

Pension support for employees of LUKOIL Group foreign entities is calculated in accordance with the legislation of the country of operation, as well as the local regulations of the

entities on pension plans, and are financed both using only an entity's funds and on a shared basis (both the employee and employer contribute).

Pension liabilities of LUKOIL Group, RUB million



PERSONNEL DEVELOPMENT



LUKOIL Group personnel corporate training and development system is focused on strategic plans and the Company's need for employees who have a certain level of qualifications and competences.

We consider the Company's corporate training system to be a tool that

mitigates risks related to a lack of qualified personnel.

Training programs

Corporate development programs are based on an analysis of the differences between the requirements for employees and their competence level. Personnel training is performed on the basis of the annual Plans for the Advanced Training of the Employees

of PJSC LUKOIL and LUKOIL Group Entities. A wide range of training means and methods is deployed. Our main strategic partners are higher education organizations and training centers established as leading providers of educational services.

Employee training programs help the Company achieve its objectives related to new business areas and to maintain the necessary level of competitive performance.

Information on employee training at LUKOIL Group entities

	2016	2017	2018
Number of people trained	69,571	70,183	74,684
Amount of training, man-courses	161,560	193,761	243,467

Note. The rise in training in 2018 was due to the mass training of the Company's employees in the field of civilian and emergency protection, as well as the implementation of corporate training programs and compulsory education programs on labor protection and information security.

Corporate internship

We train the employees of the Russian entities of LUKOIL Group through corporate internships. Each year, employees participating in internship programs share advanced experience

with colleagues and master new practical skills through interacting with colleagues. An individual assignment is prepared for each intern, which sets out the objectives to be achieved and

issues for study. Based on the results of the internship, the employee and the receiving entity prepare reports containing a description of the results achieved.

Distance learning

The Corporate Distance Learning System (DLS) makes it possible to successfully meet mass training and knowledge assessment objectives prescribed under corporate and

legislative requirements and to develop the professional and managerial competences and personal effectiveness of employees.

As of the end of 2018, over 60 LUKOIL Group entities were connected to the system, and more than 134,000 man-courses were completed successfully (a third more than in 2017).

A new management training format is being developed, the corporate Academy and School of Management, with a focus on developing intensive

skills and on-the-job training, including via the use of mobile services and augmented reality technology. In 2018 the new training format was successfully

tested as part of training for deputy general directors in the Company.

In 2018, the Corporate Competence Center of LLC LUKOIL-Severo-Zapadnefteprodukt developed two corporate programs to train filling station managers when they are hired and at later training stages. The programs are aimed at increasing the professional and management competencies of filling station managers. During the development of the corporate training system for filling station managers, significant attention was paid to developing distance learning and assessments. Seventeen

electronic courses, a situational test, and an online exam were created.

In order to ensure the continuous professional development of the business coaches of the Training Centers of Russian oil production supply companies of LUKOIL Group, two methodological seminars were held on developing a unified methodology for training filling station personnel.

Knowledge Management Corporate System

We pay considerable attention to increasing the knowledge of personnel, with a view to ensuring the innovative development of the Company. As part of the Knowledge Management

Corporate System, personnel training programs and collaborations with recognized experts at LUKOIL Group entities are developed.

The effective development of the Knowledge Management Corporate System has been confirmed in high assessments from the external expert community.



In 2018, PJSC LUKOIL was awarded the Grand-Prix of the Fifth All-Russian competition of employers' best practices in human capital development "Creating the Future".

YOUTH POLICY

Working with young employees is a major aspect of the Company's HR management policy, and includes a system of measures aimed at recruiting and creating the conditions and opportunities for the successful and effective personal fulfillment of young employees.

New employee induction activities are performed in two areas: introduction to the entity and introduction to the position. The HR Service is responsible for the introduction to the entity: during introductory courses, employees

receive information about the history and structure of the entity, including the Code of Business Conduct and Ethics and corporate policies.

Introduction to the position events are held by the immediate superiors of new employees and comprise:

- Learning about bylaws that touch upon the unit's activity
- The procedure for interacting with other units
- Learning about employment conditions

- Informing new employees about professional development opportunities
- Introducing new employees to their colleagues from respective units and informing them about the allocation of job duties within units
- Furnishing new employees with workstations and necessary equipment

Mentorship¹ is another component of the system of working with young specialists, and helps ensure the continuity of professional experience,



LUKOIL Group entities conduct their own adaptation events. For example, **School of Young Energy Specialists** events have been held for six years, and have reduced the turnover of young employees and increased their motivation levels. LLC LUKOIL-Engineering implements the **Young Innovator Academy Project**, which is aimed at developing young employees' engineering and creative thinking.

¹ The mentorship procedure is described in the Regulation on the Adaptation of New Employees in LUKOIL Group Entities, approved by a Resolution of the Management Board of OJSC LUKOIL dated December 15, 2008 (Minutes No. 33). The regulation establishes the structure and procedure for holding induction events for new employees in LUKOIL Group entities.