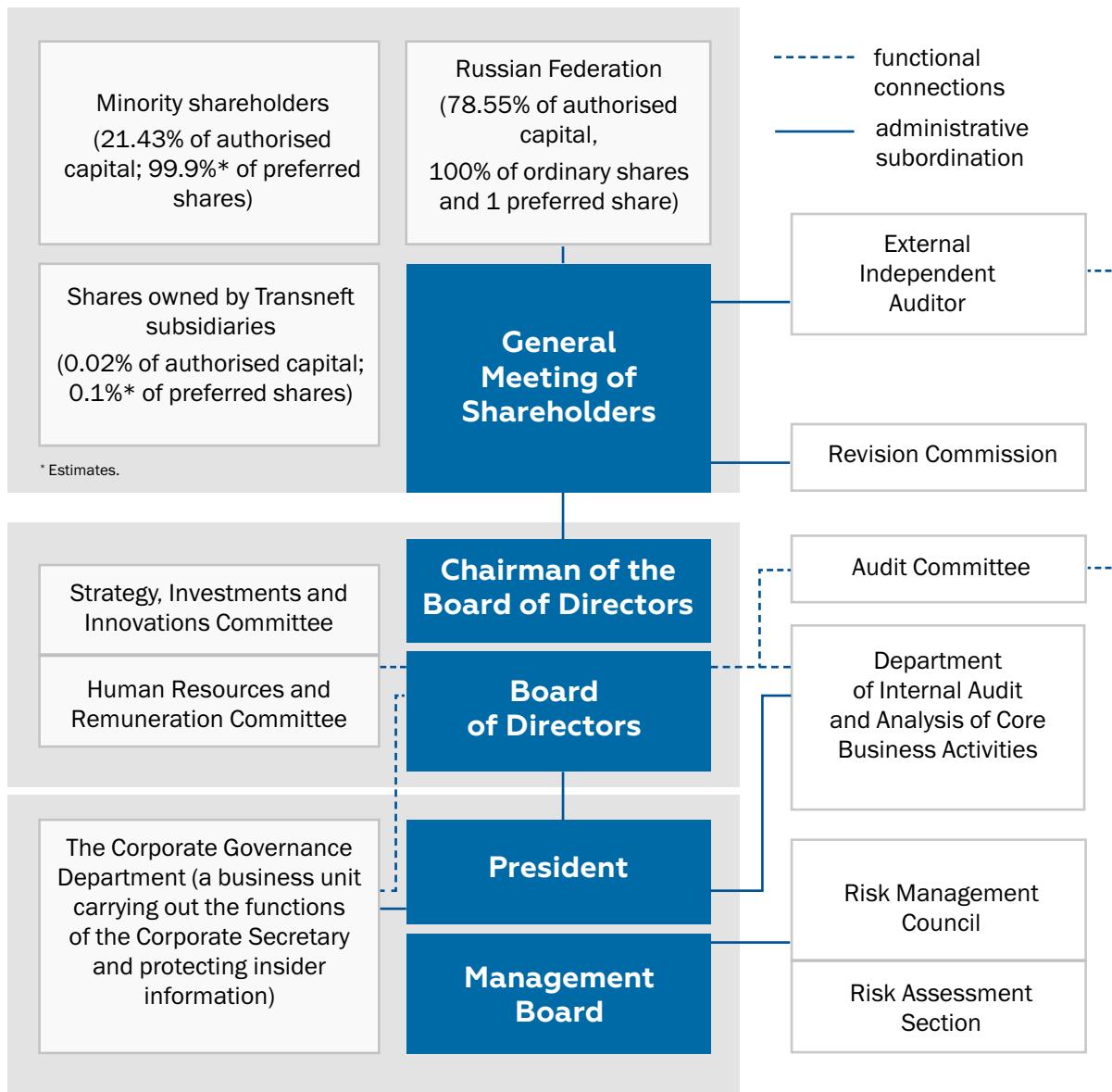


The Company's Plans on Further Improvement of Corporate Governance

- A regular dialogue with analysts and investors to increase their awareness of Transneft's activities.
- Interaction with investors and specialised rating agencies on ESG issues.
- Targeted meetings with investors (mainly in the format of a teleconference until the sanitary and epidemiological situation returns to normal).
- Updating internal documents in the field of corporate governance, internal control, illegal use of insider information and counteracting and preventing corruption.
- Conducting an external quality assessment of the Board of Directors.

7.4. MANAGEMENT AND CONTROL BODIES

Corporate Governance System



Management and Control Bodies

Governing / control body	Fundamental competences	Regulatory documents	Meeting frequency
General Meeting of Shareholders	Transneft's supreme governing body. Its competences include the most important issues of the Company's management, including: <ul style="list-style-type: none">• to approve the Company's annual report and annual accounting (financial) statements;• to elect members of the Board of Directors and the Revision Commission;• to pass resolutions on paying dividends;• to approve external auditors.	Competences, timeframes, preparation and holding procedures for the General Meeting of Shareholders are determined by the Federal Law On Joint-Stock Companies, the Articles of Association, and the Regulations on the General Meeting of Shareholders of Transneft.	In 2020, an annual General Meeting of Shareholders and 2 extraordinary General Meetings of Shareholders were held.
Board of Directors	Responsible for strategic management of Transneft's business. It is the competence of the Board of Directors: <ul style="list-style-type: none">• to protect and ensure the rights of shareholders;• to monitor the development and approval of the Company's strategy, long-term plans and major programmes regulating the Company's activities, as well as to consider reports on their implementation;• to participate in the establishment of effective mechanisms for internal monitoring of the Company's financial and operational activities, as well as the risk management system;• to approve the Company's budget;• to determine the KPIs for the Company, its President and Board members;• to facilitate timely disclosure of complete and accurate information on the Company's activities;• to pass resolutions on the key projects and major transactions.	The procedure for forming the Board of Directors, its status, membership, functions, goals and objectives, its competences, the procedure for its work and cooperation with other management bodies of Transneft are stipulated in the Company's Articles of Association and the Regulations on the Board of Directors.	In the form of joint presence, an average of 5-7 meetings of the Board of Directors are held per year, but in the context of the spread of the coronavirus infection COVID-19, most of the meetings scheduled to be held in <i>presentia</i> were held in 2020 via absentee voting. In 2020, 23 meetings were held, including 3 in-person meetings, 20 in absentia.
Committees under the Board of Directors	Committees under the Board of Directors are advisory bodies which provide preliminary examination of issues and prepare recommendations to the Board of Directors.	The activities of the committees are regulated by the relevant regulations approved by the Board of Directors of Transneft	The frequency and the format of meetings of Committees under the Board of Directors depend on the specifics of each Committee. In total, 27 meetings of Committees under the Board of Directors were held in 2020.
President	President is a sole executive body who manages day-to-day operations and reports to the Board of Directors and the General Meeting of Shareholders. President is appointed by the General Meeting of Shareholders for 5 years and serves as the Chairman of the Management Board. Nikolay Tokarev has been the President of Transneft since 2007.	The President acts in accordance with the current legislation, the Articles of Association and the Regulations on the President of Transneft.	
Management Board	The Management Board of the Company is a collective executive body responsible for day-to-day management of Transneft. The Management Board is chaired by the President of Transneft.	The Management Board is guided by the current legislation, the Articles of Association and the Regulations on the Management Board of Transneft.	Meetings of the Management Board are held according to the approved plan (at least once a month). In 2020, the Management Board held 44 meetings.
Revision Commission	The Revision Commission is a permanent elective body controlling financial and operational activities of Transneft.	The Revision Commission's activities are regulated by the Articles of Association and the Regulations on the Revision Commission of Transneft.	An inspection of financial and operational activities of Transneft was performed in 2020.