

Text approved by the Board of Directors of OAO "LUKOIL" on 29 August 2003 (Minutes No. 37), with amendments and addenda approved by decisions of the Board of Directors of OAO "LUKOIL" of 18 August 2004 (Minutes No. 29), 12 December 2006 (Minutes No. 30) and 5 February 2007 (Minutes No.5)

**REGULATIONS ON  
THE HUMAN RESOURCES AND COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF OAO "LUKOIL"**

**1. GENERAL PROVISIONS**

- 1.1. These Regulations on the Human Resources and Compensation Committee of the Open Joint Stock Company "Oil company "LUKOIL" (hereinafter "**Regulations**") are prepared in accordance with the laws of the Russian Federation, the Corporate Governance Code approved at the Russian Federation Government meeting of 28 November 2001 and recommended by the Federal Commission for Securities Market, the Charter of OAO "LUKOIL" (hereinafter "**Company**") and the Regulations on the Board of Directors of OAO "LUKOIL".
- 1.2. The Human Resources and Compensation Committee of the Board of Directors of the Open Joint Stock Company "Oil company "LUKOIL" (hereinafter "**Human Resources and Compensation Committee**" or "**Committee**") is established in order preliminarily to consider and prepare recommendations for the Board of Directors to be used for taking decisions on matters within the authority of the Company's Board of Directors that are concerned with establishing priority areas within the Company's activities related to human resources and compensation of members of the Company's management bodies and the Audit Commission of the Company.
- 1.3. The Human Resources and Compensation Committee is fully accountable for its activities to the Company's Board of Directors.
- 1.4. The Human Resources and Compensation Committee operates within the authority granted to it by the Company's Board of Directors in accordance with these Regulations.
- 1.5. The Human Resources and Compensation Committee's activities are governed by the laws of the Russian Federation, the Company Charter, the Regulations on the Board of Directors of OAO "LUKOIL", decisions taken by the Company's Board of Directors, these Regulations and other internal documents of the Company that are approved by the Shareholders Meeting and the Board of Directors of the Company, as well as by the decisions of the Human Resources and Compensation Committee of the Company.
- 1.6. The terms that are used but are not defined in these Regulations shall have the meaning that they have in the Company Charter, the Regulations on the Board of Directors of OAO "LUKOIL" and the Plan Rules for the Employee Restricted Share Plan for the Employees of OAO "LUKOIL" and its Subsidiaries, unless otherwise provided by these Regulations.

## 2. GOALS AND OBJECTIVES OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

- 2.1. The primary goal of establishing the Human Resources and Compensation Committee is to draft and present recommendations to the Company's Board of Directors on issues concerning:
  - 2.1.1. priority areas of the Company's activities related to human resources and compensation of the members of the Company's management bodies and Audit Commission of the Company;
  - 2.1.2. the Company's policy and standards of selection of candidates for positions in the Company's management bodies that are designed to attract skilled specialists to the management of the Company;
  - 2.1.3. other matters related to its activities.
- 2.2. The Committee shall ensure the actual involvement of the members of the Company's Board of Directors in the implementation of monitoring over, and establishment of their personal awareness of, the Company's activities in the area of human resources and compensation of the members of the Company's management bodies and the Audit Commission of the Company.
- 2.3. The Committee, in conducting activity in accordance with its authority, shall work jointly with the Company's executive bodies, the Main Division of Human Resources (hereinafter "**Main Division**") and, if necessary, with other subdivisions of the Company.

## 3. AUTHORITY OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

- 3.1. In order to ensure distribution of objective and independent information to the members of the Company's Board of Directors in accordance with the objectives established by Article 2 of these Regulations, the Human Resources and Compensation Committee is vested with the following powers within the competence of the Company's Board of Directors:
  - 3.1.1. provide recommendations to the Company's Board of Directors on priority areas of the Company's activities related to human resources and compensation of the members of the Company's management bodies and Audit Commission of the Company;
  - 3.1.2. **determine the criteria for selecting candidates to the Board of Directors, Management Committee, and for the position of the President of the Company**, and perform preliminary evaluation of candidates for positions in relevant management bodies of the Company and provide appropriate recommendations to the Company's Board of Directors;  
*(Wording of sub-point 3.1.2 as approved by the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*
  - 3.1.3. develop and submit to the Company's Board of Directors for its consideration additional criteria to be used to determine whether a member of the Company's Board of Directors has the status of an independent director;
  - 3.1.4. provide recommendations to the Company's Board of Directors on material provisions of contracts that are signed **with members of the Management Committee and the President of the Company**;

*(Wording of sub-point 3.1.4 as approved by the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

- 3.1.5. **regularly** analyse performance of the members of the Company's management bodies and Audit Commission including from the possibility of potential increases of their compensation and provision of other incentives;

*(Wording as approved by the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

- 3.1.6. provide recommendations to the Company's Board of Directors on the amount of compensation paid to the members of the Company's Audit Commission;
- 3.1.7. provide recommendations to the Company's Board of Directors on the advisability of repeatedly assigning members of the Company's management bodies to the same position;
- 3.1.8. develop key areas of the Company's activities related to human resources and compensation of the members of the Company's management bodies and Audit Commission;

*(The second sentence of sub-point 3.1.8 deleted by the decision of the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

- 3.1.9. in the area of the Company's long-term employee **incentive plans, including** equity-based incentive plans (**hereinafter the "Share Plan"**) the Human Resources and Compensation Committee shall:

- 3.1.9.1. consider and submit for the approval of the Company's Board of Directors a list of positions subject to the Share Plan (hereinafter also "Participants"), general provisions and conditions of the Share Plan, its term of validity and conditions of termination, the scope of Participants' rights as well as other terms and conditions related to the implementation of the Share Plan;

- 3.1.9.2. consider and submit for the approval of the Company's Board of Directors regulations and other internal documents that are necessary for the implementation of the Share Plan;

- 3.1.9.3. **prepare and submit for the consideration and approval of the Board of Directors of the Company amendments and addenda to documents on the Share Plan, including in respect of the list of Participants in the Share Plan; their status, the terms and conditions of the corresponding contracts under the Share Plan, and the onset of circumstances of a Change in control;**

*(The wording of point 3.1.9 as approved by the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

- 3.1.10. analyse the information provided by the members of the Company's Board of Directors on changes in their personal data, the responsibility for disclosure of which is assigned to the members of the Board of Directors by effective law, the Company Charter and the Corporate Governance Code approved at the Russian Federation Government meeting of 28 November 2001: information related to presence/absence of interest in the transactions made by the Company at the moment when the Board of Directors needs to make relevant decisions; appearance, termination of affiliation with the Company; occurrence of circumstances that prevent efficient performance in the capacity of a member of the Board of Directors; an independent director's loss of status as an independent director;

- 3.1.11. perform comparative analysis of and inform the Board of Directors of the Company about other companies' policies and plans for compensation of members of management bodies;

3.1.12. provide, in oral or written form and within the scope of its authority, opinions (at the request of the Company's Board of Directors) or recommendations (at its own initiative) on individual issues, and, by the end of the year, submit a report on the activities of the Human Resources and Compensation Committee for the year to the Board of Directors of the Company for its consideration.

**3.1.13. Issue of recommendations on reimbursement to members of the Management Committee of the Company and to the President of the Company for expenses, losses, fines and other sanctions stipulated by contracts with members of the Management Committee of OAO "LUKOIL" and the President of OAO "LUKOIL".**

*(Sub-point 3.1.13 added by the decision of the Board of Directors of OAO "LUKOIL" of 12 December 2006, Minutes No.30), the wording as approved by the Board of Directors of OAO "LUKOIL" on 5 February 2007, Minutes No.5)*

3.2. To ensure the implementation of the granted authority, the Company's Board of Directors grants the Human Resources and Compensation Committee the following rights:

3.2.1. participate in the monitoring and examination of the implementation of the decisions and orders of the Company's Board of Directors on issues of its activity;

3.2.2. request and obtain in accordance with the existing procedure any information that is necessary for its activities from the members of the Company's executive bodies, the Office of the Board of Directors, heads of the Company's subdivisions and other Company's employees;

3.2.3. receive professional services from outside organisations (within the Committee's budget);

3.2.4. invite, if necessary, the persons indicated in p. 9.5. of these Regulations to the meetings of the Human Resources and Compensation Committee;

3.2.5. propose changes and amendments to these Regulations;

3.2.6. if necessary, develop and submit for approval of the Company's Board of Directors draft documents that regulate the activity of the Human Resources and Compensation Committee;

3.2.7. have other rights that are necessary for the Human Resources and Compensation Committee to implement its authority.

#### **4. MEMBERSHIP AND ELECTION OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

4.1. The Human Resources and Compensation Committee **shall be elected from among the non-executive members of the Board of Directors and consist of at least three persons.** A "non-executive director" of the Company shall be a member of the Board of Directors who is not a member of the Company's Management Board. At least one member of the Committee shall be an independent director, if such director is elected to the Company's Board of Directors.

*(Wording of the first sentence of point 4.1 as approved by the Board of Directors of OAO "LUKOIL" on 18 August 2004 (Minutes No. 29))*

For the purposes of these Regulations, an "independent director" is a member of the Board of Directors of the Company who:

4.1.1. is not presently, and has not been at any time in the three years immediately preceding the determination of their independence, an officer or employee in the

Company;

- 4.1.2. is not an officer of another company in which any of the officer of the Company is a member of the human resources and compensation committee of the board of directors;
- 4.1.3. is not affiliated with an officer of the Company;
- 4.1.4. is not affiliated with the Company and is not affiliated with anyone affiliated with the Company;
- 4.1.5. is not owed any duty by the Company whereby the person could acquire property (or receive money), the value of which is ten or more percent of the person's total annual income, except for the receipt of compensation for participation in the activity of the Company's Board of Directors;
- 4.1.6. is not a major contracting party with the Company (i.e., a contracting party who has transactions with the Company that for the year total ten or more percent of the value of the Company's assets);
- 4.1.7. is not a government official.

Once an independent director has served as a member of the Board of Directors of the Company for 7 years he/she may no longer be considered independent.

- 4.2. If a member of the Board of Directors who was elected to the Committee as an independent director ceases to meet the requirements of independent director, he/she shall announce his/her loss of such status to the Company's Board of Directors within 5 (five) business days from the moment when he/she loses the status of an independent director of the Human Resources and Compensation Committee.
- 4.3. The Human Resources and Compensation Committee members shall be elected at the meeting of the new membership of the Company's Board of Directors for the period lasting until the election of the next Board of Directors by the Shareholders Meeting of the Company. The decision on the election of the Human Resources and Compensation Committee members is adopted by a simple majority of votes of the total number of members of the Company's Board of Directors.
- 4.4. The Human Resources and Compensation Committee members can be re-elected unlimitedly.
- 4.5. The powers of all or any member of the Human Resources and Compensation Committee can be terminated early at the decision of the Company's Board of Directors.
- 4.6. The powers of a member of the Human Resources and Compensation Committee are subject to early termination in the following cases:
  - 4.6.1. if a Human Resources and Compensation Committee member divests himself/herself of his/her authorities. A Human Resources and Compensation Committee member has the right to divest himself/herself of his/her authorities of the Human Resources and Compensation Committee member after notifying the Chairman of the Board of Directors and the Chairman of the Human Resources and Compensation Committee of his/her intention by giving them appropriate written notice 1 (one) month in advance of the date of the divestment of his/her authority;
  - 4.6.2. if the powers of a Committee member as a member of the Company's Board of Directors expire or are terminated;
  - 4.6.3. if the Board of Directors of the Company relieves a member of the Committee from his/her duties.

- 4.7. If the powers of a member of the Human Resources and Compensation Committee are terminated due to the circumstances specified by p. 4.6.1. of these Regulations, then the Board of Directors of the Company shall elect a new Committee member at the soonest Board meeting but not later than 1 (one) month after indicated Committee member submits a written notice on the divestment of his/her authority. Until that moment, the member of the Human Resources and Compensation Committee shall continue to perform his/her duties in full scope.
- 4.8. If the powers of a member of the Human Resources and Compensation Committee are terminated due to the circumstances specified by p.p. 4.6.2. and 4.6.3. of these Regulations, the Board of Directors of the Company shall elect a new Committee member within 2 (two) weeks after the termination of the powers.
- 4.9. Once a new member of the Human Resources and Compensation Committee is elected in accordance with p.p. 4.7. and 4.8. of these Regulations, the Chairman of the Committee shall within 1 (one) week meet with the newly elected member of the Human Resources and Compensation Committee and familiarise him/her with his/her authority and the Committee's activity.
- 4.10. A candidate to the Human Resources and Compensation Committee shall be of unblemished reputation and enjoy the confidence of the Company's shareholders and the members of the Board of Directors of the Company. During the election of the Human Resources and Compensation Committee members preference should be given to those candidates who have a higher education in law, economics or management.
- 4.11. The members of the Human Resources and Compensation Committee shall perform their activities with observation of the following:
  - 4.11.1. perform their activities honestly and conscientiously in the best interest of all shareholders and the Company;
  - 4.11.2. contribute sufficient time to implementation of his/her duties of a Committee member;
  - 4.11.3. develop his/her professional skills in the area of the Committee's competence if it is necessary for resolution of the matters that belong to the scope of the Committee's authority.
- 4.12. The Human Resources and Compensation Committee members can receive remuneration and/or reimbursement of their expenses incurred in connection with the performance of their duties according to the procedure and in the amount recommended by the Board of Directors and approved by the Shareholders Meeting of the Company.
- 4.13. The specifics of the legal status of the Chairman and the Secretary of the Human Resources and Compensation Committee are established by Articles 5 and 6 of these Regulations.

## **5. THE CHAIRMAN OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE AND ELECTION OF THE CHAIRMAN**

- 5.1. The Chairman of the Human Resources and Compensation Committee shall be elected from among the Committee members at the meeting of the new membership of the Company's Board of Directors. The decision on the election of the Chairman of the Human Resources and Compensation Committee shall be adopted by a simple majority of votes of the total number of members of the Company's Board of Directors. The Company's Board of Directors has the right to re-elect the Chairman at any time by a majority of votes of the total number of members of the Board of Directors.

- 5.2. The Chairman of the Human Resources and Compensation Committee shall be elected from among independent directors, if the latter are elected to the Human Resources and Compensation Committee.
- 5.3. The Chairman of the Human Resources and Compensation Committee shall organise the activities of the Committee, in particular:
  - 5.3.1. hold meetings of the Committee and preside over these meetings;
  - 5.3.2. based on its discussion with members of the Committee, approve the agenda of the Committee meetings, including the list of issues for discussion at the meetings of the Committee;
  - 5.3.3. organise discussions of various matters during Committee meetings and consider the opinion of the persons invited to participate in the meetings;
  - 5.3.4. stay in regular contact with the Company's executive bodies, the Company's Board of Directors and its Office, the Main Division and other subdivisions of the Company, and also with the Company's employees, in order to obtain the most comprehensive and reliable information that is necessary for the Committee's decision-making and to ensure their efficient interaction with the Company's Board of Directors;
  - 5.3.5. distribute duties among the Human Resources and Compensation Committee members;
  - 5.3.6. prepare the schedule of meetings for the current year taking into consideration the schedule of meetings of the Company Board of Directors;
  - 5.3.7. perform other functions required by law, the Company Charter, these Regulations and other internal documents of the Company.

## **6. THE SECRETARY OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 6.1. The Secretary of the Company's Board of Directors who heads the Office of the Board of Directors and, in the absence of such person, the Deputy Head of the Office of the Board of Directors, shall perform the functions of the Secretary of the Human Resources and Compensation Committee.
- 6.2. The Secretary of the Human Resources and Compensation Committee shall ensure preparation for and holding of Committee meetings, collection and systematising of the materials required for such meetings, timely forwarding of notifications on Committee meetings, the agenda and materials related to the agenda to the Committee members and the invitees, keeping the minutes of the meetings, preparation of drafts of the decisions of the Human Resources and Compensation Committee as well as subsequent storage of all relevant materials. The Secretary shall ensure that the Committee members obtain the necessary information.

*(Point 6.3 deleted by the decision of the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

## **7. TIMELINE AND PROCEDURE FOR REGULAR MEETINGS OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 7.1. Each first meeting of the new membership of the Human Resources and Compensation Committee shall be held not later than 30 (thirty) business days from the date of the first meeting of the new membership of the Company's Board of Directors, at which the Human

Resources and Compensation Committee members were elected.

- 7.2. The Human Resources and Compensation Committee meetings shall be held in accordance with the schedule approved by the Human Resources and Compensation Committee, but no fewer than 4 (four) times per year, and also at the request of the persons indicated in p. 8.1. of these Regulations.

*(Point 7.3 deleted by the decision of the Board of Directors of OAO "LUKOIL" on 12 December 2006, Minutes No.30)*

- 7.4. The decision to hold a regular meeting of the Human Resources and Compensation Committee, its date, time and location, agenda items and also the decision on the list of persons to be invited to participate in the meeting shall be taken by the Human Resources and Compensation Committee Chairman in accordance with the schedule of regular Committee meetings.

The decision to hold an extraordinary meeting of the Human Resources and Compensation Committee, on its date, time and location, agenda items and also the decision on the list of persons to be invited to participate in the meeting shall be taken by the Human Resources and Compensation Committee Chairman on the basis of proposals made by the persons indicated in p. 8.1. of these Regulations.

- 7.5. The Secretary of the Committee shall prepare the notification about the Human Resources and Compensation Committee meetings that follow the first meeting of the new membership of the Committee as well as the agenda of such meetings and forward these to the persons who participate in the meeting in accordance with the requirements for such notifications provided for by the Regulations on the Board of Directors of OAO "LUKOIL", not later than 10 (ten) business days before the date of the Committee meeting.
- 7.6. The Committee meetings shall be prepared by the Secretary of the Committee under the supervision of the Chairman of the Committee.
- 7.7. The specifics on holding an extraordinary Human Resources and Compensation Committee meeting are established by Article 8 of these Regulations.

## **8. EXTRAORDINARY MEETING OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 8.1. Extraordinary meeting of the Human Resources and Compensation Committee shall be held at the decision of the Chairman of the Committee, at the request of any Committee member, as well as at the request of the Company's Board of Directors, President and Management Board of the Company.
- 8.2. Those persons who in accordance with p. 8.1. of these Regulations have the right to demand that an extraordinary Committee meeting be held shall forward their request to hold a Committee meeting to the Secretary of the Committee not later than 20 (twenty) business days prior to the expected date of the extraordinary Committee meeting. Such request shall be prepared and forwarded to the Secretary of the Committee in accordance with the requirements established by the Regulations on the Board of Directors of OAO "LUKOIL" to the procedure for demanding that the meetings of the Board of Directors be held. The Secretary of the Committee shall notify the Chairman of the Committee about the above requests not later than the day following the day when such request was received.
- 8.3. In the course of 5 (five) business days from the date of the demand to hold an extraordinary meeting, the Chairman of the Committee shall take a decision to hold an extraordinary meeting, set the date, time and location of the meeting or the date of the absentee vote, or take a decision to refuse to hold an extraordinary Committee meeting. A substantiated

decision on the refusal to hold an extraordinary Committee meeting shall be forwarded to the person or the body of the Company, who demanded that such meeting be held, within 2 (two) business days from the moment when the Chairman took the decision to refuse holding such meeting.

- 8.4. The Chairman of the Human Resources and Compensation Committee may take a decision to refuse to hold an extraordinary Committee meeting in the following cases:
  - 8.4.1. if these Regulations do not provide for adding the item (items) suggested for the agenda of the Committee meeting to the Committee's authority;
  - 8.4.2. if an agenda item that is suggested by the demand to hold an extraordinary Committee meeting is already included into the agenda of the soonest regular meeting that is held in accordance with the decision of the Chairman of the Human Resources and Compensation Committee that had been taken before the above demand was received;
  - 8.4.3. if the procedure for presenting demands to hold a meeting that is established by these Regulations is not observed.
- 8.5. If the Company's Board of Directors demands to hold an extraordinary meeting of the Human Resources and Compensation Committee, the Chairman of the Committee shall hold an extraordinary meeting within 5 (five) business days.

## **9. THE PROCEDURE FOR MEETINGS OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 9.1. The Chairman of the Committee shall act as the chairman of the Human Resources and Compensation Committee meetings. In case of his/her absence from the meeting, the Committee members shall elect the chairman of the meeting from among the Committee members who are present at the meeting.
- 9.2. The Human Resources and Compensation Committee meeting shall be considered legally authorized (have a quorum) if it is attended by at least 2 (two) Committee members. The presence of the quorum shall be determined by the Chairman of the Committee at the opening of the meeting. If there is no quorum, a repeated Committee meeting with the same agenda shall be held within 5 (five) business days.
- 9.3. Committee meetings may be held in the form of physical attendance of the Committee members or in the form of absentee voting in accordance with the procedure provided for by the Regulations on the Board of Directors of OAO "LUKOIL".
- 9.4. The following matters shall be considered only at the meetings held in the form of physical attendance:
  - 9.4.1. recommendations to the Board of Directors of the Company on the candidates for the positions of the members of the Company's management bodies;
  - 9.4.2. the expediency of repeated assignment of the members of the Company's management bodies to the same position.Other matters that are not indicated in this paragraph can be considered by the Committee in the form of absentee voting.
- 9.5. The Committee's meetings can be attended by the Company's employee's as well as third parties at the invitation of the Chairman of the Committee. The invited persons have no voting rights with regard to the Committee meeting agenda items.

## **10. DECISION-MAKING PROCEDURE OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 10.1. Each member of the Human Resources and Compensation Committee shall have one vote in issue resolution.
- 10.2. A Committee member cannot transfer his/her voting right to other persons, including other Committee members.
- 10.3. In the event of a tied vote, the member of the Human Resources and Compensation Committee acting as the chairman of the meeting shall have the deciding vote.
- 10.4. Decisions of the Committee shall be passed by a simple majority of votes of the total number of the Committee members.

## **11. MINUTES OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE MEETINGS**

- 11.1. Not later than 3 (three) business days after a Committee meeting that was held in the form of physical attendance by Committee members or in the form absentee voting, the Secretary of the Committee shall prepare minutes of the meeting.
- 11.2. The minutes of an Human Resources and Compensation Committee meeting shall be signed by the Committee member acting as the chairman of the Committee meeting and who is responsible for the accuracy of the minutes. The minutes shall be stamped with the Company's seal which is intended for certifying documents by the Committee. The minutes shall be made in two original copies, one of which with attachment of the materials and recommendations within 3 (three) working days after signing shall be provided to the Board of Directors, and the other of which is kept in the Committee's archive. All Committee members shall be provided with the copies of the minutes and of the prepared materials and recommendations.
- 11.3. The minutes of a Human Resources and Compensation Committee meeting shall contain:
  - 11.3.1. the date, location and time of the meeting (or the date of the absentee vote);
  - 11.3.2. the list of the Committee members who participated in the discussion of the agenda items (and shall indicate the form of the meeting), as well as the list of other persons who attended the Committee meeting;
  - 11.3.3. the agenda;
  - 11.3.4. proposals on the agenda made by the Committee members;
  - 11.3.5. matters that were put to vote and the results of the relevant voting;
  - 11.3.6. adopted decisions.

## **12. SUBORDINATION OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE TO THE COMPANY'S BOARD OF DIRECTORS**

- 12.1. The Human Resources and Compensation Committee shall provide to the Company's Board of Directors an annual report on the results of its activities not later than 45 (fourty five) calendar days prior to the date of the Annual Shareholders Meeting of the Company.
- 12.2. The Committee's report shall contain information on the Committee's activities during the year, in particular, on the following:
  - 12.2.1. recommendations provided to the Company's Board of Directors on material provisions of contracts that are signed with the members of the Company's

executive bodies;

- 12.2.2. recommendations provided to the Company's Board of Directors on the expediency of repeated assignment of the members of the Company's management bodies to the same position;
- 12.2.3. results of the analysis of the information provided by the members of the Company's Board of Directors about the changes in their personal data, the responsibility for disclosure of which is assigned to the members of the Board of Directors by effective law, the Company Charter and the Corporate Governance Code approved at the Russian Federation Government meeting of 28 November 2001: information related to presence/absence of interest in the transactions made by the Company at the moment when the Board of Directors needs to make relevant decisions; appearance, termination of any affiliation with the Company; occurrence of circumstances that prevent efficient work of a member of the Board of Directors; loss of the status of an independent director by an independent director;
- 12.2.4. results of the performed comparative analysis of other companies' policies and plans for compensation of members of management bodies;
- 12.2.5. opinions on various matters that were provided to the Company's Board of Directors in accordance with Article 3 of these Regulations;
- 12.2.6. identified violations of Article 13 of these Regulations;
- 12.2.7. legal or other professional services received from outside organisations and observance of the Committee's budget;
- 12.2.8. observance of the Committee meeting schedule approved by the Committee.

The Committee's report may contain other material information at the discretion of the Human Resources and Compensation Committee.

- 12.3. The Board of Directors of the Company shall consider the Human Resources and Compensation Committee report at the soonest meeting of the Company's Board of Directors;
- 12.4. The Chairman of the Committee shall present the report of the Human Resources and Compensation Committee to the Company's Board of Directors.
- 12.5. The Board of Directors of the Company has the right to order the Human Resources and Compensation Committee to present its opinion on individual matters. In such a case, the Board of Directors shall set reasonable deadlines for fulfillment of such order by the Human Resources and Compensation Committee.
- 12.6. The Human Resources and Compensation Committee has the right at its own discretion to provide to the Company's Board of Directors its recommendations on any matter related to the subject of its activities, and, in the cases provided for by these Regulations, shall prepare an opinion for the Board of Directors.
- 12.7. The reasonableness of consideration of the recommendations provided by the Human Resources and Compensation Committee to the Company's Board of Directors in accordance with p. 12.6. of these Regulations, shall be determined at the meeting of the Company's Board of Directors.
- 12.8. The Company's Board of Directors has the right at any time during the year to request that the Human Resources and Compensation Committee provide a report on the current activities of the Human Resources and Compensation Committee. The deadlines for preparation and presentation of such report shall be established by the Board of Directors.

### **13. INTERACTION WITH THE COMPANY'S BODIES AND OTHER ENTITIES OR PERSONS**

- 13.1. Since, in order to ensure efficient operation of the Committee, its members need to have access to necessary information, the members of the Company's executive bodies, the Office of the Board of Directors, the heads of the Company's subsidiaries, as well as other Company's employees, shall, at the request of the Committee, provide to the Committee comprehensive and reliable information and the documents on the matters related to the subject of the Human Resources and Compensation Committee's activities within reasonable deadlines established by the Committee and in accordance with the existing procedure. The request on the provision of information and documents shall be made in writing and signed by the Chairman of the Human Resources and Compensation Committee.
- 13.2. The information and documents specified by p. 13.1. of these Regulations shall be provided to Human Resources and Compensation Committee via the Secretary of the Committee.
- 13.3. If necessary, experts and specialists having the necessary professional expertise can be involved in the activities of the Committee for the purpose of considering specific matters related to the subject of the Human Resources and Compensation Committee's activities. The procedure for and the conditions of involvement of experts and specialists in the activities of the Committee shall be determined by the contract between the Company and such persons.

### **14. INSIDER INFORMATION**

- 14.1. Insider information is that material information on the Company's activities, shares and other securities as well as on the transactions with them, which is not available to the public and the disclosure of which may have a material effect on the market value of the Company's shares and other securities.
- 14.2. The Human Resources and Compensation Committee members as well as the Secretary of the Committee have no right to use insider or other confidential information for their personal goals or to disclose insider and other confidential information.
- 14.3. Third parties that participate in the Committee's meetings shall sign an agreement on non-disclosure of insider and other confidential information in advance of the meeting.

### **15. LIABILITY OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE MEMBERS**

- 15.1. The Human Resources and Compensation Committee members shall bear liability in accordance with the provisions of the Law "On Joint Stock Companies" that regulate the liability of the members of the Board of Directors.

### **16. FUNDING THE ACTIVITY OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE**

- 16.1. In order to ensure that Human Resources and Compensation Committee's activities are funded, the Company's budget provides for financing of the Committee's activities within the limits of the budget of the Company's Board of Directors.
- 16.2. The proposals on the amount of the Committee's budget shall be established at the Committee's first meeting and forwarded to the Board of Directors.

## **17. APPROVAL OF AND CHANGES TO THESE REGULATIONS**

- 17.1. These Regulations, as well as all changes and amendments thereto shall be approved by the Company's Board of Directors by a simple majority of votes of the total number of members of the Company's Board of Directors.
- 17.2. All issues that are not resolved by these Regulations shall be regulated by the Company Charter, the Regulations on the Board of Directors of OAO "LUKOIL" and other internal documents of the Company, and by effective law.
- 17.3. If any changes in Russian law and regulations result in articles of these Regulations contradicting with these changes, these articles become ineffective and the Human Resources and Compensation Committee members shall be governed by Russian Federation law and by-laws until appropriate changes are introduced into these Regulations.
- 17.4. The annual report of the Human Resources and Compensation Committee that shall be submitted to the Company's Board of Directors in accordance with Article 12 of these Regulations may contain recommendations to the Board of Directors on the necessity of making changes and amendments into these Regulations.