LUKOIL:
TRADING IRAQI OIL

Gati Al-Jebouri
Representative of PJSC LUKOIL President for Iraq and Arab Gulf States
Managing Director LUKOIL Mid East Ltd.
LUKOIL at a glance

Full Energy Cycle

- Exploration
- Production
- Gas processing
- Power generation
- Oil Refining
- Petrochemicals
- Sales
- Transportation
- «Green» energy

LUKOIL in the world:
- 2% of oil production
- 1% of proven oil reserves
- More than 40 countries
- Over 100,000 employees
LUKOIL Cooperation with EITI – Iraq example

2010-2012 LITASCO disclosed information to EITI through KPMG
2014-2015 LUKOIL Mid-East Limited disclosed information to EITI through PWC and KPMG
Since 2016 disclosure process is frozen due to suspension of Iraqi membership in EITI

LUKOIL Mid-East Limited

1. Payments to Government of Iraq, IQD & USD
2. Cost recovery, USD
3. Remuneration fees, USD
4. Crude oil received and Compensated, bbl & USD
5. National Partner’s share of profits, USD
6. Crude oil produced and exported, bbl
7. Oil handled to SOC (Tuba Tank Farm), bbl
8. Training courses delivered
9. Number of national and Expat employees
10. Social expenditures, USD
11. Corporate taxes paid, USD
12. Beneficial ownership
13. Environmental impact assessment
14. Financial results
15. Policies and procedures in regard to sub contracts

LI TASCO

1. Shipment No.
2. Contract No.
3. Invoice No.
4. Quantity, bbl & tons
5. Price, USD per bbl
6. Invoice Amount, USD
7. Port
8. Loading date
9. License No.
10. Destination
11. Payment due date
12. API
13. Vessel’s name
14. Settlement date
15. Payment information
LUKOIL Operations with Iraqi Oil in 2017: Overview

42.1 mln bbl traded in 2017

Compensation Oil related to WQ-2
State Oil (IPT)
State Oil (SOMO)

JV LITASCO & SOMO - IPT

SOMO
10.3 mln bbl
12.5 mln bbl

LITASCO
22.8 mln bbl

Other traders

 Buyers

State Oil (SOMO)
19.3 mln bbl

State Oil (IPT)
10.3 mln bbl
Disclosure: Compensation Oil from WQ-2

Consolidated financial statements of PJSC LUKOIL in accordance with International Financial Reporting Standards (IFRS).

West Qurna-2

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total production</td>
<td>142,224</td>
<td>149,341</td>
</tr>
<tr>
<td>Production related to compensation and remuneration</td>
<td>12,466</td>
<td>34,742</td>
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<tr>
<td>Shipment of compensation crude oil</td>
<td>11,854</td>
<td>61,005</td>
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<tr>
<td>Cost compensation</td>
<td>32,322</td>
<td>62,928</td>
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<tr>
<td>Remuneration fee</td>
<td>5,307</td>
<td>8,612</td>
</tr>
<tr>
<td>Cost of compensation crude oil, received as liability settlement (included in Cost of purchased crude oil, gas and products)</td>
<td>37,629</td>
<td>71,610</td>
</tr>
<tr>
<td>Extraction expenses</td>
<td>16,178</td>
<td>31,231</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>16,454</td>
<td>31,438</td>
</tr>
<tr>
<td>EBITDA</td>
<td>17,188</td>
<td>39,468</td>
</tr>
</tbody>
</table>

(1) Translated into barrels using conversion rate characterizing the density of oil at the field.

(2) This crude oil is sold to third party customers or delivered to our refineries. After realization of these products, respective sales revenues are recognized.
Quarterly meetings

5 sub-committees:

- HR
- Legal
- Security
- Finance
- Social Performance
# EITI Guidance note 26 – LITASCO as a seller & buyer

<table>
<thead>
<tr>
<th>Required Information</th>
<th>LITASCO as a seller</th>
<th>LITASCO as a buyer</th>
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</thead>
<tbody>
<tr>
<td>Name of seller of the government’s share of production</td>
<td>IPT</td>
<td>SOMO</td>
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<tr>
<td>Oil grade and quality</td>
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<td>Date of sale</td>
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<td>Buyer</td>
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<td>LITASCO</td>
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<td>Beneficial owner</td>
<td>LITASCO and SOMO</td>
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<td>Incoterms</td>
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<tr>
<td>Load port, terminal or depot</td>
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<tr>
<td>Volumes sold</td>
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<tr>
<td>Revenues received</td>
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<tr>
<td>Price information</td>
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<td>Contract type</td>
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<tr>
<td>Fees, charges and credits</td>
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<tr>
<td>Foreign exchange rate</td>
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<td>Payment receipt date</td>
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<tr>
<td>Payment accounts</td>
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<tr>
<td>Destinations</td>
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<td>Available</td>
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</tbody>
</table>
69.1 Each Party agrees and undertakes to the other Party that in connection with the Agreement:
69.1.1 it will comply with all applicable Regulations relating to anti-bribery, corruption and anti-money laundering of Switzerland, the United Kingdom (including without limitation the Bribery Act 2010), the United States of America (including without limitation the Foreign Corrupt Practices Act), the EU and any other state to which it is subject (including without limitation the applicable country legislation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) (“Anti-Bribery Regulations”); and
69.1.2 it will take no action which would subject the other Party to fines, penalties or liabilities under, or otherwise cause the other Party to be in breach of, Anti-Bribery Regulations.
69.2 Each Party represents, warrants and undertakes to the other Party that it shall not, directly or indirectly by any means whatsoever:
69.2.1 pay, offer, accept, give or promise to pay, offer, accept or give or authorize the payment of any monies or the transfer of any financial or other advantage or other things of value to:
   (a) a government official or another officer or employee of a government or any department, agency or instrumentality of any government;
   (b) an officer or employee of a public international organization;
   (c) any person acting in an official capacity for or on behalf of any government or department, agency, or instrumentality of such government or any public international organization;
   (d) any political party or official thereof, or any candidate for political office;
   (e) any director, officer, employee, agent, representative or servant of an actual or prospective counterparty, supplier or customer of either Party;
   (f) any other person, individual or entity at the suggestion, request or direction or for the benefit of any of the persons, officials, organisations, parties or entities referred to in (a) to (e) above; or
69.2.2 engage in any other acts or transactions if such act or transaction is or would be in violation of or inconsistent with Anti-Bribery Regulations applicable to either of the Parties.
69.3 In addition, the Seller represents, warrants and undertakes to the Buyer that it has not performed and will not perform, directly or indirectly by any means whatsoever, any of the acts or transactions specified in clause 69.2 in connection with the Seller’s purchase or sourcing of the Oil, including without limitation any such acts or transactions with any officials, officers or employees of the government of the country in which the Oil originated or any agency, department or instrumentality of such government in connection with such Oil that would be in violation of inconsistent with Anti-Bribery Regulations applicable to either of the Parties.
Always moving forward