

The Company disposes waste accumulated in the pre-privatization period at LUKOIL Group subsidiaries in Russia from its own funds. Measures taken in 2017 allowed us to reduce the total amount of such waste by 41.1 thousand tonnes compared to

2016 (to 304.5 thousand tonnes as at 31 December 2017).

We pay close scrutiny to the quality of waste disposal work performed by contractors, and monitor their activities under the contracts concluded. We check waste-handling techniques, the

condition of the production control system, and ensure that sufficient resources are available to perform contractual obligations. Cooperation between subsidiaries and contractors to improve the quality of their output is constantly expanding.

Land remediation

Oil and gas production activity is unavoidably tied to the acquisition of land, and can lead to the contamination of soil, as well as a deterioration in the habitats of plants and animals. Each year, measures are taken under the Environmental Safety Program to remediate contaminated land.

Our longstanding working relationship with the UNDP/Global Environmental Facility (UNDP-GEF) and the Ministry of Natural Resources and Environment of the Russian Federation has enabled us to choose efficient remediation

techniques for the natural restoration of biodiversity, including:

- the dredging of wetlands: a less impactful method for removing surface contamination that does not disturb native vegetation sprouts
- active adsorption of oil on flooded areas
- microbiological methods of soil bioremediation, using biological substances
- melioration and agricultural methods for oil stripping
- a two-tier system for protecting water courses during the remediation of coastal land

- a rotary cultivation system used in difficult-to-traverse swampy areas

LUKOIL-Komi has stepped up its remediation activity on disturbed land: work is being performed to eliminate three sludge pools that do not conform with current requirements in the Usinsk District, with a total area of seven hectares. Work is planned by 2019 to liquidate an additional 14 completed sludge pits at the Usinskoye and Vozeiskoye fields.

REMEDICATION OF DISTURBED AND OIL-CONTAMINATED LAND BY LUKOIL GROUP SUBSIDIARIES IN RUSSIA

	2015	2016	2017
Area of remediated land, hectares	3,527.7	8,409.5 ²	9,197.3 ³
including oil-contaminated land, hectares	165.8 ⁴	98.3 ⁴	93.3
Contaminated land on the balance sheet of subsidiaries at year-end, hectares	138.1	78.0	59.7



ENVIRONMENTAL PROJECTS IN ROMANIA

A joint five-year project between the Rotary Club and PETROTEL-LUKOIL S.A. on the landscaping of a former landfill in the city of Ploiesti (Romania) was completed in 2017. The partners of the project comprised the Mayor's Office of Ploiesti, the National Forestry Agency Romsilva, the Prahova Administration, and the Prahova Educational Inspectorate.

² The level of remediation rose in 2016 to ensure prompt compliance with changes to regional Russian law.

³ In 2017 the Area of remediated land indicator included actually remediated land, as well as undamaged land returned to the land fund after the end of production.

⁴ The data were adjusted based on the results of the recalculation.