

Risk management

We fully comply with the legislation of the countries in which we operate, and constantly analyze changes made to respective legislative requirements, thereby allowing us to promptly identify and assess potential risks.

The management of risks and the environmental aspects of operations forms an integral part of the overall corporate risk management system. A Register of Material HSE Risks and a Register of Material Environmental Aspects have been created and are

regularly updated. The materiality criteria when assessing risks are the likelihood and scope of the consequences of each identified risk, with due consideration of geographical factors.

Measures to mitigate potential risks are included in the targeted programs, with additional measures stipulated for material risks. The performance of these measures is monitored during the internal audits of LUKOIL Group subsidiaries and during the preparation of corporate reporting.

Voluntary civil liability, third-party liability, and environmental liability insurance are taken out for LUKOIL Group subsidiaries to protect against catastrophic risks.

All lines of business performed by LUKOIL Group subsidiaries are considered during risk identification and assessment, including the purchase of products and services from suppliers and contractors performing work at our facilities.

Environmental safety program

In 2017 the execution of the targeted Environmental Safety Program of LUKOIL Group Subsidiaries for 2014-2018 continued. After its consideration by the Health, Safety, and Environment Committee of PJSC LUKOIL, it was concluded that it was successfully implemented.



Target 8.4.

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation.

ENVIRONMENTAL SAFETY PROGRAM IMPLEMENTATION RESULTS, 2014-2017

	2013 ¹	2017	2017/2013
APG utilization rate in Russia, %	87.7	95.2	↑ 7.5 p.p.
Air emissions of pollutants, thousand tonnes	735.5	502.5	↓ 31.7%
Discharge of undertreated and contaminated wastewater, million cubic meters	2.3	1.1	↓ 52.2%
Volume of water consumption for own needs, million cubic meters	432.9	376.4	↓ 13.1%
Volume of waste accumulated in the pre-privatization period ² , thousand tonnes	576 (at 31.12.2013)	304.5 (at 31.12.2017)	↓ 271.5 thousand t
Remediation of disturbed and oil-contaminated land, thousand hectares	3.06	9.2	↑ x3 times

Water use

Water is used at all stages of the production cycle in the oil and gas sector (from exploration drilling to refining crude into finished products and its delivery to consumers). At the same

time, people, animals, and vegetation also require water, which illustrates the social significance of sustainable water use. Access to clean drinking water is a fundamental human right.

¹ We compared the indicators with 2013, which was the previous year that the ESP was implemented.

² Pre-privatization period waste: waste accumulated at facilities in the period preceding their privatization and/or the acquisition of licenses by LUKOIL Group.