

APPENDIX NO. 7. EXECUTION OF INSTRUCTIONS FROM THE PRESIDENT AND THE GOVERNMENT OF THE RUSSIAN FEDERATION

7.1. Formation of Ad-Hoc Committees under the Company's Board of Directors, under Instruction of the Government of the Russian Federation No. V3-P13-6294 dated 23 July 2009

Starting from 2008, the following Committees have been functioning under the Board of Directors of Transneft:

- the Strategy, Investments and Innovation Committee;
- the Audit Committee;
- the Human Resources and Remuneration Committee.

For the purposes of bringing the regulations on committees in line with the new version of the Company's Articles of Association approved in 2016, the requirements imposed by the Bank of Russia and the Listing Rules of Moscow Exchange, the regulations on committees were updated by the resolution of the Transneft Board of Directors dated 19 January 2017 (Minutes No. 1).

7.2. On Implementation of the Company's Energy Saving and Energy Efficiency Strategy (Paragraph 8, Instruction No. ISh-P9-3772 of the Government of the Russian Federation dated 18 June 2008 on Implementation of Decree of the President of the Russian Federation No. 889 On Measures to Improve Energy and Environmental Efficiency of the Russian Economy dated 4 June 2008, Letters of the Federal Agency for State Property Management No. GN-13/28934 dated 27 November 2008, No. GN-15/2957 dated 6 February 2012)

Transneft has developed and is implementing its Energy Saving and Energy Efficiency Enhancement programme for 2019 (hereinafter referred to as the Programme). It is part of the Transneft Long-Term Development Programme. The Programme was approved by the Board of Directors of Transneft dated 24 December 2019 (Minutes No. 22).

In pursuance of Letter of the Federal Agency for State Property Management No. GN-15/2957 dated 6 February 2012, data on the Company's performance in the field of energy saving is published on the Federal Agency for State Property Management's intradepartmental portal. For this information, see the Other Documents section of the Transneft personal account. As regards the operational results in 2020, the Energy Saving Programme was carried out in full.

7.3. On Disposal of Non-Core Assets, Pursuant to Decree of the President of the Russian Federation No. 596 dated 7 May 2012 (Letters of the Federal Agency for State Property Management

No. GN-13/1359 dated 24 January 2011, No. GN-15/10587 dated 9 April 2012, No. EA-15/48093 dated 25 October 2012), Including Information on Consideration by the Board of Directors Meetings of Disposal of Non-Core Assets of Both the Parent Company and Associate Companies, and Approval of Programmes on the Disposal of those Assets

The data is given in Section 4.12 Programme for Disposal of Non-Core Assets of the Annual Report. General description and results of the Programme.

7.4. On Approval of the Innovative Development Programme Developed (Corrected) on the Basis of the Methodological Instructions Approved by Instruction No. DM-P36-7563 dated 7 November 2015 (Executive Orders of the Government of the Russian Federation No. 1471p-P13 dated 3 March 2016)

Pursuant to Instruction of the Government of the Russian Federation No. DM-P36-7563 dated 7 November 2015 and Executive Order of the Government of the Russian Federation No. 1471p-P13 dated 3 March 2016 on the basis of methodological instructions approved by Instruction of the Government of the Russian Federation No. DM-P36-7563 dated 7 November 2015, the Transneft Innovation Development Programme for 2017–2021 was developed. It was coordinated with the Ministry of Energy, the Ministry of Education and Science and the Ministry of Economic Development of the Russian Federation; it was approved at the meeting of the Interagency Commission for Technological Development at the Presidium of the Council for Economic Modernisation and Innovative Development under the President of the Russian Federation (Minutes No. 10-D01 dated 7 October 2016) and then approved by the Board of Directors of Transneft on 11 November 2016 (Minutes No. 21).

7.5. On Proposals and Recommendations Encouraging the Development of Environmental Responsibility Mechanisms that Rely on International Standards, Including Such as Non-Financial Reporting and Voluntary Certification and Marking Systems that are Subject to Independent Audit and Assurance (Subparagraph I, Paragraph 1, List of Instructions from the President of the Russian Federation No. Pr-1640 dated 6 June 2010, Letter of the Federal Agency for State Property Management No. GN-13/37524 dated 5 December 2011)

Transneft's voluntary environmental responsibility mechanism lies in the system of additional obligations assumed by the Company to maintain the scientifically substantiated balance between environmental and economic interests and the socioeconomic needs of the society. The commitments contribute to the sustainable development of the Russian Federation.

The Environmental Management System (hereinafter referred to as the EMS) has been developed and implemented and is continuously improved at Transneft and all its subsidiaries to pursue the Transneft Integrated Policy in Occupational Safety, Energy Efficiency, Industrial and Environmental Safety in accordance with the ISO14001:2015 international standard (EMS). The EMS was developed with the structure of the Company's administrative management in mind. Transneft has developed a Responsibility Assignment Matrix to meet environmental law requirements in accordance with the ISO 14001:2015 international standard. The 2020 audits revealed that the System complied with all ISO 14001 requirements.

In pursuance of Executive Order of the Government of the Russian Federation No. 1710p-P13 dated 30 March 2012, as well as the resolution of Transneft's Board of Directors dated 21 March 2014 (Minutes No. 3) on mandatory non-financial reporting, Transneft annually publishes the non-financial Sustainable Development Report, that includes information on environmental responsibility, on its official website.

7.6. On Expediency of Applying Recommendations on Management of Intellectual Property Rights, as Prescribed by Instructions of the Government of the Russian Federation No. ISh-P8-800 dated 4 February 2014

In pursuance of Instructions of the Government of the Russian Federation No. ISh-P8-800 dated 4 February 2014, the 2014-2017 period saw implementation of the set of main measures to observe the recommendations on management of intellectual property rights at Transneft and its subsidiaries, in particular:

- an Intellectual Property Management Section (hereinafter – IP) in charge of intellectual property rights management was established under Transneft's Innovative Development and R&D Directorate;

- a full-time position of a Senior Expert in Intellectual Property Management was introduced in the technical sections of Transneft subsidiaries;
- the Transneft Intellectual Property Committee was established as a collegial advisory body and has been functioning routinely, governed by the Regulations on Company's Intellectual Property Committee adopted by Transneft;
- nine sectoral rules of procedure related to intellectual property were developed and approved at Transneft, including the Fundamental Provisions for Intellectual Property Rights Management at Transneft and its Subsidiaries, the Regulations on Commercialisation of Transneft's Intellectual Property, the Regulations on Identification, Legal Protection and Keeping Records of Transneft's Trade Secrets (Know-How), Making an Inventory of Intellectual Property Rights and other sectoral rules of procedure;
- standard contract templates for deals implying involvement of IP rights in civil-law business (alienation agreements concerning exclusive rights to IP; licensing agreements on the use of rights to IP) were developed;
- targeted inspections were carried out at 7 Transneft subsidiaries in order to ensure that Transneft controls the implementation of IP rights management measures;
- annual measures are taken with regard to IP identification and legal protection. The annual Plan for Legal Protection (Security) of the Intellectual Property of Transneft and its subsidiaries is being developed and approved. Expert examination of reporting documents and deliverables at all R&D stages is being carried out to identify and keep records of potentially protectable IP and prepare recommendations for their legal protection. Patent research is carried out at various R&D stages, along with construction of patent landscapes. Interaction with third parties on the issues of acquisition / alienation of IP rights, entering into licensing agreements on IP usage is in progress. Supervision of notifications of authors on creation of potentially copyrightable IP, including initiative-based IP etc. is carried out.
- a unified Intellectual Property Management Information System Database for Transneft and its Subsidiaries (IPMIS DB) designated to render data support to the IP rights management process at all stages of IP lifecycle was developed and introduced;
- a system of continuous training of employees of Transneft and its subsidiaries, including retraining and advanced training programmes and courses in the field of intellectual property, was introduced. The annual research-to-practice workshop on Transneft's intellectual property involving highly qualified specialists in the field of intellectual property is held;
- annual monitoring of the efficiency of the IP rights management system was introduced at Transneft and its subsidiaries.

7.7. On Development and Approval of the Long-Term Development Programme in Pursuance of Subparagraphs 33 and 34 of Paragraph 1 of Instruction of the President of the Russian Federation No. Pr-3086 dated 27 December 2013 (Executive Orders of the Government of the Russian Federation No. 4955p-P13 dated 17 July 2014, Letter of the Federal Agency for State Property Management No. PF-11/35222 dated 15 August 2014)

On Updating the Long-Term Development Programme and Submission of Audit Opinions Regarding the LDP in Pursuance of Decree of the President of the Russian Federation No. 204 dated 7 May 2018, Instruction from the Government of the Russian Federation No. DM-P13-4513 dated 21 July 2018 (Executive Order of the Government of the Russian Federation No. 276p-P13 dated 17 January 2019)

In pursuance of Subparagraphs 33 and 34 of Paragraph 1 of Instruction of the President of the Russian Federation No. Pr-3086 dated 27 December 2013 (Executive Order of the Government of the Russian Federation No. 4955p-P13 dated 17 July 2014, letter of the Federal Agency for State Property Management No. PF-11/35222 dated 15 August 2014), Transneft developed the Transneft Long-Term Development Programme (hereinafter also referred to as LDP, Long-Term Development Programme), approved by the resolution of Transneft's Board of Directors dated 19 November 2014 (Minutes No. 23). Update of the LDP, its audit (based on the results of reporting periods up to 2019 inclusive), assessment (pursuant to Executive Orders of the Government of the Russian Federation No. 6739p-P19 dated 30 July 2020) of the LDP implementation involving an expert organisation (as from 2021 to the results of the 2020 reporting year) are carried out on an annual basis.

As part of the implementation of Executive Orders of the Government of the Russian Federation No. 276p-P13 dated 17 January 2019, the possibility of increasing the capital investments of Transneft and their financing sources was analysed. In September 2019, this issue was submitted for consideration by the Board of Directors of Transneft. In accordance with the decision of the Board of Directors, Transneft management was instructed to ensure the adjustment of the Long-Term Development Programme, taking into account the analysis conducted, and submit it for consideration to the Board of Directors. The adjusted LDP was approved by the decision of the Board of Directors dated 24 December 2019 (Minutes No. 22).

In accordance with the Executive Orders of the Government of the Russian Federation dated 30 July 2020 No. 6739p-P13, due to the consequences of the spread of COVID-19, the requirement for the annual update of the LDP was suspended in 2020, and therefore it was decided to rearrange the update and approval of the new version of the LDP to 2021.

7.8. On Development of a Set of Measures (List of Measures) for Scheduled and Stage-Wise Replacement of Imported Products (Works, Services) with Procurement of Russian Products (Works, Services) Having Equivalent Technical Features and Consumer Properties and Used in Implementing Investment Projects and in Day-To-Day Operations, Based on Economic Viability and Technological Feasibility Principles; inclusion of the List of Measures and Values of Implementation Indicators for those Measures into the Company's Long-Term Development Programme, Taking into Account the Provisions of the Methodological Recommendations on Creation of Long-Term Development Projects (Instructions of the Government of the Russian Federation No. DM-P9-87pr dated 25 November 2013, No. AD-P9-9176 dated 12 December 2014 and No. ISh-P13-1419 dated 5 March 2015) (Executive Order of the Government of the Russian Federation No. 1346p-P13 dated 5 March 2015)

Transneft is constantly working to reduce the dependence of the Russian fuel and energy sector upon imports of equipment, technical devices and components, as well as works and services of foreign companies and use of foreign software.

Transneft's Corporate Import Substitution Plan (hereinafter – CISIP) has been developed and is being implemented at Transneft. It is part of the Transneft Long-Term Development Programme. The Programme was approved by the Board of Directors of Transneft dated 24 December 2019 (Minutes No. 22).

The CISIP determines a set of measures (list of measures) aimed at scheduled and stage-wise replacement of imported products (works, services) with procurement equivalent in technical features and consumer properties of domestic products, based on the principles of economic and technological feasibility, as well as target indicators for the implementation of such events (hereinafter referred to as the import substitution measures).

Procurement of domestically produced products developed under the CISP

Item No.	Indicator	Units of measurement	Target 2020	Actual 2020
1	Mainline and booster pumps	pcs.	125	125
2	Stop and control valve (pressure and flow regulators)	pcs.	21	34
3	Sliding gate valve and expanding gate valve	pcs.	70	207
4	Spherical piston for MDP	pcs.	6	6
5	Heavy sea boom	pcs.	250	250
6	Lifting foam fire truck	rm	2	3
7	Oil and petroleum products' lease automatic custody transfer unit	pcs.	3	3
8	Turbine flow transducers DN250, DN400	pcs.	8	8
9	Mechanical displacement prover	pcs.	3	3
10	Fluid density transducer	pcs.	5	5
11	Fluid viscosity transducer	pcs.	3	3
12	Drag-reducing agent	tonnes	1,500	1,168.75
13	Measuring and computing complex as part of the data processing system of LACTs and operational CEUs and operational LACTs (in-house production)	pcs.	53	48
14	Oil and petroleum products level and temperature measurement system in tank farms (proprietary design)	pcs.	22	20
15	Linear electric drive for stop and control valves	pcs.	2	15
16	Electric motor	pcs.	42	75

7.9. On Improving the Company's System of Key Performance Indicators in Pursuance of Paragraph 4 of List of Instructions from the President of the Russian Federation No. Pr-1474 dated 5 July 2013 (Executive Order of the Government of the Russian Federation No. 2579p-P13 dated 25 April 2014)

The Company updated the Key Performance Indicators System of Transneft's Economic Activities (approved by the resolution of the Board of Directors of Transneft dated 27 November 2019 (Minutes No. 20) and the Methodology for Assessment of the implementation of Key Performance Indicators of Transneft (approved by the resolution of the Board of Directors of Transneft dated 26 December 2019 (Minutes No. 23). The update was carried out in accordance with Clause 4 of List of Instructions of the President of the Russian Federation dated 5 July 2013 No. Pr-1474 (Executive Order of the Government of the Russian Federation dated 25 April 2014 No. 2579p-P13), as well as in accordance with the Methodological Recommendations on the Application of Key Performance Indicators of Business Entities in whose Authorised Capital the Participation Share of the Russian Federation or a Constituent Entity of the Russian Federation Exceeds 50 Percent, and Performance Indicators of Federal State Unitary Enterprises in order to Determine the Amount of Remuneration for their Management

Personnel, approved by Directive of the Russian Government No. 1474-r dated 5 June 2013, by Executive Orders of the Russian Government No. 9054p-P13 dated 2 October 2014 and by other instructions of the federal authorities of the Russian Federation.

Regarding the KPIs for 2021, directive dated 2 March 2021 No. 1891p-P13 was received.

For more detail on the KPI system adopted by the Company, see Section 4.6 of the Annual Report.

7.10. On Increased Labour Productivity, Creating and Upgrading of High-Performance Jobs. In Pursuance of Subparagraphs 6.2, 6.3 and 6.4, Paragraph 6, Section 2 of the Action Plan Approved by Directive of the Government of the Russian Federation No. 1250-r dated 9 July 2014 (Executive Order of the Government of the Russian Federation No. 7389p-P13 dated 31 October 2014, Letter of the Federal Agency for State Property Management No. 11/47056 dated 5 November 2014)

A list of Transneft's measures ensuring a rise in labour productivity was included in the Transneft Long-Term Development Programme (Chapter 11, Personnel Management). The KPI System of Transneft was expanded to include the Increase in Labour Productivity indicator, with target values annually approved by the Transneft Board of Directors.

7.11. On Inclusion of the Main Characteristics of the Labour Resources Demand, including Engineering and Technical Professions, into the Company's Long-Term Development Programme in Accordance with Subparagraph b, Paragraph 2 of List of Instructions from the President of the Russian Federation No. Pr-1627 dated 1 July 2014

The information on the personnel in demand at Transneft subsidiaries, with engineering and technical professions among them, was included into the Transneft Long-Term Development Programme (Chapter 11, Personnel Management).

7.12. On Development of the Set of Measures (List of Actions) to Achieve the Operating Expenses (Costs) Reduction by at Least 2-3% Annually (Hereinafter Referred to as the OPEX Reduction Indicator); inclusion of the List of Actions, Target Values of the Actions' Accomplishment Indicator and OPEX Reduction Indicator Values, Starting From its Value for 2015, into the Long-Term Development Programme; inclusion of the OPEX Reduction Indicator Target Values into the List of Key Performance Indicators for the Management Activities, and Aligning Achievement of the OPEX Reduction Indicator Values with the Remuneration Rates of the Company's Management; amendment of the Employment Contract with the Sole Executive Body of the Company to Include an Obligation to Achieve the OPEX Reduction Indicator Value Determined in the Company's Long-Term Development Programme (Executive Order of the Government of the Russian Federation No. 2303p-P13 dated 16 April 2015)

For 2019–2024, the target values for the indicator of the Transneft OPEX Reduction Action Plan achievement were approved by the Company's Board of Directors on 27 November 2019 (Minutes No. 20), as part of Transneft's Programme for Operational Efficiency Improvement and Cost Cutting.

Among the key activity areas ensuring OPEX reduction at Transneft are:

- cutting down electricity costs;
- optimising procurement;
- cutting down fuel consumption;
- cutting down spending on maintenance services.

In the context of the above activity areas, the Company has developed respective OPEX reduction measures.

Reduction in the cost of power resources is achieved through:

- optimisation of trunk pipelines' process modes;
- optimisation of capacity at trunk pipelines' operating facilities;
- increase in the efficiency of energy-intensive equipment.

Procurement optimisation is achieved through:

- substituting imported products with domestically manufactured products, provided that the quality equals to those of the imported ones;
- setting baseline prices of bids equal to or lower than the previous year's actual purchase prices.

Lower fuel consumption is achieved through:

- introduction of the GLONASS system and monitoring of the movement of vehicles and special-purpose machinery along the established routes;
- installation of up-to-date automated and highly efficient equipment in boiler houses, reduction of thermal energy loss in heating networks due to the use of modern thermal insulation materials.

Lower spending on maintenance services is achieved through optimisation of operations of maintenance services' providers, installation of modern equipment at maintenance subsidiaries' divisions and adoption of efficient technologies.

Transneft has developed a new Methodology to Calculate the Operating Expenses Reduction Indicator approved by the resolution of the Board of Directors of Transneft dated 27 December 2018 for evaluation of the achievement of the Operating Expenses Reduction Percentage KPI (Minutes No. 22). In pursuance of Paragraph 5 on List of Instructions from the President of the Russian Federation No. Pr-2821 dated 5 December 2014, issued for the purpose of implementation of the Presidential Address to the Federal Assembly of the Russian Federation of 4 December 2014, in accordance with the Methodological Instructions on Calculation of Costs Reduction by Joint-Stock Companies with the State's Equity Stake Exceeding 50%, approved by Order of the Federal Agency for State Property Management No. 90 dated 10 March 2016.

In the end of 2019, the Board of Directors of Transneft approved the KPI for 2020, including the OPEX Reduction Percentage KPI, with a target value of 2% for 2020 and the actual reduction of 2.7%.

Chapter 19, Reduction of Operating Expenses, of Transneft's Long-Term Development Programme determines the key goals, areas and anticipated results of the operating expenses reduction and the procedures for implementation of Transneft's plan for reduction of operating expenses, as well as the control of its implementation.

The employment contract with the sole executive body of the Company (President of Transneft) regarding the inclusion of the obligation to achieve the values of the Operating Expenses Reduction Indicator defined in the Transneft Long-Term Development Programme stipulates, "... to carry out activities aimed at achieving the targets and indicators established by the Transneft Long-Term Development Programme, in the relevant areas of the Company's activities."

7.13. On Inclusion of the Integrated Key Performance Indicator of Innovative Activities Developed in Accordance with the Guidelines Approved by Instruction of the Government of the Russian Federation No. DM-P36-7563 dated 7 November, 2015, since 2016 (Executive Order of the Government of the Russian Federation No. 1472p-P13 dated 3 March 2016; Letter of the Federal Agency for State Property Management No. AT-2424/02 dated 11 March 2016)

Following the recommendations of the Ministry of Economic Development of the Russian Federation approved by Instruction of the Government of the Russian Federation No. DM-P36-7563 dated 7 November 2015, and in pursuance of Executive Orders of the Government of the Russian Federation No. 1472p-P13 dated 3 March 2016 (letter of the Federal Agency for State Property Management No. AT-2424/02 dated 11 March 2016), a comprehensive audit of performance indicators of 87 foreign companies leading in the global oil and petroleum products transportation, was carried out involving the independent international consulting company KPMG. The obtained results were used by Transneft as a basis to develop its Integrated Key Performance Indicator of Transneft's Innovative Activities.

The recommendations on the scope, calculation method and target values of the Integrated Key Performance Indicator of Transneft's Innovative Activities were agreed upon with the Ministry of Economic Development and the Ministry of Energy of the Russian Federation. The Integrated Key Performance Indicator of Innovative Activities was included in the System of Key Performance Indicators of Transneft's Economic Activities and the Long-term Development Program of Transneft since 2016.

7.14. On Development, in Accordance with the Methodological Instructions Approved by the Government of the Russian Federation within Implementing Subparagraph 5 of Paragraph 1 of List of Instructions of the President of the Russian Federation No. Pr-3013 dated 5 December 2014, Approval and Implementation of the Following Internal Documents of the Company:

the Rules of Procedure for Improvement of the Investment and Operational Performance and Cost Reduction;
the Regulations on Internal Audit;
the Regulations on the Risk Management System;
the Regulations on the Quality Management System;
the Regulations on the Development Procedures and Implementation of Long-Term Development Programmes (Executive Order of the Government of the Russian Federation

No. 3984p-P13 dated 24 June 2015; Letter of the Federal Agency for State Property Management No. 11/27343 dated 7 July 2015)

In pursuance of Executive Orders of the Government of the Russian Federation No. 3984p-P13 dated 24 June 2015, by virtue of the resolution of the Board of Directors of Transneft dated 16 November 2015 (Minutes No. 28), the following internal documents of the Company were approved:

- the Transneft Rules of Procedure for Improvement of the Investment and Operational Performance and Cost Reduction;
- the Transneft Regulations on Internal Audit;
- the Transneft Regulations on the Quality Management System;
- the Transneft Regulations on the Risk Management System;
- the Transneft Regulations on the Development and Implementation of the Innovation Development Programme.

The new version of the Regulation on the Internal Audit was approved by the resolution of the Board of Directors of the Company, minutes No. 16 dated 20 September 2019.

The aforementioned documents were developed in line with the Methodological Instructions approved by the Government of the Russian Federation.

7.15. On Implementation of the Corporate Governance Code in Line with Instruction of the Government of the Russian Federation No. ISH-SH3-5859 dated 31 July 2014, Paragraph 4, Section I of Minutes No. 5 of the Meeting of the Government of the Russian Federation on 13 February 2014 (Executive Order of the Government of the Russian Federation No. 5667p-P13 dated 2 September 2014)

The Board of Directors of Transneft approved the Transneft Action Plan (Road Map) for Implementation of the Corporate Governance Code (CGC) on 18 September 2015 (Minutes No. 23). For a detailed report on the introduction of the CGC into the activities of the Company and on compliance with the CGC throughout the reporting year, please see Section 7.2. Information on Following the Recommendations of the Corporate Governance Code.

In September 2019, the Corporate Governance Code of Transneft was approved (Minutes of the Board of Directors No. 16 dated 23 September 2019).

7.16. On Establishing Unified Boards of Treasury of the Parent, Subsidiary and Affiliated Joint-Stock Companies. In Pursuance of Paragraph 1 of Instruction of the President of the Russian Federation No. Pr-1032 dated 7 May 2014 (Executive Orders of the Government of the Russian Federation No. 5110p-P13 dated 8 August 2014 and No. 1769p-P13 dated 26 March 2015)

In pursuance of Executive Orders of the Government of the Russian Federation No. 1796p-P13 dated 26 March 2015, updated information on the analysis of the results of having a unified board of treasury established at Transneft has been submitted to the Ministry of Finance of Russia and to Rosfinmonitoring (the Federal Financial Monitoring Service) (letter dated 10 September 2020 No. PAO-17.2-01-TNF-02/36781).

7.17. On Purchase of Competitive Domestically Manufactured Software Required for the Activities of the Joint-Stock Company, in Pursuance of Instruction of the Government of the Russian Federation No. ISh-P13-1872 dated 1 April 2016 (Executive Orders of the Government of the Russian Federation No. 4972p-P13 dated 11 July 2016)

In 2020, Transneft (including its subsidiaries) spent RUB 3,551.25 million on purchase of domestically produced software, acting in pursuance of the instruction from the Government of the Russian Federation on preferred use of domestic software.

7.18. On Changing the Procurement Policy of Transneft, as Regards Innovative Building Materials, in Pursuance of Paragraph 7 of Minutes of the Meeting of the Chairman of the Russian Government No. DM-P9-38pp dated 14 June 2016 (Executive Order No. 6558p-P13 dated 5 September 2016)

In line with Executive Order of the Government of the Russian Federation No. 6558p-P13 dated 5 September 2016, on 9 November 2016 the Transneft Board of Directors made a decision (Minutes No. 20) to amend the Regulations on the Procurement of Goods, Works and Services in the following:

- prioritising the procurement of Russian innovative building materials;
- the possibility of signing long-term contracts with Russian producers of building materials, with guaranteed supplies in the future, as well as with manufacturers who have formalised special investment contracts for production of these materials in accordance with the established procedure.

7.19. On Expanding the Use of Factoring in the Execution of Contracts for the Delivery of Goods (Performing Works, Rendering Services) (Executive Orders of the Government of the Russian Federation No. 7704p-P13 dated 11 October 2016, No. 4111p-P13 dated 8 May 2019)

As per Executive Order of the Government of the Russian Federation No. 4111p-P13 dated 8 May 2019, the Transneft Board of Directors made a decision (Minutes No. 11 dated 25 June 2019) to make amendments to the Transneft Regulations on the

Procurement of Goods, Works and Services, as regards the procedure of using factoring (the assignment of claim) in the execution of contracts for supplying goods (performing works, rendering services), signed by the Company with SMEs, based on the results of procurement using the methods specified in the Regulations, save for auction sales pursuant to the civil laws of the Russian Federation.

7.20. On Development and Adoption of Local Regulatory Acts by Transneft, Regulating the Procurement Standards of Certain Goods, Works and Services; on Publication of Procurement Standards on the Official Websites of Transneft in the Internet; on Mandatory Use of Procurement Standards in Planning and Conduct of Transneft's Operational Activities in Pursuance of Paragraph 2 of Instruction of the Russian Government No. DM-P9-8413 dated 12 December 2015 (Executive Order of the Government of the Russian Federation No. 2793p-P13 dated 19 April 2016)

In accordance with the Executive Orders of the Government of the Russian Federation No. 2793p-P13 dated 19 April 2016, the Transneft Board of Directors approved the Procurement Standards for Certain Types of Goods, Works and Services (hereinafter referred to as the Procurement Standards) on 28 July 2016 (Minutes No. 14).

In accordance with Paragraph 3.5. of the Procurement Standards, the Standards were updated and approved by the Board of Directors of Transneft (Minutes No. 13 dated 28 July 2020). The approved Procurement Standards are published on the Company's official website (www.transneft.ru). The Procurement Standards are used by Transneft in procurement planning and procurement documentation preparation, as well as for the control of prices included in the Procurement Standards of Goods, Works and Services stipulated in the contracts signed.

7.21. On Introducing Professional Standards in the Activities of the Joint-Stock Company, in Pursuance of Paragraph 3, Section 1 of Minutes of Meeting of the Government of the Russian Federation No. 9 dated 24 March 2016 (Executive Orders of the Government of the Russian Federation No. 5119p-P13 dated 14 July 2016)

In accordance with the Executive Order of the Government of the Russian Federation No. 5119p-P13 dated 14 July 2016, in 2020, two meetings of the Transneft Board of Directors were initiated to consider the following issues:

- report on implementation of the Plan for Introduction of Professional Standards in Transneft and its subsidiaries in 2016–2020.

As part of the implementation of the Plan, 13 professional standards were introduced in Transneft and the Transneft subsidiaries in 2020, covering 6.4% of the total number of staff. In general, following the results of the implementation of professional standards in 2016–2020, 44% of the staffing of Transneft and its subsidiaries, or 94.6% of the total number of staff units for which professional standards have been approved, were covered.

- on the approval of the Plan for Introduction of Professional Standards in Transneft and its subsidiaries in 2021.

Based on the results of monitoring the professional standards approval (updating), the Board of Directors approved the Plan for the Implementation of Professional Standards in Transneft and its subsidiaries in 2021, which provides for introduction of professional standards for 3.6% of the total staffing of Transneft subsidiaries.

7.22. On Amending Development Plans, Including Long-Term Development Programmes, the Company's Strategies and Investment Programmes, as Regards the Introduction of Separate Sections (Special Measures) Prioritising the Financing of Socioeconomic Development of Russia's Far East (Development of Such Measures, if Needed), in Pursuance of Subparagraph B of Paragraph 6 of Instruction of the Government of the Russian Federation No. DM-P16-6658 dated 30 September 2015 (Executive Orders of the Government of the Russian Federation No. 4531p-P13 dated 28 June 2016)

As part of execution of Subparagraph b, Paragraph 6 of Instruction of the Government of the Russian Federation No. DM-P16-6658 dated 30 September 2015 (Executive Orders of the Government of the Russian Federation No. 4531p-P13 dated 28 June 2016), a section on the development of Russia's Far East was included in the Transneft Long-Term Development Programme (Chapter 24, Transneft's Activities in the Territory of the Far Eastern Federal District). The amended LDP was approved by the Board of Directors of Transneft on 30 December 2016 (Minutes No. 27). All planned parameters' values are given for each constituent entity included in the FEFD (Far Eastern Federal District) separately, in accordance with the instructions of the Government of the Russian Federation, as part of the annual LDP adjustment for 2017, in the section on the development of Russia's Far Eastern Federal District. In preceding years, the target values were established for the FEFD as a whole.

In 2019, as per the Methodological Recommendations on the Creation of Long-Term Development Projects by Joint-Stock Companies and

Federal State Unitary Enterprises, as well as by Public Joint-Stock Companies, Whenever the Aggregate Share of the Russian Federation in the Authorised Capital of Such Companies Exceeds 50%, the Transneft Long-Term Development Programme was adjusted as scheduled, and its term was extended until 2024.

In accordance with the Executive Orders of the Government of the Russian Federation dated 30 July 2020 No. 6739p-P13, due to the consequences of the spread of COVID-19, the requirement for the annual update of the LTDP was suspended in 2020, therefore it was decided to rearrange the update and approval of the new version of the LTDP to 2021.

7.23. On the Procedure for Identification and Disposal of Non-Core Assets, in Pursuance of Instruction of the President of the Russian Federation No. Pr-348 dated 22 February 2016 (Executive Orders of the Government of the Russian Federation No. 4863p-P13 dated 7 July 2016)

Based on Executive Orders of the Government of the Russian Federation No. 4863p-P13 dated 7 July 2016, the Board of Directors of Transneft approved (Minutes No. 17) the Programme for Disposal of Transneft Group's Non-Core Assets and the Non-Core Assets Register on 14 October 2016.

Based on Executive Orders of the Government of the Russian Federation No. 6604p-P13 dated 18 September 2017, the Board of Directors of Transneft approved new versions of (Minutes No. 20) the Programme for Disposal of Transneft Group's Non-Core Assets and the Non-Core Assets Register on 27 December 2017.

By the resolution of the Board of Directors of Transneft dated 20 April 2020, the Programme for Disposal of Transneft Group's Non-Core Assets was declared completed.

7.24. On Introduction of Recommendations on Intellectual Property Rights Management in Pursuance of Instruction of the Government of the Russian Federation No. ISh-P8-5594 dated 25 August 2017 (Executive Orders of the Government of the Russian Federation No. 9177-P13 dated 12 December 2017)

In pursuance of Instructions of the Government of the Russian Federation No. ISh-P8-5594 dated 25 August 2017 and Executive Order No. 9177-P13 On Implementation of the Recommendations on Management of Intellectual Property Rights (hereinafter the Recommendations) dated 12 December 2017, the following activities were carried out in 2018-2019 by the decision of the Board of Directors of Transneft:

- in accordance with the recommendations, an analysis of Intellectual Property (IP) rights (approved

by the Instruction) management at Transneft was performed;

- the Fundamental Provisions on Management of Intellectual Property Rights at Transneft and its subsidiaries were developed and approved by the resolution of the Board of Directors of Transneft (instead of the current document approved in 2014).
- the programme (internal document) on IP rights management at Transneft was developed and adopted by the resolution of the Board of Directors of Transneft in accordance with the Recommendations.

Additionally, in order to improve the efficiency of the IP rights management system, the following measures were implemented at Transneft and its subsidiaries in 2018-2020:

- Transneft's sectoral rules relating to intellectual property were developed and adopted: the Regulations on Determining the Initial Value of Intangible Assets and the Value of R&D Costs, as well as on the Procedure for Including them on the Balance Sheet; the Regulations on Foreign Patenting of Intellectual Property of Transneft and its subsidiaries;
- the Intellectual Property Commission held 8 meetings dedicated to various issues of legal protection, use and keeping records of intellectual property at Transneft and its subsidiaries;
- further implementation of the comprehensive patent analytics system was continued at Transneft, for the Company and its subsidiaries to further apply the obtained IP in their business; thus, preliminary patent research required for including the announced R&D subjects in the annual R&D Master Plan for Transneft and its subsidiaries was conducted, patent studies were carried out at the R&D stage, and patent landscapes were built for 7 priority technology areas of Transneft;
- three research-to-practice workshops on Transneft's intellectual property as well as 18 online workshops on intellectual property rights management were held for the personnel of Transneft and its subsidiaries, with highly qualified specialists in the field of intellectual property involved. Retraining and advanced training programmes and courses in the field of intellectual property were attended by 47 employees of Transneft and its subsidiaries;
- 9 targeted audits of IP rights management were conducted in order to monitor the implementation of Transneft's unified intellectual property policy at Transneft subsidiaries;
- upgrade of the Intellectual Property Management Information System Database for Transneft and its Subsidiaries (IPMIS DB) was performed;
- the annual activities to identify, legally protect and defend IP rights continued.

7.25. On Transition to Prioritised Use of Domestic Software. Paragraph 4 of Section II of Minutes of the Government Commission Meeting on the Use of Information Technologies to Improve the Living Standards and Business Environment No. 1 dated 9 February 2018 (Executive Orders of the Government of the Russian Federation No. 10068pP13 dated 6 December 2018)

The Board of Directors of Transneft (Minutes No. 7 dated 17 May 2019) adopted an Action Plan for Transfer of Transneft and its subsidiaries to Prioritised Use of Domestic Software for 2019-2021. In accordance with this Plan, the following activities were implemented or launched in 2020.

Domestic Postgres DBMS was tested (Expert Opinion on PostgreSQL database management system, edition 12 No. TT-3.2-03/7304 dated 30 June 2020, Expert Opinion on Postgres PRO Enterprise 12 database management system No. TT-3.2-03/7303 dated 30 June 2020).

The following domestic operating systems for servers and workstations were tested:

- Astra Linux CE (Expert Opinion on the Astra Linux common edition 2.12 server operating system No. TT-27-03/17409 dated 11 December 2020);
- Alt Server (Expert Opinion on the Alt Server 9.1 server operating system No. TT-27-03/17411 dated 11 December 2020);
- ROSA Enterprise Linux Server (Expert Opinion on the ROSA Enterprise Linux Server 7.3 server operating system No. TT-27-03/17406 dated 11 December 2020);
- ROSA Enterprise Linux Desktop (reld) (Expert Opinion on the ROSA Enterprise Linux Desktop (reld) 7.3 server operating system No. TT-27-03/16742 dated 30 November 2020);
- Alt Workstation (Expert Opinion on the Alt Workstation 9 client operating system No. TT-27-03/16744 dated 30 November 2020);
- Astra Linux CE (Expert Opinion on the Astra Linux common edition Orel release 2.12 client operating system No. TT-27-03/17959 dated 23 December 2020).

Proposals for the Software Import Substitution Plan were developed. The proposals were considered by Minutes of the Absentee Meeting of the Coordinating Council for IT Import Substitution of Transneft No. 2632 dated 27 March 2020.

The Response and Accelerated Foreign Software Substitution Plan was developed and approved, Minutes No. 2966 dated 8 April 2020.

Work is underway to establish a list of foreign software requiring a response plan or early replacement with domestic software, Minutes No. 6684 dated 10 June 2020.

The Company is constantly analysing its imported infrastructure software in order to maintain operability

in case of restrictions on updating / purchase of license keys / technical support are imposed or other factors occur which may lead to failures in corporate information systems. The necessary changes are constantly being made to the organisational and administrative documentation. The work with manufacturers of the domestic software is conducted on a regular basis.

7.26. On Comparison of the Technological Development Level and Current KPI Values with the Development Level and Values of Leading Peer Companies in Accordance with the Methodological Recommendations (Executive Orders of the Government of the Russian Federation No. 3262p-P13 dated 27 April 2018)

In accordance with the Executive Orders of the Government of the Russian Federation No. 3262p-P13 dated 27 April 2018, Transneft compared the technological development level and current KPI values with the development level and values of leading peer companies. The comparison was performed in accordance with Methodological Recommendations for comparing the Technological Development Level and KPI values of joint-stock companies with state participation, state corporations, state-owned companies and federal state unitary enterprises with the development level and parameters of leading peer companies, approved by the Interagency Task Force for Implementing Priorities for Innovative Development under the Presidential Council for Economic Modernisation and Innovative Development Presidium of the Russian Federation (Minutes No. 2 dated 19 September 2017).

The Comparison Report was submitted to the Ministry of Economic Development of Russia by letter No. AK-06-01-08/52595-KT dated 31 October 2018 and the Ministry of Energy of Russia by letter No. AK-06-01-08/52594-KT dated 31 October 2018, and agreed by the ministries.

7.27. On Intellectual Property Rights Inventory for the Purpose of Further Implementation of Measures to Provide the Identified Intellectual Property Rights Owned by the Company with Legal Protection, Place the Intellectual Property Rights on the Balance Sheet as Intangible Assets for their Further Introduction into the Economic Turnover and Ensure Monetary Evaluation of these Intellectual Property Rights (Executive Orders of the Government of the Russian Federation No. 7050 dated 30 August 2018)

In pursuance of Executive Orders of the Government of the Russian Federation No. ISh-P8-5594 dated 30 August 2018 On Intellectual Property Rights Inventory for the Purpose of Further Implementation of Measures to Provide the Identified

Intellectual Property Rights Owned by the Company with Legal Protection, Place the Intellectual Property Rights on the Balance Sheet as Intangible Assets for their Further Introduction into the Economic Turnover and Ensure Monetary Evaluation of these Intellectual Property Rights in 2018-2019 under the Order No. 166 dated 6 November 2019, the following measures were implemented in Transneft and its subsidiaries:

- The IP rights inventory was performed within the prescribed period — between 30 November 2018 and 03 June 2019.
- The results of the IP rights inventory were considered at the meeting of the Central Inventory Commission of Transneft. Recommendations of the Central Inventory Commission of Transneft on IP rights management were prepared and submitted for Transneft subsidiaries.
- Based on the results of the inventory and the developed sets of measures, Transneft and its subsidiaries implemented the recommendations of the Central Inventory Commission of Transneft on IP rights management.

7.28. On the Procedure for Approval by the Ministry for the Development of the Russian Far East of Investment Programmes and Other Sets of Measures for Infrastructure Development Implemented by State Enterprises, State-Owned Companies and Other Organisations with State Participation

In pursuance of Executive Orders of the Government of the Russian Federation No. 8860p-P13 dated 29 October 2018 to representatives of the interests of the Russian Federation for their participation in meetings of the Boards of Directors (the Supervisory Boards) of joint-stock companies included in the special list approved by Directive of the Russian Government No. 91-r dated 23 January 2003 and the relevant resolution of the Board of Directors of Transneft dated 11 December 2018 (Minutes No. 19) to ensure the compliance of Transneft's internal regulatory documents with the procedure approved by Russian Government Resolution No. 1502 On the Procedure for Approval by the Ministry for the Development of the Russian Far East of Plans and Target Programmes of State Enterprises, State-Owned Companies and Other Organisations dated 27 December 2016 (in the version approved by Russian Government Resolution No. 232 dated 6 March 2018), Transneft developed and implemented the regulatory document titled Oil and Petroleum Products Trunk Pipeline Transportation. The Procedure for Approving Transneft's Plans and Target Programmes by the Ministry for the Development of the Russian Far East (approved by Order No. 193 dated 20 December 2018).

7.29. On Purchase of Russian Goods Used for Implementation of National Projects and Involved in the Comprehensive Plan for

Modernisation and Expansion of Mainline Infrastructure (Executive Orders of the Government of the Russian Federation No. 9984p-P13 dated 1 November 2019)

In accordance with the Executive Orders of the Government of the Russian Federation No. 9984p-P13 dated 1 November 2019, the Board of Directors of Transneft made the decision on 23 December 2019 (Minutes No. 21) to amend Transneft's Regulations on the Procurement of Goods, Works and Services to establish priority for procurement of Russian products specified in the Annex to Order of the Russian Ministry of Finance No. 126n dated 4 June 2018 On the Conditions for Admission of Goods Originating from a Foreign State or a Group of Foreign States for the Purpose of Procurement of Goods to Meet State and Municipal Needs, in accordance with provisions of Russian Government Resolution No. 925 dated 16 September 2016 On Priority of the Russian Origin Goods, Works and Services Carried out and Rendered by Russian Persons in Relation to the Foreign State Goods, Works and Services Carried out and Rendered by Foreign Persons.

7.30. On Increasing Labour Productivity (Executive Order of the Government of the Russian Federation No. 12153p-P13 dated 25 December 2019)

In Pursuance of Executive Order of the Government of the Russian Federation No. 12153p-P13 dated 25 December 2019, a meeting of the Board of Directors of Transneft was held (Minutes of the meeting of the Board of Directors of Transneft No. 4 dated 6 March 2020), which made the decision to arrange the works for Transneft to develop a method of calculating the productivity indicator based on the method approved by Order of the Ministry of Economic Development of Russia No. 659 dated 15 October 2019, as well as to have it considered by the Ministry of Economic Development of Russia.

The Raising Labour Productivity KPI assessment methodology was approved by the resolution of the Board of Directors of Transneft (Minutes of the meeting of the Board of Directors of Transneft No. 21 dated 23 December 2020) as part of the Methods to Evaluate Achievement of Transneft's KPI. Taking into account the received Methodological Recommendations for the Formation and Application of Key Performance Indicators of Joint-Stock Companies, whose shares are owned by the Russian Federation, and certain non-profit organisations, in order to determine the amount of remuneration for their management staff (Order of the Government of the Russian Federation No. 3579-p dated 28 December 2020) and Executive Order of the Government of the Russian Federation dated 2 March 2021 No. 1891p-P13, this KPI is not included in the list of Transneft KPIs for 2021.

7.31. On the Possibility of the Joint-Stock Company's Transition to Tax Control in the Form of Tax Monitoring (Executive Order of the Government of the Russian Federation No. 11528p-P13 dated 13 December 2019)

In accordance with the Executive Orders of the Government of the Russian Federation No. 11528p-P13 dated 13 December 2019, the Board of Directors of Transneft was instructed to address the possibility of Transneft and its subsidiaries transition to tax control in the form of tax monitoring, taking into account provisions of Article 105.25 of the Russian Tax Code, as well as the technical and organisational readiness level (Minutes of the meeting of the Board of Directors of Transneft No. 1 dated 31 January 2020).

By the resolution of the Board of Directors of Transneft dated 10 November 2020 (Minutes No. 19 dated 10 November 2020), Transneft Baltic agreed to transit to tax control in the form of tax monitoring from 2021. Following amendments to Russian tax legislation in terms of exemption from desk audits of VAT returns with the amount of tax recoverable from the budget as part of tax monitoring, as well as following the pilot project results for transition of Transneft Baltic to tax monitoring from 2021, it was decided to initiate further consideration by the Board of Directors of Transneft on transition of Transneft and other Transneft subsidiaries conforming to the law, to tax control in the form of tax monitoring in 2022-2025.

7.32. On Evaluation of Existence of Ongoing or Planned Major Investment Projects (Executive Orders of the Government of the Russian Federation No. 12119p-P13 dated 25 December 2019)

In accordance with the Executive Orders of the Government of the Russian Federation No. 12119p-P13 dated 25 December 2019, Transneft is required to submit annual information to the Ministry of Economic Development of Russia and the Federal Agency for State Property Management on investment projects with the total amount of capital investment exceeding RUB 10 billion (excluding VAT). The corresponding decision was made by the Board of Directors of Transneft on 17 February 2020 (Minutes No. 2).

In pursuance of the executive orders and the resolution of the Board of Directors of Transneft, the relevant information on investment projects was submitted to the Ministry of Economic Development of Russia and the Federal Agency for State Property Management by letter dated 17 March 2020 (ref. No. AK-07.3-01-09/11326-KT) and by letter dated 6 October 2020 (ref. No. PAO-07.3/01-09/40407-KT). Moreover, at the additional request of the Ministry of Economic Development of Russia dated 13 March 2020 (ref. No. 7654-PK/D03i), Transneft on 08 April 2020 (ref. No. AK-10-00-05/15574-KT) submitted

information about its new investment project under development on ensuring the reliability of the trunk pipeline system and preserving the quality of export crude oil flows. The information was structured according to the format prescribed by Executive Orders.

7.33. On Amendments to Transneft's Procurement Documentation Regulating Competitive Procedures (Executive Orders of the Government of the Russian Federation No. 10464p-P13 dated 18 November 2019)

In accordance with the Executive Orders of the Government of the Russian Federation No. 10464p-P13 dated 18 November 2019, the Board of Directors of Transneft on 31 January 2020 (Minutes No. 1) decided to amend the procurement documentation (Transneft template contracts) regulating competitive procedures. The amendments address the possibility to use in certain cases surety agreements of affiliated procurement participants as security for obligations under agreements concluded with such organisations in respect of which or in respect of the beneficial owners of which restrictive measures have been imposed by foreign states. The aggregate share of direct and / or indirect participation of beneficial owners in the organisation is at least 25 percent.

7.34. On the Non-Application of Penalties and on the Possibility of Extending Contract Performance and Price Adjustments in 2020 in Case of Violation of Obligations by the Contractor due to Consequences of the Coronavirus Spread (Executive Orders of the Government of the Russian Federation No. 2850p-P13kv dated 3 April 2020)

In accordance with the Executive Orders of the Government of the Russian Federation No. 2850p-P13kv dated 3 April 2020, the Board of Directors of Transneft decided on 24 April 2020 (Minutes No. 9) to amend Transneft's Regulations on the Procurement of Goods, Works and Services in terms of not applying penalties in 2020 in connection with the violation by the supplier (contractor, performer) of obligations under the contract due to the coronavirus spread. Provision is made for changing the performance period and/or the price of the contract in 2020 if circumstances beyond the parties' control occur that make it impossible to perform due to the coronavirus spread.

7.35. On Conducting Advanced Purchases of Transports and Special-Purpose Vehicles in 2020, Scheduled for Delivery in 2021 and 2022 (Executive Orders of the Government of the Russian Federation No. 6781p-P13 dated 31 July 2020)

In accordance with the Executive Orders of the Government of the Russian Federation No. 6781p-P13 dated 31 July 2020, the Board of Directors of Transneft on 03 September 2020 (Minutes No. 15) decided:

- to establish an additional requirement on the Russian origin of goods to be procured when procuring motor vehicles, which is to be confirmed by an expert report submission from the Chamber of Commerce and Industry of the Russian Federation by procurement participants;
- on motor vehicles delivery by suppliers in 2020 pursuant to the scheduled needs of Transneft for 2021 and 2022 in accordance with the procurement plan;
- to perform advanced purchase(s) of motor vehicles based on the planned need of the said vehicles for 2021-2022 in accordance with procurement plans, providing for a deferred payment in respect of the scheduled delivery in 2021 for 1Q 2021 and in 2022 for 1Q 2022.

7.36. On Changes in the Company's Annual Report Structure (Executive Orders of the Government of the Russian Federation No. 2007p-P13 dated 6 April 2015)

The Annual Report 2020 of Transneft was prepared in accordance with the requirements for the contents of the annual report in Regulation No. 454-P of the Bank of Russia dated 30 December 2014, as well as taking into account the approximate structure of the annual report approved by the Russian Government Resolution No. 1214 dated 31 December 2010 On Improving the Procedure for managing Joint-Stock Companies whose shares are Federally owned, and Federal State Unitary Enterprises.

7.37. On Including a Clause in New Export Contracts on Making Settlements in Rubles, as well as Establishing a Reasonable Minimum Proportion of Export Settlements Made in Russian Rubles (Executive Orders of the Government of the Russian Federation No. 4807p-P13 dated 23 July 2015, Letter of the Federal Agency for State Property Management No. 11/33117 dated 12 August 2015)

In pursuance of these Executive Orders, the Board of Directors of Transneft on 30 September 2015 (Minutes No. 25) made a decision to include a clause in new export contracts on making settlements in rubles, as well as establishing a reasonable minimum proportion of export settlements made in Russian rubles.

7.38. On Expanding the Access of Small and Medium-Sized Enterprises to Procurement by Infrastructure Monopolies and Companies with State Participation. In Pursuance of Clauses 7, 8, 9, 10, 12, 17, 18, 19, 20, 24, 25, 26, 27, 28, 30, 31 of the Action Plan (road Map) Expanding Access of Small and Medium-Sized Enterprises to

Procurement by Infrastructure Monopolies and Companies with State Participation, Approved by Directive of the Russian Government No. 867-r dated 29 May 2013 (Executive Orders No. 6362p-P13 dated 24 October 2013 and No. 7377p-P13 dated 7 December 2013)

In pursuance of these Executive Orders, the Board of Directors of Transneft on 30 December 2013 (Minutes No. 20) made a decision to amend the Company's Regulations on the Procurement of Goods, Works and Services, developed the Regulation on the Advisory Body responsible for the public audit of the customer procurement effectiveness, adopted organisational and administrative documents and amended Company's regulatory documents governing procurement, as well as developed a programme of partnership of Transneft and its subsidiaries with small and medium-sized enterprises.

7.39. On the Development of a Programme for Improving the Quality of Procurement Management (Executive Orders of the Government of the Russian Federation No. 1519p-P13 dated 20 February 2019)

In pursuance of these Executive Orders, the Company approved the Programme for Improving the Quality of Procurement Management of Transneft and its subsidiaries (Transneft Order No. 36 dated 1 March 2019).

7.40. Provision of Information on Compliance with the Requirements of Russian Government Resolution No. 439 dated 3 April 2020 On Establishment of the Requirements for Terms and Conditions of Deferred Payment of Rent under Real Estate Lease Agreements (Instruction of the Government of the Russian Federation No. MKh-P16-3596kv dated 17 April 2020)

In pursuance of this Instruction, information was submitted to the Federal Agency for State Property Management on the absence of real estate lease agreements with tenants operating in sectors of the Russian economy most affected by the aggravating

situation as a result of the new coronavirus spread, the list of which was approved by Russian Government Resolution No. 434 dated 3 April 2020 in the form established by the Federal Agency for State Property Management letter No. 11/14467 dated 8 May 2020.

7.41. On Ownership of Assets Located in the Russian Federation Through Foreign Legal Entities (Executive Orders of the Government of the Russian Federation No. 5945p-P13 dated 25 August 2017)

In pursuance of these Executive Orders, information was submitted to the Federal Agency for State Property Management on the ownership structure of Transneft's assets in the Russian Federation through foreign legal entities.

7.42. On Allocation to the Federal Budget of Part of Net Profits in the Form of Dividends on Shares Owned by the Russian Federation, Decree of the President of the Russian Federation No. PR-758 dated 20 April 2017 (Executive Orders of the Federal Agency for State Property Management No. AP-08/12624, No. AP-08/12625, No. AP-08/12626 dated 16 April 2019)

Dividends for the last 3 years are paid in the amount of 50% of the Company's normalised net profit under IFRS.

According to Order of the Federal Agency for State Property Management No. 413-r dated 30 September 2020, the dividends totalling RUB 84,180,820,784.60 were paid for 2019, including:

- RUB 11,612.20 per one ordinary share (5,694,468 shares), amounting to RUB 66,125,301,309.60 in total (to the federal budget);
- RUB 11,612.20 per one preferred share (1,554,875 shares), amounting to RUB 18,055,519,475 in total.

The dividends resulting from the 2019 performance were paid in full and within the timeframe prescribed by the applicable Russian laws. As of 31 December 2020, Transneft has no dividend debt due to the federal budget.