

**INFORMATION OF DECISION MAKING BY ROSNEFT BOARD OF DIRECTORS ON THE ISSUE  
ON THE COMPLIANCE OF THE CANDIDATES TO ROSNEFT BOARD OF DIRECTORS THE CRITERIA OF INDEPENDENCE**

Meeting of the Board of Directors of Rosneft was held on 30.05.2019 (minutes dated 30.05.2019 No. 25).

Format: in absentia.

Attendees: F. Alsuwaidi, A.R. Belousov, M. Warnig, O.V. Viyugin<sup>1</sup>, I. Glasenberg, R. Dudley, G. Quintero, A.V. Novak, H. Rudloff, I.I. Sechin, G. Schroeder. A quorum to hold the meeting was present.

Item No. 4: On the compliance of the candidates to Rosneft Board of Directors the criteria of independence.

Voting results: "For" - F. Alsuwaidi, A.R. Belousov, M. Warnig, I. Glasenberg, R. Dudley, G. Quintero, A.V. Novak, H. Rudloff, I.I. Sechin, G. Schroeder, "Against" - none, "Abstained" - none.

The Board of Directors of Rosneft resolved as follows: *to recognize O.V. Viyugin, a candidate to the Board of Directors of Rosneft, as independent, despite the formal criteria of his affiliation with the significant counterparties of Rosneft, because, taking into account his professional experience and reputation, such affiliation does not affect his ability to make independent, objective and conscientious judgments as a member of the Board of Directors of Rosneft.*

When taking this resolution concerning O.V. Viyugin the Rosneft BoD took into account the following:

According to the completed analysis, O.V. Viyugin is not affiliated with the Company, with significant shareholders, competitors of Rosneft or with the State.

O.V. Viyugin is an acknowledged professional in the field of economics and was awarded a title of "Honored Economist of the Russian Federation", he took a direct part in the development of the financial market of the Russian Federation and stimulation of the corporate governance level. In 2015, O.V. Viyugin became the winner of the All-Russian Award of Financiers "Reputation" in nomination "The Best Independent Director of the Financial Market", which testifies to the impeccable generally recognized reputation of O.V. Viyugin, his ability to independently, objectively and conscientiously form his own independent position on issues submitted to the management bodies, including the Board of Directors of Rosneft.

Based on O.V. Viyugin's work experience as a Rosneft BoD member and the his voting practice at the meetings, his position on the agenda is independent from the influence of the executive bodies, specific groups of shareholders or other interested parties, and is solely based on his professional experience and knowledge.

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<sup>1</sup> O.V. Viyugin hasn't taken part in voting on Item 4 of the agenda with the respect to recognizing him as independent.

**Justification of the formal nature of O.V. Viyugin, candidate to the Board of Directors of Rosneft, affiliation**

No.	Affiliation criteria	Independence justification
1.	<p>Affiliation with a significant counterparty of the issuer (sub-clause 1, clause 6 of Attachment No.4 to the Listing rules of Moscow Stock Exchange)</p>	<p><b>1) Since 2017 O.V. Viyugin is also a member of the Supervisory Board of the PAO Moscow Stock Exchange, which is the sole shareholder of the CCP NCC (hereinafter referred to as the NCC) which is a counterparty of Rosneft.</b></p> <p>A contract for provision of clearing services has been signed between Rosneft and the NCC whereby the NCC can act as a central counterparty when the Company performs foreign exchange transactions, that is, act as a seller or buyer in transactions with the currency on the exchange, regardless of who actually provides a return service under such transactions.</p> <p>The maximum remuneration of the NCC under the clearing agreement is limited by the size of the NCC commission for transactions and accounts for less than 2% of the book value of the consolidated assets and 2% of the consolidated revenues (revenues) of the Company, as well as less than 2% of the book value of the consolidated assets and 2% of the consolidated revenues (income) of the NCC.</p> <p>When analyzing a transaction with the NCC for materiality, two approaches are possible:</p> <ol style="list-style-type: none"> <li>1. estimation of the amount of obligations within the size of the commission;</li> <li>2. estimation of the amount of obligations taking into account the volume of foreign exchange transactions.</li> </ol> <p>A more conservative position is based on the second approach. When estimating the amount of obligations under a transaction by the volume of foreign exchange operations, the NCC may be a <b>significant counterparty</b>, and O.V. Viyugin is affiliated with it, since total amount of obligations between the Company and the NCC as of the audit date (last day of quarter) may be amounted to more than 2% of the consolidated revenues (income) of the NCC.</p> <p>Despite that the NCC acts as a counterparty for the currency-based transactions performed by the Company, only <b>the amount of commission (remuneration)</b> that the NCC receives for the functions of the central counterparty in pursuance of the concluded clearing service contract is relevant in the analysis of the nature and amount of obligations, because:</p> <ol style="list-style-type: none"> <li>1. In accordance with Art. 3 of the Federal Law "On Clearing, Clearing Activities and the Central Counterparty", in compliance with the clearing service contract, the clearing organization undertakes to provide clearing services to the clearing customers who must pay for these services, unless otherwise stipulated by the legislation of the Russian Federation. Thus, the <b>price of the contract is the amount of remuneration for the services rendered by the clearing organization.</b></li> <li>2. On their own terms, currency transactions are not expendable in essence for the Company or profitable for the NCC, i.e. the Company receives the equivalent of the amount spent in foreign currency through an operation. Commission is the only economic benefit for the NCC (and for the entities it is the only expense) from the foreign exchange transactions committed by the companies – market players. Within these relations, the NCC is basically an agent that transfers property from one entity to another and withholds a commission for its services.</li> </ol>

3. The size of currency transactions committed by market players is not reflected in the NCC's financial report, so it is impossible to objectively estimate the share of the foreign exchange transactions of a particular market players in the total income (balance) of NCC.

**This affiliation with a significant counterparty CCP NCC is of a formal nature** and cannot affect the ability of O.V. Viyugin to make independent, objective and conscientious judgments, because:

1) despite that the size of currency transactions is formally an obligation under the contract, it is not actually an expense transaction for the Company, or profitable transaction for the NCC. Within these relations, the NCC is basically an agent that transfers goods from one entity to another and withholds a commission for its services;

2) The Board of Directors of Rosneft and the Supervisory Board of Moscow Exchange **did not participate in the approval / endorsement of the clearing contract** between the Company and CCP NCC (AO).

**2) O.V. Viyugin is a member of the Board of Directors of PJSC «Unipro», a significant counterparty of Rosneft. The amount of obligations under the agreement with PJSC «Unipro» is more than 2% of the book value of the consolidated assets and 2% of the consolidated revenues (income) of PJSC «Unipro» and the amount of the discharged obligations is more than 2% of the consolidated revenues (income) of PJSC «Unipro».**

**Affiliation of O.V. Viyugin, a member of the Board of Directors of Rosneft with a significant counterparty of the Company, PJSC «Unipro» is of a formal nature** and does not his ability to make objective, independent and conscientious judgments as a member of the Board of Directors of the Company because:

1) Gas supply contract between Rosneft and PJSC «Unipro» was competitively concluded on June 18, 2015; O.V. Viyugin was not part of the Board of Directors of PJSC «Unipro» on the date of the contract, and was elected to the Board of Directors of Rosneft just a day before, on June 17, 2015;

2) The Board of Directors of Rosneft did not participate in the approval of this transaction;

3) The relationship between Rosneft and PJSC «Unipro» under the contract is of a long-term nature, but no changes or additions have been introduced since it was entered into;

4) When the issues of Supplement Agreements to the contract dated 18.06.2015 or new agreements are submitted to the Board of Directors of the Company or PJSC «Unipro» for approval, O.V. Viyugin will not take part in voting in accordance with the requirements of the current legislation;

5) PJSC «Unipro» doesn't exert and can't exert any influence on decisions made by Rosneft and its only influence on business and financial performance of Company is limited by the current contract;

6) The business reputation and the activities of O.V. Viyugin as a member of the Board of Directors of Rosneft testify to his highest professionalism, impartiality and objectivity.