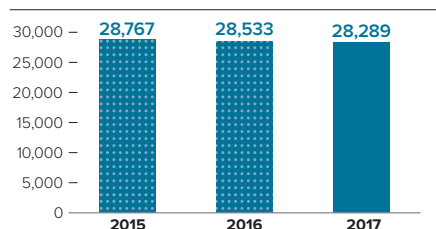


Working conditions improvement

The number of employees engaged at workplaces with potentially harmful working conditions (3rd class) decreased.

For the second consecutive year, the Company has fully eliminated workplaces with harmful working conditions of 3.4th subclass (the highest subclass of the 3rd class). The Company also has no workplaces with dangerous working conditions (the 4th class).

CHANGE IN NUMBER OF EMPLOYEES ENGAGED AT WORKPLACES WITH HARMFUL WORKING CONDITIONS AT RUSSIAN LUKOIL GROUP SUBSIDIARIES, people



Injury rate

According to data for 2016, the injury rate at Russian subsidiaries of LUKOIL Group was lower than the injury rate of the industries in which Russian subsidiaries of LUKOIL Group operate¹. In 2017 we managed to considerably improve the values of indicators related to injuries, such as the lost time accident frequency rate and the total number of lost time injuries in Russian subsidiaries.

We carefully investigate each accident, determine the causes, and analyze all circumstances surrounding it in

order to prevent any repeat accidents in the future. (The incidents in 2017 mainly related to road traffic accidents, rockslides, and injuries due to high voltage.)

The total number of injured employees at such accidents in Russia dropped over three years by a third, including at LUKOIL Group subsidiaries (by 33%), and contractor organizations (by 33%). Nevertheless, despite the reduction in the total number of accidents and injuries, there was a rise in the number of fatalities at contractor organizations.

Over three years the total number of accidents at Russian subsidiaries fell by 33%, and at foreign subsidiaries by 50%; the lost time accident frequency rate (LTAFR) dropped by nine and 14 points, respectively.

¹ The comparison is based on the bulletin Occupational injuries in the Russian Federation in 2016, source: the website of the Federal State Statistics Service (http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/main/). The injury rate is understood to mean the number of fatalities and lost time injuries (for one business day or more) per 1,000 employees. The comparison was performed for the following industries: production of crude oil and natural gas and the provision of services in these areas, the output of petroleum products, electricity generation, and pipeline transportation).