

**Notification of a Material Fact
On Certain Decisions Adopted by the Board of Directors (the Supervisory Board) of the
Issuer**

1. General Information	
1.1. The issuer's full corporate name	Public Joint Stock Company Transneft
1.2. The issuer's abbreviated corporate name	Transneft
1.3. The issuer's principal place of business	Moscow, Russian Federation
1.4. The issuer's OGRN (Primary State Registration Number)	1027700049486
1.5. The issuer's INN (Taxpayer's Identification Number)	7706061801
1.6. The issuer's unique code assigned by the registering body	00206-A
1.7. The address of the web page used by the issuer for the purposes of disclosing information	http://www.e-disclosure.ru/portal/company.aspx?id=636 http://www.transneft.ru/
1.8. Date of the notified event (material fact)	24 July 2019
2. Notification content	
<p>2.1. The quorum of the meeting of the Board of Directors of the Issuer and voting results: 8 of 9 members of the Board of Directors participated in the meeting. The quorum was recorded as present.</p> <p>2.1.1. Voting results on issues of the agenda No. 1: On election of the chairman of the Board of Directors, No. 4 On members of the Committees under the Board of Directors of Transneft (the Strategy, Investments and Innovations Committee, the Audit Committee, the Human Resources and Remuneration Committee). “aye” – 8; “nay” – none; “blank votes” – none. The decisions were adopted.</p> <p>2.1.2. Voting results on issues of the agenda No. 2 On recognition of the member of the Board of Directors of Transneft I.I. Klebanov as a non-executive director. “aye” – 7; “nay” – none; “blank votes” - 1 (I. I. Klebanov) The decision was adopted.</p> <p>2.1.3. Voting results on issues of the agenda No. 3 On recognition of the member of the Board of Directors of Transneft G. I. Shmal as a non-executive director. “aye” – 7; “nay” – none; “blank votes” - 1 (G.I. Shmal) The decision was adopted.</p> <p>2.2. Content of the decisions adopted by the Board of Directors of the Issuer:</p> <p>2.2.1. Decision on issue No. 1 put to voting: To elect Aleksandr Valentinovich Novak as the Chairman of the Board of Directors.</p> <p>2.2.2. Decision on issue No. 2 put to voting: To resolve, taking into account the results of the analysis carried out to check the compliance of members of the Board of Directors of Transneft with the “Criteria for independence of members of the Board of Directors (supervisory board)” set out in Appendix 4 to the Listing Rules of Moscow Exchange adopted by the Supervisory Board of Moscow</p>	

Exchange on 10 September 2018 (Minutes No. 7) (hereinafter “the Listing Rules”), that Ilya Klebanov, member of the Board of Directors of Transneft, is an independent director, despite his meeting the formal criteria for being related to a major shareholder of Transneft.

This decision of the Board of Directors of Transneft is based on the fact that Ilya Iosifovich Klebanov complies with all criteria for independence of members of the Board of Directors provided for by the Listing Rules (Appendix 4) and the Corporate Governance Code recommended by the Bank of Russia, except for the criterion for being related to a major shareholder, as he is a member of the Board of Directors of three companies that are controlled by a major shareholder — the Russian Federation (Transneft, Sovcomflot, JSC «Shvabe» (through RosTec State Corporation)). The Board of Directors believes that the fact of being related in such a way is of formal nature and does not affect the ability of I.I. Klebanov to make independent, objective and faithful judgements taking into account the following:

1. According to Order of the Government of the Russian Federation No. 665-p dated 09 April 2019, I.I. Klebanov is included on the list of candidates for election to the Board of Directors of Transneft as an independent director, does not represent the interests of the state and does not vote according to instructions of the Russian Federation.

2. Analysis of the activities of I.I. Klebanov as a member of the Board of Directors of Transneft (Company) shows that he is responsible fulfilling his duties of the member of the Board of Directors. I. I. Klebanov actively participated in 97% of all meetings of the Board of Directors of Transneft, in 2016-2017 corporate year he was the Chairman of the Audit Committee and the Human Resources and Remuneration Committee, and in 2017-2018 and 2018-2019 corporate years he was head of the Audit Committee being highly involved in the work and striving for comprehensive discussion of the items being considered by the Board of Directors and Committees of the Board of Directors. I.I. Klebanov makes decisions only after complete examination of the item, having requested and received the exhaustive explanations and materials on all questions he has. Ilya Klebanov takes an independent position on the items on the agendas of the Board of Director meetings, focusing on the protection of the interests of the Company and its shareholders.

3. Ilya Klebanov has the qualification, knowledge, and skills necessary to fully meet the requirements applicable to independent directors as set out in the Corporate Governance Code and the Listing Rules, being able to participate, among other things, in the work of the Audit Committee and the Human Resources and Remuneration Committee. Due to his vast professional experience, Ilya Klebanov is able to make independent, fair, and responsible judgements on issues addressed at the meetings of the Board of Directors and meetings of the committees under the Board of Directors, and to vote in line with the long-term interests of the Company.

4. Pursuant to the “Guidelines to recognising a candidate/member of the Board of Directors of the issuer as an independent director despite falling under the formal criterion for being related” issued by Moscow Exchange, Ilya Klebanov signed the Declaration of the Candidate/Member of the Board of Directors Recognised as an Independent Director, drawn up according to the form recommended by Moscow Exchange.

2.2.3. Decision on issue No. 3 put to voting:

To resolve, taking into account the results of the analysis carried out to check the compliance of members of the Board of Directors of Transneft with the “Criteria for independence of members of the Board of Directors (supervisory board)” set out in Appendix 4 to the Listing Rules of Moscow Exchange adopted by the Supervisory Board of Moscow Exchange on 10 September 2018 (Minutes No. 7) (hereinafter “the Listing Rules”):

that Gennady Shmal, member of the Board of Directors of Transneft, is an independent director, despite his meeting the formal criteria for being related to a major contractor of Transneft.

This decision of the Board of Directors of Transneft is based on the fact that Gennady Iosifovich Shmal complies with all criteria for independence of members of the Board of Directors provided for by the Listing Rules (Appendix 4) and the Corporate Governance Code recommended by the Bank of Russia, except for the criterion for being related to a major contractor as since 1992 he has been a member of the Board of Directors of RITEK LLC (a company controlled by Lukoil, PJSC). Lukoil, PJSC is a major contractor of Transneft.¹ The Board of Directors believes that the fact of being related in such a way is of formal nature and does not affect the ability of G.I. Shmal to make independent, objective and faithful judgements taking into account the following:

1. According to Order of the Government of the Russian Federation No. 665-p dated 09 April 2019, G.I. Shmal is included on the list of candidates for election to the Board of Directors of Transneft as an independent director, does not represent the interests of the state and does not vote according to instructions of the Russian Federation.

2. The Oil Transportation Services Agreement is entered into by Transneft and LUKOIL within the scope of general business in accordance with Resolution of the Government of the Russian Federation No. 218 dated 29 March 2011 “On non-discriminatory access to oil (petroleum products) trunk pipeline transportation services rendered by natural monopoly entities in the Russian Federation”. The tariff for rendering services for oil transportation shall be established by the FAS of Russia.

3. Analysis of the activities of G. I. Shmal as a member of the Board of Directors of Transneft shows that he is responsible fulfilling his duties of the member of the Board of Directors. G. I. Shmal actively participated in 99% of all the meetings of the Board of Directors of Transneft, in 2018-2019 corporate year he was the member of the Audit Committee, the Human Resources and Remuneration Committee, the Strategy, Investments and Innovations Committee under the Board of Directors of Transneft.

His previous experience as a member of the Board of Directors of Transneft (the Company) confirms that in voting at the meetings of the Board of Directors of Transneft, Gennady Shmal did not promote the interests of LUKOIL or RITEK, and his position on all the items on the agenda of the meetings was based solely on his professional experience and expertise, and was unprejudiced, independent, fair, and not influenced by any third parties. Gennady Shmal takes an independent position on the items on the agendas of the Board of Director meetings, focusing on the protection of the interests of the Company and its shareholders.

Gennady Shmal has the qualification, knowledge, and skills necessary to fully meet the requirements applicable to independent directors as set out in the Corporate Governance Code and the Listing Rules, being able to participate, among other things, in the work of the Audit Committee and the Human Resources and Remuneration Committee. Due to his vast professional experience, Gennady Shmal is able to make independent, fair, and responsible judgements on issues addressed at the meetings of the Board of Directors and meetings of the committees under the Board of Directors, and to vote in line with the long-term interests of the Company.

5. Pursuant to the “Guidelines to recognising a candidate/member of the Board of Directors of the issuer as an independent director despite falling under the formal criterion for being related” issued by Moscow Exchange, Gennady Shmal signed the Declaration of the Candidate/Member of the Board of Directors Recognised as an Independent Director, drawn up according to the form recommended by Moscow Exchange.

2.2.4. Decision on issue No. 4 put to voting:

¹The amount of obligations under the contract of service for oil transportation for the period from 01 January 2019 to 31 December 2019, entered into with LUKOIL, PJSC, comprises more than 2% of the book value of the consolidated assets of Transneft according to the reports under IFRS as of 31 March 2019, as well as more than 2% of consolidated revenue of Transneft for 2018.

1. To elect the Strategy, Investments and Innovations Committee under the Board of Directors of Transneft as follows:

- chairman of the Committee - Kirill Aleksandrovich Dmitriev,
- member of the Committee - Aleksandr Leonidovich Korsik,
- member of the Committee - Mattias Warnig,
- member of the Committee - Maksim Yurievich Sokolov,
- member of the Committee - Nikolay Petrovich Tokarev,
- member of the Committee - Valery Pavlinovich Shantsev,
- member of the Committee - Gennady Iosifovich Shmal.

2. To elect the Audit Committee under the Board of Directors of Transneft as follows:

- chairman of the Committee - Ilya Iosifovich Klebanov,
- member of the Committee - Aleksandr Leonidovich Korsik,
- member of the Committee - Gennady Iosifovich Shmal.

3. To elect the Human Resources and Remuneration Committee under the Board of Directors of Transneft as follows:

- chairman of the Committee - Aleksandr Leonidovich Korsik,
- member of the Committee - Ilya Iosifovich Klebanov,
- member of the Committee - Gennady Iosifovich Shmal.

2.3. The date of holding of the meeting of the Board of Directors of the Issuer at which the corresponding decisions were adopted: 24 July 2019.

2.4. The date and number of minutes of the meeting of the Board of Directors of the Issuer at which the corresponding decisions were adopted: 24 July 2019, Minutes No. 13.

3. Signature

3.1. Vice President of Transneft acting under
power of attorney dated 04 March 2019 No.10 _____ R. R. Sharipov
(signature)

3.2. Date 24 July 2019

L. S.