

Biodiversity conservation

Maintaining natural ecosystems and biodiversity has significant economic, environmental, and social importance, ensures a productive habitat, and is

an important aspect in human health. Our goal is to conserve the diversity of natural biosystems in the areas where the Company operates, and to use them

in a way that does not threaten their capacity for self-regeneration.



Target 14.1.

By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.

Target 14.2.

By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.

Target 15.1.

By 2020, ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services.



Target 15.2.

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally.

Target 15.5.

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

Principles and methods of activity

Our activity to preserve biodiversity is performed based on the principle “prevent – reduce – rehabilitate – compensate”, which is applied at all stages of the life cycle of oil and gas production projects.

At the early stages, an environmental impact assessment (EIA) of the planned projects is performed, during which background information is collected on the condition of the ecosystem on

the territory of the projected activity (including the condition of valuable and protected flora and fauna). The data received are considered when selecting the site for production facilities, and if necessary alternative project implementation scenarios are considered. The risk of damaging biodiversity is assessed, as are the forecasted environmental and related social and economic ramifications of this damage.

At the operating stage we take measures to reduce and mitigate the impact of production hazards and risks, including measures to prevent the introduction of invasive species. The measures being taken and the action plans are adjusted based on an assessment of environmental monitoring results. We pay special attention to our emergency response readiness and our ability to liquidate potential impacts and to save animals, birds, and plants.

Environmental monitoring

The company uses advanced technologies to ensure environmental safety, investing significant funds in this objective. The integrated industrial environmental control system (IEC) in place at its offshore facilities helps assess environmental impacts in a timely manner. The innovative quality of the IEC



The results of environmental monitoring at offshore facilities have been published annually on our website since 2003. During our 15 years of observation, there have been no instances of Company facilities having a material impact on the marine environment and eliciting a response



lies in the comprehensive observation and monitoring of all natural and man-made environments at all stages of the life cycle of the facility, with the help of satellite data, underwater observations (sea-floor monitors and geophysical observatories), and measurements taken directly at the facilities and in the immediate environs.

Targeted programs

Key biodiversity conservation measures consist of the implementation of protection systems for fish and birds; compensation for damage to marine bioresources; silt control in small rivers, including in the underwater passages of pipeline systems; the remediation of disturbed and oil-contaminated land;

Research and development work

The Research and Development Program is aimed, among other things, at studying the biological diversity of ecosystems and reducing the impact of production.

Training to rescue animals

LUKOIL applies and passes on biodiversity conservation best practices.

Training and exercises on rescuing animals in the event of oil spills were held in 2017. Many stakeholders took part in the project, including the Ministry of Natural Resources and Environment of the Russian Federation, the joint project between the UNDP-GEF and the Ministry of Natural Resources of the Russian Federation Biodiversity Conservation in the Policies and Development Programs of the Energy Sector in Russia, the World Wildlife Fund (WWF) of Russia, a number of environmental and nature conservation organizations, and the international SEA ALARM Foundation. The Varandey Terminal and LUKOIL-Komi were chosen as the base sites.

The goal of the training was to implement best practices in rescuing and rehabilitating wildlife resources in the event of spills of oil and petroleum products. International experts held table-top exercises based on a simulated event and a two-week practical course

A corporate procedure has been developed to facilitate the prompt interpretation of environmental monitoring results. For example, the system for assessing the intensity of impacts of oil production on the marine environment is reflected in the LUKOIL-Nizhnevolzhskneft corporate

and the greening and beautification of industrial facilities. Specific measures are planned and performed under the medium-term Environmental Safety Programs of the LUKOIL Group.

The LUKOIL Group has Biodiversity Conservation Programs for Company

For example, in 2017 research was carried out into lacustrine-boggy landscapes in petroleum provinces in the sub-Arctic and Arctic Zones of Russia.

standard regarding the organization of environmental monitoring using sea-floor monitors and the identification of sources of hydrocarbon pollution in the Caspian sea basin during the development of oil and gas fields.

subsidiaries in the Arctic Zone of the Russian Federation. As part of this program subsidiaries working in this zone (LUKOIL-Western Siberia, LUKOIL-Komi, and Varandey Terminal) draft their own programs and action plans to conserve rare types of flora and fauna (indicator species).

The development of technologies and equipment to remove oil and petroleum products from bodies of water also continued.



“The training at Naryan-Mar was a unique experience, because the participants included the directors and management personnel of companies. We know of no other case where an oil and gas company was able to dedicate an entire week to on-the-job training on this issue. This is the only way to build a sensible corporate response system in the event of an oil spill.”

HUGO HIJKAMP,
Sea Alarm Foundation General Manager

on organizing the search and capture of oil-covered birds and the correct way to treat them.

A corporate document will be drafted that summarizes the training results. The knowledge received began to be shared in 2017 and this document will make it

possible to share the experience gained with all LUKOIL Group subsidiaries. For example, LUKOIL-Nizhnevolzhskneft specialists held a similar seminar in the Northern Caspian with the participation of the Astrakhan Nature Reserve and the non-governmental organization Friends of the Astrakhan Nature Reserve. The

seminar's methods and materials can be used in creating an integrated regional response and preparedness centers for the protection and rescue of wildlife.

Replenishment of marine biological resources

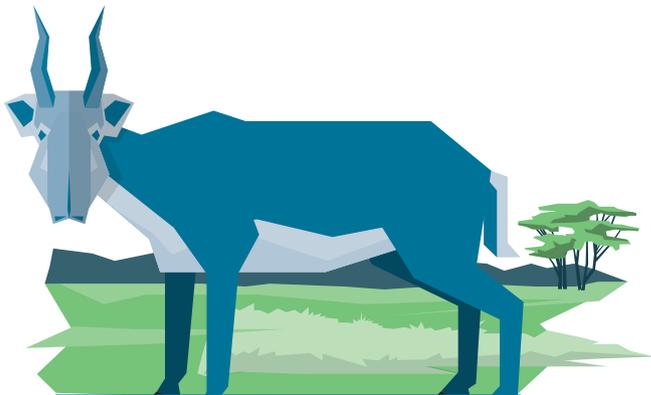
As part of the implementation of its environmental program, LUKOIL performs wide-ranging work to replenish fish stocks. In 2017, around 95.7 million fingerlings of valuable species of fish (including sturgeon, walleyes, starlet, and pike) were released into rivers and other bodies of water in the regions where the Company operates.

The most intensive work to artificially stock bodies of water is being performed in the Khanty-Mansi Autonomous Area-

Yugra, the Komi Republic, the Perm Territory, and the Astrakhan Region. A total of RUB 280.2 million was spent replenishing fish stocks in 2017.

We believe the implementation of LUKOIL's program to conserve biodiversity and local ecosystems has made a significant contribution to increasing fish numbers in local bodies of water.

Volunteers from LUKOIL Uzbekistan Operating Company LLC in Tashkent (Uzbekistan) and their families held an urban greening event called "Give the Planet a Tree!". During the event they planted over 100 trees, including birch and Crimean pine, as well as rose bushes and various types of juniper bushes.



PRESERVATION OF SAIGA POPULATION

With the support of LUKOIL, the Directorate of the Steppoy Wildlife Sanctuary (Limansky District, Astrakhan Region) is implementing the Saiga - Antelope of the Steppe project. The main aim of the project is to preserve the Saiga population in the northwest Caspian Sea Region. This species is on the verge of extinction, and the implementation of the project will make it possible to prevent a further decline in the number of Saiga and preserve the biodiversity of the steppe of the Limansky District of the Astrakhan Region.



ENVIRONMENTAL EDUCATION FOR SCHOOLCHILDREN

We continue to support the largest environmental education program in Romania, EcoAtitudine. In 2017, around 95,000 students from 230 schools took part in program-related events. In Romania we also support the "Think Green, Think Clean" program of the Environmental Protection Agency of Prahova County: a summer "environmental school" has been organized for schoolchildren, with classes held in a local park.

In 2017 workers of the refinery in Bulgaria (LUKOIL Neftochim Burgas AD) held lessons for students of three schools in the city of Burgas. They discussed human impacts on wildlife and our responsibility to preserve wildlife and the environment for future generations.