

3.5. Board of Directors

PJSC NCSP's Board of Directors consists of seven directors.

The Russian Federation, under a federal government order, exercises its special right to participate in the management of PJSC NCSP through the "golden share." The seat of the RF representative is not taken into account at elections of board directors, and only six PJSC NCSP board directors are subject to election at the General Shareholder Meeting.

The Company believes that the composition of the Board of Directors is balanced and appropriate for the scale of the Company's business, and complies with the applicable requirements of Russian legislation and the Listing Rules of the Moscow Exchange.

PJSC NCSP's system of corporate governance is consistent with the principles and recommendations of the national Corporate Governance Code. Provisions of the Code are based on international practices in the area of corporate governance, and principles of corporate governance developed by the Organization for Economic Cooperation and Development (OECD). The Code does not contain recommendations for ensuring gender, age or other types of diversity in the composition of a company's management bodies. In light of this, these practices at the Company are not formalized in the form of policies or other local regulations.

When nominating candidates to the Board of Directors, the Company considers their personal and professional qualities.

Structure of Board of Directors as of December 31, 2018

The Board of Directors consists of seven nonexecutive directors, three of whom represent the interests of the Russian government and four represent Transneft.

PERIOD OF SERVICE ON THE BOARD OF DIRECTORS:

Up to 1 year	4
1 to 5 years	2
More than 5 years	1

3.5.1. Members of the Board of Directors

Changes in the composition of the Board of Directors in 2018

There were four cohorts of the Board of Directors in the course of 2018.

Under a Russian government order (No. 1706) dated September 2, 2015, Igor Levitin, an aide to the president of Russia, was the representative of the Russian Federation on the Board of Directors of PJSC NCSP in 2018 in accordance with its right to participate in the management of the Company (golden share).

The government of Russia issued an order (No. 2882-r) on December 21, 2018 to appoint Yury Tsvetkov as the representative of the Russian Federation on the Board of Directors of PJSC NCSP in accordance with its right to participate in the management of the Company (golden share), and dismissed Igor Levitin from this position.

Leyla Mammadzada and Alexander Potapushin were recognized as independent directors as of the beginning of 2018.