

PRESS RELEASE

June 5, 2019

LUKOIL shareholders stand chance of electing candidate proposed by minority shareholders to Board of Directors on June 20, 2019

In February 2019, API members, together with international investors holding more than 2% of the depositary receipts of PJSC LUKOIL in total, asked the Company's Board of Directors to include independent candidate Pavel Teplukhin supported by investors in the list of nominees.

Under the Russian law, depositary receipt holders, unfortunately, are not entitled to nominate a candidate to the Board of Directors, while the conversion into local shares and reverse conversion would have cost investors \$1.5 million based on a preliminary review of fees charged by the custodian bank engaged for the program.

On March 6, 2019, the Board of Directors and the company's management team accepted the shareholders' proposal demonstrating high quality of corporate governance.

The size of the Board of Directors is 11 members. 12 people are nominated, including 5 independent Board candidates. For the first time, the Board of Directors has nominated independent candidates: Pavel Teplukhin, Sergei Shatalov and Wolfgang Schüssel.

If an API-backed candidate is elected, the number of independent Board members may reach a historic high of 5, which would definitely have a positive impact on the Board composition and corporate governance at the Company. The combined group of independent directors will have the necessary competence and experience to ensure multiple viewpoints in the Board. Besides, minority shareholders will have the opportunity to elect a candidate proposed by the investment community.

According to our estimates, taking into account the historical data on voting at LUKOIL's shareholders meetings, the API-backed candidate should win up to 6% of the votes under the most adverse election scenario. Technically, to avoid, where possible, dispersion of minority shareholders' votes, the Association proposes that minority shareholders cast the consolidated votes of institutional investors for Pavel Teplukhin so as to ensure a sufficient number of votes for his election to the Board.

The candidacy of Pavel Teplukhin was approved by the API Board of Directors consisting of 9 representatives of investors. As part of the candidate consideration procedure, the API Executive Office, together with interested investors, additionally checked the candidate for compliance with the API requirements and could not identify any negative points for the candidate's reputation.

The Association of Institutional Investors (API) is the only association of most active major institutional portfolio investors in Russia with more than RUB 2 trillion in total investment under management in Russia. The API members, including companies such as APG Algemene Pensioen Groep N. V., Barca Capital, LLC, Dart Management Inc., East Capital Asset Management AB, EOS Russia, Equinox Fund Management, Firebird Management LLC, Genesis Investment Management LLP, Prosperity Capital Management Ltd., Raiffeisen CM, Renaissance Broker, Templeton Asset Management Ltd., TT INTERNATIONAL, UCP Investment Group, JSC VTB Capital Asset Management, Uralsib Asset Management, JSC Investment Holding E-Union, CJSC Sberbank Asset Management, ATON LLC, PJSC IC RUSS-INVEST etc. implement responsible investment principles being committed to the development of best corporate governance practices at Russian public companies.