

Working hours

The Company adheres to labor legislation regarding working hours and time-off. In most countries where the Company operates, local legislation contains specific requirements on the duration of the working week, and LUKOIL strictly observes these.

In Russia, working hours are established by Employment Policies and Procedures in accordance with labor legislation, the Industry Agreement on the Organization of Oil and Gas Industries and the Construction of Oil and Gas Facilities of the Russian Federation, the Agreement between the Employer and the Trade Union Association of Public Joint-Stock Company LUKOIL Oil Company for 2015-2020, and collective bargaining agreements. For employees whose working hours differ from the general rules established by the employer, this issue is governed by the respective employment contract, with due account for the nature of production and the work specifics and working conditions.

In particular, shift work is introduced in instances where the duration of the production process exceeds the permitted number of daily working hours, and also to ensure the most effective use of equipment and to increase output or the volume of services being

provided. In shift work, each group of employees must perform their work during established working hours in accordance with the shift schedule. The employer drafts the shift schedule with due account of the opinion of the representative body of employees, and notifies employees against a signed receipt no later than one month before the schedule comes into force.

Rotation work is a particular type of work which is conducted at a considerable distance from the place of permanent residence of employees (i.e., where daily return to the permanent place of residence of the employee cannot be guaranteed). Rotation work is established at LUKOIL Group subsidiaries at remote fields and continuous production facilities. A rotation cannot last longer than one month.

In rotation work a record is kept of cumulative working hours for a month, quarter, or other more protracted period, but no more than one year. The accounting period covers all working hours, the time in transit from the location of the employer or from the collection point to the workplace and back, and the leisure hours attributable to this calendar segment.

The employer accounts for the working and leisure hours of each employee working rotation by months and for the entire accounting period. The working and leisure hours within the accounting period are regulated by the rotation work schedule, which is approved by the employer, taking into account the opinion of the elective body of the primary trade union organization, and is communicated to employees against a signed acknowledgment receipt no later than two months before it comes into force. This schedule stipulates the time required to deliver employees to the rotation and back. The days in transit to the work place and back are not included in working hours and may accrue to days of rest and recreation between rotations. When assembling rotation personnel, priority is given to local individuals with the necessary qualification.

During their time at production facilities, comfortable conditions are created for employees engaged in rotation work: they live in specially created rotation camps or in furnished hostels paid by the employer.

INFORMATION ON NUMBER OF FULL-TIME ROTATION EMPLOYEES

	Headcount of rotation employees at end of period			Share of rotation employees in total number of employees of subsidiaries at end of period, %		
	2015	2016	2017	2015	2016	2017
Total, including:	13,280	13,823	14,080			
Russian subsidiaries of LUKOIL Group	10,751	10,562	10,763	12	12	12
Foreign subsidiaries of LUKOIL Group (production)	2,529	3,261	3,317	11	16	18