

Impact assessment

The concept underlying the system for monitoring, reporting, and verifying the volume of greenhouse gas emissions in the Russian Federation² involves the implementation of standardized calculation methods. LUKOIL plays an active role in shaping the statutory and regulatory framework in this area, puts forward suggestions, and discusses and assesses the current methodologies being developed.

At the same time, we are making improvements to the corporate system for tracking and managing greenhouse gas emissions. This issue is closely scrutinized by corporate governance bodies.

In 2016 calculations of direct (Scope 1) greenhouse gas emissions were made using the methodology of The Ministry of Natural Resources and Environment of the Russian Federation³.

Total direct (Scope 1) greenhouse gas emissions by LUKOIL Group subsidiaries in Russia in 2017 stood at 31.14 million tonnes of CO₂-equivalent, which was 0.5% less than the same indicator in 2016 (31.28 million tonnes of CO₂-equivalent).

Total direct greenhouse gas emissions from LUKOIL's foreign oil refineries stood at 6.5 million tonnes of CO₂-equivalent, a 4% drop from 2016 levels.

SPECIFIC DIRECT (SCOPE 1) GREENHOUSE GAS EMISSIONS BY RUSSIAN SUBSIDIARIES OF LUKOIL GROUP

	2016	2017
Oil and Gas Production, tonnes of CO ₂ -equivalent/tonnes of reference fuel of produced hydrocarbons	0.108	0.088
Oil Refining, tonnes of CO ₂ -equivalent/tonnes of processed raw stock	0.173	0.209
Petrochemicals, tonnes of CO ₂ -equivalent/tonnes of processed raw stock	0.352	0.370
Product Marketing and Distribution, tonnes of CO ₂ -equivalent/tonnes of sold petroleum products	0.001	0.001
Midstream, tonnes of CO ₂ -equivalent/tonnes of transported oil and petroleum products	0.004	0.004
Electric Power Engineering, tonnes of CO ₂ -equivalent/MWh of generated electricity and heat	0.339	0.332

DIRECT (SCOPE 1) GREENHOUSE GAS EMISSIONS BY FOREIGN OIL REFINERIES, million tonnes of CO₂-equivalent.

LUKOIL Group subsidiaries	2016	2017
LUKOIL Neftochim Burgas AD (Bulgaria)	1.9	2.1
ISAB (Italy)	4.4	4.0
PETROTEL-LUKOIL S.A. (Romania)	0.4	0.4
Total for foreign oil refineries	6.7	6.5

In the past four years LUKOIL has participated in the international Carbon Disclosure Project (CDP), gradually expanding the list of information provided as the corporate system for recording greenhouse gas emissions improves.

² Russian Government Directive No. 716-r dated 22 April 2015.

³ Ministry of Natural Resources and Environment of the Russian Federation Order No. 300 dated 30 June 2015.

