

4.2. TRANSNEFT STRATEGY

Innovations

Using state-of-the-art sectoral technologies, as well as equipment manufactured in the territory of Russia

2019

Increasing the throughput capacity of the ESPO PS at the Tayshet IPS – Skovorodino PS section to 80 MTPA
Expansion of the ESPO PS within the Skovorodino PS – Kozmino SSOP section to 50 MTPA
The ESPO PS – Komsomolsk Refinery pipeline offshoot
Increasing the throughput capacity of the Usa – Ukhta and the Ukhta – Yaroslavl OTPs

Reliability

Reducing accident rate at trunk pipelines;
maintaining the sulfur content in crude developing corporate benefits

Developing and upgrading

the trunk pipeline transportation system

2020

In 2020, the following investment projects were continued:

Revamping oil trunk pipelines for transportation of oil to refineries in Krasnodar Territory
Developing a corporate data communication network to build Transneft's unified information system

Effectiveness

Reducing expenses on pipeline construction and operation;
ensuring effective use of energy resources;
raising the productivity of labour

2021

Completion of oil trunk pipelines revamping for transportation of oil to refineries in Krasnodar Territory

Environmental Protection

Reducing specific emissions;
ensuring environmental safety;
excluding discharge of insufficiently treated wastewater

to fully meet the need for

crude oil and petroleum products transportation in Russia and for export

The Transneft Strategy was approved by the Board of Directors of Transneft on 19 November 2014 (Minutes No. 23).

The Company's goal is to satisfy oil and petroleum products pipeline transportation demand of oil producing and refining companies on the domestic and foreign markets through efficient operation, development and upgrade of the Russian trunk pipeline transport system, based on:

- application of equipment manufactured in Russia;
- application of state-of-the-art sectoral technologies that ensure a high level of reliability, as well as industrial and environmental safety;
- ensuring that revenues from oil and petroleum products transportation are sufficient to implement the Development, Technical Upgrading and Revamping Programme of trunk pipeline facilities.

4.3. LONG-TERM DEVELOPMENT PROGRAMME

The Transneft Long-Term Development Programme (hereinafter referred to as the LDP) was approved by the Transneft Board of Directors together with the Strategy in 2014. It specifies the lists of means and specific measures to achieve strategic

development goals of Transneft, defined in the Strategy, within the set deadlines, with indication of the level and sources of their financing. The LDP updated in 2019 indicates the current and expected performance of Transneft till 2024.

Measures as per LDP

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| Development and upgrading | Increasing the capacity of oil and petroleum products trunk pipelines to provide for transportation of crude planned to be extracted by oil companies both from fields currently being used and from prospective fields. The increased capacity will also ensure transportation of planned volumes of petroleum products from currently operating and new refineries |
| Innovations | Innovative development of operational activities |
| Effectiveness | Raising energy efficiency by taking energy saving measures Implementing a programme for cutting pipeline construction and operation costs Ensuring labour productivity at the level of the best foreign pipeline transportation companies |
| Reliability | Ensuring reliability of the operated oil and petroleum products trunk pipeline system: inspection-based revamping and modernisation of fixed assets Developing benefits for the Company's employees |
| Environmental and Industrial Safety | Raising the level of environmental and industrial safety at the Company's operating facilities |
| External and Internal Communications | Shaping the corporate identity and promoting the Company's unified brand Providing advertising support of the Company's activities in the external environment Shaping and developing an intra-corporate communications system |