

**404-2 Programs for upgrading employee skills and transition assistance programs**

**Programs for upgrading employee skills**

Type of training	Training programs and courses
In-house training courses	DLS: over 300 educational courses on the following topics: Quality Management and Lean Manufacturing, Organizational Change Management, Project Management, Management, Personal Effectiveness, Foreign Languages, Corporate Spirit, IT Courses (Outlook, Excel, PowerPoint), Public Speaking and Presentations, People Management, Human Resources Management, Effective Negotiations, Production Orientation, Oil Product Supply, Risk Management, IT Security, Civil Defense and Emergency Protection, Industrial Safety, Occupational Safety, Fire Safety.
External training or education	Professional retraining, education in MBA, EMBA, DBA programs. The Company pays 50 percent of the cost of employee education.  If the employee receives an additional professional education, including a postgraduate degree, where the employer is not the initiator, then educational leave is granted, and the respective employee receives a guarantee that they will not lose their positions while studying.

**Appendix 6.**

**References: acronyms and abbreviations, definitions and calculation formulas**

**Names of LUKOIL Group entities**

Nizhny Novgorod oil refinery — LLC LUKOIL-Nizhegorodnefteorgsintez	Oil refinery in Bulgaria — LUKOIL Neftochim Burgas AD
Ploesti oil refinery, oil refinery in Romania — PETROTEL-LUKOIL S.A.	Perm oil refinery — LLC LUKOIL-Permnefteorgsintez  Oil refinery in Italy, ISAB — ISAB S.r.l.
Ukhta oil refinery — LLC Ukhtaneftepererabotka	

**Abbreviations**

AMS — automated management systems	EIA — environmental impact assessment
APG — associated petroleum gas	ERU — emergency rescue divisions and units
BEPS — base erosion and profit shifting	ESG — environmental, social and governance
CF — charity fund	ESP — Environmental Safety Program
CHPP — combined heat and power plant	FEC — fuel and energy complex
DLS — distance learning system	FFS — fuel filling station
EBITDA — earnings before interest, taxation, depreciation & amortization	FPM — formation pressure maintenance
EE — emergency event	FS — feasibility study

GHG — greenhouse gases

GIS — geographic information system

HF — hydraulic fracturing

HSE — health, safety, and environment

IFRS — International Financial Reporting Standards

IMN — indigenous minorities of the North

IMS — The Integrated System of Management of Industrial, Fire, Radiation Safety, Emergency Prevention and Liquidation, the Protection of Civilians, Occupational Safety and Environmental Protection

IPEC — in-production environmental control

ISP — Industrial Safety Program

KPI — key performance indicator

LLC — limited liability company

Media — all types of mass media

MMW — minimum monthly wage

MTR — material and technical resources

OR — oil refinery

ORC — oil refining complex

PPE — personal protection equipment

RES — renewable energy sources

SPP — solar power plant

SPRP — Spill Prevention and Response Plans

SR — LUKOIL Group Sustainability Report

STF — Sustainability Task Force

STO — standard of an entity

UAV — unmanned aerial vehicle

VMI — voluntary medical insurance

WECM — wholesale electricity and capacity market

### **Names of entities and initiatives, geographical names**

CDP — Carbon Disclosure Project

Climate Action 100+ — Global Initiative Climate Action 100+ (<http://www.climateaction100.org/>)

EU — European Union

EU ETS — European Union Emissions Trading System

GRI — Global Reporting Initiative

IATUO — International Association of Trade-Union Organizations of PJSC LUKOIL

ILO — International Labour Organization

KhMAO-Yugra — Khanty-Mansi Autonomous District — Yugra

MARPOL — International Convention for the Prevention of Pollution from Ships

MES — Ministry of Emergency Situations

NAD — Nenets Autonomous District of the Russian Federation

OECD — Organization of Economic Cooperation and Development

OPEC — Organization of the Petroleum Exporting Countries

PJSC LUKOIL — Public Joint-Stock Company "Oil Company 'LUKOIL'"

RSPP — Russian Union of Industrialists and Entrepreneurs

SDGs — UN Sustainable Development Goals (the UN 2030 Agenda for Sustainable Development)

TCFD — Task Force on Climate Related Financial Disclosures, <https://www.fsb-tcfd.org/>

UN — United Nations

UNCTAD — United Nations Conference on Trade and Development

WWF — World Wildlife Fund

## Unit of measurement

boe — barrel of oil equivalent

p. p. — percentage point

toe, kg of oil equivalent — tonne (kilogram) of oil equivalent

CO<sub>2</sub>e — CO<sub>2</sub> equivalent

## Indicators, calculation formulas

**Refinery yield** is calculated by the following formula:

$$\text{Refinery yield} = \frac{Q - (\text{FFO} + \text{L})}{Q} * 100\%$$

where:

**Q** is the actual volume of oil feed processed in crude distillation units (Atmospheric and Vacuum Distillation Units and Atmospheric Distillation Units), as well as received feed from the secondary refining processes (catalytic cracking, delayed coking, etc.);

**FFO** is the gross amount of furnace fuel oil (fuel oil for sale + liquid fuel for technological (own) needs);

**L** is the amount of irretrievable losses of oil refining, excluding the losses at crude oil electric desalting and dehydration plants.

When calculating the aggregated "Oil refinery yield" indicator, the actual volume of oil feed (Q) comprises the feedstock (oil, gas condensate) processed in crude distillation units (Atmospheric and Vacuum Distillation Units and Atmospheric Distillation Units), excluding other types of feed processed in secondary refining processes (in the framework of the intragroup supplies).

**Lost Time Accident Frequency Rate, LTAFR** = number of accidents / employee headcount for a reporting period \ 1,000 employees.

**Lost Time Injury Frequency Rate, LTIFR** = number of lost time injuries / number of man-hours worked \ 1,000,000 man-hours.

**Rate of Fatalities as a Result of Work-Related Injury** = number of fatalities as a result of work-related injury / number of hours worked \ 1,000,000 man-hours.

**Rate of High-Consequence<sup>1</sup> Work-Related Injuries** = number of high-consequence work-related injuries (excluding fatalities) / number of hours worked \ 1,000,000 man-hours.

**The turnover rate** is defined as the ratio of the number of employees dismissed due to turnover to the average headcount for a reporting period. The number of employees dismissed due to turnover includes employees dismissed for absenteeism and other violations of labor discipline, as well as due to the employee's unsuitability for their position because of lack of skill; those who left on their own without serious cause (due to relocation, retirement, care for a child under 14 years of age, etc.) or by agreement between the parties (except for employees who were re-employed on the next day).

<sup>1</sup> High-Consequence Work-Related Injury is an injury having the following consequences: the employee died or was injured, and within six months of being injured the employee is unable to recover, has not recovered his health, or is not expected to recover his health.

## Definitions

**Circulating water** means water that is consistently and many times used in processes based on the principle of closed systems without discharging into surface water bodies or sewage systems.

**Claim relating to the breach of law** means an administrative or criminal claim filed against PJSC LUKOIL, LUKOIL Group entities, an employee of PJSC LUKOIL or an employee of LUKOIL Group entity. For the public reporting purposes, only completed cases in which a final decision has been rendered and which are not subject to further appeal are taken into account. Cases in which the entity was found not guilty are not taken into account for the disclosure of indicators.

**Key performance indicators** are a set of indicators characterizing the key success factors of LUKOIL Group, taking into account industry specifics and determining the level of achievement of strategic goals.

**Material claim relating to the breach of anti-monopoly law** means a claim meeting the following criteria (any one or several):

- criminal prosecution of officials of PJSC LUKOIL or LUKOIL Group entities in accordance with the sentence passed and entered into legal force;
- administrative action in the form of disqualification of officials of PJSC LUKOIL or LUKOIL Group entities in accordance with the sentence passed and entered into legal force;
- entry into force of any resolution to impose an administrative fine against PJSC LUKOIL or LUKOIL Group entities calculated based on the amount of revenue of the relevant entity or the amount of the offender's expenses for the purchase of goods (work, service).

### **Material claim relating to the breach of environmental law**

means a claim meeting one of the following criteria:

1. a resolution has become effective within a calendar year calling PJSC LUKOIL, LUKOIL Group entities and/or their officials for administrative responsibility for the offense provided for in Chapter 8 of the Code of Administrative Offenses of the Russian Federation, with the imposition of the maximum possible fine provided for in the relevant article and/or a sanction in the form of administrative suspension of operations for up to 90 days;
2. a court decision has become effective to collect from PJSC LUKOIL, LUKOIL Group entities damages caused to the environment in accordance with the requirements of the Russian Federal Law "On Environmental Protection", in the amount not less than the one determined in accordance with the Regulations on Collecting and Processing Data on Material Contingent Liabilities and Uncertainties with Regard to Income Taxes for the purposes of the consolidated financial statements of PJSC LUKOIL for a respective year.

### **Material digression/weakness**

means a violation of mandatory requirements, as well as shortcomings in the activities of LUKOIL Group entities that have resulted or could have resulted in incurred financial losses and risks that are assessed at least as significant in accordance with the provisions of the Group's internal documents.

**Payroll** means the indicator calculated in accordance with the instructions for filling out forms of federal statistical monitoring,

approved by Order of Rosstat of October 12, 2008 No. 278 with amendments and additions approved by Order of Rosstat of November 3, 2009 No. 240. Payroll includes labor pay to employees in monetary and non-monetary forms accrued by an entity (including personal income tax and other withholdings) for worked and non-worked time, compensation payments related to the work schedule and working conditions, additional payments and increments, bonuses, one-time incentive payments, as well as regular allowances for food and accommodation in accordance with the methodology for filling in the payroll field in form No. P-4 "Information on Headcount and Labor Pay".

**Reused water supply** is the use of water that has retained its quality indicators after being used in a technological process and is supplied without treatment for reuse or returned to natural bodies. The water produced along with oil that is sent to the needs of formation pressure maintenance (FPM) is considered reused.

**Seconded employees** — employees with the necessary competence and meeting the job requirements of the accepting entity, temporarily assigned to an accepting entity from the region of permanent residence to perform certain job functions with the following return to the seconding entity or termination of the labor relations with the seconding entity.

**Significant incident with environmental impact** means an emergency with environmental impact. An environmental impact can include destruction of facilities and/or technical devices used at the facilities of LUKOIL Group entities, or any other event resulting in one or a combination of the following environmental impacts:

1. pollution of surface and underground water bodies, which resulted in exceeding the established standards for permissible impact.
2. uncontrolled release of hazardous substances, i.e. a release of a hazardous substance into the environment not provided for by technical regulations and/or project documentation without restricting or containing it by emergency protection systems and/or other systems and means of accident prevention and containment provided for by technical regulations and/or project documentation, or release in the absence of sufficient containment capability in such systems and means in the amount exceeding the threshold values for accidents presented in Tables 1 and 2 of Annex 4 to the Safety Manual "Methodological Recommendations for the Classification of Man-made Events in the Field of Industrial Safety at Hazardous Production Facilities of the Oil and Gas

Complex" dated January 24, 2018 No. 29, approved by Order of Rostekhnadzor of January 24, 2018 No. 29.

All spills into water bodies are significant, regardless of the volume of the spilled oil. The minimum size of a significant spill on land with environmental consequences is 10 tonnes.

**Significant regions of LUKOIL**

**Group's operation** mean countries or constituent entities of the Russian Federation where LUKOIL Group entities operate, including affiliates and territorial departments compliant with the following criteria:

1. In Russia — constituent entities where headcount of one LUKOIL Group entity is 500 or more;
2. Outside Russia — countries where at least one organization with a headcount of 500 employees or more operates; respective indicators are calculated including all other organizations (with the headcount less than 500 employees) operating in the country or significant region.

**Substantial violation of human rights** means a violation of national human rights legislation.

**Young employees** – employees of PJSC LUKOIL and LUKOIL Group entities aged under 35, including young specialists.

**Young specialists** — employees under 30 years old, who have obtained higher or professional education, that started their job duty in the Company corresponding to their degree, including working occupations, within six months after graduation from higher education institution or within three months after service in the Military Forces of the Russian Federation.

**Rounding values**

The total values of the indicators given in the Report may differ from the sum of the indicators as a result of rounding.