

# LUKOIL: TRADING IRAQI OIL

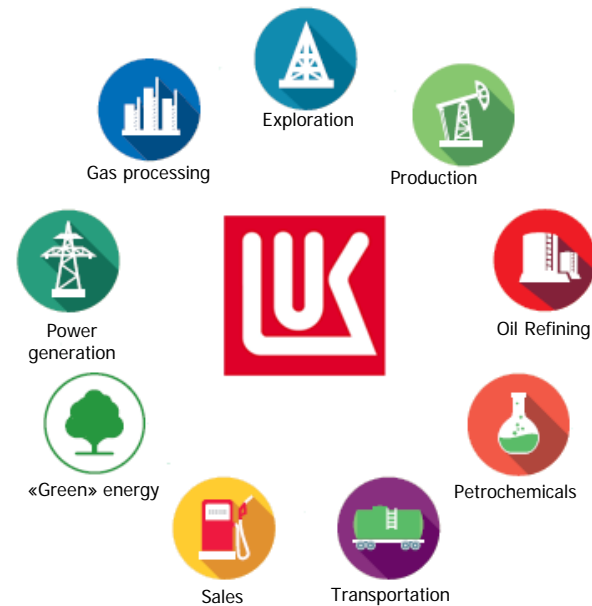
Gati Al-Jebouri

Representative of PJSC LUKOIL President for Iraq and Arab Gulf States

Managing Director LUKOIL Mid East Ltd.

# LUKOIL at a glance

## Full Energy Cycle



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



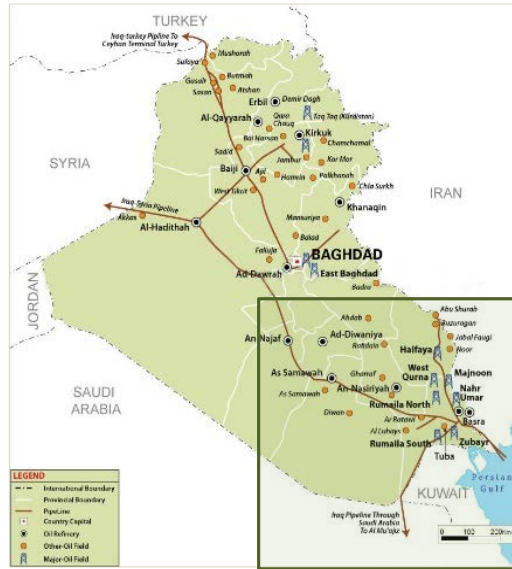
## LITASCO

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



JV LITASCO & SOMO - IPT

19.3 mln bbl

SOMO

10.3 mln bbl

12.5 mln bbl

LITASCO

22.8 mln bbl

Other traders

Buyers

# Disclosure: Compensation Oil from WQ-2



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

## West Qurna-2

	12 months of			
	2017	2017	2016	2016
	(thousand barrels)	(thousand tonnes)	(thousand barrels)	(thousand tonnes)
Total production.....	142,224	20,793	149,341	21,770
Production related to cost compensation and remuneration <sup>(1)</sup> .....	12,466	1,822	34,742	5,064
Shipment of compensation crude oil <sup>(1)(2)</sup> .....	11,854	1,733	61,005	8,893
	(millions of rubles)	(millions of US dollars)	(millions of rubles)	(millions of US dollars)
Cost compensation.....	32,322	554	62,998	914
Remuneration fee.....	5,307	91	8,612	128
	37,629	645	71,610	1,042
Cost of compensation crude oil, received as liability settlement (included in <i>Cost of purchased crude oil, gas and products</i> ) <sup>(2)</sup> .....	33,191	567	140,392	2,106
Extraction expenses.....	16,178	278	31,231	462
Depreciation, depletion and amortization.....	16,454	282	31,438	447
EBITDA.....	17,188	294	39,468	566

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

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

# IOCs Forum – Partner of EITI

**IOCs Forum** ↔ **EITI** Extractive Industries Transparency Initiative



Quarterly meetings

5 sub-committees:

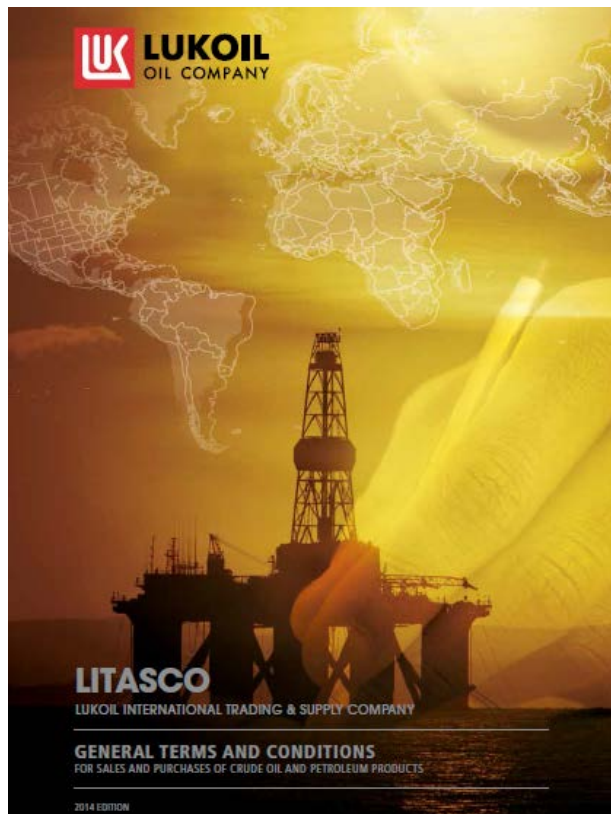
- ✓ HR
- ✓ Legal
- ✓ Security
- ✓ Finance
- ✓ Social Performance



## EITI Guidance note 26 – LITASCO as a seller & buyer

	Required Information	LITASCO as a seller	LITASCO as a buyer
1	Name of seller of the government's share of production	IPT	SOMO
2	Oil grade and quality	Available	Available
3	Date of sale	Available	Available
4	Type of state-owned oil	Not available	Not available
5	Contract number	Available	Available
6	Buyer	Available	LITASCO
7	Beneficial owner	LITASCO and SOMO	Not available
8	Incoterms	Available	Available
9	Load port, terminal or depot	Available	Available
10	Volumes sold	Available	Available
11	Revenues received	Available	Available
12	Price information	Available	Available
13	Contract type	Available	Available
14	Fees, charges and credits	Available	Available
15	Foreign exchange rate	Not applicable	Not applicable
16	Payment receipt date	Available	Available
17	Payment accounts	Available	Available
18	Destinations	Available	Available

# LITASCO: Anti Bribery Policy



## 69 ANTI BRIBERY AND CORRUPTION

- 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;
- 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**