

AGREEMENT
Between
INTERNATIONAL FEDERATION OF CHEMICAL, ENERGY, MINE AND
GENERAL WORKERS' UNIONS,
RUSSIAN OIL AND GAS WORKERS UNION

And
OPEN JOINT STOCK COMPANY
«OIL COMPANY LUKOIL»

1. PREAMBLE

This Agreement is between the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), Russian Oil and Gas Workers Union (ROGWU) and Open Joint Stock Company «Oil company LUKOIL» (LUKOIL).

Concluding this agreement, the Parties confirm their full commitment to the principles contained in the UN Global Compact initiative, as well as the principles concerning labour and environmental issues defined in the UN and ILO core documents and conventions.

The Parties also count on the adequate initiatives of the other participants of the global market, as well as good partnership with the state and society.

The purpose of the Agreement is to create an open channel of information and dialogue between ICEM and LUKOIL. This dialogue will be between LUKOIL and the ICEM at international level, and management of the LUKOIL Group enterprises and trade unions at the local and national levels. The aim of the Agreement is to continuously improve industrial relations, and develop good work practices in LUKOIL worldwide operations.

The Agreement covers all activities and operations where LUKOIL has direct control. Where LUKOIL does not have overall control it will exercise its best efforts in order to secure compliance with the standards and principles set out in the Agreement. LUKOIL will notify its contractors, licensees and major suppliers of the existence of the Agreement and encourage them to comply with the standards and principles contained within it.

LUKOIL and ICEM affirm their support for fundamental human rights in the communities affected by LUKOIL Group activities and in the workplace. Furthermore, the Parties recognise the importance of protecting the health, safety and well being of those at work, and share a sense of joint responsibility for the impact that work and company practices may have upon the natural and human environment. The Agreement is intended to ensure the best possible standards of protection for those employed in and affected by LUKOIL Group business operations and activities.

There is common recognition by the Parties of the principles and standards contained

within this Agreement and LUKOIL's own values as expressed in their 'Social Code of OAO LUKOIL'. The purpose is to monitor the practical application of the Agreement and to discuss any improvements in working practices or positive contributions the Parties may make to the eradication of poverty, furthering personal development and the protection of LUKOIL Group workers, through the best economic, social and sustainable development principles.

These obligations are taken by LUKOIL voluntarily, and may be additional to formal legal requirements in the countries, where LUKOIL Group is operating

2. HUMAN RIGHTS

2.1 LUKOIL respects fundamental human rights and will be guided in its operations by the provisions of the United Nations Universal Declaration of Human Rights.

2.2. Highly valuating additional opportunities arising from natural and cultural diversity of the employed workers and heritage of the population in the areas of LUKOIL Group operations, LUKOIL will base its work on the following principles:

2.2.1. Respect and support of traditions of national tolerance and appreciation, respect and protection of national and cultural traditions, art and craftsmanship in the regions of the LUKOIL Group Business activity.

2.2.2. Respect of religious beliefs and habits of the workers and local population.

3. TRADE UNION RIGHTS AND HUMAN RIGHTS AT WORK PLACE

LUKOIL will respect trade union rights, including rights secured in the core ILO conventions:

3.1. The right of every employee to be represented by a union of his or her own choice and to basic trade union rights as defined by ILO Conventions 87 and 98 covering freedom of association and the right to organise, as well as the right to engage in collective bargaining. LUKOIL therefore agrees not to oppose efforts to unionise its employees.

3.2. Not to employ any kind of forced or bonded labour as proscribed in the ILO Conventions 29 and 105 or otherwise.

3.3. Not to employ child labour as proscribed by ILO Convention 138 and 182.

3.4. To promote, and ensure equality of opportunity and treatment in employment, including equal remuneration for men and women for work of equal value, and the prevention of discrimination in respect of employment and occupation as required by ILO Conventions 100 and 111 respectively.

3.5. To take a socially responsible approach to restructuring its units and organizations under its control, as well as to de-localization of the production facilities, including adequate advance notification of LUKOIL Group plans to reduce workplaces.

3.6. To pay fair wages and benefits, as a minimum in accordance with industry standards in the country concerned.

3.7. Taking into consideration that stable business operations of the LUKOIL Group enterprises depend on the recruitment of qualified and competent young workers, LUKOIL policy will be aimed at combining work obligations of the young workers with the opportunity for them to develop professional skills and qualities.

3.8 LUKOIL respects family values and will practically implement provisions of the ILO Convention 156 (workers with family responsibilities), paying special attention to defending rights of the working women, expectant mothers, nursing mothers and women with large families.

4. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

4.1 LUKOIL and ICEM will cooperate to ensure that their activities are carried out with the fullest possible regard for health, safety and the environment. In particular this will include:

- 4.1.1 Implementation of the core principle, that protection of life and health of the worker has topmost priority;
- 4.1.2. Committing to provide a safe and healthy work environment, deploying common "best practice" standards;
- 4.1.3. Implementing the principles of the ILO Code of Practice on HIV/AIDS and the World of Work;
- 4.1.4. Supporting a precautionary approach to health, safety and environmental challenges;
- 4.1.5. Undertaking initiatives to promote greater health, safety and environmental responsibility;
- 4.1.6. Encouraging the development and diffusion of safe and environmentally friendly technologies. Promoting and reviewing the education and training of both management and workers on health, safety and environmental awareness and protection, including, as appropriate, joint union/management education and training programs.

4.2. LUKOIL, being a major user of natural resources and recognizing its responsibility to society for preserving good environment and efficient use of natural resources, will:

- 4.2.1. Consistently seek to identify and investigate hazards and threats to health within LUKOIL Group production facilities, and will take action to eliminate them or mitigate their impacts;
- 4.2.2. Periodically supply information and supports an open dialogue with all parties interested in LUKOIL activities in industrial and environmental safety;
- 4.2.3. Publish reports about its operations, and results of assessment of impact on the environment, personnel and population.

5. IMPLEMENTATION

Annual Meeting

5.1. LUKOIL and ICEM will meet annually to review practice and experience of the agreed principles as part of the follow-up to this Agreement. The purpose shall be to discuss the issues covered by the Agreement with a view to agreeing joint actions that will further develop good working practices. In addition to general industrial issues and health, safety and environmental matters, the following topics may be addressed:

- 5.1.1. General corporate policy on employment, occupational health, safety and environmental issues and challenges affecting those within the LUKOIL Group and,

as appropriate, between LUKOIL and its related companies, including suppliers and subcontractors;

5.1.2. Training and education matters, issues affecting the exercise of trade union rights, other issues mutually agreed.

5.2. Participants at these annual review meetings will normally be 3-5 senior officials representing the ICEM, ROGWU and relevant managers from LUKOIL.

5.3. International Network of Trade Union Representatives

The ICEM, supported and assisted by LUKOIL, will establish an international network of trade union representatives to ensure effective communication and exchange of information between union representatives at the LUKOIL Group enterprises.

In support of the network LUKOIL will provide e-mail access to union representatives in LUKOIL Group enterprises for communication, and facilitate annual meetings of union representatives from each location participating in the network. This will require paid time off, the payment of travel and accommodation costs, plus providing translation and interpretation.

5.4. Local Industrial Relations Practices

The Agreement between the Parties shall be applied consistently throughout LUKOIL operations. It is not intended that this agreement replace or substitute the results of collective bargaining and valid tariff agreements, or interfere with local industrial relations practices related to information exchange, problem solving and negotiations, rather it is intended to supplement these processes. The Parties to the Agreement respect the principle that industrial relations issues are best resolved as close as possible to the place of work.

5.5. Training Programmes

ICEM and LUKOIL will cooperate in

developing joint training arrangements covering those issues dealt with in this Agreement, and their implementation. This will include appropriate training in health, safety and environmental best practice for union delegates from countries where LUKOIL operates. It will also include management-training programmes within LUKOIL Group. LUKOIL may cover the cost of ICEM participation in LUKOIL training programmes subject to Agreement.

5.6. Information

5.6.1. ICEM will distribute copies of the Agreement to all its member unions, including those that organise employees in LUKOIL companies around the world, and will broadly publicise the existence of the Agreement and explain its implications to the unions organising workers within LUKOIL.

5.6.2. LUKOIL will in the same manner distribute copies of the Agreement to all LUKOIL offices in the relevant local languages of the countries concerned.

6. ADMINISTRATION

The General Secretary of the ICEM, or his appointed representative and the LUKOIL President, or his appointed representative will be ultimately responsible for the administration of the Agreement.

7. OTHER CONDITIONS

This Agreement is signed in two languages, English and Russian, having equal legal power.

8. DURATION AND EVALUATION

The duration of this Agreement is initially for one year, after which it will be subject to review prior to being extended for a further period.

ЛУКОЙЛ
(LUKOIL)

ICEM

В.Ю.Алекперов
(Vagit Alekperov)
«__»_____2004

Fred Higgs
(Фред Хиггс)
«__»_____2004

НГСП
(ROGWU)

Л.А.Миронов
(Lev Mironov)
«__»_____2004
