PRESS RELEASE
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LUKOIL INTRODUCES INTERNAL AUDIT SYSTEM

LUKOIL Management Board decided to create a department of internal audit to improve the management system of the Company. This new department will focus on analysis and evaluation of operating, financial and investment activities of LUKOIL in the context of its efficiency, shareholder and investor rights protection and conformity with norms of Russian and international legislation.

The main objective of internal audit is to ensure strict abidance by LUKOIL subsidiaries and affiliated companies by main corporate principles and guidelines in the area of production, transportation, refining and marketing of hydrocarbons as well as environmental and labor safety. The main principle of the internal audit is independence of the controlling body from company subdivisions.

Responsibilities of LUKOIL internal audit department include a timely provision of the Company management with information on operating activities of subsidiaries and affiliated companies with respect to their property, reliability of reporting, degree and character of project risks.

The new department will rely on the existing legislation of the Russian Federation, Company Charter and other corporate documents, AGM resolutions, ISO 14001 and OHSAS 18001 standards, auditing standards approved by the RF Presidential Commission of Internal Audit and those recommended by the US Institute of Internal Auditors.

As LUKOIL President Vagit Alekperov stated, “Introduction of an internal audit system in the Company will enhance production efficiency, decrease of operating, service, administrative and other costs, optimal planning and budget discipline, conformity with corporate management principles”.

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