

Shareholder Relations Policy of OAO “LUKOIL”

1. General provisions

1.1. This *Shareholder Relations Policy of OAO “LUKOIL”* has been developed in accordance with the effective laws of the Russian Federation, the Charter of OAO “LUKOIL” (hereinafter also the “Company”), the internal regulatory acts of the Company, and also the Company’s obligations in connection with the circulation of its securities on global stock markets, and taking applicable global best practices into account.

1.2. The goals of shareholder relations are:

- 1.2.1. Ensuring the unconditional, timely and full exercise of the lawful rights of all shareholders of the Company and the holders of its derivative securities in which the underlying assets are shares in OAO “LUKOIL”;
- 1.2.2. Formation of effective corporate relations between the management and shareholders of the Company in the interests of stable and dynamic development of OAO “LUKOIL” and observation of the lawful rights of shareholders, based on the commonality of their interests;
- 1.2.3. Constant improvement of the Company’s relations with its shareholders, based on the convergence and harmonious union of their interests, mutual respect, and observation of rights and duties, and also taking into account the Company’s right and obligations to third parties.

1.3. The Company’s main goals in working with shareholders are:

- 1.3.1. Ensuring that the lawful rights of shareholders are exercised promptly and in full measure, regardless of the size of the shareholding that they own, and improving the mechanisms for such exercise;
- 1.3.2. Identifying and analysing general and specific problems of shareholders, with the aim of implementing effective standard methods for their solution;
- 1.3.3. Improving existing and developing new forms and methods of working with shareholders, facilitating the exercise of their rights, taking into account the appearance of new shareholders, the appearance of new interests among shareholders, and also the emergence of new forms of communication for working with shareholders;
- 1.3.4. Ensuring effective everyday work with shareholder requests received in written or electronic form or in person.
- 1.3.5. Promptly examining instances of violations of shareholder rights, taking immediate measures to restore rights, and also establishing conditions to prevent recurrences of such violations.

2. Principles for shareholder relations

2.1. Relations with OAO “LUKOIL” shareholders are based on the following principles:

- 2.1.1. The Company guarantees to all its shareholders support for their existing rights established by the effective legislation of the Russian Federation, by the internal regulatory acts of OAO “LUKOIL”, those following from the Company’s obligations in connection with the circulation of its securities on Russian and foreign stock exchanges, and also those voluntarily provided to

shareholders by OAO "LUKOIL" as part of the Company's commitment to applicable international best practices in corporate governance. The Company will also exert every effort to ensure the rights of holders of derivative securities on the basis of the corresponding signed contracts;

- 2.1.2. The Company seeks to ensure equal rights for shareholders, observance of which is supported by:
- (1) the establishment of a procedure for conducting the General Shareholders' Meeting that ensures a reasonable and equal opportunity for all parties attending the meeting to express their opinion and ask questions of interest to them;
 - (2) the establishment of a procedure for carrying out material corporate actions that allows shareholders to obtain full information on such actions and guarantees that their rights will be observed;
 - (3) a prohibition on the performance of operations with the use of insider and confidential information;
 - (4) the election of the members of the Board of Directors, members of the Management Committee, and the President of the Company pursuant to a transparent procedure that foresees the provision of full information on these persons to shareholders;
 - (5) the provision by members of the Board of Directors and Management Committee and the President of the Company, who may be considered to be interested parties in the performance of the transaction, of information on such interest;
 - (6) the adoption of all necessary and possible measures to settle conflicts between the bodies of the Company and its shareholder (shareholders), and also between shareholders, if such conflict affects the interests of the Company;
- 2.1.3. The efficiency of the administrative and management bodies of OAO "LUKOIL" in securing the stable and dynamic development of the Company, growth in the value of its securities, and observance of the rights and interests of shareholders depends to a significant degree on the performance by shareholders of their duties deriving from the effective legislation of the Russian Federation, their desire and willingness to constructively discuss and resolve possible disagreements, and also the lack of actions on their part that constitute an abuse of rights. The Company relies on the constructive and interested attitude of shareholders to the Company's operations, and also on their readiness to promptly and fully discharge their duties, which will allow the Company to best ensure the exercise of all shareholder rights stipulated by law.
- 2.1.4. Regardless of any differences among shareholders, the Company will make maximum efforts to support and equally observe all lawful shareholder rights, and comply with the provisions of codes and standards intended to protect shareholder rights;
- 2.1.5. In view of the fact that, objectively speaking, the Company's existing shareholder structure is characterised by differences in shareholders' ability to exercise their rights (differences in distance from the Company, international borders, restrictions on access to communications, the media, the Internet, etc.), work with OAO "LUKOIL" shareholders will be aimed at reducing such differences to the greatest degree possible;
- 2.1.6. The Company will assist in resolving specific problems related to the exercise of rights by each individual shareholder that contacts the Company for such assistance;
- 2.1.7. The Company will strive to ensure that high quality work with shareholders is achieved by using the most economically efficient and low-cost means and tools, including those based on modern information technology (posting of information on websites and electronic media, performance of Internet conferences, use of e-mail, etc.).

3. Organisation of work with shareholders

- 3.1. For the purposes of coordinating activity to support the lawful rights and interests of shareholders, OAO “LUKOIL” has created and operates a specialised division responsible for shareholder relations: the Shareholder Relations Section of the Department of Stock Exchange Operations of the Main Division of Strategic Development and Investment Analysis (hereinafter the Shareholder Relations Section).
- 3.2. The work of the Company’s management bodies and structural divisions, including the Shareholder Relations Section, with shareholders shall be carried out on the basis of the *OAO “LUKOIL” Shareholder Relations Programme* (hereinafter the “Programme”), approved by the Board of Directors of OAO “LUKOIL” for a five-year period.
- 3.3. The Programme shall be prepared based on an analysis of the existing and forecast composition of Company shareholders, taking into account their differences (residence in different territories, different jurisdictions, difference between individual and institutional shareholders, etc.), and determine the main goals and objectives of this activity over the corresponding period, as well as the main forms and methods of activity.
- 3.4. The goals and objectives indicated in the Programme shall be achieved in each given year on the basis of annual plans prepared by the Shareholder Relations Section and approved by executive order of OAO “LUKOIL”.
- 3.5. At the end of the period covered by this latest Programme, the Programme shall be assessed from the point of view of how well its goals and objectives were achieved, and the level of shareholder satisfaction with the results of interaction with the Company and the observance of their rights. The Board of Directors shall take a decision to approve a new Programme for the next five-year period based on this assessment, and also an analysis of changes to the composition of Company shareholders, changes to the statutory composition and scope of shareholder rights and the duties of issuers to support such rights.

4. Interaction between management and shareholders as a precondition for the positive development of the Company and a tool for achieving common goals

- 4.1. The effective development and stability of the Company is best achieved through the interaction of the management and shareholders of the Company.
- 4.2. Shareholders that have invested their funds in the securities of OAO “LUKOIL” and that have elected the management bodies of the Company have the right to expect an increase in the value of the securities they have purchased, and receive part of a Company’s profits in the form of dividends.
- 4.3. To ensure that shareholders can exercise their rights to participate in profits, the Company will ensure there is a transparent and comprehensible method for determining the size of and paying out dividends, and the provision to shareholders of sufficient information to form an accurate picture of the conditions for the payment of dividends and the procedure for their payment.
- 4.4. The Company shall strive to ensure that it has professional and trustworthy management, whose knowledge and efforts are directed at facilitating the effective performance of the Company in the interests of shareholders, including through the use of a system of incentives and compensation for managers that is tied directly to the Company’s operating performance (including its shareholder value and capitalisation).
- 4.5. It is the Company’s policy to dovetail the interests of management and shareholders. As part of this policy, the Company implements long-term material incentive programmes for management and employees of LUKOIL Group companies, encouraging them to make every

effort to increase the capitalisation and the value of OAO “LUKOIL” securities. The Company also uses other incentive programmes based on a fundamental (for shareholders) correlation between the activity of management and the actual achievement by the Company of its key financial and business (amount of profit, level of costs, etc.) and physical and performance indicators (amount of hydrocarbons production, amount of petroleum/gas product sales, etc.).

- 4.6. Shareholders exercise their right to participate in the management of the Company during the preparations for and holding of the General Shareholders’ Meetings, by voting, proposing items for the agenda of the meetings, nominating candidates for the Board of Directors of the Company and candidates for President of the Company, election of members of the Board of Directors and the President of the Company, and by using legal means of control over their activity.
- 4.7. The Company’s administrative and management bodies ensure unconditional execution of the decisions taken by the General Shareholders’ Meetings to support the Company’s development and stability, growth in its capitalisation and the value of its securities.

5. Insiders and rights of shareholders

- 5.1. The members of the Company’s administration and management bodies, including those who are shareholders in OAO “LUKOIL”, have an objective advantage over other shareholders, because they have access to information which affects the value of the Company’s securities that is not public knowledge and disclosure of which could have a material impact on the market value of shares and other Company securities (insider information). To prevent the abuse by members of the administration and management bodies (insiders) of their privileged position over other shareholders, the Company has adopted an internal regulatory act that determines the list of parties having access to insider information (the list of insiders) and the procedure for parties with access to insider information to perform transactions with the Company’s securities.
- 5.2. The Company shall exercise control, using the methods available to it, over the discharge by all insiders of their obligations to comply with the rules on performing transactions with Company securities, to prevent the illegal use of private information on the Company in the vested interests of certain individuals and the infliction of serious damages on shareholders, and to protect the lawful interests of shareholders and investors and their rights to equal access to insider information.

6. Support for and protection of shareholders’ rights

- 6.1. The Company shall guarantee the protection of the lawful rights of shareholders, including their basic rights to participate in the management of the Company by taking decisions on the most critical issues regarding the Company’s activity at General Shareholders’ Meetings, to receive dividends, and to receive information on the Company’s operations.
- 6.2. The Company shall assist in the protection of the lawful interests of shareholders and the restoration of their rights in the event they are violated.
- 6.3. The lawful rights of some shareholders cannot be protected and restored by infringing on the rights of other shareholders.
- 6.4. To ensure the rights of shareholders and to exercise control over the circulation of shares, the Company shall hire a highly qualified professional independent registrar to maintain the register of shareholders, one capable of organising accounting for shareholders’ rights to Company securities reliably and accurately, ensuring the maximum level of comfort and using state-of-the-art registrar techniques, and having a well-developed branch network. The fact that the Company entrusts the maintenance and safekeeping of the register of shareholders to a registrar

does not release it from liability for the proper maintenance and safekeeping of the register, but according to the contract concluded with the Company the registrar is obligated to reimburse the Company for damages caused by a violation of the regulatory acts governing the activity of registrars.

- 6.5. To protect the rights of shareholders, the Company shall guarantee that the registrar abides by the procedure whereby entries or amendments to entries in the register of shareholders are only made on grounds that unequivocally and unconditionally require these actions to be taken, and shall strive to quickly and effectively resolve any conflicts related to the maintenance of the register of shareholders, including by appealing directly to the registrar for explanations in connection with complaints received from shareholders.
- 6.6. The Company shall ensure the unconditional execution of the decisions of the General Shareholders' Meeting on the full payment of dividends using the method chosen by the shareholder, based on a decision of the meeting and by the established deadline. The Company guarantees the exercise of the existing rights of shareholders to duly documented tax concessions that have been properly registered and submitted to the Company in a timely manner.
- 6.7. Shareholders shall be guaranteed the entire scope of rights to participate in the management of OAO "LUKOIL". An essential condition for full exercise of this right shall be maintenance by shareholders of reliable information (contact details) in the register of shareholders and used by the Company to identify the shareholder. The Company cannot satisfy the claims of parties whose identification information does not coincide with the data entered and contained in the Company's register of shareholders.
- 6.8. The Company shall guarantee that legal measures be taken to stop any fraudulent activity known to the Company that is aimed at illegal acquisition of shares belonging to shareholders or provocation of shareholders to perform illegal transactions or transactions that are harmful to the shareholders with the shares that belong to them, or other illicit infringement of the legal rights and interests of shareholders that are directly related to the ownership of shares in the Company and/or exercise of their rights.