

Decision of the Board of Directors of Transneft on Recognition that a Member of the Board of Directors is Independent Irrespective of Existence of the Criteria for Being Related to a Major Shareholder

Date of holding of the meeting: 04 October 2017.

Date of preparation and number of the minutes of the meeting of the Board of Directors: 04 October 2017, Minutes No. 13.

Members of the Board of Directors, who participated in the meeting:

1. Alexander Valentinovich Novak (the Chairman of the Board of Directors);
2. Matthias Warnig;
3. Darya Vladimirovna Vasilevskaya;
4. Kirill Aleksandrovich Dmitriev;
5. Aleksandr Leonidovich Korsik;
6. Ilya Iosifovich Klebanov;
7. Genadii Iosifovich Shmal;
8. Nikolay Petrovich Tokarev.

8 of 8 members of the Board of Directors participated in the meeting.
The quorum was recorded as present.

Content of the adopted decision:

According to the results of analysis of compliance of the members of the Board of Directors of Transneft with the “Criteria for independence of members of the Board of Directors (Supervisory Board))” provided for by Appendix 4.1 to the Listing Rules of Moscow Exchange JSC (hereinafter referred to as the Listing Rules):

1. To agree with the opinion of the Human Resources and Remuneration Committee of the Board of Directors of Transneft on recognition that Ilya Iosifovich Klebanov is an independent member of the Board of Directors of Transneft.

2. To recognize that Ilya Iosifovich Klebanov, a member of the Board of Directors of Transneft, is an independent director irrespective of existence of 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 4.1.) and the Corporate Governance Code recommended by the Bank of Russia, except for the criterion for being related to a major shareholder of the Company, as he is a member of the Board of Directors of three companies that are controlled by a major shareholder – the Russian Federation (Transneft, PAO “SCF”, 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. 1388-r (1388-p) dated 30 June 2017, 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 shows that he has always been responsible while fulfilling his duties of a member of the Board of Directors. Since 2015 I.I. Klebanov has actively participated in 93% of all meetings of the Board of Directors of Transneft, in 2016 corporate year he was the Chairman of the Audit Committee and

the Human Resources and Remuneration 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. I.I. Klebanov takes his independent position on agenda items of meetings of the Board of Directors aimed at protection of the interests of the Company and its shareholders.

3. I.I. Klebanov has the qualification, knowledge and skills that entirely meet the requirements for the qualification, knowledge and skills of independent directors provided for by the Corporate Governance Code and the Listing Rules and enable him, among other things, to participate in operation of the Audit Committee and the Human Resources and Remuneration Committee. Due to his wide professional experience I.I. Klebanov makes independent, objective and faithful judgements on the issues considered at meetings of the Board of Directors of the Company and Committees of the Board of Directors and votes according to long-term interests of the Company.

Voting results:

«aye» – 7 votes:

1. Alexander Valentinovich Novak;
2. Matthias Warnig;
3. Darya Vladimirovna Vasilevskaya;
4. Kirill Aleksandrovich Dmitriev;
5. Aleksandr Leonidovich Korsik;
6. Genadii Iosifovich Shmal;
7. Nikolay Petrovich Tokarev.

«nay» – none.

blank votes – 1 vote (Ilya Iosifovich Klebanov).

The decision was adopted.