

**HR audits**

HR audits are one mechanism for monitoring the observance of labor rights in LUKOIL Group entities, and involve auditing processes associated with the documentation of labor relations, establishing remuneration and work incentives for employees, and safeguarding employee personal data during processing (with or without automation tools).

HR audits also check the procedure for documenting disciplinary action that

may be associated with employees' compliance with the Code of Business Conduct and Ethics (e.g. information on the employment of relatives as direct subordinates may be requested).

Monitoring work includes ensuring that the business processes and activities of LUKOIL Group entities comply with Russian labor law, the Company's regulations, and other requirements established by legal acts containing labor law provisions.

In 2018, such audits were conducted in LLC LUKOIL-ENERGOSSETI, LLC LUKOIL-Kubanenergo, LLC LUKOIL-Trans, and the Yareganeft oil and mining production enterprise.

Based on the audit results, recommendations are elaborated to improve HR management processes in LUKOIL Group entities. Audits also include an analysis of existing control systems.

**Labor rights and interaction with trade unions**

We apply unified principles and approaches in our interactions with personnel in all the countries and regions in which we operate, and always take into account the specifics and characteristics of the local culture.

In order to prevent violations of the labor rights of employees, we develop social partnerships with trade union organizations. Our main partner is the International Association of Trade Union Organizations of PJSC LUKOIL (IATUO). The main objective of the IATUO in the area of observing labor rights is to implement preventative measures to

safeguard the rights and interests of employees.

As part of social partnerships, the scope of the social commitments of the Company and trade union organizations that are parties to agreements is revised and updated on a regular basis. For example, when concluding an additional agreement<sup>1</sup> in October 2017, the parties agreed to raise, starting in 2018, the level of certain social benefits in Russian organizations for non-working pensioners and employees on childcare leave with children aged 1.5 to three years. A number of additional

guarantees are also provided for foreign organizations<sup>2</sup>.

Collective agreements were concluded in 53 Russian and 10 foreign organizations. The Russian organizations that did not conclude collective agreements are directly covered by the Industry Agreement for Organizations of the Oil and Gas Sectors and the Construction of Oil and Gas Facilities of the Russian Federation.

**Share of employees covered by collective agreements in LUKOIL Group**

**SHARE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**



including:

**IN RUSSIAN ORGANIZATIONS**



**Note.** Russian entities where no collective agreements have been concluded are subject to the provisions of the Industry Agreement for Organizations of the Oil and Gas Sectors and the Construction of Oil and Gas Facilities of the Russian Federation.

<sup>1</sup> An agreement between the Employer and the Trade Union of Public Joint-Stock Company "Oil Company "LUKOIL" for 2015-2020.  
<sup>2</sup> Agreements between PJSC LUKOIL and IATUO for foreign organizations for 2018-2020.