

Corporate Human Rights Benchmark 2018 Company Scoresheet



Company Name Lukoil
Industry Extractives
Overall Score (*) 24.6 out of 100

Theme Score	Out of	For Theme
3.5	10	A. Governance and Policies
1.8	25	B. Embedding Respect and Human Rights Due Diligence
1.3	15	C. Remedies and Grievance Mechanisms
9.4	20	D. Performance: Company Human Rights Practices
4.9	20	E. Performance: Responses to Serious Allegations
3.7	10	F. Transparency

(*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

A. Governance and Policies (10% of Total)

A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: UNGC principles 1 & 2: In the Company Social Code of PJSC Lukoil states that the Company is 'a party to the UN Global Compact'. [Social Code, 15/06/2018: lukoil.com] Met: UDHR: The Company states in their Social Code 'The Company recognizes basic human rights and, in its activities, is guided by the provisions of the UN Universal Declaration of Human Rights.' [Social Code, 15/06/2018: lukoil.com] Not met: International Bill of Rights Score 2 <ul style="list-style-type: none"> Not met: UNGPs Not met: OECD
A.1.2	Commitment to respect the human rights of workers	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: ILO Core: The Company states "as a party to the UN Global Compact, the Company seeks to be unwaveringly committed to the basic principles of labor relations and environmental protection stipulated in the UN and International Labour Organization (ILO) conventions." [Social Code, 15/06/2018: lukoil.com] Met: UNGC principles 3-6: The Company highlights under the 'UN Global Compact Principles' section of the social code: "As a party to the UN Global Compact, the Company seeks to be unwaveringly committed to the basic principles of labour relations and environmental protection stipulated in the UN and International Labour Organization (ILO) conventions." [Social Code, 15/06/2018: lukoil.com]

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			<ul style="list-style-type: none"> • Met: All four ILO apply to EX BPs: The obligations assumed under the General Agreement extend to all areas of activity and subsidiaries directly controlled by the Company, and also require the notification of the organizations with which it interacts (contractors, license holders and major suppliers)." This covers UNGC principles 3 - 6: The Company respects the rights of trade unions, including the rights enshrined in the core ILO conventions: the right of every employee to be represented by a trade union of their choice and the basic trade union rights concerning freedom of association and the right to organize employees in trade unions, as well as the right to collective bargaining; ruling out any forms of forced or compulsory labor; actual ruling out of child labor; encouraging and ensuring equal opportunities and treatment of employees in the employment sector including equal remuneration for men and women for work of equal value as well as non-discrimination in the labor and employment sector. [Social Code, 15/06/2018: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: All four ILO Core: As above [Social Code, 15/06/2018: lukoil.com] • Met: Respect H&S of workers: The Social Code covers health, safety and environment requirements covering employees. [Social Code, 15/06/2018: lukoil.com] • Met: H&S applies to Ex BPs: The Company also states that it 'ensures the adherence of all contractors to HSE standards and regulations that are on a par with those of the Company', however it is not clear whether it applies to joint ventures. The Company HSE Policy states " <p>To achieve the set goals, LUKOIL Group assumes the following obligations: ensure that all the organizations operating in the territory of and/or on behalf of LUKOIL Group organizations, at all stages of a facility life cycle, conduct their work in compliance with HSE and emergency response rules and standards applicable across LUKOIL Group organizations" The Company has clarified that this includes workers at joint venture operations. [Social Code, 15/06/2018: lukoil.com & HSE Policy, 21/06/2018: lukoil.com]</p>
A.1.3.EX	Commitment to respect human rights particularly relevant to the industry (EX)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Based on UN Instruments • Not met: VPs participant • Not met: Uses only ICoCA members • Met: Respecting indigenous rights: The Company states in their 2017 sustainability report that they "recognise the importance of respecting and observing the fundamental human rights declared by the United Nations, including labor rights, the right to a healthy environment, and the rights of indigenous peoples and special groups and others." [Sustainability Report, 2017: lukoil.com] • Not met: ILO 169 • Not met: UNDRIP • Not met: Expects BPs to respect these rights <p>Score 2</p> <ul style="list-style-type: none"> • Not met: FPIC commitment • Not met: Vol Guidelines on Tenure • Not met: IFC performance standards • Not met: Zero tolerance for land grabs • Not met: Respecting the right to water • Not met: Expects BPs to respect all these rights
A.1.4	Commitment to engage with stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to stakeholder engagement: The Company states 'LUKOIL considers stakeholder engagement to be an aspect of responsible business practice and develops a systematic approach to interaction and joint activities to resolve issues of mutual interest.' The Company also lists their key stakeholder groups, one of them being local communities. [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Met: Regular stakeholder engagement: In the Sustainability Report the Company discloses the Company's stakeholder engagement with communities in 2017. This includes state and municipal legislative and executive authorities, shareholders and investors, employees and trade unions and local communities. With regards to the local communities the Company discloses all of the events in 2017 that resulted from this stakeholder engagement. [Sustainability Report, 2017: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design • Not met: Regular stakeholder design engagement

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.5	Commitment to remedy	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Commits to remedy Score 2 <ul style="list-style-type: none"> Not met: Not obstructing access to other remedies Not met: Collaborating with other remedy initiatives Not met: Work with EX BPs to remedy impacts
A.1.6	Commitment to respect the rights of human rights defenders	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Zero tolerance attacks on HRs Defenders (HRDs) Score 2 <ul style="list-style-type: none"> Not met: Expects EX BPs to reflect company HRD commitments

A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: CEO or Board approves policy: The Code of Business Conduct is signed by the Company CEO. The Code of Business Conduct covers the support for human rights. However, the Social Code covers the commitments to human rights to a greater degree, which is referenced in the Code of Business Conduct. The CEO also mentions the Social Code in their foreword to the Code of Business Conduct. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com] Met: Board level responsibility for HRs: The Company states in the 2016 Sustainability Report 'To implement the Code of Business Conduct, identify violations and take necessary measures, the Company has established the Business Conduct and Ethics Commission, chaired by PJSC LUKOIL President and CEO Vagit Yusofovich Alekperov.' [Social Code, 15/06/2018: lukoil.com] Score 2 <ul style="list-style-type: none"> Met: Speeches/letters by Board members or CEO: When the Company signed a Global Framework Agreement with IndustriALL, the President of LUKOIL Vagit Alekperov made a speech. Alekperov is quoted as stating 'Being a private company, LUKOIL is nevertheless socially responsible, and the agreement is yet another proof of our commitments under collective contracts.' [Lukoil and Industriall Global Union Renew Agreement, 04/06/2018: lukoil.com]
A.2.2	Board discussions	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Board/Committee review of salient HRs: Human rights was identified as a significant theme according to the Company's materiality analysis. The Company states that the analysis is made from 'topics raised by the Company's leadership and top managers in the framework of public appearances and presentations in Russia and abroad' and more. The Company highlights that human rights include the prevention of discrimination, freedom of association and collective negotiations, child labour, forced or compulsory labour, rights of indigenous peoples/minorities and grievance mechanisms in case of human rights violation. I. The Company has clarified that to ensure compliance with the corporate business ethics standards and the respect of human rights, the Company set up a Business Ethics Commission, which is chaired by its President, who is a member of the board. However, this committee has management persons, and is not a specific board committee. [Sustainability Report, 2016: csr2015-2016.lukoil.com & Annual Report, 2017: lukoil.com] Not met: Examples or trends re HR discussion: The Company highlights that material human rights include the prevention of discrimination, freedom of association and collective negotiations, child labour, forced or compulsory labour, rights of indigenous peoples/minorities and grievance mechanisms in case of human rights violation. However, it is not clear whether these issues and trends were discussed at the board/committee level. [Sustainability Report, 2016: csr2015-2016.lukoil.com] Score 2 <ul style="list-style-type: none"> Not met: Both examples and process
A.2.3	Incentives and performance management	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Incentives for at least one board member: The Company states in their 2017 sustainability report "the list of KPIs for incentives includes the integrated indicator "insuring the required level of support for health, safety and the environment at Lukoil Subsidiaries". However, it is not clear whether incentives

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>are for Board members or for other managers. [Sustainability Report, 2017: lukoil.com]</p> <ul style="list-style-type: none"> • Not met: At least one key EX RH risk, beyond employee H&S: The Company states in their 2017 sustainability report "the list of KPIs for incentives includes the integrated indicator "insuring the required level of support for health, safety and the environment at Lukoil Subsidiaries". However, it is not clear whether indicators cover local communities and workers of extractive business partners and the target of these incentives are board members. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public

B. Embedding Respect and Human Rights Due Diligence (25% of Total)

B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Senior responsibility fo HR (inc ILO): To ensure compliance with the corporate business ethics standards and the respect of human rights, the Company set up a Business Ethics Commission, which is chaired by its President. The Commission has nine persons, seven of which are also members of the Management Committee. [Annual Report, 2017: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Day-to-day responsibility • Not met: Day-to-day responsibility for EX BRs
B.1.2	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Senior manager incentives for human rights • Not met: At least one key EX HR risk, beyond employee H&S <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Performance criteria made public
B.1.3	Integration with enterprise risk management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: HR part of enterprise risk system: The Company discloses "Given the differences between labor law provisions in various countries, we seek to mitigate the risks of any potential human rights violations, including by establishing unified operating policies and standards. In particular, the principles and norms enshrined in the Social Code of PJSC LUKOIL, and also in the Personnel Management Policy, are binding on all Group subsidiaries." However, it is not clear whether Human Rights is part of the Company's broader enterprise risk system. [Sustainability Report, 2017: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Audit Ctte or independent risk assessment
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Communicates its policy to all workers in own operations: The Company has a Stakeholder Rights and Communications Program of OAO "Lukoil". However, it is not clear whether the company has a communication policy that covers human rights commitments. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Communication of policy commitments to stakeholder • Not met: How policy commitments are made accessible to audience
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Steps to communicate policy commitments to BRs: The Company states that the obligations under the General Agreement (covering human rights issues), extends to all areas of activity and subsidiaries directly controlled by the Company, and also require the notification of the organizations with which it interacts (including contractors, license holders and major suppliers). The Company states that 'these obligations have become the basis for the Social Code, the Personnel Management Policy, the Functional Personnel Management Strategy as well as the Agreement between the employer and PJSC LUKOIL's professional association for 2015–2017 and have been implemented through collective agreements signed by subsidiaries.' [Social Code, 15/06/2018: lukoil.com & Sustainability Report, 2016: csr2015-2016.lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Including to EX BPs

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			<p>Score 2</p> <ul style="list-style-type: none"> • Not met: How HR commitments made binding/contractual • Not met: Including on EX BPs
B.1.5	Training on Human Rights	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Trains all workers on HR policy commitments: The Company provides information regarding health and safety training, but not broader human rights specific training. [Sustainability Report, 2017: lukoil.com] • Not met: Trains relevant managers including security personnel <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.1.6	Monitoring and corrective actions	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Monitoring implementation of HR policy commitments: The Company has implementation basic documents (covering human rights), however it is not clear how the implementation of these documents are monitored. [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Not met: Monitoring EX BP's <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes corrective action process • Not met: Example of corrective action • Not met: Discloses % of supply chain monitored
B.1.7	Engaging business relationships	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: HR affects selection extractives business partners: The obligations assumed under the General Agreement (covering human rights) extend to all areas of activity and subsidiaries directly controlled by the Company, and also require the notification of the organizations with which it interacts (contractors, license holders and major suppliers). <p>In the Social Code the Company states 'While realizing that modern standards of society-business relations induce the Company to take responsibility for actions of its contractors and suppliers, the Company makes relevant choices responsibly and respects human rights as it does so. The present-day scope and intricacy of economic interrelations require the Company to have a special record-keeping, selection and monitoring system, which it has set up and is committed to promote. The main criteria for the selection of suppliers and contractors are:</p> <ul style="list-style-type: none"> -observance of the fundamental labor principles and rights, adopted by the International Labour Organization, and of current international standards; - efficient HSE policy.' [Sustainability Report, 2016: csr2015-2016.lukoil.com & Social Code, 15/06/2018: lukoil.com] • Not met: HR affects on-going business partner relationships: Although it is clear how human rights effects the selection if business relationships, it not clear how it affects on-going partner relationships. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met • Not met: Working with business partners to improve performance: The actions of LUKOIL Group's Program of Health and Safety, Better Working Environment, Emergency Prevention, and Response for 2017-2019 aim to prevent accidents and injuries, implement a culture of work safety, provide employees with protective equipment, deliver training and instruction, and prevent work-related illnesses. However, the Company has not specifically described how they work with business partners to improve human rights performance. [Company Response To Assessment, 2018]
B.1.8	Approach to engagement with potentially affected stakeholders	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Stakeholder process or systems: In the Sustainability Report the Company highlights the process that they go through to identify and select stakeholders. The Company states 'With some stakeholder groups (regional and federal authorities, trade unions, public and international organizations, families and communities of indigenous peoples, business partners), the Company builds relationships on the basis of cooperation or partnership agreements. Agreements are preceded by negotiations in which each party can state its position so that a mutually satisfying solution can be found. Fulfilment of obligations is monitored to give each party an opportunity to assess the results of

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>engagement. The success of an agreement is, as a rule, discussed with stakeholders, both privately and at public events.'</p> <p>The Company identifies that local communities are a stakeholder. The Company states that LUKOIL is broadening its channels for stakeholder engagement. For instance, in 2015, LUKOIL-Komi set up a round-the clock environmental hotline. [Sustainability Report, 2016: csr2015-2016.lukoil.com]</p> <ul style="list-style-type: none"> • Not met: Frequency and triggers for engagement: The Company describes how they set out a yearly consumer survey, however other triggers for engagement with potentially affected stakeholders are not described. [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Not met: workers in SP engaged • Not met: communities in the SC engaged <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them

B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations: The Company identifies their risks in Appendix 2 of the 2017 Annual Report. This document breaks down country risks, which include elements such as regime change causing political disruption, an the escalation of armed conflicts in regions where the Group operates and inefficiencies n the judicial system and flawed legal frameworks. The Company states in the case of adverse changes in the political or social economic environment in a region of the Groups operation the Company implements a number of anti-crisis measures. The Company also discusses the risks associated with equipment failures and states that they have an effective industrial safety system in place to manage this risk. However, the Company fails to mention human rights risk and impacts. [Annual Report, 2017: lukoil.com] • Not met: identifying risks in EX business partners <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Ongoing global risk identification • Not met: In consultation with stakeholders • Not met: In consultation with HR experts • Not met: Triggered by new circumstances • Not met: Explains use of HRIAs or ESIA (inc HR)
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Salient risk assessment (and context): The Company states in the conclusion of the Sustainability Report that special focus is given to the observance of employees right to free association and collective negotiations. However, more information regarding a salient risk assessment, covering human rights, is not provided. • Not met: Public disclosure of salient risks <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Action Plans to mitigate risks • Not met: Example of Actions decided • Not met: Including amongst EX BRs <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirements under score 1 met
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: System to check if Actions are effective • Not met: Lessons learnt from checking effectiveness <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Both requirement under score 1 met

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.5	Communicating : Accounting for how human rights impacts are addressed	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Comms plan re identifying risks • Not met: Comms plan re assessing risks • Not met: Comms plan re action plans for risks • Not met: Comms plan re reviewing action plans • Not met: Including EX BRs Score 2 <ul style="list-style-type: none"> • Not met: Responding to affected stakeholders concerns • Not met: Ensuring affected stakeholders can access communications

C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Company states that individuals can notify the Business Ethics Commission of the violation of the provisions of this Code in person or by electronic mail at the address ethics@lukoil.com. However, the Company encourages employees to address the transgressor, and then notify your immediate supervisor, and then potentially report a violation of the code to the Business Ethics Commission. Also, it is not clear whether this covers the Social Code, which covers Human Rights, as well. <p>The Company set up a Business Ethics Committee, chaired by its president, to ensure compliance and respect of human rights. The Sustainability Report states that 'Should any alleged human right violation occur, employees can address the employer directly or with the help of independent trade union structures. The Company accepts confidential reports that may be submitted via communication channels available on a 24-hour basis.' This covers all employees. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com & Sustainability Report, 2016: csr2015-2016.lukoil.com]</p> Score 2 <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company discloses that in 2015-2016 there were seven complaints made to the Business Ethics Commission by employees of the Company. However, it is not clear whether any of these were relating to human rights. [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Not met: Channel is available in all appropriate languages • Not met: Expect EX BPs to have equivalent grievance system • Not met: Opens own system to EX BP workers
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Grievance mechanism for community Score 2 <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages • Not met: Expects EX BP to have community grievance systems • Not met: EX BP communities use global system
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Engages users to create or assess system • Not met: Description of how they do this Score 2 <ul style="list-style-type: none"> • Not met: Engages with users on system performance • Not met: Provides user engagement example on performance • Not met: EX BPs in creation or assessment
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	0	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Response timescales: The Company states in their Code of Business Conduct and Ethics, which mentions human rights, and also links to the social code which has commitments to human rights 'The procedure for considering reports and the deadline for convening a meeting of the Business Ethics Commission are established by the Regulations on the Business Ethics Commission.' However, these response timescales are not made public. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com] • Not met: How complainants will be informed

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			Score 2 • Not met: Escalation to senior/independent level
C.5	Commitment to non-retaliation over complaints or concerns made	0.5	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Public statement prohibiting retaliation: The Company guarantees in their Code of Business Conduct 'that there will be no negative consequences for a conscientious employee, member of the Board of Directors, Management Committee and Internal Audit Commission of the Company who reports a violation of the provisions of this Code or decides to stop a violation (including discrimination and other persecution from any party).' However, it is not clear whether other stakeholders are protected from retaliation. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com] • Met: Practical measures to prevent retaliation: The Company states that they do not consider anonymous reports on a violation of the provisions of the Code of Business Conduct and Ethics. However 'the Company will guarantee confidentiality during the performance of an investigation.' The Company has also clarified Should any alleged human right violation occur, employees can address the employer directly or with the help of independent trade union structures. The Company accepts confidential reports that may be submitted via communication channels available on a 24-hour basis. [Code of Business Conduct and Ethics, 21/06/2018: lukoil.com & Annual Report, 2017: lukoil.com] Score 2 • Not met: Has not retaliated in practice • Not met: Expects EX BRs to prohibit retaliation
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Won't impede state based mechanisms • Not met: Complainants not asked to waive rights Score 2 • Not met: Will work with state based or non judicial mechanisms • Not met: Example of issue resolved (if applicable)
C.7	Remedying adverse impacts and incorporating lessons learned	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Describes how remedy has been provided • Not met: Says how it would remedy key sector risks Score 2 • Not met: Changes introduced to stop repetition • Not met: Approach to learning from incident to prevent future impacts • Not met: Evaluation of the channel/mechanism

D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.3.1	Living wage (in own extractive operations, which includes JVs)	0	The individual elements of the assessment are met or not as follows: Score 1 • Not met: Living wage target timeframe: The Company discloses how "In Russian entities the agreement between PJSC LUKOIL and the association of trade unions sets the minimum pay rate at the level of the minimum living wage of the economically active population or higher. " However, this does not cover all workers, but rather Russian workers. [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Not met: Describes how living wage determined: The Company states "The base salary depends on the employee's set duties, challenges inherent in their work, and level of responsibility. It is set individually for each employee and takes into account the level of training and practical experience. Salaries are indexed on an annual basis." However, this does not cover all workers, but rather Russian workers. [Sustainability Report, 2016: csr2015-2016.lukoil.com] Score 2 • Not met: Pays living wages • Not met: Reviews living wages definition with unions

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.3.2	Transparency and accountability (in own extractive operations, which includes JVs)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Member of EITI • Met: Reports of taxes beyond legal minimums: The Company reports on Payments to Government for the year 2016. The Company discloses taxes and royalties paid for Russia, Uzbekistan, Kazakhstan, Egypt, Mexico and Iraq. [Report on Payments to Governments for the year 2016, 2016: lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Reports taxes and revenue by country: The Company discloses taxes and royalties paid for Russia, Uzbekistan, Kazakhstan, Egypt, Mexico and Iraq. The Company discloses that these are the only companies where the company conducts extractive activities. [Report on Payments to Governments for the year 2016, 2016: lukoil.com] • Not met: Steps taken re non EITI countries • Not met: Disclosures contract terms where not a requirement
D.3.3	Freedom of association and collective bargaining (in own extractive operations, which includes JVs)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits not to interfere with union rights and collective bargaining and prohibits intimidation and retaliation: The Company has a Global Agreement that the Company has an obligation to respect the rights of trade unions. This includes: "3.1.1. The right of every employee to be represented by a trade union of their choice and the basic trade union rights enshrined in ILO Conventions Nos. 87 and 98 concerning freedom of association and the right to organize workers in trade unions, as well as the right to collective bargaining. Thus, LUKOIL agrees not to oppose efforts aimed at involving the employees of LUKOIL Group entities in trade unions." [Sustainability Report, 2016: csr2015-2016.lukoil.com] • Met: Discloses % covered by collective bargaining: The Company discloses in 2016, 96.9% of employees were covered by collective agreements. [Sustainability Report, 2016: csr2015-2016.lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met
D.3.4	Health and safety: Fatalities, lost days, injury rates (in own extractive operations, which includes JVs)	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Injury Rate disclosures: The Company publishes the injury statistics for the Company's Russia and Foreign operations. This includes the lost time injuries and the occupational disease rate. [Sustainability Report, 2016: csr2015-2016.lukoil.com & Sustainability Report, 2017: lukoil.com] • Met: Lost days or near miss disclosures: The Company discloses the lost time accident frequency rate for the past three years at Russian subsidiaries, foreign subsidiaries, and contractor organisations. [Sustainability Report, 2017: lukoil.com] • Met: Fatalities disclosures: The Company publishes the fatalities for the Company's Russia and Foreign operations, separated by employees and contractors. [Sustainability Report, 2016: csr2015-2016.lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Set targets for H&S performance: The Company links to SDG target 8.8 "Protect labour rights and promote safe and secure working environments for all workers, including migrant workers. In particular women migrants and those in precarious employment". The Company also sets the broad goal "to reduce the number of on-the-job injuries through planned and systematic actions aimed at improving health and safety conditions." However, the Company has not set more specific targets to H&S performance in their public disclosures. [Sustainability Report, 2017: lukoil.com] • Not met: Met targets or explains why not
D.3.5	Indigenous peoples rights and free prior and informed consent (FPIC) (in own extractive operations, which includes JVs)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Process to identify indigenous rights holders: The Company discloses "Mechanisms for hearing the appeals of representatives from the Indigenous Peoples and non-governmental organizations have been created, and work is successfully carried out at LUKOIL Group subsidiaries on issues related to providing assistance to or safeguarding the rights of the Indigenous Peoples. In 2017 there were 62 appeals, which related to different areas of cooperation with the Company, assistance on compensation for tuition and the treatment of the representatives of the Indigenous Peoples, the purchase of specialized equipment, and providing information on the activities and plans of the Company to support the Indigenous Peoples. No appeals were submitted that related to violations of the rights of the Indigenous Peoples."

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>The Company also discloses "In 2017 a cooperation agreement was signed between LUKOIL and the Federal Agency for Ethnic Affairs. A representative of the Company is a member of the working group responsible for suggesting amendments to the procedure for conducting ethnological expert reviews of geological exploration and production projects on the territories where the Indigenous Peoples traditionally live. Mechanisms for hearing the appeals of representatives from the Indigenous Peoples and non-governmental organizations have been created, and work is successfully carried out at LUKOIL Group subsidiaries on issues related to providing assistance to or safeguarding the rights of the Indigenous Peoples. " [Sustainability Report, 2017: lukoil.com]</p> <ul style="list-style-type: none"> • Not met: How engages with communities in assessment: The Company has not clarified the mechanisms that have been created to engage with communities in the assessment. <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to FPIC (or ICMM) • Not met: Gives recent example FPIC or dropping deal
D.3.6	Land rights (in own extractive operations, which includes JVs)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Approach to identification of land tenure rights holders • Not met: Describes approach to doing so if no recent deals <p>Score 2</p> <ul style="list-style-type: none"> • Met: How valuation and compensation works: The Company 2016 sustainability report discusses how management approaches compensation with the Indigenous Minorities of the North for damages to the traditional natural resources utilised by indigenous minorities. <p>The Company 2017 Sustainability Report details "Compensation payments are made annually to indigenous residents: on the territory of the Khanty-Mansi Autonomous Area-Yugra (LUKOIL-West Siberia, RITEK, LUKOIL-AIK), as part of licensing obligations; and on the territory of the Nenets Autonomous Area (LUKOIL-Komi) within the framework of contracts with deer farms." [Sustainability Report, 2016: csr2015-2016.lukoil.com & Sustainability Report, 2017: lukoil.com]</p> <ul style="list-style-type: none"> • Not met: Steps to meet IFC PS 5 in state deals • Not met: Describes approach if no recent deals
D.3.7	Security (in own extractive operations, which includes JVs)	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: How implements security (inc VPs or ICOC) • Not met: Example of respecting HRs in security • Not met: Ensures Business Partners follow security approach <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Assesses and involves communities • Not met: Working with local community
D.3.8	Water and sanitation (in own extractive operations, which includes JVs)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Action to prevent water and sanitation risks: The Company links to the Sustainable Development Goals and the Company Actions, The Company states with regards to SDG 15 Life on Land the Company's 2014-2018 Environmental Safety Program has subprograms related to clean air, clean water, waste and remediation. However, the Company does not provide more information regarding how it affects communities. The Company also has information regarding monitoring fresh water consumption. The Company states 'The Company's entities also operate in arid regions, where fresh water is scarce (Stavropol and Krasnodar Territories, Saratov, and Volgograd Regions). The issue is primarily addressed by putting water supply and recycling systems into service and ensuring the most beneficial use of the water withdrawn, including striatal water. As part of its social partnership with different Russian regions, the Company has ongoing projects to supply their residents with drinking water.' [Sustainability Report, 2016: csr2015-2016.lukoil.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Water targets considering local factors • Met: Reports progress in meeting targets and shows trends in progress made: The Company reports that "through the implementation of the LUKOIL Environmental Safety Program we managed to significantly reduce water consumption from natural sources: this indicator fell by 7.5% from 2015 to 2017". The Company also describes "Low levels of fresh water consumption are maintained by subsidiaries in all main production lines of business. In these conditions, general indicators of water withdrawal and water consumption are

Indicator Code	Indicator name	Score (out of 2)	Explanation
			significantly influenced by electric power engineering subsidiaries, which are large consumers of water (used for steam generation and cooling equipment in central heating and power plants)". The Company also describes this and the volumes of reverse water supply and reused water for the past three years. The Company also describes their projects to provide local communities with drinking water as part of their social partnerships with the southern regions of Russia and in foreign countries with a hot climate. [Sustainability Report, 2017: lukoil.com]

E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		No allegations meeting the CHRB severity thresholds were found, and so the score of 19.66 out of 80 points scored in themes A-D & F has been applied to produce a score of 4.92 out of 20 points for theme E.

F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	1.68 out of 4	Out of a total of 38 indicators assessed under sections A-D of the benchmark, Lukoil made data public that met one or more elements of the methodology in 16 cases, leading to a disclosure score of 1.68 out of 4 points.
F.2	Recognised Reporting Initiatives	2 out of 2	The individual elements of the assessment are met or not as follows: Score 2 <ul style="list-style-type: none"> • Met: Company reports on GRI: The Company reports under the GRI reporting standard in their sustainability report. [Sustainability Report, 2016: csr2015-2016.lukoil.com]
F.3	Key, High Quality Disclosures	0 out of 4	Lukoil met 0 of the 10 thresholds listed below and therefore gets 0 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples <ul style="list-style-type: none"> • Not met: Score 2 for A.2.2 : Board discussions • Not met: Score 2 for B.1.6 : Monitoring and corrective actions • Not met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers • Not met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) Discussing challenges openly <ul style="list-style-type: none"> • Not met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts • Not met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus <ul style="list-style-type: none"> • Not met: Score 2 for A.2.3 : Incentives and performance management • Not met: Score 2 for B.1.2 : Incentives and performance management • Not met: Score 1 for D.3.1 : Living wage (in own extractive operations, which includes JVs) • Not met: Score 2 for D.3.4 : Health and safety: Fatalities, lost days, injury rates (in own extractive operations, which includes JVs)

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.