

Costs of environmental protection activities performed by LUKOIL Group entities, RUB million

	2016	2017	2018
Total costs, including:	53,286	42,412	35,529
capital costs	30,854	21,927	28,498
a) Russian entities, total	53,286	42,412	34,339
including capital costs	30,854	21,927	27,552
b) foreign entities, total:	no data	no data	1,190
including capital costs	no data	no data	946

Notes. 1) Reducing the total funding volume for Environmental Safety Program measures is connected with the completion of the main stage of the Program for the Rational Utilization of Associated Petroleum Gas in LUKOIL Group Entities. 2) The costs of the Environmental Safety Program comprise: expenses related to the Program for the Rational Utilization of Associated Petroleum Gas by LUKOIL Group Entities, waste removal and disposal, the treatment of emissions and discharges, the performance of in-process environmental controls and the monitoring of environmental components, the preservation of biodiversity, eradicating damage, and preparedness for the liquidation of emergencies (sum of operating and capital costs). 3) When calculating costs in the foreign entities of LUKOIL Group, the 2018 currency exchange rate of USD 1 = RUB 63 was used.

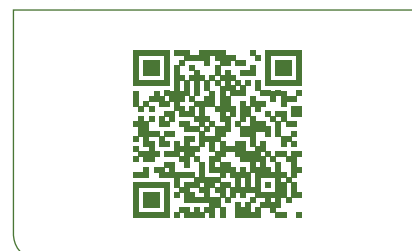
UTILIZATION OF WATER RESOURCES

Water is used at all stages of the production cycle in the oil and gas industry (from exploratory drilling to raw material processing into end products and their transportation to consumers). At the same time, water is required by people, animals, and plants, which

underlines the social and ecological importance of sustainable water use. A lack of fresh drinking water results in significant health risks for people. Hence access to fresh drinking water constitutes a fundamental human right.



Water availability indicators in Russia



Water consumption

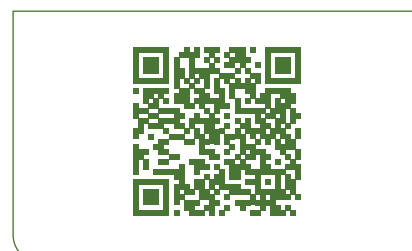
Russia has a healthy water supply¹ and the oil & gas sector has a relatively low impact on fresh water consumption compared to other sectors of the economy². Nonetheless, we believe improving water use efficiency and maintaining the cleanliness of surface and underground waters to be important issues.

external negative factors, including natural ones (droughts, the drying up of reservoirs, the contamination of underground springs).

Seeking to ensure a more effective water use, we strive to identify risks in a timely manner and to minimize them through the implementation of cutting-edge water-efficient technologies. Our main approach to attaining our objective of sustainable water use is the implementation of water recycling and reuse systems at production facilities and the maximum beneficial use of water which is withdrawn, including formation water.



LUKOIL HSE Policy for 21st century



LUKOIL HSE Policy for 21st century² sets forth obligations for the rational use of natural resources (including water), and is aimed at:

- Minimizing impacts from business activity, including a reduction in the use of water resources.
- Decreasing the dependence of production facilities on possible

¹ See: World Resource Institute <http://www.wri.org/resources/maps/aqueduct-water-risk-atlas>.

² See: Water in the Energy Industry. - BP International, 2013.