

Decision by the Transneft Board of Directors on recognizing the independence of a Board member, despite certain criteria of connection to a substantial shareholder

Date of the meeting: 09 February 2018

Date of preparation and number of the minutes of the meeting of the Board of Directors:

09 February 2018, Minutes #1

Board members participating in the meeting:

1. Novak, Alexander Valentinovich (Board Chairman);
2. Warnig, Matthias;
3. Vasilevskaya, Darya Vladimirovna;
4. Dmitriev, Kirill Aleksandrovich;
5. Klebanov, Ilya Iosifovich;
6. Korsik, Alexander Leonidovich;
7. Tokarev, Nikolay Petrovich;
8. Shantsev, Valery Pavlinovich;
9. Shmal, Genadii Iosifovich.

Out of 9 members of the Board of Directors, 9 members participated in the meeting. The quorum for decision-making was available.

Content of the decision:

Based on analyzing the conformity of the Transneft Board members to “The criteria of independence of the Board members (Supervisory Board members),” specified in Annex 4.1 to the Listing Rules of the Moscow Exchange (hereinafter: Listing Rules):

Recognize the Transneft Board member Klebanov, Ilya Iosifovich, as independent director, despite the formal criteria of his connection to a substantial shareholder of Transneft.

In making this decision, the Transneft Board of Directors should proceed from the fact that Mr. Klebanov complies with all independence criteria for members of the Board of Directors, specified in the Listing Rules (Annex 4.1) and the Corporate Governance Code recommended by the Bank of Russia, with the exception of his connection to the Company’s substantial shareholder, because he is a member of the Board of Directors at three companies under control of the substantial shareholder: the Russian Federation (Transneft, Sovcomflot, Shvabe – via the state corporation Rostec). The Board of Directors believes that this connection is formal and does not affect the ability of Mr. Klebanov to make independent, unbiased and conscientious judgments, in light of the following considerations:

1. In accordance with Russian Government Resolution #2947-p, dated 26 December 2017, Mr. Ilya Klebanov was included in the list of candidates for election to the Transneft Board of Directors as an independent director; he does not represent the government’s interests and does not vote in accordance with the directives of the Russian Federation.

2. Analyzing the activities of Mr. Klebanov in the Transneft Board of Directors shows his commitment to performing his duties as a member of the Board. Since 2015 Mr. Klebanov has taken an active part in 93% of all meetings of the Transneft Board of

Directors; in corporate year 2016 he chaired the Audit Committee as well as the Human Resources and Remuneration Committee, and in corporate year 2017 he chaired the Audit Committee, demonstrating a high degree of involvement, pressing for thorough discussion of all issues considered by the Board of Directors and the Committees. Mr. Klebanov makes decisions only upon thorough examination of the matter in question, after requesting for and obtaining exhaustive clarifications and materials on every question he may have. Mr. Klebanov forms his own opinion about all issues on the agenda of the Board, to pursue the best interests of the Company and its shareholders.

3. Mr. Klebanov's qualification, knowledge and skills fully meet the requirements set in the Corporate Governance Code and Listing Rules for independent directors, allowing him, among other things, to participate in the work of the Audit Committee as well as the Human Resources and Remuneration Committee. His rich professional experience enables Mr. Klebanov to make independent, unbiased and conscientious judgments on all matters discussed at the meetings of the Company's Board of Directors and its Committees, voting so as to promote the Company's long-term interests.

Voting results:

“aye” – 8 votes:

1. Novak, Alexander Valentinovich (Board Chairman);
2. Warnig, Matthias;
3. Vasilevskaya, Darya Vladimirovna;
4. Dmitriev, Kirill Aleksandrovich;
5. Korsik, Alexander Leonidovich;
6. Tokarev, Nikolay Petrovich;
7. Shantsev, Valery Pavlinovich;
8. Shmal, Genadii Iosifovich.

“nay” – no votes.

“blank” – 1 vote (Klebanov, Ilya Iosifovich).

A majority decision was made.