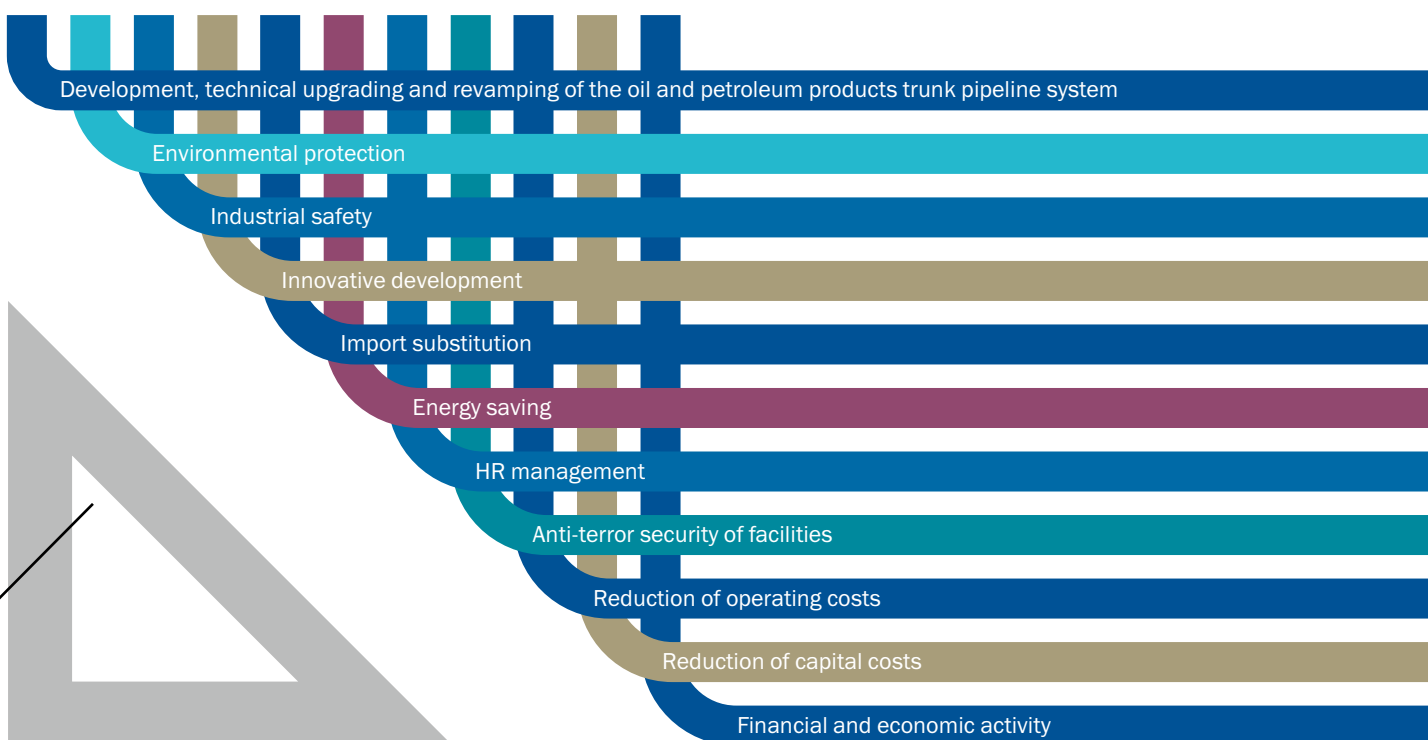


4.1. MAIN AREAS OF DEVELOPMENT



1. DEVELOPING THE OIL AND PETROLEUM PRODUCTS TRUNK PIPELINE SYSTEM

Transneft's Investment Projects

Revamping oil trunk pipelines for transportation of oil to refineries in Krasnodar Territory	Ensuring oil transportation to Krasnodar Territory refineries (the major facilities are ready); connection of the Afipsky Refinery is planned for 2021.
Developing a corporate data communication network to build Transneft's unified information system	Improving the operational reliability of technological communication networks of oil trunk pipelines, creating a high-speed communication network for Transneft Group (the project is to be completed in 2025).

2. ENVIRONMENTAL PROTECTION

The specific air pollutant emissions in oil and petroleum products transportation via trunk pipelines were reduced by 9%.

3. INDUSTRIAL SAFETY

The specific trunk pipeline accident rate at the end of 2020 amounted to 0.0595 accidents per 1,000 km of the line and does not exceed the planned limit values established by the Transneft Long-Term Development Programme.

4. INNOVATIVE DEVELOPMENT

The volume of financing allocated to innovation projects, including R&D, from own funds as the percentage of Transneft's revenue from oil transportation services (by RAS) came to 1.42%.

5. IMPORT SUBSTITUTION

As part of the Corporate Import Substitution Plan, the Company has mastered domestic manufacture of 25 types of equipment as of the end of 2020.

In 2020, work was carried out to develop the production of activated recovery coal intended for use in cyclic processes of recovery of oil vapors when

loading crude oil onto tank ships at sea terminals. Completion of the activities is scheduled for 2021.

6. ANTI-TERROR SECURITY OF FACILITIES

No terrorist attacks were reported at trunk pipeline facilities in 2020. Commissioned last year were 34 facilities with technical security equipment installed.

7. RAISING THE OPERATIONAL EFFICIENCY

The integrated indicator of operational efficiency shows the reduction of operating costs and specific electricity consumption for oil transportation over trunk pipelines, as well as an increase in the productivity of labour.

8. REDUCTION OF CAPITAL COSTS

Capital expenditures were reduced by RUB 4,142 million compared to the planned values.

9. FINANCIAL AND ECONOMIC ACTIVITY

As a result of a significant decrease in global demand for oil, revenues decreased to RUB 962 bn from RUB 1,064 bn in 2019.

Excluding crude oil sale and purchase transactions, based on contracts with Rosneft and China National United Oil Corporation, EBITDA fell from RUB 486 bn in 2019 to RUB 443 bn.

Specific operating expenses for oil transportation in comparable prices (2019 indicators are inflated by 2020) increased from RUB 20.85/100 tkm in 2019 to RUB 22.55/100 tkm.

Specific operating expenses for petroleum products transportation in comparable prices (2019 indicators are inflated by 2020) increased from RUB 710.22 per tonne in 2019 to RUB 738.14 per tonne.

