

7.8. REMUNERATION SYSTEM FOR KEY MANAGEMENT

The key managers include members of the Board of Directors and the Management Board of Transneft (including the President of Transneft), as well as directors general of essential Transneft subsidiaries.

Transneft's Remuneration Policy and Overview of Key Changes in the Reporting Period Compared with the Previous Reporting Period

Remuneration for the key managers is governed by the regulatory documents and governing bodies of Transneft

- for members of the Board of Directors – by means of decisions of the annual General Meeting of Shareholders (Order of the Federal Agency for State Property Management);
- for members of the Management Board of the Company (including the President of the Company) and directors general of essential Transneft subsidiaries, by respective resolutions of the Board of Directors;
- in 2020, the key managers' remuneration policy was not subject to any significant changes (the key principles and payment procedures were retained).

Remuneration for Members of the Board of Directors

Remuneration is governed by the Regulations on Remuneration to Members of the Board of Directors of Transneft adopted by the Annual General Meeting of Shareholders (Order of the Federal Agency for State Property Management No. 541-r dated 30 June 2015).

No amendments were made to the said Regulations in 2020.

Members of the Board of Directors receive remuneration for participating in the work of the Board of Directors and its committees. Remuneration for members of the Board of Directors is approved at the Annual General Meeting of Shareholders.

According to the Regulations on Remuneration to Members of the Board of Directors, the remuneration consists of the following parts:

- fixed;
- variable;
- allowances for additional duties.

Fixed part	The fixed part of the remuneration is payable for exercising the powers of a member of the Board of Directors
Variable part	The variable part of the remuneration is payable for achieving the key performance indicators established by the Regulations;
Allowances for additional duties	These are paid to members of the Board of Directors performing additional duties related to exercising the powers of the Chairman of the Board of Directors and work in the specialised Committees under the Board of Directors.

The remuneration paid to members of the Board of Directors in 2020 amounted to RUB 59,112.5 thousand.



[The Regulations on Remuneration to Members of the Board of Directors of Transneft](#)

Individual Remuneration to Members of the Board of Directors in 2020, RUB thousand

Member of the Board of Directors/Full Name	Fixed Part	Variable part	Allowances for Participation in the Committees under the Board of Directors	Total
Matthias Warnig	1,160.6	5,475.1	663.6	7,299.3
Kirill Aleksandrovich Dmitriev	1,160.6	5,475.1	1,327.1	7,962.8
Ilya Iosifovich Klebanov	1,160.6	5,475.1	1,990.7	8,626.4
Aleksandr Leonidovich Korsik	1,160.6	5,475.1	2,654.3	9,290.0
Maxim Yuryevich Sokolov	430.7	2,032.0	246.3	2,709.0
Nikolay Petrovich Tokarev	1,160.6	5,475.1	663.6	7,299.3
Valery Pavlinovich Shantsev	1,160.6	5,475.1	663.6	7,299.3
Genadii Iosifovich Shmal	1,160.6	5,475.1	1,990.7	8,626.4
Total				59,112.5

No separate remuneration was payable for the costs associated with the performance of the duties of members of the Board of Directors in 2020.

Remuneration was not paid to the members of the Board of Directors who were subject to restriction or prohibition on receiving remuneration from commercial organisations; no remuneration was paid for the corresponding period of work in 2020 in connection with the performance of civil service.

Remuneration to directors general of essential Transneft subsidiaries

Directors general of Transneft subsidiaries receive salary and other payments according to their employment contracts.

Annual performance-based remuneration payable to the directors general of essential Transneft subsidiaries is carried out in accordance with the Key Performance Indicators System of Transneft's Economic Activities (approved by the decision of the Board of Directors dated 27 November 2019 (Minutes No. 20) and the Regulations Annual Performance-Based Remuneration to the Managers and the Employees of Transneft and Transneft Subsidiaries (approved by the decision of the Management Board dated 29 December 2011 (Minutes No. 45, as amended).

The remuneration of directors general of essential Transneft subsidiaries for 2020 amounted to RUB 479,839 thousand.

Remuneration for Members of the Management Board of Transneft, including the Sole Executive Body

The Regulations on the Annual Remuneration to the Sole Executive Body of Transneft (approved by the resolution of the Board of Directors of Transneft dated 23 April 2018, Minutes No. 5, as amended) stipulate that the remuneration depends on the achievement of target efficiency indicators.

Members of the Management Board of Transneft are employees of Transneft and thus receive remuneration in the form of monthly salaries and other payments (including annual remuneration depending on the achievement of corporate key performance indicators for the reporting period). No separate remuneration is payable for the performance of the duties of members of the Management Board, additional costs are not reimbursed.

In 2020, the remuneration, benefits and compensations to the members of the Management Board of Transneft, including the sole executive body, amounted to RUB 1,229,185.2 thousand.

The Remuneration, benefits and compensations to the members of the Management Board of Transneft in 2020, RUB thousand

Types of Remuneration	Amount, RUB thousand
Remuneration for participation in the governing body	–
Salaries	440,927.8
Bonuses	768,316.8
Commission fees	–
Benefits	18,534.5
Compensation of expenses	1,406.1
Other types of remuneration	–
Total	1,229,185.2

Remuneration on the basis of share ownership was not provided at Transneft.