

SUSTAINABILITY AND CLIMATE CHANGE MANAGEMENT

The management system was modified in 2019, bringing real improvements in management systems and processes as well as disclosure approaches.

Sustainability management system structure at PJSC LUKOIL

MANAGEMENT LEVEL	AREAS OF SUSTAINABILITY EFFORTS
<p>The Board of Directors of PJSC LUKOIL</p> <hr/> <p>Chairman: Valery Grayfer¹</p>	<p>Issues regularly considered at the Board of Directors' meetings include the following:</p> <ul style="list-style-type: none"> • Climate change – NEW; • Assessing the results of the Environmental Safety and the Industrial Safety Programs, Better Working Environment, Emergency Prevention and Response Program; • Review of issues related to the HSE at LUKOIL Group; • Review of information on major incidents and accidents, their causes, the results of response measures, as well as actions taken to mitigate similar risks in the future
<p>The Strategy, Investment and Sustainability Committee of the Board of Directors of PJSC LUKOIL</p> <hr/> <p>Chairman: Sergei Shatalov, an independent member of the Board of Directors</p> <p>Igor Ivanov, an independent member of the Board of Directors, held this position until 20 June 2019</p>	<p>The Committee is, among other things, responsible for:</p> <ul style="list-style-type: none"> • preparing recommendations for the Board of Directors on the following: <ul style="list-style-type: none"> - strategic goals in sustainable development, including climate agenda, industrial safety, environmental activities and social responsibility, - integration of those goals into the Strategic Development Program of LUKOIL Group - NEW, - enhancement of the corporate governance system, - development and evaluation of the Company's engagement with stakeholders on sustainability matters – NEW, - improvement of the quality of disclosures in LUKOIL Group's Sustainability Report, - consideration of sustainability reporting, including LUKOIL Group's Sustainability Report; • monitoring of the improvement of HSE management system procedures; • analyzing the causes of incidents and accidents; • monitoring relations with stakeholders; • evaluating the effectiveness of the Company's long-term activities

¹ Valery Grayfer was a Chairman of the Board of Directors of PJSC LUKOIL until 24 April 2020 (date of death). During the preparation of the Report Ravil Maganov was appointed Chairman of the Board of Directors by resolution of the Board of Directors of PJSC LUKOIL (Minutes No.11 dated 23 June 2020).

MANAGEMENT LEVEL

AREAS OF SUSTAINABILITY EFFORTS

The Audit Committee of the Board of Directors of PJSC LUKOIL

Chairman: **Viktor Blazheev**,
an independent member
of the Board of Directors

The Committee, among other things, oversees:

- processes used to ensure reliability and efficiency of the risk management and internal control system;
- procedures ensuring compliance with the requirements of applicable laws, corporate ethical standards, rules and procedures, as well as stock exchange requirements;
- whistleblowing procedures for potential bad faith actions on the part of LUKOIL Group employees and third parties, or other violations

The Human Resources and Compensation Committee of the Board of Directors of PJSC LUKOIL

Chairman: **Roger Munnings**,
an independent member
of the Board of Directors

The Committee is, among other things, responsible for:

- preparation of proposals for the Board of Directors on the development of the corporate HR policy;
- annual review of the Board of Directors and its members' performance;
- developing and revising periodically the Compensation Policy for members of the Board of Directors, the Management Committee, and the President of the Company, and also monitoring implementation

The Management Committee of PJSC LUKOIL

President, Chairman
of the Management Committee:
Vagit Alekperov

The Management Committee is responsible for the management of LUKOIL Group's day-to-day operations.

The matters discussed by the Management Committee at its meetings include but are not limited to:

- the progress and implementation of the Strategic Development Program and development plans and approval of their results;
- securing the highest HSE standards, approval of HSE corporate policy, analyzing efficiency of the HSE management system and improving its performance;
- approval of target HSE programs;
- the functioning of the risk management and internal control system;
- reviewing the report "The State of HSE at LUKOIL Group"

MANAGEMENT LEVEL

AREAS OF SUSTAINABILITY EFFORTS

NEW

Vice President for Sustainability

Evgeny Khavkin, a member
of PJSC LUKOIL Management
Committee, Vice President, Chief
of Staff of PJSC LUKOIL

The Vice President for Sustainability is responsible for:

- organization and development of a single corporate position;
- coordination of works related to the creation and implementation of unified corporate information policy on sustainability;
- ensuring interaction and coordination of collaboration among structural units;
- organizing and ensuring engagement with all stakeholders;
- development of internal regulations and a regulatory framework;
- organizing activities of the Sustainability Task Force, development of its work plans, and monitoring the implementation of its decisions;
- preparation of proposals on the improvement of the sustainability management system and practices at PJSC LUKOIL and other LUKOIL Group entities

The Corporate Secretary of PJSC LUKOIL

Natalia Podolskaya

The Corporate Secretary of PJSC LUKOIL and the Office of the Corporate Secretary are responsible for:

- engagement with the Board of Directors and Board committees on sustainable development issues;
- initiating actions to improve the quality of sustainability management to ensure better integration of sustainability issues into business processes;
- participation in coordinating sustainability reporting efforts;
- participation in stakeholder engagement, including preparation of responses to shareholder and investor requests regarding the Group's sustainability performance.

NEW

The Sustainability Task Force¹

Head: **Evgeny Khavkin**, a member
of PJSC LUKOIL Management
Committee, Vice President, Chief
of Staff of PJSC LUKOIL

The Sustainability Task Force (hereinafter the Task Force) sets goals and contributes to developing a single corporate position on relevant sustainability and climate change matters at its meetings. The range of matters discussed was expanded in 2019, which is reflected in the Task Force's new name.

The Sustainability Task Force is responsible for:

- organization of communications and interaction between relevant divisions of PJSC LUKOIL, setting goals to implement changes in management systems;
- organizing and monitoring the process of Sustainability Report preparation;
- enhancing the system of collecting, preparing and disclosing reporting information;
- preparing recommendations for governing bodies on the matters discussed;
- analyzing feedback from stakeholders on sustainable development issues

¹ The name of the Task Force was changed pursuant to PJSC LUKOIL Order No. 173 dated 30 September 2019.

MANAGEMENT LEVEL

AREAS OF SUSTAINABILITY EFFORTS

The Health, Safety and Environmental (HSE) Committee of PJSC LUKOIL

Chairman: **Ravil Maganov**,
First Executive Vice President
of PJSC LUKOIL

The Health, Safety and Environmental Committee is responsible for:

- developing a Health, Safety and Environmental Policy, setting goals and assigning tasks, assessing significant risks and opportunities in HSE, analyzing environmental issues (including climate-related issues) and the achievement of key performance indicators (KPIs)
- analyzing and approving any HSE initiatives and assessing their effectiveness
- evaluating compliance of LUKOIL Group’s activities with applicable laws and other HSE requirements
- preparing proposals on the improvement of LUKOIL Group’s HSE management system.

PJSC LUKOIL

Heads of relevant divisions manage the implementation of strategic and targeted programs that address sustainable development issues, including climate, water use, biodiversity and waste.

LUKOIL Group entities

Heads of LUKOIL Group entities

Make operational decisions at enterprise level to ensure that industrial safety, environmental protection, and injury rate targets are attained as required. Ensure the achievement of targets approved by the Group’s Corporate Center.

Heads of dedicated business units

Lead the implementation of strategic and target programs.