

MINUTES No. 2
of review and assessment of applications for participation in the tender
for selecting an auditor to perform mandatory annual audit of
Transneft for 2017 and review the interim consolidated financial statements
by IFRS for the 1st quarter of 2018

Moscow
57 Bolshaya Polyanka, office 2306

23 March 2017

Chairperson:

Chairperson of the
Tender Committee

M.S. Grishanin

Committee's makeup:

Deputy Chairperson of the
Tender Committee

E.O. Fesenko

Members of the Tender Committee:

I.I. Klebanov
M.I. Grishankov
E.S. Nikitina
Ya.V. Arefyeva
P.Yu. Serikov
M.V. Russkikh

Members of the Tender Committee I.I. Klebanov and M.I. Grishankov submitted their written opinion at the Tender Committee's decision.

Six out of eight members are present at the meeting.

A quorum exists.

Secretary of the Tender Committee:

S.E. Romanov

The procurement notice (Procurement # 0673000000517000001) and bidding documents were published in the integrated procurement information system on 20 February 2017 (www.zakupki.gov.ru) and on the website of Transneft (www.transneft.ru). Procurement ID code: 174770606180177060100100000006920000.

The unsealing of envelopes with applications for participation in the tender took place at 12:00 on 13 March 2017 at the following address: 57 Bolshaya Polyanka st., office 2306, Moscow.

The meeting of the Tender Committee, to review and assess applications for participation in the tender, was held at 18:00 on 23 March 2017 at: 57 Bolshaya Polyanka st., office 2306, Moscow.

Agenda

1. Review and assessment of applications for participation in the open tender for selecting an auditor to perform mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018.
2. Naming the winner of the tender for selecting an auditor to perform mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018.

Applications for participation in the tender submitted by the following participants of procurement were examined:

Application's registration number	Form of incorporation and corporate name of a legal entity involved in procurement	Mail address
1.	KPMG, JSC	Naberezhnaya Tower, block C 10 Presnenskaya embankment Moscow, the Russian Federation 123112 Tel: (495) 937-44-77
2.	BDO Unicon AO (JSC)	8 Preobrazhenskaya square Russia, 107061 Tel: (495) 797-56-65
3.	Deloitte & Touche CIS, CJSC	5 B Lesnaya st. Moscow, Russia, 125047 Tel. (495) 787-06-00

The applications of all procurement participants are in compliance with the current law and requirements for bidding documents.

The Tender Committee reviewed and assessed the applications of the open tender participants for selecting an auditor to perform mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018 in accordance with the procedure laid out in Section 8 of the Bidding documentation "Review and assessment of applications for participation in an open tender" and Section 11 "Criteria for assessing

applications for participation in an open tender. Procedure of assessing and comparing applications for participation in an open tender”.

Applications were assessed using the following criteria:

#	Criteria	Criterion's weight
1	Price of the contract (“Price”)	30 %
2	Skills of open tender participants, including the experience related to the subject of the contract, and business reputation as well as specialists and other employees with a certain level of skills (“Quality”)	70 %
	Sum total of criteria weights	100%

The tender participants were proposed the following terms of contract performance:

Application's registration number	Company name	Contract price, RUB (less VAT)	Quality of services and skills possessed by an order placement participant
1.	KPMG	27,500,000.00 (Twenty seven million five hundred thousand)	Information is presented in the technical proposal
2.	BDO Unicon	16,500,000.00 (Sixteen million five hundred thousand)	Information is presented in the technical proposal
3.	Deloitte & Touche CIS	23,700,000.00 (Twenty three million seven hundred thousand)	Information is presented in the technical proposal

Ratings assigned by the Tender Committee by the Contract Price criterion:

##	Components of the assessment criterion “Contract Price”	KPMG	BDO Unicon	Deloitte & Touche CIS
1.	Price, RUB (less VAT)	27,500,000	16,500,000	23,700,000
2.	Rating	60.00	100.00	69.62
3.	Rating with regard for the criterion weight	18.00	30.00	20.89

Ratings for each of the application assessment “quality” criteria, assigned by members of the Tender Committee:

##	Components of the assessment criterion “Skills of the open tender participants, including experience related to the subject of the contract, and business reputation, specialists and other employees with a certain level of skills”	KPMG	BDO Unicon	Deloitte & Touche CIS
1.	General approach of an auditor to the audit	34	6	30
1.1.	Audit works plan and man-hours	3	1	3
1.2.	Presentation of the deliverables	2	1	2
1.3.	Methodological basis for auditing fuel and energy companies and natural monopolies	29	4	25
2.	General and professional characteristic of the auditor	19	7	20
2.1.	Membership in international auditor associations	3	1	3
2.2.	Passing the external control of the auditor work quality	2	2	2
2.3.	Information about the ratings adjudged to the auditor	14	4	15
3.	The level of skills, education, and experience possessed by the auditor’s specialists proposed for participation in the audit	30	6	26
3.1.	The level of skills, education, and experience possessed by executives	12	2	11
3.2.	The level of skills, education, and experience possessed by engaged specialists	12	2	9
3.3.	General characteristic of an audit firm’s group	5	1	5
3.4.	General impression of CVs presented	1	1	1
4.	Additional information	15	4	15
4.1.	List of main clients	12	3	12
4.2.	Other information submitted by an auditor	3	1	3
	TOTAL	98	23	91
	Rating	100.00	23.47	92.86
	Rating with regard for the criterion weight (70%)	70.00	16.43	65.00

Chairperson of the Tender Committee

M.S. Grishanin

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Deputy Chairperson of
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E.O. Fesenko

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Tender Committee member

E.S. Nikitina

P.Yu. Serikov

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P.Yu. Serikov

Ya.V. Arefyeva

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Tender Committee member

M.V. Russkikh

Assessment results of the technical and financial proposals submitted by the **tender** participants
Rating with regard for the criterion weights:

Applicati on's registrati on number	Form of incorporation and corporate name of a legal entity participating in the tender	Rating by the "Price" criterion (with regard for indicator's weight)	Rating by the "Quality" criterion (with regard for indicator's weight)	Cumulative final rating by two criteria	Assigned sequential number
1	KPMG, JSC	18.00	70.00	88.00	1
2	BDO Unicon AO (JSC)	30.00	16.43	46.43	3
3	Deloitte & Touche CIS	20.89	65.00	85.89	2

DECIDED:

1. To recognize the open tender for selecting an auditor to perform mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018 as successful (transpired).

2. Based on the review results and assessment of applications submitted by the tender participants, to assign number one to the application of the following tender participant:

– KPMG

Mail address: Naberezhnaya Tower, block C, 10 Presnenskaya embankment, Moscow, the Russian Federation, 123112.

3. Based on the review results and assessment of applications submitted by the tender participants, to assign number two to the application of the following tender participant:

– Deloitte & Touche CIS

Mail address: 5 Б Lesnaya st., Moscow, Russia, 125047.

4. To recognize KPMG which bid the best terms of contract performance, based on the criteria indicated in the tender documentation and application for participation in the open tender, and was assigned the first number, as the winner of the open tender for selecting an auditor to perform mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018.

5. To publish the protocol of review and assessment of applications for participation in the open tender for selecting an auditor for mandatory annual audit of Transneft for 2017 and review the interim consolidated financial statements by IFRS for the 1st quarter of 2018 in the integrated information system (www.zakupki.gov.ru) and on the website of Transneft (www.transneft.ru).

Voting results:	«for»	6
	«against»	-
	«abstained»	-

The decision is unanimous.

Appendix: Written opinion of the Tender Committee members I.I. Klebanov and M.I. Grishankov

Signatures of Tender Committee members:

Chairperson of the **Tender Committee**

M.S. Grishanin

Deputy Chairperson of the **Tender Committee:**

E.O. Fesenko

Committee members:

E.S. Nikitina

Ya.V. Arefyeva

P.Yu. Serikov

M.V. Russkikh

Secretary of the **Tender Committee:**

S.E. Romanov