

Interaction in the course of fulfilling contractual obligations

A contract is entered into with the organization that wins the tender; this, together with the requirements of applicable legislation, regulate the interactions of both parties. In otherwise equal conditions, when selecting suppliers, preference is, however, given to domestic manufacturers.

Under the terms and conditions of agreements to supply goods/works/services, all suppliers and contractors undertake to adhere to the requirements of current laws, as well as those of the Policy of PJSC LUKOIL in the area of occupational health, safety

and environment in the 21st century. The following obligatory requirements form integral parts of the agreements:

- Undergoing introductory / initial workplace briefings before contractors begin the performance of works / provide services at LUKOIL Group entity facilities, the availability of personal protective equipment in accordance with the nature of the work being performed, confirming that suppliers / contractors have appropriate first-aid skills.
- Immediate notifications to the customer of works or services about all accidents that have taken place

during performance of work.

- Prohibiting the unauthorized accumulation and placement of waste, the discharge of wastewater (liquid waste) and chemicals, the discharge of pollutants into ambient air, or the contamination of soil with chemicals while performing works at LUKOIL Group entity facilities.

The Company monitors the operations of contracting organizations for compliance with the above requirements.

PRODUCT QUALITY

LUKOIL Group entities produce a wide range of products that are used in various sectors of the industry, as well as by vehicle owners in Russia and

in countries in Europe, Asia, and the USA. Our priorities include a focus on consumer expectations, developing and marketing new products with enhanced

operational and environmental qualities, and the continual improvement of high-quality management methods.

Product sales in 2018

Type of product	2016	2017	2018
Premium ECTO fuel, thousand tons	7,535	8,554	9,603
Bunker fuel, thousand tons	3,347	4,539	4,742
Aviation bunker fuel, thousand tons	2,747	3,238	3,198
Branded oils (premium group), thousand tons	249	262	258
Biofuel mixes, million liters	4,246	4,174	6,515

Notes. Allowing for a density of automotive gasoline of 0.755 kg/L and of diesel fuel of 0.845 kg/L. Biofuel mixtures are understood to mean mixtures of automotive gasolines and ethanol (up to 10%), or diesel fuel and methyl ethers of fatty acids. These products are sold in European countries. (The largest volumes, in excess of 1,000 million liters, are sold in Belgium, Romania, Bulgaria, and Turkey.)

