

## HEALTH, SAFETY AND ENVIRONMENT POLICY OF LUKOIL GROUP IN THE 21<sup>st</sup> CENTURY

LUKOIL Group's strategic mission is to be a competitive oil and gas company and deliver sustainable business growth guided by highest quality standards, environmental friendliness and commitment to social responsibility principles.

While being aware of its social responsibility, the Company intends to contribute to the long-term economic growth and social stability, promote prosperity and progress, preserve favorable environmental conditions and ensure the efficient use of natural resources in the regions of LUKOIL Group's presence; and it expects the society to recognize the complexity and magnitude of the tasks faced by the Company.

LUKOIL Group's social responsibility implies creating decent working conditions and salary, ensuring environmental safety and preserving cultural heritage.

LUKOIL sets the following priority goals: ensuring safe working conditions for employees; health protection of LUKOIL Group employees as well as of the local population in the regions of its presence; preservation of environment and climate change mitigation based on application of the best available technologies.

To accomplish those tasks, the Company has established an efficient HSE Management System that includes compliance with fire safety requirements and emergency prevention and response. It is developed in line with the national legislation, including legislation of the Russian Federation, best practices and is certified for compliance with ISO 14001 and ISO 45001 standards.

The HSE Policy of LUKOIL Group in the 21st Century (hereinafter the Policy) sets the following targets:

- increasing the ratio of efficient associated petroleum gas use;
- applying the "zero discharge" principle for offshore field development;
- increasing output of eco-friendly fuels compliant with international standards;
- efficient use of natural resources, both involved in the production process and those occurring naturally in the regions of LUKOIL Group's presence, through implementation of resource-saving and energy efficient technologies and use of alternative energy sources;
- consistent mitigation of negative environmental impact through introduction of best available technologies, equipment, materials and improved automation of engineering process management;
- mitigation of impact produced by activities of LUKOIL Group organizations on climate, biological diversity of environmentally sensitive territories, including the Arctic zone and low-water regions of the Russian Federation;

- improving HSE conditions and mitigating risk of accidents at hazardous sites due to, among others, the increased reliability of process equipment, including pipeline integrity, its safe and accident-free operation, introduction of new technologies and automated accident-prevention systems;
- ensuring preparedness of the management of LUKOIL Group organizations, employees, emergency rescue services and teams for possible accidents, fires and emergency-response measures, and also increased preparedness and better equipment of firefighting and emergency rescue teams;
- advancing development and implementation of programs aimed at continuous tracing and tackling of principal tasks in the area of industrial, fire, environmental and occupational safety, as well as emergency prevention;
- mitigating of man-caused load from newly commissioned and redesigned facilities through improved quality of assessment of planned activities on environment and climate; and preparation of pre-design and project documentation;
- improving efficiency of production control, corporate supervision and internal audit in terms of compliance with the legislative HSE requirements at the facilities of LUKOIL Group organizations based on the introduction of cutting-edge information technologies, methods of engineering diagnostics and remote monitoring in line with the international standards ISO 14001, ISO 45001.

To achieve the set targets, LUKOIL Group assumes the following obligations:

- implement the whole range of available and viable measures to prevent risk of injuries, occupational illnesses among employees, accidents and emergencies;
- prioritize planned and implemented actions and measures aimed at preventing impact on employees, local population, environment and climate over measures to mitigate the related consequences;
- ensure consistent and continuous improvement of properties and characteristics of the impact produced by planned and implemented activities, products and services on employees, local population, environment and climate, and also of the impact produced by consumption of natural resources, in keeping with the current advances in science, technology and society;
- efficiently control greenhouse gases emissions;
- continuously and regularly implement measures to reduce losses of oil, gas, oil and gas products, and prevent its release into the environment;
- introduce advanced scientific research and technologies to gradually reduce the specific consumption of natural resources, materials and energy, while maintaining the maximum possible output;
- ensure compliance with national legislation of the countries of the LUKOIL Group organizations operations (for Group organizations operating in Russia – ensure compliance with the Russian legislation) as well as international agreements and sector-specific and corporate regulatory requirements regulating industrial, fire and environmental safety, occupational safety, prevention and preparedness for emergency response;

- assess the impact produced by planned business activities, products and services upon the health of employees, local population and upon the environment at early stages of the planned activities, including additional assessment of risks when planning works in environmentally sensitive areas;
- assess industrial, professional, environmental and fire risks, ecological aspects related to environmental impact, and climate change risks at all stages of a facility's life cycle;
- make and implement all managerial and production-related decisions taking into account environmental aspects; industrial, professional, environmental, climate and fire risks;
- plan and undertake integrated measures to preserve biological diversity seeking to:
  - avoid operations in the habitats of valuable and specially protected plants and animals, in especially sensitive environmental zones, in plant-vegetation seasons, during breeding and migration periods of wild animals, or minimize the impact when it is impossible to avoid the operations within certain territories and during certain seasons;
  - reduce areas of disturbed lands, preserving the maximum landscape integrity;
  - prevent or mitigate impact on the wildlife of LUKOIL Group employees and third parties acting on its behalf;
- hold all employees of LUKOIL Group organizations responsible for compliance of their operations with effective HSE, fire and emergency response rules and standards; introduce incentive measures, ensure training and personnel development programs as related to the employees of the Company and LUKOIL Group organizations;
- ensure that all the organizations operating in the territory of and/or on behalf of LUKOIL Group organizations, at all stages of a facility life cycle, conduct their work in compliance with HSE, fire and emergency response rules and standards applicable across LUKOIL Group organizations;
- publicly inform the Company's shareholders and employees of its activities in the area of industrial, fire and environmental safety, occupational safety, prevention and preparedness for emergency response;
- regularly interact with all stakeholders interested in the Company's activities (society, including the representatives of indigenous people residing in the areas of LUKOIL Group's presence, the legislative and executive authorities, research organizations, etc.), hold consultations with the employees of the Company and LUKOIL Group organizations on industrial, fire and environmental safety, occupational safety, prevention and preparedness for emergency response issues;
- ensure continuous improvement of the HSE Management System in compliance with the requirements of the ISO 14001 and ISO 45001 standards;
- ensure control over fulfillment of the obligations undertaken as part of the Policy.

This Policy shall cover PJSC LUKOIL and other organizations of LUKOIL Group, unless they are contrary to national legislations of countries where LUKOIL Group companies operate.