

1.4. KEY EVENTS OF THE YEAR

2020



JANUARY

The powers of the sole executive body of Transneft plants in Chelyabinsk – Russian Electric Motors (REM) and Transneft Oil Pumps (TOP) – were transferred to the managing organisation, Uralskie Dinamicheskie Machiny (UDM).



FEBRUARY

In order to develop social partnership, Transneft joined the Industry Agreement on Organisation of the Oil, Gas Sectors and Construction of Oil and Gas Facilities of the Russian Federation for 2020–2022, which was developed with the active participation of the Company.

Moody's and S&P Global Ratings international rating agencies confirmed the credit ratings of the Company with respect to obligation in foreign currency at Baa2 and BBB-, respectively. The outlook is stable.

The REM high-voltage electric motors manufacturing plant and Tyagovye Komponenty, which is part of Sinara Group, entered into a long-term contract for the development, manufacture and supply of 6,000 induction traction motors with a capacity of 1,000 kW for electric freight locomotives.

To increase the investment appeal of the Company, together with the Moscow Exchange, work was carried out to split the futures on Transneft shares (0.1 of the value of one preferred share of Transneft).

MARCH

Due to the public health situation (the COVID-19 pandemic), Transneft Group implemented a set of measures to minimise in-person operations at the workplaces and limit physical contacts: business trips were restricted, work patterns changed to remote work, adjustable working hours, alternative shifts and timetables for rotational workforce, along with COVID-19 testing for personnel and suspending or moving to online training courses, meetings and some other activities.

Transneft settled with Surgutneftegas the consequences of the incident involving substandard crude oil injection into the Druzhba oil trunk pipeline that occurred in April 2019 due to third parties' fault and illegal actions, in relation to volumes of crude oil supplied by Surgutneftegas to its customer, Total.

Avant-garde in detail

TRANSNEFT

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APRIL

Transneft settled with Gazprom Neft the consequences of the incident involving substandard crude oil injection into the Druzhba oil trunk pipeline that occurred in April 2019 due to third parties' fault and illegal actions, in relation to volumes of crude oil supplied by Gazprom Neft to its customer, Total.

The Government of the Russian Federation extended the powers of President of Transneft Nikolay Tokarev for 5 years.

The Board of Directors of Transneft approved the implementation and completion of the Programme for Disposal of Transneft Group's Non-Core Assets.

Transneft's direct share of participation in the St. Petersburg International Mercantile Exchange (SPIMEX) was increased to 20%.

MAY

Due to the sharp decline in share prices on the Russian stock market amid the COVID-19 pandemic and the decline in oil prices, Transneft's preferred shares were excluded from the MSCI indices.

JUNE

Partial refinancing of NCSP's foreign currency debt in the amount of USD 575 million was completed. By reducing the interest rate on the loan, the cost of servicing NCSP's foreign currency debt was significantly reduced in the amount of about 1.6 bn in ruble equivalent.

With the participation of Transneft, the construction of a memorial to the Soviet Soldier in Tver Region was completed. The opening ceremony of the memorial complex was attended by Russian President Vladimir Putin. The memorial is dedicated to the Soviet soldiers fallen in the battles near Rzhev in 1942–1943.

The landscaping of the public garden named after the 75th anniversary of Victory Day in Novorossiysk was completed.



KEY EVENTS OF THE YEAR



JULY

As part of assisting in the restoration of the vital activity of the territories in Irkutsk Region, affected by the large-scale flood in 2019, the construction of 10 rural health posts was completed.

The Board of Directors of Transneft decided to reorganise the departmental security system of Transneft and liquidate Transneft Security Services.

Activities of Transneft Central Siberia were discontinued due to its reorganisation by merging with Transneft Western Siberia.

AUGUST

The risk management system underwent an external audit by the Ernst & Young Valuation and Advisory Services independent advisor for compliance with the requirements of regulatory acts of the Russian Federation and the directives of the Federal Executive Authorities of the Russian Federation.

The Agreement on Cooperation between Transneft and the Federal Environmental, Industrial and Nuclear Supervision Service of Russia was updated.

SEPTEMBER

The Expert RA rating agency confirmed the Company's ruAAA credit rating (stable outlook) in accordance with the agency's updated methodology.

The Annual General Meeting of Shareholders (Order No. 413-r of the Federal Agency for State Property Management (Rosimushchestvo) dated 30 September 2020) decided to allocate 53.1% of the normalised consolidated net profit under IFRS for 2019 for dividend payments.

The Board of Directors included two independent directors: A. Korsik and I. Klebanov, fully complying with the independence criteria established by the Listing Rules of the Moscow Exchange. The Board of Directors recognised G. Shmal as an independent director.



OCTOBER

The Programme for Interaction and Development of the Materials and Equipment of Universities for 2021–2025 was approved, which provides for renovation and equipping of classrooms and laboratories of industry-focused departments of seven partner universities of Transneft.

The Government of the Russian Federation established the parameters of tariff regulation for Transneft in 2021–2030 based on the annual increase in tariffs for oil transportation by 99.9% of the level of the projected consumer price index for the next regulation period.

Transneft settled with Rosneft the consequences of the incident involving substandard crude oil injection into the Druzhba oil trunk pipeline that occurred in April 2019 due to third parties' fault and illegal actions, in relation to volumes of crude oil supplied by Rosneft to its customer, Total.

NOVEMBER

The NCR rating agency assigned Transneft the AAA.ru credit rating with a stable outlook. The Agency pointed to the Company's strong market positions and sales markets' resilience, as well as the balanced throughput capacity of its westward and eastward pipeline.

Record dividends of RUB 84.2 bn or 53.1% of the normalised consolidated net profit under IFRS for 2019 (RUB 11,612.20 per share) were paid.

DECEMBER

PMC ESPO was liquidated.

The Federal Service for Intellectual Property published its decision to recognise Transneft's trademark as well-known (starting from 25 December 2019). The trademark of Transneft was registered in the Register of Well-Known Trademarks under number 222 relative to the services of oil and petroleum products transportation and storage, as well as their transportation for third parties.

Russian President Vladimir Putin awarded Nikolay Tokarev the Order "For Merit to Fatherland" of I Class.

A 26% share in Nevskaya Pipeline Company was obtained in direct ownership of Transneft.

Transneft and LUKOIL signed an agreement on settling the consequences of the incident involving substandard crude oil injection into the Druzhba oil trunk pipeline that occurred in April 2019 due to third parties' fault and illegal actions, in relation to volumes of crude oil supplied by LUKOIL to its customer, Mozyr Refinery (payment was made in Q1 2021).

In 2020, the share of private investors owning Transneft's preferred shares increased by 40.4%, to 6.4% of the number of preferred shares².

There was a significant increase in the volume of investments in preferred shares of Transneft by Russian individual retail investors. The number of accounts held by individuals increased by 7,095 compared to 2019 and amounted to 11,994³.

² Excluding ownership through collective investment institutions (investment and pension funds, insurance companies).

³ The information is provided taking into account the disclosure of nominee clients.