**Target 8.3.**

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

**Target 8.5.**

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**Target 10.3.**

Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies, and practices.

Our HR Strategy is guided by the general strategy of LUKOIL Group and focuses on stable, long-term development based on traditions and many years of experience in the Russian oil industry. Our aim is to utilize our staff's potential to the fullest, thus strengthening the Company's key competitive advantages and boosting our ability to rapidly adapt to changes in external factors and successfully implement innovations. Our underlying principles and the basis for a relationship with employees and trade unions focus on strict adherence to all legislative and social norms.

The staffing structure has remained stable over the past three years:

- the ratio between men and women employed is roughly equal, with a slightly larger number of men, which is attributable to the operating specifics of the industry in which the Company operates (as at 31 December 2017, 59% of the Company's employees were men and 41% were women)
- employees under the age of 35 account for approximately 40% of all employees<sup>1</sup>
- the ratios between different categories of employees were virtually unchanged.

Average headcount in 2017 stood at 103,647. Around 83% of employees worked at Russian subsidiaries.

**AVERAGE HEADCOUNT, employees**

	2015	2016	2017
<b>Total for LUKOIL Group, including:</b>	<b>107,040</b>	<b>105,539</b>	<b>103,647</b>
Russian subsidiaries of LUKOIL Group	84,739	85,391	85,790
Foreign subsidiaries of LUKOIL Group	22,301	20,148	17,857

**HEADCOUNT AS AT 31 DECEMBER OF EACH YEAR, employees**

	2015	2016	2017
<b>Total for LUKOIL Group, including:</b>	<b>111,331</b>	<b>110,101</b>	<b>107,405</b>
Russian subsidiaries of LUKOIL Group	89,167	90,112	89,323
Foreign subsidiaries of LUKOIL Group	22,164	19,989	18,082

**STAFF TURNOVER, %**

	2015	2016	2017
<b>Total for the LUKOIL Group, including:</b>	<b>7.4</b>	<b>7.2</b>	<b>6.7</b>
Russian subsidiaries of LUKOIL Group	6.6	5.9	5.6
Foreign subsidiaries of LUKOIL Group	10.9	12.8	11.6

Note. The staff turnover coefficient is calculated as the ratio of the number of those dismissed to the average number of employees for the reporting period. Dismissed employees include those discharged for absenteeism or other labor discipline violations, and those who retire voluntarily (as a result of moving, retiring, looking after a child aged under 14, etc.), or who leave the Company upon mutual agreement (with the exception of employees who are rehired the following day).

<sup>1</sup> Data relate to 2016 and 2017; in 2015 employees under the age of 30 were included in the category of young employees.

**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.



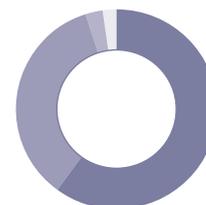
More information about this area can be found on the Company's website



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 <sup>2</sup>	219
Including from local population <sup>3</sup>	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.

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

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