**Anti-corruption**

LUKOIL Group entities strictly abide by the anti-corruption laws of the Russian Federation and similar legislation in the other countries in which they operate. The Company is developing a corporate culture, and introducing rules and procedures that prevent corruption and corporate fraud.

Anti-corruption procedures are in place at all LUKOIL Group entities, including those based outside Russia. **G4-SO4**

LUKOIL Group entities, which are present or operate in the US, strictly abide by the US Foreign Corrupt Practices Act. The entities have anti-corruption procedures in place which are compliant with legislation.

**Risk management and internal control**

The Company has a Risk Management and Internal Control System (hereinafter – the RM&ICS). It aims to ensure that the following goals are met:

- strategic and business objectives;
- asset integrity;
- compliance of all reporting forms with established requirements;
- compliance with applicable laws and the regulations of LUKOIL Group entities.

In order to develop the RM&ICS, the Board of Directors approved the PJSC LUKOIL’s Risk Management and Internal Control Policy in 2016. The document sets forth the key principles of and approaches to organizing the RM&ICS, its main goals, and the main objectives of its stakeholders, which are uniform and binding across the LUKOIL Group. **G4-2**

The RM&ICS is designed to be a three-line system to protect the interests of the Company. The practicality of organizing such a system of responsibility is aimed at achieving the goals of enhanced reliability in the Company’s activities.

Risk management and internal control processes are integrated into the activities of LUKOIL Group entities. The Risk management regulatory and procedural framework sets out the common requirements for all Company subsidiaries regarding risk management at all stages, and determines the management of separate, more significant risk categories. Risk assessments are conducted regularly, and information about the risk portfolios of LUKOIL Group entities are included in annual reports considered by the Board of Directors and the Audit Committee.

**For more information about the function of the risk management system, its participants and the changes to the system during the reporting period, see 2016 Annual Report, pp. 110-111.**

The Group has identified the most significant risks affecting the activities of LUKOIL Group entities and has performed qualitative and quantitative assessments. It has established levels of acceptability for each significant risk and has developed measures designed to reduce or eliminate their negative impact. The implementation and effectiveness of these measures are monitored.

**The full list of risks and management procedures is available in the 2016 Annual Report. Annex 2.**