

# Report on the Board of Directors' Performance in 2020

In 2020, the Board of Directors paid close attention to the financial and operational activities and corporate governance development strategy.

## Strategy

Results of implementation of the following were considered:

- Long-Term Development Programme for 2019, for Q1 2020, for H1 2020 and for 9 months of 2020;
- Transneft Innovative Development Programme for 2019.

The specifications for auditing the implementation of the Transneft Long-Term Development Programme for 2020 was approved.

## Financial and operational activities

The following reports and issues were considered:

- quarterly reports on procurement results;
- quarterly reports of the executive body on the financial and economic performance of Transneft and Transneft Group;
- the Company's charitable activities;
- approval of transactions.

The following issues were considered and approved:

- Report on implementation in 2019 of Transneft's Programme for Operational Efficiency Improvement and Cost Cutting;
- the revised version of the system of key performance indicators of Transneft's economic activities for 2019;
- Transneft's Budget for 2021; the Consolidated Budget of Revenues and Expenses of Transneft Group for 2021; the Consolidated Cash Flow Budget of Transneft Group for 2021;
- Adjusted projected values of key performance indicators of economic activities for 2020.

## Corporate governance

The following documents in the field of corporate governance were considered and approved:

- Regulations for access to insider information of Transneft and internal control regulations for prevention, detection and suppression of unlawful use of insider information and (or) market manipulation;
- The Report on Compliance with the Information Policy;
- Transneft corporate governance practice in 2020.

The following documents in the field of counteracting corruption were considered and approved:

- The Report on Anti-Corruption Measures Implemented by Transneft in 2019;
- The revised version of Transneft's Anti-Corruption Policy.

The following documents in the field of risk management were considered and approved:

- Transneft's Risk Management Report for 2019;
- The list of critical risks was supplemented.

The following documents in the field of internal control were considered and approved:

- The revised Standards for the Procurement of Certain Types of Goods, Works and Services.

The following documents in the field of internal audit were considered and approved:

- The main lines of development for 2021;
- The report for 2019;
- The employment agreement with the Director of the Department of Internal Audit and Analysis of Core Business Activities of Transneft.

In the reporting year, the Board of Directors also considered issues related to the organisation of the activities of the Board of Directors and committees under the Board of Directors of the Company, directive issues and other issues within its competence.

In the reporting year, resolutions of the Board of Directors on the most significant issues were disclosed by the Company in the form of press releases and notifications on material facts in accordance with the legislation and the Regulations on Transneft's Information Policy.

## Evaluation of the Board of Directors' Performance

In March 2021, an internal performance evaluation of the Company's Board of Directors (self-evaluation) was carried out using a questionnaire, including:

- evaluation of the activities of the Board of Directors as a management body of the Company;
- evaluation of activities of members of the Board of Directors/the Chairman of the Board of Directors;
- evaluation of activities of the Committees under the Board of Directors.

The evaluation assessed the work of the Board of Directors for the period since 30 September 2020. The results were considered at the meeting of the Company's Board of Directors on 19 May 2021 (Minutes No. 4).

The Evaluation confirmed the high efficiency of management of the Board of Directors' and its

committees' operations, as well as the high efficiency of the Board of Directors, including performance of the tasks set forth.

The implementation of all functions of the Board of Directors is under the constant attention of the Chairman.

The experience/competencies of the members of the Board of Directors in all important areas, taking into account the current activities and the Long-Term Development Programme of Transneft, correspond to the tasks at hand.

It was recommended to increase the number of in-person meetings of the Board of Directors in order to improve the efficiency of the work of the Board of Directors.