

A G R E E M E N T

between

INDUSTRIALL GLOBAL UNION,

**RUSSIAN PROFESSIONAL OIL, GAS AND CONSTRUCTION WORKERS'
UNION,
INTERNATIONAL ASSOCIATION OF TRADE UNION ORGANIZATIONS OF OPEN
JOINT STOCK COMPANY "OIL COMPANY "LUKOIL"
AND**

**OPEN JOINT STOCK COMPANY
"OIL COMPANY "LUKOIL"**

N 1210604

1. PREAMBLE

This Agreement is made by and between IndustriALL Global Union (hereinafter referred to as IndustriALL), Russian Oil, Gas and Construction Workers' Union (hereinafter referred to as ROGCWU), International Association of Trade Union Organizations of Open Joint Stock Company "Oil Company "LUKOIL" (hereinafter referred to as IATUO LUKOIL) and Open Joint Stock Company "Oil Company "LUKOIL" (hereinafter referred to as LUKOIL).

By entering into this Agreement the Parties hereby confirm their adherence to the United Nations Global Initiative's principles and the key labor and environmental principles formalized in the UN and ILO conventions.

The Parties expect joint initiatives to be undertaken by market players and partnership relations to be built with the government and the public.

The object hereof is to create an open channel for exchange of information and enable a dialog between IndustriALL and LUKOIL. The dialog between LUKOIL and IndustriALL shall take place with the participation of IATUO LUKOIL at the international level, and trade unions and heads of the LUKOIL Group organizations at the local and national levels. The object of this Agreement is to ensure continuous improvement of production relations and development of adequate approaches to production activities of LUKOIL Group organizations operating in different countries.

The scope of this Agreement shall include every field of operations and organizations that are immediately controlled by/report to LUKOIL. LUKOIL shall make every effort that every company it deals with follows the requirements and principles outlined herein. LUKOIL shall advise its contractors, license holders and major suppliers of the existence of this Agreement and encourage them to abide by the requirements and principles outlined herein.

LUKOIL and IndustriALL hereby state their adherence to observance of the fundamental human rights at the work place, and in the regions of LUKOIL's operations. The Parties also acknowledge the importance of life and health safety and welfare of personnel and share common responsibility for exposure of natural and human habitats to production and other practical activities conducted by LUKOIL Group organizations. The goal behind this Agreement is to provide the best protection to those involved in the production or other activities of LUKOIL Group organizations and those affected by them.

The Parties acknowledge the principles contained herein and LUKOIL's own values formalized in LUKOIL's Social Code. The Parties hereby undertake to monitor the practical performance hereof, and discuss any possibilities of improving the practices of ensuring personal development and protecting personnel of LUKOIL Group organizations based on the cutting-edge economic and social principles and sustainable development principles, thus contributing to elimination of poverty.

The obligations set out herein represent the free will of LUKOIL and may be supplementary to the applicable law of the relevant countries in which LUKOIL Group organizations operate.

2. HUMAN RIGHTS

2.1. LUKOIL acknowledges the basic human rights and undertakes to operate in accordance with the provisions of the United Nations Universal Declaration of Human Rights.

2.2. Being highly appreciative of the additional opportunities available to it due to a vast national and cultural diversity of its employees and locals residing in the areas of operations of LUKOIL Group organizations, LUKOIL conducts its operations in accordance with the following principles:

2.2.1. Respect for and preservation of traditions of national tolerance, amicability, preservation of national and cultural values, arts and crafts in the areas of operations of LUKOIL Group organizations;

2.2.2. Respect for religious beliefs of the personnel and local residents.

3. RIGHTS AND OBLIGATIONS OF TRADE UNIONS AND HUMAN RIGHTS AT THE WORKPLACE

3.1. LUKOIL shall respect the rights of trade unions, including those formalized in ILO's basic conventions:

3.1.1. The right of each employee to be represented at his/her sole discretion by a trade union organization, and the fundamental trade union rights formalized in ILO Conventions No.87 and 98 regarding the freedom of association, and the employees' right to form trade unions and the right to conduct collective negotiations. LUKOIL thus undertakes not to counteract the efforts to make the personnel of LUKOIL Group organizations members of trade unions.

3.1.2. Exclusion of any forms of forced or coerced labor prohibited under ILO Conventions No. 29 and 105 and other documents.

3.1.3. Actual exclusion of child labor prohibited under ILO Conventions No.138 and 182.

3.1.4. Encouragement and assurance of equal opportunities and attitude towards personnel in the field of employment, including equal compensation payable to men and women for labor of the same value, and exclusion of discrimination in the field of employment and vocation under the requirements of ILO Conventions No.100 and 111.

3.1.5. LUKOIL hereby undertakes to assume social responsibility for restructuring its subdivisions and organizations reporting to it, and for delocalization of production facilities, including timely provision of information regarding LUKOIL Group organizations' plans to cut jobs.

3.1.6. Set fair wages and benefits, equaling or exceeding industry-specific requirements in the relevant country.

3.1.7. Given the fact that the sustainable development potential of LUKOIL Group organizations depends on the influx of qualified and competent young professionals, LUKOIL has been continuously implementing its policies focusing on combining job duties of young professionals with professional development opportunities.

3.1.8. LUKOIL acknowledges family relations values and has been employing practices that meet the provisions of ILO Convention No. 156 (personnel with family duties) and has been paying special attention to protection of working women, pregnant women, breast-feeding mothers and mothers with many children.

3.2. Given the fact that the performance of the LUKOIL Group organizations that employ members of the trade union organizations being combined, meets the vital interest of the members of such trade union organizations, IndustriALL and ROGCWU shall contribute into:

3.2.1. Maintenance of a sustainable working environment in LUKOIL Group organizations and best resolution of potential problems caused by the global economic crisis in consideration of the interests of LUKOIL Group organizations and their personnel.

3.2.2. Creation of a positive image of LUKOIL Group organizations in the countries of presence of such organizations in accordance with the provisions hereof.

3.2.3. Resolution of potential conflicts between personnel and LUKOIL Group organizations on the basis of constructive cooperation.

4. HEALTH, SAFETY AND ENVIRONMENT

4.1. LUKOIL and IndustriALL shall cooperate to make sure that their activities are conducted with the maximum care about health, safety and environment. In particular, it shall include:

- 4.1.1. Observance of the principle of parity as to employees life and health safety;
- 4.1.2. Creation of a working environment that is safe for life and health, using the best practices that are generally acceptable in a given field;
- 4.1.3. Implementation of the principles outlined in the ILO Code of Practice on HIV/AIDS and the World of Work;
- 4.1.4. Support of the preventive approach to resolution of health, safety and environment problems;
- 4.1.5. Implementation of initiatives focusing on development of responsible attitudes to health, safety and environment;
- 4.1.6. Promotion of development and dissemination of safe and environmentally friendly technologies. Encouragement of education and professional training of personnel in the field of health, safety and environment, including where appropriate, educational and professional training programs launched jointly with the trade unions and heads of the LUKOIL Group organizations.

4.2. Being a major subsoil user and being fully aware of its responsibility toward the public in terms of preservation of the favorable environment and efficient use of natural resources, LUKOIL has been:

- 4.2.1. Continuously identifying and analyzing sources of danger and harm to people's lives and health, associated with the production operations conducted by LUKOIL Group organizations, and has been taking measures to eliminate or mitigate them;
- 4.2.2. Providing information on a regular basis and maintaining an open dialog with all those concerned about LUKOIL's health and environmental activities;
- 4.2.3. Publishing its operations reports as well as reports highlighting the outcomes of assessment of environmental impact, and impact upon personnel and the locals.

5. PERFORMANCE OF THE AGREEMENT

Annual Meeting

5.1. As an additional measure of performance of this Agreement LUKOIL and IndustriALL have agreed to hold annual meetings to discuss the practices of and experience in application of the approved principles. The goal of such meetings shall be to discuss issues that fall within the scope hereof so as to approve further joint course of action that facilitates further improvement of the adequate working practices. In addition to health, safety and environment issues that are common for the industry, such meetings may address the following topics:

- 5.1.1. LUKOIL's general corporate health, safety and environment policy that covers personnel of LUKOIL Group organizations and, where appropriate, personnel of organizations related to LUKOIL, including suppliers and subcontractors;
- 5.1.2. Professional training and education of personnel. Exercise of trade union rights. Other mutually agreed matters.

5.2. The annual meetings shall normally be attended by 3-5 top managerial personnel

representing IndustriALL, ROGCWU, IATUO LUKOIL and relevant representatives of LUKOIL.

5.3. International Network of Trade Union Representatives

Supported and assisted by LUKOIL, IndustriALL shall build an international trade union network, and ensure efficient exchange of information between trade union representatives in LUKOIL Group organizations.

To support such network, LUKOIL shall provide the trade union representatives with access to emails to enable exchange of information between the trade unions operating in various LUKOIL Group organizations and render assistance in holding annual meetings of trade union representatives representing every trade union organization that is a part of such network. They shall be allocated relevant time, continue to be eligible for salaries, have their traveling and accommodation expenses covered, and provided with interpretation and translation services.

5.4. Local Practices of Production Relations

This Agreement made by and between the Parties shall be consistently implemented in all LUKOIL Group organizations, however it shall not be considered a replacement for the outcomes of collective negotiations and applicable tariff agreements and shall not run contrary to the local production relations practices governing information exchange, resolution of problems and holding of negotiations, but shall be supplementary to such processes. The Parties hereto acknowledge the principle that stipulates that production relations issues shall be best of all resolved as close to the work place as possible.

5.5. Training Programs

IndustriALL and LUKOIL shall cooperate to develop joint mechanisms of human resources training that cover the issues covered herein and implementation of such issues. Here belongs implementation by trade union representatives of the best practices in the field of health, safety and environment in the countries of LUKOIL's operations. Here also belong training programs for personnel of LUKOIL Group organizations. Upon reaching a relevant agreement, LUKOIL may cover all and any costs of IndustriALL's participation in LUKOIL's programs.

5.6. Information

5.6.1. IndustriALL shall disseminate copies hereof amongst its member organizations, including those that unite personnel of LUKOIL Group organizations and keep its member organizations that are a part of LUKOIL Group well informed of the existence of this Agreement and provide clarifications as to the meaning hereof.

5.6.2. LUKOIL shall on a similar basis disseminate copies hereof to all LUKOIL Group organizations, making sure that they are executed in the language of the country in which such organizations are located.

6. ADMINISTRATION

Officers responsible for administration of this Agreement shall include Secretary General of IndustriALL or a person designated by him and the CEO and President of LUKOIL or a person designated by him.

7. MISCELLANEOUS

This Agreement is executed in two languages, Russian and English, and the versions in both languages are equally binding.

8. TERM OF THE AGREEMENT

This Agreement shall remain in effect for one year after signing.

If none of the Parties has 30 (thirty) calendar days prior to expiration hereof given the other Parties hereto a notice of its intention to back out of this Agreement, this Agreement shall be deemed extended for the subsequent year.

Whereas IndustriALL formed as a result of the merger of FIOM and ICEM, and whereas ICEM no longer exists, the Parties hereby declare to be no longer in force agreement No.0410646 of May 12, 2004 between ICEM, ROGCWU, IATUO LUKOIL and LUKOIL.

LUKOIL



Y. Yu. Alekperov
04 10 2012.

IndustriALL

A blue ink signature of Jyrki Raina is written over a horizontal line.

Jyrki Raina
04 10 2012.

A blue ink signature of L.A. Mironov is written over a circular blue stamp. The stamp contains the ROGCWU logo and text in Russian: "Профессиональный союз работников нефтяной, газовой промышленности и строительства", "РОГЦВУ", "Москва", "ИНН 50/00085169", "ОГРН 1027700085169".

ROGCWU
L.A. Mironov
04 10 2012.

A blue ink signature of G.M. Kiradiev is written over a circular blue stamp. The stamp contains the LUKOIL logo and text in Russian: "ОТДЕЛЕНИЕ НЕФТЕПРОДУКТОВ", "ЛУКОЙЛ", "Москва", "ИНН 50/00085169", "ОГРН 1027700085169".

IATUO LUKOIL
G.M. Kiradiev
04 10 2012.