

# Fueling the Low-Carbon Energy Future

**Think Green. Think Natural Gas.**

Energy Affordability, Security & Sustainability

ESG presentation



**NOVATEK**

October 2021

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2. ESG strategy
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# 1. SUSTAINABLE DEVELOPMENTS HIGHLIGHTS

# Our New Sustainability Metrics in 2020

## FIRST EVER DISCLOSURE

<b>Scope 3</b> emissions	<b>UN SDGs</b> Internal targets	<b>LTIFR,</b> contractors injuries	<b>Scope 1</b> emissions by source	Progress on achieving <b>Environmental and Climate Change Targets</b>
<b>Innovations</b> section	<b>COVID-19</b> impact on strategy	<b>Cybersecurity</b> issues	<b># of Security Hotline reports</b>	<b>Independent audit of GHG emissions</b>

## EXPANDED DISCLOSURE

<b>Permafrost section</b>	<b>Sustainability strategy</b>	<b>Methane emissions</b>	<b>Waste management</b>	<b>Climate change management, risks and opportunities</b>
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WE ARE 100% COMPLIANT WITH GRI, SASB AND TCFD REPORTING STANDARDS  
AND RECOMMENDATIONS

# NOVATEK ESG at a Glance 2020

## LOWEST GHG EMISSION LEVELS AMONG O&G PRODUCERS



**9.1** mmt of CO<sub>2</sub>e  
Scope 1 emissions



**0.24** tons of CO<sub>2</sub>e /  
ton of LNG  
LNG production facilities



**96.2 %**  
APG Utilization

## OUR SOCIAL POLICY



**0.49**  
LTIFR



**RUB 4.1 bln**  
Social investments



**RUB 1.6 bln**  
Total social expenses

## STRONG GOVERNANCE MODEL



**33%**  
Share of Independent directors



**1<sup>st</sup> time**  
woman was elected to NOVATEK's  
Board of Directors



**ESG functions on all  
corporate levels**

# Sustainable Development Highlights (Y-o-Y)

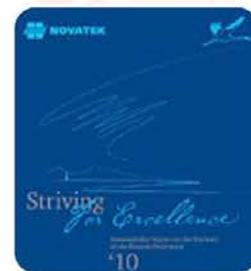
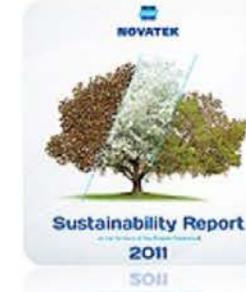
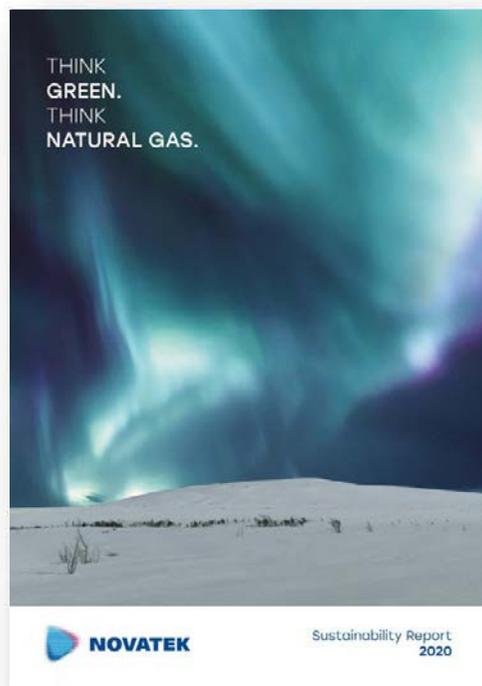
COVID-19 anti-epidemic measures <b>RUB 4.8 bln</b>	NUMBER OF FATALITIES <b>0 ✓</b>	REDUCTION OF LTIFR <b>- 29% ↓</b>
GHG intensity in upstream <b>- 31% ↓</b>	GHG INTENSITY <b>- 1% ↓</b>	SCOPE 1 DIRECT EMISSIONS <b>- 19% ↓</b>
Environmental costs <b>+ 67% ↑</b>	APG utilization <b>+ 13 p.p. ↑</b>	Waste generation <b>- 41% ↓</b>

NOVATEK is continuously improving the quality and transparency of its non-financial reporting with a view to enhance the confidence between the Company and its stakeholders

In seeking to meet stakeholder expectations, NOVATEK made additional disclosures in Sustainability Report 2020 on a range of topics (100+ new ESG metrics vs. 2018)

**POSITIVE TREND IN REDUCING GHG EMISSIONS PROVES OUR LOW-CARBON INTENSITY POSITION**

# Sustainability Reports Since 2005



# 14<sup>th</sup>

## Sustainability Report

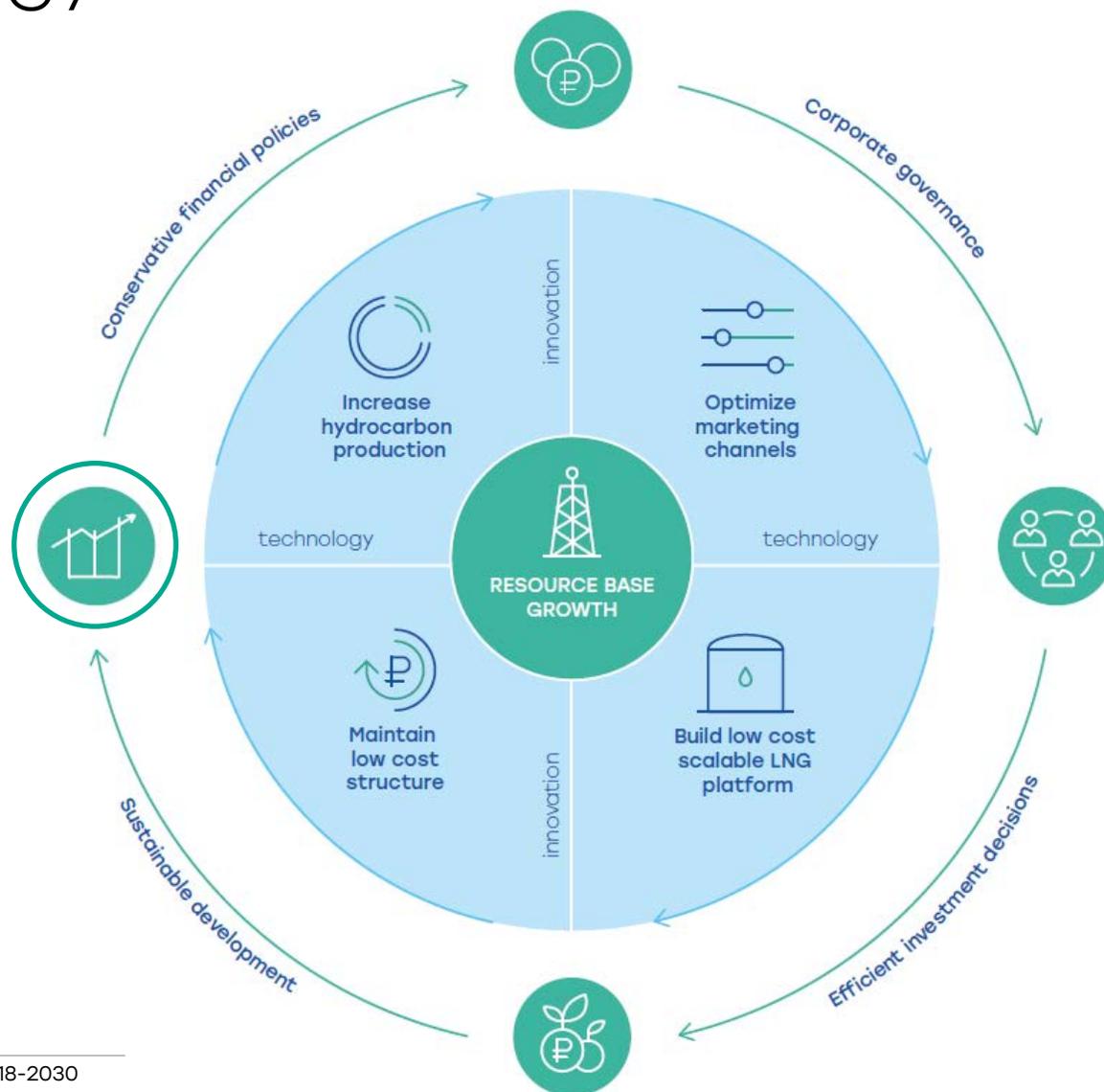
Downloadable at

<https://www.novatek.ru/en/development/>

ONE OF THE LONGEST HISTORY OF SUSTAINABILITY REPORTING IN THE RUSSIAN O&G

## 2. ESG STRATEGY

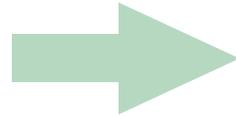
# Sustainable Development – Integral Part of Strategy\*



Sustainable reporting with GRI recommendations from 2005

\* Corporate Strategy 2018-2030

# Sustainable and Low Carbon Focus Already in 2017 Strategy

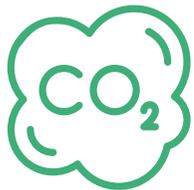


**NOVATEK**



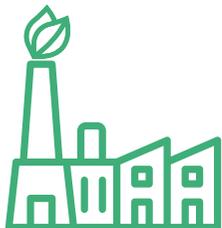
Supply the Global Markets with Low Cost and Low Carbon Natural Gas

Energy Security  
Energy Affordability  
Energy Sustainability



Sustainable Development Framework

Commitment to Reduce GHG Emissions and Mitigate Climate Change Risks



Longest History and Detailed Disclosure of Sustainability Reporting in the Russian O&G

Sustainability Reports since 2005  
Compelling ESG rating history

# Sustainable Development Strategy

-  Our sustainability strategy is built around society's urgent need for change towards low-carbon development
-  Our contribution to a low-carbon future is in line with the Paris Agreement goals of limiting the increase in global average temperatures to 1.5 °C
-  As part of global decarbonization efforts, climate agenda and Russia's approved Energy Strategy to 2035, NOVATEK is implementing climate change mitigation and adaptation measures and incorporates these aspects into its decision-making process.

## OUR STRATEGY COVERS THE FOLLOWING ENERGY TRANSITION GOALS:

Driving innovation in carbon emissions reduction and adoption of zero-carbon technologies

Setting Environmental and Climate Change targets

Improving energy efficiency

Reducing carbon footprint

APG utilization

Carbon capture and storage

Alternative energy development (ammonia, hydrogen, renewables)

# Integrating the United Nations SDGs



# Our Contribution to Relevant UN SDGs\*

## CLIMATE



- By 2030, increase our LNG production up to 70 MTPA
- By 2025, use energy-efficient LNG technologies to increase LNG and reduce GHG emissions
- Established Environmental and Climate Change targets up to 2030
- Produce hydrogen, methane-hydrogen mixtures, ammonia and other low-carbon fuels
- Construct technologically innovative LNG projects in the Arctic Circle

## NATURE



- Constant environmental monitoring and operational control
- Commitment to sustainable water use and efficient wastewater treatment
- Effective pollution and waste management processes to gradual reduce emissions and waste
- Integrated monitoring of marine ecosystems
- Artificial reproduction of aquatic biological resources by releasing fish into important fishing water bodies
- Significantly expand the reforestation geography
- Preserve the genotypes of rare and endangered plant species listed in the Red Data Books

## PEOPLE



- Contribute to regional development through new jobs creation, better infrastructure, and programs aimed at improving living standards for local communities
- Deliver a 5% reduction in LTIFR among our employees every year
- Assist severely ill children in desperate need and children with disabilities in the regions of operation
- Engage public consultations when planning projects with potential environmental impact

\* Based on IPIECA SDG Roadmap for the oil and gas sector, April 2021

# Our Priority UN SDGs

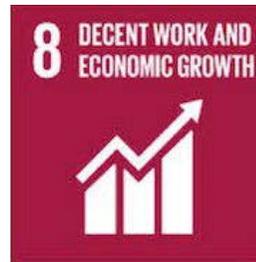
## AFFORDABLE, SAFE AND CLEAN ENERGY

- Secure supplier of clean fuel
- Mitigation of negative environmental impact
- Implementation of energy-efficient technologies
- Biodiversity conservation
- Occupational safety



## LONG-TERM SHAREHOLDER VALUE

- Return on capital
- Responsible business
- Competitive advantages
- High economic value added
- Implementation of innovations
- Efficiency and transparency of corporate governance
- Climate change management
- Informational security



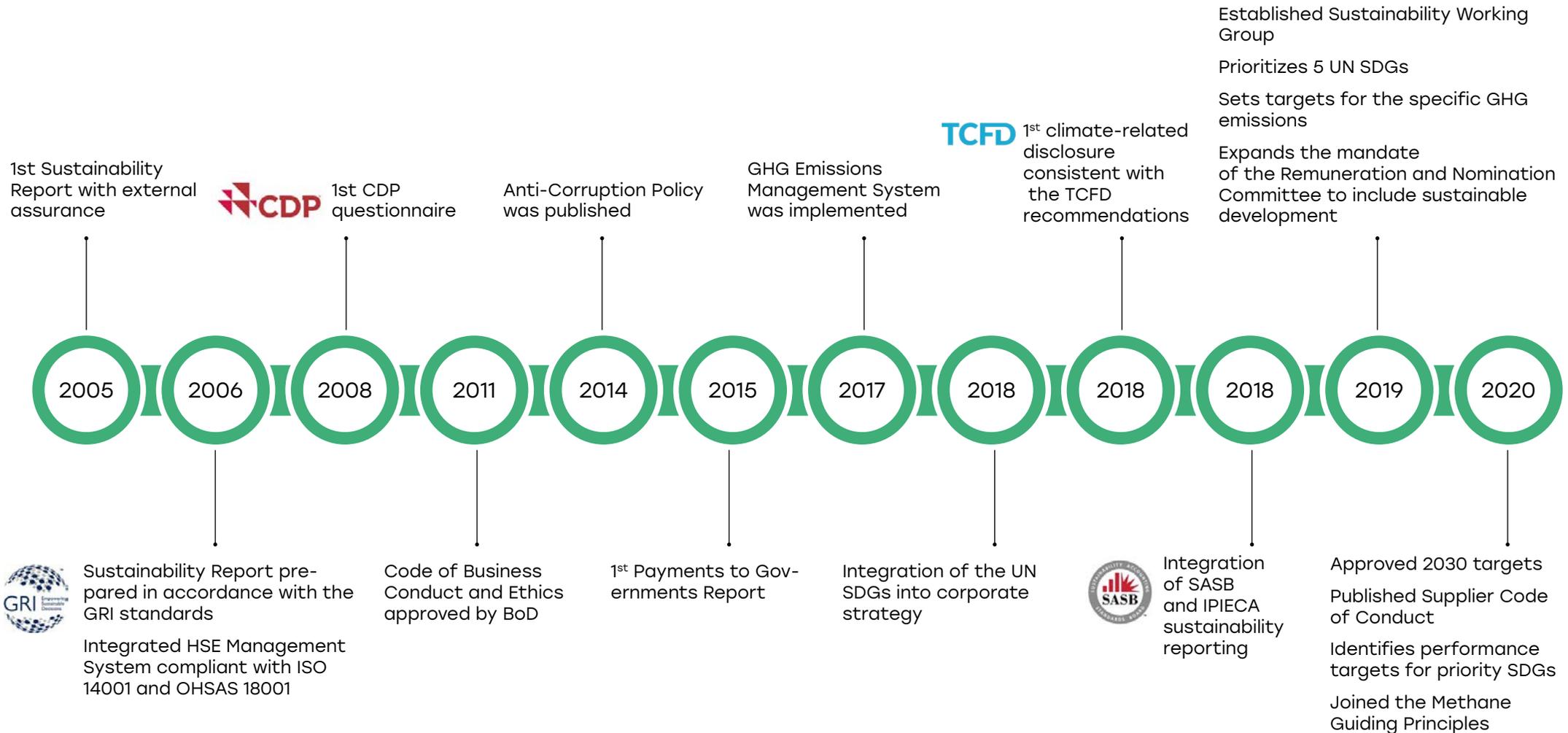
## VALUE FOR SOCIETY

- Health and safety for personnel and contractors
- Creating new jobs
- Tax payments
- Educational programs
- Cooperation with local communities
- Charity
- Compliance with human rights



**OUR CORPORATE PURPOSE IS TO CREATE SUSTAINABLE VALUE FOR OUR STAKEHOLDERS ACROSS THE WHOLE VALUE CHAIN**

# Our Sustainability Timeline



# Our Position in ESG Ratings

## NOVATEK's position in ESG ratings



Score  
**32.3** ↓

Best score in Russian Oil & Gas sector  
Rank # 20 out of 147 companies among  
O&G industry in 2021



Rating  
**3.7/5** ↑

NOVATEK is a constituent of the  
FTSE4Good Emerging Index



Rating  
**A** ↑

NOVATEK - First and only "A" in  
Russian Oil & Gas sector



Rating  
**1** ↑

Leader among Energy-focused  
corporate issuers in Environmental score



Score  
**40** ↑

Highest (100 out of 100) Environmental  
& Social Reporting Percentile

## Other Analytical and Rating agencies



WWF



REFINITIV.



Bloomberg



**LOWEST EMISSIONS INTENSITY LEVEL AMONG O&G UNIVERSE  
AS DISCLOSED BY TRANSITION PATHWAY INITIATIVE REPORT IN 2020**

### 3. ENVIRONMENTAL LEADER IN O&G SECTOR

# Environmental and Climate Change Targets

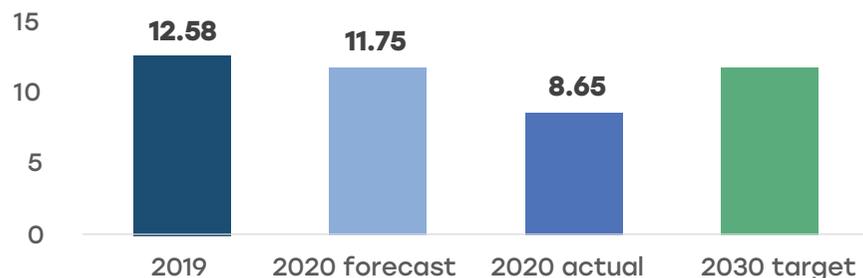
	2019	2030
 <p>Reduce Methane Emissions per unit of production in the production, processing and LNG segments</p>	<p><b>10.44</b> TONS / MMBOE</p>	<p><b>-4%</b> ↓</p>
 <p>Reduce Air Pollutant Emissions per unit of production</p>	<p><b>0.128</b> TONS / MBOE</p>	<p><b>-20%</b> ↓</p>
 <p>Reduce GHG emissions per unit of production facilities in the Upstream segment</p>	<p><b>12.58</b> tons of CO<sub>2</sub> equivalent per 1 mboe</p>	<p><b>-6%</b> ↓</p>
 <p>Reduce GHG emissions per ton of LNG produced</p>	<p><b>0.263</b> tons of CO<sub>2</sub> equivalent per ton of LNG</p>	<p><b>-5%</b> ↓</p>
 <p>Increase of Associated Petroleum Gas Utilization Rate</p>	<p><b>95%</b> legal requirement in Russia</p>	<p><b>to 99%</b> ↑</p>
 <p>Increase the share of waste directed to utilization and disposal</p>	<p><b>75%</b></p>	<p><b>to 90%</b> ↑</p>

# Scorecard of our Environmental and Climate Change Targets

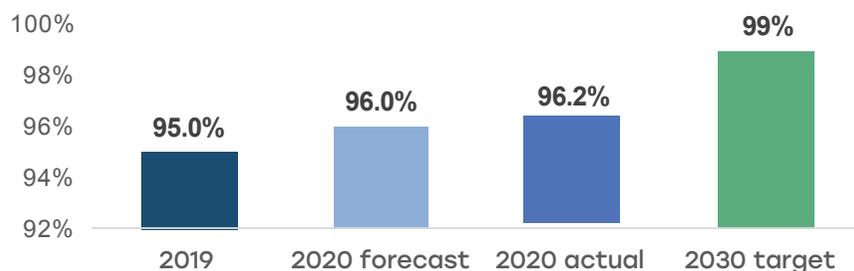
	2019	2020	2030	Y-o-Y
Methane emissions per unit of production	10.44 TONS / MMBOE	14.44 TONS / MMBOE	9.96 TONS / MMBOE	↑
Air pollutant emissions per unit of production	0.128 TONS / MMBOE	0.143 TONS / MMBOE	0.102 TONS / MMBOE	↑
GHG emissions per unit of production in upstream	12.58 tons of CO2 equivalent per 1 mboe	8.65 tons of CO2 equivalent per 1 mboe	11.7 tons of CO2 equivalent per 1 mboe	↓
GHG emissions per ton of LNG produced	0.263 tons of CO2 equivalent per ton of LNG	0.244 tons of CO2 equivalent per ton of LNG	0.249 tons of CO2 equivalent per ton of LNG	↓
APG utilization rate	95%	96.2%	99%	↑
Waste directed to utilization and disposal	75%	69%	90%	↓

# Progress on Meeting Environmental and Climate Change Targets (1/2)

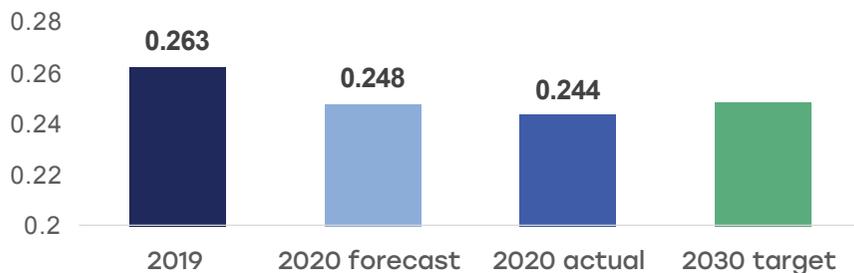
## GHG emissions per unit of production in upstream



## APG utilization rate



## GHG emissions per ton of LNG produced



The Group's operations use cogeneration technology, almost doubling fuel efficiency to achieve lower fuel gas consumption and a significant reduction in GHG emissions.

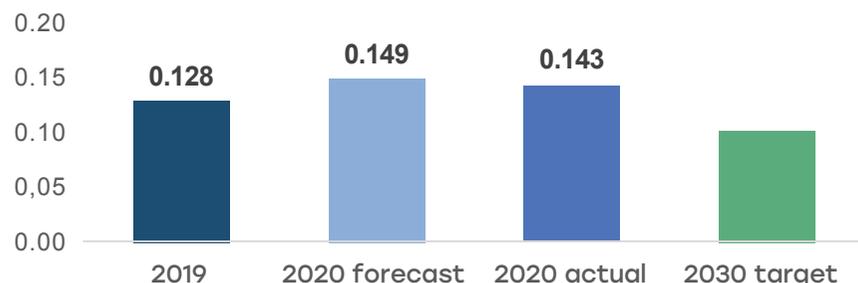
A project to inject APG into deep absorbing horizons while producing oil from the Yarudeyskoye field helped Yargeo to achieve APG utilization target, while cutting direct GHG emissions by 1.2 mmt of CO<sub>2</sub>e.

By increasing APG injection for pressure maintenance, we reduced GHG emissions, as indicated by GHG emissions per unit of production in the upstream segment. We achieved our APG target and even exceeded it by 26% vs. the 2020 estimate.

GHG emissions were reduced by 101,656 tons of CO<sub>2</sub> equivalent through cogeneration technologies.

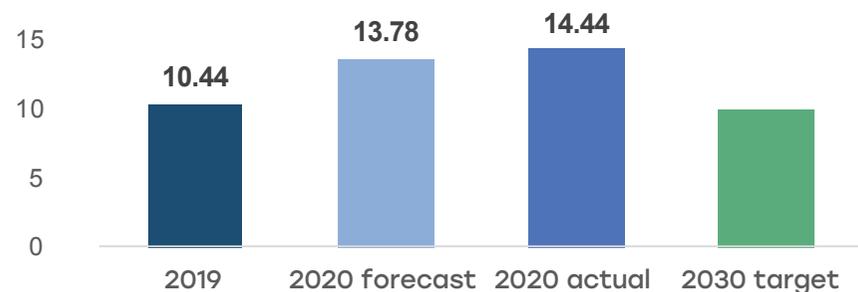
# Progress on Meeting Environmental and Climate Change Targets (2/2)

## Air pollutant emissions per unit of production



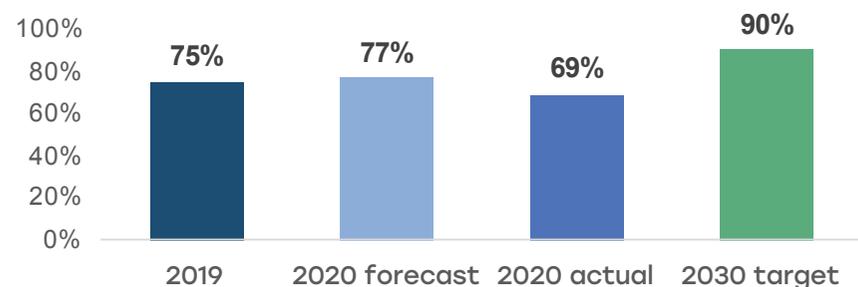
By transitioning to direct pollutant measurements at the emission sources, air pollutant emissions target for per unit of production was achieved against forecast by 4% but higher versus 2030 target.

## Methane emissions per unit of production



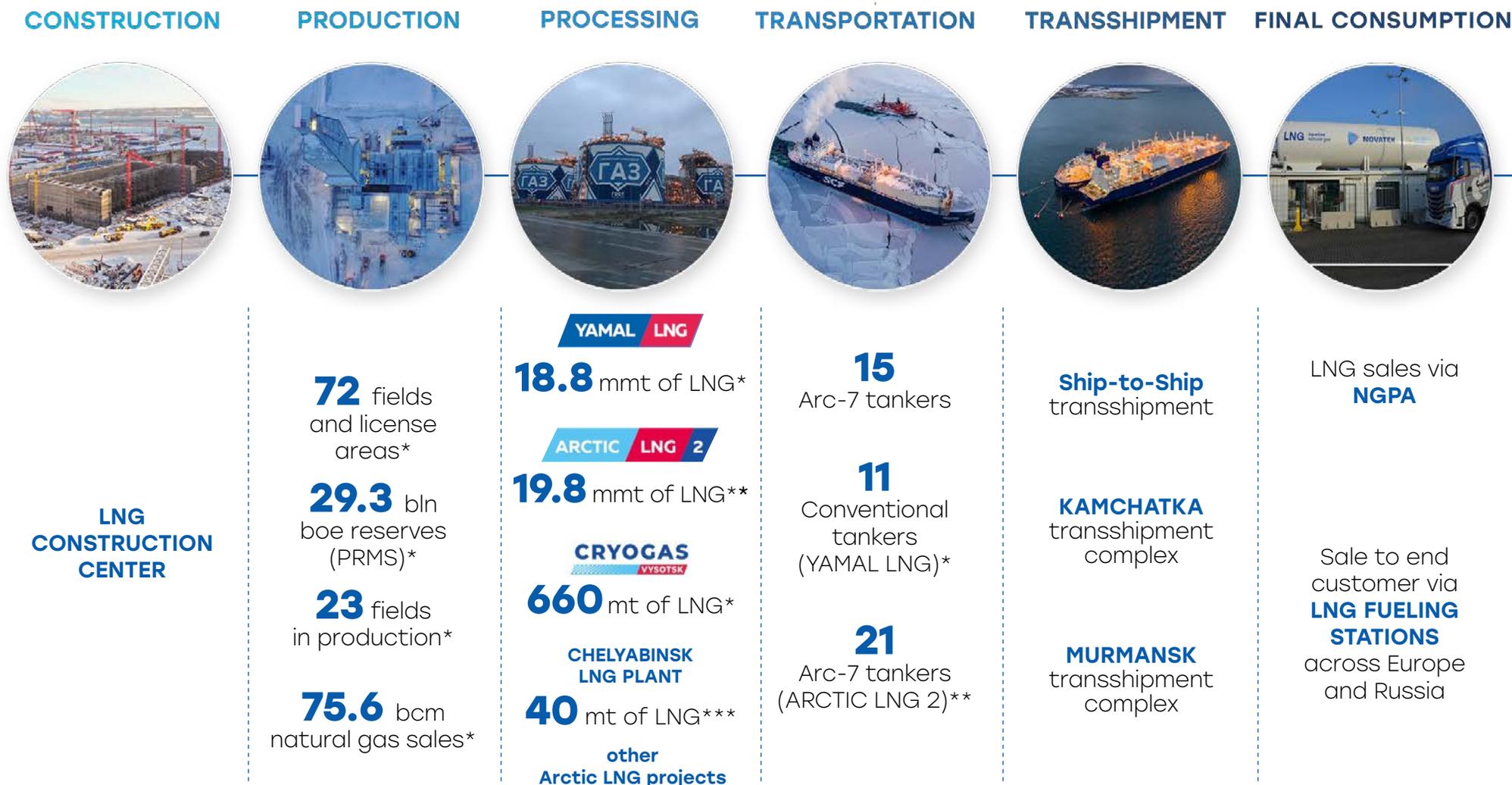
Methane emissions per unit of production exceeded the 2020 estimate by 5% due to increased methane emissions as a result of production capacity growth. The North-Russkoye and East-Tazovskoye fields came onstream in 2020 as additional sources of emissions.

## Waste directed to utilization and disposal



Share of waste directed to utilization and disposal were below the 2020 estimate by 8%. This was due to delayed arrivals of contractors to facilities amid COVID-19 restrictions and subsequent temporary suspension of waste recycling.

# Our LNG Value Chain



**WE CONTROL FULL LNG VALUE CHAIN TO DELIVER LOW-CARBON LNG TO END CONSUMERS**

\* NOVATEK 2020 FY data  
 \*\* according to Corporate Strategy 2017  
 \*\*\*nameplate capacity

# We can monitor, verify and deliver “Green LNG” cargos to the market

Hierarchy of Carbon Emission Reduction approaches

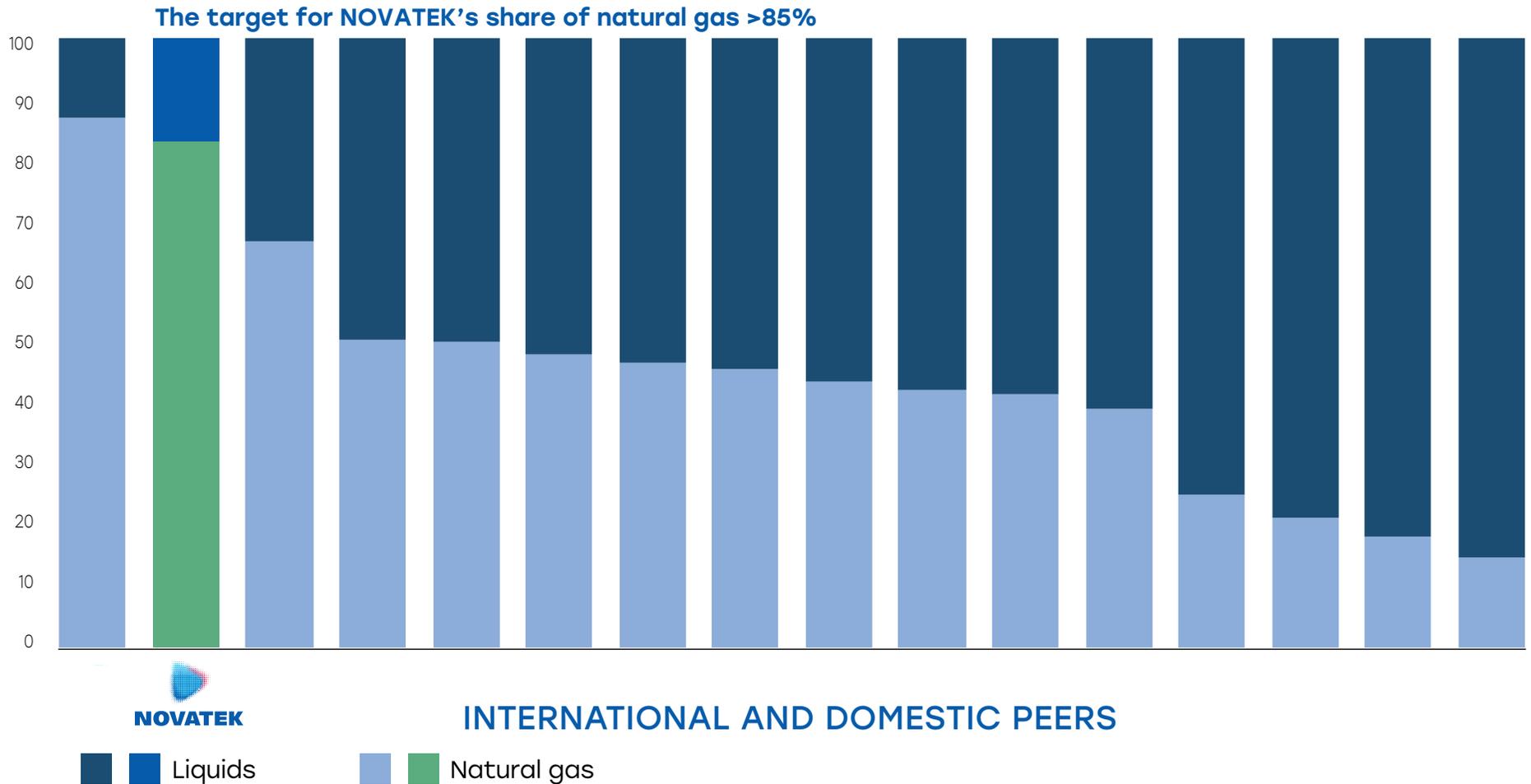


	ELIMINATE	Fossil Fuels Phase Out	✗
	SUBSTITUTE	Replace Dirty Fuels with Lower Carbon “Cleaner” Fuels	✓
	MINIMIZE	Mitigation Solutions in Production, Delivery and Use of Energy	✓
	REMEDiate	Carbon Capture, Utilization and Storage Solutions	✓
	CARBON OFFSET	Compensate for Emissions Made Elsewhere	✓

**UNLIKE MOST OF OUR COMPETITORS, WE CONTROL THE FULL LNG VALUE CHAIN – FROM UPSTREAM TO END-CUSTOMER DELIVERY**

# Commitment to Low Carbon Energy Mix Environment

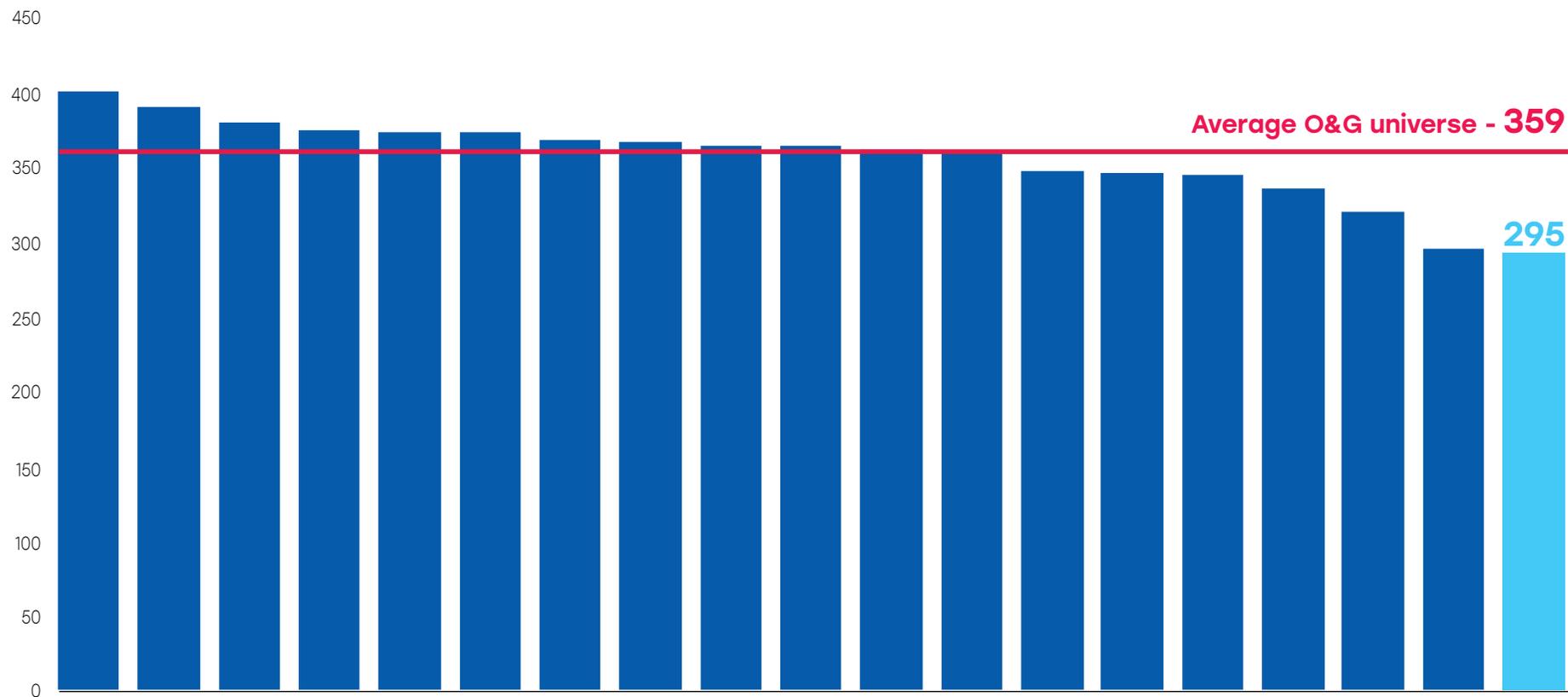
Share of 2020 natural gas production in O&G companies energy mix, %



Source: 2020 Companies data  
 International and domestic peers: ExxonMobil, Chevron, ConocoPhillips, Petrobras, BP, RDSHELL, Rosneft, TotalEnergies, Lukoil, Eni, Equinor, Gazprom, Repsol, PetroChina

# One of the Lowest GHG Emissions in O&G Universe

Oil and gas company GHG emissions intensity, kgCO<sub>2</sub>e/boe

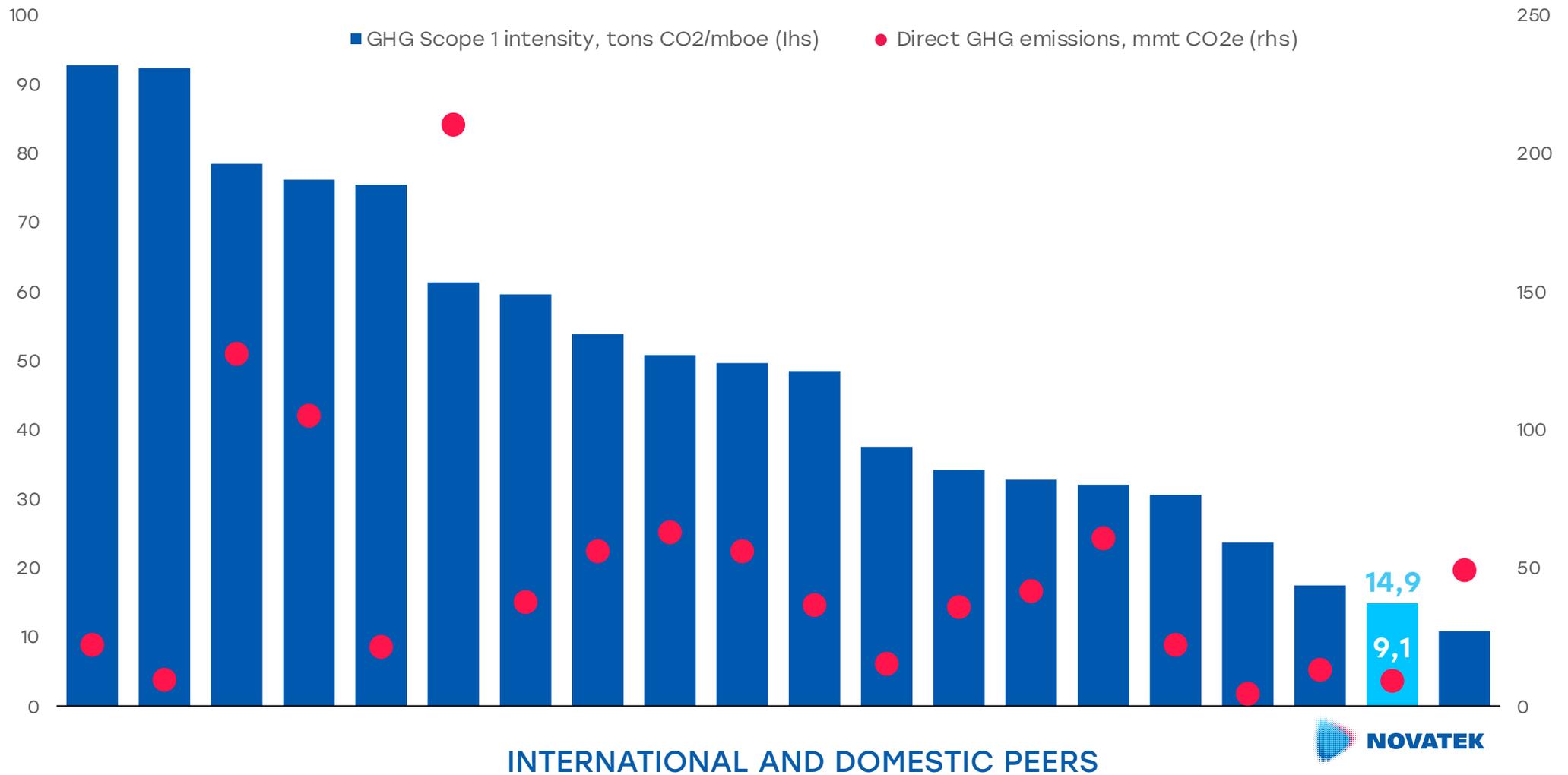


## INTERNATIONAL AND DOMESTIC PEERS

International and domestic peers: Suncor, Husky, Petrobras, Lukoil, Rosneft, Chevron, BP, ExxonMobil, ConocoPhillips, TotalEnergies, Eni, Equinor, Shell, Repsol, Gazprom, Gazprom Neft, Saudi Aramco  
Source: Companies data 2020, according to CDP methodology

# One of the Lowest GHG Emissions Level

## O&G majors GHG emissions

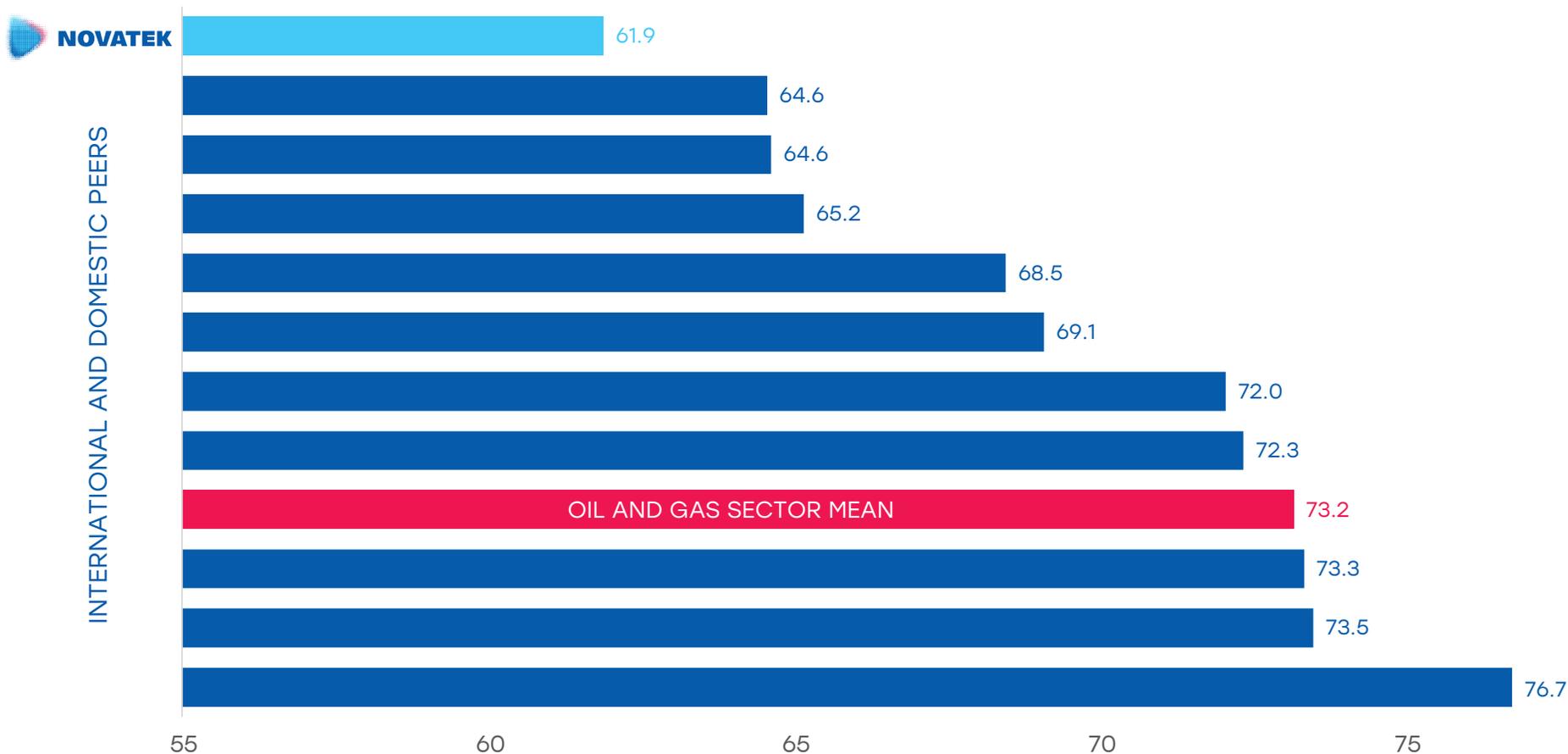


Source: Annual Reports, Sustainability Reports, 2020 Companies data

International and domestic peers: Saudi Aramco, Repsol, Husky, PetroChina, Exxon, Suncor, Chevron, ConocoPhillips, Petrobras, BP, RDSshell, Rosneft, TotalEnergies, Lukoil, Tatneft, Gazprom neft, Eni, Equinor, Gazprom

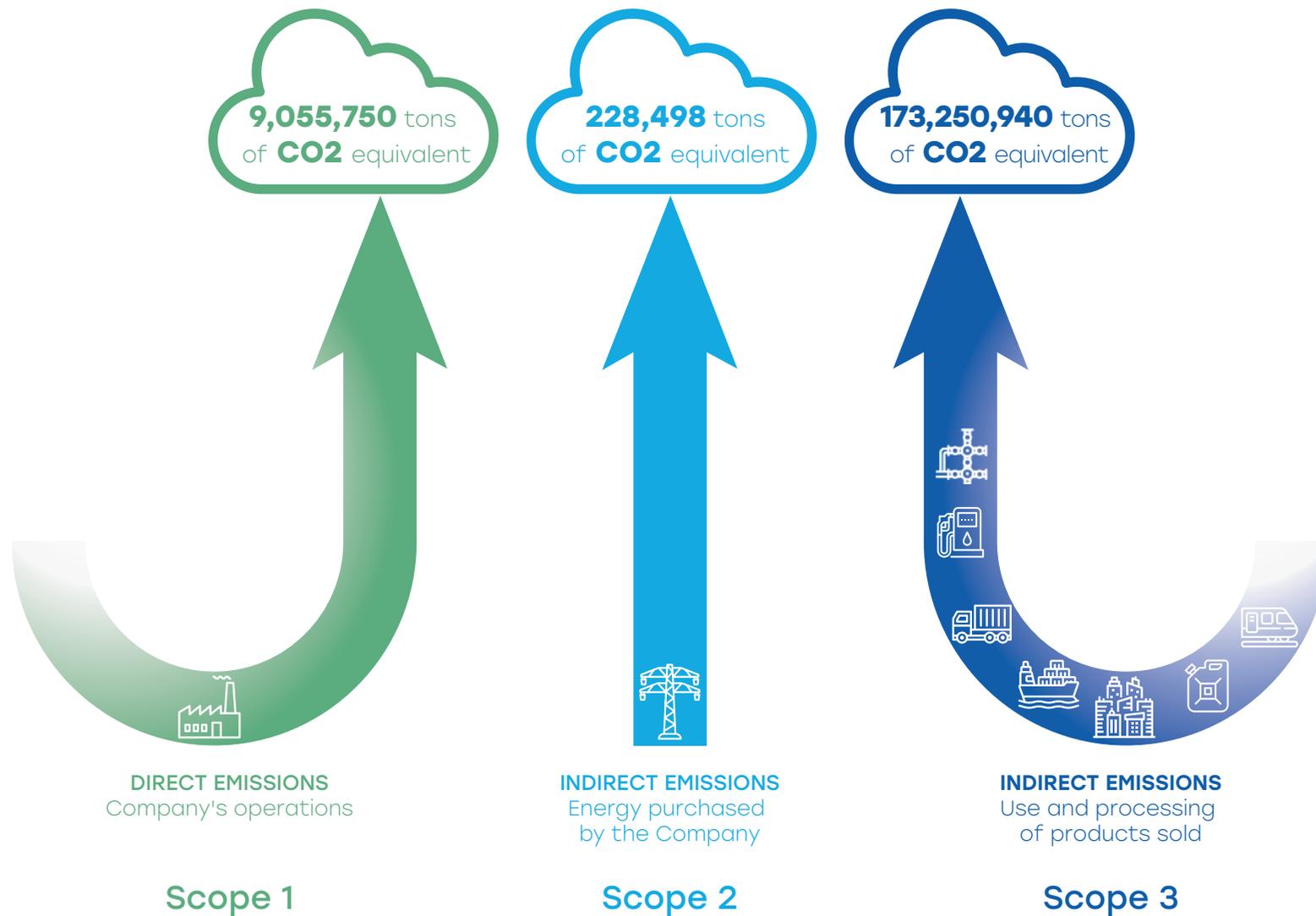
# Lowest Emissions Intensity by TPI

## Emissions intensity in 2019 (gCO<sub>2</sub>e / MJ) – Scope 1, 2 and 3



Source: Transition Pathway Initiative data as of October 2020  
International and domestic peers: BP, RDSHELL, Rosneft, Total, Lukoil, Eni, Equinor, Gazprom, Woodside, Repsol

# Reporting on All Scope Emissions



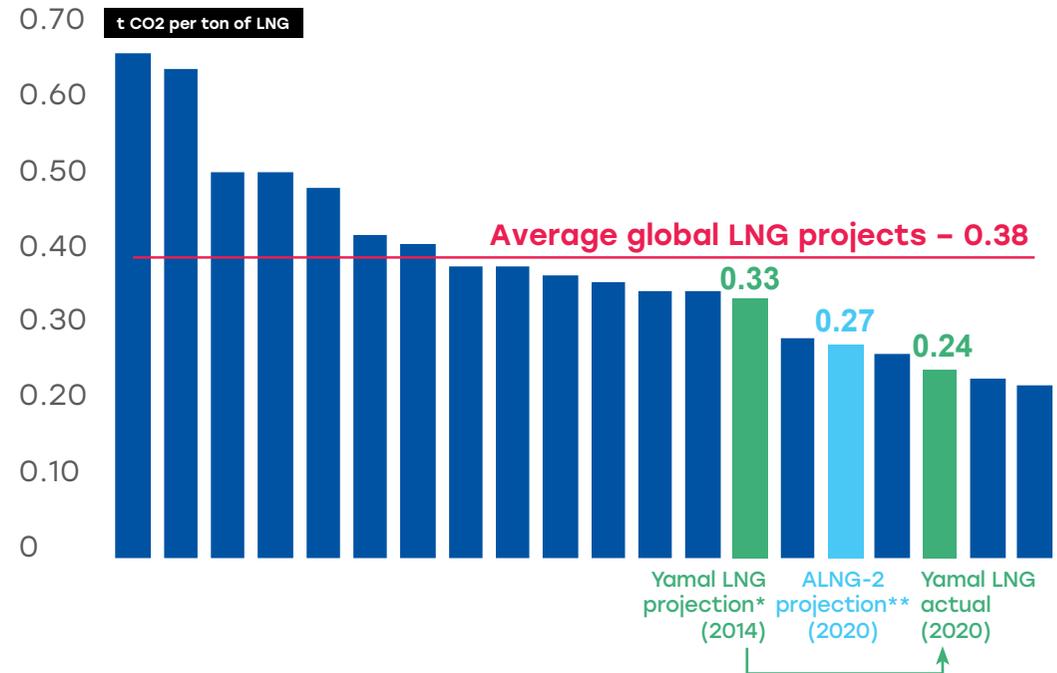
**OUR SCOPE 1 + 2 EMISSIONS ARE ONLY 5% OF ALL SCOPE EMISSIONS**

Scope 3 is calculated under Accounting and Reporting Standard of the GHG Protocol "Use of sold products" subcategory

# Yamal LNG Top Tier GHG Performance



GHG emissions intensity from major LNG plants in the world



\*Estimations from E&S Impact Assessment of the Yamal LNG project, 2014  
 \*\*GHG and Energy Efficiency Philosophy of the Arctic LNG 2, 2021

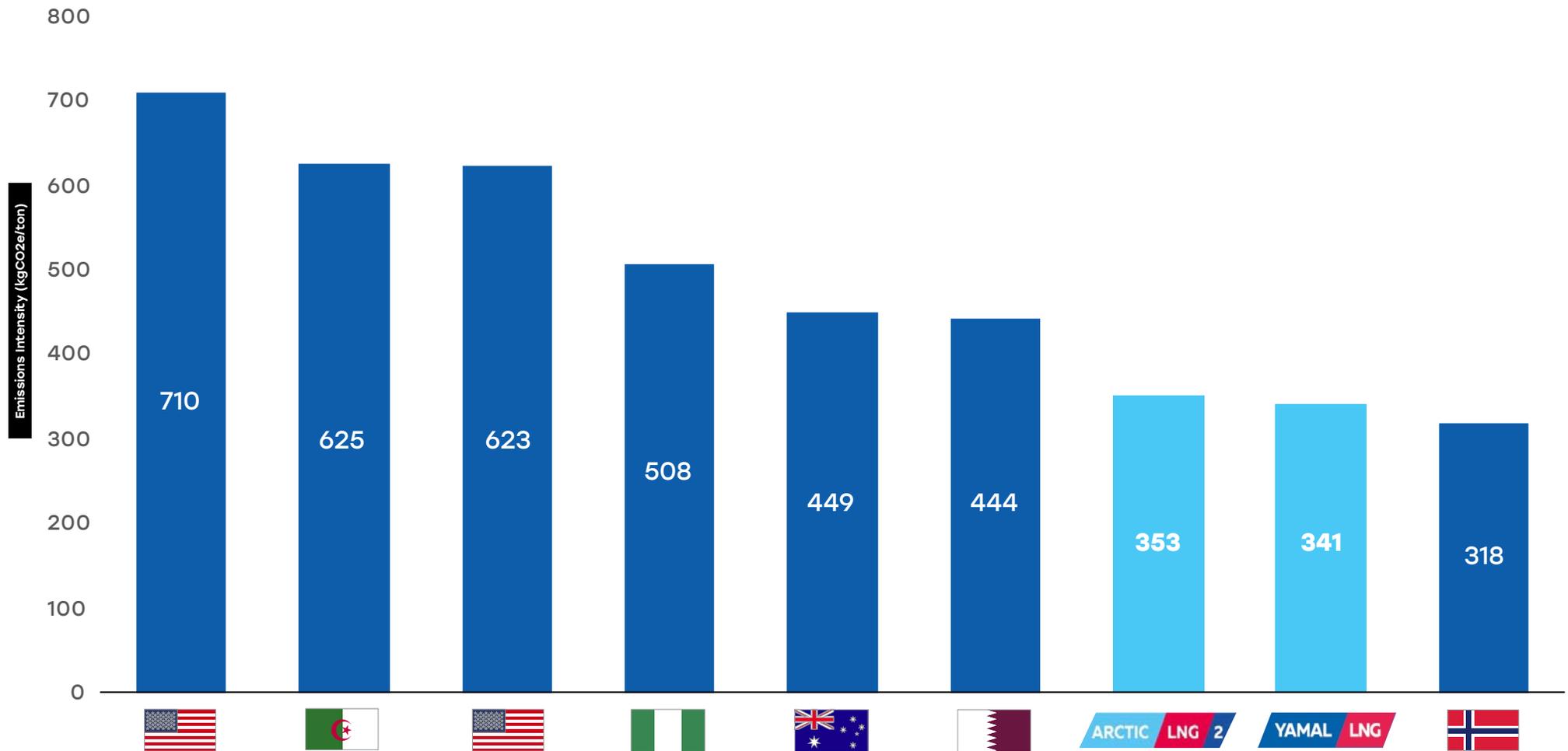
**MODULAR ASSEMBLY OF YAMAL LNG ALLOWED TO SIGNIFICANTLY REDUCE IMPACT ON THE ENVIRONMENT.**

**MODULES WERE PRODUCED MAINLY ON CHINESE YARDS.**

- Actual Yamal LNG performance is better than projected
- Yamal LNG is one of the world leaders in energy efficiency due to low ambient temperature which minimizes CO<sub>2</sub> emissions per ton of LNG produced
- There is a potential of further decrease in volumes of CO<sub>2</sub> emissions due to the CCS technology.

# Our LNG projects have low GHG emission levels

Full-cycle GHG emissions intensity from major LNG plants in the world



Source: NOVATEK interpretation of WoodMac estimates  
Full cycle = Upstream + Pipeline + Liquefaction emissions

# Northern Sea Route Navigation

Unique Arc7 ice-class LNG carriers were specifically designed for the Yamal LNG project, capable of navigating the NSR without icebreaker support

The Arc7 tankers are powered by low-carbon natural gas which emits significantly lower CO2 emissions, no sulphur (compliant with new IMO 2020 requirements), no particulate matter emissions, and completely eliminates a significant environmental risk as the threat of oil spills

Shipping LNG eastbound via the NSR significantly cuts the transportation time to the Asian-Pacific markets, thus reducing the climate impact from transportation (shipping times to Asia are accelerated by over 40%).



# Reduction of Global CO2 emissions by replacing Coal



LNG production

2020



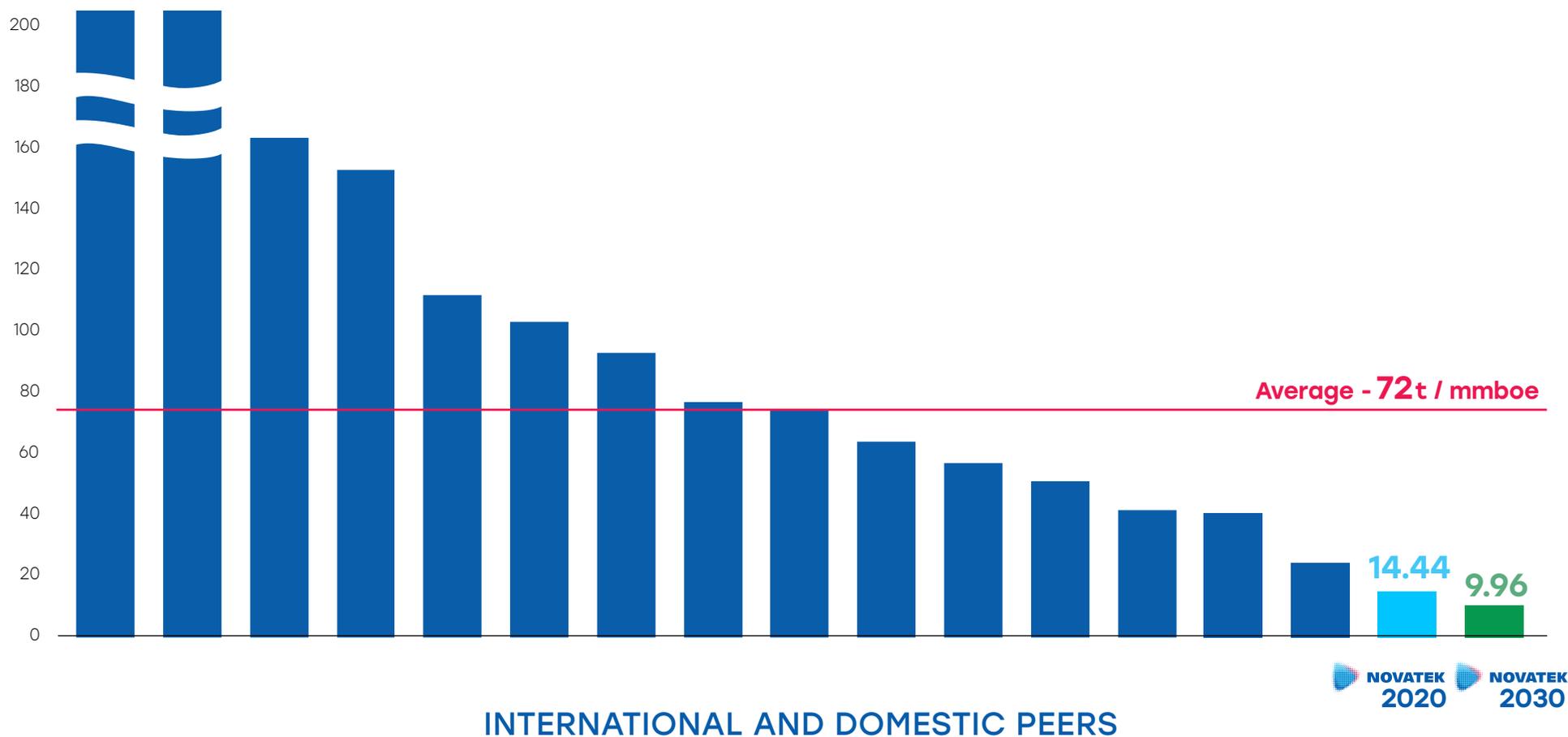
2030



18.8 mmt LNG

62 mmt LNG

# Industry Lowest Methane Emissions Level



Source: Annual Reports, Sustainability Reports, 2020 Companies data  
 International and domestic peers: Chevron, ConocoPhillips, Petrobras, BP, RDSHELL, Rosneft, TotalEnergies, Lukoil, Tatneft, Gazprom neft, Eni, Equinor, Gazprom

# New Permafrost Monitoring Disclosures

 Engineering and design of each facility includes stability testing by the Company's contractors for various climate warming scenarios

 Yamal LNG buildings and structures were designed with allowance for potential air temperature rise scenarios and the associated warming of the soil layers; therefore, underlying soil design and preparation allows potential warming.

 Permafrost sensitivity analysis was conducted for scenarios of potential rise in average air temperature by 2 °C and 4 °C and soil temperature by 1 °C and 2 °C, respectively. Measurements at special background sites and weather stations indicate that the situation is currently developing according to the most favorable scenario.

## GEOCRYOLOGICAL RISK ASSESSMENT

 Since all our facilities are designed to minimize their impact on permafrost and use temperature stabilization and geotechnical monitoring, the likelihood of this risk is evaluated as medium.

 Prediction and monitoring of permafrost condition and cryogenic processes is an important consideration during pre-project surveying, engineering and design, construction and operation of buildings and structures.

**THE RESULTS OF REGULAR CRYOLOGICAL MONITORING SHOWS THAT THE RISK OF THAWING AND DEGRADATION OF PERMAFROST IS INSIGNIFICANT**

# Geotechnical and Environmental Monitoring

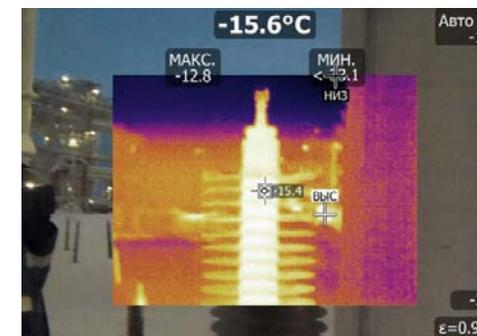
## Proactive Construction Measures

- During construction process of Yamal LNG project more than 38,000 piles were drilled primarily to eliminate any risks of thawing and environmental negative consequences;
- Our second large-scale Arctic LNG 2 will be Russia's first LNG production facility on GBS platforms, where new technologies applied will significantly reduce the project's capital intensity along with minimizing its environmental footprint.



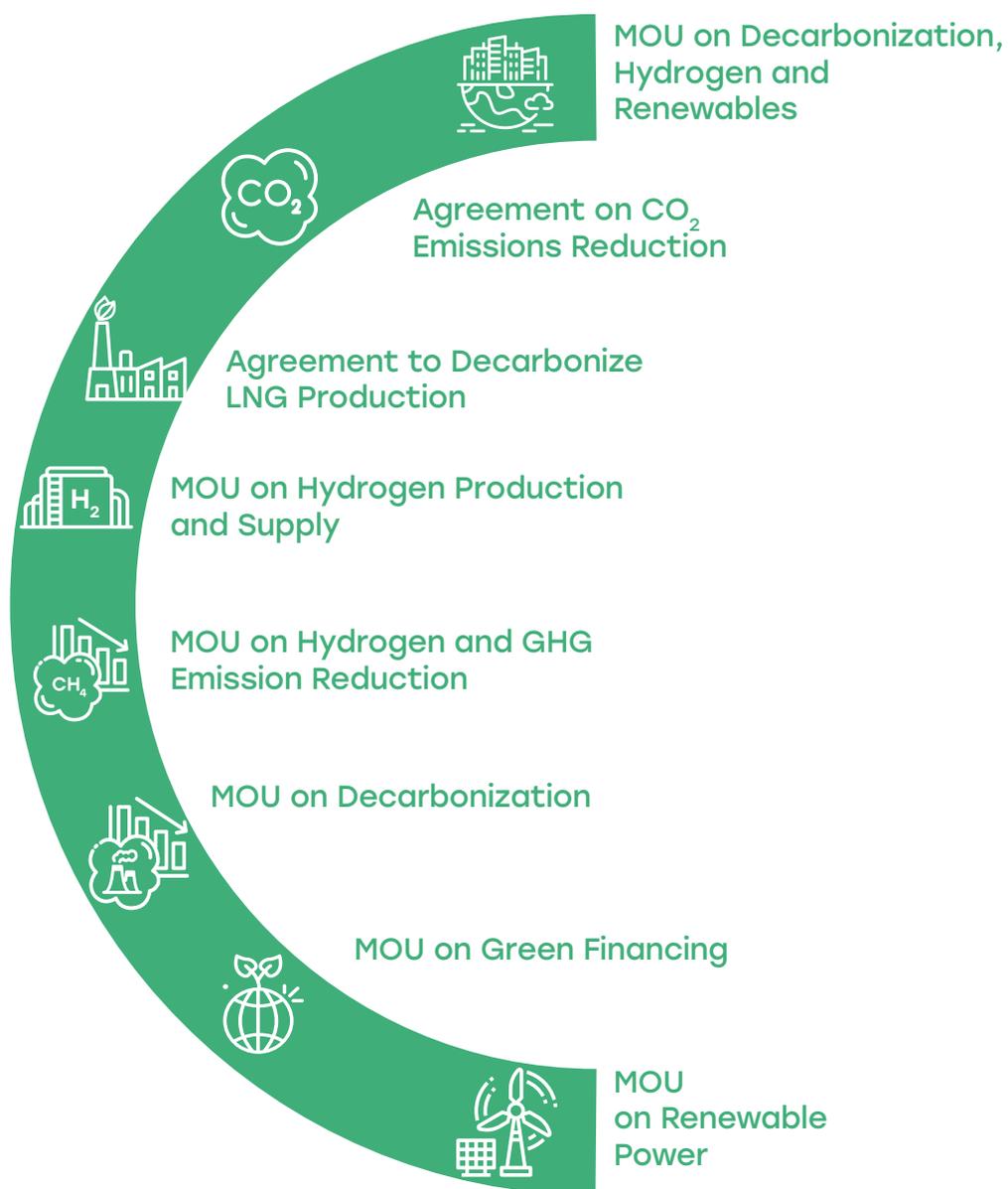
## Control of permafrost condition

- To prevent potential negative effects of climate change, we monitor thermal stabilization of permafrost soils for pile foundations
- To prevent possible adverse consequences of changes in permafrost condition, appropriate measures are taken at the Company's fields to make sure subsoil under buildings and structures remains frozen.



**OUR INFRASTRUCTURE WAS NOT INHERITED FROM SOVIET YEARS, BUT NEWLY BUILT**

# Our Cooperation on Decarbonization



Reduction of GHG emissions by implementing CCS technologies and utilizing renewable energy sources



Converting gas turbines to hydrogen-based fuel gas mix



Replacing fuel natural gas used in the production of electricity and LNG with carbon-neutral hydrogen



Developing an integrated hydrogen production, transportation and supply chain



Producing “blue” hydrogen from natural gas and by using technologies for CCS



CCUS solutions, hydrogen production technologies and the use of hydrogen as a clean-burning fuel



Secure “green financing” on projects relating to environmental protection and climate change mitigation



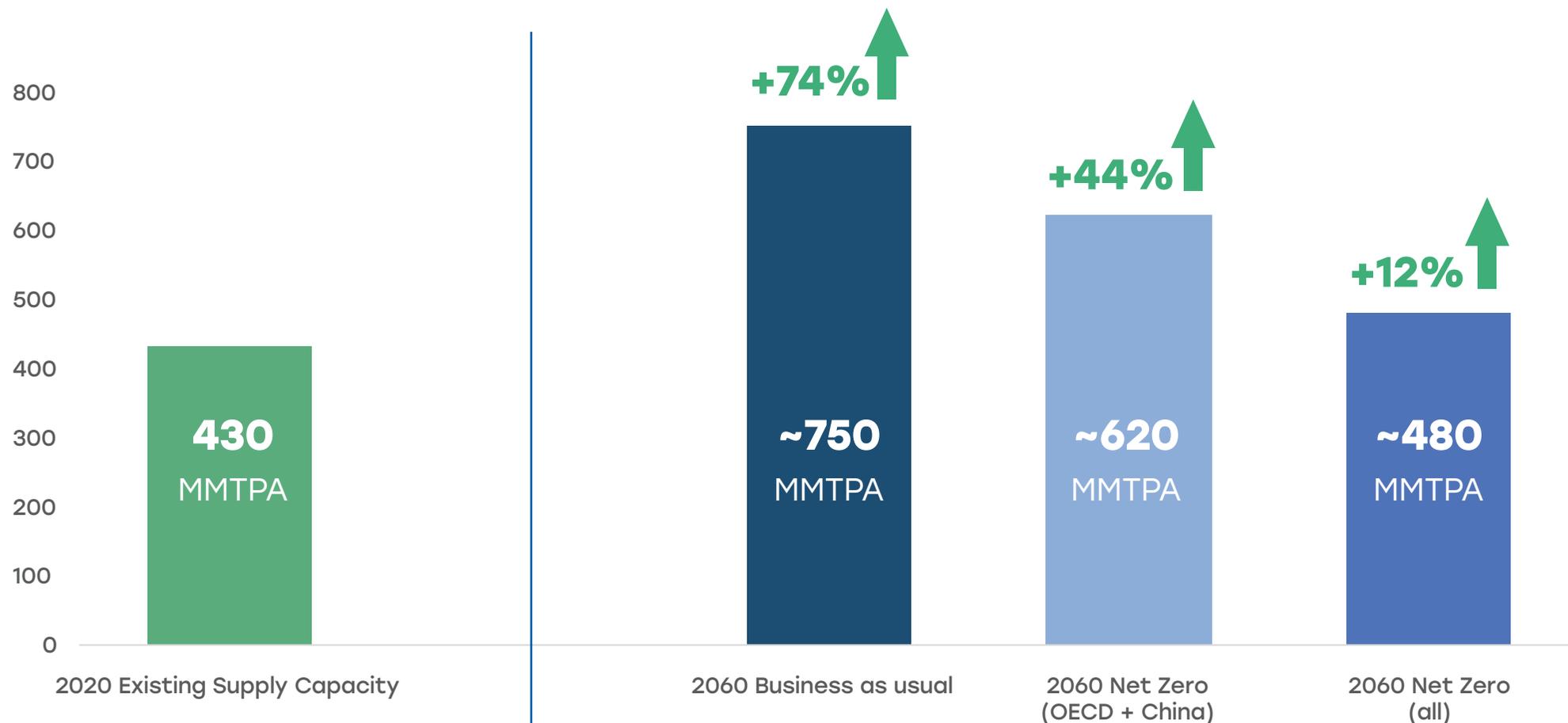
Cryogas-Vysotsk LNG project will purchase electricity produced by Fortum’s renewable power facilities



## 4. NATURAL GAS – CLEANEST FOSSIL FUEL

# LNG Growth in Every Net Carbon Zero Scenario

New LNG supply by 2060, mmtpa

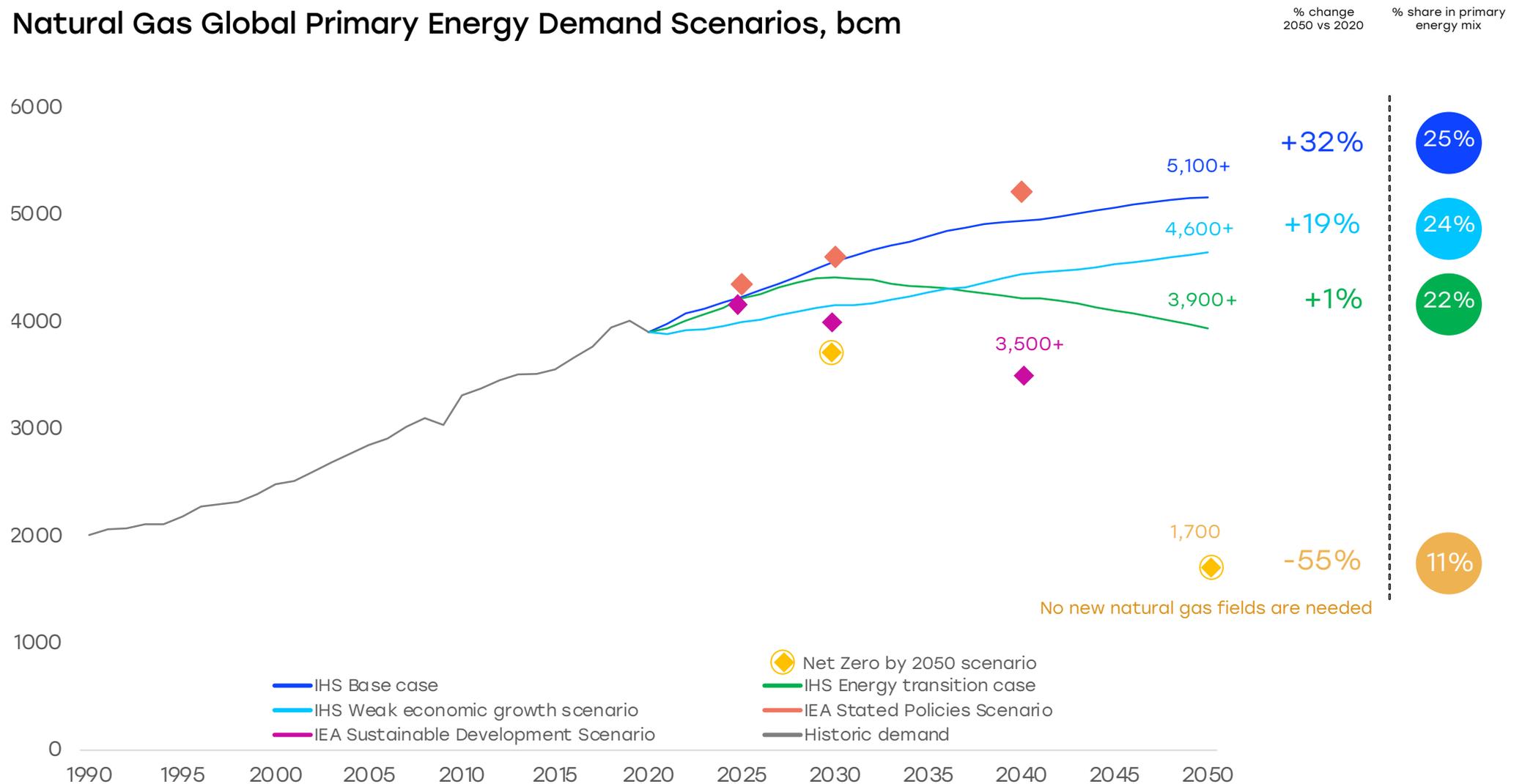


**CHINA AND INDIA ARE THE KEY AREAS FOR LNG DEMAND GROWTH**

Source: NOVATEK's interpretation of Bloomberg and Bernstein data

# Natural gas demand in realistic vs unrealistic scenarios

Natural Gas Global Primary Energy Demand Scenarios, bcm

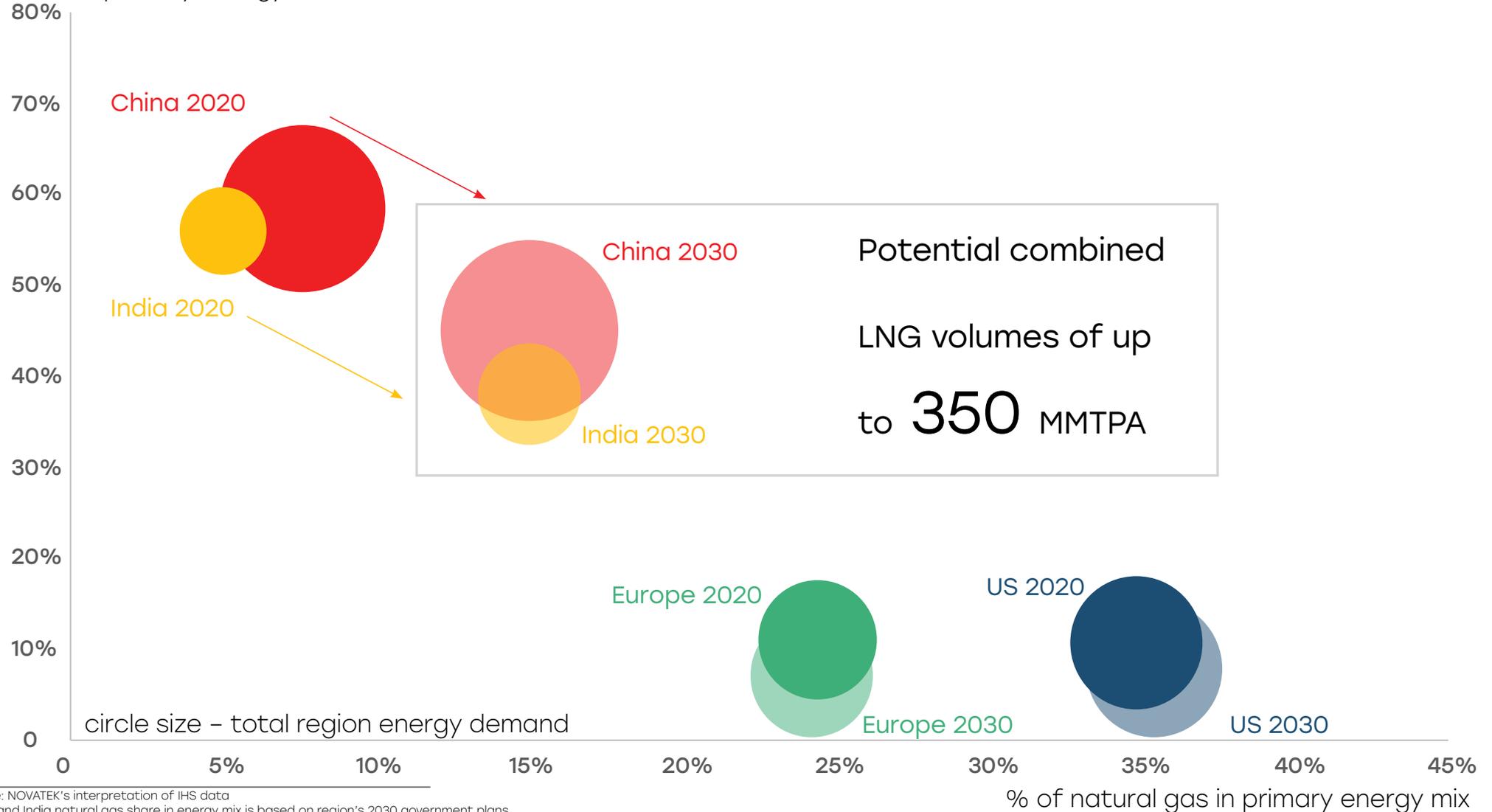


**NATURAL GAS WILL BE THE STRONGEST GROWING FOSSIL FUEL IN GLOBAL ENERGY MIX**

Source: NOVATEK's interpretation of IHS and IEA data as of 2021

# Natural Gas as an increasing share in region primary energy mix

% of coal in primary energy mix



Source: NOVATEK's interpretation of IHS data  
 China and India natural gas share in energy mix is based on region's 2030 government plans

## 5. CORPORATE GOVERNANCE FOCUS

# Solid Corporate Governance Model

<b>Board independence, effectiveness and expertise</b>	Representative composition of the BoD, a wide range of expertise, significant experience in strategic, operational, financial and ESG activities
<b>Adopt best ESG practices on Management Board level</b>	Sustainability function within the Remuneration and Nomination Committee and established a Subcommittee on Climate and Alternative Energy
<b>Election of a female to the BOD</b>	The first female Board member - Tatiana Mitrova, Director of the SKOLKOVO Energy Center
<b>3 Independent Directors</b>	Committees Chairperson comprise of Independent Board Members with expertise and functional best practices

## EFFECTIVE RISK MANAGEMENT AND OVERSIGHT

# Strong Focus on Corporate Governance



TIMELY AND IN-DEPTH FINANCIAL REPORTING

CLEAR STRUCTURE OF FINANCIAL FLOWS

DETAILED TRANSACTIONS HISTORY

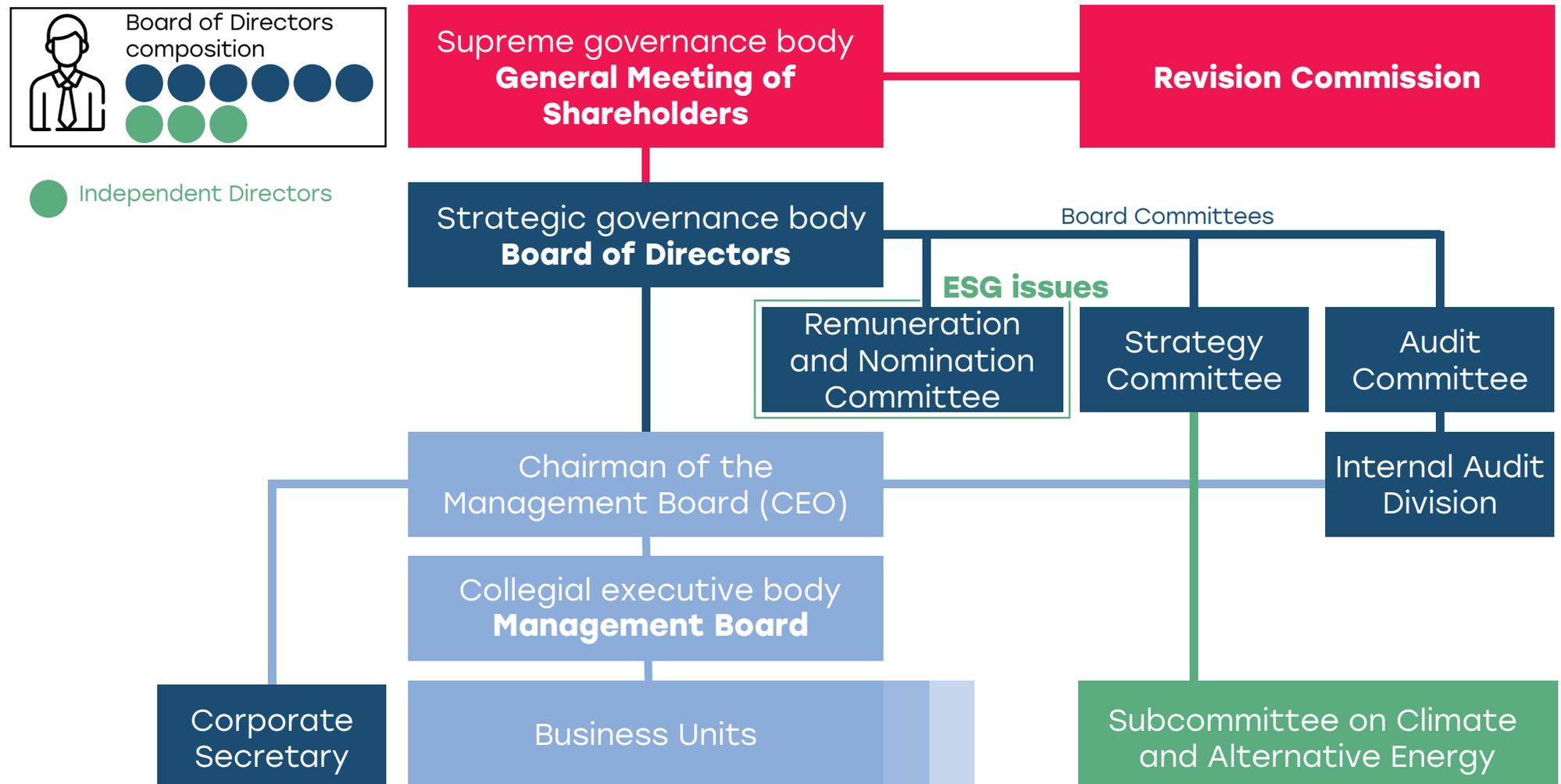
NO MAJOR LEGAL OR CORRUPTION RELATED CONTROVERSIES

NO SIGNIFICANT OPERATIONAL ISSUES

**EFFECTIVE AND TRANSPARENT CORPORATE GOVERNANCE FRAMEWORK  
CREATES SUSTAINABLE SHAREHOLDER VALUE**

# NOVATEK's Corporate Governance Structure

Committed to sustainable development, the Company goes beyond mandatory compliance with Russian laws and internal regulations: it adheres to a variety of standards, codes, Russian and international best practices



# Our Board of Directors Profile Matrix

Name	Alexander E. Natalenko	Andrei I. Akimov	Robert Castaigne	Arnaud Le Foll	Dominique Marion	Leonid V. Mikhelson	Tatyana A. Mitrova	Gennady N. Timchenko
Age (as of 31 December 2020)	74	67	74	42	59	65	46	68
Tenure (as of June 2021)	17	15	6	2	1	18	1	12
Independent Director			✓				✓	
Gender Diversity							✓	
CEO / President Experience	✓	✓	✓	✓	✓	✓		✓
Senior Executive Leadership	✓	✓	✓	✓	✓	✓	✓	✓
Outside Public Boards (Current)		✓	✓	✓	✓	✓	✓	✓
Outside Public Boards (Prior)	✓	✓	✓	✓	✓	✓	✓	✓
O&G Industry Expert	✓	✓	✓	✓	✓	✓	✓	✓
Financial Expert		✓	✓	✓			✓	
Government / Public Policy / Regulatory	✓			✓				
Environmental / HSE Experience	✓			✓	✓		✓	
Strategic Advising	✓	✓		✓		✓	✓	✓

# Efficient Multilevel System of Risk Management

We implemented a multilevel system of risk management and internal control to support managerial decision making

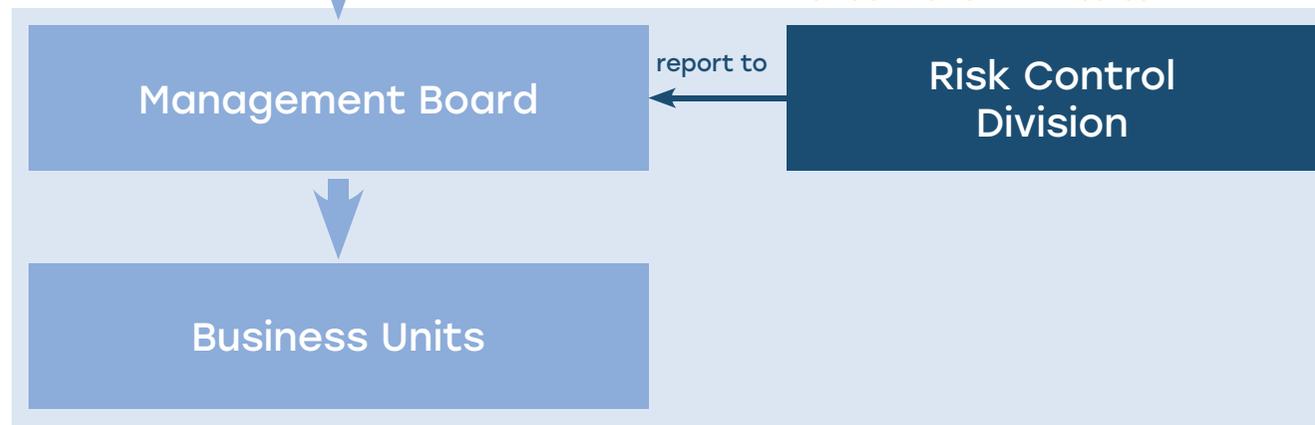
## STRATEGIC LEVEL



## TACTICAL LEVEL



## ORGANIZATIONAL AND OPERATIONAL LEVEL



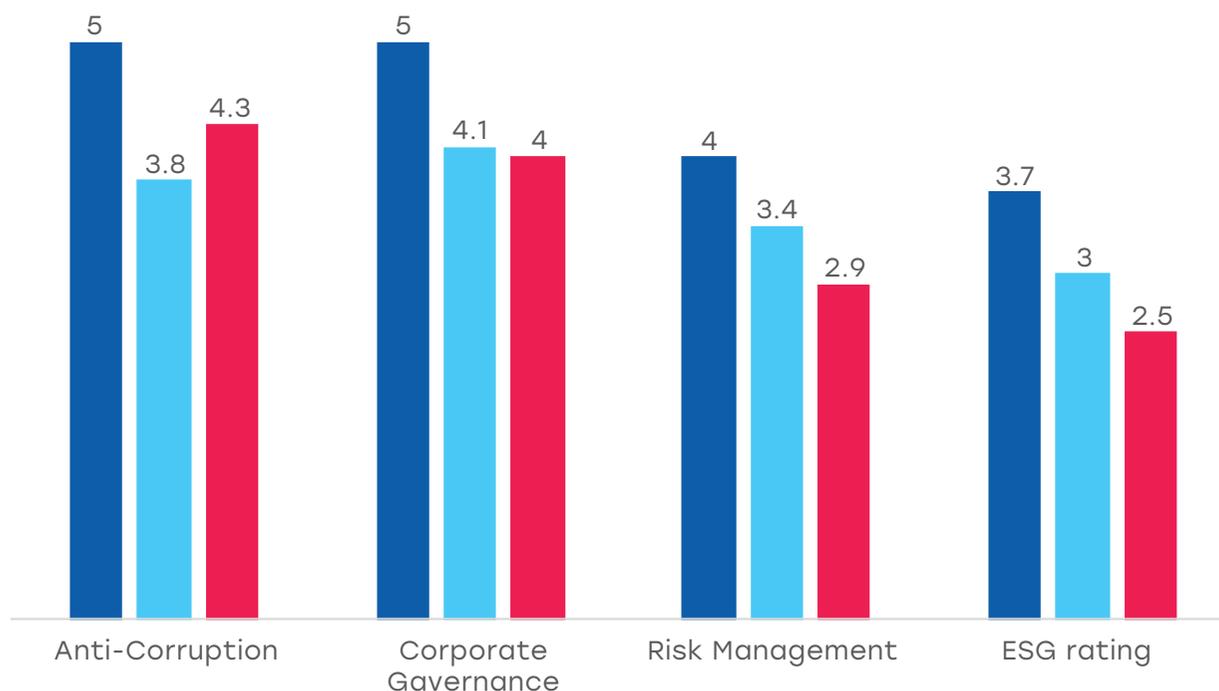
# High Corporate Governance Scores



## FTSE4Good

The highest scores in Governance and Anti-Corruption – top decile

### Ahead of peers in Governance themes score\*



## ISS QualityScore

Governance Score – low risk

- NOVATEK
- Sub Sector Average: Integrated Oil&Gas
- Country Average: Russia

\* FTSE4Good analysis for 2021FY (1-5 rating score)

## 6. APPENDIX

# Our Response to the COVID-19 Pandemic

We are committed to the well-being of our valued employees above operational and financial results and implemented necessary measures to preserve our employees' health and ensure safe working conditions

We joined in the local efforts to address regional problems, with considerable assistance provided to municipal health-care facilities in the Chelyabinsk, Kostroma and Murmansk Regions, the Yamal-Nenets Autonomous Region and the Kamchatka Territory.

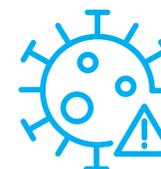
We provided the necessary equipment, reagents and medical supplies to local diagnostic laboratories.

**400,000** pieces of equipment, materials and tests for healthcare facilities;

**55** ventilators and **2,000** non-contact thermometers were supplied;

**3.5** mln PPE items (protective suits, medical masks, shoe covers and gloves) were purchased.

repaired the Murmansk regional hospital and supplied it with more than **100** additional hospital beds.



**RR 0.7 BLN SPENT IN REGIONAL SUPPORT IN THEIR COVID-19 RESPONSE EFFORTS**

# NOVATEK Values Well-being Above Business Performance

	MINIMIZE RISKS AND PREVENT THREATS OF ACCIDENTS AND INJURIES TO THE WORKFORCE
	COMPLY WITH RUSSIAN OHS LAWS, AIM TO MEET RELEVANT INTERNATIONAL STANDARDS AND BEST PRACTICES
	CONTINUOUSLY IMPROVE AND ENHANCE THE OHS MANAGEMENT SYSTEM BASED ON CONTROL AND MONITORING RESULTS, AS WELL AS ROUTINE AUDITS AND REGULAR REVIEWS OF THE SYSTEM'S EFFECTIVENESS
	CREATE COMFORTABLE WORKING CONDITIONS AIMED AT REDUCING THE OCCUPATIONAL DISEASES RATE AND THE NUMBER OF WORK DAYS LOST
	ENSURE THAT THE MANAGEMENT BODIES, EMPLOYEES, AND EMERGENCY RESCUE TEAMS ARE READY TO CONTAIN AND RESPOND TO POTENTIAL ACCIDENTS, FIRES, AND EMERGENCIES

	2019	2020	
<b>LTIFR*</b>	0.69	0.49	↓
<b>Fatalities</b>	0	0	✓
<b>Injuries</b>	15	13	↓

Injury Frequency Rate\*\*



\* Lost Time Injury Frequency Rate is calculated as number of lost time injuries x 1 mln person-hours/total hours worked  
 \*\* Number of injuries divided by the average headcount

# Employee Motivation and KPI System

- Our KPI system is simultaneously aimed at maximizing performance in delivering the Company's strategy and motivating respective key employees.
- A new corporate document on Regulations on Remuneration and Compensations Payable to Members of Board of Directors was adopted in 2019.

## The Company's KPI system is aimed at:

- delivering on the Company's Development Strategy;
- improving financial and operational performance;
- motivating employees to achieve the Company's priority objectives.

## Key performance indicators adopted by the Company to assess its top management, incl. ESG:



- **ESG factors such as the HSE Management System performance index, which also covers climate change management**
- EBITDA
- profit growth
- achieve target production plans
- reserves growth
- market capitalization growth against the market benchmark
- R/P ratio
- liquid hydrocarbons sales volumes

Our KPI system considers the Company's performance in sustainable development

# External Social Policy

We are fully committed to being a socially responsible corporation and supports local communities and the regions in which it operates through projects and programs, as well as social welfare with a particular focus on helping individuals in need



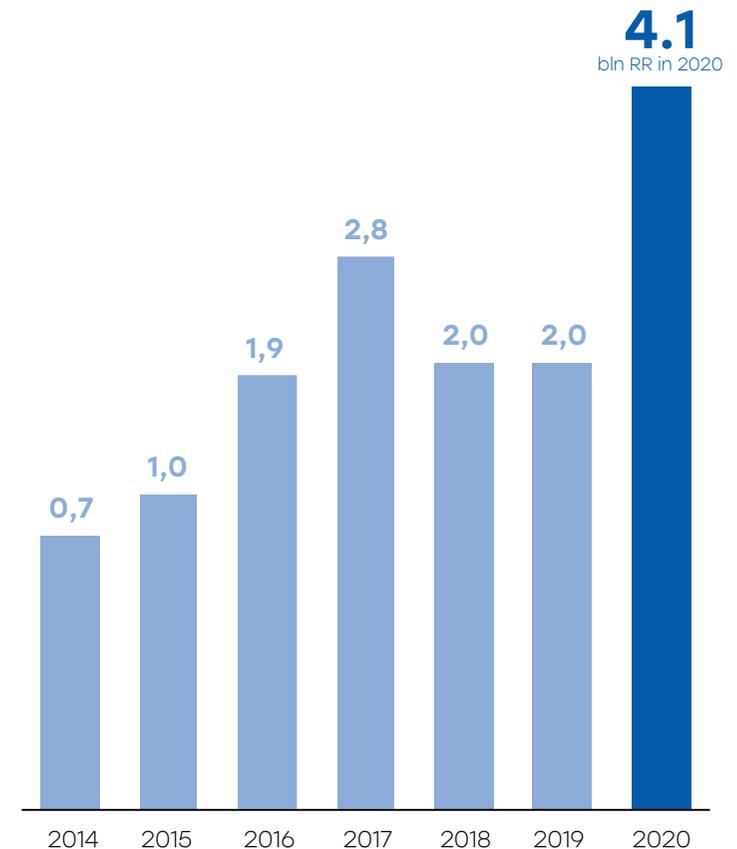
Cooperation With Russian Regions

Preserving Cultural Heritage

Support Of Indigenous Minorities Of The Far North

Educational Programs

## Social investments



# Commitment to Lawful, Fair and Ethical Practices

We make every effort to prevent corruption, take care to maintain impeccable reputation and seek to implement the most stringent international ethical standards

## Anti-corruption Policy

- Strictly abides by the anti-corruption laws of Russia and other countries in which it operates;
- Guided by unified regulatory requirements to managing anti-corruption efforts, imposing and cancelling a trade secret regime, and protecting insider information;
- All employees receive ongoing training in ethical conduct and zero tolerance approach to illegal activities;
- The company's security hotline is one the most important anti-corruption tools;
- All partners of the Company are made aware of NOVATEK's Anti-Corruption Policy and strict standards of ethical business practices, and undertake to comply with them.



**When developing our Anti-Corruption Policy, we took into account the requirements of international and foreign regulations, recommendations of anti-corruption bodies and agencies**

# Respect Human Rights and Promote Equal Opportunities

We are in full compliance with the Labor Code of the Russian Federation and Russian laws in general, prohibiting any discrimination/limitation of labor rights and freedoms

## The Company shares the universal principles enshrined in:

- The UN Global Compact;
- Universal Declaration of Human Rights;
- International Labor Organization's Declaration on Fundamental Principles and Rights at Work;
- The Social Charter of Russian Business.

## Security Hotline



**624**

reports from citizens and organizations

## Grievance Mechanism



**ethics@novatek.ru**

We take reasonable care to select partners and strives to do business only with reliable market players who operate in a lawful manner and prohibit discrimination, corruption and the abasement of human dignity

# Disclaimer – forward looking statement

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements include 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 presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, 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 and 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, Europe, and Asia;
- 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 the Company access to transportation infrastructure;
- the effects of changes to our capital expenditure projections on the growth of our production;
- inherent uncertainties in interpreting geophysical data;
- commercial negotiations regarding oil and gas sales contracts;
- changes to project schedules and estimated completion dates;
- potentially lower production levels in the future than currently estimated by our management and/or independent petroleum reservoir engineers;
- our ability to service our existing indebtedness;
- our ability to fund our future operations and capital needs through borrowing or otherwise;
- our success in identifying and managing risks to our businesses;
- our ability to obtain necessary regulatory approvals for 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, and changes in, the policies of the government of the Russian Federation, including the President and his administration, the Prime Minister, the Cabinet and the Prosecutor General and his office;
  - the effects of international political events, including changes in the foreign countries' and their governments' policy towards the Russian Federation and Russian companies;
  - the effects of technological changes;
  - the effects of changes in accounting standards or practices; and
  - inflation, interest rate and exchange rate fluctuations.

This list of important factors is not exhaustive. When relying on forward-looking statements, you 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.

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