

7.12. AUTHORISED CAPITAL AND SECURITIES

As at 31 December 2020, the authorised capital of the Company amounted to RUB 7,249,343 (seven million two hundred and forty-nine thousand three hundred and forty-three rubles) and was split into 7,249,343 shares, including:

- 5,694,468 ordinary shares at par value of RUB 1 each;
- 1,554,875 preferred shares at par value of RUB 1 each.

The Russian Federation represented by the Federal Agency for State Property Management owns 100% of Transneft's ordinary voting shares and 1 preferred share.

Preferred shares of the Company are non-voting and entitle their owners only to receive fixed dividends based on the Company's performance during the year.

Information on the Company's securities as of 31 December 2020, including on the Company's placement of additionally issued shares and on capital flows during the year

| Type of shares | Total number | Par value of all shares, RUB | State registration number of the issue and date of state registration |
|----------------|--------------|------------------------------|---|
| Ordinary | 5,546,847 | 5,546,847 | No. 1-01-00206-A dated 20 December 2007 |
| | 21,901 | 21,901 | No. 1-01-00206-A-002D dated 17 November 2016 |
| | 125,720 | 125,720 | No. 1-01-00206-A-003D dated 11 January 2018 |
| Preferred | 1,554,875 | 1,554,875 | No. 2-01-00206-A dated 20 December 2007 |

According to Paragraph 8 of Article 20 of Federal Law dated 22 April 1996 N 39-FZ On Securities Market and on request of the Issuer, the Bank of Russia retains individual numbers (codes) of the second and third additional share issues after three months from the date of state registration of reports on the results of the additional issue of equity securities.

Shareholders of the Company whose share in the authorised capital of Transneft exceeds 2%, and information on the shares owned by companies that are members of Transneft Group, as of 31 December 2020*

| Name | Address | Share in the authorised capital | Share for ordinary shares | Share for preferred shares |
|--|--|---------------------------------|---------------------------|----------------------------------|
| The Russian Federation represented by the Federal Agency for State Property Management | 9 Nikolsky Lane, 109012, Moscow | 78.55% | 100% | 0.000064% (1 preferred share) |
| National Settlement Depository (nominee) | 12 Spartakovskaya Street, 105066, Moscow | 20.86% | None | 97.23% |
| Legal entities controlled by Transneft | – | 0.02% | None | 0.10% (1,561 preferred share) |
| Others | – | 0.57% | None | 2.67% |

The Russian Federation enjoys no special right to participate in the management of the Company (the golden share).

As of 31 December 2020, the following were registered in the shareholder register:

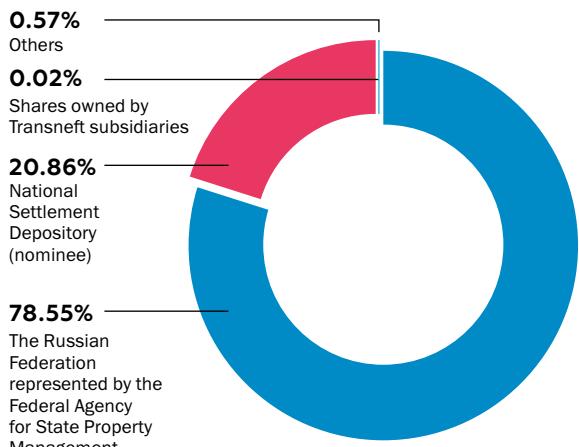
- 2,549 natural persons;
- 26 legal entities, including 1 nominee.

*The information is presented based on the list of persons registered in the shareholder register of Transneft as of 31 December 2020. If the Company's shares amounting to two or more percent of the authorised capital or ordinary shares are registered in the shareholder register of the Company in the name of a nominee, this fact is specified. Pursuant to the Federal Law On Securities Market, the list of holders of the Company's securities can be provided if it is needed to perform the obligations stipulated by federal laws.

As of 31 December 2020, 0.02% of the authorised capital was owned by Transneft subsidiaries.

Full name and address of the registrar: R.O.S.T. Registrar, Joint-Stock Company, 18 bldg. 5B room 9, Stromynka Street, 107076, Moscow.

Authorised Capital Structure as of 31 December 2020



Stock Exchange Information on Trading the Company's Shares

Preferred shares of the Company are included in the Level One listing of the Moscow Exchange, they are among the key indexes of the Exchange.



The information on trading of preferred shares of Transneft is available in the [For Investors and Shareholders/Share Listings section](#)

On 16 April 2020, the Moscow Exchange revised the free float factor of Transneft preferred shares and set it at the 37% mark (previously 32%). The upgraded free float factor will apply in the MOEX indices calculation from 19 June 2020.

Due to a sharp decline in share prices in the Russian stock market amid the coronavirus pandemic and falling oil prices, Transneft preferred shares were excluded from the MSCI indices in May 2020.

General information on the preferred shares of Transneft

| Share category | Preferred registered book-entry share |
|-------------------------------|---------------------------------------|
| Par value | RUB 1 |
| Moscow Exchange ticker symbol | TRNFP |
| ISIN code | RU0009091573 |
| Bloomberg Code | TRNFP RX |

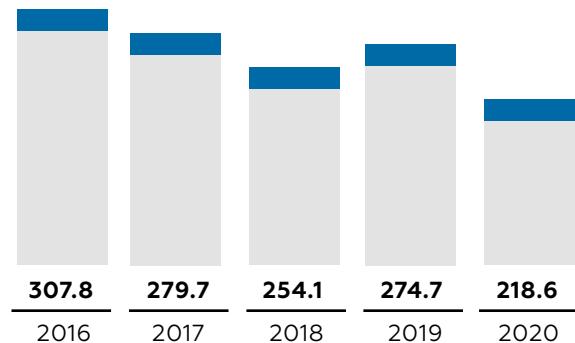
Weight of Transneft's preferred shares in the stock indexes of the Moscow Exchange, as of 31 December 2020

| Index name | Weight, % |
|--------------------------|-----------|
| Broad Market Index | 0.44 |
| Moscow Exchange Index | 0.48 |
| Oil & Gas Sectoral Index | 6.76 |

Trading results for preferred shares of the Company

| Period | 2017 | 2018 | 2019 | 2020 |
|------------------------|---------|---------|---------|---------|
| Trading volume, RUB bn | 131.7 | 62.5 | 62.0 | 110.5 |
| Minimum price, RUB | 156,000 | 142,500 | 146,000 | 128,700 |
| Maximum price, RUB | 222,500 | 185,000 | 179,850 | 179,100 |
| Year-end price, RUB | 179,900 | 163,450 | 176,700 | 140,600 |

Market capitalisation of preferred shares, RUB bn



The Company's Bonds

Issues of exchange bonds repaid in 2020

| Series | Date of placement | Date of maturity | Nominal volume, RUB | Coupon rate, % per annum |
|-----------------------------------|-------------------|------------------|---------------------|--------------------------|
| Exchange bonds, series BO-001R-07 | 3 May 2017 | 28 October 2020 | 30,000,000,000 | 8.75% |
| Exchange bonds, series BO-001R-11 | 31 May 2019 | 27 November 2020 | 15,000,000,000 | 7.90% |

Issues of exchange bonds in circulation as of 31 December 2020

| Series | Date of placement | Date of maturity / date of offer | Nominal volume, RUB | Coupon rate (current), % per annum |
|-----------------------------------|-------------------|----------------------------------|---------------------|------------------------------------|
| Exchange bonds, series BO-05 | 21 April 2016 | 9 April 2026/15 April 2021 | 17,000,000,000 | 10.10% |
| Exchange bonds, series BO-06 | 6 September 2016 | 25 August 2026/30 August 2022 | 17,000,000,000 | 9.30% |
| Exchange bonds, series BO-07 | 26 April 2017 | 17 April 2024 | 17,000,000,000 | 8.75% |
| Exchange bonds, series BO-001R-01 | 10 June 2016 | 2 June 2023 | 20,000,000,000 | 9.90% |
| Exchange bonds, series BO-001R-02 | 8 July 2016 | 30 June 2023 | 10,000,000,000 | 9.65% |
| Exchange bonds, series BO-001R-03 | 11 August 2016 | 3 August 2023 | 15,000,000,000 | 9.45% |
| Exchange bonds, series BO-001R-04 | 6 October 2016 | 29 September 2022 | 15,000,000,000 | 9.30% |
| Exchange bonds, series BO-001R-05 | 3 February 2017 | 26 January 2024 | 15,000,000,000 | 9.25% |
| Exchange bonds, series BO-001R-06 | 29 March 2017 | 24 March 2021 | 20,000,000,000 | 9.00% |
| Exchange bonds, series BO-001R-08 | 19 October 2017 | 9 October 2025 | 25,000,000,000 | 7.90% |
| Exchange bonds, series BO-001R-09 | 26 February 2018 | 21 February 2022 | 15,000,000,000 | 7.15% |
| Exchange bonds, series BO-001R-10 | 13 April 2018 | 8 October 2021 | 15,000,000,000 | 7.00% |
| Exchange bonds, series BO-001R-12 | 09 July 2019 | 05 July 2022 | 15,000,000,000 | 7.90% |
| Exchange bonds, series BO-001R-13 | 08 November 2019 | 30 October 2026 | 15,000,000,000 | 6.85% |

Information on credit ratings as of 31 December 2020



For more detail, see Bonds on the Company's website

| Rating agency | Rating tier 31 December 2020 |
|-------------------|------------------------------|
| Standard & Poor's | In foreign currency: |
| | BBB (stable outlook) |
| | In national currency: |
| | BBB (stable outlook) |
| Moody's | Baa2 (stable outlook) |
| Expert RA | RuAAA (stable outlook) |
| NCR | AAA.ru (stable outlook) |

In November 2020, 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 pipelines.

Dividend Policy and Profit Distribution

Subject to the Dividend Policy of Transneft, the following principles shall be observed when determining the amount of dividends paid out for shares of all categories (kinds):

- transparency of dividend amount determining procedure;
- unconditional accomplishment of the Company's primary objectives stipulated in the Articles of

Association, including investment activities for the development of the operational assets, expansion, revamping and technical upgrading of the trunk pipeline system;

- focus on enhancing the Company's investment appeal;
- ensuring financial stability and minimisation of potential negative effects on the Company's credit ratings;

- consideration of the amount of dividends on shares of all categories (kinds) when calculating tariffs for oil trunk pipeline transportation services set by the Federal Antimonopoly Service;
- sufficiency of the funds available to the Company and obtained from rendering services of oil and petroleum products transportation via trunk pipelines, with regard to the set values of tariff indexation, to finance operational, investment and financial activities.

Pursuant to the approved Policy, the base level of dividend payments amounts to 25% of the consolidated net profit for the reporting year calculated under IFRS and normalised taking into account the share of profit in subsidiaries and jointly controlled companies; income gained from revaluation of financial investments; exchange rate positive balance and other irregular (non-recurring) nonmonetary components of the net profit. From the 2017 reporting year, dividends were paid in the amount of at least 50% of the normalised net profit under IFRS.

The total amount of dividends is distributed between the categories (kinds) of the Company's shares pursuant to the Company's Articles of Association and requirements of the relevant Russian laws. According to the Articles of Association, 10% of the Company's net profit for any particular year is to be paid as dividends on all preferred shares. Nevertheless, the dividend paid on one preferred share cannot be less than the dividend paid on one ordinary share.

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;
RUB 11,612.20 per one preferred share (1,554,875 shares), amounting to RUB 18,055,519,475 in total.

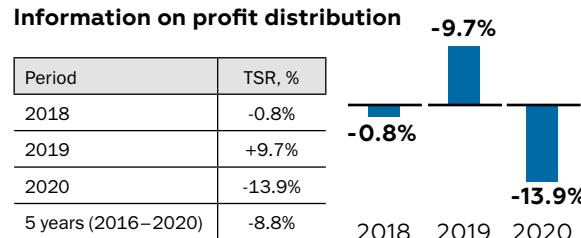
The dividends resulting from the 2019 performance were paid in full and within the timeframe prescribed by the applicable Russian laws. As of 31 December 2020, Transneft has no dividend debt due to the federal budget.

Dividends paid, RUB million

| Name | 2018 | 2019 | 2020 |
|-------------------|----------|--------|--------|
| Dividend payments | 54,937.5 | 77,611 | 84,181 |

Dynamics of the TSR indicator (total shareholder return) for preferred shares

Information on profit distribution



Transneft's Dividend History

| Name | 2017 (interim, based on 1H 2017 results) | 2018 (for 2017) | 2019 (for 2018) | 2020 (for 2019) |
|--|--|---------------------------|---------------------------|-----------------------------------|
| Share category, RUB per share | Ordinary | 3,875.49 | 7,578.27 | 10,705.95 |
| | Preferred | 3,875.49 | 7,578.27 | 10,705.95 |
| Total number of shares | 7,123,623 | 7,249,343 | 7,249,343 | 7,249,343 |
| Total amount of dividends, RUB | 27,607,496,252.96 | 54,937,478,576.61 | 77,611,103,690.85 | 84,180,820,784.60 |
| Dividend payout ratio from normalised net profit of Transneft under IFRS | 50% | | 51.2% | 53.1% |
| Resolution on dividend payment | EGM dated 30 August 2017 | AGM dated 30 June 2018 | AGM dated 30 June 2019 | AGM dated 30 September 2020 |

The amount of dividends paid included dividends paid out from the retained earnings of the previous years

Information on profit distribution

| Name | 2018 (for 2017) | 2019 (for 2018) | 2020 (for 2019) |
|--|-----------------|-----------------|-----------------|
| Retained profit (loss) in the reporting period (RUB million), including: | 58,843.6 | 10,110.9 | 76,374.9 |
| Dividends paid, RUB million | 58,843.5 | 10,110.9 | 76,374.9 |
| Reserve fund replenishment, RUB million | 0.02 | | |
| Kept at Transneft's disposition, RUB million | 0.06 | 0.036 | 0.009 |



For more
details, see
the Dividends
section on the
Company's
website

Shareholder Relations

The Company seeks most efficient interaction with the shareholders, investors and other stakeholders, ensuring regular, prompt, accessible, complete and unbiased disclosure of information, with emphasis on concurrently providing material information to stakeholders.

The Company mandatorily discloses information on its activities:

- on its official website <https://www.transneft.ru/>
- on the issuer's webpage <https://www.e-disclosure.ru/portal/company.aspx?id=636>.

In accordance with the Regulations on the Information Policy, the Company implements a number of activities for voluntary disclosure of information, including:

- publishing (placing) information on the Company's website;
- managing corporate social media accounts (Facebook, VK, Twitter, Instagram, YouTube, Viber);
- disclosing information during direct interaction of the Company with shareholders, investors, mass media and other stakeholders;

- issuing corporate publications (the Oil Pipeline Transportation magazine, the Science & Technologies: Oil and Oil Products Pipeline Transportation scientific journal);
- providing comments (both written and oral) to questions asked by mass media, securities' market professionals and other stakeholders;
- preparing and disclosing the Company's Sustainable Development Report compiled in accordance with the international GRI standards.

During the year, work with shareholders was carried out regarding changes in the information of their personal accounts, payment of dividends and registration of inheritance rights (~30 applications in 2020).

Investor Relations

To improve work with the investment community, the Investor Relations Division was established in Transneft. Its main tasks are the development and implementation of measures aimed at enhancing the Company's investment appeal and capitalisation.

In 2020, the Investor Relations Division organised:

- a regular dialogue with analysts and investors to increase their awareness of Transneft's activities.
- coverage of the financial results of Transneft under IFRS in the format of a conference call with the Company's management, publication of presentations in Russian and English for investors;
- development and posting of presentation materials on the NCSP, PJSC Strategy on the website; support for disclosure of information on the NCSP segment in the Company's presentation materials.
- regular interaction with investors and specialised rating agencies on sustainable issues (ESG), creation and support of a specialised section and a guide of indicators for ESG investors on the website, communication with the functional divisions of the Company on key issues;
- participation of Transneft in major investment conferences.

The Company's website regularly publishes materials for analysts and investors in Russian and English: presentations, investor's calendar, information on dividends and others.

At the end of 2020, the valuation of shares and the activities of Transneft Group was covered by financial analysts of large investment banks and companies (Bank of America Merrill Lynch, VTB Capital, Raiffeisenbank, Renaissance Capital, Sberbank CIB, Sova Capital), as well as analysts from key rating agencies on sustainable development (ESG-agencies). Information about analysts studying the activities of Transneft is published on the Company's website in the For Investors and Shareholders section.

Transneft is interested in developing an effective dialogue with the investment community.

Investor Relations Division Contacts:

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