

The System of Key Performance Indicators of Transneft's Economic Activities for 2021

Area	Key Performance Indicator	Specific weight (%)	Unit of measurement	Target value for 2021
Participation in the achievement of the Decent, Effective Work and Successful Entrepreneurship national goal	Execution of the Development Programme financing plan	10	RUB million	208,836.7
Participation in the achievement of the Opportunities for Self-Fulfilment and Development of Talents national goal	Integral indicator of trunk pipelines facilities reliability	20	coefficient	10.04
	Reduction of specific electricity consumption during oil transportation over trunk pipelines under comparable conditions	10	%	0.9
Participation in the achievement of the Opportunities for Self-Fulfilment and Development of Talents national goal	The volume of products manufacture developed as a result of the implementation of research and development (R&D) plans and innovative projects of Transneft	10	RUB million	7,000
Financial and economic key performance indicators	Return on invested capital (ROIC)	10	%	6.0
	Total debt to EBITDA ratio	10	coefficient	1.5
	Decrease in specific operating expenses for oil transportation under comparable conditions	10	%	2.3
	Amount of dividends	20	RUB bn	50% of normalised consolidated IFRS net income for 2020
Bonus reduction indicator	Specific accident rate at trunk pipelines	-15	accidents per 1,000 km of line	0.069

4.5. INVESTMENT PROJECTS

After the completion of the main investment projects in 2019, Transneft focused on the modernisation and revamping of the existing infrastructure in 2020: approximately 40% of trunk pipelines operate at the limit of technical resources.

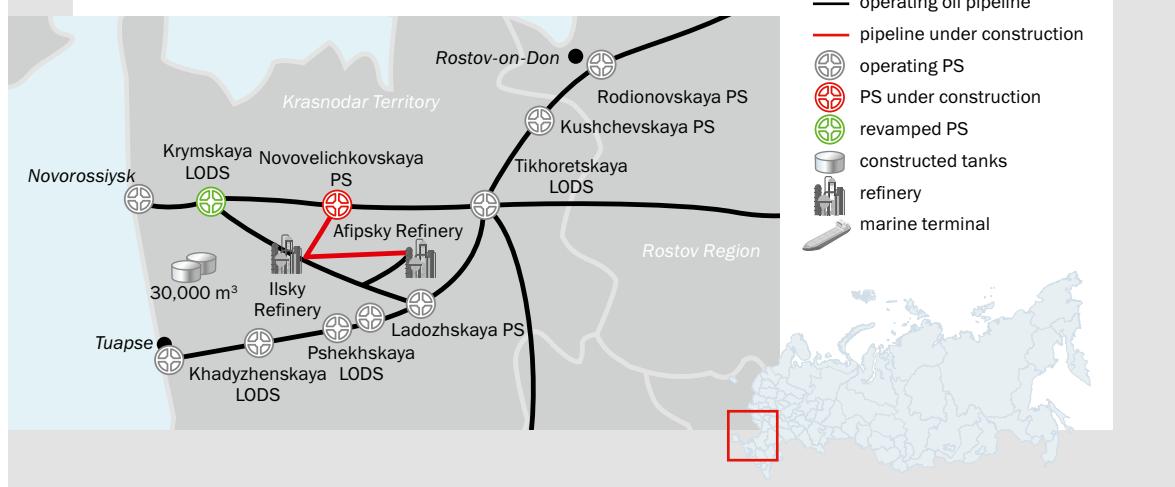
In the next 5 years, the Company will prioritise work aimed at maintaining a sufficient level of technical reliability of the equipment and systems in operation that ensure the transportation of oil and petroleum products (in compliance with the established safety standards). These include:

- revamping of the line to eliminate defects revealed by the results of in-line inspection;
- bringing storage tanks in line with regulatory requirements;
- revamping of power equipment of pumping stations to increase reliability;

- replacement of pumping equipment and stop valves to improve reliability;
- replacing process pipelines of pumping stations while taking into account their operating modes and service life;
- revamping telemechanics and automation systems to replace obsolete relay systems with modern microprocessor systems;
- introduction of a unified supervisory control system;
- revamping and construction of new oil and petroleum products' lease automatic custody transfer units (LACTs) to improve the quality and accuracy of commodity transport operations.

Within the framework of the Investment Programme, the implementation of the project on the revamping of oil trunk pipelines leading to the refineries of Krasnodar Territory and the project on a unified information system (UIS) will continue.

Revamping oil trunk pipelines for transportation of oil to refineries in Krasnodar Territory



PROJECT GOAL

- Ensure oil transportation by Transneft trunk oil pipeline system to Krasnodar Territory plants (Afipsky Refinery, Ilsky Refinery).

BASIS FOR IMPLEMENTATION

- Contracts for the provision of services for connecting oil refineries of Afipsky Refinery, LLC, and Ilsky Refinery, LLC, to the trunk pipeline system of Transneft.

DESCRIPTION

- The project provides for the construction of an oil pipeline and a new oil pumping station.

STATUS

- In 2019, the 1st stage of the project was completed with the process connection of the Ilsky Refinery. At the request of the Afipsky Refinery, the completion of the 2nd stage with the connection of the Afipsky Refinery was postponed to 2021.



Developing a Corporate Data Communication Network to Build Transneft's Unified Information System



PROJECT GOAL

- Improving the reliability of the technological communication networks of oil trunk pipelines, creating a high-speed communication network of Transneft Group for the modernisation of technological control systems and monitoring the operation of all oil pipeline facilities, as well as the introduction of modern information systems to solve production and management problems.

BASIS FOR IMPLEMENTATION

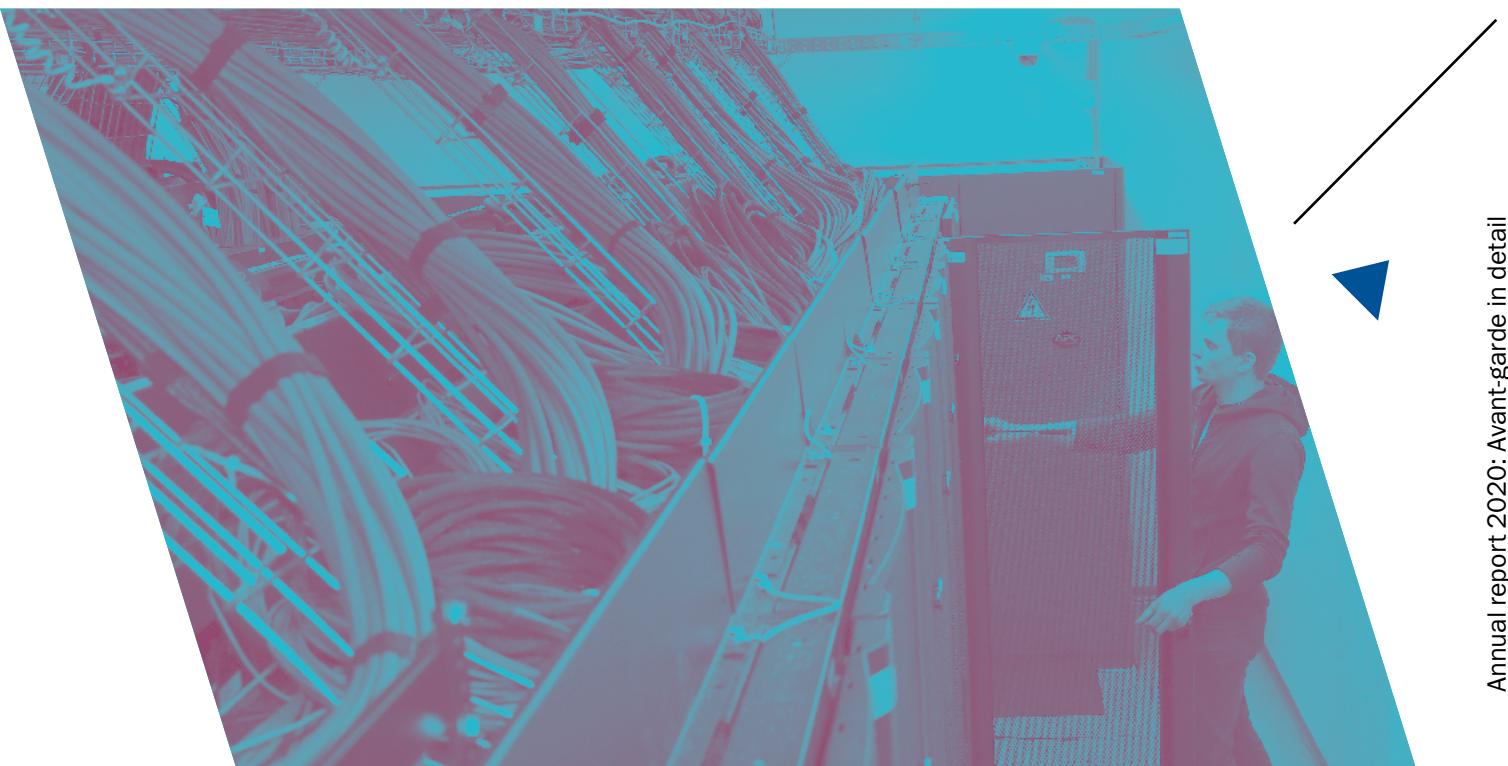
- Strategic Development Programme of the Company.

DESCRIPTION

- The project provides for the construction of a trunk fiber-optic communications link with a total length of more than 9 thousand km and about 300 antenna-mast communication structures.

STATUS

- The construction of 7,830 km of the trunk fiber-optic communications link (FOCL) and 169 antenna-mast structures has been completed.
- Completion of the project is scheduled for 2025.



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