

**Appendix No. 9 to Minutes No.6
of the Meeting of the Board of Directors
of PJSC “LUKOIL”, 25 April 2016**

**REGULATIONS
OF THE STRATEGY AND INVESTMENT COMMITTEE
OF THE BOARD OF DIRECTORS OF PJSC “LUKOIL”**

1. GENERAL PROVISIONS

- 1.1. These *Regulations on the Strategy and Investment Committee of the Board of Directors of PJSC "LUKOIL"* (hereinafter the "Regulations") have been prepared in accordance with the laws of the Russian Federation, the *Corporate Governance Code* approved by the Bank of Russia on 21 March 2014, the Charter of Public Joint Stock Company "Oil Company "LUKOIL" (hereinafter the "Company"), and the *Regulations on the Board of Directors of PJSC "LUKOIL"*.
- 1.2. The Strategy and Investment Committee of the Board of Directors of PJSC "LUKOIL" (hereinafter the "Strategy and Investment Committee" or the "Committee") was established for the purpose of preliminary consideration and preparation of recommendations to the Company's Board of Directors for decisions on determining the priority areas of the Company's activities and drafting the Company's long-term development strategy.
- 1.3. The Strategy and Investment Committee shall act in the interests of the Company's shareholders and investors, in particular by contributing to the improvement of the Company's efficiency in the long-term perspective and increasing its assets, profitability and investment appeal.
- 1.4. The Strategy and Investment Committee is fully accountable for its activities to the Company's Board of Directors.
- 1.5. The Strategy and Investment Committee operates within the authorities granted to it by the Company's Board of Directors in accordance with these Regulations.
- 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 and the *Regulations on the Board of Directors of PJSC "LUKOIL"*, unless provided otherwise by these Regulations.

2. FUNCTIONS OF THE STRATEGY AND INVESTMENT COMMITTEE

- 2.1. The key functions of the Strategy and Investment Committee are:
 - 2.1.1. to prepare recommendations to the Company's Board of Directors on defining strategic goals aimed at long-term development of the Company;
 - 2.1.2. to draft recommendations to the Company's Board of Directors on determining the Company's priority areas of activity;

3. OBJECTIVES OF THE STRATEGY AND INVESTMENT COMMITTEE

- 3.1. The main objectives of the Committee are:
 - 3.1.1. To prepare recommendations for the Board of Directors on defining strategic goals of the Company's operation, participation in monitoring execution of the Company's Strategic Development Programme and providing recommendations on adjustments to the Strategic Development Programme;
 - 3.1.2. To prepare recommendations for the Company's Board of Directors on the Company's priority areas of activity;
 - 3.1.3. To prepare recommendations for the Company's Board of Directors on the Company's dividend policy, the amount of dividends on shares and the procedure for their payment;
 - 3.1.4. To prepare recommendations for the Board of Directors on the procedure for distributing the Company's profits and losses for the reporting year;

- 3.1.5. To evaluate the Company's long-term performance prospects;
- 3.1.6. To prepare recommendations for the Company's Board of Directors on implementation of the Company's policy toward its own securities, in particular:
 - 3.1.6.1. On an increase of the Company's charter capital, in those cases where the Company Charter assigns this matter to the authority of the Board of Directors in accordance with effective law;
 - 3.1.6.2. On the split and consolidation of the Company's shares;
 - 3.1.6.3. On the acquisition of the Company's placed securities in those cases where the decision on this matter has been assigned to the authority of the Company's Board of Directors in accordance with effective law;
 - 3.1.6.4. On the evaluation of the voluntary and mandatory offers on the acquisition of the Company's securities;
- 3.1.7. To prepare recommendations for the Company's Board of Directors on the intended restructuring of the Company, including on the terms and conditions, procedure and timing of such restructuring for subsequent presentation of this matter for discussion at the General Shareholders Meeting of the Company;
- 3.1.8. To prepare recommendations for the Company's Board of Directors on participation in financial and industrial groups, associations and other unions of business organisations, for subsequent presentation of this matter for discussion at the Shareholders Meeting of the Company;
- 3.1.9. To prepare recommendations for the Company's Board of Directors on approval of major transactions, the subject of which is property with a value that amounts to 25-50 per cent of the book value of the Company's assets determined based on the data of its financial statements at the most recent reporting date;
- 3.1.10. To prepare recommendations for the Company's Board of Directors on establishing Company branches and representative offices in the Russian Federation and abroad, and on their liquidation (closing);
- 3.1.11. To prepare recommendations for the Company's Board of Directors on the use of the Company's reserves;
- 3.1.12. To prepare, 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, to submit a report on the activities of the Strategy and Investment Committee for the year for the consideration of the Company's Board of Directors;
- 3.2. To ensure the implementation of the assigned objectives, the Company's Board of Directors grants the Strategy and Investment Committee the following rights:
 - 3.2.1. To participate in the monitoring and examination of the implementation of the decisions and orders of the Company's Board of Directors on issues related to its activities;
 - 3.2.2. To hear the Company's management personnel on the process in implementing the decisions of the Company's Board of Directors on matters concerning the Committee's activities;
 - 3.2.3. To 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 Corporate Secretary, the heads of the Company's structural divisions and other Company employees. The Strategy and Investment Committee also has

- the right to request information from the Company's subsidiaries;
- 3.2.4. To receive professional services from outside organisations (within the Committee's budget);
- 3.2.5. To invite, if necessary, the persons indicated in point 8.6 of these Regulations to the meetings of the Strategy and Investment Committee;
- 3.2.6. To propose amendments and addenda to these Regulations;
- 3.2.7. The other rights that are necessary for the Strategy and Investment Committee to implement its authority.

4. MEMBERSHIP AND ELECTION OF THE STRATEGY AND INVESTMENT COMMITTEE

- 4.1. The Strategy and Investment Committee shall be elected from among the members of the Company's Board of Directors and consist of at least three persons. At least one member of the Committee shall be an independent director.

For the purposes of these Regulations, independent directors are members of the Company's Board of Directors who:

- 4.1.1. are not associated with the Company;
 - 4.1.2. are not associated with a significant shareholder of the Company;
 - 4.1.3. are not associated with a significant counterparty or a competitor of the Company;
 - 4.1.4. are not associated with the state (the Russian Federation, constituent entity of the Russian Federation), or the municipal entity.
- 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 an independent director due to the occurrence of certain events, 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.
- 4.3. The members of the Strategy and Investment Committee shall be elected at the meeting of the new membership of the Company's Board of Directors from among the members of the Board of Directors for the period lasting until the election of the next Board of Directors of the Company by the Company's General Shareholders Meeting. The decision on the election of the Strategy and Investment Committee members is adopted by a simple majority of votes of all members of the Company's Board of Directors.
- 4.4. The members of the Strategy and Investment Committee can be re-elected an unlimited number of times.
- 4.5. The powers of all or any of the members of the Strategy and Investment Committee can be terminated early by decision of the Company's Board of Directors.
- 4.6. The powers of a member of the Strategy and Investment Committee are subject to early termination in the following cases:
 - 4.6.1. If a Strategy and Investment Committee member divests himself/herself of his/her authorities. A Strategy and Investment Committee member has the right to divest himself/herself of his/her authorities as a member of the Strategy and Investment Committee, after notifying the Chairman of the Board of Directors and the Chairman of the Strategy and Investment Committee of his/her intention by giving them appropriate written notice 1 (one) month prior to the proposed date of divestment of his/her authorities;
 - 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 Company's Board of Directors relieves a Committee member of his/her duties.
- 4.7. If the powers of a member of the Strategy and Investment Committee are terminated due to the circumstances specified by sub-point 4.6.1 of these Regulations, the Company's Board of Directors shall elect a new Committee member at the soonest Board meeting, but not later than 1 (one) month after the indicated Committee member submits a written notice on the divestment of his/her authorities. Until that moment, the Strategy and Investment Committee member shall continue to perform his/her duties in full.
- 4.8. If the powers of a Strategy and Investment Committee member are terminated due to the circumstances specified by sub-points 4.6.2 and 4.6.3 of these Regulations, the Company's Board of Directors shall elect a new Committee member within 2 (two) weeks after the termination of the powers.
- 4.9. Once a new Strategy and Investment Committee member is elected in accordance with sub-points 4.7 and 4.8 of these Regulations, the Chairman of the Committee shall meet with the newly elected Strategy and Investment Committee member within 1 (one) week to familiarise him/her with the Committee's functions, objectives and activity.

5. THE CHAIRMAN OF THE STRATEGY AND INVESTMENT COMMITTEE AND ELECTION OF THE CHAIRMAN

- 5.1. The Chairman of the Strategy and Investment Committee shall be elected from among the Committee members at a meeting of the new membership of the Company's Board of Directors. The decision on the election of the Chairman of the Strategy and Investment Committee is adopted by a simple majority of votes of all members of the Company's Board of Directors. The Company's Board of Directors has the right to re-elect the Chairman of the Committee at any time by a majority of votes of all members of the Board of Directors.
- 5.2. The Committee Chairman shall organise the activities of the Committee, in particular:
 - 5.2.1. Convene and preside over the meetings of the Committee;
 - 5.2.2. Organise discussions of various issues during Committee meetings, and consider the opinion of the persons invited to participate in the meetings;
 - 5.2.3. Stay in regular contact with the Company's executive bodies, the Board of Directors, the Corporate Secretary, the structural divisions of the Company and Company employees to receive the most comprehensive and reliable information, that is required for the Committee's decision-making and to ensure its efficient interaction with the Company's Board of Directors;
 - 5.2.4. Distribute duties among the Committee members;
 - 5.2.5. Organise discussions of the Committee's work plan for the current year, taking into consideration the work plan of the Company's Board of Directors;
 - 5.2.6. Perform the other functions required by law, the Company Charter, these Regulations and the other internal documents of the Company.

6. THE SECRETARY OF THE STRATEGY AND INVESTMENT COMMITTEE

- 6.1. The duties of the Committee Secretary are performed by the Corporate Secretary.
- 6.2. The Secretary of the Committee shall ensure the preparations for and holding of

Committee meetings, collection and systemisation of materials for meetings, the timely forwarding of notices on the Committee meetings, the agenda and the materials related to the agenda to the Committee members and invitees, keeping the minutes of the meetings, preparation of drafts of the Strategy and Investment Committee's decisions, as well as subsequent storage of all relevant materials. The Secretary shall ensure that the Committee members receive the necessary information.

7. TIMELINE AND PROCEDURE FOR REGULAR MEETINGS OF THE STRATEGY AND INVESTMENT COMMITTEE

- 7.1. Each first meeting of the new membership of the Strategy and Investment 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 Strategy and Investment Committee members were elected.
- 7.2. The Committee meetings shall be held in accordance with the schedule approved by the Strategy and Investment Committee, but no fewer than 4 (four) times per year. Extraordinary meetings of the 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 Board of Directors, the President and the Management Committee of the Company.
- 7.3. The decision to hold a regular meeting of the Strategy and Investment 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 Committee Chairman in accordance with the work schedule of the Committee.

The decision to hold an extraordinary meeting of the Strategy and Investment 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 Committee Chairman on the basis of proposals made by the persons indicated in point 7.2 of these Regulations.

- 7.4. The Secretary of the Committee shall prepare the notification about the Strategy and Investment Committee meetings, 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 PJSC "LUKOIL"*, not later than 10 (ten) business days before the date of the Committee meeting.
- 7.5. The Committee meetings shall be prepared by the Secretary of the Committee under the supervision of the Chairman of the Committee.
- 7.6. The specifics on holding an extraordinary Strategy and Investment Committee meeting are:
 - 7.6.1. Those persons who in accordance with point 7.2 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 procedure established by the *Regulations on the Board of Directors of PJSC "LUKOIL"* regarding the procedure for demanding that a meeting of the Board of Directors be held. The Secretary of the Committee shall notify the Chairman of the Committee of such requests not later than the day following the day when such a request was received.
 - 7.6.2. In the course of 5 (five) business days from the date of the demand to hold an extraordinary meeting of the Committee, 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.

- 7.6.3. The Chairman of the Committee may take a decision to refuse to hold an extraordinary Committee meeting in the following cases:
- 7.6.3.1. If these Regulations do not provide for adding the item (items) suggested for the agenda of the Committee meeting to the Committee's authority;
 - 7.6.3.2. If an agenda item that is suggested by the demand to hold an extraordinary Committee meeting is already included into the agenda of the next regular meeting to be held in accordance with the decision of the Chairman of the Strategy and Investment Committee that had been taken before the above demand was received, or in accordance with the approved work schedule of the Committee;
 - 7.6.3.3. If the procedure established by these Regulations for presenting demands to hold a meeting is not observed.
- 7.7. If the Company's Board of Directors demands to hold an extraordinary meeting of the Strategy and Investment Committee, the Chairman of the Committee shall hold an extraordinary meeting within 5 (five) business days.

8. THE PROCEDURE FOR MEETINGS OF THE STRATEGY AND INVESTMENT COMMITTEE

- 8.1. The Chairman of the Committee shall act as the chairman of the Strategy and Investment 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.
- 8.2. The Strategy and Investment Committee meeting shall be considered legally authorised (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 for holding the Committee meeting, a repeated Committee meeting with the same agenda shall be held within 5 (five) business days.
- 8.3. Committee meetings may be held in the form of joint 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 PJSC "LUKOIL"*.
- 8.4. When determining a quorum for a meeting of the Committee in the form of joint attendance and determining voting results, the written opinions on the agenda items of Committee members absent from the Committee meeting shall be taken into account. Written opinions shall be prepared in the form contained in the appendix to these Regulations, and shall be sent pursuant to the procedure stipulated by the *Regulations on the Board of Directors of PJSC "LUKOIL"*.
- 8.5. Committee members may participate in Committee meetings held in the form of joint attendance by telephone or using videoconferencing facilities. Participation in the meeting by these means shall be deemed equivalent to attendance in person at the meeting.
- 8.6. By invitation of the Chairman of the Committee, Committee meetings may be attended both by Company employees and by third parties. Invitees shall not have the right to vote on items of the agenda of the Committee meeting.

- 8.7. The following matters shall be considered only at the meetings held in the form of joint attendance:
- 8.7.1. Preparation of recommendations to the Board of Directors of the Company regarding priority lines of business of the Company;
 - 8.7.2. Preparation of recommendations to the Board of Directors of the Company on the size of dividends on shares and the procedure for their payment;
 - 8.7.3. Preparation of recommendations to the Board of Directors of the Company on the procedure for distributing the Company's profits and losses for the reporting year;
 - 8.7.4. Proposed reorganization of the Company;
 - 8.7.5. Preparation of recommendations to the Board of Directors of the Company on matters related to increasing the Company's charter capital in cases where the Company Charter in accordance with the effective law assigns this matter to the authority of the Board of Directors.

Other matters that are not indicated in this paragraph can be considered by the Committee in the form of absentee voting.

9. DECISION-MAKING PROCEDURE OF THE STRATEGY AND INVESTMENT COMMITTEE

- 9.1. Each member of the Committee shall have one vote per issue.
- 9.2. A Committee member cannot transfer his/her voting right to other persons, including other Committee members.
- 9.3. In the event of a tied vote of members of the Strategy and Investment Committee, the Chairman/person acting as the chairman of the meeting shall have the deciding vote.
- 9.4. Decisions of the Committee shall be passed by a simple majority of votes of the total number of the Committee members.

10. MINUTES OF THE STRATEGY AND INVESTMENT COMMITTEE MEETINGS

- 10.1. Not later than 3 (three) business days after a Committee meeting that was held in the form of joint attendance by Committee members or in the form of absentee voting, the Secretary of the Committee shall prepare minutes of the meeting.
- 10.2. The minutes of a Committee meeting shall be signed by the Chairman/person acting as the chairman of the meeting, 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. Copies of the minutes shall be sent to all members of the Board of Directors of the Company.
- 10.3. The minutes of Committee meetings shall contain:
 - 10.3.1. The date, location and time of the meeting (or the date of the absentee vote);
 - 10.3.2. 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;
 - 10.3.3. The agenda;
 - 10.3.4. Proposals on the agenda made by the Committee members;
 - 10.3.5. Matters that were put to vote and the voting results;

10.3.6. The decisions taken.

11. SUBORDINATION OF THE STRATEGY AND INVESTMENT COMMITTEE TO THE BOARD OF DIRECTORS OF THE COMPANY

- 11.1. The Strategy and Investment Committee shall provide to the Company's Board of Directors its annual performance report not later than 45 (forty-five) days prior to the date of the Annual General Shareholders Meeting of the Company. The meeting of the Board of Directors of the Company shall consider the report of the Strategy and Investment Committee, which shall be presented by the Chairman of the Committee.
- 11.2. The Committee's report shall contain information on the Committee's activities during the year, in particular, on the following:
 - 11.2.1. Prepared recommendations and opinions on the matters related to its activities;
 - 11.2.2. Opinions on various matters that were provided to the Company's Board of Directors in accordance with Section 3 of these Regulations;
 - 11.2.3. Observance of the meeting schedule approved by the Committee;
 - 11.2.4. Consolidated results of the annual evaluation of the Committee's activity, conducted by the members of the Committee in accordance with the in-house regulations of the Company.

The Committee's report may contain other material information at the discretion of the Strategy and Investment Committee.

- 11.3. The Board of Directors of the Company has the right to order the Strategy and Investment Committee to present its opinion on individual matters. In such a case, the Board of Directors shall set reasonable deadlines for fulfilment of such an order by the Strategy and Investment Committee.
- 11.4. The 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 of the Company.
- 11.5. The reasonableness of consideration of the recommendations provided by the Strategy and Investment Committee to the Company's Board of Directors in accordance with point 11.4 of these Regulations shall be determined at the meeting of the Company's Board of Directors.
- 11.6. The Company's Board of Directors has the right at any time during the year to request that the Strategy and Investment Committee provide a report on the current activities of the Committee. The deadlines for the preparation and presentation of such a report shall be established by the decision of the Board of Directors of the Company.

12. INTERACTION WITH THE COMPANY'S BODIES AND OTHER ENTITIES OR PERSONS

- 12.1. 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 Corporate Secretary of the Company, members of the Board of Directors, the heads of the Company's structural divisions, as well as other Company 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 Strategy and Investment Committee's activities within reasonable deadlines established by the Committee and in

accordance with the existing procedure. Requests for information and documents shall be made in writing and signed by the Chairman of the Strategy and Investment Committee.

- 12.2. The information and documents specified by point 12.1 of these Regulations shall be provided to the Strategy and Investment Committee via the Secretary of the Committee.
- 12.3. 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 Strategy and Investment 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.

13. INSIDER INFORMATION

- 13.1. Insider information is any accurate and specific Company-related information that was not disclosed or provided by the Company (including information constituting commercial, business and other legally protected secrets) and, if divulged or released, may have a material effect on the price of the Company's financial instruments; and also information included into the List of Insider Information of PJSC "LUKOIL".
- 13.2. The Strategy and Investment 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.
- 13.3. 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.

14. LIABILITY OF THE STRATEGY AND INVESTMENT COMMITTEE

- 14.1. The Strategy and Investment Committee members shall bear liability in accordance with the provisions of the Federal Law *On Joint Stock Companies* that regulate the liability of the members of the Board of Directors.

15. FUNDING THE ACTIVITY OF THE STRATEGY AND INVESTMENT COMMITTEE

- 15.1. In order to ensure that the 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. APPROVAL OF AND CHANGES TO THESE REGULATIONS

- 16.1. 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.
- 16.2. All issues that are not resolved by these Regulations shall be regulated by the Company Charter, the *Regulations on the Board of Directors of PJSC "LUKOIL"* and other internal by-laws of the Company, and by effective law.
- 16.3. If any changes in Russian law and statutory regulations result in individual points of these Regulations contradicting these changes, these points shall become ineffective and the Strategy and Investment Committee members shall be governed by Russian Federation law and statutory regulations until the appropriate changes are introduced into these Regulations.

- 16.4. The annual performance report of the Strategy and Investment Committee that is provided to the Company's Board of Directors in accordance with Section 11 of these Regulations may contain recommendations to the Board of Directors on the necessity of making changes and amendments into these Regulations.

WRITTEN OPINION

**of a member of the Strategy and Investment Committee
of the Board of Directors of PJSC "LUKOIL"**

(full name)

Issue put to a vote:

Resolved:

Voting results:

IN FAVOR:

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AGAINST:

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ABSTAIN:

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Procedure for recording written opinions: A member of the Strategy and Investment Committee who is absent from a meeting of the Committee shall sign the line that corresponds to his/her decision in the Written Opinion Form. The written opinion shall be taken into account when determining quorum and the voting results at the Committee meeting if it is delivered to the Secretary in person, sent to the Secretary of the Board by registered mail with notification of delivery, by fax with confirmation of transmission, by e-mail over an encrypted line, or placed in the Electronic System by the time of the start of the meeting of the Board. If the written opinion is sent by fax, e-mail or placed in the Electronic System, the Committee member must immediately send the original of the written opinion to the Secretary of the Board by mail.