

BREAKDOWN OF EMPLOYEES BY CATEGORY AS AT 31 DECEMBER OF EACH YEAR

Personnel categories	2015	2016	2017
Management	12%	12%	12%
Specialists	28%	27%	27%
Workers and other employees	60%	61%	61%

The strategic priorities of the Company are to guarantee safe working conditions, reduce accident and injury rates, and apply global best practices in the oil industry.

The HR system at LUKOIL Group is based on the Code of Business Conduct and Ethics of PJSC LUKOIL, Corporate Culture Rules, and the obligations set forth in the Social Code of PJSC LUKOIL.



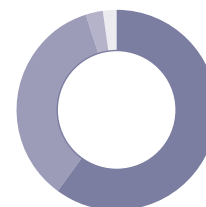
More information about this area can be found on the Company's website



In 2017 our HR systems were enhanced and a number of projects were implemented, including:

- the Working Group on Organizational Efficiency was set up, and proposals were prepared to boost labor productivity at LUKOIL Group subsidiaries
- methodological support was provided to help develop the risk management and internal control system
- implementation of the software solution ICS Personnel continued

BREAKDOWN OF EMPLOYEES BY SEGMENT AS AT 31 DECEMBER 2017, %



Downstream	60
Upstream	35
Other lines of business	3
Corporate center	2

Compliance with employment entitlement rights

Employment and the diversity of labor resources

We seek to apply unified principles and approaches to our work with personnel in all the countries and regions in which we operate, always taking into account local specifics and characteristics.

The principles and norms set forth in our staffing policy and other internal regulations are binding on all LUKOIL Group subsidiaries. These documents determine the procedure for recruiting, selecting, and evaluating personnel, determining employment terms and conditions, and actions regarding seconded employees and their family members in the event of emergencies and other issues.

SHARE OF MANAGERIAL STAFF FROM THE LOCAL POPULATION AT FOREIGN SUBSIDIARIES OF LUKOIL GROUP

	2017
Senior management ²	219
Including from local population ³	74
Share of local management	34%

LUKOIL provides opportunities for suitably qualified local employees to fill vacancies – including managerial ones – in its regions of operation. In European countries, the share of representatives from the local population in management is higher than average for the Company

(between 40% and 100%). Our fundamental approach is to recruit the best specialists to the Company and provide them with the opportunities they need to fully realize their potential.

² Senior management is understood to mean the Chief Executive Officer (Managing Director/General Director) and his deputies in functional areas.

³ The local population is understood to mean employees that are registered as or are citizens in the foreign countries where the Company operates.

The professional recruitment and deployment of management facilitates results in consistently high levels of performance and the effective management of LUKOIL Group

subsidiaries. If no executives can be recruited from local markets at foreign subsidiaries, Russian employees recognized as having high potential are seconded to managerial positions

in order to support and disseminate uniform standards and the corporate culture of LUKOIL Group, as well as to expand competencies through work experience on international projects.

Guarantees of employment entitlement rights

The main document regulating relations between the Company and our employees is the Agreement between the Employer and the Trade Union Association of Public Joint-Stock Company LUKOIL Oil Company for 2015-2020.



Detailed information about the document and interaction with the trade union organization can be found on the Company's website



Collective bargaining agreements were concluded at 46¹ Russian and 10 foreign subsidiaries, and covered 88% of employees. Moreover, this figure covers 95.1% of employees at Russian subsidiaries. Russian subsidiaries where collective bargaining agreements have not been concluded are subject directly to the Industry Agreement of Organizations Operating in the Oil and Gas Industry and the Construction of Oil and Gas Facilities in the Russian Federation.

By ensuring social stability and improving the comfort and quality of life of employees, LUKOIL implements an extensive social policy, which includes benefits and guarantees available to all employees, irrespective of whether they are a member of a trade union organization or whether there is a trade union or not. These benefits are provided regardless of the employment type (full or part-time). The Company's

additional obligations, based on Russian law and international standards, are set forth in the Social Code of PJSC LUKOIL.



Detailed information in this regard is available on the Company's website



STAFF EXPENSES, RUB million

	2015	2016	2017
Staff expenses, total for the LUKOIL Group, including:	153,729.4	153,415.0	142,145.0
wages	135,465.0	137,664.1	132,022.3
social benefits and payments, social support for employees	17,175.0	14,698.2	9,297.4
training	1,089.3	1,052.6	825.3

Note. The indicator "wages" is prepared in accordance with instructions on how to complete the federal statistical monitoring forms approved by Federal State Statistics Service Order No. 278 dated 12 November 2008, including amendments and addenda approved by Federal State Statistics Service Order No. 240 dated 3 November 2009. Salary includes remuneration amounts accrued by the entity to the employees (with due account of personal income tax and other withholdings) in monetary and non-monetary forms for worked and non-worked time, compensation payments related to working hours and employment conditions, benefits and surcharges, bonuses, one-time incentive payments, and payments for food and housing that are regular in nature, in accordance with the methodology for completing the accrued payroll of employees indicator in form No. P-4 Information on headcount and employee salaries.

¹ Including LUKOIL Oil Company and LUKOIL PERSONNEL, which have Regulations on employee guarantees and compensation that are similar in content to the collective bargaining agreements, and also LLK-International (production facilities in Perm and Volgograd).