

Staff development

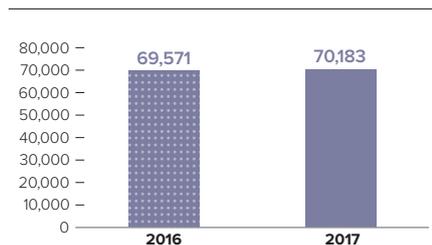
The staff corporate learning and development system revolves around the Company's strategic plans and requirements for employees with specific qualifications and competencies. We focus above all on allowing our employees to develop the skills and competencies that they need and on attracting and developing young specialists.

We believe staff training, including through professional retraining, is key to minimizing risks related to unprofessional employee actions, including those on the part of employees of service/contractor organizations.

Development programs focus on prioritizing the training requirements identified for different staff groups, based on an analysis of differences between the requirements imposed on employees and the existing competency level. We use our entire arsenal of training resources and forms, applying relevant economic and methodological tools.

We train staff on the basis of the annual Continuing Professional Development Plans of employees of PJSC LUKOIL and

NUMBER OF PEOPLE TRAINED, persons

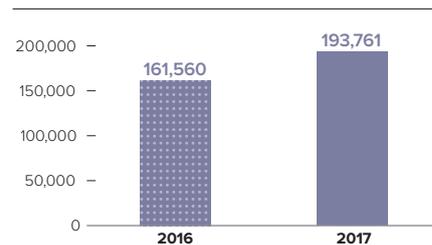


LUKOIL Group subsidiaries. Our main strategic partners are higher education academic institutions and academic centers with a proven record of providing quality educational services.

Employee educational programs help the Company successfully meet objectives related to new lines of business, and maintain the required level of competitiveness. An increase in the quality and effectiveness of employee work and a reduction in staff turnover through greater commitment and engagement help reduce costs.

We intend to continue to develop the continuous corporate learning system. This work includes plans to draft an

NUMBER OF ATTENDED TRAININGS, person-course



integrated long-term training program for various employee groups.

The Company pays significant attention to the training and development of young specialists, including by involving them directly in the work process. With this in mind, we plan to set up an institute of mentors.

To ensure the necessary quantitative and qualitative pool of candidates to fill management positions at different levels, we also plan to continue to implement our succession planning system for senior management.

Distance learning

The corporate distance learning system makes it possible to successfully meet our general learning objectives, conduct knowledge audits of compliance with corporate requirements and applicable legislation, and develop the professional and management competencies and personal efficiency skills of employees.

Based on the results for 2017, over 60 LUKOIL Group subsidiaries were connected to DLS, and more than 92,000 users were registered. During the year employees successfully completed more than 100,000 training courses, thereby increasing their workplace-related qualifications.

Leveraging DLS opportunities, we implemented an integrated training program for the operators of filling stations (including adaptation, start, and support training).

Corporate knowledge management system

We closely monitor the development of staff knowledge in order to facilitate the innovative development of the Company and to achieve optimum financial results. As part of the existing corporate knowledge management system, we follow the development processes of young specialists and staff in general,

primarily based on joint work with recognized corporate experts.

In 2017 the LUKOIL project “Creation and Development of a Corporate Knowledge Management System Based on the Example of the Knowledge Management System of the Upstream Business

Segment” was declared the winner in the Organizational Intelligence category at the 4th Russian competition of best practices of employers in developing human capital, Creating the Future.

Youth policy

Youth policy is a key focus area for us. It comprises a system of measures aimed

at recruiting young employees and creating the necessary conditions and

opportunities to ensure their successful development.

INDICATORS OF WORK WITH YOUNG PROFESSIONALS

	2017
Total number of young employees ¹	42,772
Number of young professionals	1,945
Recruited young employees	12,125
including young professionals	706
Number of students trained under contracts with LUKOIL Group subsidiaries	295
Number of students on internships at LUKOIL Group subsidiaries	2,950

R&D competitions and conferences.

R&D competitions and conferences are held annually. In 2016 events were held at 31 LUKOIL Group subsidiaries in Russia.

Councils of Young Professionals.

The goal of these Councils is to help young employees adapt to working conditions at LUKOIL. Off-site meetings of the LUKOIL Group Council of Young Professionals are held annually in Russian regions. In 2017 an event was hosted in Sochi at the Sirius Educational Center, as part of Russian Health and Safety Week. The participants drafted proposals which will serve as the basis for the new Integrated Target Program for Working with Youth.

Young Professionals Day.

Young Professionals Day is an annual event. In 2017 the day included a LUKOIL City teambuilding training course, with 150 people participating, and the second round of the “Club of Merry Oil Workers.”

Young Professional of the Year contest.

In 2017 the results of the 12th Annual Young Professional of the Year were announced. The contest featured 122 participants in 22 categories, and 59 young professionals from LUKOIL Group subsidiaries were declared winners.

Meeting Between Generations

corporate evening. In 2017 a corporate evening entitled Meeting Between Generations was held. The event was attended by young and long-term employees of the Company. The event included the awards ceremony of the 12th Young Professional of the Year from LUKOIL Group subsidiaries of the Moscow Region and a concert from the Alexandrov Ensemble.

¹ Young employees – employees of PJSC LUKOIL and LUKOIL Group subsidiaries aged up to 35, including young professionals. Young professionals are employees under the age of 46, who have a higher or secondary professional education, joined the Company based on their educational background, including blue-collar professions, within six months after graduating from an academic institution or within three months after completing their military service with the Russian Armed Forces.