

“APPROVED”

By the Resolution of the Supervisory Board
of PUBLIC JOINT STOCK COMPANY

“NATIONAL JOINT-STOCK COMPANY

“NAFTOGAZ OF UKRAINE”

On 19-22 September 2016, minutes n/n

**TRANSPARENCY AND DISCLOSURE POLICY
OF THE PUBLIC JOINT STOCK COMPANY
"NATIONAL JOINT STOCK COMPANY
"NAFTOGAZ OF UKRAINE"**

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1. General provisions

Compliance with the high level transparency and accountability is one of the priorities of the Naftogaz Group. The Company realizes that its activities significantly affect the energy security of Ukraine and its sustainable development. Timely informing all stakeholders as to operational and financial performance and socially significant aspects of its activity is an important part of the Company's responsibility.

Naftogaz aims to create a healthy and transparent disclosure system in accordance with the principles of corporate governance for public companies defined by the Organization for Economic Cooperation and Development (OECD). According to the OECD standards, Naftogaz group as a public company operates in the public interest. Therefore, open public access to key performance indicators of the Company is the basis for accountability and prevention of possible political interference into the Company's activity.

Naftogaz implements the OECD best practices in information policy of the Company.

2. Transparency and information disclosure policy

Basic principles of information disclosure are as follows:

2.1. Transparency

The Company is open to interested parties, necessarily considers the initiatives, comments, suggestions and requests submitted in the prescribed manner and always provides timely feedback on actions taken on the provision of relevant information, except for the information with limited access which requires special treatment.

2.2. Accountability

The Company discloses the financial and non-financial information by preparing high-quality, relevant and accurate reporting on its activities and the consolidated financial statements of Naftogaz in accordance with International Financial Reporting.

2.3. Consistency

The Company duly and regularly provides information about the Company to its shareholders and other stakeholders.

2.4. Efficiency

The Company promptly informs interested parties of the essential facts and developments relating to their interests and activities of the Company.

2.5. Accessibility

The Company communicates relevant information to shareholders and other stakeholders in an accessible way, providing free and easy access to such information.

2.6. Reliability

The Company informs and provides its shareholders and other stakeholders with proven, reliable information that corresponds to the reality.

2.7. Completeness

The Company provides its information that is sufficient for stakeholders to form a comprehensive understanding on issues of their interest.

2.8. Balance

The Company proceeds from the optimal balance of openness and transparency on the one hand, and confidentiality, on the other.

2.9. Equality

The Company ensures equal rights and opportunities in obtaining access to information for all

stakeholders.

2.10. Protection

The Company applies the appropriate protection of information constituting state and commercial secrets, proprietary information and confidential information on the personal data of its employees.

3. Materiality Criteria for Information Disclosure

The Company discloses information in accordance with the disclosure requirements set by the laws of Ukraine, as well as the standards of practice established by the OECD for public enterprises.

Information that meets the following criteria shall be the subject of public disclosure:

- 3.1. The information is mandatory for disclosure in accordance with the laws of Ukraine. In particular, this includes financial and statistical reporting; information on over threshold procurement of goods, works and services; data to be disclosed under the law on access to public information, etc., or

The information disclosed by Naftogaz on a voluntary basis:

- information about actions and events that have a material effect on operating income or assets of the group (may cause a decrease or increase of operating income or of the assets for more than 10% from the corresponding figure of the group according to the latest published consolidated annual accounts);
- information on decisions or events which, in the opinion of management, have or may have a material impact on the implementation of any of the key areas of the strategy of the holding company or any of the companies of the group;
- regular statistical information about the Company's activity, companies of the group and oil and gas market of Ukraine (in aggregate or expanded form, upon decision of the Company's management), including the residual gas reserves in underground storage facilities, transportation of gas through Ukraine's territory, the volume of gas production, volume and value of imported gas procurement, gas sales volumes and dynamics of payments for gas by consumers, etc.;
- information about the transactions for goods or services with related parties, i.e. companies that are not part of Naftogaz, but the owners / co-owners of which are members of the Executive board of Naftogaz or are board members of its subsidiaries, except where such transactions are for an open tender or auction in the ProZorro electronic public procurement system;
- information about changes in the composition of the Executive board of Naftogaz or enterprises of the group, value of assets for more than 5% of the assets of the last published annual consolidated accounts;
- information that is not material to the financial performance of the Company or implementation of its strategy, but, according to the management, has or could have a significant public outcry.

The following information is not subject to public disclosure:

- 3.2. The information identified as confidential in agreements with contractors. The Company discloses information to statistics and control bodies in accordance with applicable law.
- 3.3. Other information that is not required for publication in accordance with applicable law, and the disclosure of which, according to reasonable opinion of the management, would prejudice the interests of the Company in negotiations or undermine business activities.

4. Information Disclosure Channels and Tools

For information disclosure, Naftogaz uses its own resources, corporate websites www.naftogaz.com and www.naftogaz-europe.com, and its official pages of social networks Facebook and Twitter. Official reports of the Company are also sent by the press service from the address: press@naftogaz.com.

According to the OECD recommendations for real accountability and effective decision making, the Company prepares an annual report, which is an important document on the activities of Naftogaz and contains consolidated financial statements. The Company's annual report also contains a section on the Company's activity in the field of corporate responsibility.

The information provided upon request of the control and statistics bodies, consists of the previously filed information, context of the request and specific requirements for the submission of such information. As a result, it may be incomplete and unrepresentative. For these reasons, the Company management does not publish this information but is ready to promptly provide comments on such data to avoid distortion of the facts and facilitate an objective interpretation of such information.

The Company also discloses information involving the media and NGOs. The key channel for external communications for Naftogaz is media.

5. Cooperation with the Professional Community and Industry Transparency Platforms

Naftogaz is open to the participation in the transparency leading platforms related to the activities of the Company or its subsidiaries. After the entry into force of the Law of Ukraine "On the natural gas market" that meets the requirements of the EU Third Energy Package, the Company has committed to conduct outreach activities to explain the new rules of the gas market. These measures include holding press conferences and meetings of the Company's management with the target audience: journalists and editors of specialized information agencies and national media; expert community and industry agencies; senior officials and middle managers, decision-makers; representatives of the diplomatic corps and international organizations; interested domestic and foreign investors.

The Company is working to increase transparency in the energy sector. Maximum transparency is ensured by publishing in open access in the platform of the European Association of GTN operators EntsoG <https://transparency.entsoG.eu> and on the official Ukrtransgaz website of daily reporting on the GTN Ukraine's work with European partners. Applications of European countries importing natural gas are published on the Ukrtransgaz transparency platform at: utg.ua/live. The Company is open to participation in other leading transparency platforms related to the activities of the Company or its subsidiaries.

The Company is involved in the development and actively supports the promotion of the draft law on transparency in the extractive industries.