

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.

manufacturing traditions, and the corporate culture. Mentors are appointed from among the superiors or peers in a unit and must meet the following requirements:

- Personal desire to serve as a mentor
- a high level of professional competence
- Personable attitude towards the new employee
- Ability to combine their main job functions and mentorship functions, thanks to proper planning

Mentor candidates are approved through an order from the respective LUKOIL Group entity; an additional

payment² is established for mentors for the duration of their mentorship (the amount is determined independently by LUKOIL Group entity). A mentorship lasts from three months to one year. The mentor develops an individual professional development plan for the new employee and makes assessments of their performance.

The mentor's effectiveness is demonstrated by the new employee's attainment of the aims and objectives specified in the individual development plan. Assessments are conducted during the initial and interim stages. In order to ensure that the most

active employees are involved in the mentorship process, the Best Mentor of the Year contest is held.

After the completion of the individual professional development plan, the mentor prepares a report on the work of the new employee and the results achieved. The new employee is interviewed by the head of their unit; during the interview, they are given an assessment of their work. The HR Management Service of the respective entity organizes a ceremony for new employees called "Joining the Lukoil Family".

Work indicators for young employees and professionals, people

	2017	2018
Total number of young employees ³	42,772	41,174
Share of young employees from the staff listing	40%	39%
Number of young professionals	1,945	1,639
Young employees hired, including:	12,125	14,624
young professionals	706	589
Number of students studying under LUKOIL Group entity agreements	295	173
Number of students that have completed internships in LUKOIL Group entities	2,950	2,800

Note. The decline in the indicators is proportional to LUKOIL Group headcount and also relates to demographic specifics in Russia in the 1990s.

Research and technology competitions and conferences. Research and technology competitions and conferences for young professionals are held annually. In 2018, such events were held in 25 Russian organizations. A new

conference format, in the form of a case competition, was tested.

Councils of Young Professionals. The goal of the Councils is to help young employees adapt to working conditions.

Council of Young Professionals field meetings are held annually in Russian regions.

² If the immediate manager of an employee serves as their mentor, there is no extra payment.

³ Young employees are employees of PJSC LUKOIL and LUKOIL Group entities aged under 35, including young professionals. Young professionals are employees aged under 30 who have a higher or secondary vocational education and who began working for the Company in an area that related to their educational specialization, including in manual professions, within six months after graduating or within three months after serving in the Russian Armed Forces.