

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).