General Provisions

1. These Rules shall determine the legal status, composition, term of office, appointment and proceedings of the Supervisory Board, and the rights, obligations, and liability of the Supervisory Board members of the Public Joint Stock Company "National Joint-Stock Company "Naftogaz Of Ukraine" (hereinafter, the "Company"). The terms used in these Rules shall have the respective meaning as defined in the Charter of the Company.

Legal status of the Supervisory Board

2. The Supervisory Board shall be a governing body responsible for the protection of the Company’s shareholders’ rights, and shall supervise and regulate the actions of the Executive Board of the Company, all within the Supervisory Board’s scope of authority as determined in the laws and the Charter.

3. Scope of authority of the Supervisory Board shall be as determined in the laws and the Charter. Other functions may be vested in the Supervisory Board if provided in the Charter or resolved by the General Meeting.

4. Supervisory Board shall report to the General Meeting about its activities, Company's general affairs, and the actions undertaken by the Supervisory Board to achieve the objectives of the Company. Supervisory Board shall report to the shareholder via reporting to the General Meeting only.

5. The Company’s Supervisory Board shall be composed of at least five members, and the majority of such members shall meet eligibility criteria in clause 11 of these Rules. Supervisory Board shall be composed of the Chairman, Deputy Chairman, and the Supervisory Board members.

6. Chairman and Deputy Chairman of the Supervisory Board shall be appointed by the Supervisory Board members from among the Supervisory Board members by a simple majority vote of all appointed Supervisory Board members at their first meeting after their appointment which shall take place immediately after the respective General Meeting. In the event if the Chairman or Deputy Chairman of the Supervisory Board is removed before lapse of its term of office, the Supervisory Board shall appoint new Chairman or Deputy Chairman of the Supervisory Board at their first meeting after such lapse of their term in office before resolving by the Supervisory Board on any other matter of the agenda of the respective meeting.

7. No Supervisory Board member shall be an Executive Board member at the same time.

8. Supervisory Board members shall have various professional qualifications, expertise and experience meeting business needs and strategy of the Company, as well as roles and responsibilities of the Supervisory Board members, including of the Supervisory Board
committees members.

9. Composition of the Supervisory Board shall include both female and male members. If two candidates have similar expertise, the candidate that contributes to a more equal gender division shall be preferred.

10. Each Supervisory Board member shall meet the following eligibility criteria:

1) have expertise, education, professional skills, functional competence, experience and other skills necessary for proper performance of Supervisory Board member duties;

2) no person being a member of, or engaged in the operations of, the Executive Board, Supervisory Board, committee, or being an advisor of major competitor of the Company, shall be a Supervisory Board member;

3) each Supervisory Board member shall be able to devote sufficient time (at least 25% of its business hours) to engage in Supervisory Board responsibilities and shall not be a Supervisory Board or Executive Board member of more than three other companies.

11. A Supervisory Board member (Independent Director) shall meet the following eligibility criteria:

1) shall have independence status and be independent in its judgments

2) is not and has not been for the last five years an officer in the Company (other than Supervisory Board member), or any legal entity in which the Company holds 50 or more per cent of the shares, or any legal entity in which the State of Ukraine holds 50 or more per cent of shares;

3) is not, and has not been for the last five years, paid any remuneration by the Company or any legal entity in which the Company holds 50 or more per cent of the shares, other than remuneration received in its capacity as a Supervisory Board member which shall not be a material portion of his/her annual income;

4) has not and has not had for the last five years any material business with the Company or any legal entity in which the Company holds 50 or more per cent of the shares, or has been an officer in any entity having any such business;

5) holds no substantial share (i.e. 10% or more shares) in the Company, or any legal entity in which the Company holds 50 or more per cent of the shares, as a partner, co-owner or shareholder;

6) is not an executive board member in any legal entity where any Company's Executive Board member is a Supervisory Board member;

7) is not, and has not been for the last five years, an employee of the current or previous independent auditor of the Company or any legal entity in which the Company holds 50 or more per cent of the shares;

8) is not, and has not been for the last five years, a public official in Ukraine;

9) is not, and has not been for the previous five years, an officer at any non-profit organization which received any material financing from the Company or any legal entity in which the Company holds 50 or more per cent of the shares, or receives, or has received for the previous five years, any such financing;

10) is not member of the family or connected person of any Executive Board member or
chief executive officer, or any person described in this clause, or executor of an estate, or personal representative, or guardian, or trustee of any such member of the family if deceased or incapable; and

11) is referred to as Independent Director in the Company Annual Report.

12. Upon appointment, each Independent Director shall sign respective letter of appointment to be included in the Company annual report and posted on its web-site specifying the reasons of its eligibility for appointment as a Supervisory Board member, including short summary of its activities during last five years. Each Independent Director shall sign similar letter of appointment at the end of each year after appointment to be included in the Company annual report and posted on its web-site.

**Supervisory Board members appointment and removal**

13. Supervisory Board members shall be appointed for the period established by the general meeting of the Company, if otherwise is not provided by law, and shall be nominated by the Officers Nomination Committee for Companies Extremely Important to National Economy established by the Ministry for Economic Development and Trade of Ukraine.

14. Upon appointment, the civil-law agreement shall be entered into with each Supervisory Board member. Such agreement shall govern the exercise of the powers, and shall determine the rights, obligations, and liability of the parties, terms and conditions for remuneration, termination events, effects of termination, and other matters.

15. Such civil-law agreement with a Supervisory Board member shall be executed for and on behalf of the Company by the Chief Executive Officer or other person authorized by the General Meeting.

16. General Meeting may resolve to remove all or any Supervisory Board member before lapse of their term of office. A Supervisory Board member may be removed before lapse of its term of office in the events as provided for in the Charter.

17. The agreement entered into with a Supervisory Board member shall be terminated simultaneously with his/her removal from office.

**Rights and obligations of the Supervisory Board members**

18. A Supervisory Board member shall have the right to:

1) obtain any information and documents (other than information comprising state secret, which shall only be obtained subject to respective secret clearance) pertaining to the Company's affairs, if such information or document is required for the performance of its responsibilities in its capacity as Supervisory Board member;

2) review the Company's documents, obtain copies of such documents, including copies of documents of any legal entity where the Company is a shareholder (or founder or participant);

3) request convening extraordinary meeting of the Supervisory Board, and to propose matters for the agenda for the Supervisory Board meeting;

4) comment in writing on any resolution approved by the Supervisory Board; and

5) such other rights as provided for in the laws, the Charter, these Rules or other
Company regulations.

19. A Supervisory Board member shall:

1) participate, in person or via communication means enabling each participant to hear, and to communicate with, each other, in the Supervisory Board meetings and in the respective Supervisory Board committee to which it is appointed as a member;

2) vote on any matter in the agenda for the Supervisory Board meeting;

3) in the event of any matter on which a Supervisory Board member has no right to vote, but is requested by the shareholder or the Executive Board to provide advice, provide such advice and express its opinion;

4) notify sufficiently in advance of its inability to participate in any Supervisory Board meeting specifying the reason for its absence. Presence or absence of any Supervisory Board member at a Supervisory Board meeting shall be recorded by the Corporate Secretary and disclosed in the Company Annual Report;

5) act in the interests of the Company, and not in the interests of a person or body which nominated, validated or appointed such Supervisory Board member, and shall act in good faith and reasonably and avoid abuse of power. The obligation to act in good faith and reasonably shall mean exercise of the same diligence, prudence and care that would be exercised normally by a person at such position under similar circumstances;

6) comply with Ukrainian laws, the Charter, these Rules, and other Company regulations;

7) implement any resolution approved by the General Meeting or Supervisory Board of the Company;

8) abide by the rules and procedures applicable to material transactions and interested transactions as set forth in the laws or Company regulations;

9) abide by the Company rules applicable to exchange, security and maintenance of classified information. No Supervisory Board member shall disclose any confidential or insider information which becomes known to it in its capacity as a Supervisory Board member, to any person not granted access to such information, or use any such information to its own benefit or to the benefit of any third party;

10) refrain from any action that would lead to loss by Independent Director of its independence. If an Independent Director loses its independence, the Independent Director must inform the Supervisory Board accordingly in writing within two days; and

11) perform other duties as provided for in the laws, the Charter, these Rules, and other Company regulations.

20. A Supervisory Board member shall be liable to the Company in accordance with the laws and civil-law agreements entered into with a Supervisory Board member for any loss caused to the Company as a result of its action (or omission).

21. Supervisory Board shall conduct annual review and evaluation of its performance, and individual performance of each Supervisory Board member. Based on such review and evaluation, the Chairman of the Supervisory Board may propose actions for performance
improvement or correction.

Proceedings of the Supervisory Board

22. Supervisory Board meetings shall be regular and extraordinary.

23. A Supervisory Board meeting may be held in the form of concurrent presence of the Supervisory Board members at a certain place for discussion of matters in the agenda and voting (the "concurrent presence"), or by written polling.

24. Concurrent presence includes, without limitation, and permits participation in the meeting by the Supervisory Board members via communication means enabling each participant to hear, and communicate with, each other, and to identify voting results.

25. Meeting by written polling shall be held if resolved by the Chairman of the Supervisory Board following request by a Supervisory Board member. Written polling proceedings shall be determined by the Supervisory Board resolution. In the event of written polling, the resolution shall be approved if supported by all appointed Supervisory Board members.

26. The Supervisory Board meetings shall be held as necessary, but in any event at least every three months.

27. Extraordinary Supervisory Board meeting shall be convened on the initiative of the Chairman or a member of the Supervisory Board, or at the request of the shareholder, the Executive Board of the Company or an Executive Board member.

28. Such request to convene extraordinary Supervisory Board meeting shall be made in writing and shall be signed and given in writing directly to the attention of the Chairman of the Supervisory Board and Corporate Secretary.

29. A person requesting to convene the extraordinary Supervisory Board meeting shall provide together with such request:

1) matters proposed for consideration at such meeting;

2) documents and materials pertaining to each matter in the agenda; and

3) proposed resolution on each matter in the agenda.

30. Chairman of the Supervisory Board shall convene the extraordinary Supervisory Board meeting within five days after the date of respective request.

31. Agenda for the Supervisory Board meeting shall be approved by the Chairman of the Supervisory Board.

32. In addition, each Supervisory Board member shall be notified of any regular or extraordinary Supervisory Board meeting by email at least three days before the date of such meeting; provided, however, that the meeting will be held without observing such time requirements, if all Supervisory Board members agree.

33. Such notice shall specify the time, date, place, and form of the meeting, and the agenda and proposed resolution on each matter in the agenda. Notice shall be accompanied by any materials as may be necessary to the Supervisory Board members to prepare for such meeting.
34. A Supervisory Board meeting shall be valid if more than half of its members, including Chairman and Deputy Chairman, and including at least two Independent Directors, are present at such meeting. For the purpose of determination whether or not a Supervisory Board meeting is valid, the Supervisory Board members participating in the meeting via communication means shall be taken into account.

35. Chairman of the Supervisory Board and Supervisory Board members each shall have one vote. No interested Supervisory Board member shall be entitled to vote in respect of an interested transaction to be executed by the Company.

36. The Supervisory Board resolutions require to be approved by a simple majority vote if the meeting is held in the form of concurrent presence. In the event if any or all Supervisory Board members participate in the meeting via communication means, then the voting (i.e. YEAs, NAYs or Not Voting) by any such member must be clearly identifiable by such communication means. In a tie vote the Chairman of the Supervisory Board shall have a casting vote.

37. Resolutions of the Supervisory Board at the meeting held in the form of concurrent presence shall be approved by open vote.

38. For the purpose of improved efficiency of the Supervisory Board proceedings, and better identification of its members, as well as participation via communication means and signing of the Minutes of the Supervisory Board meetings, the Supervisory Board may resolve to implement electronic document management using digital signatures by the Supervisory Board members.

39. Resolutions of the Supervisory Board approved at the meeting held in the form of concurrent presence shall be recorded in the Minutes to be produced within five business days after the date of such meeting. Corporate Secretary shall maintain the records, and duly issue the Minutes and organise signing of such Minutes by each Supervisory Board member, and shall deliver a copy of signed Minutes to each Supervisory Board member. For the purposes of recording of proceedings at the Supervisory Board meeting, the Corporate Secretary shall organise, if the Supervisory Board agrees, audio and/or video recording of the meeting.

40. Minutes of the Supervisory Board meeting shall include:

1) full name of the Company;
2) place, time and date of the meeting;
3) names of Supervisory Board members and any invitees participating in the meeting;
4) whether or not quorum was present;
5) agenda for the meeting;
6) summary of presentations and speeches delivered at the meeting;
7) proposed resolutions put to the vote, and vote summary: YEAs, NAYs or Not Voting by Supervisory Board member name on each matter; and
8) approved resolutions.

41. Minutes of the Supervisory Board meeting shall be signed by Chairman of the Supervisory
Board, Corporate Secretary and all Supervisory Board members participating in such Supervisory Board meeting. Any Supervisory Board member participating in such meeting via communication means may sign a separate counterpart of the Minutes, and send its scanned copy by email to the Corporate Secretary within one day after the date of meeting; one counterpart containing original signature shall be sent by registered mail or internationally recognised courier delivery service at the Company address. Signed by Corporate Secretary counterpart and its copies enclosed thereto shall constitute one Minutes to be kept by the Company.

42. A Supervisory Board member which disagrees with any resolution approved at the meeting may write its comments and/or separate opinion and deliver it to Corporate Secretary within one day from the date of the meeting. Any comments made by a Supervisory Board member shall be attached to the Minutes, and shall be their integral part.

43. Resolutions approved by the Supervisory Board shall be binding upon the Supervisory Board members, Executive Board, and Company divisions and employees.

44. Resolutions of the Supervisory Board shall be communicated to the respective persons responsible for their implementation in the form of separate extract from the Minutes in respect of each matter. Such extract from the Minutes of the Supervisory Board meeting shall be issued by the Corporate Secretary, and delivered in person to each such person, with acknowledgement of receipt, within five days upon issuance of the Minutes of the Supervisory Board meeting.

45. At the request of the Supervisory Board, an Executive Board member or any other Company non-voting employee shall participate in its meeting.

46. Any other person may be invited by the Supervisory Board to participate in its meeting. Such decision shall be approved at the Supervisory Board meeting by simple majority vote of the Supervisory Board members participating in the meeting.

47. Minutes of the Supervisory Board meetings shall be kept by the Corporate Secretary for the duration of the Company.

48. Any Company employee having access to the Minutes and documents of the Supervisory Board shall be liable for disclosure of confidential information.

49. Any matter and/or resolution on the matter constituting state secret or confidential information or other classified information shall be recorded in separate Minutes, and shall be kept and used in accordance with the rules for protecting classified information established by the Company.

50. Minutes or certified extracts from Minutes shall be provided for review to the Company shareholder and officers by the Corporate Secretary in accordance with the rules established by the Company.

Chairman of the Supervisory Board

51. Chairman of the Supervisory Board shall:

1) manage the Supervisory Board proceedings, and supervise implementation of the action plan approved by the Supervisory Board;

2) convene the Supervisory Board meetings, shall take chair at such meetings, approve
agenda for each meeting;

3) manage establishment of the Supervisory Board committees, nomination of Supervisory Board members to participate in any such committees, and interaction and communications, including through Corporate Secretary among the committees, and with other Company bodies and officers;

4) draft the report, and report to the General Meeting, about activities of the Supervisory Board, Company's general affairs, and the actions undertaken by the Supervisory Board to achieve the objectives of the Company;

5) maintain regular communications with other Company bodies and officers; and

6) perform other duties as provided for in the Charter, these Rules or resolution of the General Meeting.

52. In the event if the Chairman of the Supervisory Board is absent or unable to perform its duties, such duties shall be performed by its deputy.

**Supervisory Board committees**

53. Supervisory Board may appoint Supervisory Board members to permanent or temporary committees assisting the Supervisory Board in exercise of its powers by research and discussion of the matters falling within the scope of authority of the Supervisory Board.

54. Establishment and operations, requirements to members and powers and responsibilities of the committees shall be determined by these Rules and respective committee regulation to be approved by the Supervisory Board.

55. Supervisory Board shall establish the following permanent committees:

1) Audit Committee;

2) Nomination and Remuneration Committee; and

3) Ethics Committee.

**Audit Committee**

56. Supervisory Board shall appoint the chairman and members of Audit Committee from among the Supervisory Board members; provided, however, that the majority of the Audit Committee members shall be Independent Directors. Only Independent Director may serve as chairman of the Audit Committee.

57. Main responsibilities of the Audit Committee shall be:

1) ensuring that Company accounts are complete, true, accurate and prepared in timely manner;

2) selection, and submission of recommendations to the Supervisory Board respecting appointment, of external (independent) auditor for the Company;

3) supervision over internal audit, its performance evaluation, review and approval of internal audit reports and recommendations, and control over implementation of approved recommendations;
4) review of external auditor reports and recommendations, and control over implementation of external auditor recommendations approved by the General Meeting; and

5) other responsibilities as determined by the Supervisory Board or Audit Committee regulation.

**Nomination and Remuneration Committee**

58. Supervisory Board shall appoint the chairman and members of Nomination and Remuneration Committee; provided, however, that the majority of the Nomination and Remuneration Committee members shall be Independent Directors. Only Independent Director may serve as chairman of the Nomination and Remuneration Committee.

59. Main responsibilities of the Nomination and Remuneration Committee shall be:

1) search for, and nomination of, Chief Executive Officer and Executive Board members to be considered by the Supervisory Board;

2) setting principles for determination of remuneration to Chief Executive Officer and Executive Board members;

3) submission of recommendations to the Supervisory Board respecting the amount of remuneration to Chief Executive Officer and Executive Board members;

4) submission of recommendations to the Supervisory Board respecting removal of any Executive Board member to be considered by the General Meeting;

5) appointment of independent external advisor for evaluation of performance of Supervisory Board members;

6) development of management succession strategy to ensure stable operation of Executive Board, including, without limitation, search for potential candidates to the position of Chief Executive Officer in the event if current Chief Executive Officer is removed, and submission of such strategy to the Supervisory Board for approval; and

7) other responsibilities as determined by the Supervisory Board or Nomination and Remuneration Committee regulation.

**Ethics Committee**

60. Supervisory Board shall appoint the chairman and members of Ethics Committee from among the Supervisory Board members; provided, however, that the majority of the Ethics Committee members shall be Independent Directors. Only Independent Director may serve as chairman of the Ethics Committee.

61. Main responsibilities of the Ethics Committee shall be:

1) investigation, and submission of opinion and recommendations to the Supervisory Board, on whether or not any Supervisory Board or Executive Board member has a conflict of interests; and

2) other responsibilities as determined by the Supervisory Board or Ethics Committee regulation.
62. If so required, the Supervisory Board may be establish other permanent or temporary committee for the research and preparation of materials on certain matters pertaining to the Company affairs.

63. Role and responsibilities, and structure of temporary committees, engagement of other persons to assist the committees, and any other matters related to the committees shall be determined by the Supervisory Board in anticipation of approval of resolution establishing any such committee, and any such determinations shall be issued in the form of respective committee regulation to be approved by the Supervisory Board at the same meeting where resolution establishing any such committee is approved.

64. Opinion made by the Supervisory Board committee based on research of a particular matter shall be issued in written form, signed by all committee members, and delivered to the Chairman of the Supervisory Board. Opinion issued by a committee shall be of advisory nature.

65. In the event if specialized expertise is required for research and analysis of any particular aspect of the Company operations, external consultants, advisors or experts may be engaged to assist the committee. Respective resolution shall be approved by the Supervisory Board, subject to approved budget.

**Reimbursement of expenses and remuneration of the Supervisory Board members**

66. Company budget approved in accordance with its Charter shall provide finance for the Supervisory Board and its committees.

67. Supervisory Board members will receive, in addition to remuneration for such role, reimbursement of their reasonable and documented expenses related to performance of their responsibilities as Supervisory Board members based on the Company principles for reimbursement of expenses and remuneration, and such information shall be disclosed in the Company annual report.