

APPROVED

by the decision of the General Meeting of the Shareholders of Transneft (order of the Federal Agency for State Property Management No. 734-p dated 06 October 2015)

**Regulation on remunerations and compensations to the members of the Revision  
Commission of Transneft**

Moscow

2015

## 1. General Provisions

1.1. This Regulation has been developed in accordance with the provisions of Federal Law dated 26 December 1995 No. 208-FZ On Joint-Stock Companies, the Articles of Association of Transneft (hereinafter referred to as the Company), the Regulation on the Revision Commission of Transneft, other applicable regulations, and shall establish the amount and the procedure of payment of remunerations and compensations to the members of the Revision Commission of the Company (hereinafter referred to as the Revision Commission).

1.2. This Regulation shall be approved by the General Meeting of the Company's Shareholders in accordance with Clause 2 Article 85 of the Federal Law On Joint-Stock Companies and shall be the ground for accrual and payment of remunerations and compensations to the members of the Revision Commission.

1.3. This Regulation is valid for the members of the Revision Commission in relation of which federal laws do not provide for limitation or prohibition to receive any payments from commercial organizations. Remuneration and compensations shall not be paid to the members of the Revision Commission being public employees (Clause 3 Part 3 Article 12.1 of Federal Law dated 25 December 2008 No. 273-FZ On Anti-Corruption).

1.4. If the prohibition or limitation to receive payments from commercial organizations is removed on the grounds provided for by the Russian Federation laws, remunerations and compensations to a member of the Revision Commission shall be calculated from the date of written notification for the members of the Revision Commission on removal of the prohibition or limitation under the procedure provided for hereby.

1.5. In case of early termination of the powers and election of a member of the Revision Commission at an extraordinary General Meeting of the Shareholders the remuneration amount shall be calculated taking into account actual period of performing the duties of a member of the Revision Commission.

1.6. Settlements with the members of the Revision Commission shall be performed in Russian rubles, under the application/applications of a member of the Revision Commission on payment of the remuneration/compensation, drawn up according to the forms specified in Annexes 2, 3 hereto, by means of transferring money to the bank account (deposit) details specified in the application of a member of the Revision Commission, or in cash.

## 2. The amount and procedure of payment of remuneration to the members of the Revision Commission

2.1. The remuneration shall be paid to a member of the Revision Commission according to the results of work within the reporting corporate year and shall depend on the degree of his/her participation in work of the Revision Commission.

2.2. The remuneration of a member of the Revision Commission shall be specified from the basic part of the remuneration ( $R_{\text{basic}}$ ), which is equal to 15% of the average amount of annual remuneration of a member of the Company's Board of Directors for the last three years, according to the formula:

$$R_{\text{basic}} = 0.15 * R_{\text{average}},$$

where:

$R_{\text{average}}$  is the average amount of annual remuneration of a member of the Company's Board of Directors for the last three years, specified according to the formula:

$$R_{\text{average}} = (R_1^{(1)} + \dots + R_{N_1}^{(1)} + R_1^{(2)} + \dots + R_{N_2}^{(2)} + R_1^{(3)} + \dots + R_{N_3}^{(3)}) / (N_1 + N_2 + N_3),$$

where:

- for the first year  $N_1$  members of the Board of Directors received annual remuneration of  $R_1^{(1)}, \dots, R_{N_1}^{(1)}$ ;

- for the second year  $N_2$  members of the Board of Directors received annual remuneration

of  $R_1^{(2)}, \dots, R_{N2}^{(2)}$ ;

- for the third year  $N_3$  members of the Board of Directors received annual remuneration of  $R_1^{(3)}, \dots, R_{N3}^{(3)}$ ;

Upon calculation of  $R_{average}$  amounts of remunerations paid to the members of the Company's Board of Directors shall be calculated for performance of their main duties, without calculation of extra payments for performance of additional functions as part of the specialized committees under the Board of Directors and for chairmanship in the Board of Directors.

The amount of basic remuneration specified in accordance with the abovementioned formulas shall be equal to 740,000 rubles and may be reconsidered only as part of approval of a new version of the Regulation.

2.3. Actual amount of the remuneration of a member of the Revision Commission according to the results of work for a year shall be specified on the basis of the basic remuneration specified in Clause 2.2 hereof, according to the formula:

$$R_{actual} = R_{basic} * (m_i / m) * C_p$$

where:

$R_{basic}$  is the basic remuneration amount calculated according to Clause 2.2 hereof;

$m_i$  is the number of days in the corporate year, during which the member of the Revision Commission performed his/her duties;

$m$  is the total number of days in the corporate year;

$C_p$  is the coefficient of personal participation of the member of the Revision Commission.

2.3.1. Coefficient of personal participation reflects participation of the member of the Revision Commission in meetings of the Revision Commission and his/her performance of additional functions as the Chairman of the Revision Commission.

2.3.2. Coefficient of personal participation shall be specified for each member of the Revision Commission individually according to the formula:

$$C_p = (1 + C_{meet} + C_{add}) * C_{insp},$$

where:

$C_{insp}$  is the coefficient of participation in inspection activities of the Revision Commission, established by the decision of the Revision Commission on the basis of the degree of participation of the member of the Revision Commission in inspection procedures and quality of his/her work in the amount of 0.000 to 1.000.

For a Chairman of the Revision Commission the coefficient of participation in inspection activities shall be established in the amount of  $C_{insp} = 1.000$ ;

$C_{meet} = 0.1 * (n_i / n)$  - the coefficient of participation in the meetings of the Revision Commission (a member of the Revision Commission has participated in  $n_i$  meetings of  $n$  meetings, held by the Revision Commission in the corporate year, including absent voting);

$C_{add}$  - the coefficient calculating the work as the Chairman of the Revision Commission:

$C_{add}^{Ch} = 0.3 * (f_i / m)$  - for the Chairman of the Revision Commission, where  $f_i$  is the number of days in the corporate year (of total number  $m$ ), during which the Chairman's functions were performed.

Upon specifying the value of the individual coefficients  $C_{insp}$  at the meeting of the Revision Commission, the degree of participation of the member of the Revision Commission in all the stages of the inspection procedure shall be taken into account:

- preparation/planning of the inspection;
- performance of the inspection;
- preparation of the act/conclusion of the inspection;
- cooperation with the Company regarding the inspection results (including monitoring of elimination of the detected violations).

Coefficient of personal participation  $C_p$  and its components ( $C_{meet}$ ,  $C_{add}$ ,  $C_{insp}$ ) shall be specified in the form of a decimal number accurate to three decimal places.

2.3.3. If a member of the Revision Commission during the corporate year actively

participated in additional inspections of the Revision Commission conducted under the decision of the General Meeting of the Shareholders, the Board of Directors or on demand of the shareholder (shareholders) of the Company, owning in total not less than 10 percent of the Company's voting shares, the Chairman of the Revision Commission shall be entitled to petition to the General Meeting of the Shareholders on increasing the coefficient of personal participation calculated in accordance with Clause 2.3.2 hereof, but not more than by 20%.

2.3.4. A member of the Revision Commission who has missed more than a half of meetings held within the period of his membership in the Revision Commission, shall not receive a remuneration ( $C_p = 0$ ).

2.3.5. The actual amount of remuneration for each member of the Revision Commission shall be calculated by the Chairman of the Revision Commission in the form of Annex 1 hereto and shall be preliminarily considered at the meeting of the Company's Board of Directors.

The final decision of payment of the remuneration shall be taken by the General Meeting of the Shareholders (taking into account the recommendations of the Company's Board of Directors).

2.3.6. The company shall itself specify, withhold and pay for the personal income tax and other taxes and levies related to payment of the remunerations and compensations to the members of the Revision Commission.

2.4. Control for calculation of the remuneration to the members of the Revision Commission shall be vested in the Chairman of the Board of Directors of the Company, and control for their payment shall be vested in the Company's executive body.

2.5. The remuneration shall be paid not later than in 3 months after holding the General Meeting of the Shareholders, where the decision on payment of the corresponding remuneration to the members of the Revision Commission was taken.

2.6. If after the end of the established period for the Company's payment of the remuneration to a member of the Revision Commission the member of the Revision Commission did not file the application on the remuneration payment, part of the Company's net profit, considered by the General Meeting of the Shareholders as the remuneration payment to a member of the Revision Commission, shall form the Company's undistributed profit, whereof the Company shall notify the Board of Directors.

### **3. The amount and procedure of payment of compensations to the members of the Revision Commission**

3.1. The Company shall pay compensation of documented expenses related to transportation and living to the members of the Revision Commission not being public employees, in case of necessity to visit the Company's facilities, to participate in the on-site meetings of the Company's Revision Commission and to perform other tasks of the Revision Commission.

3.1.1. The possibility to compensate for the expenses of the members of the Revision Commission related to participation in meetings of the Revision Commission and conducting inspections should be approved at the meeting of the Revision Commission.

3.1.2. The amount of compensation for the expenses related to participation in meetings of the Revision Commission and conducting inspections shall be specified according to the rates of compensation for travel and living expenses established by the Company for the department director.

3.1.3. If the amount of actual expenses of a member of the Revision Commission not being a public employee is more than the amount calculated according to Clause 3.1.2 hereof, the excess amount shall not be subject to compensation.

3.1.4. For compensation of the expenses a member of the Revision Commission shall send to the Company a written application according to the form of Annex 3 hereto with enclosure of original documents confirming such expenses, as well as documents necessary for

payment of money.

Documents confirming the performed expenses subject to compensation shall be submitted by a member of the Revision Commission according to the procedure established by the RF (Russian Federation) laws for travel expenses records.

3.1.5. Payment of compensation shall be performed within 30 working days from the date of receiving the documents provided for by Clause 3.1.4 hereof.

3.1.6. The General Meeting of the Shareholders should not take an individual decision on payment of compensation to the members of the Revision Commission calculated in accordance with the Provisions hereof.

#### **4. Limitations of the amount and procedure of payment of remunerations and compensations to the members of the Revision Commission**

4.1. Limitations of the amount and procedure of payment of remuneration to the Revision Commission:

4.1.1. The General Meeting of the Shareholders shall be entitled to take a decision on non-payment of remuneration to the members of the Revision Commission or on alteration of the payment amount.

4.1.2. If, following the results of the financial year, there are negative factors related to weakening of financial standing of the Company, the amount of all types of remunerations to the members of the Revision Commission may be reduced or fully cancelled by the General Meeting of the Shareholders. The Company's Board of Directors shall be entitled to petition on reducing or full cancellation of the remunerations to the members of the Revision Commission in consequence of detecting the mentioned factors.

4.1.3. The amount of actual remuneration to a member of the Revision Commission not being the Chairman of the Revision Commission shall not be more than 20% of average remuneration to a member of the Company's Board of Directors following the results of the reporting year (without extra payments for performing additional functions as part of specialized committees under the Board of Directors and for chairmanship in the Board of Directors).

4.1.4. The total annual amount of remuneration for all the members of the Revision Commission shall not be more than 5% from the calculation basis for payment of the Company's dividends.

4.1.5. If in accordance with this Regulation a decision on reducing the remuneration to the members of the Revision Commission is taken regarding the amount calculated in Section 2 hereof, the remuneration of each member of the Revision Commission is proportionally reduced.

4.1.6. If the General Meeting of the Shareholders took the decision on non-payment of the remuneration to the members of the Company's Board of Directors, the remuneration to the Revision Commission shall not be paid.

4.2. Payment of remunerations and compensations shall be performed only under the written application of a member of the Revision Commission.

A member of the Revision Commission shall be entitled to refuse to receive remunerations and compensation provided for hereby, in full or partially, by means of sending a corresponding application to the Company's sole executive body.

4.3. Payment of remunerations and compensations shall be performed by the Company by means of transferring money using the way specified by the member of the Revision Commission in his/her application/applications:

- to a bank account (deposit) of the member of the Revision Commission with a Russian credit organization (in this case the member of the Revision Commission shall specify the bank account (deposit) number and the bank's details);

- by payment in cash through the Company's cash desk.

**5. Validity of the Regulation, the procedure of making alterations and additions to the Regulation**

5.1. This Regulation shall come into effect from the date of approval by the General Meeting of Company's Shareholders.

5.2. Alterations and additions hereto may be made under the decision of the General Meeting of Company's Shareholders.

5.3. The General Meeting of Company's Shareholders may terminate this Regulation and approve of a new Regulation of remunerations and compensations paid to the members of the Revision Commission.

5.4. In case of discrepancies between the norms of the Russian Federation laws and this Regulation, the norms of the applicable Russian Federation laws shall be applied.

Annex 1  
to the Regulation on remunerations and compensations to the  
members of the Revision Commission of Transneft

Calculation form for the remuneration amount to a member of the Revision Commission <sup>1</sup>

Member of the Revision Commission \_\_\_\_\_

/Full name of the member of the Revision Commission/

Calculation coefficient	Ground
$m_i = \underline{\hspace{2cm}}$	Duties of the member of the Revision Commission were performed from ___ to ___, ___ days <sup>2</sup> of $m = \underline{\hspace{2cm}}$ days <sup>2</sup> in the corporate year
$R_{\text{basic}} = \underline{\hspace{2cm}}$	According to Clause 2.2 of the approved Regulation
$C_{\text{meet}} = \underline{\hspace{2cm}}$	$C_{\text{meet}} = 0.1 * (n_i / n)$ -where $n_i$ is the number of meetings where the member of the Revision Commission participated ( $n = \underline{\hspace{2cm}}$ meetings, held by the Revision Commission in the corporate year, including absent voting)
$C_{\text{add}} = \underline{\hspace{2cm}}$	$C_{\text{add}}^{\text{Ch}} = 0.3 * (f_i / m)$ - for the Chairman of the Revision Commission, where $f_i = \underline{\hspace{2cm}}$ - the number of days in the corporate year (of total number $m = \underline{\hspace{2cm}}$ ), during which the Chairman's functions were performed
$C_{\text{insp}} = \underline{\hspace{2cm}}$	$C_{\text{insp}}$ is the coefficient of participation in inspection activities of the Revision Commission, established by the decision of the Revision Commission on the basis of the degree of participation of the member of the Revision Commission in inspection procedures and quality of his/her work in the amount of 0.000 to 1.000. For a Chairman of the Revision Commission the coefficient of participation in inspection activities shall be established in the amount of $C_{\text{insp}} = 1.000$
$C_p = \underline{\hspace{2cm}}$	$C_p = (1 + C_{\text{meet}} + C_{\text{add}}) * C_{\text{insp}}$ A member of the Revision Commission who has missed more than a half of meetings held within the period of his membership in the Revision Commission, shall not receive a remuneration ( $C_p = 0.000$ ).
The petition on increasing $C_p$ in relation to conducting additional inspections up to $C_p = \underline{\hspace{2cm}}$ (by ___%)	If a member of the Revision Commission during the corporate year actively participated in additional inspection of the Revision Commission conducted under the decision of the General Meeting of the Shareholders, the Company's Board of Directors or on demand of the shareholder (shareholders) of the Company, owning in total not less than 10 percent of the Company's voting shares, the Chairman of the Revision Commission shall be entitled to petition to the General Meeting of the Shareholders on increasing the coefficient of personal participation calculated in accordance with Clause 2.3.2, but not more than by 20%
$R_{\text{actual}} = \underline{\hspace{2cm}}$	$R_{\text{actual}} = R_{\text{basic}} * (m_i / m) * C_p$

Chairman of the Revision Commission \_\_\_\_\_ / Full name, signature/

<sup>1</sup> Shall be completed by the Chairman of the Revision Commission regarding each members of the Revision Commission (including the Chairman of the Revision Commission himself/herself).

<sup>2</sup> Upon calculation of the index  $m_i$  the period, during which limitation or prohibition for a member of the Revision Commission to receive any payments from commercial organizations were valid, shall not be taken into account.



Annex No. 2  
to the Regulation on remunerations and compensations to the  
members of the Revision Commission of Transneft

to the President of Transneft

\_\_\_\_\_  
*/Full name of the President of Transneft/*

\_\_\_\_\_  
from the member of the Revision Commission  
*/Full name of the member of the Revision Commission of Transneft/*

### Application on remuneration payment

Please give order to pay to me a money remuneration related to my duties as a member of the Revision Commission of Transneft within the period \_\_\_\_\_.

The amount of the money remuneration related to my duties as a member of the Revision Commission of Transneft within the period \_\_\_\_\_ has been approved by the decision of the General Meeting of the Shareholders of Transneft dated \_\_\_\_\_ in the amount of \_\_\_\_\_ rubles.

I hereby confirm that within the specified period I was not a person in relation to which federal laws provide for limitation or prohibition for receiving payments from commercial organizations.

Please pay the remuneration as follows:

\_\_\_\_\_  
by cash payment / transfer to the bank account (deposit)/

\_\_\_\_\_  
(specify the bank account (deposit) details)

Date \_\_\_\_\_ /Full name/

Annex No. 3  
to the Regulation on remunerations and compensations to the  
members of the Revision Commission of Transneft

to the President of Transneft

\_\_\_\_\_  
*/Full name of the President of Transneft/*

\_\_\_\_\_  
from the member of the Revision Commission  
*/Full name of the member of the Revision Commission of Transneft/*

### Application on compensation payment

Please give order to pay to me compensation for the expenses in the amount of \_\_\_\_\_  
rubles, related to the trip and living as part of

\_\_\_\_\_  
the event of the Revision Commission

- travel expenses - specify the details, cost and class of the purchased tickets, the expenses amount

- living expenses - specify the number of days of living, class of the room and hotel, the expenses amount

Please pay the remuneration by cash payment / transfer to the bank account (deposit) (specify the bank account (deposit) details)

Enclosure: 1) copy of the protocol of the Revision Commission with approval of compensation for the corresponding expenses;  
2) documents confirming the performed expenses subject to compensation.

Date \_\_\_\_\_ \_\_\_\_\_ /Full name/