

APPROVED BY:
Resolution of the General
Meeting of Shareholders, Transneft, PJSC
(Order No. 392-r of the Federal Agency
on State Property as of June 30, 2017)

REGULATIONS
on the Management Board
of Transneft
Public Joint-Stock Company

(new edition)

Moscow

TABLE OF CONTENTS

| | |
|---|----|
| Article 1. General Provisions | 3 |
| Article 2. Formation of the Management Board | 3 |
| Article 3. Rights, Duties and Responsibilities of the Management Board Members..... | 4 |
| Article 4. Chairman of the Management Board and Secretary of the Management Board | 6 |
| Article 5. Meetings of the Management Board | 8 |
| Article 6. Minutes of the Management Board Meetings | 11 |
| Article 7. Execution of the Management Board Resolutions | 12 |
| Article 8. Termination of Powers of a Member of the Management Board | 13 |
| Article 9. Final Provisions..... | 14 |

Article 1. General Provisions

1.1 Regulations on the Management Board

- 1.1.1 These Regulations (hereinafter, the “Regulations”) are developed in accordance with the Civil Code of the Russian Federation, the Federal Law *On Joint-Stock Companies*, other normative legal acts of the Russian Federation, the Charter of Public Joint-Stock Company Transneft (hereinafter, the “Company”) and they regulate the activities of the Company's Management Board (hereinafter, the “Management Board”).
- 1.1.2 These Regulations establish the procedure for formation and termination of powers of the Management Board members, lists their rights and obligations, determines the procedure for convening and holding meetings, defines the procedure for drafting resolutions and making decisions, and regulate other issues related to the activities of the Management Board.
- 1.1.3 The terms and definitions used in these Regulations apply in the sense in which they are used in the Company Charter.

1.2 Status of the Management Board

- 1.2.1 The Management Board is a collegiate executive body of the Company and manages its current activities within its competence as defined by the Company's Charter.
- 1.2.2 The Management Board carries out its activities in the interests of the Company in accordance with the legislation of the Russian Federation, the Company's Charter, this Regulation and other internal documents of the Company.
- 1.2.3 The rights, duties and responsibilities of the members of the Management Board are determined by the Federal Law “On Joint-Stock Companies”, other legal acts of the Russian Federation, the Charter and agreements concluded between members of the Management Board and the Company.
- 1.2.4 The Management Board shall execute the resolutions of the General Meeting of the Company Shareholders (hereinafter – the “General Meeting of Shareholders”) and the Board of Directors of the Company (hereinafter – the “Board of Directors”), passed within their competence. The Management Board is accountable to the Board of Directors and the General Meeting of Shareholders.

Article 2. Formation of the Management Board

2.1 Appointment to the Management Board

- 2.1.1 Members of the Management Board are appointed by the Board of Directors on the recommendation of the President of the Company. The number of members of the Management Board is determined by the Board of Directors. There is no limit for the number of terms in the office for the Management Board Members.
- 2.1.2 Any person qualified by the legislation of the Russian Federation to hold positions in the executive bodies of legal entities or to provide management over legal entities can be appointed a member of the Management Board
- 2.1.3 The powers of the appointed member of the Management Board become effective from the date specified in the resolution of the Board of Directors, and if not – from the date following the date of drawing up the minutes of the Board of Directors

meeting at which the resolution to appoint a member of the Management Board was passed.

- 2.1.4 The powers of a member of the Management Board shall remain in force until terminated.
- 2.1.5 The President of the Company is on the Management Board by default and serves as Chairman of the Management Board. Should the powers of the President be terminated, his powers of the Chairman of the Management Board shall also be considered terminated.
- 2.1.6 Should a person be appointed as a member of the Management Board, their employment contract with the Company is amended to reflect such appointment or a new agreement to perform the functions of a member of the Management Board is to be made.
- 2.1.7 General terms of the contract with the Management Board member, including the amount of monthly remuneration for the performance of these duties, shall be approved by the Board of Directors.
- 2.1.8 The contract with the member of the Management Board is to be signed by a person authorized by the Board of Directors on behalf of the Company.

2.2 Combining the powers of the Management Board member with the positions in other organizations

- 2.2.1 Members of the Management Board cannot be members of the Company's Audit Commission.
- 2.2.2 Members of the Management Board may overlap positions in the management bodies of other organizations, as well as perform any part-time job for another employer with the consent of the Board of Directors only.
- 2.2.3 Should a candidate to a Management Board at the time of his appointment hold positions in the executive bodies of other organizations/work part-time for another employer or have plans to overlap positions with another employer after his appointment, the item of Board of Directors' consent to such overlapping shall be included in the agenda of the Board of Directors' meeting where the agenda item of appointing a member of the Management board is going to be addressed.

Article 3. Rights, Duties and Responsibilities of the Management Board Members

3.1 The rights of the Management Board members

A Member of the Management Board has the right to:

- 3.1.1 Participate in the management of the Company's current activities within the competence of the Management Board as defined by the Company's Charter;
- 3.1.2 Request and receive any information about the Company's activities necessary for the performance of its duties from any employee of the Company;
- 3.1.3 Propose agenda items for inclusion in the work plan of the Management Board;
- 3.1.4 Propose additional questions for consideration by the Management Board as per Clause 5.1.3;

- 3.1.5 Request the inclusion of a special opinion on the agenda items and the resolutions passed;
- 3.1.6 Submit in writing their opinion on the issues on the agenda of the Board, should they not be in a position to attend the meeting;
- 3.1.7 Exercise other rights stipulated by the legislation of the Russian Federation, the Charter and the Company corporate by-laws.

3.2 Duties and responsibilities of the Management Board members

Management Board Member shall:

- 3.2.1 Comply with the requirements of the current legislation of the Russian Federation, the Charter of the Company and its corporate by-laws, execute the resolutions of the General Meeting of Shareholders and the Board of Directors;
- 3.2.2 Act in the interests of the Company, exercise his rights and perform his duties with respect to the Company in good faith and reasonably, act in the interests of the Company as a whole, and not in the interests of individual shareholders, officials or other persons while exercising his rights and performing his duties;
- 3.2.3 Timely and fully provide, all information necessary for the Board of Directors and its members to perform their duties within the limits permitted by the legislation of the Russian Federation at request of the Board of Directors or a member of the Board of Directors;
- 3.2.4 Not disclose or use in their private interests and (or) in the interests of third parties' confidential information, including insider information about the Company, received in accordance with the procedure stipulated by the agreement concluded with the Company, and the confidentiality policy with regard to access to insider information of "Transneft", PJSC information security rules and exercising control over compliance with the law on insider information;
- 3.2.5 Attend meetings of the Management Board, except for cases of failure to attend the Management Board meeting for valid reasons (sick leave, business trip, vacations, etc.);
- 3.2.6 Participate in passing resolutions of the Management Board by voting on issues of the Board meeting agenda;
- 3.2.7 Timely notify the Chairman of the Management Board:
 - (i) on legal entities in respect of whom they, their spouse, parents, children, full- and half-blood siblings, adoptive parents and adopted children and (or) their controlled organizations are the controlling persons or have the right to give mandatory instructions and of any changes therein;
 - (ii) on the legal entities where they hold executive positions, and of any changes thereabout, as well as on the intention to take an executive position in a legal entity and immediately after should such election (appointment) occur;
 - (iii) on legal entities where he holds executive positions as well as on part-time work in other organizations;
 - (iv) about any known transactions that are being or intended to be made, where he can be recognized as a stakeholder;

- (v) about the intention to make transactions with of the Company or "Transneft" network organizations securities in accordance with the Company corporate by-laws.
- 3.2.8 Refrain from engaging in the activities that could lead to a conflict between their interests and the interests of the Company, should such conflict occur, immediately notify the Chairman of the Management Board.

3.3 Responsibilities of the Management Board members

- 3.3.1 Members of the Management Board are liable to the Company for damages caused to the Company by their wrongful acts or omissions to act, unless other grounds for liability are established by federal laws.
- 3.3.2 The members of the Management Board shall be held liable or relieved from liability depending on whether they acted reasonably and conscientiously in exercising their duties, whether they showed due diligence and circumspection and whether they took all necessary measures to properly exercise their duties.
- 3.3.3 When determining the grounds and amount of responsibility of the Management Board members, the usual business practices and other circumstances relevant to the case shall be taken into consideration.
- 3.3.4 Management Board members who voted against a decision that caused the Company to incur losses or those who did not take part in voting cannot be held liable for causing losses to the Company.
- 3.3.5 Should more than one person be liable under the provisions of this clause, their liability to the Company shall become solidary.
- 3.3.6 The Company has the right to file an action with the court against a member of the Management Board for compensation of losses caused to the Company in cases provided for by the Federal Law "On Joint-Stock Companies".
- 3.3.7 The Company is entitled to insure the liability of Management Board members at the expense of the Company's own funds.

Article 4. Chairman of the Management Board and Secretary of the Management Board

4.1 Chairman of the Management board.

- 4.1.1 The Chairman of the Management Board is by default the President of the Company.

4.2 Functions of the Chairman

The Chairman shall:

- 4.2.1 organize the work of the Management Board, convenes its meetings and presides over them;
- 4.2.2 develop the agenda of the meeting of the Board;
- 4.2.3 sign the minutes of meetings of the Management Board, as well as other documents on behalf of the Management Board;

- 4.2.4 determine the list of persons to be invited to participate in the discussions of certain items on the agenda of the meeting of the Board;
- 4.2.5 supervise the implementation of the Management Board resolutions;
- 4.2.6 perform other functions in accordance with the laws of the Russian Federation, the Charter of the Company and these Regulations.

4.3 Secretary of the Management Board

- 4.3.1 The Management Board appoints the Secretary of the Management Board upon the proposal of the Chairman.
- 4.3.2 Should the Secretary of the Management Board be absent, its capacities are performed by the employee of the Company's subdivision, which ensures the work of the Company's collegiate management bodies.

4.4 Functions of the Secretary of the Management Board

The Secretary of the Management Board shall:

- 4.4.1 shape the draft work plan of the Management Board;
- 4.4.2 inform the members of the Management Board in advance of holding of the Management Board meetings;
- 4.4.3 send the information and materials required for the meeting of the Management Board to the Management Board members;
- 4.4.4 provides technical and organizational assistance in preparing agenda items and materials for the Management Board meeting;
- 4.4.5 send voting ballots to the members of the Management Board, should the Management Board meeting be held in the form of absentee voting;
- 4.4.6 sum up the results of voting on resolutions taken by absentee voting;
- 4.4.7 keep, draw up and sign the minutes of the Management Board meetings;
- 4.4.8 draw up extracts from the minutes of the Management Board meetings and certify them with their signature;
- 4.4.9 ensures archiving of the minutes of the Management Board meetings, written opinions and voting ballots;
- 4.4.10 provide the Board with information on the implementation of the Board's resolutions;
- 4.4.11 perform other capacities in accordance with these Regulations, other internal documents of the Company and instructions of the Chairman of the Management Board.

Article 5. Meetings of the Management Board

5.1 Convocation of the Management Board meetings

5.1.1 Management Board meetings shall be held in accordance with the approved work plan of the Management Board, but at least once a month.

The Management Board work plan shall be developed on the basis of resolutions of the General Meeting of Shareholders, the Board of Directors, the Management Board, items submitted by the Chairman of the Management Board, as well as proposals of the members of the Management Board. The work plan is to be drawn up for the period of six months and approved by the Management Board.

5.1.2 Should it be necessary, the Chairman of the Management Board shall convene unscheduled meetings on his own initiative or on the proposal of a member of the Board of Directors, the Audit Commission or the Company's auditor.

5.1.3 Should it be necessary, the member of the Management Board shall have the right to propose for consideration by the Management Board an additional item that is not included in the work plan of the Management Board. The proposal of a member of the Management Board to consider an additional item is sent to the Chairman of the Management Board and should contain the wording of the item.

5.1.4 When deciding on the convocation of a meeting of the Management Board, the Chairman of the Management Board shall determine:

- the date, place and time of the meeting;
- the meeting format;
- the agenda of the meeting.

5.1.5 Meetings of the Board shall be held in the format of personal attendance and in absentia.

5.2 Information on the Management Board meeting

5.2.1 All members of the Management Board shall be notified of the date of convening the meeting of the Management Board, the format, place and time, and the agenda.

5.2.2 The Secretary of the Management Board shall notify the members of the Management Board of holding a meeting of the Management Board no later than 2 days before the scheduled date of the meeting.

5.2.3 In the event of any changes in the place and / or time of the Management Board meeting, all members of the Management Board shall be notified in advance of such changes.

5.3 Quorum for the meeting

5.3.1 The quorum for the meeting of the Management Board shall be half of the number of elected members of the Management Board. When determining the quorum, the former members of the Management Board are not taken into account.

5.3.2 When determining the quorum and the results of voting on the agenda of the meeting of the Management Board held in the format of personal attendance, the

written opinion of the absent members of the Management Board shall be taken into account.

5.3.3 The quorum of the meeting of the Management Board held in the form of absentee voting shall be determined based on the ballots received.

5.4 Holding the Board meeting in person

5.4.1 Discussion of items on the agenda of the meeting of the Management Board is carried out in accordance with the following procedure:

- the opening sessions;
- lead speaker's report on the agenda item;
- discussion of the agenda item;
- proposals on the wording of the resolutions on the agenda items;
- voting the agenda;
- counting of votes, summing up and announcement of voting results;
- wrapping up the meeting.

5.4.2 The Management Board meetings consider items included in the agenda of the meeting. At meetings of the Board held in the format of personal attendance, items not included in the agenda may be considered, provided that there is the consent of the majority of the members of the Management Board present at the meeting.

5.4.3 Persons who are not members of the Management Board may be invited to a Board meeting; these persons may be employees of the Company, members of the Audit Commission, representatives of the Company's auditor, experts and consultants, and other persons. The guest attendees have the right to make proposals, give comments, provide references and other information on the items discussed only with the permission of the Chairman of the Board.

5.4.4 Should the Management Board member be unable to attend the Board meeting, they are entitled to provide a written opinion. Written opinion shall be submitted to the Secretary of the Management Board by a member of the Management Board prior to the meeting of the Management Board and included in the information (materials) provided to the members of the Management Board at the meeting.

5.4.5 A written opinion of a member of the Management Board may contain his vote on all items of the agenda of the meeting, as well as on certain items only.

5.4.6 If a copy of the written opinion of a member of the Management Board was not provided to the members of the Management Board before the meeting, the Chairman of the Management Board is required to disclose the written opinion of the absent member of the Management Board prior to voting on the item of the agenda on which such an opinion is submitted.

5.4.7 Should a member of the Management Board be present at the Management Board meeting, his written opinion received prior to the meeting shall not be disclosed at the meeting, nor shall it be included in the information (materials) provided

to the members of the Management Board and it shall not be taken into account when determining the quorum and voting results.

5.4.8 Should there be made any changes to the draft resolutions during the discussion of the agenda items at the Company's Management Board meetings held in person, the absent member of the Management Board who previously submitted a written opinion shall have the right to provide an adjusted opinion within one working day after the meeting. This written opinion is taken into account when determining the quorum and the results of voting on the agenda items of the Management Board meeting.

5.4.9 Written opinion of the Management Board member shall not be taken into account in determining the quorum and voting results, if such written opinion:

- was received after the beginning of the Management Board meeting;
- was not signed by a member of the Management Board;
- does not contain an indication of the Management Board member who has prepared it;
- does not allow to unequivocally determine the decision of a member of the Management Board on an agenda item (the proposed draft resolution) or is based on an inaccurate wording of the proposed draft decision.

5.4.10 Members of the Management Board who are not present at the meeting are entitled to participate in the discussion of the agenda items and vote on them via videoconference and telephone communication provided so is decided by the Chairman of the Management Board and provided it is technically feasible.

5.5 Holding of the Management Board meeting in the format of absentee voting

5.5.1 The resolution of the Company's Management Board within its competence can be passed by absentee voting by means of voting ballots.

5.5.2 The voting ballots shall be sent to the Management Board members not later than one business day before the date of the meeting.

5.5.3 The voting ballot shall contain:

- the name of the Company;
- the voting ballot submission deadline;
- first name, last name, patronymic of the member of the Management Board;
- voting ballot accommodation address;
- the wording of each item and the resolutions put to a vote;
- voting options (Yes, No, Abstained).

5.5.4 When filling in the voting ballot, only one of the possible voting options for each draft resolution put to the vote shall be left uncrossed by the Management Board member. The filled in voting ballot should be signed by the Management Board member with indication of his name and initials after each item on the agenda.

5.5.5 The voting ballot of the Management Board member shall not be taken into account when determining the quorum and the results of voting, if the voting ballot:

- was received after the submission deadline;
- was not signed by a member of the Management Board;
- does not allow to unequivocally determine the decision of the member of the Board on the agenda item (proposed draft resolutions).

Should the voting ballot contain several items put to the vote, the invalidity of the voting ballot with regard to voting on one or several items shall not entail the invalidity of the voting ballot, as a whole.

5.5.6 The filled in and signed voting ballot shall be submitted by the member of the Management Board to the Secretary of the Management Board within the time period specified in the voting ballot or sent via e-mail or other types of communication, followed by sending the original of the voting ballot. The members of the Management Board whose voting ballots were received by the Secretary of the Board no later than the submission deadline are considered to have participated in the meeting.

5.5.7 Based on the voting ballots received, the Secretary of the Management Board summarizes the results of voting on the agenda items and draws up the minutes of the Management Board meeting in accordance with the procedure established by these Regulations.

5.6 Passing the resolutions by the Management Board

5.6.1 The resolution of the Management Board is considered passed if more than half of the Management Board members have been present at the Management Board meeting and / or have provided a written opinion in favor for passing such resolution, and should the meeting be held in absentia, if so did more than half of the members of the Management Board who participated in the voting.

5.6.2 Each member of the Management Board shall have one vote. Transfer of voting rights by a member of the Management Board to another person, including another member of the Management Board, is not allowed.

5.6.3 In the event of a tie, the vote of the Chairman of the Management Board casts the deciding vote.

5.6.4 A member of the Management Board shall have the right to express in writing his dissenting opinion reflecting his position on the agenda items and resolutions to be passed, which should be recorded in the minutes of the Management Board meeting.

Article 6. Minutes of the Management Board Meetings

6.1 Drawing up the minutes of the Management Board meeting

6.1.1 The minutes shall be taken at the Management Board meetings. The minutes of the Management Board meeting shall be drawn up by the Secretary of the

Management Board no later than 3 days after the meeting (the submission deadline when in absentia).

6.1.2 The minutes of the meeting of the Management Board shall specify:

- the name of the Company;
- the reference number;
- the format of the meeting;
- the date, time and place of the meeting;
- the date;
- the voting ballots submission deadline (should the meeting be held in absentia);
- persons who took part in the meeting, including guest attendees (should the meeting be held in person);
- the members of the Management Board who submitted a written opinion on the agenda items (should the meeting be held in person);
- the members of the Management Board who submitted the voting ballots (should the meeting be held in absentia);
- the quorum on the agenda of the meeting;
- the agenda of the meeting;
- the items put to a vote;
- draft resolutions put to vote;
- vote count on each item;
- the information on the received dissentive opinions;
- other information.

6.1.3 Documents passed and /or approved at the Management Board meeting, as well as written and dissentive opinions of the Management Board members, the voting ballots shall be included in the minutes of the Management Board meeting in the form of attachments.

6.1.4 The minutes of the Management Board meeting shall be signed by the Chairman and the Secretary of the Management Board. After signing the minutes, the Secretary of the Management Board shall prepare and issue extracts from the minutes of the Management Board meeting to the persons responsible for execution of the passed resolutions.

6.1.5 During the Management Board meeting, audio recordings as well as other ways of documenting the progress of the meeting, including a video recording or taking a shorthand, may be used.

6.2 Archiving and access to the minutes of the Management Board meetings

6.2.1 Storage and access to the minutes of the Management Board meetings is carried out in accordance with the current legislation.

Article 7. Execution of the Management Board Resolutions

7.1 The resolutions of the Management Board shall be binding upon members of the Management Board and all employees of the Company.

- 7.2 Control over the execution of the resolutions of the Management Board shall be exercised by the Chairman of the Management Board.
- 7.3 The Secretary of the Management Board collects information on the execution of the Management Board resolutions. The Secretary of the Management Board shall have the right to request information from responsible persons regarding the execution of the Management Board resolutions.
- 7.4 The Secretary of the Management Board shall prepare and submit information on the execution of the Management Board resolutions for the six-month period to the Management Board, every six months.
- 7.5 The Secretary of the Management Board shall inform the Chairman of the Management Board of all cases of violation of the deadlines for the execution of the Management Board resolutions. The Chairman of the Management Board shall have the right to decide on the extension of the deadlines for the execution of the resolutions passed by the Management Board.
- Article 8. Termination of Powers of a Member of the Management Board
- 8.1 The powers of an individual member or the all the members of the Management Board (Management Board as a whole) may be terminated at any time by a resolution of the Board of Directors.
- The powers of a Management Board member (members) are considered (to be) terminated as of the date determined by the resolution of the Board of Directors, and if such date is not determined, on the date following the date of drawing up the minutes of the Board of Directors meeting at which the resolution to terminate the powers was passed.
- 8.2 A member of the Management Board shall have the right to apply in writing on termination of his powers to the Chairman of the Board of Directors. The resolution on such an application shall be made at the next meeting of the Board of Directors.
- 8.3 The powers of a member of the Management Board are also terminated by the Board of Directors in the event of his physical inability to perform his duties and other circumstances that are not dependent on the will of the parties (Article 83 of the Labor Code of the Russian Federation), except as provided in article 8.4.
- 8.4 The Board recognizes a member of the Management Board to be withdrawn in the event of their death, adjudicated as deceased or missing (by the court). In this case, the date of termination of the powers of the Management Board member shall be considered the date of death (in the event of death of the Management Board member) or the date specified in the court ruling, recognizing the Management Board member as deceased or missing.
- 8.5 Termination of powers of the Management Board member shall not be considered to be the grounds for dismissal of such person from another position held in the Company.

Article 9. Final Provisions

- 9.1 Resolutions on amendments/additions to these Regulations or approval of the restated Regulations shall be passed by the General Meeting of Shareholders upon the proposal of the Board of Directors.
- 9.2 If, as a result of changes in the legislation of the Russian Federation or the Company's Charter, certain provisions of this document conflict with the applicable laws of the Russian Federation or the Company's Charter, these provisions become invalid and shall not be applicable. Until the relevant changes are made to the Regulations, one should rely upon the current legislation of the Russian Federation and the Charter of the Company.