

of certain imported components of geographic information platforms and solutions for Transneft (GIS Aksioma, GIS Tsiklon, NextGIS, Scanex GeoMixer, etc.). Testing of selected and available GIS software is scheduled for 2019, along with elicitation of requirements for its adjustment to match Transneft's needs.

Three domestic integration buses were selected from among the software products listed in the Register, in order to assess possible import substitution for IBM products-based Enterprise Information Systems Integration System (EISIS) and Enterprise data delivery systems (EDDS). In 2019, testing of the selected software products and the Apache Kafka and Mule ESB free software is planned to develop domestic industry-specific software on their basis for application integration and data delivery.

As for management platforms for information resources, core data and content (IBM FileNet and OpenText EMC Documentum), utilised as part of electronic archives and workflow systems (electronic data storage CIS, electronic data archive CIS, electronic document management system EDMS CIS, etc.), pilot development and migration of this functionality to a single software platform based on Transneft's existing and future developments is planned in 2019-2021.

Thus, Transneft is already using the following domestically developed products (or in-house products not listed in the Register):

- Galaktika and 1C software solutions
- PROGNOZ Platform software solution
- information systems for automation of commodity

transportation activities

- Kaspersky Laboratory antivirus solution
- Infowatch software
- MaxPatrol software
- CryptoPro software
- the Kontinent VPN hardware and software solutions, etc.

In pursuance of Executive Orders of the Government of the Russian Federation No. 10068p-P13 dated 6 December 2018, a meeting of the Board of Directors of Transneft was held to discuss Transneft's transition to prioritised use of domestic software. The following decisions were reached as a result of the meeting:

- To develop an action plan for 2019-2021 regarding Transneft's transition to prioritised use of domestic software
- To include measures implying transition of the Company to prioritised use of domestic software into the Transneft Long-Term Development Programme as part of the import substitution measures

**8.27. On Inclusion of the Main Parameters of the Need for Labour Resources, including Engineering and Technical Specialties, into the Company's Long-Term Development Programme in Accordance with Subclause b, Clause 2 of the List of Instructions from the President of the Russian Federation No. Pr-1627 dated 01 July 2014**

The information on the personnel needed by Transneft subsidiaries, inter alia in engineering occupations (Chapter 11, Personnel Management), was included into the Transneft Long-Term Development Programme (approved by resolution of the Board of Directors of Transneft on 27 December 2018).

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## 9. INFORMATION ON DISPOSAL OF NON-CORE ASSETS OF TRANSNEFT AND ITS SUBSIDIARIES

### Programme for Disposal of Non-Core Assets

Based on the Programme of Disposal of Transneft Group's Non-Core Assets from 2011 to 2015, approved by the Board of Directors on 01 April 2011 (Minutes No. 7), Transneft disposed of 253 non-core assets (hereinafter: NCA).

The Transneft Board of Directors made the decision to close the Programme on 22 June 2016 (Minutes No. 12).

Based on Executive Orders of the Government of the Russian Federation No. 4863p-P13 dated 7 July 2016, the Board of Directors of Transneft passed a resolution (dated 14 October 2016, Minutes No. 17) to prepare and approve a new Programme for Disposal of Transneft Group's Non-Core Assets and a new Non-Core Assets Register.

The Programme and the Register were prepared according to the Methodological Instructions of the Federal Agency for State Property Management (Rosimushchestvo) on Identification and Disposal of Non-Core Assets approved

by Instruction of the Government of the Russian Federation No. ISh-P13-4065 dated 7 July 2016.

In 2017, following Executive Orders of the Government of the Russian Federation No. 6604p-P13 dated 18 September 2017 and the Methodological Recommendations on the Identification and Disposal of Non-Core Assets, approved by Directive of the Government of the Russian Federation No. 894-r, dated 10 May 2017, Transneft updated the NCA Programme and the non-core assets Register of Transneft Group.

The Board of Directors of Transneft made the decision on 27 December 2017 to approve a NCA Disposal Programme for Transneft Group (including the Transneft NCA Register). The Programme and the Register are available on the Company's website.

In 2018, two non-core assets were disposed under the aforementioned Programme.

## Disposal of Non-Core Assets in 2018

Name of the Non-Core Asset	Inventory Number (if applicable)	Balance sheet line where the asset was recorded at the reporting date preceding the asset disposal date	Book-keeping accounts (including analytics) reflecting the revenue from and expenditure on the asset disposal (91.1XX/91.2XX)	Asset book value, RUB thousand	Actual cost of disposal, RUB thousand	Deviation of the asset's actual disposal value from its book value, RUB thousand	The reason for the deviation of the asset's actual disposal value from its book value
Commercial Seaport "Primorsk", – OJSC (649 shares)	1,170	91.02 Other expenses	1,925	0	–1,925	The Company was dissolved upon resolution of the Arbitration Court for St. Petersburg and Leningrad Region in the case No. A56-25504/2014 dated 11 December 2017, in the context of completion of bidding proceedings. Dissolution entry in USRLE (Unified State Register of Legal Entities) No. 2184704060210 dated 6 February 2018	
Yugtransneft, LLC	–	91.02.1 Other expenses	99	0	–99	The company was dissolved upon resolution of the Arbitration Court for Krasnodar Territory in the case No. A-32-5228/2017 in the context of completion of bidding proceedings. Dissolution entry in USRLE No. 6182375418330 dated 27 July 2018	
Total (in round numbers)	–	–	2,024	0	–2,024	–	

## 10. CAPITAL INVESTMENT FINANCING SOURCES OF TRANSNEFT

No.	Name	Amount, RUB million
1	Total capital investments	10,149
1.1	Telecommunications facilities included into the plan for developing a corporate data communication network to build Transneft's unified information system (UIS) (the UIS Programme) in 2018	3,339
1.2	Transneft's information and computing infrastructure	987
1.3	Information systems	3,111
1.4	Expences on the upgrade of the office building	1,350
1.5	R&D (research and development)	70
1.6	Other capital investments	1,292
2	Capital investment financing sources	10,149
2.1	Own funds	3,675
	Depreciation	2,160
	Profit	0
	Other own sources (cost of retired (disposed, written off) capital investments)	1,515
2.2	Loans	6,474