

Abroad

Other entities related to Refining, Marketing and Distribution business segment

LUKOIL Lubricants Middle East Madeni Yag Sanayi ve Ticaret Limited Sirketi
 LUKOIL Lubricants Central Asia LLP
 LUKOIL Lubricants (China) Co., Ltd.
 LUKOIL Lubricants Africa, S.A.R.L.
 Akpet Gaz A.S.
 Lukoil Istasyon Isletmeciligi Limited Şirketi
 Akpet Akaryakit Dag. A.S.
 Akdeniz Boru Natlari Nakliyat ve Isletmecilik Ic ve Dis Tic. Ltd Sti
 Op-Ay Akaryakit Tic. Ltd. Sti.
 ISTASYON YONETIMI VE PETROL URUNLERI TICARETI
 ANONIM SIRKETI
 LITASCO SA
 LLP LITASCO Central Asia
 LITASCO Middle East DMCC
 IRAQ PETROLEUM TRADING DMCC
 LUKOIL ASIA PACIFIC PTE LTD.

Americas

LUKOIL MARINE LUBRICANTS USA INC.
 LUKOIL Lubricants Mexico, S.de R.L.de C.V.
 LUKOIL NORTH AMERICA LLC
 LUKOIL Pan Americas, LLC
 LUKOIL Lubricants Mexico S.de R.L.de C.V.
 LUKOIL MARINE LUBRICANTS USA INC.
 LUKOIL International Upstream West Inc
 INTEGRATED EXPLORATION AND PRODUCTION SERVICES, S. de R.L. de C.V.
 LUKOIL UPSTREAM MEXICO, S. de R.L. de C.V.

APPENDIX 2. IDENTIFICATION OF MATERIAL TOPICS OF THE REPORT

The procedure for determining the material topics of the Report is performed in accordance with the Global Reporting Initiative (GRI) standards, with a focus on SASB standards and UN Global Sustainable Development Goals. Recently, discussions have intensified on the need to introduce more precise criteria and procedures for determining materiality, which could ensure comparability of the results of the analysis of material topics in the reports of different companies¹. We support it and will be guided by the discussion results.

For the reporting purposes, a material topic is a topic that reflects the Company's significant long-term economic, environmental and social impact (positive or negative) on the countries/regions of operations and local communities, and/or affects the interests of / may affect stakeholders. Each material topic includes a number of issues that may be rather specific to a particular territory or a time period, and, accordingly, may vary from report to report.

Our goal is to continuously improve the quality of corporate sustainability reporting and its informative value to stakeholders. To attain it we perform the following procedures:

- analysis of sustainability reports of oil and gas companies
- analysis of the results of an audit and external assurance of the report for the previous reporting period
- analysis of media publications
- analysis of legislative requirements for non-financial information disclosures, requirements of financial platforms, monitoring of non-financial reporting systems and major initiatives in this area
- surveys of PJSC LUKOIL unit heads, heads of LUKOIL Group entities, members of the Board of Directors and the Management Committee (once every two years), ranking of material topics and issues based on the results (scoring is applied)
- stakeholder engagement during a reporting year in various formats (roundtables, responses to inquiries, surveys of consumers and employees, working groups, participation in external initiatives, etc.).

The analysis findings are presented as a list of relevant issues. Based on qualitative analysis (repeatability, scale, rating issued by managers of PJSC LUKOIL, etc.), material issues are identified and grouped into material topics. The Sustainability Task Force approves the list of material topics. The Non-Financial Reporting Regulations are being developed by LUKOIL Group. Material

topics and issues identified for 2019 can be found on two-page opening of the Sustainability Report (page **18**).

The Report takes into account where possible the recommendations received after the external assurance of the Sustainability Report for 2018

- Describe a procedure for identifying material topics
- Provide more detail on the impact of digitalization of the Company's activities on efficiency improvement, sustainable resource use, risk management (in progress as projects are being implemented)
- Describe the Company's experience in supplier assessment during tenders (environmental and social aspects of their activities) as part of implementing the principle of a responsible supply chain
- Other recommendations are taken into account and will be implemented in the course of the reporting information preparation.

¹. Sources: <https://www.datamaran.com/blog/materiality-corporate-accountability/>; https://pages.datamaran.com/hubfs/Materiality%20best%20practice.pdf?__hstc=154248359.8c6101132400fe2f5773e6a290a018c2.1580502787058.1580547645408.1581252863433.4&__hssc=154248359.2.1581252863433&__hsfp=1696309790