



**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

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*The following discussion should be read in conjunction with the audited consolidated financial statements in accordance with IFRS and the related notes, approved for issue and signed prior to publishing of this Management's Discussion and Analysis of financial condition and results of operations (MD&A). This report includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including those discussed later in this MD&A. Words such as "believes," "anticipates," "expects," "estimates," "intends," "plans," etc. – that reflect management's current estimates and beliefs, but are not guarantees of future results. Please see "Forward-looking statements" for a discussion of some factors that could cause actual results to differ materially.*

*For financial reporting purposes, Tatneft converts metric tonnes of crude oil to barrels using a conversion factor of 7.123. This factor represents a blend of varying conversion factors specific to each of Tatneft's fields. Because the proportion of actual production by field varies from period to period, total reserves and production volumes for the Group in barrels converted from tonnes using the blended rate may differ from total reserves and production calculated on a field-by-field basis. Translations of cubic meters to cubic feet were made at the rate of 35.31 cubic feet per cubic meter. Translations of barrels of crude oil into barrels of oil equivalent ("BOE") were made at the rate of 1 barrel per BOE and of cubic feet into BOE at the rate of 6 thousand cubic feet per BOE.*

## **Background**

PJSC Tatneft n.a. V.D. Shashin (the "Company") and its subsidiaries (jointly referred to as the "Group" or "Tatneft") is one of the largest vertically integrated oil companies in Russia in terms of crude oil production, proved oil reserves, and refining capacity. The Company is a public joint-stock company organized under the laws of the Russian Federation with the headquarters located in City of Almet'yevsk, Tatarstan. The principal business of the Group is to explore for, develop, produce, process, and market crude oil and refined products. The Group is also involved in gas treatment and refining, petrochemicals' production and marketing, manufacturing of equipment, engineering, procurement, and construction services for oil, gas and petrochemical projects, and in financial services.

As of 31 December 2022 and 31 December 2021, the Tatarstan Government controls approximately 36% of the Company's voting stock. Tatarstan also holds a "Golden Share", a special governmental right, in the Company. The exercise of its powers under the Golden Share enables the Tatarstan Government to appoint one representative to the Board of Directors and one representative to the Revision Committee of the Company as well as to veto certain major decisions, including those relating to changes in the share capital, amendments to the Charter, liquidation or reorganization of the Company and "major" and "interested party" transactions as defined under Russian law. The Golden Share currently has an indefinite term.

The majority of the Group's crude oil and gas production, refining capacity, and other operations are located in Tatarstan, a republic of the Russian Federation, situated between the Volga River and the Ural Mountains, with its capital city Kazan 797 kilometers southeast of Moscow.

The Group currently holds most of the exploration and production licenses and produces substantially all its crude oil in Tatarstan.

**PJSC TATNEFT n.a. V.D. Shashin**  
**MD&A for the year ended 31 December 2022**

**Key financial and operational results**

	<b>12 months ended</b>		<b>Chg.,</b>
	<b>31 December</b>	<b>31 December</b>	<b>%</b>
	<b>2022</b>	<b>2021</b>	
<b>Financial results</b>			
Revenues (excluding financial services), net (RR million)	1,427,147	1,205,267	18.4
Profit attributable to shareholders of PJSC Tatneft (RR million)	284,572	198,412	43.4
EBITDA <sup>(1)</sup> (RR million)	447,120	283,437	57.7
Adjusted EBITDA <sup>(1)</sup> (RR million)	475,185	286,773	65.7
Additions to property, plant and equipment <sup>(2)</sup> (RR million)	160,895	119,106	35.1
Free Cash Flow <sup>(3)</sup> (RR million)	196,803	148,388	32.6
Net debt <sup>(4)</sup> (RR million)	(153,363)	(34,315)	>100
Basic and Diluted profit per share (RR)			
Common	126.44	88.16	43.4
Preferred	126.44	88.16	43.4
<b>Operational results</b>			
Crude oil production by the Group (th. tonnes)	29,114	27,830	4.6
Crude oil production by the Group (th. barrels)	207,379	198,233	4.6
Crude oil daily production (th. barrels per day)	568	543	4.6
Gas production by the Group (million cubic meters)	935	885	5.6
Gas daily production (th. boe per day)	15	14	7.1
Refined products produced (th. tonnes)	15,988	12,413	28.8
Gas products produced <sup>(5)</sup> (th. tonnes)	1,042	1,057	(1.4)
Refining throughput (th. barrels per day)	324	247	31.2

<sup>(1)</sup> As calculated on page 9

<sup>(2)</sup> As in consolidated statement of cash flows

<sup>(3)</sup> As calculated on page 10

<sup>(4)</sup> At the end of the period

<sup>(5)</sup> Including natural stable gasoline, produced by gas refining division Tatneftegaspererabotka

The net profit of the Group (profit attributable to the Company shareholders) in the twelve months of 2022 compared to the same period of 2021 increased by 43.4%. The main factors affecting the increase in net profit were substantially higher volumes and prices for refined products, as well as the strengthening of the ruble.

**Segment information**

Our operations are currently divided into the following main segments:

- **Exploration and Production** – consists of the Company's Oil and Gas Extraction and Production Division, as well as production subsidiaries. Most oil and gas exploration and production activities are concentrated within the Company and centrally managed by Tatneft-Upstream (*Tatneft-Dobycha*) Division.
- **Refining and Marketing** – consists of a refining and petrochemical complex in Nizhnekamsk, Tatarstan, operated by TANECO, Gas Collection, Transportation and Refining Division Tatneftegaspererabotka, which also operates a small refinery in Kichui, Tatarstan; the Company's Sales and Marketing Division (*URNiN*), Tatneft-AZS Center, Tatneft-AZS-Zapad, Tatneft-AZS-Severo-Zapad and other subsidiaries which manage the Tatneft branded gas stations network in Russia and abroad, and carry out refined products wholesale sales; as well as various ancillary companies.
- **Financial Services.**

The tire business segment was excluded from the main operating segments due to disposal of assets.

These segments are determined by the way management recognizes the segments within the Group for making operating decisions and how they are evident from the Group structure.

Togliattikauchuk, which was acquired in the fourth quarter of 2019, and Ecopet Group of Companies, which was acquired in the second quarter of 2021, are included in “Corporate and other” category.

#### *Intersegment sales*

Tatneft’s two main business segments are interconnected and dependent on each other, and hence a portion of the revenues of one main segment are related to the expenses of the other. In particular, exploration and production Group companies supply part of crude oil for the processing at our own refineries, mainly TANECO, and the refined products are then sold by the Company in domestic or international markets, as well as to the Company’s consumer marketing subsidiaries for subsequent distribution.

As a result of certain factors, benchmark crude oil market prices in Russia cannot be determined with certainty. Therefore, the prices set for inter-segment purchases of crude oil and other goods and services reflect a combination of market factors, primarily international crude oil market prices, transportation costs, regional market conditions, the cost of crude oil refining, and other factors. Accordingly, an analysis of either of these segments on a stand-alone basis could give a misleading perception of those segments’ underlying financial position and results of operations. For this reason, we do not analyze either of our main segments separately in the discussion that follows. However, we present the financial data for each respective segment in Note 22 “Segment information” to our consolidated financial statements. All intercompany operations are eliminated on the consolidation level.

#### **Exceptional items**

The Group's results for the respective reporting periods of 2022 and 2021 were impacted by certain exceptional items, including impairment loss on assets related to exploration and production of superviscous oil, exploration and appraisal assets, related mainly to the oilfields located outside the Republic of Tatarstan, and an impairment provision loss on certain social assets not providing direct future economic benefits, as well as the loss from impairment of other assets due to the current macroeconomic situation. These losses were reflected in the lines “Impairment losses on property, plant and equipment and other non-financial assets net of reversal” and “Expected credit losses on financial assets net of reversal” in the Consolidated Statement of Profit or Loss and other Comprehensive Income of the Group (see page 9):

<b>(RR million)</b>	<b>12 months ended</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
Expected credit losses on financial assets net of reversal	(2 165)	39
Impairment losses on property, plant and equipment and other non-financial assets net of reversal	30 230	3 297
<b>Total exceptional items</b>	<b>28 065</b>	<b>3 336</b>

**PJSC TATNEFT n.a. V.D. Shashin**  
**MD&A for the year ended 31 December 2022**

**Results of the Group operations for the year ended 31 December 2022 compared to the year ended 31 December 2021**

The following table sets forth the consolidated statement of profit or loss both in absolute values and respective changes (where relevant) over the analyzed periods:

(RR million)	12 months ended		Chg., %
	31 December 2022	31 December 2021	
<b>Revenue (excluding financial services), net</b>	<b>1,427,147</b>	<b>1,205,267</b>	<b>18.4</b>
<b>Costs and other expenses (excluding financial services)</b>			
Operating expenses	(176,629)	(136,300)	29.6
Purchased oil and refined products	(135,203)	(125,834)	7.4
Exploration	(1,946)	(2,799)	(30.5)
Transportation	(52,892)	(35,854)	47.5
Selling, general and administrative	(68,584)	(68,246)	0.5
Depreciation, depletion and amortization	(48,042)	(41,723)	15.1
Expected credit losses on financial assets net of reversal	2,165	(39)	n/a
Impairments loss on property, plant and equipment and other non-financial assets, net of reversal	(30,230)	(3,297)	>100
Taxes other than income taxes	(464,819)	(497,948)	(6.7)
Export duties	(44,527)	(39,033)	14.1
Maintenance of social infrastructure and transfer of social assets	(9,496)	(12,826)	(26.0)
<b>Total costs and expenses (excluding financial services)</b>	<b>(1,030,203)</b>	<b>(963,899)</b>	<b>6.9</b>
Loss on disposals of interests in subsidiaries and associates, net	(96)	(14)	>100
Fair value gains from financial assets at fair value through profit or loss, net	897	3,382	(73.5)
Other operating income, net	2,645	2,617	1.1
<b>Operating profit (excluding financial services)</b>	<b>400,390</b>	<b>247,353</b>	<b>61.9</b>
<b>Net interest, fee and commission and other operating income/(expenses) and gains/(losses) from financial services</b>			
Interest, fee and commission income	25,804	16,448	56.9
Interest, fee and commission expense	(14,522)	(8,229)	76.5
Net (expense)/income on creating provision for credit losses associated with debt financial assets	(1,501)	543	n/a
Operating expenses	(8,930)	(8,335)	7.1
Gain arising from dealing in foreign currencies, net	3,301	8	>100
Other operating income, net	(1,922)	(75)	>100
<b>Total net interest, fee and commission and other operating income and gains from financial services</b>	<b>2,230</b>	<b>360</b>	<b>&gt;100</b>
<b>Other (expenses)/income</b>			
Foreign exchange (loss)/gain, net	(24,999)	2,440	n/a
Interest income (excluding financial services)	7,756	3,909	98.4
Interest expense, net of amounts capitalized (excluding financial services)	(5,697)	(6,174)	(7.7)
Share of results of associates and joint ventures, net	288	11	>100
<b>Total other (expenses)/income, net</b>	<b>(22,652)</b>	<b>186</b>	<b>n/a</b>
<b>Profit before income tax</b>	<b>379,968</b>	<b>247,899</b>	<b>53.3</b>
Current income tax expense	(76,908)	(48,753)	57.8
Deferred income tax expense	(3,822)	(7,658)	(50.1)
<b>Total income tax expense</b>	<b>(80,730)</b>	<b>(56,411)</b>	<b>43.1</b>
<b>Profit from continuing operations</b>	<b>299,238</b>	<b>191,488</b>	<b>56.3</b>
<b>(Loss)/profit from discontinued activity</b>	<b>(14,335)</b>	<b>7,398</b>	<b>n/a</b>
<b>Profit for the period</b>	<b>284,903</b>	<b>198,886</b>	<b>43.2</b>
Less: profit attributable to non-controlling interest	(331)	(474)	(30.2)
<b>Profit attributable to shareholders of PJSC Tatneft n.a. V.D. Shashin</b>	<b>284,572</b>	<b>198,412</b>	<b>43.4</b>

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**MD&A for the year ended 31 December 2022**

Revenues (excluding financial services)

A breakdown of Revenues (excluding financial services) by product type is provided in the following table:

(RR million)	12 months ended		Chg., %
	31 December 2022	31 December 2021	
Crude oil	533,049	556,493	(4.2)
Refined products	792,222	567,654	39.6
Corporate and other sales	101,876	81,120	25.6
<b>Total Revenue (excluding financial services)</b>	<b>1,427,147</b>	<b>1,205,267</b>	<b>18.4</b>

Increase in revenues (excluding financial services) in the twelve months of 2022 in comparison to the same period of 2021 was due to increase in refined products volumes and sales prices.

*Export duties and excise taxes*

(RR million)	12 months ended		Chg., %
	31 December 2022	31 December 2021	
Export duties on crude oil	33,977	29,568	14.9
Export duties on refined products	10,550	9,465	11.5
Excise taxes on refined products	(190,382)	(30,492)	>100
<i>incl. "reverse excise tax"</i>	<i>(278,583)</i>	<i>(81,547)</i>	<i>&gt;100</i>
<b>Total export duties and excise taxes</b>	<b>(145,855)</b>	<b>8,541</b>	<b>n/a</b>

The negative amount of excise tax on refined products is associated with the effect of the "reverse excise" mechanism based on differences between domestic refined products prices and respective export netbacks, as well as an increase in the correction factor (Kadj) from 0.5 to 0.667 in 2022. In addition, since 2021 an investment premium  $K_{INV}$  has been introduced for certain refineries, including the Company's TANECO refinery, which increases the amount of reverse excise tax.

Revenues breakdown (excluding financial services)

*Revenues (including purchased oil and refined products)*

(RR million)	12 months ended		Chg., %
	31 December 2022	31 December 2021	
<b>Crude oil</b>			
Far abroad countries sales	337,627	259,458	30.1
Near abroad countries sales	-	9,379	(100.0)
Domestic sales	195,422	287,656	(32.1)
	<b>533,049</b>	<b>556,493</b>	<b>(4.2)</b>
<b>Refined products</b>			
Far abroad countries sales	302,298	215,320	40.4
Near abroad countries sales	16,762	13,514	24.0
Domestic sales	473,162	338,820	39.6
	<b>792,222</b>	<b>567,654</b>	<b>39.6</b>
<b>Other sales</b>	<b>101,876</b>	<b>81,120</b>	<b>25.6</b>

*Sales of crude oil*

In the twelve months of 2022, revenue from oil sales amounted to RR 533,049 million, which is lower by 4.2% compared to the same period of 2021 and is associated with a decrease in crude oil sales volumes in the reporting period.

*Sales of refined products*

Revenue from the sale of refined products in the twelve months of 2022 increased by 39.6% compared to the same period of 2021 and amounted to RR 792,222 million, which is associated with an increase in the sales volumes, as well as prices of refined products.

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**MD&A for the year ended 31 December 2022**

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*Other sales*

Other sales primarily represent sales of materials and equipment, some types of petrochemical products, various oilfield services and sales of energy, water, and steam by the Group entities to third parties.

In the twelve months of 2022, other sales amounted to RR 101,876 million, increasing by 25.6% in comparison to the twelve months of 2021. The changes occurred mainly due to an increase in sales of other goods produced by the Group, including polyethylene terephthalate produced and sold at the Group's petrochemical businesses acquired in the second quarter of 2021.

Costs and other expenses (excluding financial services)

**Operating expenses.** Operating expenses in 2022 amounted to RR176,629 million, increasing by 29.6% in comparison to 2021. Operating expenses include crude oil extraction expenses, refining expenses, as well as Cost of other sales.

**Cost of purchased crude oil and refined products** in 2022 and 2021 amounted to RR135,203 million and RR 125,834 million, respectively.

**Exploration expenses.** Exploration expenses consist primarily of geological and geophysical costs, and the costs of carrying and retaining undeveloped properties.

**Transportation expenses.** Transportation of the Group's crude oil and refined products, including purchased crude oil and refined products, are mostly carried out using the Transneft trunk pipeline system and the railway.

In the twelve months of 2022, transportation costs amounted to RR 52,892 million, which is 47.5% higher than in the twelve months of 2021. The increase was mainly due to higher volumes of refined products deliveries to customers in non-CIS countries.

**Selling, general and administrative expenses.** These expenses are not directly related to production and include salary expenses, general business costs, insurance, advertising, legal fees, consulting and audit services, charity and sponsorship expenses and other expenses.

Information about other expenses is presented on page 6.

**Taxes.** Effective tax burden (taxes other than income tax as well as export duties to the gross revenue (excluding financial services)) of the Group in the twelve months of 2022 and 2021 was 36% and 45%, respectively.

Taxes other than income taxes include the following:

(RR million)	12 months ended	
	31 December 2022	31 December 2021
Mineral extraction tax	511,993	516,598
Tax on additional income from the extraction of hydrocarbons	128,491	2,299
Excise	(190,382)	(30,492)
Property tax	12,499	7,281
Other	2,218	2,262
<b>Total taxes other than income taxes</b>	<b>464,819</b>	<b>497,948</b>

Changes in taxes other than income taxes in the twelve months of 2022 compared to the same period of 2021 were mainly due to higher oil prices taken into account in the mineral extraction tax rate, the introduction of the EPT regime in a number of fields in the Republic of Tatarstan, and were partially offset by the impact of the "reverse excise tax" mechanism.

**Maintenance of social infrastructure and transfer of social assets.** In the twelve months of 2022, maintenance of social infrastructure expenses and transfer of social assets amounted to RR 9,496 million compared to RR 12,826 million in the same period of 2021. These social infrastructure expenses relate primarily to housing, educational facilities, and cultural buildings in Tatarstan.

Other (expenses)/income

**Foreign exchange gain/(loss), net.** In the twelve months of 2022, the Group recorded a RR 24,999 million loss compared to RR 2,440 million gain in the twelve months of 2021, which were due to volatility of Ruble to US Dollar exchange rate in the reporting periods, resulting in the corresponding revaluation of US Dollar-denominated monetary assets and liabilities of the Group.

**Interest income (excluding financial services).** In the twelve months of 2022 amounted to RR 7,756 million and increased by 98.4% compared to the same period of 2021, mainly due to an increase in average balances on bank deposits.



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**Interest expense, net of amounts capitalized (excluding financial services)**, includes, among other things, an unwinding of the present value discount of decommissioning provision on oil and gas assets as well as an interest expense on lease obligations was included into this line item in accordance with IFRS 16 “Leases”.

In the twelve months of 2022, interest expenses, net of capitalized, amounted to RR 5,697 million, a decrease of 7.7% compared to the twelve months of 2021.

Income taxes

The Group’s effective income tax rate in the twelve months of 2022 was 21.2% compared to the statutory tax rate of 20% in the Russian Federation.

**EBITDA reconciliation**

(RR million)	12 months ended	
	31 December 2022	31 December 2021
Revenues (excluding financial services)	1,427,147	1,205,267
Costs and other deductions (excluding financial services)	(1,030,203)	(963,899)
Loss on disposal of interest in subsidiaries and associates, net	(96)	(14)
Operating results from financial services, net	2,230	360
Depreciation, depletion and amortization	48,042	41,723
<b>EBITDA</b>	<b>447,120</b>	<b>283,437</b>
Add back Exceptional items*	<b>28,065</b>	<b>3,336</b>
<b>EBITDA adjusted for Exceptional items*</b>	<b>475,185</b>	<b>286,773</b>

\*See section *Exceptional items* (p.5)

EBITDA (earnings before interest taxes depreciation and amortization) is non-IFRS financial measure. Herewith, its calculation methodology is not standardized, therefore above presented calculations of this indicator do not reflect unified approaches. EBITDA provides useful information to investors being the indicator of the strength and performance of our business operations. EBITDA also shows our ability to finance capital expenditures, acquisitions, and other investments and our ability to incur and service debt. While depreciation and amortization are considered operating costs under IFRS, these expenses primarily represent the non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods.

EBITDA is commonly used as a basis by some investors, analysts, and credit rating agencies to evaluate and compare the periodic and future operating performance and value of companies in the oil and gas industry. This indicator should not be considered in isolation as an alternative to net profit, operating income, or any other measure of performance under IFRS. EBITDA does not consider our need to replace our capital equipment over time.

**Financial Condition Summary Information**

The following table shows certain key financial indicators based on the Consolidated Statement of Financial Position:

(RR million)	At 31 December 2022	At 31 December 2021
Current assets	456,426	412,242
Long-term assets	1,219,411	1,090,047
<b>Total assets</b>	<b>1,675,837</b>	<b>1,502,289</b>
Current liabilities	415,054	422,114
Long-term liabilities	156,339	136,800
<b>Total liabilities</b>	<b>571,393</b>	<b>558,914</b>
<b>Total equity</b>	<b>1,104,444</b>	<b>943,375</b>
Working capital (current assets, incl. cash and cash equivalents, less current liabilities)	41,372	(9,872)

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Working capital position

The change in working capital in the twelve months of 2022 is associated with an increase in current assets and decrease in current liabilities. At the same time, the assets increased mainly in cash and cash equivalents and accounts receivable, and liabilities decreased in accounts payable.

**Liquidity and Capital Resources**

The following table shows a summary from the Consolidated Statement of Cash Flows:

(RR million)	12 months ended	
	31 December 2022	31 December 2021
Net cash provided by operating activities	357,698	267,494
including:		
<i>Net cash provided by operating activities before income tax and interest (excluding financial services)</i>	397,410	329,219
<i>Net cash provided/(used) by operating activities from financial services before income tax</i>	34,693	(14,235)
Net cash used in investing activities	(117,054)	(172,638)
Net cash used in financing activities	(132,014)	(68,305)
Net change in cash and cash equivalents	108,630	26,551

Additions to property, plant and equipment

The following additions to property, plant and equipment (by segment, excluding non-cash additions) were made in the respective periods of 2022 and 2021:

(RR million)	12 months ended	
	31 December 2022	31 December 2021
Exploration and production	64,318	26,847
Refining and marketing	60,489	64,524
Financial services	57	268
Corporate and other	30,945	13,326
<b>Total additions to property, plant and equipment</b>	<b>155,809</b>	<b>104,965</b>

Total additions from property, plant and equipment is presented net of additions from discontinued operation

Calculation of Free Cash Flow

(RR million)	12 months ended	
	31 December 2022	31 December 2021
Net cash provided by operating activities	357,698	267,494
Additions to property, plant and equipment	(160,895)	(119,106)
<b>Free Cash Flow</b>	<b>196,803</b>	<b>148,388</b>

Calculation of Net Debt

(RR million)	At 31 December 2022	At 31 December 2021
	2022	2021
Short term debt	2,665	22,541
Long term debt	11,836	9,631
<b>Total debt</b>	<b>14,501</b>	<b>32,172</b>
Cash and cash equivalents	167,864	66,487
<b>Net Debt</b>	<b>(153,363)</b>	<b>(34,315)</b>

**Contractual obligations, other contingencies and off-balance sheet arrangements**

Guarantees

The Group has guarantees issued related mainly to financial services at 31 December 2022 and at 31 December 2021.

#### Legal contingencies

The Group is subject to various lawsuits and claims arising in the ordinary course of business. The outcomes of such contingencies, lawsuits, or other proceedings cannot be determined at present. In the case of all known contingencies the Group accrues a liability when the loss is probable, and the amount is reasonably estimable. Based on currently available information, management believes that it is remote that future costs related to known contingent liability exposures would have a material adverse impact on the Group's consolidated financial statements.

#### Social commitments

The Group contributes significantly to the maintenance of local infrastructure and the welfare of its employees in Tatarstan, which includes contributions towards the construction, development, and maintenance of housing, hospitals and transport services, recreation and other social needs. Such funding is periodically determined by the Board of Directors after consultation with governmental authorities and recorded as expenditures when incurred or capitalized to the extent that the Group will receive economic benefits from their use in the future.

#### **Critical accounting policies**

The preparation of consolidated financial statements in conformity with IFRS requires management to select appropriate accounting policies and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. For a full description of our significant accounting policies, please refer to Note 3 of consolidated financial statements of the Group.

#### **Forward-looking statements**

Certain statements in this document are not historical facts and are "forward-looking" (as such term is defined in the US Private Securities Litigation Reform Act of 1995). We may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications. Examples of such forward-looking statements include, but are not limited to:

- projections of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure, or other financial items or ratios;
- statements of our plans, objectives or goals, including those related to products or services;
- statements of future economic performance; and
- statements of assumptions underlying such statements.

Words such as "believes", "anticipates", "expects", "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections, and other forward-looking statements will not be achieved. We caution readers that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates, and intentions expressed in such forward-looking statements.

These factors include:

- inflation, interest rate and exchange rate fluctuations;
- the price of oil;
- the effect of, and changes in, Russian or Tatarstan government policy;
- the effect of terrorist attack or other geopolitical instability, either within Russia or elsewhere;
- the effects of competition in the geographic and business areas in which we conduct operations;
- the effects of changes in laws, regulations, taxation or accounting standards or practices;
- our ability to increase market share and control expenses;
- acquisitions or divestitures;
- technological changes.

This list of important factors is not exhaustive; when relying on forward-looking statements to make decisions with respect to our shares, American Depositary Shares (ADSs), or other securities, investors and others should carefully consider the foregoing factors and other uncertainties and events, especially in light of the difficult political, economic, social and legal environment in which we operate. Such forward-looking statements speak only at the date on which they are made, and 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.

**Corporate Governance Statement (as of 31 December 2022)**

**Corporate Governance Code**

The Company's corporate governance standards are set out in the Corporate Governance Code of PJSC Tatneft n.a. V.D. Shashin, approved by our Board of Directors in March 2022 (the "Code").

The Code sets out principles of corporate governance within Tatneft, including, *inter alia*, procedures for protecting the interests of shareholders, requirements to members of corporate management bodies, their functions and main responsibilities, disclosure standards, internal controls and auditing principles.

The Code complies with the requirements of the Russian Federation laws and listing standards applicable to Tatneft and follows some best practices of corporate governance.

A copy of the Code as well as information about the Company's corporate governance principles and practices is publicly available at the Company's web-site: <http://www.tatneft.ru>.

**Main Features of Internal Control and Risk Management Systems in Relation to the Financial Reporting Process**

The entities of the Group maintain their accounting records and prepare their statutory financial statements principally in accordance with the Regulations and Federal standards on Accounting and Reporting of the Russian Federation ("RAR"), and applicable accounting and reporting standards of countries outside the Russian Federation. A number of entities of the Group prepare their financial statements in accordance with IFRS. The accompanying consolidated financial statements have been prepared based on the financial statements of the Group companies, taking into account the necessary adjustments to comply with IFRS requirements.

Internal control and risk management systems include special software products designed to minimize human influence on the flow of data for the preparation of the IFRS financial statements. These systems also involve respective controls at the Group's entities level.

Tatneft's Internal Audit Department assists the Board of Directors and the Management Board of the Company in maintaining and increasing its value, achieving its goals, ensuring continuous operation, and improving financial and economic activities. To do this, a systematic and consistent approach is used to assess and improve the effectiveness of risk management, internal control, and corporate governance. The Internal Audit Department is functionally subordinate to the Board of Directors of the Company.

Financial statements of major entities of the Group are audited by reputable independent auditing firms, and the IFRS financial statements of the Group are audited by Technologies of Trust – Audit JSC, an independent auditor.

**Information About Share Capital**

*Significant Holding of Ordinary Shares*

At 31 December 2022, JSC Svyazinvestneftekhim ("Svyazinvestneftekhim"), a joint stock company fully owned by the Republic of Tatarstan, held approximately 29.1% of the Company's voting stock. Based on the shareholding records the Company estimates the holding by Svyazinvestneftekhim, its subsidiaries as well as other entities controlled by the Republic of Tatarstan, in the share capital of PJSC Tatneft at approximately 36% of voting stock as of 31 December 2022.

Our major shareholders have the same voting rights per share as other shareholders.

*Special Rights (Golden Share)*

In addition to Svyazinvestneftekhim's ownership of our ordinary shares, the Tatarstan Government holds a Golden Share. Under federal law, a holder of a Golden Share has the veto rights in respect of the major decisions at meetings of shareholders, including:

- decisions relating to changes to the share capital;
- amendments to the charter;
- liquidation or reorganization of the company; and
- entering into "major" or "interested party" transactions as defined in the Law on Joint Stock Companies.

Under the Federal Law of the Russian Federation No. 178-FZ "On Privatization of State and Municipal Property" of 21 December 2001 (as amended), the Golden Share also allows the government to appoint one representative of the government to each of our Board of Directors and Revision Committee.

Due to Svyazinvestneftekhim's current ownership of ordinary shares and its rights under the Golden Share, Tatarstan may elect members of the Board and influence our current and future operations, including decisions regarding acquisitions and

other business opportunities, declaration of dividends and issuance of additional shares and other securities even without recourse to the Golden Share.

#### *Voting Rights*

Each fully paid ordinary share of the Company, except for treasury shares held by Tatneft directly (i.e. not through subsidiaries), gives its holder the right to participate in shareholders' meetings and vote on matters to be decided thereby. Holders of preferred shares are generally not entitled to vote at the shareholders' meetings. However, both the Charter and the Law on Joint Stock Companies entitle preferred stockholders to vote on changes and additions to the Charter where such changes provide for reorganization or liquidation of the Company, limitation of their rights, including the issuance of preferred shares with broader rights than those of the existing preferred shares, or change the amount of dividends on the preferred shares. Holders of preferred shares are also entitled to vote at the shareholders' meeting on any items that may appear on the agenda in the event that we fail to declare a dividend on preferred shares in full.

Under the Law on Joint Stock Companies, a general shareholders' meeting is held at least once a year between 1 March and 30 June of each year, and the agenda must include the following items:

- election of members of the Board of Directors;
- election of members of the Revision Committee;
- approval of the annual report, annual accounting (financial) statements;
- approval of any distribution of profits, except net profit that has been distributed as quarterly dividends or losses; and
- approval of an independent auditor.

A shareholder or a group of shareholders owning in the aggregate at least two percent of our issued voting shares may submit proposals to the agenda of the annual shareholders' meeting and may nominate candidates to serve as members of our Board or Revision Committee. The shareholders must provide their agenda proposals or nominations to us within 60 calendar days of the end of the fiscal year preceding the annual shareholders' meeting.

Extraordinary shareholders' meeting may be called by the Board at its own initiative to consider matters within the competence of the general shareholders' meeting, as well as upon written request by the Revision Committee, our independent auditor or shareholders owning no less than 10% of our ordinary shares in the aggregate as of the date of such request. An extraordinary shareholders' meeting convened at the request of the Revision Committee of the Company, the auditor of the Company or shareholders (shareholder) owning no less than 10% of the voting shares of the Company must be held within 40 days from the date of the request to hold an extraordinary shareholders' meeting. If the proposed agenda of an extraordinary general meeting contains an issue on the election of members of the Board of Directors of the Company, then such shareholders' meeting must be held within 75 days from the date of the request for its holding.

The quorum for a shareholders' meeting constitutes presence in person or through authorized representatives of holders of more than 50% of our voting shares. Shareholders are entitled to participate in the shareholders' meeting by forwarding a ballot to us, provided such duly completed ballot is received at least two days before the meeting. If the quorum requirement is not met, the date of the adjourned general meeting with the same agenda is announced. Changing the agenda when convening a repeated general meeting is not allowed. A repeated shareholders' meeting convened to replace the failed one has a quorum if it was attended by shareholders holding in aggregate at least 30% of the issued voting shares have registered at that meeting.

All our shareholders entitled to participate in a shareholders' meeting must be notified of a meeting and its agenda no less than 30 days prior to the date of the meeting. However, if it is an extraordinary shareholders' meeting to elect our Board by cumulative voting or contains an item on reorganization, the shareholders must be notified at least 50 days prior to the date of the meeting. The record date of the shareholders' meeting is set by the Board and may not be (i) earlier than 10 days from the date of adoption of the resolution to hold a shareholders' meeting and (ii) more than 25 days before the date of the meeting or, in the case of an extraordinary shareholders' meeting to elect our Board or contains an item on reorganization, more than 55 days prior to the meeting.

#### *Right to Dividends*

The shareholders' meeting, which considers a proposal by the Board of Directors to pay a dividend (interim or annual), upon approval of such dividend shall set the date on which holders of our shares entitled to the dividend are identified ("ex-dividend date"); this date for our shares (as of an issuer whose shares are traded on a stock exchange) cannot be earlier than 10 days and later than 20 days after the date of respective shareholders' resolution, while the payment of dividends shall be effected to nominees and professional securities managers within 10 days, and to all other registered holders within 25 days, from such ex-dividend date.

# PJSC TATNEFT

## Corporate Governance Statement

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### *Rules About Appointment of Directors and Amendment of the Charter*

The Company complies with the requirements of Russian law as to appointment and replacement of Directors as well as amendment of the Charter (please see sections relating to voting rights above and the Board of Directors below).

### **Description of the Composition and Operation of the Administrative, Management and Supervisory Bodies and Their Committees**

#### *Board of Directors*

In accordance with the Charter Tatneft's Board of Directors currently consists of 15 members (14 representatives elected, 1 appointed). Directors are elected by a resolution of shareholders passed at a shareholders' meeting by cumulative voting. They serve until the next ordinary shareholders' meeting (or an extraordinary shareholders' meeting replacing the Board of Directors) and can be re-elected for an unlimited number of terms. Apart from those members appointed by the Tatarstan Government, through Svyazinvestneftekhim in its capacity as a shareholder of Tatneft, the Tatarstan Government possesses a Golden Share special right in our company that gives it the power to appoint one representative to our Board.

The members of our Board of Directors are:

<i><b>Name</b></i>	<i><b>Titles</b></i>	<i><b>Born</b></i>
Rustam Nurgalievich Minnikhanov*	Chairman of the Board, Rais (Head) of the Republic of Tatarstan	1957
Nail Ulfatovich Maganov	Director, General Director of Tatneft	1958
Fanil Anvarovich Agliullin	Director, Minister of Land and Property Relations of the Republic of Tatarstan	1975
Radik Raufovich Gaizatullin	Director, Finance Minister of the Republic of Tatarstan	1964
Renat Maratovich Galiev	Director, Assistant to the Rais (Head) of the Republic of Tatarstan	1989
Laszlo Gerecs	Independent Director, Managing Director of G Petroconsulting Ltd.	1953
Larisa Yurievna Glukhova	Director, Head of the State Legal Department of the Office of the Rais (Head) of the Republic of Tatarstan	1976
Valery Anatolievich Krukov	Independent Director, Director of the Institute of Economics and Industrial Engineering within the Siberian Branch of the Russian Academy of Sciences	1954
Yuri Lvovich Levin**	Independent Director, Chairman of Audit Committee, Managing Director of BVM Capital Partners Ltd.	1953
Rafael Saitovich Nurmukhametov	Director, Retiree, former Head of the Leninogorsk NGDU of Tatneft	1949
Valery Yurievich Sorokin	Director, General Director of Svyazinvestneftekhim	1964
Nurislam Zinatulovich Syubaev	Director, Deputy General Director for Strategic Development	1960
Shafagat Fakhrazovich Takhautdinov	Director, Advisor to the Chairman of the Board, Assistant to Rais (Head) of the Republic of Tatarstan on Oil Production	1946
Rustam Khamisovich Khalimov	Director, First Deputy General Director for Exploration and Production of Oil and Gas – Head of Tatneft-Upstream	1965
Rais Salikhovich Khisamov	Member of the Board of Directors of Tatneft	1950

\* Appointed to the Board of Directors pursuant to the exercise of the Golden Share special right of the Tatarstan Government.

\*\* Considered a retired member of the Board of Directors from 21 February 2023 based on his own application.

Biographies of the Directors are set out below:

**Rustam Nurgalievich Minnikhanov.** Mr. Minnikhanov was born in 1957. In 1978, he graduated from the Kazan Agricultural Institute with a specialization in mechanical engineering, and from the Institute of Soviet Trade in 1986 with a degree in merchandizing of foodstuffs. He has a Ph.D. in Economics. He started work in 1978 as an engineer and was responsible for diagnostics at the Sabinsky district in union of "Agricultural Equipment". He further worked as senior and chief power engineer at the Sabinsky Forestry Engineering Co. From 1983 to 1985, he was Deputy Director of Trade of the Sabinsky district, and from 1985 to 1990, he was Chairman of the Arsky Consumer Supplies Board. He was then elected Chairman of the Executive Committee of the Arsky Council of Peoples' Deputies. In 1992, he was First Deputy Head of the Administration of the Arsky district of the Republic of Tatarstan. From 1993 to 1996, he was Chairman of the Visokogorsky district Council of People's Deputies and then Head of Administration of the Visokogorsky district of the Republic of Tatarstan. From 1996 to 1998, he was Minister of Finance of the Republic of Tatarstan. From 1998 to 2010, he was Prime Minister of the Republic of Tatarstan. Since March 2010, he has been Head of the Republic of Tatarstan. He has been a member of the Board of Directors since 1997 and has served as Chairman of the Board of Directors since June 1998.

*Nail Ulfatovich Maganov.* Mr. Maganov was born in 1958. In 1983, he graduated from the evening department of the Tatarstan branch of the Gubkin Petrochemical and Gas Industry Institute of Moscow. He started work in 1977 at the Elkhovneft NGDU, where he was gradually promoted from the position of transportation helper to that of Head of the Oil and Gas Production Division. Between 1991 and 1993, he was Deputy Head of the Zainskneft NGDU for capital construction. In 1993, he was transferred to the position of Head of Tatneft Oil and Refined Products Sales Department. In 1994, he was appointed Deputy General Director of Production of Tatneft. From July 2000 to November 2013, he was First Deputy General Director for the Sales of Oil and Refined Products and Refining and Head of Crude Oil and Refined Products Sales Department. In November 2013 he was appointed the General Director of the Company. He has been a member of the Board of Directors since 2000.

*Fanil Anvarovich Agliullin* was born in 1975. Mr Agliullin graduated from the Kazan Law Institute of the Ministry of Internal Affairs of the Russian Federation in 2004. From 1995 to 2014, he served in internal affairs agencies of the Russian Federation. From 2014 to 2016, Mr Agliullin worked as a deputy head of the department of special training at the centre for security of top officials of the Internal Protection Directorate of the Ministry of Internal Affairs for the Republic of Tatarstan. From 2016 to 2019, Mr Agliullin headed the security service and served as an aide to the Head of the Republic of Tatarstan. Starting September 2019, he has held the position of the Minister of Land and Property Relations of the Republic of Tatarstan. Mr. Agliullin has been a member of the Board of Directors since 2020.

*Radik Raufovich Gaizatullin.* Mr. Gaizatullin was born in 1964. In 1985, he graduated from the Kazan Agricultural Institute with a specialization in accounting and economic analysis of agriculture. He started work as the chief accountant at the collective farm Mayak, Laishevsky district. He then worked as the leading economist for control and supervision of the Laishevsky district Cooperative Society, and then as the chief accountant of the agricultural firm Biryuli, Visokogorsky district. In 1999, he was transferred to the Ministry of Finance of the Republic of Tatarstan as Head of the Section for Financing Agriculture and Food Industry. In June 2000, he was appointed Deputy Minister of Finance of the Republic of Tatarstan and, in 2001, he was appointed First Deputy Minister of Finance of the Republic of Tatarstan. Since 27 June 2002, he has served as Finance Minister of the Republic of Tatarstan. He has been a member of the Board of Directors since 2000.

*Renat Maratovich Galiev* was born in 1989. In 2012, he graduated from the Russian State University of Oil and Gas named after I.M. Gubkin with a degree in "Geology and exploration of minerals." In 2016, he completed his postgraduate studies at the Russian State University of Oil and Gas named after I.M. Gubkin. Since 2014, he worked in the Ministry of Energy of Russia as a chief specialist, expert, leading adviser. Since 2021, he has been appointed Assistant to the Head of the Republic of Tatarstan. He has been a member of the Board of Directors since 2022.

*Laszlo Gerecs.* Mr. Gerecs was born in 1953. He graduated from the Moscow Institute of Petrochemical and Gas Industry named after academician I.M. Gubkin in 1977 specializing in Development and Complex Mechanization of oil fields. He graduated with a Master's Degree in Business Administration from the Oxford Business University in 1995. Since 2012 - Head of Project Management for oilfield production and infrastructure development, MOL Group, Budapest. From 2015 to 2016 - Managing Director of MOL Oman, Oman Branch in Muscat. Since January 2017- Managing Director of G Petroconsulting Ltd. He has been a member of the Board of Directors since 2015.

*Larisa Yurievna Glukhova* was born in 1976. Ms Glukhova graduated from Kazan State University in 1998. From 2005 to 2012, she managed the sector of public law and statutory economic regulation and was the Deputy Head of the Legal Department of the Administration of the Cabinet of Ministers of the Republic of Tatarstan. From 2012 to 2013, she headed the legal department of OAO Tatavtodor. In 2013 to 2017, Ms Glukhova was Minister of Justice of the Republic of Tatarstan. In 2017, she was appointed as the head of the State Legal Administration under the Head of the Republic of Tatarstan. Ms Glukhova has been a member of the Board of Directors since 2020.

*Valery Anatolievich Krukov* was born in 1954. In 1977, he graduated from Novosibirsk State University with a degree in Economic Cybernetics. In 1982 he completed his postgraduate studies at the Institute of Economics and Organization of Industrial Production of the Siberian Branch of the USSR Academy of Sciences (Novosibirsk). In 2007 he was awarded the academic title of professor in the specialty "Economics and Management of the National Economy", in 2011 – a corresponding member of the Russian Academy of Sciences, in 2019 – an academician of the Russian Academy of Sciences. The main direction of scientific research is the economic problems of the resource sector of the Russian economy with a special emphasis on studying the problems of the oil and gas industry. Academic degree: candidate of economic sciences, doctor of economic sciences. Since 2017, he has been appointed director of the Federal State Budgetary Institution of Science "Institute for Economics and Organization of Industrial Production" of the Siberian Branch of the Russian Academy of Sciences. He has been a member of the Board of Directors since 2022.

*Yuri Lvovich Levin.* Mr. Levin was born in 1953. He graduated from the Moscow Finance Institute in 1975, in 1979 he completed post-graduate studies at the Institute of World Economy and International Relations. He has a Ph.D. in Economics. Since 2001, Mr. Levin is the Managing Partner in BVM Capital Partners Ltd. He has been a member of the Board of Directors since 2015.

*Rafael Saitovich Nurmukhametov.* Mr. Nurmukhametov was born in 1949. He began working in 1966 as an electrician. In 1974, he graduated from the Ufa Oil Institute with a specialization in technology and complex mechanization of the development of oil and gas fields. After graduation, he worked at the Suleevneft NGDU as an oil production operator, technology engineer, foreman for oil production, Head of the Oil and Gas Production Shop, and Head of Subterranean and Capital Oil Well Workover. Mr. Nurmukhametov has also served at the Communist Party Committee of the Tatar region and as an instructor and Head of the Oil and Gas Production Departments of the Djalilneft NGDU (1983-1986), the Laseganneft NGDU (1986-1989) and the Pokachivneft NGDU (1987-1989). From 1989 to January 2020, he had been Head of the Leninogorskneft NGDU of Tatneft and from 2016 a member of the Board of Directors.

*Valery Yurievich Sorokin.* Mr. Sorokin was born in 1964. He graduated from the Kazan State University in 1986 with a degree in mechanics. From 1996 to 2002, he was the Director of the Agency for State Debt Management of the Republic of Tatarstan under the Ministry of Finance of the Republic of Tatarstan. Since 2003, he has been the General Director of Svyazinvestneftekhim. He has been a member of the Board of Directors since 2005.

*Nurislam Zinatulovich Syubaev.* Mr. Syubaev was born in 1960. In 1982 he graduated from the Plekhanov Economy Institute with a diploma of an economist and in 1985 he completed the program "Financial accounting and audit" of the Requalification Institute for Banking and Finance under the Financial Academy of the Russian Government; in 1999 he qualified as "Economist in Banking" from the Banking Department of the Plekhanov Economy Institute. In 1992-1994 he served as the deputy CEO of Alfa-Bank and from 1994-1995 he headed the Financial Services Center of Higher School of International Business. From 1995 to 2001 Mr. Syubaev was the First Deputy CEO of Bank Zenit, and from 2001 he has been serving as the Head of the Strategic Planning Department of Tatneft and Advisor to General Director of Tatneft for Foreign Economic Affairs and Financial/Banking Issues and from 2014 - a member of the Management Board of Tatneft. In 2016 he was appointed as Deputy General Director for Strategic Development of Tatneft. He has been a member of the Board of Directors since 2019.

*Shafagat Fakhrazovich Takhautdinov.* Mr. Takhautdinov was born in 1946. In 1971, he graduated from the Gubkin Petrochemical and Gas Industry Institute of Moscow. He has a Ph.D. in Economics. He started work in 1964 as a driller's assistant at the Almet'yevsk Drilling Operations Department and then worked as an oil production operator, underground well repair foreman and manager of a reservoir pressure maintenance section. He also served as Head of the Djalilneft NGDU (1978-1983), Head of the Almet'yevneft NGDU (1983-1985) and First Secretary of the Communist Party Committee of Leninogorsk (1985-1990). From 1990 to 1999, he was Chief Engineer and First Deputy General Director of Tatneft. From 1999 to November 2013, he was the General Director. In November 2013 he was appointed an Advisor to the Chairman of the Board of Directors of Tatneft. He has been a member of the Board of Directors since 1994.

*Rustam Khamisovich Khalimov.* He was born in 1965. He graduated from the Moscow Institute of Petrochemical and Gas Industry in 1987 specializing in Technology and complex mechanization of oil and gas fields development. Later he graduated from the National Economy Academy under the Government of the Russian Federation and the Tyumen State Oil and Gas University. From 2010 to 2011 he worked as the Head of Tatneft Branch in Libya. He was appointed as the Head of NGDU Elkhovneft from 2011 to 2015. In 2015 he was appointed as Deputy General Director for Exploration and Production of Oil and Gas, in 2018 promoted to the position of First Deputy General Director for Exploration and Production of Oil and Gas, and 2019 Mr. Khalimov assumed the leadership over newly established division Tatneft-Upstream. He is a Candidate of Science in Engineering. Mr. Khalimov has been a member of the Board of Directors since 2015.

*Rais Salikhovich Khisamov.* Mr. Khisamov was born in 1950. In 1978, he graduated from the evening department of the Gubkin Petrochemical and Gas Industry Institute of Moscow with a specialization in mining engineering. He has a Ph.D. in Geology and Mineralogy. He started work as an oil production operator at the Elkhovneft NGDU, then worked as a collector at the Birska Geological Prospecting Unit and as an operator at the Irkenneft NGDU. In 1972, after serving in the Russian army, he returned to the Irkenneft NGDU, where he worked until 1997 and was gradually promoted from the position of well exploration operator to that of Chief Geologist of the Irkenneft NGDU. From October 1997 to April 2021, he had been working as Chief Geologist and Deputy General Director of Tatneft. He has been a member of the Board of Directors since 1998.

#### *Authority of the Board of Directors*

Under the Law on Joint Stock Companies, the Charter and the Regulation on the Board of Directors, the Board of Directors has general authority to take all decisions regarding or related to our business activities, operations and internal affairs, except to the extent any specific matter or decision falls within the exclusive competence of the shareholders in a shareholders' meeting, the General Director or the Management Board. The following matters fall within the scope of authority of the Board of Directors:

- determining our strategic priorities;
- convening annual and extraordinary shareholders' meetings;
- approving agendas for, and other ancillary matters related to, shareholders' meetings;
- increasing our charter capital through public issuance of additional shares within the amount of authorized shares,



but (in case of ordinary shares) in a total amount not exceeding 25% of the total amount of ordinary shares then outstanding;

- issuing bonds and other securities, as provided by law;
- amending our Charter following the placement of additional shares, including amendments relating to the increase in our charter capital, as provided by law;
- determining the market value of our property and the price for placing and repurchasing our securities, where provided for by law;
- acquiring stocks, bonds, and other securities placed by us, where provided for by law;
- appointing and dismissing the General Director and other members of the Management Board;
- appointing and dismissing the Secretary of the Board and determining her/his duties;
- appointing the First Deputy General Directors;
- making recommendations relating to the amount of remuneration and compensation to be paid to members of the Revision Committee and determining payments for the services of the independent auditors;
- approving the criteria for performance evaluation and the amount of compensation for the members of the Board of Directors and the Management Board, approving the Board of Directors' budget;
- recommending the amount to be declared and paid as dividends on our shares and facilitating payment of the same;
- using our reserves and other funds;
- establishing branches and opening representative offices;
- concluding certain major transactions and certain interested party transactions, (where provided for by law), and concluding certain other transactions (where provided for by internal documents);
- approving the appointment of a registrar and the terms and conditions under which such appointment is made;
- determining the procedures for presentation of all bills, reports and applications, and determining the system for calculation of profits and losses, including the rules relating to the depreciation of property;
- adopting the Corporate Governance Code and introducing amendments thereto;
- forming committees of the Board of Directors and approving related regulations;
- approving other internal documents of the Company on the regulation of the matters related to the competence of the Board of Directors, excluding internal documents that are within the competence of the shareholders' meeting, the General Director and the Management Board as provided for in the Charter; and
- making other decisions that are not within the competence of the shareholders' meeting, the General Director and the Management Board.

#### *Meetings of the Board of Directors*

Meetings of the Board of Directors are convened either by the Chairman of the Board of Directors, or upon request of the General Director, any member of the Board of Directors, the Management Board, the Revision Committee, or the independent auditor. Although the Board of Directors only needs to meet once a year, at least one month prior to an annual shareholders' meeting, in order to review our annual report and resolve other issues relating to holding the annual shareholders' meeting (unless the interests of the company require more frequent meetings), they are typically held once a month. The agenda for meetings of the Board of Directors must include any items proposed by shareholders who own in the aggregate at least 5% of our shares and the auditor, the General Director, members of the Board of Directors, the Revision Committee, or the Management Board.

Under the Law on Joint Stock Companies and the Charter, the affirmative vote of a majority of the Directors present at a quorate meeting of the Board of Directors is usually required to pass a resolution and the Chairman of the Board of Directors shall cast the deciding vote in the event of a tie. However, certain resolutions, such as the approval of major transactions, and the issuance of additional shares, require the unanimous approval of all Directors present at a meeting of the Board of Directors. A quorum for the purpose of a meeting of the Board of Directors exists if more than 50% of the Directors are present. The minutes of meetings of the Board of Directors must be made available for review to any shareholder upon request.

The Law on Joint Stock Companies prohibits a person from holding the posts of Chairman of the Board of Directors and General Director at the same time.

#### *Committees of the Board of Directors*

**Audit Committee.** The Audit Committee of the Board of Directors is comprised of the following directors: Mr. Yuri L. Levin (Chairman), Mr. Radik R. Gaizatullin, Mr. Laszlo Gerecs and Mr. Valery A. Krukov. Under the terms of reference of the Audit Committee, its membership shall consist of at least three directors, including one director who is an audit committee financial expert. We have determined that three members of the Audit Committee are independent. Responsibilities of the Audit Committee are separate from the responsibilities of the Revision Committee, which might be maintained as a matter of Russian law. The Audit Committee is responsible for submitting recommendations to the Board of Directors on an annual basis regarding the independent auditor, negotiating the terms of engagement of the independent auditor, and evaluating its

## PJSC TATNEFT

### Corporate Governance Statement

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performance, overseeing completeness and correctness of our financial statements and evaluating reliability, effectiveness of internal control, pre-approving permissible non-auditing services provided by the auditors, and dealing with “whistleblowing” reports.

*Human Resources and Compensation Committee.* The Human Resources is comprised of the following directors and members of the Management Board: Mr. Laszlo Gerecs (Chairman), Mr. Valery A. Krukov, and Mr. Yuri L. Levin. The Human Resources and Compensation Committee is responsible for appraising the work of the Board of Directors and the Management Board, developing recommendations with respect to remuneration of top managers, the terms of their employment contracts and personnel policies more generally, establishing criteria for selecting candidates for the Management Board and to head our structural divisions, and preparing proposals on the main terms of agreements with members of the Board of Directors, the General Director and members of the Management Board.

*Sustainable Development and Corporate Governance Committee.* The Committee is comprised of the following directors and members of senior management: Mr. Nail U. Maganov (Chairman), Ms. Larisa Y. Glukhova, Mr. Laszlo Gerecs, Mr. Valery A. Krukov, Mr. Nurislam Z. Syubaev, Mr. Azat G. Khabibrahmanov, Ms Aigul M. Alparova, Mr. Damir M. Gamirov, and Mr. Vasily A. Mozgovoi. The Committee assists the Board of Directors in implementing the requirements of legislation and best practices in sustainable development in order to achieve strategic goals, in developing and improving the system and practice of corporate governance, regulates relations between shareholders, the Board of Directors and the executive bodies of the Company, makes recommendations to the Board of Directors to improve corporate governance practices management.

#### *Management Board*

Our Management Board currently consists of 4 members\*. The Management Board is appointed by the Board of Directors. The Management Board coordinates and oversees the effective operation of the Company and its various divisions. The Management Board’s authority extends across a broad remit and includes our long and short-term business development program, our participation in commercial and non-profit organizations, and our economic, financial and investment activities.

The members of our Management Board\* are:

<i><b>Name</b></i>	<i><b>Titles</b></i>	<i><b>Born</b></i>
Nail Ulfatovich Maganov	Chairman of the Board, General Director	1958
Nikolay Mikhailovich Glazkov	Deputy General Director for Capital Construction	1960
Rustam Nabiullovich Mukhamadeev	Deputy General Director for General Affairs	1952
Nurislam Zinatulovich Syubaev	Deputy General Director for Strategic Development	1960

\* Information as of 31 December 2022

Biographies of the members of the Management Board are set out below:

*Nail Ulfatovich Maganov.* See “Board of Directors” above.

*Nikolay Mikhailovich Glazkov.* Mr. Glazkov was born in 1960. In 1988, he graduated from Kazan Engineering and Construction Institute specializing in industrial and civil construction. He began his career at SMU 51 (a construction company), where he became the CEO of the company. From 1999 to 2005, he worked as Deputy Head of the Administration of the Almetyevsk District and the city of Almetyevsk on construction and communications, then the First Deputy Head of the Administration of the city of Almetyevsk. Since 2005, he has been serving as Head of the Capital Construction Department of PJSC Tatneft, subsequently promoted to the position of Deputy General Director for Capital Construction, and from 2012 a member of the Management Board.

*Rustam Nabiullovich Mukhamadeev.* Mr. Mukhamadeev was born in 1952. In 1977, he graduated from the Gubkin Petrochemical and Gas Industry Institute of Moscow, with a specialization in technological and complex mechanization for the development of oil and gas fields. From 1970 to 1971, Mr. Mukhamadeev worked as a student operator at the Elkhovneft NGDU. Following service in the army, he joined the evening department of the Tatarstan branch of the Gubkin Petrochemical and Gas Industry Institute of Moscow as a senior laboratory technician. In 1975, Mr. Mukhamadeev returned to the Elkhovneft NGDU as an oil-pump research engineer, subsequently becoming a senior geologist at Tatneftegasrazvedka in 1978. His subsequent work includes serving as an instructor in the industrial-transport section of the Communist Party Committee of Almetyevsk (1981-1985); Secretary of the Communist Party Committee, Assistant Director for Personnel, extra-curricular and social development, Assistant Director for Social Development and Assistant Director for General Operations of the Elkhovneft NGDU (1985-1998); and head of the Almetyevsk repair and construction division of Tatneft (1998-2001). Mr. Mukhamadeev served as Tatneft's Deputy General Director for Personnel and Social Development from 2001 to 2017. Since December 2017 - Deputy General Director for General Affairs with the title subsequently changed to Deputy General Director for General Affairs.

## **PJSC TATNEFT**

### **Corporate Governance Statement**

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*Nurislam Zinatulovich Syubaev.* See “Board of Directors” above.

#### *Authority of the Management Board*

The Management Board is our executive body and exercises day-to-day management and control over our business activities and operations. Under the Charter, the Management Board is, inter alia, explicitly responsible for:

- developing our programs of activities;
- participating in commercial and non-commercial organizations;
- performing our financial and investment programs;
- selling our shares and other securities to investors;
- determining procedures for granting access to the register of shareholders;
- submitting proposals on profit and loss distribution to the Board of Directors;
- determining internal and external pricing policies; and
- approving certain of our internal documents governing matters related to the competence of the Management Board and other documents provided by the General Director.

Under the Regulation on the Management Board approved by the shareholders (last amended on 21 June 2019), the Management Board does not have a fixed number of members, appointed by the Board of Directors and is chaired by the General Director.

The Management Board is convened by the General Director. Meetings of the Management Board are deemed quorate if at least 50% of the members of the Management Board are present. All decisions of the Management Board must be approved by a simple majority of the votes cast, provided that the Chairman of the Management Board has a deciding vote in the event of a tie.

#### *The General Director*

The General Director is elected by the Board of Directors for a five-year term and can be removed by a vote of two thirds of the members of the Board of Directors. The current General Director, Mr. Nail U. Maganov, was appointed by the Board of Directors in November 2018.

The General Director exercises day-to-day control over our activities and chairs meetings of the Management Board. The General Director is accountable to the Board of Directors and our shareholders. Pursuant to the Charter, the Regulation on the General Director approved by the shareholders (last amended on 23 June 2022), and Russian law, the General Director is authorized to, inter alia:

- procure performance of the decisions of the shareholders' meeting and the Board of Directors;
- manage our property in the manner prescribed by the Charter and the law;
- nominate candidates for the positions of First Deputy General Directors and members of the Management Board;
- organize and delegate duties within the Management Board, determine the amount of compensation of the members of the Management Board;
- hire and dismiss employees, including his deputies, the chief accountant, heads of departments, branches and representative offices;
- ensure the development, conclusion, and execution of the collective bargaining agreement;
- open settlement, currency, and other accounts of the Company in banks, conclude contracts, and make other transactions on behalf of the Company;
- approve our internal documents, excluding those internal documents the approval of which is within the exclusive competence of the shareholders' meeting, the Board of Directors, or the Management Board;
- exercise the rights of the Company as shareholder/participant in its subsidiaries; and
- make any other decisions pertaining to the conduct of the Company's business in the ordinary course.

The General Director also chairs meetings of our Management Board.

#### *Revision Committee*

The Revision Committee is our financial control body, which can be formed pursuant to the Law on Joint Stock Companies and is charged with supervising our financial and economic activity. It is elected by, and accountable to, the shareholders and consists of nine members, none of whom can be members of the Board of Directors or serve in any of our other management bodies. Each member of the Revision Committee serves until the next annual shareholders' meeting. Pursuant to the Charter, the Revision Committee must submit annual reports to the Board of Directors at least 40 days prior to the date of each annual shareholders' meeting. Further, it can be instructed to conduct a special audit by holders of 10% or more of our voting shares, by the shareholders' resolution passed at a shareholders' meeting, by the Board of Directors, and at its own initiative. In such case, a report of the Revision Committee must be submitted to the Board of Directors no later than one month after the date of such instruction. Any decision of the Revision Committee must be approved by a majority of its members.

The current members of the Revision Committee are:

- Marcel Fagimovich Abdullin, Head of the Workplace Infrastructure Management Center of the General Service Center of the Business Service Center of Tatneft;
- Ilnur Imamzufarovich Gabidullin, Deputy Director of Tatneft-Ak Bars;
- Liliya Rafaelevna Gaizetdinova, Head of the Economics Department of the Ministry of Land and Property Relations of the Republic of Tatarstan;
- Guzel Rafisovna Gilfanova, Deputy Head of Control and Revision Department of Tatneft;
- Tatyana Gennadiyevna Malakhova, Deputy Chief of Corporate Secretary of Tatneft;
- Lilya Rafaelovna Rakhimzyanova, Head of Department of the Ministry of Industry and Trade of the Republic of Tatarstan;
- Ramil Shavkatovich Khairullin, Deputy Chief Accountant-Head of the Accounting and Reporting Department of Tatneft;
- Ravil Anasovich Sharifullin, Head of Control and Revision Department of Tatneft;
- Saria Kashibulkhakovna Yusupova\*, Deputy Head of Economic Analysis Department of Ministry of Finance of the Republic of Tatarstan;

\*Appointed to the Revision Committee pursuant to the exercise of the Golden Share rights of the Tatarstan Government

### **Statement regarding TCFD disclosures**

This report does not contain climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures (the TCFD disclosures). The Company intends to include respective TCFD disclosures in its integrated annual report for 2022 (the Annual report) to be released for the approval by the Company's annual shareholders meeting in the second quarter of 2023. As of the date of this report the information required for the TCFD disclosures is still being collected and analysed for the purposes of being included in the Annual report.