

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 the State

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 Aleksandr Leonidovich Korsik is an independent member of the Board of Directors of Transneft.

2. To recognize that Aleksandr Leonidovich Korsik, a member of the Board of Directors of Transneft, is an independent director irrespective of existence of formal criteria for being related to the state.

This decision of the Board of Directors of Transneft is based on the fact that Aleksandr Leonidovich Korsik 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 the state as he was an employee of a company controlled by the Russian Federation (Bashneft, PJSOC) during 1 year before his election to the Board of Directors of the Company. 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 A.L. Korsik 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, A.L. Korsik 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. A.L. Korsik became related to the state due to change of a shareholder of Bashneft, PJSOC in December 2014. Before his appointment to the position of the sole executive body of Bashneft, PJSOC, A.L. Korsik hold various positions in private companies, such as Sistema PJSFC, LLC «Oil and Gas Company «ITERA», RussNeft Oil Company, PJSC, so, the fact that he became related to the state is clearly of formal nature.

3. A.L. Korsik 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 A.L. Korsik 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. Ilya Iosifovich Klebanov;
6. Genadii Iosifovich Shmal;
7. Nikolay Petrovich Tokarev.

«nay» — none.

blank votes — 1 vote (Aleksandr Leonidovich Korsik).

The decision was adopted.