

# About this Report

This is the eighth Sustainability Report of the LUKOIL Group (the “Report”), and presents the performance results for the period from 1 January 2017 to 31 December 2017.

The previous report was published in October 2017 (for the period from 1 January 2015 to 31 December 2016). The Company was awarded for the quality of its non-financial reporting in 2017, winning the Moscow Exchange’s 20<sup>th</sup> Annual Report Competition in the category “Best Corporate Social Responsibility and Sustainability Report”. The LUKOIL Group consistently ranks in the top 10 in the Responsibility and Openness and Vector of Sustainability indexes prepared by the Russian Union of Industrialists and Entrepreneurs (RUIE), based on an analysis of the public reporting of the 100 largest companies in Russia.

We have been publishing sustainability reports since 2005 (that report includes performance results for 2003-2004). They are addressed to a wide range

of stakeholders and seek to provide balanced information that is relevant to the interests of each group. As part of its corporate governance system, the Company pays significant attention to improving its sustainability efforts and to raising the quality of the information reported. We believe an important factor in meeting these objectives is the performance of an independent assurance of the information disclosed, as well as the public assurance of the Report. The audit opinion on the assignment to provide limited assurance in respect of the Report is published on page 100. The public conclusions on the Report, by the RUIE Non-Financial Reporting Council, are published on page 103 hereto.



Reports for previous periods are available at the LUKOIL website



## Awards received in 2017







We are seeing a new stage in the development of LUKOIL Group's non-financial reporting in terms of the integration of the 2030 Agenda for Sustainable Development of the UN (hereinafter, the SDGs) into the system for analyzing operations and submitting reporting data, and also a gradual expansion of the reporting scope.

In preparing this Report, we used the following non-financial reporting standards and guidelines:

- Business Reporting on SDGs
- The Sustainability Reporting Standards of the Global Reporting Initiative (GRI) ("core" option). Certain GRI Standard indicators and tables of the general and specific standard reporting indicators are provided in Appendix 2
- The United Nations Global Compact
- The Social Charter of Russian Business and the Basic Performance Indicators of the Russian Union of Industrialists and Entrepreneurs

In this document the terms and words "the LUKOIL Group", "LUKOIL", "the Company", "the Group", the pronoun "we", and variants thereof, refer to PJSC LUKOIL and its subsidiaries and associates.



## A COMPREHENSIVE ANALYSIS DETERMINED EIGHT PRIORITY TOPIC AREAS FOR THE COMPANY IN THE MEDIUM TERM.

### Priority area for the Company

- 1 Integrating risk management and aspects of sustainability into the Company's business model and strategy**
- 2 Ethics and compliance with statutory requirements**
- 3 Climate strategy and climate risk management**
- 4 Key environmental impacts, the intelligent and efficient use of natural resources and maintenance of biodiversity**
- 5 Industrial safety**
- 6 Energy consumption and energy efficiency**
- 7 Human capital management**
- 8 Impacts on the social and economic development of local communities, including human rights, the supply chain, and the safety and quality of production**



The UN Sustainable Development Targets up to 2030

<b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>17</b> PARTNERSHIPS FOR THE GOALS 
Targets 9.4; 9.5	Targets 12.4; 12.5	Target 17.16

GRI 201  
GRI 419

36, 37, 39,  
83

<b>13</b> CLIMATE ACTION 
Target 13.1


GRI 305

32

<b>6</b> CLEAN WATER AND SANITATION 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>13</b> CLIMATE ACTION 	<b>14</b> LIFE BELOW WATER 	<b>15</b> LIFE ON LAND 
Targets 6.3; 6.4; 6.5	Target 8.4	Targets 12.4; 12.5	Targets 14.1; 14.2	Targets 15.1; 15.2; 15.5	

GRI 303  
GRI 305  
GRI 306  
GRI 308

32, 39, 44,  
45, 49, 52

<b>7</b> AFFORDABLE AND CLEAN ENERGY 
Targets 7.2; 7.3

GRI 302

32, 35

<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>10</b> REDUCED INEQUALITIES 
Targets 8.3; 8.5	Target 10.3

GRI 202  
GRI 401  
GRI 402  
GRI 403  
GRI 404

67, 68

<b>4</b> QUALITY EDUCATION 	<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>17</b> PARTNERSHIPS FOR THE GOALS 
Target 4.4	Target 8.3	Target 11.4; 11.7	Target 17.17

GRI 203  
GRI 204  
GRI 411  
GRI 412  
GRI 413

42, 67, 68,  
77, 78, 82

