices and taxes;
- the effects of competition in the domestic and export oil and gas markets;
- our ability to successfully implement any of our business strategies;
- the impact of our expansion on our revenue potential, cost basis and margins;
- our ability to produce target volumes in the event, among other factors, of restrictions on our access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- potentially lower production levels in the future than currently estimated by our management and/ or independent petroleum reservoir engineers;
- inherent uncertainties in interpreting geophysical data;
- changes to project schedules and estimated completion dates;
- our success in identifying and managing risks to our businesses;
- the effects of changes to the Russian legal framework concerning currently held and any newly acquired oil and gas production licenses;
- changes in political, social, legal or economic conditions in Russia and the CIS;
- the effects of technological changes;
- the effects of changes in accounting standards or practices.

This list of important factors is not exhaustive. When relying on forward-looking statements, one should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. The information and opinions contained in this document are provided as at the date of this review and are subject to change without notice.

Terms and Abbreviations

Mentions in this Annual Report of “PAO NOVATEK”, “NOVATEK”, “the Company”, “we” and “our” refer to PAO NOVATEK and/or its subsidiaries (according to IFRS methodology) and/or joint ventures (accounted for on an equity basis according to IFRS standards), depending upon the context in which the terms are used.

BARREL	one stock tank barrel, or 42 US gallons of liquid volume
BCM	billion cubic meters
BOE	barrels of oil equivalent
KM	kilometer(s)
MBOE	thousand boe
MCM	thousand cubic meters
MT	thousand metric tons
MMBOE	million boe
MMCM	million cubic meters
MMT	million metric tons
MMTPA	million metric tons per annum
MTPA	thousand metric tons per annum
TON	metric ton
BTU	British thermal unit
CCS	Carbon capture and storage
CDP	Carbon Disclosure Project
ESG	Environmental, Social, Governance
GBS	Gravity-based structures
GDR	Global Depositary Receipts
GHG	Greenhouse gases
LA	License area
LPG	Liquified petroleum gases
LNG	Liquified natural gas
MGP	Methane Guiding Principles
NGL	Natural gas liquids
OAD	Open joint-stock company
OHS	Occupational health and safety
OOO	Limited liability company
NSR	Northern Sea Route
PAO	Public joint-stock company
PRMS	Petroleum Resources Management System
RR	Russian rouble
SEC	United States Securities and Exchange Commission
SGC	Stable gas condensate
TCFD	Task Force on Climate-related Financial Disclosures
TTF	Title Transfer Facility
UGSS	Unified Gas Supply System
UN	United Nations
YNAO	Yamal-Nenets Autonomous Region

Conversion Factors

1,000 cubic meters of gas = 6.54 boe.

To convert crude oil and gas condensate reserves from tons to barrels we used various coefficients depending on the liquids density at each field.

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Approved

by a resolution of the annual General Meeting of Shareholders of PAO NOVATEK on 21 April 2023
Minutes No.140

Pre-approved

by a resolution of the Board of Directors of PAO NOVATEK on 17 March 2023
Minutes No.261

Data accuracy certified

by PAO NOVATEK’s Revision Commission on 3 March 2023