



Annual Report 2023



Growing Sustainably



About the Report

Growing Sustainably

We invite our shareholders and other stakeholders to read NOVATEK's Annual Report covering the Company's activities and results for 2023.

We continue doing business with an unwavering commitment to sustainable development, social responsibility and latest environmental, health and safety standards, while making well-balanced decisions on our current and prospective projects, including the advancement of proprietary technologies.



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Letter to Shareholders

Dear Shareholders,



Leonid Mikhelson
Chairman of the Management Board



We appreciate the NOVATEK team's coordinated efforts and the support we have seen from every one of you throughout the year. On behalf of the Board of Directors and the Management Board, we welcome you to read the Company's 2023 Annual Report.

During the reporting year, we have managed to achieve all of our goals and objectives, both in the development of prospective projects and in the ongoing hydrocarbon production, processing, and marketing activities, backed up by the dedication and professional attitude of our employees, well-balanced decisions of NOVATEK's executives, and orchestrated efforts of our suppliers and contractors. Our commitment to responsible business conduct is also integral to the Company's success and growth.

The year was marked by a number of major milestones.

NOVATEK's upstream gas production business celebrated its 25th anniversary. In December 1998, the East-Tarkosalinskoye field produced its first gas, laying the groundwork for the Company that will go on to become one of the leaders of the Russian gas industry. Our geological, engineering, and drilling teams helped us build a gas treatment facility and a gas pipeline, as well as drill the first twelve wells in challenging geological conditions in a very short time. Today, the field remains an important part of NOVATEK's upstream gas production business, with its well-developed gas transmission network enabling to connect new satellite fields.

The unique towing operation, which saw Arctic LNG 2's first GBS LNG train travel

more than 1,100 nautical miles in just 22 days to be installed on the seabed near the Utrenniy Terminal on the Gydan Peninsula, became one of the year's highlights. At 640,000 tons, the LNG train is the heaviest floating object to ever be moved in the history of the global LNG industry. Following the completion of commissioning activities, the train produced its first LNG drop in December 2023.

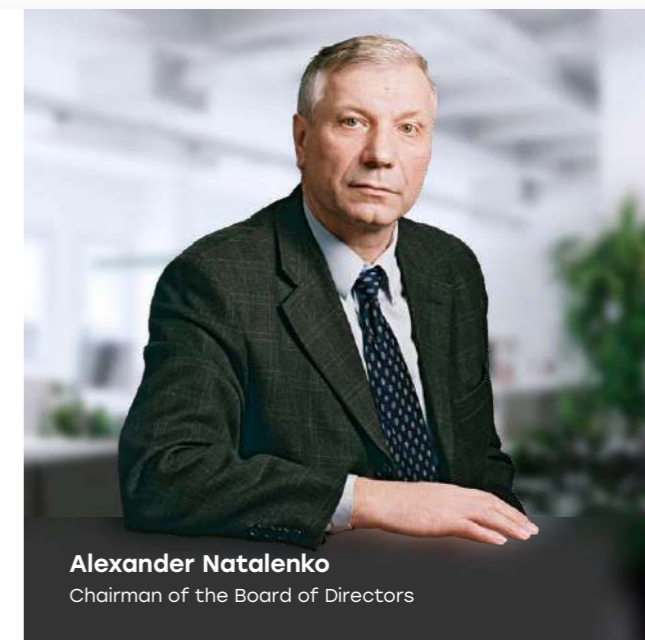
In addition to efficient reserves management, hydrocarbon production expansion, and cost-efficient value chain development, we are fostering a unique LNG expertise in Russia as we grow our LNG business.

As we have large-scale LNG projects in our pipeline, creating proprietary technological solutions relying on domestically manufactured equipment is one of the elements of our strategy. **In 2023, NOVATEK obtained Russian patents for the proprietary natural gas liquefaction technologies** – the Arctic Cascade Modified featuring a production capacity of 3 mmtpa per LNG train, and the Arctic Mix that is based on mixed refrigerants and features a production capacity of 6+ mmtpa per LNG train.

Starting from June 2023, our gas fractionation facility in the Baltic port of Ust-Luga operates a hydrocracker capable of processing almost all fractionation bottoms (residual oil), enabling maximized yield of marketable light petroleum products. Since the project was developed using domestic manufacturing facilities and infrastructure, the Company will achieve better processing profitability and a more vertically integrated value chain.

We are continuing our intensive exploration efforts on the Gydan and Yamal Peninsulas as well as within the reach of the United Gas Supply System (UGSS), and carrying out commercial production of hard-to-recover natural gas reserves. In the reporting year, we reached a reserves replacement ratio of 104%.

Despite the current volatility in the international energy markets, natural gas will remain a key element



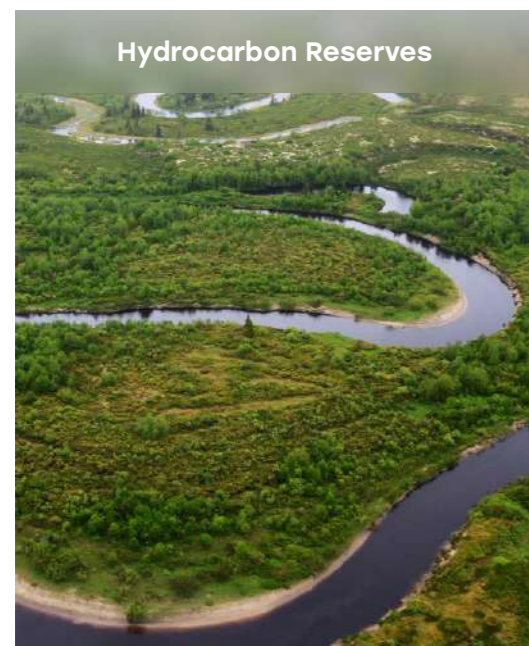
Alexander Natalenko
Chairman of the Board of Directors

of the global energy mix for years to come, as a contributor to phasing out less clean fuels and as a backup energy source for the growing solar and wind power generation. By implementing large-scale LNG projects, NOVATEK promotes decarbonization of the energy sector and safe environment for future generations.

In view of the Company's strong operational and financial performance, the Board of Directors recommended that the General Meeting of Shareholders approve the 2023 dividend at RR 78.59 per share.

About the Company

Key Indicators



Hydrocarbon Reserves

Concentration of the Company's fields in one prolific gas-producing region

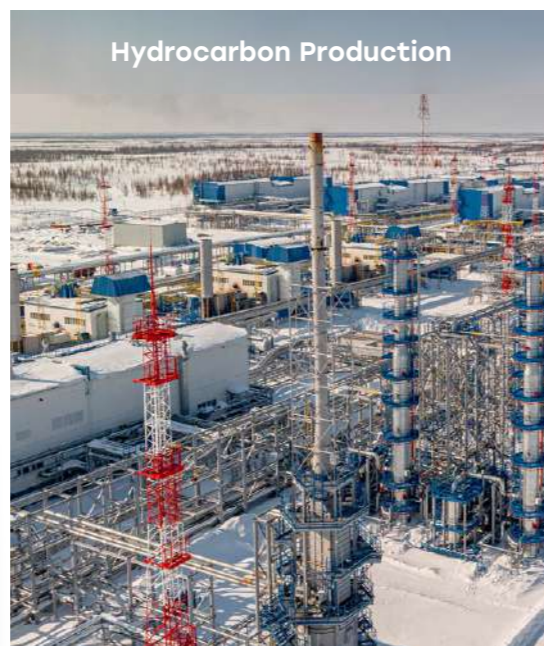
Total hydrocarbon reserves (SEC), mmboe



Proved natural gas reserves (SEC), bcm



For more details about our Resource Base please see [→ p. 18](#)



Hydrocarbon Production

NOVATEK is one of the cleanest producers of natural gas and LNG in the world

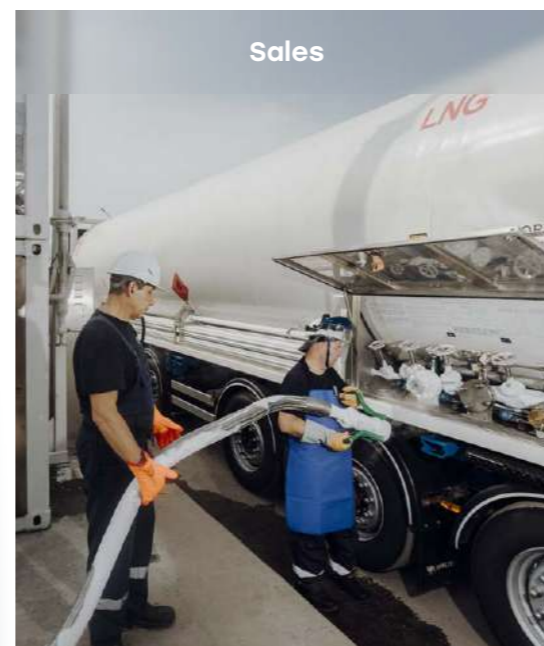
Natural gas production, bcm



Liquid hydrocarbons production, mmt



For more details about Production and Processing please see [→ pp. 26, 32](#)



Sales

Sales in the Russian domestic and International Markets

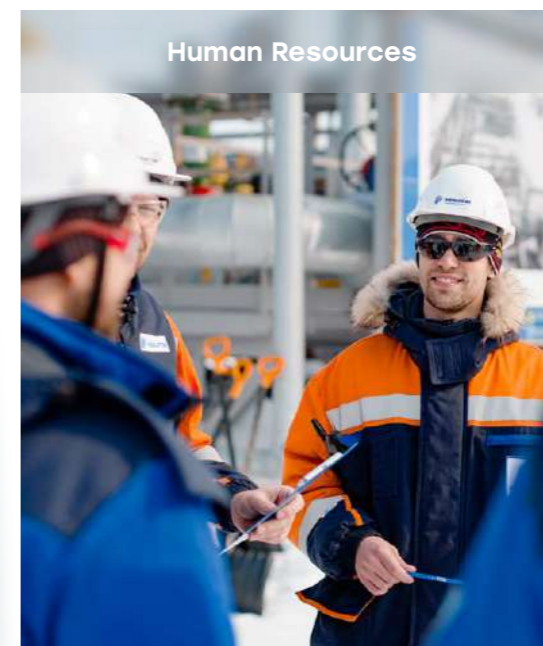
Natural gas sales volumes, bcm



Liquid hydrocarbons sales volumes, mmt



For more details about our operations please see [→ p. 8](#)



Human Resources

Employees are NOVATEK's most valuable resource, allowing it to grow rapidly and effectively

Headcount of NOVATEK, its subsidiaries and joint ventures¹, people



71% of employees upgraded their skills in 2023

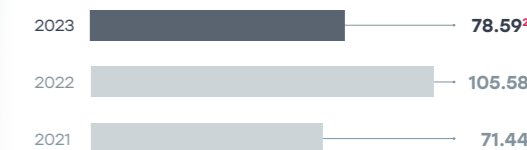
¹ As of 31 December 2023.



Corporate Governance

Effective and transparent system of corporate governance

Dividends per share, RR

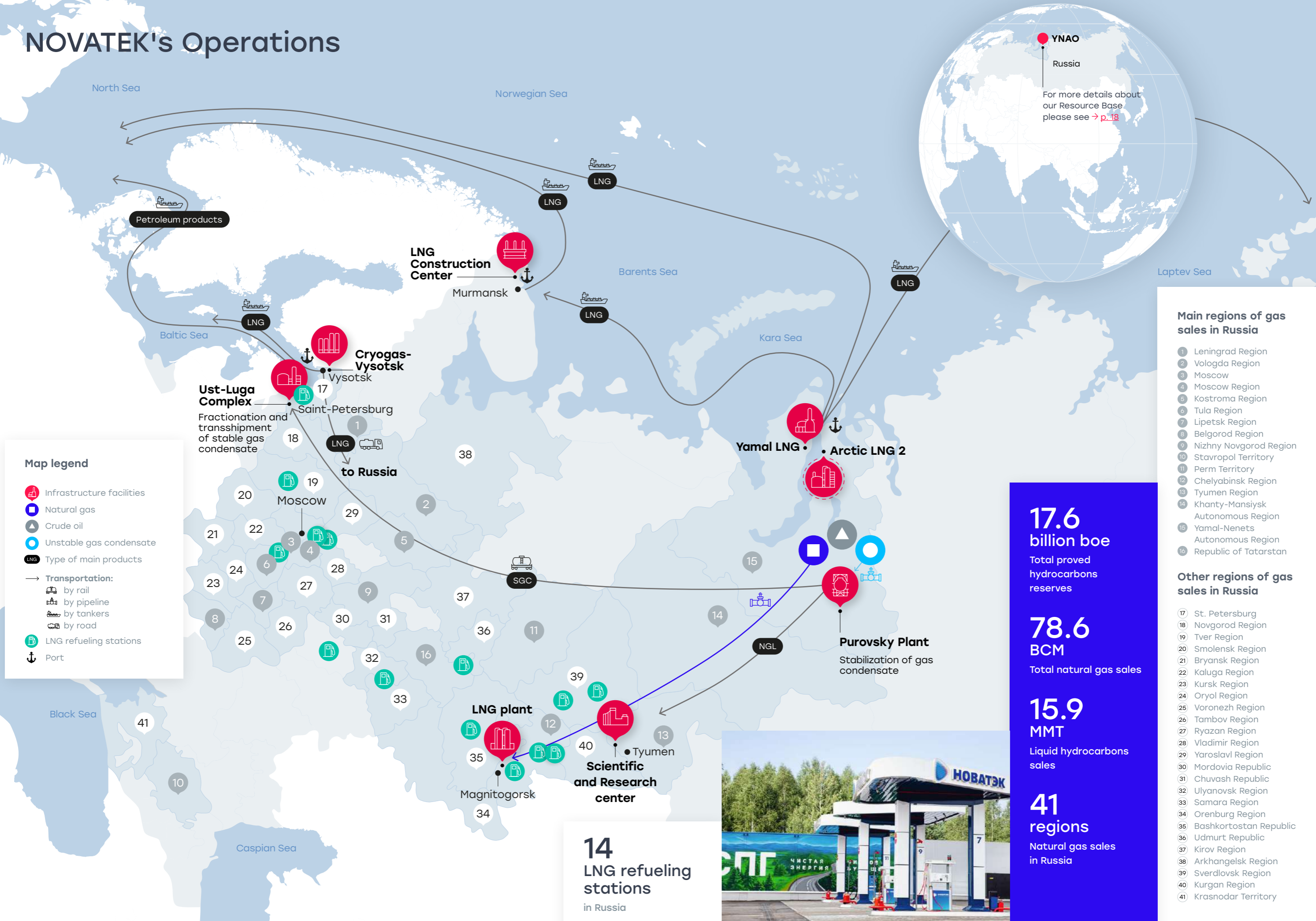


For more details about our key ESG indicators please see NOVATEK's [Sustainability Report 2023](#)

For more details about Corporate Governance System please see [→ p. 62](#)

² Recommendation of the Board of Directors.

NOVATEK's Operations



17.6
billion boe
Total proved hydrocarbons reserves

78.6
BCM
Total natural gas sales

15.9
MMT
Liquid hydrocarbons sales

41
regions
Natural gas sales in Russia



14
LNG refueling stations
in Russia

Ust-Luga Complex
Fractionation and transshipment of stable gas condensate

LNG Construction Center
Murmansk

Cryogas-Vysotsk
Vysotsk

Yamal LNG
Arctic LNG 2

Purovsky Plant
Stabilization of gas condensate

LNG plant
Magnitogorsk

Scientific and Research center
Tyumen

Petroleum products

LNG

LNG

LNG

LNG

LNG

LNG

LNG

LNG

LNG

LNG

SGC

NGL

to Russia

North Sea

Norwegian Sea

Barents Sea

Kara Sea

Laptev Sea

Baltic Sea

Black Sea

Caspian Sea

2023 Key Events and Achievements

April



Arctic Cascade modified

NOVATEK obtained a Russian patent for its proprietary technology for large-scale natural gas liquefaction with a production capacity of

3 mmtpa per LNG train

May

NOVATEK successfully placed Russian rouble bonds in the amount of RR 30 billion.

June



Hydrocracking unit launch

A hydrocracking unit was launched at the Ust-Luga Gas Condensate Fractionation and Transshipment Complex on the Baltic Sea, which allows processing heavy fractionation residue (fuel oil) at the Company's facilities and to maximize the share of light petroleum products.

June

Arctic Mix

NOVATEK obtained a Russian patent for its proprietary technology using mixed refrigerants for large-scale natural gas liquefaction with a production capacity of

6+ mmtpa per LNG train

June

Agreement with the Tula Region on the construction of a small-scale LNG plant.

June

Memorandum on Cooperation in Climate and Decarbonization was signed with the Sakhalin Region, which envisages cooperation in the sales of carbon units generated by NOVATEK's future climate projects in the existing Russian registry to the Region's enterprises.

August



Unique marine towing operation

The process train of Arctic LNG 2 was towed by sea from the LNG Construction Center in the Murmansk Region to the Gydan Peninsula. The platform is the heaviest object ever moved in the history of the global LNG industry.

Commissioning was successfully completed, resulting in the first LNG drop in December 2023.

6.6 mmtpa of LNG
nameplate capacity of one liquefaction train

640,000 tons
the platform weight

November

The Best Sustainability Report

For the first time NOVATEK became a prize-winner in the nomination at the XXVI Annual Reports competition of the Moscow Exchange.



December

Low-carbon technologies

NOVATEK obtained Russian patents for a large-scale low-carbon ammonia process and a large-scale pure hydrogen process based on ammonia cracking.

Strategy Review







Strategy

NOVATEK's business strategy is based on increasing the resource potential and hydrocarbon production volumes, building new LNG facilities while maintaining a low-cost structure and optimizing marketing channels. Natural gas, which is at the core of the Company's business, is an important element of energy security and a prerequisite for energy market balance across the world for decades to come.

Strategic Priorities

Key Risks

Strategy Implementation Progress in 2023

 Resource base growth <ul style="list-style-type: none"> Organic resource growth from exploration and development activities on the Yamal and Gydan peninsulas Strategic acquisitions and active participation in license tenders 	<ol style="list-style-type: none"> Climate Geological Legislative and regulatory 	<ul style="list-style-type: none"> The reserves replacement ratio is 104% as of 2023 83 licenses on exploration and production A systematic approach to resource base development – a Laboratory and Research Center within NOVATEK's Scientific and Research Center
 Increase hydrocarbon production <ul style="list-style-type: none"> Increase gas production through development of projects within the UGSS and LNG projects in the Arctic Development of deeper Jurassic and Achimov layers Fully utilize the processing capacity of the Ust-Luga complex 	<ol style="list-style-type: none"> Technological Environmental Climate Cyber risks 	<ul style="list-style-type: none"> Commercial hydrocarbon production is carried out at 27 fields Advanced techniques are used for production (horizontal drilling) The Increase in Jurassic deposits area following comprehensive seismic surveys and drilling of prospecting and appraisal wells The hydrocracker unit launched at the Ust-Luga Complex to increase the depth of processing of stable gas condensate into higher grade value-added petroleum products
 Sustainable development <ul style="list-style-type: none"> Security and respect for human rights Reduce and prevent negative environmental impact Increase the efficiency and rational use of natural resources Adaptation to climate risks 	<ol style="list-style-type: none"> Technological Environmental Climate Force majeure 	<ul style="list-style-type: none"> Sustainability targets were set and their contribution towards the United Nations SDGs was determined Implementation of relevant action plans and programs in accordance with our approved Environmental and climate targets Greater attention from the Board of Directors more sustainability matters are now covered at Board meetings Decarbonization techniques are being developed (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); renewable energy source
 Maintain low cost structure <ul style="list-style-type: none"> Remain one of the lowest cost hydrocarbon producers Optimize the cost structure through strategic investment of capital Develop a low-cost LNG value chain 	<ol style="list-style-type: none"> Technological Force majeure Project Market Legislative and regulatory 	<ul style="list-style-type: none"> Direct hydrocarbon production costs are maintained at a low level 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 (the LNG Construction Center)
 Optimize marketing channels <ul style="list-style-type: none"> Maximize the use of the Northern Sea Route and develop key transshipment points Build a diversified LNG trading portfolio Develop strategic partnerships with industry partners in key markets 	<ol style="list-style-type: none"> Political Market Legislative and regulatory 	<ul style="list-style-type: none"> Active use of the eastern sector of the Northern Sea Route for LNG supplies Company's network of 14 LNG fueling stations Active development of the LNG market as a motor fuel and autonomous gasification
 Build low cost scalable LNG platform <ul style="list-style-type: none"> Increase production through development of scalable LNG projects Development of proprietary LNG technologies Integrated projects for production and liquefaction of natural gas 	<ol style="list-style-type: none"> Environmental Project Market <p>For details on risks, see → p. 84</p>	<ul style="list-style-type: none"> Full capacity utilization of the Company's first LNG project – Yamal LNG Yamal LNG's Train 4 uses NOVATEK's patented liquefaction technology the Arctic Cascade Russian patents for its proprietary technology for large-scale natural gas liquefaction Arctic Cascade modified and Arctic Mix obtained in 2023 The LNG Construction Center is a key facility for Russia's emerging LNG equipment manufacturing industry

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;
- facilities for gas condensate processing and product exports.

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.

Our commitment to the principles of sustainable development, social responsibility and to observing the latest environmental, health and safety standards are

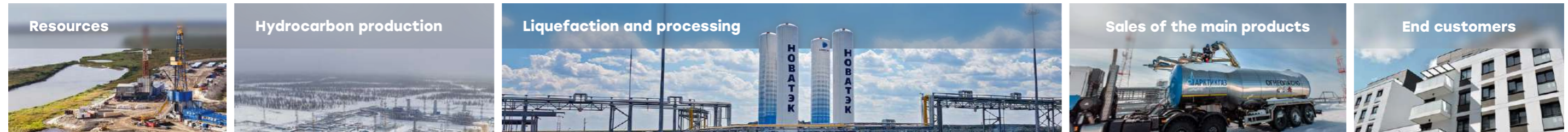
integral parts of NOVATEK's development strategy and managerial philosophy.



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

Business Model

NOVATEK's business model covers the entire hydrocarbon and liquefied natural gas (LNG) production cycle, including exploration, production, liquefaction, processing, and sales of finished products. The vertically integrated business model allows the Company to remain resilient to external challenges and respond to ongoing changes.



Our competitive advantages

- Large-scale and high-quality resource base
- Active geological exploration and development of new productive horizons

- Modern production assets
- Close proximity of existing infrastructure to core producing fields
- Effective cost control

- Own facilities for gas condensate processing and product exports
- Successful LNG project execution experience
- Own technologies

- Diversified sales channels

Hydrocarbon Reserves

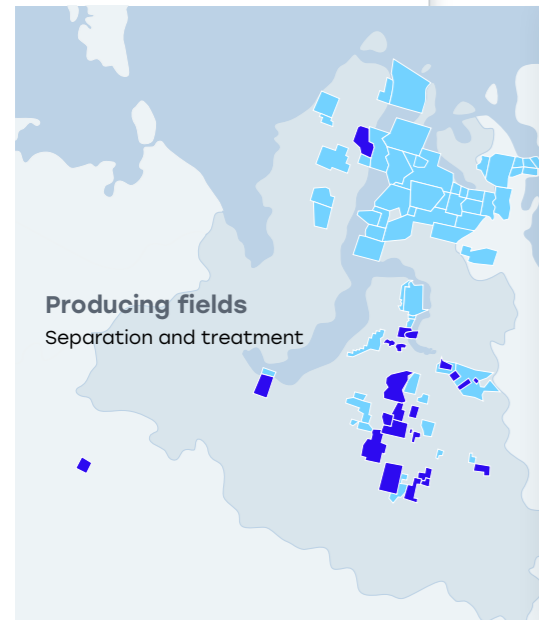
17,598

MMBOE
Total proved hydrocarbons reserves (SEC)

For more details about our Hydrocarbon Reserves please see → p.18

538.8
MMBOE
Gas

Natural gas



Producing fields
Separation and treatment

84%

Unstable gas
Condensate

16%

Production assets

27

Producing fields

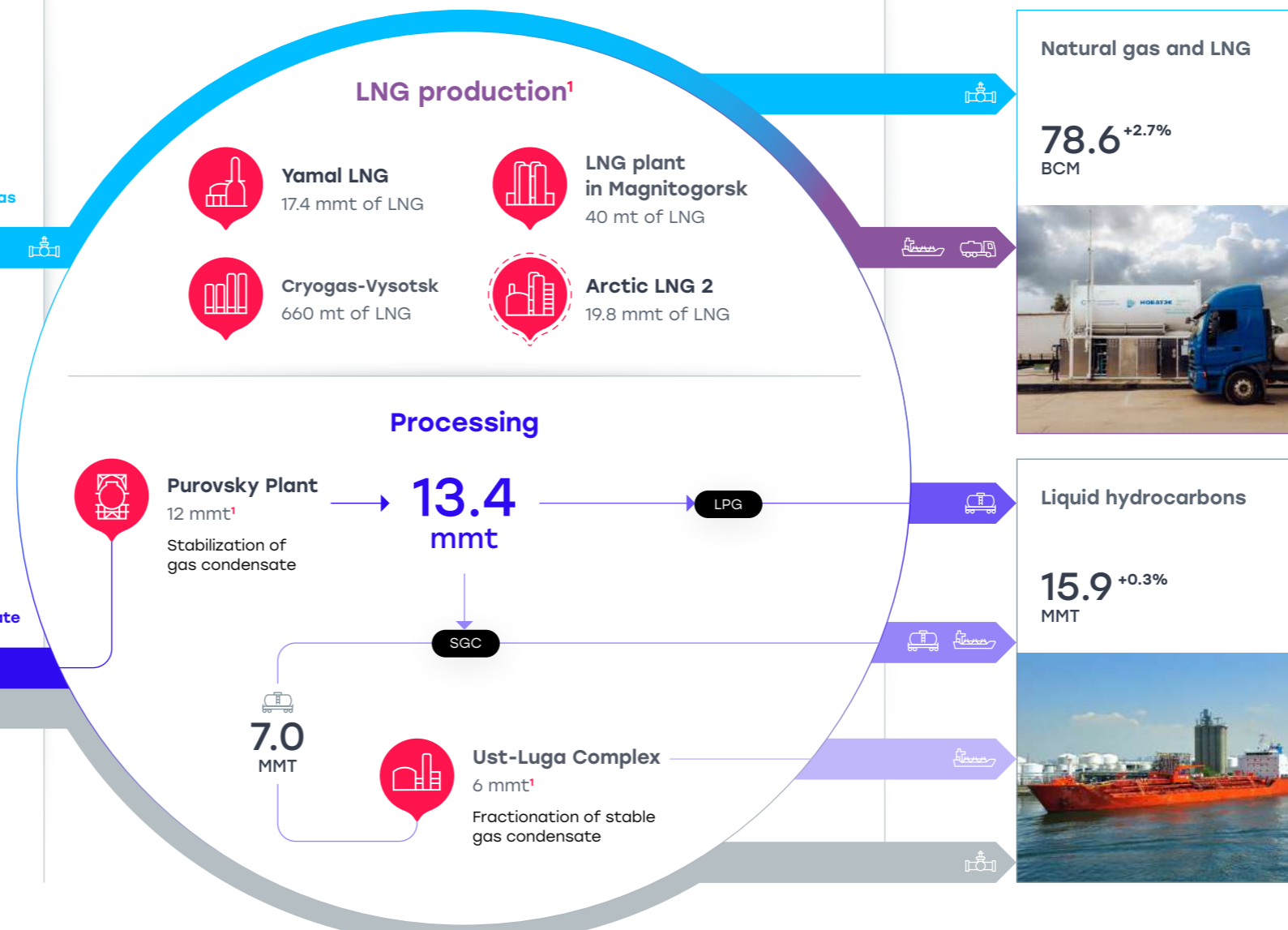
83

Subsoil licenses

106.2

MMBOE
Liquid hydrocarbons

Crude oil



- Power generation
- Steelmaking
- Petrochemical industry
- Residential gas supply
- LNG refueling stations
- Bunker and motor fuel
- Captive use

Legend

Transportation:

- by rail
- by pipeline
- by tankers
- by road

¹ Nameplate capacity (per annum).

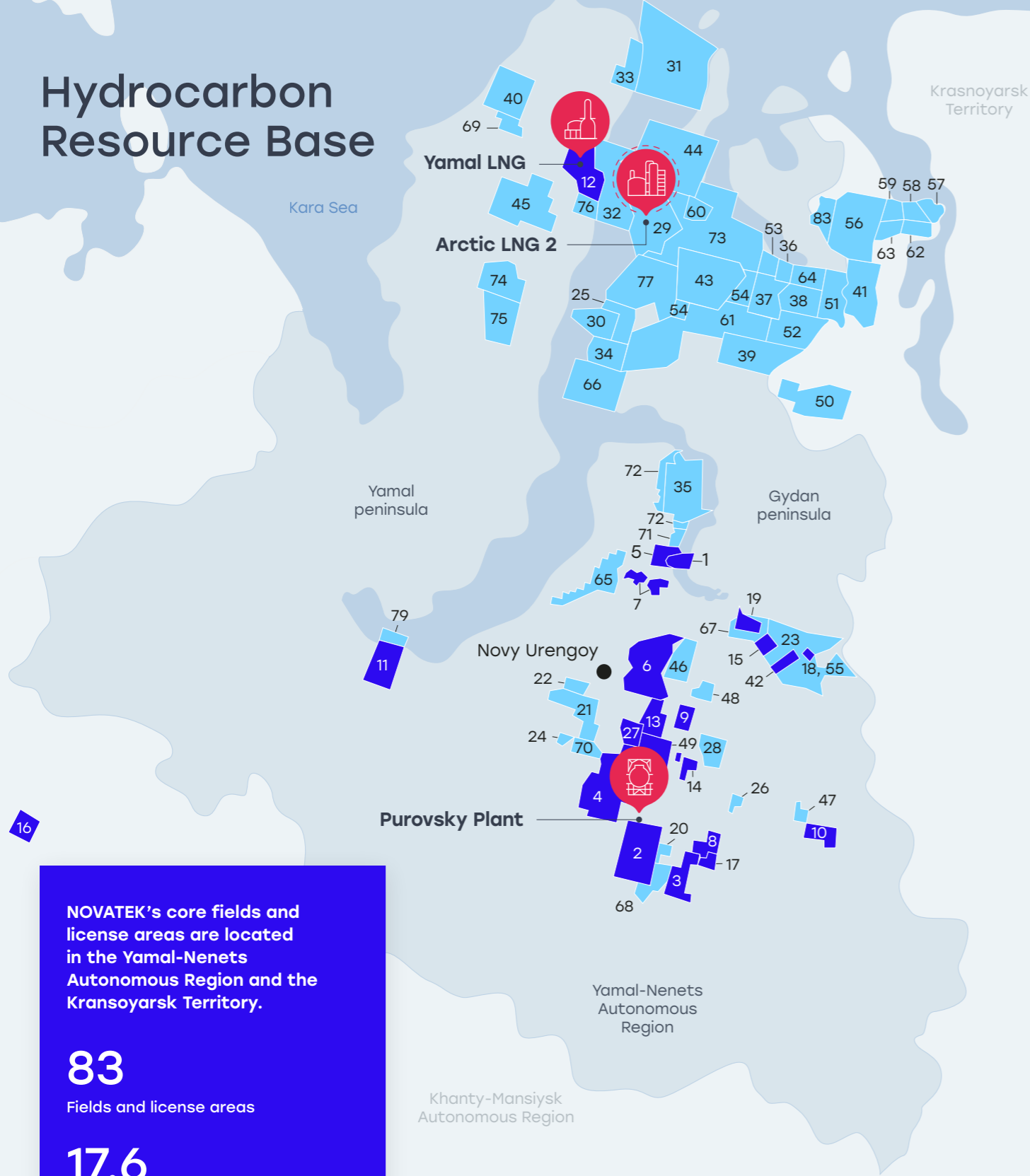
Sustainable Development Priorities

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

<p>Environmental and climate</p>  <p>Minimizing environmental impacts and improving efficiency and climate resilience</p> <ul style="list-style-type: none"> • Reduce air pollutant emissions • Increase the share of waste directed to utilization and disposal • Reduce greenhouse gas emissions • Improving energy efficiency and expanding the use of renewable energy sources 	<p>Social</p>  <p>Ensuring safe working conditions and contributing to community development</p> <ul style="list-style-type: none"> • Reduce LTIFR among the Company’s employees • Provide voluntary health insurance and good education to employees • Support educational institutions, implement educational programs in the regions where the Company operates 	<p>Governance</p>  <p>Continuous improvement in corporate governance</p> <ul style="list-style-type: none"> • Continuously improve governance practices • Maintain high transparency • Combating corruption in all its forms 	<p>★ 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.</p> <p>The Company selected five priority UN SDGs where the Company can maximize its total impact, and set the Company’s own performance goals based on the priority SDGs. We continued working towards the environmental and climate change targets approved by the Board of Directors as well as on increasing its contribution to the priority UN SDGs and Russia’s National Development Goals to 2030. To achieve these goals NOVATEK has already launched the implementation of relevant action plans. More details about the Company’s contribution to these Goals will be available in our Sustainability Report 2023.</p>  <p>NOVATEK is constantly improving management approaches and formalizing existing procedures for implementing sustainable development practices in the Company, consistently approving new internal policies and standards.</p>  <p>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.</p> <p>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, in industrial safety – ISO 45001:2018, in GHG emissions – ISO 14064:1.</p> <p>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.</p> <p>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.</p> <p>For more details about the Company’s Key business risks see → p. 84</p>
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Review of Operating Results

Hydrocarbon Resource Base



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

83
Fields and license areas

17.6
bln boe

Total proved hydrocarbons reserves (SEC)

★ 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.

Producing fields and license areas

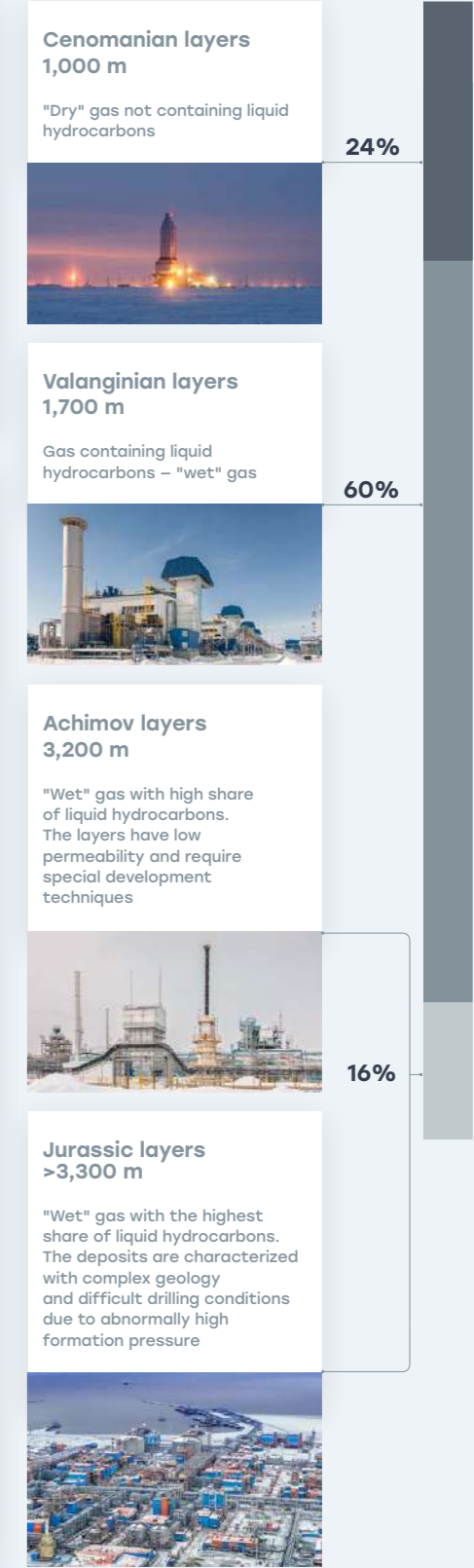
1. Yurkharovskoye field	12. South-Tambeyskoye field
2. East-Tarkosalinskoye field	13. West-Yaroyakhinskiy LA
3. Khancheyskoye field	14. Beregovoy LA
4. Olimpiyskiy LA	15. North-Russkoye field
5. West-Yurkharovskoye field	16. Syskonsynyninskiy LA ¹
6. Samburgskiy LA	17. South-Khadyryakhinskoye field
7. North-Urengoyevskoye field	18. Dorogovskoye field
8. North-Khancheyskoye and Khadyryakhinskoye fields	19. East-Tazovskoye field
9. Yaro-Yakhinskiy LA	27. Yevo-Yakhinskoye field
10. Termokarstovoye field	42. Kharbeyskoye field
11. Yarudeyskoye 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 mest.	55. Dorogovskiy 1 LA
23. North-Russkiy LA	56. South-Leskinskiy LA
24. Ukrainsko-Yubileynoye field	57. Dorofeevskiy LA
25. Geofizicheskii 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. Geofizicheskii LA	62. South-Dorofeevskiy LA
31. North-Obiski LA	63. South-Khalmeriakhskiy LA
32. East-Tambeyskiy LA	64. East-Ladertoyskiy LA
33. North-Tasiyskiy LA	65. South-Yamburgskiy LA
34. Trekhbugorniy 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 1 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-Yarudeyskiy LA
50. Payutskiy LA	80. Vologodskiy 2 LA ³
51. Central-Nadoyakhskiy LA	81. Vologodskiy 3 LA ⁴
52. Palkurtoyskiy LA	82. Abalaskiy LA ⁵
	83. Yeniseyskiy LA

¹ Located in the KMAO-Yugra.
² Located in the eastern part of the East Siberian Sea.
³ Located in the Yaroslavl Region.
⁴ Located in the Vologda Region.
⁵ Located in the Tyumen Region.
⁶ Including NOVATEK's proportionate share in joint ventures as of 31 December 2023.

NOVATEK's gas reserves by producing depth⁶



Licenses

NOVATEK's core fields and license areas are located in the Yamal-Nenets Autonomous Area (YNAO) and in the Krasnoyarsk Territory.

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.

★ 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.

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

As of 31 December 2023, NOVATEK's subsidiaries and joint ventures held a total 83 subsoil licenses for areas within Russia.

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.

¹ According to the information of CDU TEK – branch of REA (Russian Energy Agency) of the Ministry of Energy of the Russian Federation.
² As of 31 December 2023.

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 international reserves reporting standards.

As of 31 December 2023, NOVATEK's SEC proved reserves, including the Company's proportionate share in joint ventures, aggregated 17,598 mboe, including 2,432 bcm of natural gas and 197 mmt

of liquid hydrocarbons. Total proved reserves increased by 0.2% as compared to year-end 2022, representing a reserve replacement ratio of 104% for the year. At year-end 2023, the Company's SEC proved reserves life was 27 years.

NOVATEK's position in Russia

12.8%
Share in natural gas production



17,598
mboe
Total hydrocarbon reserves (SEC)²

104%
Reserve replacement ratio

★ 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.

Geological Exploration and Development

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

To achieve better efficiency of its exploration 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 as well as data processing and interpretation from as early as the prospecting stage.

In 2023, exploration efforts were mostly focused on the Yamal and Gydan Peninsulas.

Following comprehensive seismic surveys and drilling of prospecting and appraisal wells at the South-Tambeyskoye field, its Jurassic deposits were found to be greater than previously estimated in terms of area, and reserves maturation and commercial

Geological Exploration

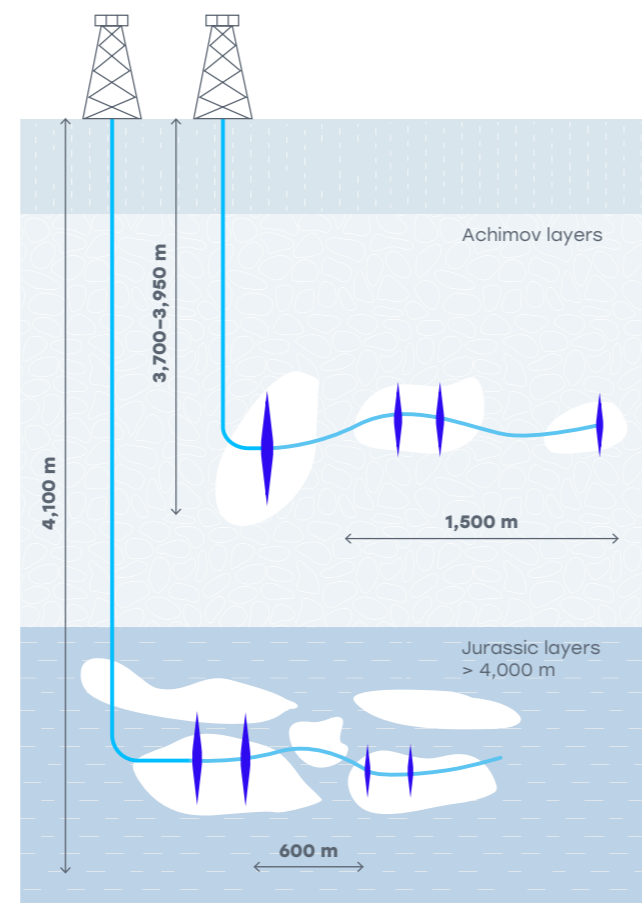
Indicator	2022	2023	Change, %
3D seismic, square km	4,908	2,653	(46)
Subsidiaries, square km	4,763	2,320	(51)
Joint ventures, square km	145	333	130
Exploration drilling, '000 m	23.2	32.1	39
Subsidiaries, '000 m	8.6	21.3	148
Joint ventures, '000 m	14.6	10.9	(26)

Most of NOVATEK's reserves are associated with deeper Achimov and Jurassic geological traps. The complex structure requires new approaches to exploring and maturing the reserves.



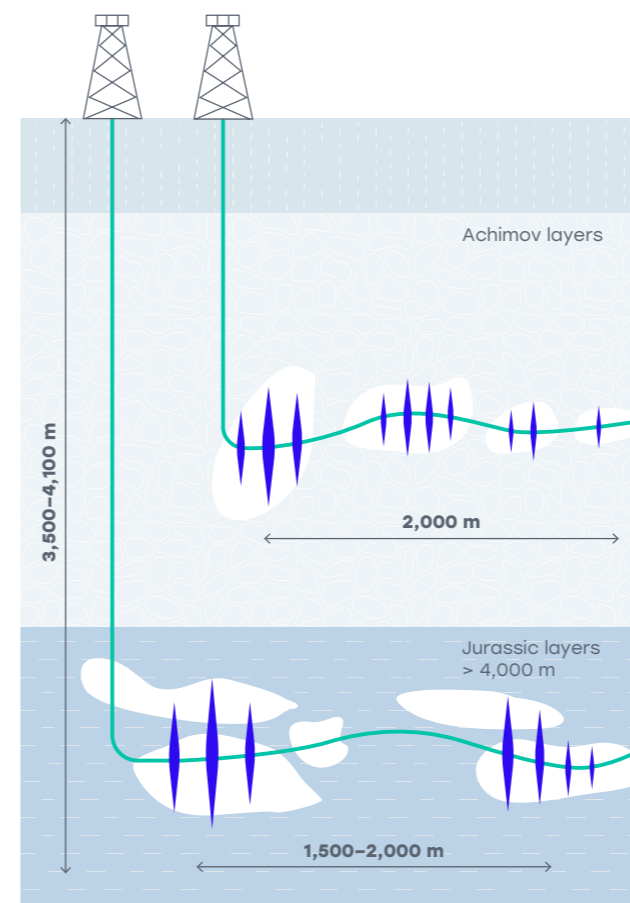
Technologies to develop deep layers

Technology previously used



 Hydrofracking

New technology



 Increase in wells productivity, including increase in low permeable formations

development activities continued. By exploring Jurassic deposits and bringing Jurassic wells onstream, the South-Tambeyskoye field's resource base could be further extended.

A horizontal exploration well targeting Jurassic deposits was drilled at the West-Seyakhinskoye gas and condensate field. An exploration well drilled at the Arkticheskoye gas and condensate field demonstrated that Cretaceous deposits contained therein have potential for commerciality. Testing activities are nearing completion ahead of the field development plan preparation.

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

In 2023, two production wells were drilled and tested as part of preparations to bring the North-Chaselskoye field onstream. Further exploration of Achimov and Neocomian formations, from which production has already started, is ongoing within the Samburgskiy and Yevo-Yakhinskiy license areas. Exploration drilling and studies in production wells helped identify new Neocomian targets suitable for production at the Yevo-Yakhinskoye and Urengoyeskoye fields.

To make up for the declining production from Valanginian deposits and to maintain the gas production plateau in the long run, drilling and development activities targeting the Urengoyeskoye field's Achimov deposits continued within the areas licensed to Arcticgas.

Field Development and Construction

A total of 19 production wells targeting Achimov deposits were drilled and brought onstream in 2023. Activities are underway to launch the development of smaller deposits lying within existing fields. In 2023, the processing of data acquired during seismic surveys and production drilling (sidestepping exploration drilling) at the existing South-Khadyryakhinskoye field resulted in the discovery of a new gas deposit, which is now being developed.

For the purposes of maintaining the oil production plateau and bringing additional oil reserves onstream at the East-Tarkosalinskoye field, horizontal sections of new production wells were lengthened from 1,500 to 2,000 meters, while the number of hydraulic fracturing stages was increased from 15 to 20.

The Company's Scientific and Research Center in Tyumen is the focal point for analyzing and compiling data and building forecasts. With their professional teams, the Scientific and Research Center and the Laboratory and Research Center are capable of expeditiously performing all the necessary activities, from exploration planning to field development plan preparation. In 2023, NOVATEK's Scientific and Research Center hosted its first conference bringing together the representatives of subsoil users, government authorities, scientific community, and field service contractors, to address the challenges associated with developing hard-to-recover reserves in the northern part of Western Siberia.

In 2023, NOVATEK continued to develop producing and prospective fields as well as to build field infrastructure.

In 2023, production drilling (including joint ventures) totaled 692,000 m, representing a 11% increase year on year. Production drilling was conducted at the East-Tarkosalinskoye, Dorogovskoye, Kharbeyskoye, North-Khancheyevskoye, South-Khadyryakhinskoye, Urengoyevskoye (including the Samburgskiy, Yevo-Yakhinskiy and Ust-Yamsoveyskiy license areas), North-Chaselskoye, Beregovoye, Utrenneye, Samburgskoye, Yaro-Yakhinskoye, North-Urengoyevskoye, South-Tambeyskoye fields.

The optimizing of wells design for Jurassic deposits was completed (the number of casing strings reduced, the completion technology optimized). A series of successful pilot industrial works was carried out within the framework of the import substitution program (drilling on a 340 mm casing with domestic equipment, localization of chemical reagents for hydrocarbon-based solutions, import substitution of technological equipment for casing columns, self healing cement mixtures produced in the Russian Federation, etc.).

Laboratory and Research Center

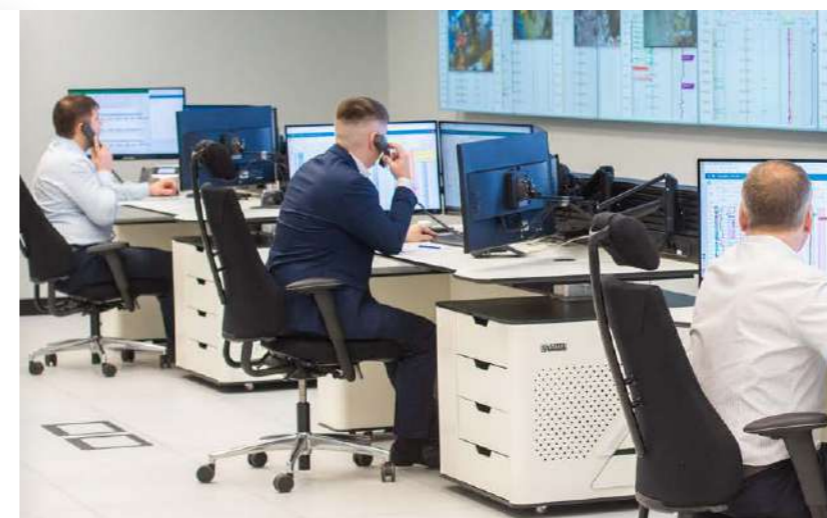
The reservoirs found at the NOVATEK Group's fields have low permeability, overpressure, and formation fluids with a unique physical and chemical composition. Developing these reservoirs thus calls for not only high-performance equipment and upstream technology but also advanced methodologies for acquiring the underlying geophysical data.

In 2022, NOVATEK launched its Laboratory and Research Center (the "Center") in Tyumen, which significantly expands the Company's scientific and technical capabilities. Its size and functionalities make the Center one of the leading research institutions both nationally and globally. Encompassing several laboratories, the site unlocks unparalleled research and development using cross-disciplinary studies of core plugs, fluid samples, materials, and substances. Having in-house capacity

to experiment paves the way for developing new study methodologies and creating intellectual property.

The cutting-edge center includes:

- The laboratories for comprehensive studies of core samples, fluids, drilling muds and cement slurry, hydraulic fracturing fluids and proppants, and permafrost as well as incorporates an oil & gas production equipment reliability lab and an environment monitoring lab;
- Apart from the laboratories, the facility comprises a core samples storage and a lab samples warehouse;
- 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.



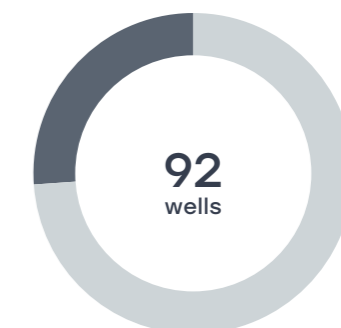
The Company set new internal records

- **From 1,500 to 2,000 m** – increase in the maximum length of the liner (increase in drilling volume through the productive formation).
- **1,970 m** – liner length (horizontal part of the well bore) drilled with a downhole drilling motor.
- **2,423 m** is the longest liner with multistage fracturing on Jurassic deposits.
- **6,215 m** is the Company's record measured well length in Achimov deposits.

2023 Results:

- The expansion of the tank facility has been completed and the hydrocracking unit was launched at the Ust-Luga Complex.
- The construction of 5 well clusters was completed, gas treatment facility and pipeline connecting it with the plant were put into operation at the Utrenneye field.
- Under the program to promote LNG as a motor fuel within the Russian Federation, construction of integrated liquefaction facilities within the special economic zones in Togliatti and Kashira was completed.
- NOVATEK Scientific and Technical Center's new office building in Tyumen was constructed.

Total number of wells put on stream



■ 68 gas and gas condensate wells
■ 24 crude oil wells

★ The new center has unique equipment that is one of a kind in Russia. 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.



Hydrocarbon Production

In 2023, NOVATEK carried out commercial hydrocarbon production at 27 fields. The Company's production, including our attributable share in the production of JVs, amounted to 645.0 mmboe, up 1.0% versus 2022. The key contributor to the production increase was the launch of new production capacities in May 2022 and the further development of gas condensate deposits at the fields of the Yevo-Yakhinskiy cluster.

Total natural gas production including the Company's share in production of joint ventures aggregated 82.39 bcm, representing 83.5% 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 84.7%. Production of natural gas increased by 0.3%, as compared to 2022 volumes.

Production of liquid hydrocarbons including the Company's share in production of joint ventures totaled 12.37 mmt. Marketable production of liquid hydrocarbons increased by 3.6%, as compared to 2022.



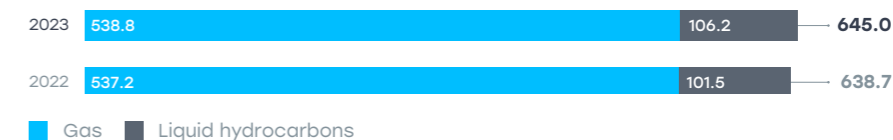
645 ^{+1.0%}
mmboe
Hydrocarbon production

82.4 ^{+0.3%}
bcm
Natural gas production

84.7%
Share of 'wet gas'
in the Company's total gas
production

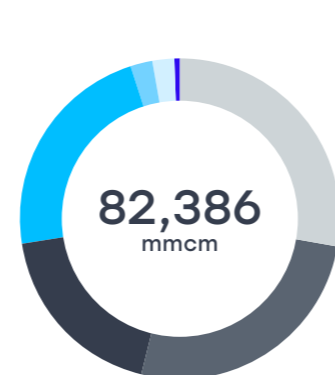
12.4 ^{+3.6%}
mmt
Liquid hydrocarbons production

Hydrocarbon production¹, mmboe



★ In 2023, we continued to achieve some of the lowest lifting costs in the industry (including the share in production of joint ventures).

Gross hydrocarbon production¹

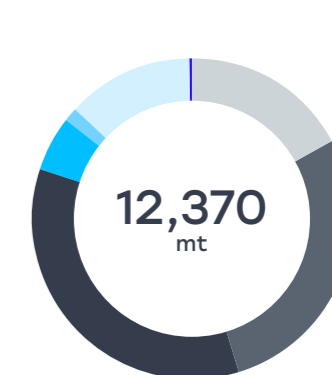


Gas, mmcm

22,916	-0.2%
21,536	+3.1%
15,310	+1.8%
18,544	-3.7%
1,942	-12.8%
1,711	+2.5%
427	n/a

Liquids, mt

NOVATEK-Yurkharovneftegas' fields (100%)	2,118	+30.0%
NOVATEK-Tarkosaleneftegas' fields (100%) ²	3,490	+7.9%
Arcticgas' fields (50%)	4,321	-1.2%
South-Tambeyskoye (60%)	681	+24.5%
North-Urengoykoye (50%)	160	-7.5%
Yarudeyskoye (100%)	1,587	-20.0%
Utrenneye (60%)	13	n/a



¹ Including share in production by joint ventures.
² Including production of ZAO Terneftegaz (until September 2022 - 51%, after - 100%).

LNG Projects



★ Yamal LNG is NOVATEK's first large-scale LNG project.

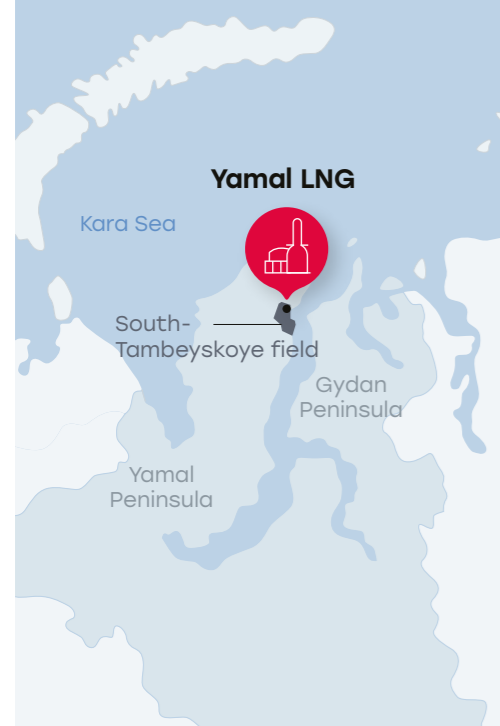
Yamal LNG

The Yamal LNG project company, which is NOVATEK's joint venture, operates and owns the project's assets.

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

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 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.



Cryogas-Vysotsk

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

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

The project targets small- and medium-scale LNG deliveries in LNG trucks and gas carriers. Commercial LNG loadings started in 2019. In 2023, Cryogas-Vysotsk demonstrated strong operating performance. The plant produced 812 mt of LNG.

Since 2022, Cryogas-Vysotsk has been using "green" electricity for its activities, 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).



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.



★ Cryogas-Vysotsk is NOVATEK's first medium-scale LNG project.





ARCTIC LNG 2

★ Arctic LNG 2 is NOVATEK's second large-scale LNG project.

Arctic LNG 2

The Utrenneye field, the resource base for the project, is located in the Gydan Peninsula in 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.

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

Decarbonization projects

In 2023, NOVATEK focused its decarbonization and energy transition efforts on reinforcing its technological independence and on studying the feasibility of sourcing technology and equipment from Russia.

At the end of 2023, NOVATEK secured Russian patents for a large-scale low-carbon ammonia process and a large-scale pure hydrogen process based on ammonia cracking. The low-carbon ammonia process, which NOVATEK developed in cooperation with Russian design institutes, uses steam to reform natural gas. The now-patented process design leverages energy-efficient solutions and carbon capture and (underground) storage (CCS) for over 90% of emissions to unlock low-carbon ammonia production capacities of over 1 mmtpa per process train.

The large-scale ammonia cracking process is a major step towards a viable value chain bringing pure hydrogen to end consumers at a competitive and affordable price.

★ NOVATEK is constantly monitoring changes in laws and regulations related to certification and verification of decarbonization projects and low-carbon products, all while evaluating the implications of such changes and making corresponding updates to its plans. The Company also actively contributes to legislation improvement proposals, thus representing its vision, including its stance on decarbonization and the achievement of climate targets.

★ With these newly developed technologies, NOVATEK can now offer the market not only LNG but also – depending on individual customer preferences and transport infrastructure maturity – **two new low-carbon products (ammonia and hydrogen)** that are critical to net zero ambitions and the global energy transition.



Processing of Gas Condensate



Purovsky Plant

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

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.

★ 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).

In the reporting period, the Purovsky Plant processed 13,406 mt of de-ethanized gas condensate, representing a 1.2% increase compared to 2022. 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 2023 output mix included 10,038 mt of stable gas condensate, 3,279 mt of NGL and LPG and 24.0 mt of regenerated methanol.

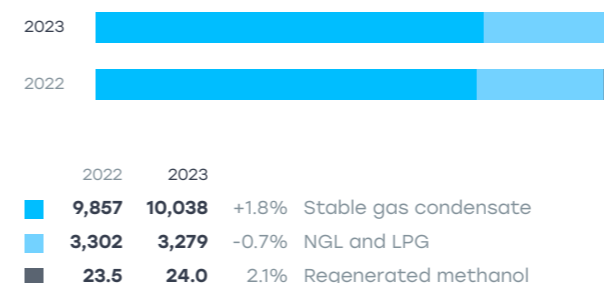
The Purovsky Plant is connected via its own railway line to the Russian rail network at the Limbey rail station. Subsequent to the launch of the Ust-Luga Complex in 2013, most of the stable gas condensate volumes produced at the Purovsky Plant are delivered by rail to Ust-Luga for further processing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

Processing volumes and output of the Purovsky Plant

Processing of de-ethanized condensate, mt



Output, mt



Ust-Luga Complex

The Gas Condensate Fractionation and Transshipment Complex (the “Ust-Luga Complex”) is located at the all-season port of Ust-Luga on the Baltic Sea. 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 improved our logistics and reduced transportation costs.

In the reporting year, the Ust-Luga Complex processed 6,973 mt of stable gas condensate.

In June 2023, a hydrocracker unit was launched at the Ust-Luga Complex. The launch increases the depth of processing of stable gas condensate into higher grade value-added petroleum products.



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.

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 2023, natural gas sales volumes, including volumes of LNG sold, aggregated 78.64 bcm, representing an increase of 2.7% as compared to 2022.

NOVATEK has an important role in ensuring pipeline natural gas supplies to the domestic market. During 2023, the Company supplied natural gas to 41 regions within the Russian Federation. Our end customers and traders were located primarily in the following regions: Chelyabinsk Region, Khanty-Mansiysk Autonomous Region, Moscow, Perm Territory, the Republic of Tatarstan, Moscow Region, Lipetsk Region, Vologda Region, Yamal-Nenets Autonomous Area, Tula Region, Stavropol Territory, Nizhny Novgorod Region, Tyumen Region, Leningrad Region, Belgorod Region, and Kostroma Region. The above regions accounted for more than 92.3% 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 2023, our inventories of natural gas amounted to 0.9 bcm.

NOVATEK is implementing a 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 constructs small-scale LNG plants, facilitates LNG wholesale markets and develops 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 2023, 45 thousand tons of LNG were sold from the Magnitogorsk LNG plant.

Additionally, to provide fuel for gas stations and wholesale consumers in the North-Western and Central Federal Districts, LNG is purchased from Cryogas-Vysotsk and in 2023, sales volumes amounted to approximately 52 thousand tons.

Promotion of natural gas as a motor fuel

NOVATEK's strategy as a natural gas and LNG producer implies greater involvement in the promotion of natural gas as a motor fuel. 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.

78.64 ^{+2.7%}
bcm

Total natural gas sales, including volumes of LNG sold

41
regions of Russia

pipeline natural gas supplies to the domestic market



At the end of 2022, Yamal LNG and NOVATEK collaborated to develop corporate GHG accounting guidelines.

The guideline, on the basis of international standards ISO 14064-1:2018 and ISO 14067:2018, Greenhouse Gas Protocol and Recommendations of the International Group of LNG Importers (GIIGNL), was successfully validated in October 2023 by an internationally accredited organization. The developed Methodology allows us to provide customers with verified statements of emissions and carbon footprint for each LNG shipment supplied from the Yamal LNG. At the end of 2023, statement of the carbon footprint of the delivered LNG was sent to one of the buyers.



Liquid Hydrocarbons Sales

In addition to the existing LNG plants, we are completing construction of two facilities (14.2 mt per annum 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 2023, 14 LNG refueling stations for automobile transport were in operation in the North-Western, Central, Volga and Urals Federal Districts of Russia (one of them was built in the reporting year in Penza Region, the M5 highway). 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 2023, the volume of sales at refueling stations amounted to 53 thousand tons.

★ **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.**

NOVATEK is studying the possibilities to supply its customers with carbon-offset LNG shipments. According to the existing global practice, the calculation of the greenhouse gas footprint of supplied LNG and its repayment in carbon units is carried out in accordance with the Company's own methodology.

NOVATEK sells liquid hydrocarbons (stable gas condensate, petroleum products, light hydrocarbons, LPG and crude oil) 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 2023, NOVATEK's liquids sales volumes reached 15.9 mmt, or 0.3% higher than in 2022.**



Sustainable Development

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.

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 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.



★ The Company’s Sustainability Report 2023 will offer extensive details about what has been achieved.



In 2020, NOVATEK joined the Methane Guiding Principles (MGP), a global oil and gas initiative that targets climate neutrality and a low-carbon economy. As part of its efforts as a member of the initiative, the Company continued methane leak surveys at its industrial sites in 2023. In the reporting period, ground-based methane leak surveys were completed along a drone flyover route at a pilot site, and the resulting findings were compared against data from 2022.

The reporting year’s key biodiversity conservation highlights encompassed comprehensive environmental monitoring of Ob Bay as well as continued biodiversity conservation work under a cooperation agreement with the Kronotsky Nature Reserve in Kamchatka, including:

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.



The Company provides impactful support to environmental volunteering. In 2023, over 1,000 employees of Company subsidiaries joined forces with their family members to participate in the environmental cleanup day Green Spring 2023 as well as other campaigns, including Thank You for Keeping the Tundra Clean, Water.Russia, Save the Forest, Memory Garden, and Clean Cause. As part of these activities, we cleaned up over 150 ha of land, collecting over 100 tons of waste in the process.

★ In 2023, NOVATEK subsidiaries were honored with the following awards for their environmental efforts:

- a greening and cleaning project run by NOVATEK-YURKHAROVNEFTEGAS through community volunteer events won the Ecosystems and Biodiversity Conservation category at the Vernadsky National Environmental Awards;
- NOVATEK-TARKOSALENEFTEGAS’ awareness-raising project EcoNavigator won an award at the Reliable Partner – Ecology competition, a national contest for regional best practices.

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 2023, the Company continued its cryogenic monitoring.

- an expedition to Karaginsky Island to study the feasibility of establishing a nature reserve and a backup wild reindeer herd
- a Steller sea lion population study launched on the Kamchatka Peninsula
- ongoing studies of the local gray whale feeding group to compile a database of the Kronotsky Nature Reserve’s gray whales and a photo-ID catalog of Kamchatka gray whales
- marine mammal habitat monitoring activities to compile a marine mammal habitat assessment database

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 for its employees, as well as for protecting the health of the local population in its areas of operation.

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.

NOVATEK continues to grow through flexible and versatile planning and faster decision making. Social responsibility towards society as well as current and future generations remains the cornerstone of our philosophy.

In 2023, NOVATEK kept its focus on improving frameworks for legal, social and economic, organizational, sanitary and hygiene, healthcare and prevention, rehabilitation, and other activities that help safeguard our people's lives and health while at work.

In a bid to improve these frameworks, we launched a major safety culture transformation drive in 2023.



Safety culture refers to a set of practices and procedures that prioritize safety above all else, as well as other safety mindsets and values shared by employees at all organizational levels that collectively ensure our people keep safety top-of-mind at work, wherever that may be.

NOVATEK's management recognizes safety culture as one of the pillars of a successful and sustainable business. Employees' ownership of safety issues has a direct impact on business performance and results. By maintaining a safe work environment and encouraging employees to take a proactive approach to safety, we reduce risks, drive productivity gains, and improve overall team morale. We invest in safety by transforming our people's mindsets and behaviors to build a safety margin for the future. By fully buying into the proper behavior model, our employees will perform their job in a safer manner.

In 2023, we commissioned an independent safety culture maturity assessment at four subsidiaries: NOVATEK-TARKOSALENEFTEGAS, Arcticgas, NOVATEK-Purovsky ZPK, and Yamal LNG. The assessment provided a comprehensive insight into the existing safety culture maturity level and highlighted key areas for improvement.

Once rolled out across the Group, these safety culture improvements will empower employees to help mitigate the risk of emergencies and maintain a safe work environment for everyone involved in operations.

Pursuant to effective legislation, workplaces undergo special certification of working conditions. A special certification of working conditions at newly formed workplaces has been carried out in full. As at 31 December 2023, 11,871 workstations were covered by assessments. The assessment concluded that 10,645 workstations (89.7%) 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 ensures prompt and efficient responses to incidents, as well as their accounting and registration 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.

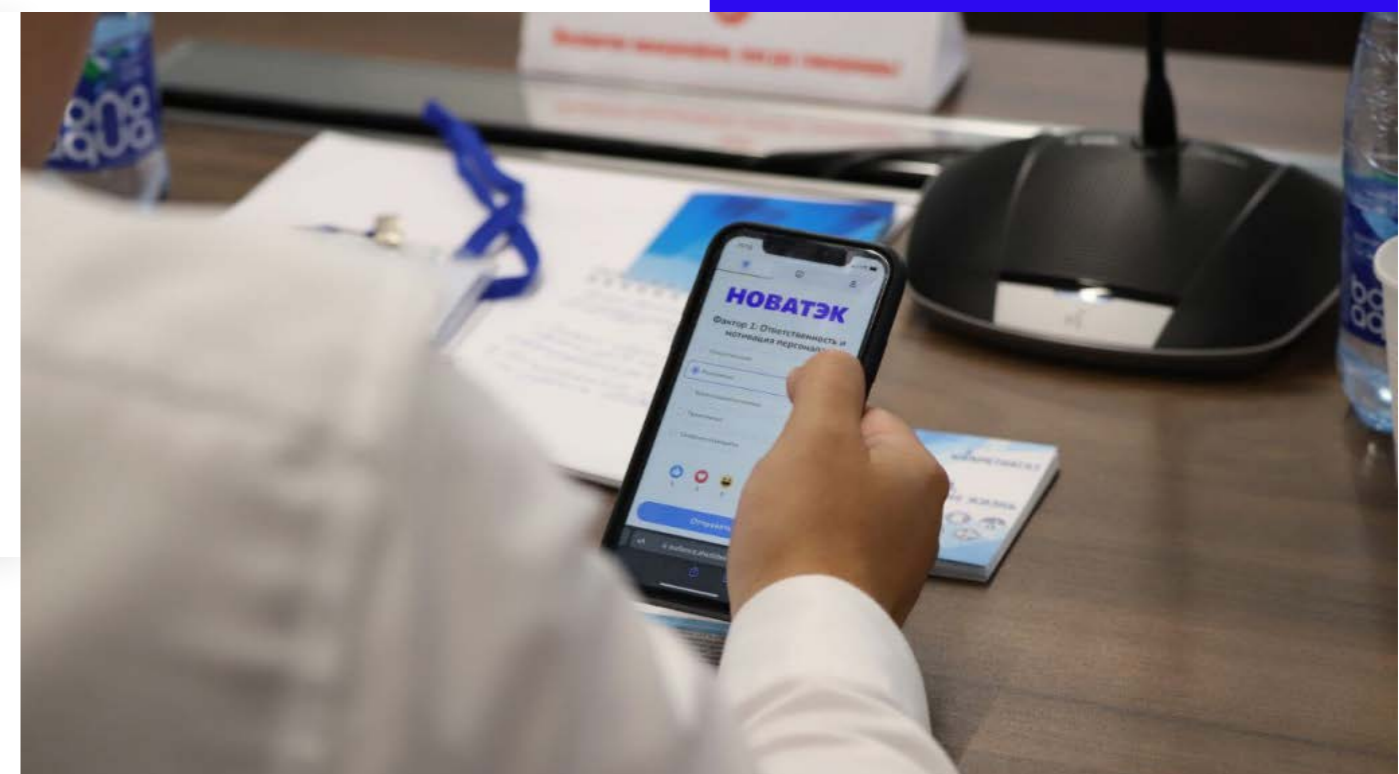


Below are the key principles that each and every Company employee must follow:

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; and
5. Prioritizing prevention over reaction.



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.





In order to improve occupational health and safety management processes, the Company's occupational health and safety standards are due to be updated.

In the reporting year, three further standards were prepared for adoption:

- NOVATEK's Corporate Standard ISU-008-2023: Incident Reporting Procedure;
- NOVATEK's Corporate Standard ISU-006-2023: HSE Reporting at Controlled Entities; and
- NOVATEK's Corporate Standard ISU-017-2023: Provision of PPE and Washing Agents to Employees.



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.

Employees, including managers engaged in the operation of hazardous production facilities, in order to maintain the level of qualification and confirm knowledge of industrial safety requirements, are trained and certified within the prescribed period. Industrial safety certification commissions were set up at these entities to evaluate staff using the Unified Testing Portal.

As part of the implementation of industrial control over hazardous production facilities, as well as compliance with labor protection requirements, safety and occupational health control commissions carry out compliance checks at controlled entities. The results are to be documented in relevant reports, and special measures to be 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 the reporting year

40,142

trainings were conducted on various occupational safety programs

2,307

industrial safety certifications were held

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 hazardous production facilities.

In 2023, regional branches of the Federal Environmental, Industrial, and Nuclear Supervision Service registered 276 hazardous production facilities that are in operation, including:

- 15 facilities – Class I (extremely high hazard);
- 61 facilities – Class II (high hazard);
- 170 facilities – Class III (medium hazard); and
- 30 facilities – Class IV (low hazard).

The operation of hazardous production facilities is carried out in accordance with the requirements of legislation of industrial safety. The subsidiary companies have obtained licenses for the "operation of explosive and chemically hazardous production facilities of hazard classes I, II and III."

For Class I and 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;
- production supervision procedures; and
- employees' involvement in the development and implementation of accident risk mitigation measures.

Industrial safety declarations have been developed for all hazardous production facilities of Class I and II containing a comprehensive assessment of the accident risk and related threats, an analysis of the sufficiency of measures taken to prevent accidents, as well as to localize and eliminate the consequences of an accident at hazardous production facilities.

Occupational health training is provided at all NOVATEK entities in accordance with the applicable procedures. As required by Russian law, managers at all levels take training courses and knowledge tests at licensed training centers. To offer in-house training to employees, the Company has developed training programs and set up certification commissions to assess trainees' knowledge of occupational health requirements. Training classrooms at each entity are equipped with process flow diagrams, dummies to practice first-aid skills, information boards, and training materials.

To help provide hands-on experience in hazardous activities and develop the Company training system, training facilities were procured and commissioned throughout 2023 for NOVATEK-Purovsky ZPK, NOVATEK-YURKHAROVNEFTEGAS, NOVATEK-TARKOSALENEFTEGAS, NOVATEK-Ust-Luga, Yamal LNG, Arcticgas, Cryogas-Vysotsk, and Arctic LNG 2.



In 2023, an operational control unit was established in order to assess the effectiveness of the organization and implementation of occupational safety and industrial safety activities, prevention of injury to workers, accidents, incidents and preparedness for localization and elimination of the consequences of accidents. This unit tasked with auditing controlled entities and contractors for occupational health and safety compliance, implementation of consistent and continuous improvement of the integrated occupational safety and industrial safety management system.

In the reporting year, one integrated audit and 11 targeted audits were completed at NOVATEK-TARKOSALENEFTEGAS, NOVATEK-Ust-Luga, NOVATEK-YURKHAROVNEFTEGAS, NOVATEK-AZK (Volgograd office), Yargeo, Nortgas, Arcticgas, NOVATEK-LNG Fuel, NORDPORT, and NOVATEK STC. Based on the findings, remedial actions were developed.

In 2023, there were:

- 19 work-related accidents; and
- one incident: on 21 February 2023, an explosion occurred at NOVATEK-TARKOSALENEFTEGAS during contour welding along a deficient weld, killed 2 people and injured 1 person.

No emergencies were recorded at the Company's industrial sites in 2023.

In accordance with the law, an investigation of the causes and circumstances of the incident 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.

In an effort to reduce workplace injuries and fatalities across the Group, NOVATEK developed universal approaches to medical examination for rotation workers at hazardous production facilities operated by NOVATEK entities in the Far North or at remote sites with no immediate access to permanent medical institutions. These approaches are designed to prevent man-made accidents caused by employee health issues, thus enabling an objective assessment of employees' health and allowing employees that have consumed illegal substances to be promptly identified (through rapid testing before work).

The Group's entities have regulations in place to ensure preparedness to provide emergency medical help and medical evacuation, as well as emergency medical help standards and other documents stipulating procedures and requirements for first aid and emergency medical help at production facilities.

There are also field-specific action plans for medical emergency response, which are based on the workplace risk assessment and employee health risks inherent to a particular site and are designed to minimize the impact of accidents and acute disease on our people's health. 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.

To enable rapid decision making on epidemic prevention and respond to the rising number of cases of COVID-19 and other viral respiratory infections, epidemiological monitoring is performed at the Company's industrial sites.

NOVATEK's wide-reaching efforts to protect its people's health enabled the uninterrupted operation of industrial facilities and helped prevent work-related and mass diseases.

An integrated management system for environmental protection and occupational health and safety is in place at controlled entities.



In accordance with the international standard **ISO 45001:2018** the integrated management system also includes provisions on employee healthcare management. Policies on occupational, industrial, fire, and environmental safety have been approved by corporate orders, which place the onus on individual entities to preserve the lives and health of all personnel, whether employed by the entity or a contractor.



At NOVATEK, data are collected and analyzed regarding progress toward remediating the findings of both scheduled and unscheduled audits carried out by government supervisory authorities and integrated and targeted audits by the Company's relevant 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 equipment¹.

In 2023, the Company performed industrial safety audits of

868

items of equipment, thereby extending their safe operating life.

The Company runs training sessions with personnel of hazardous production facilities to work out possible scenario conditions and actions to localize and eliminate the consequences of accidents.

A total **4,888**

drills and exercises were run in 2023.



¹ External and internal visual inspection, hydrostatic and pneumatic tests, and industrial safety audits.

Fire Safety, Civil Defense 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. 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 2023, twelve controlled entities held active licenses to service firefighting equipment and 6 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 30 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 2023, the headcount of fire and emergency brigades serving the facilities on a 24-hour basis stood at

1,242

and 109 engineers at controlled entities

were 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 2023, 26,279 patrols took place around facility areas in order to continuously monitor for safe operation conditions, and 939 checks of outdoor fire water supply sources were carried out. Professional emergency response and rescue teams performed 50,205 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 ensures the timely replacement of its fleets of general and specialist fire vehicles.

NOVATEK fully complies with fire safety, civil defense, and emergency regulations, and

100%

of its facilities are equipped with automatic fire detection, alarm, and extinguishing systems. The NOVATEK Group's controlled entities are ready to respond to, contain, and mitigate fires and emergencies.



Trainings

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 2023, the Company organized 26,717 fire safety briefings offering guidance materials and visual aids, as well as hands-on demonstrations.

A total of 2,296 people received refresher and additional training related to fire safety. The number of fire safety training sessions and exercises totaled 1,666, and 762 evacuation drills were also arranged. To improve the preparedness of the Company's governing bodies, employees, and equipment to respond to potential accidents and emergencies, 14 comprehensive training exercises were arranged in 2023, including exercises covering procedures under oil spill response plans.

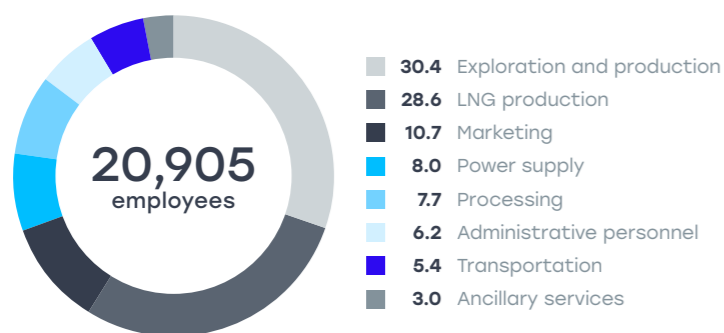
★ In 2023, there were no fires at the Company's facilities that are subject to registration in the State statistical accounting.



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, non-discrimination on any basis, equal opportunities for professional development, dialogue between management and employees, as well as continuous, comprehensive training and personal development opportunities for the Company’s employees at all levels.

NOVATEK’s Headcount by line of work, including its subsidiaries and joint ventures¹, %



The predominant age of the personnel is between 30 and 50.

The average age of the Company’s employees is 41 years.



In 2023, the Group held its 7th Professional Skills Contest, with this year seeing two stages for the first time:

- on 7–8 September 2023, the contest was hosted by the Gas, Gas Condensate and Oil Production Shop at Arcticgas’ Yaro-Yakhinskoye field. A total of 110 participants from 12 entities took part in the contest, spanning seven areas of expertise: a chemical analysis laboratory technician, a process compressor operator, an oil and gas production operator, a process plant operator, an instrumentation and automation technician, a process plant repair mechanic, and an electrical fitter; and
- on 12–14 September 2023, the contest was held at the Purovsky Plant, where 27 employees from 12 entities took part in the Company’s first competition for the best firefighter and the best gas rescuer.

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 2023, the primary activities of training and professional development included:

- running a competency development program for Company employees;
- implementing the Steps in Discovering Talents program for young specialists targeted at training highly qualified personnel whose competence level fully meets business needs;
- implementing the Corporate System for the Evaluation of Technical Competencies;
- the Professional Skills Contest;
- engaging Company’s young specialists to take part in research and practice conferences; and
- cooperating with higher education institutions to usher in new LNG talents.

In 2023, 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% of employees upgraded their skills. In 2023, the Corporate System for the Evaluation of Technical Competencies tested 1,584 employees across the Group, including 71 persons tested at recruitment and 142 persons tested at promotion.

In 2023, 124 young specialists participated in the Steps in Discovering Talents program. In this edition, the program’s 11th, 21 young specialists completed the on-the-job adaptation and professional development program, while 46 young specialists coached by 43 mentors completed the first step of the program. In autumn 2023, 53 mentors were assigned to the new batch of 57 young specialists joining the program. Both young specialists and mentors received the Mentoring Culture training courses. A total of 48 mentors completed this training.

In September 2023, the Moscow office hosted the 18th Interregional Research-to-Practice Conference for young specialists at the Company, which was attended by 91 employees from 16 subsidiaries and joint ventures. The contest judging panel received 69 entries.

All winners and runners-up were awarded with cash prizes and a trip to China to visit a number of oil and gas centers.

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, 9 out of 20 graduates (who enrolled in 2021) were employed by the NOVATEK Group in 2023. Nine students (who enrolled in 2022) got hands-on learning experience at the Company subsidiaries during summer on-the-job training.



In 2017, the Innovator Corporate Idea Management System was launched in NOVATEK. Currently, 21 Group entities are connected to the System. The Innovator System is an automated platform for collecting and processing employees’ proposals on improving and developing the Company’s business. In 2023, our employees shared 1,264 ideas on how to streamline operations, reduce production costs and implement new work methodologies. The total number of applications over 7 years of the System’s life now stands at 3,820, with 911 ideas approved for implementation and 452 ideas already implemented. These generated a positive economic effect of RR 7.7 billion.

¹ As of the end of 2023.

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:



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 was increased from 2023 onwards; the program was expanded to include subsidiaries in Kostroma, Chelyabinsk, and Moscow; and the terms of the program have been amended.



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.



Targeted compensation and social support payments

This program provides targeted, free support to Company employees under specific circumstances, including the following: payments to employees who have just had a child, payments to employees with large families, payments to employees affected by natural disaster or fire, compensation for the care of a child up to 3 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.



Starting from 2023, children of employees aged 8–16 also qualify for a 50% subsidy of health resort vouchers to government-certified children's camps.



Pension program

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. As of 31 December 2023, the program covered a total 1,382 people.

The Company's Management Board decided to extend the benefit calculation period to 20 years starting from 2023.



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 health resorts located in Russia's most picturesque places. In 2023, 8,346 NOVATEK Group employees took advantage of the program. In 2023, the program was expanded to include more resorts in locations such as Lake Baikal in the Irkutsk Region, the Republic of Karelia, Kazan, and Krasnaya Polyana in Sochi.



Rehabilitation of children with disabilities

The program is aimed at supporting families of Group employees who are raising children with disabilities. As part of the program, the children undergo individual rehabilitation courses and receive qualified medical care.



NOVATEK-Veteran social protection foundation

The NOVATEK-Veteran social protection fund was founded 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 Fund 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.

Social Policy and Charity

Social Policy and Charity make up an important part of NOVATEK’s activities. In 2023, 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 amateur and professional 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.



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

Together with the Government of the YNAO, the Company continued its participation in the “Teacher for Russia” Program in 2023. 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 offered by Tarko-Sale’s Secondary School No. 2 (located in the Purovsky District of the YNAO), Tyumen’s Lyceum No. 81, Salekhard’s Secondary School No. 2, and Murmansk’s Secondary School No. 36. Programs for schoolchildren and teachers of the Purovsky District have been further developed in the following areas: Grants for Schoolchildren and Grants for Teachers.

NOVATEK Group companies provided support for maintenance and procurement at kindergartens in the cities where they operate.

Funding was provided for phase two of the project to build 600-bed dormitories for the boarding school in the village of Gyda (Tazovsky District, the YNAO).

Funding was provided for phase one of the Murmansk Industrial College upgrade project and to purchase modern furniture and equipment for Secondary School No. 1, the oldest in Murmansk.

Funds provided by the Company were used for the design and engineering surveys needed to build a school for 800 children in the Raduzhny Microdistrict and a kindergarten for 240 children in the Obdorsky Microdistrict in Salekhard, as well as to build a kindergarten for 240 children and a school for 550 children in the Yuzhny Microdistrict in Tarko-Sale, the YNAO.

In Novy Urengoy, NOVATEK provided funding for engineering surveys, design documentation, and architecture concept development for an ice palace with a training rink, and a culture and education center.

The Company continued funding renovation work at the Rodina cinema theatre, a key cultural heritage site in the Murmansk Region, which is currently being transformed into a modern youth cultural center.

NOVATEK strives to provide support to regional healthcare facilities:

- the Company purchased three fully-equipped ambulances to improve the quality of health services provided to the residents of the Murmansk Region;
- every year, the Company provides funding for targeted assistance to children and young people with disabilities living in the Leningrad Region, whose families are unable to sustain medical, diagnostics, rehabilitation, or transportation costs, or to pay for tailor-made high-tech rehabilitation devices;
- the Tarko-Sale Central District Hospital received help to purchase furniture for ten pediatric offices; and
- as in previous years, financial assistance was provided to the YAMINE charitable foundation to arrange medical examinations, healthcare services, special care, and rehabilitation for critically ill children and children with disabilities living in the YNAO.

In 2023, NOVATEK funded the Trail 47 project to create environmental trails and routes, monitor the environment in nature conservation areas, and establish a recreational and tourist cluster in the Leningrad Region.

The Company is also focused on conserving the biodiversity of the YNAO unique nature by

- supporting projects to restore whitefish populations in water bodies;
- as part of its environmental protection efforts, the Company supported the Center for Reproduction and Conservation of Rare Species of Birds of Prey in the Milkovsky Municipal District of the Kamchatka Territory, including covering the cost of upkeep for the center, the training of Russian teams of falconers, and the costs of competing in international competitions as well as studying and developing the fodder base in various regions of Russia.

The Company is heavily engaged in developing all aspects of the social infrastructure in communities of the YNAO.

In 2023, the Company funded a renovation and a major overhaul of a boarding school in the village of Seyakha in the Yamalsky District, the construction of a public services center, repairs and upgrade of a boiler house, the procurement of a pump station, and the expansion of the street and road network.

Cooperation with the Regions

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, Samara and Kostroma Regions throughout 2023. 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.



Cooperation with Indigenous Peoples of the Far North



The Company participates in organizing and staging ethnic festivals of indigenous peoples (e.g., Reindeer Herder's Day and Fisherman's Day), supports cultural heritage preservation projects (e.g., the project Khorei – the Yamal Literary Map), and supports activities aiming to preserve the traditional lifestyles, culture, and language of indigenous peoples of the Far North.



In 2023, the Company provided funds to allow indigenous minorities to participate in the Treasures of the North international trade fair, and to organize and stage the International Day of the World's Indigenous Peoples.

The Company supports traditional trades:

-  by purchasing food and essential goods, purchasing and delivering firewood;
-  financing aerial tundra monitoring;
-  in 2023, the Company funded the purchase of snowmobiles for residents of the Yamalsky and Tazovsky Districts;
-  maintaining of reindeer stocks, the Company delivers reindeer food and veterinary drugs;
-  the Company extended finance to procure motor fuel for indigenous communities, as well as air and rail passenger travel for nomads;
-  we provide finance for targeted training initiatives to help get indigenous minorities into jobs in the energy sector and local governments of the YNAO;
-  help young talents from indigenous communities;
-  we deliver humanitarian aid to members of the indigenous peoples of the Far North who are in need due to hardships.



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, which kicked off at the Novokuybyshevsk Educational Center (Secondary School No. 8), with Tarko-Sale's Secondary School No. 2 (located in the Purovsky District of the YNAO) coming onboard in 2004, followed by Tyumen's Lyceum No. 81 in 2015, and Salekhard's Secondary School No. 2 and Murmansk's Secondary School No. 36 in 2018 and 2021, respectively. On the back of major changes in the YNAO's secondary education landscape, Salekhard's lyceum joined the program in 2023.

★ The program enables students to join dedicated classes, subject to eligibility based on merit, and learn physics and mathematics under a tailored curriculum, which includes experimental physics and mathematics-based methods in physics and engineering, as well as learning to solve academic contest-grade problems in mathematics, robotics, and computer programming, on top of standard school subjects.

In 2023, as part of an agreement between NOVATEK and the National Research University – Higher School of Economics (HSE University), all students were given the opportunity to access an online school to better prepare for their final-year exams in Russian, specialized mathematics, physics, computer science, chemistry, and many more subjects.

Students from Tarko-Sale's Secondary School No. 2 participating in the Gifted Children program visited as many as three NOVATEK industrial sites in the YNAO, allowing the students to gain insights into NOVATEK's non-stop operations, from geologic exploration to downstream transportation of processed products. Through its Gifted Children program, NOVATEK helps keep students engaged with advanced studies of physics, mathematics, and computer science. Trips to industrial sites are a crucial part of the learning process, enabling future professionals to get first-hand experience and appreciate the sheer scale of the processes behind gas production and treatment, which could inspire them to one day become part of the gas industry.

The prominent East-Tarkosalinskoye gas field, nicknamed Vostochka, was the trip's first stop. The students were introduced to various types of equipment, their purpose, and service engineers. The trip continued at the Purovsky Gas Condensate Processing Plant, which is another proud triumph for NOVATEK. The plant's continuous operation relies on an advanced technology process that is precise to the second. NOVATEK-Transervice, NOVATEK's logistics arm, was the next stop. Two key highlights of this involved getting the chance to see up close the Company's very own railway track and dispatch service, which operates 24/7 to monitor the handling of tank cars carrying stable gas condensate.

In April 2023, Tyumen Lyceum No. 81 hosted a physics and mathematics school for students from Tarko-Sale, Tyumen, Novokuybyshevsk, Salekhard, and Murmansk.

A total 62 tenth graders participating in the Gifted Children study program spent several days in engineering competitions, intellectual games and classes with instructors from the regional School of Physics and Mathematics.

A visit to the Industrial University of Tyumen was a standout event, offering the children an opportunity to get answers to all their questions about the disciplines included in the oil and gas curriculum, the enrollment process, and student life at the university. All of the children took part in the physics and mathematics academic contest hosted by the university in hopes of earning additional points for their final-exam scorecard.

The group was also taken on a career guidance tour to a number of the University of Tyumen's branches, including the Earth Sciences Institute, the Chemistry Institute, the Physics and Technology Institute, the Environmental and Agricultural Biology Institute's laboratory, and the University of Tyumen's Fabrication Laboratory (Fablab UTMN). The young scholars particularly enjoyed the visit to the NOVATEK Scientific and Technical Center's office and laboratory center, where they learned about the center's staffing needs.

In August 2023, 20 children from Tyumen, Salekhard, and Tarko-Sale went to Anapa to participate in the GEOSMENA Young Russian Geologists summer camp.

The NOVATEK Planet convention for students enrolled in dedicated physics and mathematics classes was held in Moscow and Sabetta towards the end of October. The event was attended by 110 10th and 11th graders, as well as by 15 education professionals from the Gifted Children program who made their way to the convention from Murmansk, Tyumen, Salekhard, Tarko-Sale, and Novokuybyshevsk.

In Moscow, the students took part in a team-building game and visited the HSE Lyceum, where they participated in an idea hackathon, a debate, a trial round of the STEPS research contest, and a meet-and-greet with the lyceum project supervisors. The young people were also treated to a tour of Moscow, before moving on to Sabetta on the next day with students from the HSE Lyceum, where they visited Yamal LNG plant.

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 2023, 688 students, including 670 students from Tarko-Sale and 18 – from the settlement of Kharampur, all aged 5 to 18 years, attended the center, which offers 31 additional education programs and 27 individual learning paths focusing on the natural sciences, technology, tourism, and regional natural history. The programs challenge the students to solve contest-level and advanced-level problems and prepare them for national contests and competitions. The students also research projects on topics relevant to 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 2023, the Company awarded 64 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 2023, nine 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. Since 2023 the compensation and scholarships were increased. During their studies, students are offered paid internships. In 2023, 70 students of the NOVATEK-University program interned at Company subsidiaries.

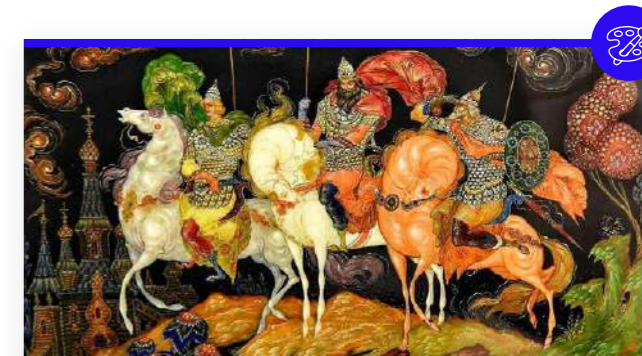
Preserving Cultural Heritage



In 2023, NOVATEK continued to support History and Art, an educational exhibition project at the State Russian Museum. This time, the project's reach included Chelyabinsk, Tyumen, Tarko-Sale, Petropavlovsk-Kamchatsky, and Murmansk. In 2023, the project centered around 20th-century history and art, whereas the prior year's focus was on the 19th century. The team behind the project, which aims to promote Russian history, shared an insight into key periods of the country's history through the lens of art pieces exhibited in the State Russian Museum, the Tretyakov Gallery, the State Historical Museum, and local art museums to show that major events are depicted not only in documents but also in paintings, sculpture, and architecture.



In 2023, NOVATEK became a partner of the Moscow Museum of Modern Art's Yuri Kuper: Monochrome exhibition, which was structured as a journey into the author's mind and demonstrated all aspects of Kuper's creative talents as a painter, graphics artist, sculptor, designer, and scene painter.



NOVATEK also supported the Land of Fairytale educational exhibition project dedicated to the 100th anniversary of Palekh miniature, a form of lacquer painting. The feeling of immersion into the world of Russian fairytale created by Palekh artists was supported by the ambience of the Mikhailovsky (St. Michael's) Castle's Eastern Pavilion. Exhibition visitors had the opportunity to enjoy a collection of lacquer miniatures and learn how they were made. A number of the exhibited pieces were produced by modern Palekh artists specifically for the project.



NOVATEK remained a partner of the Moscow Soloists Chamber Ensemble, led by the conductor Yuri Bashmet, and extended its support to new performances at the Theater of Nations, namely Terminal 3 by Nikita Kobelev and Bovary by Andrey Prikotenko.

Sports Projects

In 2023, NOVATEK continued to promote children and youth sports in its regions of operation by providing competitive minifootball, acrobatic rock'n'roll, and student basketball teams with equipment, official competition balls, kits, prizes, cups, and medals.

During the year, minifootball tournaments for school teams were run in the Chelyabinsk Region and Kostroma Region. The competitions gather some 8,500 boys and girls every year. The grand prize for the tournament winners were minifootball pitches for the teams' schools: we built two pitches in each of the Chelyabinsk Region and Kostroma Region.



With the aim of promoting football to a wider audience, a Football Festival was run in partnership with the Russian Football Union at the Offshore Superfacility Construction Center (LNG Construction Center) in the Murmansk Region in 2023. The festival featured Dinamo (Kirov) and 2DROTS going head-to-head in the third round (128) of the Russian Cup's qualifying rounds, named the Regions Path, and a friendly tournament for school teams from the Kostroma Region, Murmansk Region, and Chelyabinsk Region. The event culminated in an open training session of the Russian men's national football team and a workshop for almost 200 children.

As part of our efforts to promote 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 in partnership with NOVATEK. The project's reach currently includes 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.



★ The overall number of football pitches built for tournament-winning teams since the Step to Bigger Football project's inception in 2013 is 49 for the Chelyabinsk Region and 13 for the Kostroma Region.



In 2023, the Company continued its partnership 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 10,000 athletes participating from 70 regions of Russia. Since 2017, the Kostroma Region has hosted the Student Basketball Association regional division competition. A total of six men's basketball teams represented their universities and colleges in the competition in 2023. Over the course of the summer, the Student Basketball Association also arranged 3x3 matches between teams from different regions, involving ten men's and six women's teams.

In addition to these competitions, various regions hosted acrobatic rock'n'roll and football workshops and shows.

In the reporting year, NOVATEK continued supporting Russian national football teams, Russian Football Cup matches, the Dinamo women's volleyball team (Moscow), and the NOVA volleyball club and its affiliate children and youth clubs.



Help to Children in Desperate Need

NOVATEK's charity policy aims to provide targeted help to children under 18 in distress (e.g., children with serious illnesses or children with disabilities) who live in the regions where the Company operates by offering medical care and rehabilitation as well as support to children in orphanages and nursery schools for children with special needs.

In addition to the primary mission stipulated in the policy, the Company extends support to state children's healthcare institutions from the regions where the Company operates, e.g., by helping them purchase rehabilitation devices and high-tech equipment or by repairing individual rehabilitation premises. The Company also assists volunteers at these institutions.



In the reporting year, the Company continued its efforts under the Health Territory charity project, which included supporting leading healthcare professionals from the Russian Children's Clinical Hospital and the Veltischev Research and Clinical Institute for Pediatrics and Pediatric Surgery to make visits to Murmansk, Tyumen, Chelyabinsk, Magnitogorsk, Kostroma, Petropavlovsk-Kamchatsky, Novy Urengoy, and Tarko-Sale.

★ Over the course of the year, 739 children with serious illnesses received high-quality medical care from healthcare professionals, while 157 children were admitted to the Russian Children's Clinical Hospital and other federal healthcare centers under the Health Territory project. As part of their visits, healthcare professionals held research-to-practice conferences for regional specialists as well as case conferences, including with leading experts on rare medical conditions.

In 2023, the Company continued its work with the Dmitry Rogachev National Medical Research Center of Pediatric Hematology, Oncology, and Immunology. The Targeted Therapy project is currently providing targeted assistance to children with brain and central nervous system tumors.

In 2023, the Company launched new projects to provide targeted support to children in distress:

- the Movement project, which aims to help children disabled by accidents by providing artificial limbs and endoprosthetics. The Company helped one child from Tyumen receive bionic forearm and hand prosthetics, one child from Tarko-Sale purchase a prosthetic leg (thigh), and one child from Petropavlovsk-Kamchatsky purchase a bionic hand prosthetic. Another child from Gubkinsky in the YNAO received financial support to pay for an endoprosthesis surgery in the St. Petersburg-based G. Turner National Medical Research Center for Pediatric Orthopedics and Trauma Surgery; and
- the Neurokids project, which partners with the Moscow-based Veltishev Research and Clinical Institute for Pediatrics and Pediatric Surgery to help children with cerebral palsy and central nervous system diseases and pay neurosurgery bills. In 2023, aid was extended to a child from the Chelyabinsk Region to finance an implantation of a vagus nerve stimulator, and to two children from Novy Urengoy and the Moscow Region to pay for selective dorsal rhizotomy.

Children with cerebral palsy who live in the regions where the Company operates also received targeted charitable support for rehabilitation in dedicated centers across the country, rehabilitation equipment (wheelchairs and orthopedic products), special diets, and genetic research.

NOVATEK also provided help to children in orphanages and foster homes by extending funding to purchase summer and winter clothes and shoes for the orphanage of Trinity Church in Kolomna, where 49 children live; children's clothes and food for the Ryazan Region's Marfa orphanage, where 28 children live; and by donating 60 sets of books for visually impaired children to the Rucheyok nursery school for children with special needs in Novy Urengoy.

In the reporting period, the Company also provided aid to state children's healthcare institutions based in the regions where the Company operates to help them purchase rehabilitation equipment and repair

their premises as part of the newly launched Atmosphere project. Support encompassed helping the Chelyabinsk Regional Children's Clinical Hospital purchase 65 hospital beds, helping the Kostroma Regional Children's Hospital repair its physical therapy room, replacing 34 wooden window frames with plastic ones, and installing an air conditioning system in the telemedicine room. Three wooden window frames were replaced with plastic ones in the Kostroma-based Nursery School No. 53 for children with special needs. The Magnitogorsk Maternal Health and Childhood Protection Center also received medical rehabilitation equipment for children with physical disabilities.

As part of the High-Tech Equipment project, three ventilators were donated to hospitals: one went to the Murmansk Regional Children's Hospital, and two ventilators went to the Kostroma Regional Children's Hospital. Ophthalmic equipment was delivered to the Children's Development Center – Kindergarten No. 132 in Magnitogorsk, and a steam sterilizer was supplied to Polyclinic No. 1 in Petropavlovsk-Kamchatsky.

In 2023, the core focus of the Company's volunteer movement All Together remained unchanged: supporting orphans and children with various illnesses. Employees from the Company and its subsidiaries sent individual New Year gifts to 219 care recipients at the Noginsk boarding school, including children with disabilities.

The Company's charity projects enabled more children to receive targeted assistance, all while improving the quality of medical care offered by healthcare institutions in the regions where the Company operates.



Other Charitable Activities

In 2023, the Company extended financial aid to the restoration of memorials in eight municipalities of the Chelyabinsk Region and provided 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 in the region. Among the aid recipients was also the Orientir search party.

NOVATEK subsidiaries – including NOVATEK-TARKOSALENEFTEGAS, NOVATEK-YURKHAROVNEFTEGAS, NOVATEK-Kostroma, and NOVATEK-Chelyabinsk – also took part in the Memory Garden initiative in 2023. Company employees, local schoolchildren, and volunteers planted trees to commemorate those who died in the Great Patriotic War.

Under the Childhood Protection project, the Company gave funding to Boarding School No. 13 and the Aistenok child care center in the Chelyabinsk Region, helping to repair their classrooms, residential areas, and studio theater, while also sending the boarding school children on a holiday to a children's health resort in Anapa. Children from the Aistenok child care center were also taken on an educational trip to the Moscow-based GES-2 House of Culture. Support was also provided to the Ladder of Success, a festival held for orphans and children in care, and to the region's first children's parade during the Multi-Pulti Fest.

Bicycles and kick scooters were purchased for Kindergarten No. 181, which supports children with cerebral palsy, and aid was provided to the organization Star Rain, which helps autistic children.

Another highlight of the Company's social projects was a regional children's drawing contest run by NOVATEK-Kostroma in partnership with the Department of Education and Science, in which over 400 children took part. The Company awarded winners and runners-up with certificates, prizes, and gifts. In 2023, the grand prize for the top young artists was a visit to the GES-2 House of Culture in Moscow.

In the Kostroma Region and YNAO, events are organized under the national #TogetherBrighter competition for creativity, design, and research. Activities in these regions also include professional education days and career guidance initiatives. NOVATEK-Kostroma arranged open days to introduce young people to the Company's business. More than 300 schoolchildren participated in 2023. NOVATEK-Tarkosaleneftegashas annual open days for the Tarkosalinsky Vocational College and biannual site tours for older students of the city's schools and the college.



As part of the Oil and Gas Worker's Day celebrations in 2023, a running race was organized, in which more than 400 employees from Kostroma, Yaroslavl, Ivanovo, Moscow, and Tarko-Sale competed.



In 2023, NOVATEK-Kostroma provided support to the organizers of the Contemporary Dance Performance Festival, an inter-regional youth project that brought together dance teams from Kostroma, Chelyabinsk, Kirov, Novosibirsk, Ivanovo, and Moscow.

In the YNAO, a New Year matinee was hosted for children of indigenous peoples of the Far North, and financial aid was provided for the Reindeer Herder's Day and the Fisherman's Day celebrations.

Management and Corporate Governance

Corporate Governance System

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 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](#)



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 № 06-52/2463 dated 10 April 2014). The Company follows the recommendations of the Code, as well as offering 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. 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 harmonizes its internal documents to reflect such changes. 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. 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.

Regulations for General Meetings of Shareholders is available at [our website](#)

★ On 29 September 2023, the Extraordinary General Meeting of Shareholders approved the size of the interim dividend for the first half of 2023.

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 2023, the Annual General Meeting of Shareholders approved the 2022 Annual Report, accounts, and financial statements prepared under Russian Accounting Standards (RAS), voted to distribute the profit, and agreed on the size of the year-end dividend for 2022. The meeting also elected the Board of Directors and the Revision Commission, approved the remuneration payable to the members of the Board of Directors and the Revision Commission, and approved the external auditor for 2023.



Board of Directors

The Board of Directors' (the Board's) 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 members of the Board of Directors.

The Board of Directors were elected at the Annual General Meeting of Shareholders on 21 April 2023. The elected Board is comprised of nine members, of which eight are non-executive directors, including five independent directors. The Board is chaired by Alexander Natalenko. The Chairman is responsible for leading the Board and ensuring it operates efficiently.

NOVATEK's Articles of association is available at [our website](#)

Regulations for Board of Directors are available at [our website](#)

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 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 (approved by the Board of Directors, Minutes No. 168 dated 28 April 2014 with subsequent alterations and amendments).

Board activities during the 2023 corporate year¹

During the corporate year 2023

6
meetings

of the Board were held, including

4
meetings

were held in the form of joint attendance

To ensure the Company's efficient performance, Board meetings are convened on a regular basis at least once every two months. During the corporate year 2023, the Board met six times, of which four meetings were held in the form of joint attendance.

The following key issues were discussed and decisions made:

- The Company's six-month and full-year operating and financial results were reviewed;
- Six-month and full-year 2023 dividends were proposed;
- Extraordinary and Annual General Meetings of Shareholders were convened. During the meetings in 2023, telecommunications facilities were used to allow shareholders to vote via electronic ballot;
- The main parameters of NOVATEK's business plan for 2024 were reviewed and approved;
- Material topics to be disclosed in NOVATEK's Sustainability Report 2023 were approved;
- NOVATEK's Sustainability Report 2022 was approved;
- Regulations for the passage of information between the Audit Committee of NOVATEK's Board of Directors and the external auditor regarding the provision of services not related to assurance engagements and the external auditor's remuneration were approved;
- NOVATEK's restated Anti-Corruption Policy was approved;
- NOVATEK's Board of Directors Succession Policy was approved;
- The work plan and budget for NOVATEK's Internal Audit Division was approved for 2024.



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 Board Committee activities by engaging an external independent consultant once every three years, and conducts a self-assessment annually.

In February 2023, a self-assessment of the activities of NOVATEK's Board of Directors was conducted. The results of the self-assessment 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; Moscow Exchange Listing Rules; the recommendations of the Central Bank of the Russian Federation on risk management, internal control, internal audit, and Board of Directors (Supervisory Board) audit committee 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.

¹ From the Annual General Meeting of Shareholders on 21 April 2023 until 15 March 2024.

Board Committees

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.

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

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 the Subcommittee on Climate and Alternative Energy within 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 the necessary recommendations are made prior to general Board discussions.

Attendance of Board and Committee Meetings in the Corporate Year 2023, %

Board of Directors (9 directors) 6 meetings	Remuneration and Nomination Committee (5 directors) 5 meetings	Audit Committee (5 directors) 6 meetings	Strategy Committee (5 directors) 4 meetings
J 9/9 100%	A 5/5 100%	A 5/5 100%	A 5/5 100%
A 8/9 89%	J 5/5 100%	J 5/5 100%	J 5/5 100%
J 9/9 100%	J 5/5 100%	A 5/5 100%	J 5/5 100%
J 9/9 100%	J 5/5 100%	J 5/5 100%	A 5/5 100%
J 9/9 100%	J 5/5 100%	J 5/5 100%	
A 9/9 100%		J 5/5 100%	

Meeting form:
J Joint attendance
A In absentia



In order to discharge their duties, the committees may request information or documents from members of the Company's executive bodies or the 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 with leading experts in these areas invited as speakers were run in 2023:**

-  Cybersecurity and digital sovereignty;
-  Personnel training and competence development of engineering specialties for industrial companies.

The Committees' activities are governed by the specific Committee Regulations available on [our website](#)

Audit Committee

The primary roles

The primary role of the Audit Committee is 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.

In the corporate year 2023, the Committee met six times, including four meetings in the form of joint attendance, to:

- have four meetings with the external auditor to discuss the Audit Plan and review the audit report covering the Company's activities for the year;
- review the NOVATEK Group's risk map and opportunities map;
- review reports on compliance with the Information Policy, the Anti-Corruption Policy, and the Code of Business Conduct and Ethics;
- pre-review, and make an approval recommendation for, the restated Anti-Corruption Policy;
- review the Company's quarterly financial performance;



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.

- approve the interim 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 to the General Meeting of Shareholders regarding a nominee auditor for the Company and to the Board of Directors regarding the size of the auditor's remuneration;
- pre-review and make an approval recommendation to the Board of Directors regarding Regulations for the passage of information between the Audit Committee of NOVATEK's Board of Directors and the external auditor regarding the provision of services not related to assurance engagements and the external auditor's 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; and
- consider other matters within the Audit Committee's remit.

Remuneration and Nomination Committee

The primary roles

The primary role of the Remuneration and Nomination Committee is 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 areas.

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 preliminary 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 Board 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;
- 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 2023, the Remuneration and Nomination Committee met five times, including four meetings in the form of joint attendance, to:

- pre-review and make an approval recommendation regarding NOVATEK's Board of Directors Succession Policy;
- pre-review and make an approval recommendation regarding the NOVATEK Group's Energy Efficiency and Energy Saving Policy;
- pre-review and make an approval recommendation to the Board of Directors regarding NOVATEK's Sustainability Report 2022;
- make recommendations for approval of material topics to be disclosed in NOVATEK's Sustainability Report 2023;
- review information on NOVATEK's sustainability progress;
- examine the new ISSB non-financial reporting standards and NOVATEK's compliance with the new standards;
- review the NOVATEK Group's 2022 HSE performance report;
- make recommendations in accordance with the NOVATEK Group's Executive Bodies and Other Key Employees Remuneration and Reimbursement Policy;
- review NOVATEK's 2023 human resources report, including information on training for high-tech projects;
- review NOVATEK's 2023 report on social performance in the regions where the Company operates;
- make recommendations to the General Meeting of Shareholders with respect to the Board of Directors' remuneration package;
- review the self-assessment reports of NOVATEK's Board of Directors and its Committees;
- consider other matters within the Committee's remit.

Strategy Committee

The primary roles

The primary roles of the Strategy Committee include 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;
- 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 2023, the Remuneration and Nomination Committee met four times, including two meetings in the form of joint attendance, to:

- make recommendations regarding the size and form of the six-month and full-year dividends;
- review progress updates on LNG projects, encompassing key indicators; the availability of resources, finance, technology, and shipping capacity; and regulatory compliance;
- review progress updates on UGSS projects, encompassing key indicators, resource availability, and commercial and regulatory compliance risks;
- review the progress update on liquefaction process import substitution;
- pre-review and make an approval recommendation regarding the main parameters of NOVATEK's (consolidated) business plan for 2024;
- consider other matters within the Committee's remit.

within Strategy Committee

Subcommittee on Climate and Alternative Energy

The primary role

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

The Subcommittee's primary roles include 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 the corporate year 2023, the Sub-Committee 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 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. The Management Board's remit is detailed in NOVATEK's Articles of Association.

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

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 2022 (Minutes No. 255 dated 25 August 2022).

Remuneration to Members of the Board of Directors and Management Board

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 resolutions of the Annual General Meeting of Shareholders dated 23 April 2019 and the Annual General Meeting of Shareholders dated 21 April 2023.

According to the Regulations, remuneration consists of the following:

- A fixed part which is paid in equal shares 4 times a year;
- Remuneration for attending Board meetings which is paid one time at the end of the year;
- Remuneration for attending Board Committee meetings which is paid one time at the end of the year.

The Chairman of the Board of Directors has a fixed amount of remuneration, which is paid in equal shares 4 times a year, and there are no additional payments for attending the Board's meetings.

By the resolution of the Annual General Meeting of Shareholders dated 21 April 2023, the fixed part of the remuneration of a member of the Board of Directors was increased to RR 18 million,

Remuneration for attending Board meetings – to RR 5.4 million, Remuneration for attending Board Committee meetings – to RR 3.6 million. The fixed part for the Chairman of the Board of Directors totals RR 36 million per corporate year.

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

Regulations on Remuneration and Compensations Payable to Members of Board of Directors are available at [our website](#)

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.

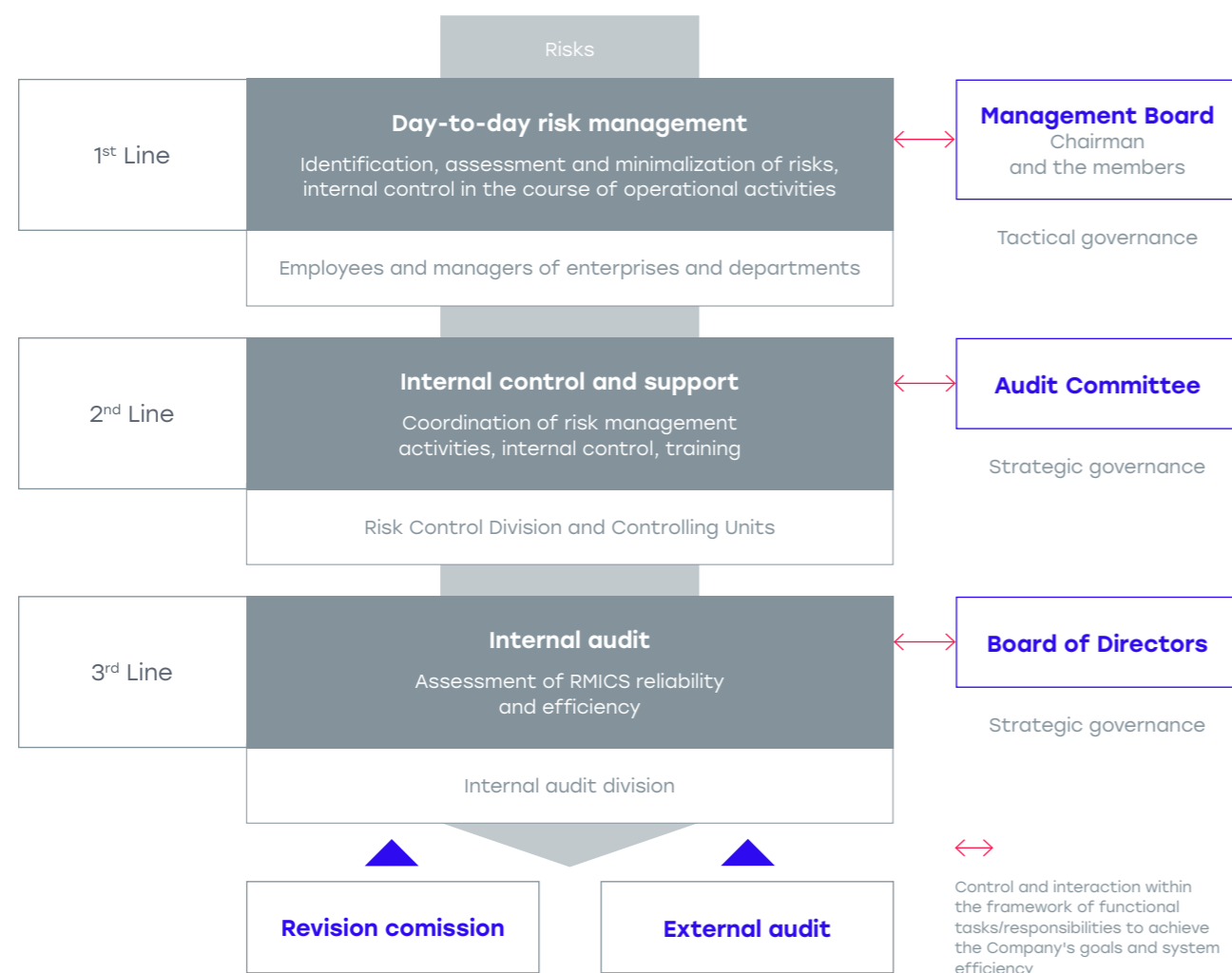
The main principles and approaches, goals and objectives, list of participants of the RMICS, as well as their obligations and cooperation procedure, are governed by the Regulations on NOVATEK Risk Management and Internal Control System approved by the Board of Directors (Minutes No. 247 dated 27 August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

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 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 are available at [our website](#)

NOVATEK's Risk Management and Internal Control System model and participants



Key documents regulating RMICS in NOVATEK¹



- 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

The detailed information about the key documents regulating RMICS is available at [our website](#)

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

Internal Audit Division

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

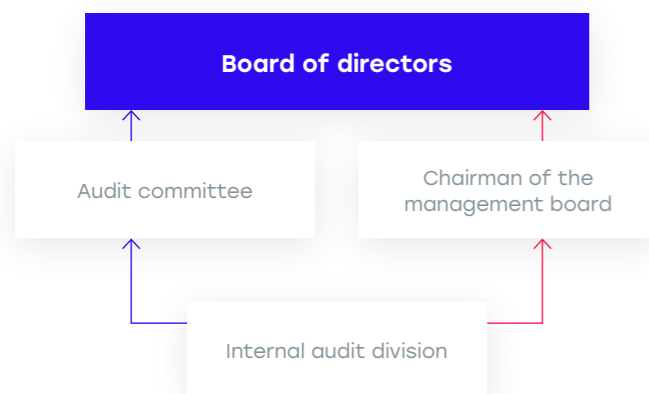
★ **The internal audit function in NOVATEK is centralized.**

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.

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.



→ Functional reporting
→ Administrative reporting

To efficiently perform the internal audit function:

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

Activities in the reporting period

In 2023, the Division carried out its activities based on the annual plan 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 2023 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 2023 were reviewed by the Audit Committee comprised of independent directors. NOVATEK's internal audit activities in 2023 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 2023, in order to ensure continuity of compliance with the International Standards for the Professional Practice of Internal Auditing, the Division began to undergo another independent external assessment. The assessment is being conducted by B1- Consult LLC and will be completed in the first quarter of 2024.

In 2019, an independent external assessment of the quality of the internal audit function conducted by Ernst and Young – Assessment and Consulting Services LLC validated the compliance of NOVATEK's internal audit activities with International Standards for the Professional Practice of Internal Auditing (Opinion dated 22 March 2019).

Coordination of activities with other parties

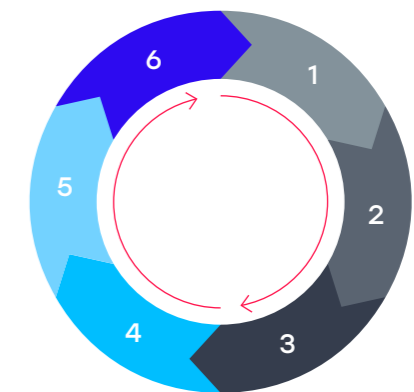
The Internal Audit Division cooperates with the external auditor in sharing information related to working plans and other matters of relevance to the parties. To improve the efficiency and reduce the costs, the Internal Audit Division employees serve on the revision commissions of the Company's affiliates.

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, as well as 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.

NOVATEK's risk management process



- 1 Set objectives
- 2 Define risk appetite
- 3 Identify risks
- 4 Evaluate risk impacts
- 5 Determine actions
- 6 Monitor and evaluate action results

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.

Risk Management Activities

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.

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 1–3 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.

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.

The following activities were implemented in 2023:

- Activities to raise awareness of the most pertinent risk management issues to NOVATEK spanned the entire year, as requested by the Company's top management and governance bodies;
- A training course titled Risk Management at the NOVATEK Group was developed. Its purpose is to nurture a risk culture across the Company and provide an introduction to key risk management standards and best practices for identification, assessment, and development of risk management action plans as may be applicable to the NOVATEK Group's business;
- The Audit Committee of NOVATEK's Board of Directors now receives more details on risk management at the Company's subsidiaries and affiliates;
- The Company's Risk Map for 2024–2026 and Opportunities Map to 2030 were updated.

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.

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 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 key Group's subsidiaries and affiliates and continued on a systematic basis in 2023.

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

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 February 2024, the Revision Commission completed the audit of financial and business activities of the Company for the year 2023. The resulting opinions to be submitted to the Annual General Meeting of Shareholders validate the reliability of information contained in the Company's 2023 Financial Statements (under the Russian accounting standards), 2023 Annual Report and 2023 report on related-party transactions.

Regulations for Revision Commission are available at [our website](#)

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 Code of Business Conduct and Ethics, 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.

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.

The 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.

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 the [Ethics and Human Rights Hotline](#). No message is ignored. NOVATEK guarantees confidentiality and no retaliation or repression to anyone reporting such violations in good faith.

The Company ensures that the Audit Committee is updated on the results of the Ethics and Human Rights hotline functioning on a regular basis.

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.

In December 2023, NOVATEK's revised Anti-Corruption Policy was approved (Minutes No. 265 dated 22 December 2023). 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.

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.



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 Audit Committee is continuously updated on the results of activities aimed at compliance with Anti-Corruption Policy and operation of the security hotline.

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.

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" 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.



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.

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 2023, the Audit Committee had four 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.

Dividends

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 dated 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.

Regulations on Dividend Policy are available at [our website](#)

On 9 February 2024, the Board of Directors of PAO NOVATEK recommended to the Annual General Meeting of Shareholders to pay dividends for FY 2023 in the amount of RR 44.09 per ordinary share, exclusive of RR 34.50 of interim dividends per ordinary share, paid for the first six months of 2023. Thus, should the General Meeting of Shareholders approve the recommended dividend, the dividends for 2023 will total RR 78.59 per ordinary share.

Accrued dividends on NOVATEK shares for the period 2018 to 2023

Dividend Accrual Period	Amount of dividends, RR per share
2018	26.06
2019	32.33
2020	35.56
2021	71.44
2022	105.58
First half 2023	34.50

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 2023, 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).

Information Transparency

NOVATEK abides by its adopted disclosure standards. The Regulations on Information Policy approved by the Board of Directors as amended and restated in 2017 (Minutes No. 198 dated 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 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.

Regulations for Information Policy are available at [our website](#)

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

★ In 2023, 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.

Media coverage focused on the Company's key projects, import substitution and localization of equipment, as well as social and cultural initiatives and events.

The standout topic in 2023 was the Arctic LNG 2 Train 1 sail-away ceremony at the LNG Construction Center and its towing to the Utrenneye field at the Gydan Peninsula. Coverage focused predominantly on the innovative GBS-based LNG train construction method as well as the use of Russia-sourced components to fabricate its modules. The event resulted in more than 5,000 media publications.



NOVATEK ensures consistent coverage of its social and charity activities, with regional media notably covering the following Company projects:

- Visits by doctors from the Russian Children's Clinical Hospital under the Health Territory project;
- History and Art: 20th Century, a joint project with the State Russian Museum.

Pursuant to its information policy principles, NOVATEK pursued goal-oriented dialogue with national, international, and regional media throughout the reporting year, with more than 52,000 publications made about the Company in 2023.

In 2023, the federal business press and news agencies were the principal outlets for positioning the Company, accounting for 57% of the total number of publications. Regional media outlets covered NOVATEK's activities extensively, contributing 28% of all published material. The remaining 15% of publications were made by international media. In particular, Chinese media outlets showed a marked interest toward joint LNG projects.

Other highlights that received extensive coverage were LNG logistics, safe sea navigation, and boosting cargo traffic along the Northern Sea Route.

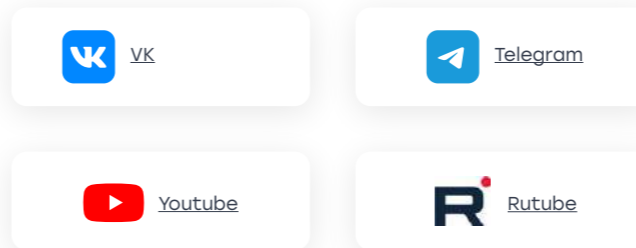
In 2023, the Company's representatives attended major business events in Russia and abroad, including:

- St. Petersburg International Economic Forum;
- India Energy Week;
- Eastern Economic Forum;
- Russia-Africa Forum;
- Industrial and Energy Forum (TNF);
- Russian Energy Week;
- Belt and Road Forum;
- Eurasian Economic Forum, and other industry events.

NOVATEK uses modern channels to communicate information and interact with the general public through social media. The Company has social medial accounts in the Russian language on VK, Telegram, Youtube, and Rutube that help promptly update the subscribers on the Company's activities and projects. The number of subscribers at the end of the year was 46,000. A total of 46,143 posts and comments with references to the Company were published on social media in the reporting period.

46,000

The number of subscribers at the end of the year



★ The Chairman of the Management Board took part in a series of public events, including briefings, media scrums, and public statements.

Russian journalists and their APAC-based counterparts visited the Company's industrial sites to follow the construction and operation of NOVATEK's major facilities.

The Company continued its efforts to support culture, preserve and revitalize Russia's national values and spiritual heritage, and promote recreational and high-performance sports.

The Company's sporting highlight was a major football festival hosted by the LNG Construction Center that featured teams playing in the Russian Cup, children's teams from the Kostroma, Murmansk and Chelyabinsk Regions, and Russian national team stars. The festival was covered by all types of media, including TV, print, online, and social media.

Focused interaction with the media in 2023 allowed to increase the share of positive materials by 57%, halving the share of negative materials published in the previous year.

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 social media and corporate portal.

In 2023, the project to develop a new NOVATEK Group intranet portal was successfully implemented. The goal of the project was to build a universal information space for employees.

We also partnered with Lomonosov Moscow State University to create the special Oil & Gas Journalism course to introduce students to the basics of reporting on the economics and operations of the oil and gas industry.





Additional Information

Key Business Risks

The Company's business is associated with operating in complex and rapidly evolving internal and external environments. The Company's ability to achieve its goals is maintained through consistent efforts to identify, assess, and mitigate all risks.

The table below contains the risks that the Company sees as most likely to significantly affect the achievement of its operational and strategic goals.

NOVATEK's strategic goals

 Expanding the resource base	 Increasing hydrocarbon production
 Maintaining a low-cost structure	 Optimizing marketing channels
 Sustainable development	 Building low cost scalable LNG platform

NOVATEK's risk management framework is outlined in the section dedicated to the [→ Risk Management and Internal Control System](#)

Risk / Causes and effects / Effect on goals

Risk / Causes and effects / Effect on goals

I. Operational risks

1. Process risks

In February 2023, during the repair work at NOVATEK-TARKOSALENEFTEGAS an incident occurred, which did not result in any environmental or operational impact

Emergencies, fires, and explosions at industrial sites:

- property damage
- suspension of business
- injuries and fatalities



1. Providing personnel training and running personnel knowledge checks in occupational health and safety
2. Monitoring the process conditions in which equipment operates
3. Performing preventative and scheduled maintenance and equipment upgrades
4. Creating emergency stocks of spare parts, under localization projects or otherwise
5. Developing and implementing emergency response plans, oil spill response plans, business continuity plans, etc.
6. Securing insurance coverage for process risks

2. Environmental risks

In 2023, the Company continued working toward its environmental and climate goals and did business in accordance with applicable environmental standards. No emergencies resulting in environmental impact occurred in the reporting year

Operations impacting the environment:

- soil, water, and air
- biodiversity
- indigenous minorities' ancestral lands



1. Implementing action plans to achieve 2030 environmental and climate goals (approved in 2020)
2. Monitoring the process conditions in which equipment operates
3. Developing and implementing emergency response plans, oil spill response plans, and business continuity plans
4. Adhering to legal environmental compliance requirements
5. Taking action on biodiversity and natural ecosystem conservation in the regions where the Company operates
6. Securing insurance coverage for environmental risks

3. Climate risks

In 2023, no natural disasters or material changes in environmental conditions occurred as a result of the climate change in the regions where the Company operates. Efforts to achieve 2030 environmental and climate goals are ongoing

- Climate change's impact on operations (lightning strikes, floods, fires, etc.)
- the Company's impact on global climate change (emissions)



1. Implementing action plans to achieve 2030 environmental and climate goals (approved in 2020)
2. Monitoring the weather, permafrost, and cryogenic processes in the regions where the Company operates, in real time
3. Generating climate change scenarios and simulating the implications of climate change for the Company's operations
4. Incorporating climate change research and forecasts into the design of permanent buildings and structures
5. Conducting decarbonization and carbon footprint reduction studies where applicable to the Company's businesses and renewable energy options

Risk / Causes and effects / Effect on goals**Risk / Causes and effects / Effect on goals****4. Geological risks**

In 2023, hydrocarbon reserves trended upward

- Slower expansion of reserves
- lack/absence of new fields
- lower hydrocarbon production rates



1. Performing calculations and requesting third-party evaluations of the Company's reserves on an annual basis
2. Implementing geological exploration and resource base expansion plans, including participation in auctions to acquire new fields
3. Rolling out efficient exploration and production drilling campaigns, including those involving advanced processes
4. Capitalizing on the in-house Laboratory and Research Center (opened in 2022) to perform various geological studies, including core, fluid, and permafrost analysis, etc.

5. Risks of force-majeure events

No natural disasters occurred in the regions where the Company operates in 2023. With the COVID-19 pandemic over, there were no major epidemics in the regions where the Company operates in the reporting year

- Natural disasters
- epidemics and pandemics
- acts of terrorism
- cyber risks



1. Monitoring the weather, permafrost, and cryogenic processes in the regions where the Company operates, in real time
2. Implementing an action plan to maintain health security at the Company's sites
3. Providing medical aid and health monitoring for personnel (health checkups on a regular basis, vaccination campaigns, and employee health insurance plans)
4. Monitoring the security situation at energy assets and transportation assets, as well as at other sites and in other locations as stipulated by Russian law
5. Deploying a multi-level IT security framework based on software and specialized hardware, performing information security checks on a regular basis, interfacing with policy makers, and ensuring compliance with Federal Law No. 187-FZ
6. Securing insurance coverage for natural disasters and terrorism

II. Financial and market risks**6. Price risks**

Hydrocarbon prices in the global markets declined throughout 2023. The price of gas sold domestically in Russia is regulated by the Federal Antimonopoly Service

- Falling or highly volatile prices in the global LNG, crude, and petroleum products markets
- Regulated prices in the domestic gas market



1. Real-time monitoring of the pricing environment in the international crude, LNG, and petroleum products markets; price scenario modeling
2. Reallocating product supplies to regions with better prices (Europe and Asia)
3. Diversifying the natural gas sales portfolio, including commodity trading, etc.
4. Reducing price-risk exposure through financial derivatives and hedging
5. Promoting natural gas as a motor fuel in the Russian market

7. FX risks

During 2023, the monetary policy of the Bank of Russia resulted in a significant weakening of the ruble against major foreign currencies. The Company is naturally hedged through export revenues and foreign currency-denominated liabilities

The impact of the ruble exchange rate against major currencies (USD and EUR) on:

- sales
- imports
- financing
- payments to foreign counterparties



1. Tracking the movement and forecasts of FX rates as part of short-term and long-term planning
2. Complying with all international trade requirements of the Bank of Russia
3. Using alternative currencies and banks in friendly jurisdictions to settle payments with international counterparties
4. Updating FX impact estimates and reporting them in financial statements as required by IFRS

Risk / Causes and effects / Effect on goals

Risk / Causes and effects / Effect on goals

III. Corporate risks

8. Legislative and regulatory risks

In 2023, the Company followed all regulatory developments to ensure compliance across all its business areas

Russian and international regulatory requirements regarding:

- licensing;
- production and processing;
- export/import;
- prices and tariffs;
- taxation



1. Tracking legislative initiatives and anticipating their impact on the Company's business
2. Control and interaction with the supervisory authorities of the Russian Federation in all areas of regulation
3. Following applicable international laws regarding imports, exports, and payments to international counterparties
4. Contributing to and assisting dedicated energy committees of the Russian Government and the Russian State Duma, as well as industry associations, on a wide range of matters related to the energy sector

9. Political risks

The Company constantly monitors the political and economic situation in the Russian Federation and the world and responds promptly to all changes

The impact of the political and economic situation in Russia and the world



1. Implementing import substitution and production localization program in Russia
2. Finding workarounds to restrictions
3. Identifying alternative buyers and sales markets
4. Developing and rolling out in-house engineering solutions for LNG production and gas processing

IV. Project risks

10. Project risks

The Company implements measures for technological support, search for optimal solutions in logistics and sales for all prospective projects

The impact of internal or external factors on the implementation of perspective projects of the Company



1. Identifying alternative technical solutions, suppliers, and producers from friendly jurisdictions
2. Localizing the required equipment in Russia
3. Leveraging in-house patented liquefaction processes
4. Finding alternative logistics solutions for LNG shipment and transshipment

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. 1102 dated 4 July 2023.

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 9 February 2024 (Minutes No. 266).

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 2023.

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 → [Management and Corporate Governance](#) section of this Annual Report

№	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	–
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, if it deems it necessary, to include 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	–

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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	<ol style="list-style-type: none"> The Company's Articles of Association determines 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 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	<ol style="list-style-type: none"> 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	-
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	<ol style="list-style-type: none"> 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. 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. 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. 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	-
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	<ol style="list-style-type: none"> The Company's Regulations on the dividend policy is approved by the Board of Directors and disclosed through the Company's website. 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 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 not fully 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	<ol style="list-style-type: none"> The Company's Regulations on the dividend policy identifies, 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	-

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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 not complied with	This principle is not complied with as the Company believes that statutory controls are sufficient for relevant purposes. The Company does not transact with persons under control by substantial shareholders, which prevents substantial shareholders from profiting (gaining) from the Company. The Company does not see any risks in the established practice, as the system of procurement procedures introduced in the Company ensures the conclusion of contracts on market terms
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	-

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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	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. In accordance with the Company's Articles of Association, the members of the Management Board are 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 Executive Bodies and other Key Employees Remuneration and Expense Reimbursement Policy approved by the Board of Directors. 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.
		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 not fully complied with	The Management Board was elected by the Board of Directors in 2022 and did not change in 2023. Before the election, the Remuneration and Nomination Committee reviewed the candidates for professional qualifications and experience and compliance with the needs of the company
		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	

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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	<ol style="list-style-type: none"> The Board of Directors plays a key role in preventing, identifying and resolving internal conflicts The Company set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts 	This principle is complied with	-
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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. 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	-
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	-

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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	–
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	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 shall be approved by the Board of Directors, if 8 out of 9 directors voted for the corresponding decision. Thus, any two independent directors may block the adoption of an undesirable decision in their opinion. The Company believes that independent directors have sufficient capacity to assess significant corporate actions
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 chairman of the Board of Directors is chosen from among the elected independent directors	1. The Board of Directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors 2. The role, rights and duties of the Chairman of the Board of Directors (and, if applicable, of the senior independent director) are duly set out in the Company's internal documents	This principle is not fully complied with	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. The Company considers the established procedure to be balanced and does not plan to change the existing approach
2.5.2	The chairman 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 Chairman 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	–

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5.3	The chairman 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 Chairman 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	-
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	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 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 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	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	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 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	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	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 2. The Company has in place a formalized onboarding program for newly elected Directors	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	-
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	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 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	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	-

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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 provides 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	<p>The Company's Articles of association do not provide for resolutions of the Board to be passed by qualified majority on the following matters:</p> <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. <p>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 Company's liquidation, appointment of a winding up commission and approval of the interim and final liquidation balance shall be made by the general shareholders meeting by the three-fourths majority of the votes of shareholders holding the voting shares and taking part in the general shareholders meeting.</p> <p>The Company considers the established procedure to be balanced, not bearing any risks, and does not plan to change the existing approach.</p>
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	<p>1. The Board of Directors has set up an audit committee comprised solely of independent directors</p> <p>2. The Company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code</p> <p>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</p> <p>4. Meetings of the audit committee were held at least once a quarter during the reporting period</p>	This principle is complied with	-
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 chairman of the Board of Directors	<p>1. The Board of Directors has set up a remuneration committee comprised solely of independent directors</p> <p>2. The Remuneration Committee is headed by an independent director who is not the Chairman of the Board of Directors</p> <p>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</p>	This principle is complied with	-

№	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	<ol style="list-style-type: none"> 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 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 	This principle is complied with	The tasks listed in Recommendation 186 of the Code are implemented within the framework of another committee – the Remuneration and Nomination Committee
		<ol style="list-style-type: none"> 3. To form a Board of Directors that best meets the goals and objectives of the Company, the Nomination Committee, independently or together with other committees of the Board of Directors or the Company's division authorized to interact with shareholders, organized interaction with shareholders in the reporting period, not limited to major shareholders only, with a view to select nominees to the Company's Board of Directors 	This principle is complied with	–
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.)	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. The Audit Committee, the Remuneration Committee, the Nomination Committee (or the relevant committee with combined functions) were headed in the reporting period by independent directors 2. The Company's internal documents (policies) include provisions stipulating that those persons who are not members of the Audit Committee, the Nomination Committee (or the relevant committee with combined functions) and the Remuneration committee may attend committee meetings only by invitation of the Chairman of the respective committee 	This principle is complied with	–
2.8.6	Committee chairmen inform the Board of Directors and its chairman on the work of their committees on a regular basis	<ol style="list-style-type: none"> 1. During the reporting period, committee chairmen reported regularly to the Board of Directors on the work of committees 	This principle is complied with	–
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	<ol style="list-style-type: none"> 1. The Company's internal documents outline the procedures for performance assessment (self-assessment) of the Board of Directors 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 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 	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	<ol style="list-style-type: none"> 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	–

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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 5 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	1. The Company has adopted and published an internal document – regulations on the corporate secretary 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 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	This principle is complied with	-
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	-
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	-

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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 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 is established	This principle is complied with	–
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	–

№	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	<ol style="list-style-type: none"> In the reporting period, the Board of Directors (Audit Committee and/ or Risk Committee (if any) arranged assessment of the reliability and efficiency of the risk management and internal controls. 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	<ol style="list-style-type: none"> To perform internal audits, the Company set up a separate business unit – 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	<ol style="list-style-type: none"> In the reporting period, assessment of the reliability and efficiency of the risk management and internal controls was made as part of the internal audit In the reporting period, 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	<ol style="list-style-type: none"> The Company's Board of Directors approved an information policy developed in accordance with the Code's recommendations In the reporting period, the Board of Directors (or one of its committees) considered efficiency of the exchange of information of Company, shareholders, investors and other stakeholders and the feasibility (necessity) to revise the Company's information policy 	This principle is complied with	-
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	<ol style="list-style-type: none"> The Company discloses information on its corporate governance and general principles of corporate governance, including disclosure on its website The Company discloses information on the membership of its executive bodies and Board of Directors, independence of the directors and their membership in the board's committees (as defined by the Code) 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 	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 BoD and their membership in the committees of the BoD
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	<ol style="list-style-type: none"> 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 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 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 	This principle is complied with	-

№	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	<ol style="list-style-type: none"> 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 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 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 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 	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	<ol style="list-style-type: none"> The Company's annual report contains information on the audit committee's assessment of third-party and internal audit process efficiency The Company's annual report contains information on the Company's environmental policy and social policy 	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	<ol style="list-style-type: none"> 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 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 the relevant Company-controlled entities as requested by a shareholder 	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
6.3.2	When providing information to shareholders, the Company shall ensure 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	<ol style="list-style-type: none"> In the reporting period, the Company did not refuse any shareholder requests for information, or such refusals were justified In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality. 	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	<ol style="list-style-type: none"> 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	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. The Company does not see any risks in this

№	Corporate Governance Principles	Compliance criteria	Compliance status	Reasons for non-compliance
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	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 2. All material corporate actions in the reporting period were duly approved before they were taken	This principle is complied with	-
7.2 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				
7.2.1	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	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 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 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	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. Certain statements in this Annual Report, 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, 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
CCS	Carbon capture and storage
CDP	Carbon Disclosure Project
ESG	Environmental, Social, Governance
GBS	Gravity-based structures
GHG	Greenhouse gases
LA	License area
LPG	Liquified petroleum gases
LNG	Liquified natural gas
MGP	Methane Guiding Principles
NGL	Natural gas liquids
OAO	Open joint-stock company
OHS	Occupational health and safety
OOO	Limited liability company
NSR	Northern Sea Route
PAO	Public joint-stock company
RR	Russian rouble
SEC	United States Securities and Exchange Commission
UGSS	Unified Gas Supply System
UN	United Nations
YNAO	Yamal-Nenets Autonomous Region

Conversion Factors

1000 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 liquid's density at each field.

Approved

by a resolution of the annual General Meeting of Shareholders of PAO NOVATEK on 18 March 2024
Minutes No. 142

Pre-approved

by a resolution of the Board of Directors of PAO NOVATEK on 09 February 2024
Minutes No.266

Data accuracy certified

by PAO NOVATEK's Revision Commission on 07 February 2024

Contact Information

Office in Tarko-Sale

22-A, Pobedy Street, 629850,
Tarko-Sale, Purovsky district,
Yamal-Nenets Autonomous Region,
Russia

Office in Moscow

90/2, Leninsky prospect,
Moscow, 119313, Russia

Central Information Service

Tel: +7 495 730-6000
Fax: +7 495 721-2253
E-mail: novatek@novatek.ru

Press Service

Tel: +7 495 721-2207
E-mail: press@novatek.ru

Investor Relations

Tel: +7 495 730-6013
E-mail: ir@novatek.ru

Registrar

IRC – R.O.S.T.
18/5B office IX, Stromynka Street,
Moscow, Russia 107076
Tel: +7 495 989-76-50
Fax: +7 495 780-73-67
E-mail: info@rrost.ru

Independent Auditor

Joint Stock Company
“Technologies of Trust – Audit”
Krzhozhanovskiy street 14/3,
office 5/1, Moscow, 117218, Russia
Tel: +7 495 967-6000
Fax: +7 495 967-6001

Independent Reserves Auditor

OOO Advantage Energy
Bryanskaya str., 5, floor 12,
room 1/16, Moscow, 121059, Russia
Tel: +7(495)660-72-75
E-mail: ceo@advantage-en.com

Website

 www.novatek.ru
(Russian version)

 www.novatek.ru/eng/
(English version)

