

Extractive Industries  
Transparency Initiative

# NATIONAL REPORT OF UKRAINE 2020

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## List of abbreviations and glossary of terms

Term	Meaning
<b>Public authorities</b>	
CMU	Cabinet of Ministers of Ukraine
Derzhgeonadra, Geology Service	The State Service for Geology and Mineral Resources of Ukraine
EITI International Secretariat	Independent body responsible for EITI implementation and management at the international level. It is based in Oslo (Norway)
EITI National Secretariat	National body, which coordinates and supports EITI at the country level
Mineconomy / Ministry of Economy	Ministry of Economy of Ukraine
Minekoenergo	Ministry of Energy and Environmental Protection of Ukraine (existed from 28 September 2019 to 27 May 2020 as a result of the accession of the Ministry of Energy to the Ministry of Environment).
Minenergo / Ministry of Energy	Ministry of Energy of Ukraine
Ministry of Finance	Ministry of Finance of Ukraine
NBU	National Bank of Ukraine
NEURC	National Energy and Utilities Regulatory Commission
Parliament	Verkhovna Rada of Ukraine
SCMR	State Commission on Mineral Resources
SCS	State Customs Service of Ukraine
STS	State Tax Service of Ukraine
State Labour Service	The State Labour Service of Ukraine, created as a result of reorganization of State Service for Mining Supervision and Industrial Safety of Ukraine and the State Labour Inspection of Ukraine
State Statistics Service, SSSU	State Statistics Service of Ukraine
State Treasury	State Treasury of Ukraine
<b>Companies</b>	
Geoinform of Ukraine SRPE	State Geological Information Fund of Ukraine State-owned Research and Production Enterprise
Heolekspertyza SGE	State Commission for Examination of Geological Projects and Estimates Heolekspertyza
Naftogaz of Ukraine NJSC	Naftogaz of Ukraine National Joint Stock Company
<b>General abbreviations</b>	
EITI	Extractive Industries Transparency Initiative
FEC	Fuel and energy complex
GTS	Gas transmission system
GZK	Ore Preparation Plant
JAA	Joint Activity Agreement
JSC	Joint-Stock Company
JV	Joint Venture
MSG / MSG EITI	Multi-stakeholder group, which includes the representatives of government, companies and civil society and has been created to

Term	Meaning
	control the process of EITI implementation in Ukraine and communication on EITI Report findings, as well as to integrate EITI for broader activities on ensuring the extractive industries transparency
OJSC	Open Joint-Stock Company
ORP	Refinery
PICE	Private Industrial and Commercial Enterprise
PIT	Personal income tax
PJSC	Public Joint-Stock Company
PrJSC	Private Joint-Stock Company
PSA	Production Sharing Agreement
QFT	Quasi-fiscal transactions
SE	State Enterprise (unless otherwise noted)
SJSC	State Joint-Stock Company
SOJSC	State Open Joint-Stock Company
SPE	Small private enterprise
SU	Separate union
UAH	Ukrainian hryvnia
UBMR	Construction Works Department
USC	Unified contribution for mandatory state social insurance, Unified Social Contribution
USD	US dollar. Average exchange rate in 2020 was - 26.60 UAH/USD
USR	Unified State Register of Legal Entities, Individual Entrepreneurs, and Public Organizations
VAT	Value added tax
<b>Other abbreviations</b>	
Beneficial Owner	Ultimate beneficial Owner within the meaning of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction" No. 361-IX dated 16.08.2020
EITI online platform	Electronic reporting and analysis system of the Extractive Industries Transparency Initiative (EITI) in Ukraine: <a href="https://eiti.gov.ua/">https://eiti.gov.ua/</a>
EITI Report	Report containing the major deliverables of the procedures performed as part of EITI implementation at the country level for a year (in this particular case - for 2020)
EITI Standard	International standard of ensuring the transparency of a country's natural resource governance process within the EITI framework. Ukraine EITI Report for 2020 was prepared in accordance with EITI Standard 2019.
Independent Administrator	External independent entity, which provides the services on preparation of EITI Report for 2020 and which has no conflict of interest in respect of provision of such services
License	Special permit for the use of subsoil
Material types of payments	Types of tax and other budget revenues (as well as USC) for which the amounts of payments from the extractive industries have been

Term	Meaning
	identified as material and subject to payment reconciliation
Reporting companies	Companies in the extractive industries whose payments to the state have been determined to be material and subject to payment reconciliation
Reporting industries	Extractive industries, which payments to the state have been determined to be material and subject to payment reconciliation
Reporting organizations	Extractive companies, state enterprises, institutions and organizations, state authorities that provide reporting data for further processing and reflection in the EITI Report
State Budget	State Budget of Ukraine
Transmission royalty	Rent for transmission of oil and oil products through trunk pipelines and oil product pipelines through Ukrainian territory, natural gas and ammonia transit transmission via pipelines through Ukrainian territory
<b>Regulatory acts</b>	
Budget Code	The <a href="#">Budget Code</a> of Ukraine No. 2456-VI dated 08.07.2010
CUAO, Code of Ukraine on Administrative Offenses	The <a href="#">Code of Ukraine on Administrative Offenses</a> No. 8073-X dated 07.12.1984
Customs Code	The <a href="#">Customs Code</a> of Ukraine No. 4495-VI dated 13.03.2012
Law on EITI, EITI Law	The Law of Ukraine " <a href="#">On Ensuring transparency in Extractive industries</a> " No. 2545- VIII dated 18 September 2018
Law on Oil and Gas	The Law of Ukraine " <a href="#">On Oil and Gas</a> " No. 2665-III dated 12.07.2001
Mining law	The <a href="#">Mining law</a> of Ukraine No. 1127-XIV dated 06.10.1999
Procedure for granting licenses	The <a href="#">Procedure on granting special permits on subsoil use</a> , approved by the Resolution of the CMU No. 615 dated 30.05.2011
Procedure for holding auctions for the sale of licenses	The <a href="#">Procedure for holding auctions for sale of special permits on subsoil use</a> approved by the Resolution of the CMU No. 594 dated 30.05.2011
PSA Law	The Law of Ukraine " <a href="#">On Production Sharing Agreements</a> " No. 1039-XIV dated 14.09.1999
Subsoil Code	The <a href="#">Subsoil Code</a> of Ukraine No. 132/94-VR dated 27.07.1994
Tax Code	The <a href="#">Tax Code</a> of Ukraine No. 2755-VI dated 02.12.2010



## Executive Summary

The EITI Report 2020 is the seventh report prepared by Ukraine in accordance with the EITI Standard. This report covers the results of 9 extractive industries of Ukraine (namely oil and gas extraction, coal mining, iron ore mining, titanium ore mining, manganese ore mining, fire clays mining, high-melting clays mining, quartz sand mining, and building stones mining), as well as oil and natural gas transmission in 2020. In particular, the report provides information on mineral reserves, the volume and value of extracted minerals, their exports and imports, exploration, the role of the state in the extractive industries. Also, the EITI Report 2020 includes information on regulatory and fiscal by-laws applicable to the extractive industries, the contribution of the extractive industries to the economy of Ukraine, social and charitable payments of the extractive companies and the environmental impact of the extractive industries. The report also contains data on tax and other payments by the extractive industries to the state and the results of their reconciliation.

### **The contribution of the extractive industries to the economy of Ukraine**

The contribution of the extractive industries to Ukraine's GDP amounted to UAH 190.34 billion in 2020, or 4.54% of the total GDP (5.59% in 2019). The share of extractive industries in the value of exports of all goods from Ukraine was 5.96%, and in the value of total exports of all goods and services - 4.94% (3.42% - in 2019), its growth is mainly due to increased exports of non-agglomerated iron ores.

The share of payments of the accountable extractive industries in all tax and non-tax revenues of the state was 11.21% (UAH 186,658,453.51 thousand) in the reporting year. The largest amount of payments to the state was from oil and natural gas industry (UAH 149,339,058.93 thousand). The contribution of the extractive industries to the capital investments of Ukraine was 10.66% of the total capital investments in 2020, or UAH 44,755.57 million. Significant capital investments were made by the iron ore mining and natural gas extracting industries, which totaled 76.83% of the capital investment of the accountable mining industries in 2020.

According to the State Statistics Service, 2.54% of the average number of full-time employees in Ukraine were employed in the extractive industries in 2020: 186.4 thousand people, including 74.68% men and 25.32% women. Compared to 2019, the average monthly salary of mining workers increased by 7.25% and amounted to UAH 16,763. According to the Ministry of Economy, the shadow economy in Ukraine's extractive industries decreased by 9% in 2020 compared to the previous year and amounted to 41%.

### **Coal**

The coal mining industry is one of the priority and strategically important mining industries of Ukraine, as it significantly affects the energy security of the state. The share of the state-owned companies in the total volume of coal production was 9.97% in 2020. However, the state's participation in coal mining is significant - the state provides financial support to the coal industry enterprises through the implementation of budget programs, providing guarantees for loans.

Coal reserves are located mostly in 6 administrative regions of Ukraine. The volume of the reserves decreased by 0.16% in the reporting year compared to the previous year and amounted to 41,185.36 million tons. More than 90% of coal reserves are located in 3 administrative regions: Luhansk, Donetsk, Dnipropetrovsk oblasts.

The volume of coal production in 2020 decreased by 7.71% compared to 2019, which is primarily due to a decrease in production in the Dnipropetrovsk administrative region by 2,207.06 thousand tons. In 2020, Ukraine produced the total of 28,818.09 thousand tons of coal, including 55.52% - in the Dnipropetrovsk region and 39.04% - in the Donetsk region.

In 2020, the volume of coal exports decreased by 82.94% compared to 2019 and amounted to 2.55 thousand tons. The volume of coal imports also decreased (by 19.60% compared to the previous year) and amounted to 16,951.03 thousand tons. The main destination for coal exports from Ukraine was Poland, and most imports were from Russia.

### **Oil and natural gas transmission**

The separation of the natural gas transmission operations from the operations of Naftogaz of Ukraine NJSC was completed in 2020. Gas Transmission System Operator of Ukraine LLC became the only certified operator of the gas transmission system of Ukraine. The shares of Gas Transmission System Operator of Ukraine LLC are 100% owned by Main Gas Pipelines of Ukraine JSC, which is under the Ministry of Finance of Ukraine.

In 2020, the volume of natural gas transit decreased by 37.72% and amounted to 55.8 billion cubic meters. The largest volume of transit was to Slovakia (69.00%). Imports of natural gas to Ukraine in 2020 increased by 12% compared to the previous year, and its volume amounted to 15.9 billion cubic meters. 45% of natural gas was imported through the virtual reverse mechanism. The total of 12.7 billion cubic meters of natural gas were pumped into Ukraine's underground gas storage facilities in 2020.

Resolution of the NRCEU of 29.07.2020 No 1468 "On Amendments to the Resolution of the NCREU of December 24, 2019 No 3013" adjusted the coefficients that take into account the capacity ordering period, applicable to tariffs for natural gas transmission services for entry and exit points in / from the gas transmission system for the regulatory period 2020-2024.

The volume of oil transmission amounted to 15.8 million tons in 2020, which exceeded the previous year's figure by 1.94%. Oil was mostly transited (83.54%) or transmitted to the Ukrainian refineries.

### **Iron ore**

Ukraine's iron ore mining industry is export-oriented, as in the reporting year the value of exports of non-agglomerated iron ores exceeded the value of exports of all other reporting mining industries. In the reporting period, iron ore was mined in Ukraine only by private companies.

As of the end of 2020, there were 60 iron ore deposits in Ukraine, and their reserves amounted to 18,065.04 million tons. Iron ore reserves are located in 6 administrative regions of Ukraine, with the largest volume (48.61%) concentrated in Dnipropetrovsk region.

The iron ore mining dynamics was positive in 2020. The industry demonstrated an increase of 3.72% compared to 2019. The total volume of production was 163.30 million tons, with 75.24% of the total mined iron ore in the Dnipropetrovsk region. The leading iron ore extractive companies are: Southern Iron Ore Enrichment Works JSC, Ingulets Iron Ore Enrichment Works PrJSC, Northern Iron Ore Enrichment Works PrJSC, ArcelorMittal Kryvyi Rih PJSC.

In the reporting period, Ukraine increased the volume of exports of non-agglomerated (by 24.17%) and agglomerated (by 2.55%) iron ores compared to 2019 to 30,857.32 thousand tons and 15,435.52 thousand tons, respectively. China was the main destination for the iron ore exports. The volume of iron ore imports in 2020 remained insignificant.

### **Titanium ore**

Ukraine has significant reserves of titanium ores and is one of the top 10 countries in terms of explored reserves in the world. Most companies in the titanium ore industry in Ukraine are private, and only one company is state-owned - United Mining and Chemical Company JSC. As of the date of publication of this report, the company was owned by the State Property Fund of Ukraine and was in the process of privatization.

As of the end of 2020, according to the US State Geological Survey, the reserves of titanium ores (ilmenite, rutile) in Ukraine amounted to 8,400.00 thousand tons, or 1.13% of the world reserves. The volume of titanium concentrate production in Ukraine was 6.87% of the world production, or 564 thousand tons. Titanium ore reserves were explored in Sumy, Zhytomyr, Kharkiv administrative regions, and mined in Dnipropetrovsk and Zhytomyr regions.

The volume of titanium ore exports in 2020 decreased compared to 2019 by 13.53% and amounted to 536.87 thousand tons. Titanium ore was exported to 44 countries. The volume of titanium ore imports remained insignificant in the reporting period.

### **Manganese ore**

Ukraine ranks first in the world in terms of proven reserves of manganese ores, and the Nikopol manganese ore basin, located in Ukraine, is the largest in the world. Manganese ore mining is carried out by private companies only.

As of the end of 2020, the total volume of manganese ore reserves amounted to 2,162.83 million tons, and the volume of manganese ore produced during 2020 amounted to 3,849.50 thousand tons. Manganese ore reserves are located mostly in 3 administrative regions of Ukraine (Zaporizhia, Dnipropetrovsk, Kherson), however, in the reporting period, mining was carried out exclusively in the Dnipropetrovsk region by the following three companies: Pokrovskiy GZK JSC, Marganets Mining and Processing Plant PJSC, and Landshaft LLC.

Compared to 2019, the volume of manganese ore exports increased more than twice in the reporting period and reached 69.30 thousand tons. Most of the exports (83.30%) were to the United States. Imports of manganese ores, by contrast, decreased by more than 50% to 581.18 thousand tons. More than 90% of manganese ores were imported from Ghana.



### **Fire clays**

The reserves of fire clays are located in 5 administrative regions of Ukraine. Fire clays are extracted only by private companies. As of the end of 2020, the volume of fire clay reserves amounted to 587.13 million tons, of which 75.79% are concentrated in the Donetsk region.

In 2020, fire clays were extracted in Donetsk (99.18% of total production) and Zaporizhia (0.82%) administrative regions. The total volume of production in the reporting period amounted to 4,548 thousand tons, which is 17.07% less than in 2019.

The volume of fire clays exports in 2020 decreased by 19.31% compared to the previous year and amounted to 4,042.63 thousand tons. The volume of imports remained insignificant.

### **High-melting clays**

There are 21 high-melting clay deposits in Ukraine, they are mostly concentrated in 8 administrative regions of the country. As of January 1, 2021, the volume of high-melting clay reserves in Ukraine amounted to 76.87 million tons, 65.41% of which are located in the Donetsk region.

In 2020, refractory clays were mined out exclusively by private companies in the Zakarpattia (61.06% of total production) and Donetsk (38.94%) regions. The total production of refractory clays in 2020 amounted to 218.38 thousand tons.

### **Quartz sand**

As of the end of 2020, the reserves of quartz sand in Ukraine were concentrated in 17 administrative regions of the country in 42 deposits. The total volume of reserves amounted to 240.57 million tons, with 39.17% located in the Kharkiv region.

The volume of quartz sand production amounted to 1,421.73 thousand tons in 2020. Extraction was carried out exclusively by private companies in 9 regions of Ukraine. In the reporting year, there was a significant (by 32.99%) increase in production compared to 2019. In particular, the volume of production in the Lviv region increased by 135.92%, in Chernihiv region - by 21.01%, in Kherson region - by 16.39%.

### **Building stones**

As of January 1, 2021, there were 946 rock deposits in Ukraine used for the production of building stones. The largest volumes of building stone reserves (54.02%) are granite deposits. The total reserves of building stones at the end of 2021 amounted to 7,906.80 million cubic meters, with 20.91% located in Zhytomyr region, 12.27% - in Zaporizhia, and 9.56% - in Donetsk region.

In 2020, the total production of building stones increased by 44.11%, and mining of some rocks increased times as much as before (granodiorite - 8 times, gabbro-norite - 3 times, labradorite - 2 times). A significant increase in production (more than 4 times) was observed in Khmelnytsky region. The total volume of extracted building stones was 38,960.48 thousand cubic meters in 2020, with 21.73% of them - in the Zhytomyr region.

The volume of exports of pebbles, gravel and rubble in 2020 decreased compared to 2019 by 25.34% and amounted to 3,409.19 thousand tons. The largest volume of exports was sent to

Russia (72.44%). On the other hand, the volume of imports of pebbles, gravel and rubble increased by 10.36% compared to the previous year and amounted to 513.21 thousand tons. Belarus accounted for 39.67% of imports, Turkey - 33.10%, and Romania - 16.19 %.

### **Reconciliation of data on tax and other payments in favor of the state**

According to government agencies, the tax and non-tax revenues from the companies of the significant extractive industries in favor of the state in 2020 amounted to UAH 186,658,453.51 thousand, which is 11.42% more than in 2019. The largest share in the total revenues is from oil and natural gas extraction industry (including oil and natural gas transmission) - 89.48% or UAH 167,014,400.80 thousand. At the same time, the share of the companies of the metal ore (iron, titanium, and manganese ore) mining industry in favor of the state in 2020 was 5.76% of the total taxes and other payments or UAH 10,752,674.85 thousand, and that of the companies of coal mining industry - 4.76% or UAH 8,891,377.86 thousand.

As in 2019, the production royalty was the largest in absolute terms and as a percentage of payment paid by the companies in the extractive industries in favor of the state - 26.24% of the total revenues from the reporting extractive industries or UAH 48,987,010.31 thousand. The second and the third were the value added tax on goods and services produced in Ukraine (excluding budget reimbursement of VAT) and corporate income tax - 21.95% or UAH 40,975,372.34 thousand and 21.52% or UAH 40,177,554.47 thousand, respectively.

In 2020, the reconciliation of payments under the EITI Report covered 54 mining companies with a total significant payment to the state in the amount of UAH 182,857,572.64 thousand (according to government agencies). All the accountable mining companies provided information on the amount of tax and other payments for the reconciliation, and therefore the completeness of the reconciliation of payments in the EITI Report 2020 was 100% (in the EITI Report 2019 - 99.06%).

Significant discrepancies between government data and the data from the accountable mining companies were found in 39 companies. The Independent Administrator generated and sent additional inquiries to the companies to find out the reasons for such discrepancies and further adjust the data. As a result, the primary discrepancy of UAH -5,467,065.15 thousand or -2.99% decreased to the final discrepancy of UAH 30,558.85 thousand or 0.02%. The results of the reconciliation of payments in 2020 are presented in **Section 9**, and the results of the discrepancy study are presented in **Annex 11**.

### 3. The Extractive Industries Transparency Initiative worldwide and in Ukraine

Ukraine joined the Extractive Industries Transparency Initiative (EITI) in 2013. EITI is an international standard that requires disclosing information on the status of the country's extractive sector and aims to ensure transparency in the country's natural resources management. Since Ukraine joined the Extractive Industries Transparency Initiative, 6 EITI Reports have been published, covering seven calendar years (2013-2019). Each year, the reports were more detailed, and the latest reports disclose information on 9 extractive industries and the oil and natural gas transmission industry, compared to the 2 industries in the first EITI Report.

In 2020, 5 meetings of the EITI Multi-stakeholder group (EITI MSG) were held<sup>1</sup>. The meetings resulted, inter alia in approval of the EITI Report 2017, the draft EITI Report 2018, the EITI Report 2019, the Work Plan for 2020, the EITI Progress Report 2019 and the Terms of Reference for the development of the EITI online platform<sup>2</sup>.

In 2020, the test version of the Ukrainian EITI Reports Submission and Analysis Electronic System (hereinafter - the online EITI platform) was launched on the website <https://eiti.gov.ua/>. The platform is designed to automate the EITI implementation process in Ukraine by creating an electronic reporting system. The data provided on the online EITI platform are certified with electronic digital signature. The information from mining companies for the purposes of preparation of the EITI Report 2020 was collected using this platform<sup>3</sup>. The development of the online EITI platform is a part of the Open Government Partnership Initiative Action Plan for 2018-2020 and 2021-2022.

In the second half of 2020, the second validation of Ukraine took place in accordance with the 2016 EITI Standard. In early 2021, the EITI Board approved a decision that Ukraine had fully implemented three of the eight corrective actions since the country's first validation. As a result of the validation, Ukraine has got the "significant progress with improvement" status in EITI implementation.

The EITI Board also noted that Ukraine would have some time until April 1, 2023 to take the corrective actions before the next validation starts. The corrective actions for Ukraine include government participation (Requirement 2.6 of the EITI Standard), extraction (Requirement 3.2), data completeness (Requirement 4.1), transmission revenues (Requirement 4.4), and operations involving state-owned enterprises (Requirement 4.5)<sup>4</sup>.

The table below presents the profiles of the published EITI Reports of Ukraine, including the scope of the reports, the total payments of the reporting ind, and the total payments of the significant companies and the completeness of the reconciliation.

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<sup>1</sup> Another name for the Multi-Stakeholder Group

<sup>2</sup> Annual Progress Report for 2020, short version, [https://eiti.org.ua/wp-content/uploads/2021/10/Richnyy-zvit-Ukrai-ny-za-2020-rik\\_korotka-versiia\\_final.docx.pdf](https://eiti.org.ua/wp-content/uploads/2021/10/Richnyy-zvit-Ukrai-ny-za-2020-rik_korotka-versiia_final.docx.pdf)

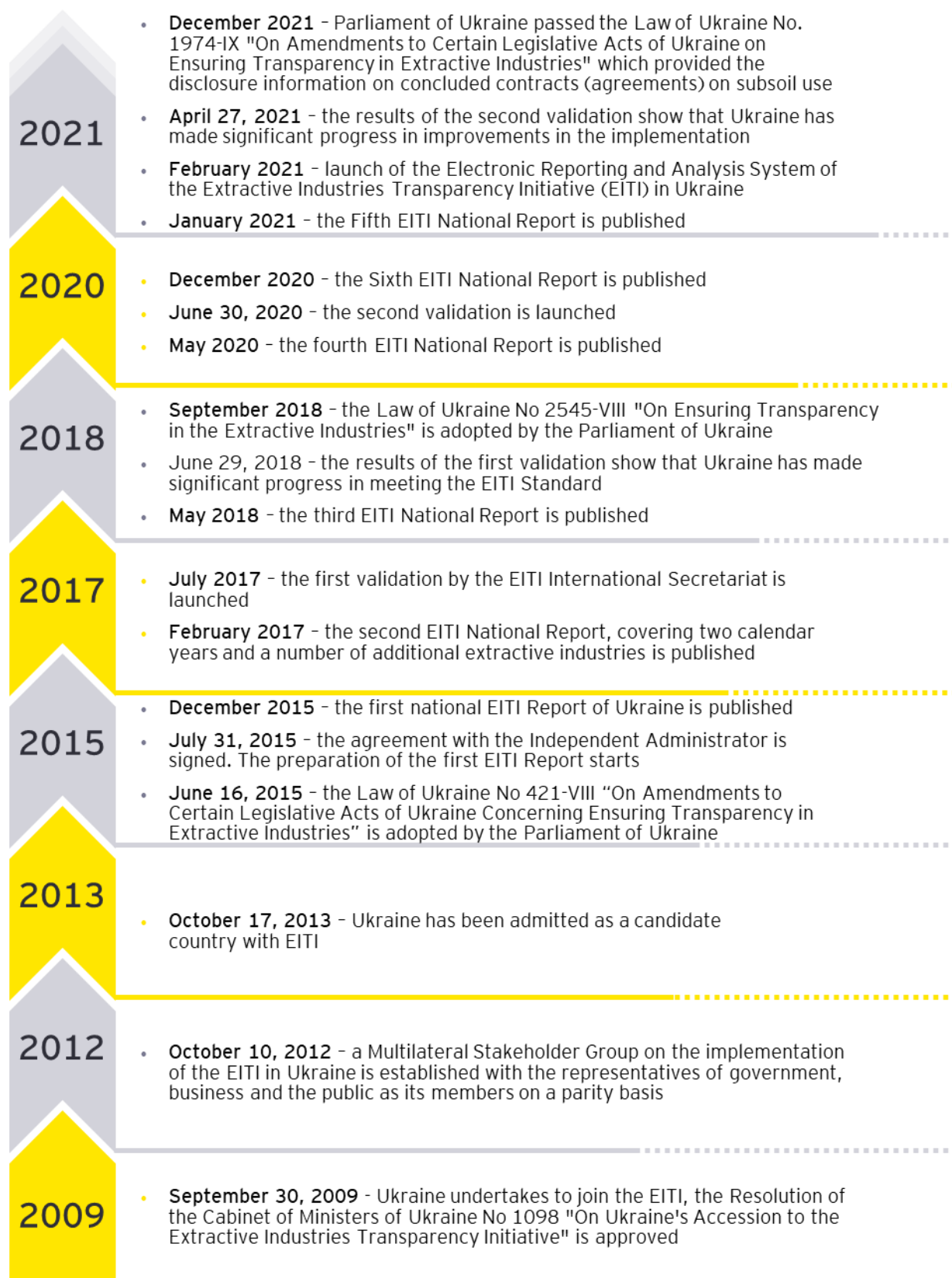
<sup>3</sup> Annual Progress Report for 2020, full version, [https://eiti.org.ua/wp-content/uploads/2021/10/Richnyy-zvit-Ukrai-ny-za-2020-rik\\_povna-versiia\\_final.docx.pdf](https://eiti.org.ua/wp-content/uploads/2021/10/Richnyy-zvit-Ukrai-ny-za-2020-rik_povna-versiia_final.docx.pdf)

<sup>4</sup> Second Validation of Ukraine: Final Assessment Report of the EITI International Secretariat, [https://eiti.org/files/documents/en\\_-\\_second\\_validation\\_of\\_ukraine\\_2020\\_-\\_final\\_assessment.pdf](https://eiti.org/files/documents/en_-_second_validation_of_ukraine_2020_-_final_assessment.pdf)

Table 3.1: Main characteristics of the EITI Reports of Ukraine

EITI Report	Year of publication	Scope	Volume of revenue covered by the EITI Report	Among them, significant payments of reporting companies (subject to reconciliation)	Depth of payment information reconciliation
2013 EITI Ukraine Report	2015	Natural gas and oil extraction; Natural gas and oil transmission	UAH 26.8 bln	No reconciliation of payments and by companies	
2014-2015 Ukraine EITI Report	2017	+ Coal mining; Iron ores mining; Titanium ores mining; Manganese ores mining	UAH 58.0 bln - 2014.	UAH 55.6 bln (95.8% among total volume)	81.5%
			UAH 92.5-2015.	UAH 88.4 bln (95.5% among total volume)	82.8%
2016 Ukraine EITI Report	2018	+ Fire clays and high-melting clays mining; Quartz sand mining	UAH 105.0 bln	UAH 100.1 bln (95.4% among total volume)	91.8%
2017 Ukraine EITI Report	2020	+ Building stones mining	UAH 145.4 bln	UAH 140.6 bln (96.7% among total volume)	98.4%
2018 Ukraine EITI Report	2021	10 industries (no change from the previous year)	UAH 187.9 bln	UAH 183.4 bln (97.6% among total volume)	99.06%
2019 Ukraine EITI Report	2020	10 industries (no change from the previous year)	UAH 165.4 bln	UAH 161.1 bln (97.4% among total volume)	99.06%
2020 Ukraine EITI Report	2021	10 industries (no change from the previous year)	UAH 186.7 bln	UAH 182.9 bln (98.0% among total volume)	100%

The chart below shows the key events of the EITI implementation in Ukraine since 2009.



*Figure 3.1: Key events in Ukraine in the process of EITI implementation*



To promote the EITI, the relevant public events are held, and media resources are updated as part of the communication strategy. In 2020, four online trainings were held for the representatives of the reporting companies and authorities. There is also a website <http://eiti.org.ua>, where the information on the process of implementing EITI in Ukraine and around the world, current news, developments and events related to the Initiative are presented. The site hosts the EITI Standard, the EITI Reports of Ukraine, the legislation reviews reports and other useful information.

From 2020, the online EITI platform is also available (please, see <https://eiti.gov.ua/>) which provides up-to-date information on the EITI history, purpose, and participants, as well as access to the mining companies accounts for EITI reporting. The EITI online platform also contains information on the extractive sector as a whole, including natural resource reserves, extraction and more.

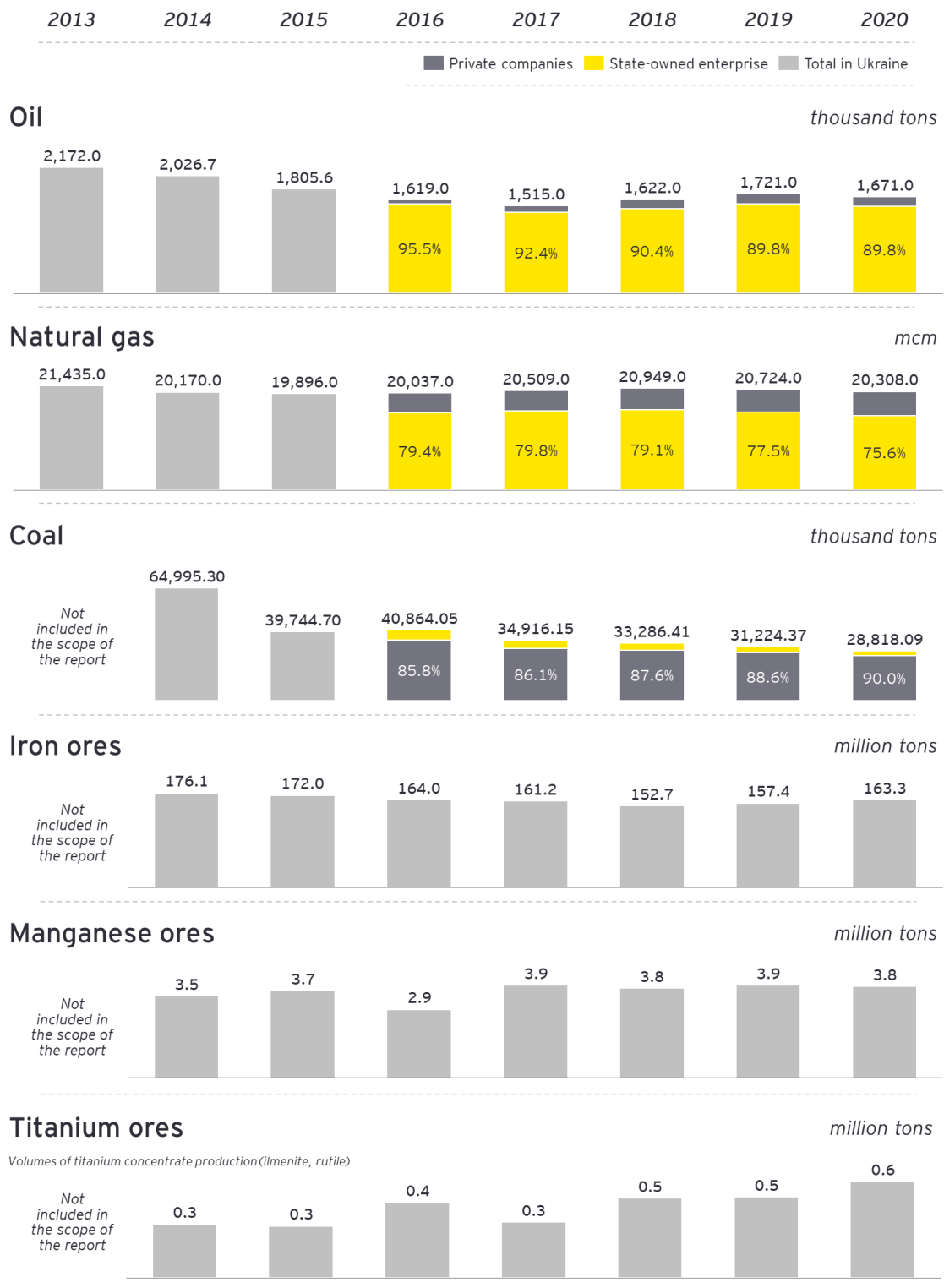
EITI in Ukraine is supported by the following organizations:

- ▶ The Government of Germany through the project "Good Financial Governance III" implemented by the federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
  - ▶ International Renaissance Foundation;
  - ▶ United States Agency for International Development (USAID) in Ukraine;
- and other stakeholders (mining companies, NGOs, Government of Ukraine, etc.).

The EITI Report for 2020 is the seventh national EITI Report of Ukraine. The diagrams below show consolidated data on key indicators in terms of the main extractive industries that were included in the scope of the reconciliation of payments.

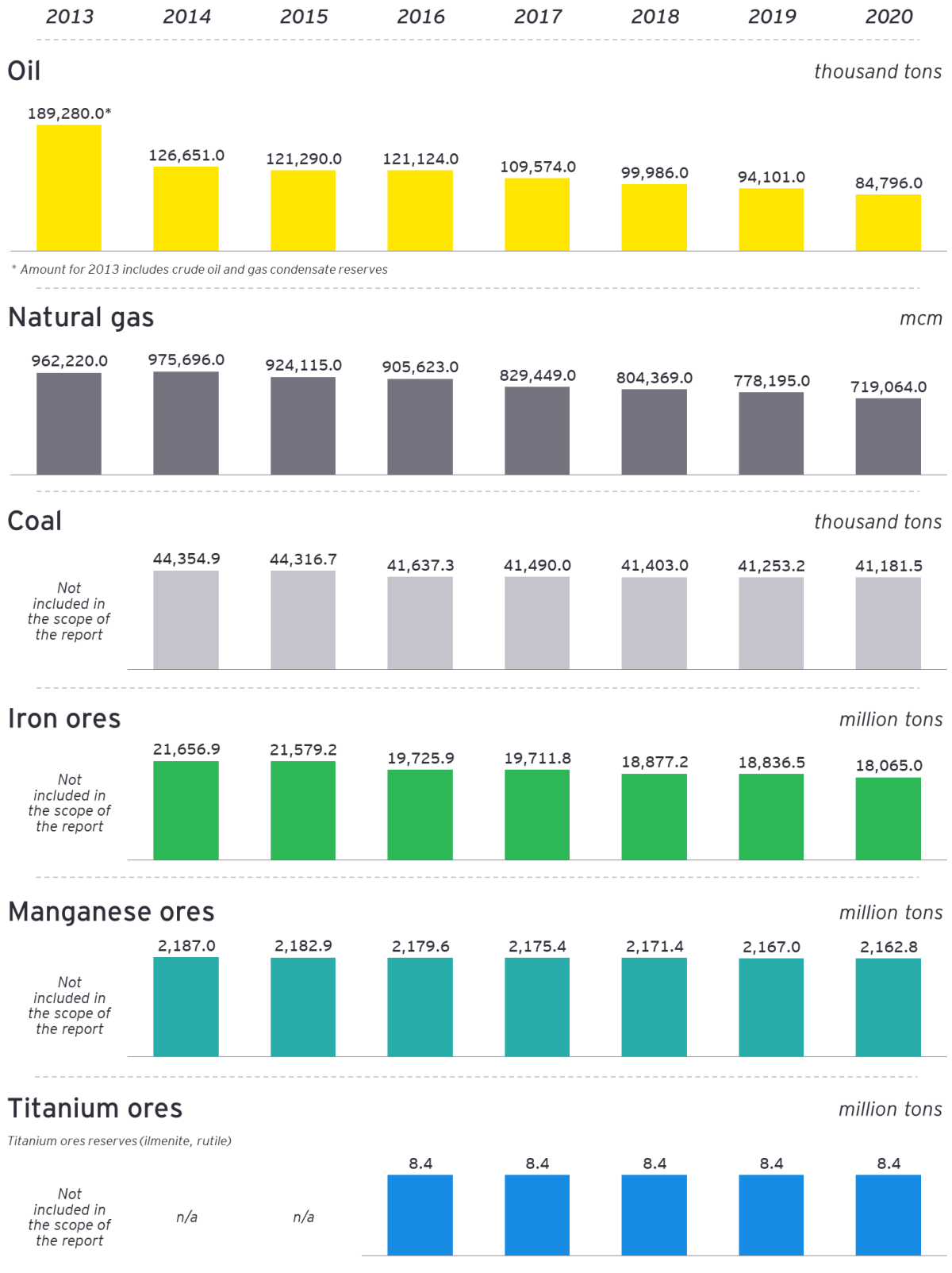
Key indicators for all reporting periods of 7 EITI Reports of Ukraine

Figure 3.2: Volumes of mineral resources extraction in 2013-2020<sup>5</sup>



<sup>5</sup> According to Derzhgeonadra (Geoinform of Ukraine), the Ministry of Economy, the US Geological Survey (for titanium ore) page 20 of 623

**Figure 3.3: Volumes of balance reserves of mineral resources as of end of the year, 2013-2020<sup>6</sup>**



<sup>6</sup> According to Derzhgeonadra (Geoinform of Ukraine), the Ministry of Economy, the US Geological Survey (for titanium ore) page 21 of 623

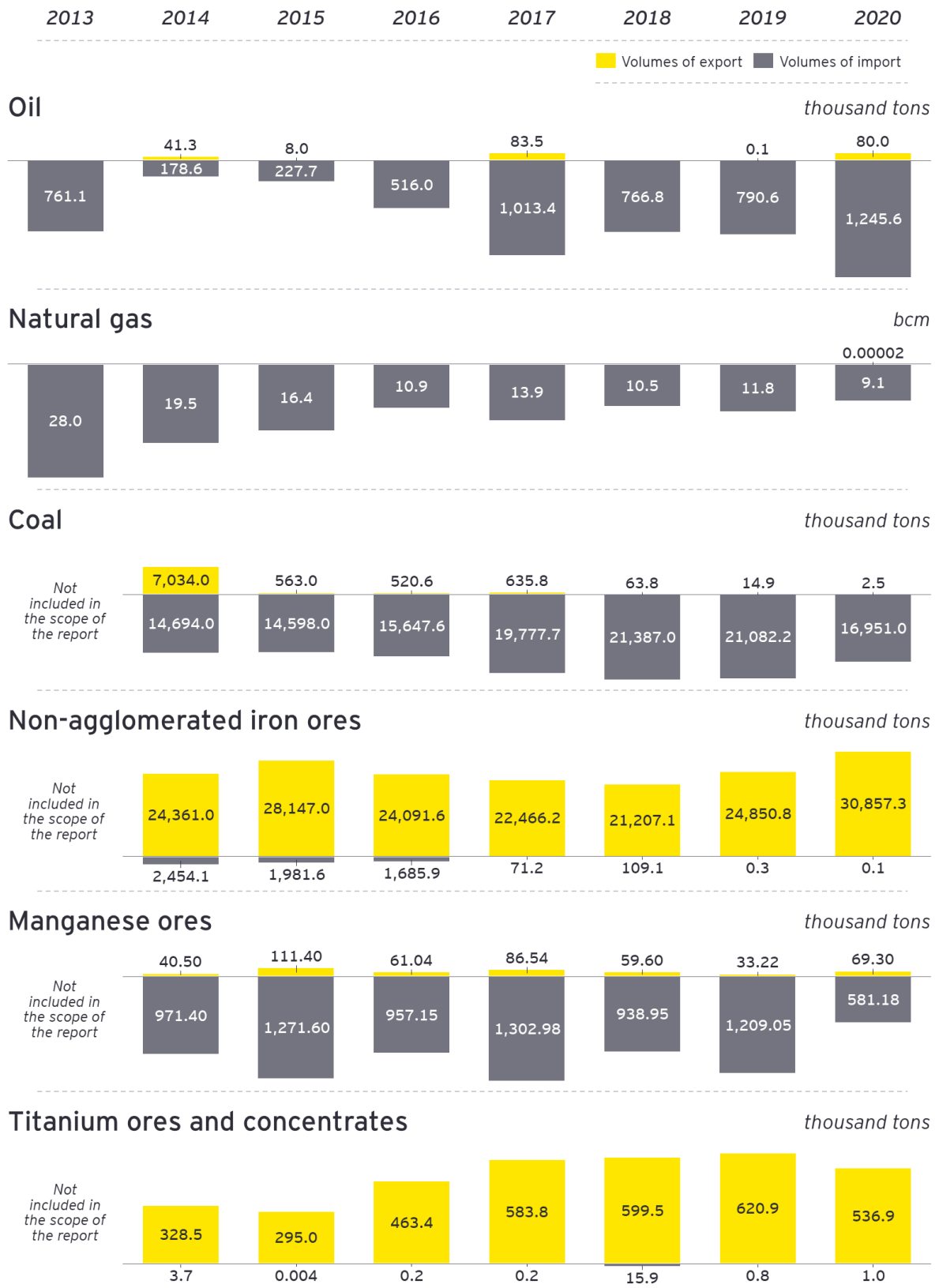
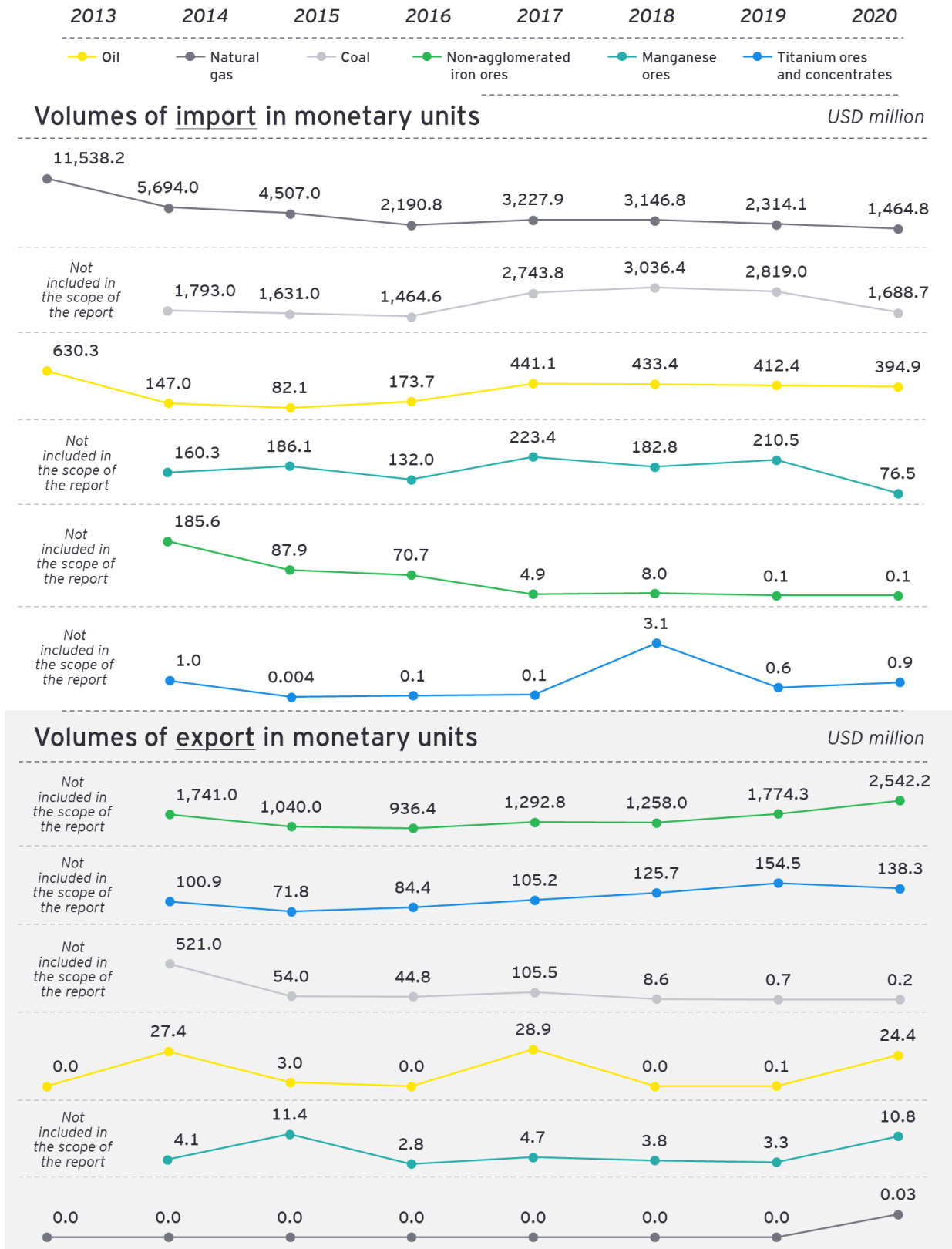
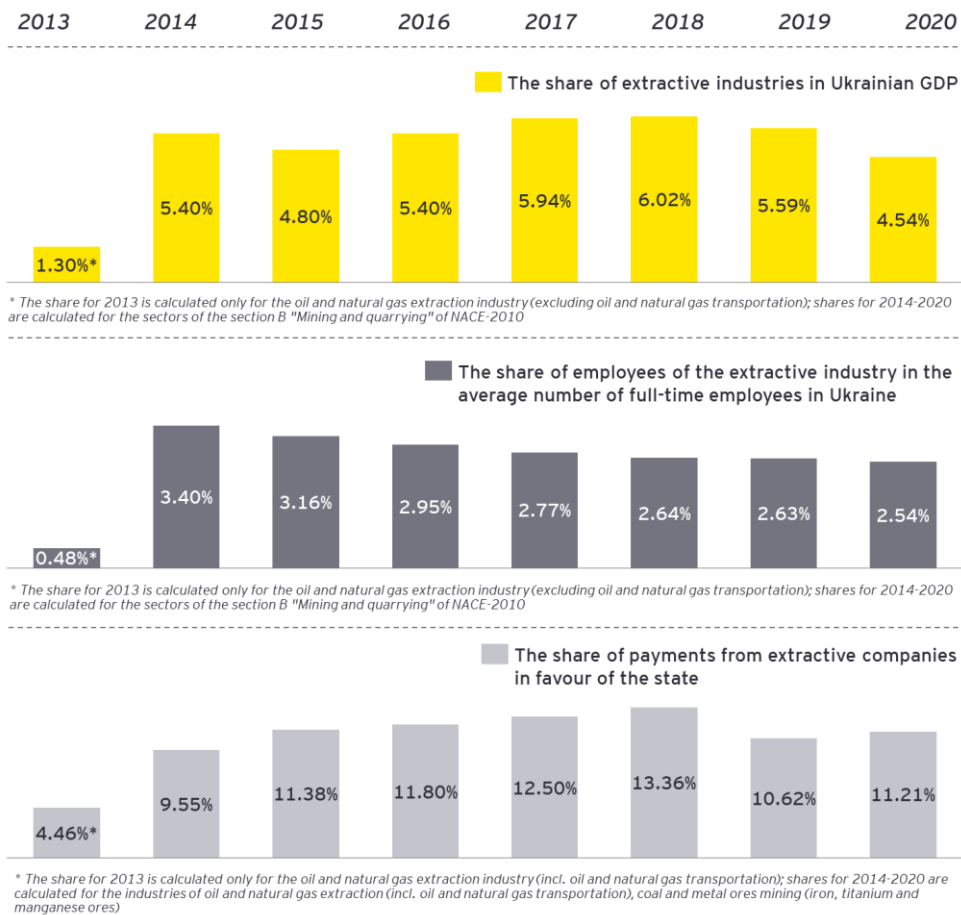
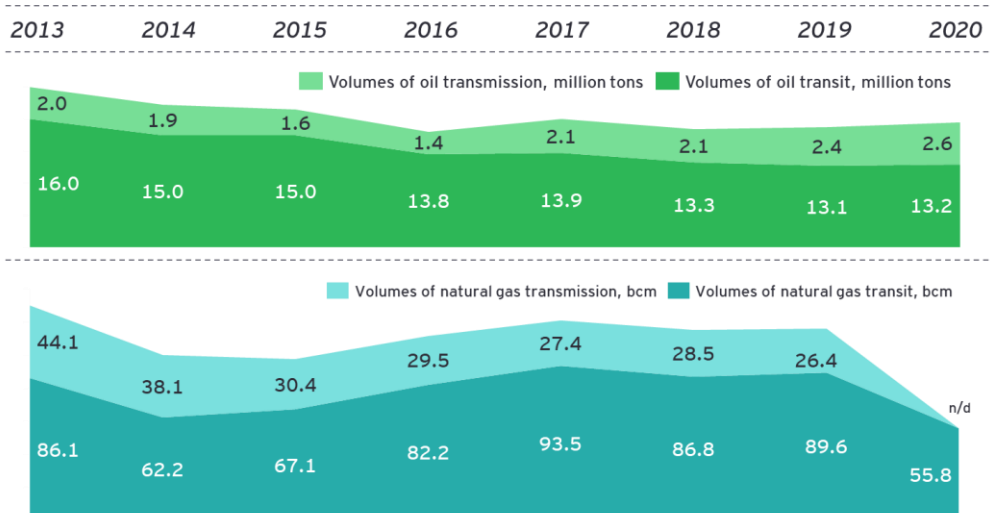
**Figure 3.4: Volumes of mineral resources import and export in physical units, 2013-2020<sup>7</sup>**

<sup>7</sup> According to State Statistics Service

Figure 3.5: Volumes of mineral resources import and export in monetary units, 2013-2020<sup>8</sup>



<sup>8</sup> According to State Statistics Service

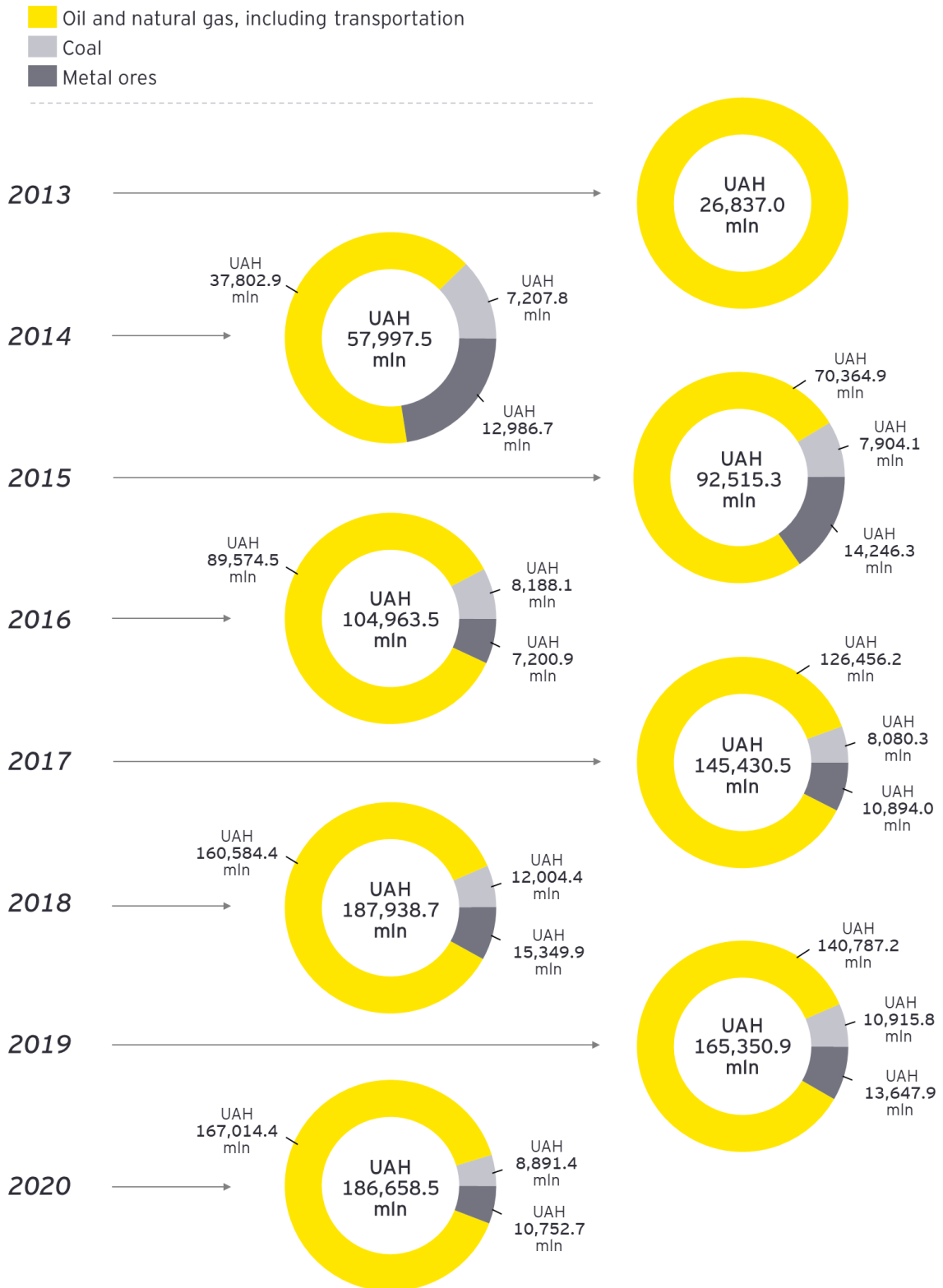


**Figure 3.6: The contribution of extractive industries to the Ukrainian economy in 2013-2020<sup>9</sup>**

**Figure 3.7: Volumes of natural gas and oil transmission and transit in 2013-2020<sup>10</sup>**


<sup>9</sup> According to State Customs Service of Ukraine and State Tax Service of Ukraine (previously - State Fiscal Service of Ukraine), State Treasury Service of Ukraine, State Statistics Service of Ukraine

<sup>10</sup> According to information of operator of the gas transmission system of Ukraine (from 2020 - Gas Transmission System Operator of Ukraine LLC, previously - Ukrtransgaz JSC) and operator of main oil pipelines system - Ukrtransnafta JSC, and Naftogaz of Ukraine NJSC

**Figure 3.8: Revenues in favour of the state from reporting extractive industries in 2013-2020<sup>11</sup>**



<sup>11</sup> According to State Customs Service of Ukraine and State Tax Service of Ukraine (previously - State Fiscal Service of Ukraine), Ministry of Economy, Derzhgeonadra

## 4. Methodology and Approach to Preparation of the EITI Report

### 4.1 Scope of the EITI Report

#### Reporting organizations:

The scope of the EITI Report for 2020 covers information on business entities, regardless of their ownership, engaged in business activities related to extraction of minerals and transmission of oil and natural gas through the Ukrainian territory. The EITI report for 2020 also covers information from the executive authorities that control the collection of tax and other budget revenues in terms of budget classification codes of budget revenues.

#### Contextual information about the mining industries:

According to the decision of the EITI MSG (Minutes of the EITI MSG Meeting from October 1, 2021), the contextual part of the EITI Report for 2020 discloses information on the extractive industries and the oil and natural gas transmission industry, which are listed below:

- ▶ coal mining;
- ▶ oil extraction;
- ▶ natural gas extraction;
- ▶ iron ores mining;
- ▶ titanium ores mining;
- ▶ manganese ores mining;
- ▶ fire clays mining;
- ▶ high-melting clays mining;
- ▶ quartz sand mining (for glass production);
- ▶ building stones mining;
- ▶ oil and natural gas transmission.

#### Reconciliation of payments from extractive companies to the state:

According to the decision of the EITI MSG (Minutes of the EITI MSG Meeting from October 1, 2021), the EITI Report for 2020 shall cover the reconciliations of payments in favour of the state made by the companies that only belong to coal mining, oil extraction, natural gas extraction, iron ores mining, titanium ores mining and manganese ores mining industries (hereinafter - the reporting industries).

The list of extractive companies of the reporting industries included in the reconciliation for the purposes of the EITI Report for 2020 is provided in **Annex 2**. The approach to assessing the materiality of revenues of the state and determining the companies to be reconciled is described in **Section 9.2**.

#### Artisanal and small-scale mining

Due to the lack of official and reliable information on the artisanal and small-scale mining and the geographical location of such potential facilities in the areas where public authorities are temporarily not exercising their powers (United Forces Operations zone), such mining cannot be fully assessed. In this regard, and due to the lack of publicly available information, according

to the decision of the the EITI MSG (Minutes of the EITI MSG Meeting from October 1, 2021), the EITI Report for 2020 shall not cover the disclosure of information on artisanal and small-scale mining. However, the EITI MSG intends to consider this type of mining activity and develop an action plan to cover it in the subsequent EITI Reports or analyse obstacles to the disclosure of such information.

### **Disclosure of information by business entities located in the temporarily uncontrolled territory and originating from the temporarily occupied territory**

#### ***Legal regime of the temporarily occupied territory of the Autonomous Republic of Crimea:***

- ▶ According to the Law of Ukraine "On Ensuring Rights and Freedoms of Citizens and the Legal Regime in the Temporarily Occupied Territory of Ukraine", since February 20, 2014, the territory of the Autonomous Republic of Crimea (hereinafter referred to as AR Crimea) and the city of Sevastopol has been a temporarily occupied territory.
- ▶ During 2020, the legal regime of the temporarily occupied territory of the AR Crimea was also regulated by the Law of Ukraine "On Establishment of the Free Economic Zone of Crimea and on Special Aspects of Economic Activity in the Temporarily Occupied Territory of Ukraine" (hereinafter referred to as the FEZ Law)<sup>12</sup>.
- ▶ According to FEZ Law, in the territory of AR Crimea and the city of Sevastopol, for 10 years (until 2024) the free economic zone "Crimea" (hereinafter referred to as FEZ Crimea) shall be established.
- ▶ In the territory of FEZ Crimea, there is a special legal regime of economic activity of individuals and legal entities, including a special procedure for application of the regulatory, tax and customs legislation of Ukraine.
- ▶ According to Art. 5 of the FEZ Law, in the territory of FEZ Crimea, national taxes and fees, as well as the mandatory state pension insurance fee, are not collected, however local taxes and fees may be levied.
- ▶ According to Art. 12 of the FEZ Law, persons who were registered with the controlling bodies or had a location (place of residence) in the territory of AR Crimea or the city of Sevastopol at the beginning of the temporary occupation shall be exempted from filing declarations (other than customs declarations) with the controlling bodies, as well as other documents related to calculation and payment of taxes and fees during the temporary occupation period and after its termination.
- ▶ From 1 June 2014, tax registration of persons who as of May 31, 2014 had their location (place of residence) and were registered with the controlling bodies in the territory of AR Crimea or the city of Sevastopol shall be deemed cancelled. Such tax registration may be renewed, in particular, after a person's evacuation to another territory of Ukraine.

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<sup>12</sup> On November 21, 2021, the Law on FEZ will expire on the basis of the Law of Ukraine from July 1, 2021 № 1618-IX <https://zakon.rada.gov.ua/laws/show/1618-20#Text>. At the same time, national and local taxes and fees will not be levied on the temporarily occupied territory of the AR Crimea, and taxpayers with a tax address in the temporarily occupied territory will be exempt from filing declarations, reports and other documents related to calculating and paying taxes and fees. According to the Law of Ukraine from 01.07.2021 № 1617-IX <https://zakon.rada.gov.ua/laws/show/1617-IX#Text>. Customs payments for goods moving across the customs border of Ukraine from and to the temporarily occupied territory will not be made on the basis of the Law of Ukraine from 01.07.2021 № 1619-IX, <https://zakon.rada.gov.ua/laws/show/1619-IX#Text>

- ▶ Individuals and legal entities (separate subdivisions) having a tax address (location) in the territory of FEZ Crimea shall have the status of non-residents for tax purposes.

***Legal regime of the temporarily occupied territories of Donetsk and Luhansk regions (OUF zone):***

- ▶ According to the Decree of the President of Ukraine "On the National Security and Defence Council of Ukraine Resolution of 13 April 2014 'On Urgent Measures to Overcome the Terrorist Threat and Preserve the Territorial Integrity of Ukraine'", an anti-terrorist operation (hereinafter referred to as ATO) was launched in separate territories of Donetsk and Luhansk regions in April 2014.
- ▶ The procedure for providing support to business entities operating in the ATO territory is stipulated in the Law of Ukraine "On Temporary Measures for the Anti-Terrorist Operation Period".
- ▶ According to the Decree of the President of Ukraine No. 116/2018 "On the National Security and Defence Council of Ukraine Resolution of 30 April 2018 'On a Large-Scale Anti-Terrorist Operation in Donetsk and Luhansk Oblasts'", on 30 April 2018, the ATO was terminated, and the Operation of the United Forces (hereinafter referred to as OUF) was launched.
- ▶ It should be noted that during 2020 (as well as for the following years), there was no general exemption from reporting, accrual and payment of taxes and fees by the enterprises of the ATO (and subsequently OUF) zone. The Tax Code of Ukraine and other legislation provide for a number of benefits for enterprises in the non-controlled territories.
- ▶ At the same time, taxpayers had the right, but not the obligation, to re-register in other regions of Ukraine and the city of Kyiv, according to the procedure stipulated in Art. 4 of the Law of Ukraine "On Temporary Measures for the Anti-Terrorist Operation Period".
- ▶ The list of temporarily occupied territories in Donetsk and Luhansk regions as of 2019 is set out in the CMU Order of 7 November 2014, No. 1085-r "On the Approval of the List of Administrative Units in the Territory of which State Authorities Temporarily do not Exercise Their Powers, and the List of Administrative Units Located on the Demarcation Line" and in the Decree of the President of Ukraine, dated 7 February 2019, No. 32/2019 "On the Boundaries and the List of Districts, Cities, Towns, Villages, and Parts of Their Territories, Temporarily Occupied in Donetsk and Luhansk Oblasts". The temporarily occupied territories cover a large part of the aforesaid regions.

The Independent Administrator understands that as of 2020, the OUF zone and the temporarily occupied territories were largely or completely not controlled by the Ukrainian government, and a number of enterprises have suspended or ceased operations. In connection with the information above, there is a high probability that these companies could:

- a) terminate the work without notifying the Ukrainian state authorities;
- b) not carry out economic activity in 2020 due to carrying out OUF;
- c) not submit reports / submit them with delays (which could lead to incompleteness and/or inaccuracy of such data) and not to pay taxes to the budget of Ukraine;
- d) change their location without notifying the Ukrainian state authorities.



In addition, the very possibility of communication with those enterprises that have not re-registered in the territory of Ukraine controlled by Ukraine is very limited, which makes it impossible to carry out the procedures provided by the EITI Standard for such enterprises. In addition, state and local authorities, as well as state and municipal enterprises and institutions that have been relocated from the environmental protection area, may have problems with the technical ability to provide the information necessary for reconciliation (for example, if information has been lost or destroyed language with conducting OUF).

According to the decision of EITI MSG (Protocol of the meeting of December 14, 2020) and taking into account the objective difficulties and limitations highlighted above, the EITI Report 2019 does not disclose information on mining activities carried out in areas where public authorities are temporarily not carrying out their powers. However, MSG IPVG considered the possibility of disclosing such information for 2019 when information on the activities of extractive industries in non-controlled areas will be available.

## 4.2 Collection of Information

Collecting information from extractive companies in the reporting extractive industries (including oil and natural gas transmission), as well as from government agencies, included the following stages:

- ▶ Consultations with the members of EITI MSG and representatives of the Ministry of Energy on the scope of the EITI Report, and information to be included in the survey questionnaires;
- ▶ Preparation of the requests to the state government agencies included in the list in **Annex 1** and the corresponding cover letter signed by the Ministry of Energy;
- ▶ Dissemination by the Ministry of Energy and the Independent Administrator of the questionnaires and inquiries along with the signed cover letters the Ministry of Energy;
- ▶ Completion of questionnaires, as well as additional questionnaires approved by the EITI MSG, by companies and government agencies in accordance with the official reporting forms stipulated by the Law of Ukraine No 2545-VIII "On Ensuring Transparency in Extractive Industries"<sup>13</sup> and approved by the CMU Resolution of 23.09.2020 No 858 "Some Issues of Ensuring Transparency in Extractive Industries"<sup>14</sup>, as well as separate questionnaires from companies on participation of the state, approved by EITI MSG;
- ▶ Sending the completed questionnaires by the reporting organizations to e-mail [eiti@mev.gov.ua](mailto:eiti@mev.gov.ua) or filling in questionnaires by reporting organizations on the online platform - Electronic Reporting and Analysis System of the Extractive Industries Transparency Initiative (EITI) in Ukraine <https://eiti.gov.ua/>.
- ▶ Receipt of the completed questionnaires by the responsible person from the Ministry of Energy and transfer them to the Independent Administrator through the secure communication channels;
- ▶ Processing of the questionnaires by the Independent Administrator and aggregating the relevant integrated indicators and information for the purposes of the EITI Report.

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<sup>13</sup> 4 The Law of Ukraine No 2545-VIII, accessible via <https://zakon.rada.gov.ua/laws/show/2545-19#Text>

<sup>14</sup> The CMU Resolution 23.09.2020 No 858, accessible via <https://zakon.rada.gov.ua/laws/show/858-2020-n#n14>

### 4.3 Audit and assurance procedures in extractive companies and public bodies

The Independent Administrator analysed audit and assurance procedures in government agencies and public sector entities, as well as changes in Ukrainian legislation on auditing and assurance in mining companies.

#### 4.3.1 Changes in Ukrainian legislation on auditing and assurance in mining companies

Ukrainian legislation is aimed at introducing a statutory audit and reporting obligations according to international standards for businesses operating in the extractive industries, including:

- ▶ the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No 996-XIV (hereinafter - the "Law on Accounting");
- ▶ the Law of Ukraine "On Auditing Financial Statements and Auditing Activities" No 2258-VIII of December 21, 2017 (hereinafter - the "Law on Auditing").

According to the Law on Audit, auditing activities in Ukraine are carried out in accordance with international auditing standards<sup>15</sup>.

The Law on Accounting determines the subjects of statutory audit, which include **"the entities engaged in extractive industries"** (hereinafter - "extractive companies") as defined in the Law on EITI. Therefore, the obligation to undergo statutory audit is imposed on legal entities, regardless of ownership, that are engaged in:

- ▶ subsoil use for the purposes of geological study, including experimental industrial development of mineral deposits of national importance,
- ▶ mining of minerals of national importance,
- ▶ performance of works (activities) stipulated in the PSA for minerals of national importance,
- ▶ transmission of hydrocarbons via pipelines, including for the purpose of transit.

The extractive companies shall:

- ▶ prepare financial statements under the International Financial Reporting Standards<sup>16</sup>
- ▶ get the financial statements audited and obtain the auditor's opinion;
- ▶ by April 30 of the year following the reporting period, publish the annual financial statements and annual consolidated financial statements along with the auditor's opinion on its website (in full) and otherwise in cases specified by law<sup>17</sup>.

Administrative liability is established for failure to disclose (consolidated) financial statements along with the auditor's opinion<sup>18</sup>.

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<sup>15</sup> Part 5 of Art. 7 of the Law on Audit of Financial Statements and Auditing Activities

<https://zakon.rada.gov.ua/laws/show/2258-19#Text>

<sup>16</sup> Paragraph 2 Article 12-1 of the Law on Accounting, accessible via <https://zakon.rada.gov.ua/laws/show/996-14/ed20200703#n218>

<sup>17</sup> Paragraph 3 Article 14 of the Law on Accounting, accessible via <https://zakon.rada.gov.ua/laws/show/996-14/ed20200703#n237>

<sup>18</sup> According to Article 163-16 of the Code of Administrative Offenses the fine for the violation of the order of publication of financial statements or consolidated financial statements together with the audit report can amount from one thousand to three thousand non-taxable minimum incomes upon the liable persons.

#### 4.3.2 Auditing and assurance in government agencies and public sector entities

*State financial audit (governmental control).* According to the Law of Ukraine "On Basic Principles of Implementation of State Financial Control in Ukraine" of January 26, 1993 No 2939-XII, reliability of accounting and financial reporting in the ministries and other executive bodies, state funds, budgetary institutions and public entities, as well as enterprises and organizations funded from the state budget at all levels and state funds or use the state or communal property, is controlled by state financial control bodies.

State financial control is performed through the conduct of state financial audit, inspection of public procurements and other inspections using the procedure established by the CMU<sup>19</sup>.

The State Audit Office is the agency authorized to conduct the statutory financial audit. The audit shall be conducted in accordance with the approved plan of the state financial control activities, which is posted on its official website. The application of international standards during its implementation is not required by law. The reports on the results of audits are publicly available<sup>20</sup> and can be used to prepare the Report, if any.

*State external financial audit (parliamentary control).* The use of budgetary funds is controlled by the Accounting Chamber on behalf of the Parliament<sup>21</sup>. In accordance with the Law of Ukraine "On the Accounting Chamber", the Chamber, inter alia, conducts financial audits, which includes verification, analysis and evaluation of correctness, completeness, and fairness of accounting for budget revenues and expenditures, establishment of actual state of affairs regarding designated use of budgetary funds, compliance with legislation while performing operations with budgetary funds. These control measures may be carried out in relation to the activities of the State Tax Service, the State Migration Service and other agencies engaged in collecting revenues to the state budget.

The Accounting Chamber of Ukraine in its activities shall apply the basic principles of the International Organization of Supreme Audit Institutions (INTOSAI), the European Organization of Supreme Audit Institutions (EUROSAI) and International Standards of Supreme Audit Institutions (ISSAI) in part that does not contradict the Constitution and laws of Ukraine<sup>22</sup>.

The Accounting Chamber publishes its reports on the results of the state financial audit on its official website: <https://rp.gov.ua/FinControl/FinReports/?id=851> (the link to reports for 2020). The findings of the Accounting Chamber reports (if available) can be used for the purposes of preparation of the EITI Report, however such findings cannot be considered sufficient to assure the revenues in accordance with the requirements of the EITI Standard because they provide the summary and aggregated results.

*Internal audit of administrators of public funds.* Government agencies, local governments, as well as organizations established by them in the prescribed manner, fully funded from the state

<sup>19</sup> CMU Regulation "On approval of the Procedure for conducting by the State Audit Service and its interregional territorial bodies of state financial audit of business entities" No. 252 dated 27 March 2019, <https://zakon.rada.gov.ua/laws/show/252-2019-n#Text>

<sup>20</sup> Accessible via: <https://dasu.gov.ua/ua/plugins/userPages/70> (as an example, the reports published in 2020)

<sup>21</sup> Part 2 of Article 26 of the Budget Code, <https://zakon.rada.gov.ua/laws/show/2456-17#n527>; Article 4 of the Law of Ukraine "On Accounting Chamber" No. 576-VIII dated 02 July 2015, <https://zakon.rada.gov.ua/laws/show/576-19#Text>

<sup>22</sup> Part 7 of Article 3 of the Law of Ukraine "On the Accounting Chamber" of 02.07.2015 No 576-VIII, accessible via <https://zakon.rada.gov.ua/laws/show/576-19#Text>

or local budget<sup>23</sup>, in the person of their leaders shall organize internal controls and internal audit and ensure their operations in their agencies, as well as in the enterprises, institutions and organizations reporting to them. Internal audit is an activity aimed at improving the management system, internal controls, prevention of illegal, inefficient, and ineffective use of budget funds, errors or other shortcomings in the activities of the administrator of public funds as well as enterprises, institutions and organizations reporting to them, and which provides for the provision of independent conclusions and recommendations.

The basic principles of internal controls and audit are determined by the Cabinet of Ministers<sup>24</sup>. Internal audit shall be conducted in accordance with the standards developed and approved by the Ministry of Finance of Ukraine<sup>25</sup>. Internal audit shall be performed by a designated independent structural unit set up by the management of the entity in the manner prescribed by the Cabinet of Ministers<sup>26</sup>.

However, given the fact that the results of the internal audit are not public, and given the existing shortcomings in the actual conduct of internal audit<sup>27</sup>, such results cannot be used by the Independent Administrator to prepare the EITI Report for 2020.

#### **4.3.3 Obstacles to proper confirmation of data for 2020**

In view of the above, the financial statements of the extractive companies were subject to statutory audit for the year 2020 and the reliability of the relevant data for the purposes of the EITI Report can be properly assured by submitting an audit opinion.

In return, the results of the state financial audit in government agencies cannot provide the Independent Administrator with complete and/or reliable information required for data reconciliation, because such information is either summarized and aggregated or publicly unavailable.

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<sup>23</sup> The definition of "administrator of public funds" according to the Budget Code of Ukraine, accessible via <https://zakon.rada.gov.ua/laws/show/2456-17>

<sup>24</sup> Resolution of the CMU "On approval of the Basic principles of internal control by managers of budget funds and amendments to the resolution of the CMU of September 28, 2011 № 1001" № 1062 of December 12, 2018, accessible via <https://zakon.rada.gov.ua/laws/show/1062-2018-n#n17>

<sup>25</sup> The Order of the Ministry of Finance of Ukraine "On Approval of Internal Auditing Standards" of October 4, 2011 No 1247, accessible via <https://zakon.rada.gov.ua/laws/show/z1219-11>.

<sup>26</sup> The CMU Resolution "Some Issues of Internal Audit and the Formation of Internal Audit Units" No 1001 of September 28, 2011, accessible via <https://zakon.rada.gov.ua/laws/show/1001-2011-n#Text>

<sup>27</sup> For the description of shortcomings see the Concept for the implementation of public policy for reforming the state financial control system till 2020, accessible via <https://zakon.rada.gov.ua/laws/show/310-2018-%D1%80#Text>

#### 4.4 Data quality and assurance

The procedure for verifying the data for the EITI Report is based on the relevant international auditing standards, such as ISRS 4400 (Agreed-Upon Procedures Engagements) and ISA 505 (External Confirmations). However, the procedures of such verification of data are not an audit or an opinion that should be prepared in accordance with International Standards on Auditing and Verification Standards. Therefore, no assurance opinions will be drawn on the quality of the data actually provided by the companies and government agencies or on identifying fraud and errors that may have been made by the companies and/or government agencies. The information to be provided in the EITI Report and/or the information provided by the extractive companies and government agencies will not be subject to control or verification procedures unless otherwise specified in the EITI Standard. The relevant position will be clearly stated in the feasibility assessment report and the EITI Report.

The Independent Administrator considers the information provided by the reporting organizations to be complete and accurate because:

- ▶ The completeness and accuracy of the data provided by extractive companies (private and state-owned) is confirmed by the signatures of senior officials of the companies, which guarantee the correctness of the data, and / or the external auditor's opinion on the data provided (if any) by each company.

If mining companies submit a Statement of Payments to the State in electronic form through the electronic EITI system, the accuracy of the data will be confirmed by a qualified electronic signature of the relevant official of such mining companies.

- ▶ The completeness and reliability of the data received from the national and regional authorities is confirmed by the signatures of senior officials of the relevant agency, as well as the principles of interaction between different authorities.

In addition, the accuracy of information received from companies is guaranteed according to the current regulations on the implementation of EITI in Ukraine.

The information on availability of the financial statements of the reporting extractive companies and the relevant audit opinions is provided in **Annex 8**.



## 5. General information about extractive industries

### 5.1 Coal mining

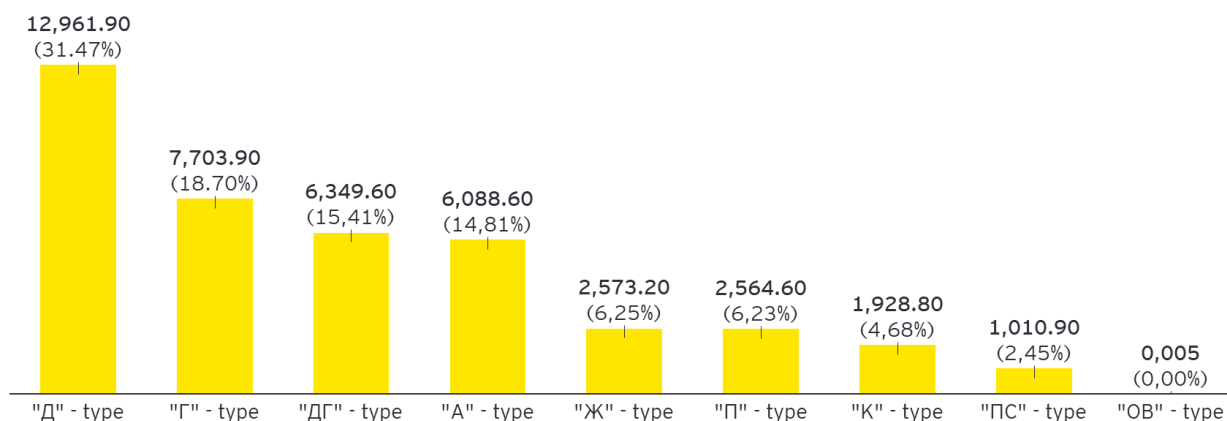
#### 5.1.1 Coal reserves

As of January 1, 2021, the balance reserves of coal in Ukraine amounted to 41,185.36 million tons. The coal reserves are mostly located in two basins - Donetsk and Lviv-Volyn basins (*Figure 5.1*).



*Figure 5.1: Geographical location of coal basins in Ukraine*

In terms of quality classification, coal reserves in Ukraine include different categories. The largest share of the reserves is D-type coal (long-flame coal) - 31.48% of the total reserves, followed by G-type coal (gas coal) - 18.71% and DG-type (long-flame and gas coal) - 15.42%. The rest of the reserves are categorized as types A (anthracite), Zh (fat), P (lean), K (coking) coal and other.



**Figure 5.2: Structure of balance sheet coal reserves by types as of 01.01.2021, million tons<sup>28</sup>**

The largest share of the Ukrainian balance reserves of coal (97.30% or 40,072.83 million tons) is concentrated in the Donetsk coal basin, which is located in Dnipropetrovsk, Donetsk, Luhansk and Kharkiv administrative regions. The balance reserves in the Donetsk basin are mostly types D (32.43%), G (18.18%), DG (15.02%), and A (15.23%).

There are about 120 working coal layers in the Donetsk basin, of which 65 layers are in operation. The coal layers of a basin are thin, and their depth varies from 60-70 m to 1,500-1,700 m and increases in the north-eastern direction.

As of January 1, 2021, 18,563.2 million tons of balance reserves of coal in the Donetsk basin had the status 'in the process of development' or 'prepared for development', 10,774.7 million tons were in reserve explored areas and were prepared for development, and the rest of the reserves had not yet been prepared for industrial development.

The coal reserves in Lviv-Volyn basin are significantly smaller - 1,112.53 million tons or 2.70% of the total balance reserves. The Lviv-Volyn basin is located on the south-western edge of the Volyn-Podilsky plate and occupies the north-eastern part of the Volyn and the south-western part of the Lviv administrative region. As of January 1, 2021, 803.0 million tons of the balance sheet coal reserves had the status 'in the process of development' or 'prepared for development' in the Lviv-Volyn basin. The capacity of the coal deposits increases in the direction from northeast to southwest from 600 to 1,200 m. The balance reserves of the basin include coal categories DG (22.28%), G (39.38%), Zh 23.78%, and K (14.56%).

In 2020, the volume of coal reserves decreased by 0.16% compared to 2019. Like in the previous year, coal reserves were concentrated in six administrative regions: Luhansk (34.74% of the total balance reserves), Donetsk (32.32%), Dnipropetrovsk (25.41%), Kharkiv (4.82%), Lviv (2.54%), and Volyn (0.16%) regions (**Figure 5.3**).

<sup>28</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Coal (Issue 22), 2021

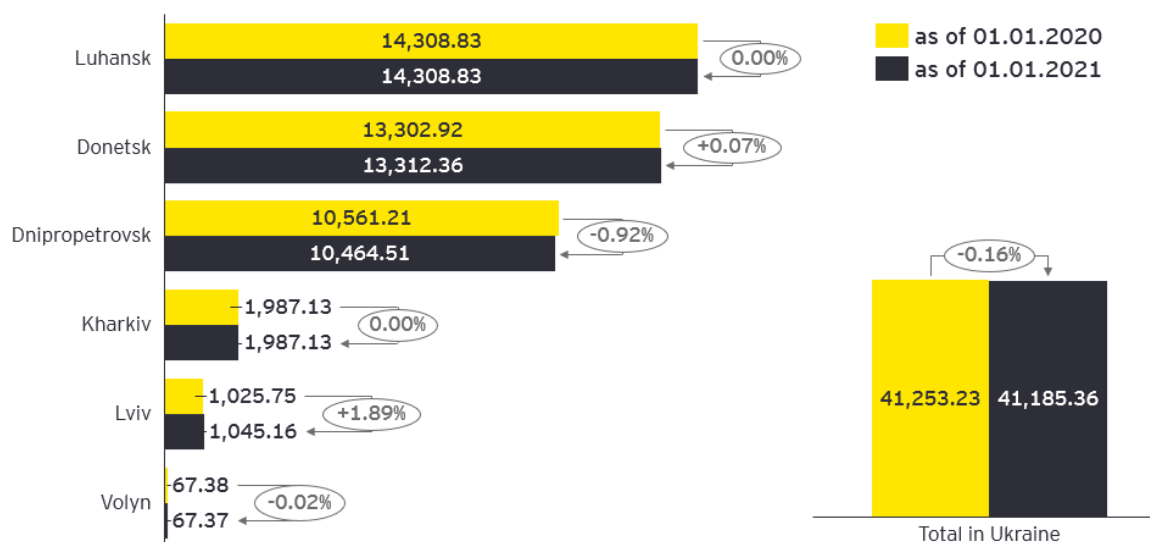


Figure 5.3: Structure of the balance reserves of coal by administrative regions as of January 1, 2020 and January 1, 2021, million tons<sup>29</sup>

## 5.1.2 Significant exploration work

According to the Geoinform of Ukraine, some exploration works were carried out in the Donetsk basin in 2020. For example, geological exploration works were carried out on Mezhyvska territory, the detailed geological and economic assessment was carried out at the following facilities: Dniprovsk mine, Stashkova mine, Blagodatna mine, mine named after the Heroes of Space of Dnipropetrovsk region, Krasnoarmiysk Zakhidna No 1 mine of Donetsk region.

No geological exploration work was carried out on the territory of the Lviv-Volyn basin.

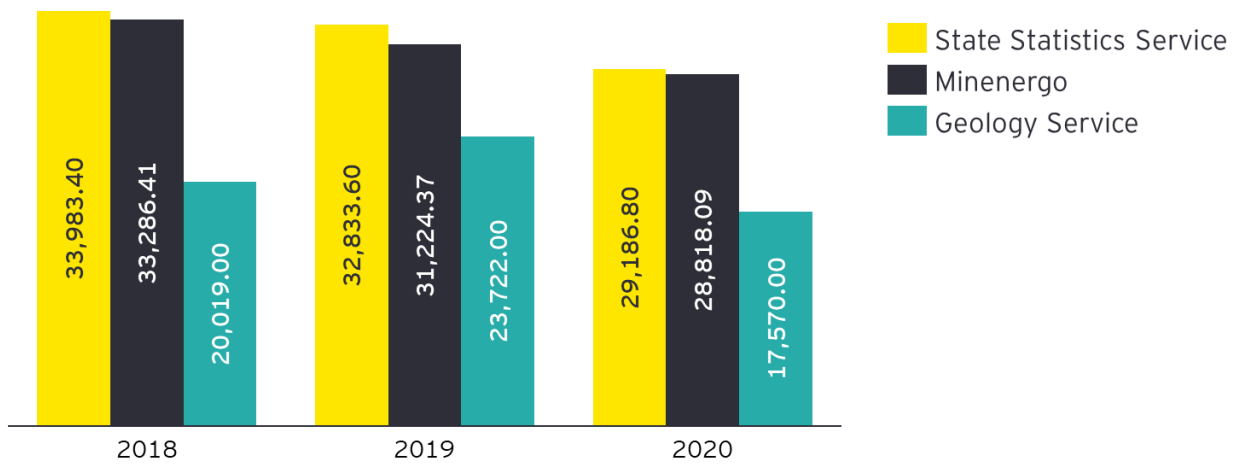
## 5.1.3 Volumes and value of coal mining

### 5.1.3.1 Volumes of coal mining

The data on the volume of coal mining were collected from the sources of the following government agencies: State Statistics Service, Ministry of Energy, Geonadra (data collection and processing for Geonadra is carried out by its research and production institution Geoinform of Ukraine DNVP). The extraction data collected from the abovementioned sources of information differ: the discrepancy between the State Statistics Service and the Ministry of Energy is 1.26%, between the State Statistics Service and the State Agency for Geodesy (Geonadra) - 39.80%, the Ministry of Energy and Geonadra - 39.03% (**Figure 5.4**). The differences may be caused by different approaches to information recording and different accounting approaches used by public authorities. For example, Geonadra collects data on coal mining based on reporting forms No 5-gr (solid combustible, metallic and non-metallic

<sup>29</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Coal (Issue 22), 2021

minerals)<sup>30</sup>, which shall be annually filled in and submitted by subsoil users. According to these forms, the indicators of changes in the balance reserves because of extraction or losses during extraction are accounted for separately, which may be one of the reasons for discrepancies between Geonadra and other sources. The State Statistics Service collects information on the volume of coal production in the state statistical survey form No 1P-NPP (annual) "Report on the production and sale of industrial products"<sup>31</sup>. Form No 1P-NPP (annual) contains data on the number of products produced (including related products, by-products), including the products intended for further processing at the same enterprise, as well as the products produced for its own needs.<sup>32</sup>



**Figure 5.4: Dynamics of coal production in Ukraine in 2018-2020 according to various government agencies, thousand tons** <sup>33,34,35</sup>

All the above data sources reflect a decrease in coal production in 2020 compared to 2019. The volume of production decreased by 7.71% according to the Ministry of Energy, by 11.11% according to the State Statistics Service, by 25.93% according to Geonadra.

According to the Ministry of Energy, the total volume of coal production in 2020 amounted to 28,818.09 thousand tons, with 55.52% produced in the Dnipropetrovsk administrative region, 39.04% - in Donetsk, and the rest - in Lviv, Luhansk, Volyn administrative regions.

<sup>30</sup> Order of the Ministry of Environment and Natural Resources of Ukraine No 97 of 14.03.2016 "On approval of the reporting forms for the accounting for mineral reserves and instructions for their filling in", <https://zakon.rada.gov.ua/laws/show/z0789-16#n20>

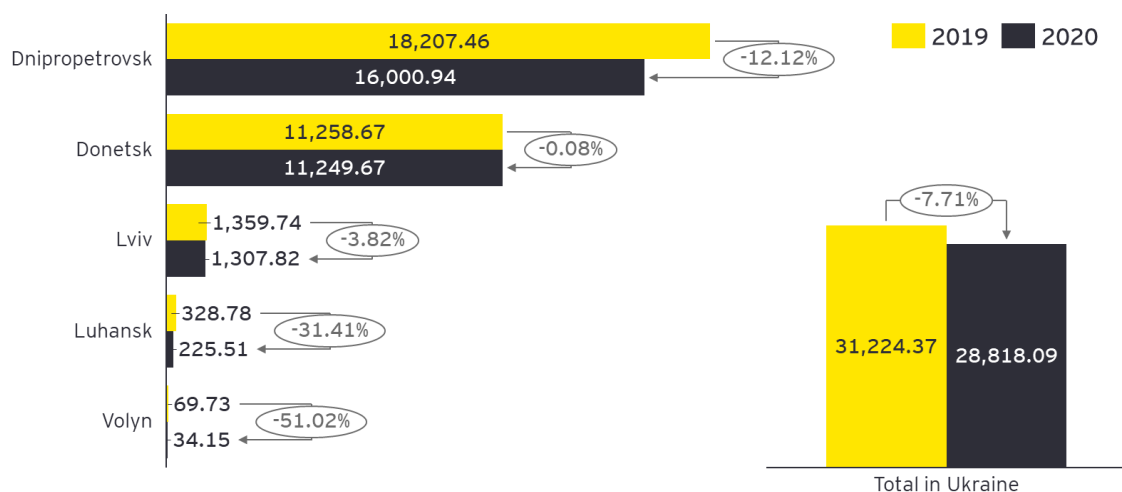
<sup>31</sup> State Statistics Service, Order No 182 of 31.05.2019 "On approval of the form of state statistical survey No 1P-NPP (annual) "Report on the production and sale of industrial products", [http://www.ukrstat.gov.ua/norm\\_doc/2019/182/182\\_2019.htm](http://www.ukrstat.gov.ua/norm_doc/2019/182/182_2019.htm)

<sup>32</sup> State Statistics Service, Clarification No 19.1.2-12/8-19 of 31.05.2019, <https://www.profiwins.com.ua/uk/letters-and-orders/gks/15473-8ds-19.html>

<sup>33</sup> State Statistics Service, Statistical information "Production of industrial products by type", 2018, 2019, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2016/pr/vr\\_rea\\_ovpp/vr\\_rea\\_ovpp\\_u/arh\\_vppv\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2016/pr/vr_rea_ovpp/vr_rea_ovpp_u/arh_vppv_u.html)

<sup>34</sup> Ministry of Energy, Implementation of the task of ordinary coal production in December 2018, 2019, 2020, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245334620&cat\\_id=245183238](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245334620&cat_id=245183238)  
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<sup>35</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Coal (Issue 22), 2021



**Figure 5.5: Volumes of coal mining by administrative regions of Ukraine in 2019-2020, thousand tons**<sup>36</sup>

In 2020, private companies extracted more than 90% of the total coal extracted in 2020. At the same time, the coal production declining trend was observed both in companies with state participation (-19.45%) and in private sector companies (-6.19%). A significant decrease in production in absolute terms in 2020 compared to the previous year was observed in the following companies: DTEK Pavlohradcoal PrJSC (by 2,206.52 thousand tons), Dobropillyavuhillia LLC DTEK (by 1,019.52 thousand tons), Mine named after M. S. Surgai SE (by 313.82 thousand tons). The increase in coal production was observed in the following companies: Mine Administration Pokrovske PJSC (by 1,131.05 thousand tons), Mine 1/3 Novogrodivska LLC (by 553.18 thousand tons), Krasnolymanska LLC (124.31 thousand tons), Myrnohradvuhillia SE (61.60 thousand tons) and others.

**Table 5.1: Volumes of coal production by companies in 2019-2020**<sup>37</sup>

Company	Volumes of coal mining, thousand tons			
	2019	2020	% of change	Share in the total volume
<b>Total public sector of the economy, including:</b>	<b>3,565.49</b>	<b>2,871.99</b>	<b>-19.45%</b>	<b>9.97%</b>
Lvivvuhillia SE	1,258.44	1,248.54	-0.79%	4.33%
Mine named after M. S. Surgai SE	621.40	307.58	-50.50%	1.07%
Myrnohradvuhillia SE	419.00	480.60	14.70%	1.67%
Mine Administration Pivdennodonbaske #1 SE	415.78	168.79	-59.40%	0.59%
Toretskvuhillia SE	224.73	201.66	-10.27%	0.70%
Lysychanskvuhillia JSC	178.40	69.15	-61.24%	0.24%

<sup>36</sup> Ministry of Energy, Implementation of the task of ordinary coal production for December 2020, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245510811&cat\\_id=245183238](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245510811&cat_id=245183238)

<sup>37</sup> Ministry of Energy, Implementation of the task of ordinary coal production in December 2019, 2020, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245435525&cat\\_id=245183238](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245435525&cat_id=245183238)  
[http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245510811&cat\\_id=245183238](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245510811&cat_id=245183238)

Company	Volumes of coal mining, thousand tons			
	2019	2020	% of change	Share in the total volume
Pervomaiskvuhillia SE	150.38	156.37	3.98%	0.54%
Selydivvuhillia SE	126.34	145.88	15.47%	0.51%
Shahta «Nadiia» PJSC	101.30	59.28	-41.48%	0.21%
Volynvuhillia SE	69.73	34.15	-51.02%	0.12%
Krasnolymanska Coal Mining Company SE	0.00	0.00	0.00%	0.00%
<b>Total private sector of the economy, including:</b>	<b>27,658.88</b>	<b>25,946.11</b>	<b>-6.19%</b>	<b>90.03%</b>
DTEK Pavlohdacoal PrJSC	18,207.46	16,000.94	-12.12%	55.52%
Colliery Group Pokrovs'ke PJSC	5,000.71	6,131.76	22.62%	21.28%
DTEK Dobropolyeugol LLC	3,362.91	2,343.39	-30.32%	8.13%
Bilozerska Mine LLC	854.38	559.11	-34.56%	1.94%
Mine 1-3 Novohrodivska LLC	233.43	786.60	236.98%	2.73%
Krasnolymanske LLC	0.001	124.31	>100%	0.43%
<b>Total</b>	<b>31,224.37</b>	<b>28,818.09</b>	<b>-7.71%</b>	<b>100%</b>

Provided that the current rate of production remains at the level of 2020, the balance reserves of coal in Ukraine would be sufficient to cover its current need for 1,429 years<sup>38</sup>.

### 5.1.3.2 Value of coal mining

As part of the preparation of the EITI Report 2020, two sources of information were used to disclose information on the value of coal mining: the data from the State Statistics Service on sales and data of the reporting mining companies<sup>39</sup> on their revenues in 2020<sup>40</sup>.

The State Statistics Service regularly publishes data on the volume of sale of industrial products by type of economic activity according to the NACE-2010 classification. According to the State Statistics Service, the coal and lignite mining (type of economic activity "Coal and lignite mining" (code B05)) sold products worth UAH 57,142.50 million in 2020<sup>41</sup>. The public sources of information do not contain disaggregated data on the value of sold products for the coal mining industry separately.

Pursuant to the requirements of the EITI Law, in the framework of the preparation of the EITI Report 2020, the reporting mining companies provided information on their revenue from the

<sup>38</sup> To calculate the security of coal mining, the data on the volume of the balance reserves and coal mining of the State Enterprise "Geoinform of Ukraine" and the Ministry of Energy were used.

<sup>39</sup> As part of the preparation of the EITI Report 2020, a list of reporting companies subject to reconciliation of payments was identified (for more information, see Section 9).

<sup>40</sup> The entities of the extractive industries provide information on their activities by filling out a payment report / consolidated payment report in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the Resolution of the Cabinet of Ministers of September 23, 2020 No 858 "Some issues of transparency in the extractive industries".

<sup>41</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

sale of marketable products of their own production. Of all the reporting companies, 14 companies belonged to the coal mining industry, and their total revenue from the sale of marketable products in Ukraine amounted to UAH 29,587.94 million (net of VAT) in 2020.

*Table 5.2: Revenue from sales of their own products by reporting companies in the coal mining industry in 2020<sup>42</sup>*

Company	Production volumes, thousand tons	Sales of marketable products, thousand tons	Revenue from sales of marketable products on the territory of Ukraine (net of VAT), UAH million	Revenue from exports of marketable products (net of VAT), UAH million
DTEK Pavlohdacoal PrJSC	10,882.00	11,238.80	16,034.63	0.00
Colliery Group Pokrovs'ke PJSC	6,161.76	6,161.76	7,044.32	0.00
DTEK Dobropolyeugol LLC	2,014.00	1,593.40	2,398.19	0.00
Lvivvuhillia SE	1,037.00	1,136.20	1,680.23	0.00
Selydivvuhillia SE	95.00	99.94	151.47	0.00
Pervomaiskvuhillia SE	111.20	144.60	232.28	0.00
Myrnohradvuhillia SE	382.00	438.40	540.19	0.00
Lyschanskvuhillia JSC	55.00	66.80	61.74	0.00
Bilozerska Mine LLC	253.00	286.10	413.58	0.00
Toretskvuhillia SE	201.70	222.00	373.37	0.00
Mine named after M. S. Surgai SE	258.00	307.50	476.57	0.00
Mine Administration Pivdenodonbaske #1 SE	115.00	122.95	156.93	0.00
Krasnolymanska Coal Mining Company SE <sup>43</sup>	0.00	0.00	0.00	0.00
Volynvuhillia SE	34.20	27.00	24.44	0.00
<b>Total</b>	<b>21,599.86</b>	<b>21,845.45</b>	<b>29,587.94</b>	<b>0.00</b>

#### 5.1.4 Exports and imports of coal

In 2020, the volume of coal exports decreased by 82.94% compared to 2019 and amounted to 2.55 thousand tons worth USD 0.23 million. The coal was mostly exported to Poland (76.68% of the total coal exports), as well as Moldova (10.83%) and Hungary (9.29%).

<sup>42</sup> According to the information provided by the reporting mining companies

<sup>43</sup> According to the company, Krasnolymanska Coal Mining Company SE did not mine coal from its own reserves in the reporting period by the type of relevant project activities and did not sell its own production in the reporting period



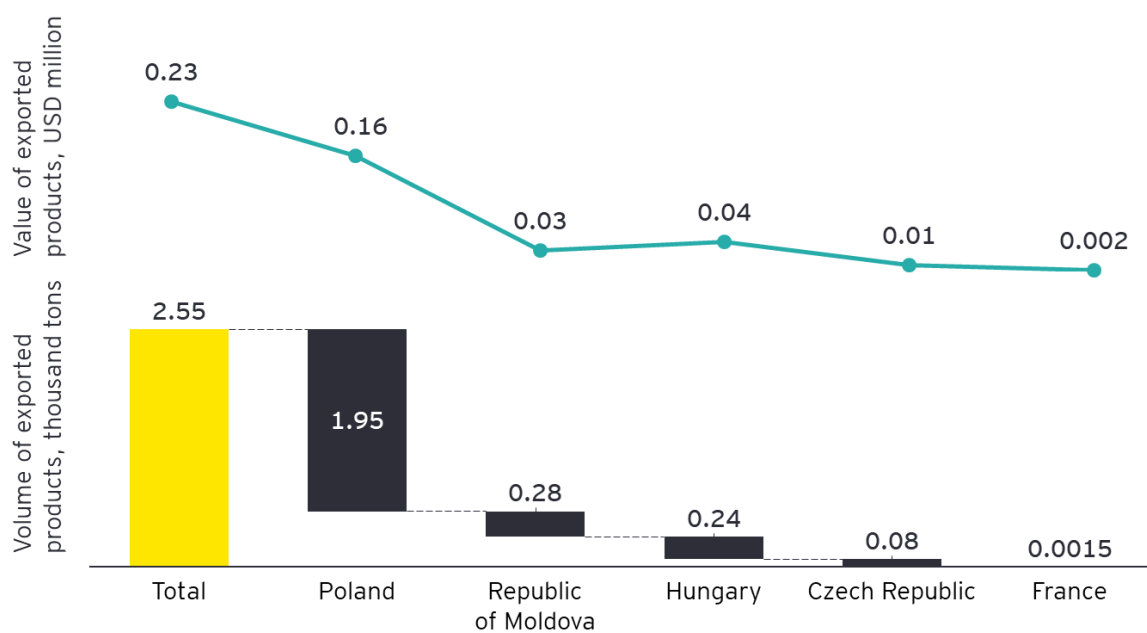


Figure 5.6: Volumes of coal exports by country in physical and monetary units in 2020<sup>44</sup>

The volume of coal imports in 2020 also decreased and amounted to 16,951.03 thousand tons, which is 19.60% less than in 2019. Most of the coal was imported mostly from Russia (70.24%), and the rest - from the United States (20.28%), Kazakhstan (7.55%) and other countries.

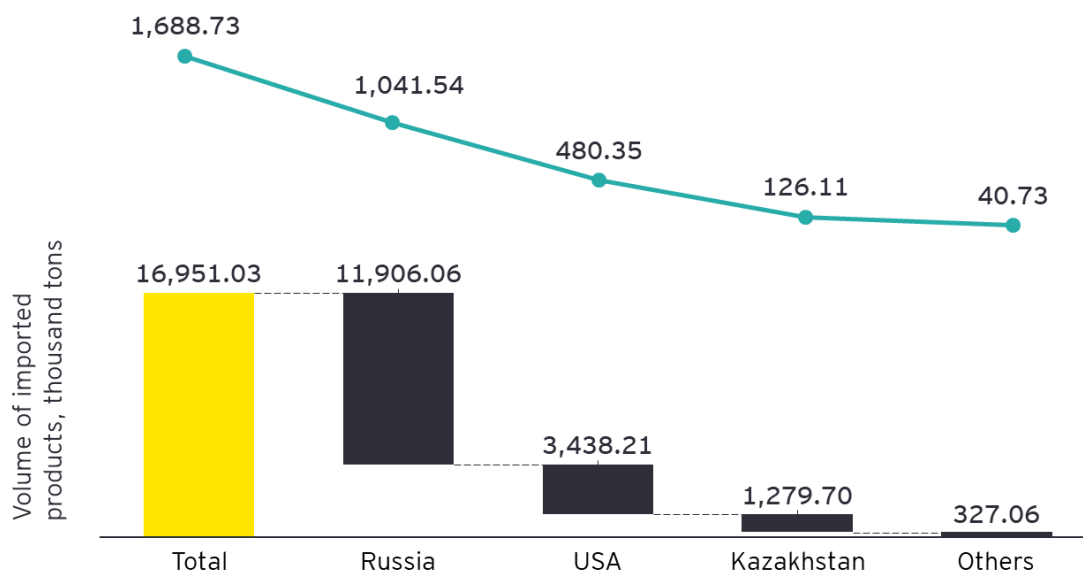


Figure 5.7: Volumes of coal imports by country in physical and monetary units in 2020<sup>45</sup>

<sup>44</sup> State Statistics Service, Foreign trade in certain types of goods by country, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

<sup>45</sup> State Statistics Service, Foreign trade in certain types of goods by country, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

**Conclusions to the section**

As of the end of 01.01.2021, the volume of coal reserves in Ukraine amounted to 41,185.36 million tons. The coal reserves mainly contain the following coal types: D (31.42% of the total reserves), type G (18.71%), type DG (15.42%). Overall, 97.06% of the total coal reserves are located on the territory of the Donetsk coal basin.

According to the Ministry of Energy, the volume of coal production in 2020 amounted to 28,818.09 thousand tons and decreased by 7.17% compared to the previous year. The decrease is primarily due to a reduction in production in the Dnipropetrovsk administrative region by 12.12%. If production remains at the level of 2020 in the future, the coal reserves would be sufficient for 1,429 years more.

In 2020, the volume of coal exports decreased significantly (by 82.94%), and the exports were sent mainly to Poland (76.68%). Imports of coal also decreased (by 19.60%) and amounted to 16,951.03 thousand tons.

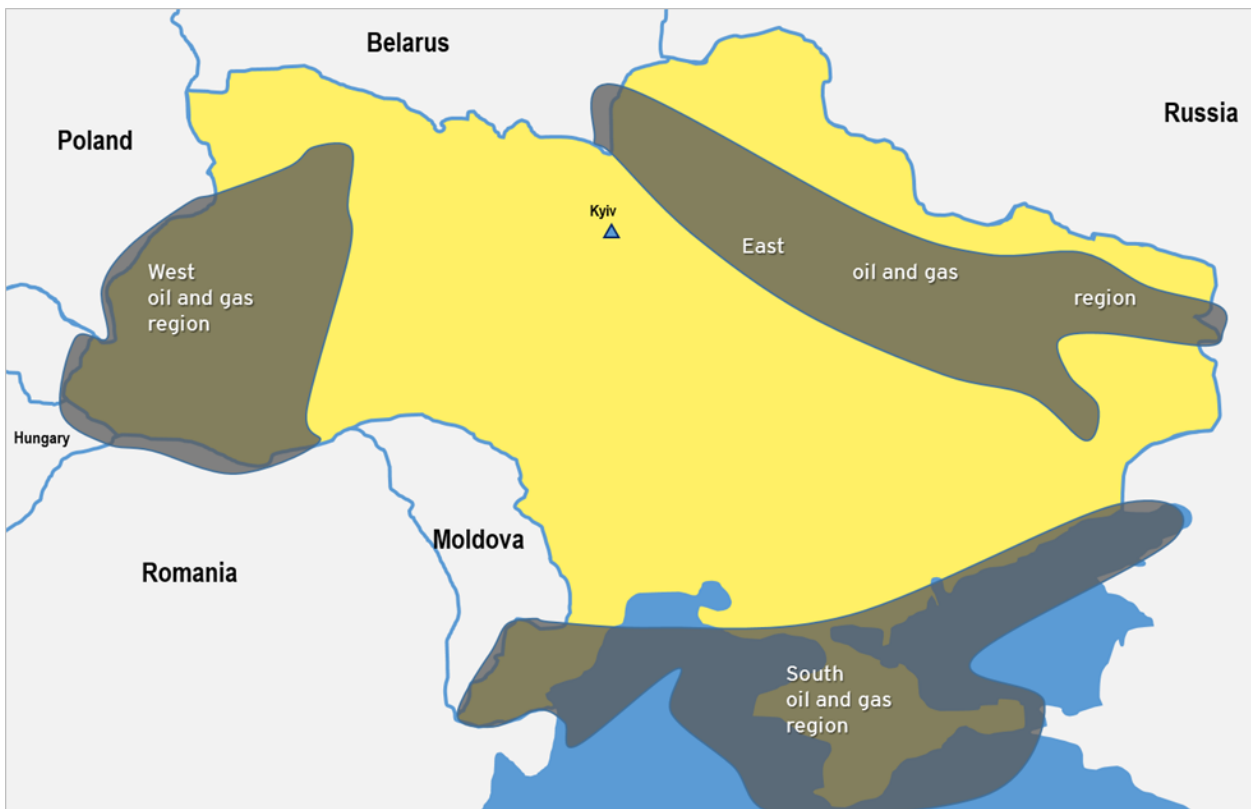
## 5.2 Extraction of oil and natural gas

### 5.2.1 Oil and natural gas reserves

There are three oil and gas regions in Ukraine:

- ▶ Eastern region is located in Dnipropetrovsk, Luhansk, Poltava, Sumy, Kharkiv, Chernihiv and Donetsk administrative regions;
- ▶ Western - in Ivano-Frankivsk, Lviv, Chernivtsi, Volyn, Zakarpattia administrative regions;
- ▶ Southern - in Odessa, Zaporizhia administrative regions, the Black Sea shelf, the Sea of Azov, and the Autonomous Republic of Crimea.

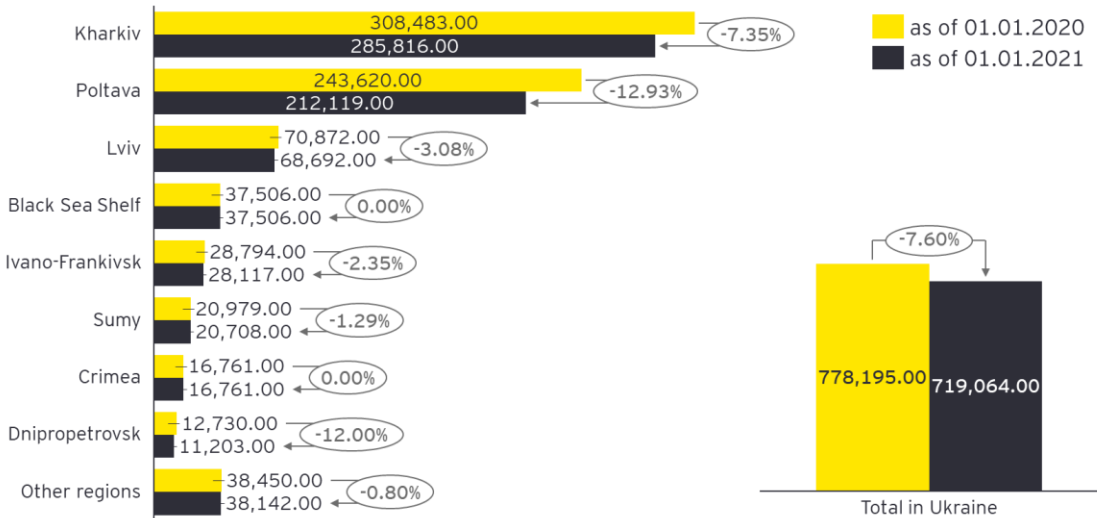
The hydrocarbon (oil, gas condensate and natural gas) reserves predominantly lie within the Eastern oil and gas region, which is the leader in terms of production volumes. 76.50% of natural gas reserves are located in the Eastern region, and 14.24% and 9.26% in the Western and Southern oil and gas regions, respectively.



*Figure 5.8: Location of oil and natural gas regions of Ukraine*

The total balance reserves of natural gas in Ukraine are 719,064 million cubic meters as of the end of 2020, which is 7.60% less than in 2019. In terms of administrative oblasts, the largest volumes of natural gas reserves are in Kharkiv, Poltava and Lviv administrative regions - 39.75%, 29.50% and 9.55% of the total reserves in Ukraine, respectively. These administrative regions have the largest number of natural gas fields: out of all 467 natural gas fields in

Ukraine, 101 fields are located in Poltava region, 83 fields - in Kharkiv, and 76 - in Lviv administrative region.



**Figure 5.9: Volumes of balance reserves of natural gas by administrative regions of Ukraine as of 01.01.2020 and 01.01.2021, mcm<sup>46</sup>**

Of all Ukrainian natural gas fields, one - the Shebelynske field - is classified as a major field. It is located in the Kharkiv administrative region and developed by Ukrkazvydobuvannia JSC. Zakhidno-Khrestyschenske field is classified as a big one. It is also located in the Kharkiv region and developed by Ukrkazvydobuvannia JSC. 9 other deposits are considered medium, 18 deposits - minor, 90 deposits - small, and the remaining 348 deposits - very small ones. The largest natural gas fields and their balance reserves are listed in the table below.

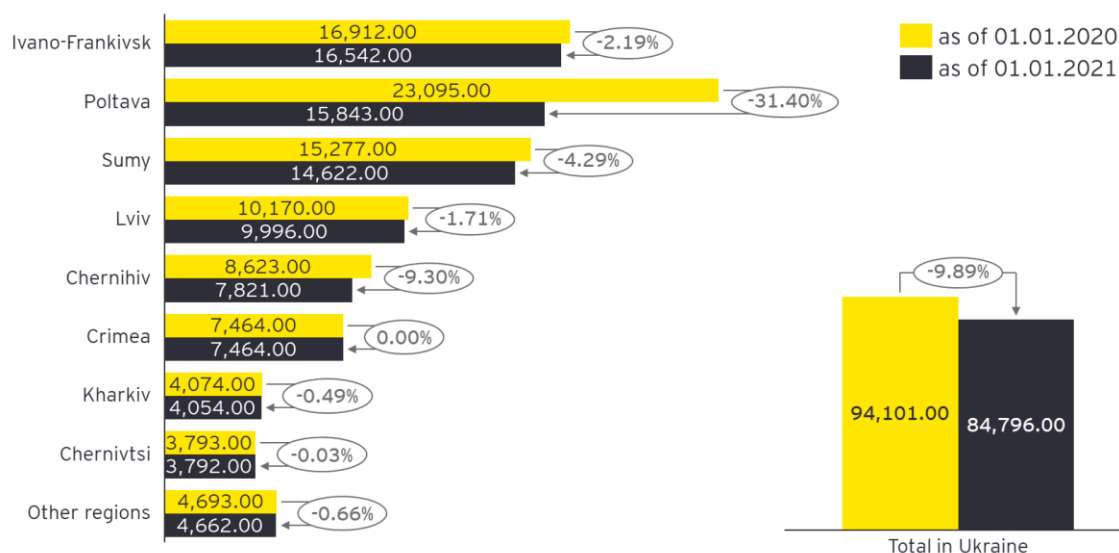
**Table 5.3: Volumes of balance reserves of natural gas by main fields in Ukraine as of 01.01.2021, mcm<sup>47</sup>**

Field name	Volume of balance sheet reserves of natural gas as of 01.01.2021, mcm	Share in the total volume of balance reserves in Ukraine, %
Shebelynske	102,107	14.20%
Zakhidno-Khrestyschenske	51,151	7.11%
Yablunivske	26,602	3.70%
Yefremivske	17,497	2.43%
Melykhivske	18,413	2.56%
Bytkiv-Babchynske	4,326	0.60%
Mashivske	4,232	0.59%
<b>Total</b>	<b>224,328</b>	<b>31.20%</b>

<sup>46</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Natural Gas (Issue 23), 2021.

<sup>47</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Natural Gas (Issue 23), 2021.

As of the end of 2020, the balance sheet oil reserves in Ukraine amounted to 84,796 thousand tons. 51.18% of the total oil reserves were concentrated in the Eastern oil and gas region, 35.77% - in the Western and 13.05% - in Southern region. In terms of administrative regions (oblast), the largest share of the total balance sheet oil reserves - 19.51% - are located in Ivano-Frankivsk oblast, which is followed by Poltava oblast (18.68%) and Sumy oblast (17.24%).



**Figure 5.10: Volumes of balance sheet oil reserves by administrative regions of Ukraine as of 01.01.2020 and 01.01.2021, thousand tons<sup>48</sup>**

There are 216 oil fields in Ukraine, most of which are very small. 20 deposits are considered small, the Bugruvativske deposit in the Sumy region is classified as minor one, and only 1 deposit is considered medium one - the Hlynsko-Rozbyshivske deposit in Poltava administrative region. The table below shows the 15 key oil fields with the largest reserves, with 46.88% of the total balance sheet oil reserves in Ukraine.

**Table 5.4: Volumes of balance sheet oil reserves on the key fields in Ukraine as of 01.01.2021, thousand tons<sup>49</sup>**

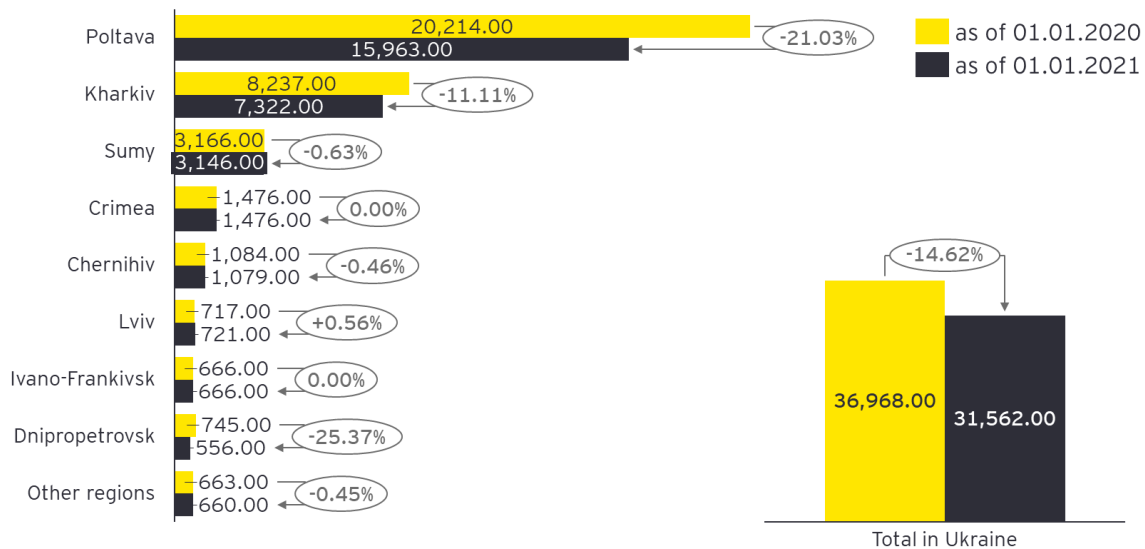
Field name	Volumes of balance sheet oil reserves as of 01.01.2021, thousand tons	Share in the total balance sheet reserves in Ukraine, %
Hlynsko-Rozbyshivske	12,105	14.28%
Bugruvativske	7,755	9.15%
Stynavske	4,298	5.07%
Bytkiv-Babchenske	3,946	4.65%
Skorokhodivske	3,028	3.57%
Dolynske	2,161	2.55%
Strutynske	1,870	2.21%
Gnidyntsiyske	1,300	1.53%

<sup>48</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Oil (Issue 60), 2021

<sup>49</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Oil (Issue 60), 2021.

Field name	Volumes of balance sheet oil reserves as of 01.01.2021, thousand tons	Share in the total balance sheet reserves in Ukraine, %
Anastasivske	1,255	1.48%
Kachanivske	921	1.09%
Pivnichno-Dolynske	560	0.66%
Boryslavske	195	0.23%
Rybalske	144	0.17%
Malodivyske	112	0.13%
Korzhivske	102	0.12%
<b>Total</b>	<b>39,752</b>	<b>46.88%</b>

According to the Geoinform of Ukraine, as of the end of 2020, the volume of the balance reserves of gas condensate in Ukraine amounted to 31,562 thousand tons, with 89.58% of the total reserves located in the Eastern oil and gas region. The largest gas condensate reserves are concentrated in Poltava and Kharkiv administrative regions - 50.49% and 23.20%, respectively.



**Figure 5.11: Volumes of balance reserves of gas condensate by administrative region of Ukraine as of 01.01.2020 and 01.01.2021, thousand tons<sup>50</sup>**

Overall, 269 gas condensate fields were registered in Ukraine in 2020, most of which are considered very small, 3 fields are classified as small, and 1 field is considered a minor one. The 6 fields with the largest volumes of reserves that are listed in the table below contain 31.76% of all balance reserves of gas condensate in Ukraine.

<sup>50</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Condensate (Issue 47), 2021

**Table 5.5: Volumes of balance reserves of gas condensate by main fields in Ukraine as of 01.01.2021, thousand tons<sup>51</sup>**

Field name	Volumes of balance sheet reserves of gas condensate as of 01.01.2021, thousand tons	Share in total balance Sheet Reserves in Ukraine, %
Yablunivske	1,452	4.60%
Hlynsko-Rozbyshivske	4,680	14.83%
Zakhidno-Khrestyschenske	2,225	7.05%
Shebelynske	625	1.98%
Kotelevske	590	1.87%
Melykhivske	451	1.43%
<b>Total</b>	<b>10,023</b>	<b>31.76%</b>

## 5.2.2 Significant exploration work

According to the Geoinform of Ukraine, the balance reserves of natural gas increased by 9,327 mcm as a result of exploration work in Ukraine in 2020, including 7,386 mcm at the enterprises of Naftogaz of Ukraine NJSC, and 1,941 mcm - at the private companies.

**Table 5.6: Increase in balance reserves of natural gas as a result of exploration work in 2020<sup>52</sup>**

Field name	Increase in balance reserves of natural gas, mcm	
	Total	Including new deposits and fields
<b>Total public sector of the economy, including:</b>	<b>7,386</b>	<b>865</b>
	<i>(including outside 64)</i>	<i>(including outside 61)</i>
<b>Ukrigasvydobuvannya JSC, including:</b>	<b>7,386</b>	<b>865</b>
	<i>(including outside 64)</i>	<i>(including outside 61)</i>
Zhemchuzhne	132	132
	<i>(including outside 61)</i>	<i>(including outside 61)</i>
Bugaivske	285	285
Zakhidno-Sosnivske (Highway field)	402	402
Krasnokutske	258	-
Berezivske	306	-
Lannivske	367	-
Melykhivske	295	-
Opishnyanske	44	-
Solokhivske	143	-
Maksalske	921 (including outside 3)	-
Kopylivske	199	-
Sementsivske	433	-
Komyshnyanske	304	-
Skhidno-Poltavske	2417	-
Abazivske	72	-
Bairatske	15	-
Tymofiivske	106	-
Chutivske	75	-

<sup>51</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Condensate (Issue 47), 2021.

<sup>52</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Natural Gas (Issue 23), 2021



Field name	Increase in balance reserves of natural gas, mcm	
	Total	Including new deposits and fields
Borysivske	24	-
Vynohradivske	8	-
Eugenivske	2	-
Korobochkynske	6	-
Skvortsivske	52	-
Chervonoyarske	44	-
Chkalivske	117	-
Lypovetske	89	46
Dubanevytske	22	-
Bilche-Volytske	140	-
Zaluzhanske	69	-
Liubeshivske	39	-
<b>Total private sector of the economy, including:</b>	<b>1,941</b> <i>(including outside 5)</i>	<b>1,941</b> <i>(including outside 5)</i>
<b><i>Energy Service Company Esco-Pivnich LLC, including:</i></b>	<b>770</b>	<b>770</b>
Klubanivsko-Zubrenkivske (Zubrenkivska structure)	240	240
Karaikozivske	530	530
<b><i>Vydobuvna kompaniia Ukrnaftoburinnia PrJSC, including:</i></b>	<b>93</b>	<b>93</b>
Sahalynske	93	93
<b><i>Proect Bud LLC, including:</i></b>	<b>230</b>	<b>230</b>
Rudnykivske	230	230
<b><i>Navigator-Mainytske LLC, including:</i></b>	<b>590</b>	<b>590</b>
Mainytske	590	590
<b><i>Poltava Petroleum Company JV, including:</i></b>	<b>211</b> <i>(including outside 5)</i>	<b>21</b> <i>(including outside 5)</i>
Novomykolaivske	37	37
Ihnativske	174 <i>(including outside 5)</i>	174 <i>(including outside 5)</i>
<b><i>Alba-Resource LLC, including:</i></b>	<b>47</b>	<b>47</b>
Pivdenno-Medvedivske	47	47
<b>Total in Ukraine</b>	<b>9,327</b> <i>(including outside 69)</i>	<b>2,806</b> <i>(including outside 66)</i>

Geological exploration work carried out in 2020 resulted in the increase in the balance sheet of oil reserves by 141 thousand tons, including 50 thousand tons at the enterprises of Naftogaz of Ukraine NJSC, and 91 thousand tons - at private companies.

**Table 5.7: Increase in balance sheet oil reserves as a result of exploration work in 2020<sup>53</sup>**

Field name	Increase in balance sheet oil reserves, thousand tons	
	Total	including new deposits and fields
<b>Total, public sector of economy, including:</b>	<b>50</b>	<b>15</b>
<b><i>Ukrgezvydobuvannya JSC, including:</i></b>	<b>25</b>	<b>4</b>

<sup>53</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Oil (Issue 60), 2021.

Field name	Increase in balance sheet oil reserves, thousand tons	
	Total	including new deposits and fields
Pivnichno-Kuzmychivske	4	4
Novotroitske	4	-
Hadiatske	8	-
Tymofiiivske	1	-
Druzhelyubivske	3	-
Skvortsivske	5	-
<b><i>Ukrnafta PJSC, including:</i></b>	<b>25</b>	<b>11</b>
Hlynsko-Rozbyshivske (Chizhevske Heights)	9	9
Kachanivske	2	2
Anastasivske	6	-
Buhruvativske	5	-
Reshetniakivske	3	-
<b>Total, private sector of the economy, including:</b>	<b>91</b> (including outside 2)	<b>91</b> (including outside 2)
<b><i>Poltava Petroleum Company JV, including:</i></b>	<b>72</b> (including outside 2)	<b>72</b> (including outside 2)
Novomykolaivske	34 (including outside 2)	34 (including outside 2)
Ihnativske	38	38
<b><i>Energy Service Company Esco-Pivnich LLC, including:</i></b>	<b>19</b>	<b>19</b>
Karaikozivske	19	19
<b>Total in Ukraine</b>	<b>141</b> (including outside 2)	<b>106</b> (including outside 2)

As a result of exploration work in 2020, the increase in balance reserves of gas condensate amounted to 464 thousand tons, including 314 thousand tons - at the enterprises of Naftogaz of Ukraine NJSC, and 150 thousand tons - in the private sector.

**Table 5.8: Increase in balance reserves of gas condensate as a result of exploration work in 2020<sup>54</sup>**

Field name	Increase in balance reserves of gas condensate, thousand tons	
	Total	including new deposits and fields
<b>Total public sector of the economy, including:</b>	<b>314</b> (including outside 2)	<b>6</b> (including outside 2)
<b><i>Ukrgezvydobuvannya JSC, including:</i></b>	<b>314</b> (including outside 2)	<b>6</b> (including outside 2)
Zhemchuzhne	6 (including outside 2)	6 (including outside 2)
Bugaiivske	9	-
Berezivske	4	-
Krasnokutske	12	-
Lannivske	6	-
Melykhivske	10	-
Opishnyanske	2	-
Maksalske	42	-

<sup>54</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Condensate (Issue 47), 2021.

Field name	Increase in balance reserves of gas condensate, thousand tons	
	Total	including new deposits and fields
Kopylivske	11	-
Sementsivske	68	-
Skhidno-Poltavske	105	-
Abazivske	7	-
Solohivske	1	-
Tymofiiivske	24	-
Chutivske	4	-
Borysivske	3	-
<b>Total private sector of the economy, including:</b>	<b>150</b> (including outside 1)	<b>150</b> (including outside 1)
<b><i>Energy Service Company Esco-Pivnich LLC, including:</i></b>	<b>122</b>	<b>122</b>
Klubanivsko-Zubrenkivske (Zubrenkivska structure)	16	16
Karaikozivske	106	106
<b><i>Poltava Petroleum Company JV, including:</i></b>	<b>15</b> (including outside 1)	<b>15</b> (including outside 1)
Novomykolaivske	2	2
Ihnativske	13 (including outside 1)	13 (including outside 1)
<b><i>Alba-Resource LLC, including:</i></b>	<b>1</b>	<b>1</b>
Pivdenno-Medvedivske	1	1
<b><i>Navigator-Mainytske LLC, including:</i></b>	<b>4</b>	<b>4</b>
Mainytske	4	4
<b><i>Vydobuvna kompaniia Ukrnaftoburinnia PrJSC, including:</i></b>	<b>8</b>	<b>8</b>
Sahalynske	8	8
<b>Total in Ukraine</b>	<b>464</b> (including outside 3)	<b>156</b> (including outside 3)

## 5.2.3 Volumes and value of oil and natural gas extraction

### 5.2.3.1 Volumes of oil and natural gas extraction

According to Geoinform of Ukraine, the volume of natural gas produced in Ukraine in 2020 amounted to 20,308 million cubic meters. 93.01% of the total volume of natural gas was produced in the Eastern oil and gas region, 6.95% of the total was extracted in the Western oil and gas region, and only a small amount of gas was extracted in the Southern oil and gas region on the shelf of the Sea of Azov. Kharkiv and Poltava administrative regions are leaders in natural gas production - 45.49% and 43.48% of the total, respectively.

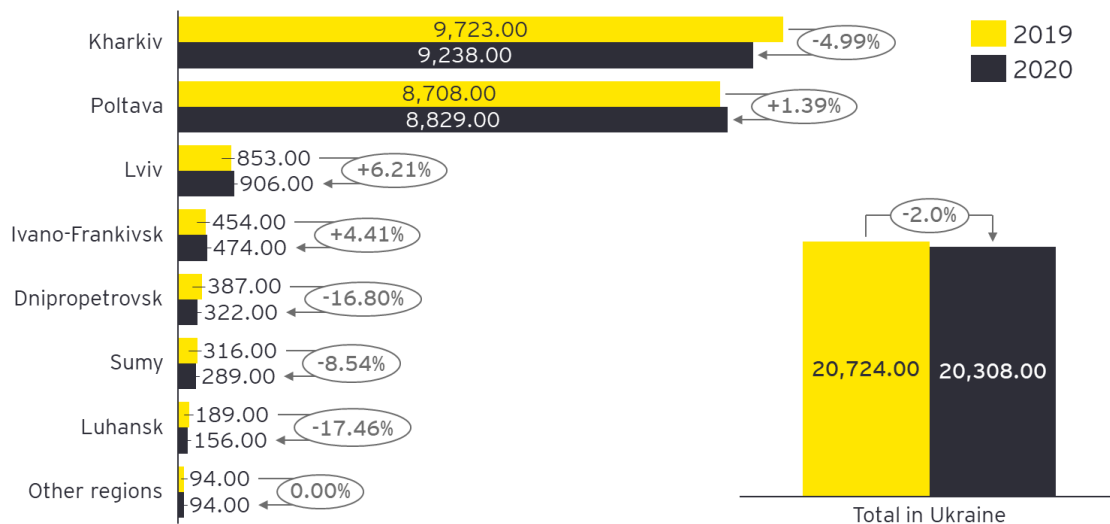


Figure 5.12: Volumes of natural gas production in Ukraine by region in 2019-2020, mcm<sup>55</sup>

In 2020, the largest company in Ukraine in terms of volumes of natural gas produced traditionally remained Ukgazvydobuvannya JSC (a subsidiary of Naftogaz of Ukraine NJSC) - 70.09% of the total production in the country. The largest private company, Naftogazvydobuvannya PJSC, produced 9.05% of the total natural gas production. Ukrnafta PJSC (a subsidiary of Naftogaz of Ukraine NJSC) was the third largest producer of natural gas in 2020 with 5.52%.

In 2020, the total volume of natural gas production in Ukraine decreased by 2.01%. The state-owned companies demonstrated the largest decrease (by 4.33%), while the private companies, on the contrary, increased the volume of extraction by 6.00%.

Table 5.9: Volumes of natural gas production by companies in 2019-2020<sup>56</sup>

Company	Volumes of natural gas production, mcm			
	2019	2020	change, %	Share in the total volume of natural gas production
<b>Total, public sector of economy, including</b>	<b>16,059</b>	<b>15,363</b>	<b>-4.33%</b>	<b>75.65%</b>
Ukgazvydobuvannya JSC	14,892	14,234	-4.42%	70.09%
Ukrnafta PJSC	1,158	1,121	-3.20%	5.52%
Chornomornaftogaz JSC	9	8	-11.11%	0.04%
<b>Total, private sector of the economy, including:</b>	<b>4,665</b>	<b>4,945</b>	<b>6.00%</b>	<b>24.35%</b>
Naftogazvydobuvannya PrJSC	1,657	1,838	10.92%	9.05%
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	862	844	-2.09%	4.16%
Energy Service Company Esco-Pivnich LLC	373	514	37.80%	2.53%
Poltava Petroleum Company JV	279	238	-14.70%	1.17%

<sup>55</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Natural Gas (Issue 23), 2021

<sup>56</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Natural Gas (Issue 23), 2021.

Company	Volumes of natural gas production, mcm			
	2019	2020	change, %	Share in the total volume of natural gas production
Representative Office of Regal Petroleum Corporation Limited	153	182	18.95%	0.90%
Ukrgezvydobutok PrJSC	163	179	9.82%	0.88%
Natural resources PrJSC	193	166	-13.99%	0.82%
Nadra-Geoinvest LLC	95	137	44.21%	0.67%
Systemoilingenering LLC	206	123	-40.29%	0.61%
Kub-gaz LLC	131	101	-22.90%	0.50%
Persha ukraiinska gazonaftova kompaniia LLC	73	90	23.29%	0.44%
Zakhidnadraserivce LLC	75	72	-4.00%	0.35%
Nordik PE	58	68	17.24%	0.33%
Stryinaftogaz LLC	55	46	-16.36%	0.23%
Goryzonty LLC	18	43	138.89%	0.21%
Energy-95 LLC	52	42	-19.23%	0.21%
Eastern geological union LLC	16	38	137.50%	0.19%
JV Ukrkarpatoil LTD LLC	33	34	3.03%	0.17%
Prom-Energo Product LLC	45	31	-31.11%	0.15%
Other companies	128	159	24.22%	0.78%
<b>Total</b>	<b>20,724</b>	<b>20,308</b>	<b>-2.01%</b>	<b>100.00%</b>

The total volume of oil production in Ukraine in 2020 decreased by 2.91% compared to the previous year and amounted to 1,671 thousand tons. Like natural gas, the key region of oil production is the Eastern oil and gas region, with 67.32 % of the total oil produced in 2020. The rest is extracted in the Western region. In terms of administrative regions, Sumy oblast is the leader with 40.22% of the total production in Ukraine, followed by Ivano-Frankivsk and Chernihiv oblasts with 22.20% and 14.54% of the total oil production, respectively.

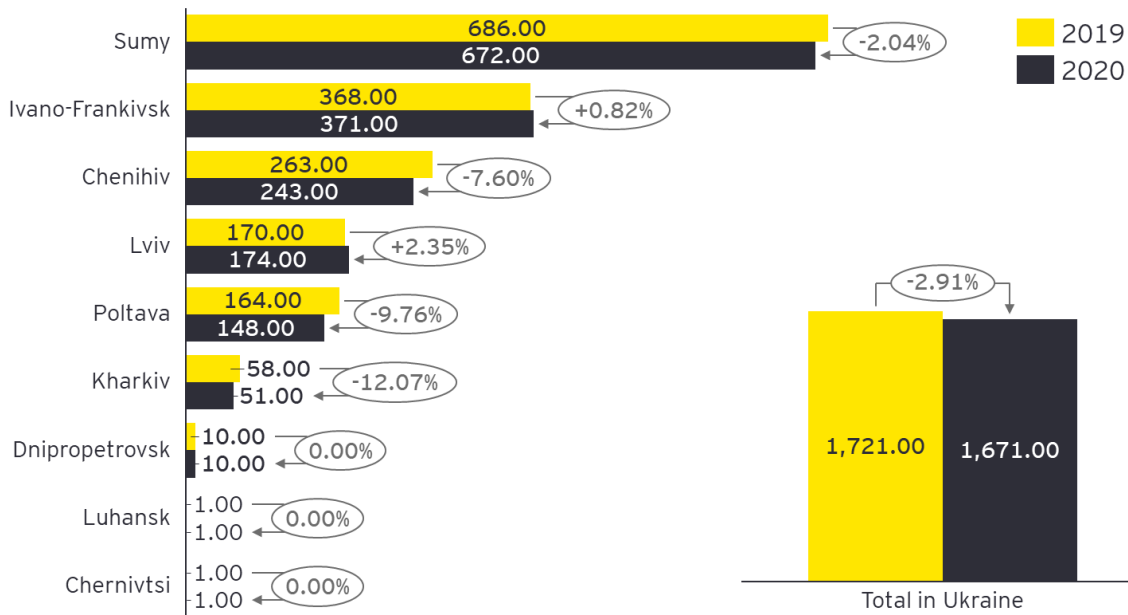


Figure 5.13: Volumes of oil production in Ukraine by region in 2019-2020, thousand tons<sup>57</sup>

Ukrnafta PJSC (a subsidiary of Naftogaz of Ukraine NJSC) produces the largest amount of oil in Ukraine - 86.06% of the total production. The private sector companies accounted for 10.17% of the total oil production.

Table 5.10: Volumes of oil production by companies 2019-2020<sup>58</sup>

Company	Volumes of oil production, thousand tons			Share in the total volume of oil production
	2019	2020	change, %	
<b>Total public sector of the economy, including:</b>	<b>1,545</b>	<b>1,501</b>	<b>-2.85%</b>	<b>89.83%</b>
Ukrnafta PJSC	1,459	1,438	-1.44%	86.06%
Ukrgezvydobuvannya JSC	86	63	-26.74%	3.77%
<b>Total private sector of economy, including:</b>	<b>176</b>	<b>170</b>	<b>-3.41%</b>	<b>10.17%</b>
JV Ukrkarpatoil LTD LLC	56	58	3.57%	3.47%
Poltava Petroleum Company JV	32	32	0%	1.92%
Kashtan Petroleum LTD JV	31	30	-3.23%	1.80%
Boryslavska Petroleum Company LTD JV	15	15	0.00%	0.90%
Yusenko Nadra LLC	14	14	0.00%	0.84%
<b>Vydobuvna kompaniia Ukrnaftoburinnia PrJSC</b>	<b>12</b>	<b>9</b>	<b>-25.00%</b>	<b>0.54%</b>
Energy Service Company Esco-Pivnich LLC	7	4	-42.86%	0.24%
Ukrainska Burova Company LLC	4	4	0.00%	0.24%
Eastern geological union LLC	3	3	0.00%	0.18%

<sup>57</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Oil (Issue 60), 2021

<sup>58</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Oil (Issue 60), 2021.

Company	Volumes of oil production, thousand tons			Share in the total volume of oil production
	2019	2020	change, %	
Nadra-Geoinvest LLC	0	1	100.00%	0.06%
<b>Total</b>	<b>1,721</b>	<b>1,671</b>	<b>-2.91%</b>	<b>100.00%</b>

In 2020, according to Geoinform of Ukraine, the volume of gas condensate production increased by 1.47% to 758 thousand tons. In 2020, gas condensate was only produced in the Eastern oil and gas region, mainly in Poltava (57.92 % of the total volume in Ukraine) and Kharkiv (37.47%) administrative regions.

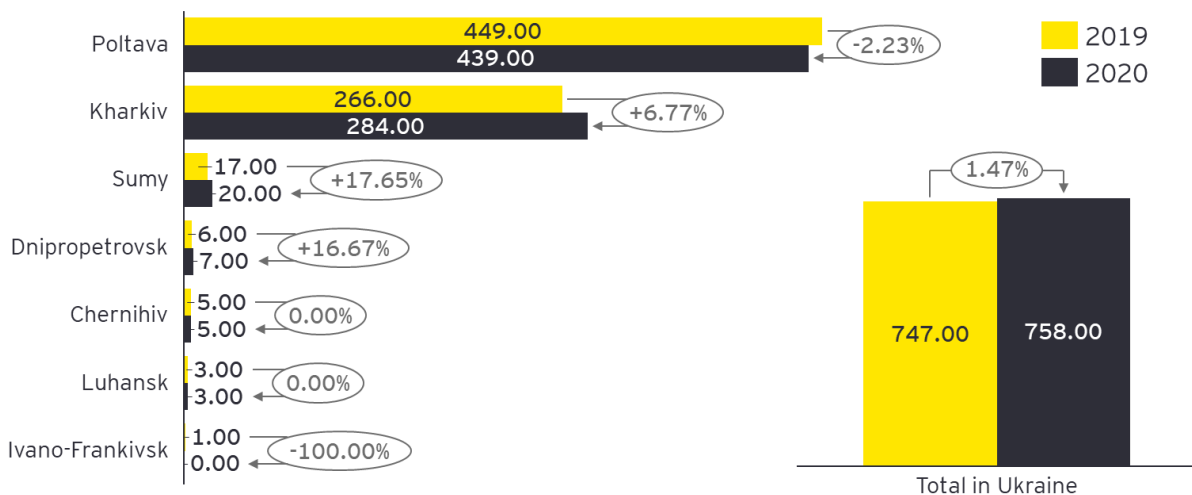


Figure 5.14: Volumes of gas condensate production in Ukraine by region in 2019-2020, thousand tons<sup>59</sup>

In 2020, 56.60% of the total gas condensate was produced by public sector companies and 43.40% - by private companies. Half of the total volume of gas condensate - 382 thousand tons - was produced at Ukrgazvydobuvannya PJSC.

Table 5.11: Volumes of gas condensate production by companies in 2019-2020<sup>60</sup>

Company	Volumes of gas condensate production, Thousand tons			Share in the total volume of gas condensate production
	2019	2020	change, %	
<b>Total public sector of the economy, Including:</b>	<b>444</b>	<b>429</b>	<b>-3.38%</b>	<b>56.60%</b>
Ukrgazvydobuvannya JSC	393	382	-2.80%	50.40%
Ukrnafta PJSC	51	47	-7.84%	6.20%
<b>Total private sector of economy, including:</b>	<b>303</b>	<b>329</b>	<b>8.58%</b>	<b>43.40%</b>

<sup>59</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Condensate (Issue 47), 2021

<sup>60</sup> Geoinform of Ukraine, National Register of Mineral Reserves of Ukraine, Condensate (Issue 47), 2021



Company	Volumes of gas condensate production, Thousand tons			Share in the total volume of gas condensate production
	2019	2020	change, %	
Energy Service Company Esco-Pivnich LLC	50	82	64.00%	10.82%
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	80	77	-3.75%	10.16%
Naftogazvydobuvannya PrJSC	64	66	3.13%	8.71%
Representative Office of Regal Petroleum Corporation Limited	25	28	12.00%	3.69%
Natural resources PrJSC	35	25	-28.57%	3.30%
Poltava Petroleum Company JV	16	13	-18.75%	1.72%
Nadra-Geoinvest LLC	6	12	100%	1.58%
Ukrgezvydobutok PrJSC	5	5	0%	0.66%
Systemoilingenering LLC	10	4	-60.00%	0.53%
Kub-gaz LLC	3	3	0%	0.40%
Other companies	9	14	55.56%	1.85%
<b>Total</b>	<b>747</b>	<b>758</b>	<b>1.47%</b>	<b>100.00%</b>

Provided that natural gas production remains at the level of 2020, the gas reserves would be sufficient to cover the needs of the country for 35 years. The estimate is 51 years for oil and 42 years for gas condensate.

### 5.2.3.2 Value of oil and natural gas production

As part of the preparation of the EITI Report 2020, three sources of information were used to collect and disclose information on the value of oil and natural gas produced in Ukraine: data from the State Statistics Service, the calculation by the Independent Administrator of the value of extracted products based on open data sources, and the information on revenue from reporting mining companies<sup>61</sup> provided by them in accordance with the requirements of the EITI Law<sup>62</sup>.

According to the State Statistics Service, in 2020 the volume of oil and gas industry sold products (type of economic activity B06 "Extraction of crude oil and natural gas" according to NACE-2010) amounted to UAH 84,126.4 million<sup>63</sup>.

The value of extracted natural gas and oil was calculated to obtain the relevant disaggregated information, as such information is not publicly available. This can be explained by the fact that there are no completely unregulated markets for extractive products in Ukraine. The estimate

<sup>61</sup> As part of the preparation of the EITI Report for 2020, a list of accountable companies subject to reconciliation of payments was identified (for more information, see Section 9).

<sup>62</sup> According to the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the Resolution of the Cabinet of Ministers of September 23, 2020 No 858 "Some Issues of Transparency in Extractive Industries", extractive industries shall provide information on their activities by filling in a payment report / consolidated payment report

<sup>63</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

of value of oil and natural gas production made by the Independent Administrator was based on the weighted average prices of oil and natural gas during the reporting year 2020. The results obtained are presented in the Tables below<sup>64</sup>.

**Table 5.12: The cost of oil and gas condensate extracted in Ukraine in 2020**

Type of product	Volume of extraction	Price, UAH/t	The cost, according to the calculation of the Independent Administrator, UAH million
Crude oil	1,671.00	8,317.19 <sup>65</sup> ; 5,972.88 <sup>66</sup>	10,523.42
Gas condensate	758.00	4,895.34 <sup>67</sup>	3,710.67

**Table 5.13: The cost of natural gas extracted in Ukraine in 2020**

Type of product	Volume of extraction	Price, UAH/thousand cubic meters	The cost, according to the calculation of the Independent Administrator, UAH million
Natural gas	20,308	3,884.5 <sup>68</sup>	78,886.43

The Tables below present information on the total revenue from the sale of marketable own products of own production in 2020 by reporting companies in the field of oil and natural gas. These data were obtained from reporting companies in accordance with the EITI Act for the purposes of preparing the EITI Report for 2020.

**Table 5.14: Sales revenues from marketable products by reporting companies in the oil industry in 2020<sup>69</sup>**

Company	Volume of extraction, thousand tons	Sales of marketable products, thousand tons	Revenue from sales marketable products (net of VAT) on the territory of Ukraine, UAH million	Revenue from sales of marketable products (net of VAT) exports, UAH million
Naftogaz of Ukraine NJSC	-	-	-	-
Ukrgezvydobuvannya JSC	63.90	-	-	-
Ukrnafta PJSC	1,439.49	134.16	592.10	-

<sup>64</sup> The volumes of oil and natural gas production are presented according to the information of Geoinform of Ukraine

<sup>65</sup> Crude oil price is calculated based on the average monthly value of Brent oil on the spot market in Europe, FOB (U.S. Energy Information Administration, <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=rbrte&f=a>) and the annual average dollar exchange rate (according to the NBU)

<sup>66</sup> Crude oil of Ukrnafta PJSC price is calculated based on the averaged value of oil according to stock exchange quotations of Ukrainian Energy Exchange LLC in 2020, excluding VAT: <https://www.ueex.com.ua/exchange-quotations/oil-and-gas-condensate/#data-filter>. Starting prices for oil and condensate extracted by Ukrnafta PJCS are set by the state auction committee (Law of Ukraine On Oil and Gas, Resolution of the CMU №570)

<sup>67</sup> Gas condensate of Ukrnafta PJSC price is calculated based on the averaged value of gas condensate according to stock exchange quotations of Ukrainian Energy Exchange LLC in 2020, excluding VAT: <https://www.ueex.com.ua/exchange-quotations/oil-and-gas-condensate/#data-filter>. Starting prices for oil and condensate extracted by Ukrnafta PJCS are set by the state auction committee (Law of Ukraine On Oil and Gas, Resolution of the CMU №570).

<sup>68</sup> Weighted average wholesale price of natural gas in the unregulated market segment in 2020 (net of VAT). NEURC, Results of the natural gas market monitoring in 2020: <https://www.nerc.gov.ua/?id=62440>

<sup>69</sup> According to the information provided by the reporting companies in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries".

Company	Volume of extraction, thousand tons	Sales of marketable products, thousand tons	Revenue from sales of marketable products (net of VAT) on the territory of Ukraine, UAH million	Revenue from sales of marketable products (net of VAT) exports, UAH million
Naftogazvydobuvannya PrJSC	-	-	-	-
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	8.96	59.02	636.99	-
Energy Service Company Esco-Pivnich LLC	3.86	3.84	34.69	-
Natural resources PrJSC	0.00	0.00	0.00	-
Poltava Petroleum Company JV	32.26	43.42	410.35	-
Kub-gaz LLC	-	-	-	-
Systemoilengineering LLC	-	-	-	-
Persha ukraiinska gazonaftova kompaniia LLC	-	-	-	-
JV Ukrkarpatoil LTD LLC	57.30	89.24	558.77	-
Nordik PE	-	-	-	-
Stryinaftogaz LLC	-	-	-	-
Energy-95 LLC	-	-	-	-
Zakhidnadraservice LLC	-	-	-	-
Nadra-Geoinvest LLC	0.80	0.69	6.23	-
Ukrgezvydobutok PrJSC	-	-	-	-
Oil&Gas Geoexploring LLC	-	-	-	-
Prom-Energo Product LLC	-	-	-	-
Representative Office of Regal Petroleum Corporation Limited	-	-	-	-
Joint activity agreement of 01/01/1999 No. 35/4 - authorized entity Hals-K PrJSC (31566427)	-	-	-	-
<b>Total</b>	<b>1,606.57</b>	<b>330.36</b>	<b>2,239.12</b>	<b>0.00</b>

Table 5.15: Sales revenues from marketable products by reporting companies in the natural gas industry in 2020<sup>70</sup>

Company	Volume of extraction, mcm	Sales of marketable products, mcm	Revenue from sales of marketable products (net of VAT) on the territory of Ukraine, UAH million	Revenue from sales of marketable products (net of VAT) exports, UAH million
Naftogaz of Ukraine NJSC	-	-	-	-
Ukrgezvydobuvannya JSC	14,672.59	14,076.92	51,867.54	-

<sup>70</sup> According to the information provided by the reporting companies in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries"

Company	Volume of extraction, mcm	Sales of marketable products, mcm	Revenue from sales of marketable products (net of VAT) on the territory of Ukraine, UAH million	Revenue from sales of marketable products (net of VAT) exports, UAH million
Ukrnafta PJSC	730.91	2,646.02	14,491.51	-
Naftogazvydobuvannya PrJSC	1844.89	1,843.40	6,510.47	-
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	835.56	876.06	3,169.19	-
Energy Service Company Esco-Pivnich LLC	514.24	513.82	1,330.63	-
Natural resources PrJSC	166.24	164.14	555.95	-
Poltava Petroleum Company JV	202.58	224.69	804.25	-
Kub-gaz LLC	104.03	102.32	228.34	-
Systemoilengineering LLC	123.06	123.06	319.51	-
Persha ukraiinska gazonaftova kompaniia LLC	89.98	88.35	219.44	-
JV Ukrkarpatoil LTD LLC	33.81	79.24	201.97	-
Nordik PE	68.20	68.20	236.44	-
Stryinaftogaz LLC	46.02	47.77	195,651.27	-
Energy-95 LLC	41.90	41.86	145.32	-
Zakhidnadraseriv LLC	71.76	76.41	267.53	-
Nadra-Geoinvest LLC	136.95	137.58	491.58	-
Ukrgezvydobutok PrJSC	179.03	176,027.12	650.31	-
Oil&Gas Geoexploring	-	-	-	-
Prom-Energo Product LLC	31.24	31.50	115.43	-
Representative Office of Regal Petroleum Corporation Limited	190.33	203.98	736.54	-
Joint activity agreement of 01/01/1999 No. 35/4 - authorized entity Hals-K PrJSC (31566427)	-	-	-	-
<b>Total</b>	<b>20,083.32</b>	<b>197,372.44</b>	<b>277,993.23</b>	<b>-</b>

## 5.2.4 Natural gas and oil transmission

### 5.2.4.1 Natural gas transmission

#### Overview of the gas transmission system and the major transmission routes

From 2020, the natural gas transportation in Ukraine is completely separated from its extraction and supply carried out by Naftogaz of Ukraine NJSC. From January 1, 2020, Gas Transmission System Operator of Ukraine LLC is a certified operator of the gas transmission system of Ukraine in accordance with the provisions of the Third Energy Package of the EU, which aims to create open gas and energy markets.

The sole shareholder of Gas Transmission System Operator of Ukraine LLC is Main Gas Pipelines of Ukraine JSC, which is directly subordinated to the Ministry of Finance of Ukraine. The gas

infrastructure of Ukraine, including 33 thousand km of pipelines, 57 compressor stations, 33 gas metering stations and 1,389 gas distribution stations, was transferred to Gas Transmission System Operator of Ukraine LLC for its activities.

In parallel with the establishment of GTS Ukraine Operator LLC, a new agreement was signed on the provision of services for the organization of natural gas transmission through the territory of Ukraine by Naftogaz of Ukraine NJSC, GTS Ukraine Operator LLC, and Gazprom PJSC. The agreement guarantees a new pre-ordered capacity payment principle, regardless of the actual volume of natural gas transmission. The agreement stipulates technical regulations and rules of mutual conduct of business, determines the new conditions and annual reservation of facilities for gas transit, and cancels any claims of previous agreements between the parties to the agreement. The agreement was signed for the period 2020-2024.

In 2020, the total volume of natural gas transmission through the territory of Ukraine decreased by 37.72% compared to the same period in the previous year. At the same time, the actual volume of transmission amounted to 55.8 billion cubic meters of natural gas, although the agreement provided for an annual order for the transmission of 65.0 billion cubic meters of natural gas. The significant reduction in the annual volume of natural gas transit is due, inter alia, to the signing of a new agreement between Naftogaz of Ukraine NJSC, Gas Transmission System Operator of Ukraine LLC, and Gazprom PJSC, drop in the demand for natural gas in the EU and launching the new gas pipelines bypassing Ukraine.

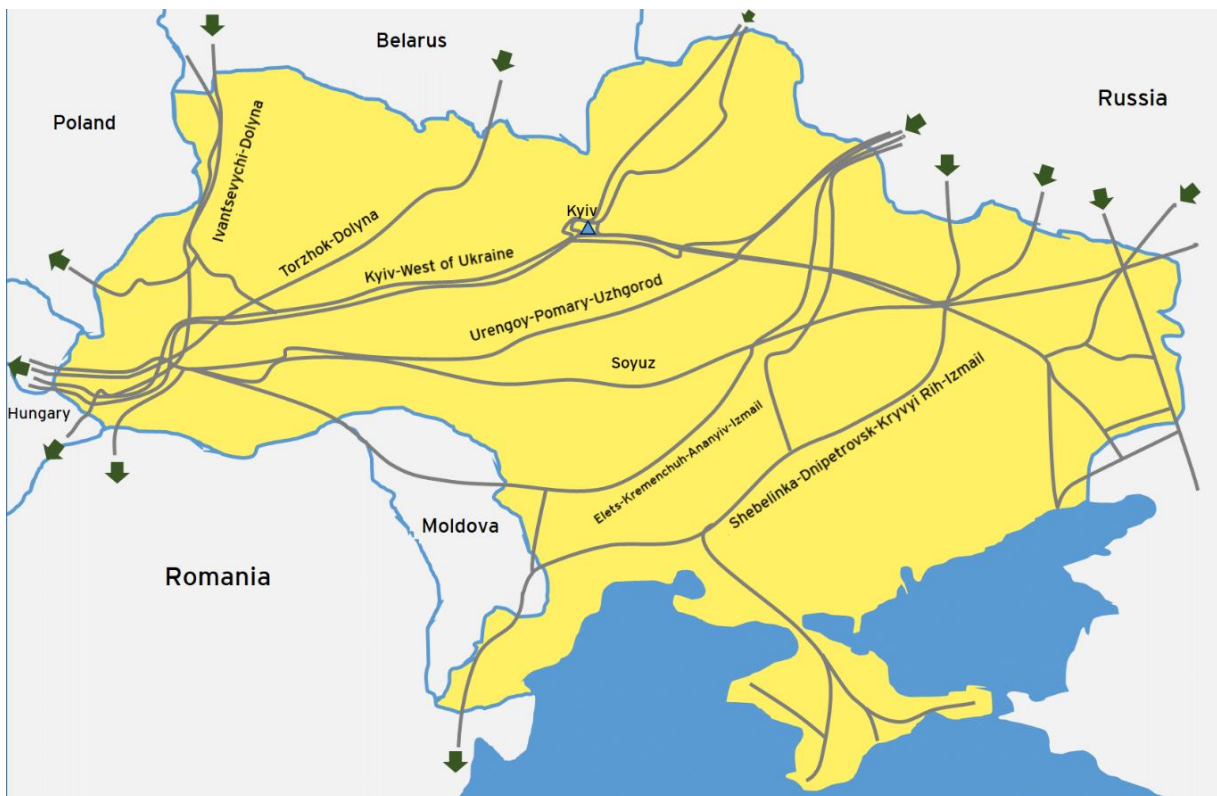


Figure 5.15: Sketch map of the major gas pipelines of Ukraine<sup>71</sup>

<sup>71</sup> Adapted based on the Annual report of Naftogaz of Ukraine NJSC 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_2020\\_UA.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_2020_UA.pdf)

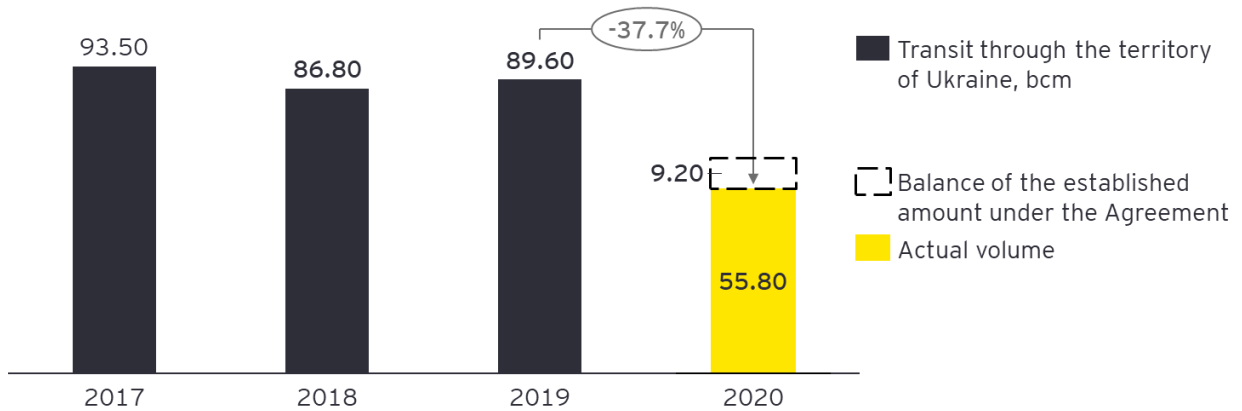


Figure 5.16: Volumes of natural gas transit through the territory of Ukraine in 2017-2020<sup>72</sup>

In 2020, there were two key directions of natural gas transmission in Ukraine: southern (Romania and Moldova) and western (Poland, Slovakia, and Hungary). In the southern direction, the volume of natural gas transmission by major pipelines amounted to 3.9 bcm, which is 70% less than in 2019. In the western direction, the reduction in natural gas transmission dropped by 32% to 51.9 bcm.

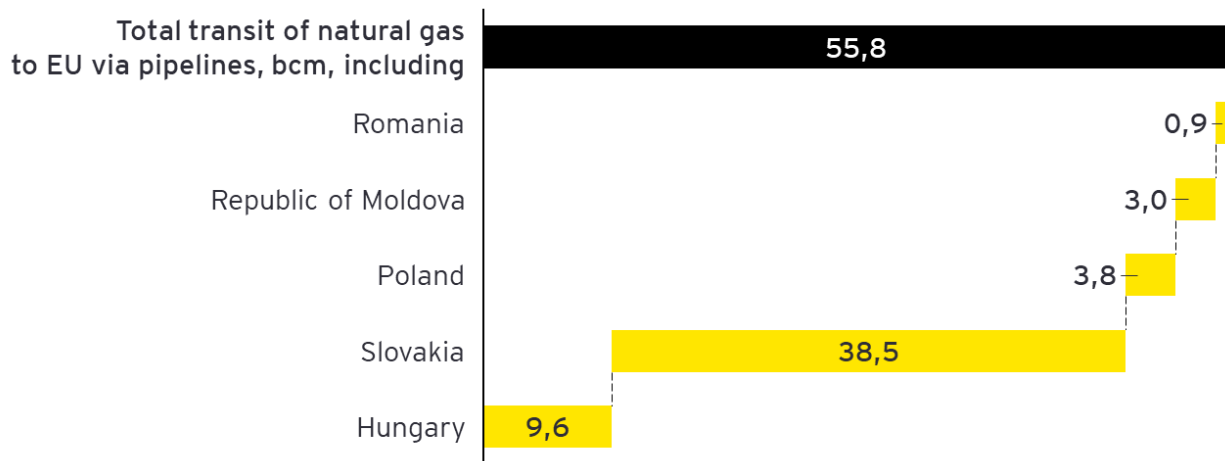


Figure 5.17: The structure of natural gas transit to EU countries in 2020<sup>73</sup>

During 2020, 52 Ukrainian and 30 foreign traders were engaged in the natural gas transmission.

In 2020, 15.9 bcm of natural gas were imported to Ukraine, which is 12% more than the volume imported in the previous year. The key countries importing natural gas to Ukraine are Slovakia, Hungary, and Poland. These countries, compared to 2019, have increased the volume of natural gas transportation to Ukraine: in 2020, imports from Slovakia amounted to 10.2 bcm (increase by 11% compared), from Hungary - 4.2 bcm (increase by 14%), from Poland - 1.5 bcm (increase by 3%). The virtual reverse mechanism was used to import 45% of natural gas to Ukraine. Virtual reverse is a mechanism of mutual netting and replacement of natural gas,

<sup>72</sup> Annual report of Naftogaz of Ukraine NJSC 2020,

[https://www.naftogaz.com/files/Zvity/Annual\\_report\\_Naftogaz\\_2020-UA\\_28\\_04\\_2021\\_1.pdf](https://www.naftogaz.com/files/Zvity/Annual_report_Naftogaz_2020-UA_28_04_2021_1.pdf)

<sup>73</sup> Report of Gas Transmission System Operator of Ukraine LLC 2020, <https://tsoua.com/news/transit-import-2020-rik/>

which involves the reception and transfer of natural gas between the participating countries without the physical movement of natural gas between the participating countries.

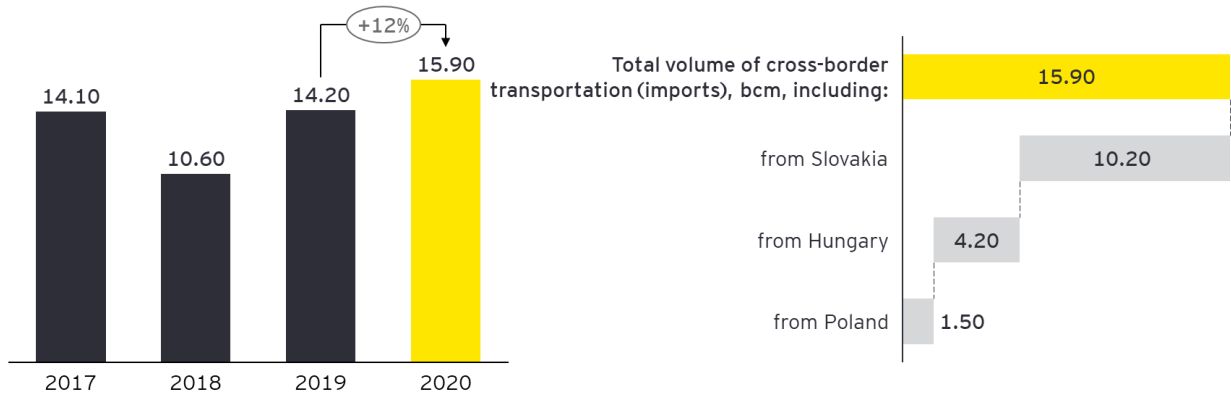


Figure 5.18: Volumes and structure of natural gas imports in Ukraine in 2017-2020<sup>74</sup>

As part of the organizational transformation of Naftogaz of Ukraine NJSC in December 2019, a separate Natural Gas Storage Division was established, which is responsible for the implementation of natural gas storage services. The GTS of Ukraine Operator, the branch of Ukrtransgaz JSC is responsible for natural gas storage.

The Ukrainian natural gas storage system consists of 11 underground gas storage facilities (except for territories where Ukrainian public authorities temporarily do not exercise their powers).

During 2020, the total volume of natural gas injected into Ukraine's underground gas storage facilities amounted to 12.7 bcm, which is 3% less than in the previous year. The total volume of natural gas withdrawn from storage facilities decreased by 2% and amounted to 7.9 bcm<sup>75</sup>.

<sup>74</sup> Report of Gas Transmission System Operator of Ukraine LLC 2020, <https://tsoua.com/news/transit-import-2020-rik/>

<sup>75</sup> Annual report of Naftogaz of Ukraine NJSC 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_2020\\_UA.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_2020_UA.pdf)





Figure 5.19: Sketch map of underground gas storage facilities in Ukraine <sup>76</sup>

### Tariffs for natural gas transmission services

At the end of 2019, the Resolution of the NCREU of December 24, 2019 No 3013 “On setting tariffs for Gas Transmission System Operator of Ukraine LLC for natural gas transmission services for entry and exit points for the 2020-2024 regulatory period” was adopted (**Figure 5.16, Figure 5.17**). The resolution was effective with no changes from January 1 to September 30, 2020<sup>77</sup>. From October 1, 2020, the changes were implemented in accordance with the Resolution of the NCREU of July 29, 2020 No 1468 "On Amendments to the Resolution of the NCREU of December 24, 2019 No 3013"<sup>78</sup>. The changes mainly concerned the coefficients that take into account the capacity ordering period applied to the tariffs for natural gas transportation services for entry and exit points to / from the gas transmission system for the regulatory period 2020-2024.

<sup>76</sup> Adapted based on the Annual report of Naftogaz of Ukraine NJSC 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_2020-UA.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_2020-UA.pdf)

<sup>77</sup> Resolution of the NCREU of 24.12.2019 No 3013, <https://zakon.rada.gov.ua/laws/show/v3013874-19#n15>

<sup>78</sup> Resolution of the NCREU of 29.07.2020 No 1468, <http://www.nerc.gov.ua/index.php/laws/show/data/web/?id=53325>

**Table 5.16: Tariffs for natural gas transmission services for internal entry and exit points for the regulatory period 2020-2024 for Gas Transmission System Operator of Ukraine LLC <sup>79</sup>**

№	Name of the point of entry into / exit from the gas transmission system of Ukraine	Tariff for entry point	Tariff for exit point
		UAH/ tcm per day (net of VAT)	
1	Entry points with physical location from adjacent gas extracting companies (through the networks of which natural gas of another gas company or group of gas companies can be transmitted)	101.93	-
2	Virtual entry points with an undefined physical location in the gas distribution system (location of gas inflow from the gas extracting company at the point of its connection to the gas distribution system, through which, inter alia, gas extracted by another company or group of gas extracting companies may be transmitted)	101.93	-
3	Virtual entry points with an undefined physical location from adjacent gas companies (through the networks of which natural gas extracted by another gas company or group of gas extracting companies can be transmitted)	101.93	-
4	Points with physical location to / from gas storage facilities	0.00	0.00
5	Virtual points with undefined physical location to / from a gas storage facility or group of gas storage facilities	0.00	0.00
6	Virtual points with undefined physical location to / from the customs warehouse of a gas storage facility or group of gas storage facilities	0.00	0.00
7	Exit points with physical location to direct consumers	-	124.16
8	Exit points with physical location to gas distribution systems	-	124.16
9	Virtual exit points with an undefined physical location to the gas distribution systems	-	124.16
10	Virtual exit points with an undefined physical location for the operations of the gas transmission system operator related to the purchase of natural gas by the gas transmission system operator for its own needs and production and technological use		0.00

**Table 5.17: Tariffs for natural gas transmission services for cross-border entry and exit points for the regulatory period 2020-2024 for Gas Transmission System Operator of Ukraine LLC <sup>80</sup>**

№	Name of the point of entry into / exit to the gas transmission system of Ukraine	Tariff for entry point	Tariff for exit point
		USD/ tcm per day (net of VAT)	
1	Virtual or physical cross-border points (Hermanovichi, Drozdovichi, Ustylug) with Poland	4.45	9.04
2	Virtual or physical cross-border Budintse, Uzhhorod/Velki Kapushany) with Slovakia	4.45	9.68
3	Virtual or physical cross-border (Berehdarots, Berehove) with Hungary	4.45	9.25
4	Ananiv	-	8.17
5	Hrebennyky	0.00	8.17
6	Kaushany	0.00	1.13
7	Lymanske	4.45	8.17

<sup>79</sup> NEURC Resolution of 24.12.2019 No. 3013, <https://zakon.rada.gov.ua/laws/show/v3013874-19#n15>

<sup>80</sup> NEURC Resolution of 24.12.2019 No. 3013, <https://zakon.rada.gov.ua/laws/show/v3013874-19#n15>

№	Name of the point of entry into / exit to the gas transmission system of Ukraine	Tariff for entry point	Tariff for exit point
		USD/ tcm per day (net of VAT)	
8	Oleksiiivka	-	9.71
9	Orlivka/Isakcha	4.45	1.13
10	Sohranivka	16.01	-
11	Sudzha	16.01	-
12	Tekove/Mediash Auryt	4.45	8.78
13	Virtual point Republic of Moldova	-	0.56

### Tariffs for natural gas distribution services

During 2020, the tariffs for natural gas distribution, established in accordance with the resolutions of the NCREU No 3014-3057<sup>81</sup> of December 24, 2019, were effective.

*Table 5.18: Tariffs for natural gas distribution services during 2020<sup>82</sup>*

№	Company name	Tariff since 01.01.2020, UAH / tcm (net of VAT)	Tariff since 01.07.2020, UAH / tcm (net of VAT)
1	Vynnytsiagaz PJSC	890.00	970.00
2	Volyngaz PJSC	910.00	980.00
3	Gadyachgaz PJSC	900.00	1,060.00
4	Dniprogaz PJSC	550.00	590.00
5	Dnipropetrovskgas PJSC	1,040.00	1,140.00
6	Donetskoblغاز PJSC	700.00	700.00
7	Zhytomyrgaz PJSC	890.00	990.00
8	Zakarpagaz PJSC	1,040.00	1,140.00
9	Zaporizhgaz PJSC	550.00	640.00
10	Ivano-Frankivskgaz PJSC	1,000.00	1,150.00
11	Kyivgaz PJSC	280.00	280.00
12	Kyivoblغاز PJSC	780.00	810.00
13	Kirovogradgaz PJSC	850.00	870.00
14	Korostyshivgaz PrJSC	850.00	850.00
15	Kremenchukgaz PrJSC	290.00	290.00
16	Kryvorizhgaz PJSC	350.00	380.00
17	Lubnygaz PJSC	1,050.00	1,220.00
18	Luhansk PJSC	850.00	920.00
19	Lvivgaz PJSC	900.00	990.00
20	Mariupolgaz PJSC	950.00	1,090.00
21	Melitopolgaz PrJSC	1,060.00	1,310.00
22	Mykolaivgaz PJSC	1,090.00	1,220.00
23	Odesagaz PJSC	650.00	790.00
24	Poltavagaz PJSC	950.00	1,090.00
25	Rivnegaz PJSC	1,000.00	1,030.00
26	Sumygaz PJSC	760.00	860.00

<sup>81</sup> Resolution of the NCREU of 24.12.2019 No 3014-3057, <https://www.nerc.gov.ua/index.php?id=37896&cpage=2>

<sup>82</sup> NEURC, Report on the results of activities in 2020, <https://www.nerc.gov.ua/?news=11587>

Nº	Company name	Tariff since 01.01.2020, UAH / tcm (net of VAT)	Tariff since 01.07.2020, UAH / tcm (net of VAT)
27	Ternopilgaz PrJSC	890.00	1,030.00
28	Ternopilmiskgaz PrJSC	330.00	330.00
29	Tysmenytsiagaz PJSC	1,030.00	1,150.00
30	Umangaz PrJSC	840.00	1,000.00
31	Kharkivgaz PJSC	1,030.00	1,130.00
32	Kharkivmiskgaz PJSC	300.00	300.00
33	Khersongaz PJSC	820.00	940.00
34	Khmelnyskygaz PJSC	870.00	920.00
35	Cherkasygaz PJSC	420.00	480.00
36	Chernivsigaz PJSC	1,050.00	1,200.00
37	Chernihivgas PJSC	890.00	940.00
38	Shepetivkagaz PrJSC	560.00	570.00
39	NMCE Sirka PrJSC	1,060.00	1,520.00
40	Montazhnyk SE	1,360.00	1,590.00
41	Gazovyk LLC	1,420.00	1,590.00
42	Gazpostachservice LLC	1,920.00	2,460.00
43	Kremenets UPRG SE	750.00	750.00
44	Spectrgaz LLC	1,990.00	2,730.00

### Tariffs for natural gas injection to, storage in and withdrawal from gas storage facilities

The tariffs for natural gas injection, storage and withdrawal services are calculated in accordance with the Guidelines for determining and calculating tariffs for natural gas storage (injection, withdrawal) services for gas storage facilities subject to the regulated access regime, approved by the Resolution of the NCREU of 13.06.2016 No 1131<sup>83</sup>.

Until July 1, 2020, the tariffs for the natural gas injection to, storage in and withdrawal from the underground storage facilities of Ukrtransgaz JSC were as follows (net of VAT):

- ▶ natural gas injection - UAH 93.30 / thousand cubic metres per day;
- ▶ natural gas storage - UAH 0.172 / thousand cubic metres per day;
- ▶ natural gas withdrawal - UAH 97.20 / thousand cubic metres per day.

From From July 1, 2020, the tariffs were changed to the following (net of VAT):

- ▶ natural gas injection - UAH 110.16 / thousand cubic metres per day;
- ▶ storage of natural gas - UAH 0.19 / thousand cubic metres per day;
- ▶ natural gas withdrawal - UAH 64.41 / thousand cubic metres per day<sup>84</sup>.

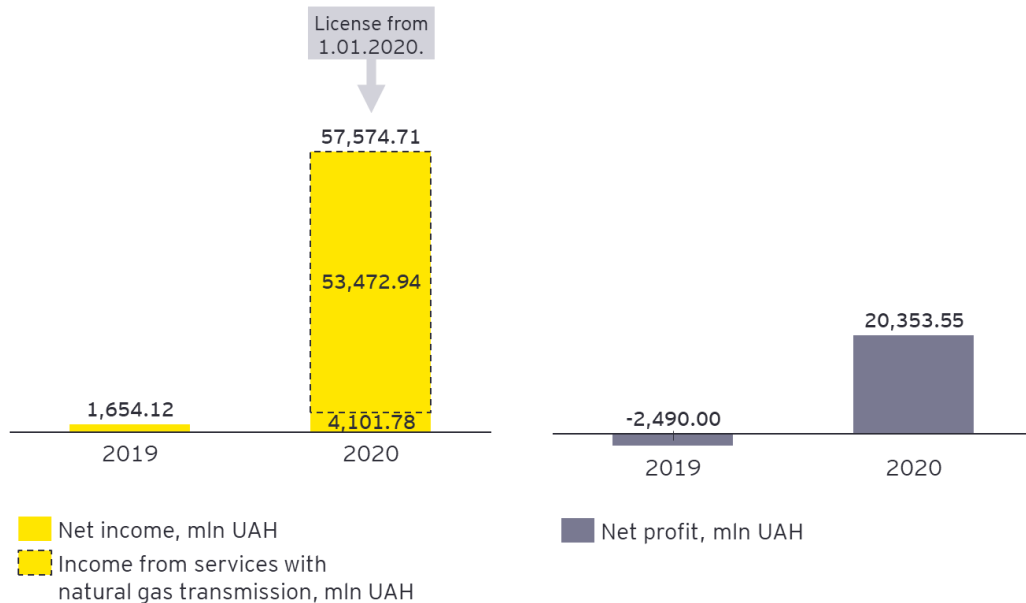
### Revenues and financial result of the Gas Transmission System Operator

According to the financial report of Gas Transmission System Operator of Ukraine LLC for 2020, the net income from operating activities amounted to UAH 57,574.71 million, including

<sup>83</sup> Resolution of NCREU of 13.06.2016 No 1131, <https://zakon.rada.gov.ua/laws/show/z1035-16#Text>

<sup>84</sup> Resolution of NCREU of 24.06.2020 No 1150, <https://zakon.rada.gov.ua/laws/show/v1150874-20#Text>

UAH 53,472.93 million for direct transportation of natural gas and UAH 4,101.78 million for balancing the gas transmission system<sup>85</sup>.



**Figure 5.20: Income and net profit of Gas Transmission System Operator of Ukraine LLC in 2020**

As part of the preparation of the EITI Report for 2020, Gas Transmission System Operator of Ukraine LLC, being the only company providing natural gas transmission services throughout Ukraine, provided information on the physical volume of the transported natural gas and the revenues from its transportation service. In 2020, Gas Transmission System Operator of Ukraine LLC reported the revenue obtained from transportation services in the amount of UAH 53,305,171.94 thousand.

**Table 5.19: Revenue received for the natural gas transmission services by Gas Transmission System Operator of Ukraine LLC in 2020 (data of Gas Transmission System Operator of Ukraine LLC).<sup>86</sup>**

Nº	Type of natural gas transmission service	Physical gross volume, mln cubic meters	Total revenue, thousand UAH (except VAT)	Tariff rate, UAH/ thousand cubic meters
1	Short haul service (24 hours)	6,014.68	479,756.90	79,76
2	Short haul service (month)	181.59	17,503.65	96,39
3	Short haul service (within 24 hours)	163.53	18,537.44	113,36
4	Ordered capacity at internal points (within 24 hours, exit)	155.15	23,308.32	150,23
5	Ordered capacity by internal points (within 24 hours, entry)	2.39	294.47	123,34
6	Ordered capacity by internal points (24 hours, exit)	12,616.24	1,694,128.13	134,28

<sup>85</sup> Gas Transmission System Operator of Ukraine LLC, Financial statements for 2020, [https://tsoua.com/wp-content/uploads/2021/04/GTSO\\_20-ukr-final-dlya-publikacziyi.pdf](https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikacziyi.pdf)

<sup>86</sup> According to the information provided by Gas Transmission System Operator of Ukraine LLC in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries"

№	Type of natural gas transmission service	Physical gross volume, mln cubic meters	Total revenue, thousand UAH (except VAT)	Tariff rate, UAH/ thousand cubic meters
7	Ordered capacity by internal points (24 hours, exit PC)	0.08	9.90	124,16
8	Ordered capacity by internal points (24 hours, exit PSO)	891.22	110,653.58	124,16
9	Ordered capacity by internal points (24 hours, entry)	3,212.84	334,969.33	104,26
10	Ordered capacity by internal points (quarter, exit)	1,111.14	138,093.58	124,28
11	Ordered capacity by internal points (quarter, entry)	8,675.79	884,690.89	101,97
12	Ordered capacity by internal points (month, exit)	2,380.10	303,175.37	127,38
13	Ordered capacity by internal points (month, exit PSO)	5.29	657.18	124,16
14	Ordered capacity by internal points (month, entry)	3,619.19	375,530.41	103,76
15	Ordered capacity by internal points (year, exit)	273.15	33,914.29	124,16
16	Ordered capacity by internal points (year, entry)	3,943.52	401,963.00	101,93
17	Ordered capacity by cross-border points (24 hours)	2,970.71	643,672.35	216,67
18	Ordered capacity by cross-border points (quarter)	15,551.89	4,903,442.49	315,30
19	Ordered capacity by cross-border points (month)	5,995.01	1,312,196.67	218,88
20	Ordered capacity by cross-border points (within 24 hours)	2.56	511.57	200,22
21	Ordered capacity by cross-border points (within 24 hours))	0.78	465.64	597,15
22	Ordered capacity by cross-border points (year)	123,822.66	39,883,248.84	322,10
23	Capacity overrun by internal points (exit)	650.08	161,427.41	248,32
24	Capacity overrun by internal points (exit PC)	1,292.55	160,483.35	124,16
25	Capacity overrun by internal points (exit PSO)	10,609.32	1,317,253.33	124,16
26	Capacity overrun by internal points (entry)	516.45	105,283.85	203,86

Also, Gas Transmission System Operator of Ukraine LLC provided information on natural gas transportation by reporting extractive companies<sup>87</sup>. In 2020, Gas Transmission System Operator of Ukraine LLC received from 19 reporting companies the total of UAH 2,111,799.00 thousand for transportation of the products provided by the customers in the amount of 19,983.14 mcm.

**Table 5.20: Revenue received for the natural gas transmission services provided to reporting companies by Gas Transmission System Operator of Ukraine LLC<sup>88</sup> in 2020 (data of Gas Transmission System Operator of Ukraine LLC)<sup>89</sup>**

Nº	Name of the company that provided the products for transmission	Physical gross volume, mln cubic meters	Total revenue, thousand UAH	Tariff rate, UAH/ thousand cubic meters
1	Ukrgezvydobuvannya JSC	13,920.85	1,452,388.00	104.33
2	Naftogazvydobuvannya PrJSC	1,857.05	190,573.00	102.62
3	Ukrnafta PJSC	1,060.96	131,892.00	124.31
4	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	952.34	102,162.00	107.27
5	Energy Service Company Esco-Pivnich LLC	585.02	62,999.00	107.27
6	Poltava Petroleum Company JV	225.70	23,963.00	106.17
7	Natural resources PrJSC	184.94	20,010.00	108.20
8	Systemoilengineering LLC	184.10	19,920.00	108.21
9	Representative Office of Regal Petroleum Corporation Limited	184.52	18,965.00	102.78
10	Ukrgezvydobutok PrJSC	177.07	18,307.00	103.39
11	Nadra-Geoinvest LLC	144.16	15,140.00	105.03
12	Kub-gaz LLC	104.34	11,060.00	106.00
13	Zakhidnadraserivce LLC	90.47	10,351.00	114.42
14	Persha ukraiinska gazonaftova kompaniia LLC	91.25	9,598.00	105.20
15	Nordik PE	68.80	7,606.00	110.55
16	Stryinaftogaz LLC	59.15	6,929.00	117.14
17	Energy-95 LLC	42.82	4,638.00	108.31
18	Prom-Energo Product LLC	31.26	3,250.00	103.97
19	JV Ukrkarpatoil LTD LLC	18.36	2,048.00	111.58
<b>Total</b>		<b>19,983,14</b>	<b>2,111,799.00</b>	-

To meet the requirements of the EITI Law, oil and gas companies provided data on the physical volume of transportation of extracted natural gas and the total cost of transportation services in 2020. The payments were made in favour of Gas Transmission System Operator of Ukraine

<sup>87</sup> The accountable extractive companies are the companies of extractive industries whose payments to the state have been identified as significant and subject to reconciliation of payments (for more information, please see **Section 9**)

<sup>88</sup> Reporting companies - extractive companies whose payments to the government have been determined to be material and subject to payment reconciliation (see Section 9 for details).

<sup>89</sup> According to the information provided by Gas Transmission System Operator of Ukraine LLC in accordance with the Law of Ukraine "On Ensuring

Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries"



LLC, as well as other companies that provided natural gas transportation services under previously concluded agreements. The total costs of transportation of the extracted natural gas incurred by the companies amounted to UAH 1,687,353.54 thousand, and the physical volume of the transported natural gas was 15,881.05 tcm (**Table 5.21**).

**Table 5.21: Expenditures of the reporting oil and gas companies for transmission of the extracted natural gas in 2020 (data of reporting companies)<sup>90</sup>**

Nº	Name of the paying company	Volume of natural gas transmission, thousand cubic meters	Total transmission costs, thousand UAH	Name of the company that carried out the transmission
<b>Payments in favour of Gas Transmission System Operator of Ukraine LLC</b>				
1	Ukrgezvydobuvannya JSC	13,661.77	1,397,637.23	Gas Transmission System Operator of Ukraine LLC
2	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	1,025.04	14,076.27	Gas Transmission System Operator of Ukraine LLC
3	Poltava Petroleum Company JV	225.70	23,963.37	Gas Transmission System Operator of Ukraine LLC
4	Natural resources PrJSC	184.94	20,010.38	Gas Transmission System Operator of Ukraine LLC
5	Representative Office of Regal Petroleum Corporation Limited	184.66	18,993.82	Gas Transmission System Operator of Ukraine LLC
6	Ukrgezvydobutok PrJSC	175.49	18,307.41	Gas Transmission System Operator of Ukraine LLC
7	Kub-gaz LLC	102.32	17,832.00	Gas Transmission System Operator of Ukraine LLC
8	Persha ukraiinska gazonaftova kompaniia LLC	88.35	9,598.60	Gas Transmission System Operator of Ukraine LLC
9	Nordik PE	58.14	6,523.72	Gas Transmission System Operator of Ukraine LLC
10	Systemoilingenering LLC	-	35,677.40	Gas Transmission System Operator of Ukraine LLC
11	Zakhidnadraserivce LLC	90.47	10,351.50	Gas Transmission System Operator of Ukraine LLC
12	Energy-95 LLC	41.86	3,898.50	Gas Transmission System Operator of Ukraine LLC
13	Prom-Energo Product LLC	31.12	3,222.22	Gas Transmission System Operator of Ukraine LLC
<b>Payments in favour of other companies</b>				
14	Ukrgezvydobuvannya JSC	0.10	98.52	Dnipropetrovskgaz
15	Ukrgezvydobuvannya JSC	0.54	439.13	Kyivoblgaz
16	Ukrgezvydobuvannya JSC	0.03	27.46	Luganskgaz
17	Ukrgezvydobuvannya JSC	0.89	918.33	Lvivgaz
18	Ukrgezvydobuvannya JSC	1.12	1,308.77	Poltavagaz
19	Ukrgezvydobuvannya JSC	0.09	89.34	Gadyachgaz
20	Ukrgezvydobuvannya JSC	2.87	3,358.22	Kharkivgaz
21	Ukrgezvydobuvannya JSC	0.11	37.85	Kharkivmiskgaz

<sup>90</sup> According to the information provided by reporting companies in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries".

Nº	Name of the paying company	Volume of natural gas transmission, thousand cubic meters	Total transmission costs, thousand UAH	Name of the company that carried out the transmission
22	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	0.54	104.03	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
23	Nordik PE	0.01	1.38	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
24	Nordik PE	4.88	878.12	Ukrtransgazvydobuvannya JSC
<b>Total</b>		<b>15,881,052.24</b>	<b>1,687,353.54</b>	

In addition, the reporting oil and gas companies provided data on the costs of natural gas storage (injection, withdrawal) and other services (**Table 5.22**).

**Table 5.22: Expenditures of the reporting oil and gas companies natural gas storage (injection, withdrawal) and other services in 2020 (data of reporting companies)** <sup>91</sup>

Nº	Name of paying company	Purpose of payment	Total costs, thousand UAH	Name of the company that provided the services
1	Ukrnafta PJSC	Prepayment for the individual withdrawal/injection capacity service	23,226.24	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
2	Ukrnafta PJSC	Payment for the individual working volume service per month; payment for the individual injection capacity service per day	25,831.17	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
3	Ukrnafta PJSC	Payment for the individual working volume service	728.57	Ukrtransgaz JSC
4	Ukrnafta PJSC	Prepayment for the individual withdrawal/injection capacity service	1,249.70	Ukrtransgaz JSC
5	Ukrnafta PJSC	Excess of ordered (contractual) capacity	5,284.54	Gas Transmission System Operator of Ukraine LLC
6	Ukrnafta PJSC	Prepayment for the ordered capacity services	100,584.38	Gas Transmission System Operator of Ukraine LLC
7	Ukrnafta PJSC	Payment for non-compliance with natural gas quality parameters	490.73	Gas Transmission System Operator of Ukraine LLC
8	Ukrtransgazvydobuvannya JSC	Payment for gas injection and storage services	206.95	Ukrtransgaz JSC

<sup>91</sup> According to the information provided by reporting companies in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries".

№	Name of paying company	Purpose of payment	Total costs, thousand UAH	Name of the company that provided the services
9	Ukrgezvydobuvannya JSC	Additional payment for non-compliance with natural gas quality parameters	85.61	Gas Transmission System Operator of Ukraine LLC
10	Ukrgezvydobuvannya JSC	Financial provision for the fulfilment of obligations	6.00	Gas Transmission System Operator of Ukraine LLC
11	Naftogazvydobuvannya PrJSC	Prepayment for the ordered capacity services	190,573.19	Gas Transmission System Operator of Ukraine LLC
12	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	-	14,163.42	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
13	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	-	10,395.78	Ukrtransgaz JSC
14	Energy Service Company Esco-Pivnich LLC	Payment for the individual working volume service per month under the Agreement No. 1807000028 dated 03.07.2018	31.00	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
15	Energy Service Company Esco-Pivnich LLC	Prepayment for the individual injection capacity service	7,317.00	Ukrtransgaz JSC
16	Energy Service Company Esco-Pivnich LLC	Prepayment for the ordered capacity services	73,883.20	Gas Transmission System Operator of Ukraine LLC
17	Energy Service Company Esco-Pivnich LLC	Non-compliance with natural gas quality parameters	13.20	Gas Transmission System Operator of Ukraine LLC
18	Energy Service Company Esco-Pivnich LLC	Non-compliance with natural gas quality parameters	3.30	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
19	Energy Service Company Esco-Pivnich LLC	Excess of ordered (contractual) capacity	72.90	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
20	Poltava Petroleum Company JV	-	373.05	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
21	Poltava Petroleum Company JV	-	641.31	Ukrtransgaz JSC
22	Natural resources PrJSC	-	643.59	Branch of Gas Transmission

№	Name of paying company	Purpose of payment	Total costs, thousand UAH	Name of the company that provided the services
				System Operator of Ukraine LLC, Ukrtransgaz JSC
23	Natural resources PrJSC	-	3,136.71	Ukrtransgaz JSC
24	Representative Office of Regal Petroleum Corporation Limited	-	310.13	Ukrtransgaz JSC
25	Representative Office of Regal Petroleum Corporation Limited	-	762.53	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
26	Ukrgezvydobutok PrJSC	-	117.59	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
27	JV Ukrkarpatoil LTD LLC	Storage	1,621.64	Ukrtransgaz JSC
28	JV Ukrkarpatoil LTD LLC	Order of capacity	2,416.11	Gas Transmission System Operator of Ukraine LLC
29	Nadra-Geoinvest LLC	-	825.00	Ukrtransgaz JSC
30	Kub-gaz LLC	Pipeline	1.72	Ukrtransgaz JSC
31	Persha ukraiinska gazonaftova kompaniia LLC	Non-compliance with natural gas quality parameters	254.00	Gas Transmission System Operator of Ukraine LLC
32	Persha ukraiinska gazonaftova kompaniia LLC	Settlement of daily imbalances	5,152.20	Gas Transmission System Operator of Ukraine LLC
33	Persha ukraiinska gazonaftova kompaniia LLC	Operation of major gas pipelines	146.70	Gas Transmission System Operator of Ukraine LLC
34	Nordik PE	Analysis of physicochemical parameters of gas	52.68	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
35	Nordik PE	Daily imbalances	8.45	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
36	Nordik PE	Analysis of physicochemical parameters of gas	23.41	Ukrtransgaz JSC
37	Nordik PE	Maintenance of gas supply facilities	9.15	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC

№	Name of paying company	Purpose of payment	Total costs, thousand UAH	Name of the company that provided the services
38	Nordik PE	Reception, transmission and injection of accompanying deposit water	15.97	Ukrgezvydobuvanny a JSC
39	Nordik PE	Development and issuance of technical conditions for connecting to the GTS	12.98	Gas Transmission System Operator of Ukraine LLC
40	Nordik PE	Maintenance (operation) of components of the gas transportation system	151.64	Gas Transmission System Operator of Ukraine LLC
41	Zakhidnadraseriv LLC	-	220.86	Ukrtransgaz JSC
42	Zakhidnadraseriv LLC	-	415.05	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
43	Zakhidnadraseriv LLC	Payments for daily imbalance of natural gas	263.96	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
44	Zakhidnadraseriv LLC	Analysis of physicochemical parameters of gas	105.87	Ukrtransgaz JSC
45	Zakhidnadraseriv LLC	Analysis of physicochemical parameters of gas	238.90	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
46	Zakhidnadraseriv LLC	Maintenance of components of the gas transportation system	7.67	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
47	Zakhidnadraseriv LLC	Payments for daily imbalance of natural gas	2,287.98	Gas Transmission System Operator of Ukraine LLC
48	Zakhidnadraseriv LLC	Payment for the operation of components of the gas transportation system	101.59	Gas Transmission System Operator of Ukraine LLC
49	Zakhidnadraseriv LLC	Financial provision of fulfilment of obligations	840.00	Gas Transmission System Operator of Ukraine LLC
50	Zakhidnadraseriv LLC	Payment for the issuance of technical specifications	3.11	Ukrtransgaz JSC
51	Energy-95 LLC	-	102.00	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC

Nº	Name of paying company	Purpose of payment	Total costs, thousand UAH	Name of the company that provided the services
52	Stryinaftogaz LLC	-	659.71	Ukrtransgaz JSC
53	Stryinaftogaz LLC	9940000 Prepayment for the ordered capacity (per day)	2,348.94	Gas Transmission System Operator of Ukraine LLC
54	Stryinaftogaz LLC	1140000 Prepayment for the ordered capacity (per day)	6,231.22	Gas Transmission System Operator of Ukraine LLC
55	Prom-Energo Product LLC	-	103.14	Branch of Gas Transmission System Operator of Ukraine LLC, Ukrtransgaz JSC
<b>Total</b>			<b>484,753.43</b>	

The Independent Administrator was able to compare<sup>92</sup> the data from 19 companies on payments made in favour of Gas Transmission System Operator of Ukraine LLC for the provided extracted natural gas transportation services. Of these, 5 companies provided information on pre-ordered natural gas transportation services, however their data were also compared with the data of Gas Transmission System Operator of Ukraine LLC<sup>93</sup>. Moreover, 1 company did not provide information on payments made in favour of Gas Transmission System Operator of Ukraine LLC for natural gas transportation services, but Gas Transmission System Operator of Ukraine LLC reported receiving payments from the company.

Thus, the Independent Administrator reconciled the data on payments for natural gas transportation services only in cases where the categories of payments were clearly comparable.

It should be noted that there were some restrictions for reconciling data on payments for natural gas transmission and storage, namely:

- ▶ lack of a clear standardized list of default services in the reporting forms and guidelines for their filling in, which would be a kind of checklist for the reporting companies and the gas transmission system operator for providing the relevant data;
- ▶ lack of clear guidelines for the presentation of data on payments for transportation and the volume of transported products for both mining companies and the Gas Transmission System Operator.

<sup>92</sup> In accordance with the decision of EITI MSG (Minutes of the EITI MSG meeting of 1.10.2021), a materiality threshold was established for the payments made by extractive companies for transportation of hydrocarbons in favour of the gas transmission system operator and the major oil pipeline system operator in the amount of UAH 10 million per calendar year

<sup>93</sup> The companies included their data on the pre-ordered natural gas transportation services in Section III of the Statement of Payments to the State, Table 4 "Payments for storage (injection, withdrawal) services and other payments to the transmission system operators during the reporting period". While all other companies reported on the actually made payments in favour of Gas Transmission System Operator of Ukraine LLC in Section III, Table 3 "Hydrocarbons transportation costs during the reporting period"

**Table 5.23: Reconciliation of data on payments for transportation of extracted natural gas in 2020 of reporting oil and gas companies and Gas Transmission System Operator of Ukraine LLC<sup>94,95</sup>**

Name of paying company	Physical volume of natural gas transportation, million cubic meters			Payments for transportation of natural gas, thousand UAH		
	Company's data	Data of Gas Transmission System Operator of Ukraine LLC	Diff, %	Company's data	Data of Gas Transmission System Operator of Ukraine LLC	Diff, %
Ukrnafta PJSC	×	1,060.96	-	106,359.65	131 892.00	19.36%
Ukrgezvydobuvannya JSC	13,661.77	13,920.85	1.86%	1,397,637.23	1,452,388.00	3.77%
Naftogazvydobuvannya PrJSC	×	1,857.05	-	190,573.19	190,573.00	0.00%
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	1,025.04	952.34	-7.63%	114,076.27	102,162.00	-11.66%
Energy Service Company Esco-Pivnich LLC	×	585.02	-	73,883.20	62,999.00	-17.28%
Poltava Petroleum Company JV	225.70	225.70	0.00%	23,963.37	23,963.00	0.00%
Natural resources PrJSC	184.94	184.94	0.00%	20,010.38	20,010.00	0.00%
Representative Office of Regal Petroleum Corporation Limited	184.66	184.52	-0.08%	18,993.82	18,965.00	-0.15%
Ukrgezvydobutok PrJSC	175.49	177.07	0.89%	18,307.41	18,307.00	0.00%
JV Ukrkarpatoil LTD LLC	×	18.36	-	2,416.11	2,048.00	-17.97%
Nadra-Geoinvest LLC	×	144.16	-	×	15,140.00	-
Kub-gaz LLC	102.32	104.34	1.93%	17,832.00	11,060.00	-61.23%
Persha ukraiinska gazonaftova kompaniia LLC	88.35	91.25	3.17%	9,598.60	9,598.00	-0.01%
Nordik PE	58.14	68.80	15.49%	6,523.72	7,606.00	14.23%
Systemoilengineering LLC	×	184.10	-	35,677.40	19,920.00	-79.10%
Zakhidnadraseriv LLC	90.47	90.47	0.00%	10,351.50	10,351.00	0.00%
Energy-95 LLC	41.86	42.82	2.23%	3,898.50	4,638.00	15.94%
Stryinaftogaz LLC	×	59.15	-	8,580.16	6,929.00	-23.83%
Prom-Energo Product LLC	31.12	31.26	0.43%	3,222.22	3,250.00	0.85%

<sup>94</sup> Cases when companies did not provide information on payments, while Gas Transmission System Operator of Ukraine LLC reported on receipts from the same companies, or if it was not possible to compare payment categories for reconciliation purposes marked with a cross «×»

<sup>95</sup> Five companies provided information on pre-ordered natural gas transmission services, namely Ukrnafta PJSC, Naftogazvydobuvannya PrJSC, Energy Service Company Esco-Pivnich LLC, JV Ukrkarpatoil LTD LLC, Stryinaftogaz LLC.



### 5.2.4.2 Oil transmission

#### Overview of the major oil pipeline systems and main transportation routes

As of 2020, the Ukraine major oil pipelines system, which is used by Ukrtransnafta JSC, consisted of 19 oil pipelines with a total length of 3,506.6 km (4,767.4 km single line) and a diameter of 1,220 mm. The input capacity of the system was 114 million tons / year, and at the output capacity - 56.3 million tons / year. The total nominal capacity of the tank farms of the system was 1,083 thousand cubic meters. The oil pipelines system in Ukraine includes Pivdennyi onshore oil terminal and 28 oil pumping stations, with some of them involved in the direct oil transmission.

Ukrtransnafta JSC, whose founder and sole shareholder is Naftogaz of Ukraine NJSC, is the only and exclusive company in Ukraine engaged in oil transmission.



Figure 5.21: Sketch map of the major oil pipelines of Ukraine

During 2020, the total volume of oil transported in Ukraine increased by 1.94% and amounted to 15.8 million tons of oil. Of these, the volume of oil transported to the refinery increased by 8.33%, and the transit of oil through the pipelines decreased by 0.076%. In 2020, there was a decline in oil demand due to the COVID-19 pandemic, however due to the capacities that enabled exports of oil from the Black Sea basin to Belarus, the total volume of transported oil was even higher than the previous year. In addition, in 2020 Ukrtransnafta JSC provided oil storage services in the amount of 91.8 thousand tons.

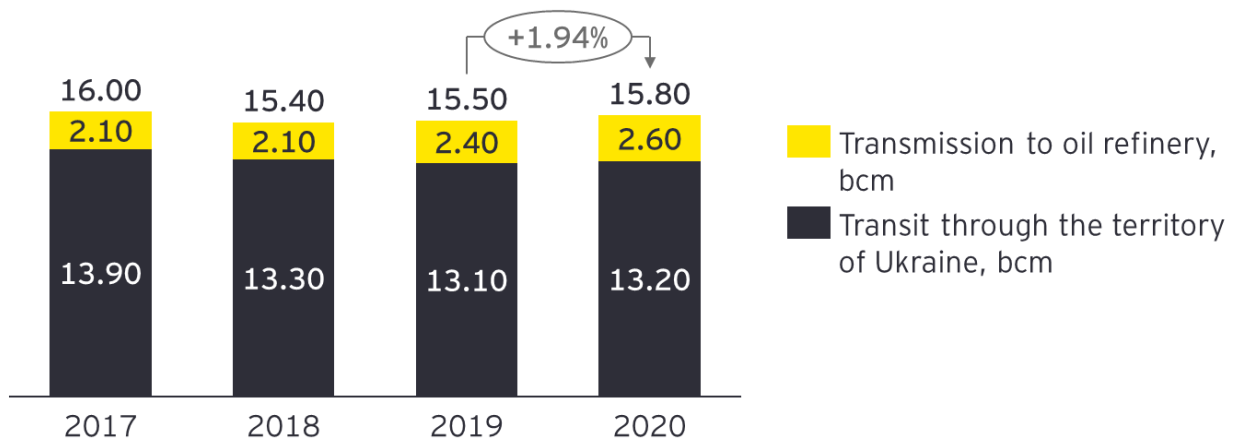


Figure 5.22: Volumes of oil transmission and transit through the major oil pipelines of Ukraine in 2017-2020<sup>96</sup>

### Tariffs for oil transmission

In 2020, the tariffs for oil transmission through the main pipelines of Ukrtransnafta JSC for Ukrainian consumers applied that were established by the Resolution of NCREU of 11.10.2019 No 2108<sup>97</sup> for 6 major pipelines. The resolution provided for two stages of the transitional period in changing tariffs in 2020: until October 31, 2020 and from November 1, 2020.

Table 5.24: Tariffs for oil transmission through the major oil pipelines of Ukrtransnafta JSC applied in 2020<sup>98</sup>

№	Name of company	Tariff until 31.10.2020	Tariff since 01.11.2020
		UAH per net ton (net of VAT)	
1	Dolyna oil pumping station – Galychyna refinery	118.57	138.38
2	Gnidyntsi oil pumping station – Kremenchuk refinery	71.77	98.69
3	Hlynsko-Rozbyshivska dispatching station – Kremenchuk refinery	51.58	64.25
4	nn Mala Pavlivka– Kremenchuk refinery	74.78	104.73
5	Pivdennyi onshore oil terminal – Kremenchuk refinery	147.08	213.56
6	Odesa PZD – Kremenchuk refinery	132.13	161.80

### Oil Transmission System Operator revenues and financial result

Ukrtransnafta JSC revenue from the core business in 2020 amounted to UAH 4,512.87 million, which is higher than in 2019. The largest share in the total revenue was from oil transit and capacity reservation services - UAH 3,466.08 million. The company received UAH 275.24 million from transmission oil to the refineries, and UAH 771.56 million - from oil sales<sup>99</sup>.

<sup>96</sup> Annual report of Naftogaz of Ukraine NJSC, 2020,

[https://www.naftogaz.com/files/Zvity/Annual\\_report\\_Naftogaz\\_2020\\_UA\\_28\\_04\\_2021\\_1.pdf](https://www.naftogaz.com/files/Zvity/Annual_report_Naftogaz_2020_UA_28_04_2021_1.pdf)

<sup>97</sup> NCREU Resolution of 11.10.2019 No 2108, <https://zakon.rada.gov.ua/laws/show/v2108874-19#n12>

<sup>98</sup> NEURC Resolution of 11.10.2019 No. 2108, <https://zakon.rada.gov.ua/laws/show/v2108874-19#n12>

<sup>99</sup> Ukrtransnafta JSC, Stand alone financial statements for 2020, [https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

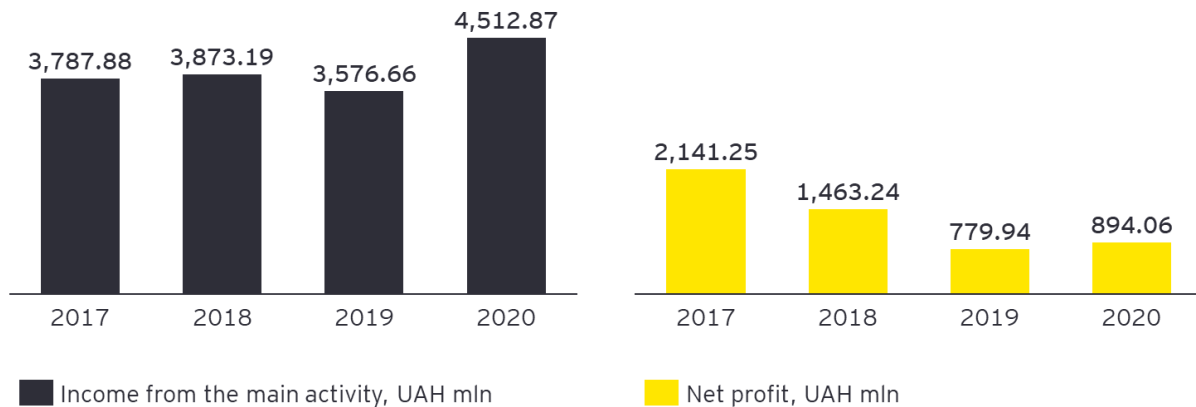


Figure 5.23: Ukrtransnafta JSC income and net profit in 2017-2020<sup>100</sup>

In accordance with the requirements of the EITI Law, Ukrtransnafta JSC provided information on the physical volume of transported oil and the total revenue from oil transportation services by companies that provided their products for transportation. According to the data of the company, in 2020 Ukrtransnafta JSC transported 15,739.93 thousand tons of oil and received a total revenue of UAH 3,734,040.57 thousand.

Table 5.25: Revenue of Ukrtransnafta JSC from oil transmission services by payer in 2020 (data of Ukrtransnafta JSC)<sup>101</sup>

Name of company	Transmission route	Physical volume, thousand tons	Total revenue, UAH thousand (net of VAT)	Tariff, UAH per net ton
<b>Internal transmission:</b>				
Ukrtatnafta PJSC	Gnidyntsi oil pumping station – Kremenchuk refinery	427.16	32,405.58	71.77 / 98.69
Ukrtatnafta PJSC	Hlynsko-Rozbyshivska dispatching station – Kremenchuk refinery	89.39	4,802.35	51.58 / 64.25
Ukrtatnafta PJSC	nn Mala Pavlivka–Kremenchuk refinery	481.31	38,335.40	74.78 / 104.73
Ukrtatnafta PJSC	Odesa PZD – Kremenchuk refinery	1,178.77	161,749.89	132.13 / 161.80
Ukrnafta PJSC	Dolyna oil pumping station – Galychyna refinery	254.33	30,927.34	118.57 / 138.38
Ukrnafta PJSC	nn Oriv – Galychyna refinery	32.25	2,854.85	86.7 / 96.7
Ukrnafta PJSC	nn Boryslav – Galychyna refinery	124.78	4,163.33	32.2 / 39.3
<b>Transit:</b>				

<sup>100</sup> Ukrtransnafta JSC, Financial statements, 2020, 2018, <https://www.ukrtransnafta.com/dokumenty/>

<sup>101</sup> According to the information provided by Ukrtransnafta JSC in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries".

Name of company	Transmission route	Physical volume, thousand tons	Total revenue, UAH thousand (net of VAT)	Tariff, UAH per net ton
Transneft OJSC	32 km (State border of Ukraine) - Slovakia	5,440.56	1,403,656.13	8.6 EUR
Transneft OJSC	32 km (State border of Ukraine) - Czech Republic	3,015.00	791,001.44	8.6 EUR
Transneft OJSC	32 km (State border of Ukraine) - Hungary	3,817.53	990,500.42	8.6 EUR
BNK (UK) Limited	Pivdennyi onshore oil terminal - 32 km (State border of Ukraine)	878.87	273,643.84	9.98 EUR
<b>Total</b>		<b>15,739.93</b>	<b>3,734,040.57</b>	-

In addition, two reporting oil and gas companies provided information on the cost of oil transmission services. According to the companies, the total expenses of Ukrnafta PJSC and JV Ukrkarpatoil LLC amounted to UAH 547,786.00 thousand in 2020.

*Table 5.26: Payments made by the reporting oil and gas companies for oil transmission services in 2020 (data of reporting companies)<sup>102</sup>*

Nº	Paying company	Physical volume, thousand tons	Total cost, UAH thousand	Name of the company that transported the extracted oil
1	Ukrnafta PJSC	-	1,191.30	Bukaievtytsia LLC
2	Ukrnafta PJSC	-	85,623.30	Naftokhimik Prykarpattya PJSC
3	Ukrnafta PJSC	-	28,580.30	Oil refining complex-Galychyna
4	Ukrnafta PJSC	-	84,338.30	Ukrtransnafta JSC
5	Ukrnafta PJSC	-	40,100.20	Ukrtransnafta JSC
6	JV Ukrkarpatoil LTD LLC	55,841.65	46,150.30	Naftokhimik Prykarpattya PJSC
7	JV Ukrkarpatoil LTD LLC	55,845.46	4,579.60	Ukrnafta PJSC, Nadvirnanafogaz OGPD
<b>Total</b>		-	<b>547,786.00</b>	

Thus, the Independent Administrator was able to compare the data of Ukrnafta PJSC on the actual volume of transported oil and the payments made in favour of Ukrtransnafta JSC for oil transportation services provided in 2020.

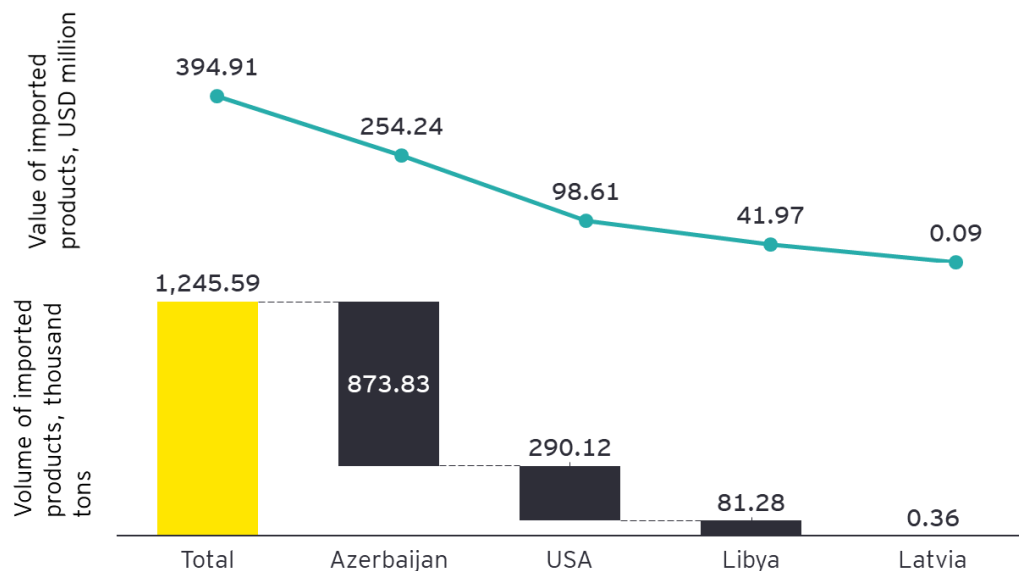
<sup>102</sup> According to the information provided by reporting companies in accordance with the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the CMU Resolution of September 23, 2020 No 858 "Some Issues Of Transparency In Extractive Industries".

**Table 5.27: Reconciliation of data on payments for transmission of extracted oil in 2020 of reporting oil and gas companies and Ukrtransnafta JSC**

Name of company	Physical volume of oil, thousand tons			Payments for transmission of oil, thousand UAH		
	Company's data	Ukrtransnafta data	Diff, %	Company's data	Ukrtransnafta data	Diff, %
Ukrtransnafta JSC	x	411.35	100.00%	40,100.20	37,945.52	-5.68%

### 5.2.5 Exports and imports of oil and natural gas

During 2020, Ukraine exported oil to Belarus in the amount of 80.00 thousand tons worth USD 24.35 million, while in 2019, there was no exports of oil from Ukraine. The volume of oil imports in the reporting year also increased and amounted to 1,245.59 thousand tons compared to 790.63 last year. Oil was imported from four countries: Azerbaijan (70.15% of the total imports in 2020), the United States (23.29%), Libya (6.53%), and Latvia (0.03%).



**Figure 5.24: Volumes of oil imports by country in physical and monetary units in 2020<sup>103</sup>**

Unlike the previous year, Ukraine exported natural gas in 2020. The volume of natural gas exports that amounted to 20.73 thousand cubic meters and worth USD 3.02 thousand, was to three countries: Slovakia (65.36% of the total), Bulgaria (23.70%), and Austria (10.94%). Compared to 2019, natural gas imports decreased by 22.30% and amounted to 9.14 bcm and worth USD 1,464.82 million. Natural gas was mainly imported from Slovakia (35.48%), Switzerland (19.64%), and Hungary (16.70%). It should be noted that the information of the State Statistics Service reflects the commercial gas flows in the import regime, rather than

<sup>103</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

physical supply of gas to the Ukrainian GTS. Much of the natural gas came through the "customs warehouse"<sup>104</sup> regime and was not recognized by the State Statistics Service as an import.

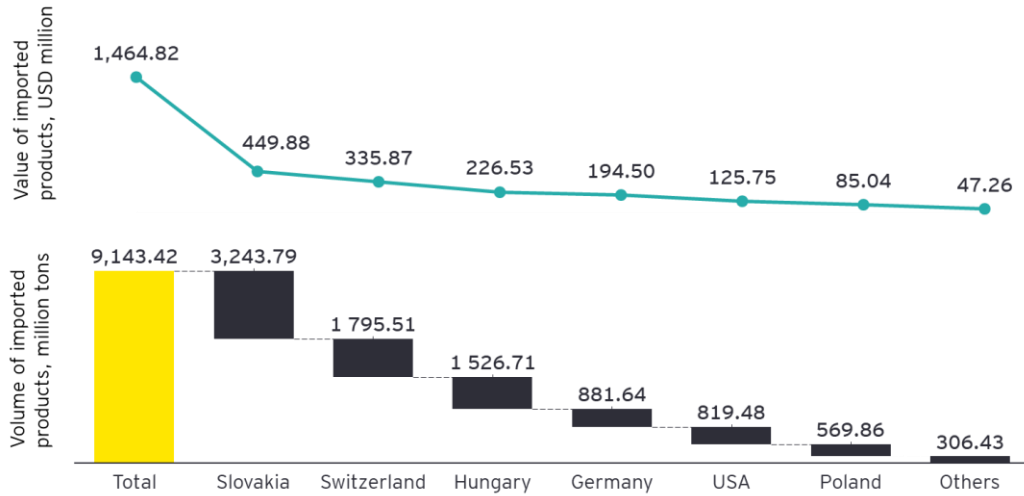


Figure 5.25: Volumes of natural gas imports in physical and monetary units in 2020<sup>105</sup>

### Conclusions to the section

Ukraine's oil and gas reserves are concentrated in three oil and gas regions: the Eastern, the Western, and the Southern regions. The largest volume of oil and gas reserves are in the Eastern oil and gas region - 51.18% and 76.50% of the total reserves, respectively. In 2020, the volume of oil reserves decreased by 9.89% and at the end of the year amounted to 84,796 thousand tons. The volume of natural gas reserves decreased by 7.60%, and gas condensate - by 14.62%. Poltava administrative region demonstrated a sharp decrease in oil, gas, and gas condensate reserves.

Compared to 2019, oil and gas extraction decreased by 2.91% and 2.01%, respectively, and gas condensate production increased by 1.47%. Significant volumes of oil were produced in Sumy and Ivano-Frankivsk oblasts, and of natural gas and gas condensate - in Poltava and Kharkiv oblasts.

Transferring natural gas transportation activities from Naftogaz of Ukraine NJSC to Gas Transmission System Operator of Ukraine LLC was completed in the reporting period. The volume of natural gas transit in 2020 decreased by 37.72% compared to the previous year and amounted to 55.8 billion cubic meters. The volume of oil transportation amounted to 18.8 million tons, which is 1.94% more than in 2019.

In 2020, Ukraine resumed oil and natural gas exports, however the exports were insignificant. More than 70% of oil imports in the reporting year came from Azerbaijan, and most of the imports of natural gas were from Slovakia, Switzerland, and Hungary.

<sup>104</sup>"Customs warehouse" regime is a service that allows importing and storing natural gas on the territory of Ukraine for 3 years without the need for customs clearance, but with the condition of further export from the territory of Ukraine or customs clearance for sale in Ukraine

<sup>105</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

## 5.3 Iron ores mining

### 5.3.1 Iron ores reserves

The main reserves of iron ore in Ukraine are concentrated in the Kryvyi Rih iron ore basin in the Dnipropetrovsk administrative region and the Kerch iron ore basin in the Autonomous Republic of Crimea. A significant part of iron ore reserves is also located in Kremenchug, Bilozirsk and Mariupol iron ore districts. In Ukraine, iron ores are mainly represented by three geological-industrial types: rich magnetite-hematite-martite ores, iron quartzites and oolite brown iron ores.

In the Kryvyi Rih iron ore basin, rich ores are mined mainly using subsurface method and iron quartzites - using open and partly subsurface method. Kryvyi Rih basin also contains brown iron ore reserves, however they are not developed due to lack of demand. It is in the Kremenchug iron ore area, that Poltava Iron Ore Enrichment Works PrJSC mines rich ores, easily enriched magnetite and cummingtonite-magnetite quartzites. Zaporizhzhia Iron Ore Plant PrJSC operates in the Bilozersky ore area and uses subsurface method to mine rich ores.



*Figure 5.26: Geographical location of iron ores areas and basins*

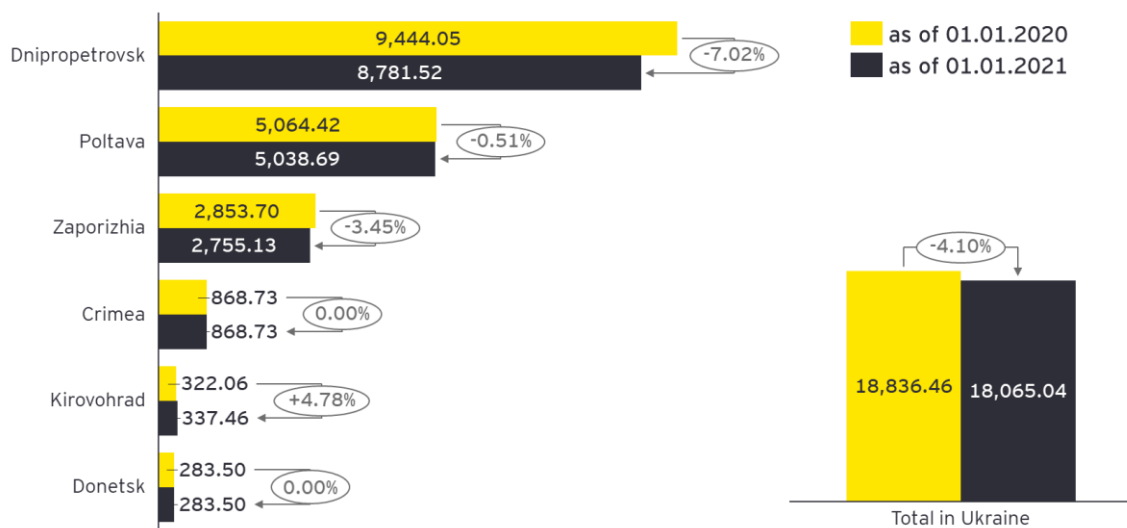
There are explored reserves of brown iron ore in the Kerch iron ore basin. Iron ore mining was stopped there in 1992. Since then, the deposits are in conservation. The data on changes in the reserves and iron ore production in the Kerch iron ore basin are currently unavailable due to the Russian occupation of Crimea since 2014.



According to the Geoinform of Ukraine, the balance reserves of iron ore amounted to 18,065.04 million tons as of January 1, 2021. In 2020, 60 iron ore deposits were registered. The largest balance reserves of iron ore are located in the Dnipropetrovsk (8,781.52 million tons or 48.61% of the total balance reserves), Poltava (5,038.69 million tons or 27.89% of the total), and Zaporizhia (2,755.13 million tons or 15.25% of the total) administrative regions.

In 2020, the overall balance reserves of iron ore in Ukraine decreased by 4.10% compared to 2019. The volume of iron ore reserves decreased by 7.02% in Dnipropetrovsk region, by 3.45% - in Zaporizhia region, and by 0.51% - in Poltava region, while in Kirovohrad administrative region the volume of reserves increased by 4.78%.

Provided that the iron ore overall reserves and production rates remain at the level of the year 2020, the balance reserves of iron ore would be sufficient to cover the domestic demand during the next 111 years.



**Figure 5.27: Structure of balance sheet iron ores reserves by administrative region of Ukraine as of 01.01.2020 and 01.01.2021, million tons**<sup>106</sup>

### 5.3.2 Significant exploration work

According to the Geoinform of Ukraine, a number of geological and economic assessments of iron ore reserves were carried out in 2020, including the following:

- ▶ Heolog Production Cooperative performed a geological and economic assessment of iron quartzite reserves of Skelevatsko-Magnetite deposit to a depth of 640 m, in line with the terms of reference issued by Southern Iron Ore Enrichment Works JSC.
- ▶ Heolog Production Cooperative conducted a geological and economic assessment of rich iron ore reserves at the depth of 340-640m at the Pereverzivske deposit, which is part of Zaporizhia Iron Ore Plant PrJSC (foreign investment enterprise).
- ▶ Heolog Production Cooperative performed a geological and economic assessment of rich iron ore reserves at the depth of 301-1040 m of the South Bilozirka deposit for

<sup>106</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Iron Ore (Issue 34), 2021, [https://geoinf.kiev.ua/M\\_R\\_2017.pdf](https://geoinf.kiev.ua/M_R_2017.pdf)

- Zaporizhia Iron Ore Plant PrJSC.
- ▶ Geoprof LLC conducted a geological and economic assessment of the rich iron ore reserves of the Kirov mine, the field of the Artem mine and Plots # 1 owned by ArcelorMittal Kryvyi Rih PJSC.
  - ▶ Geoprof LLC performed a geological and economic assessment of the reserves of magnetite and oxidized ferrous quartzites of the Valyavka deposit (quarry #3) to a depth of 500 m, in accordance with the terms of reference issued by ArcelorMittal Kryvyi Rih PJSC.
  - ▶ Geoprof LLC performed a geological and economic assessment of magnetite quartzite reserves of the Novokryvorizky deposit (Southern part, Section 1, quarry # 2-bis), in accordance with the terms of reference issued by ArcelorMittal Kryvyi Rih PJSC.
  - ▶ Geoprof LLC carried out geological and economic assessment of iron ore reserves of the fourth and fifth iron horizons of the Saksagansk deposit (North quarry) and carried out work on extra quarry exploration for further industrial development, in accordance with the terms of reference issued by the Ukrainian Mining Company LLC.
  - ▶ Rudomain LLC conducted a geological and economic assessment of iron ore reserves in the South quarry.
  - ▶ Kryvbasruda performed geological and economic assessment of iron quartzite reserves in the Petrivske deposit in accordance with the terms of reference issued by Iron Ore Enrichment Works PrJSC.
  - ▶ KAI private company carried out a geological and economic assessment of the magnetite ferrous quartzites reserves at the Hannivka deposit at the request of Northern Iron Ore Enrichment Works PrJSC PJSC.

Some exploration works were suspended in 2020, mostly due to the lack of funding. These include, for example, exploration of the Gulyaipole iron quartzite deposit, exploration of the Valyavkinske oxidized quartzite deposit, exploration of the Popelnastivske oxidized ore deposit - all of them are carried out by Pivdenukrgeologiya company, and three prospecting works aimed at searching manifestations of the Middle Pobuzhya (Pishchanske, Saranske, Baibuzovske), conducted by the state enterprise Ukrainian Geological Company.

### 5.3.3 Volumes and value of iron ores mining

#### 5.3.3.1 Volumes of iron ores mining

According to the Geoinform of Ukraine, in 2020 iron ore was mined in deposits where more than half ( $\approx 60\%$ ) of all explored reserves of Ukraine are concentrated. Mining was carried out by 14 mining companies.

The major reserves of iron ore are concentrated in the Dnipropetrovsk administrative region in the Kryvyi Rih iron ore basin. In 2020, the following enterprises were engaged in mining there: Krivyi Rih Iron-Ore Combine JSC developed the fields of Ternivska, Gvardiyska, Oktyabrskaya and Rodina mines; ArcelorMittal Kryvyi Rih PJSC developed the fields of the Artem mine, Novokryvorizke and Valyavkynske deposits, Sukha Balka PrJSC developed the fields of Jubileina and Frunze mines. Mining and processing plants were also engaged in mining.

Northern Iron Ore Enrichment Works PrJSC developed the Pervomaiske and Hannivske deposits; Southern Iron Ore Enrichment Works PrJSC developed the Skelevatsko-Magnetite deposit; Ingulets Iron Ore Enrichment Works PrJSC developed Inguletske deposit. The Central Iron Ore Enrichment Works PrJSC developed the field of the mine named after Ordzhonikidze and the Velyka Gleyuvatka deposit in the Dnipropetrovsk administrative region, and Petrivske and Artemivske deposits in Kirovohrad administrative region.

In the Kremenchuk iron ore district, mining was carried out by Poltava Iron Ore Enrichment Works PrJSC in Horishne-Plavninsko and Lavrykiivskoye deposits. Yerystiv Iron-Ore Enrichment Works LLC, which developed the Erystivske deposit, was also engaged in mining.

In the Bilozersky ore area, iron ore mining was carried out by Zaporizhia Iron Ore Plant PrJSC at the Pivdenno-Bilozersky and Pereverzivsky deposits.

In 2020, the total production of iron ore amounted to 163.30 million tons, which is 3.72% more than in 2019. Overall, the volume of iron ore mining gradually decreased from 2013 to 2018, and only in the last two years there has been a positive trend.

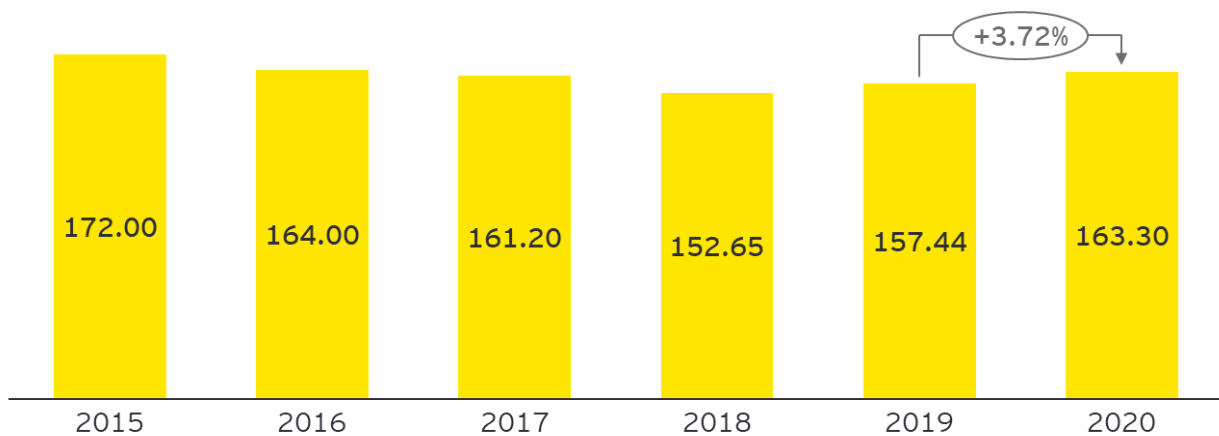


Figure 5.28: Dynamics of iron ores mining in Ukraine in 2015-2020, million tons<sup>107</sup>

As in the previous year, the largest volumes of iron ore were mined in the Dnipropetrovsk region, namely 122.87 million tons or 75.24% of the total production in Ukraine. Iron ore mining was carried out in Poltava administrative region (29.53 million tons or 18.08%), Kirovohrad (6.52 million tons or 3.99%) and Zaporizhia (4.39 million tons or 2.69%) administrative regions.

<sup>107</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Iron Ore (Issue 34), 2021; Geoinform of Ukraine, Yearbook "Mineral Resources of Ukraine", 2017, [https://geoinf.kiev.ua/M\\_R\\_2017.pdf](https://geoinf.kiev.ua/M_R_2017.pdf) Geoinform of Ukraine, Yearbook "Mineral Resources of Ukraine", 2018, [http://geoinf.kiev.ua/M\\_R\\_2018\\_1.pdf](http://geoinf.kiev.ua/M_R_2018_1.pdf)

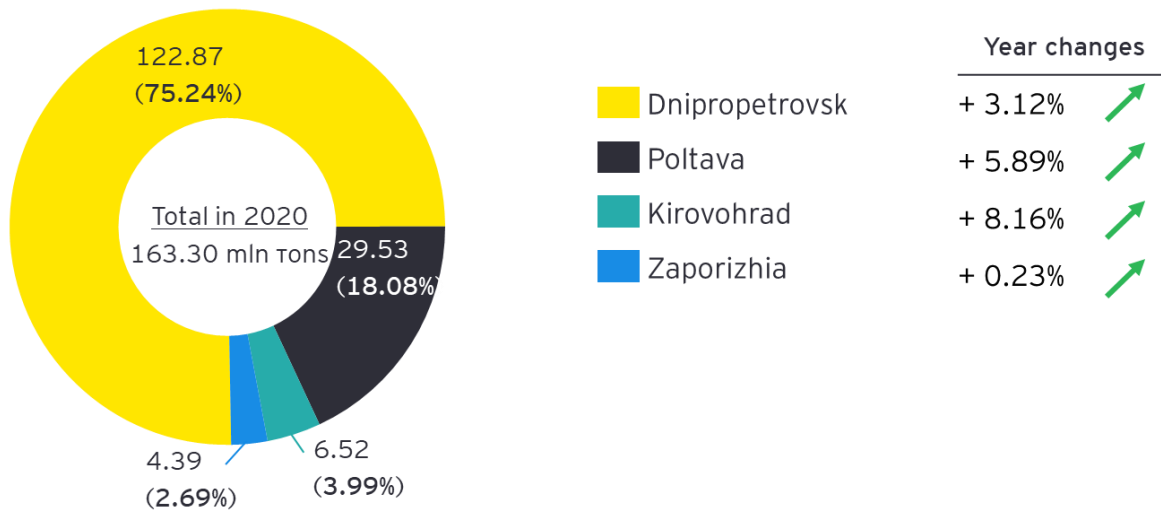


Figure 5.29: Volumes of iron ores mining in Ukraine by region in 2020, million tons<sup>108</sup>

According to Geoinform of Ukraine, the private companies with the largest volume of iron ore production in 2020 were Southern Iron Ore Enrichment Works JSC (29,879.40 million tons or 18.30% of total production in Ukraine), Ingulets Iron Ore Enrichment Works PrJSC (28,618.50 million tons or 17.52%), Northern Iron Ore Enrichment Works PrJSC (26,610.00 million tons or 16.29%), ArcelorMittal Kryvyi Rih PJSC (25,269.00 million tons or 15.47%). All these companies are in the Dnipropetrovsk administrative region.

The overall growth of iron ore production in Ukraine in 2020 is mainly due to the increase in production at several major enterprises. For example, the Central Iron Ore Enrichment Works PrJSC increased its production by 1,029.00 million tons (by 8.72%) compared to 2019, the Southern Iron Ore Enrichment Works PrJSC - by 1,464.80 million tons (by 5.16%), and ArcelorMittal Kryvyi Rih PJSC - by 1,032.00 million tons (by 4.26%). Two companies demonstrated decrease in iron ore production, namely Krivyi Rih Iron-Ore Combine JSC and Suha Balka PrJSC. In 2020, they mined 977.40 million tons and 121.00 million tons less than in 2019, respectively.

Table 5.28: Volumes of iron ores mining by enterprise and deposit in B 2019-2020<sup>109</sup>

№	Company/deposit	Production volumes, thousand tons		
		2019	2020	Change in 2020 in relation to 2019, %.
1	<b>Southern Iron Ore Enrichment Works JSC, including:</b>	28,414.60	29,879.40	5.16%
	Skelevatsko-Magnetytovo deposit	28,414.60	29,879.40	5.16%
2	<b>Ingulets Iron Ore Enrichment Works PrJSC, including:</b>	27,748.50	28,618.50	3.14%
	Inguletske deposit (sites 12, 12P)	27,748.50	28,618.50	3.14%
3	<b>Nothern Iron Ore Enrichment Works PrJSC, including:</b>	25,698.00	26,610.00	3.55%
	Pervomaiske deposit	19,888.00	20,674.00	3.95%

<sup>108</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Iron Ores (Issue 34), 2021

<sup>109</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Iron Ores (Issue 34), 2021

№	Company/deposit	Production volumes, thousand tons		
		2019	2020	Change in 2020 in relation to 2019, %.
	Hannivske deposit	5,810.00	5,936.00	2.17%
4	<b>ArcelorMittal Kryvyi Rih PJSC, including:</b>	24,237.00	25,269.00	4.26%
	field of the mine named after Artem (former Kirov mine)	757.00	566.00	-25.23%
	Novokryvorizkw deposit (southern section)	9,854.00	9,734.00	-1.22%
	Valyavkynske deposit (southern section)	13,626.00	14,969.00	9.86%
5	<b>Poltava Iron Ore Enrichment Works PrJSC, including:</b>	16,366.00	17,020.00	4.00%
	Horishne-Plavninske-Lavrykivske deposit	16,366.00	17,020.00	4.00%
6	<b>Central Iron Ore Enrichment Works PrJSC, including:</b>	11,796.00	12,825.00	8.72%
	Velyka Gleyuvatka deposit	4,550.00	4,942.00	8.62%
	Mine named after Ordzhonikidze	1,217.00	1,362.00	11.91%
	Petrivske deposit	4,118.00	4,478.00	8.74%
	Artemivske deposit	1,911.00	2,043.00	6.91%
7	<b>Yerystiv Iron-Ore Enrichment Works LLC, including:</b>	11,521.00	12,510.00	8.58%
	Erystivske deposit	11,521.00	12,510.00	8.58%
8	<b>The foreign investment enterprise Zaporizhzhia iron ore industrial complex PrJSC, including:</b>	4,377.00	4,387.00	0.23%
	Pivdenno-Bilozerske deposit	3,996.00	4,020.00	0.60%
	Pereverzivske deposit	381.00	367.00	-3.67%
9	<b>Kryvyi Rig Iron-Ore Combine JSC, including:</b>	4,624.80	3,647.40	-21.13%
	Ternivska mine (named after Lenin)	1,157.30	999.40	-13.64%
	Hvardiyska mine	1,221.20	1,128.70	-7.57%
	Oktyabrsk mine	706.40	498.90	-29.37%
	Rodina mine	1,539.90	1,020.40	-33.74%
10	<b>Suha Balka PrJSC, including:</b>	2,659.00	2,538.00	-4.55%
	Juvileina mine	1,667.00	1,529.90	-8.22%
	mine named after Frunze	992.00	1,008.10	1.62%
11	<b>Rudomain LLC, including:</b>	446.00	864.60 <sup>110</sup>	93.86%
	Pivdennyi quarry	446.00	864.60	93.86%

<sup>110</sup> According to Geoinform of Ukraine, in 2020 864.60 thousand tons of iron ores (as well as 466.00 thousand tons in 2019) were extracted at the Pivnichnyi quarry by Rudomain LLC. The ores were mined as commercial commodity although they were previously recognized as lost ores. These volumes are not included in the total volume of extracted iron ores in Ukraine.

### 5.3.3.2 The cost of iron ores mining

According to the State Statistics Service, the overall metal ore mining industry (economic activities code B07 "Metal ore mining") sold products worth a total of UAH 175,196.1 million during 2020<sup>111</sup>. According to the information received in response to the request to the State Statistics Service, in 2020 non-agglomerated iron ores and concentrates worth UAH 96,614.01 million<sup>112</sup> were sold. The value of agglomerated iron ores and concentrates sold in 2020 amounted to UAH 60,167.18 million. The total value of industrial products of iron ores in 2020 amounted to UAH 156,781.20 million.

The data provided by 11 reporting companies<sup>113</sup> in the preparation of this Report were also used to analyze the cost of iron ore mining. The revenues of the companies and sales volumes are presented in the table below.

**Table 5.29: Revenues from sales of marketable products produced by the iron ores mining reporting companies in 2020<sup>114</sup>**

Company	Volumes of unenriched ore mining, thousand tons	Sales of marketable products, thousand tons	Revenue from sales of marketable products in the territory of Ukraine (net of VAT), UAH million	Revenue from exports of marketable products (net of VAT), UAH million
Ingulets Iron Ore Enrichment Works PrJSC	28,933.00	11,807.00	11,302.15	7,863.75
Central Iron Ore Enrichment Works PrJSC	13,662.87	4,846.55	2,713.18	9,725.60
Southern Iron Ore Enrichment Works JSC	30,255.00	13,370.08	1,121.47	32,470.45
Nothern Iron Ore Enrichment Works PrJSC	27,238.00	13,186.00	10,154.69	13,909.10
Yerystiv Iron-Ore Enrichment Works LLC	12,644.00	10,480.18	1,451.36	3,853.70
Krivyi Rig Iron-Ore Combine JSC	4,387.60	3,967.99	2,674.56	3,932.51
ArcelorMittal Kryvyi Rih PJSC	25,563.37	3,416.71	0.00	7,961,123.99
Poltava Iron Ore Enrichment Works PrJSC	17,287.06	10,744.13	0.00	32,878.18
The foreign investment enterprise Zaporizhzhia iron ore industrial complex PrJSC	4,821.00	4,557,917.00	3,260.04	3,253.10
Suha Balka PrJSC	2,933.40	2,815.70	2,878.78	1,338.57
Rudomain LLC	0.86	905.23	43.17	934.30
<b>Total</b>	<b>167,726.16</b>	<b>4,633,456.57</b>	<b>35,599.42</b>	<b>8,071,283.27</b>

<sup>111</sup> State Statistics Service, Volume of industrial products sold by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

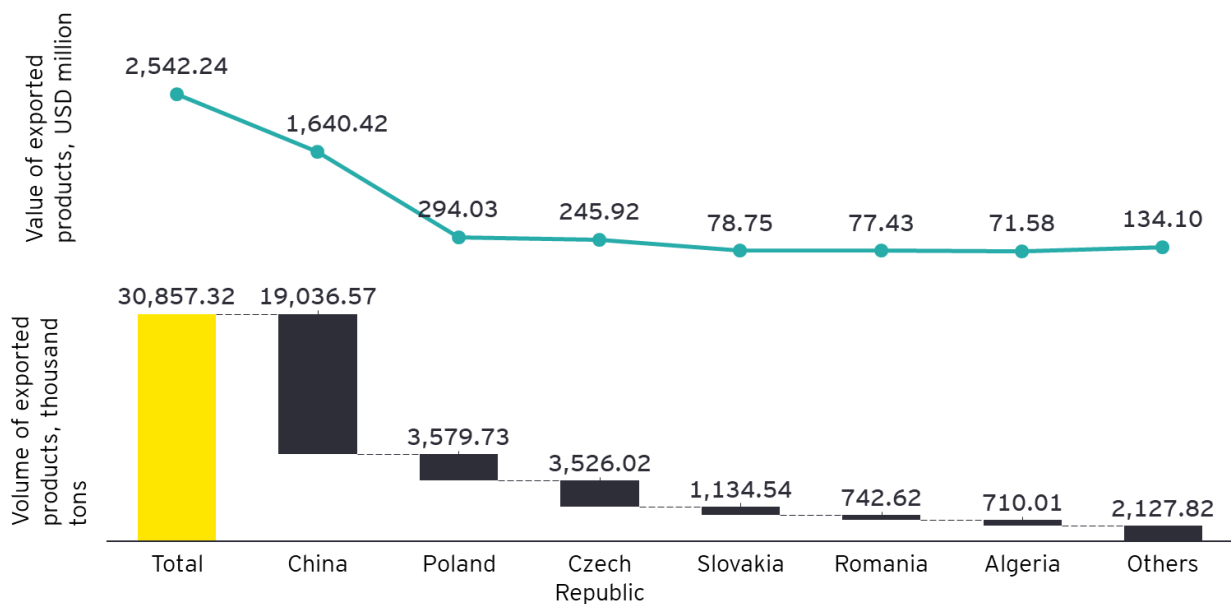
<sup>112</sup> According to the information of State Statistics Service on the sale of industrial products by type (according to the NPP classification) for 2020

<sup>113</sup> As part of the preparation of the EITI Report 2020, a list of reporting companies subject to reconciliation of payments was identified (for more details, please see **Section 9**)

<sup>114</sup> According to the information provided by the reporting companies under the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the Resolution of the Cabinet of Ministers of September 23, 2020 No 858 "Some Issues of Transparency in Extractive Industries"

### 5.3.4 Exports and imports of iron ores and their processing products

The volume of exports of non-agglomerated iron ores and concentrates in 2020 increased by 24.17% compared to 2019 and reached 30,857.32 thousand tons worth USD 2,542.24 million. Non-agglomerated iron ores and concentrates were exported to more than 20 countries, but most (61.69% of the total) to China.



**Figure 5.30: Exports of non-agglomerated iron ores and concentrates in physical and monetary units in 2020<sup>115</sup>**

Exports of agglomerated iron ores and concentrates also increased, but at a slower pace than exports of non-agglomerated ores. In 2020, 15,435.52 thousand tons of agglomerated iron ores and concentrates were exported, which is 2.55% more than in the previous year. The largest share was to China (53.85%) and Austria (14.46%).

The iron ore imports in 2020 remained insignificant: imports of non-agglomerated iron ores reached only 0.12 thousand tons worth USD 0.07 million, and imports of agglomerated iron ores amounted to 0.78 tons worth USD 4.82 thousand. The ores were imported from 9 countries, including the Netherlands, Sweden, Russia, Ethiopia, and Germany.

<sup>115</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)



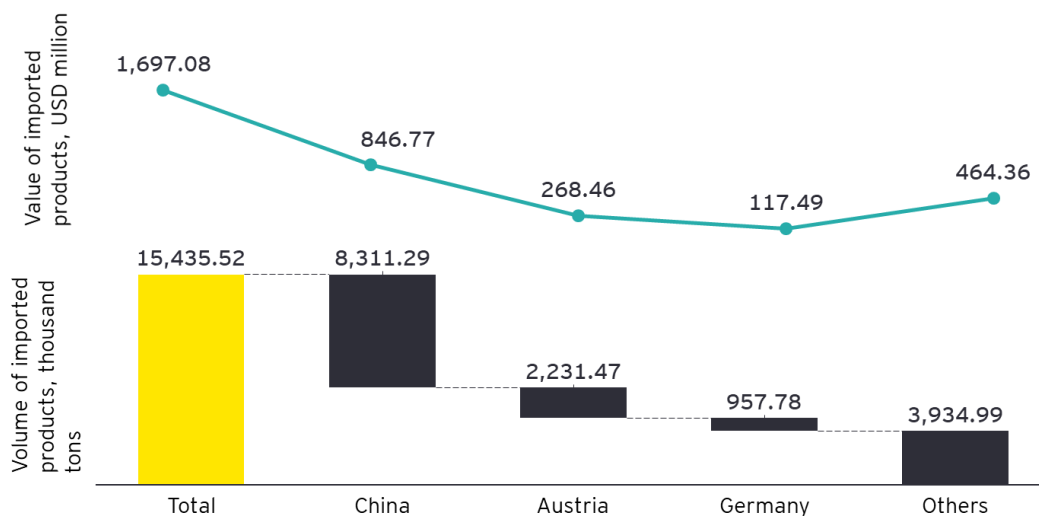


Figure 5.31: Exports of agglomerated iron ores and concentrates in physical and monetary units in 2020<sup>116</sup>

### Conclusions to the section

According to the Geoinform of Ukraine, the iron ore reserves as of January 1, 2021 were 18,065.04 million tons. The iron ore reserves in Ukraine are mostly located in Dnipropetrovsk and Kirovohrad administrative regions (Kryvyi Rih iron ore basin), Poltava (Kremenchuk iron ore district), and Zaporizhia (Bilozersky iron ore area) administrative regions. As of January 1, 2021, almost half of the iron ore reserves are located in the Dnipropetrovsk administrative region (48.61%).

In 2020 the volume of iron ores mining increased by 3.72% compared to 2019 and amounted to 163.30 million tons. Several companies including Central Iron Ore Enrichment Works PrJSC, Southern Iron Ore Enrichment Works PrJSC, and ArcelorMittal Kryvyi Rih PJSC significantly increased their production.

<sup>116</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

## 5.4 Titanium ores mining

### 5.4.1 Titanium ores reserves

Titanium's mineral resource base in Ukraine is quite strong. According to the State Service of Geology and Subsoil, Ukraine is among the top ten countries in terms of explored reserves of titanium ore and covers more than 6% of its world mining. The titanium ore reserves include 27 deposits, including 4 man-made fields and more than 30 ore occurrences with different degree of exploration. Ilmenite is the main titanium-containing mineral in Ukraine, rutile reserves are limited. Currently, only placer deposits are being developed in Ukraine, which account for about 10% of all explored reserves. The rest of titanium ores reserves are contained in primary ore deposits - their development requires capital construction of new mines and concentrators, which would take significant investment and time<sup>117</sup>.

In Ukraine, the titanium ore reserves are concentrated in the northeastern part of the Ukrainian Crystal Shield, the Dnieper-Donetsk basin and part of the southwestern slope of the Voronezh crystalline massif with a total area of more than 200 thousand square kilometers. The titanium ore reserves in Ukrainian territory are explored in Sumy, Zhytomyr, Kharkiv administrative regions, and mined in Dnipropetrovsk and Zhytomyr regions. In the Dnipropetrovsk administrative region, titanium (ilmenite) concentrates are mined by the Vilnohirsk Ore Enrichment Works, and in the Zhytomyr region - by Irshansky Ore Enrichment Works. The total productive capacity of the companies is 700 thousand tons of concentrates per year.

The data on the balance reserves of titanium ores in Ukraine are a state secret and are not publicly available<sup>118</sup>. Mineral Commodity Summaries (MCS) - the study of the US Geological Survey is an authoritative and reliable source of statistics on mineral reserves in the world. According to the Mineral Commodity Summary 2021, the titanium ores (ilmenite, rutile) reserves in Ukraine at the end of 2020 amounted to 8,400 thousand tons, as in 2019. As of the end of 2020, Ukraine's titanium ore reserves amounted to 1.13% of the world reserves.

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<sup>117</sup> Comparative table to the draft Law of Ukraine "On Amendments to the Law of Ukraine "On Approval of the National Program for the Development of Mineral Resources of Ukraine until 2030 ", [https://www.geo.gov.ua/wp-content/uploads/2021/05/porivnyalna\\_23.11.2015\\_29.02.2016.doc](https://www.geo.gov.ua/wp-content/uploads/2021/05/porivnyalna_23.11.2015_29.02.2016.doc)

<sup>118</sup> According to the order of the Security Service of Ukraine dated 12.08.2005 No 440 "On Approval of the Code of Information that is a State Secret", <https://zakon.rada.gov.ua/laws/show/z0902-05#Text>

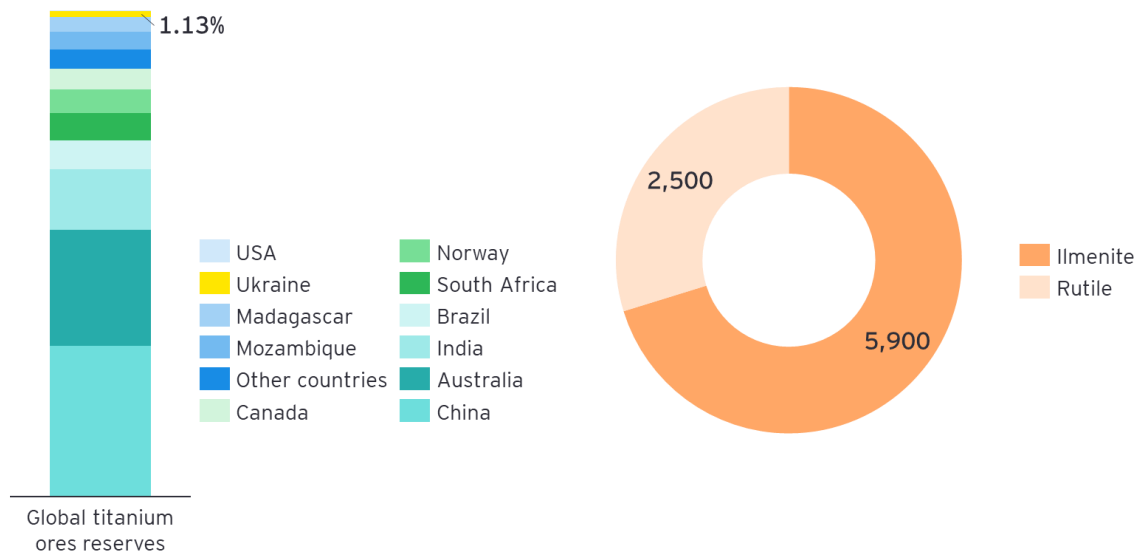


Figure 5.32: Titanium ores reserves in Ukraine as of 01.01.2021, thousand tons <sup>119</sup>

According to the information provided by United Mining and Chemical Company JSC as a part of EITI reporting, the total balance reserves of titanium ores amounted to 42,778.1 thousand cubic meters as of 01.01.2021. The volume of conditionally on-balance sheet and off-balance reserves amounted to 81,147.7 thousand cubic meters. At the end of the reporting period, the total balance reserves of zircon-rutile-ilmenite sands were 27,800 thousand cubic meters, and of conditionally on-balance sheet and off-balance reserves - 52,041.3 thousand cubic meters.

According to the presentation of the United Mining and Chemical Company JSC prepared for privatization purposes, its balance reserves of ilmenite were 4,426 thousand tons, rutile - 274 thousand tons, zircon - 142 thousand tons, as of 31.12.2020<sup>120</sup>

### 5.4.2 Significant exploration work

No sites for geological exploration or mining of titanium ores were set for any of eight special subsoil auctions held in 2020. In 2021, titanium ore mining sites will be added to the list of lots sold in open electronic auctions for the first time<sup>121</sup>. More detailed information on exploration for titanium deposits is not publicly available.

### 5.4.3 Volumes and value of titanium ores mining

#### 5.4.3.1 Volumes of titanium ores mining

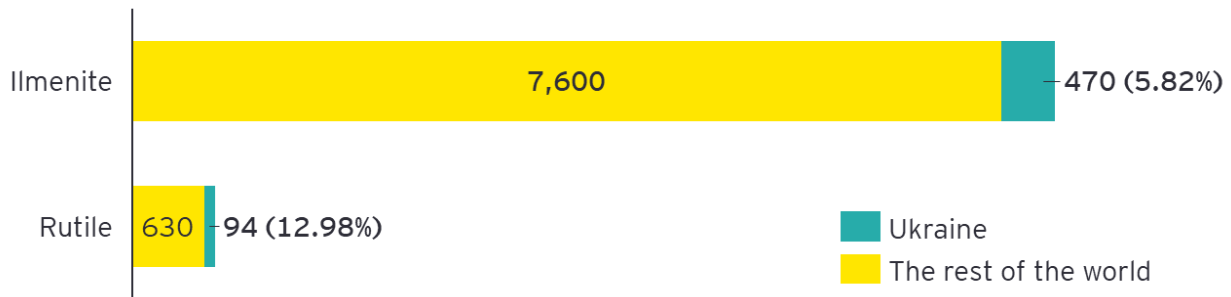
According to the report of the US State Geological Survey, in 2020, Ukraine produced 564 thousand tons of titanium concentrates, including 470 thousand tons of ilmenite concentrate

<sup>119</sup> US Geological Survey, 2021, <https://pubs.usgs.gov/periodicals/mcs2021/mcs2021.pdf>

<sup>120</sup> Presentation prepared by BDO Corporate Finance (Ukraine) which is appointed as an adviser to the SPFU by the Cabinet of Ministers of Ukraine for the purposes of privatization of United Mining and Chemical JSC Company" [https://privatization.gov.ua/wp-content/uploads/2020/01/BDO-CF\\_UMCC-Titanium\\_Teaser\\_April-2021-UA.pdf](https://privatization.gov.ua/wp-content/uploads/2020/01/BDO-CF_UMCC-Titanium_Teaser_April-2021-UA.pdf)

<sup>121</sup> State Service of Geology and Subsoil of Ukraine,, <https://www.geo.gov.ua/?s=%D1%80%D1%83%D0%B4%D0%B8+%D1%82%D0%B8%D1%82%D0%B0%D0%BD%D1%83>

and 94 thousand tons of rutile concentrate. The total production of titanium concentrates in Ukraine was estimated as 6.87% of the world production.



**Figure 5.33: Volumes of titanium concentrate production in Ukraine and the world in 2020, thousand tons<sup>122</sup>**

Among the companies in the titanium ore mining industry, two were identified as paying significant revenues to the state and subject to reconciliation of payments in the EITI Report for 2020<sup>123</sup>, namely the United Mining and Chemical Company JSC and Velta LLC. According to these companies, their volumes of titanium ore mining in 2020 were:

- ▶ United Mining and Chemical Company JSC - 6,462.00 thousand cubic meters;
- ▶ Velta LLC - 213.11 thousand ton.

#### 5.4.3.2 The value of extracting titanium ores

According to the State Statistics Service, the total sales of metal ore mining industry (economic activities code B07 "Metal ores mining") during 2020 amounted to UAH 175,196.1 million<sup>124</sup>. According to the information received from the State Statistics Service in response to the request, titanium ores and concentrates worth UAH 4,591.59 million were sold in 2020<sup>125</sup>.

The data provided by the reporting companies<sup>126</sup> in the preparation of this EITI Report 2020 were used as an alternative source of information. In the titanium ore mining industry, the reporting companies are United Mining and Chemical Company JSC and Velta LLC. The revenues of the companies and their sales volumes are presented in the table below<sup>127</sup>.

<sup>122</sup> Presentation prepared by BDO Corporate Finance (Ukraine) which is appointed as an adviser to the SPFU by the Cabinet of Ministers of Ukraine for the purposes of privatization of United Mining and Chemical JSC Company"[https://privatization.gov.ua/wp-content/uploads/2020/01/BDO-CF\\_UMCC-Titanium\\_Teaser\\_April-2021-UA.pdf](https://privatization.gov.ua/wp-content/uploads/2020/01/BDO-CF_UMCC-Titanium_Teaser_April-2021-UA.pdf)

<sup>123</sup> As part of the preparation of the EITI Report 2020, a list of accountable companies subject to reconciliation of payments was identified (for more information, please see **Section 9**)

<sup>124</sup> State Service of Geology and Subsoil of Ukraine, <https://www.geo.gov.ua/?s=%D1%80%D1%83%D0%B4%D0%B8+%D1%82%D0%B8%D1%82%D0%B0%D0%BD%D1%83>

<sup>125</sup> According to the information of the State Statistics Service of Ukraine on the sale of industrial products by type (according to the Industrial Product Nomenclature, NPP) for 2020

<sup>126</sup> As part of the preparation of the EITI Report 2020, a list of accountable companies subject to reconciliation of payments was identified (for more information, please see **Section 9**)

<sup>127</sup> According to the information received from the United Mining and Chemical Company JSC and VKF Velta LLC for the purposes of preparation of the EITI Report 2020

**Table 5.30: Revenues from sales of marketable products produced by the titanium ores mining reporting companies in 2020<sup>128</sup>**

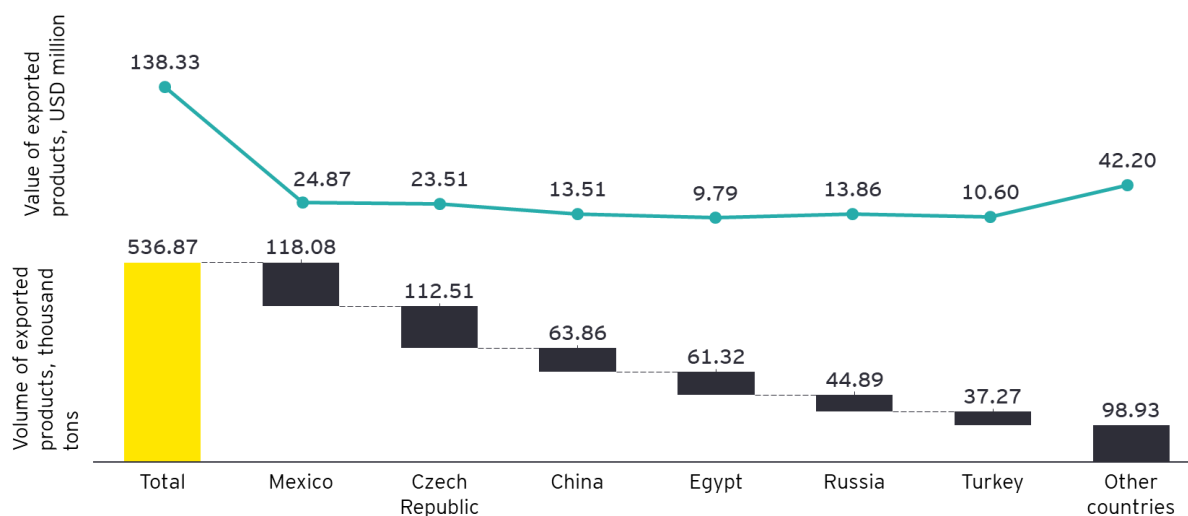
Company	Volumes of unenriched ore mining	Sales of marketable products, thousand tons	Revenue from sales of marketable products in the territory of Ukraine (net of VAT), UAH million	Revenue from exports of marketable products (net of VAT), UAH million
Velta LLC	213.11 thousand tons	212.06 - ilmenite concentrate	53.85	1,043.40
United Mining and Chemical Company JSC	6,462.00 thousand cubic meters	298.93- ilmenite concentrate	269.96	1,160.93
		38.90 - rutile concentrate	264.86	914.49
<b>Total</b>	-	<b>549.89</b>	<b>588.67</b>	<b>3,118.82</b>

#### 5.4.4 Exports and imports of titanium ores

In 2020, the exports of titanium ore amounted to 536.87 thousand tons, which is 13.53% less than in 2019. In 2020, titanium ores were exported to 44 countries, with Mexico (21.99%), the Czech Republic (20.96%), China (11.90%), and Egypt (11.42%) being the leading destinations.

The volume of imports of titanium ores in the reporting year remained insignificant (1.01 thousand tons worth USD 0.85 million), however it increased compared to 2019 by 27.65%. Titanium ore was imported mainly from Senegal (98.02% of total imports), as well as from the United States and Vietnam.

<sup>128</sup> According to the information provided by the reporting companies under the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the Resolution of the Cabinet of Ministers of September 23, 2020 No 858 "Some Issues of Transparency in Extractive Industries"



**Figure 5.34: Exports of titanium ores and concentrates by country in physical and monetary units in 2020<sup>129</sup>**

### Conclusions to the section

Ukraine is one of the top ten countries in the world in terms of titanium ore deposits. Titanium is mined in Ukraine by private companies and one state-owned company, United Mining and Chemical Company JSC, which is to be privatized.

The data on titanium ore reserves, including rutile and ilmenite, are a state secret under Ukrainian law. The US State Geological Survey estimates them at 8,400 thousand tons or 1.13% of the world's reserves.

According to the US State Geological Survey, in 2020 Ukraine produced 564 thousand tons of titanium ore concentrates or 6.87% of world production, including 470 thousand tons of ilmenite concentrate, and 94 thousand tons of rutile concentrate.

Exports of titanium ores and concentrates, compared to 2019, decreased by 13.53% and amounted to 536.87 thousand tons, while imports increased by 27.65% to 1.01 thousand tons in 2020. Titanium ore was exported to 44 countries, while 98.02% of the total imports came from Senegal.

<sup>129</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

## 5.5 Manganese ores mining

### 5.5.1 Manganese ores reserves

Ukraine ranks first in the world in terms of proven manganese ore reserves and second in terms of the total reserves<sup>130</sup>. Manganese ore deposits are located mostly in the Nikopol manganese ore basin, which is the largest in the world. The thickness of the ore horizon in the Nikopol basin varies from a few centimeters to 6 meters, averaging 1.5-2.0 m, while the depth of ore varies from 10 to 140 m, with average 40-75 m. There are three industrial types of manganese ores depending on their mineral composition: oxide, carbonate and oxide-carbonate, or mixed.



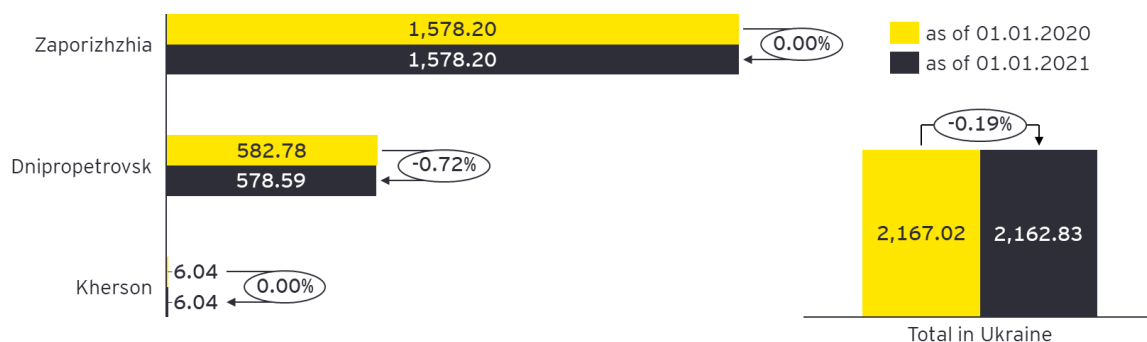
**Figure 5.35: Geographical location of manganese ores deposits**

The Nikopol basin includes the Nikopol, Velyko-Tokmatske and Fedorivske deposits. Also, significant manganese ore reserves in Ukraine are located in the man-made (formed as a result of industrial activity) sludge named after Maksimov.

According to the Geoinform of Ukraine, as of January 1, 2021, the balance reserves of manganese ore in Ukraine amounted to 2,162.83 million tons.

<sup>130</sup> State Enterprise "State Information and Analytical Center for Monitoring Foreign Commodity Markets", <https://dzi.gov.ua/press-centre/news/yakymy-zapasamy-kolorovyh-metaliv-volodiye-ukrayina/>





**Figure 5.36: Structure of balance reserves of manganese ores by administrative region of Ukraine as of 01.01.2020 and 01.01.2021, million tons<sup>131</sup>**

The balance reserves of manganese ores are registered in Zaporizhzhia, Dnipropetrovsk and Kherson administrative regions. As of the end of 2020, most of the balance reserves of manganese ore (72.97%) were located in the Zaporizhzhia region. Dnipropetrovsk region accounted for 26.75% of the total manganese ore reserves and Kherson region - 0.28%. In 2020, as in the previous year, the volume of manganese ore reserves decreased insignificantly only in Dnipropetrovsk region (by 0.72%).

### 5.5.2 Significant exploration work

According to the Geoinform of Ukraine, no significant exploration work was carried out in the reporting period.

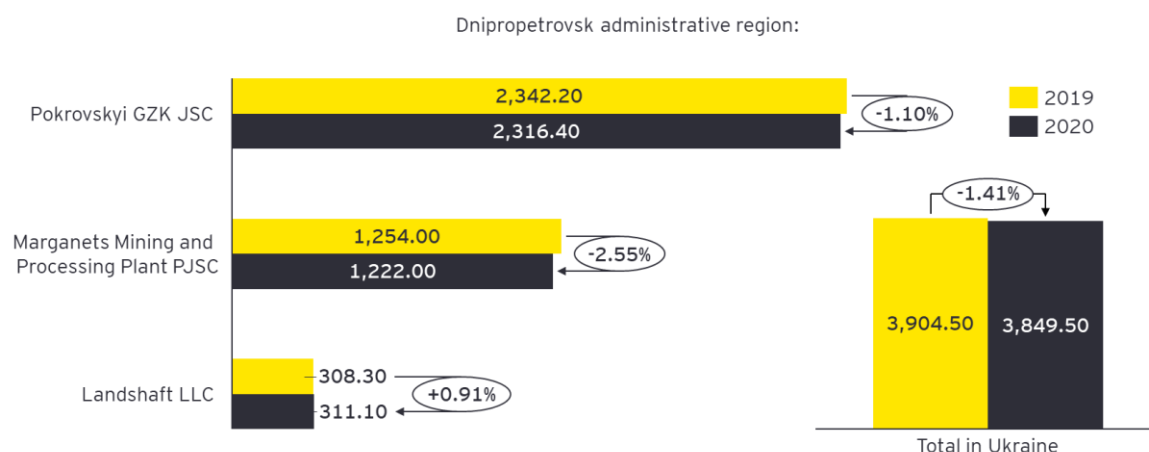
### 5.5.3 Volume and value of manganese ores mining

#### 5.5.3.1 Volume of manganese ores mining

As in the previous year, manganese ore was only mined in the Dnipropetrovsk administrative region by three private companies. Pokrovskiy GZK JSC carried out its mining operations in the western part of the Nikopol field, Marganets Mining and Processing Plant PJSC - in the eastern part of the field, and Landshaft LLC develops Maksimov sludge storage.

According to Geoinform of Ukraine, manganese ore production in 2020 decreased by 1.41% compared to 2019 and amounted to 3,849.50 thousand tons. In 2020, two companies decreased manganese ore production compared to 2019, while Landshaft LLC demonstrated increase in output. The largest decrease in output was at Marganets Mining and Processing Plant PJSC (by 2.55%).

<sup>131</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Manganese Ore (Issue 53), 2021  
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**Figure 5.37: Dynamics of manganese ore mining in Ukraine in 2019-2020, thousand tons**<sup>132</sup>

In 2020, Pokrovskiy GZK JSC was the leader in manganese ore mining, with 2,316.4 thousand tons or 60.17% of total production in Ukraine. The second top was Marganets Mining and Processing Plant PJSC, which extracted 1,222 thousand tons of manganese ore or 31.74% of the total production in Ukraine. Landshaft LLC extracted 311.10 thousand tons or 8.08%.

Provided that the volume of manganese ore mining in Ukraine remains at the level of 2020, the balance reserves would be sufficient for 562 years.

### 5.5.3.2 Value of manganese ore mining

The data from the State Statistics Committee on the value of manganese ore mining products are quite limited. Also, there is no disaggregated data in other public data sources. According to the State Statistics Service, the metal ore mining industry (economic activities code B07 "Metal ore mining" according to NACE-2010) sold products worth a total of UAH 175,196.1 million<sup>133</sup> in 2020. There are no detailed data on sales of products by the manganese ore industry available.

The data provided by the reporting companies<sup>134</sup> through the online EITI platform in preparation for this EITI Report 2020 was used as an alternative source of information. In manganese ore mining, the reporting companies were Marganets Mining and Processing Plant PJSC and Pokrovskiy GZK JSC. The revenues of the companies and their sales volumes are presented in the table below.

<sup>132</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Manganese Ore (Issue 53), 2021

<sup>133</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

<sup>134</sup> As part of the preparation of the EITI Report 2020, a list of accountable companies subject to reconciliation of payments was identified (for more information, please see **Section 9**)

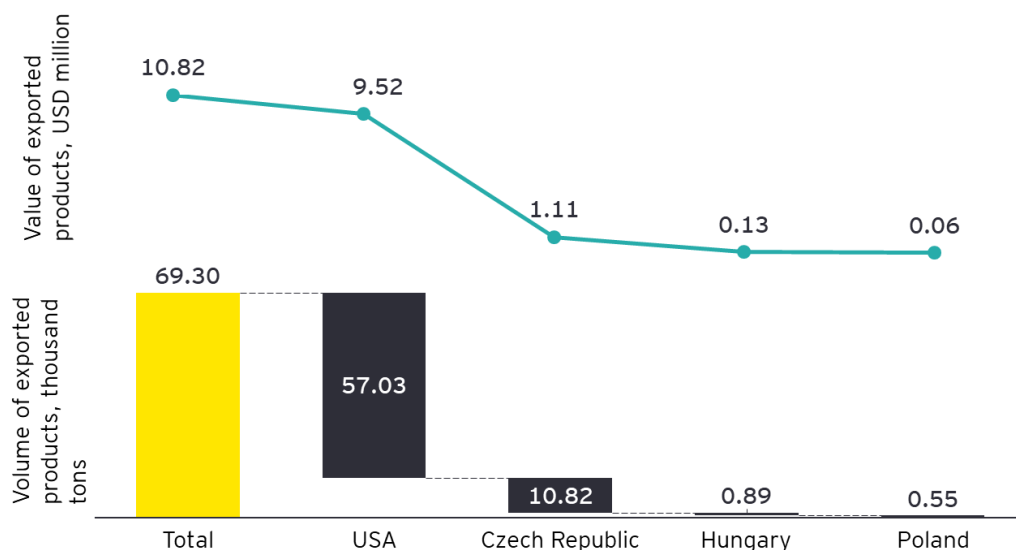
**Table 5.31: Revenue from the sale of marketable products produced by the reporting companies in the manganese ores mining industry in 2020<sup>135</sup>**

Company	Volumes of unenriched ore mining, thousand tons	Sales of marketable products, thousand tons	Revenue from sales of marketable products in the territory of Ukraine (net of VAT), UAH million	Revenue from exports of marketable products (net of VAT), UAH million
Marganets Mining and Processing Plant	1,237.2	612.88	502.45	118.25 <sup>136</sup>
Pokrovskiy GZK JSC	2,427.7	1,020.36	2,203.63	0.00 <sup>137</sup>
<b>Total</b>	<b>3,664.9</b>	<b>1,633.24</b>	<b>2,706.08</b>	<b>118.25</b>

#### 5.5.4 Exports and imports of manganese ores

The volume of manganese ore exports in 2020 increased more than twice compared to 2019 and amounted to 69.30 thousand tons worth USD 10.82 million. Exports were made to four countries: the United States (82.30%), the Czech Republic (15.62%), Hungary (1.28%), and Poland (0.80%).

The total volume of manganese ore imports in 2020 amounted to 581.18 thousand tons, which is 51.93% less than in 2019. Most of the manganese ore imports (90.45%) came from Ghana.

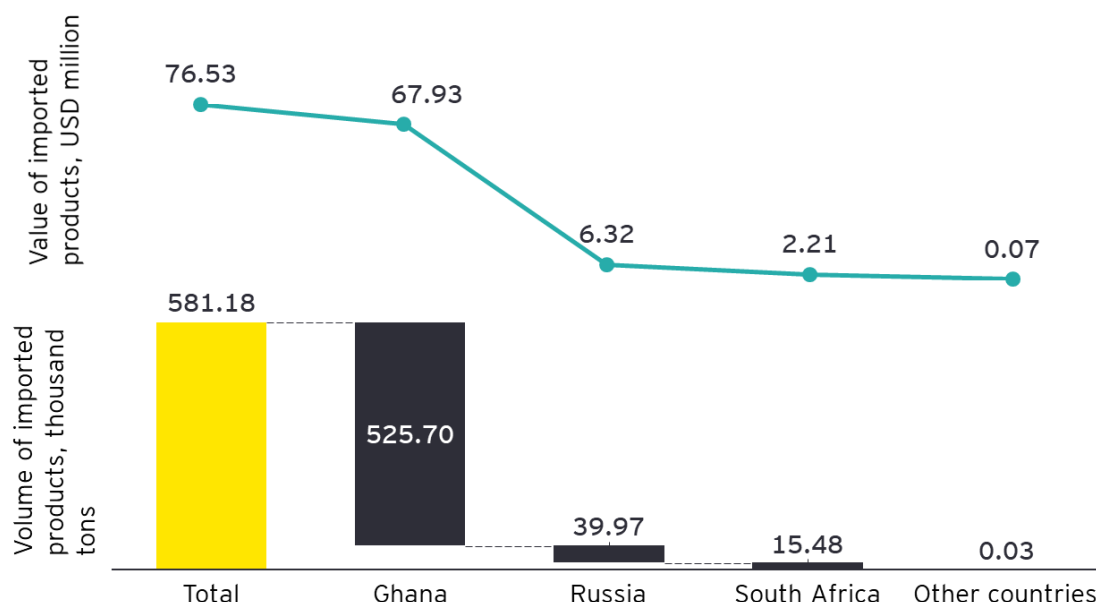


<sup>135</sup> According to the information provided by the reporting companies under the Law of Ukraine "On Ensuring Transparency in Extractive Industries" of September 18, 2018 No 2545-VIII and the Resolution of the Cabinet of Ministers of September 23, 2020 No 858 "Some Issues of Transparency in Extractive Industries"

<sup>136</sup> Data is provided on the basis of the Annual Information of the Issuer of Securities for 2020 by Marganets Mining and Processing Plant PJSC, <https://bit.ly/3DizVTt>

<sup>137</sup> According to the information provided by the reporting company and based on the Annual Information of the Issuer of Securities for 2020 by Pokrovskiy GZK JSC, <https://bit.ly/3rxYqty>

**Figure 5.38: Exports of manganese ores and concentrates by country in physical and monetary units in 2020<sup>138</sup>**



**Figure 5.39: Imports of manganese ores and concentrates by country in physical and monetary units in 2020<sup>139</sup>**

### Conclusions to the section

Ukraine ranks first in the world in terms of proven reserves of manganese ores. As of January 1, 2021, the balance reserves of manganese ores amounted to 2,162.83 million tons. Most of the reserves, namely 72.97%, were located in the Zaporizhya administrative region. Manganese ore deposits are also located in Dnipropetrovsk and Kherson regions.

The volume of manganese ores mining in 2020 decreased by 1.41% compared to 2019 and amounted to 3,849.50 thousand tons. Provided that the volume of manganese ores mining in Ukraine remains at the level of 2020, the balance reserves would be sufficient for 562 years.

Exports of manganese ores and concentrates in 2020 increased more than twice compared to 2019 and amounted to 69.30 thousand tons. At the same time, imports decreased compared to 2019 and amounted to 581.18 thousand tons. Manganese ores and concentrates were exported to the United States, the Czech Republic, Hungary and Poland, while Ghana accounted for 90.45% of imports of manganese ores and concentrates.

<sup>138</sup> Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

<sup>139</sup> Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

## 5.6 Fire clays mining

### 5.6.1 Fire clays reserves

The bulk of the balance reserves of fire clay in Ukraine is located in Dnipropetrovsk, Donetsk, Zaporizhzhia, Sumy and Cherkasy administrative regions.



Figure 5.40: Map of the location of fire clays deposits in Ukraine

As of 01.01.2021, the balance reserves of fire clay amounted to 587.13 million tons, which is almost 1.5% less than the reserves as of 01.01.2020.

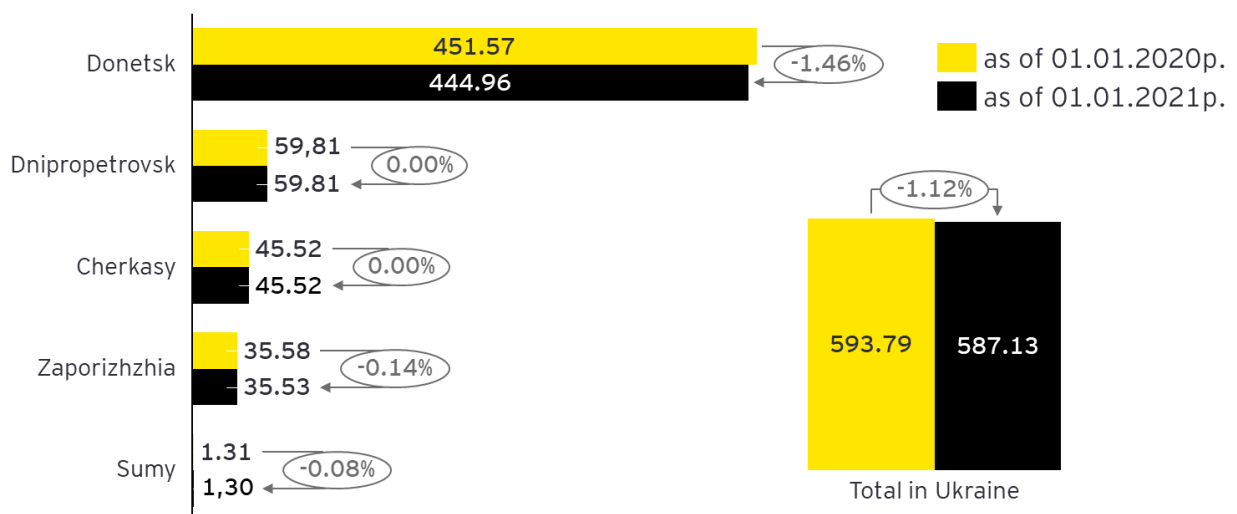


Figure 5.41: Balance reserves of fire clays by administrative regions of Ukraine as of 01.01.2020 and 01.01.2021, mln tons<sup>140</sup>

<sup>140</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Fire Clay (Issue 29), 2021  
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## 5.6.2 Significant exploration work

According to the Geoinform of Ukraine, at the end of 2020 only Zatyshanske (Priazovske) clay deposit in the Donetsk administrative region was in exploration status. The deposit is a reserve of the State Fund of Deposits, which has been granted a special permit for subsoil use for geological study, including research and development of minerals.

## 5.6.3 Volumes and value of fire clays mining

### 5.6.3.1 Volumes of fire clays mining

In 2020, the volume of fire clay production in Ukraine decreased by 17.07% compared to 2019 and amounted to 4,547.89 thousand tons.

In 2020, fire clay was mostly extracted in the Donetsk administrative region (4,510.49 thousand tons or 99.18% of the total production), with minor extraction in Zaporizhia region (37.40 thousand tons or 0.82%). Extraction of fire clay in 2020 was carried out by 13 companies (12 - in Donetsk region, and 1 - in Zaporizhya region), with the following leaders:

- ▶ in the Donetsk region - Vesko PJSC (1,074.20 thousand tons), Clays of Donbass PJSC (827.30 thousand tons);
- ▶ in the Zaporizhia region - Mineral Mining Company LLC (37.4 thousand tons).
- ▶

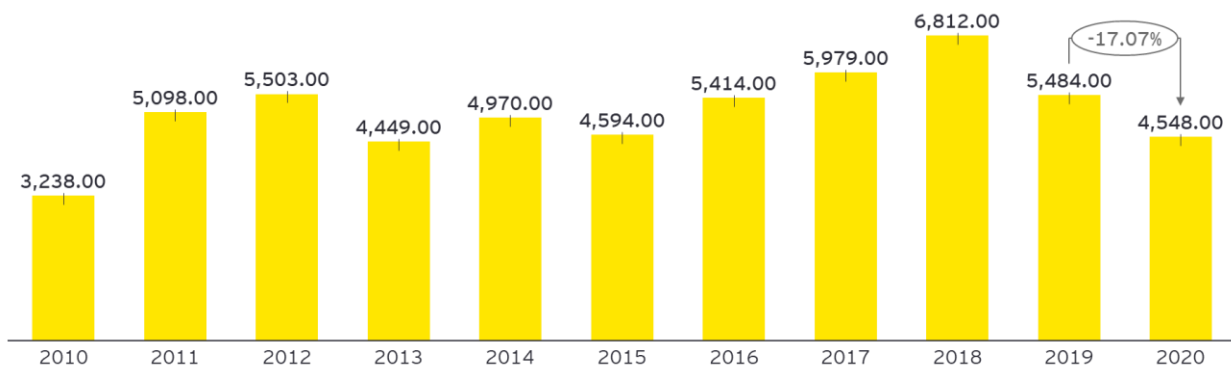


Figure 5.42: Dynamics of fire clays production in Ukraine in 2010-2020, thousand tons<sup>141</sup>

Provided that fire clay mining in Ukraine remains at the level of 2020, the volume of the balance reserves would be sufficient for 129 years.

<sup>141</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Fire Clay (Issue 29), 2021  
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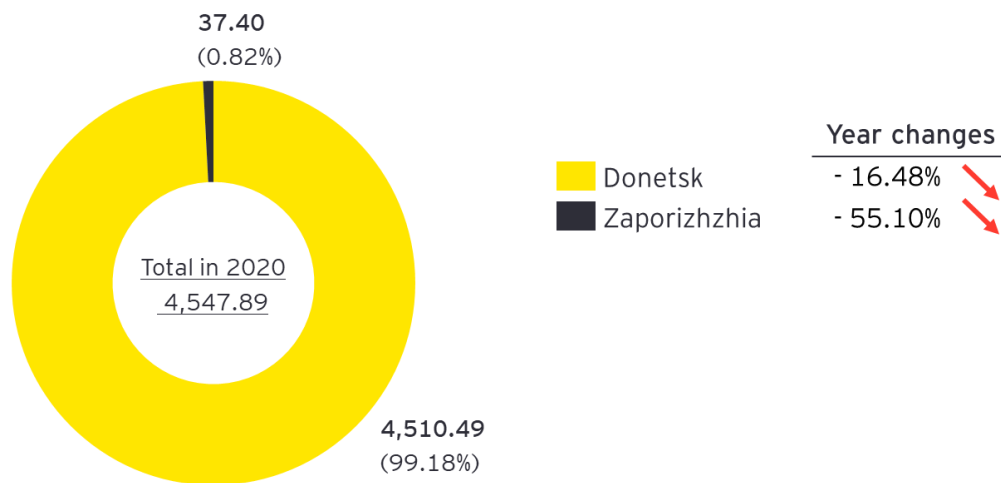


Figure 5.43: Volume of fire clays by administrative region of Ukraine in 2019-2020, thousand tons<sup>142</sup>

### 5.6.3.2 Value of fire clays mining

According to the State Statistics Service, the aggregated category of economic activities "Extraction of other minerals and quarrying" (NACE-2010 code B08) in 2020 sold products worth a total of UAH 27,278.5 million<sup>143</sup>. Of these, sales of stone, sand and clay (NACE-2010 code B08.1), which includes the fire clay extraction amounted to UAH 26,303.5 million in 2020.

Since disaggregated data on the value of fire clay mining output are not publicly available, the Independent Administrator prepared a request to the State Statistics Service. In response to the request the State Statistics Service provided the data on the volume of sold products (goods and services) according to the Industrial Product Nomenclature (NPP). According to these data, the aggregated category of product "Fire Clay" (NPP product code 08.12.22.30) sales in 2020 amounted to UAH 6,158.62 million<sup>144</sup>.

### 5.6.4 Exports and imports of fire clays

The volume of fire clay exports in 2020 amounted to 4,042.63 thousand tons worth USD 172.56 million. The exports decreased in volume by 19.31%, and in value - by 27.28% compared to 2019. Italy and Spain were the main destinations of the exported fire clays - 27.14% and 26.26%, respectively.

The volume of fire clay imports in 2020 remained insignificant - 293.36 tons, which is 39.63% more than in 2019. Germany was the largest trading partner, providing 98.37% of imports.

<sup>142</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Fire Clay (Issue 29), 2021

<sup>143</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

<sup>144</sup> According to the State Statistics Service on the sale of industrial products by type (according to the Industrial Product Nomenclature, NPP) for 2020



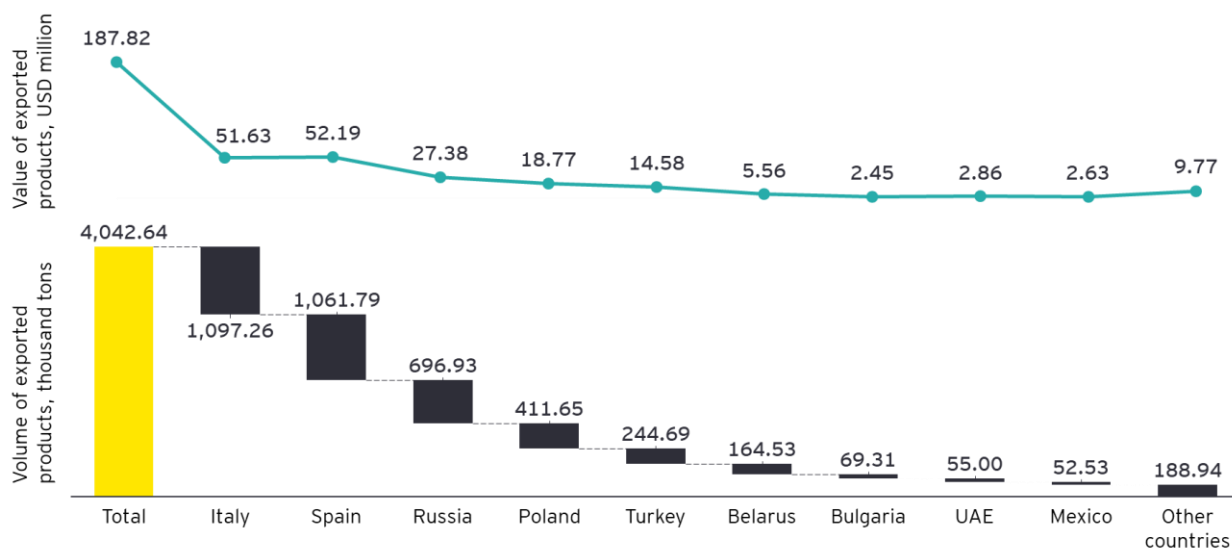


Figure 5.44: Exports of fire clays by country in physical and monetary units in 2020<sup>145</sup>

### Conclusions to the section

As of January 1, 2021, the volume of balance reserves of fire clays amounted to 587.13 million tons.

Fire clays were extracted mainly in the Zaporizhyya and Donetsk administrative regions. In 2020, the production of fire clays amounted to 4,547.89 thousand tons compared to 5,484.07 thousand tons in 2019. The total production of fire clays in Ukraine decreased by 17.07% compared to 2019.

<sup>145</sup> State Statistics Service, Foreign Trade in Certain Type of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

## 5.7 High-melting clays mining

### 5.7.1 High-melting clays reserves

The State Fund of Mineral Deposits records 21 high-melting clay deposits (17 deposits and 4 accounting items), out of which 4 deposits and 1 accounting items are being developed, and 13 deposits and 3 accounting items are not being developed. The high-melting clay reserves are in Donetsk, Zakarpattia, Luhansk, Sumy, Chernivtsi, Chernihiv and other administrative regions.



*Figure 5.45: Ukrainian high-melting clays deposit map*

According to the Geoinform of Ukraine, as of January 1, 2021, the balance reserves of high-melting clays decreased by 0.29% compared January 1, 2020 and amounted to 76.87 million tons. High-melting clay reserves in Ukraine are mostly located in the Donetsk administrative region (65.4%).

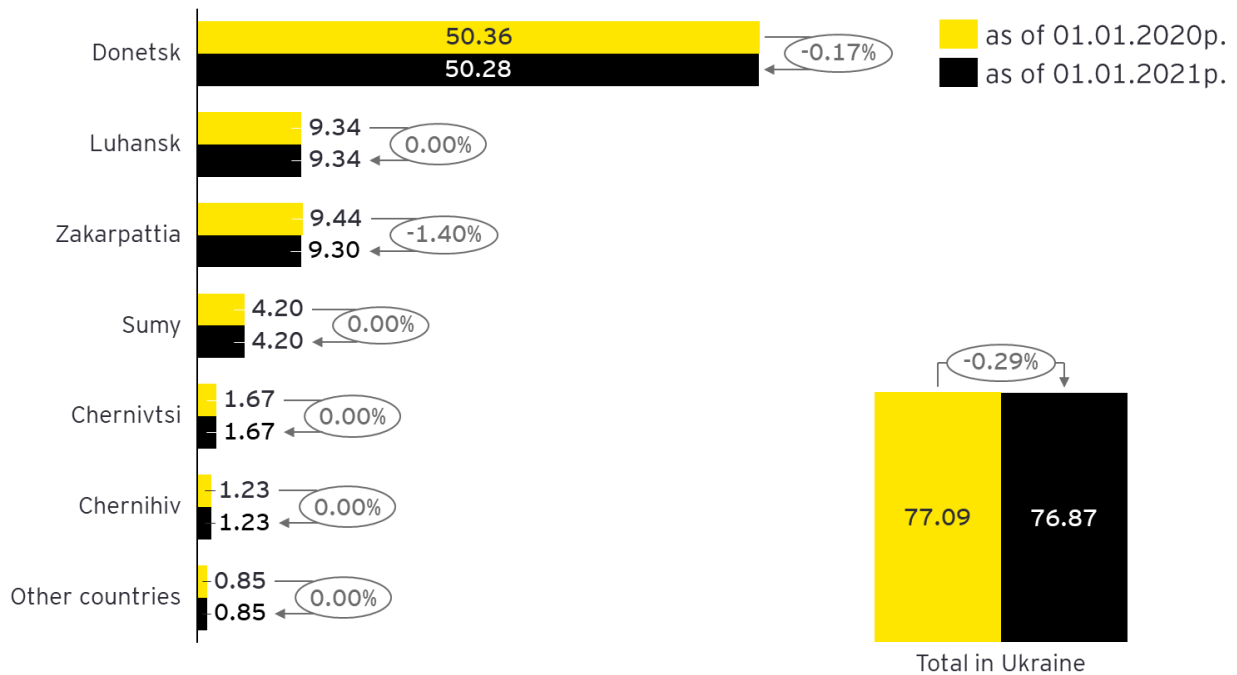


Figure 5.46: Structure of balance sheet of high-melting clays reserves by administrative region of Ukraine, million tons<sup>146</sup>

## 5.7.2 Significant exploration work

According to Geoinform of Ukraine, in 2020, no exploration work on high-melting clay deposits was carried out.

## 5.7.3 Volume and value of high-melting clays mining

### 5.7.3.1 Volume of high-melting clays mining

Compared to 2019, the volume of high-melting clay production in 2020 decreased by 3.74%. The production of high-melting clays gradually resumes after a dramatic drop in 2015, when the military conflict in eastern Ukraine started.

<sup>146</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Refractory Clay (Issue 30), 2021  
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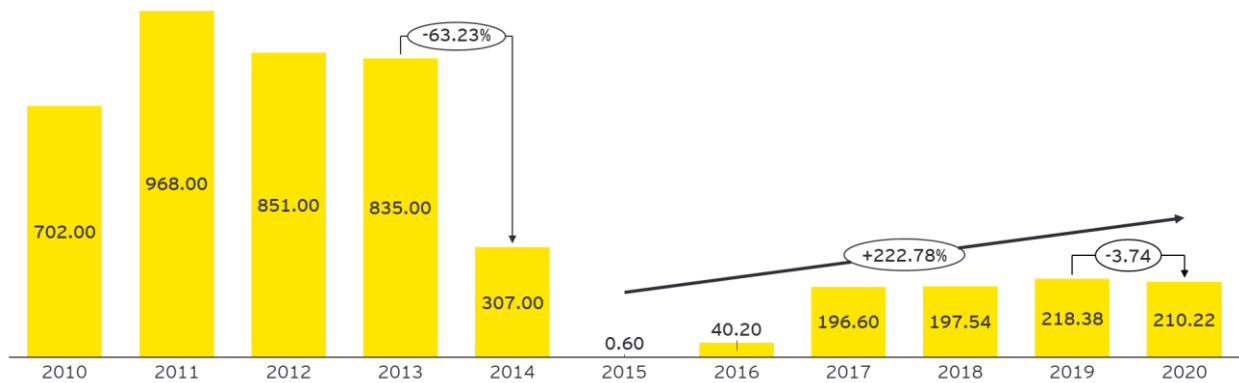


Figure 5.47: Dynamics of high-melting clays production volumes in 2010-2020, thousand tons<sup>147</sup>

According to the Geoinform of Ukraine, in 2020, high-melting clay was mined predominantly in Donetsk (61.06%) and Zakarpattia (38.94%) administrative regions. In 2020, the volume of production in the Zakarpattia region increased by 13.24% compared to 2019 and decreased by 22.06% in the Donetsk region.

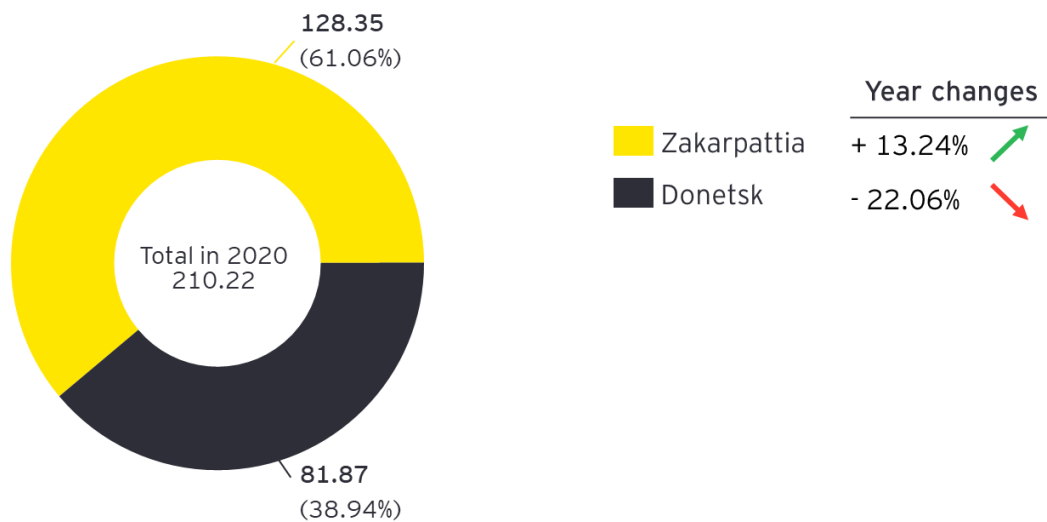


Figure 5.48: Volume of high-melting clays extraction by administrative region of Ukraine in 2020, thousand tons<sup>148</sup>

Provided that high-melting clay production remains at the level of 2020, the reserves would be sufficient for 366 years.

### 5.7.3.2 Value of high-melting clays extraction

According to the State Statistics Service, the aggregated category of economic activities "Extraction of other minerals and quarrying" (NACE-2010 code B08) in 2020 sold products worth a total of UAH 27,278.5 million<sup>149</sup>. Of these, sales of stone, sand and clay mining (NACE-

<sup>147</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Refractory Clay (Issue 30), 2021

<sup>148</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Refractory Clay (Issue 30), 2021

<sup>149</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

2010 code B08.1), which includes the high-melting clay mining, in 2020 amounted to UAH 26,303.5 million.

Due to the lack of publicly available disaggregated data on the value of high-melting clay mining products, the Independent Administrator prepared a request to the State Statistics Service. In response to the request the State Statistics Service provided the data on the volume of sold products (goods and services) according to the Industrial Product Nomenclature (NPP). According to these data, the aggregated NPP category "Other clays" (product NPP code 08.12.22.55), which includes high-melting clays, in 2020 sold products with a total value of UAH 65.17 million<sup>150</sup>.

#### 5.7.4 Exports and imports of high-melting clays

In Ukraine the exports and imports data are recorded using the Ukrainian Classification of Goods for Foreign Economic Affairs (UKTZED). The classification does not provide for a separate category for high-melting clay mining products. Therefore, the high-melting clay data for 2020 are not publicly available.

##### **Conclusions to the section**

As of January 1, 2021, the volume of high-melting clay balance reserves amounted to 76.87 million tons.

High-melting clay is extracted mainly in the Zakarpattia and Donetsk administrative regions. The total high-melting clay production in Ukraine decreased by 3.7% compared to 2019, however there is the general trend towards a gradual increase in high-melting clay production since 2015.

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<sup>150</sup> According to the State Statistics Service on the sale of industrial products by type (according to the Industrial Product Nomenclature, NPP) for 2020

## 5.8 Quartz sand mining

### 5.8.1 Quartz sand reserves

Quartz sand is a raw material used for glass production and is available in almost all administrative regions of Ukraine. According to the Geoinform of Ukraine, there are 42 quartz sand deposits in the country. As of January 1, 2021, the total balance reserves of quartz sand in Ukraine amounted to 240.57 million tons. Quartz sand deposits are available throughout Ukraine; however, the biggest reserves of quartz sand are in the Kharkiv region - 39.17% of the total reserves.

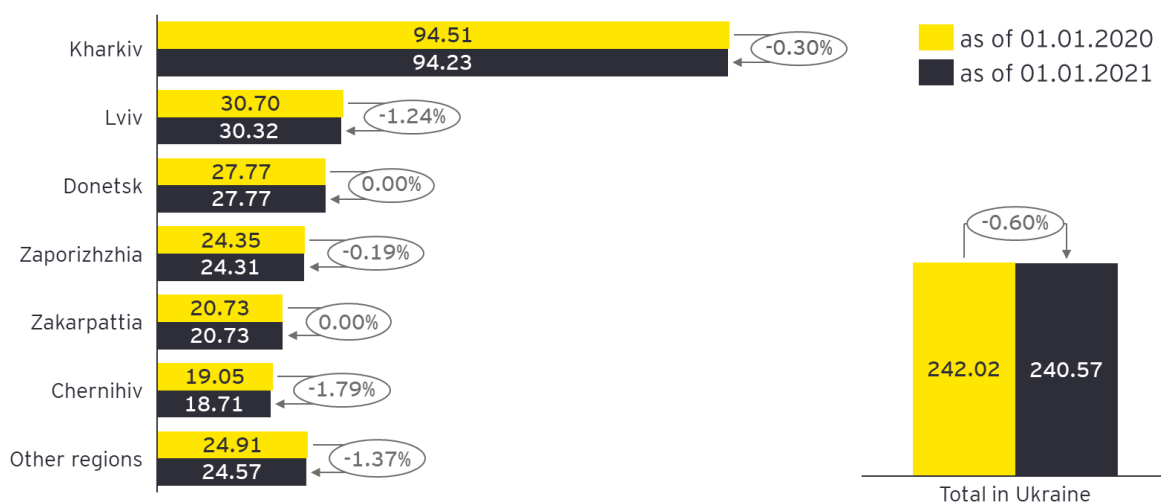


Figure 5.49: Volume of balance sheet quartz sand reserves by administrative region of Ukraine as of 01.01.2020 and 01.01.2021, million tons<sup>151</sup>

### 5.8.2 Significant exploration work

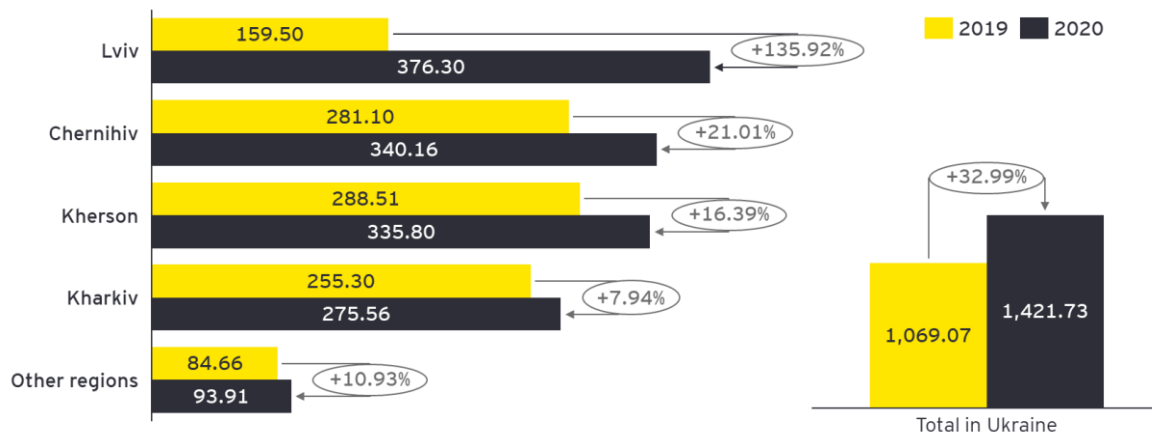
According to the Geoinform of Ukraine, no significant exploration work was carried out at the quartz sand deposits in 2020.

### 5.8.3 Volume and value of quartz sand mining

#### 5.8.3.1 Volume of quartz sand mining

During 2020 the quartz sand production in Ukraine increased by 32.99% in volume compared to the previous year. Lviv administrative region became the leader in quartz sand production in the reporting year 2020 (26.47% of the total). Kherson, Kharkiv and Chernihiv regions also demonstrated stable high production rates.

<sup>151</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Glass Raw Materials (Issue 83), 2021  
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**Figure 5.50: Structure of quartz sand production by administrative regions of Ukraine in 2019-2020, thousand tons<sup>152</sup>**

The list of private companies engaged in quartz sand mining in 2020 includes: Novoselivsky Mining and Processing Plant PrJSC; Bronytsky Glass Factory LLC; Maryanivsky Glass Factory PrJSC; Kaolin Azov LLC; Rohatynpisok DLC; Agro-industrial enterprise Lviv LLC; Lviv Mekhsklozavod OJSC; Rokytno Glass Factory PrJSC; Georesources LLC; Papernyansky Quarry of Glass Sands LLC and others.

### 5.8.3.2 Value of quartz sand mining

According to the State Statistics Service, the aggregated category of economic activities "Extraction of other minerals and quarrying" (NACE-2010 code B08) in 2020 sold products worth a total of UAH 27,278.5 million<sup>153</sup>. Of these, sales of stone, sand and clay (NACE-2010 code B08.1), which includes the quartz sand industry, amounted to UAH 26,303.5 million in 2020.

Since no disaggregated data on the value of quartz sand production are publicly available, the Independent Administrator prepared a request to the State Statistics Service. In response to the request the State Statistics Service provided the data on the volume of sold products (goods and services) according to the Industrial Product Nomenclature (NPP). According to these data, the aggregated category of products under the NPP category "Siliceous and quartz sands" (Product NPP code 08.12.11.50), which includes quartz sands, sold products worth a total of UAH 495.94 million<sup>154</sup> in 2020.

### 5.8.4 Exports and imports of quartz sand

No information on the exports and imports of a certain category of quartz sand is publicly available. This is explained by the fact that the Ukrainian Classification of Goods for Foreign

<sup>152</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Glass Raw Materials (Issue 83), 2020

<sup>153</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

<sup>154</sup> According to the information of the State Statistics Service on the sale of industrial products by type (according to the Industrial Product Nomenclature, NPP) for 2020



Economic Activity (UKTZED), which is used to record the exports and imports data, provides no separate category for products of the quartz sand industry.

**Conclusions to the section**

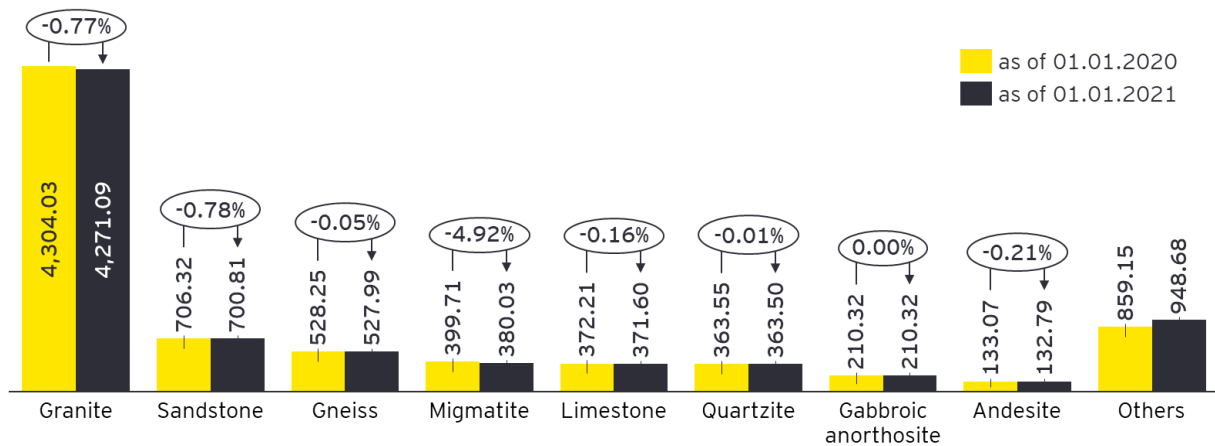
As of January 1, 2021, there were 42 deposits of quartz sand in Ukraine, with the total reserves of 240.57 million tons. The largest reserves are located in the Kharkiv region.

Quartz sand mining in 2020 was carried out mainly in Lviv, Chernihiv, Kherson and Kharkiv administrative regions. The total output increased by 32.99% compared to the previous year and amounted to 1,421.73 thousand tons.

## 5.9 Building stones mining

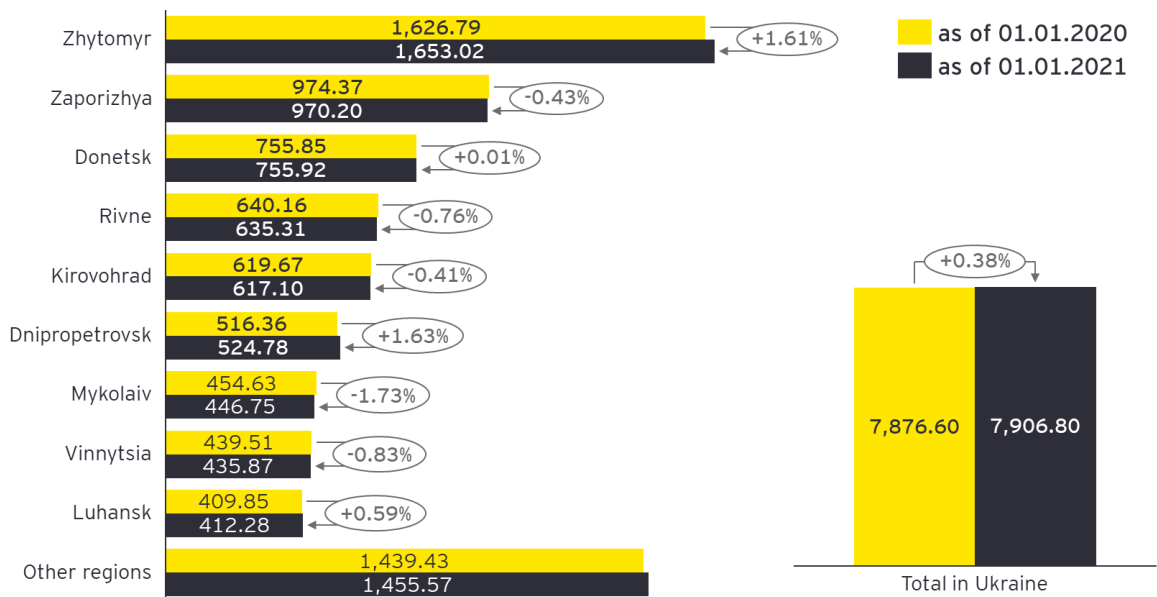
### 5.9.1 Building stones reserves

Ukraine has significant reserves of rocks used to produce building stone. As of January 1, 2021, the State Balance Sheet of Mineral Reserves of Ukraine records 946 deposits in Building Stone category, including 428 with industrial development status. There are more than 40 types of building stone deposits, they include granites, migmatites, gneisses, limestones, sandstones, pegmatites, quartzites, gypsum, adensites, diorites, basalts, etc.



**Figure 5.51: The structure of the balance sheet building stone reserves by their geological and industrial type as of 01.01.2020 and 01.01.2021, mcm<sup>155</sup>**

According to the Geoinform of Ukraine, the balance reserves of building stones increased by 0.38% in 2020 compared to 2019 and as of 01.01.2021 amounted to 7,906.80 million cubic meters (mcm). Almost half of the total balance reserves of building stone (49.49%) are the reserves of deposits currently being developed. More than half of all building stone reserves in Ukraine are granite deposits - 4,271.09 mcm or 54.02%. Building stone reserves also include deposits of sandstone (700.81 mcm or 8.86%), gneiss (527.99 mcm or 6.68%), migmatite (380.03 mcm or 4.81%), limestone (371.60 mcm or 4.70%), quartzite (363.50 mcm or 4.60%), gabbro-anorthosite (210.32 mcm or 2.66%), and andesite (132.79 mcm or 1.68%).



**Figure 5.52: Structure of building stone reserves by administrative region of Ukraine as of 01.01.2020 and 01.01.2021, mcm<sup>156</sup>**

In terms of administrative regions, most of the balance reserves of building stone are in Zhytomyr (1,653.02 or 20.91%), Zaporizhyya (970.20 or 12.27%), and Donetsk (755.92 or 9.56%) regions. Also, there are large volumes of deposits of different types of building stones in Rivne, Kirovohrad, Dnipropetrovsk, Mykolaiv, Vinnytsia and Luhansk regions.

### 5.9.2 Significant exploration work

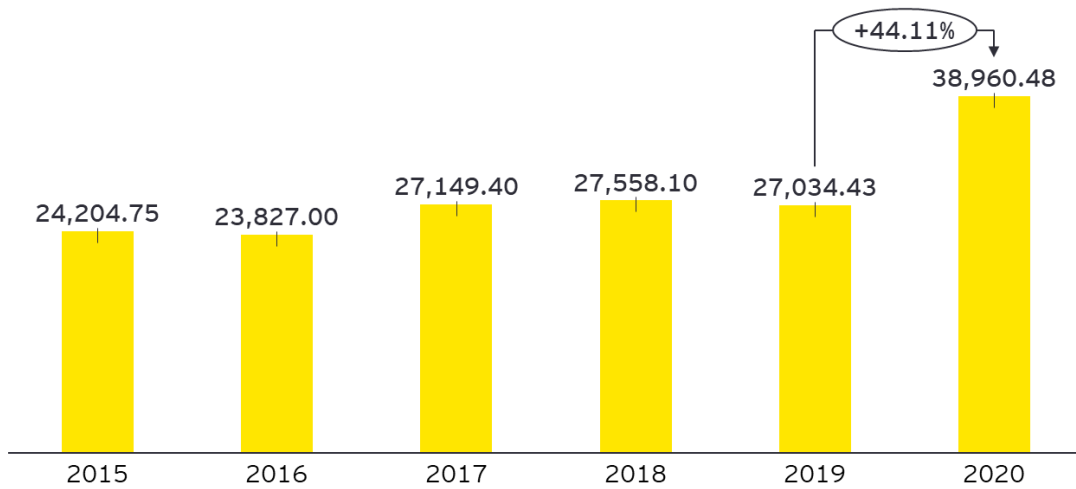
According to the Geoinform of Ukraine, 7 companies had permits for geological exploration in 2020. The companies carried out building stones exploration at their own expense. There is no more detailed information in the public domain.

### 5.9.3 Volume and value of building stone mining

#### 5.9.3.1 Volume of building stone mining

According to Geoinform of Ukraine, the volume of building stones mining in 2020 amounted to 38,960.48 thousand cubic meters, which is 44.11% more than in 2019. This significant increase is due to an eight-fold increase in granodiorite production compared to 2019, threefold increase in gabbro-norite production, and two-fold increase in labradorite mining.

<sup>156</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Building Stone (Issue 37), 2021  
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**Figure 5.53: Volume of building stone mining in 2015-2020, thousand cubic meters<sup>157</sup>**

As in previous years, in 2020 the extracted construction stone was predominantly granite - 75.19% or 29,294.71 thousand cubic meters. The production of granodiorite (12.81% or 4,990.17 thousand cubic meters), limestone (3.05% or 1,186.64 thousand cubic meters), migmatite (2.17% or 845.26 thousand cubic meters), basalt (1.27% or 495.45 thousand cubic meters), sandstone (1.11% or 432.04 thousand cubic meters), andesite (0.71% or 277.83 thousand cubic meters), and gneiss (0.63% or 244.88 thousand cubic meters) was significantly lower.

According to the Geoinform of Ukraine, in 2020 the largest volume of building stones was mined in the following administrative region: Zhytomyr - 21.73% or 8,466.32 thousand cubic meters, Khmelnytsky - 13.90% or 5,415.60 thousand cubic meters, and Rivne - 12.58% or 4,901.19 thousand cubic meters. Compared to 2019, the output increased in all administrative regions except for Donetsk and Lviv regions, where production decreased by 15.64% and 92.67%, respectively. The largest increase in production compared to 2019 was demonstrated in Khmelnytsky and Luhansk regions - almost a fivefold increase in both regions.

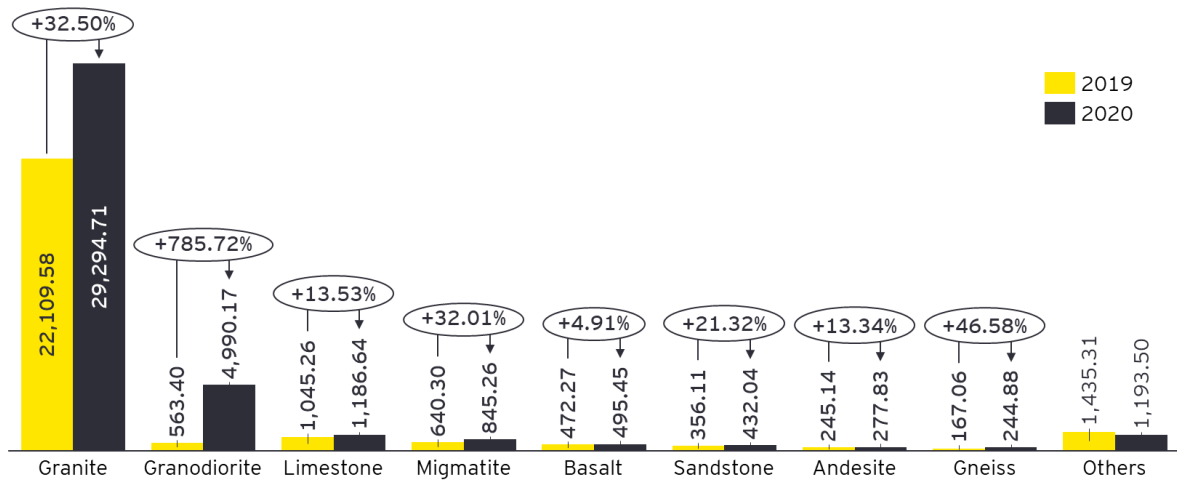


Figure 5.54: The structure of the volume of building stone mining by geological and industrial type in 2019-2020, thousand cubic meters<sup>158</sup>

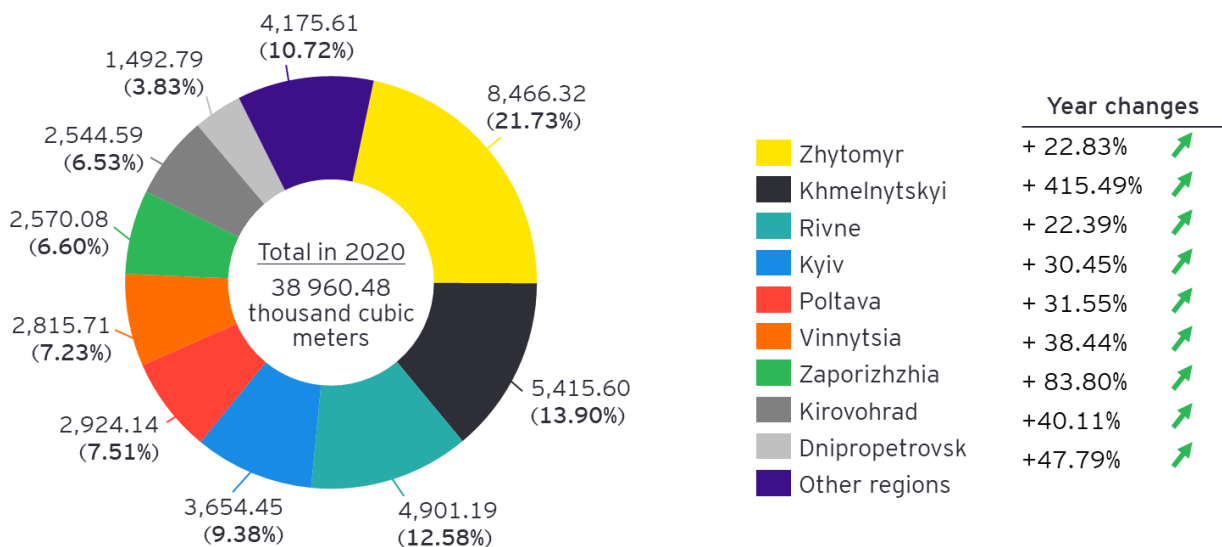


Figure 5.55: Volume of building stone extraction by administrative region of Ukraine in 2019-2020, thousand cubic meters<sup>159</sup>

With the current level of mining, the balance sheet of building stone reserves would be sufficient for 203 years.

### 5.9.3.2 Value of building stones extracted

According to the State Statistics Service, the aggregated category of economic activities "Extraction of other minerals and quarrying" (NACE-2010 code B08) sold products worth a

<sup>158</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Building Stone (Issue 37), 2021

<sup>159</sup> Geoinform of Ukraine, State Balance Sheet of Mineral Reserves of Ukraine, Building Stone (Issue 37), 2021

total of UAH 27,278.5 million<sup>160</sup> in 2020. Of these, sales of stone, sand and clay (NACE-2010 code B08.1), which includes building stones, amounted to UAH 26,303.5 million in 2020.

Since disaggregated data on the value of quartz sand extracted are not publicly available, the Independent Administrator has prepared a request to the State Statistics Service. In response to the request the State Statistics Service provided the data on the volume of sold products (goods and services) according to the Industrial Product Nomenclature (NPP). According to these data, in 2020 the types of products included in the category "Decorative and building stone, limestone, gypsum, chalk and shale clay" were sold (product NNP code 08.11) worth of UAH 2,997.69 million, including:<sup>161</sup>

- ▶ Category "Ekausin and other limestone, other decorative or constructional with a density of 2500 kg / m<sup>3</sup> or more" (product NNP code 08.11.11.50) - UAH 73.25 million;
- ▶ Category "Granite, non-processed or rough-hewn (gross)" (product NNP code 08.11.12.33) - UAH 1,335.09 million;
- ▶ Category "Granite sawn into rectangular or square blocks and slabs (gross)" (product NPP code 08.11.12.36) - UAH 11.40 million;
- ▶ Category "Sandstone (gross)" (product NPP code 08.11.12.50) - UAH 55.17 million;
- ▶ Category "Other stones for monuments or construction" (product NPP code 08.11.12.60) - UAH 60.36 million
- ▶ Category "Limestone, limestone flux and other limestone for the manufacture of lime and cement (except crushed limestone filler and limestone of specified sizes)" (product NPP code 08.11.20.50) - UAH 1,407.92 million;
- ▶ Category "Chalk" (product NPP code 08.11.30.10) - UAH 54.50 million.

### 5.9.5 Exports and imports of building stone processing products

In 2020, according to the State Statistics Service, the volume of exports of pebbles, gravel and rubble amounted to 3,409.19 thousand tons worth of USD 29.77 million. Compared to the previous year, Russia's share in exports increased significantly (72.44% of the total exports compared to 39.42% in 2019). At the same time, the total volume of exports of pebbles, gravel and crushed stone decreased by 25.34% compared to 2019.

In 2020, the volume of imports of pebbles, gravel and rubble amounted to 513.21 thousand tons and increased by 10.36% compared to 2019. Imports were mostly from Belarus (39.67% of the total imports), Turkey (33.10%), and Romania (16.19%).

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<sup>160</sup> State Statistics Service, Volume of sold industrial products by type of activity, [http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp\\_u/arh\\_orp\\_u.html](http://www.ukrstat.gov.ua/operativ/operativ2007/pr/orp/orp_u/arh_orp_u.html)

<sup>161</sup> According to the State Statistics Service on the sale of industrial products by type (according to the Industrial Product Nomenclature, NPP) for 2020

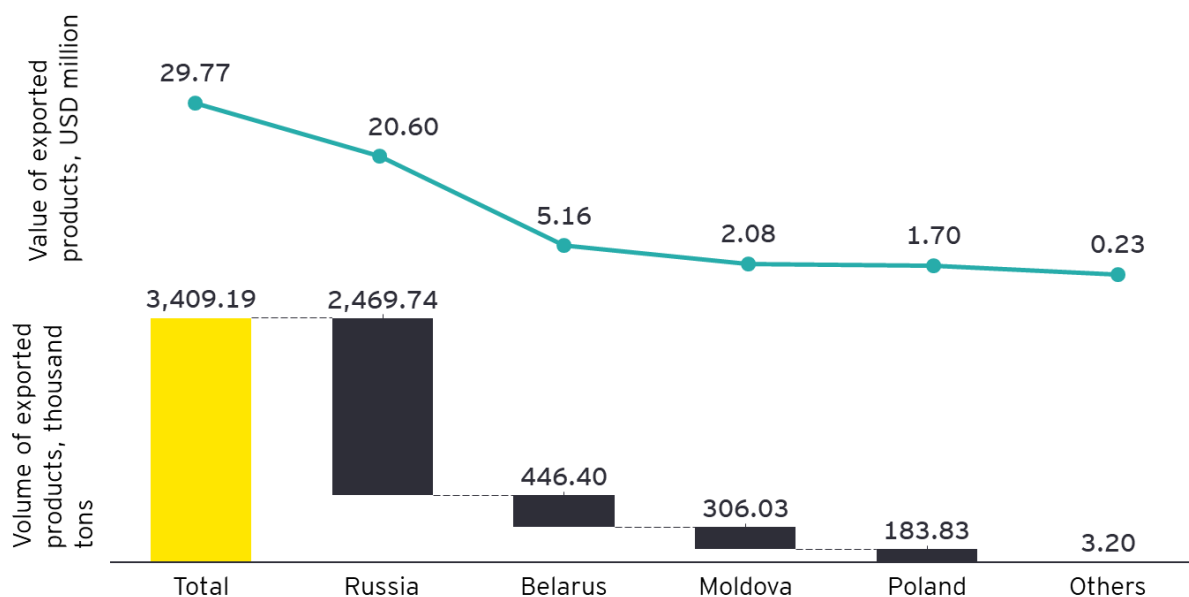


Figure 5.56: Exports of pebbles, gravel, crushed stone by country in physical and monetary units in 2020<sup>162</sup>

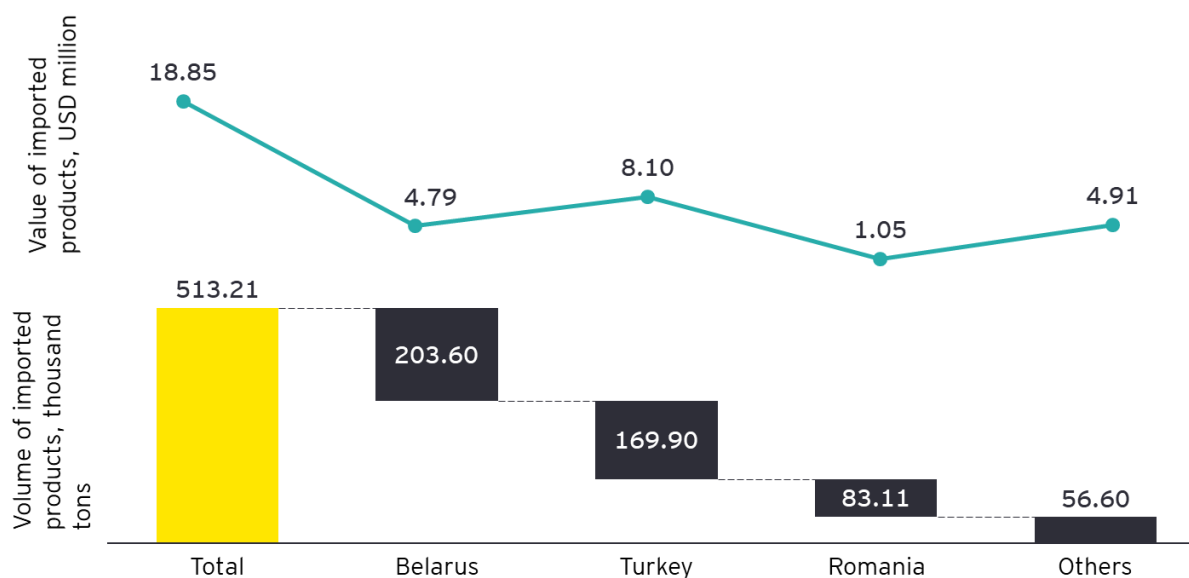


Figure 5.57: Volumes of imports of pebbles, gravel, crushed stone by country in physical and monetary units in 2020<sup>163</sup>

<sup>162</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)

<sup>163</sup> State Statistics Service, Foreign Trade in Certain Types of Goods by World Countries, 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm)



**Conclusions to the section**

Ukraine has significant reserves of building stone, which are concentrated in 946 deposits and as of 01.01.2021 amounted to 7,906.80 million cubic meters. More than half of all building stone reserves in Ukraine are granite deposits - 54.02%. There are also significant deposits of other types of stones in Ukraine: sandstone, gneiss, migmatite, limestone, quartzite, gabbro-anorthosite and andesite.

In 2020, the volume of production increased by 44.11% compared to 2019 and amounted to 38,960.48 thousand cubic meters. It is for the first time since 2015, that the dynamics of mining stone extraction has increased dramatically. Building stones were mostly extracted in Zhytomyr region (21.73%), as well as Khmelnytsky (13.90%) and Rivne (12.58%) administrative regions.

In 2020, the volume of exports of pebbles, gravel and rubble decreased by 25.34% compared to 2019 to 3,409.19 thousand tons, while the volume of imports, on the contrary, increased by 10.36% and amounted to 513.21 thousand tons.

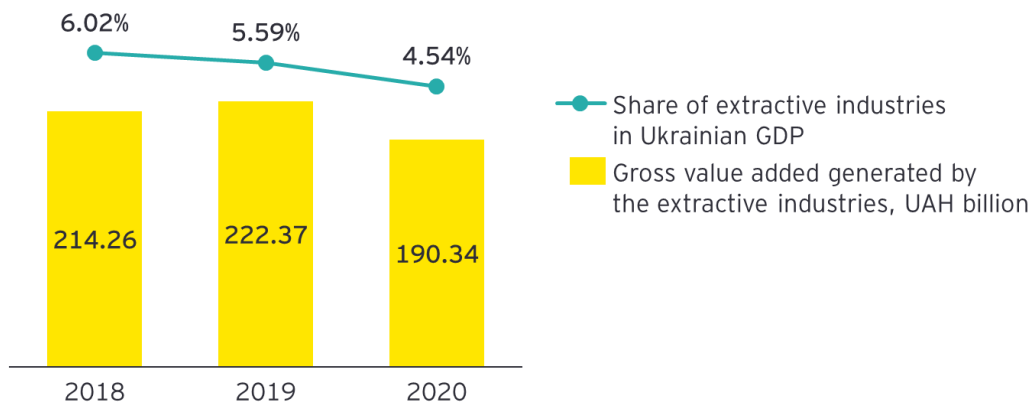
## 5.10 The contribution of extractive industries to the Ukrainian economy

### 5.10.1 Contribution to the formal sector of the economy

#### 5.10.1.1 Contribution to the GDP of Ukraine

Direct contribution of all extractive industries<sup>164</sup> of Ukraine to its GDP in 2020 amounted to UAH 190.34 billion, or 4.54% of the GDP. Compared to 2019, the gross value added of extractive industries decreased by UAH 32.01 billion, or 14.4%.

As of the time of preparation of this EITI Report 2020, the detailed annual information on output and GDP by individual extractive industries has not yet been published by the State Statistics Service. Therefore, this report provides only aggregate information on the output of all extractive industries together and their aggregated contribution to the GDP. According to the State Statistics Service official information publication calendar for 2021<sup>165</sup>, the detailed data on output and GDP for 2020 will be only published by the State Statistics Service on December 30, 2021.



**Figure 5.58: The contribution of extractive industries to the Ukrainian GDP in 2018-2020, UAH billion**

#### 5.10.1.2 Contribution to exports

The value of exports of extractive industries in 2020 amounted to USD 2,993.56 million, which is 33.96% more than last year.

In 2020, the share of exports of extractive industries in the value of exports of all goods from Ukraine amounted to 5.96%, and the share of total exports of extractive industries in the value of the total exports of goods and services from Ukraine increased to 4.94% (3.42% in 2019). This is primarily due to the increase in the value of exported non-agglomerated iron ores by

<sup>164</sup> In this report, "extractive industries" means economic activities related to "Mining and quarrying" - section B of NACE-2010, namely: B05 "Mining of coal and lignite"; B06 "Extraction of crude oil and natural gas"; B07 "Mining of metal ores"; B08 "Extraction of other minerals and quarrying"; B09 "Provision of ancillary services in the field of mining and quarrying"

<sup>165</sup> State Statistics Service, Calendar of publishing information for 2020, [http://www.ukrstat.gov.ua/plansite/2020/statinform2\\_2020.htm](http://www.ukrstat.gov.ua/plansite/2020/statinform2_2020.htm)

43.28% compared to 2019. In 2020, the contribution of non-agglomerated iron ores to Ukraine's exports amounted to 4.28%, which exceeds the contribution of other extractive industries all combined.

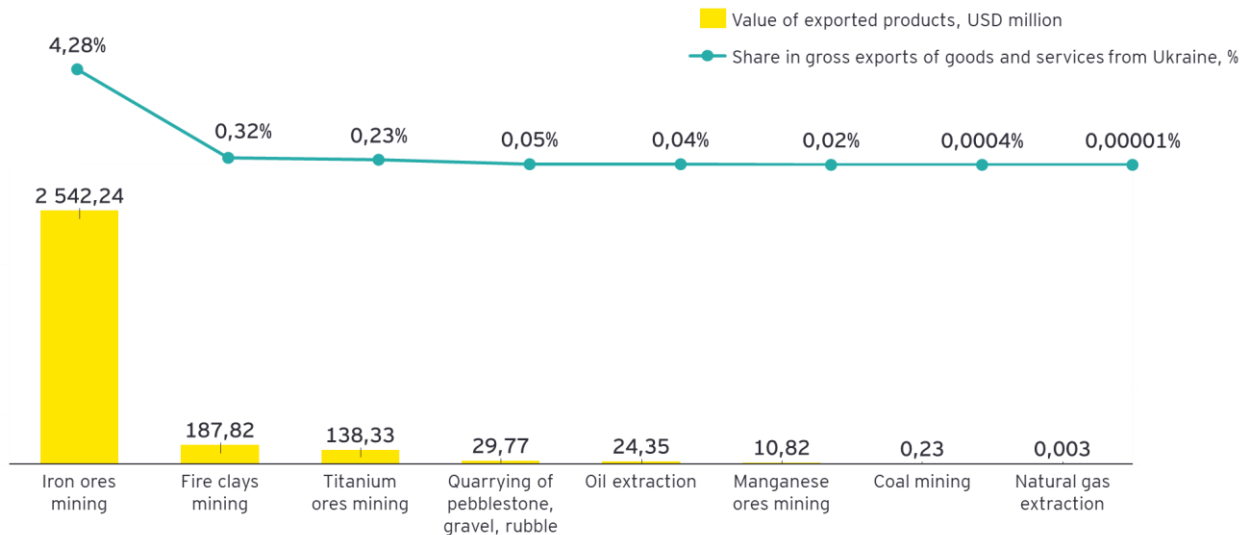


Figure 5.59: Contribution of extractive industries to Ukraine's exports in 2020<sup>166</sup>

The State Statistics Service publishes statistics on foreign trade in certain types of goods in accordance with the Ukrainian Classification of Goods for Foreign Economic Activity (UKTZED). This classification does not distinguish separate categories for high-melting clay and quartz sand. Therefore, this section does not consider the contribution of these industries to Ukraine's exports.

### 5.10.1.3 Contribution to revenues in favour of the state

According to government agencies (STS, SCS, Ministry of Economy, Derzhgeonadra), the total payments of the accountable extractive industries in favour of the state<sup>167</sup> in 2020 amounted to UAH 186,658,453.51 thousand, which is 12.89% more than in 2019. A significant share of payments to the state from the reporting extractive industries (80.01%) are from the oil and natural gas extractive industry.

In 2020, the share of payments of the reporting extractive industries in all tax and non-tax revenues of the Consolidated Budget of Ukraine and the total Unified Contribution received was 11.21%. Of these, the share of the oil and natural gas industry was 8.97% (**Table 5.32**).

<sup>166</sup> State Statistics Service, statistical information "Foreign trade in certain types of goods by country" in 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e\\_iovt/arh\\_iovt2020.htm](http://www.ukrstat.gov.ua/operativ/operativ2020/zd/e_iovt/arh_iovt2020.htm); Ukraine's foreign trade 2020, [http://www.ukrstat.gov.ua/druk/publicat/kat\\_u/2021/zb/06/ztu\\_20\\_ue.pdf](http://www.ukrstat.gov.ua/druk/publicat/kat_u/2021/zb/06/ztu_20_ue.pdf)

<sup>167</sup> The revenues in favour of the state include tax and non-tax payments from mining companies to the benefit of the state, including Unified Social contribution

Table 5.32: State revenues from extractive industries in 2020

Extractive industry	Payments from extractive industries, thousand UAH	Share in the revenues to the benefit of the state, % <sup>168</sup>
Oil and natural gas extraction	149,339,058.93	8.97%
Coal mining	8,891,377.86	0.53%
Iron ores mining	9,439,908.01	0.57%
Titanium ores mining	574,509.89	0.03%
Manganese ores mining	738,256.94	0.04%
Oil and natural gas transmission	17,675,341.88	1.06%
<b>Total</b>	<b>186,658,453.51</b>	<b>11.21%</b>

#### 5.10.1.4 Contribution to capital investments

In 2020, the total capital investments in extractive industries<sup>169</sup> was UAH 44,755.57 million or 10.66% of the total capital investments in Ukraine. 42.96% of the total capital investments in extractive industries were in iron ore mining industry, 33.87% - in natural gas extractive industry, and 14.33% - in hard coal and lignite mining industry.

Significant capital investments in 2020 were attracted in the following administrative regions: Kyiv - 35.92% of the total investments in extractive industries or UAH 16,075.63 million, Dnipropetrovsk region - 32.53% or UAH 14,558.36 million, Poltava region - 15.79% or UAH 7,066.61 million. Compared to the previous year, the share of the city of Kyiv decreased (in 2019 it was 48.22%), however the share of Dnipropetrovsk and Poltava regions increased (in 2019 - 27.75% and 11.47%, respectively). It should be noted that capital investments of extractive industries accounted for 71.79% of the total capital investments in Poltava region and 51.11% - in Dnipropetrovsk region<sup>170</sup>.

<sup>168</sup> Calculated by the Independent Administrator on the basis of information of the State Treasury Service of Ukraine on revenues of the Consolidated Budget of Ukraine in 2020 (<https://www.treasury.gov.ua/ua/file-storage/richnij-zvit-pro-vikonannya-derzhavnogo-byudzhetu-ukrayini-za-2020-rik>) on the receipt of USC (<https://tax.gov.ua/diyalnist/pokazniki-roboti/nadhodjennya-podatkov-i-zboriv-obov'яз/nadhodjennya-koshtiv-edinogo-vnesku/>). To calculate the revenues of the Consolidated Budget of Ukraine tax and non-tax revenues were taken into account and revenues from capital transactions; revenues from the European Union, foreign governments, international organizations, donor agencies; target funds were excluded.

<sup>169</sup> In this report, "extractive industries" means economic activities related to "Mining and quarrying" - section B of NACE-2010, namely: B05 "Mining of coal and lignite"; B06 "Extraction of crude oil and natural gas"; B07 "Mining of metal ores"; B08 "Extraction of other minerals and quarrying"; B09 "Provision of ancillary services in the field of mining and quarrying"

<sup>170</sup> State Statistics Committee, Capital investments by types of industrial economic activity by region in January-December 2020, [http://www.ukrstat.gov.ua/operativ/operativ2020/ibd/kin/kin\\_prom\\_reg\\_%D0%86Vkv.xlsx](http://www.ukrstat.gov.ua/operativ/operativ2020/ibd/kin/kin_prom_reg_%D0%86Vkv.xlsx)

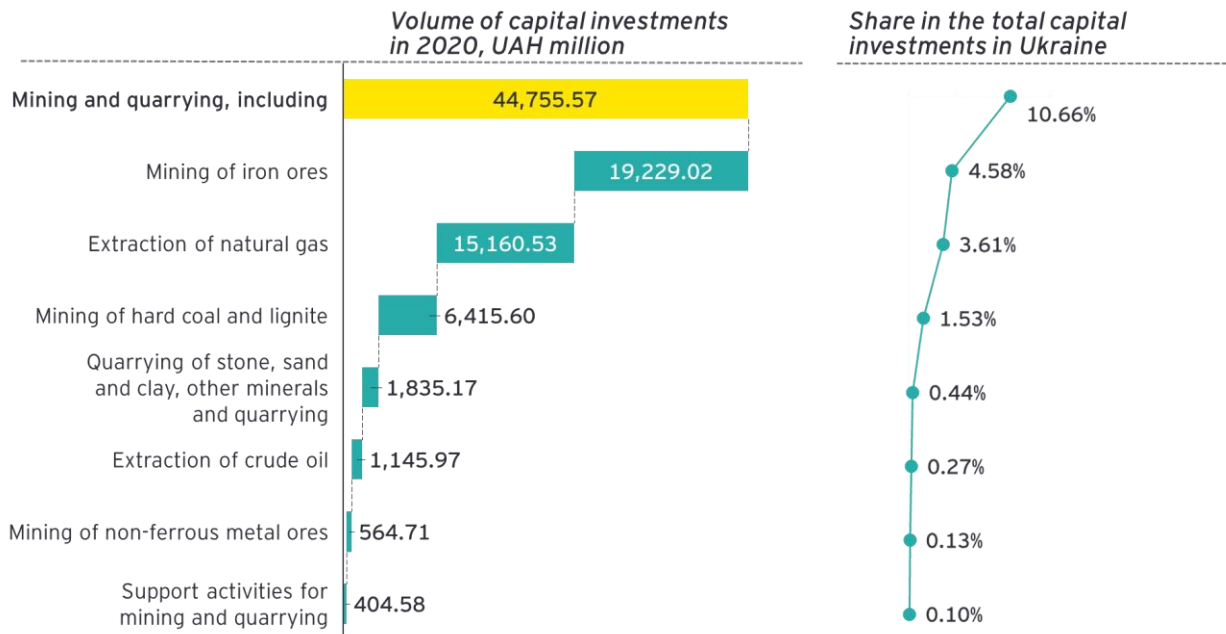


Figure 5.60: The contribution of extractive industries to capital investment in 2020<sup>171</sup>

#### 5.10.1.5 Contribution to employment and its gender structure in extractive industries

In 2020, the average number of full-time employees in the extractive industries was 186.4 thousand people - a decrease by 4.90% compared to the previous year. Overall, the extractive industries employed 2.54% of the average number of full-time employees in Ukraine in 2020, including 0.92% (67.4 thousand people) in hard coal and lignite mining, and 0.82% (59.9 thousand people) in metal ore mining (**Figure 5.61**)<sup>172</sup>.

The average monthly salary of the extractive industries' employees in 2020 was UAH 16,763, which is 7.25% more than in 2019. Moreover, the average monthly salary of employees in the extractive industries is 44.62% higher than the average monthly salary in Ukraine and 31.38% higher than the average monthly salary of the people employed in the industrial production industry.

<sup>171</sup> State Statistics Service, statistical information "Capital investments" in 2020, [https://ukrstat.org/uk/operativ/operativ2020/ibd/kin/arh\\_kin\\_va\\_ved\\_IV20\\_u.htm](https://ukrstat.org/uk/operativ/operativ2020/ibd/kin/arh_kin_va_ved_IV20_u.htm)

<sup>172</sup> State Statistics Service, Average number of full-time employees by type of economic activity [http://www.ukrstat.gov.ua/operativ/operativ2018/gdn/Sok\\_ed/Arch\\_sok\\_ed\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2018/gdn/Sok_ed/Arch_sok_ed_u.htm)

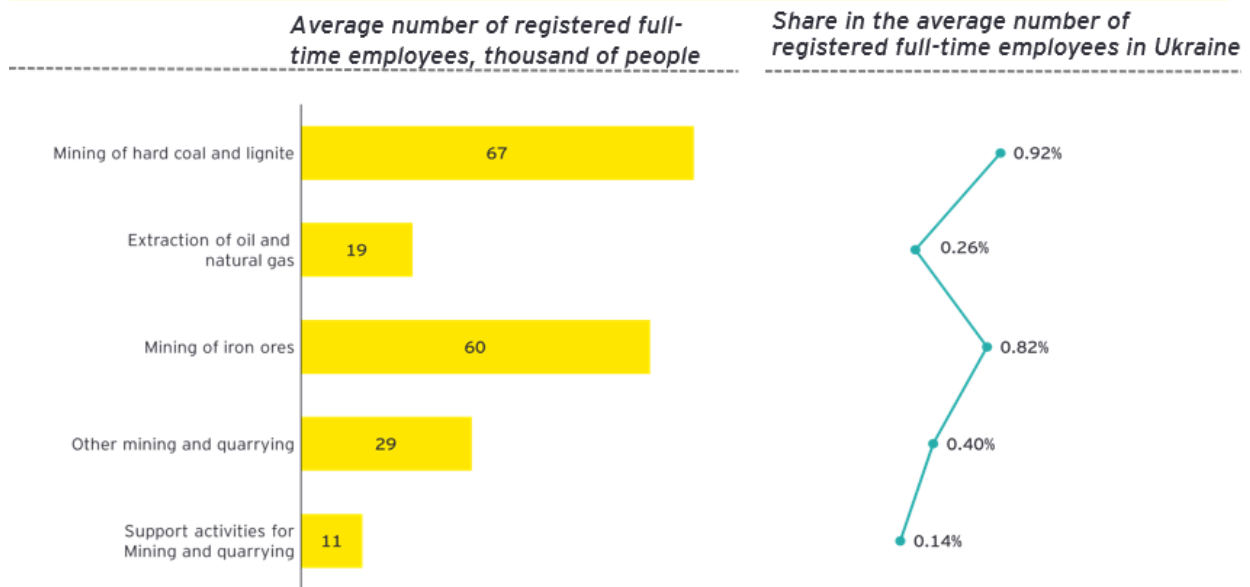


Figure 5.61: The contribution of extractive industries to job creation in Ukraine in 2020<sup>173</sup>

As in previous years, the people employed in all extractive industries, namely 74.68%, were mostly males. The share of women was 25.32%. A similar trend was observed in all extractive industries (Figure 5.62).

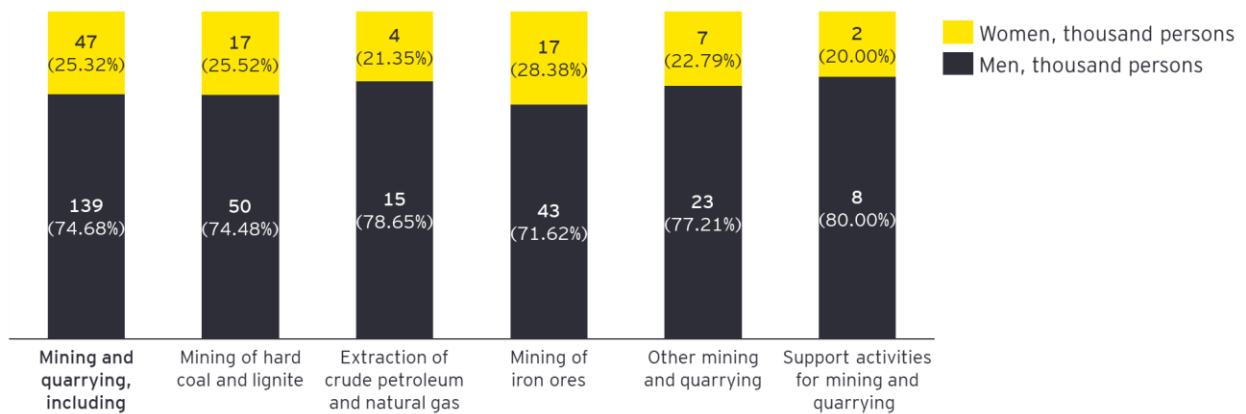


Figure 5.62: The gender structure of the average number of full-time employees in the extractive industries in 2020<sup>174</sup>

In the Multilateral Stakeholder Group, the gender distribution is the following: 35% women and 65% men. The EITI MSG consists of 5 women and 9 men<sup>175</sup>.

<sup>173</sup> The data on the average number of full-time employees in the extractive industries were obtained from the State Statistics Service in response to a request from the Independent Administrator for the purposes of preparing this EITI Report

<sup>174</sup> Calculated based on information from the State Statistics Service on the average number of full-time employees in the extractive industries, received in response to a request from the Independent Administrator for the purposes of preparing this EITI Report

<sup>175</sup> Extractive industry data portal <https://eiti.gov.ua/pro-iniciativu-prozorosti/bagatostoronnya-grupa-zacikavlenih-osib/>

### 5.10.2 Contribution to the informal sector of economy

The information about the size of the shadow economy in Ukraine's extractive industries is available in open sources - the study of the Ministry of Economy of Ukraine and the data published by the State Statistics Service of Ukraine.

- 1. According to the Ministry of Economy<sup>176</sup>, the level of the shadow economy in the extractive industries in 2020 increased by 9% compared to 2019 and amounted to 41% of the gross value added of these industries**

It should be noted that the study of the Ministry of Economy was conducted using improved Guidelines approved by the order of the Ministry of Economy from 20.01.2021 No 104<sup>177</sup>. The Guideline define the shadow economy as follows:

*The shadow economy is an unregistered business activity of an economic entity, the results of which are part of the gross domestic product, but are not fully covered by official statistics and, consequently, do not create tax liabilities to the state and violate the law<sup>178</sup>.*

According to the Order of the Ministry of Economy No 104 of 20.01.2021, the level of the shadow economy can be calculated using different assessment methods. According to one of such methods - the unprofitable company method - the level of the shadow economy in the extractive industries of Ukraine in 2020 amounted to 41%. According to the methodology of the Ministry of Economy, the unprofitable company method assumes that all unprofitable companies are only unprofitable according to the official statistics. Their profitability is equal to that of profitable companies. As of 2020, 43% of the companies operating in mining and quarrying had suffered a loss, according to the official data from the State Statistics Service<sup>179</sup>. The largest ratio of losses to profits is observed among those enterprises belonging to the sectors of coal and lignite mining, non-ferrous metal ores mining, as well as the provision of mining support service activities.

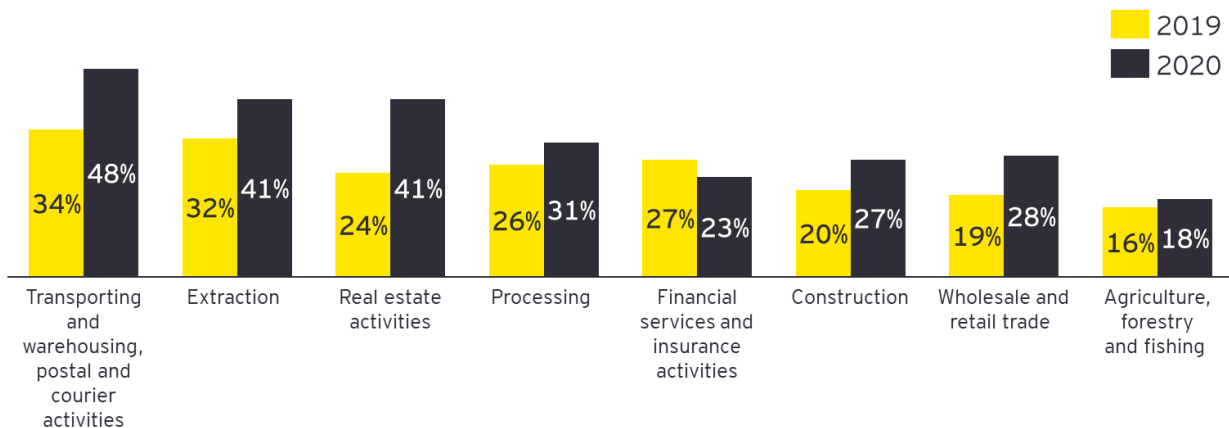
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<sup>176</sup> Ministry of Economy, General trends of the shadow economy in Ukraine in 2020, <https://me.gov.ua/Documents/List?lang=uk-UA&id=e384c5a7-6533-4ab6-b56f-50e5243eb15a&tag=TendentsiiTinovoiEkonomiki>

<sup>177</sup> Methodological Guidelines for Calculating the Level of the Shadow Economy, approved by the order of the Ministry of Economy No 104 of 20.01.2021, <https://www.me.gov.ua/Documents/Download?id=6bc01201-095b-4890-b998-ff5bf32ba473>

<sup>178</sup> Definition of the shadow economy in line with the Order of the Ministry of Economy "On Amendments to the Guidelines for Calculating the Level of the Shadow Economy" No 104 of 20.01.2021

<sup>179</sup> State Statistics Service, Financial results before taxation of enterprises by type of economic activity with division into large, medium, small and micro enterprises (2010-2020), [http://www.ukrstat.gov.ua/operativ/menu/menu\\_u/sze\\_20.htm](http://www.ukrstat.gov.ua/operativ/menu/menu_u/sze_20.htm)



**Figure 5.63: The level of the shadow economy in mining and other sectors of the economy of Ukraine in 2019-2020, based on the unprofitable company method (% of the gross value added of the sectors)<sup>180</sup>**

According to the study of the Ministry of Economy, the integrated level of the shadow economy in Ukraine in 2020 was 30% of the official GDP. However, different methods of calculating the level of the shadow economy result in different ratios:

- ▶ the unprofitable companies method - 27% of the official GDP;
- ▶ the monetary method - 31% of official GDP;
- ▶ the "population expenditure - retail trade" method - 22% of the official GDP;
- ▶ the electricity consumption method - 23% of the official GDP.

2. According to the State Statistics Service, the share of informally employed population in the extractive industries of Ukraine in 2020 is estimated at 7.69% of the total employment in the industries, assuming that the level of informal employment in extractive industries corresponds to the level of informal employment in Ukrainian industry as a whole.

According to the Order of the State Statistics Service "On approval of Methodological framework for determining informal employment" No 16 of 23.01.2013, informal employment is defined as the total number of informally employed employees in both formal and informal sectors or households. Informal employment covers the following categories of the population:

- ▶ self-employed persons and employers working in their own enterprises in the informal sector;
- ▶ family members working for free, regardless of whether they work in formal or informal sector companies;
- ▶ hired labour who perform informal work and are not covered by legal or social protection as formally employed people and are not entitled to other employment-related benefits, as well as hired workers in households;

<sup>180</sup> Ministry of Economy, General trends of the shadow economy in Ukraine in 2020, <https://me.gov.ua/Documents/List?lang=uk-UA&id=e384c5a7-6533-4ab6-b56f-50e5243eb15a&tag=TendentsiiTinovoiEkonomiki>



- ▶ members of informal production cooperatives<sup>181</sup>.

According to the State Statistics Service, the number of informally employed people in Ukraine aged 15-70 is 3,237.8 thousand people, or 20.34% of the employed population of Ukraine. In the industrial sector, this figure is much lower - 7.69%. Moreover, 181.32 thousand people out of 2,358.6 thousand people employed in industry were informally employed labour in 2020<sup>182</sup>.

The Independent Administrator assumed that the level (share) of informal employment in the extractive industries was the same as in the industry as a whole. Therefore, the share of the informally employed labour in the extractive industries in 2020 is estimated at 7.69%.

The publicly available information on the number of people employed in industry is aggregated and there is no breakdown by extractive industries. Therefore, the EITI Report 2020 does not provide data on the share of informally employed labour by individual extractive industry.

### 5.10.3 Payments by extractive companies for social and charitable purposes

The EITI standard, in particular paragraph a) of Requirement 6.1, requires disclosure of the mandatory social expenditures by extractive companies, if they are material. However, Ukrainian legislation does not contain the concept of "mandatory social expenditures by extractive companies" and does not provide a list of cases where such costs of mining companies (other than the payment of USC) may be mandatory.

In accordance with the requirements of the EITI Law<sup>183</sup> adopted in 2018, mining companies are required to disclose information about their participation in social projects or programs and the total amount of payments under each social project or program. The relevant information is provided by mining companies in the reporting templates approved by the Resolution of the Cabinet of Ministers of 23.09.2020 No 858<sup>184</sup>.

As these reporting templates do not provide for the breakdown of social and charitable expenditures by their final use, the Independent Administrator split the expenditures into the following categories:

- ▶ Health care, support to health care facilities;
- ▶ Charity;
- ▶ Support for local communities;
- ▶ Education and science, support to educational institutions;
- ▶ Sports;
- ▶ Social assistance to the people;

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<sup>181</sup> The definition of the concept of informal employment in line with the Order of the State Statistics Service "On approval of Methodological framework for determining informal employment" No 16 of 23.01.2013

<sup>182</sup> The share and number of informally employed people in the extractive industries is calculated based on the information of the State Statistics Service. Source: (1) State Statistics Service, statistical information "Employed labour by type of economic activity in 2012-2020", [http://www.ukrstat.gov.ua/operativ/operativ2014/rp/zn\\_ed/zn\\_ed\\_u/zn\\_ed\\_2013\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2014/rp/zn_ed/zn_ed_u/zn_ed_2013_u.htm); (2) State Statistics Service, statistical information "Informally employed population by type of economic activity in 2020", [http://www.ukrstat.gov.ua/operativ/operativ2017/rp/eans/eans\\_u/arch\\_nzn\\_ved\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2017/rp/eans/eans_u/arch_nzn_ved_u.htm)

<sup>183</sup> The EITI Law, <https://zakon.rada.gov.ua/laws/show/2545-19#Text>

<sup>184</sup> Resolution of the Cabinet of Ministers of Ukraine of 23.09.2020 No 858, <https://zakon.rada.gov.ua/laws/show/858-2020-%D0%BF#n14>

- ▶ Support to the participants of the JFO<sup>185</sup> and the events dedicated to the memory of the participants of the JFO.

During the preparation of the EITI Report 2020, 24 reporting companies (out of the 54 accountable extractive companies) provided information on their social and charitable expenditures, including 14 oil and natural gas companies, 8 iron ore mining companies, and 2 coal mining companies. According to the companies, their total social and charitable payments in 2020 amounted to UAH 1,152.38 million.

In terms of target areas, the largest share of social and charitable expenditures by the reporting companies was in the category "Health care, support of health care facilities" - UAH 663.94 million, or 57.61% of the total payments.

**Table 5.33: Expenditures of reporting companies for social and charitable purposes in 2019 by target areas and extractive industries, thousand UAH (excluding VAT)**

Target area of expenditures	Oil and gas	Iron ores	Coal	TOTAL
Healthcare, medical facilities support	647,156.23	13,063.08	3,724.68	663,943.98
Charity	1,004.76	324,775.56	-	325,780.32
Support for local communities	38,595.23	61,771.68	32,574.10	132,941.01
Education and science, educational facilities support	4,586.14	1,720.23	8,654.84	14,961.21
Sports	1,426.41	-	11,987.60	13,414.01
Social support of population	168.68	245.83	576.10	990.61
Support of JFO participants and events dedicated to the memory of JFO participants	135.89	216.71	-	352.60
<b>TOTAL</b>	<b>693,073.34</b>	<b>401,793.09</b>	<b>57,517.32</b>	<b>1,152,383.74</b>

In 2020, Ukgazvydobuvannya JSC incurred the largest social and charitable expenditures among the reporting extractive companies - 58.06% of the total payments of all reporting companies. The second and third top companies are Northern Iron Ore Enrichment Works PrJSC and Ingulets Iron Ore Enrichment Works PrJSC, whose shares in the total social and charitable expenditures by the reporting companies were 11.83% and 11.37%, respectively.

**Table 5.34: Expenditures of reporting companies for social and charitable purposes in 2020<sup>186</sup>**

Name of the extractive company	Extractive industry	Expenditures for social and charitable purposes, UAH thousand
Ukgazvydobuvannya JSC	Oil and gas	669,022.24
Northen Iron Ore Enrichment Works PrJSC	Iron ores	136,335.55
Ingulets Iron Ore Enrichment Works PrJSC	Iron ores	131,057.00

<sup>185</sup> Joint Forces Operations

<sup>186</sup> According to data of the companies

Name of the extractive company	Extractive industry	Expenditures for social and charitable purposes, UAH thousand
Central Iron Ore Enrichment Works PrJSC	Iron ores	79,000.00
DTEK Pavlohdacoal PrJSC	Coal	47,319.90
Southern Iron Ore Enrichment Works JSC	Iron ores	33,785.84
Colliery Group Pokrovs'ke PJSC	Coal	10,197.42
ArcelorMittal Kryvyi Rih PJSC	Iron ores	8,931.00
Yerystiv Iron-Ore Enrichment Works LLC	Iron ores	8,822.00
Energy Service Company Esco-Pivnich LLC	Oil and gas	8,607.30
Naftogazvydobuvannya PrJSC	Oil and gas	8,249.70
Velta LLC	Iron ores	2,955.89
Poltava Petroleum Company JV	Oil and gas	2,421.83
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	Oil and gas	1,767.63
Representative Office of Regal Petroleum Corporation Limited	Oil and gas	1,700.00
Krivyi Rig Iron-Ore Combine PJSC	Iron ores	905.81
Ukrgazvydobutok PrJSC	Oil and gas	532.17
Natural resources PrJSC	Oil and gas	454.21
Prom-Energo Product LLC	Oil and gas	185.95
Nordik PE	Oil and gas	100.00
Nadra-Geoinvest LLC	Oil and gas	15.00
Zakhidnadraserivce LLC	Oil and gas	10.00
Systemoilengineering LLC	Oil and gas	4.00
Kub-gaz LLC	Oil and gas	3.31
<b>Total</b>		<b>1,152,383.74</b>

## 5.11 Quasi-fiscal operations

The requirement of the EITI Standard 6.2 requires disclosure of information on quasi-fiscal operations of public sector enterprises, in particular on payments for social services, public infrastructure, fuel subsidies and national debt servicing.

According to the EITI MSG decision, based on the available information and recommendations of the Independent Administrator, quasi-fiscal operations only in the gas industry of Ukraine were identified as significant for disclosure in the EITI Report (Minutes of the EITI MSG meeting of November 22, 2019). No other significant types of quasi-fiscal operations were identified. For the purposes of preparing the EITI Report 2020, the request for quasi-fiscal operations was addressed to all significant extractive enterprises of the public sector of the economy (Minutes of the EITI MSG meeting of October 1, 2021).

According to Naftogaz of Ukraine NJSC, the company's total quasi-fiscal expenditures amounted to UAH 37,158,778 thousand in 2020. The figure includes the accumulated receivables for the sale of natural gas to households and heat companies as of 31.12.2020. No other reporting gas extractive company conducted quasi-fiscal operations during 2020.

**Table 5.35: Quasi-fiscal operations in the gas extracting industry in 2020<sup>187</sup>**

Indicator	Amount, UAH thousand
Supply of natural gas to natural gas suppliers for the needs of household consumers, religious organizations (except for the volumes used for their production and commercial activities) and heat producers at prices and under conditions determined by the Resolution of Cabinet of Ministers of 22.03.2017 No 187 and 19.10.2018 No 867	-
Accumulation of receivables of the Naftogaz of Ukraine NJSC for the sale of natural gas to the households and heat companies <sup>188</sup>	37,158,778
Borrowings taken by Naftogaz of Ukraine NJSC and other public sector entities, which (borrowings) give rise, in case of change of their holder and for other reasons specified in the loan agreement (bond issue prospectus), to obligations for early repayment of the loan.	-

<sup>187</sup> According to data of Naftogaz of Ukraine NJSC

<sup>188</sup> According to the response of Naftogaz of Ukraine NJSC, the receivables by DH companies as of December 31, 2019 are provided. The company does not supply natural gas to the households. The gas is sold to supply companies for further sale to the households

## 5.12 Assessment of the regional origin of payments in favour of the state from the extractive industries of Ukraine

There are no official statistics on the regional origin of payments to the state. In this regard, the Independent Administrator conducted its own assessment of the regional origin of payments in favour of the state from the extractive industries of Ukraine. The analysis of available information and the development of an appropriate methodology for estimating the regional origin of payments identified the following:

- ▶ Most of the tax and non-tax revenues generated by extractive companies in Ukraine do not have a clearly defined destination and fall into the general fund of the State Budget and / or local budgets. The only exception is the unified contributions, which are divided into types of compulsory state social insurance in the proportions approved by the Cabinet of Ministers<sup>189</sup> (for the detailed information on the destination of taxes and fees to the state and / or local budgets please see **Section 6.5**);
- ▶ In many cases, the legal address of the company registration and the actual place of extraction of minerals under special subsoil use permits may not match.

In view of the above, as well as the lack of objective official data, the results of the assessment reflect the **indicative revenues** of the state, which were generated in a particular region of Ukraine in 2020. The estimate is approximate and is based on the reasonable assumptions.

The assessment methodology and the key assumptions were as follows:

1. The scope of the assessment includes tax and non-tax revenues from all extractive companies in the accountable extractive industries (extraction of natural gas, oil, as well as coal, iron ore, titanium, and manganese ore mining)<sup>190</sup> for all types of payments in 2020. The source of information is the data of state agencies (STS, SCS, Derzhgeonadra) on the receipts of tax and other payments to the state in 2020, obtained for the purpose of reconciliation within the EITI Report.
2. The revenues from oil and natural gas transportation (Ukrtransgaz JSC, Ukrtransnafta JSC and Gas Transmission System Operator of Ukraine LLC) were not distributed among the administrative regions of Ukraine, as it is impossible to accurately match the payment of tax and non-tax payments by these companies with specific regions of Ukraine because of the peculiarities of their activities.
3. There is no breakdown of the revenues from Naftogaz of Ukraine NJSC by the administrative regions of Ukraine either, as the company is not directly involved in mining (it has no special mining permits), and therefore it is impossible to determine which regions are associated with the payment of tax and non-tax revenues in favour of the state.
4. The distribution of revenues from the extraction of iron, titanium and manganese ores between the regions of the country was done by comparing the actual address of the business and the amount of payments paid by the companies. For example, if a company

<sup>189</sup> The proportions in which the USC is distributed are approved by the Resolution of the Cabinet of Ministers of Ukraine No 675 of 26.11.2014 "On Approval of the Proportions for Distribution of the Unified Contribution to the Mandatory State Social Insurance System", <https://zakon.rada.gov.ua/laws/show/675-2014-n>

<sup>190</sup> For more information on determining the list of the accountable sectors to be reconciled in the EITI Report 2020 please see **Chapter 9**

operates exclusively within one area, all payments of that company were treated as originating in that area. In the case of mining under several special subsoil use permits located in different administrative regions, such payments were divided by regions according to the volume of extraction in each region.

5. The total revenues from coal mining companies were distributed among the administrative regions of Ukraine in proportion to the volume of output in physical units. That is, tax and non-tax payments were compared with the volume of output and split between the regions in proportion to the share of output in the region. The source of information on the regional distribution of production volumes is Derzhgeonadra and the Ministry of Energy.
6. The total revenues separately from the natural gas and oil production industries was determined based on the paid production royalty. In the case of companies engaged in the production of both oil and natural gas, their payments were distributed among the branches of natural gas and oil in proportion to the amount of production royalty paid by them for subsoil use according to the relevant budget classification codes<sup>191</sup>. Since the production royalty for the extraction of hydrocarbons is based on the cost of marketable products (oil, condensate, and natural gas), it was assumed that the payments of oil and gas companies should be split into those related to natural gas production, those related to oil production, and those related to the extraction of condensate, in proportion to the production royalty paid.
7. In view of the division of production royalty payments by type according to the budget classification into payments paid for subsoil use for oil, natural gas and gas condensate extraction, the regional origin of condensate production payments was additionally assessed during the assessment of the regional origin of payments for oil and gas companies.
8. The regional distribution of the total revenues separately from oil, natural gas and condensate extraction was done in proportion to the regional structure of extraction of the relevant minerals.

The described methodology was used to estimate the regional origin of 58.78% of payments from extractive industries in 2020. Given the available information, this approach is the most accurate and applicable. The payments by Naftogaz of Ukraine NJSC (31.75% of the total revenues or UAH 59,263.78 million), as well as all payments of oil and natural gas transportation (9.47% of the total revenues or UAH 17,675.34 million) remained not distributed by region.

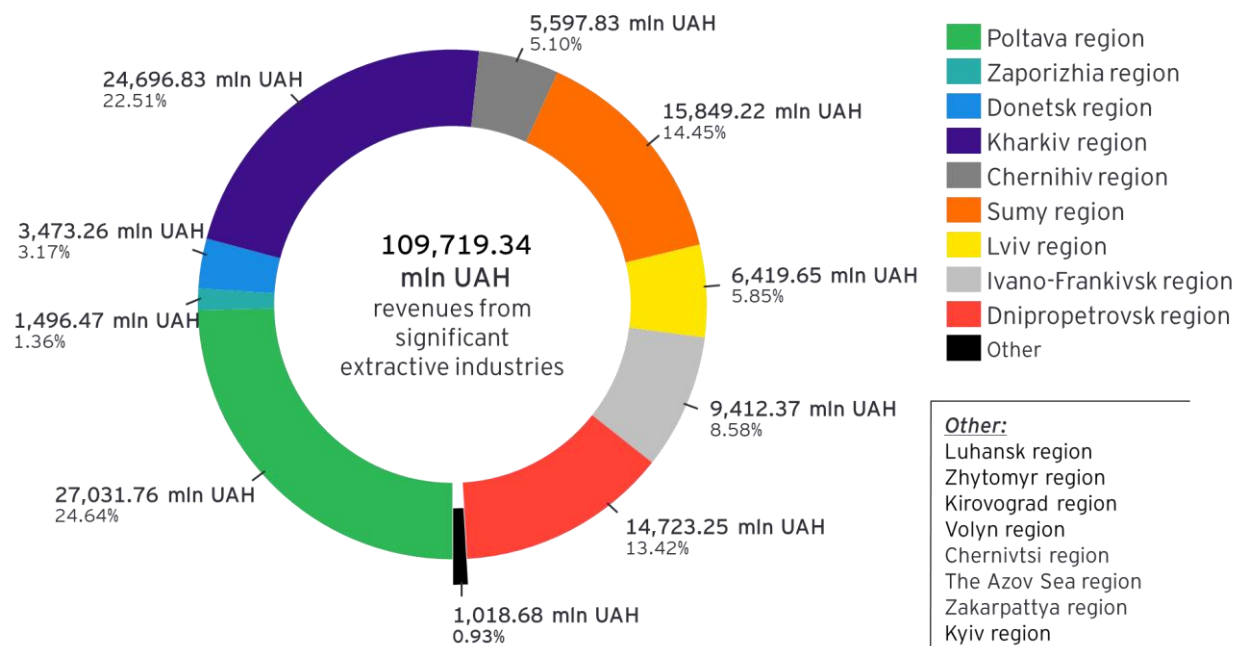
Detailed information from the companies in the significant extractive industries is needed for a more accurate assessment. For example, if a company operates in several regions, or produces both oil and natural gas at the same time, the correct distribution of payments without receiving detailed explanations from each such company is impossible. To be more precise, it is

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<sup>191</sup> To assess the regional origin of payments in the oil and natural gas industry, the production royalty payments were used with the following budget classification codes (BCC):  
13030700 - Production royalty for oil production;  
13030800 - Production royalty for the extraction of natural gas;  
13030900 - Production royalty for the extraction of gas condensate.

impossible to determine the tax base for extracting a particular type of mineral for most types of taxes.

The results of the assessment show that four administrative regions of Ukraine (Poltava, Kharkiv, Sumy and Dnipropetrovsk regions), where the major deposits of natural gas, oil and iron ore are located, provided 75.01% of revenues from the state from significant extractive industries in 2020. The remaining 24.06% of revenues fell on 5 regions (Ivano-Frankivsk, Lviv, Chernihiv, Donetsk and Zaporizhia regions). The rest of Ukraine's regions provided 0.93% of revenues to the state from significant extractive industries in 2020.



**Figure 5.64: Assessment by the Independent Administrator of the regional origin of payments in favour of the state from significant extractive industries of Ukraine in 2020, UAH million**

Table 5.36: Independent Administrator`s estimation of the regional origin of payments in favour of the state from the extractive industries in 2020

Name of region	Total, UAH millions	Including:						
		Oil	Natural gas	Condensate	Iron ores	Titanium ores	Manganese ores	Coal
Poltava region	27,031.76	3,311.81	20,684.12	2,957.51	78.32	-	-	-
Kharkiv region	24,696.83	1,141.23	21,642.31	1,913.29	-	-	-	-
Sumy region	15,849.22	15,037.42	677.05	134.74	-	-	-	-
Dnipropetrovsk region	14,723.25	223.77	754.36	47.16	7,723.82	300.22	737.08	4,936.84
Ivano-Frankivsk region	9,412.37	8,301.91	1,110.46	-	-	-	-	-
Lviv region	6,419.65	3,893.62	2,122.53	-	-	-	-	403.51
Chernihiv region	5,597.83	5,437.64	126.51	33.68	-	-	-	-
Donetsk region	3,473.26	-	2.34	-	-	-	-	3,470.91
Zaporizhya region	1,496.47	-	-	-	1,495.30	-	1.17	-
Luhansk region	477.64	22.38	365.47	20.21	-	-	-	69.58
Zhytomyr region	254.99	-	-	-	-	254.99	-	-
Kirovograd region	161.69	-	-	-	142.47	19.22	-	-
Volyn region	71.45	-	60.91	-	-	-	-	10.54
Chernivtsi region	31.75	22.38	9.37	-	-	-	-	-
The Azov Sea Shelf	18.74	-	18.74	-	-	-	-	-
Zakarpattia region	2.34	-	2.34	-	-	-	-	-
Kyiv region	0.09	-	-	-	-	0.09	-	-
<b>Total</b>	<b>109,719.34</b>	<b>37,392.17</b>	<b>47,576.53</b>	<b>5,106.59</b>	<b>9,439.91</b>	<b>574.51</b>	<b>738.26</b>	<b>8,891.38</b>



## 6. Statutory and fiscal regulation for extractive industries in 2020

### 6.1 Overview of the regulations applicable to extractive industries

According to Article 13 of the Constitution of Ukraine, the subsoil and natural resources within the territory of Ukraine, natural resources of its continental shelf and the exclusive (maritime) economic zone are the property of the People of Ukraine. Public authorities and local governments exercise these proprietary rights of the Ukrainian people within the limits set by the Constitution.

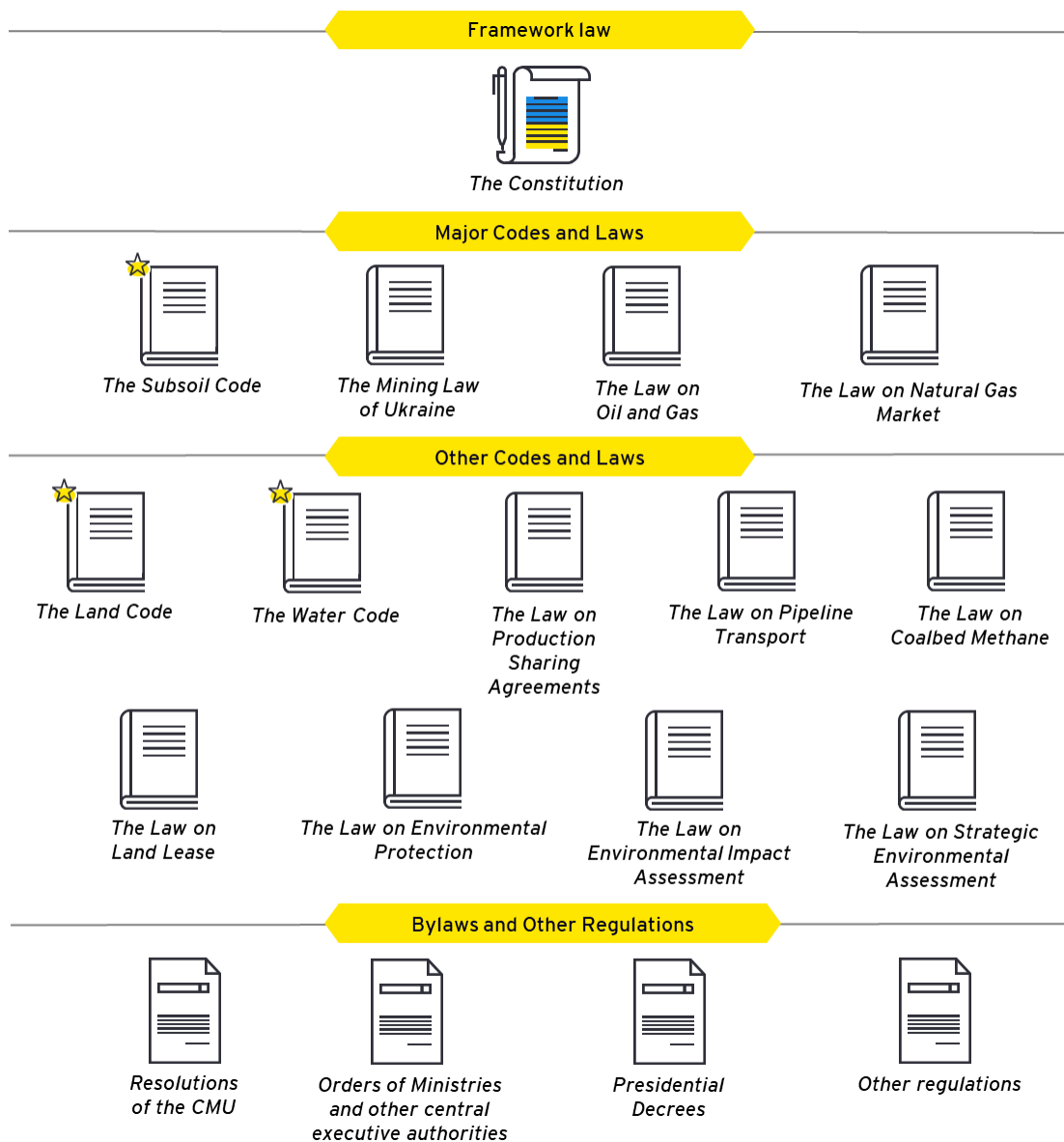


Figure 6.1: Legal framework of extractive industries

The Ukrainian legislation regulating mining is quite complicated. Some issues may be subject

to multiple regulations, which may be not fully coherent. In addition to the laws, the relationships in the sector are governed by a plenty of by-laws. The texts of laws and by-laws are available at the website of the Parliament: <http://rada.gov.ua/> (this report refers to the links to the regulations available as of 31.12.2020, unless noted otherwise).

This section provides information on the strategic documents for the extractive industry, statutory and tax regulation for mining industries applicable at the end of 2020. If certain rules or regulations had been effective only for a certain period, this fact is indicated separately.

### 6.1.1 Strategic documents in the extractive industry

The main directions for development and reform of the extractive industries in 2020 were determined in the following strategic documents:<sup>192</sup>

#### ***Government Mid-Term Priority Action Plan until 2020 and programs of CMU activities***

- ▶ The CMU Regulation dated 03.04.2017<sup>193</sup> approved the Government Mid-Term Priority Action Plan until 2020. To implement it, the CMU approved the Government Priority Action Plans for 2017, 2018, 2019. These documents outlined the government policy for reforming the extractive industry.
- ▶ Key priority areas for development and economic growth in the energy sector were identified as follows: increased energy independence, implementation of the EU Third Energy Package principles, reforming the coal sector and developing raw material base.
- ▶ In October 2019, after the Government changed, the new CMU activity program was developed.<sup>194</sup>
- ▶ In May-June 2020, in response to the urgent challenges of the COVID-19 pandemic and the economic crisis, the CMU approved the Economic Stimulus Program<sup>195</sup> and the updated CMU Activities Program.<sup>196</sup>
- ▶ The Economic Stimulus Program includes a number of short- and medium-term measures for the priority sectors of the Ukrainian economy for 2020-2022, while the updated CMU Activities Program is focused mostly on the long-term priorities. For the extractive industries, the priorities include but are not limited to the following:
  - strengthening energy independence by increasing the volume of domestic energy production;

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<sup>192</sup> The main areas of mining sector development are also determined in the documents adopted long before the reporting year, e.g., the Resolution of the CMU "[On Approval of the Ukrainian Coal Program](#)" No. 1205 dated 19.09.2001; Resolution of the CMU "[On the progress of coal industry restructuring](#)" No. 280 dated 28.03.1997.

<sup>193</sup> Resolution of the CMU "[On Approving the Government Mid-Term Priority Action Plan until 2020 and the Government Priority Action Plan for 2017](#)" No. 275-p dated 03.04.2017.

<sup>194</sup> Resolution of the Parliament "[On the CMU Activities Program](#)" No. 188-IX dated 04.10.2019.

<sup>195</sup> Resolution of the CMU "[On approval of the State program of economic stimulation to overcome the negative effects caused by restrictive measures to prevent the occurrence and spread of acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2, 2020-2022](#)" No. 534 dated 27.05.2020.

<sup>196</sup> Resolution of the CMU "[On Approval of the Activities Program of the Cabinet of Ministers of Ukraine](#)" No. 471 dated 12.06.2020.

- incentivizing geological exploration and extraction of hydrocarbons in the Ukrainian waters of the Black Sea shelf;
  - developing and implementing the coal industry reform program;
  - rational subsoil use;
  - ensuring the balanced development of territories that would need state support due to the reduction of coal mining.
- ▶ In September 2020, the Priority Action Plan of the Government for 2020 was approved to support the implementation of the updated CMU Activities Program.<sup>197</sup>

### ***Ukraine's Energy Strategy "Security, Energy Efficiency, Competitiveness" for the period of up to 2035***

- ▶ The Energy Strategy was approved on 18.08.2017<sup>198</sup> in the context of the Sustainable Development Strategy "Ukraine - 2020"<sup>199</sup>, replacing the Energy Strategy of Ukraine until 2030.<sup>200</sup> The 2035 Strategy outlines strategic targets for development of the fuel and energy complex and a milestone program for their achievement.
- ▶ The Strategy stipulates that by 2025 the reform of the energy industry of Ukraine will be completed, while the priority targets for energy security and energy efficiency will be achieved, and the industry's innovation, upgrade and integration with the EU energy sector will be ensured. It also suggests that after 2025 sustainable development of Ukraine's energy sector will be secured through a number of commitments, e.g., more than double reduction in energy intensity of GDP, build-up of new energy generation, increase in the national gas production, adaptation of the GTS in the context of developing of the European natural gas common market, achievement of competitive and transparent coal sector operations, etc.
- ▶ In 2018, to implement the Energy Strategy, the CMU approved an action plan for implementation of the (first) stage of "Reforming the Energy Sector (until 2020)"<sup>201</sup> and obliged the Ministry of Energy to prepare annual reports on the status of implementation of the Energy Strategy.<sup>202</sup>
- ▶ The National Security and Defense Council of Ukraine ruled<sup>203</sup> to revise the Energy Strategy and measures for its implementation by 01.04.2020, taking into account the threats to energy security defined by the National Security Strategy of Ukraine and international obligations of Ukraine in the energy sector. As of the date of this EITI Report, the Energy Strategy is being updated.

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<sup>197</sup> Decree of the CMU "[On Approval of the Priority Action Plan of the Government for 2020](#)" No. 1133-p dated 09.09.2020.

<sup>198</sup> Resolution of the CMU "[On approval of the Security, Energy Efficiency, Competitiveness Energy Strategy of Ukraine till 2035](#)" No. 605-p dated 18.08.2017.

<sup>199</sup> Decree of the President of Ukraine "[On Sustainable Development Strategy Ukraine 2020](#)" No. 5/2015 dated 12.01.2015.

<sup>200</sup> Decree of the CMU "[On Approval of the Energy Strategy of Ukraine till 2030](#)" No. 1071-p dated 24.07.2013.

<sup>201</sup> Decree of the CMU "[On Approval of the Action Plan for Implementation of the Stage "Reforming the Energy Sector \(until 2020\)" of the Security, Energy Efficiency, Competitiveness Energy Strategy of Ukraine for the Period till 2035](#)" No. 497-p dated 06.06.2018.

<sup>202</sup> Annual reports are available on [the official website](#) of the Ministry of Energy.

<sup>203</sup> Decision of the National Security and Defense Council of Ukraine "[On Urgent Measures to Ensure Energy Security](#)" endorsed by the Presidential Decree No. 874 dated 02.12.2019.

### ***The Coal Industry Reform and Development Concept until 2020***

- ▶ The Concept describes the crisis of the coal industry and suggests ways to overcome it and further develop the industry. Reforming the coal industry is considered the most feasible option. According to the Concept, the reform envisages privatization of the prospective coal mining enterprises and liquidation of non-prospective ones.
- ▶ In addition, it is proposed to divide mine reserves into prospective mines with a significant volume of coal reserves capable to reach the break-even point in the shortest time, and non-prospective mines.<sup>204</sup> The Concept and the relevant activity plan for its implementation were approved on 24.05.2017.<sup>205</sup>
- ▶ Since this Concept was not implemented, the Ministry of Energy and Environmental Protection of Ukraine sent a draft order to the CMU, which, among other things, suggested cancelling the Concept.<sup>206</sup> However, the Concept remained in force during 2020.

### ***The Concept for Ukrainian Gas Industry Development***

- ▶ This Concept<sup>207</sup> and the Action Plan for its implementation<sup>208</sup> aim to increase gas production in Ukraine to reduce dependence on energy imports, attract investment in the energy sector, ensure energy independence of Ukraine, etc.
- ▶ On 18.11.2020, the CMU established an interagency task force to analyze the implementation of the Concept. The key objectives of the task force include identifying the reasons for the deviation of the forecast indicators specified in the Concept from the actual indicators and the reasons for failure to implement the action plan implementing the Concept.<sup>209</sup>
- ▶ According to the Ministry of Energy, the updated Action Plan implementing the Concept was completed only by 42% as of February 2021, and by 53% as of the beginning of July 2021.<sup>210</sup>

## **6.1.2. The Subsoil Code of Ukraine**

**The Subsoil Code of Ukraine** No 132/94-VR dated 27.07.1994 is the principal piece of legislation governing the rational use and protection of natural resources. The Code determines the legal status of subsoil minerals, types of minerals, the powers of the central and local governments in regulating the mining relations (i.e. relations connected with the rational use

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<sup>204</sup> According to [information from public sources](#), the CMU approved the Concept.

<sup>205</sup> Decree of the CMU "[On Approval of the Coal Industry Reform and Development Concept for the Period till 2020](#)" No. 733-p dated 24.05.2017.

<sup>206</sup> [Letter of the Ministry of Energy and Environmental Protection of Ukraine](#) to the Accounting Chamber of Ukraine (No. 60/05 dated 13.01.2020).

<sup>207</sup> Decree of the CMU "[On Approval of the Ukrainian Gas Extracting Industry Development Concept](#)" No. 1079-p dated 28.12.2016.

<sup>208</sup> Decree of the CMU "[On Amendments to the Action Plan to Implement the Ukrainian Gas Extraction Industry Development Concept](#)" No. 842-p dated 24.10.2018 updated the Action Plan.

<sup>209</sup> Resolution of the CMU "[On the establishment of an interagency task force to analyze the implementation of the Concept of development of the gas extraction industry of Ukraine](#)" No. 1128 dated 18.11.2020.

<sup>210</sup> According to the [Report on Implementation of the Reforming the Energy Sector \(until 2020\)](#) Stage of the Security, Energy Efficiency, Competitiveness Energy Strategy of Ukraine for the period up to 2035 for 2021.

and protection of mineral resources), and also establishes rules for granting subsoil into use and sets the conditions thereof.

In particular, under the Subsoil Code the minerals are divided into minerals of national and local importance.<sup>211</sup> The lists of minerals of national and local importance have been approved by the CMU.<sup>212</sup> According to the lists, natural gas, oil, quartz sand, granite and clay belong to minerals of national importance.<sup>213</sup>

To use the subsoil, a person should obtain a license (the official name to a license is a “special permit for the use of the subsoil”). Notably, the Subsoil Code explicitly prohibits the license holder from any alienation of the rights under the license granted thereby, including through transfer of license to the equity of a legal entity or as a contribution to the joint venture.<sup>214</sup> For more information on the awarding of the licenses, see **Section 6.6.2 of this Report**.

For industrial development of a field, a developer also needs to obtain a mining allotment (except for mining allotment for users of oil and gas resources, as well as amber subsoil, in accordance with the amendments of December 2019).<sup>215</sup>

Mining allotments to develop mineral deposits of national importance are provided by the State Labor Service.<sup>216</sup> The document certifying the right to use the subsoil is the act of granting the mining allotment. Conducting a geological exploration does not require obtaining a mining allotment.

To determine the commercial value of a field and its mineral deposits, mineral reserve requirements (requirements to quality and quantity of minerals, as well as various development conditions) is made.<sup>217</sup> Mineral reserve requirements are subject to confirmation by the Geology Service or other authorized enterprises, institutions or organizations. The procedure for developing the mineral reserves requirements is set by the Minecoenergo (Ministry of Environment).<sup>218</sup> Mineral deposits of a proven field, as well as additionally explored mineral deposits are subject to assessment by the Geology Service or other authorized enterprise, institution or organization. The procedure for the assessment is set by the CMU.<sup>219</sup>

The Subsoil Code also sets out the rights and obligations of the users of mineral resources. The basic rights include carrying out a geological exploration of mineral resources on the granted block, overall development of mineral deposits, and other works, as well as the use of the produced minerals. The key obligations of the subsoil users are to exploit the subsoil solely in

<sup>211</sup> [Article 6](#) of the Subsoil Code of Ukraine No. 132/94-VR dated 27.07.1994.

<sup>212</sup> Resolution of the CMU "[On approval of mineral and natural resources of state and local importance](#)" No.827 dated 12.12.1994.

<sup>213</sup> List of minerals of national and local importance attributes clay to minerals of national importance, if such clay is a refractory cement raw material, a forming raw material or a raw material for the brewing of iron ore concentrates. Certain varieties of clay (for example, brick and tile raw materials) are listed as minerals of local importance.

<sup>214</sup> [Paragraph 9 of Article 16](#) of the Subsoil Code of Ukraine No. 132/94-VR dated 27.07.1994.

<sup>215</sup> According to the Law of Ukraine "[On Amendments to Certain Legislation of Ukraine on the Improvement of Legislation on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

<sup>216</sup> Amendments to Article 17 of the Subsoil Code. Also, in December 2019, amendments were made, according to which the State Labor Service provides mining allotments for the development of mineral deposits of local importance. Amendments were made by the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improving the Legislation on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

<sup>217</sup> [Article 45](#) of the Subsoil Code.

<sup>218</sup> Currently, the Procedure of performing and substantiating the mineral reserves estimation for calculating the deposit value of solid mineral resources is approved by [the Order](#) of DKZ No. 300 dated 07.12.2005.

<sup>219</sup> [Paragraph 4 of Article 45](#) of the Subsoil Code. In fact, the assessment and appraisal is conducted by the DKZ of the Geology Service in accordance with paragraph 4 of the Resolution of the CMU "[On approval of the Procedure for State assessment and appraisal of mineral reserves](#)" No. 865 dated 22.12.1994.

accordance with a designated purpose, to ensure the comprehensiveness of a geological exploration, to secure the rational and integrated use and protection of subsoil resources, and to maintain the security of people, property, and the environment.

Works and research activities related to geological exploration of subsoil resources are subject to compulsory state registration<sup>220</sup> and monitoring<sup>221</sup> by the Geology Service. The results of the works and research performed are transferred for permanent storage to the Geoinform of Ukraine SRPE.

Geological information obtained at state expense is considered state property. The procedure and terms for providing public geological information into the use of different types of users of mineral resources, as well as its sale is determined by the **Regulation on the Procedure for providing geological information.**<sup>222</sup>

The fee for the use of geological information obtained at the expense of the state is determined by the Geology Service using the **Methodology for determining the cost of the geological information obtained at state expense.**<sup>223</sup> The geological information obtained at the subsoil user's expense is, to the contrary, deemed the subsoil user's property, and may be sold or transferred for use by such subsoil user, subject to requirements established by the legislation of Ukraine. Disposal of geological information is reported to the Geology Service.<sup>224</sup>

The Geology Service and local governments exercise state control over the rules and regulations for subsoil use being complied with. The State Labor Service and its local bodies supervises the geological studies and their use in accordance with the **Regulations on the procedure for state mining supervision.**<sup>225</sup> State control over the use and protection of subsoil is also exercised by the State Ecological Inspection.

In addition, the Subsoil Code contains the provisions regulating a number of other issues, including the matters of geological exploration of mineral resources, state registration of mineral deposits, design and construction of mining facilities, protection of the subsoil resources etc.

Legislative changes in December 2019 reduced the number of approvals for issuance of subsoil licenses, implemented auctions for sale of subsoil licenses through electronic bidding on a permanent basis, governed the use of amber subsoil and amber mining, etc.<sup>226</sup>

In addition, the need to develop a new Subsoil Code to modernize its provisions, consolidate rules contained in various by-laws, further deregulate the use of subsoil and introduce other best European practices has been discussed in Ukraine for many years. At the end of 2019,

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<sup>220</sup> Order of the Ministry of Ecology "[On approval of the Procedure for state registration of works and studies related to geological exploration of subsoil](#)" No. 263 dated 14.06.2013.

<sup>221</sup> Order of the Ministry of Ecology and Natural Resources of Ukraine "[On approval of the Procedure for state registration of works and studies related to geological exploration of subsoil](#)" No. 262 dated 14.06.2013.

<sup>222</sup> Resolution of the CMU "[The matters regarding disposal of geological information](#)" No. 939 dated 07.11.2018.

<sup>223</sup> Resolution of the CMU "[On Approval of the Methodology for estimation of the cost of the geological information obtained at the cost of the state budget](#)" No. 1075 dated 10.12.2008.

<sup>224</sup> [Paragraphs 3-4 of Article 39](#) of the Subsoil Code.

<sup>225</sup> Resolution of the CMU "[On Approval of the Regulations on the Procedure of State Mining Supervision](#)" No. 134 dated 21.02.1995.

<sup>226</sup> Amendments that came into force in December 2019 were introduced by the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improvement of Legislation on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

active development of the new Subsoil Code began. As a result of collective efforts, on 07.12.2020 the Ministry of Environment published the draft of the new Code on its website for public discussion (for details, see **Section 6.3**).

### 6.1.3. The Mining Law of Ukraine

The Mining Law of Ukraine No 1127-XIV dated 10.06.1999 (hereinafter - the "Mining Law") is the principal law regulating the matters of mineral production and mining operations.

Among other things, the Mining Law regulates the location, design and construction of mining enterprises, the main requirements to mining operations, technical safety measures, prevention of emergencies, environmental safety and environmental impact measures, as well as a number of working conditions in the mining industry.

### 6.1.4. The Law of Ukraine "On Oil and Gas"

The principal law regulating relationships with regard to the use of oil and gas resources, as well as production, transportation, storage and use of oil, gas and their by-products is the **Law of Ukraine "On Oil and Gas"** No 2665-III dated 12.07.2001 (hereinafter - "The Law on Oil and Gas").

Oil and gas production facilities include oil and gas wells, gas pipelines (trails), complex gas treatment plants, gas treatment plants, pre-treatment plants, complex oil treatment plants, temporary research and industrial oil and gas treatment plants, pressurized compressor stations and other facilities related to the operation of oil and gas facilities.<sup>227</sup>

The procedure for the use of oil and gas resources in the respective block of oil and gas mineral resources is set by an agreement on the use of oil and gas mineral resources, which is an annex to the relevant license. As a general rule, oil and gas extracted by the user of oil and gas mineral resources is the property of such subsoil user.

Both the Subsoil Code and the Law on Oil and Gas explicitly prohibit the license holder from any kind of alienation of the license-granted rights, including by transferring such rights into the equity of a legal entity or as contributing them into a joint venture.<sup>228</sup> At the same time, the Law on Oil and Gas stipulates that if the use of oil and gas mineral resources occurs under a JAA, co-production agreement, or production cooperation agreement, one of the parties to such an agreement should have a relevant license.<sup>229</sup> Granting of a license for oil and gas production (industrial development of fields) is carried out taking into account the results of the environmental impact assessment (EIA).<sup>230</sup>

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<sup>227</sup> [Article 1](#) of the Law On Oil and Gas, as amended by the Law Of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Deregulation in the Oil and Gas Sector](#)" No. 2314-VIII dated 01.30..2018.

<sup>228</sup> [Paragraph 2 of article 14](#) of the Law of Ukraine On Oil and Gas.

<sup>229</sup> [Article 49](#) of the Law of Ukraine On Oil and Gas.

<sup>230</sup> [Paragraph 9 of Article 12](#) of the Law On Oil and Gas, as amended by the Law Of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Deregulation in the Oil and Gas Sector](#)" No. 2314-VII dated 01.03.2018.



After the expiry of a license, the state property provided to a license holder should be passed back to the state, whereas any property created by the license holder while carrying out its subsoil use activities remains the property of such license holder.

Extension of a license, its renewal and amendment are carried out free of charge.

For the companies and the parties to the cooperation agreements in which the state directly or indirectly owns 50 percent or more, special rules are set with regard to the sale of the produced minerals (see **Section 7.5.6. of this Report** for details).

The Law on Oil and Gas also regulates a number of other issues including commercial development of oil and gas deposits, basic requirements for commercial development, environmental protection, special labor conditions, and responsibility for violations in the oil and gas industry.

**Rules for the development of oil and gas fields** have been adopted in implementation of the Law on Oil and Gas, which set the basic requirements for the organization and the development of hydrocarbons' fields, including those related to unconventional hydrocarbons' accumulations, and regulate relations between business entities and central government authorities.<sup>231</sup>

The document regulates, among other things, all stages of development, operation and decommissioning of gas and oil fields, namely the following stages: preparation for development, development, exploration, further exploration, arrangement of gas, gas condensate and oil fields, production of hydrocarbons, production accounting. The Rules also set out the specificities of the control over the development of the fields, the maintenance of documentation during the development of the fields, the basic provisions for occupational safety and security during the performance of all types of work, as well as the environmental safeguards during the development of the fields.

#### 6.1.5. Law "On the Natural Gas Market"

The Law of Ukraine "On the Natural Gas Market" No. 329-VIII dated 09.04.2015 (hereinafter – the "Law on the Natural Gas Market") was adopted in pursuance of Ukraine's international obligations regarding the implementation of the Third Energy Package.

The Law on the Natural Gas Market covers a wide range of issues related to the operation of the natural gas market. The law defines the principles of functioning of the natural gas market and the role of the state in it (in particular, regarding the establishment of technical requirements and licensing of economic activities on the natural gas market), the rules for the supply, transportation, distribution and storage of natural gas, as well as the rules for the installation of LNG.<sup>232</sup>

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<sup>231</sup> Order of the Ministry of Ecology and Natural Resources of Ukraine "[On approval of the Rules for the development of oil and gas fields](#)" No. 118 dated 15.03.2017.

<sup>232</sup> Some changes to the Law of Ukraine on the Natural Gas Market were made in 2021. In particular, the Law of Ukraine "[On Amendments to Certain Laws of Ukraine on Connection to the Gas Transmission or Gas Distribution System](#)" No. 1590-IX dated 30.06.2021 governed certain issues of accession to the gas transportation system and the gas distribution system, and the Law of Ukraine "[On Measures Aimed at Overcoming Crisis Effects and Ensuring Financial Stability at the Natural Gas Market](#)" No. 1639-



On 17.11.2019, amendments came into force specifying that only entities with 100% equity owned by the state or by an entity with 100% equity owned by the state.<sup>233</sup>

Several important by-laws have been adopted to implement the Law "On the Natural Gas Market", including the Gas Transmission System Code<sup>234</sup> (that regulates the operation of the gas transmission system and applies to gas production companies, among other entities) and the Gas Distribution System Code<sup>235</sup> (that determines the relationships between the gas distribution system operator and the natural gas market subjects). These regulatory acts are key to ensuring the supply of natural gas through the Ukraine's gas transmission and gas distribution systems.

### 6.1.6. Tax regulations

The extractive industry companies are subject to taxation under the following main regulations:

- ▶ Tax Code of Ukraine No. 2755-VI dated 02.12.2010 sets the list of taxes, levies, and their administration, the rights and obligations of the taxpayers, competencies and powers of the tax authorities, and the responsibilities for violation of tax laws.
- ▶ Customs Code of Ukraine No. 4495-VI dated 13.03.2012 defines the procedure for charging customs duties when moving goods across the customs border of Ukraine.
- ▶ Law of Ukraine "On Customs Tariff of Ukraine" No. 584-VII dated 19.09.2013 sets up the rates of import duty for the goods imported into the customs territory of Ukraine.<sup>236</sup>
- ▶ Law of Ukraine "On Collection of, and Accounting for, the Unified Contribution for Mandatory State Social Insurance Contribution" No. 2464-VI dated 08.07.2010 regulates the procedure for collection and accounting of the unified social contribution ("USC").
- ▶ Budget Code of Ukraine No. 2456-VI dated 08.07.2010 establishes the procedure for approval and implementation of budgets, including the procedure for allocation of tax revenues between the state and local budgets.

Certain tax issues are also regulated by by-laws issued by the CMU, the Ministry of Finance, the State Tax Service of Ukraine (STS) and the State Customs Service of Ukraine (SCS).

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IX dated 14.07.2021 governed the procedure of payment for natural gas distribution services and allowed GTS and gas storage facility operators to obtain financial security (bank guarantee) to eliminate consequences of failure of their customers to pay for such services.

<sup>233</sup> The Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine in Connection with the Separation of Natural Gas Transportation Activities](#)" No. 264-IX dated 31.10.2019.

<sup>234</sup> NEURC Resolution "[On Approval of the Gas Transmission System Code](#)" No. 2493 dated 30.09.2015.

<sup>235</sup> NEURC Resolution "[On Approval of the Gas Transmission System Code](#)" No. 2494 dated 30.09.2015.

<sup>236</sup> New version of the customs tariff was approved by the Law of Ukraine "[On the Customs Tariff of Ukraine](#)" No. 674-IX dated 04.06.2020.

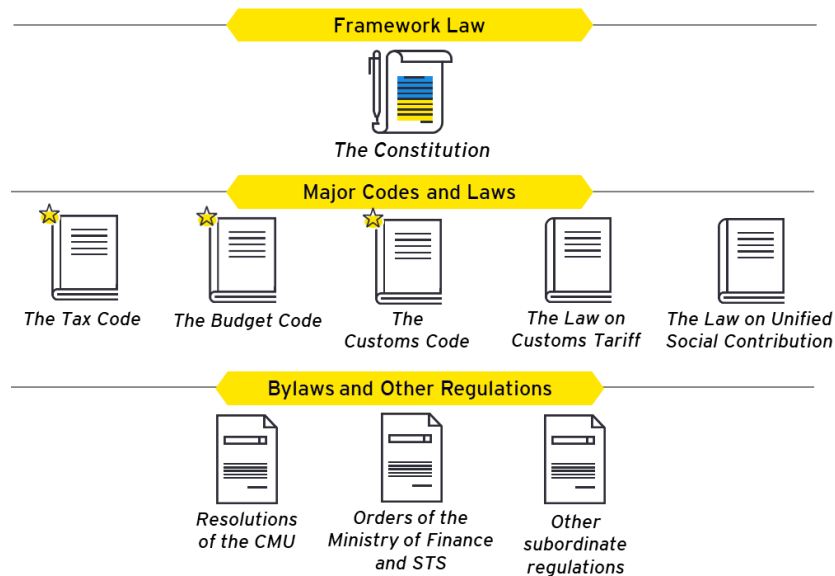


Figure 6.2: Regulatory framework for extractive industries (major tax laws and regulations)

### 6.1.7. Other regulations

- **The Law of Ukraine "On Environmental Protection" No. 1264-XII dated 25.06.1991**

This law sets the basic requirements to the use of natural resources, including minerals. The law determines the responsibilities of the state authorities and local governments, as well as environmental control and supervision procedures.

In addition, the Law sets out the general environmental requirements to be followed while using the natural resources (rational and economical use of natural resources, implementation of measures to prevent spoilage, pollution, and depletion of natural resources, doing business and other operations without violating environmental rights of others, etc.) as well as the measures to ensure environmental safety in the course of various activities.

- **The Law of Ukraine "On Pipeline Transport" No. 192/96-VR dated 15.05.1996**

This law sets the framework for pipeline transportation sector (also addressing some matters of oil and gas production), covering industrial pipelines (connected networks), i.e. non-trunk pipelines within the plants, and the oil and gas pipelines that are the part of petroleum tanks or petroleum plants. Among other things, the Law governs the relations between the entities engaged in pipeline transportation of hydrocarbons and other products and substances from their initial locations, locations of mining (production fields), production or storage to the places of their processing or use, handling and subsequent transportation. At the end of 2019, the status and organizational structure of enterprises, institutions and organizations of pipeline transportation sector were clarified.<sup>237</sup>

<sup>237</sup> [Article 14](#) of the Law of Ukraine "On Pipeline Transport" of 15.05.1996 as amended by the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine in Connection with the Separation of Natural Gas Transmission Activities](#)" No. 264-IX dated 31.10.2019.

- **The Law of Ukraine "On Production Sharing Agreements" No. 1039-XIV dated 14.09.1999**

This law (the "PSA Law") governs the process of bidding for PSAs, entering into such agreements, and their performance. Since 29.12.2019, the obligation to conduct EIA for the draft PSA was abolished (however, obtaining the conclusion of the EIA is mandatory for the relevant planned activities under the PSA); an approval of the draft PSA from the local government on whose territory the subsoil area is located is no longer necessary, etc.<sup>238</sup>

- **The Law of Ukraine "On Coalbed Gas (Methane)" No. 1392-VI dated 21.05.2009**

This law sets the framework for geological exploration of coalbed methane, the conditions of its production and removal during gas draining-out and its further use, including the access to gas transmission networks.

- **The Land Code of Ukraine No. 2768-III dated 25.10.2001 and the Law of Ukraine "On Land Lease" No. 161-XIV dated 06.10.1998**

These are the main land laws of Ukraine, which establish the procedure for providing land plots into use for the extraction of minerals. To carry out exploration works, a relevant agreement with a landowner or a consent from a person currently using the land plot is required.

The plots indicated in the licenses are limited by certain acreage and depth. The dimensions and boundaries of the plots granted for use should be established by the Geology Service. The maximum land area granted for geological exploration of oil and gas mineral resources cannot exceed 500 km<sup>2</sup>, and 1000 km<sup>2</sup> for the areas of the Black Sea.<sup>239</sup>

Institutions and organizations conducting exploration works that are transitioning from research & industrial development to industrial development are allowed to use the land under an agreement on exploration works for the period of formalizing the documents certifying the land use right.<sup>240</sup>

Also, in December 2019 the provisions of the Land Code of Ukraine were supplemented in terms of amber mining.<sup>241</sup>

- **The Water Code of Ukraine No. 213/95-VR dated 06.06.1995**

The Code governs the issues related to use of water resources during mining operations. In particular, the Water Code requires obtaining a permit for special water use (i.e. the diversion of water from water bodies using buildings or technical devices, water use and discharge of pollutants into water, including water intake and discharge of harmful substances in water reverse using channels).

- **The Law of Ukraine "On Environmental Impact Assessment" No. 2059-VIII of 23.05.2017**

This law defines the legal and organizational framework for carrying out environmental impact

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<sup>238</sup> Amendments were made in accordance with the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on the Improvement of Legislation on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

<sup>239</sup> [Article 19](#) of the Law On Oil and Gas.

<sup>240</sup> [Paragraph 4](#) of Article 97 of the Land Code of Ukraine No. 2768-III dated 15.10.2001.

<sup>241</sup> Amendments were made in accordance with the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improvement of the Legislation on the Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

assessment, which includes special procedures to be carried out by economic entities to identify the possible impacts of the planned economic activity for the environment. The law determines the list of activities and facilities, for which the assessment is mandatory. They include, but are not limited to, oil and natural gas exploration on the continental shelf, construction of pipelines for oil and gas transportation, mining of minerals of national importance, etc.

- **The Law of Ukraine "On Strategic Environmental Assessment" No. 2354-VIII dated 20.03.2018**

This law governs relations in the field of environmental impact assessment of state planning documents (strategies, plans, urban planning documentation, state target programs, etc.), implementation of which will entail performance of activities which require the EIA procedure or an assessment in view of potential environmental consequences. The law defines the subjects, the procedure for conducting strategic environmental assessment, etc.<sup>242</sup>

A number of issues related to mining are governed by numerous by-laws.

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<sup>242</sup> The Law of Ukraine "[On Strategic Environmental Assessment](#)" No. 2354-VIII dated 20.03.2018.  
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**Summary:**

Extractive activities are governed by the Constitution of Ukraine, as well as numerous laws and by-laws.

The key priorities in reforming the regulatory framework are simplification and harmonization of the regulations. This may include adoption of a new Subsoil Code, easing of the licensing system in extractive industries continuing to reform of the coal market, developing and adopting other regulations envisaged by the sectoral strategic documents and the EU standards, and aligning other laws and regulations with the modern extractive industry standards.

Ukraine has significant potential in terms of natural resources, and it is of great importance for Ukraine's economy. Legislation governing the use of natural resources should enable the state and private companies to effectively achieve this potential.

The changes in the legislative field made in 2020 (in particular, reduction of the number of approvals for subsoil use, adoption of the procedure for holding auctions for the sale of licenses through electronic bidding on a regular basis, approval of a new methodology for determining the initial sale price of licenses at the auctions, the launch of a special electronic subsoil user's account and the online calculator for estimating the cost of a license, etc.) may contribute to the investment attractiveness of the Ukrainian extractive sector, but the need for further comprehensive changes remains of high priority.

In addition, the regulations designed to support the implementation of the EITI Law are still expected to be approved and improved (for example, significant improvement of the templates for EITI reporting on payments to the state to meet the requirements of the EITI Standard, approval of the procedure for violating the EITI Law and the template documents to record such violations).

## 6.2 Functions and responsibilities of public authorities in the extractive industries

Activities of extractive companies are governed by a number of regulatory authorities. The purpose of the regulation is to ensure efficient use of natural resources, preservation and protection of subsoil and environment, as well as safe conduct of mining operations.

The system of authorities in the extractive sector includes state authorities whose powers extend to the entire territory of Ukraine, and local authorities. These authorities are shown in the diagram below.<sup>243</sup>

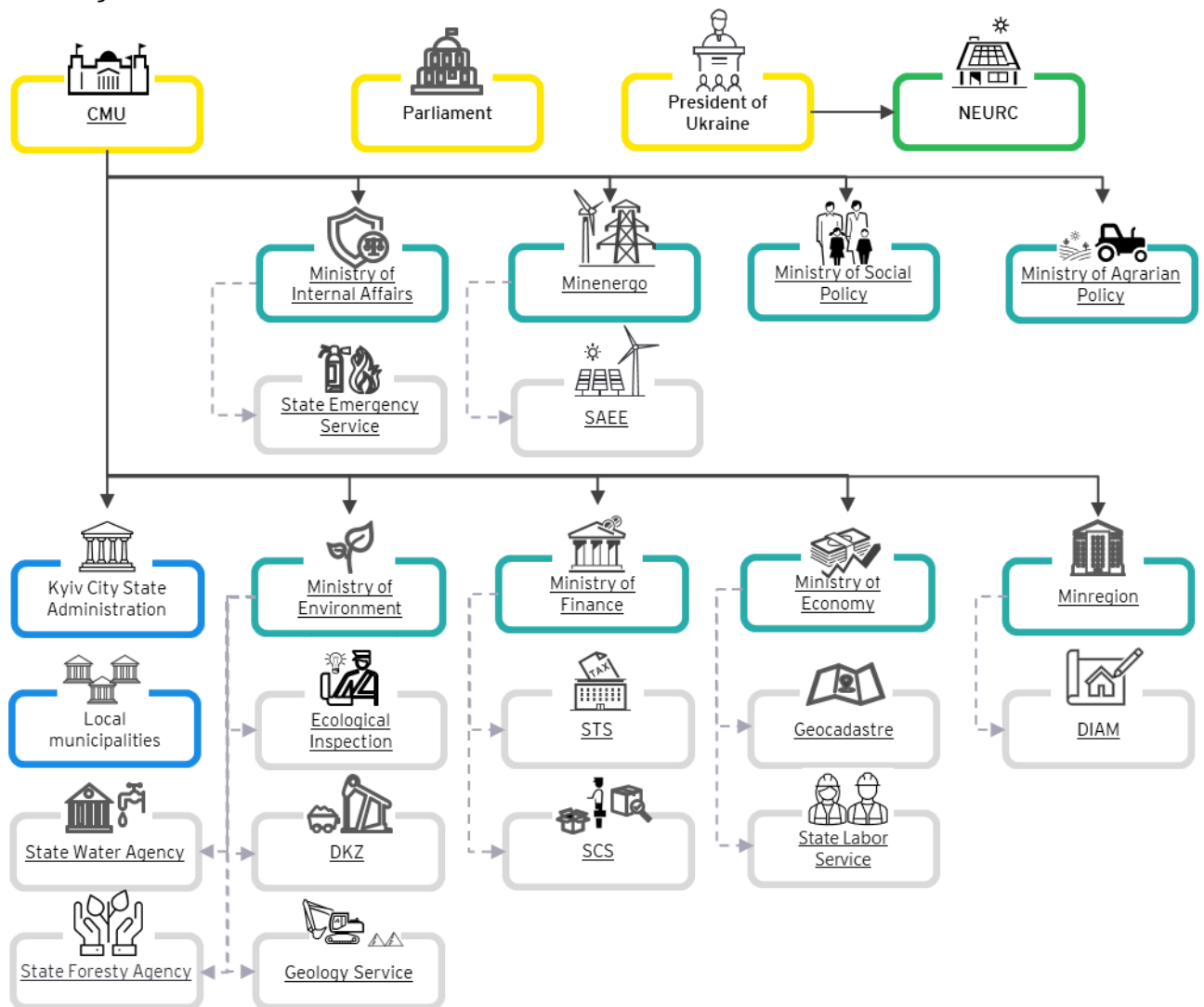


Figure 6.3: State authorities that govern activities of extractive companies as of 31.12.2020

<sup>243</sup> This section does not include information on state authorities that did not regulate extractive companies in 2020 (for example, the Parliament and the Council of Ministers of the Autonomous Republic of Crimea, etc.).

### 6.2.1 Public authorities whose powers extend to the entire territory of Ukraine

- ▶ **Verkhovna Rada of Ukraine** (the Parliament) establishes the main directions of the national policy in the extractive industries and regulates the relations in the industry by adopting laws.
- ▶ **The President of Ukraine** takes part in the legislative process (he has the right to legislative **initiative** and veto) and participates in the procedures of appointing heads of certain executive bodies.
- ▶ **The Cabinet of Ministers of Ukraine** (the CMU) implements the national policy in and governs the extractive industries, as the highest body in the system of executive bodies. To **implement** the laws, the CMU adopts resolutions where the rules, procedures and requirements are specified in more details. The CMU's authorities include creation, reorganization and liquidation of ministries and other central executive bodies, as well as coordination of their work. The CMU is accountable to the President of Ukraine and the Parliament, is controlled by, and reports to the Parliament.

The main functions of central executive bodies of Ukraine with regard to mining, ensuring the efficient use of natural resources, preservation and protection of subsoil and environment are distributed as follows:

**Ministry of Energy and Environmental Protection of Ukraine** (Minecoenergo) operated until May 2020. Minecoenergo was established on 28.09.2019 by merging the Ministry of Energy and Coal Industry into the Ministry of Ecology and Natural Resources.<sup>244</sup> Minecoenergo was endowed with powers in the field of energy, ecology and resource management. In particular:

- As the legal successor of the Ministry of Energy (Minenergo), it ensured development and implementation of state policy in the coal industry, peat extraction, oil and gas extractive and refining complexes.
- As the legal successor of the **Ministry of Ecology and Natural Resources of Ukraine** (Ministry of Environment), it ensured development and implementation of state policy in the field of environmental protection, environmental safety, development of state policy in the field of geological exploration and efficient use of mineral resources, state supervision (control) in the field of environmental protection, rational use, reproduction and protection of natural resources, etc.<sup>245</sup> Approved the start of commercial development of oil and gas deposits, conducted, within its powers, auctions for the sale of hydrocarbons.
- Performed EIA and carried out the functions of a working body of the Interdepartmental Commission for Organization of Conclusion and Implementation of PSAs.

Due to the conflict of interests, on 27.05.2020, a decision was made to rename the newly created Minecoenergo into the **Ministry of Energy of Ukraine** and establish the **Ministry of**

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<sup>244</sup> Resolution of the CMU "[On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine](#)" No. 847 dated 18.09.2019.

<sup>245</sup> [Article 2](#) of the Resolution of the CMU "[On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine](#)" No. 847 dated 18.09.2019.

**Environmental Protection and Natural Resources of Ukraine**<sup>246</sup>, which received part of the "environmental" powers initially vested in Minecoenergo. Information on these two ministries is provided below.

- ▶ **The Ministry of Energy of Ukraine** (Ministry of Energy) ensures development and implementation of state policy, inter alia, in the coal industry, peat and oil and gas complexes, in the field of efficient use of fuel and energy resources.<sup>247</sup>
- ▶ **The Ministry of Environmental Protection and Natural Resources of Ukraine** (Ministry of Environment) ensures development and implementation of state policy in the field of environmental protection, environmental security, ensures development of state policy in the field of geological exploration and management, state supervision (control) in the field of environmental protection natural environment, rational use, reproduction and protection of natural resources.<sup>248</sup> Among other things, one of the main tasks of the Ministry of Environment is to ensure development and implementation of state policy on EIA, strategic environmental assessment, implementation of state geological control.<sup>249</sup>
- ▶ **The State Service for Geology and Mineral Resources of Ukraine** (the Geology Service; locally known as Derzhgeonadra) implements state policy on geological survey and efficient use of natural resources.<sup>250</sup> carries out mining supervision, control over geological surveys and compliance by subsoil users with the requirements of subsoil legislation, as well as grants subsoil licenses.

In 2019, on the basis of an independent assessment,<sup>251</sup> a decision was made to structurally and functionally reform the Geology Service by (1) transforming it into a pure State Service responsible for geological exploration and preservation of subsoil, as well as (2) equipping a new separate state authority with licensing, control and other functions.<sup>252</sup> As of the date of preparing this Report, the process of reforming the Geology Service is ongoing.<sup>253</sup>

- ▶ **State Commission on Mineral Resources** (DKZ) approves and performs revaluation of mineral reserves, sets mineral reserve requirements for calculating the value of mineral reserves, provides technical opinions on feasibility of deposit development based on the estimated mineral reserves and their commercial development, etc.
- ▶ **The National Commission for State Regulation in Energy and Utilities** (NEURC) is a central executive body with a special status, which is subordinate to and formed by the CMU and

<sup>246</sup> Resolution of the CMU "[Certain Issues on Optimization of the System of Central Executive Bodies](#)" No. 425 dated 27.05.2020.

<sup>247</sup> [Article 1](#) of the Regulation on the Ministry of Energy approved by the Resolution of the CMU "On approval of the Regulation on the Ministry of Energy of Ukraine" № 507 dated 17.06.2020.

<sup>248</sup> [Art. 1](#) of the Regulation on the Ministry of Environmental Protection and Natural Resources of Ukraine was approved by the Resolution of the CMU "Some issues of the Ministry of Environmental Protection and Natural Resources" № 614 dated 25.06.2020.

<sup>249</sup> [Art. 3](#) of the Regulation on the Ministry of Environmental Protection and Natural Resources of Ukraine was approved by the Resolution of the CMU "Some Issues of the Ministry of Environmental Protection and Natural Resources" № 614 dated 25.06.2020

<sup>250</sup> Resolution of the CMU "[On approval of the Regulations on the State Service for Geology and Mineral Resources of Ukraine](#)" No. 1174 dated 30.12.2015.

<sup>251</sup> [Independent assessment of the Association of Geological Services of Europe.](#)

<sup>252</sup> Order of the Ministry of Environment "[On the Plan of Priority Actions and Measures of the Ministry of Environment and Central Executive Bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Ecology and Natural Resources of Ukraine for 2019](#)" No. 73 dated 19.02.2019.

<sup>253</sup> [Report](#) on the implementation in the first half of 2019 of the Plan on priority actions and measures of the Ministry of Environment and central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers through the Minister of Ecology and Natural Resources of Ukraine.



ensures shaping and implementation of pricing and tariff policies in the energy sector, approves the rules for the supply of natural gas, grants licenses for activities related to the transmission, distribution, storage, supply of natural gas and providing LNG installation services, carries out state regulation, monitoring and control over the activities of business entities in this area. The functions and powers of the NEURC are determined in the Law "On the NEURC".

- ▶ **The State Labor Service of Ukraine** (locally known as Derzhpraci) carries out the function of state mining supervision, grants mining allotments for development of mineral deposits and other permissive documents related to the performance of hazardous works and the use of hazardous objects. In September 2021, Mineconomy prepared the roadmap for reforming Derzhpraci, which covers structural and organizational reform of its bodies and is expected to optimize the work of the Service.<sup>254</sup>
- ▶ **State Agency on Energy Efficiency and Energy Saving of Ukraine (SAEE)** implements state policy in the field of efficient use of fuel and energy resources. The powers of the State Agency for Energy Efficiency in the field of mineral use include development, coordination and control over implementation of state target programs in the field of efficient use of fuel and energy resources, implementation of public-private partnership in this area, monitoring of efficient use of fuel and energy resources.
- ▶ **The State Ecological Inspection** supervises the rational use and protection of natural resources and compliance with the requirements of special permits for the use of subsoil (subsoil licenses) and other natural resources; takes measures to stop unauthorized subsoil use and development of mineral deposits in violation of the established procedure.

In 2020, structural reforms of the State Ecological Inspection continued,<sup>255</sup> namely: the old territorial bodies<sup>256</sup> were liquidated and seven new districts were formed on the basis of the former regional inspections.<sup>257</sup>

- ▶ **State Agency of Water Resources of Ukraine** (State Water Agency) implements state policy in the field of water management,<sup>258</sup> grants and revokes permits for special water use, implements measures for ecological restoration and care of surface waters, monitors water quality, develops schemes for integrated use and protection of water resources, etc.
- ▶ **State Agency of Forest Resources of Ukraine** (State Forestry Agency)<sup>259</sup> implements state

<sup>254</sup> Information on the [Government Portal](#).

<sup>255</sup> Information on the [Government Portal](#).

<sup>256</sup> State Ecological Inspections were liquidated in Dnipropetrovsk, Zaporizhia, Kirovohrad, Mykolaiv, Odesa and Kherson regions.

<sup>257</sup> Resolution of the CMU "[On the establishment of interregional territorial bodies and liquidation of territorial bodies of the State Ecological Inspection](#)" No. 802 dated 09.09.2020, Regulations on the State Ecological Inspection of the Capital District approved by the order of the State Ecological Inspection "[On approval of the Regulations on the State Ecological Inspection of the Capital District \(new edition\)](#)" No. 253 dated 01.06.2021, Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Ecological Inspection of the Central District \(new edition\)](#)" No. 59 dated 02.02.2021, Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Ecological Inspection of Polissya District](#)" No. 252 dated 01.06.2021, Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Ecological Inspection of the Dnieper District](#)" No. 254 dated 01.06.2021, Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Environmental Inspection of the South Western District](#)", Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Ecological Inspection of the Southern District](#)" No. 256 dated 01.06.2021, Order of the State Ecological Inspection of Ukraine "[On approval of the Regulations on the State Ecological Inspection of the Carpathian District](#)" No. 251 dated 01.06.2021.

<sup>258</sup> Resolution of the CMU "[On approval of the Regulation on the State Agency of Water Resources of Ukraine](#)" No. 393 dated 20.06.2014.

<sup>259</sup> Resolution of the CMU "[On approval of the Regulation on the State Agency of Forest Resources of Ukraine](#)" No. 521 dated 08.10.2014.

policy in the field of forestry, maintains the state forest cadastre and forest accounting, organizes issuance of special permits for forest use, ensures state forest protection, etc.

- ▶ **State Emergency Service (SES)** organizes and provides protection from fire for the companies, institutions, organizations and other facilities under the respective agreements.
- ▶ **The State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre)** implements state policy in topography, geodesy, cartography, land relations and land management, administers the State Land Cadastre, supervises agro-industry in terms of compliance with land legislation, use and protection of lands of all categories and forms of ownership, soil fertility, etc.

The **structural** reform of the StateGeoCadastre continued during 2020 (initially the liquidation of territorial bodies was planned,<sup>260</sup> but later the CMU revoked its respective decision and reduced the number of the Service's employees<sup>261</sup>).

- ▶ **The Ministry of Finance of Ukraine** provides for development and implementation of the state tax, customs, financial, fiscal policy, as well as the public policy to fight crimes in application of tax and customs laws.
- ▶ **The State Tax Service (STS)**<sup>262</sup> implements state tax policy, administers and controls payment of taxes, levies and USC.
- ▶ **The State Customs Service (SCS)** implements state customs policy, state policy on combating crimes when applying the customs legislation, ensures and exercises control over collection of customs payments.<sup>263</sup>
- ▶ **The Ministry of Economic Development, Trade and Agriculture of Ukraine (the Ministry of Economy)**, among its other functions, provides for the development and implementation of state policy on management of state property, including the state-owned corporate rights; develops and submits to the CMU the draft decisions on transfer of the state-owned and municipal property, provides methodological and regulatory support for the management of state-owned property. By the resolution of the CMU, in May 2021 the Ministry changed its name to **the Ministry of Economy of Ukraine**.<sup>264</sup>
- ▶ **The State Architectural and Construction Inspection (DABI)** monitored compliance with construction regulations, standards and rules during preparation and construction works, **issued**, revoked and canceled permits for construction works, etc. at the beginning of 2020. In 2020, the functions of state architectural and construction control over compliance with these rules and regulations were transferred to **the State Urban Planning Inspection of**

<sup>260</sup> Resolution of the CMU "[Issues of functioning of territorial bodies of the State Service of Ukraine for Geodesy, Cartography and Cadastre](#)" No. 1118 dated 16.11.2020.

<sup>261</sup> Resolution of the CMU "[Issues of functioning of territorial bodies of the State Service of Geodesy, Cartography and Cadastre](#)" No. 301 dated 05.05.2021.

<sup>262</sup> Created in accordance with the order of the CMU "[Issues of the State Tax Service](#)" No. 682-p dated 21.08.2019, powers of the State Tax Service are provided by the Resolution of the CMU "[On approval of regulations on the State Tax Service of Ukraine and the State Customs Service of Ukraine](#)" No. 227 dated 06.03.2019.

<sup>263</sup> The State Customs Service was established in accordance with the Resolution of the CMU "[On the establishment of the State Tax Service of Ukraine and the State Customs Service of Ukraine](#)" No. 1200 dated 18.12.2018, its powers are provided for by the Resolution of the CMU "[On approval of regulations on the State Tax Service of Ukraine and the State Customs Service of Ukraine](#)" No. 227 dated 06.03.2019, its final separation was performed under the Order of the CMU "[Issues of the State Customs Service](#)" No. 1217-p dated 04.12.2019.

<sup>264</sup> Resolution of the CMU "[On renaming the Ministry of Economic Development, Trade and Agriculture of Ukraine](#)" No. 504 dated 21.05.2021.

**Ukraine (DIM)**<sup>265</sup> - the central executive body that implements state policy on state architectural and construction control and supervision (except for provision (receipt, registration), refusals to issue or annulment of documents entitling to preparatory and construction works, commissioning of completed construction facilities).

Later, in December 2020, DIM was liquidated and the **State Inspection for Architecture and Urban Planning of Ukraine (DIAM)** was established. DIAM implements state policy on state architectural and construction control and supervision.<sup>266</sup>

### 6.2.2 Public authorities whose powers extend to the local level

The local executive authorities and the local municipalities also have certain functions related to extractive activities and environment protection.

- ▶ **Oblast and Kyiv city State Administrations** decide on the use of natural resources in the territory under their jurisdiction, exercise control over use and protection of subsoil and exercise the powers delegated by district and oblast councils in the extractive sector. In addition, these bodies also exercise powers in the EIA procedure.
- ▶ **Regional councils and Kyiv City Council** provide subsoil and mining allotments for development of mineral deposits of local importance, as well as prepare, approve and implement local programs for development of mineral resources, rational use and protection of subsoil.<sup>267</sup> In December 2019, the authority of these bodies was decreased by excluding the approval of subsoil use for geological exploration and development of mineral deposits of national importance and for purposes unrelated to extraction of minerals.<sup>268</sup> At the same time, this power was finally excluded from bylaws only in February 2020.<sup>269</sup>
- ▶ **Village, rural settlement, city, district councils, and councils of united territorial communities** approve provision of subsoil into use for geological exploration, development of mineral deposits of local importance; implement local development programs approved by regional and Kyiv city councils.

For more information on the powers of the government and local municipalities regarding the mineral production, see **Annex 4** to this Report.

#### Summary

In 2020, there was no single state body responsible for development and implementation of state extractive industry policy. Powers in this area were divided between more than ten

<sup>265</sup> According to Resolution of the CMU "[On Optimization of the Authorities of the State Architectural and Construction Control and Supervision](#)" No. 219 dated 13.03.2020.

<sup>266</sup> Resolution of the CMU "[Some issues of functioning of architectural and construction control and supervision bodies](#)" No. 1340 dated 23.12.2020.

<sup>267</sup> 03.05.2020, the authority to provide mining allotments was transferred to the territorial bodies of the State Labor Service in accordance with the Resolution of the CMU "[On Amendments to the Regulations on the procedure for providing allotments](#)" No. 500 dated 1206.2019, and Regulations "[On the State Labor Service of Ukraine](#)" No. 352 dated 06.05.2020.

<sup>268</sup> According to the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improving the Legislation on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019.

<sup>269</sup> Based on the new version of the Procedure for granting subsoil licenses, approved by the Resolution of the CMU "[On Amendments to the Procedure for Granting Subsoil Licenses](#)" No. 124 dated 19.02.2020; Resolution of the CMU "[On Amendments to the Temporary Procedure for Implementation of the Experimental Project on Introduction of Auctions for the Sale of Subsoil Licenses through Electronic Bidding](#)" No. 63 dated 05.02.2020.

state bodies and institutions with different subordination.

Also, extractive companies were forced to obtain a number of permits and approvals for their core business from various state agencies and local governments, which created a significant bureaucratic burden for activities of extractive companies.

A significant amount of power to regulate the extractive sector was entrusted to the Geology Service. In 2019, a decision was made to reform it, however, intermediate research results are not publicly available.

Also, in 2020 there were several changes in the state authorities that were significant in the extractive sector, including the split of Minecoenergy due to conflict of interest; the beginning of liquidation in 2020 and further restoration of territorial bodies of the StateGeoCadastre, liquidation and creation of new territorial bodies of the State Ecological Inspection, etc. These changes did not contribute to well-established management or control in the relevant areas. Thus, state regulation in the extractive industry in 2020 was unstable in some respects.

At the same time, positive developments in the reform of government regulation in the extractive sector continued in 2020.

## 6.3 Reforming of the regulatory and fiscal regime of the extractive industry in 2020-2021

During 2020-2021, the regulatory and fiscal reforms in the extractive sector continued to be actively implemented, aiming to improve Ukrainian legislation and harmonize it with the EU law.

Below we describe the main directions of reforms in the extractive industry during 2020-2021.



### New government strategic and program documents for the extractive industries

- ▶ **Energy Security Strategy:** In August 2021, the Energy Security Strategy<sup>270</sup> was approved. The strategic goals, objectives and threats identified in the strategy are expected to be the basis for short-, medium- and long-term plans for development of the fuel and energy complex, including review of the Energy Strategy.
- ▶ **National Regional Development Strategy for 2021-2027:**<sup>271</sup> The main objectives of the strategy in the coal sector are socio-economic transformation of the areas where coal mining and coal processing enterprises are being closed, simplification of conditions and incentives for launching small and medium businesses, attracting other coal industry companies to the implementation of social initiatives and social projects in such areas.
- ▶ **Donetsk and Luhansk Regions Economic Development Concept:**<sup>272</sup> The Concept was approved in December 2020 and provides for the following measures in the coal sector: transformation of the coal industry in the mentioned regions, technical re-equipment and modernization of mines, implementation of innovative solutions in coal mining in promising mines, implementation of comprehensive programs and projects on transformation of coal regions, which would contribute to the diversification of the economy in mining monofunctional cities, and the measures to mitigate the negative social and economic impact of closing the coal mining and/or coal processing plants.
- ▶ To implement the Concept, in August 2021, the CMU approved the Donetsk and Luhansk Regions Economic Development Strategy till 2030 and the relevant Action Plan.<sup>273</sup>
- ▶ **The Concept of the National Program for Fair Transformation of the Coal Mining Regions of Ukraine till 2030:**<sup>274</sup> The Concept aims to implement the state regional policy and ensuring fair transformation of the Ukrainian coal mining regions by comprehensively addressing the issues, including economic, social, cultural, housing & utility and environmental fields stemming from the decrease in coal production and the step-by-step closure of the coal mining and related enterprises.

<sup>270</sup> Resolution of the CMU "[On approval of the Energy Security Strategy](#)" No. 907-r dated 04.08.2021

<sup>271</sup> Resolution of the CMU "[On approval of the State Strategy for Regional Development for 2021-2027](#)" No. 695 dated 05.08.2020

<sup>272</sup> Resolution of the CMU "[On approval of the Donetsk and Luhansk Regions Economic Development Concept](#)" No. 1660-r dated 23.12.2020

<sup>273</sup> Resolution of the CMU "[On approval of the Donetsk and Luhansk Regions economic Development Strategy till 2030](#)" No. 1078-r dated 18.08.2021

<sup>274</sup> Resolution of the CMU "[On approval of the Concept for the National Task Program for Fair Transformation of Coal Mining Regions of Ukraine till 2030](#)" No. 1024 dated 22.09.2021

- ▶ **The National Economic Strategy till 2030:**<sup>275</sup> The document sets out the following strategic goals in the extractive industry: ensuring transparency and accessibility of the extractive industry for foreign and domestic investment; ensuring effective operation of the industry by developing innovative approaches and high-tech solutions; meeting the needs of the Ukrainian economy by creating strong basis for manufacturing high value-added products and environment-friendly development of the industry.
- ▶ **Approval of the Geology Service's Action Plan:**<sup>276</sup> On 8 October 2021, the Geology Service approved its Action Plan till 2030<sup>277</sup> based on the strategic goals for the extractive industry.<sup>278</sup> In particular, the Geology Service identified the ways to achieve its strategic goals, among others: accounting of mineral resources and reserves in accordance with international standards to ensure transparency and accessibility of the industry, facilitation of access to geological information by introducing automatic calculation of cost of geological information, deregulation and simplification of access to subsoil by eliminating the document certifying access to subsoil ("Гірничий Відвід") and providing the opportunity to submit the documents through the e-account, simplification of the procedure for obtaining rights to the land plot, support of the draft law "On Amendments to Certain Legislative Acts of Ukraine to Support the Development of Domestic Subsoil Use Industries"<sup>279</sup> (for details, please see below), improving the quality of geological research and education, etc.



### Separation of the GTS Operator of Ukraine (unbundling)

- ▶ On 01.01.2020, the unbundling of Naftogaz of Ukraine NJSC according to the ISO (*Independent System Operator*) model was completed. The unbundling was launched in 2018 and aimed at separation of natural gas transmission and storage (injection, withdrawal) operations as required by EU Directive 2009/73/EU (Third Energy Package).
- ▶ On 01.01.2020, the ownership for Gas Transmission System Operator of Ukraine LLC established for unbundling purposes was transferred from Ukrtransgaz JSC to Main Gas Pipelines of Ukraine PJSC, whose shares 100% were owned by the Ministry of Finance.<sup>280</sup>
- ▶ On the same day, the assets of the Ukrainian GTS were transferred to the Gas Transmission System Operator of Ukraine LLC under a transfer and acceptance certificate, at the "business management" title. Thus, the unbundling was completed; the independent Gas Transmission System Operator was separated from the Naftogaz Group and began its operations.

<sup>275</sup> Resolution of the CMU "[On approval of the National Economic Strategy till 2030](#)" No. 179 dated 03.03.2021

<sup>276</sup> [The Geology Service Action Plan pursuant to the extractive industry strategic goals determined in the provisions of the National Economic Strategy for the period till 2030](#)

<sup>277</sup> Order of the Geology Service [On approval of the Action Plan of the State Service for Geology and Subsoil of Ukraine in accordance with the strategic goals of the mining industry](#) No. 731 dated 08.10.2021

<sup>278</sup> Resolution of the CMU "[On approval of the National Economic Strategy for the period till 2030](#)" No. 179 dated 03.03.2021

<sup>279</sup> Draft Law "[On Amendments to Certain Legislative Acts of Ukraine Concerning Support for the Development of Domestic Subsoil Use Industries](#)" No. 4187 dated 05.10.2020

<sup>280</sup> The information from the official [website](#) of the Gas Transmission System Operator



- ▶ In July 2021, the authority to manage the shares in Main Gas Pipelines of Ukraine PJSC was transferred to the Ministry of Energy.<sup>281</sup>



### Key reforms in disclosing beneficial owners

As of 01.12.2021, the Parliament is considering several bills amending the legislation on disclosure of information regarding ultimate beneficial owners.

*Draft law No 6003*<sup>282</sup> dated 07.09.2021 proposes to establish a mechanism that would allow recording details on potential unreliability of information on the beneficial owner or ownership structure of an entity in the Unified State Register (USR) and its further validation if the primary financial monitoring authority identifies any discrepancies with the data in the USR.

This draft law is criticized by the business community, as it empowers a state-owned enterprise to perform state functions, creates many gaps and places additional administrative burden on business entities.

*Draft Law No 6131-2* dated 19.10.2021<sup>283</sup> on amendments to the Law of Ukraine "On State Registration of Legal Entities, Individuals - Entrepreneurs and Public Associations" to improve the mechanism for entering information on the beneficial owner and ownership structure of the legal entity into USR. The draft law proposes the following changes:

- ▶ The legal entity should only be required to submit documents and information on its beneficial owners and ownership structure at the initial registration of the legal entity and in case of changes to such information.
- ▶ The legal entity should not be required to annually confirm the information about the beneficial owner.
- ▶ For the legal entities registered with the USR as of the date of entry into force of this law, whose shareholders are exclusively individuals, the latter should be deemed the beneficial owners of the respective entities. Such entities should not be required to provide information on their beneficial owner and ownership structure.



### Key reforms of the fiscal regime of extractive industries

***Changes to administration of "state dividends" and part of net profit on the state share and other features (Law No. 465<sup>284</sup> and Law No. 466<sup>285</sup>):***

- ▶ Amendments to the procedure for administration of the share of net profit and dividends on the state share introduced by Law No. 465 and Law No. 466 entered into force on

<sup>281</sup> Ordinance of the CMU "[Some issues of state property management](#)" No. 833-r dated 28.08.2021

<sup>282</sup> Draft Law [on Amendments to Some Laws of Ukraine on Improving Mechanisms for Validation of Information on Final Beneficiary Owners and Ownership Structure of Legal Entities](#) No. 6003 dated 07.09.2021

<sup>283</sup> Draft Law [on Amendments to the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Associations" to improve the mechanism for submission of information on the ultimate beneficial owner and ownership structure of a legal entity](#) No. 6131-2 dated 19.10.2021

<sup>284</sup> The Law of Ukraine "[On Amendments to Certain Laws of Ukraine on Improving Tax Administration, Elimination of Technical and Logical Inconsistencies in Tax Legislation](#)" No. 465-IX dated 16.01.2020

<sup>285</sup> The Law of Ukraine "[On Amendments to the Tax Code of Ukraine to improve Tax Administration, Elimination of Technical and Logical Inconsistencies in Tax Legislation](#)" No. 466-IX dated 16.01.2020

27.02.2020 and 23.05.2020 respectively. These new rules, inter alia, include the following:

- ▶ The Tax Code has become part of the legislation on the state property management.
- ▶ The CMU, in its state property management capacity, determines the procedure for transferring part of the net profit (income) to the state budget by (1) state unitary enterprises and their associations, (2) the companies whose charter capital includes corporate rights of the state, and (3) companies of which 50% and more shares are invested into the charter capital of companies 100%-owned by the state, if such entities decide to pay dividends.
- ▶ Obligations to pay part of the net profit (income) and dividends on the state share are now equivalent to a taxpayer's monetary obligations. Once a year, specified companies must report to tax authorities on calculation of part of net profit (income), dividends on state share in the manner and terms established by the Tax Code, and are liable for failure to submit/late submission of such calculation as prescribed by the Tax Code.
- ▶ Law No. 466 provides for a number of changes to the fiscal regime of the extractive industry in terms of royalty - In particular, increase of royalty rates for subsoil use for extraction of ferrous metals, non-ferrous and alloying metals, changes in size and conditions for the application of certain adjustments to rent rates, specified requirements for gas (methane) degassing of coal deposits, which are excluded from the object of rent taxation. For more information on the fiscal regime in 2020, see **Section 6.5**.
- ▶ Law No. 466 stipulates that in controlled operations, the actual sale price of extracted minerals (mineral raw materials) may not be less than the price determined according to the arm's length principle.

***Procedure for repayment of the state budget debt to Naftogaz of Ukraine NJSC and the procedure for repayment of the debt of Ukrnafta PJSC to the state budget<sup>286</sup>***

- ▶ On 28.11.2020, the following Laws of Ukraine entered into force: the Law "On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020" and "On Amendments to Section XX "Transitional Provisions" of the Tax Code of Ukraine on Peculiarities of Tax Administration to Finance Expenditures Specified in paragraphs 31-33 of Article 14 of the Law of Ukraine "On the State Budget of Ukraine for 2020".
- ▶ The settlement procedure effectively stipulates that state compensation for performance by Naftogaz of Ukraine NJSC of special obligations on the natural gas market should be paid from the funds received by the state from Ukrnafta PJSC under the existing tax liabilities to the State Budget.

***Tax return template for corporate profit tax for the PSA<sup>287</sup>***

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<sup>286</sup> The Law of Ukraine "[On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020"](#)" No. 1006-IX dated 17.11.2020; The Law of Ukraine "[On Amendments to Section XX Transitional Provisions of the Tax Code of Ukraine \(on the peculiarities of tax administration to finance expenditures specified in paragraphs 31-34 of Article 14 of the Law of Ukraine "On State Budget of Ukraine for 2020"\)](#)" No. 1005-IX dated 17.11.2020

<sup>287</sup> Order of the Ministry of Finance of Ukraine "On approval of the template of the tax return on corporate income tax under the production sharing agreement" No. [332](#) of 09.06.2021



- ▶ On 25.08.2021, the Order of the Ministry of Finance "On Approval of the Tax Return Template for Corporate Profit Tax for the PSA" No. 332 dated 09.06.2021, which approved the template for corporate profit tax return for the PSA and six annexes thereto, entered into force.
- ▶ For the purposes of corporate profit tax under the PSA, the basic tax (reporting) period is a calendar quarter. The investor (operator) must submit a quarterly tax return for each reporting tax quarter.
- ▶ The requirement to submit an annual tax return and pay corporate profit tax in advance does not apply to the investor (operator) under the PSA.
- ▶ The first reporting period for which the new template should be submitted is the fourth quarter of 2021.

***Draft Law "On Amendments to the Tax Code of Ukraine to Stimulate Circulation of Subsoil Licenses" No. 4252 of 22.10.2020<sup>288</sup>***

- ▶ The draft law is being discussed within the Parliament's committees and introduces a new tax, namely, the fee for the use of mineral resources. The amount of the fee will depend on the area of the subsoil site and the type of minerals.
- ▶ The draft law also suggests excluding the provisions of the Tax Code on exemption from taxation of transactions with excisable goods related to sale of liquefied gas at specialized auctions for the needs of households under the procedure prescribed by the CMU.

***Draft Law "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine on Ensuring Balanced Budget Revenues" No 5600 of 02.06.2021 (adopted by the Parliament on 30.11.2021<sup>289</sup>)<sup>290</sup>***

The changes suggested by the draft law include the following:

- ▶ Introduction of the term "conditions for mineral resources of the subsoil plot", change in the meaning of the term "mineral resources".
- ▶ Increase in the tax rates for carbon dioxide emissions, for the disposal of waste, which are set depending on the hazard class and hazardous waste category, fees for subsoil use for non-mining purposes, for the volume of underground space.
- ▶ New rules for determining the actual selling price for iron ore (calculated on the basis of the IODEX 62% Fe CFR China index, excluding shipping costs).
- ▶ Change in the rate of rent for the use of subsoil for the purpose of mining iron ore and in the adjustment factor that applies to the rates of rent for the use of subsoil for mining iron ore.

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<sup>288</sup> Draft Law [on Amendments to the Tax Code of Ukraine on Stimulating the Circulation of Special Permits for Subsoil](#) Use No. 4252 dated 22.10.2020 (being developed by the Committee)

<sup>289</sup> On 30.11.2021, several resolutions were also registered in the Verkhovna Rada to cancel the decision of the Verkhovna Rada of Ukraine to adopt in the second reading and in general the draft Law "On Amendments to the Tax Code of Ukraine and some legislative acts of Ukraine to ensure balanced budget revenues" No. 5600 dated 02.06. 2021

<sup>290</sup> [Draft Law on Amendments to the Tax Code of Ukraine and Certain Legislative Acts of Ukraine on Ensuring Balanced Budget Revenues](#) No. 5600 dated 02.06.2021

- ▶ Extension of the temporary VAT exemption for supply (including import) of waste and scrap of ferrous and non-ferrous metals, until 01.01.2027. In this case, taxpayers will be required to proportionally allocate their input VAT in connection with such transactions.



### Key reforms of the regulatory regime of extractive industries

#### Amendments to the Procedure for granting licenses

In February 2020, the CMU adopted Resolution No. 124, which set out a new version of the Procedure for granting subsoil licenses,<sup>291</sup> which:

- ▶ Provides for the granting of a license (up to 5 years) for the geological survey of amber subsoil, including research & industrial development of deposits with subsequent extraction of amber (industrial development of deposits).
- ▶ Stipulates that provision for use of subsoil sites containing minerals of local importance in the area of Anti-terrorist Operation / Joint Forces Operation must be agreed with regional state military-civil administrations.
- ▶ Provides that the license for geological survey, including research & industrial development, may be extended only once, except for licenses for geological survey where work is performed exclusively at the expense of the state budget (previously, it was allowed to extend a geological survey permit twice).
- ▶ 25.11.2020, the CMU adopted Resolution No. 1172,<sup>292</sup> according to which a permit is issued to NJSC Naftogaz of Ukraine (and/or a company 100% of which is owned by NJSC Naftogaz of Ukraine) without an auction in the case of geological survey of oil and gas subsoil, including research and industrial development of deposits, with subsequent extraction of oil and gas (industrial development of deposits) on the continental shelf and the exclusive (marine) economic zone, for a period of 30 years.
- ▶ In 2020, licenses for subsoil use were issued via electronic auctions on the basis of:
  - ▶ Temporary pilot project, which started at the end of 2018.<sup>293</sup> This procedure was effective until 01.10.2020.<sup>294</sup>
  - ▶ A new procedure approved by the CMU in September 2020,<sup>295</sup> which established the procedure for selling licenses at electronic auctions on a permanent basis.
- ▶ On 23.09.2020, the CMU approved a new Methodology for determining the initial sale price of a subsoil license at the auction.<sup>296</sup>

For details of the procedure for granting licenses valid at the end of 2020, see **Section 6.6.2**

<sup>291</sup> Resolution of the CMU "[On Amendments to the Procedure for Granting Subsoil Licenses](#)" No. 124 dated 19.02.2020

<sup>292</sup> Resolution of the CMU "[On Amendments to the Procedure for Issuing Subsoil Licenses](#)" No. 1172 dated 25.11.2020

<sup>293</sup> Resolution of the CMU "[On the implementation of a pilot project to introduce auctions for the sale of licenses for subsoil use through electronic bidding](#)" No. 848 dated 17.10.2018

<sup>294</sup> Resolution of the CMU "[On the implementation of a pilot project to introduce auctions for the sale of licenses for subsoil use through electronic bidding](#)" No. 848 dated 17.10.2018

<sup>295</sup> Resolution of the CMU "[On Amendments to the Resolution of the Cabinet of Ministers of Ukraine of 17.10.2018 No. 848](#)" No. 960 dated 23.10.2019

<sup>296</sup> Resolution of the CMU "[On approval of the Procedure for conducting auctions for the sale of licenses for subsoil use](#)" No. 993 dated 23.09.2020

of this Report.

### **Implementation of the open door policy in subsoil use**

- ▶ **Subsoil User Investment Atlas:** In 2020, the Subsoil User Investment Atlas was available at the official website of Derzhgeonadra (initially launched in December 2019).<sup>297</sup> The sites in the atlas are divided into six baskets - by type of mineral with a general description of the site, coordinates, estimated resources, preliminary cost, minimum requirements for the work program, as well as a reference to the field passport and relevant site reports.
- ▶ **Subsoil user one-stop shop:** In early February 2020, Derzhgeonadra launched a new service where Derzhgeonadra specialists provide consultations and clarifications on issuing subsoil licenses and procedures for extending the license, its renewal and amendment, to reduce the number of refusals due to incomplete documentation and mistakes in applications.<sup>298</sup>
- ▶ **Simplified procedure for recognizing the amount of the subsoil license fee:** In March 2020, Derzhgeonadra launched a license fee calculation and payment center.<sup>299</sup> The center also calculates the cost of geological information obtained from Geoinform Ukraine SRPE using state budget funds.
- ▶ Introduction of the new service is aimed to simplify and speed up issuance of subsoil licenses, as well as creating favourable conditions for potential investors. In particular, after the service is launched, there is no need to contact three different institutions to calculate the amount of a license fee, find geological information and determine its cost.
- ▶ **Approval of the Regulation on the Geological Information Catalogue:** Regulation "On Geological Information Catalogue" approved in September 2020<sup>300</sup> details the features of the catalogue's operations under the new Procedure for Geological Information Management.<sup>301</sup> Information in the catalogue is open and publicly available (except for confidential information) and will be provided free of charge via Internet.
- ▶ In October 2020, Derzhgeonadra published information on preparation for the launch of Geological *Big Data*, which, in addition to the of Geological Information Catalogue, will include the State Cadaster of Mineral Deposits and Reserves and the State Geological Map of Ukraine.<sup>302</sup>
- ▶ **Launch of the State Geological Portal in test mode:** In May 2021, the State Geological Portal was launched in test mode.<sup>303</sup> The portal allows interactive tracking of information on issued subsoil licenses and concluded PSA in .xlsx format. The map contains the following information: type of mineral, registration number, type of subsoil use, name of the object of registration, date of issue, validity of the license and name of the company.

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<sup>297</sup> [Website](#) of Derzhgeonadra with Subsoil User Investment Atlas

<sup>298</sup> Subsoil User Investment Atlas [website](#)

<sup>299</sup> [Website](#) of a license fee calculation and payment center

<sup>300</sup> The Order of the Ministry of Environment "[On approval of the Regulations on the catalog of information on geological information](#)" No. 119 dated 04.09.2020

<sup>301</sup> The CMU Resolution "[Issues of geological information management](#)" No. 939 dated 07.11.2018

<sup>302</sup> Information from the official [website](#) of Derzhgeonadra

<sup>303</sup> [State Geological Portal of the State Service for Geology and Subsoil \(in test mode\)](#)

**Launch of interactive service "Subsoil User E-Account"**

- ▶ In July 2019, the State Geology Service and the Ministry of Environment launched a pilot version of a specialized internet portal for subsoil users and representatives of the geological community, where they can register using the integrated electronic identification system, available at: <https://enadra.menr.gov.ua>.
- ▶ Registration in the electronic cabinet should enable the user to quickly access data on mineral resources, conditions of subsoil use, project documentation, statistical and analytical information.
- ▶ When the service is fully implemented, companies will be able to register their applications for the following public services: receiving geological information, obtaining / amending / re-issuing subsoil licenses. Currently, the e-cabinet is in test mode, so it contains limited publicly available information and allows requesting a subsoil license without an auction.
- ▶ **Decree of the President of Ukraine No. 122/2021 endorsing the decision of the National Security and Defense Council "On the current situation in the field of subsoil use"**
- ▶ On 25.03.2021, the Decree of the President of Ukraine No. 122/2021<sup>304</sup> endorsed the decision of the National Security and Defense Council "On the current situation in the field of subsoil use",<sup>305</sup> which authorized the Geology Service, upon the instruction of the Prime-Minister, to conduct unscheduled inspections of the subsoil users engaged in geological study and rational use of subsoil who received subsoil licenses without an auction and based on the results of approbation of mineral reserves without a subsoil license for the purpose of geological study, and which within two years after obtaining the license did not start mining, as well as those who did not start extraction of minerals within ten years after obtaining the license and within two years after the approval of the balance reserves of hydrocarbons in the case of a license for the use of oil and gas subsoil for geological study.
- ▶ The List of unscheduled inspections is also approved.<sup>306</sup>
- ▶ **Providing access to the protocols of the DKZ:** In May 2021, all protocols of approval (testing) of mineral reserves and resources transferred by the DKZ were published on the official website of the Geoinform of Ukraine SRPE.<sup>307</sup> Geoinform of Ukraine also started publishing the soviet time protocols to simplify access to geological information and attract investment following the above decision of the National Security and Defense Council of 25.03.2021. The protocols for approval (testing) of mineral reserves and resources contain a description and an overview map of the subsoil use facility location.
- ▶ **Decree of the President of Ukraine No. 306/2021 on the implementation of the decision of the National Security and Defense Council "On stimulating the search, extraction and**

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<sup>304</sup> Decree of the President of Ukraine "[On the decision of the National Security and Defense Council of 19.03.2021 "On the current situation in the field of subsoil use"](#) No 122/2021 dated 25.03.2021

<sup>305</sup> Decision of the National Security and Defense Council "[On the current situation in the field of subsoil use"](#) dated 19.03.2021

<sup>306</sup> [The list of unscheduled inspections](#), in accordance with subparagraph 1, paragraph 1 of the decision of the National Security and Defense Council "On the current situation in the field of subsoil use" of 19.03.2021, that is put into effect by the Decree of the President of Ukraine No. 122/2021 dated 25.03.2021

<sup>307</sup> [Website](#) of Geoinform of Ukraine with published protocols for approval (testing) of mineral reserves and resources

***enrichment of minerals of strategic importance for sustainable economic development and defense capabilities of the state***<sup>308</sup>

The decision of the National Security and Defense Council approved the List of metallic ores and non-metallic minerals that are of strategic importance for sustainable economic development and defense capabilities of the state.<sup>309</sup>

In addition, the decision determines some areas for further development of the industry by imposing the following responsibilities on the CMU:

- ▶ Approve the list of subsoil areas that are of strategic importance and which will be made available for use under the PSA or through auctions for the sale of licenses, and ensure annual update of the lists. The relevant draft resolution and the draft list have already been published on the website of the CMU.<sup>310</sup>
- ▶ Submit to the Parliament a number of bills governing pressing issues of the extractive industries, including: amendments to the Subsoil Code,<sup>311</sup> amendments to some laws of Ukraine on granting the right to the Geology Service to suspend and revoke subsoil licenses without referring to court on the grounds of (1) obtaining licenses outside the auction; (2) non-use of subsoil for two years without a good reason (for oil and gas promising areas and oil and gas fields - for 180 days); (3) causing an emergency resulting in ill health or death; (4) subsoil use by applying the methods and techniques with harmful effects on the environment, etc.
- ▶ Ensure the development and adoption of the State Targeted Economic Program for the Development of the Titanium Industry of Ukraine, approve a set of measures aimed at developing the mineral resource base of Ukraine after amendments to the Subsoil Code of Ukraine, etc.
- ▶ ***Adoption of a law on the development of biomethane production***
- ▶ On 21.10.2021, the Parliament passed a law on development of biomethane production, which will allow for expansion of biomethane production and opportunities for its export.<sup>312</sup> The law defines the term "biomethane" for the first time, proposes to introduce a register of biomethane, which will record the origin and determine the procedure for issuing a certificate of origin. It is envisaged that biomethane producers who intend to supply biomethane to the GTS or the gas distribution system will have to register in the biomethane register.
- ▶ ***Strengthening responsibility for illegal mining***

<sup>308</sup> The decision of the National Security and Defense Council "[On stimulating the search, extraction and enrichment of minerals of strategic importance for sustainable economic development and defense capabilities of the state](#)" dated 16.07.2021, that was put into force by Presidential Decree No. 306/2021 dated 23.07.2021

<sup>309</sup> [The list of metallic ores and non-metallic minerals that are of strategic importance for sustainable economic development and defense capabilities of the state, approved by the decision of the National Security and Defense Council dated 16.07. 2021](#) "On stimulating the search, extraction and enrichment of minerals of strategic importance"

<sup>310</sup> [Draft Resolution of the Cabinet of Ministers of Ukraine "On Approval of the List of Subsoil Areas \(Mineral Deposits\) of Strategic Importance for Sustainable Economic Development and Defense Capabilities of the State to Be Provided for Use through Auctions for Sale of Special Subsoil Use Permits"](#)

<sup>311</sup> The [Subsoil Code](#)

<sup>312</sup> Information on the adoption of the [Draft Law on Amendments to the Law of Ukraine "On Alternative Fuels" in terms of development of biomethane production on the official website of the Verkhovna Rada](#) (status: the law is signed by the President).

- ▶ On 15.07.2021, the law<sup>313</sup> was passed which (1) criminalizes illegal mining of minerals of local significance, (2) provides for 10-fold increase in liability for unauthorized subsoil use and conclusion of contracts that directly or implicitly violate property rights to the subsoil; (3) provides for increased liability for illegal mining in general by imposing significant and large liability, increase in fines.
- ▶ The law provides for liability not only for individuals but also for legal entities.

### ***Draft of the new Subsoil Code***

- ▶ Mining relations are governed based on the Subsoil Code dated 27.07.1994 (as amended).<sup>314</sup> Drafting of the new Subsoil Code was scheduled back in the National Action Plan for the Implementation of the Economic Reform Program 2010-2014. While several drafts were submitted for public discussion, however none of them was registered with the Parliament.
- ▶ In mid-December 2019, the State Geology Service initiated intensive discussion of the new version of the Subsoil Code with the business community, which continued during 2020. Based on the results of joint efforts, on 17.02.2021, the Ministry of Environment published a draft of the new Code on its website.<sup>315</sup>
- ▶ The published draft, among other things, provides for deregulation in the field of subsoil use by revoking some of the permits and other documents required by the current Code; possibility to dispose of the right to subsoil use to third parties (via sale, donation, contribution to the charter capital, etc.); measures to combat the problem of "sleeping" licenses; a transparent methodology for estimating the value of licenses and establishing exhaustive grounds for suspending or revoking licenses, establishing mechanisms for conducting reserve estimations according to international standards; state support to reduce the negative impact on the environment; improved availability of geological information, defined mechanism of mineral circulation and expanding the list of minerals of local importance to replenish the budgets of all levels, etc.

### ***Draft Law "On Amendments to Certain Legislative Acts of Ukraine Concerning Support for the Development of Domestic Subsoil Use Industries"***

- ▶ The draft law, registered with the Parliament on 05.10.2020,<sup>316</sup> was adopted as a whole on 01.06.2021<sup>317</sup> and is currently being prepared for the second reading as the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation in the Field of Subsoil Use". The draft law proposes the following:

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<sup>313</sup> Law of Ukraine No 1685-IX of 15.07.2021 ["On Amendments to Certain Legislative Acts of Ukraine on Strengthening Liability for Illegal Mining"](#)

<sup>314</sup> [The Subsoil Code](#)

<sup>315</sup> Notice of publication of the draft Subsoil Code of Ukraine on the [website](#) of the Ministry of Environment

<sup>316</sup> Draft Law [on Amendments to Certain Legislative Acts of Ukraine Concerning Support for the Development of Domestic Subsoil Use Industries](#) No.4187 dated 05.10.2020

<sup>317</sup> Resolution of the Verkhovna Rada ["On the adoption of the draft Law of Ukraine on Amendments to Certain Legislative Acts of Ukraine on Improving Legislation in the Sphere of Subsoil Use"](#) No. 1496-IX dated 01.06.2021

- ▶ Providing the license holder (except for state enterprises) with the opportunity to sell, use as collateral or otherwise alienate the rights granted under a subsoil license to another legal entity or individual, including through their contribution to the charter capital of an entity created with the license holder's participation and investment into joint activities.
- ▶ Replacing the license for geological exploration with a complex (end-to-end) license (from 3 to 20 years), which allows combining mineral exploration with extraction.
- ▶ Restrict the right to use subsoil for legal entities and individuals subject to special economic and other restrictive measures under the Law of Ukraine "On Sanctions".
- ▶ Submit documents for obtaining, extending, renewing, amending subsoil licenses in electronic form through the electronic cabinet.
- ▶ Determine an exhaustive list of cases of granting a license without an auction, a list of cases of revoking the license; establish a transparent and competitive procedure for obtaining it, to halve the list of documents in a license package, which will significantly reduce the risk of abuse, etc.
- ▶ ***Draft Law on Amendments to the Law of Ukraine "On Oil and Gas" in terms of determining critical gas storage and critical main gas transmission pipelines***<sup>318</sup>
- ▶ As of today, the draft law is being considered by the committee and proposes the following changes:
  - ▶ Determining the basis for the underground gas storage and main gas pipelines classification and approval of the list of critical gas storages and critical main gas transmission pipelines in the manner prescribed by the CMU.
  - ▶ Decommissioning of underground gas storage facilities in accordance with the procedure established by the CMU.
  - ▶ Approval of the procedure for establishing a special mode of operation for main pipelines under limited natural gas transit.
  - ▶ Mandatory examination and environmental impact assessment of construction, reconstruction and decommissioning of underground storage facilities.

#### **Draft laws on PSA**

- ▶ In November 2020, a draft law was registered in the Parliament,<sup>319</sup> which proposes to arrange online broadcasting of the meetings of the Interagency Commission for Conclusion and Implementation of the PSA, to review the list of conditions for PSA tenders, to exclude the possibility of concluding PSA without a tender for the areas with minor reserves, as well as to improve the criteria (and the procedure for their application) to determine the winner of the tender for the conclusion of the PSA.

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<sup>318</sup> Draft Law [on Amendments to the Law of Ukraine "On Oil and Gas" concerning the determination of critical gas storage facilities and critical main gas transmission pipelines](#) No. 6133 dated 05.10.2021

<sup>319</sup> Draft Law of Ukraine ["On Amendments to Certain Legislative Acts Concerning the Stimulation of the Development of the Oil and Gas Industry"](#) No. 4344 dated 09.11.2020



- ▶ In April 2021, another draft law was registered in the Parliament,<sup>320</sup> which is currently being considered by the parliamentary committee and proposes: to clarify the list of conditions when PSAs may be concluded and the criteria for evaluating the bids; provide requirements for the content of the conclusions and proposals of the Interagency Commission in determining the winner of the tender; allow extraction of related minerals to comprehensively develop deposits and reduce the impact of mining activities on the environment, etc.
- ▶ In July 2020, the Parliament registered and is currently considering draft law No. 3791 on accounting transactions within the PSA. The draft law aims to govern the specifics of recoding PSA transactions in tax accounting of investors and avoid double taxation of investors' financial results under the PSA.<sup>321</sup>

### ***Amendments to the Rules for Development of the Oil and Gas Fields***

- ▶ In June 2020, the Ministry of Energy published on its official website a draft order amending the Rules for the development of oil and gas fields.<sup>322</sup> The order was drafted to optimize organizational procedures, improve certain technological processes in the oil and gas industry, as well as bring the Rules in line with the legal provisions updated during 2017-2019.<sup>323</sup>
- ▶ The document proposes to amend the procedure of approval of geological and economic assessment of oil and gas reserves, and to simplify the procedures for approval and endorsement of design technological documents for research and development during exploration and development of hydrocarbon deposits and making changes thereto.
- ▶ At the same time, for the same purpose, the Geology Service has developed a separate draft order of the Ministry of Environment, which proposes to amend certain provisions of the Rules for development of oil and gas fields. The draft was published on the official website of the Geology Service on 17.02.2021 and was endorsed by the State Regulatory Service of Ukraine.<sup>324</sup>



## **The state of reform of the coal industry**

### **Optimization of the structure of coal mining enterprises**

- ▶ To implement the Concept, at the end of 2017 the CMU created the National Coal State Enterprise to be managed by the Ministry of Energy. To optimize the structure of state-

<sup>320</sup> Draft Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine Concerning Stimulation of Development of the Low-Carbon Energy Resource Base](#)" No. 5390 dated 16.04.2021

<sup>321</sup> Draft Law "[On Amendments to the Tax Code of Ukraine to Improve Taxation of Investors under Production Sharing Agreements](#)" No 3791 dated 03.07.2020

<sup>322</sup> Notice of publication of the draft order of the Ministry of Energy and Environmental Protection of Ukraine "On Amendments to the Rules for the Development of Oil and Gas Fields" on the [website](#) of the Ministry of Environment

<sup>323</sup> The update of the regulations was due to the enactment of the Law of Ukraine "[On Environmental Impact Assessment](#)" No 2059-VIII dated 23.05.2017, the entry into force of the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Deregulation in the Oil and Gas Industry](#)" No 2314-VIII dated 01.03.2018, and the order of the Ministry of Ecology and Natural Resources of Ukraine "[On approval of the unified template of the act, based on the results of planned \(unscheduled\) measures of state supervision \(control\) for compliance with legislation in the field of geological study and rational subsoil use](#)" No. 229 dated 26.06.2019

<sup>324</sup> The official [website](#) of the Geology Service on publication of draft regulatory acts, the decision of the State Regulatory Service of Ukraine on [approval of the draft regulatory act](#) No. 116 dated 03.03.2021



owned coal mining enterprises, a certain part of such enterprises must merge into the National Coal State Enterprise. In 2020, the reorganization process was suspended by the order of the Ministry of Energy No. 121 dated 28.10.2020.<sup>325</sup>

- ▶ In October 2020, the CMU approved the Action Plan for establishment of a joint-stock company with the participation of state-owned coal mining companies and Centerenergo PJSC. Based on the results of the work carried out in accordance with the Plan, the CMU is expected to submit a draft decision on the establishment of the joint stock company, which will receive shares in PJSC Centerenergo and property of coal mining enterprises (mines) into its charter capital.<sup>326</sup>

### **Moratorium on enforcement measures**

To ensure the possibility of reforms in the sector and to prevent any blocking of the coal industry, the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Creating Conditions for Implementing the State Policy in the Coal Industry" No. 2658-VIII was adopted on 18.12.2018.<sup>327</sup> This law:

- ▶ Amended the Law of Ukraine "On Enforcement Proceedings" to entitle enforcement officers to suspend proceedings under the Law of Ukraine "On Recovery of Solvency of State Coal Mining Enterprises".<sup>328</sup>
- ▶ Extended the moratorium on enforcement measures against coal mining enterprises until 01.01.2022. In September 2021, a bill was registered proposing to extend the moratorium on enforcement proceedings and enforcement of decisions on state-owned coal mining companies, as well as the lifting of arrests and a ban on the alienation of their property until 01.01.2024.<sup>329</sup>
- ▶ ***Establishment of the Coordination Center for the Transformation of Ukrainian Coal Regions (hereinafter - the "Coordination Center")***
- ▶ In May 2020, the CMU set up a Coordination Center<sup>330</sup> to:
  - ▶ Ensure coordination of actions of executive bodies, local governments, enterprises, institutions and organizations to determine priorities and improve the coal regions' transformation policy.
  - ▶ Identify the steps, arrangements and ways to solve problematic issues that arise during the development and implementation of the coal regions' transformation policy.
  - ▶ Provide support in preparation (development) of coal regions' transformation projects identifying the sources of their funding; assistance in implementation of such projects.

<sup>325</sup> Order of the Minekoenergo "[On the expiration of orders of the Ministry of Energy](#)" No. 121 dated 28.02.2020

<sup>326</sup> Order of the CMU "[Some issues of formation of a joint-stock company with the participation of state coal mining enterprises and public joint-stock company "Centerenergo"](#)" No. 1215-r dated 05.10.2020

<sup>327</sup> Law of Ukraine "[On Amendments to Certain Laws of Ukraine on Creating Conditions for the Implementation of the State Policy in the Coal Industry](#)" No. 2658-VIII dated 18.12.2018

<sup>328</sup> The existence of the grounds envisaged in the Law of Ukraine "On Recovery of Solvency of the State-Owned Coal Mining Enterprises" was added as a separate basis for suspension of enforcement actions (Article 34); the periods of suspension in this case (Article 35) are limited by the period of validity of the circumstances provided for by this law

<sup>329</sup> Draft Law "On Amendments to Art. 1 of the Law of Ukraine "[On restoring the solvency of state-owned coal mining enterprises to extend the moratorium](#)" No. 5880 dated 01.09.2021

<sup>330</sup> The CMU Resolution "[On the establishment of the Coordination Center for the Transformation of Ukrainian Coal Regions](#)" No. 391 dated 13.05.2020

- ▶ Develop the Ukrainian Coal Industry and Coal Regions Reform Concept and the National Coal Regions Transformation Program until 2027.<sup>331</sup>

***Establishment of the Temporary Investigative Commission of the Verkhovna Rada to investigate unprofitability of several state-owned enterprises of the coal industry***

- ▶ Following the Resolution of the Parliament No. 1093-IX<sup>332</sup> dated 16.12.2020, the Temporary Investigative Commission of the Parliament consisting of seven deputies is investigating the losses of several state-owned enterprises in the coal industry. The responsibilities of the Commission include inspecting the operations of the coal mining enterprises and investigating the causes of their losses that led to decreased coal production or deterioration of coal quality, as well as initiating bringing violators to justice.
- ▶ Currently, the Temporary Commission has identified the following causes of losses: accumulation of USC debts, increase in the cost of coal production that triggers the difference between income and expenses, lack of the state coal industry development and modernization strategy, inefficient equipment and lack of coal enrichment capacities that results in low selling prices, while contracting the suppliers of last resort increases the cost of coal by 10-20%. There is a proposal to extend the mandate of the commission for another six months.<sup>333</sup>

***Draft Law on Reforming the Coal Industry No. 6232 dated 28.10.2021***<sup>334</sup>

- ▶ The draft law that is currently being considered by the parliamentary committee proposes the following changes to the Ukrainian legislation:
  - ▶ To write off the USC debts of coal mining enterprises as well as their other debts to the Pension Fund of Ukraine. In this case, the period for which the debts are written off will be included into the "insurance period" of their respective employees.
  - ▶ The list of the state-owned coal mining companies whose USC and other debts will be written off must be approved by the Ministry of Energy.
  - ▶ Simplify the procedures on privatization of state-owned coal mining companies and create opportunities for their privatization with subsequent re-profiling of their business.
  - ▶ Amend the Bankruptcy Code of Ukraine to prevent the bankruptcy of the state-owned coal mining companies.
  - ▶ To extend the moratorium on enforcement proceedings and enforcement measures against state-owned coal mining enterprises for a period of three years, as well as the moratorium on bankruptcy proceedings against state-owned coal mining enterprises (from 01.01.2022 to 01.01.2025).

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<sup>331</sup> According to the official [website](#) of the CMU

<sup>332</sup> Resolution of the Verkhovna Rada "[On the establishment of the Temporary Investigative Commission of the Verkhovna Rada to investigate the causes of unprofitability of enterprises of the coal-industrial complex](#)" No. 1093-IX dated 16.12.2020

<sup>333</sup> Draft Resolution [on the Preliminary Report of the Temporary Investigative Commission of the Verkhovna Rada on the Unprofitability of enterprises of the coal-industrial complex](#) No. 5668 dated 17.06.2021

<sup>334</sup> Draft Law [on Reforming the Coal Industry](#) No. 6232 of 28.10.2021



## Reforms to improve the effectiveness of EITI implementation

### *Introduction of electronic reporting for mining companies*

- ▶ In February 2021, the Ministry of Energy accepted the EITI Electronic Reporting and Analysis System into its assets.<sup>335</sup> Implementation of the system should significantly simplify the EITI reporting process and allow to analyze open data related to extractive industries, provide easy and convenient access to objective information on the extractive industries and subsoil use. The electronic platform operates in a test mode and allows the companies to submit their EITI reports for 2020 using the EITI electronic reporting system.
- ▶ At the same time, currently state authorities do not submit any information via the platform. Moreover, information from the reporting companies is often uploaded to the platform in a format that cannot be automatically processed and requires manual reconciliation. Therefore, the functionality of the electronic system requires additional improvement.

### *Draft amendments to the EITI Law to align it with the updated EITI Standard*

- ▶ Draft Law on Amendments to Certain Legislative Acts of Ukraine on Ensuring Transparency in Extractive Industries No. 3790 was registered in the Parliament on 03.07.2020,<sup>336</sup> adopted in its first reading and is being prepared for the second reading. On 15.07.2021, the resolution of the Parliament approved the draft law in principle.<sup>337</sup>
- ▶ The law proposes a number of amendments to the EITI Law, including:
  - ▶ Copies of subsoil use agreements concluded on 01.01.2021 or later, as well as amendments to these agreements, should be made publicly available (however, the draft does not require to disclose the texts of the agreements concluded before 01.01.2021 in case of changes thereto after this date).
  - ▶ The list of minerals of national importance, which should be reported by mining companies, should be determined by the MSG according to the criteria established by the CMU and approved by the Ministry of Energy.
  - ▶ The companies engaged in extractive activities should be subject to responsibility measures for reporting inaccurate information within the EITI.
  - ▶ The scope of the EITI reports is expanded and includes "other information required to be disclosed in accordance with the EITI Standard".
  - ▶ A deadline is set up for submitting a report on payments received by payment recipients (by April 1 of the year following the reporting year).

<sup>335</sup> Mining industry [data portal](#) (the project is supported by the German government under the "Support to the implementation of the Global Extractive Industries Transparency Initiative in Armenia, Georgia, Ukraine" project implemented by the federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH)

<sup>336</sup> Draft Law [on Amendments to Certain Legislative Acts of Ukraine Concerning Ensuring Transparency in Extractive Industries](#) No. 3790 dated 03.07.2020

<sup>337</sup> Resolution of the Verkhovna Rada ["On Adoption of the Draft Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Concerning Ensuring Transparency in Extractive Industries in Principle"](#) No. 1672-IX dated 15.07.2021

- ▶ If the extractive companies cannot report on environmental tax and land fees per project, they should report per administrative-territorial units where respective project activities are carried out (however, the draft law may be further refined since in principle project activities may be carried out in several administrative-territorial units).
- ▶ The draft law clarifies the procedure for selecting the Independent Administrator and the scope of its powers.
- ▶ The draft law identifies the measures to accelerate the transition to the electronic reporting and analysis system.
- ▶ EITI reports should be provided to the Ministry of Energy only, without duplication to the Independent Administrator.

### Conclusions to the section

Despite the difficult economic and political situation in Ukraine, a number of steps were taken in 2020 to reform the extractive industries to effectively implement the EITI Standard, meet Ukraine's international obligations, and introduce transparent and responsible use of natural resources.

In 2020, the level of transparency in the extractive industries has improved compared to 2019, for example:

- ▶ Essential terms and excerpts from most PSAs signed at the end of 2020 were made public; the draft law that requires disclosure of all subsoil use agreements (for the future and retrospectively) has been prepared and is currently considered in the Parliament.
- ▶ To facilitate access to geological information, a significant number of protocols for approval (testing) of mineral reserves and resources of the State Committee of Ukraine were published.
- ▶ In 2021, to further implement the open door policy in the field of subsoil use, modern online services were launched: the Subsoil User One-Stop Shop, the State Geological Portal (operating in test mode), etc.

Also, during 2020-2021 a number of regulations were adopted, many draft laws were developed and submitted for public discussion.

Despite the above, the Ukrainian legal and regulatory framework still has gaps and inconsistencies. There is inconsistency in the activities of state authorities and a significant number of draft laws await consideration by the Parliament.

A number of issues remain a priority, including:

- ▶ Adoption of a new Subsoil Code in line with the modern trends in subsoil use.
- ▶ Further reform of the coal mining industry to unlock and optimize the activities of coal mining companies.
- ▶ Creation and implementation of transparent legal mechanisms on a continuous basis that would sustain building open partnerships and attract investments into subsoil use.
- ▶ Development/amendment of regulations that would promote effective administration of the extractive industry, creation of equitable conditions for all market players in obtaining licenses, reduction of the bureaucratic and state pressure on subsoil users, etc.

## 6.4. Availability of the information about the beneficial owners of extractive companies



### The concept of beneficial owner for the purposes of the EITI Report

According to the requirement of 2.5.f of the EITI Standard, a beneficial owner of a company is an individual who directly or indirectly owns or controls the corporate entity.

Ukrainian law defines the ultimate beneficial owner (hereinafter referred to as the "**beneficial owner**") as follows:<sup>338</sup>

- ▶ For legal (corporate) entities - any individual who exerts decisive influence (direct or indirect) on the operations of a legal entity (including through the control / ownership chain).
- ▶ For trusts established in accordance with the legislation of the country of their incorporation - the founder, trustee, defender (if any), beneficiary or group of beneficiaries, as well as any other individual exerting decisive influence (direct or indirect) over the activities of the trust (including through the control/ownership chain).
- ▶ For other similar legal entities - an individual who has a status equivalent to or similar to the individuals specified for trusts.

The criterion for an individual to exercise direct decisive influence is the direct ownership of *at least 25%* of the charter capital or voting rights in a legal entity. To identify indirect decisive influence, the same percentage of indirect ownership or the exercise of decisive influence in another way must be in place.<sup>339</sup>

An individual who has a formal right to 25 % or more of the charter capital or voting rights in a legal entity, but is a commercial agent, nominal owner or nominal holder, or just an intermediary for such right, is not considered as a beneficiary.

For the purposes of preparation of EITI reports, the concept of beneficial owner is used in the meaning defined in the Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds.



### The Unified state register

Ukraine is one of the countries where the obligation to disclose information about the beneficial owners of all legal entities is established during their state registration /changes to their record,

<sup>338</sup> Paragraph 30 part 1 of Article 1 of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction" No. 361-IX of 16.08.2020 (hereinafter - the "Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds")

<sup>339</sup> Criteria for exercising indirect decisive influence are at least ownership by an individual of at least 25 percent of the charter (composed) capital or voting rights of a legal entity through related individuals or legal entities, trusts or other similar legal arrangements or the exercise of decisive influence by exercising the right to control, hold, use or dispose of all assets or their shares, the right to receive income from the activities of a legal entity, trust or other similar legal arrangement, the right to decisive influence on the composition, voting results of management, as well as transactions that enable to determine the basic conditions of economic activities of the legal entity or activities of the trust or other similar legal entity, to make mandatory decisions that have a decisive influence on the activities of the legal entity, trust or other similar legal entity, regardless of formal ownership

based on the Law of Ukraine "On state registration of legal entities, individual entrepreneurs and public organizations".<sup>340</sup>

This information is included in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations (the "USR") and available online on the official website of the Ministry of Justice of Ukraine<sup>341</sup> and the Unified State Portal of Open Data.<sup>342</sup>

These resources also contain public information about the participants (founders) of all legal entities registered in Ukraine, the size of the registered capital of such legal entities, and the percentage of shares of their participants (founders) in the registered capital.

In 2020 and as of the date of this EITI Report, the following information on the beneficial owners of legal entities (including on the beneficial owners of the legal entities' founders, if they are legal entities) is published within the USR:

- ▶ Surname, name, patronymic (if any)
- ▶ Date of birth
- ▶ Country of citizenship
- ▶ Number and series of passport of the citizen of Ukraine or of the foreigner's passport document
- ▶ Place of residence
- ▶ Taxpayer registration number (if any)
- ▶ Full name and identification code (for a resident) of the founder of the legal entity where that person is the beneficial owner
- ▶ Nature and extent (level, degree, share) of beneficial ownership: benefits, interests, influence (such information is mandatory for disclosure in the USR starting from 28.04.2020<sup>343</sup>).

In case of any amendments to the legal entity's record in the USR, information about the beneficial owner of the legal entity must be re-submitted.<sup>344</sup>

In 2020, the USR was updated to improve its functionality as well as the mechanism for providing and verifying data on beneficial owners,<sup>345</sup> including:

- 1) Additional control mechanisms and security modules were introduced, including control of the availability of a scanned copy of the submitted document.
- 2) A new separate column "ultimate beneficial owner" improves the quality of beneficial owners' data by structuring and separating them clearly from the founders, which enables placing information in separate blocks while providing information from the USR or making the data publicly available.

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<sup>340</sup> [Subparagraph 9 of paragraph 2 of Article 9](#) of the Law of Ukraine "On state registration of legal entities, individual entrepreneurs and public organizations" No. 755-IV of 15.05.2003,

<sup>341</sup> [Web access](#) to the Uniform State Register of Legal Entities, Individual Entrepreneurs and Public Entities

<sup>342</sup> [Web-access](#) to the Unified State Portal of open data (the list of published information was extended in July 2021 in accordance with the order of the Ministry of Justice "[On Amendments to the List of information to be made publicly available in the form of open data, the manager of which is the Ministry of Justice](#)" № 2640/5 of 26.07.2021)

<sup>343</sup> [Article 9](#) of the of the Law of Ukraine "On state registration of legal entities, individual entrepreneurs and public associations" No. 755-IV of 15.05.2003

<sup>344</sup> Order of the Ministry of Justice of Ukraine No. 3268/5 "[On approval of forms of applications in the field of state registration of legal entities, individual entrepreneurs and public associations](#)" of 18.11.2016.

<sup>345</sup> [The information](#) on the official website of the Ministry of Justice



### Measures to eliminate disadvantages of disclosing information about beneficial owners, including its verification

The information published in the USR does not always fully meet the requirements of the Standard (for example, the information about the country of citizenship, date of birth, place of residence, nature and extent of possession is not always complete), including for technical reasons (for example, due to heterogeneity and different rules of storing information in the database during different periods of running the USR<sup>346</sup>).

In addition, Ukrainian law does not require disclosing information regarding the status of politically exposed persons.<sup>347</sup>

Historically, legal entities often provide incomplete or inaccurate disclosure about their beneficial owners in the USR, e.g., they disclose information only to the level of nominal owners or managers of trusts.

As a result, one of the tasks of the Open Government Partnership Initiative was to introduce a mechanism for verifying information on beneficial owners.

In implementation of the action plan of this Initiative new rules on the disclosure of information on beneficial owners and its regular updating were adopted and became effective from 28.04.2020), the list of documents for submission for this purpose was expanded, and the requirement to confirm the information on beneficial owner was established on an annual basis with increase of fines for failure to comply with these requirements.

In particular, for the purposes of additional confirmation of the accuracy of information about the beneficial owners (including verification of their identities), the law requires the following documents to be submitted along with the application:

- 1) the ownership structure in the prescribed form, which allows to identify all beneficial owners, including the control relationship between them, or the absence of such beneficial owners;
- 2) an extract, certificate or other document certifying the registration of the founder of the legal entity (if the founder is a non-resident);
- 3) a notarized copy of the document certifying the identity of the beneficial owner.

As a result of the above changes, the application form for state registration of a legal entity for the purposes of submission of the above information, which is used from 01.01.2020, no longer contains separate information about the legal entities through which an indirect influence on the legal entity is exercised.<sup>348</sup>

<sup>346</sup> [Information](#) on the implementation of the action plan for the implementation of the Open Government Partnership Initiative in 2018-2020 (as of 01.07.2020)

<sup>347</sup> The Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds" defines politically exposed persons as individuals who are national or foreign public figures and figures performing public functions in international organizations. However, such information is not publicly open and is used for financial monitoring purposes.

<sup>348</sup> Form 5 as amended by the Order of the Ministry of Justice "[On approval of application forms in the field of state registration of legal entities, individual entrepreneurs and public organizations](#)" No. 2824/5 dated 29.08.2018 as amended by the Order of the Ministry of Justice No. 1716/5 dated 19.05.2020



The form and content of the ownership structure was approved by the Order of the Ministry of Finance that entered into force on 11.07.2021.<sup>349</sup> The ownership structure provides a schematic representation of the ownership structure of a legal entity, which reflects all persons who directly or indirectly own the entity independently or jointly with other persons or, regardless of formal ownership, have the ability to significantly influence the management or operations of the legal entity.

A schematic representation of the ownership structure indicates:

- ▶ All persons directly or indirectly owning the legal entity
- ▶ All persons who, regardless of formal ownership, have the ability to significantly influence the management or operations of the legal entity
- ▶ The size of the participation (percentage of corporate rights)
- ▶ The schematic representation of the ownership structure is indicated for each:
  - ▶ Individual:
    - ▶ Citizen of Ukraine - full name, date of birth, tax identification number, passport dates (including passport number and series)
    - ▶ Foreigner and stateless person - full name in English and its transliteration in Ukrainian, country of citizenship, date of birth, country of tax residency
  - ▶ A legal entity:
    - ▶ Registered under the legislation of Ukraine - full name, USR code
    - ▶ Foreign legal entity, trust or other similar legal arrangement - full name in English and transliteration in Ukrainian, country of incorporation, country of registration of the trustee, location, identification number obtained from the tax authorities in the country of residence

The ownership structure specifies a description of the exercise of decisive influence on each beneficial owner.

Samples of the schematic representation of the ownership structure are available on the official website of the Ministry of Finance of Ukraine in the "Financial Monitoring" section.<sup>350</sup>

The Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds establishes administrative and, in some cases, criminal responsibility for failure to provide/update information on beneficial owners.<sup>351</sup> The Ministry of Justice provided recommendations on drawing up protocols on administrative violations in such a case.<sup>352</sup>

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<sup>349</sup> Order of the Ministry of Finance of Ukraine "[On Approval of the Regulations on the form and content of the property structure](#)" № 163 of 19.03.2021

<sup>350</sup> According to the letter of the Ministry of Justice "[On Approval of the Regulations on the form and content of the property structure](#)" № 178/8.4.4/32-21 of 11.06.2021, access to [samples of forms](#)

<sup>351</sup> [Section 8](#) of the Law on Prevention and Counteraction to Legalization (Laundering) of Proceeds

<sup>352</sup> Letter of the Ministry of Justice "[On drawing up protocols on administrative offences regarding the failure to submit or untimely submission by a legal entity of information on the ultimate beneficial owner](#)" № 79493/8.4.4/32-21 of 14.09.2021

Update of information on beneficial owners under the new rules was to begin three months after approval of the form and content of the ownership structure.<sup>353</sup> However, due to numerous requests of the Ukrainian business community the deadline for filing and updating the information about the beneficial owners was postponed from 11.10.2021 to 11.07.2022.<sup>354</sup>

Also, as of today there are several draft laws related to the disclosure of information about beneficial owners under the Parliament's consideration. For more details, see **Section 6.3**.

The USR software is in the process of being finalized due to legislative changes.<sup>355</sup>

To implement the 2021-2022 Action Plan of the international Partnership *Open Government Initiative*, the course on "Identifying the Ultimate Beneficial Owner" was presented as part of the Partnership for Good Governance program<sup>356</sup> in 2021 to explain the reasons and best practices for identifying and disclosing beneficial owners.



### The Global Beneficial Ownership Register

In 2017, Ukraine took an important step towards increasing transparency by joining the Global Beneficial Ownership Register and became the first state that officially announced its readiness to provide beneficial ownership data to the register.<sup>357</sup>

With the aim to establish and develop cooperation on provision of information to the registry, the Ministry of Justice of Ukraine, the State Agency for E-Government, Transparency International Ukraine and the OpenOwnership consortium signed a Memorandum of Understanding.<sup>358</sup> Also, the CMU amended regulations to provide for free transfer of information on beneficial owners to the Global Register of Beneficiary Owners.<sup>359</sup>

The information on the beneficiary owners of Ukrainian companies contained in the USR is already partially available in the Global Register of Beneficiary Owners, but integration will be required to correctly transfer the information and to allow for search in the database. Further data transformation to achieve full compliance with *the Beneficial Ownership Data Standard* is identified as a next step in the Initiative "Partnership "Open Government" in 2018-2020.<sup>360</sup>

<sup>353</sup> [Information](#) from the official website of the Ministry of Justice

<sup>354</sup> The Law of Ukraine "[On Amendments to the Law of Ukraine "On Prevention and Counteraction to Legalization \(Laundering\) of Proceeds"](#)

<sup>355</sup> Letter of the Ministry of Justice "[On updating information about ultimate beneficial owners](#)" № 32032/8.4.4/32-21 of 09.07.2021

<sup>356</sup> [Web access to the course](#)

<sup>357</sup> Resolution of the CMU "[Some Issues of Providing Information from the United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations](#)" No. 593 dated 08.09.2016 as amended by the Resolution of the CMU No. 339 dated 18.05.2017. [Information at the official web-site of OpenOwnership](#)

<sup>358</sup> [Memorandum](#) of Understanding between the Ministry of Justice, the State Agency for E-Government, Transparency International Ukraine, and the OpenOwnership consortium that provided for the transmission of relevant information to the Global Register by the end of 2017

<sup>359</sup> Resolution of the CMU "[Certain Issues of Provision of Information from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations](#)" No. 593 of 08.09.2016

<sup>360</sup> [Information](#) on the implementation of the action plan for the implementation of the Initiative "Partnership "Open Government" in 2018 - 2020 (as of 01.07.2020)



## The Unified State Register of Electronic Declarations

Starting 2017, the information about state officials who are beneficial owners (controllers) of the legal entities has become available in the Unified state register of declarations of persons authorized to perform functions of the state or local governments, which was modified during the year 2020.<sup>361</sup>

In particular, the declarant must provide information on any securities or any other corporate rights, including shares in charter or other equivalent capitals of companies, enterprises, or organizations registered in Ukraine or abroad, as well as separate information on legal entities where the declarant or its family members are beneficial owners.<sup>362</sup>

According to the decision of the Constitutional Court of Ukraine No 13-p/2020 of 27.10.2020,<sup>363</sup> the legal provisions on open round-the-clock access to the Single State Register of Declarations were declared unconstitutional. Access to the registry was temporarily suspended. Subsequently, in pursuance of the Ordinance of the Cabinet of Ministers No 1363-r of 29.10.2020,<sup>364</sup> access to the register was restored.

In December 2020, the Law of Ukraine "On Prevention of Corruption" was amended<sup>365</sup> to eliminate the legislative gaps arising from the decision of the Constitutional Court of Ukraine.

In July 2021, the National Agency for the Prevention of Corruption approved a new procedure for the formation, maintenance and publication (provision) of information of the Unified State Register of declarations of persons authorized to perform the functions of the state or local governments, which come into force on 01.12.2021.<sup>366</sup>

As of the date of this Report, access to the declarations remains open. However, due to the aforementioned, the legal status of the register of declarations remains ambiguous.



## Database of issuers of securities

The information about the owners of 5 percent or more of the shares in joint stock companies is available in the database of issuers posted on the website of the Agency for Development of Stock Market Infrastructure of Ukraine at <http://smida.gov.ua/db/emitent>.

This database contains, among others, information on stock exchanges on which the shares of all issuers registered in Ukraine are placed. In addition, a list of all stock exchanges registered

<sup>361</sup> [Unified State Register](#) of Electronic Declarations of persons authorized to fulfil functions of the state or local governments

<sup>362</sup> [Paragraph 4, 5, 5-1 of paragraph 1 of Article 46](#) of the Law of Ukraine "On Prevention of Corruption" No. 1700-VII dated 14.10.2014

<sup>363</sup> <https://zakon.rada.gov.ua/laws/show/v013p710-20#Text>

<sup>364</sup> Ordinance of the Cabinet of Ministers of Ukraine "[Some issues of operations of the National Agency for the Prevention of Corruption](#)" No. 1363-r of 29.10.2020

The Law of Ukraine "On Amendments to the Law of Ukraine "On Prevention of Corruption" on the restoration of the institutional mechanism to prevent corruption" № 1079-IX of 15.12.2020.

<sup>365</sup> The Law of Ukraine "[On Amendments to the Law of Ukraine "On Prevention of Corruption" on the restoration of the institutional mechanism to prevent corruption](#)" № 1079-IX of 15.12.2020.

<sup>366</sup> Order of the National Agency for the Prevention of Corruption "[On Approval of the formation, maintenance and publication \(provision\) of information of the Unified State Register of declarations of persons authorized to perform the functions of the state or local government](#)" № 448/21 of 23.07.2021

in Ukraine is available on the official website of the National Commission on Securities and Stock Market:<sup>367</sup>

USR code	Stock market name	Link to the stock market list
33718227	Stock Exchange "Perspektiva" PJSC	<a href="http://www.fbp.com.ua/Trade/StockListPer.aspx">http://www.fbp.com.ua/Trade/StockListPer.aspx</a>
21672206	Stock Exchange PFTS JSC	<a href="https://pfts.ua/stock-exchange-pfts/list-pfts">https://pfts.ua/stock-exchange-pfts/list-pfts</a>
22877057	Ukrainian Interbank Currency Exchange PJSC	<a href="https://infodisclosure.uice.com.ua/StockList.aspx">https://infodisclosure.uice.com.ua/StockList.aspx</a>
36184092	Ukrainian Exchange JSC	<a href="http://www.ux.ua/ua/issues.aspx">http://www.ux.ua/ua/issues.aspx</a>

At the same time, shares of only a small part of Ukrainian companies are traded on stock exchanges. Among the reporting companies, there are only two:

- ▶ Ukrnafta PJSC - non-listed securities trading in the stock market of Ukrainian Exchange JSC, Stock Exchange PFTS JSC and Stock Exchange "Perspektiva" PJSC.
- ▶ ArcelorMittal Kryvyi Rih PJSC - non-listed securities trading in the stock market of Ukrainian Exchange JSC and Stock Exchange PFTS JSC.

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<sup>367</sup> Available at: <https://www.nssmc.gov.ua/register/litsenzuvannia-ta-reestratsiia/stock-exchanges/>.

**Summary:**

Ukrainian legislation has its own definition of a beneficial owner, which is also used for the purposes of EITI reporting in Ukraine.

Information about the beneficial owners of legal entities, including extractive companies, is publicly available within the USR. In addition, Ukraine was the first country to join the Global Registry of beneficial owners.

The USR contains most of the information, the disclosure of which is required by Requirement 2.5 of the EITI Standard, except for the status of politically exposed persons and information about stock exchanges. In addition, according to the law the USR does not have separate records on beneficial owners of entities that are not legal entities (in particular, representative offices of non-residents, PSAs, joint activity agreements).

In practice, the information made public in the USR is not always complete, including for technical reasons (for example, due to the non-uniformity and differences in the rules for storing information in the database during different periods of the USR's operation). In this regard, in 2020-2021 the state authorities actively worked on improving the process of verification of information on beneficial owners and adopted the necessary bylaws. Update of this information according to the new rules should take place in 2022.

In addition to the USR, additional information about companies may be obtained via the Unified State Register of Electronic Declarations, a database of securities issuers and other information publicly available on the website of the National Commission on Securities and Stock Market. There are also non-governmental sources of information on the status of politically exposed persons in Ukraine.

## 6.5 Fiscal regime for extractive industries



### Overview of taxes payable by extractive industries

In 2020 the major taxes paid by the companies operating in extractive industries were **VAT, CIT, and production royalty**. In addition, the companies operating in extractive industries were subject to certain taxes and other mandatory payments<sup>368</sup> that were not industry-specific. The companies that operate the trunk pipeline facilities and provide (arrange for) transportation services through such pipelines also paid the transportation royalty (except transportation of natural gas).<sup>369</sup>

Below is the general information about the taxes, levies, and fees paid by the companies of extractive industries, and the distribution of taxes paid between budgets at different levels. Unless otherwise is explicitly specified below, this section describes the tax rules effective as of 31.12.2020.

Information on actual receipts of significant payments, which is determined by the MSG in accordance with the requirements of the EITI standard and paid by companies of the extractive industries in 2020, is provided in **Section 8.1.2.** and **Annex 8** of this Report.

In 2020, dividends on the state's share and proportion of the net profit of the state's share were equated with the tax liabilities<sup>370</sup> (more details are provided in **Section 7.4** of this Report).



Figure 6.4: Types of budgets

<sup>368</sup> Such as: non-production royalties, customs duty, excise tax, land fee, property tax on property other than land, environmental tax, special water use levy, PIT, military levy and USC

<sup>369</sup> [Para 256-1.1](#) of the Tax Code

<sup>370</sup> The [Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving Tax Administration, Elimination of Technical and Logical Inconsistencies in Tax Legislation"](#) № 465-IX dated 16.01. 2020, the Law of Ukraine "On Amendments to the Tax Code of Ukraine on Improving Tax Administration, elimination of technical and logical inconsistencies in tax legislation" № 466-IX dated 16.01.2020.



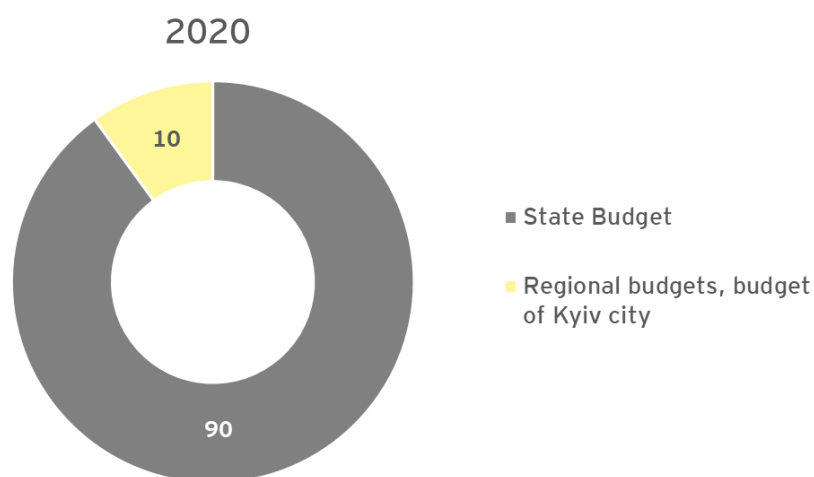
## Corporate income tax

In 2020, CIT was paid at 18%.

In 2020, the amount of profit subject to CIT for the majority of companies of the extractive industries was determined by adjusting the financial result before tax (profit or loss), stated in the company's financial statements prepared under the national accounting standards or the IFRS, by a number of differences determined under the rules of the Tax Code.<sup>371</sup>

The Tax Code does not establish any special rules for determining taxable profits for the companies of the extractive industries and persons engaged in activities in extractive industries on the basis of JAA.

CIT for production sharing agreement ("PSA") was calculated under special rules. The amount of taxable profit under a PSA was calculated based on the value of profit production less the amount of USC and the expenses that are not compensated (not subject to compensation) by the cost recovery production. Other income of the investor was not subject to CIT. CIT on other activities not related to PSA was to be paid by the investor in accordance with the general rules.<sup>372</sup>



*Figure 6.5: Allocation of CIT (paid by private enterprises) between the budgets of various levels (general Budget Code rule)<sup>373</sup>*

The Budget Code envisaged, that 90% of the CIT paid by the **private enterprises** and 100% of the CIT paid by the **state-owned enterprises** was transferred to the general fund of the State

<sup>371</sup> [Para 134.1.1](#) of the Tax Code. For the taxpayers with annual income from any activity (net of indirect taxes), determined by the accounting rules for the last annual reporting period not exceeding forty million hryvnias, the object of taxation may be determined without adjusting the pre-tax financial result for all differences (except for the negative value of the object of taxation of previous tax (reporting) years), determined in accordance with the provisions of this section.

<sup>372</sup> [Section XVIII](#) of the Tax Code

<sup>373</sup> The Budget Code also sets special rules for CIT and other taxes allocation between the Autonomous Republic of Crimea and city of Sevastopol. Due to aggressor state's occupation of Crimea, these special rules were not working in 2020, therefore we did not cover them in the Report.

budget of Ukraine.<sup>374</sup>



### Royalty payments related to extractive industries

In 2020, a national tax “rental fee” was in effect, which was charged inter alia in the form of production royalty, non-production royalty, transportation royalty, and special use of water levy.<sup>375</sup>



### Production royalty

In 2020, the extractive industry companies, owners of the licenses,<sup>376</sup> paid production royalty.

**The object of taxation** was the volume of commodity products of the companies of the extractive industries – the extracted minerals (mineral raw materials) (hereinafter – “minerals”) in the corresponding tax period, recognized in accordance with the standard adopted by the sector regulations.<sup>377</sup> **The taxable base** was the value of the volume of minerals extracted in the tax period.<sup>378</sup>

In order to calculate the tax liability, the taxpayer had to determine the following essential details for the relevant tax period: the amount of minerals extracted, their value, the tax rate and the adjusting factor (see the figure below).<sup>379</sup>

**The tax rate and the adjusting factor** for the respective type of minerals were set by the provisions of the Tax Code.<sup>380</sup>



Figure 6.6: Calculation of the production royalty, 2020

The specifics of calculating the production royalty for hydrocarbons (oil, natural gas, gas condensate, etc.) and for the other minerals covered by this Report are as follows.



### Hydrocarbon minerals

<sup>374</sup> [Para 29.2](#) of the Budget Code  
<sup>375</sup> [Para 14.1.217](#) of the Tax Code  
<sup>376</sup> [Para 252.1](#) of the Tax Code  
<sup>377</sup> [Para 252.3](#) of the Tax Code  
<sup>378</sup> [Para 252.6](#) of the Tax Code  
<sup>379</sup> [Para 252.18](#) of the Tax Code.  
<sup>380</sup> [Section IX](#) of the Tax Code



The tax base for production royalty on hydrocarbon production is the value of the commercial products, i.e., the hydrocarbons extracted in the reporting period calculated according to the special rules:<sup>381</sup>

- ▶ **For natural gas:** Mineconomy calculated the average customs value of imported natural gas in the course of its import customs clearance for the tax period (the given value was published by Mineconomy on its official website).<sup>382</sup>
- ▶ **For natural gas** that is sold to the Naftogaz of Ukraine NJSC for the purposes of creating reserves of natural gas to be used for the needs of the households: the value was determined as the price specified in the contracts for the sale and purchase of natural gas between the production royalty payer and Naftogaz of Ukraine NJSC in the reporting period.
- ▶ **For oil and condensate:** Mineconomy the average price of a barrel of Urals oil determined according to information from an international agency (UralsMediterranean and UralsRotterdam quotations), converted into UAH per tonne (at the NBU rate as of the 1<sup>st</sup> day of the month following the end of the tax (reporting) period (the given value was published by Mineconomy on its official website).<sup>383</sup>

Starting May 2020, the actual selling price of the relevant type of commodity products of the companies of the extractive industries, the extracted minerals, may not be less than the price determined by the arm's length principle in course of performance of controlled transactions in cases specified by the Tax Code.<sup>384</sup>

The rates of production royalty were set by the Tax Code.<sup>385</sup>

The rates of production royalty under a PSA were specified in the PSA. However, they could not be lower than the rates set by Section IX of the Tax Code at the time of signing the PSA. Starting 2020, the new special royalty rates were in force: in terms of PSA, the production royalty for oil and condensate constituted 2% of the value of the commercial products of the mining enterprise, and the production royalty for natural gas – 1.25% of the value of the commercial products of the mining enterprise.<sup>386</sup>

**Table 6.1: The rates of the production royalty for hydrocarbons in 2020**

Object of taxation	Rate
<b>Oil</b>	
extracted from deposits located at depths of under 5,000 m	31 %
extracted from deposits located at depths of over 5,000 m	16 %
<b>Condensate</b>	
extracted from deposits located at depths of under 5,000 m	31 %
extracted from deposits located at depths of over 5,000 m	16 %

<sup>381</sup> [Para 252.8](#) of the Tax Code

<sup>382</sup> [Para 252.8](#) of the Tax Code, [publications](#) on the website of the Mineconomy

<sup>383</sup> [Para 252.8](#) of the Tax Code, [publications](#) on the website of the Mineconomy

<sup>384</sup> Para 130 of the Law of Ukraine "[On Amendments to the Tax Code of Ukraine on Improving Tax Administration, Removing Technical and Logical Mismatches in Tax Legislation](#)" No. 466 dated 16.01.2020

<sup>385</sup> [Para 252.20](#) of the Tax Code

<sup>386</sup> [Para 252.20](#) of the Tax Code

Object of taxation	Rate
<b>Natural gas</b> (of any origin)	
extracted from deposits located at depths of under 5,000 m	29 %
extracted from deposits located at depths of over 5,000 m	14 %
extracted from deposits in subsoil fields located within the continental shelf and/or the exclusive (maritime) economic zone of Ukraine	11 %
extracted from deposits located at depths of under 5,000 meters, sold for households' needs	29 %
extracted from deposits located at depths of over 5,000 meters, sold for households' needs	14 %
produced under JAA	70 %

Comparing to 2019 rates, in 2020 royalty rates for extracting oil, and condensate have not changed.

In 2020 a stimulating royalty rates were in force for extracting natural gas, produced from new wells in the amount of 12% of the deposits that are fully or partially located at depths of under 5000 m, and 6% of the deposits that are fully or partially located at a depth of over 5000 m.<sup>387</sup>

When calculating a production royalty, adjusting coefficients (from 0.01 to 0.97) should apply depending on the type of the mineral and the extraction conditions.<sup>388</sup>

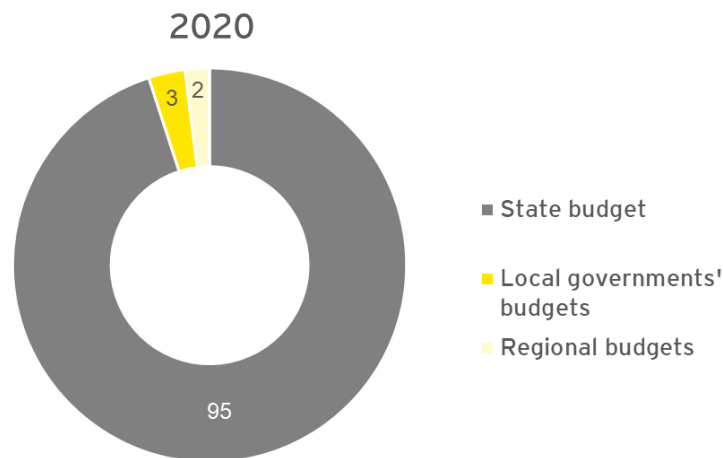
In 2020, 5% of the amount of the production royalty for extracting hydrocarbons was transferred to the general fund of the local budgets, which was distributed depending on the location (place of extraction) of the respective natural resources. The amount of 95% of this tax was transferred to the general fund of State budget, except for the payments made for the use of natural resources within the continental shelf or exclusive (marine) economic territory of Ukraine, which had to be remitted to the State budget in full.<sup>389</sup>

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<sup>387</sup> [Para 252.20](#) of Tax Code.

<sup>388</sup> [Para 252.22](#) of Tax Code.

<sup>389</sup> [Para 29.2.5-1](#) of the Budget Code



**Figure 6.7: Allocation of production royalty for hydrocarbons between the budgets of various levels under the Budget Code**



### Other minerals except for hydrocarbon

The value of minerals other than hydrocarbons was calculated at the higher of the two values: at actual selling prices or at the estimated cost of the mineral.<sup>390</sup>

#### **Determination of the actual selling price of the mineral:**<sup>391</sup>

- ▶ As a general rule, the amount of income from the sale of minerals for the tax period was reduced by the amount of the costs determined according to the exhaustive list of expenses stipulated in the Tax Code.<sup>392</sup> The costs included the cost of delivering products to the consumer and the cost of pre-sale preparation of goods in 2020.<sup>393</sup>
- ▶ The unit cost of a certain type of extracted mineral was calculated as the ratio of the amount of income from the sale of the extracted mineral (minus the cost) and the volume (amount) of the corresponding type of sold mineral, which was determined according to the accounting records of finished product stocks of such payer.<sup>394</sup>
- ▶ Starting May 2020, the actual selling price of the relevant type of commodity products of the companies of the extractive industries, the extracted minerals, may not be less than the price determined by the arm's length principle in course of performance of controlled transactions in cases specified by the Tax Code.<sup>395</sup>

<sup>390</sup> [Para 252.7](#) of the Tax Code.

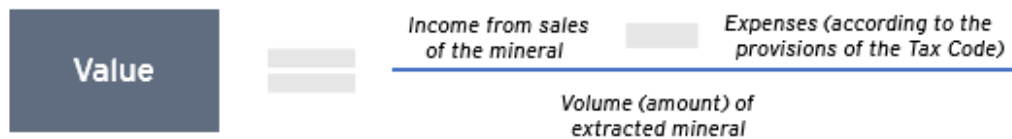
<sup>391</sup> [Para 252.8](#) of the Tax Code

<sup>392</sup> [Para 252.8](#) of the Tax Code

<sup>393</sup> [Para 252.9](#) of the Tax Code

<sup>394</sup> [Para 252.10](#) of the Tax Code

<sup>395</sup> [Paragraph 130](#) of the Law of Ukraine " On Amendments to the Tax Code of Ukraine on Improving Tax Administration, Removing Technical and Logical Mismatches in Tax Legislation " № 466-IX 16.01.2020 p

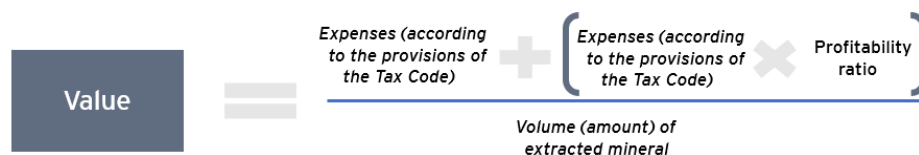


$$\text{Value} = \frac{\text{Income from sales of the mineral} - \text{Expenses (according to the provisions of the Tax Code)}}{\text{Volume (amount) of extracted mineral}}$$

Figure 6.8: The formula for determining the actual value of mineral sales

**Determining the value of the mineral at the estimated cost.<sup>396</sup>**

- ▶ The estimated cost of the unit of the relevant type of the commercial products should be determined using the formula specified in the Tax Code which takes into account the payer's costs related to production of the relevant type of minerals, the profitability indicator of the mining company, and the amount of the minerals produced in the reporting period. The profitability indicator of the mining company is calculated in the documents of Geological and Economic Assessment of the mineral resources of the subsoil section, approved by the Geology Service.



$$\text{Value} = \frac{\text{Expenses (according to the provisions of the Tax Code)} + \left( \text{Expenses (according to the provisions of the Tax Code)} \times \text{Profitability ratio} \right)}{\text{Volume (amount) of extracted mineral}}$$

Figure 6.9: The formula for determining the estimated cost of minerals

- ▶ If primary mineral processing results in new products, mining companies determined the amount of the royalty for each new product taking into consideration the tax liabilities for the amount of the relevant type of the extracted mineral that was used for creating new products, net of the tax liabilities that arose from previous operations with this type of minerals.<sup>397</sup>
- ▶ If the extracted minerals have not been sold or if the extracted minerals, in order to bring them into civil circulation, are subject to some technological operations, which are not part of the primary processing, the taxable base was determined at the estimated cost.

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<sup>396</sup> [Para 252.16](#) of the Tax Code

<sup>397</sup> [Para 252.14](#) of the Tax Code

- ▶ Government subsidies provided to the taxpayer were disregarded when determining the value of the extracted minerals.<sup>398</sup>

**Table 6.2: Rates of production royalty for minerals other than hydrocarbons in 2020**

Object of taxation	Rate
<b>Ore minerals (metal-containing (metal) minerals, including ores)</b>	
ferrous (other than iron ore), colour and alloying metals (until 23.05.2020)	5 %
ferrous (other than iron ore), colour and alloying metals (starting 23.05.2020)	6,25 %
uraniferous, and other than uraniferous ores of ferrous, colour and alloying metals	5 %
iron ore (until 23.05.2020)	8 %
Iron ore (from 23.05.2020)	11-12 % <sup>399</sup>
<b>Energy minerals</b>	
coking coal	1.5 %
energy coal	0.75 %
anthracite	1 %
Brown	1 %
<b>Non-energy, non-ore (non-metal-containing (non-metal)) minerals, including quartz sand, fire clay, high-melting clay, limestone, granite, gneiss and others)</b>	5 %

When calculating production royalty payments, adjusting coefficients apply depending on the type of material and conditions of extraction.<sup>400</sup>

From 23.05.2020, the rate of production royalty for the extraction of ferrous metals (except iron ores), non-ferrous and alloy metals was increased and constituted 6.5%, for the extraction of iron ore – 12%, if the average value of iron ore for the tax (reporting) period is USD 70 or more according to IODEX 58% FE CFR China, officially determined by the world news agency Platts, or 11%, if such average cost was less than USD 70, the rates and conditions for the application of certain adjusting coefficients to production royalty rates also were changed.<sup>401</sup>

Royalties for extracting minerals of the national importance were distributed between the budgets as follows:<sup>402</sup>

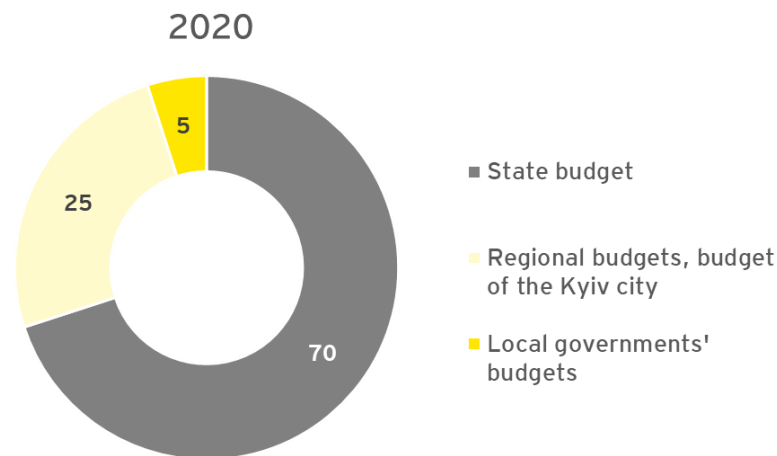
<sup>398</sup> [Para 252.13](#) of the Tax Code

<sup>399</sup> The rate constitutes 12%, if the average value of iron ore according to the IODEX index 58% FE CFR China, officially determined by the world news agency Platts, amounts to 70 and more USD, 11% – if less than 70 USD.

<sup>400</sup> [Para 252.22](#) of the Tax Code

<sup>401</sup> [Para 130](#) of the Law of Ukraine dated "On Amendments to Certain Laws of Ukraine on Improving Tax Administration, Removing Technical and Logical Mismatches in Tax Legislation" No. 466-IX dated 16.01.2020

<sup>402</sup> [Para 29.2.5](#) of the Budget Code



*Figure 6.10: Allocation of production royalty for non-hydrocarbon minerals of national importance between the budgets of various levels*

Royalty for the extraction of minerals of local importance was paid in full to the local budgets at location (site) of the respective natural resources.<sup>403</sup>



### Non-production royalty

Companies that use the subsoil for storage of oil, gas, liquid or gaseous petroleum products were required to pay non-production royalty for underground space at the following rates:<sup>404</sup>

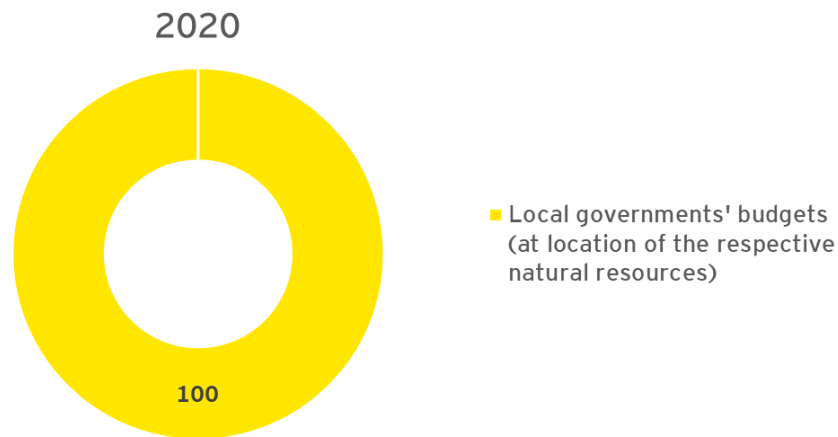
- ▶ Storage of natural gas – UAH 0.49 per year for tcm of active space (the same rate was effective in 2019).
- ▶ Storage of oil and other liquid petroleum products – UAH 0.49 per year for cm (the same rate was in effect in 2019).

The amount of non-production royalty was **transferred in full to the local governments' budgets at location (site) of the respective natural resources.**<sup>405</sup>

<sup>403</sup> [Para 64.1](#) of the Budget Code

<sup>404</sup> [Para 253.5](#) of the Tax Code

<sup>405</sup> [Para 64.1](#) of the Budget Code



*Figure 6.11: Allocation of non-production royalty between the budgets of various levels under the Budget Code*



**Royalty for transportation of petroleum and petroleum products through trunk pipeline facilities and oil-product pipelines in the territory of Ukraine, pipeline transit of ammonia through the territory of Ukraine**

The **object** of taxation with royalty for transportation of petroleum and petroleum products was the actual volume of petroleum and petroleum products transmitted through the territory of Ukraine during the tax period, for ammonia – the sum of products of the distances of the respective routes of its transportation (movement), agreed between the payer of rent and the customer for the relevant tax (reporting) period, on the volume of ammonia transported (moved) by each route of transportation.<sup>406</sup>

The companies that operate the trunk pipeline facilities and provide (arrange for) cargo transportation services through such pipelines should pay the transportation royalty at the following **rates**:<sup>407</sup>

Object of taxation	Rate in 2020
Transportation of 1 ton of petroleum or petroleum products	USD 0.56
Transit transportation of 1 ton of ammonia for 100 km of distances of the respective routes of its transportation	USD 2.4

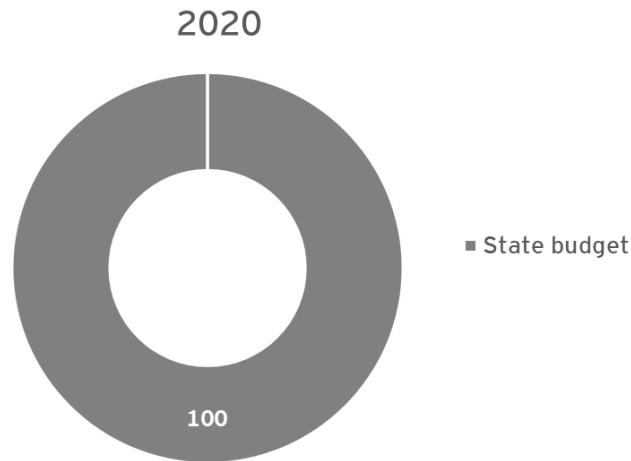
In the case of change in tariffs for transportation, an **adjusting coefficient** should apply to the rates of royalty, except for the royalty rate for ammonia transit and oil transportation through main pipelines for consumers in Ukraine.

The royalty for transportation of petroleum and petroleum products through the trunk pipeline facilities and oil-product pipelines in 2020 was **fully transferred to the general fund of the**

<sup>406</sup> [Para 256-1.2](#) of the Tax Code

<sup>407</sup> [Para 256-1.3](#) of the Tax Code

State budget.<sup>408</sup>



*Figure 6.12: Allocation of transportation royalty between the budgets of various levels under the Budget Code*



VAT

Supplies, import and export of goods, and supply of services in the customs territory of Ukraine are subject to VAT.<sup>409</sup>

VAT for the companies operating in extractive industries **is charged at rates of 20% and 0%**, and some transactions are not subject to VAT.

Imports of other products of extractive industries are taxed at rate 20% VAT on general terms. Export of such products was subject to 0% VAT rate.<sup>410</sup>

The supply of coal and/or coal refining products – commodity items under 2701, 2702, 2704 00 in accordance with Ukrainian Classification of Goods for Foreign Economic Activities was temporarily VAT exempt until 2022.<sup>411</sup> At the same time, the taxpayer may refuse to use this benefit or suspend its use for one or more reporting periods by filing an application.

<sup>408</sup> [Para 29.2.12](#) of the Budget Code

<sup>409</sup> [Section V](#) of the Tax Code

<sup>410</sup> [Para 195.1.1](#) of the Tax Code

<sup>411</sup> [Para 45, subsection 2 of section XX](#) of the Tax Code



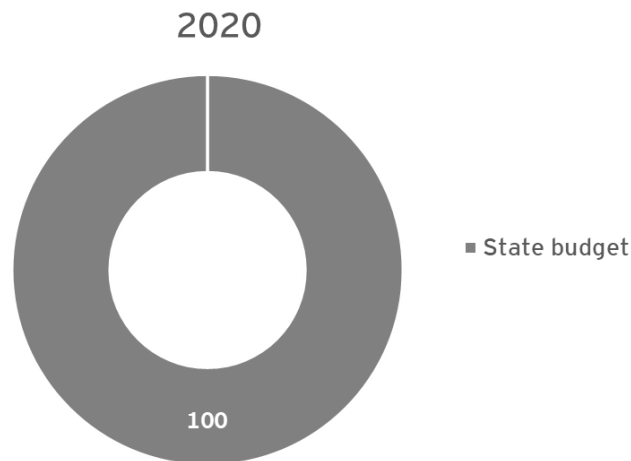
The negative difference between the VAT payable and VAT receivable was refunded to a taxpayer.<sup>412</sup> As the Ukrainian ore mining industry is majorly export-oriented (unlike the oil and gas industry), ore mining companies often have considerable VAT refund amounts.

There are several VAT exemptions for the PSAs: imports of goods and services for the purposes of PSA and for the import of minerals produced in the exclusive (maritime) economic zone of Ukraine. For multilateral PSAs, there was a special tax credit recognition by the PSA operator and individual investors under the PSA.<sup>413</sup>

In order to fulfil the obligations to separate the activities of natural gas transportation and to ensure the activities of the gas transmission system operator, in accordance with the Law of Ukraine "On Ratification of the Protocol of Accession of Ukraine to the Energy Community Treaty", a number of special rules on VAT taxation of property transfers and natural gas loans were temporarily introduced on 11.12.2019.<sup>414</sup>

In 2020, an electronic VAT administration system was in place. The system provides for the setting up of special VAT accounts to keep track of the VAT amounts, the Unified Tax Invoices Registry, drafting and registration of VAT invoices in electronic form, filing VAT statements electronically by all taxpayers etc.

In 2020, VAT was paid to the General Fund of the State Budget in full.<sup>415</sup>



**Figure 6.13: Allocation of VAT between the budgets of various levels under the Budget Code**

<sup>412</sup> In accordance with para 200.10 of the Tax Code, taxpayers who are entitled to reimbursement from the budget in accordance with this article and have applied for the reimbursement, receive such budget reimbursement refund if the controlling body approves the claimed amount during desk tax audit.

<sup>413</sup> [Article 337](#) of the Tax Code

<sup>414</sup> [Para 70 of subsection 2 of Section XX](#) of the Tax Code

<sup>415</sup> [Para 29.2.6](#) of the Budget Code



**Customs duty**

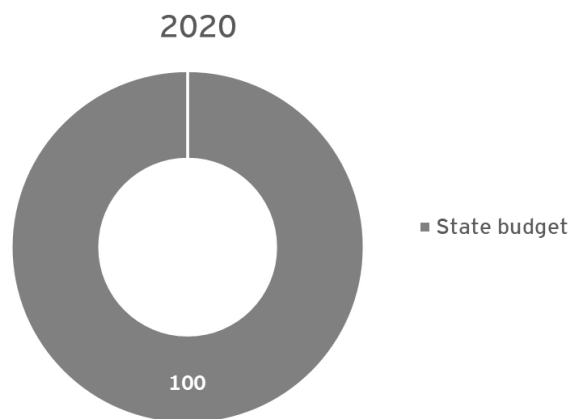
Customs duty is charged for imports and exports of certain goods from / into the territory of Ukraine.<sup>416</sup>

Imports of gas, oil, condensate, coal, and manganese ores were not subject to import duty. Import duty at the rate of 1-2% was levied on imports of titanium ore.<sup>417</sup> Import duty rates for imports from the EU were reduced to 0%, including the import duty rate for titanium ores (Ilmenite and others).<sup>418</sup>

Exports of natural gas in gaseous or liquefied state, except for exports to member states of the Energy Community, were subject to export duty at the rate of 35% of the customs value, but not below UAH 400 per tcm / tonne.<sup>419</sup> Export duty also applies to waste and scrap of ferrous and non-ferrous metals (including titanium) at 15%.<sup>420</sup> Exports of oil and other products of the extractive industries are not charged with export duty.

For the PSA, there was several exemptions from import and export duties.<sup>421</sup>

In 2020, the import and export duties were paid to the general fund of the State budget in full,<sup>422</sup> import duty on petroleum products was credited in full to the special fund of the State budget.<sup>423</sup>



**Figure 6.14: Allocation of customs duties between the budgets of various levels under the Budget Code**

<sup>416</sup> [Chapter IX](#) of the Customs Code

<sup>417</sup> Law of Ukraine "On the Customs Tariff of Ukraine (Groups 01-72)" No. 584-VII dated 19.09.2013

<sup>418</sup> See, in particular, the [official Mineconomy's notification](#) on import duty rates in 2020

<sup>419</sup> Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine" No. 309-VI dated 03.06.2008

<sup>420</sup> Law of Ukraine "On the rates of export duties on scraps of alloyed ferrous metals, scrap non-ferrous metals and semi-finished products with their use" No. 441-V dated 13.12.2006.

<sup>421</sup> [Chapter XVIII](#), the Tax Code

<sup>422</sup> [Para 29.2.9 and para 29.2.10](#) of the Budget Code

<sup>423</sup> [Para 29.3.3](#) of the Budget Code



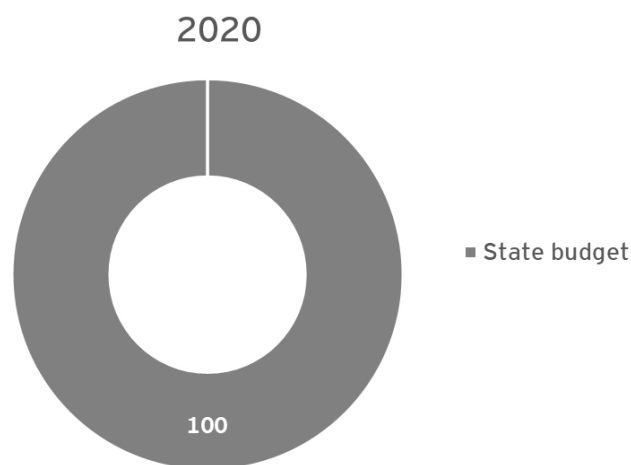
### Excise tax

Excise tax<sup>424</sup> is an indirect tax levied on the imports and sale in Ukraine of imported and domestically produced excisable goods.

The excise tax did not apply to the sale of crude oil and gas. Imports and sale of liquefied locally produced natural gas is subject to excise duty at the rate of EUR 3.67 per 1000 litres. Imports and sale of petroleum products were subject to excise duty at rates depending on the type of petroleum products and the volume of import/sale.<sup>425</sup>

The System for electronic administration of the sale of fuel (including petroleum products and liquefied gas) and the Single register of excise bills were effective in 2020.<sup>426</sup>

Excise tax on excisable goods produced in Ukraine and imported into the customs territory of Ukraine was paid **to the general fund of the State budget in full**.<sup>427</sup> At the same time, in 2020, as an exception to the provisions of the Budget Code, 13.44% of the amount of the excise tax on fuel produced in Ukraine and imported into the customs territory of Ukraine in the manner prescribed by the Cabinet of Ministers of Ukraine was transferred to the general fund of the local governments' budgets.<sup>428</sup>



*Figure 6.15: Allocation of excise tax on domestically produced excisable goods between the budgets of various levels (under general rule of the Budget Code)*



### Land fee

<sup>424</sup> [Section VI](#) of the Tax Code

<sup>425</sup> [Para 215.3.4](#) of the Tax Code

<sup>426</sup> [Para 231-232](#) of the Tax Code

<sup>427</sup> [Para 29.2.7](#) of the Budget Code

<sup>428</sup> [Para 43-2](#) of the Final and Transitional provisions of the Budget Code

The land fee<sup>429</sup> (as a component of the property tax, which is a local tax) is charged in the forms of land tax and land rent fee for state- and municipally-owned land plots. Companies, involved in extraction of natural resources and their transportation through the pipeline facilities, pay the land fee on general grounds.

The taxable base was the regulatory monetary valuation of land plots, adjusted for indexation coefficient or the area of land plots (if no valuation carried out). The amount of land use fee depended on several factors, including location, functionality, and availability of the regulatory monetary valuation of the land. The basis for calculating the land fee was the data of the state land cadastre.<sup>430</sup>

The marginal land tax rate and the maximum amount of the land rent fee varied depending on above features of the land plot but have not changed in 2020 comparing to 2019.

In 2020, land fee was paid **in full to the local budgets (local governments' budgets<sup>431</sup>) at the location of the land plot.**<sup>432</sup>

Land fee for the land plots provided to mining companies for the extraction of mineral resources and the development of mineral deposits was paid at the rate of 25% of the tax calculated under the rules of the Tax Code in 2020.<sup>433</sup>

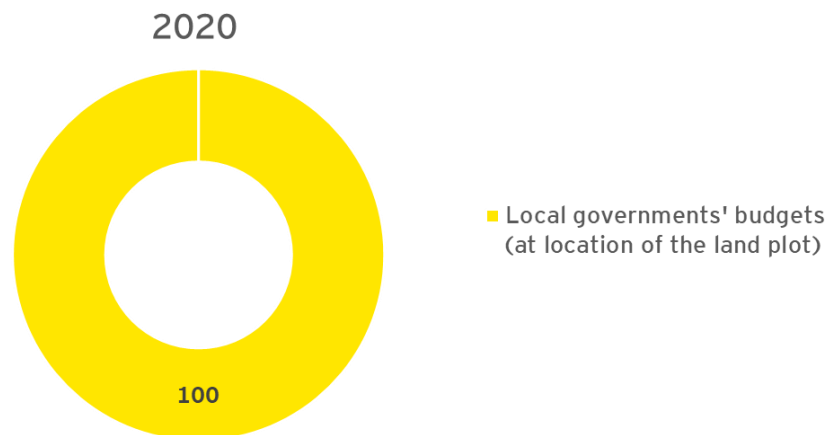


Figure 6.16: Allocation of land fee between budgets of different levels under the Budget Code



### Property tax on property other than land

This tax is a component of the property tax, charged by the owners of residential and non-residential real estate and calculated based on the area of each item of real estate.<sup>434</sup>

<sup>429</sup> [Section XII](#) of the Tax Code

<sup>430</sup> [Para 286.1](#) of the Tax Code

<sup>431</sup> That is, to the budgets of rural, urban, urban territorial communities or district budgets in cities in the case of the district councils were formed in the city (in accordance with paragraph 2.1 of the Budget Code)

<sup>432</sup> [Para 64.1.19](#) of the Budget Code

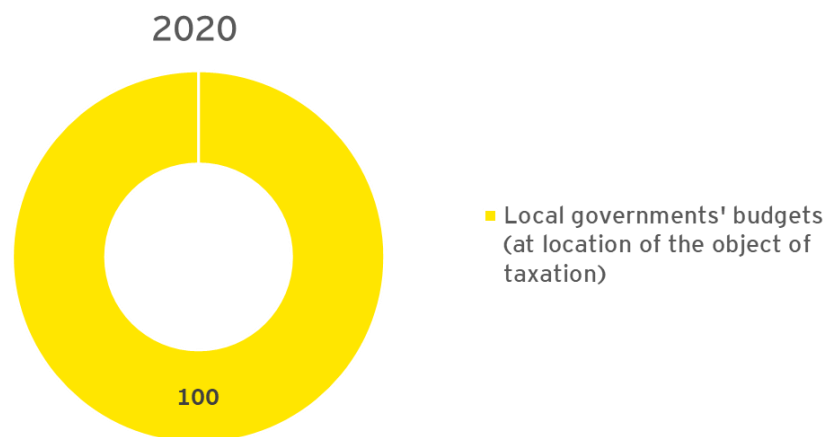
<sup>433</sup> [Para 284.4](#) of the Tax Code

<sup>434</sup> [Section XII](#) of the Tax Code of Ukraine

The object of taxation was the residential and non-residential real estate facility. The taxable base was the total area of a facility, including its parts. Industrial buildings, in particular, industrial facilities, manufacturing departments, warehouses of industrial companies, were not subject to this tax.

The tax rates did not change for 2020. The rate had to be no more than 1.5% of the minimum wage per square meter.<sup>435</sup> Local governments have the authority to ease the tax.

In 2020, the tax came to the local budgets (**local governments' budgets<sup>436</sup>**) **in full at the location of the object/-s of the taxation.**<sup>437</sup>



**Figure 6.17: Allocation of property tax on property other than land between budgets of different levels under the Budget Code**



### Environmental tax

The companies engaged in the emission of pollutants into the air, discharges of pollutants into water bodies or disposal of waste (with some exceptions) should pay the environmental tax.<sup>438</sup> The environmental tax rates depend on the type of the source and object of pollution, the type and concentration of waste etc. The rates of environmental tax did not change in 2020 comparing to the previous year.

The object and base of taxation were volumes and types of pollutants. Under the Tax Code, the tax rate for disposal of waste falling under the definition of “moderately hazardous non-toxic waste from the mining industry” was significantly lower than the rate applicable to the remaining moderately hazardous waste included in group IV. In 2020, the tax rate for mining waste amounted to UAH 0.49 per tonne, while the rest of the taxpayers had to apply the rate of UAH 5.00 per tonne.<sup>439</sup> Hence, the environmental tax for disposal of moderately hazardous

<sup>435</sup> [Para 266.5.1](#) of the Tax Code

<sup>436</sup> That is, to the budgets of rural, urban, urban territorial communities or district budgets in cities in the case of the district councils were formed in the city (in accordance with paragraph 2.1 of the Budget Code)

<sup>437</sup> [Para 64.1.19](#) of the Budget Code, [Para 266.9.1](#) of the Tax Code

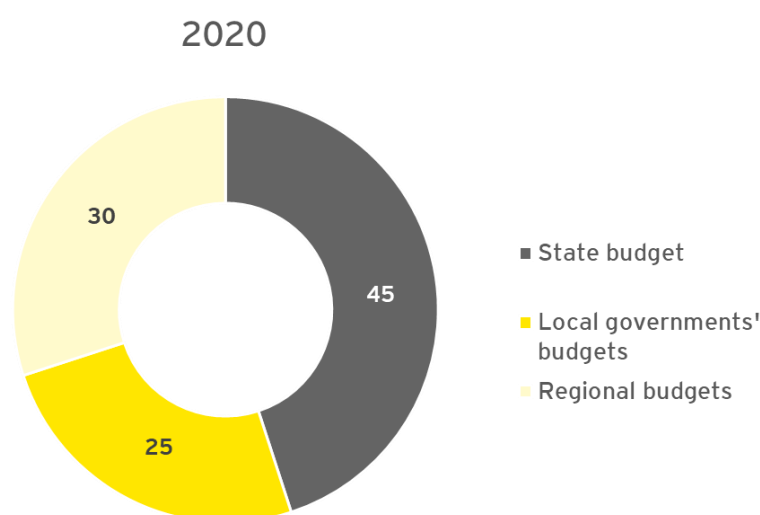
<sup>438</sup> [Section VIII](#) of the Tax Code

<sup>439</sup> [Para 246.2](#) of the Tax Code

industrial waste was ten time lower for mining companies as compared to companies operating in other industries.

In 2020, the carbon tax rate constituted UAH 10.00 per tonne.<sup>440</sup> At the same time, the environmental tax was not charged for the volumes of emission not exceeding 500 tonnes per year.<sup>441</sup>

According to the provisions of the Budget Code, as a general rule, 45% of the environmental tax paid was transferred to the State budget, and the rest 55% was distributed among special funds of local budgets of different levels<sup>442</sup>(except for the environmental tax levied on emissions of carbon dioxide into the atmosphere by stationary sources of pollution, which was included in the general fund of the State budget in full since 2020).



*Figure 6.18: Allocation of environmental tax between the budgets of various levels (general rule)*



### Special water use levy

In 2020 this type of the fee<sup>443</sup> was charged on the actual amount of water used by the water users and the volume of water losses in their water supply systems. The rates were set in a detailed list depending on a number of factors (region, intended use of water, etc.). The rates did not change in 2020 as compared to 2019.

According to general rule, 45% of the rent paid for special water use was transferred to the general fund of the State budget, 10% – to the special fund of the State budget, 45% – to local budgets<sup>444</sup> (except for rent for special water use of water objects of local significance, which

<sup>440</sup> [Para 243.4](#) of the Tax Code

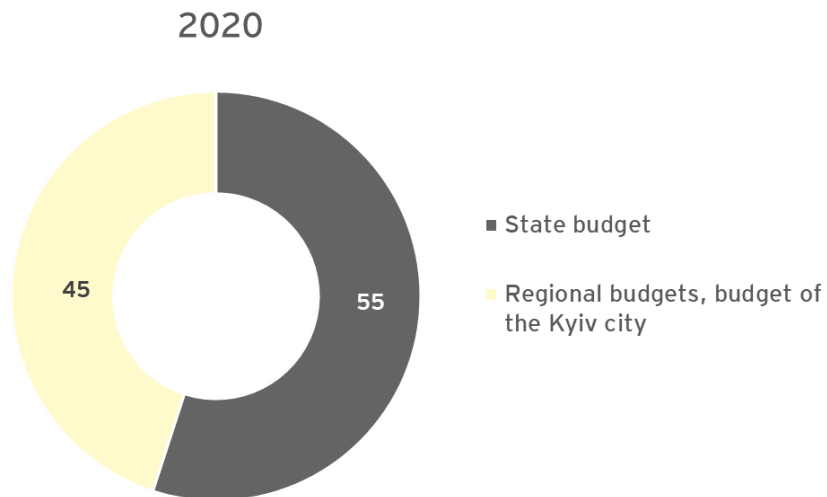
<sup>441</sup> [Para 240.7](#) of the Tax Code

<sup>442</sup> [Para 29.2.16-1P.](#) and [para 69-1.1.4-1.](#) of the Budget Code, 55% goes to the special fund of the Kyiv city budget

<sup>443</sup> [Para 255](#) of the Tax Code

<sup>444</sup> [Para 29.2.4](#) of the Budget Code

was included in the local governments' budgets at the place of tax registration of the rent payer).<sup>445</sup>



*Figure 6.19: Allocation of special water use levy (rent fee) between the budgets of various levels (general rule under the Budget Code)*



### Personal income tax

The object and the taxable base were the total (monthly) income of individuals. Personal income tax<sup>446</sup> is a tax levied on income at 18%. Mining companies accrued and paid PIT on wages and other compensation payments to their employees on general grounds.

According to the Budget Code, 25% of the PIT paid was transferred to the State budget; the other 75% was distributed among local budgets at different levels.<sup>447</sup> PIT paid on the territory of Kyiv city was distributed as follows: 60% – to the State budget, 40% – to the budget of Kyiv city.

<sup>445</sup> [Para 64.1.30](#) of the Budget Code

<sup>446</sup> [Section IV](#) of the Tax Code

<sup>447</sup> [Para 29.2.1](#) of the Budget Code

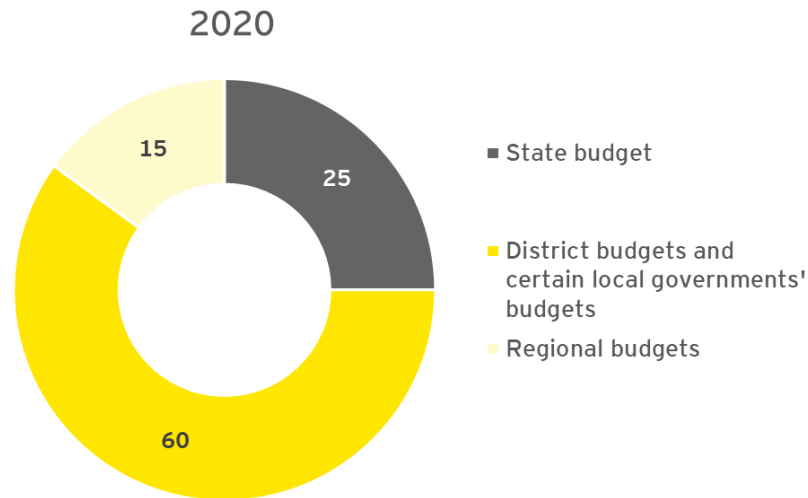


Figure 6.20: Allocation of PIT between budgets of various levels (general Budget Code rule)



### Military levy

In 2020, a military levy,<sup>448</sup> which was introduced in 2014, remained in effect. Military levy was charged on personal income at a rate of 1.5%. Companies operating in extractive industries acted as tax agent for such a tax. Military levy paid was transferred **to the general fund of the State budget in full.**<sup>449</sup>

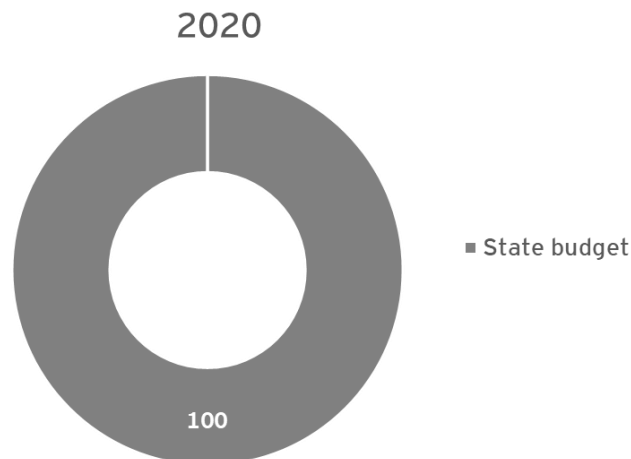


Figure 6.21: Allocation of military levy between the budgets of various levels

<sup>448</sup> [Subsection 10 of Section XX](#) of the Tax Code

<sup>449</sup> [Para 29.2.1-2](#) of the Budget Code.





### Unified social contribution

The unified social contribution (hereinafter the "USC") was calculated based on the following specifics:

- ▶ Unified rate for the calculation of USC by the employer was 22% of the tax base, except for the special rates for disabled persons, which remained at the 2014 level (8.41%, 5.3%, and 5.5%);
- ▶ The maximum amount of monthly income, from which the USC was paid, was fixed at the level of 15 subsistence minimums established by the law (UAH 70 845 until 01.09.2020 and 75 000 starting 01.09.2020<sup>450</sup>).<sup>451</sup>

The funds, paid as USCs and the financial sanctions related to late payment/failures to pay USC, were not transferred to the State budget of Ukraine or any other government budgets of other levels, and could not be used for the purposes not specified in the legislation on compulsory state social insurance.<sup>452</sup>

The USCs paid shall be distributed by types of compulsory state social insurance in proportions approved by the CMU and agreed with the parties of the social dialogue.<sup>453</sup>

In 2020, USC paid were distributed in three directions (with some exceptions provided for by the relevant Resolution of the CMU),<sup>454</sup> as shown in the figure below.

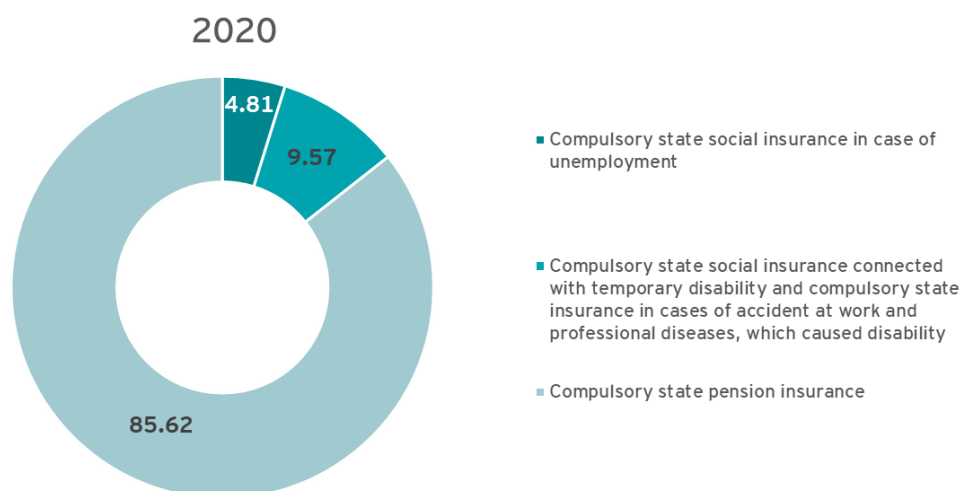


Figure 6.22: Allocation of paid USC for the relevant directions, %

<sup>450</sup> [Article 8](#) of the Law of Ukraine "On the State Budget for 2020" № 294-IX dated 14.11.2019

<sup>451</sup> [Para 1.4.](#) of the Law of Ukraine "On Collection and Accounting of the Unified Contribution for Compulsory State Social Insurance"

<sup>452</sup> [Article 8](#) of the Law of Ukraine "On Collection and Accounting of the Single Contribution to Compulsory State Social Insurance"

<sup>453</sup> [Article 8](#) Article 8 of the Law of Ukraine "On Collection and Accounting of the Single Contribution to Compulsory State Social Insurance" No. 2464-VI of 08.07 20101

<sup>454</sup> Resolution of the CMU "[On Approving the Proportion of Distributing a Single Contribution to Compulsory State Social Insurance](#)" No. 675 of 26 .11.2014



### Fiscal regime of contracts in extractive industries

JAA and PSA are subject to registration as separate taxpayers. In addition, the JAA or PSA participant, responsible for calculating and paying taxes to the budget during the performance of the agreement, should be registered as a taxpayer and keep records for JAA or PSA activities separately from other business operations of the company that is a party to the partnership contract or PSA. For the PSA, the law provides for special rules of taxation, including several benefits. Taxation of the JAA also has certain specifics, though without any benefits to JAA participants. For more information on JAA and PSA taxation, *see Sections 6.6.3. and 6.6.4.*

#### ***Other payments (bonuses)***

There is no payment classified as “bonus” among the mandatory payments required by the Ukrainian legislation. A fee is charged for granting a license (for more details, *see Section 6.6.2.*)

The PSA may contain provisions on the investor's obligation to pay a bonus, for example, for signing the PSA or deposit discovery. Starting 2018, the law obliges the investors to disclose information about premiums and bonuses in the Report on received payments.<sup>455</sup>

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<sup>455</sup> [Law of Ukraine "On Ensuring Transparency in Extractive Industries" № 2545-VIII dated 18.09, 2018](#) 8

## Summary

Extractive companies are subject to both general taxes and levies (e.g., CIT, VAT, USC) and industry-specific taxes (e.g., production royalties, royalties for transportation of petroleum and petroleum products).

The rules for calculating taxes did not change significantly in 2020 comparing to 2019, except for the production royalty for ferrous, colour and alloying metals:

- Starting May 2020, the rate of production royalty for ferrous (other than iron one), coloured and alloying metals was increased to 6.5%.
- The production royalty rate for iron ore was 12% if the average value of iron ore according to the IODEX index 58% FE CFR China, officially determined by the world news agency Platts, for the tax (reporting) period was 70 USD or more, 11% – if the average cost was less than 70 USD.

In addition, the rates and conditions for applying some adjustment coefficients to production royalty were changed in 2020.

Coal or certain coal refining products supply operations in the customs territory of Ukraine remained temporarily exempt from VAT in 2020.

Most of the tax revenues were allocated to the State Budget in 2020.

An incentive rate for production royalty for natural gas extracted from new wells in the amount of 12% for deposits that are fully or partially located at depths of under 5000m and 6% for deposits located at depths of over 5000m remained in force in 2020. In addition, special royalty rates for PSAs of 2% for oil and condensate and 1.25% for natural gas also remained effective.

The land fee for land plots provided to mining enterprises for mining and development of mineral deposits was collected in 2020 in the amount of 25% of the tax, calculated according to the rules of the Tax Code.

There were special rules on VAT application on the transfer of property and natural gas loans in force during 2020.

Also, changes to the procedure for administering part of the net profit and dividends on the State's share came into force on 27.02.2020 (more details are provided in in **Section 7.4** of this Report).<sup>456</sup>

<sup>456</sup> The [Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving Tax Administration, Elimination of Technical and Logical Inconsistencies in Tax Legislation"](#) № 465-IX dated 16.01. 2020, the Law of Ukraine "[On Amendments to the Tax Code of Ukraine on Improving Tax Administration, elimination of technical and logical inconsistencies in tax legislation](#)" № 466-IX dated 16.01.2020.

## 6.6 Regulatory regime for extractive industries

### 6.6.1. Registry of licenses

Information about licenses for subsoil use in Ukraine and other related information can be obtained from a number of public sources.



#### Registry of licenses

The information about the licenses and their holders is available online at the Geoinform of Ukraine SRPE's website at: <http://geoinf.kiev.ua/specdozvoli/>.

The search engine allows searching valid, invalid and suspended licenses.

The information available includes information about:

- The license holder
- Characteristics of the subsoil plot granted for use (its location, geographic coordinates, area, volume of minerals in place at the date of issuing the license, the degree of subsoil development, mineral approbation data)
- The license registration number
- Granting date, license validity and expiry term
- Type of minerals
- The grounds under which a license was granted
- Type of subsoil use under the license
- The designated purpose of subsoil use
- Special conditions of the license
- Reference details of the agreement for subsoil use
- The source of financing
- The amount of the fee paid for the license

As of the date of this Report, information about 136 licenses issued during 2020, all of which are valid, is available in the Registry of licenses for subsoil use.

Scanned copies of all these licenses, together with agreements on the conditions of subsoil use (including work programs) are published on the website of the Geology Service at: <https://www.geo.gov.ua/nadrokorystuvannya/vydani-speczdozvoli-ta-ugody/>.

Information about licenses from the aforementioned registry is published at, or integrated into, the following state resources:

- *State Geologic Portal*

In September 2021, information on subsoil licenses was posted on the State Geologic Portal:

- 1) In the form of an interactive map outlining the contours of licenses for subsoil use for each of the regions of Ukraine, at the link: <https://nadra.gov.ua/>.
- 2) In a format available for further processing (.xlsx), as well as in other formats (kmz, json) by the link: <https://nadra.gov.ua/site/opendata>.

- *Public cadastral map*

As part of the integration of state cadastres in October 2019, the subsoil layer with information about issued subsoil licenses was added to the Public Cadastral Map, access to which is provided by Geoinform of Ukraine SRPE, at: <http://newmap.land.gov.ua>.

- *Database of subsoil licenses at the Unified State Web Portal of Open Data*

In 2019, the Database of Subsoil Licenses, which is to be updated annually, was created on the Uniform State Web Portal of Open Data.<sup>457</sup> The data is displayed in .xls files separately for water and all other types of minerals.

The databases include, inter alia, information about the owner, condition of subsoil use, type of mineral, industry in which the extracted mineral is used, name of the subsoil plot to be used, license registration number, date of issue, duration and validity of the license. As of the date of this Report, information on licenses is partially reflected in these databases.



#### **Registry of applications for licenses for subsoil use**

The website of Geoinform of Ukraine SRPE allows a standalone access to the directory of license applications, at the following link: <http://geoinf.kiev.ua/zayavy-na-otrymannya-spedozvoliv-na-korystuvannya-nadramy/>. The information in the directory of applications includes:

- The date of its receipt, name and EDRPOU code, and address of the applicant
- Type of subsoil use
- Minerals
- Name of the object applied for
- The grounds and stage of application processing (including an indication of whether the license was received through or off the auction)
- The number and date of issuance of the relevant license (if granted)

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<sup>457</sup> [Web portal](#) of the database of licenses for subsoil use

## 6.6.2. Procedure for granting licenses

A person who wishes to carry out geological exploration of mineral resources or mining in the territory of Ukraine is required to obtain a license per each type of subsoil use within a particular block, which may be issued (1) by auction or (2) outside of an auction.



### Types of subsoil use and maximum terms of licenses

Licenses are granted for the following types of subsoil use and for the following maximum periods, accordingly:<sup>458</sup>

Type of subsoil use	License period
Geological exploration of deposits of mineral resources of local importance	3 years
Geological exploration of mineral deposits and geological exploration (including research and industrial development) of mineral deposits of national importance <i>This type of subsoil use enables users to extract only limited volume of minerals from the field to determine the commercial value of the field and calculate mineral reserves</i>	5 years
Geological exploration of oil and gas subsoil, including research and industrial development of oil and gas fields, within the continental shelf and exclusive (marine) economic zone of Ukraine	10 years
Geological study of amber deposits, including research and industrial development of deposits with subsequent extraction of amber (commercial development of deposits) <sup>459</sup>	5 years
Extraction of minerals <i>In addition to the actual production, this type of subsoil use allows the license holder to prospect and explore new occurrences of oil and gas within the block allotted to the user</i>	20 years
Extraction of oil and gas within the continental shelf and exclusive (marine) economic zone of Ukraine	30 years
Geological exploration of oil and gas subsoil, including research and industrial development of fields, with further production of oil and gas (industrial development of fields):  This type of subsoil use allows to extract oil, gas and related useful components from field after its research and industrial development.	

<sup>458</sup> Paragraphs 5, 7 of the Procedure for granting licenses.

<sup>459</sup> Granting of amber subsoil use permits was stipulated by the new version of the Procedure for granting licenses for subsoil use, set forth in accordance with Resolution of the CMU "[On Amendments to the Procedure for Granting Special Subsoil Use Permits](#)" No. 124 dated 19.02.2020.

Type of subsoil use	License period
<ul style="list-style-type: none"> <li>on land</li> </ul>	20 years*
<ul style="list-style-type: none"> <li>on the continental shelf and within the exclusive (marine) economic zone of Ukraine</li> </ul>	30 years*
Construction and operation of underground facilities unrelated to extraction of minerals, including underground storage facilities for oil, gas and other minerals/materials, facilities for disposal of hazardous substances, production waste, and sewage discharge	20 years
Construction and operation of underground oil or gas storage facilities	50 years
Implementation of PSAs	For the term of the PSA (up to 50 years)
Creation of geological territories and objects of significant scientific, cultural, sanitary and recreational value (scientific test sights, geological reserves, natural sanctuaries, objects of natural interest, health and recreational institutions, etc.) in terms of their geological exploration and preservation <sup>460</sup>	Unlimited

\* The period of geological exploration of oil and gas-deposit cannot exceed 10 years of these 20 or 30 years.

In certain cases, the term of the licenses may be extended,<sup>461</sup> but the extended license cannot exceed the terms set for the respective type of subsoil use. For the extension of the license, mining companies should pay a fee<sup>462</sup> (except for cases of renewal of licenses for oil and gas).

In case the suspension and/or revocation of the license is recognized as illegal (groundless) by an effective court decision, the term of the license and, accordingly, the term of the subsoil use must be extended by Geology Service for the time of such suspension and/or revocation.



### Legal framework for granting licenses

The procedure for granting licenses is governed, in addition to the Subsoil Code and the Law on Oil and Gas, by a number of by-laws, including:

<sup>460</sup> In addition to the above types of use of subsoil, the Procedure for granting licenses stipulates certain specifics of the validity of the license for geological exploration and oil and gas production.

<sup>461</sup> [Paragraph 14](#) of the Procedure for granting licenses.

<sup>462</sup> [Paragraph 14](#) of the Procedure for granting licenses.

- ▶ The Procedure for granting licenses
- ▶ The Procedure for holding auctions for licenses,<sup>463</sup> the provisions of which were not actually applied during 2020 in connection with the electronic auctions as part of the pilot project (see below)
- ▶ The Interim procedure for implementation of the pilot project to introduce auctions for the sale of licenses for subsoil use by the electronic auctions (hereinafter the "**Interim Procedure**")<sup>464</sup>
- ▶ The Methodology for determining the initial sale price at the auction on subsoil licenses<sup>465</sup>

On 27.10.2020, the Resolution of the CMU "On Approval of the Procedure for Holding Auctions for Sale of Licenses for Subsoil Use" No. 993 dated 23.09.2020 came into force. (hereinafter - the "**New Procedure**").<sup>466</sup> It defined the procedure for selling a license at auction through the electronic bidding system on a permanent basis and replaced the Procedure for holding auctions for the sale of licenses and the Interim Procedure.



### Criteria for granting or reissuing licenses

- *Qualifying criteria stipulated by law*

One of the requirements for granting licenses is the applicant's technical expertise, logistical and financial capabilities for subsoil use.<sup>467</sup>

However, for most cases, the Ukrainian legislation does not contain clear requirements to technical criteria to be used when a decision to grant the license is made.

Financial criteria are actually limited to the obligation to pay the fee for granting a license.

The procedure for granting licenses includes a list of grounds for refusal to grant (reissue) a license, its extension or suspension.<sup>468</sup> In particular:

- ▶ The grounds for refusal to grant a license and its extension include the availability of information from law enforcement agencies and financial monitoring authorities saying that the applicant is engaged in financing terrorism in Ukraine and / or objections of the Ministry of Energy (Ministry of Environment) on issuing or extending a license because of not compliance with the environmental legislation.
- ▶ The grounds for suspension of a license include the lack of conclusion of the Environmental Impact Assessment and / or the State Environmental Expertise on mining activities or failure to implement the recommendations therein; the existence of grounds stipulated by

<sup>463</sup> Resolution of the CMU "[On Approval of the Procedure for Holding Auctions for Sale of Special Permits for Subsoil Use](#)" No. 594 dated 30.05.2011.

<sup>464</sup> Resolution of the CMU "[On the implementation of the pilot project for the introduction of auctions for the sale of licenses for subsoil use through electronic auction](#)" No. 848 dated 17.10.2018.

<sup>465</sup> Resolution of the CMU "[On Approval of Methodology for Determination of Initial Auction Price of Special Permit for Subsoil Use](#)" No. 1374 dated 15.10.2004

<sup>466</sup> Resolution of the CMU "[On Approval of the Procedure for Auctions for Sale of Special Permits for Subsoil Use](#)" No. 993 dated 23.09.2020.

<sup>467</sup> This principle is provided for in [Article 12](#) of the Law on Oil and Gas. However, such principle is not directly provided for other minerals.

<sup>468</sup> [Paragraphs 15, 19, 21](#) of the Procedure for granting licenses



the Law of Ukraine "On Sanctions", violation of the conditions of subsoil use, specified in the permit or agreement on the conditions of subsoil use. The latter ground is also included in the grounds for refusing to reissue the permit.

During 2020, minor changes were made to the list:<sup>469</sup>

- ▶ Clarification saying that the reason for suspending a license is the lack of the conclusion of Environmental Impact Assessment and / or the State Environmental Expertise specifically on mining activities (rather than activities related to geological study, including research and development, with subsequent extraction);
- ▶ The grounds related to the provision of amber subsoil for geological study, including research and development of amber under a pilot project aimed at reclamation of forest lands damaged by illegal amber mining, are excluded from the grounds for refusing to issue a license.
  - *Conditions for subsoil use prescribed by subsoil licenses*

A license may contain special conditions for subsoil use. Presence of these conditions and in some cases – their list may be checked at: <http://geoinf.kiev.ua/specdozvoli/>. Some of the conditions are often not publicly available (for example, conditions contained in letters from public authorities, numbers of which are indicated in the register). Typically, the special conditions reflect the requirements listed in the approval documents issued by executive bodies and local governments.

The special subsoil use conditions that may be specified in licenses may include, for example:

- 1) Requirements for annual statements to be submitted to the Geology Service: statement of changes in reserves, statement of radiation control of extracted raw materials.
- 2) Provisions related to the implementation of the requirements of the Law of Ukraine "On Environmental Impact Assessment", including:
  - a. the obligation to comply with the requirements of the specified law
  - b. prohibition extraction of minerals without complying with the requirements of the specified law or until the end of the environmental impact assessment procedure
  - c. the obligation to comply with the environmental requirements for the planned activities, determined by the conclusion of the environmental impact assessment or the specified law<sup>470</sup>
- 3) Requirements for the implementation of the recommendations of the DKZ, specified in the relevant protocols.

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<sup>469</sup> The specified changes were made pursuant to Resolution of the CMU "[On Amendments to the Procedure for Granting Special Permits for Subsoil Use](#)" No. 124 dated 19.02.2020, according to which the Procedure for Granting Special Permits was restated.

<sup>470</sup> Inclusion of a provision prohibiting planned activities without obtaining an environmental impact assessment conclusion in accordance with the requirements of the Law of Ukraine "On Environmental Impact Assessment" is provided in [clause 5 of paragraph 27](#) of the Interim procedure for implementation of the pilot project to introduce auctions for sale of licenses for subsoil use by electronic bidding, approved by the Resolution of the CMU No. 848 dated 17.10.2018, as well as [clause 4 of paragraph 28](#) of the Procedure for holding auctions for the sale of licenses for subsoil use approved by the Resolution of the CMU No. 993 dated 23.09.2020.

As part of the geological information policy, Geoinform of Ukraine SRPE continues publishing valid DKZ protocols. As of the date of drafting this Report, 6,708 DKZ protocols have been posted on its official website.<sup>471</sup> Thus, the details on recommendations, which are a part of the special conditions of the license, are in most cases publicly available.

Special conditions for subsoil use are also clearly stipulated in the subsoil use agreement, which is an integral part of the license and is concluded between the Geology Service and the subsoil user, regardless of how a license is obtained (via an auction or without an auction).<sup>472</sup> For more detailed information, please see **Section 6.6.3** of this Report.

Certain conditions on subsoil use and development also may be found in the materials of feasibility studies of raw minerals' conditions. However, such materials are not publicly available.

The new version of the Procedure for granting licenses, approved in February 2020, does not include provisions on the need to include in the license conditions a requirement for limited disposition of mined minerals in the case of the extension of a subsoil license for the holder with the royalty debt.<sup>473</sup>



### The procedure for awarding licenses through an auction

In 2020, licenses were sold at the electronic auctions on the basis of "Prozorro.Sales".

The Interim Procedure (effective in 2019, with some changes) was used to conduct such auctions until 27.10.2020, and later - the New Procedure, most of the provisions of which are identical to the provision of the Interim Procedure. Below is a figure of the procedure for awarding licenses through an auction:

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<sup>471</sup> [Website](#) with a register of protocols of approval (approbation) of mineral reserves and resources

<sup>472</sup> [Paragraph 10](#) of the Procedure for granting licenses and [Article 28](#) of the Law on Oil and Gas

<sup>473</sup> The Procedure for granting licenses was set out in a new version on the basis of Resolution of the CMU "[On Amendments to the Procedure for Granting Licenses for Subsoil Use](#)" No. 124 dated 19.02.2020.

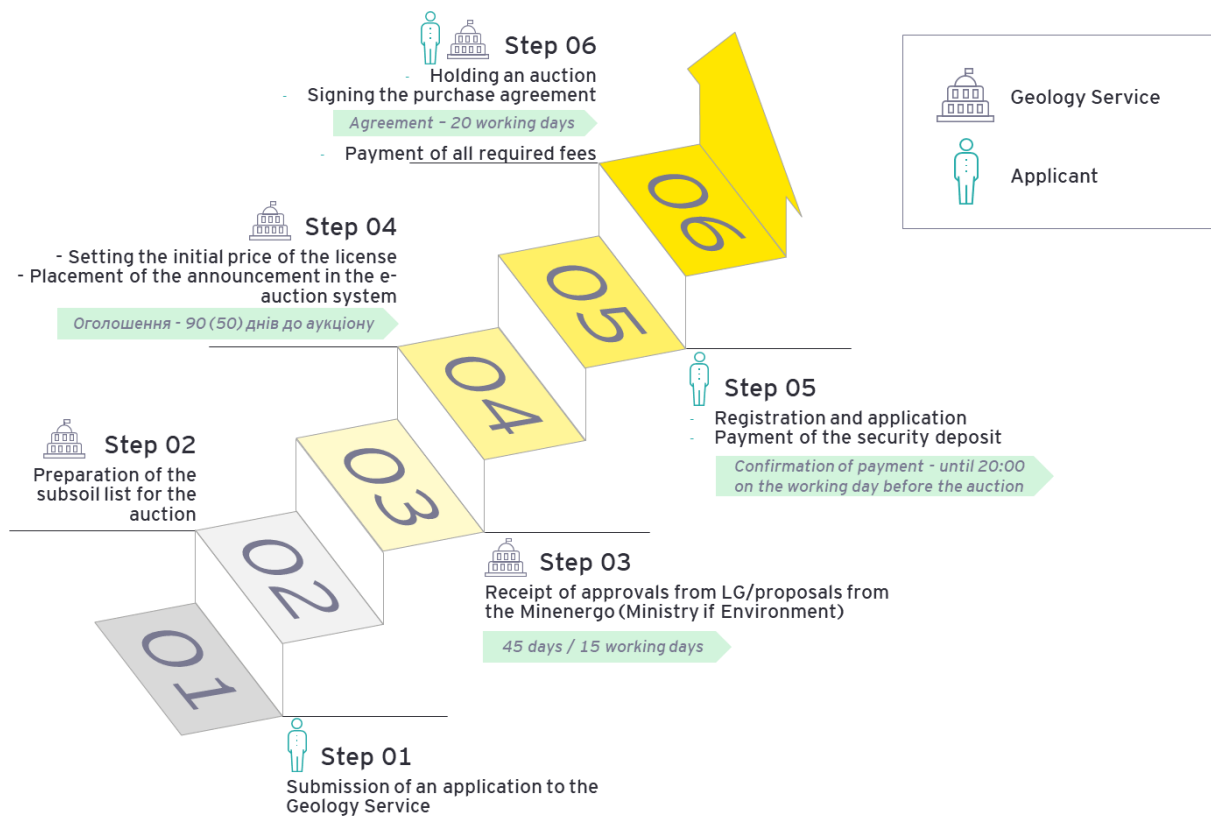


Figure 6.23: The procedure for awarding licenses through an auction

Appendix 6 provides information on the auctions for licenses held during 2020, including the winners of such auctions.

A more detailed description of all the stages of organizing and holding auctions is given below.

### A. Preparation for the auction

- *Determination of the list of subsoil blocks*

The procedure for determining the list of blocks, licenses for which are the items of the auction, is not clearly regulated.

According to the Interim procedure, the Geology Service prepares proposals with regard to the list of blocks for an auction based on the applications submitted by potential bidding companies.<sup>474</sup>

The Rules for initiation<sup>475</sup> and nomination<sup>476</sup> of subsoil blocks for the purpose of auctioning them and samples of applications for initiation and nomination are available on the official website of Geology Service.<sup>477</sup> Also, the Geology Service publishes on its website information regarding the received applications for putting subsoil blocks up for auction with the results of

<sup>474</sup> Paragraph 6 of the Interim Procedure

<sup>475</sup> Initiation is the selection by a business entity of a subsoil plot from the investment atlas of a subsoil user for the purpose of its further auctioning off a license for the use of subsoil by means of electronic bidding.

<sup>476</sup> Nomination is the submission by a business entity of its own reasonable proposal for any subsoil area, which must contain its name, type of mineral, type of subsoil use, geographic coordinates and characteristics, for the purpose of further processing and submission to an auction for the sale of a license for subsoil use by electronic bidding.

<sup>477</sup> Website of the State Service for Geology and Mineral Resources of Ukraine with samples of applications for initiation and nomination of subsoil plots for an auction.

their consideration.<sup>478</sup> At the same time, the text of these Rules does not contain information about which body and by what procedure they were adopted, and the Interim Procedure does not provide for such rules.

Geology Service sends the proposals regarding use of blocks that contain minerals of local importance via registered mail with return receipt requested to the appropriate district, city, town, village councils and councils of united territorial communities for approval.<sup>479</sup>

The Geology Service submits proposals for determining the list of blocks for which the respective licenses to be put up for auction (together with explanatory notes, overview maps, situation plans, catalogues of geographical coordinates of corner points, work programs) to the Minekoenergo (Ministry of Environment<sup>480</sup>) to provide:

- Its proposals indicating the conditions for the subsoil use in the proposed blocks in terms of compliance with environmental legislation or
- Substantiated proposals on the impossibility of subsoil use in the proposed blocks in compliance with the requirements of environmental legislation. At the same time, the New Procedure requires:
  - 1) To indicate in such proposals ways to eliminate the reasons for the impossibility of subsoil use<sup>481</sup> (at the second review of the documents, the Ministry of Environment may not provide proposals for reasons not previously stated in the justified proposals, except for the failure of the Geological Service to eliminate the reasons that were the basis for previous proposals).
  - 2) To post all the proposals of the Ministry of Environment on its official website within three working days from the date of the relevant decision.

Such approvals and proposals are received, *inter alia*, following the silent consent principle. This means, that if no proposal is received from Minekoenergo (Ministry of Environment) within 15 working days, and within 45 days – from local authority bodies, the consent is deemed provided.

However, prior to the adoption of the New Procedure the fact of filing or receiving by the entity of approvals on subsoil use by other public bodies did not guarantee that the plot would be put up for auction and the applicant will be admitted to this auction. The final decision of whether the auction takes place or not, and whether the plot is put on the auction list, was taken by the Geology Service.<sup>482</sup> According to the New Procedure, if the above-mentioned approvals and proposals are available, the Geology Service is obliged to make a decision on holding an auction

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<sup>478</sup> [Website](#) of the State Service for Geology and Mineral Resources of Ukraine with information on applications received for the auction of subsoil areas. During 2020 the State Service for Geology and Mineral Resources of Ukraine received 297 applications which resulted in 113 subsoil plots being sold at auctions as of the date of this Report.

<sup>479</sup> Approval by the Council of Ministers of the Autonomous Republic of Crimea, relevant regional, Kyiv and Sevastopol city councils of proposals for the use of subsoil areas containing minerals of national importance, as well as subsoil areas provided for purposes not related to the extraction of minerals was excluded by the Resolution of the CMU "[On Amendments to the Interim Procedure for Implementation of the Pilot Project on introduction of auctions for sale of licenses for subsoil use by the electronic auctions](#)" No. 63 dated 05.02.2020.

<sup>480</sup> In the text of the Interim Procedure the Ministry of Environmental Protection and Natural Resources was replaced by the Ministry of Environment according to the Resolution of the CMU "[On Amendments to Some Acts of the Cabinet of Ministers of Ukraine on the activities of the Ministry of Environmental Protection and Natural Resources](#)" No. 826 dated 09.09.2020.

<sup>481</sup> [Clause 4 of paragraph 6](#) of New Procedure

<sup>482</sup> [Clause 9 of paragraph 6](#) of Interim Procedure and [Clause 8 of paragraph 6](#) of New Procedure

for a license for the use of subsoil blocks containing minerals of local importance within 30 calendar days.<sup>483</sup>

- *Preparation of the auction documentation package and determination of the initial sale price*

Prior to the auction, Geology Service shall prepare a package of auction documentation and determine the initial selling price of the license, which is calculated in accordance with the approved methodology, based on the cost of the mineral reserves or subsoil areas.<sup>484</sup>

Until 06.10.2020, the initial selling price of the license was calculated according to the following rules:

- ▶ When calculating the price, a certain list of factors was taken into account, which was approved by the DZK in relation to the relevant deposit or subsoil area,<sup>485</sup> including:
  - ▶ discounted expected annual income from sales of marketable products (less operating costs, taxes and other payments to the benefit of the state);
  - ▶ expected capital investments in industrial construction, including the acquisition of geological information;
  - ▶ service life of the deposit or subsoil area;
  - ▶ category of exploration of the deposit or subsoil area, etc.;
- ▶ The inputs for determining the initial price included, among other things, the results of previous geological and economic assessments, the DZK protocols for approval of mineral reserves,<sup>486</sup> the state balance sheets of mineral resources,<sup>487</sup> the reports and protocols of expert assessment of resources available at the sites recorded by Geology Service that are prepared for use or identified, the protocols of approval of forecasted resources and actual technical and economic indicators of the existing mining companies or similar facilities, approved by order of Geology Service;
- ▶ The value of the license could not be less than 2% of the total net profit for the entire period of the deposit / subsoil area development net of capital investments<sup>488</sup>.

In order to increase transparency and simplify the mechanism for determining the initial selling price of licenses, the Cabinet of Ministers approved a new version of the Methodology for its determination, which is effective since 06.10.2020.<sup>489</sup>

According to the new version, the initial price of the license is calculated by multiplying three parameters for each type of mineral:

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<sup>483</sup> This decision shall be made if there are several applicants for a license for the use of the same subsoil area

<sup>484</sup> [The Methodology for determining the initial sale price at the auction of a license for the right to use subsoil](#), approved by the Resolution of the Cabinet of Ministers of Ukraine No 1374 dated 15.10.2004.

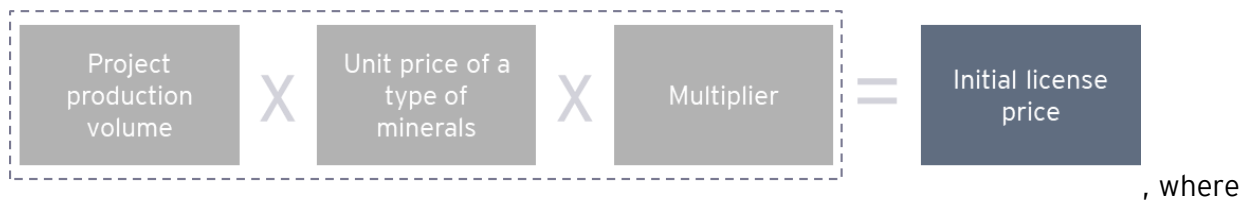
<sup>485</sup> [Para 3](#) of the Methodology for determining the initial sale price at the license auction as amended on 06.09.2011.

<sup>486</sup> The Register of protocols for approval (testing) of reserves and mineral resources on the [website](#) of Geoinform of Ukraine SRPE.

<sup>487</sup> The [website](#) with data from the state balance sheet of mineral reserves of Ukraine.

<sup>488</sup> [Para 6](#) of the Methodology for Determining the Initial Selling Price at Auction of a Special Permit (edition of 06.09.2011).

<sup>489</sup> According to the Resolution of the Cabinet of Ministers of Ukraine "[On Amendments to the Methodology for Determining the Initial Selling Price at Auction of a Special Permit for the Right to Use Subsoil](#)" No 915 dated 23.09.2020.



- ▶ *The volume of the planned extraction* is the volume of the type of marketable products of the mining enterprise, i.e., the planned extraction of minerals (mineral raw materials) for the deposit or subsoil area.<sup>490</sup>
- ▶ *The unit price of a type of minerals* is the price determined on the date of calculation and published on the official website of the Ministry of Economy (for natural gas,<sup>491</sup> oil and condensate<sup>492</sup>) and Geology Service (for other minerals<sup>493</sup>).
- ▶ *The Multiplier* is the coefficient of transferring (the share) from the total value of marketable products to the initial selling price of the license (from 0.002 to 0.0067 depending on the type of mineral).

The list of sources of the inputs for determining the volume of planned production was slightly changed (expert opinions of the Geoinform of Ukraine SRPE, explanatory notes of subsoil users and other documents indicating the expected reserves and resources of minerals have been added). At the same time, the formal data (DZK protocols on reserves approval / testing, state minerals balance sheets etc.) are identified as more priority.

Therefore, the new methodology does not take into account a number of subjective indicators or estimates used in the previous methodology (estimated annual income, estimated operating costs, etc.) and is based on more objective data.

This would allow the subsoil users to more effectively predict the initial cost of licenses. For more convenience, Geology Service has developed an online calculator, available on the website of Geoinform of Ukraine SRPE at the link: <https://geoinf.kiev.ua/rozraxonok-vartosti-specdozvolu/>.

According to the new Methodology, the initial selling price at the license auction shall be fixed in the following cases:<sup>494</sup>

- ▶ 10% of the initial license price for mining - for geological study of mineral subsoil areas, geological study, including research and development of mineral deposits of national importance;
- ▶ 100% of the initial license price for oil and gas production (industrial development of fields) - for geological study of oil and gas subsoil, including research and development of fields,

<sup>490</sup> According to the inputs of [Paragraph 3](#) and the transfer coefficients declared in [Paragraph 7](#) of the new edition of the Methodology for Determining the Initial Selling Price at the Special Permit Auction.

<sup>491</sup> The [website](#) of the Ministry of Economy of Ukraine with information on the average customs value of imported natural gas, formed in the process of its customs clearance during its importing to the territory of Ukraine.

<sup>492</sup> The [website](#) of the Ministry of Economy of Ukraine with information on the actual selling price for oil and condensate.

<sup>493</sup> The price is published quarterly on the official [website](#) of Geology Service. If no more than one year has elapsed from the date of approval of mineral reserves of the field or subsoil area (except for oil and gas ones) to the date of calculation of the initial permit price, the unit price of the mining enterprise's marketable product shall be used, which is determined during approval of the reserves as a feasible (justified) price for cost-effective development of a specific field or subsoil area.

<sup>494</sup> [Para 9](#) of the new edition of the Methodology for Determining the Initial Sale Price at a Special Permit Auction.

followed by oil and gas extraction (industrial development of fields), which have approved resource assessment.<sup>495</sup>

- ▶ Additionally, the New Procedure determined the starting price of the lot for the following cases:<sup>496</sup>
- ▶ 2,000 non-taxable minimum incomes of citizens per 1 hectare of the land<sup>497</sup> - for geological study of amber subsoil, including research and development with subsequent extraction of amber (industrial development of deposits);
- ▶ 100% (instead of 50%) of the initial lot price - for re-auctions (a) for the sale of licenses for geological exploration, including research and development, extraction of groundwater (including mineral water), for all needs, and (b) if the winner is deprived of the right to obtain a permit.
  - *Publication of the auction announcement*

During 10 working days following the day of the approval of the list of blocks and the decision-making on the auction, the Geology Service should post the announcement of the auction in the system of electronic bidding for the sale of licenses (Prozorro.Sales) and on the Geology Service's official website.

The announcement should indicate basic information about the auction and the license (such as the name and location of the block, type of subsoil use and the period for which the license is granted, requirements to the applicants, the initial price of the license, the auction step, the cost of geological information and the price of package of auction documentation etc.).

## **B. Registration of participants**

The actions the applicant must take to participate in the auction, are presented in the figure below:

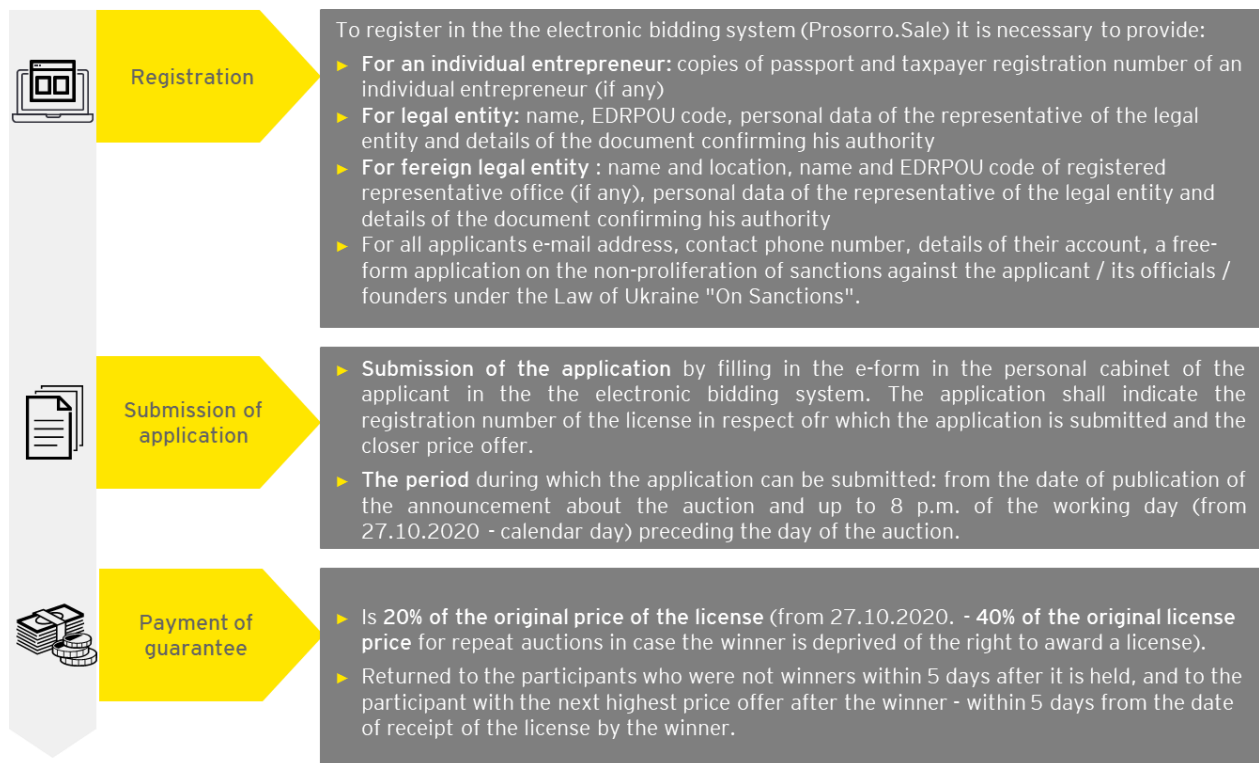
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<sup>495</sup> If the field has no approved resource estimate, the initial selling price at the permit auction shall be determined at the rate of 7 minimum wages, the amount of which shall be set by law, per 1km<sup>2</sup> of the area.

<sup>496</sup> [Clause 17 of Paragraph 2 and Clause 5 of Paragraph 16](#) of the new Procedure.

<sup>497</sup> If the site is provided under the economic risk conditions (unevenness of amber, lack of geological information and impossibility of calculating resources and mineral reserves without prior exploration and / or mining in certain areas), with mandatory further approval of the reserve assessment in the manner prescribed by law.





**Figure 6.24: Step-plan of actions to participate in an auction for a license**

Prior to the auction, the auction organizer shall check the receipt of the guarantee deposit to the account specified in the announcement and, subject to confirmation of the fact of such receipt, shall register the applicant as a bidder (participant) and ensure his admission to the auction.

The applicant is not allowed to participate in the auction in case of indication of unreliable and/or incomplete data during registration or non-receipt of the guarantee fee in full. Such applicant shall be notified of non-admission through his personal account in the electronic bidding system.

### C. Holding an auction

The auction shall be held:

- ▶ In 90 calendar days after the date of auction announcement (for oil, natural gas, condensate).
- ▶ In 50 calendar days after the date of auction announcement (for all other minerals).<sup>498</sup>

The auction shall take place in the electronic bidding system (Prozorro.Sales) and consists of a repetitive process of raising prices, which is conducted in three rounds in real time.

It is also possible to hold auctions using the step-by-step reduction of the initial price and subsequent submission of price bids.<sup>499</sup> Such auction shall be announced within 3 working days after the re-auction has been recognized as not having taken place and shall be held within 15

<sup>498</sup> The New Procedure included the day of placement of the auction announcement in the electronic bidding system (Prozorro.Sale) and on the official website of the State Service for Geology and Mineral Resources of Ukraine. For details see [paragraph 13](#) of the New Procedure.

<sup>499</sup> [Paragraph 12](#) of the Interim Procedure



calendar days from the date of placing the auction announcement<sup>500</sup>. This auction shall also be held in Prozorro.Sales and begin with an automatic step-by-step reduction of the initial sale price of the license.

An auction is arranged if at least two candidates for the purchase of a license are registered.<sup>501</sup> The auction step depends directly on the initial price for the license and should be determined by the Interim / New Procedure (for example, the step for an auctioned license with an initial price between UAH 1,000,000 to UAH 2,999,999 is UAH 20,000; between UAH 3,000,000 and UAH 4,999,999 - UAH 30,000 etc.). The size of the minimum step of the auction stands at 1% of the initial price of the license per the method of step-by-step reduction of the initial price and subsequent submission of price proposals.

The bidder who agrees to pay the highest price wins the auction. After the auction, the winner should enter into a sale and purchase agreement or a sale and purchase agreement with a suspensive condition with the Geology Service. At the same time, the winner must pay in due time:

- ▶ The difference between the sale price of the permit and the guarantee fee
- ▶ The remuneration to the operator through which the winner acquired the right to participate in the auction the amount of which may be (i) 0.5% of the sale price of the permit if it is UAH 15,000,000 or more (ii) 1% of the sale price of the permit if it is less than UAH 15,000,000
- ▶ The cost of geological information<sup>502</sup>
- ▶ The cost of the auction documentation package, which is 3.12% of the initial price of the lot, but at least UAH 4,500 and no more than UAH 72,550 and
- ▶ The amount of reimbursement of costs of Geology Service for the preparation of the license for the auction<sup>503</sup>

Non-payment of at least one of these amounts in due time is grounds for disqualification of the winner from receiving a license without a refund of the guarantee fee.

Other grounds for disqualification of the winner's right to obtain a license include:

- ▶ Failure of the winner to sign the protocol within the deadline
- ▶ Spread on the applicant/founder/officials of the applicant special economic and other restrictive measures (sanctions) under the Law on Sanctions and the acts adopted under this law
- ▶ Failure by the foreign legal entity recognized as the winner of the auction to register its representative office within 4 months from the date of the sale-purchase agreement of the license with a suspensive circumstance

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<sup>500</sup> Starting from 27.10.2020 when calculating the 15 day period the day of placing the auction announcement at the Prozorro.Sales and the official website of the Subsoil Service

<sup>501</sup> On the basis of [Clause 3 of paragraph 34](#) of the New Procedure, an auction by the method of a step-by-step reduction of the initial price and subsequent submission of bids may be held with the registration of one bidder

<sup>502</sup> The New Procedure provided a deadline for payment of the cost of geological information, namely within 30 working days from the date of the conclusion of the agreement on the sale of a license or the agreement on the sale of a license with a suspensive circumstance

<sup>503</sup> The New Procedure specified that the costs of the Geology Service are reimbursed by the purchase of a package of auction documents by the winner

The New Procedure slightly changed the list of grounds for depriving the winner of the right to obtain a license.<sup>504</sup>

- ▶ Refusal of the winner to sign the protocol / contract of sale of the license or failure to sign them within the prescribed period was added
- ▶ Non-receipt within 6 months from the date of signing the contract on purchase of the license with a deferred conclusion of the EIA and obtaining such a conclusion justifying the prohibition of the planned activities is excluded from the list
- ▶ Receipt of information from law enforcement agencies and financial monitoring authorities on the engagement of the winner in financing terrorism in Ukraine as added

Based on the results of 2020, Geology Service positively assessed the results of licenses sale.<sup>505</sup> According to publicly available information, during 2020, out of 70 auctioned lots 58 were sold with an average of 7-fold increase in price during the auction. In 2020, the revenues to the state budget from the sale of licenses amounted to UAH 806 million.



### The procedure for granting licenses without an auction

- *The grounds for granting licenses without an auction*

In certain cases, explicitly indicated in the procedure for granting licenses,<sup>506</sup> licenses can be granted without holding an auction, including if it is either:

- ▶ Production of minerals, if the applicant performed the geological exploration of the mineral block as well as the appraisal on the basis of the license at its own expense<sup>507</sup>
- ▶ Increase of the minerals production made by a holder of a valid license, achieved by expanding the boundaries of the licensed area, if provided that the adjacent land has not already been granted into use and the expansion comprises of less than 50 % of reserves identified in the previously awarded license<sup>508</sup>
- ▶ Geological exploration and production of minerals of local importance
- ▶ Geological exploration undertaken at the expense of the state
- ▶ Geological exploration, including research and industrial development, extraction of groundwater (excluding mineral water) for all needs, if the amount of extraction exceeds 300 cubic meters per day
- ▶ Geological exploration, including research and industrial development and extraction of natural medicinal resources by institutions specializing in their use exclusively for medicinal purposes and having a medicinal infrastructure

<sup>504</sup> [Paragraph 30](#) of the New Procedure

<sup>505</sup> The [website](#) of the State Service of Geology and Subsoil with the publication.

<sup>506</sup> [Paragraph 8](#) of Procedure for granting licenses.

<sup>507</sup> Contrary to the Procedure for granting licenses as of December 2019, the updated version of 2020 excluded the approbation of mineral reserves by the applicant at his own expense as a basis for granting a license without holding an auction.

<sup>508</sup> In the updated in 2020 version of the Procedure for granting license, this ground was limited, in particular, it is stated that a license without an auction is granted if the extension of boundaries is carried out only once (previously, the extension of a license for a geological exploration could be carried out twice).

- ▶ Construction and operation of underground facilities not related to mining
- ▶ Creation of geological areas and sites of important scientific, cultural, healthcare and recreational significance with regard to their geological study and preservation<sup>509</sup>
- ▶ Operation of underground facilities related to the prevention of flooding of the natural environment due to the closure of mines
- ▶ Implementation of the PSA
- ▶ Geological exploration, including research and industrial development of mineral deposits of national importance and mining of minerals in the exclusion and absolute (mandatory) resettlement zones<sup>510</sup>

The new edition of the Procedure for granting licenses approved in February 2020, excluded geological studies, including amber research and development, on forest lands damaged by illegal amber mining and included in a pilot project on recultivation.

In addition, on 25.11.2020, the CMU adopted Resolution No. 1172<sup>511</sup>, which provides for issuance of a license to Naftogaz of Ukraine NJSC (and / or a company 100% owned by Naftogaz of Ukraine NJSC) for geological study of oil and gas subsoil, including research and development of fields, with subsequent production of oil and gas (industrial development of fields) on the continental shelf and the exclusive (marine) economic zone, without an auction, for a period of 30 years.

- *Procedure for granting licenses without an auction*

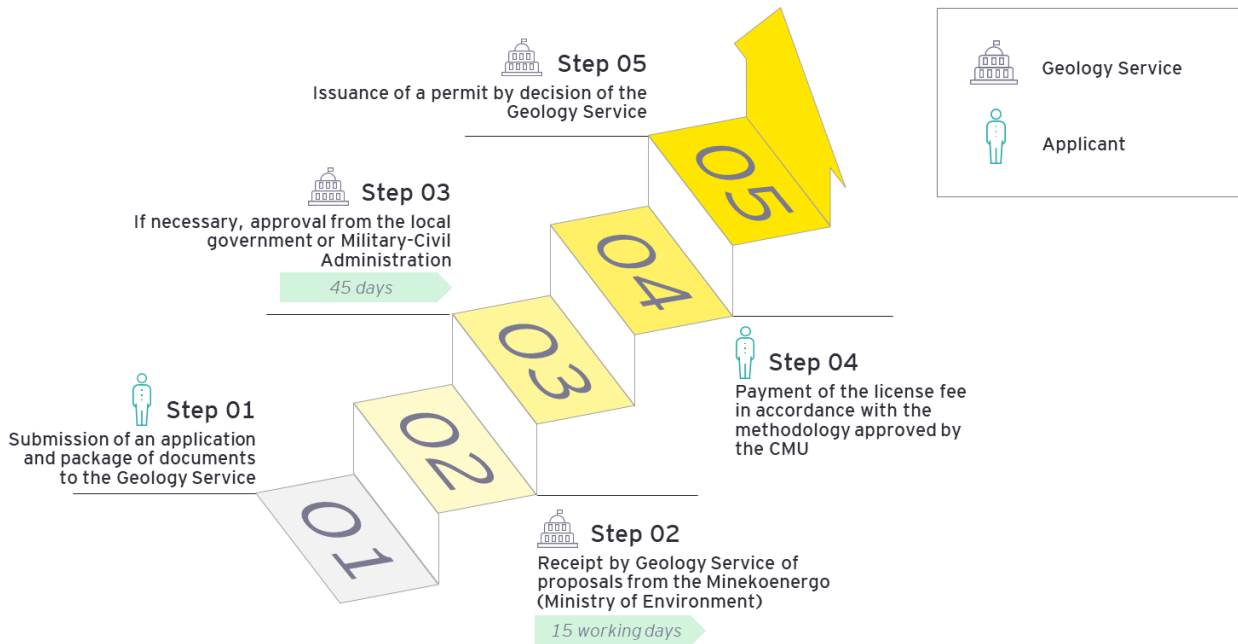
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<sup>509</sup> In the updated version of the Procedure for granting licenses, approved in February 2020, it was stipulated that this ground does not apply to oil and gas.

<sup>510</sup> The use of subsoil in this case is carried out by state enterprises to implement mandatory measures in the exclusion zones and absolute (mandatory) resettlement in accordance with the Law of Ukraine "On the Legal Regime of the Territory Affected by Radioactive Contamination as a Result of the Chernobyl Disaster".

<sup>511</sup> Resolution of the CMUkraine "On Amendments to the Procedure for Issuing Special Permits for Subsoil Use" № 1172 of November 25, 2020, <https://zakon.rada.gov.ua/laws/show/1172-2020-%D0%BF#n8>

A step plan of the procedure for granting licenses without an auction applicable since 25.02.2020 is presented below.



**Figure 6.25: Procedure for granting licenses without an auction as amended on 25.02.2020**

The procedure for granting licenses without an auction includes the following steps:

- ▶ *Submission to the Geology Service of an application with a package of attachments stipulated by relevant regulations that may include an explanatory note describing the capacities of the company and other required information, the directory of geographic coordinates of corner points of the mineral block, an overview map, copies of report on EIA certified by the applicant, etc.*

The final package of the documents to be submitted to the Geology Service to obtain the license depends on the type of subsoil use and the particular case in respect of which the license may be granted without an auction.

The template of an application for the license without an auction may be found on the official website of the Geology Service.<sup>512</sup>

- ▶ *Receipt by Geology Service of proposals from the Minekoenergo (Ministry of Environment)<sup>513</sup> concerning granting licenses and possible conditions for subsoil use in the proposed areas in terms of compliance with environmental legislation or comments on the permit<sup>514</sup> (for example, detection of inaccurate information or documents or inconsistent information in the submitted documents, regulatory restrictions on subsoil use activities in*

<sup>512</sup> [Website](#) of the State Geology and Subsoil Service with a sample application for a license for subsoil use without an auction

<sup>513</sup> In the text of the Procedure for granting licenses the Ministry of Environmental Protection and Natural Resources was replaced by the Ministry of Environment according to the Resolution of the CMU "On amendments to some acts of the Cabinet of Ministers of Ukraine on the activities of the Ministry of Environmental Protection and Natural Resources" No. 826 dated 09.09.2020

<sup>514</sup> In accordance with [Paragraph 24](#) of the Procedure for granting licenses, Derzhgeonadra shall inform Minekoenergo on the receipt of applications for licenses and annexes thereto and simultaneously send the copies of the documents within 7 working days from the date of their registration. Minekoenergo shall send the proposals or comments to Derzhgeonadra within 15 working days from the date of receipt of the mentioned documents

the territory which is planned for such activities, non-compliance with the requirements of environmental legislation to maintain the proper state of the environment during the subsoil use).<sup>515</sup>

- ▶ Before 25.02.2020 - *Receipt of confirmation regarding the absence of a state tax debt as of the latest reporting period from the SFS (STS)* and confirmation on non-involvement in terrorist activities in Ukraine received from the law enforcement authorities and entities responsible for financial monitoring.

In the new edition of the Procedure for granting licenses this step was excluded, but the presence of information from the above-mentioned entities that the applicant finances terrorism in Ukraine serves as grounds for refusal to grant a license and to extend its validity.

- ▶ Upon 25.02.2020 - *Consent of the local governments to providing subsoil into use*, besides cases for the provision of subsoil within PSAs, as well as within the continental shelf and the exclusive (marine) economic zone of Ukraine.

Starting from 25.02.2020, only provision of subsoil that contains minerals of local importance should be approved by the local government or regional state military-civil administrations.<sup>516</sup> The approval takes place without the involvement of the person who applied for the license.

- ▶ Payment of a license fee for the granting of license the amount of which is calculated from the initial sale price of an auction using the methodology approved by the CMU:

The basis for granting license	Amount of the fee
<i>Amounts valid during 2020</i>	
Granting licenses for the implementation of PSAs	1% of the initial price
Granting a license to Naftogaz of Ukraine NJSC and/or a business entity 100% owned by Naftogaz of Ukraine NJSC for geological exploration of oil and gas deposits, including research and industrial development of deposits with subsequent oil and gas extraction on the continental shelf and the exclusive (marine) economic zone for a period of 30 years	10% of the initial price at sea depths up to 100 meters and 1% of the initial price at sea depths over 100 meters
Granting licenses without an auction in all other cases	10% of the initial price
<i>Additional amounts added from 06.10.2020<sup>517</sup></i>	

<sup>515</sup> The full list of cases when Minekoenergo sends its comments is stipulated by [Paragraph 24](#) of the Procedure for granting licenses

<sup>516</sup> Approval of granting subsoil plots, which contain minerals of national importance, by local authorities, as well as sending of requests to the State Tax Service, law enforcement agencies and subjects of financial monitoring was excluded according to the new version of the [Procedure for granting licenses](#) approved by the Resolution of the CMU No. 124 dated 19.02.2020.

<sup>517</sup> [Parafraph 10](#) of Methodology for determining the initial sale price at auction of a license for the right to use subsoil, as amended by Resolution of the CMU No. 915 dated 23.09.2020.

The basis for granting license	Amount of the fee
Granting licenses for geological exploration of mineral subsoil areas, geological exploration, including research and industrial development of mineral deposits of national importance	10% of the initial price of the license for extraction of minerals.
Granting licenses for geological exploration of oil and gas deposits, including research and industrial development of deposits with subsequent oil and gas extraction (commercial development of deposits)	100% of the initial price of the license for oil and gas extraction (commercial development of deposits)
Granting a license for geological exploration of deposits at the expense of the state budget	20 non-taxable minimum incomes of citizens

The mentioned proposals/remarks, confirmations and consents are received, i.a., in accordance with the silent consent principle.

Licenses are granted to applicants according to decisions of the Geology Service. In case of the PSAs, the license is awarded by the Geology Service following the procedure contained in such agreements, as submitted by the Interagency commission on organization and conclusion of PSAs.

The Geology Service decides within 30 calendar days upon receiving all approvals required by the Procedure for granting licenses and proposals/remarks from Minecoenergo (Ministry of Environment). These proposals and remarks are obligatory for consideration by the Geology Service when making decisions.

The license may not be granted without an auction if the person, *inter alia*, under the following conditions

- ▶ Person fails to comply with the program of works at the mineral block already provided into its use under a license.
- ▶ Person is identified to have violated the rules for subsoil use proven by the audit report, notification, or an order of the relevant state authority in the field of subsoil use, until remedied.

The license shall be granted within 20 working days after the full receipt of payment of the license fee<sup>518</sup> The term of payment of the fee may be extended by the Geological Service<sup>519</sup> under certain conditions not more than for 15 calendar days.

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<sup>518</sup> [Clause 19 of paragraph 8](#) of the Procedure for granting licenses.

<sup>519</sup> In 2020, the Geology Service decided to extend the deadline for payment of the license fee, taking into account the recommendations of the Subsoil Use Commission, a permanent advisory body of the Geology Service. The Subsoil Use Commission was formed in order to pre-review the materials on granting, extending, suspending, renewing, reissuing, revoking permits and making changes to them. It included specialists from the Geology Service, experts of specialized entities, institutions and organizations related to the Geology Service.

Based on the information at the State Geological Portal, 94 licenses were issued without an auction during 2020<sup>520</sup>.



### Amending and reissuing the awarded licenses

A license cannot be transferred (donated, sold or otherwise alienated) to the person or entity other than the license holder. Moreover, the law prohibits any contribution of a license into the equity of the entities incorporated by license holders or to use licenses as their contribution to a joint venture.<sup>521</sup> At the same time, in certain cases the granted licenses may be amended or reissued. In particular, the license is amended in the following cases:<sup>522</sup>

- ▶ Changes to special conditions and other information included into the license.
- ▶ Decrease of the block's area at the initiative of the subsoil user or the relevant state authorities.
- ▶ Discovery of information related to new features, quality, or amount of minerals in the course of the subsoil use.
- ▶ Discovery of misprints or obvious errors in the license.
- ▶ Establishment by way of separation from a subsoil user of a legal entity, for the purpose of continuing activities on the subsoil area provided into its use, under a number of conditions (including the following: such subsoil user is not a public sector entity, holds at least 50% in the share capital of the newly established entity, has no tax debt of royalty related to the subsoil use, did not violate the conditions of subsoil use, etc.), if such amendments were agreed by the Minecoenergo<sup>523</sup> (similar provision was abolished in 2016).
- ▶ Establishment of a business company, 100% of which is owned by the state, as a result of reorganization by merger, reorganization of a state-owned enterprise by joining another state-owned enterprise.

The license is amended based on the subsoil user's (or its legal successor, where amended due to a merger or joining) application and supporting documents, including an explanatory note describing the grounds for the amendment.<sup>524</sup>

The Geology Service may refuse the amendment in case of:

- ▶ The subsoil user's failure to comply with conditions of subsoil use indicated in license/corresponding agreement.
- ▶ Decision-making by the authorized bodies on restriction of subsoil use.
- ▶ Submission of incomplete or inaccurate documents, or documents that do not meet the requirements established by the Procedure for granting licenses.

<sup>520</sup> State Geological Portal [website](#) with open data on public audit of subsoil use.

<sup>521</sup> [Paragraph 10 of Article 16](#) of the Subsoil Code; [paragraph 2 of Article 14](#) of the Law on Oil and Gas.

<sup>522</sup> [Paragraph 17](#) of the Procedure for granting licenses.

<sup>523</sup> See [Clause 7 of paragraph 2](#) of the Resolution of the CMU No. 333 dated 25.04.2018.

<sup>524</sup> [Paragraph 17](#) of the Procedure for granting licenses.

The license may be reissued in the following cases:<sup>525</sup>

- ▶ If such reissuance is provided for in the Law of Ukraine “On the licensing system in the field of business activities”.<sup>526</sup>
- ▶ Succession of the legal entity (subsoil user) as a result of reorganization through the change in business type of the entity.
- ▶ Obtainment of an IPG of a state-owned coalmine (license holder) into lease or concession by the legal entity (not holding the license), which thus effectively becomes a subsoil user.

The Geology Service reissues the license on a new pre-printed form or provides a motivated refusal within 30 calendar days upon receipt of the application. Re-issuance may be denied only if the procedural requirements for re-issuance (submission of all required documents and correct information) are not met.

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<sup>525</sup> [Paragraph 16](#) of the Procedure for granting licenses. In the new version of the Procedure for granting licenses, approved by Resolution of the CMU No. 124 dated 19.02.2020, it was clarified that in any case, reissuance is carried out in the manner prescribed by the Law of Ukraine "On licensing system in the sphere of economic activity. In 2021 the Procedure was amended by another ground for reissuance of the permit, namely the return by the lessee or concessionaire of the integral property complex of the state coal extracting enterprise by lease or concession (see the Resolution of the CMU "[On Amendments to paragraph 16 of the Procedure for granting licenses](#)" No 699 dated 07.07.2021).

<sup>526</sup> In the new version of the [Procedure for granting licenses](#), approved by Resolution of the CMU No. 124 dated 19.02.2020, this ground was stipulated as mandatory for the following two grounds.



### 6.6.3. The contracts in the extractive industries



#### Legislation on disclosure of contracts in the extractive industries

According to the Procedure for granting licenses, the Geology Service is obliged to publish both the issued licenses and the relevant agreements on conditions for subsoil use, that are an integral part of such licenses.<sup>527</sup>

According to the Law of Ukraine “On the Transparency of the Use of Public Funds”,<sup>528</sup> the administrators and recipients of state and local public funds, as well as state- and municipally-owned enterprises are required to disclose information on the agreements concluded within the reporting period.<sup>529</sup> However, the published information does not include the text of the agreements.

The EITI Law requires the Ministry of Energy to disclose the “essential” terms<sup>530</sup> and extracts from the agreements related to mineral extraction, such as agreements on conditions for subsoil use, PSAs, JV agreements and other agreements which envisage project activity within one month from the date when relevant information from business entities is received. Business entities have one month from the date of such agreements to submit information to the Ministry of Energy.

The EITI Law does not provide explicit disclosure requirements for such information on the agreements concluded or amended before the law entered into force (i.e., before 16.11.2018).

The Draft Law No. 3790 aims to align the EITI Law with the updated EITI Standard. It provides for the disclosure of information on the abovementioned agreements and the texts of the agreements themselves concluded since 01.01.2021 as well as amendments to them.<sup>531</sup>



#### Subsoil use agreement

The basic contractual document defining the terms and conditions of subsoil use is an agreement on the terms and conditions of subsoil use.

The agreement is concluded between the Geology Service and the license holder and is considered an integral part of the latter in accordance with the Procedure for granting licenses, Interim Procedure and the Law of Ukraine on Oil and Gas.<sup>532</sup> The agreement should contain provisions on technical, technological, organizational, financial, economic, social, and

<sup>527</sup> Paragraph 10 of the Procedure for granting licenses.

<sup>528</sup> The Law of Ukraine “On the Transparency of the Use of Public Funds” No. 183-VIII dated 11.02.2015.

<sup>529</sup> See [the website](#) of the Public Fund's Single Web Portal.

<sup>530</sup> According to the EITI Law, the essential terms of subsoil use agreements include the following: (1) the name of the agreement, its number, date of conclusion, name of the parties; (2) the date of entry into force and duration of the agreement; (3) the subject of the agreement; (4) the rights and obligations of the parties regarding the use of subsoil, other rights on natural resources; (5) guarantees of stability of legislation (if any); (6) conditions regarding the peculiarities of making payments; (7) operational commitments, including programs of works; (8) commitments on environmental measures; (9) requirements for safety and labor protection of employees and involved contractors and their employees; (10) social obligations, including provisions on participation in local infrastructure development and provisions on the use of works, goods and services performed, supplied or provided by business entities that are registered within the territorial community on the territory of which the activities in the extractive industries are carried out, requirements for holding public hearings.

<sup>531</sup> The Draft Law “On Amendments to Certain Legislative Acts of Ukraine on Ensuring Transparency in Extractive Industries” No. 3790 dated 03.07.2020. As of the date of this Report - adopted in first reading and being prepared for second reading.

<sup>532</sup> Article 28 of the Law on Oil and Gas.

environmental obligations of the parties as well as the procedure that would govern the relations between them in the process of subsoil use on the block granted by the license.

The aforementioned agreement also contains a work program, prepared as an appendix, and special conditions for subsoil use, containing the following:<sup>533</sup>

- 1) Requirements for work efficiency
- 2) Modern technologies of extraction and processing of minerals
- 3) Procedures for extraction of minerals, including for the purpose of prevention of negative environmental consequences and ensuring safety of built-up areas
- 4) Types, scopes and terms of works on a subsoil block
- 5) Grounds for termination of activities related to the use of a subsoil block

Additional conditions may be prescribed in the agreement on the conditions of use of the oil and gas subsoil area located within the continental shelf or exclusive (maritime) economic zone of Ukraine, concluded between the Geology Service and the subsoil user in accordance with the law.<sup>534</sup>

The framework agreements on terms and conditions of subsoil use are approved by the Geology Service and published on its official website at <http://www.geo.gov.ua/primirni-ugodi-promovi-koristuvannya-nadrami/>.

Scan copies of 136 licenses and respective subsoil use agreements are available on the official website of the Geology Service, which corresponds to the information in the Registry of licenses for subsoil use.

At the same time, particular terms for subsoil use and development of mineral deposits may potentially be found in feasibility studies for mineral reserve conditions that are not publicly available.



### Production sharing agreements

#### - *General provisions of the PSA legislation*

Under the PSA Law, the PSA envisages that the State represented by the CMU assigns an investor to perform prospecting, exploration and production of mineral resources (including oil, gas, and condensate) for a specified period, while the investor undertakes the work at its own expense and risk.

The investor is entitled to compensate its PSA-related costs in the form of a portion of the extracted production ("cost recovery production"). The quarterly percentage of cost recovery production may not exceed 70 % of the total amount of production extracted until full reimbursement of the investor's costs. The rest of the production ("profit production") is shared among the investors and the State in accordance with the terms of the PSA. Until shared, all extracted production is deemed to be owned by the State.

<sup>533</sup> [Paragraph 10](#) of the Procedure for granting licenses.

<sup>534</sup> [Paragraph 3 of Article 28](#) of the Law on Oil and Gas

As a rule, a PSA is concluded based on the tender results. At the same time, the legislation also provides for cases when PSAs are concluded without a tender. More detailed information on such cases is provided in this section below.

The agreement may be concluded for up to 50 years with a possible extension at the request of the investor.

- *The criteria for PSA conclusion*

According to the Law on PSA, an agreement may be concluded with a party which has the appropriate financial, economic and technical capabilities or the appropriate qualifications for subsoil use.<sup>535</sup> At the same time, the law provides no details on how the presence/absence of the relevant capabilities should be determined and which qualifications are needed to confirm party's compliance with the established criteria.

Moreover, when the PSA tender is held, the applicant must submit, i.a., information about his own experience in subsoil use to participate in the tender. However, the legislation does not specify the extent of the experience sufficient for tender participation.

- *The procedure for concluding a PSA based on the results of the tender*

The tender may be initiated by the investor by applying to the CMU or the Interagency Commission for the organization of the conclusion and implementation of production sharing agreements (hereinafter – the Interagency Commission) with a relevant proposal. In this case, the investor shall be notified of the results of consideration of his proposal within three months.

A tender for the conclusion of PSA shall be conducted if at least one of the following conditions is met:<sup>536</sup>

- ▶ Further development of mineral deposits is unprofitable for subsoil users and the state due to objective factors.
- ▶ Lack of state funding and technical capabilities for the development of new large mineral deposits, which development ensures the overall level of mining in Ukraine, required for the social development and economic security of Ukraine.
- ▶ The need to prevent losses of fuel, energy and mineral resources in the subsoil.
- ▶ The need to provide the regions with their own fuel and energy raw materials, creation of new jobs in areas where employment is low.
- ▶ The need to introduce innovative technologies, advanced technical equipment to ensure effective search, exploration and development of promising unexplored mineral deposits.
- ▶ The need to develop mineral deposits, where the development is carried out in particularly difficult conditions, and so on.

The tender shall be conducted based on the CMU's decision, based on the Interagency Commission's submission, which indicates the basic information about the tender (for example, the term and procedure of the tender, subsoil area for which the PSA tender is announced, the

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<sup>535</sup> According to [Article 4](#) of the Law on PSA, taking into account the definition of the investor (party to a PSA) in [Article 1](#) of the Law on PSA

<sup>536</sup> [Part 2 of Article 6](#) of the Law on PSA

minimum amount of investment, the application deadline, the list of the tender documentation, the exhaustive list of materials (documents) and the information which should be submitted by the tender participants). Also, the decision shall specify all essential terms of the state regarding conditions and performance of works specified in the PSA.

The Interagency Commission shall publish the announcement of the tender in the official Ukrainian printed media and exercise other powers to organize the tender (for example, accept applications for participation in the tender) within two months after making the decision.

A bidder should submit an application within the period established by the CMU's decision on holding the tender, if he wishes to take part.<sup>537</sup>

The participation in the tender requires payment of the fee, its amount and the relevant procedure shall be stipulated in the CMU's decision on the tender.<sup>538</sup>

All timely applications shall be registered, subsequently considered and evaluated by the Interagency Commission according to the following key criteria:

- ▶ The degree of rationality of the conditions of use of natural resources provided by the work plan for the subsoil area
- ▶ Efficiency of technological solutions for the works
- ▶ Ensuring optimal environmental protection measures
- ▶ Investment attractiveness
- ▶ Adequacy of financial solvency and international experience of the participant to implement the work plan and the investments<sup>539</sup>

When making a decision, CMU shall take into account proposals of the Interagency Commission on determining the winner of the tender. CMU shall make the decision on the winner within three months from the deadline for submission of bids (application).

The results of the tender shall be published in the official Ukrainian printed media and communicated to each participant of the tender.

- *The procedure for concluding a PSA without a tender*

Concluding a PSA without a tender is possible in the following cases:

- ▶ If the subsoil area to be the subject matter of PSA contains insignificant reserves of minerals, which is certified by the opinions of the relevant state bodies – upon decisions of CMU and the local government.

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<sup>537</sup> The application shall include, inter alia, brief information about the applicant's experience in the field of subsoil use, as well as information about the technical and financial capabilities to perform the work and the technologies that will be applied in subsoil use, the work plan in the subsoil area, the size and types of investment, additional proposals for fulfilling the conditions of the tender, etc.

<sup>538</sup> Pursuant to [Paragraph 5 of Article 7](#) of the Law on PSA, the fee for participation in the tender held shall not be refunded to the participants

<sup>539</sup> [Paragraph 10 of Article 7](#) of the Law on PSA

- ▶ If the subsoil user-PSA applicant has a subsoil license and started activities under his license's conditions (regardless of the number of licenses and the subsoil areas) – upon the CMU's decision.<sup>540</sup>

The CMU's decision to conclude a PSA without a tender shall be made based of the subsoil user's application to the Interagency Commission with a proposal to conclude a PSA (bilateral or multilateral) with copies of subsoil licenses and documents confirming its legal status and financial capabilities, as well as based on the proposals of the Interagency Commission on the possibility of concluding a PSA. The relevant decision shall be made within three months from the date of registration by the working body of the Interagency Commission of the subsoil user's application.

As a general rule, the PSA shall be concluded with the winner of the tender/subsoil user within 12 months from the date of publication of the tender results/from the date of the CMU's decision on concluding the PSA without holding the tender.

The investor shall draft the PSA, except for some cases when Interagency Commission drafts it upon the CMU's decision. The draft PSA is subject to a mandatory examination on financial, legal and other issues specified by the Interagency Commission. In addition, in order to carry out planned activities under the PSA that are subject to an environmental impact assessment in accordance with the law, it is necessary to conduct this assessment in advance.<sup>541</sup>

The PSA draft shall be endorsed by the parties in terms of essential terms that were not previously taken into account by the participants in the tender and investor proposals. The list of essential terms of PSA is specified in Articles 8 and 9 of the Law on PSA.

The Interagency Commission shall register the initial and the final versions of the PSA. After registration of the final draft, it shall be submitted to the parties to the PSA for signing. The decision to sign the agreement by the state is be made by CMU.<sup>542</sup>

A license for the purposes of the PSA performance is granted without an auction. The State should facilitate granting the other permits and licenses to PSA investors and their contractors.

The CMU or a central executive body authorized thereby should supervise the implementation of the PSA under the procedure and on the terms specified in the PSA and the PSA Law. At least once every five years the CMU jointly with the central executive body authorized by the CMU should organize and conduct a comprehensive audit of compliance with the conditions stipulated by the PSA.

The state guarantees that the legislation valid at the time of entry into the PSA will apply to investors during the term of the agreement, save for the case when the new legislation reduces or abolishes taxes, simplifies the conduct of business, etc. The stability clause does not apply to changes in laws governing issues of defense, national security, public order, and environmental protection.

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<sup>540</sup> [Paragraph 5 of Article 6](#) of the Law on PSA

<sup>541</sup> [Paragraph 2 of Article 11](#) of the Law on PSA

<sup>542</sup> The need for approval by the local government body was excluded from the text of the Law on PSA (see par. 1, part 4, Art. 11 of the Law on PSA which excluded by the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improvement of the Law on Extraction of Amber and Other Minerals](#)" No. 402-IX dated 19.12.2019)

- *Information about signed PSAs*

There were no active extractive operations under the PSAs in 2020.

As of November 2021, the information is available on the following PSAs signed between the investors and the State of Ukraine represented by the CMU:

#	Investor	Block	Signing date
1.	Vanco International Limited	Prykerchenska <sup>543</sup>	19.10.2007
2.	Shell Exploration and Production Ukraine Investments (IV) B.V. (left the project in 2015 <sup>544</sup> ) Nadra Yuzivska LLC	Yuzivska <sup>545</sup>	24.01.2013
3.	Chevron Ukraine B.V. (In 2014 Chevron informed of unilateral termination of the PSA <sup>546</sup> ) Nadra Oleska LLC	Oleska <sup>547</sup>	05.11.2013
4.	ENI Ukraine Shallow Waters B.V. EDF Shallow Waters SAS Vody Ukrainy LLC State Joint-Stock Company Chornomornaftogaz JSC	Abikha, Kavkazka, Mayachna block, structure Subbotina <sup>548</sup>	27.11.2013
5.	Ukrigasvydobuvannia JSC	Buzivska <sup>549</sup>	31.12.2020
6.	Ukrigasvydobuvannia JSC <sup>550</sup>	Ivanivska	31.12.2020
7.	Geo Alliance Partnership LLC Geo Alliance Partnership B. V.	Sofiiivska	31.12.2020
8.	WELL CO LLC	Uhnivska	31.12.2020
9.	Ukrigasvydobuvannia JSC <sup>551</sup>	Balakliiska	31.12.2020

<sup>543</sup> Ukrainian Pravda [website](#) with information about the signing of the PSA

<sup>544</sup> Interfax-Ukraine news agency [website](#) with information about Shell's exit from developing Yuzivska block

<sup>545</sup> Resolution of the CMU "[On Determination of the Authorized Body for Implementation of the PSA to be Extracted within the Yuzivska Site between the Ukraine and Shell Exploration and Production Ukraine Investments \(IV\) B.V. and Nadra Yuzivska Limited Liability Company](#)" No. 576-p dated 01.08.2013.

<sup>546</sup> KorrespondentT.net [website](#) with information about Chevron's exit from the Oleska area development project.

<sup>547</sup> Interfax-Ukraine Information Agency's [website](#) on the signing of the PSA. As Geology Service of Ukraine points out in its [information materials](#), since Chevron Ukraine B.V. withdrew from the project, the PSA has not entered into force, and geological exploration has not been started.

<sup>548</sup> Resolution of the CMU "[On the conclusion of Hydrocarbons share agreement to be extracted within Abikha and Kavkazka, Mayachna blocks and Subbotina structure](#)" No. 825-r dated 17.10.2013.

<sup>549</sup> Information on the [Government Portal](#) about the signing of the PSA for Buzivska, Ivanivska, Sofiiivska, Ugnivska, Balakliiska, Zinkivska, Berestianska blocks

<sup>550</sup> JSC Ukrigasvydobuvannia and Vermilion Ukraine Exploration B.V. were recognized as the winners of the tender for the conclusion of the said PSA, but due to the refusal of the last one to conclude the PSA the CMU agreed with the proposal of the Interagency Commission for the conclusion and execution of the PSA to conclude the PSA with JSC Ukrigasvydobuvannia, which met the conditions of the tender and the competitive bid. For details see the publication on the [Government Portal](#).

<sup>551</sup> JSC Ukrigasvydobuvannia and Vermilion Ukraine Exploration B.V. were recognized as the winners of the tender for the conclusion of the said PSA, but due to the refusal of the last one to conclude the PSA the CMU agreed with the proposal of the Interagency Commission for the conclusion and execution of the PSA to conclude the PSA with JSC Ukrigasvydobuvannia, which met the conditions of the tender and the competitive bid. For details see the publication on the [Government Portal](#).

#	Investor	Block	Signing date
10.	Oil&Gas overseas trading B. V. Naftogazekspluatatsiya LLC	Zinkivska	31.12.2020
11.	Ukrigasvydobuvannia JSC	Berestianska	31.12.2020
12.	Ukrainian Energy L.L.C.	Varvynska <sup>552</sup>	14.01.2021
13.	EP Ukraine B.V.	Hrunivska <sup>553</sup>	08.11.2021
14.	EP Ukraine B.V.	Ohtyrska	08.11.2021

- *PSA on Yuzivska block*

After Shell Exploration and Production Ukraine Investments IV B.V. had left the project on the shale block of Yuzivska in 2015, a tender was announced to attract new investors in addition to Nadra Yuzivska LLC, which, following Shell's withdrawal from the PSA, became the owner of 100% participation in this PSA. In 2016, Yuzgaz B.V. was announced as the winner.<sup>554</sup> However, the CMU refused to approve the transfer of the participation share in the PSA in the winner's favor.<sup>555</sup>

Yuzgaz B.V. challenged the decision of the CMU through court proceedings and the courts declared the Resolution of the CMU unlawful.<sup>556</sup> In December 2018, the CMU approved a transfer of 90% share of participation in the PSA in favour of Yuzgaz B.V.<sup>557</sup> under the condition of attracting the Slovak company Nafta a.s. as a participant in the winning company.<sup>558</sup> However, according to public sources, in December 2019, at the presentation of the investment atlas of the subsoil user, the chairman of Geology Service reported that Nafta a.s. refused to participate in the PSA.<sup>559</sup>

In December 2020, the CMU decided for Naftogaz of Ukraine NJSC 100% to acquire of the share capital of Nadra Yuzivska LLC, which was owned by Nadra of Ukraine NJSC (99%) and its Ukrainian Geological Research and Production Center SE (1%).<sup>560</sup> In January 2021, in accordance with the decree of the CMU<sup>561</sup> Naftogaz of Ukraine NJSC acquired 100% of shares in the charter capital of Nadra Yuzivska LLC, and it was planned that in 2021 the work under

<sup>552</sup> [Information](#) on the signing of the PSA. In July 2021 the CMU approved the draft agreement on amendments to this PSA (see the Resolution of the CMU "[On Approval and Signing of the Agreement on Amendments to the Hydrocarbons share agreement to be extracted within the Varvynska block between the Ukraine and Ukrainian Energy LLC](#)" No. 757-r dated 12.07.2021)

<sup>553</sup> Information on the signing of PSAs at the Hrunivska and Ohtyrska blocks

<sup>554</sup> [Website](#) of Nadra Ukrainy NJSC with information about the winner of the tender for attracting an investor to implement the Hydrocarbons share agreement to be extracted within the Yuzivska block.

<sup>555</sup> Interfax-Ukraine news agency [website](#) with information about Yuzgaz refusal to participate in PSA for Yuzivska block.

<sup>556</sup> [Ruling of the Higher Administrative Court of Ukraine](#) dated 04.07. 2017.

<sup>557</sup> The Decree of the CMU "[The issue of transferring rights and obligations of the investor under the Production Sharing Agreement](#)" No. 1089-r dated 18.12.2018.

<sup>558</sup> [Live streaming](#) of the presentation of the Investment atlas of the subsoil user dated 06.12.2019.

<sup>559</sup> [Explanatory letter](#) to the Draft Decree of the CMU "On the transfer of rights and obligations of the investor defined by the Hydrocarbons share agreement to be extracted within Yuzivska block, concluded between Ukraine and Shell Exploration & Production Ukraine Investments (IV) B.V. and Nadra Yuzivska LLC on 24.01.2013 and amending the agreement", published in response of the appeal on access to public information

<sup>560</sup> The Decree of the CMU "[Some issues of acquisition of the share of corporate rights by the joint-stock company "National joint-stock company "Naftogaz of Ukraine"](#)" No. 1574-p dated 16.12.2020.

<sup>561</sup> The Decree of the CMU "[Some issues of acquisition of the share of corporate rights by the joint-stock company "National joint-stock company "Naftogaz of Ukraine"](#)" No. 1574-r dated 16.12.2020.



this PSA will resume.<sup>562</sup> In April 2021, the Decree of the CMU on approving the transfer of the share in the PSA in favor of Yuzgaz B.V. was abolished.<sup>563</sup>

- *PSAs signed in December 2020*

As noted in the table above, seven new PSAs were signed at the end of December 2020. From the publicly available information,<sup>564</sup> the following is known:

- ▶ For 5 out of 7 PSAs, namely for the PSAs at the Sofiiivska, Balakliiska, Ivanivska, Buzivska, Berestianska blocks, the payment of bonuses and/or other payments in favor of the state in connection with the signing of the PSA is not envisaged.
- ▶ Under one of the PSAs, particularly at the Zinkivska block, a signature bonus should be paid to the state within 90 days after the PSA enters into force but only after several court proceedings end.
- ▶ From the publicly available extracts from the PSA for the Uhnivska block, it is impossible to determine whether that PSA contains an obligation to pay bonuses to the state.
- ▶ For complete information on the payment and receipt of bonuses and/or other payments in favor of the state in connection with the conclusion of these seven PSAs that entered into in force in 2020, the Independent Administrator referred to the state authorities with a request. Thus:
  - ▶ According to the response of the State Treasury Service of Ukraine,<sup>565</sup> the classification of budget revenues<sup>566</sup> does not provide a separate code for bonuses and/or other payments payable to the state in connection with signing (conclusion) of the PSA.
  - ▶ The Order of the Ministry of Finance provides for the budget revenue classification code 21090000 "Funds for the use (sale) of the part of the produced products remaining in state ownership in accordance with the PSA, and/or funds in the form of the monetary equivalent of such state part of the products". However, the State Treasury Service of Ukraine confirmed that, according to the Report on the execution of the state budget for revenues and other receipts for 2020 and 2021, there were no receipts under this code.
  - ▶ According to the answer of the State Tax Service,<sup>567</sup> as of 01.01.2021, no tax payments in favor of the state were made under any of the seven PSAs. This is also further confirmed by public information on the State Tax Service's website that the respective PSAs were not registered for tax purposes earlier than January 2021.

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<sup>562</sup> As noted in the Strategy of economic development of Donetsk and Lugansk regions for the period up to 2030, see Decree of the CMU "[On Approval of the Strategy of economic development of Donetsk and Lugansk regions for the period up to 2030](#)" № 1078-r dated 18.08.2021.

<sup>563</sup> Decree of the CMU "[On determination of the authorized body for implementation of the Hydrocarbons share agreement to be extracted within Yuzivska block between the State of Ukraine and Shell Exploration and Production Ukraine Investments \(IV\) B.V. and Nadra Yuzivska LLC and abolishment of certain decrees of the CMU](#)" No. 271-r dated 02.04.2021

<sup>564</sup> Based on the published material conditions and extracts from the PSAs [on the website of the Ministry of Energy](#)

<sup>565</sup> Letter from the State Treasury Service of Ukraine No. 11-06-06/25558 dated 06.12.2021.

<sup>566</sup> Classification of budget revenues approved by the Order of the Ministry of Finance "[On budget classification](#)" No. 11 dated 14.01.2011.

<sup>567</sup> Letter from the State Tax Service No, 16989/5/99-00-12-09-02-05 dated 06.12.2021.



- *Actions aimed at concluding new PSAs*

In March 2019, a tender was announced for the conclusion of a PSA for the Dolphin site.<sup>568</sup> The Interagency commission awarded *Trident Black Sea*, however in September 2019, the Cabinet of Ministers revoked the tender before the *Trident Black Sea* was announced the winner.<sup>569</sup>

According to the public sources, on 26.02.2020 Geology Service announced the restart of the tender for the Dolphin block.<sup>570</sup> However, on 30.12.2020, after making changes in the Procedure for granting licenses,<sup>571</sup> Naftogaz of Ukraine NJSC were granted licenses for the following areas: Dolphin - 01, 03, 04, 07, 08, 10-15.<sup>572</sup> In May 2021 Naftogaz of Ukraine NJSC received licenses for subsoil use also within the following Dolphin areas:- 02, 05, 06, 09.<sup>573</sup> For all of these areas licenses were granted without auctions, for a period of 30 years, according to the law.

In August 2019, 3 additional tenders for PSAs were announced.<sup>574</sup> The winners of the tenders are York Energy (UK) Holdings Limited, as well as EP Ukraine B.V. - for 2 sites.<sup>575</sup> In June 2021, the CMU extended the term of the conclusion of the PSA for these areas for 6 months from the date of publication of the results of tenders.<sup>576</sup> As of November 2021, two PSAs were signed with EP Ukraine B.V. (detailed information in the table above).

The decision of the National Security and Defense Council of Ukraine of 16.07.2021,<sup>577</sup> among other things, instructed the CMU (1) to approve the list of subsoil areas (mineral fields) that are of strategic importance for sustainable economic development and defense capabilities of the state which are to be provided for use on PSA terms and conditions, (2) decide on the priority of development of such deposits by holding open investment tenders for PSAs,<sup>578</sup> and (3) elaborate on the implementation of rare metals search, extraction and enrichment projects, in particular in the area of Dobra (Kirovograd region) on the terms and conditions of a PSA.

<sup>568</sup> The CMU Resolution "[On holding a tender for the conclusion of an agreement on the distribution of hydrocarbons to be extracted within the Dolphin block](#)" No. 271 dated 06.03.2019. The resolution also contains a reference to another CMU Resolution, which canceled the tender.

<sup>569</sup> Expoconsulting [website](#) with information about the winner.

<sup>570</sup> The information from the official [website](#) of Geology Service.

<sup>571</sup> Resolution of the Cabinet of Ministers of Ukraine "[On Amendments to the Procedure for Granting Licenses for Subsoil Use](#)" No. 1172 dated 25.11.2020 amended Paragraph 8 of the Procedure for Granting Licenses, which provided for an opportunity to grant Naftogaz of Ukraine NJSC (and/or a business entity, 100% owned by Naftogaz of Ukraine NJSC) license without holding an auction in case of geological exploration of oil and gas subsoil, including pilot development of the deposits, with subsequent oil and gas extraction (commercial development of deposits) on the continental shelf and exclusive (maritime) economic zone, for a period of 30 years.

<sup>572</sup> According to the Order of the Geology Service "[On granting licenses for subsoil use](#)" No. 627 dated 30.12.2020.

<sup>573</sup> According to the Order of the Geology Service "[On granting licenses for subsoil use](#)" No. 412 dated 31.05.2021.

<sup>574</sup> In pursuance of the CMU resolutions [No. 1178](#), [No. 1181](#), [No. 1185](#) dated 18.12.2018 on holding tenders for concluding Hydrocarbons share agreements to be extracted within the Ichnianska, Okhtyrська, and Hrunivska blocks the Ministry of Energy and Coal Industry placed announcements on the tenders in the Ukrainian official printed media - the newspaper *Governmental Courier*. Information on [website](#).

<sup>575</sup> According to the Decree of the CMU "[On awarding the winners of tenders for the conclusion of Hydrocarbons share agreements](#)" No. 484-r dated 29.04.2020.

<sup>576</sup> Decree of the CMU "[On prolongation of the term of conclusion of Hydrocarbons share agreements](#)" No. 658-r dated 16.06.2021.

<sup>577</sup> The decision of the National Security and Defense Council "[On stimulating the search, extraction and enrichment of minerals that are of strategic importance for sustainable economic development and defense capabilities of the state](#)" dated 16.07.2021 put into effect by the Decree of the President of Ukraine No.306/2021 dated 23.07.2021.

<sup>578</sup> The decision of the National Security and Defense Council stipulates the need to establish requirements for the disclosure of the ultimate beneficial owners of tenderers, confirmation of the required qualification of the bidders in terms of financial and technical resources, experience in mining, enrichment (processing) of relevant minerals, and in development of subsoil mineral areas) based on guaranteed implementation by the investor of a comprehensive program of prospecting, extraction, enrichment (processing) of these minerals in Ukraine.

- *Publication of the PSA*

The list of essential conditions of PSA is stipulated by Articles 8 and 9 of the Law on PSA. At the same time, before the adoption of EITI Law the law did not require disclosing the content of the PSA, and, in practice, the texts of the PSAs were confidential.

In May 2021, in pursuance of the EITI Law, the Ministry of Energy published information on the essential conditions of seven PSAs signed on 31.12.2020.<sup>579</sup> According to the open source PSA disclosure studies, the published information does not fully meet the requirements of the EITI Law.<sup>580</sup> For example, only essential conditions were published with regard to the Uhnivska block (investor - WELL CO LLC), without any extracts from the text of the relevant PSA. As of November 2021, no information on the PSA for the Varvynska block signed on 14.01.2021 (investor - Ukrainian Energy L.L.C.) has been published.

In addition, in October 2021, the Meeting of the Parties to the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention) decided on the case at the request of the IBO "Ecology-Law-Human" and found a violation by Ukraine of the provisions of the said Convention due to the failure to provide access to the text of the PSA of Yuzivska and Oleska blocks.<sup>581</sup>

- *The fiscal regime for the PSAs*

Tax accounting of PSA participants and the PSA itself, as well as taxation under PSA is carried out according to the special rules set by the Tax Code, by-laws and the agreement itself. During the term of the PSA, almost all the taxes that the investor is subject to (other than CIT, VAT, and production royalty) are replaced with the distribution of products.

In addition, the investors are also required to withhold/charge and pay PIT and the USC of the wages and other payments to their employees and to pay fees and duties for the services provided by the state bodies. The Tax Code provides for a number of tax and regulatory benefits for investors under PSAs. The state guarantees that investor's rights and obligations in fulfilling certain PSA tax obligations will be determined by the legislation in force at the time of concluding such PSA (except for legislation that abolishes taxes/fees or reduces their size).

Legislation also provides for special tax reporting rules for PSAs (their participants). In 2021, a special form of a corporate profit tax return for the PSA was approved<sup>582</sup>. Moreover, a draft template of the royalty return was developed to ensure the rights of PSA participants to declare tax liabilities while operating under the PSA.<sup>583</sup>

In addition, as of the date of this EITI Report, a number of draft laws have been registered in the Parliament, which govern the peculiarities of the legal regime and/or accounting for PSA transactions (for more information, see **Section 6.3**).

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<sup>579</sup> [The information](#) from the official website of the Ministry of Energy.

<sup>580</sup> [Disclosure of Mining Contracts: Dixie Group Product Sharing Agreements \(PSAs\), 2021](#). The study notes that none of the PSA extracts fully discloses information on the composition of costs to be reimbursed by compensating products; the conditions for making payments in most PSAs are not fully disclosed. In this regard, the texts of the agreements do not provide a holistic view of the work program, social obligations, the procedure for making payments (including determining the state's share in profitable products, the procedure for determining the value of marketable products and, consequently, income tax bases and rent).

<sup>581</sup> [Draft decision](#) VII / 8r on Ukraine's compliance with its obligations under the Convention.

<sup>582</sup> [Order of the Ministry of Finance](#) "On Approval of the form of the Corporate Income Tax Return on the PSA " No. 332 of 09.06.2021.

<sup>583</sup> [Draft Order of the Ministry of Finance](#) "On Approval of Amendments to the form of the Rent Tax Return" dated 22.09.2021.

#### 6.6.4. Other contracts in extractive industries



##### Joint activity agreements

###### - General rules regarding joint activity agreements

An extractive company holding a license may enter into joint activity agreements ("JAAs") with other companies.

The JAA does not give rise to the right to use the subsoil but only governs the civil relations between the parties to such JAA.

Under JAAs, parties operate jointly without setting up a separate legal entity to attain a certain goal. The terms of JAAs, including the coordination of the joint activities of the participants or the performance of their joint activities, the legal status of assets contributed to the joint activity, the coverage of expenses and losses of the parties, sharing of profits of joint activity, and other conditions are negotiated by the parties<sup>584</sup>.

The Ukrainian legislation does not contain any specific requirements for JAAs in the field of subsoil use, except for the prohibition to contribute licenses to the joint activity<sup>585</sup>.

###### - Conclusion of the JAA

The conclusion of a JAA with state-owned enterprises and companies, the state's share in the capital of which exceeds 50%, requires the approval of the Cabinet of Ministers. The procedure for concluding a JAA is as follows:

- ▶ The enterprise shall apply to the governing body whose management sphere it belongs to.
- ▶ Within a month from the date of receipt of the relevant application, the governing body shall prepare a draft decision of the Cabinet of Ministers of Ukraine in coordination with the Ministry of Economy, the Ministry of Finance of Ukraine, the State Property Fund of Ukraine, and the Ministry of Justice of Ukraine. This draft decision shall specify the essential terms of the contract, which is proposed to agree, namely: in terms of ensuring increased efficiency of use of state property, protection of property interests of the state, preventing the alienation of state property, etc.<sup>586</sup>
- ▶ After the CMU approves the draft decision submitted by the governing body, the parties may enter into a JAA on the terms established in the process of interagency endorsement.

State authorities managing the companies in question should provide the Ministry of Economy with the information about the JAAs performance progress on a quarterly basis. The Ministry of Economy summarizes the information and submits its opinions and proposals to the CMU<sup>587</sup>.

<sup>584</sup> [Chapter 77](#) of the Civil Code of Ukraine No. 435-IV dated 16.01. 2003.

<sup>585</sup> [Paragraph 9 of Article 16](#) of the Subsoil Code of Ukraine and [Paragraph 2 of Article 14](#) of the Law on Oil and Gas

<sup>586</sup> Paragraph 3 of the [Procedure for concluding by state enterprises, institutions, organizations, as well as business companies with more than 50 percent of the state's share in their authorized capital, joint operating agreements, commission, power of attorney and property management agreements](#), approved by Resolution of the CMU No. 296 dated 11.04.2012.

<sup>587</sup> Paragraph 3 of the Resolution of the CMU "[On approval of the Procedure for state enterprises, institutions, organizations and commercial companies, whose authorized capital includes more 50 percent of the state share to enter the cooperation agreements, commission agreements, agency and property management agreements](#)" No. 296 dated 11.04.2012.

- *Publication of JAA*

The law does not require the publication of signed JAAs, and their texts are not freely available. At the same time, according to the Law of Ukraine "On Ensuring Transparency in Extracting industries", the Ministry of Energy shall publish information on the essential conditions of the JAA along with extracts from such agreements on its official website.<sup>588</sup> In addition, the payments to the benefit of the state in course of implementation of the JAA shall be reported by all extractive industry companies that are parties to JAA.<sup>589</sup>

As of November 2021, no information on the significant terms of the JAA had been published. Information regarding JAAs active in 2020, please see **Section 5.2.1** of this Report.

- *The fiscal regime*

For VAT purposes, JAA's parties are deemed separate taxpayers. Economic relations between the parties to the joint activity are deemed equal to the relations based on individual civil contracts.

Accounting of results of joint activity is done by a taxpayer (a resident or a permanent establishment of a non-resident) authorized to do so by other parties under the terms of the JAA and should be ring-fenced from accounting of other activities of such taxpayer. The authorized taxpayer is responsible for the administration of VAT and production royalty under the JAA.<sup>590</sup> Ring-fenced CIT accounting and administration of JAA is not carried out and each of the participants in the JAA must keep its own CIT accounting and administration.



### Concession contracts for state and municipal property

The concession is a special form of a public-private partnership<sup>591</sup>. Until October 2019, concession contracts could be concluded for projects involving prospecting, exploration and extraction of minerals, extraction of hard coal, lignite (brown coal) and its processing<sup>592</sup>.

In particular, under the concession contract, state authorities or local governments were able to grant certain mining facilities (e.g., ore enriching plants) into operation to private parties. Such private parties (concessionaires) thus would get the right to operate such facilities (particularly, for production of minerals), earn profits and obtain products as a result of performance of such contract.

While the concession contract did not give the right to subsoil use, it was directly related to extractive activities. Under a concession contract, a concessionaire should carry on the activities strictly specified therein and use the conceded facilities solely for its designated purpose (i.e., for extractive activities), while the facility owner (concessor) can inspect if the

<sup>588</sup> [Paragraph 3 of Part 1 Article 5, Part 2 Article 11](#) of the Law on EITI

<sup>589</sup> [Part 4 of Article 6](#) of the Law on EITI.

<sup>590</sup> [Sections II, III, V](#) of the Tax Code of Ukraine.

<sup>591</sup> [Article 5](#) of the Law of Ukraine "On Public Private Partnership" No. 2404-VI dated 01.07.2010.

<sup>592</sup> According to [Clause 5 of paragraph 2 of Article 3](#) of the Law of Ukraine "On Concessions" No. 997-XIV dated 16.07.1999 and the Law of Ukraine "[On Specifics of Lease or Concession of State-Owned Objects of the Fuel and Energy Complex](#)" No. 3687-VI dated 08.07.2011.

concessionaire complies with these and other contract terms, and terminate it should the concessionaire violate any of them.

On 20.10.2019, the new Law of Ukraine "On Concession" entered into force<sup>593</sup>, the provisions of which do not apply to the projects on prospecting, exploration and extraction of mineral resources<sup>594</sup> and exclude special rules regarding concession in fuel and energy industry from the law.

Thus, during 2020, concession contracts in the extractive sector were not concluded.

- *Valid concession contracts and their publication*

In 2020, the law did not require to disclose the contents and conditions of concluded concession contracts, so the texts of concession contracts were not publicly available.

As well as for the JAA, the information on the essential terms of these agreements, together with extracts from them is subject to disclosure in accordance with the new EITI Law. Information about valid concession contracts as of 11.12.2019 is available on the official website of the State Property Fund in the section "Registry of Concession Contracts"<sup>595</sup> and includes information on the following contracts in the coal industry:

**Table 6.3: The valid concession contracts in the extractive industries**

Registration date	Registration No	Concessor	Concessionaire	Property granted into concession	Concession fee	Duration of the concession contract
08.02.2012	006	Ministry of Energy	DTEK Rovenkyanthracite LLC	IPG SC Rovenkyantratsyt	17082812 - for 1 <sup>st</sup> quarter	From 30.12.2011 for 49 years
08.02.2012	007	Ministry of Energy	DTEK Sverdlovanthracite LLC	IPG SC Sverdlovantratsyt	13058227 - for 1 <sup>st</sup> quarter	From 30.12.2011 for 49 years
05.06, 2012	008	Ministry of Energy	DV Naftogazovydobuvna Kompaniia LLC	IPG SC Teploelektrotsentral - Eskhar	819340.30 - for 1 <sup>st</sup> quarter	From 20.04.2012 for 49 years till 19.04.2061

According to the new Law on Concessions, the authority to maintain the Register of Concession Agreements was transferred to the Ministry of Economy, and thereafter concession agreements ceased to be publicly available. On 27.05.2020, the CMU adopted a resolution<sup>596</sup> which removed the Register of Concession Agreements from the List of Data Sets to be Disclosed in the Form of Open Data. At the same time, in the new version of the List, approved

<sup>593</sup> Law of Ukraine "On Concession" No. 155-IX dated 03.10.2019.

<sup>594</sup> Paragraph 6 of the Article 2 of the Law of Ukraine "On Concession" No. 155-IX dated 03.10.2019

<sup>595</sup> Website of the State Property Fund of Ukraine with the Registry of concession contracts.

<sup>596</sup> Resolution of the CMU "On Amendments to the Annex to the Regulations on Data Sets to be Disclosed in the Form of Open Data" № 405 of May 27, 2020, <https://zakon.rada.gov.ua/laws/show/405-2020-%D0%BF/ed20200529#n2>

on 03.03.2021, the Register of Concession Agreements was included back in the list, however as of the date of drafting this Report, no information from the Register is publicly available<sup>597</sup>.

- *Fiscal regime*

The legislation does not provide for any special tax regime for concession contracts where state or municipal property is granted in concession (with certain exceptions). A concessionaire should record the assets received into concession on its balance sheet and operate them on its own, pay all the taxes and levies, applicable under the law.

The lease or concession fees where an IPG of the state or municipal enterprise (or their divisions) is leased or granted into concession are VAT exempt<sup>598</sup>.

### 6.6.5. Use of local component in extractive industries

The Ukrainian legislation does not require the use of a local content as a prerequisite for granting a license. However, as it follows from sample texts, subsoil use agreements oblige a subsoil user to use predominantly Ukrainian goods and services, in so far as their price and quality, as compared to international prices and quality, are technically, technologically, and economically practicable, and would not impair production or environmental safety.

The PSA Law additionally stipulates that a PSA should include the investor's obligations to:

- ▶ Give preferences to products, goods, works, services, and other material valuables of Ukrainian origin, other conditions (pricing, performance, quality, and conformity with international standards) being equal;
- ▶ Ensure the preferential employment (recruitment) of Ukrainian citizens to work in the territory of Ukraine for the purposes specified in the PSA and arranging for their training as indicated in the agreement.

The Law of Ukraine "On Concessions", which was applied when concluding the concession contracts referred to in section 6.6.4 of this Report, provided among the significant conditions of the concession contract for the use of domestic raw and other materials.<sup>599</sup> Under this Law, the concessionaire is obliged (i) to use domestically produced technologies, materials, equipment production at the facility granted in concession, unless otherwise is provided by the agreement, (ii) to conclude employment agreements (contracts) in accordance with the law, mostly with employees - citizens of Ukraine.

As of the end of 2020, Ukrainian laws did not impose any obligations on the companies or state authorities to disclose the information related to the local component as a mandatory provision of the relevant agreement, and such information is not publicly available.

At the same time, by virtue of the EITI Law adopted in 2018, the Ministry of Energy is obliged to publish on its official website information on the essential terms and conditions of subsoil

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<sup>597</sup> The Register of Concession Agreements was included in the [List of data sets](#) to be published in the form of open data on the basis of the Resolution of CMU "On Amendments to Resolutions of the Cabinet of Ministers of Ukraine of October 21, 2015 № 835 and November 30, 2016 № 867" [№ 407](#) from March 3, 2021

<sup>598</sup> See [Subparagraph 196.1.15 of paragraph 196.1](#) of Article 196 of the Tax Code.

<sup>599</sup> [Clause 9 of Paragraph 1 of Article 10](#) of the Law of Ukraine "On Concession" No. 997-XIV dated 16.07.1999. The law expired on 20.10.2019, on the basis of the Law of Ukraine "[On Concession](#)" No. 155-IX dated 03.10.2019.



use agreements, PSAs, JAAs, which will include information on social obligations, including the provisions on:

- ▶ participation in the development of local infrastructure;
- ▶ use of works, goods and services performed, supplied or provided by business entities registered within the territorial community where extracting activities are carried out.
- ▶ Thus, as noted above, the significant terms and conditions of part of the PSA and relevant excerpts from them are published on the official website of the Ministry of Energy at [the link](#).

#### **6.6.6. Cooperation between extractive companies and local communities**

In accordance with paragraph (a) of Requirement 6.1 of the EITI Standard, where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, implementing countries must disclose these transactions.

The Ukrainian legislation contains no notion of “mandatory social expenditures of extractive companies” and provides no list of cases where such expenditures of extractive companies (other than the payment of a USC) may be mandatory.

The EITI Law adopted in 2018 obliges business entities operating in the extractive industries to disclose information on participation in social projects or programs and the total amount of payments for each social project or program with a separate identification of those implemented in the locations of production facilities.<sup>600</sup> At the same time, the definition of "social project or program" is absent in the Law.

Information disclosed by reporting companies through 2020 is presented in **Section 5.10.3**.

#### ***Partial participation in the development of local infrastructure***

Under the Ukrainian legislation on urban development activities, an individual/entity that intends to develop a land plot in a certain locality is obliged to participate in the creation and development of engineering, transport, and social infrastructure of the locality (this requirement does not apply, among others, to construction of engineering, transport infrastructure and energy objects).<sup>601</sup>

Such participation takes place by transferring funds from the applicant to the relevant local budget for creation and development of the said infrastructure based on the agreement concluded with the local government or the calculation provided by it.

The year 2020 was a transitional period before the abolition of partial participation contribution.<sup>602</sup> During the transitional period, the reduced limit of participation was applied. In particular, for non-residential buildings/constructions it was set at 4% (instead of 10%) of its total cost. In addition, during this period, the form of participation was possible only in cash.

#### ***Financing of social and infrastructure needs by extractive companies***

Extractive companies can enter into agreements with local governments and undertake to

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<sup>600</sup> [Paragraph 1 of the Article 6](#) of the EITI Law.

<sup>601</sup> [Paragraph 2 of section II of the Final and transitional provisions](#) of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Promotion of Investment Activity in Ukraine" No. 132-IX dated 20.09.2019.

<sup>602</sup> Payment of the partial participation contribution was cancelled since 01.01.2021 on the basis of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Promotion of Investment Activity in Ukraine" No. 132-IX dated 20.09.2019.

finance social or infrastructure needs of the region's community where the extractive activities are carried out.

The procedure for issuance of licenses provides that mining companies must obtain approval of, among others, the local governments. Since 25.02.2020 the need to approve the use of subsoil areas for geological exploration, development of mineral deposits of national importance, as well as for purposes not related to the extraction of minerals with the relevant regional and Kyiv City Councils was eliminated.<sup>603</sup> At the same time, since that date, only granting into use of subsoil areas containing minerals of local importance needs an approval.<sup>604</sup> Such approval is provided by the relevant district, city, town, village councils, councils of united territorial communities and regional state military-civil administrations.

The legislation does not specify the procedure for local governments to follow when considering a request for such approvals. The local governments determine such procedures independently based on the needs of a particular region.

Typically, mass media reports on agreements that include social expenditures by extractive companies do not include explanations as to whether such agreements were concluded with the aim to obtain approvals from local governments of specific licenses.<sup>605</sup>

In 2020, legislation did not oblige extractive companies to publish their social and economic agreements with local communities or to indicate the motivation for their conclusion (in particular, whether this was a condition for obtaining certain licenses).

### Summary

Overall, the regulatory regime of extractive activities is complicated and not transparent enough.

In 2020, the initiatives were launched to continue increasing transparency and simplify procedures in extraction industry. Such initiatives include, but are not limited to:

- ▶ Amendments to a number of regulations that have reduced the number of approvals for the use of subsoil areas containing minerals of national importance, as well as subsoil areas provided for the purposes not related to the extraction of minerals.
- ▶ Simplification of licensing procedures for obtaining the right to use oil and gas subsoil by certain state-owned enterprises on the continental shelf and in the exclusive (marine) economic zone.
- ▶ Entry into force of the New Procedure, which introduced auctions for the sale of licenses for subsoil use through electronic auctions on a permanent basis.
- ▶ Approval of the new Methodology for determining the initial auction price of a subsoil license, which provides for more objective information when determining the initial selling

<sup>603</sup> Such approval is not provided for in the new version of the Procedure for granting licenses for subsoil use, set forth in accordance with the Resolution of the CMU "[On Amendments to the Procedure for granting licenses for subsoil use](#)" No. 124 dated 19.02.2020.

<sup>604</sup> [Clauses 1-3 of Paragraph 9](#) of the Procedure for granting licenses in the new version, approved in February 2020.

<sup>605</sup> E.g., see <http://petrovo.kr-admin.gov.ua/1652-pidpisano-ugodu-pro-sotsialno-ekonomichne-partnerstvo.html>, <http://styknews.info/novyny/ekonomika/2013/04/22/dtek-ta-ivano-frankivska-oda-pidpysaly-ugodu-pro-sotspartnerstvo-na-72-m>, <http://www.gorodok-vlada.gov.ua/node/26424>.



price of a license at the auction, as well as a clear calculation of the fee in cases of issuing licenses without auction.

- ▶ Creating an online calculator for calculating the initial price of a subsoil use license and the amount of the fee charged for obtaining a license.
- ▶ Launch of the “One Stop Shop for a Subsoil User” service, where specialists of Geology Service consult on and clarify the issues related to issuing subsoil use licenses, as well as procedures for the license extension, renewal, amendments; etc.

During 2020-2021, significant efforts were made to promote conclusion of PSAs.

At the same time, further changes are needed that would increase the transparency of extractive industries. Such changes include, but are not limited to:

- ▶ Publication of all special subsoil use conditions specified in licenses (including conditions contained in letters from state bodies, whose reference numbers are indicated in the Register of subsoil use licenses).
- ▶ Open access to the full text of the concluded PSAs, concession contracts, JAAs and other subsoil use agreements concluded with extractive companies.
- ▶ Clear definition of financial and technical criteria to be set for the applicants to participate in the auction for subsoil use licenses, in the PSA tender.
- ▶ Simplification of access to information on significant payments made by extractive companies, including tax payments (currently the State Tax Service cannot provide access to the tax payments database because of technical problems).
- ▶ Strengthened role of the local communities in relations with extractive companies, in particular, by empowering them with more mechanisms of control over the companies' activities concerning local community interests (especially due to abolishing some local government approvals for subsoil licenses), developing a unified approach to concluding agreements on cooperation between communities and extractive companies, disclosing their texts, and public control over implementation of such agreements.

## 6.7 Budget process in Ukraine

The Budget Code of Ukraine sets out the detailed procedure for preparation, adoption, execution, reporting on execution of the State and municipal budgets, as well as control over compliance with budget laws ("budget process"). In 2020 the budget process consisted of the five stages (please refer to the Figure below):<sup>606</sup>

- 1) Preparation, consideration of the Budget Declaration (local budget forecast) and taking decision on it.
- 2) Preparation of draft budgets.<sup>607</sup>
- 3) Review of the draft and approval of the law on the State budget of Ukraine (decision on the local budget).
- 4) Execution of the budget, including introducing amendments to the law on the State budget of Ukraine (decision on the local budget).
- 5) Preparation, review of the budget execution report and taking decision on it.

### ***Highlights of the preparation, consideration and approval of the draft State budget for 2020:***

- ▶ In 2019, the Ministry of Finance did not submit the Draft Budget Declaration for 2020 and it was not approved by the Cabinet of Ministers within the legally prescribed time frame. Therefore, one of the stages of the Budget Process was not completed for 2020.
- ▶ Administrators of public funds prepared and submitted to the Ministry of Finance their budget requests with proposals and justifications of the amounts of state funds necessary for their activities.
- ▶ Based on the analysis of budget requests, the Ministry of Finance developed a draft State budget.
- ▶ The CMU approved the draft State budget<sup>608</sup> and submitted it with appropriate supporting documents to the Parliament and the President of Ukraine on 15.09.2019 in accordance with the provisions of the Budget Code.<sup>609</sup>
- ▶ The Parliament considered and approved the Law on State budget of Ukraine under a special procedure<sup>610</sup> on 14.11.2019 before the established statutory deadline (01.12 of the year preceding the year in planning). The Law on the State budget was signed by the President of Ukraine on 11.12.2019.

### ***Procedure of preparation, review and approval of the draft local budgets for 2020:***

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<sup>606</sup> [Article 19](#) of the Budget Code

<sup>607</sup> This stage was temporarily not implemented during the period from 13.04.2020 to 01.01.2021, from the date of entry into force of the Law of Ukraine "[On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020"](#)" № 553-IX from 13.04.2020

<sup>608</sup> [Notification of Minister of Finance from 15.09.2019](#)

<sup>609</sup> [Article 37](#) of the Budget Code

<sup>610</sup> [Chapter 27](#) of the Law of Ukraine "On the Rules of Parliamentary Procedure of the Verkhovna Rada of Ukraine" No 1861-VI dated 10.02.2010

- ▶ Within a week from the date of approval by the CMU of the draft State budget, the Ministry of Finance ensured that the local state administrations and executive bodies of relevant local councils receive the calculations of the forecast amounts of interbudget transfers, their calculation methods, organizational and methodological requirements, and other indicators for preparing draft local budgets.
- ▶ Local state administrations, executive bodies of relevant local councils prepared draft local budgets and draft decisions on relevant local budgets;
- ▶ Prior to consideration of the draft decision on the local budget at the session of the respective local council, it was approved by the local state administration or the executive body of the respective local council;
- ▶ Local budgets were approved by the decision of the relevant local council before 25.12 of the year preceding the year in planning;
- ▶ Within two weeks after the official publication of the Law on the State budget, the volume of inter-budget transfers was adjusted in accordance with the approved state budget.

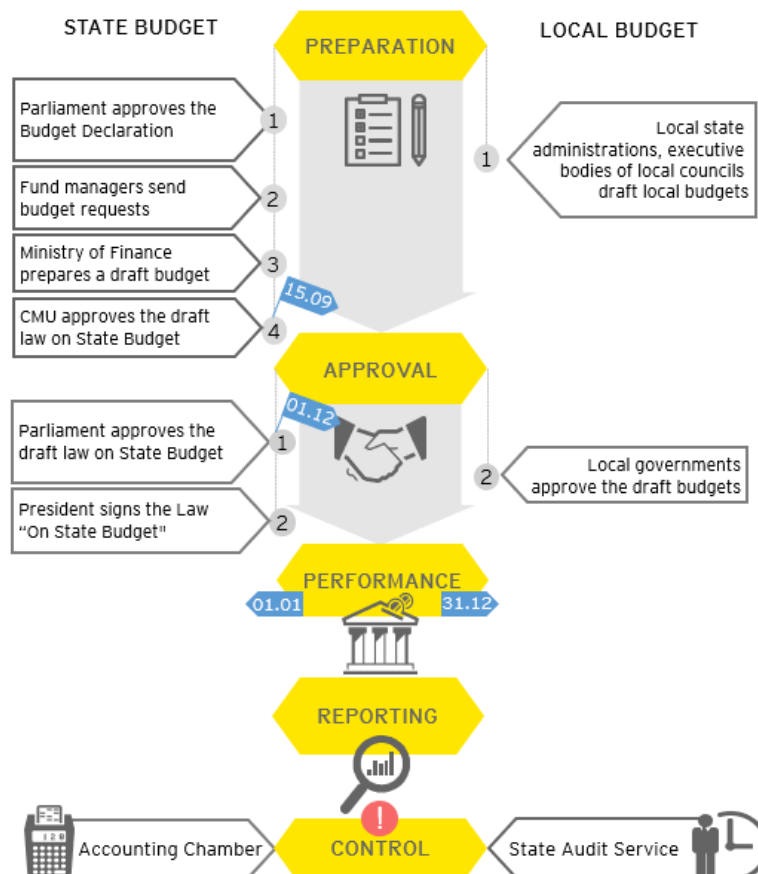


Figure 6.26: Budget process in Ukraine

***Amendments to the process of budget planning starting 2019:***<sup>611</sup>

- ▶ In terms of medium-term budget planning at the national level, the Budget Declaration was introduced in 2019 as a national strategic planning document, which determines the key medium term budget policy principles.
- ▶ The Budget declaration should contain, among other things, aggregate expenditure ceilings and expenditure ceilings for the main administrators of public funds, objectives and performance indicators of their activities (actual and those expected for the medium term), overall assessment of fiscal risks.
- ▶ The Budget Declaration and its inputs shall be prepared according to the deadlines set in the budget calendar.
- ▶ The introduction of medium-term budget planning at the local level involves preparation of the local financial plan, based on the Budget Declaration. From 01.01.2020, local financial authorities jointly with other main administrators of public funds, with the consideration of the Budget Declaration, shall annually compile a local budget forecast<sup>612</sup> – a medium-term budget planning document, which shall determine the local budget targets for the medium term and be the basis for drafting local budgets.<sup>613</sup>
- ▶ In addition to the draft State budget approved by the CMU and other supporting materials, information on fiscal risks (including contingent liabilities and quasi-fiscal operations) and their impact on state budget targets in the planned budget period should also be provided.<sup>614</sup>

***Execution of budgets for 2020 and introducing amendments to them***

- ▶ Budget was executed from 01.01 to 31.12 of the calendar year according to the schedule (annual, quarterly, monthly).
- ▶ The State budget could be amended by the Parliament at the initiative of the President of Ukraine, MPs, or the CMU in cases specified by the budget law, including when there is an observable deviation from the forecast indicators,<sup>615</sup> considered when approving the State budget.<sup>616</sup> The draft law amending the Law on the State budget was considered by the Parliament subject to availability of an expert opinion of the Ministry of Finance.

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<sup>611</sup> The Parliament adopted the Law of Ukraine “[On Amendments to the Budget Code of Ukraine \(Regarding the Legal Basis for Introducing Medium-Term Budget Planning\)](#)” №2646- VIII on 06.12.2018, which introduced three-year budget planning: instead of one-year Basic Budget Policies (strategic planning document, which determines the budget policy for the next three years), at the local level – three-year local financial plans

<sup>612</sup> Forecasts of Local budgets were temporarily not prepared during the period from 18.04.2020 to 01.01.2020 according to the Law of Ukraine “[On amendments to the Law of Ukraine On the State Budget of Ukraine for 2020](#)” №553-IX of 13.04.2020.

<sup>613</sup> [Article 75-1](#) of the Budget Code

<sup>614</sup> [Article 38](#) of the Budget Code (paragraph 12 -1)

<sup>615</sup> Criteria for amendments to the State Budget were not applicable in the period from 18.04.2020 to 01.01.2021 according to para 2 of the Final Provisions of the Law of Ukraine “[On Amendments to the Law of Ukraine On the State Budget of Ukraine for 2020](#)” №533-IX from 13.04.2020.

<sup>616</sup> [Article 160](#) of the Law of Ukraine “On the Rules of Parliamentary Procedure of the Verkhovna Rada of Ukraine” №1861-VI big 10.02.2010, [Article 52](#) of the Budget Code

- ▶ The amendments to the Law “On the State Budget of Ukraine” should be made exclusively by the Laws on amendments to the Law “On the State Budget of Ukraine”.<sup>617</sup> During 2020 changes to the State Budget were adopted six times.
- ▶ The decision to amend a local budget could be adopted by the relevant local council on the basis of the official opinion of the local financial authority.

#### ***Preparation and review of the budget execution report for 2020***

- ▶ The state and local budgets execution reports were prepared on operational, monthly, quarterly and annual basis.<sup>618</sup> Specific features of each type of the reports were established by the budget law.
- ▶ The Ministry of Finance published reports on the implementation of the State Budget 2020 monthly on its website,<sup>619</sup> which showed the instability of the budget revenue indicators, for example:
  - ▶ With the total increase in the revenues from the production royalty, there was a decrease in the revenues from the production royalty for natural gas – by 42.9% less than in 2019, mainly due to lower average customs value of the imported natural gas, lower gas sales price, and lower natural gas production in Ukraine. Overall, the revenues from the production royalty accounted for 3.6% of Ukraine's consolidated budget revenues (4.4% of the State Budget) in 2020.
  - ▶ The non-tax revenues to the budget, including the revenues in the form of a part of net profit and dividends for 2020, increased half as much y/y, most of which were the revenues paid by Naftogaz of Ukraine NJSC in the amount of UAH 39.6 billion. Overall, the non-tax revenues in the form of a part of net profit and dividends amounted to UAH 39.6 billion or 6.6% of the State Budget's revenues in 2020.
- ▶ The CMU submitted the Annual Report on the implementation of the State budget to the President of Ukraine, the Parliament, and the Accounting Chamber no later than 01.04 of the year following the reporting year. Within two weeks, the Accounting Chamber prepared and submitted its findings on the use of the state funds to the Parliament, also assessing the efficiency of such use, and providing recommendations on how to tackle the identified violations. The Parliament considered the Annual Report on Budget Execution under a special procedure.<sup>620</sup>

At all stages of the budget process, state funds were audited and analysed in terms of their efficiency and compliance with the budget legislation. Control over the state revenues and expenditures and their use was exercised by the Accounting Chamber,<sup>621</sup> which published the respective reports on its website.<sup>622</sup>

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<sup>617</sup> [Article 52](#) of the Budget Code of Ukraine This provision was not operating during the period from 18.04.2020 to 01.01.2021 according to para 2 of the Final Provisions of the Law of Ukraine “On Amendments to the Law of Ukraine “[On the State Budget of Ukraine for 2020](#)” №533-IX dated 13.04.2020.

<sup>618</sup> [Article 58](#) of the Budget Code of Ukraine.

<sup>619</sup> <https://mof.gov.ua/uk/current-year-budget-information>

<sup>620</sup> [Articles 161-162](#) of the Law of Ukraine “On the Rules of Parliamentary Procedure of the Verkhovna Rada of Ukraine” № 1861-VI from 10.02.2010.

<sup>621</sup> The Law of Ukraine “[On the Accounting Chamber](#)” No. 576-VIII of 02.07.2015,

<sup>622</sup> [Available at: FinReports](#)

The integrated information and analytical system "Transparent Budget" provided access to the information on public funds at all stages of their planning and usage, including main budget indicators, to inform the general public in an accessible form about the main targets, objectives and priorities of the budget policy, sources of the budget, justification of budget expenditures, planned and achieved results of the usage of budget funds.<sup>623</sup> Using the Public Fund's Single Web Portal, it is also possible to track the state public expenses in real time (it is possible to search for public funds' managers, specific transactions, regions, etc.).<sup>624</sup>

Starting 2021, an interactive tax map of Ukraine is available in a test mode on the website of the State Tax Service of Ukraine<sup>625</sup>, where the recipients can see tax revenues from various taxes, budgets and activities (codes of the economic activities of the taxpayers). Potentially, this may allow various stakeholders to conveniently track tax revenues from companies operating in extractive industries to budgets.

The state financial control designed to verify the compliance with budget legislation, including the audit of legitimate and effective use of state or municipal funds and property and the implementation of budget programs should be performed by the State Audit Service of Ukraine.<sup>626</sup>

In order to determine the level of meeting the needs and interests of women and men and / or their groups in the implementation of budget programs, as well as to identify gender gaps, gender discrimination and their causes, on 02.01.2019 the Ministry of Finance approved recommendations for the implementation and application of a gender-oriented approach in the budget process.<sup>627</sup> According to the analysis of the Ministry of Finance, 24 regional state administrations, 24 cities of regional significance, 93 districts, and 449 unified territorial communities<sup>628</sup> implemented the gender approach in the budget process at the local level as of the end of 2020.

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<sup>623</sup> The Concept was approved by the Ordinance of the Cabinet of Ministers No 92-r of 11.02.2016, accessible via: [E-data \(edata.gov.ua\)](https://edata.gov.ua)

<sup>624</sup> Available at: <https://spending.gov.ua/new/>

<sup>625</sup> <https://map.fax.gov.ua/main>

<sup>626</sup> [Regulation on the State Audit Service of Ukraine](#) approved by the Resolution of the CMU No. 43 dated 03.02.2016

<sup>627</sup> The Order of the Ministry of Finance of Ukraine "[On approval of Guidelines for the implementation and application of a gender-oriented approach in the budget process](#)" No. 1 dated 02.01.2019

<sup>628</sup> According to the [results](#) of the final monitoring of the Ministry of Finance of the project "Gender Budgeting in Ukraine"

**Summary**

The procedures for preparing, approving, performing and reporting on the performance of the state and local budgets, as well as the control over compliance with budget laws is regulated by the Budget Code of Ukraine.

The medium-term budget planning had to be used for preparation of the draft of the State Budget for 2020 to provide for improvement of the regulation of relations arising in the process of budgets execution, reporting on their implementation and monitoring compliance with budget regulations. Also, starting 01.01.2020, new changes were introduced to the local budgets planning processes (in terms of forecasting). At the same time, the draft State Budget for 2020 was prepared without the approved Budget Declaration for 2020-2022 for the year 2020, and temporarily, from 18.04.2020 to 01.01.2021, no budget forecasts were made (in terms of preparation and approval of the Budget Declaration and local budget forecasts).

The issue of further implementation of medium-term planning in Ukraine from 2020 was directly related to the economic instability caused by the COVID-19 pandemic, which significantly complicated planning of the macroeconomic targets and affected the timeliness of all stages of the budget process. The Parliament approved the Budget Declaration for 2022-2024 for the first time only on 15.07.2021.

For budget process in 2020 centralization of decision-making in the budget process and inability to trace the use of specific payments from the extractive companies upon their transfer to the budgets were quite common. This reduces the ability of local communities to cover their needs and may discourage the communities to cooperate with extractive companies. Nevertheless, the latest trends in the decentralization of public revenues (in particular, transfer of 5% of the production royalty for hydrocarbon to local budgets starting in 2018, an increase in the local budgets' share of production royalty for other minerals (except for hydrocarbon) of the national importance to 30% in 2019 and 2020) can be considered as positive step.

## 7. Regulation of state participation in extractive industries

### 7.1 Definition of “state-owned enterprise”

Under para. 2.6 of the EITI Standard, where state participation in the extractive industries is a source of a substantial payments, the countries implementing EITI are obliged to disclose an information on rules and practices regarding the financial relationship between the government and state-owned enterprises, e.g., the rules and practices that regulate transfers of funds between the SOEs and the state, retained earnings, reinvestment and third-party financing.

In accordance with Requirement 2.6 of the EITI Standard, a state-owned enterprise (SOE)<sup>629</sup> is a fully or majorly government-owned enterprise that conducts extractive activities on behalf of the government.

Ukrainian legislation has several terms that are related to the definition given in the EITI Standard, including the term “public sector entities”. These subjects which include entities presented in the figure below<sup>630</sup>:

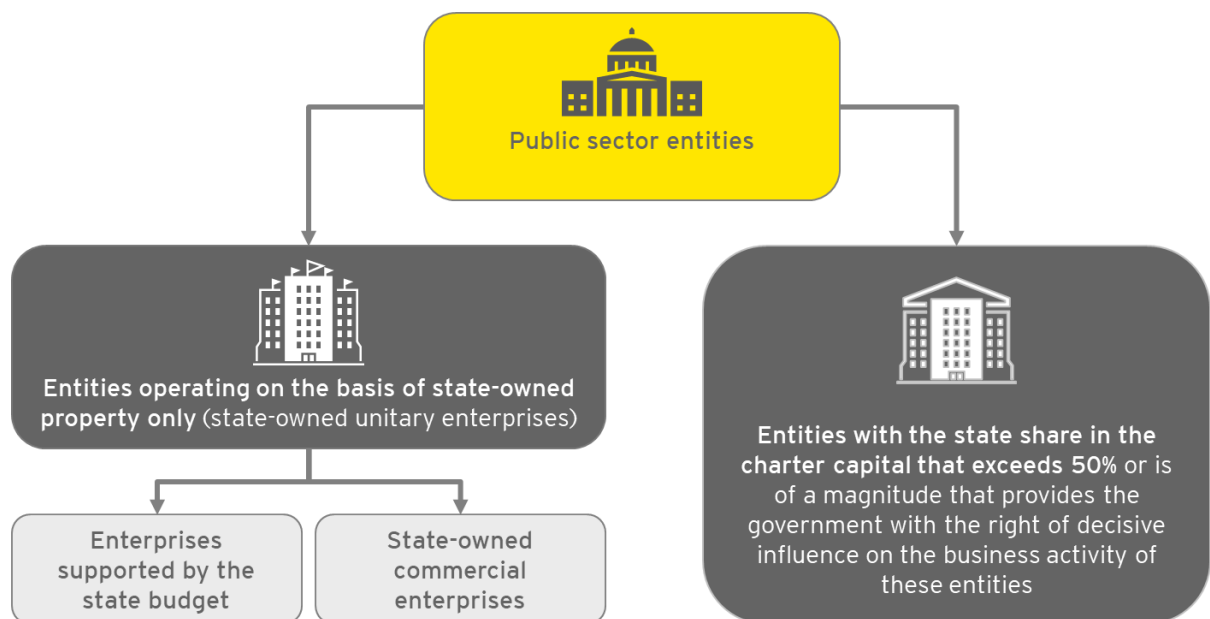


Figure 7.1: Public sector enterprises under the Commercial Code

#### - State-owned unitary enterprises

A state-owned unitary enterprise (i.e., a state-owned enterprise established by single founder) is an enterprise formed by a competent state body and within the scope of its management powers. The key features of a state-owned enterprise as a separate form of an enterprise are

<sup>629</sup> In the Ukrainian translation of the EITI Standard, the term “state-owned enterprise (SOE)” refers to the term “state entity (SE)”. Since the term of the Standard is wider than the definition of a “state entity” in Ukrainian legislation, for the purposes of this Report, the concept of “state-owned enterprise” (in the EITI Standard) and “state-owned enterprise” (in Ukrainian legislation) should be distinguished

<sup>630</sup> [Paragraph 2 of Article 22](#) of the Commercial Code of Ukraine No. 436-IV dated 16.012003(hereinafter the “Commercial Code”) page 246 of 623



the following:

- ▶ The enterprise is established under the administrative (requires the decision of the competent state authority)
- ▶ The functions of the owner are performed by the state authority which scope of management includes such an enterprise. If there is no supervisory board, the head of the enterprise is appointed by such an authority
- ▶ The enterprise operates using state-owned property.

A state-owned unitary entity may be either a commercial enterprise or an enterprise supported by the state budget.

*A state-owned commercial enterprise* is a business entity responsible for the consequences of its activities with all its property held under the right of economic management (i.e., with the possibility of possession, use and limited disposal).<sup>631</sup>

*An enterprise supported by the state budget* is established by the decision of the CMU, which determines the nature of the enterprise's activity and the body which scope of management includes the enterprise. The property and assets are provided to such entity under the right of operational management.<sup>632</sup>

The enterprises supported by the state budget are created in specific sectors of economy specified by the Commercial Code, in particular, in which (i) the law permits business activities only by state-owned enterprises; (ii) the major consumer of the products (works, services) (exceeding 50%) is the state; (iii) under the conditions of management, free competition of producers or consumers is impossible and (iv) production (over 50%) of socially necessary products (works, services) prevails that cannot be profitable due to certain conditions.<sup>633</sup>

- *Entities in which the state share exceeds 50%: direct ownership*

Additionally, public sector entities include:

- ▶ Business enterprises with more than 50 percent of shares owned by the state, and
- ▶ Business enterprises with 100 percent state ownership.<sup>634</sup>

Generally, such business enterprises are created through:

- ▶ Corporatization of existing state enterprises. Decisions on the transformation of state-owned enterprises into joint-stock companies are made by the state privatization bodies at the request of authorized management bodies.<sup>635</sup>
- ▶ Creation of a new enterprise in the form of a joint stock company where the founder is a body authorized to manage state property.<sup>636</sup> In this case, the relevant body adopts a decision on the establishment of the company and may simultaneously approve its

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<sup>631</sup> Economic management means a substantive right in which an entity owns, uses and manages the property entrusted to it by the owner, but may manage certain types of property only with the consent of the owner in the cases provided for by law ([Article 136](#) of the Commercial Code)

<sup>632</sup> Operational management means a substantive right in which an entity owns, uses, and manages the property entrusted to it by the owner for the purpose of carrying out non-commercial economic activities. In this case, the owner of the property has the right to remove from the subject of the property the property used for other purposes ([Article 137](#) of the Commercial Code)

<sup>633</sup> [Article 76](#) of the Commercial Code

<sup>634</sup> [Article 11](#) of the Law of Ukraine "On the Management of the State Property Objects" No. 185-V dated 21.09.2006.

<sup>635</sup> [Part 1 of Article 17](#) of the Law of Ukraine "On privatization of state and municipal property" No. 2269-VIII dated 18.01.2018

<sup>636</sup> [Part 1 of Article 9](#) of the Law of Ukraine "On Joint Stock Companies" No. 514-VI dated 17.09.2008

charter.

For example, Naftogaz of Ukraine NJSC and Nadra Ukrainy NJSC are joint-stock companies established based on administrative acts.<sup>637</sup>

For such enterprises, the law establishes corporate governance specifics (see **Section 7.7** below).

If such companies receive state-owned property, they generally hold it on a special title that differs from the ownership right. Thus, property that is not subject to privatization may be transferred into economic or operational management (with or without recording such property in the company's balance sheet).

Some companies include a reference to their "national" status in the titles, however, it has no impact on their legal status. Special legal status of public sector entities is determined by state participation in their charter capital.

- *Entities in which the state share exceeds 50%: indirect ownership*

Enterprises under the indirect control of the state (e.g., subsidiaries of state-owned enterprises, as well as the enterprises where more than 50% shares belong to public sector entities) have an ambiguous legal status.

Reporting entities that are indirectly owned by the state may be found in **Annex 2**. Among others, they include, for instance:, Ukrgezvydobuvannya JSC, Ukrtransgaz JSC and Ukrtransnafta JSC (100% shares owned by Naftogaz of Ukraine NJSC), and Ukrnafta PJSC (50%+1 shares owned by Naftogaz of Ukraine NJSC).

Formally, the aforementioned enterprises are not covered by the definition of "public sector entities" as it does not include the indirect ownership criteria. However,, in some cases the state authorities exercise certain functions of the owner of such enterprises based on the laws or by-laws. Specifically:

- ▶ Reorganization of the subsidiaries of Naftogaz of Ukraine NJSC engaged in gas transportation via trunk pipelines and its storage in the underground gas facilities is carried out by the decision of the CMU.<sup>638</sup>

Disposal of fixed assets and shares from the charter capital of such enterprises is prohibited, except in case of the transfer of property for performing the functions of the Ukrainian Gas Transmission System Operator.<sup>639</sup>

- ▶ Business enterprises with 50% or more shares contributed to charter capitals of the companies 100%-owned by the state, among other, obliged to:
  - Pay dividends directly to the State Budget<sup>640</sup>

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<sup>637</sup> Resolution of the CMU "[On the Establishment of Naftogaz of Ukraine NJSC](#)" No. 747 dated 25.05.1998, Resolution of the CMU "[On the Establishment of Nadra Ukrainy NJSC](#)" No. 1128 of 14.07.2000

<sup>638</sup> [Paragraph 3 Article 7](#) of the Law of Ukraine "On Pipeline Transport" No. 192/96-BP dated 15.05.1996

<sup>639</sup> [Paragraph 5 Article 7](#) of the Law of Ukraine "On Pipeline Transport" No. 192/96-BP dated 15.05.1996

<sup>640</sup> [Paragraph 5 of Article 11](#) of the Law of Ukraine "On the Management of State Property Objects" No. 185-V dated 21.09.2006

- Publish information on their activities similarly to public sector entities.<sup>641</sup>
- Publish information on their use of public funds on a web portal containing comprehensive information about the use of public funds.<sup>642</sup>
- ▶ Certain acts of the CMU contain provisions that provide retaining of 100% of corporate rights (shares) of certain enterprises which shares are owned by Naftogaz of Ukraine NJSC, in state ownership, despite their transfer to the charter capital or other acquisition by Naftogaz of Ukraine NJSC. In particular, Ukrtransgaz JSC, Ukgazvydobuvannya JSC, Ukrtransnafta JSC, Ukrnafta PJSC and a subsidiary of Naftogaz of Ukraine NJSC Gaz of Ukraine and Gas Transmission System Operator of Ukraine LLC, were included in the list of state-owned enterprises that are strategically important for the economy and security of the state.<sup>643</sup>
- ▶ State property transferred to such business enterprises may be assigned to them on a right that differs from the right of ownership (in particular, on the right of economic management or operational management, with or without its inclusion in the enterprise's balance sheet<sup>644</sup>).

The question of whether indirect state-owned mining companies may be classified as “public sector entities” has been considered by the courts on several occasions, and the conclusions of different courts are inconsistent:

Extractive company	Party to a dispute	The court's conclusion	Date of the last court decision
Ukrnafta PJSC	Audit Service of Ukraine	Ukrnafta PJSC <u>is</u> a public sector entity <sup>645</sup>	Supreme Court, 02.10.2018
Ukgazvydobuvannya JSC	Audit Service of Ukraine	Ukgazvydobuvannya JSC <u>is not</u> a public sector entity <sup>646</sup>	Court of Appeal, 29.05.2017
Ukrtransgaz JSC	JV UkrCARPATHOIL LTD LLC	Ukrtransgaz JSC <u>is</u> a public sector entity <sup>647</sup>	Court of Appeal, 12.02.2020
Ukrtransnafta JSC	Blago-Bud LCC	<u>Ukrtransnafta JSC is not a</u> public sector entity <sup>648</sup>	Court of the 1 <sup>st</sup> instance, 04.02.2019

<sup>641</sup> Resolution of the CMU "[On Approval of the Procedure for Publication of Information on the Activities of State Owned Unitary Enterprises and Business Companies with More than 50% of Shares Owned by the State, as well as Business Companies with 50 and More Per cent of Shares owned by business companies in which interest of the state constitutes 100 percent](#)" No. 1067 dated 09.11.2016

<sup>642</sup> The obligation is defined in Resolution of the CMU "[On Approval of the Procedure for Publication of Information on Activities of State Unitary Enterprises and Business Companies with More than 50% of Shares Owned by the State, as well as Business Companies with 50% and More of Shares Owned by Enterprises with 100% Shares owned by the State](#)" No. 1067 dated 09.11.2016 (see above); Law of Ukraine "[On Openness of Use of Public Funds](#)" No. 183-VIII dated 11.02.2015

<sup>643</sup> Resolution of the CMU "[On Approval of the List of State Property Strategic for the Economy and Security of the State](#)" No. 83 dated 04.03.2015

<sup>644</sup> E.g., according to paragraph 4.3 of the Charter of Ukrtransgaz JSC, Ukrnafta PJSC, Ukgazvydobuvannya JSC, the companies should use state property that is not subject to privatization in accordance with the law. State-owned property provided into the Company's use or economic management is included in its assets. Within the unbundling procedure, the Gas Transmission System Operator LLC received GTS assets under the right of economic management without the right of their alienation

<sup>645</sup> [Resolution of the Supreme Court in Case No. 2a-18853/10/2670 dated 02.10.2018](#)

<sup>646</sup> [Resolution of the Kyiv Administrative Court of Appeal in Case No. 826/19356/14 dated 29.05.2017](#)

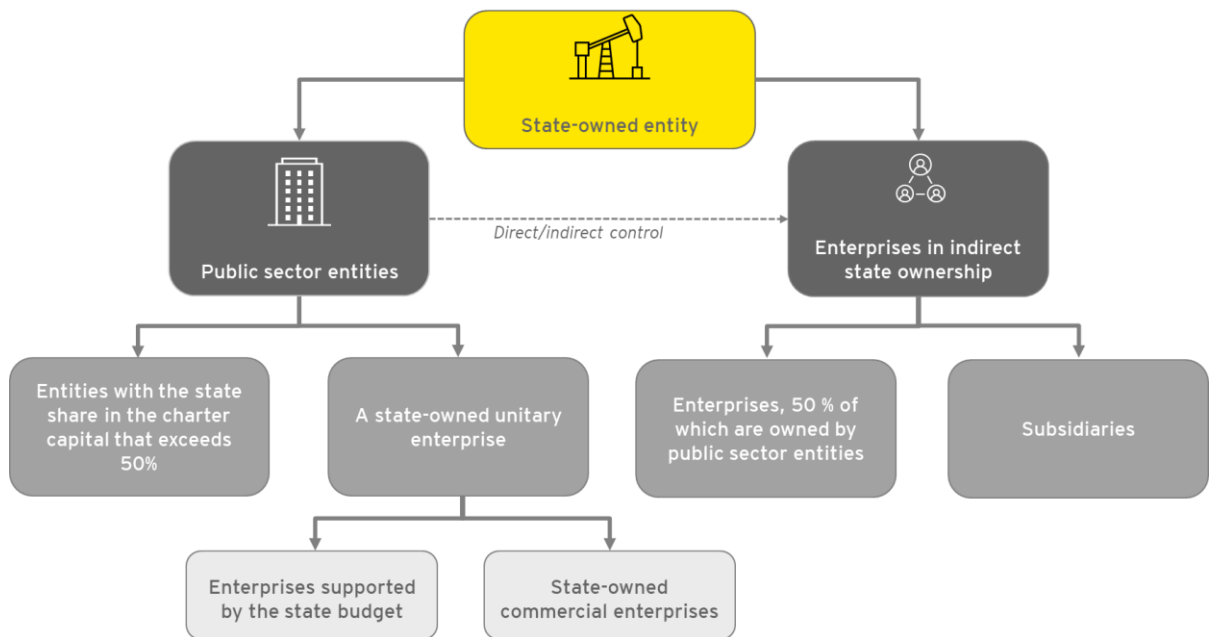
<sup>647</sup> [Resolution Northern Commercial Court of Appeal in Case No. 910/5710/17 dated 12.02.2020](#)

<sup>648</sup> [Resolution of the Commercial Court of Lviv region in Case No. 914/1838/18 dated 04.02.2019](#)

- *Approach for the purposes of the EITI Report*

Hence, for the full disclosure of information for the purposes of this Report, MSG decided that state-owned enterprises (SOEs) under Requirement 2.6 of the EITI Standard should include (1) public sector entities and (2) enterprises with more than 50% shares indirectly owned by the state.

Schematically, this approach may be represented as follows:



**Figure 7.2: Definition of state-owned enterprises for the purposes of the EITI Report**

## 7.2. State participation in extractive industries

The state contribution to the development of Ukraine's extractive industries is significant. State organizations own or participate in the authorized capital of some mining companies. Moreover, the state provides guarantees for loans to mining companies, invests in their development through budget program implementation, granting interest-free budget loans and more. In particular, the state plays a significant role in coal mining, extraction of oil and gas, as large enterprises in these industries are directly or indirectly owned by the state.

This report, in accordance with the decision of the EITI MSG of 1.10.2021, discloses information on state participation in and state support only to those companies that are reporting under the EITI Report 2020 and are directly or indirectly owned by the state.

### 7.2.1 State participation in extractive industries in 2020

#### 7.2.1.1 State participation in coal mining enterprises

As of September 10, 2020, the management scope of the Ministry of Energy included 210 state-owned enterprises, institutions, organizations and associations of the coal mining and peat mining complex, with 130 of them located in areas where the Ukrainian authorities temporarily do not exercise their powers. In addition, 122 business entities (including 94 entities located in areas where the Ukrainian authorities temporarily do not exercise their powers) were within the corporate rights management scope of the Ministry of Energy<sup>649</sup>.

Based on the assessment of materiality of payments in favour of the state<sup>650</sup> the reporting coal mining companies in the EITI Report 2020 included 10 companies with 100% of the state's participation in their statutory capital. They are:

- ▶ Lvivvuhilia SE;
- ▶ Myrnohradvuhillia SE;
- ▶ Selydivvuhillia SE;
- ▶ Toretskvuhillia SE;
- ▶ Lysychanskvuhillia SE;
- ▶ Pervomaiskvuhillia SE;
- ▶ Krasnolymanska Coal Mining Company SE;
- ▶ Mine Administration Pivdenodonbaske #1 SE;
- ▶ Mine named after M. S. Surgai SE;
- ▶ Volynvuhillia SE.

The Independent Administrator analyzed information from open sources and the responses of the state-owned reporting coal mining companies. As a result, no participation of the above companies in other mining companies (i.e., their associates and subsidiaries) was identified. There were no changes in the state participation in the statutory capital of the companies

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<sup>649</sup> Ministry of Energy, List of state owned enterprises, institutions and organizations that belong to the management scope of the Ministry of Energy as of 01.09.2020, List of companies in respect of which the Ministry of Energy exercises authority to manage corporate rights of the state, as of 01.09.2020, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245470653&cat\\_id=244916218](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245470653&cat_id=244916218)

<sup>650</sup> The approach to assessing the materiality of payments to the state and the materiality threshold used to determine the list of the accountable companies subject to the reconciliation of payments are described in **Section 9.1.3**

during 2020 either.

Some of the above-mentioned reporting coal mining companies have separate subdivisions that are not separate legal entities. The list of such separate subdivisions is presented in the table below.

**Table 7.1: Separate units of the reporting<sup>651</sup> state-owned coal mining enterprises**

Mines	Separate units (SU)
<b><i>Lvivvuhilya SE</i></b>	
Velykomostivska No 1 Mine	Velykomostivska Mine SU
Mezhyrichanska Mine (No 3VM)	Mezhyrichanska Mine SU
Vidrodzhenya Mine (No 4VM)	Vidrodzhenya Mine SU
Lisova Mine (No 6VM)	Lisova Mine SU
Zarichna Mine (No 7VM)	Zarichna Mine SU
Stepova Mine (No 10VM)	Stepova Mine SU
Vizeiska Mine (No 8VM)	Vizeiska Mine SU
Chervonogradska Mine (No 2ChG)	Chervonogradska Mine SU
<i>other separate units</i>	Chervonohrad Special Department for Heap Extinguishing and Land Reclamation SU; Chervonohrad Department of Production and Technological Communications SU; Freight and Transport Department SU; Chervonohrad Specialized Surveying Bureau SU; Chervonograd Training Complex SU; Zakhidvuhlepriansanecologia Department SU; Zakhidvuhlepostach Department SU; Coal quality technical control and standards Department SU; Installation and Tunneling Department SU; Information and Computing Center SU; Special Mine Equipment Installation Department SU; Vuglezbut SU; Design Bureau SU; Rovesnyk Health and Medical Complex SU; Geological Exploration Expedition SU
<b><i>Myrnogradvuhilya SE</i></b>	
Rodynska Mine	Rodynska Mine SU
Centralna Mine	Centralna Mine SU
Capitalna Mine	Capitalna Mine SU
Mine No 5 / 6	Mine No 5 / 6 SU
<i>other separate units</i>	Automobilist SU; Production and technical communication Unit SU; Standard SU; Recreation Center SU; Security SU;
<b><i>Selydivvuhilya SE</i></b>	

<sup>651</sup> The reporting companies have been identified based on the results of the assessment of the materiality of revenues in favour of the state and are subject to reconciliation of payments in this EITI Report (for more details, please see **Section 9**)

Mines	Separate units (SU)
Kurakhivska Mine	Kurakhivska Mine SU
Novogrodivska No 1-3 Mine	Novogrodivska No 1-3 Mine SU
Kotlyarevskaya Mine	Kotlyarevskaya Mine SU
Ukraine Mine	Ukraine Mine SU
<i>other separate units</i>	Vuglezbut SU; Autobaza SU; Supply Department SU; Coal quality technical control SU; Security SU
<b><i>Toretskvuhilya SE</i></b>	
Centralna Mine	Centralna Mine SU
Pivnichna Mine	Pivnichna Mine SU
Pivdenna Mine	Pivdenna Mine SU
Toretska Mine	Toretska Mine SU
<i>other separate units</i>	Autobaza SU; Repair and Mechanical Plant SU; Logistics Department SU; Sanatorium Raduha SU; Recreation sanatorium Donbass-Sedovo SU
<b><i>Lysychanskvuhilya PJSC</i></b>	
G.G. Kapustin Mine	G.G. Kapustin Mine SU
Pryvilnyanska Mine	Pryvilnyanska Mine SU
Novodruzheska Mine	Novodruzheska Mine SU
D.F. Melnikov Mine	D.F. Melnikov Mine SU
<i>other separate units</i>	Mine Construction Department SU; Information and Computing Center SU; Autobaza SU; Product supply and marketing Department SU; Production and technological communication Unit SU; Training Complex SU; Sanatorium Pryvilya SU
<b><i>Pervomaiskvuhilya SE</i></b>	
Zolote Mine	Zolote Mine SU
Carbonite Mine	Carbonite Mine SU
Hirska Mine	Hirska Mine SU
Toshkivska Mine	Toshkivska Mine SU
Lomovatska Mine	Lomovatska Mine SU
<b><i>Pervomaisk Mine</i></b>	<b><i>Pervomaisk Mine SU</i></b>
<b><i>Pervomaisk Zakhidna Mine</i></b>	<b><i>Pervomaisk Zakhidna Mine SU</i></b>
<i>other separate units</i>	Freight and Transport Department SU
	Autobaza SU
	Coal quality technical control and standards Department SU
	Training Complex SU
	Specialized Department SU
	Logistics and Supply Department SU
	Design Bureau SU
	Repair and Mechanical Plant O.I.Bakhmutka SU;

Mines	Separate units (SU)
	<b>Vuhilna kompaniia Krasnolymanska SE- independent Mine,</b>
<i>other separate units</i>	<i>other separate units</i>
	Technical control of coal quality SU
	Logistics of the enterprise SU
	Capital Construction SU
	Provision of communication activities SU
	Prospective Development SU
	<b>Shakhtoupravlinnia Pivdenodonbaske No 1 SE independent Mine, no separate units</b>
	<b>Mine named after M. S. Surgai SE independent Mine, no separate units</b>
	<b>Volynvuhilya SE - independent Mine, no separate units</b>

The Independent Administrator analyzed the responses of the companies and open-source information for the participation of the reporting coal mining companies in the Join Activity Agreements (JAA). Out of the reporting coal mining companies with the state participation that are listed above, only Myrnohradvuhillia SE has the Join Activity Agreement, namely JAA No 1 of 04.20.2005 effective till 12.31.2025. LLC "Bogucharska Enrichment Plant LLC (384716805672) is the authorized taxpayer under the JAA, and other participants in JAA include Myrnohradvuhillia SE, which made a cash contribution of UAH 15,000 in accordance with the terms of JAA<sup>652</sup>.

#### 7.2.1.2 State participation in oil and natural gas extractive companies

The state plays a significant role in the activities of oil and natural gas extractive industry in Ukraine. This is because the entire block of shares of Naftogaz of Ukraine NJSC, the largest company in the industry, is owned by the state represented by the Cabinet of Ministers of Ukraine. The operations of Naftogaz of Ukraine NJSC cover a full cycle - from exploration and development of oil and gas fields to operational and exploratory drilling, oil and gas transportation and storage, and supply of natural and liquefied gas to consumers.

In addition, the entire block of shares of Nadra of Ukraine NJSC, whose specialization is deposit search and exploration, implementation of exploration investment projects, belongs to the state represented by the State Service of Geology and Subsoil of Ukraine.

Gas Transmission System Operator of Ukraine LLC is another significant participant in the oil and gas complex. The company is a natural monopoly and provides transmission of natural gas to consumers in Ukraine and the European Union. The company was established in 2019 as part of international commitments to the Energy Community to ensure the independence of the gas transmission system operator of Ukraine. From January 1, 2020, Main Gas Pipelines of Ukraine JSC, which is fully owned by the Ministry of Finance of Ukraine, is the sole shareholder of Gas Transmission System Operator of Ukraine LLC.

<sup>652</sup> Source - the response from Myrnohradvuhillia SE



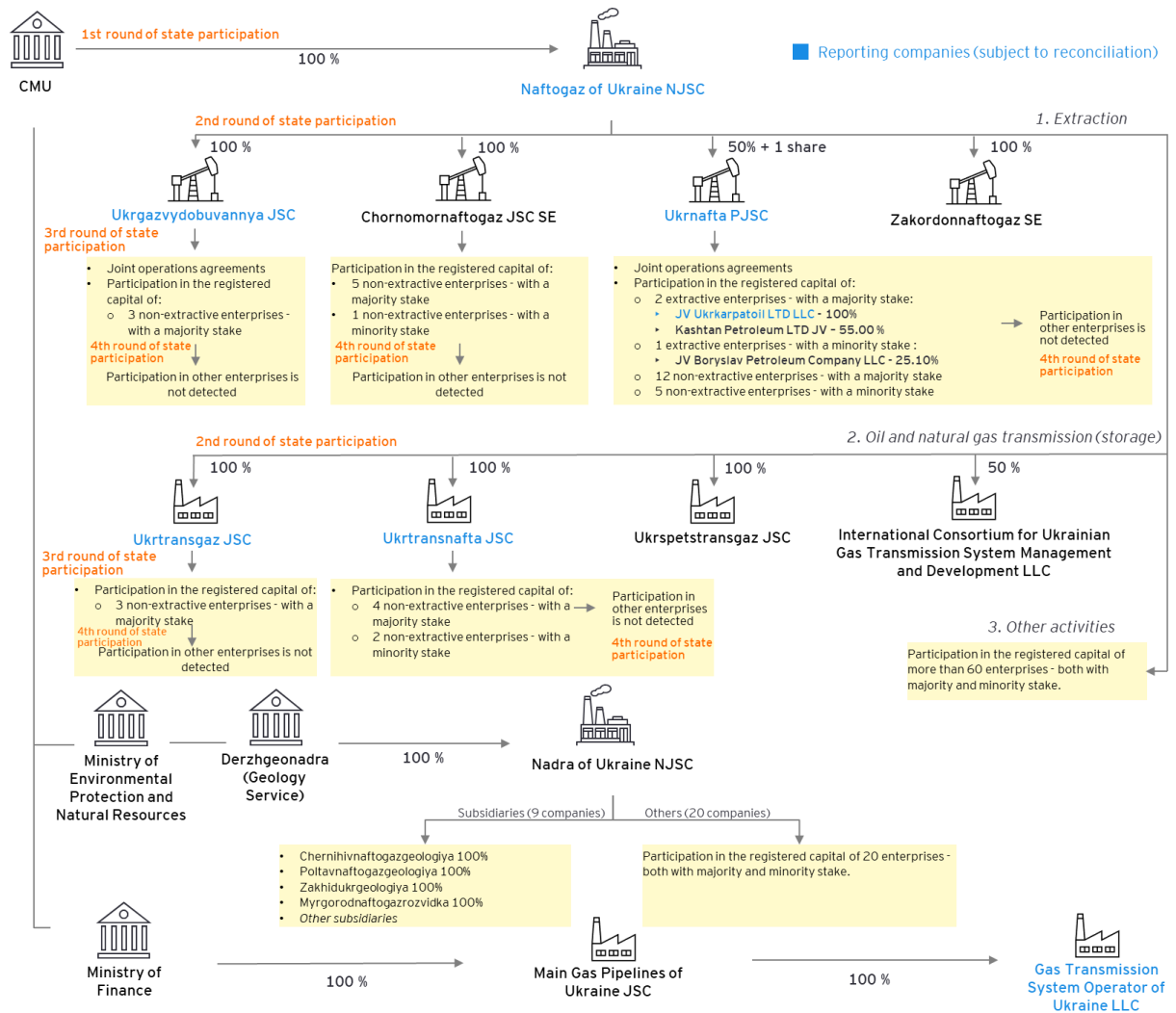


Figure 7.3: Step-by-step analysis of the state's participation in the statutory capital of oil and natural gas companies

The Independent Administrator conducted a thorough analysis of the state's participation in the statutory capital of the Ukrainian oil and gas companies as of 2020. The analysis included determination of the state participation in the key oil and gas companies in Ukraine - Naftogaz of Ukraine NJSC, Nadra of Ukraine NJSC, and Gas Transmission System Operator of Ukraine LLC. The share of these companies in the statutory capital of their subsidiaries and associates engaged in mining and other activities was also determined.

The following table contains a list of subsidiaries and associates of the largest oil and gas company in Ukraine, Naftogaz of Ukraine NJSC (Table 7.2). The information on the participation of subsidiaries of Naftogaz of Ukraine NJSC engaged in oil and gas production and transmission in the statutory capital of other companies is also presented (Table 7.3). The shares of the extractive enterprises owned by the mining subsidiaries of Naftogaz of Ukraine NJSC, in the authorized capital of other companies were not identified<sup>653</sup>.

<sup>653</sup> The sources of information include company responses, financial statements, annual information of the issuer of securities (annual reporting) and other public information of companies

The table below lists the subsidiaries and associates of Naftogaz of Ukraine NJSC as of the end of 2020. Compared to the data for 2019, the companies Likvo LLC and NEC Energy and Fuel of Ukraine JSC were removed from the list because of termination of their operations<sup>654</sup>.

**Table 7.2: List of the companies having a share of Naftogaz of Ukraine NJSC in their statutory capital in 2020<sup>655</sup>**

Name of company	Legal entity identification code	Number of shares owned by Naftogaz of Ukraine NJSC
<b>Extraction of natural gas, production of petroleum products</b>		
Ukrgezvydobuvannya JSC	30019775	100%
Chornomornaftogaz JSC SE	00153117	100%
Zakordonnaftogaz SE	36858992	100%
Ukrnafta PJSC	00135390	50% + 1 share
<b>Transmission of oil and natural gas</b>		
Ukrtransgaz JSC	30019801	100%
Ukrtransnafta JSC	31570412	100%
Ukrspetstransgaz JSC	00157842	100%
International Consortium for Ukrainian Gas Transmission System Management and Development LLC	32349152	50%
<b>Other types of activities</b>		
VuhleSynthesGaz of Ukraine SE	38727388	100%
Naftogaz-Energoservice SE	30167066	100%
Naukanaftogaz SE	32710871	100%
Ukravtogaz SE	36265925	100%
NaftogazService SE, Naftogaz of Ukraine NJSC	31059253	100%
NaftogazBezpeka SE, Naftogaz of Ukraine NJSC	32253350	100%
Budivelnyk SE, Naftogaz of Ukraine NJSC	30308580	100%
Gaz Ukrainy SE, Naftogaz of Ukraine NJSC	31301827	100%
Naftogaz Trading Europe S.A. (Switzerland)	-	100%
Naftogaz Digital Technologies LLC	42257608	100%
Naftogaz Trading Gas Supply Company LLC (Naftogaz Ukraine)	40121452	100%
Naftogaz Trading Gas Supply Company LLC (Naftogaz Trading)	42399676	100%
Ternopilgazbud OJSC	02127360	51%
Kirovohrad OJSC	03365222	51%
Petrosannan Company (Egypt)	-	50%
Ukrtatnafta PJSC	00152307	43%
Gaztransit JSC	25273549	40,22%
Zakarpattyagazbus PJSC	02127331	39%
Donetskoblغاز PJSC	3361075	38%
Krymgaz PJSC	03348117	25% + 1 share

<sup>654</sup> The annual report of the issuer, Naftogaz of Ukraine NJSC, does not mention the company's participation in the authorized capital of Likvo LLC and NEC Energy and Fuel of Ukraine JSC, [https://www.naftogaz.com/files/official\\_documents/Richna-informaciya-2020.pdf](https://www.naftogaz.com/files/official_documents/Richna-informaciya-2020.pdf). According to the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations of the Ministry of Justice of Ukraine, the activities of Likvo LLC were terminated on April 29, 2020, and the activities of NEC Energy and Fuel of Ukraine JSC - on August 21, 2018, <https://usr.minjust.gov.ua/content/free-search>

<sup>655</sup> The source of information is the reporting of Naftogaz of Ukraine NJSC: Annual information of the issuer of securities (annual report) for 2020, [https://www.naftogaz.com/files/official\\_documents/Richna-informaciya-2020.pdf](https://www.naftogaz.com/files/official_documents/Richna-informaciya-2020.pdf), Consolidated financial statements for the year ended 31 December 2020 [https://www.naftogaz.com/files/Zvity/Naftogaz\\_20fs\\_Consolidated\\_UKR.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20fs_Consolidated_UKR.pdf)

Name of company	Legal entity identification code	Number of shares owned by Naftogaz of Ukraine NJSC
Sumygaz PJSC	03352432	25% + 1 share
Kyivoblgaz PJSC	20578072	25% + 1 share
Zaporizhgaz PJSC	03345716	25% + 1 share
Poltavagaz PJSC	03351912	25% + 1 share
Khmelnyskgyaz PJSC	05395598	25% + 1 share
Luhanskgaz PJSC	05451150	25% + 1 share
Tysmenytsyagaz PJSC	20538865	25% + 1 share
Dnipropetrovskgaz PJSC	03340920	25% + 1 share
Gadyachgaz PrJSC	05524660	25% + 1 share
Kremenchukgaz PrJSC	03351734	25% + 1 share
Rivnegaz PJSC	03366701	25% + 1 share
Lubnygaz PJSC	05524713	25% + 1 share
Umangaz PJSC	03361419	25% + 1 share
Shepetivkagaz PrJSC	03361394	25% + 1 share
Ternopilnyskgyaz PrJSC	21155959	25% + 1 share
Sevastopolgaz PJSC	03358305	25% + 1 share
Mykolaivgaz PJSC	05410263	25% + 1 share
Ivano-Frankivskgaz PJSC	03361046	25% + 1 share
Lvivgaz PJSC	03349039	25% + 1 share
Vinnytsyagaz PJSC	03338649	25% + 1 share
Chernihivgaz PJSC	03358104	25% + 1 share
Monastyrskgaz PJSC	21135833	25% + 1 share
Pidvolochyskgyaz PJSC	14055654	25% + 1 share
Chortkivgaz PJSC	21155830	25% + 1 share
Buchachgaz PJSC	21136689	25% + 1 share
Zalishchykygaz PJSC	21131775	25% + 1 share
Borschivgaz PJSC	21133751	25% + 1 share
Terebovlyagaz PJSC	21156166	25% + 1 share
Husyatyn gaz PJSC	21135371	25% + 1 share
Ternopilgaz PrJSC	03353503	25% + 1 share
Zborivgaz PJSC	21138352	25% + 1 share
Zbarazhgaz PJSC	21131887	25% + 1 share
Kremenetsgaz PJSC	14028568	25% + 1 share
Melitopolgaz PJSC	05535349	25% + 1 share
Berezhanygaz PJSC	21136718	25%
Ukrbudtransgaz PrJSC	24937036	20%
Kyivpropangaz PrJSC	05457000	17%
Devon PrJSC	30780664	12,13%
Ensym PrJSC	32278747	12%
Aitron-Ukr gaz Matters Company PrJSC	22939385	11%
Cherkasygaz PJSC	03361402	9%
Shebelynska Voda LLC	23917617	1,734%

Several subsidiaries of Naftogaz of Ukraine NJSC are engaged in oil and gas extraction and transmission. In particular, the largest natural gas producer is Ukgazvydobuvannya JSC, and the largest oil producer is Ukrnafta PJSC. Chornomornaftogaz JSC is focused on oil and gas extraction both on land and on the shelf of the Black and Azov Seas.

Naftogaz of Ukraine NJSC is also the sole shareholders of Ukrtransgaz JSC and Ukrtransnafta JSC. Ukrtransgaz JSC is Ukrainian gas storage facilities operator, responsible for gas storage, as well as main gas pipelines upgrading and construction. Ukrtransnafta JSC is the Ukrainian main oil pipeline system operator and carries out oil transmission through the main pipelines, and oil storage. Another company, Ukrspetstransgaz JSC is focused on providing liquefied gas and light hydrocarbons rail transportation services, repair, and maintenance of special gas tank cars.

As for the subsidiaries of Naftogaz of Ukraine NJSC (i.e., the companies with more than 50% share of Naftogaz of Ukraine NJSC in their statutory capital) engaged in hydrocarbons extraction, transportation or storage, their participation - minority and majority participation - in the statutory capital of other companies was also studied (**Table 7.3**). Compared to the data for 2019, the following changes in the ownership structure of the companies were revealed:

- ▶ In 2020, Ukgazvydobuvannya JSC established a subsidiary of Naftogaz Drilling LLC (USREOU 43596067) - with 100% participation;
- ▶ The operations of FC Naftovyk-Ukrnafta LLC (USREOU 14003338), a subsidiary of Ukrnafta PJSC (USREOU 14003338) was terminated - the share of participation was 99.99%.

**Table 7.3: The list of companies with a share of Naftogaz of Ukraine NJSC subsidiaries in their statutory capital in 2020**

	Name of Company	Legal entity identification code	Share in the authorized capital
<b>Ukgazvydobuvannya PJSC <sup>656</sup></b>			
Non-extractive	Olexandr LLC	24362185	100%
	Naftogaz Drilling LLC	43596067	100%
	Shebelynska Voda LLC	23917617	98,27%
<b>Ukrnafta JSC <sup>657</sup> -extractive industry</b>			
Extractive	Ukrainian-American Joint Venture Ukrkarpatoil LTD LLC	23152126	100%
	Kashtan Petroleum LTD JV	23703371	55,00 %
	JV Boryslav Petroleum Company in the form of LLC	22402928	25,10 %
Non-extractive	Ukrnafta-Postach LLC	43012009	100%
	Naftovyk-Ukrnafta Football Club LLC	14003338	100%
	Dzherelo Agricultural Firm LLC	32166189	99,99 %

<sup>656</sup> Ukgazvydobuvannya PJSC, Annual information of securities issuer for 2020, <https://ugv.com.ua/page/docs?count=9>

<sup>657</sup> Ukrnafta PJSC, Annual information of securities issuer for 2020, [https://www.ukrnafta.com/data/ivestor\\_news/30.04.2021/Richna%20informaciya\\_2020.pdf](https://www.ukrnafta.com/data/ivestor_news/30.04.2021/Richna%20informaciya_2020.pdf)

	Name of Company	Legal entity identification code	Share in the authorized capital
	Polyvyane-Agro LLC	32468774	99,98 %
	Okhtyrka-Agro LLC	32364689	99,98 %
	Kachanove-Agro LLC	32387266	99,97 %
	Agrofirm Mykolaivka LLC	31141997	99,96 %
	Voskresenske-Agro LLC	32415151	99,92 %
	Vorskla Closed Insurance Joint Stock Company	23047240	79,39 %
	Fund-Service CJSC	25200208	74,00 %
	JV Romgaz PJSC	06710859	65,25 %
	Ukrainian Oil and Gas Insurance Company CJSC	21148965	57,62 %
	Naftotransservis Transport and Production Company LLC	25653832	49,90 %
	Security LLC	37309470	49%
	Spartak OJSC	30561150	18,98 %
	Osnastka PJSC	05797977	8,10 %
	Basis-Investment OJSC	30251739	7,69 %
<b>Chornomornaftogaz PJSC <sup>658</sup> - extractive industry</b>			
Non-extractive	Chornomornaftogazservis SE	32173773	100,00%
	KNPF Chornomornaftogaz Research Company	33326529	100%
	Chornomornaftogazinvest SE	37729289	100%
	Kerch Marine Plant Frigate LLC	32316153	100%
	Shelf Institute LLC	04825950	45,00%
<b>Ukrtransgaz JSC <sup>659</sup> - storage of hydrocarbons</b>			
Non-extractive	Cogeneration technologies UTG LLC	32493617	38%
	Energy Technologies PrJSC	33833671	24%
	Enzyme PrJSC	32278747	0,12%
<b>Ukrtransnafta JSC<sup>660</sup> - transmission of hydrocarbons</b>			
Non-extractive	Ukrtransnafta Corporate Fund LLC	32074529	100,00%
	Naftogaz Oil Trading LLC	43302216	100,00%
	Transmunai LLC	34300318	50%
	International Pipeline Company Sarmatia LLC	140002677	28,79%
	Insurance Company Transmagistral PrJSC	31630408	59,18%
	Sea Trans LLC	32244367	26%
<b>Zakordonnaftogaz SE - subsidiaries and associates does not have <sup>661</sup></b>			

<sup>658</sup> Chornomornaftogaz PJSC SE, Annual information of securities issuer for 2020,

[https://chornomornaftogaz.com.ua/images/pdf/zvit\\_emitenta\\_2020.pdf](https://chornomornaftogaz.com.ua/images/pdf/zvit_emitenta_2020.pdf)

<sup>659</sup> Ukrtransgaz JSC, Annual information of securities issuer for 2020, [https://utg.ua/img/menu/company/docs/2021/info-30-04-2021\\_.pdf](https://utg.ua/img/menu/company/docs/2021/info-30-04-2021_.pdf)

<sup>660</sup> Ukrtransnafta PJSC. Annual information of securities issuer for 2020, <https://www.ukrtransnafta.com/wp-content/uploads/2021/04/Річна-інформація-емітента-ЦП-за-2020-рік-сайт.pdf>

<sup>661</sup> Zakordonnaftogaz SE, Financial statements for 2020, <http://www.nopc.org.ua/wp-content/uploads/zvit/Audzvit/2020/Audzv2020.pdf>

	Name of Company	Legal entity identification code	Share in the authorized capital
	<i>Ukrspetstransgaz JSC</i> - subsidiaries and associates does not have <sup>662</sup>		
	<i>International Consortium for the Ukrainian Gas Transmission System Management and Development LLC</i> - no data in the public domain found		

The Independent Administrator analyzed the responses from the reporting companies and information from open sources, including the companies' financial statements. The analysis identified no subsidiaries or associates of the mining companies with a share of Naftogaz of Ukraine NJSC mining subsidiaries in their statutory capital.

Nadra of Ukraine NJSC is a state-owned company whose corporate rights are managed by the State Service of Geology and Subsoil of Ukraine. The company's activities are aimed at the development of the mineral resource base of Ukraine, the implementation of investment projects for exploration and extraction of minerals, geological research. As of the end of 2020, the company participated in the authorized capital of several enterprises (**Table 7.4**).

**Table 7.4: The list of companies whose shares are owned by Nadra of Ukraine NJSC in 2020<sup>663</sup>**

Name of company	Legal entity identification code	Number of shares owned by Nadra of Ukraine NJSC
Chernihivnaftogazgeologiya	01431535	100%
Crimegeologiya	01432055	100%
Poltavnaftogazgeologiya	01431630	100%
Ukrainian Geological Research and Production Center	01432552	100%
Agrogeophysica	30039257	100%
Zakhidukrgeologiya	01432606	100%
Myrgorodnaftogazrozvidka	01431676	100%
Centrukrgeologiya	01432478	100%
Nadraresurs	33307841	100%
Ukrgeolremmash State Joint-Stock Company	30639394	100%
Ukrainian Geophysical Company LLC	32535729	100%
Zakhidgazinvest LLC	38126671	100%
Nadra Krymu LLC	38317979	99,91%
Azov Ore Mining Administration	38068353	99,9%
Nadra Yuzivska LLC	38077614	99%
Chernigivnaftogazgeologiya LLC	38960790	99%
Nadrainvest LLC	35393548	90%
Nadra Oleska LLC	38077620	90%
Zhytomyrburozvidka LLC	30737100	90%
Vody Ukrainy LLC	32162316	80%
Nadra Tunivska LLC	39021358	75%

<sup>662</sup> Annual information of securities issuer for 2020, Ukrspetstransgaz JSC, <http://ustg.com.ua/reporting/00157842-2020.pdf>

<sup>663</sup> Nadra Ukrainy NJSC, Regular annual information for 2020, [http://nadraukrayny.com.ua/?page\\_id=2702#tab-3-2](http://nadraukrayny.com.ua/?page_id=2702#tab-3-2)

Name of company	Legal entity identification code	Number of shares owned by Nadra of Ukraine NJSC
Nadra Shelf LLC	38327265	58,44%
Triton Engineering and Drilling Group LLC	37689420	50%
Gaichursky GZK LLC	38105709	50%
Nadra Horodotske LLC	39021300	50%
Nobilsky Construction and installation administration LLC	34514895	45%
Chornomorzakhidinvest LLC	39729852	25%
Chornomorgeoresource LLC	39729978	25%
Closed non-diversified venture corporate investment fund Standard Plus PJSC	38006024	21%

Gas Transmission System Operator of Ukraine LLC transports natural gas to consumers in Ukraine and the European Union and has cross-border connections with the operators in six neighbouring countries<sup>664</sup>. On January 1, 2020, Ukrtransgaz JSC transferred Main Gas Pipelines of Ukraine PJSC<sup>665</sup>, which is wholly owned by the Ministry of Finance of Ukraine over to Gas Transmission System Operator of Ukraine LLC. As a result, Gas Transmission System Operator of Ukraine LLC became the sole independent certified operator of the Ukrainian gas transmission system<sup>666</sup>. No participation of Gas Transmission System Operator of Ukraine LLC in other companies was identified.

According to the Ministry of Energy, as of September 19, 2020, 25 legal entities of the oil and gas industry were on the list of the state-owned enterprises, organizations and associations under its management. As of September 19, 2020, one legal entity of the oil and gas complex, Naftovyk OJSC, was the company in respect of which the Ministry of Energy exercised the authority to manage the corporate rights of the state, and one legal entity, Ukrainian oil refining association Ukrnaftohimpererobka<sup>667</sup>, was the company whose operations are controlled by the Ministry of Energy exercised the authority to manage. The above-mentioned legal entities are not engaged in mining activities but may provide services and other ancillary services.

The list of Joint Operations Agreements of oil and natural gas companies and the key terms and conditions of the agreements are presented in the table below. The information was collected by the Independent Administrator based on the responses from the reporting companies and from open sources.

<sup>664</sup> Official website of Gas Transmission System Operator of Ukraine LLC, <https://tsoua.com/pro-nas/osnovni-fakty/>

<sup>665</sup> Ukrtransgaz, Separation of GTS of Ukraine Operator completed, <https://utg.ua/utg/media/news/2020/01/vidokremlennya-operatora-gts-ukrainy-zaversheno.html>

<sup>666</sup> Financial statements for 2020, Gas Transmission System Operator of Ukraine LLC, [https://tsoua.com/wp-content/uploads/2021/04/GTSO\\_20-ukr-final-dlya-publikaciyi.pdf](https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf)

<sup>667</sup> Order of the Ministry of Energy of 10.09.2020 No 586, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245471295&cat\\_id=245196616](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245471295&cat_id=245196616)



Table 7.5: Information on joint activity agreements in the oil and gas industry in 2020

Number of joint operations agreement (JAA)	Authorized taxpayer and other participants	Type and amount of contribution made by public partner	Share in profits for 2020
<i>Ukrnafta PJSC<sup>668</sup></i>			
JAA of 20.07.2004 No 35/809	-	Interest of Ukrnafta PJSC - 93%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 9,300 thousand	-
JAA of 24.02.2003 No 35/78	-	Accumulated amount of the actual payments of NGVU Okhtyrkanaftogaz "Ukrnafta" PJSC as of 31.12.2020 is UAH 8,3 thousand	-
JAA No 35/78/141 (431215785)	-	Interest of Ukrnafta - 79%.	In 2020 JAA did not extract and was in liquidation.
JAA of 24.12.1997 No 999/97	-	Interest of Ukrnafta - 49,9%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 124 647,946 thousand	-
JAA of 19.01.1999 No 35/4	-	Interest of Ukrnafta - 49,9%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 443 768,2 thousand	-
JAA of 07.09.2001 No 4	-	Interest of Ukrnafta - 49,9%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 17 635,5 thousand	-
JAA of 14.09.1995 No 410/95 (403739512)	-	Interest of Ukrnafta - 83,43%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 86 314,897 thousand	In 2020 JAA did not extract and was in liquidation.
JAA of 21.12.2000 No 5/56	-	Interest of Ukrnafta - 80%. Accumulated amount of the actual payments of NGVU Poltavnaftogaz "Ukrnafta" PJSC as of 31.12.2020 is UAH 9 476,82 thousand	-
JAA of 11.11.1999 No 35/176	-	Interest of Ukrnafta - 20%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 184,799 thousand	-
JAA of 20.03.1998 No 01	-	Interest of Ukrnafta - 25%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 57 116,2	-

<sup>668</sup> The sources of information on Ukrnafta PJSC are separate financial statements of Ukrnafta PJSC of 31 December 2020 ([https://www.ukrناfta.com/data/Investor\\_docs/30.04.2021/Ukrناfta%20Separate%20FS%20with%20Auditor's%20report%20020%20UKR\\_.pdf](https://www.ukrناfta.com/data/Investor_docs/30.04.2021/Ukrناfta%20Separate%20FS%20with%20Auditor's%20report%20020%20UKR_.pdf)), Annual information of securities issuer Ukrnafta PJSC for 2020. ([https://www.ukrناfta.com/data/Investor\\_news/30.04.2021/Richna%20informaciya\\_2020.pdf](https://www.ukrناfta.com/data/Investor_news/30.04.2021/Richna%20informaciya_2020.pdf)). The Company did not provide any additional information on its joint operations in the process of preparation of the EITI Report and such information is not publicly available. Therefore, the information on the share of Ukrnafta PJSC in the profits of individual JAA, as well as all participants of some JAAs are not listed in the table.



Number of joint operations agreement (JAA)	Authorized taxpayer and other participants	Type and amount of contribution made by public partner	Share in profits for 2020
		thousand	
JAA of 28.01.2008 No 35/21	-	Interest of Ukrnafta - 93%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 9,300 thousand	-
JAA of 01.07.2007 No 35/71 (273812905)	-	Interest of Ukrnafta - 93%. Accumulated amount of the actual payments of "Ukrnafta" PJSC as of 31.12.2020 is UAH 9,3 thousand	In 2020 JAA did not extract and was in liquidation.
<b>Ukrgezvydobuvannya JSC<sup>669</sup></b>			
JAA of 24.03.2004 No 493	<i>Authorized taxpayer:</i> Karpatygas LLC (455860319) <i>Other participants:</i> 1. Ukrgezvydobuvannya JSC (30019775) 2. Karpatygas LLC (30162340) 3. Tekhnoproject LLC (31154312)	UAH 41,001.8568 thousand (intangible asset - the right to use wells)	-
Agreement on Geological study and development of gas fields in the Azov and Black Seas and the Kerch Peninsula dated 24.10.2000.	<i>Participants:</i> 1. Ukrgezvydobuvannya JSC (30019775) 2. Chornomornaftogaz SE (00153117)	UAH 88,458.7 thousand (materials / works and proceeds)	-

### 7.2.1.3 State participation in iron, manganese, and titanium ores mining companies

#### Iron ores

In 2020, iron ore was mined only by private sector companies. The state-owned companies conducted geological exploration, technical testing, and research. The list of such state-owned companies includes the following companies:

- ▶ Ukrainian Geological Company SE and Pivdenukrgeologiya CC - both companies are under Derzhgeonadra, they are engaged in engineering, geology, geodesy operations and provide technical consulting services in these areas;
- ▶ Directorate of Kryvyi Rih Mining and Processing Plant of Oxidized Ores SE (hereinafter - Directorate KGZKOR SE) - the company was planned to be engaged in oxidized iron ore extraction and processing, however currently it does not conduct such activities.

#### Titanium ores

Titanium ore in Ukraine is mined by private companies and one state-owned company, United Mining and Chemical Company JSC. The company was established in 2014 by merging the Vilnohirsk Mining and Metallurgical Plant (Dnipropetrovsk region) and the Irshansk Mining and

<sup>669</sup> The sources of information are data provided on request as part of the preparation of this EITI Report and Annual information of securities issuer Ukrgezvydobuvannya JSC for 2020, <https://uqv.com.ua/page/docs?count=9>

Processing Plant (Zhytomyr region). United Mining and Chemical Company JSC is a leading company in Europe and is among the top 10 titanium and zircon ore extracting companies in the world.

Since October 2019, the management of the block of shares of United Mining and Chemical Company JSC has been transferred to the State Property Fund of Ukraine and as of October 2021 the company is in the process of privatization<sup>670</sup>. During 2021, there were several attempts to privatize the United Mining and Chemical Company JSC through auctions, but as of the end of 2020 the privatization process is still ongoing.

### Manganese ores

Manganese ore mining in Ukraine is carried out exclusively by private companies. In 2020, three private sector companies mined manganese ores: Pokrovsky Mining and Processing Plant JSC, Marganets Mining and Processing Plant JSC and Landshaft LLC. Another private company, Budivelnik-2007, which has special permits for the operation of manganese deposits, was not engaged in ore extraction in 2020.

#### 7.2.1.4 State participation in enterprises in the field of fire clays, high-melting clays, quartz sand and building stones extracting companies

In 2020, no state-owned companies were engaged in fire clays, high-melting clays, and quartz sand extraction.

### Building stones

As of 2020, in Ukraine, the main enterprises involved in the extraction of building stones were private entities operating in the fields in accordance with the permits received. The largest companies in the industry are Novotroitsk Ore Management PJSC, Ternopil Quarry PJSC, Omelyanivsky Quarry LLC, Klesivsky Quarry of Nonmetallic Minerals Technobud LLC, Kirovogradgranit PJSC, Bekhiv Granite Quarry LLC, Zaporizhzhya Quarry Management PrJSC and others. The state-owned companies involved in building stones include the companies managed by the State Agency of Motor Roads of Ukraine.

#### 7.2.2 Responsibility of the state for covering expenses of state-owned enterprises

The state may be responsible for liabilities of state-owned enterprises (both the reporting entities and any other Ukrainian enterprises) depending on the level of ownership (direct or indirect) and the legal form of the enterprise concerned, in particular:

Enterprise	General rule on state responsibility
State-owned commercial enterprises	The state and the authority managing the respective enterprise are not responsible for its liabilities. <sup>671</sup>
Enterprises supported by the state budget	The state represented by the authority managing the respective enterprise bears full subsidiary (additional) responsibility for its

<sup>670</sup> State Property Fund of Ukraine, <https://privatization.gov.ua/product/privatization-at-oghk/>

<sup>671</sup> Paragraph 5 Article 74 of the Commercial Code

Enterprise	General rule on state responsibility
	liabilities if such enterprise has insufficient funds at its disposal to fulfil its obligations. <sup>672</sup>
Joint-stock companies	The state bears the risk of losses related to operations of joint-stock companies directly owned by the state within the shares owned by the state (the relevant authority acting on behalf of the state). <sup>673</sup>
Entities indirectly controlled by the state	<p>The state is not responsible for liabilities of these entities, while state-owned enterprises holding shares in these entities bear responsibility for their liabilities on general grounds.</p> <p>In particular, responsibility of shareholders in joint-stock companies or limited liability companies for their liabilities is limited by their shares/contributions.<sup>674</sup></p>

**Figure 7.4: General rules on state responsibility**

Hence, generally, the state (including the authorized state body) bears no responsibility for covering expenses incurred by state-owned enterprises. Instead, the state is responsible for the obligations of such enterprises as a regular *shareholder* that invested on the terms of fully paid equity, irrespective of the phases of their project cycle. Ukrainian legislation has no other specific rules on covering their expenses by the state.

As specified in **Section 7.1**, there are special rules for enterprises supported by the state budget, but there are no such entities among EITI reporting entities. Instead, most of the reporting state-owned enterprises are state-owned commercial enterprises.

Charter documents of the largest reporting state-owned enterprises that are publicly available do not contain any special features of financial relations with the state/authorized state body.

According to the information obtained by the Independent Administrator from reporting state-owned enterprises, no deviations from the above general rules on state's responsibility for such companies' liabilities were identified in 2020.

<sup>672</sup> [Paragraph 7 of Article 77](#) of the Commercial Code

<sup>673</sup> [Paragraph 2 of Article 80](#) of the Commercial Code, [paragraph 2 of Article 3](#) of the Law of Ukraine "On Joint Stock Companies" No. 514-VI dated 17.09.2008. However, the charter capital of any business company cannot be formed at the expense of budgetary funds, property of state-owned enterprises, which are not subject to privatization under the law, as well as property held in operational management of budgetary institutions, unless otherwise provided by law (see [paragraph 1 of Article 86](#) of the Commercial Code)

<sup>674</sup> Moreover, technically, shareholders of an additional liability company bear additional joint responsibility in the amount equal to a share of their contributions multiplied by the common indicator specified in statutory documents; shareholders of a full liability company bear additional joint liability with all property they own, and participants of a limited partnership bear responsibility either only within their contribution (so-called contributors), or additional joint liability with all their property (so-called full members) (see Article 80 of the Commercial Code of Ukraine; Articles 66, 75 of the Law of Ukraine "On Business Companies" No. 1576-XII, Article 56 of the Law of Ukraine "On Limited Liability Companies And Additional Liability Companies"). However, there are no such companies among state-owned EITI reporting entities for the purposes of this EITI Report

The rules on the responsibility of the state for the obligations of the reporting state-owned enterprises are set out in **Annex 2**.

Separate sections of this Report also contain information on:

- 1) Rights, duties, and responsibility of the state to cover costs incurred under contracts in the extractive industries (JV agreements, PSAs) - see **Sections 6.6.3 and 6.6.4**;
- 2) State aid measures which may result, among other things, in covering costs of certain state-owned enterprises - see **Sections 7.5**.

## 7.3. Financial relations between the state and state-owned enterprises

### 7.3.1 Provisions of the legislation of Ukraine

#### - *Financial plans of state-owned enterprises*

According to Ukrainian legislation, all state-owned enterprises are required to prepare and approve their annual financial plan with quarterly breakdown for each subsequent year.<sup>675</sup> The financial plan determines income to be received and expenditures to be incurred by the enterprise within the framework established by Ukrainian legislation. Formally, this document identifies the amount and purpose of the funds that are to be used for performance of functions of the enterprise during the relevant year in accordance with the statutory documents.

Financial plans of the state-owned enterprises must be approved before 01 September of the year preceding the plan year, unless otherwise is provided by the law:<sup>676</sup>

- 1) Financial plans of the enterprises that are natural monopolies<sup>677</sup> and enterprises which estimated net profit exceeds UAH 50 million are to be approved by the CMU (the draft resolution of the CMU is submitted for an approval of the Ministry of Economy and Ministry of Finance by the authority that manages the relevant enterprise). For example, the CMU must approve the financial plans of Naftogaz Group companies (Naftogaz of Ukraine NJSC, Ukrtransgaz JSC, Ukrtransnafta JSC and Ukgazvydobuvannia JSC).
- 2) Financial plans of the other enterprises are approved by the authorities that manage such enterprises. For example, the Ministry of Energy must approve financial plans of Lysychanskvuhillia JSC and Toretskvuhillia SE.

Consolidated data from the financial plans of such other enterprises is reported to the Ministry of Finance and is considered when forming the state budget. Business enterprises are entitled to amend their financial plans no more than twice per year.<sup>678</sup>

Control over timely preparation of the financial plans and performance according to the indicators in the approved financial plans is carried out by the authorities that manage such enterprises,<sup>679</sup> which submit information on approval and performance of the financial plans to the Ministry of Economy.

In turn, the Ministry of Economy analyses and summarizes received information and publishes summary indicators of the financial plans' performance on its official website.<sup>680</sup>

Full texts of the financial plans and reports on their performance are not publicly available.

In practice, the mechanism of preparing and approving financial plans of the state-owned enterprises is not effective and does not allow to obtain objective data on the planned financial

<sup>675</sup> [Paragraph 1 of Article 75, paragraph 8 of Article 77, Paragraph 3 of Article 89](#) of the Commercial Code

<sup>676</sup> [Paragraph 2 of Article 75](#) of the Commercial Code; [paragraphs 5-6](#) of the Procedure for Preparation, Approval And Oversight Over The Implementation of the Financial Plan of the Public Sector Entity, approved by the Order of the Ministry of Economy No. 205 of 02.03.2015

<sup>677</sup> See [Consolidated list of natural monopolies](#), published on a monthly basis on the official website of the AMC

<sup>678</sup> [Paragraph 8](#) of the Procedure for Preparation, Approval and Oversight Over The Implementation of the Financial Plan of the Public Sector Entity, approved by the Order of the Ministry of Economic Development No. 205 dated 02.03.2015

<sup>679</sup> [Paragraph 10-13](#) of the Procedure for Preparation, Approval and Oversight Over The Implementation of the Financial Plan of the Public Sector Entity, approved by the Order of the Ministry of Economic Development No. 205 dated 02.03.2015

<sup>680</sup> About financial planning of enterprises on the official [website](#) of the Ministry of Economy of Ukraine

performance of a particular enterprise. Financial plans are often approved late or not approved at all.<sup>681</sup> For example, the financial plan of Naftogaz of Ukraine NJSC for 2020 was approved by the CMU on 23.12.2020<sup>682</sup> and the financial plans of Ukrtransgaz JSC, Ukrtransnafta JSC and Ukgazvydobuvannia JSC for 2020 after their adoption by Naftogaz of Ukraine NJSC were not approved by the CMU at all.<sup>683</sup>

Due to the above, the MSG decided to use the information from the financial statements, rather than financial plans and reports on their implementation, for EITI purposes.

Thus, based on the Ukrainian legislation and the provisions of the statutes of the reporting state-owned enterprises, financing of the state-owned enterprises may come from various sources, including:

- ▶ State and local budget funds, inter alia, withing implementation of targeted budget programs (see **Section 7.3.2** of this Report), contributions to the charter capital (see **Section 7.3.2** of this Report)
- ▶ Borrowings, for example, credits, loans or issued bonds, considering certain restrictions
- ▶ Dividends from companies owned by the state-owned enterprises<sup>684</sup>
- ▶ Internal funds from business activities, considering restrictions on distribution of profits the obligation to pay dividends or part of net profit to the state budget (for more details, please see **Section 7.4** of the Report)
- ▶ Other sources not prohibited by the law.

Legislative restrictions on other sources of funding are described in this section below.

- *Equity financing*

A "state-owned enterprise" as a legal form of organization does not allow for private participation since such enterprise is formed by a competent state authority on the basis of separate state property<sup>685</sup>, and the enterprise's property is assigned to it on the right of economic or operational management<sup>686</sup>.

For business enterprises with a state share over 50%, the law does not prohibit private participation, but formally the procedure for issuance of additional shares (for JSC) or making additional contributions (for LLC) envisages repurchase/contribution by the state only<sup>687</sup>. Similar procedures for private investors are not specifically established.

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<sup>681</sup> Decision of the Accounting Chamber ["On consideration of the Report on the results of the audit of the effectiveness of the use of state budget funds provided by the Ministry of Energy and Coal Industry of Ukraine for state support of coal mining enterprises to partially cover the cost of finished coal products"](#) No, 32-2 dated 12.11.2019; [Report on the results of the analysis of the effectiveness of corporate rights management in the oil and gas sector](#), approved by the decision of the Accounting Chamber No,8-1 dated 09.04.2019

<sup>682</sup> Order of the CMU "On approval of the financial plan of the joint-stock company" National Joint-Stock Company "Naftogaz of Ukraine" for 2020 "No, 1631-r dated 23.12.2020

<sup>683</sup> Decision of the shareholder of Ukrtransgaz JSC No, 358 dated 20.02.2020, decision of the shareholder of Ukrtransnafta JSC No, 332 dated 02.02.2020, decision of the shareholder of Ukgazvydobuvannia JSC No, 407 dated 20.02.2020

<sup>684</sup> The right to create other business enterprises based on property belonging to them is provided for state-owned enterprises of [Art. 135](#) of the Commercial Code of Ukraine

<sup>685</sup> [Paragraph 1 of Art. 73](#) of the Commercial Code

<sup>686</sup> [Paragraph 1 of Art. 73](#) of the Commercial Code

<sup>687</sup> [Clause 1](#) of the Resolution of the CMU "Issues of making a decision on additional issues of shares, their redemption by the state or making additional contributions to the authorized capital of companies" № 796 of 06.06.2007

Instead, Ukrainian legislation provides for the possibility of private participation in a JSC/LLC only by privatizing a block of the shares/stakes owned by the state<sup>688</sup>. State-owned enterprises may be transformed into JSCs through corporatization, which allows for participation of private investors in the management of JSCs established based on a former state-owned enterprise<sup>689</sup>.

In addition, the state as a shareholder of state-owned enterprises participates in their management, which includes decisions to increase the charter capital to cover cash deficits.

- *Debt financing*

Raising funds from a state-owned enterprise on a repayable basis in the form of loans, borrowings, or bonds, providing guarantees or sureties for such obligations, requires the approval of the Ministry of Finance, the executive body performing state property management functions or the Ministry of Economy, depending on the conditions of the funding and subordination of the enterprise.

In particular, the Ministry of Finance approves internal long-term (over 1 year) and external liabilities, and the executive body performing state property management functions (or the Ministry of Economy if management is performed by the CMU) approves internal short-term liabilities (up to 1 year)<sup>690</sup>.

- *Distribution of dividends; retained earnings*

The rules of profit distribution and distribution of dividends depend on the legal form of the state-owned enterprise.

Thus, distribution of profits of state-owned commercial enterprises is carried out in accordance with the approved financial plan, subject to requirements of the Commercial Code and other laws<sup>691</sup>.

In the JSC, dividends on ordinary shares are paid from the net profit of the reporting year and/or retained earnings based on the decision of the general meeting of the JSC's shareholders within a period not exceeding six months from the date of the general meeting decision on dividend payment<sup>692</sup>.

In the LLC, dividends are paid by the decision of the general meeting on their payment within a period not exceeding six months<sup>693</sup>.

Regardless of the legal form, several state-owned enterprises are obliged to transfer part of their net profit to the state budget according to special rules (see **Section 7.4** of this Report).

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<sup>688</sup> [P. 5 part 2, part 3 of Art. 5](#) of the Law of Ukraine "On Privatization of State and Municipal Property" № 2269-VIII of 18.01.2018 stipulates that blocks of shares (stakes) of economic entities, in the authorized capital of which more than 50 percent of shares (stakes) belong to the state) may be objects of privatization

<sup>689</sup> [Article 17](#) of the Law of Ukraine "On privatization of state and municipal property" No. 2269-VIII dated 18.01.2018

<sup>690</sup> [Paragraph 2](#) of the Procedure for Approving the Attraction of State-Owned Enterprises, Including Business Associations (Except Banks), in the Charter Capital of Which 50 Percent or More Percentage of Shares (Shares) Owned by the State, Loans, Loans, Guarantees or Guarantees Resolution of the Cabinet of Ministers No. 809 dated 15.06.2011

<sup>691</sup> [Paragraph 9 article 75](#) of the Commercial code

<sup>692</sup> [Paragraph 2 of Art. 30](#) of the Law of Ukraine "On Joint Stock Companies" No. 514-VI dated 17.09.2008

<sup>693</sup> [Article 26](#) of the Law of Ukraine "On Limited and Additional Liability Companies" No. 2275-VIII dated 06.02.2018

### 7.3.2 Transactions of companies with state participation in 2020

In accordance with the decision of the EITI MSG of 1.10.2021, the EITI Report 2020 discloses information on state participation and state support only to those mining companies that have been identified as significant (the reporting companies) within the EITI Report 2020 and are directly or indirectly owned by the state.

Also, in accordance with the decision of the EITI MSG (the minutes of the EITI MSG meeting of 1.10.2021), a materiality threshold was set for transactions involving state-owned companies in the amount of UAH 10 million for one type of payment per calendar year.

#### 7.3.2.1 Transactions of coal mining companies with state participation

There is no information on reinvestment in the publicly available financial statements of companies. Therefore, as part of the preparation of the EITI report for 2020, the EITI MSG approved an updated request to the companies on the role of the state, which includes questions on the part of net profit that was allocated for reinvestment in the company. Based on the replies of the reporting companies, no fact of reinvestment by coal mining companies in 2020 was revealed. As the amount of retained earnings can be considered to affect the amount of reinvestment of the company, the following table presents the amounts of retained earnings (uncovered loss) of the reporting coal mining companies with state participation (**Table 7.6**).

*Table 7.6: Transactions of state-owned coal mining enterprises in 2020<sup>694</sup>*

Name of company	Borrowed funds	Net income used for reinvestment	Retained earnings (uncovered loss), UAH thousand	
			as of 01.01.2020	as of 31.12.2020
Lvivvuhilya SE	See section 7.5.1, section 7.5.3.	-	(3 075 635)	(3 148 295)
Myrnogradvuhilya SE	See section 7.5.1, section 7.5.3.	-	(4 051 252)	(4 359 053)
Selydivvuhilya SE	See section 7.5.1, section 7.5.3.	-	(4 128 299)	(4 151 701)
Toretskvvuhilya SE	See section 7.5.1, section 7.5.3.	-	(3 211 738)	(3 802 752)
Lysychanskvuhilya PJSC	See section 7.5.1, section 7.5.3.	-	(6 412 288)	(7 449 603)
Pervomaiskvuhilya SE	See section 7.5.1, section 7.5.3.	-	(2 748 231)	(3 002 704)
Vuhilna kompaniia Krasnolymanska SE	See section 7.5.1, section 7.5.3.	-	(1 281 391)	(1 472 448)
Shakhtoupravlinnia Pivdenodonbaske No 1 SE	See section 7.5.1, section 7.5.3.	-	(961 869)	(1 101 349)
Mine named after M. S. Surgai SE	See section 7.5.1, section 7.5.3.	-	(420 563)	(639 928)
Volynvuhilya SE	See section 7.5.1, section 7.5.3.	-	(1 123 000)	(1 230 319)

<sup>694</sup> The source of the data is the financial statements of companies for 2020, posted on the website of the Ministry of Energy, [http://mpe.kmu.gov.ua/minuqol/control/uk/publish/article?art\\_id=245525331&cat\\_id=245194014](http://mpe.kmu.gov.ua/minuqol/control/uk/publish/article?art_id=245525331&cat_id=245194014)



The transactions of the reporting coal mining companies with state participation with the related parties in 2020 include:

▶ Lvivvuhillia SE<sup>695</sup>

The related parties of Lvivvuhillia are the companies under common control. As of December 31, 2020, the value of sales of goods and services to the related parties amounted to UAH 163,437 thousand. The trade receivables from related parties amounted to UAH 158,543 thousand, and trade payables - UAH 1,030,278 thousand. These transactions were carried out with the following related parties of Lvivvuhillia: Derzhvuhlepostach SE, Kalush CHP SE, Regional Electric Networks SE, Nadiya Mine OJSC, Ukrvuhillia SE, Coal of Ukraine SE, State Coal Company SE, Volynvuhillia SE, Ukrzakhidvuhlebud OJSC, Mine 1 Novovolynska SE, Mine Buzhanka SE, Mine 9 Novovolynska SE.

▶ Myrnohradvuhillia SE<sup>696</sup>

In 2020, Myrnohradvuhillia SE did not carry out any transactions with the related parties. Accounts receivable from transactions with the related companies (Artemvuhillia SE, Coal of Ukraine SE, State Coal Company SE, Derzhvuhlepostach SE) at the end of the reporting year amounted to UAH 28,518 thousand, and accounts payable - UAH 194,859 thousand UAH.

▶ Selydivvuhillia SE<sup>697</sup>

The related party of Selydivvuhillia is the Ministry of Energy. As of December 31, 2021, accounts payable on mutual settlements with the related parties (Ministry of Energy) amounted to UAH 175,540 thousand.

▶ Toretskvuhillia SE<sup>698</sup>

The Ministry of Energy is a related party of Toretskvuhillia SE. Accounts payable on mutual settlements with related parties as of 31.12.2020 amounted to UAH 24,446 thousand. No related party transactions were conducted in 2020.

▶ Lysychanskvuhillia JSC<sup>699</sup>

In 2020, a number of related party transactions were carried out with the companies under the Ministry of Energy: Regional Electric Networks SE - electricity and services were supplied worth UAH 11,438 thousand; Derzhvuhlepostach SE - the debt for coal was transferred to Ukrvuhillia SE in the amount of UAH 5,000 thousand; Ukrinterenergo SE - electricity was supplied worth UAH 7,065 thousand.

▶ Krasnolymanska Coal Mining Company SE<sup>700</sup>

The related party to Krasnolymanska Coal Company is the state-owned enterprise Derzhvuhlepostach, which is under the Ministry of Energy. The trade receivables as of December 31, 2020 amounted to UAH 89,368.70 thousand. Related party transactions are

<sup>695</sup> Lvivvuhillia SE, Independent Auditor's Report for 2020, <http://www.lvug.com.ua/category/finansova-zvitnist/>

<sup>696</sup> Myrnohradvuhillia SE Financial statements for 2020, [https://www.mvug.com.ua/?page\\_id=1819](https://www.mvug.com.ua/?page_id=1819)

<sup>697</sup> Selydivvuhillia SE, Financial statements for 2020,

[http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245529752&cat\\_id=245511618](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245529752&cat_id=245511618)

<sup>698</sup> Toretskvuhillia SE, Financial statements for 2020, <https://toretskvugillya.com.ua/finance/018-%D0%A0%D1%96%D1%87%D0%BD%D0%BD%D1%84%D1%96%D0%BD%D0%B0%D0%BD%D1%81%D0%BE%D0%B2%D0%BD-%D0%B7%D0%B2%D1%96%D1%82%D0%BD%D1%96%D1%81%D1%82%D1%8C-%D0%B7%D0%B0-2020-%D1%80%D1%96%D0%BA.pdf>

<sup>699</sup> Lysychanskvuhillia JSC, Issuer's annual report for 2020, <http://lisugol.com/Content/Reglnf/2020.pdf>

<sup>700</sup> Krasnolymanska Coal Mining Company SE, Audit report on financial statements for 2020, <https://krasnomanskaya.com.ua/?p=9887>

also considered to be compensation to management staff: in 2020, UAH 7,093.50 thousand was paid to senior management staff, including UAH 6,048.00 thousand in salaries.

► Mine Administration Pivdenodonbaske #1 SE<sup>701</sup>

The related parties to Mine Administration Pivdenodonbaske #1 SE are the companies under the jurisdiction of the Ministry of Energy: Vuhlepostach SE, Coal of Ukraine SE, Ukrvuhillia SE, Ukrinterenergo SE, Selydivvuhillia SE, Regional Electric Networks SE, Myrnohradvuhillia SE. During 2020, the following transactions were conducted with the related parties: acquisition transactions - UAH 101,288 thousand, sales operations - UAH 18,916 thousand. As of December 31, 2020, accounts receivable from the related parties amounted to UAH 181,849 thousand, and accounts payable - UAH 102,142 thousand.

No related parties' transactions in 2020 were found in the open sources for the following companies: Pervomaiskvuhillia SE, Mine named after M. S. Surgai SE, and Volynvuhillia SE.

### 7.3.2.2 Transactions of oil and natural gas companies with state participation

Based on the responses of the reporting natural gas and oil companies to the request for the role of the state, no fact of their reinvestment in 2020 was revealed. The table below presents the information on the amount of external financing, retained earnings (uncovered loss) of the oil and gas companies in 2020.

**Table 7.7: Transactions of the reporting oil and gas companies with state participation in 2020<sup>702</sup>**

Name of company	The amount of external borrowing raised in the reporting period	Share of net income allocated on reinvestment	Retained earnings / uncovered loss, thousand UAH	
			as of 31.12.2019	as of 31.12.2020.
Ukrgezvydobuvannya JSC <sup>703</sup>	See section 7.5.1, section 7.5.3.	-	37 734 714	28 966 116
Naftogaz of Ukraine NJSC <sup>704</sup>	See section 7.5.1, section 7.5.3.	-	(29 332 134)	70 275 683
Ukrnafta PJSC <sup>705</sup>	See section 7.5.1, section 7.5.3.	-	(15 360 262)	(9 507 868)
Joint Venture Ukrkarpatoil LTD LLC <sup>706</sup>	See section 7.5.1, section 7.5.3.	-	(533 684)	(627 929)
Kashtan Petroleum LTD JV <sup>707</sup>	See section 7.5.1, section 7.5.3.		77 348	34 848

<sup>701</sup> Mine Administration Pivdenodonbaske #1 SE, Notes to the financial statements due to the first application of IFRS as of December 31, 2020, [http://ugnodon1.com/wp-files/2020/Primitki\\_do\\_finansovoyi\\_zvitnosti\\_vidpovidno\\_do\\_msfn\\_na\\_31.12.2020r.pdf](http://ugnodon1.com/wp-files/2020/Primitki_do_finansovoyi_zvitnosti_vidpovidno_do_msfn_na_31.12.2020r.pdf)

<sup>702</sup> The data sources include the replies of Ukrtransgaz JSC, Naftogaz of Ukraine NJSC, Ukrtransnafta JSC as well as the financial statements of Ukrgezvydobuvannya JSC, JV Ukrkarpatoil LTD, Ukrtransgaz JSC

<sup>703</sup> Ukrgezvydobuvannya JSC, Financial Statements and Independent Auditor's Report for 2020, [https://uqv.com.ua/uploads/Financial\\_Report\\_Separate.2020\\_AT\\_Ukrgezvydobuvannya\\_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf](https://uqv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvydobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf)

<sup>704</sup> Naftogaz of Ukraine NJSC, Separate financial statements for 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_20\\_fsu\\_ISA\\_for\\_publication.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf)

<sup>705</sup> Ukrnafta PJSC, Annual information of securities issuer 2020, [https://www.ukrnafta.com/data/ivestor\\_news/30.04.2021/Richna%20informaciya\\_2020.pdf](https://www.ukrnafta.com/data/ivestor_news/30.04.2021/Richna%20informaciya_2020.pdf)

<sup>706</sup> Joint Venture Ukrkarpatoil LTD LLC, Separate financial statements under the international financial reporting standards of 2020, <http://www.uko.kiev.ua/audit%202020.pdf>

<sup>707</sup> Kashtan Petroleum LTD JV, Financial statement for 2020, [https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVlfokjzhrCb\\_AH8e8-2Jr5oa\\_z5ma2sUqKKY7BNX98c](https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVlfokjzhrCb_AH8e8-2Jr5oa_z5ma2sUqKKY7BNX98c)

Name of company	The amount of external borrowing raised in the reporting period	Share of net income allocated on reinvestment	Retained earnings / uncovered loss, thousand UAH	
			as of 31.12.2019	as of 31.12.2020.
Ukrtransgaz JSC <sup>708</sup>	See section 7.5.1, section 7.5.3.	-	(88 818 893)	61 582 796
Ukrtransnfta JSC <sup>709</sup>	See section 7.5.1, section 7.5.3.	-	760 946	1 652 327
Gas TSO of Ukraine LLC <sup>710</sup>	See section 7.5.1, section 7.5.3.		(132 884)	20 158 995

During 2020, the reporting oil and gas extractive and transmission companies with state participation carried out the following transactions with state-controlled companies:

► **Naftogaz of Ukraine NJSC<sup>711</sup>**

The company carries out a significant number of transactions with the companies that are controlled, under common control of or significantly influenced by the Government of Ukraine. Such companies include financial institutions (State Savings Bank of Ukraine (Oschadbank), Ukreximbank, Ukgazbank), some heat-producing enterprises, and some regional gas distribution companies. In 2020, about 45% of Naftogaz of Ukraine's revenues came from transactions with such entities, which is 23% more than in the previous year. As of December 31, 2020, the outstanding receivables related to these transactions was 55% of the total receivables balance.

During 2020, the company granted a loan to Ukrnafta PJSC in the amount of UAH 2,509,122 thousand that was repaid during the year. Also, in 2020, Naftogaz of Ukraine NJSC lent natural gas to its subsidiary Ukrtransgaz JSC, which was 88% of the total other receivables as of December 31, 2020. As of December 31, 2020, the value of the company's stocks pledged as collateral for a long-term loan of Ukrtransgaz JSC amounted to UAH 2,385,971 thousand.

In 2020, about 93% of the company's income from fines in other operating income were received from the subsidiary Gas of Ukraine, which is included in the list of the state-owned objects of strategic importance for the economy and security of the country.

As of December 31, 2020, about 100% of the balance of other non-current assets and the balance of other current assets were formed debts of enterprises that are controlled, under common control or significantly influenced by the Government of Ukraine, and about 100% of the current financial investments were Ukrainian Domestic Government Bonds (UDGBs) issued by the Ministry of Finance. In 2020, the company purchased and sold UDGBs worth UAH 34,831,512 thousand and UAH 22,562,256 thousand, respectively.

During 2020, about 73% of the company's expenses were incurred and about 82% of financial income was received from transactions with the companies that are controlled by, under

<sup>708</sup> Ukrtransgaz JSC, Separate financial statements and independent auditor's report for 2020, [https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

<sup>709</sup> Ukrtransnfta JSC, Separate financial statements for 2020, [https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

<sup>710</sup> Gas TSO of Ukraine LLC, Separate financial statements for 2020, for 2020, [https://tsoua.com/wp-content/uploads/2021/04/GTSO\\_20-ukr-final-dlya-publikaciyi.pdf](https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf)

<sup>711</sup> Naftogaz of Ukraine NJSC, Stand-alone financial statements for 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_20\\_fsu\\_ISA\\_for\\_publication.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf)

common control of or significantly influenced by the Government of Ukraine. As of December 31, 2020, the outstanding accounts payable related to these transactions accounted for 84% of the total accounts payable. Purchases of own natural gas from the subsidiaries of the company - Ukrgazvydobuvannia JSC and Ukrnafta PJSC in 2020 amounted to about 88% of the value of all purchased natural gas.

As of 31.12.2020, collateral for lawsuits and other collateral granted to the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine, is 11% of the total collateral. During 2020, there was a mutual settlement of debt obligations between the related parties, including through collateral created as of December 31, 2019.

As of December 31, 2020, 99% of cash and cash equivalents were kept with the banks that are controlled by, under common control of or influenced by the Government of Ukraine. In addition, about 24% of loans were provided by such banks, and about 42% of financial expenditures in 2020 relate to the loans received from such banks.

► ***Ukrgazvydobuvannia JSC***<sup>712</sup>

Naftogaz of Ukraine NJSC, its controlled enterprises, as well as joint ventures are counterparts of a significant share of Ukrgazvydobuvannia JSC transactions. In 2020, the net income from sales of products (goods, works, services) to Naftogaz of Ukraine NJSC amounted to 91% of the total net income from sales of products (goods, works, services). Outstanding receivables from Naftogaz of Ukraine NJSC to Ukrgazvydobuvannia JSC amounted to 97% of the total receivables. Also, in 2020 there was a debt of Ukrgazvydobuvannia JSC to Naftogaz of Ukraine NJSC, which amounted to 17% of the total balance of the current accounts payable for goods, works, services and the current accounts payable on advances received.

In April 2020, Ukrgazvydobuvannia JSC issued repayable interest-free financial assistance to a related party, Ukrtransnafta JSC in the amount of UAH 1,200,000 thousand on repayment on demand. As of December 31, 2020, the financial assistance was fully repaid to Ukrgazvydobuvannia JSC.

As of December 31, 2020, cash and cash equivalents of Ukrgasvydobuvannia JSC with the state banks (Oschadbank JSC, Ukreximbank JSC, Ukrgazbank JSB, and CB Privatbank JSC) accounted for 100% of the total amount of cash and cash equivalents of the company. As of December 31, 2020, Ukrgazvydobuvannia's loans from the state-owned banks were 84% of the company's total loans. In 2020, the company had no transactions or balances with other companies, whose direct or indirect shareholders are public authorities, which would exceed 10% of the total amount of the relevant transactions or balances.

Natural gas prices shall be freely negotiated between the supplier and the customer, except when the Cabinet of Ministers of Ukraine imposes public service obligations ("special obligations" or "PSO") on Naftogaz of Ukraine NJSC for certain consumer groups. The PSO rules, applicable for the households and religious organizations from 1.11.2018 to 1.05.2020, were established by the Resolution of the Cabinet of Ministers of 19.10.2018 No 867 "On approval of the Regulations on imposing special obligations on natural gas market entities to

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<sup>712</sup> Ukrgazvydobuvannia JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://ugv.com.ua/uploads/Financial\\_Report\\_Separate.2020\\_AT\\_Ukrgazvidobuvannya\\_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf](https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgazvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf)

ensure the general public interest in the functioning of the natural gas market." From August 1, 2020, PSO commitments for households and religious organizations have been terminated.

▶ **Ukrnafta PJSC**<sup>713</sup>

As of December 31, 2020, Ukrnafta PJSC had cash and cash equivalents in the amount of UAH 32,479 thousand, and cash with limited use rights - in the amount of UAH 1,632 thousand on the accounts with the state banks.

As of December 31, 2020, petroleum products worth UAH 1,762,478 thousand, oil and gas condensate in the amount of UAH 350,051 thousand, sulfur in the amount of UAH 1,888 thousand were stored by other related parties under the company's care and custody and commission, and natural gas in the amount of UAH 50,959 thousand was stored by the company under the common control of Naftogaz of Ukraine NJSC under the company's care and custody.

- JV Ukrkarpatoil LLC (100% owned by Ukrnafta PJSC)<sup>714</sup>

In 2020, the net income of JV Ukrkarpatoil LTD from the sales of its products to Ukrnafta PJSC amounted to 81% of the total net income from sales of products. Outstanding receivables for products, goods, works, services, receivables on advances issued and other current receivables as of 31.12.2020 amounted to 6% of the total amount. In 2020, there was also a debt of the company to Ukrnafta PJSC, which was 66% of the total balance of current accounts payable for goods, works, services and current accounts payable on received advances.

- Boryslav Oil Company JV (25.10% owned by Ukrnafta PJSC)<sup>715</sup>

In 2020, Ukrnafta PJSC provided Boryslav Oil Company JV with the following services: oil and gas preparation, repair of oil and gas equipment, oil and gas laboratory analysis, on-site designer supervision over the development of the Stynava field and geological-industrial and hydrodynamic research of wells, and control services.

- Kashtan Petroleum LDT JV (55% owned by Ukrnafta PJSC)<sup>716</sup>

In 2020, Ukrnafta PJSC provided Boryslav Oil Company JV with the following services: oil and gas preparation, repair of oil and gas equipment, oil and gas laboratory analysis, on-site designer supervision over the development of the Stynava field and geological-industrial and hydrodynamic research of wells, and control services.

▶ **JSC Ukrtransgaz**<sup>717</sup>

The Company conducts significant transactions with the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine. These companies include state-owned banks, heat companies and regional gas distribution companies. In 2020, about 59% of Ukrtransgaz's revenues came from transactions with such

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<sup>713</sup> Ukrnafta JSC, Stand-alone financial statements for 2020, [https://www.ukrnafta.com/data/Investor\\_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%2020%20UKR\\_.pdf](https://www.ukrnafta.com/data/Investor_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%2020%20UKR_.pdf)

<sup>714</sup> JV Ukrkarpatoil LTD, Stand-alone financial statements for 2020 prepared under the International Financial Reporting Standards, <http://www.uko.kiev.ua/audit%202020.pdf>

<sup>715</sup> Boryslav Oil Company JV operating as LLC, Independent Auditor's Report on Financial Reporting for 2020, <https://spbnk.com.ua/files/file/10.pdf>

<sup>716</sup> Kashtan Petroleum LDT JV, Financial statements for 2020, [https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVlfokizhrCb\\_AH8e8-2Jr5oa\\_z5ma2sUqKKY7BNX98c](https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVlfokizhrCb_AH8e8-2Jr5oa_z5ma2sUqKKY7BNX98c)

<sup>717</sup> Ukrtransgaz JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

companies. For example, 34% of revenues were received from the parent company, Naftogaz of Ukraine NJSC. Other operating income received in the course of the company's transactions with state-controlled companies in 2020 amounted to 19%.

As of December 31, 2020, the outstanding receivables related to these transactions was 100% of the total balance of trade receivables, including 85% of outstanding trade receivables from Naftogaz of Ukraine NJSC.

In 2020, Ukrtransgaz JSC received 98% of gas from the companies under common control. The accounts payable to the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine as of 31.12.2020 amounted to about 74%, and they consist mainly of the debt to Naftogaz of Ukraine NJSC (68%). Other current liabilities related to Naftogaz of Ukraine NJSC amounted to 93% of the total, as of December 31, 2020. The liabilities are mainly the obligations under the natural gas loan agreement; the loan was taken to repay the obligation determined by court decision.

As of December 31, 2019, 100% of cash and balances on bank accounts were placed with banks that are controlled by, under common control of or influenced by the Government of Ukraine.

► ***Ukrtransnafta JSC***<sup>718</sup>

The Company conducts significant transactions with the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine. The companies include State Savings Bank of Ukraine JSC (Oschadbank), JSB Ukgazbank PJSC, Ukgazvydobuvannya JSC and other enterprises. During 2020, about 7% of sales revenues and about 29% of other operating revenues of the company were received from transactions with such enterprises.

About 7% of operating expenses were for the purchase of goods and services from the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine. As of December 31, 2020, about 100% of cash balances on current bank accounts and bank deposits were placed with the banks controlled by the Government of Ukraine. 100% of other financial income for 2020 was from interest on deposits and current accounts from these banks. About 33% of current liabilities for goods, works and services were to enterprises that are controlled by, under common control of or significantly influenced by the Government of Ukraine.

► ***Gas Transmission System Operator of Ukraine LLC***<sup>719</sup>

The Company conducts significant transactions with the companies that are controlled by, under common control of or significantly influenced by the Government of Ukraine. The related party transactions in 2020 include: 89% of sales revenue (including 85% to Naftogaz Ukrainian Group companies), 100% interest income on bank accounts, 92% of other operating costs. The balances on related party transactions are as follows: cash and balances on bank accounts - 100%, current financial investments, accrued interest - 100%, trade receivables - 66% (including the companies of Naftogaz of Ukraine NJSC Group - 17%), short-term liabilities - 74%, provisions - 92%.

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<sup>718</sup> Ukrtransnafta JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

<sup>719</sup> Gas Transmission System Operator of Ukraine LLC Financial statements for the year ended 31 December 2020, [https://tsoua.com/wp-content/uploads/2021/04/GTSO\\_20-ukr-final-dlya-publikaciyi.pdf](https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf)



The value of natural gas supplied in 2020 amounted to UAH 20,576,486 thousand, of which 91% were transactions with the companies of Naftogaz of Ukraine NJSC group. During 2020, the company also received gas storage services worth UAH 392,005 thousand, with 100% transactions provided by the members of Naftogaz of Ukraine NJSC group.

### **7.3.2.3 Operations of iron, manganese, and titanium ore mining companies with state participation**

According to the replies provided by the state-owned company United Mining and Chemical Company JSC, which is engaged in titanium ore mining, the retained earnings of the company as of 01.01.2020 amounted to UAH (115 038) thousand, and as of 31.12.2020 - UAH (23 340) thousand. The company also reported that part of its net profit, which was allocated for reinvestment in the company, amounted to UAH 184,588.31 thousand. The basis for such allocation is the Minutes of the meeting of United Mining and Chemical Company JSC No 43 of 28.04.2021 and the Order of the State Property Fund No 742 of 30.04.2021.

The related parties' transactions of the United Mining and Chemical Company JSC in 2020 include the sale of finished products worth UAH 71,203 thousand, expenditures for purchasing gas and electricity worth in the amount of UAH 12,573 thousand, other acquisitions in the amount of UAH 19,971 thousand. The balances on the related parties accounts as of 31.12.2020 were as follows: receivables for goods, works, services - UAH 32,544 thousand, other receivables - UAH 8,539 thousand, cash and cash equivalents - UAH 12,759 thousand, current provisions for paying dividend - UAH 184,279 thousand<sup>720</sup>.

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<sup>720</sup> United Mining and Chemical Company JSC, Financial statements for 2020, <https://www.umcc-titanium.com/2020>  
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## 7.4. Payments made by state-owned enterprises in favour of the state

### 7.4.1 Rules on distribution of net profit and dividends on the state share

In addition to taxes, dividends and share of net profit of a number of state-owned enterprises are the main type of payments to the state budget. To increase control over their payment in 2020, the tax authorities were vested in the powers regarding their administration.<sup>721</sup>

Starting from 23.05.2020, the tax authorities are entitled to apply financial sanctions and fines prescribed by the Tax Code to payers of net profit (income)/dividends on state share that violate the rules of reporting on these payments/procedure of their payment (transfer).<sup>722</sup>

- *Payment of the share of net profit by state unitary enterprises*

Starting from 01.01.2020, state unitary enterprises had to transfer 80% of their net profit for the relevant period to the state budget, provided that they held sufficient financial resources for such transfer.<sup>723</sup>

State unitary enterprises submitted a calculation of the net profit to the tax authorities as part of the corporate profit tax return, together with financial statements.<sup>724</sup> The paid portion of the net profit was accumulated in the general-purpose fund of the state budget.

- *Dividends of business enterprises directly owned by the state*

Generally, the companies with the corporate rights of the state in their charter capital must allocate at least 30% of the net profit as dividends.<sup>725</sup>

According to the Law of Ukraine "On Management of State Property", this applied to mentioned enterprises regardless of whether they made a decision to distribute dividends for the relevant year. In January 2020, a similar rule was introduced into the Tax Code. However, on 22.07.2020 this requirement (contained in the Law of Ukraine "On Management of State Property") was declared unconstitutional and lost effect, as it created unequal conditions for the state in comparison with other shareholders in business enterprises and violated their right to participate in the enterprises' management.<sup>726</sup>

The Tax Code's provisions in this part formally remain in force, as the Constitutional Court of Ukraine did not declare them unconstitutional.<sup>727</sup> Therefore, the validity of this requirement remains ambiguous. In 2021, several measures were taken to return this requirement into the law, addressing the comments of the Constitutional Court.<sup>728</sup>

Dividends are calculated in proportion to the size of the state share in the charter capital of the relevant business enterprises and must be paid to the state budget no later than 01 July of the year following the reporting year. The business companies, 50% and more of the shares of

<sup>721</sup> Paragraph 49.19 Article 49 of Tax Code

<sup>722</sup> Letter of the State Tax Service of Ukraine No, 9109/7 / 99-00-05-05-01-07 dated 09.06.2020

<sup>723</sup> [Paragraph 1](#) of the Resolution of the CMU "On Approval of the Procedure for the Payment to the State Budget of a Part of Net Profit (Income) by State Unitary Enterprises and Their Associations" No, 138 dated 23.02.2011

<sup>724</sup> [Paragraph 3](#) of the above-mentioned Resolution of the CMU, [paragraph 46.2](#) of the Tax Code

<sup>725</sup> [Paragraph 5 of Article 11](#) of the [Law on Management of State Property](#) No, 185-V dated 21.09.2006

<sup>726</sup> Decision of the Constitutional Court of Ukraine in case No. 3-313 / 2019 (7438/19) dated 22.07.2020

<sup>727</sup> [Paragraph 46.2](#), [49.18.7](#), [49.19](#) of Tax Code

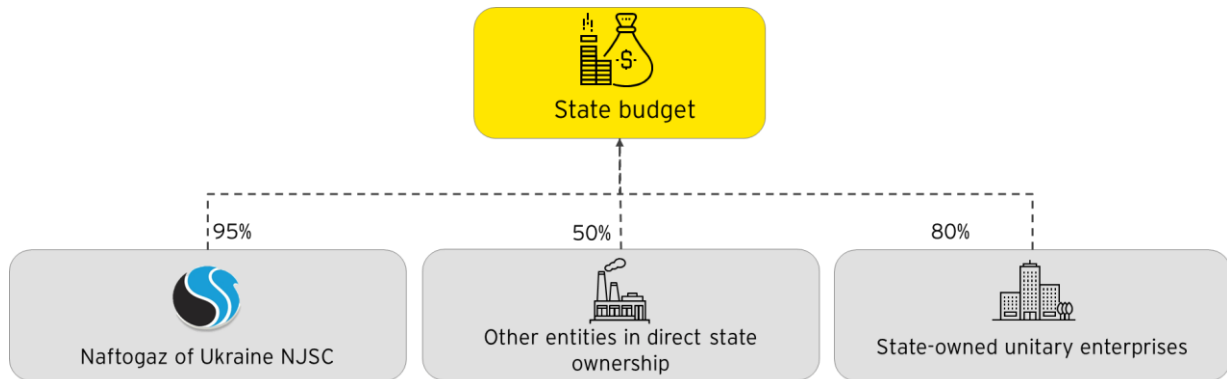
<sup>728</sup> [Paragraph 2 Article 21](#) Of the Law of Ukraine "On the State Budget of Ukraine for 2021" No, 1082 IX dated 15.12.2020



which are contributed to the charter capital of business enterprises with a 100% state share, must also pay dividends directly to the state budget.<sup>729</sup>

The basic rate for allocation of the share of profit as dividends based on the results of financial and economic operations in the corresponding year is established by the CMU. For 2020, the rate for allocation of profit for 2019 was initially differentiated:<sup>730</sup>

- ▶ 95% for Naftogaz of Ukraine NJSC
- ▶ 50% for other business enterprises.



**Figure 7.5: Basic rate of the share of profit in 2020 based on the results of business activity in 2019**

The State Budget Law for 2020 established special rules for accounting dividends paid by Naftogaz of Ukraine NJSC to the general-purpose fund and special funds of the state budget.<sup>731</sup>

- *Dividends of enterprises in indirect state ownership*

Business enterprises 50% or more shares of which are in the charter capital of business enterprises with a 100% state participation are obliged to pay dividends directly to the state budget of Ukraine in accordance with the rules established by the Law of Ukraine "On Management of State Property Objects".<sup>732</sup>

Ambiguous wording of the rule led to litigations over whether it applies to the companies, 50% or more shares of which were obtained other than through a contribution to the charter capital.

In particular, in 2013 Ukrghazvydobuvannia JSC and Ukrtransgaz JSC - business enterprises with Naftogaz of Ukraine NJSC as a sole shareholder - successfully appealed the decision of Naftogaz of Ukraine NJSC to pay part of their net profit to the state budget, claiming that their shares are not in the charter capital of Naftogaz of Ukraine NJSC.<sup>733</sup>

Moreover, Ukrtransnafta JSC, 100% shares of which were left in state ownership and

<sup>729</sup> Paragraph 5 of Article 11 of the Law on Management of State Property No, 185-V dated 21.09.2006

<sup>730</sup> Paragraph 1 of the Resolution of the CMU "On approval of the basic standard for deducting the share of profits aimed at paying dividends on the results of financial and economic activities in 2019 of companies which charter capital includes corporate rights of the state" No. 328 dated 24.04.2020

<sup>731</sup> In accordance with Part 2 of Art. 25 of the Law of Ukraine "On the State Budget of Ukraine for 2020" No.294-IX dated 14.11.2019, revenues to the special fund of the state budget were used to replenish the charter capital of JSC "Mahistralni Hazoprovody Ukrainy" to acquire a stake in Gas Transmission System Operator LLC

<sup>732</sup> Paragraph 5 of Article 11 of the Law on Management of State Property No, 185-V dated 21.09.2006

<sup>733</sup> Resolution of the Supreme Commercial Court of Ukraine in case No. 10/10255/13 dated 13.08.2013; Resolution of the Higher Economic Court of Ukraine dated 24.07.2014 in case No. 910/18227/13

transferred to the charter capital of Naftogaz of Ukraine NJSC<sup>734</sup> in accordance with the decision of the CMU, filed a court claim against the tax authorities demanding that the amount of dividends it wrongly paid to the state Budget were counted against the company's future corporate profit tax obligations.<sup>735</sup> As the tax authorities did not challenge Ukrtransnafta JSC's claims regarding wrong wording of the CMU Regulation, the courts of the first and appellate instances ruled in favour of the company.

The amounts of net profit shares and dividends paid by EITI reporting entities to the state budget in 2020 may be found in **Annex 19** of this Report.

## 7.4.2 Payments from the companies with state participation in favour of the state, made in 2020

### 7.4.2.1 Payments from state-owned coal mining companies

According to the state agencies (STS, SCS, Ministry of Economy, Derzhgeonadra), in 2020 the amount of tax and other payments to the state from the coal mining companies was UAH 8,891,377.86 thousand<sup>736</sup>. Of these, coal mining companies paid UAH 1,826.35 thousand in dividends to the state and a part of net profit. The detailed data on the revenues to the state by type of payment and by individual reporting company are presented in **Section 9** and **Annex 9**.

The payments in favour of the state in the form of dividends or a part of net profit were received from the following reporting coal mining companies:

- ▶ Lvivvuhillia SE - UAH 464.00 thousand;
- ▶ Selydivvuhillia SE - UAH 20.56 thousand;
- ▶ Pervomaiskvuhillia SE - UAH 107.20 thousand;
- ▶ Myrnohradvuhillia SE - UAH 973.17 thousand;
- ▶ Lysychanskvuhillia SE - UAH 19.00 thousand;
- ▶ Volynvuhillia SE - UAH 167.08 thousand.

### 7.4.2.2 Payments from the oil and natural gas companies with state participation

The oil and natural gas industry is the leading extractive industry in terms of the total payments to the state. According to state bodies (STS, SCS, Ministry of Economy, Derzhgeonadra), the tax and other payments to the state from the companies engaged in oil and natural gas extraction and transmission amounted to UAH 167,014,400.80 thousand in 2020<sup>737</sup>. Of these,

<sup>734</sup> Order of the CMU "[On the establishment of OJSC "Ukrtransnafta"](#) No. 256-p dated 23.07.2001

<sup>735</sup> [Decision](#) of the Kyiv District Administrative Court in the case No. 640/2966/19 dated 13.11.2019 (the decision was left unchanged based on the results of the appeal in November 2020)

<sup>736</sup> This amount includes the payments from all companies in the coal industry by all types of payments. The list of the companies in the industry was formed based on open data of Geonadra on holding special permits for subsoil use. Please, see **Section 9** for details

<sup>737</sup> This amount includes the payments from all companies in the oil and natural gas industry (including transmission) for all types of payments. The list of the companies in the industry was formed based on open data of Geonadra on holding special permits for subsoil use. Please, see **Section 9** for details

UAH 39,626,280.32 thousand were paid in dividends and a part of net profit. **Section 9** and **Annex 9** provide detailed information on receipts by reporting company and types of payment.

Naftogaz of Ukraine NJSC is the only reporting company engaged in oil and natural gas extraction (including transmission) that paid dividends and a part of its net profit in favour of the state, the total payments reached UAH 39,625,300.45 thousand.

#### **7.4.2.3 Payments from iron, manganese and titanium ore mining companies with state participation**

According to government agencies (STS, SCS, Ministry of Economy, Derzgeonadra), the companies engaged in iron ore, manganese ore and titanium ore mining made payments to the state in the amount of UAH 10,752,674,85 thousand in 2020. Of these, UAH 50,368.03 thousand were dividends or a part of net profit of the companies. The detailed information by type of payment and reporting companies is provided in **Section 9** and **Annex 9**.

Of the reporting companies in the metal ore mining industry, dividends, and payment of a part of net profit in favour of the state were received from only one company - United Mining and Chemical Company JSC, in the amount of UAH 50,368.03 thousand.

## 7.5. State payments to state-owned enterprises

Ukrainian legislation (including the Commercial Code of Ukraine<sup>738</sup> and the Mining Law of Ukraine<sup>739</sup>) allows for provision of state support to business enterprises to create favourable organizational and economic conditions for business development.

### 7.5.1 Budget support for extractive industries

State support for extractive industries may include the provision of funds to extractive companies under the programs approved by the relevant Law on the State Budget. The funds shall be provided in accordance with the procedure approved by the Cabinet of Ministers for each program.

The Budget Code of Ukraine stipulates that the main spending entities shall develop a procedure for using such funds under the programs included in the state budget, and the Cabinet of Ministers or such main spending entity, in agreement with the Ministry of Finance, shall approve the procedure. The procedures for the programs that are for the first time included in the relevant Law on the State Budget shall be approved within 30 days from the effective date of such law<sup>740</sup>.

#### 7.5.1.1 Budget support programs for coal mining

In 2020, there were 7 budget programs aimed at supporting the coal industry (**Table 7.8**). The expenditures of the state budget in the amount of UAH 6,141,597.74 thousand were planned for the implementation of these programs, including UAH 4,732,340.70 thousand from the general fund of the state budget and UAH 1,409,257.04 thousand - from the special fund. Cash execution of the plan reached UAH 5,900,652.74 thousand, or 96.01% of the plan.

The largest expenditures of the state budget for the implementation of budget programs to support the coal industry (85.39%) were made under the budget program "Restructuring of the coal industry". The program included two areas, with the bulk of the costs (98.74%) directed to the implementation of the area "Ensuring domestic production of commercial coal products through wages and making mandatory payments related to the payment of wages, including to repay wage arrears (**Table 7.9**).

**Table 7.8: Budget support for coal mining programs in 2020<sup>741</sup>**

Name of the budget program	General fund, UAH thousand		Special fund, UAH thousand	
	plan as amended	cash execution for 2020	plan as amended	cash execution for 2020
General management and administration in the field of energy	238,605.90	233,804.70	9,257.04	6,660.43

<sup>738</sup> [Articles 16, 26, 48](#) of the Commercial Code

<sup>739</sup> [Articles 9, 29, 43, 48](#) of the Mining Law of Ukraine No, 1127-XIV dated 06.10.1999

<sup>740</sup> [Para. 7 Art. 20](#) of the Budget Code of Ukraine No 2456-VI of 08.07.2010

<sup>741</sup> Treasury, Annual Report on the Execution of the State Budget of Ukraine for 2020 (Section II.1), <https://www.treasury.gov.ua/storage/app/uploads/public/606/321/54f/60632154f38a9065297111.xlsx>

Name of the budget program	General fund, UAH thousand		Special fund, UAH thousand	
	plan as amended	cash execution for 2020	plan as amended	cash execution for 2020
Research and development in the field of energy	8,396.10	5,900.26	0.00	0.00
Measures to eliminate unpromising coal mining enterprises	494,236.60	265,421.90	0.00	0.00
Mining rescue measures at coal mining enterprises	290,000.00	289,986.27	0.00	0.00
Implementation of the state investment project "Novokostyantynivska mine. Development of production facilities"	10,000.00	9,137.28	0.00	0.00
Repayment of wage arrears to the employees of Nadiya Mine PrJSC "	51,000.00	51,000.00	0.00	0.00
Restructuring of the coal industry	3,640,102.10	3,638,741.90	1,400,000.00	1,400,000.00
<b>Total</b>	<b>4,732,340.70</b>	<b>4,493,992.31</b>	<b>1,409,257.04</b>	<b>1,406,660.43</b>

**Table 7.9: Areas of use of budget funds under the Coal Industry Restructuring program in 2020<sup>742</sup>**

Area of use of budget funds	Cash execution, UAH thousand	
	General fund	Special fund
Ensuring domestic production of commercial coal products through wages and mandatory payments related to the payment of wages, including the repayment of wage arrears	3,575,102.10	1,400,000.00
Measures for technical upgrading and modernization of coal mining companies	63,639.80	-
<b>Total</b>	<b>3,638,741.90</b>	<b>1,400,000.00</b>

According to the information received from the reporting coal mining companies, the state support provided to them under the Coal Industry Restructuring program in 2020 was UAH 5,032,643.10 thousand (**Table 7.10**).

**Table 7.10: The amount of state support received by the reporting coal mining companies under the Coal Industry Restructuring budget program in 2020<sup>743</sup>**

Company	Total amount of state support, UAH thousand
Lvivvuhillia SE	1,087,968.10
Myrnohradvuhillia SE	397,074.00
Selydivvuhillia SE	616,901.20
Toretskvuhillia SE	375,670.00
Lysychanskvuhillia PJSC	581,750.10
Pervomaiskvuhillia SE	765,992.00
Mine Administration Pivdenodonbaske #1 SE	346,230.90
Mine named after M. S. Surgai SE	405,268.40

<sup>742</sup> Report on the implementation of the passport of the Coal Industry Restructuring budget program for 2020, <http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245514980>

<sup>743</sup> In accordance with the responses of the reporting companies to the request as part of the preparation of this EITI Report  
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Company	Total amount of state support, UAH thousand
Volynvuhillia SE	455,788.40
<b>Total</b>	<b>5,032,643.10</b>

### 7.5.1.2 Budget support programs for oil and natural gas production

In 2020, a budget program to support the oil and gas industry was effective, which consisted of reimbursement to Naftogaz of Ukraine NJSC for the costs related to the implementation of special responsibilities to ensure the public interest in the functioning of the natural gas market. It was planned to allocate UAH 32,204,883.00 thousand from the special fund of the State Budget for the implementation of this program in 2020, the plan was implemented in full (**Table 7.11**).

From 1.01.2020, the responsibility for the implementation of the program "Reconstruction, overhaul and technical re-equipment of the main gas pipeline Urengoy - Pomary - Uzhgorod"<sup>744</sup>, supported by the special fund of the State Budget in 2019, was transferred to Gas Transmission System Operator of Ukraine LLC, according to the Ordinance of the Cabinet of Ministers of 24.12.2019 No 1401-r.<sup>745</sup>

**Table 7.11: Budget support programs for oil and gas industry in 2020**<sup>746, 747</sup>

Name of the budget program	General fund, UAH thousand		Special fund, UAH thousand	
	plan as amended	cash execution for 2020	plan as amended	cash execution for 2020
Compensation to the joint-stock company "National Joint-Stock Company "Naftogaz of Ukraine" of economically justified expenses incurred in the process of fulfilling its special obligations under Article 11 of the Law of Ukraine "On Natural Gas Market" to ensure public interests in the functioning of the natural gas market for income received in the course of performing such special obligations, and provided for the acceptable profitability rate	-	-	32 204 883,00	32 204 883,00

<sup>744</sup> Order of the Ministry of Energy No 528 of 19.12.2019, <http://mpe.kmu.gov.ua/minuqol/doccatalog/document?id=245442406>

<sup>745</sup> Ordinance of the Cabinet of Ministers of December 24, 2019 No 1401-r, Some issues of the project "Reconstruction, overhaul and technical re-equipment of the main gas pipeline" Urengoy - Pomary - Uzhgorod", <https://www.kmu.gov.ua/npas/devaki-pitannya-realizam1401ciyi-proektu-rekonstrukciya-kapitalnij-remont-ta-tehniche-pereosnashchennya-magistralnogo-gazoprovodu-urengoj-pomari-uzhgorod>

<sup>746</sup> Treasury, Annual Report on the Execution of the State Budget of Ukraine for 2020 (Section II.1), <https://www.treasury.gov.ua/storage/app/uploads/public/606/321/54f/60632154f38a9065297111.xlsx>

<sup>747</sup> The data of Naftogaz of Ukraine NJSC on payments received from the state under the budget program, provided in response to the request as a part of preparation of this EITI Report, coincide with the data of the Treasury of Ukraine

### 7.5.1.3 Budget support programs for iron, manganese and titanium ores mining

In 2020, UAH 23,850.00 thousand were allocated from the general fund of the state budget to support the viability of the Kryvyi Rih Mining and Processing Plant of Oxidized Ores.

*Table 7.12: Use of funds under some budget programs to support iron ores mining in 2020<sup>748</sup>*

Name of the budget program	General fund	
	Funds allocated for 2020, UAH thousand	Funds actually used in 2020, UAH thousand
Ensuring the viability of the Kryvyi Rih Mining and Processing Plant of Oxidized Ores	23,850.00	23,850.00

According to the data provided by United Mining and Chemical Company JSC and VKF Velta LLC, which are engaged in titanium ore mining, the companies did not receive state aid from the authorities or other state aid providers in the reporting period. The programs of state support for manganese ore mining were not implemented in 2020 either.

### 7.5.2 Subventions to local budgets for the provision of benefits and housing subsidies to households (in terms of settlements between the enterprises involved in the process of providing electricity and natural gas)

From 01.01.2018 a new procedure for providing subventions from the state budget to local budgets for paying benefits and housing subsidies to the households came into force (in particular, for the purposes of covering part of electricity, natural gas, heat, water supply and sewerage services, rent bills, etc.)<sup>749</sup>.

The subvention for paying part of electricity bills had to be transferred within the revenues to the general fund of the state budget from the excise tax on electricity produced within the customs territory of Ukraine for the previous month and if the amount of the excise tax received was insufficient - from the general fund of the state budget according to the decision of the Ministry of Finance of Ukraine<sup>750</sup>. At the same time, the new procedure does not include details on the sources of funds for natural gas subventions. Moreover, in October 2019, another procedure was introduced for payment of housing subsidies, including those covering payments for electricity and natural gas<sup>751</sup>, which are paid outside the framework of subventions.

From 01.01.2020, the resolution of the CMU, which approved the procedure for providing subventions from the state budget to local budgets for the provision of benefits and utilities

<sup>748</sup> Treasury, Annual Report on the Execution of the State Budget of Ukraine for 2020 (Section II.1),

<https://www.treasury.gov.ua/storage/app/uploads/public/606/321/54f/60632154f38a9065297111.xlsx>

<sup>749</sup> The CMU Resolution "[On approval of the Procedure for financing local budget expenditures for the implementation of measures to implement state the social protection programs with subventions from the state budget](#)" No 256 dated 04.03.2002 (expired on 01.01.2020)

<sup>750</sup> [Paragraph 14 of item 8-1](#) of the CMU Resolution No 256 of 04.03.2002. The paragraph was deleted by the Resolution of the CMU "[On Amendments to the Procedure for funding the expenses of local budgets for implementation of measures for implementation of the state social protection programs with subventions from the state budget](#)" No 834 of 06.09.2019

<sup>751</sup> The procedure was introduced by rewording the Regulations on the procedure for allocating housing subsidies, approved by the Resolution of the CMU No. 848 dated 21.10.1995. The Resolution is set out in a new wording in accordance with the Resolution of the CMU "[On Amendments and Repeal of Certain Resolutions of the CMU](#)" No, 807 dated 14.08.2019

subsidies to the households, expired<sup>752</sup>. In addition, the state budget does not provide for expenditures on such a subvention in 2020.

The previous EITI Reports reflected information on the implementation of subventions from the state budget to the local budgets for the provision of benefits and housing subsidies to households in the relevant reporting period. Given the above-mentioned legislative changes to the subsidy procedure, as well as the fact that the state budget for 2020 did not include expenditures for implementation of subventions, the corresponding payments during 2020 did not take place.

### 7.5.3 Provision of state guarantees on business entities' borrowings

In 2020, according to the Budget Code, state guarantees could be provided based on:

- ▶ the decisions of the Cabinet of Ministers - to ensure partial repayment of debt obligations of business entities that are residents of Ukraine in the amount not exceeding 80% of the total amount of such debt obligations on the loan portfolio and 80% - on each individual loan<sup>753</sup>;
- ▶ the international agreements of Ukraine - to ensure full or partial fulfillment of debt obligations of business entities that are residents of Ukraine.

Such guarantees shall be provided exclusively within the limits and in the areas determined by the relevant Law on the State Budget<sup>754</sup>. The relevant transactions concerning its decisions shall be done by the Minister of Finance on behalf of the Cabinet of Ministers<sup>755</sup>.

Guarantees shall be provided on terms of repayment, timeliness, and security<sup>756</sup>. The Budget Code sets out the mandatory terms of such a guarantee agreement<sup>757</sup>.

The Ministry of Finance, on behalf of the Cabinet of Ministers, shall perform the relevant transactions and maintain the Register of state guarantees issued during the budget period<sup>758</sup>. The information on the state guarantees granted since 2004 and up to now is published on the website of the Ministry of Finance at<sup>759</sup> <https://mof.gov.ua/uk/reestr-derzhavnih-garantij>.

#### 7.5.3.1 Guarantees on coal mining companies' borrowings

The Independent Administrator analyzed the publicly available reporting of the state-owned reporting coal mining companies to determine the total external financing involved. The detailed information is presented in **Table 7.13**.

<sup>752</sup> Based on the CMU Resolution "[Some issues of payment of state social assistance](#)" No. 1101 dated 24.12.2019

<sup>753</sup> The regulatory requirements on the amount of the state guarantee do not apply until January 1, 2021 in accordance with [item 4 para 2](#) of the Final Provisions of the Law of Ukraine "On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020" No 553-IX of 13.04.2020

<sup>754</sup> [Para 2 Part 1 Art 17](#) of the Budget Code

Art 6-1 of the Law of Ukraine "[On the State Budget of Ukraine for 2020](#)" No 294-IX of 14.11.2019, temporarily determined a different procedure and state guarantee amount

<sup>755</sup> Law of Ukraine "[On Amendments to the Budget Code of Ukraine](#)" No 293-IX of 14.11.2019

<sup>756</sup> [Para 1 Part 3 Art 17](#) of the Budget Code

<sup>757</sup> [Para 1 Part 3 Art 17](#) of the Budget Code

<sup>758</sup> [Part 4 Art 18](#) of the Budget Code

<sup>759</sup> From the beginning of 2020, the Register of State Debt and State-Guaranteed Debt, the Register of State Guarantees are maintained by the Debt Agency of Ukraine. The Ministry of Finance maintains the Register of Local Borrowings and Local Guarantees. The information from the relevant registers is published monthly on the official websites of the Debt Agency of Ukraine and the Ministry of Finance.



**Table 7.13: The amount of debt of coal mining companies with state participation, as of 31.12.2020**

Company	The total amount of debt as of 31.12.2020
Lvivvuhilia SE <sup>760</sup>	UAH 33,058 thousand - short-term bank loans
Myrnohradvuhillia SE <sup>761</sup>	UAH 32,188 thousand - long-term bank loans
Selydivvuhillia SE <sup>762</sup>	UAH 42,530 thousand - short-term bank credits
Toretskvuhillia SE <sup>763</sup>	There are no long-term or short-term bank loans
Lysychanskvuhillia PJSC <sup>764</sup>	There are no long-term or short-term bank loans. As of the end of 2020, the loan from the State Development Bank of China was fully repaid (the total loan of USD 85 thousand or UAH 2,403,341.00). The debt to the Ministry of Finance as of 31.12.2020 was UAH 4,742,643 thousand
Pervomaiskvuhillia SE <sup>765</sup>	There are no long-term or short-term bank loans
Krasnolymanska Coal Mining Company SE <sup>766</sup>	There are no long-term or short-term bank loans
Mine Administration Pivdenodonbaske #1 SE <sup>767</sup>	There are no long-term or short-term bank loans
Mine named after M. S. Surgai SE <sup>768</sup>	There are no long-term or short-term bank loans
Volynvuhillia SE <sup>769</sup>	There are no long-term or short-term bank loans

### State guarantees

According to the Treasury of Ukraine, in 2020 the state paid guarantee obligations under the guarantee agreement dated December 26, 2011 in the amount of UAH 603,755.08 thousand (**Table 7.14**). The guarantee obligations on the part of Ukraine under this guarantee agreement are determined by the Loan Agreement dated December 21, 2011 between Lysychanskvuhillia PJSC and the State Development Bank of the People's Republic of China (PRC). The payments are made from the state budget.

**Table 7.14: Payments to fulfill the state guarantee obligations made in 2020<sup>770</sup>**

State guarantee	Loan agreement / details of securities	The amount of payments to fulfill the state guarantee obligations to the creditor	
		in USD	in UAH equivalent

<sup>760</sup> Lvivvuhilia SE, Independent Auditor's Report for 2020, <http://www.lvug.com.ua/2021/06/09/zvit-nezalezhnogo-auditora-2/>

<sup>761</sup> Myrnohradvuhillia SE, Financial statements for 2020, [https://www.mvug.com.ua/?page\\_id=1819](https://www.mvug.com.ua/?page_id=1819)

<sup>762</sup> Selydivvuhillia SE, Financial statements for 2020,

[http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245529752&cat\\_id=245511618](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245529752&cat_id=245511618)

<sup>763</sup> Toretskvuhillia SE, Financial statements for 2020, <https://toretskvuhillia.com.ua/finance/018-%D0%A0%D1%96%D1%87%D0%BD%D0%B0-%D1%84%D1%96%D0%BD%D0%B0%D0%BD%D1%81%D0%BE%D0%B2%D0%B0-%D0%B7%D0%B2%D1%96%D1%82%D0%BD%D1%96%D1%81%D1%82%D1%8C-%D0%B7%D0%B0-2020-%D1%80%D1%96%D0%BA.pdf>

<sup>764</sup> Lysychanskvuhillia PJSC, Financial statements for 2020,

<http://lisugol.com/Content/RegInf/%D0%90%D1%83%D0%B4%D0%B8%D1%82%D0%BE%D1%80%D1%81%D1%8C%D0%BA%D0%B8%D0%B9%20%D0%B7%D0%B2%D1%96%D1%82%20%D0%B7%D0%B0%2020%20%D1%80%D1%96%D0%BA.pdf>

<sup>765</sup> Pervomaiskvuhillia SE, Financial statements for 2020, <http://xn--80adefwgidrfcns3a2l.xn--j1amh/zvit/>

<sup>766</sup> Krasnolymanska Coal Mining Company SE, Audit report on financial statements for 2020,

<https://krasnomanskaya.com.ua/?p=9887>

<sup>767</sup> Mine Administration Pivdenodonbaske #1 SE, Financial statements for 2020, <http://ugnodon1.com/zvitnist-za-2020-rik-z-auditorskim-zvitom/>

<sup>768</sup> Mine named after M. S. Surgai SE, Financial statements for 2020,

<http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525593>

<sup>769</sup> Volynvuhillia SE, Financial statements for 2020, <http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525448>

<sup>770</sup> Treasury, Statement of payments for the implementation of state guarantee obligations for 2020, <https://www.treasury.gov.ua/storage/app/uploads/public/606/321/4c8/6063214c8a02e612932210.xlsx>

Guarantee agreement dated December 26, 2011	Loan agreement dated December 21, 2011 between Lysychanskvuhillia PJSC and the State Development Bank of the People's Republic of China	21,615,816.65	603,755,080.58
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The overdue debt to the state on the loans raised by coal mining companies of Lysychanskvuhillia PJSC under the state guarantees in the reporting year was UAH 3,182,519.48 thousand (*Table 7.15*).

**Table 7.15: Overdue debts of the coal mining companies of Lysychanskvuhillia PJSC on loans raised under state guarantees in 2020<sup>771</sup>**

Company name	Overdue debt to the state on the loans		Penalty debt accrued on overdue arrears, UAH thousand	
	USD thousand	UAH thousand	The amount of debt	Paid to the state budget
Lysychanskvuhillia PJSC	112,557.54	3,182,519.48	1,560,123.74	-

According to the information provided by Lysychanskvuhillia PJSC, the company attracted a loan from the State Development Bank of China (loan agreement no / number dated 21.12.2011) in the amount of USD 85,000 thousand (UAH 2,403,341.00 thousand) at 7.05% per annum under state guarantees. The loan was provided for a period of 108 months for the implementation of a pilot project for technical upgrading and modernization of Mine named after D.F. Melnikov SE. During 2020, Lysychanskvuhillia PJSC fully repaid the loan, and the number of payments on the loan during the reporting year amounted to USD 20,400.00 thousand (UAH 483,198.48 thousand). As of the end of 2020, the overdue debt of Lysychanskvuhillia PJSC under the guarantees to the Ministry of Finance of Ukraine amounted to UAH 3,182,519.48 thousand.

The table below *Table 7.16* presents the amounts of outstanding loans / loan guarantees held by the reporting coal mining companies during 2020. Some of them include the debts of the companies on budget loans received from the Ministry of Energy in 2019 in accordance with the ordinance of the Cabinet of Ministers of 03.04.2019. No 224-r "On the allocation of funds from the reserve fund of the state budget"<sup>772</sup> and the order of the Cabinet of Ministers of 14.08.2019 No 604-r "On the allocation of funds from the reserve fund of the state budget"<sup>773</sup>.

**Table 7.16: The loans borrowed by the state or the state-owned mining enterprises outstanding in 2020 on the account of the reporting coal mining companies<sup>774</sup>**

Company name	Loan / loan guarantee amount and payments	Lender / guarantee provider	Repayment terms and interest rate
Lysychanskvuhillia PJSC	Loan amount under the	Lender: State	Issue date: 2011;

<sup>771</sup> Treasury, Report on overdue debts of business entities to the state on loans raised under state guarantees for 2020, <https://www.treasury.gov.ua/storage/app/uploads/public/606/321/4c6/6063214c6f291595954509.xlsx>

<sup>772</sup> Ordinance of the Cabinet of Ministers of April 3, 2019 No 224-r "On the allocation of funds from the reserve fund of the state budget", <https://zakon.rada.gov.ua/laws/show/224-2019-%D1%80#Text>

<sup>773</sup> Ordinance of the Cabinet of Ministers of August 14, 2019 No 604-r "On the allocation of funds from the reserve fund of the state budget", <https://zakon.rada.gov.ua/laws/show/604-2019-%D1%80#Text>

<sup>774</sup> The information according to the responses of the accountable companies to the requests as part of preparation of the EITI Report 2020

Company name	Loan / loan guarantee amount and payments	Lender / guarantee provider	Repayment terms and interest rate
	agreement: USD 85,000 thousand (UAH 2,403,341.00 thousand); Undisbursed loan at the beginning of 2020: USD 20,400.00 thousand (UAH 483,198.48 thousand); Undisbursed loan at the end of 2020: no; Collateral: USD 59,400.00 thousand; Payments in 2020: USD 20,400.00 thousand. Guarantee debt to the Ministry of Finance of Ukraine: UAH 3,182,519.48 thousand	Development Bank of the People's Republic of China (agreement dated 21.12.2011). Guarantee provider Ministry of Finance of Ukraine (agreement No 15010-02/191 dated 23.12.2011)	Repayment date: 31.12.2020 Interest rate on the loan - 7.05%. Interest rate on the guarantee - 0.055%.
Lvivvuhillia SE	Loan amount under the agreement: UAH 123,847.00 thousand; Undisbursed loan at the beginning of 2020: UAH 123,847.00 thousand; Undisbursed loan at the end of 2020: UAH 123,847.00 thousand; Payments in 2020: None.	Lender: Ministry of Energy	Issue date: 2019; Repayment date: December 24, 2019 (the full loan amount is overdue). Interest-free budget loan
Myrnohradvuhillia SE	Loan amount under the agreement: UAH 73,382.00 thousand Payments in 2020: None.	Lenders: 1) Prominvestbank PJSC; 2) CB Privatbank; 3) Ministry of Energy	Issue dates: 1) 2009; 2) 1996; 3) 2019 Repayment dates: 1) 2009; 2) 1997; 3) 2019 Interest rate - 22%
Pervomaiskvuhillia SE	Loan amount under the agreement: UAH 9,000.00 thousand; Undisbursed loan at the beginning of 2020: UAH 9,000.00 thousand; Undisbursed loan at the end of 2020: UAH 9,000.00 thousand; Payments in 2020: none.	Lender: JSC Prominvestbank PJSC	Issue date: 2009
Mine Administration Pivdenodonbaske #1 SE	Loan amount under the agreement: UAH 32,735.00 thousand; Undisbursed loan at the beginning of 2020: UAH 32,735.00 thousand;	Lender: Ministry of Energy	Issue date: 2019; Repayment date: December 24, 2019 (the full loan amount is overdue). Interest-free budget loan.

Company name	Loan / loan guarantee amount and payments	Lender / guarantee provider	Repayment terms and interest rate
	Undisbursed loan at the end of 2020: UAH 32,735.00 thousand; Payments in 2020: none.		
Mine named after M. S. Surgai SE	Loan amount under the agreement: UAH 21,886.00 thousand; Undisbursed loan at the beginning of 2020: UAH 17,886.00 thousand; Undisbursed loan at the end of 2020: UAH 17,886.00 thousand; Payments in 2020: None.	Lender: Ministry of Energy	Issue date: 2019; Repayment date: December 24, 2019 (the full loan amount is overdue).  Interest-free budget loan.

According to the information provided to the Independent Administrator, the reporting mining companies with state participation did not provide loans or guarantees to other companies.

### 7.5.3.2 Guarantees on the loans of oil and natural gas extraction companies

**Table 7.17** presents information from open sources on the short-term and long-term loans of the reporting companies with state participation engaged in oil and natural gas extraction (including transmission as of 2020).

In the reporting period, Naftogaz of Ukraine NJSC established additional agreements with banks to change interest rates and the schedule of debt repayment with the postponement of the deadline for their repayment until 2022. According to the results of the analysis of the impact of these changes on the financial liabilities of Naftogaz of Ukraine NJSC, these changes are not significant in the terms of financial liabilities<sup>775</sup>.

**Table 7.17: Information on the loans of oil and gas companies as of 31.12.2020**

Company	Total debt as of 31.12.2020
Ukrgezvydobuvannya JSC <sup>776</sup>	Long-term loans - UAH 1,978,442 thousand Short-term loans - UAH 3,464,246 thousand
Naftogaz of Ukraine NJSC <sup>777</sup>	Long-term loans - UAH 54,127,319 thousand Short-term loans - UAH 5,978,258 thousand As of December 31, 2020, all balances on the company's loans were secured by revenues from future sales (UAH 5,062,004 thousand) and inventories (UAH 23,526,932 thousand).

<sup>775</sup> Naftogaz of Ukraine NJSC, Stand-alone financial statements for 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_20\\_fsu\\_ISA\\_for\\_publication.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf)

<sup>776</sup> Ukrgezvydobuvannya JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://ugv.com.ua/uploads/Financial\\_Report\\_Separate.2020\\_AT\\_Ukrgezvidobuvannya\\_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf](https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf)

<sup>777</sup> Naftogaz of Ukraine NJSC, Stand-alone financial statements for 2020, [https://www.naftogaz.com/files/Zvity/Naftogaz\\_20\\_fsu\\_ISA\\_for\\_publication.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf)

Company	Total debt as of 31.12.2020
	<p>As of December 31, 2020, the loan obligations of the company in the amount of UAH 1,971,756 thousand were guaranteed by the state.</p> <p>In the reporting period, Naftogaz of Ukraine NJSC entered into additional agreements with the banks to change interest rates, to change the debt repayment schedule with the extension of the deadline for their repayment until 2022. These changes are not considered significant changes in the financial obligations.</p>
Ukrtransgaz JSC <sup>778</sup>	<p>Long-term loans - UAH 450,373 thousand</p> <p>Short-term loans - UAH 350,140,000</p> <p>Types of collateral: current assets of Naftogaz of Ukraine NJSC (UAH 2,385,971 thousand).</p> <p>As of December 31, 2019, bank loans of the company were guaranteed by the state in the amount of UAH 807,572 thousand.</p>
Ukrtransnafta JSC <sup>779</sup>	<p>There are no long-term or short-term loans.</p> <p>According to the data provided by Ukrtransnafta JSC, in 2020 the company received a loan of UAH 1,200.00 million, the lender - Ukgazvydobuvannya JSC. As of December 31, 2020, the loan was repaid.</p>

According to the Treasury of Ukraine, in 2020 the State Budget received funds to repay the debt of oil and gas companies in the total amount of UAH 18,784,860.73. The list of oil and gas companies that had overdue debts to the state in 2020 on loans (loans) attracted under state guarantees is given in the table below.

**Table 7.18: Overdue debts of oil and gas business entities to the state on the loans raised under state guarantees in 2020<sup>780</sup>**

Company name	The overdue debt to the state on the loans		Receipt of funds to the state budget to repay the debt	Overdue penalty accrued on overdue debt	
	in foreign currency	in national currency		the overdue amount	paid to the state budget
Ukrnaftoproduct AHC (00018201) (Agreement of 12.08.1996 No 7)	USD 17,041,897.23	UAH 481,852,827.42	-	UAH 211,672,676.9	-
Naftogaz of Ukraine NJSC (20077720) (Agreement of 05.06.2009 No 28010-02/60)	-	-	UAH 1,972,214.08	-	-
Ukrtransgaz SE (30019801) (Agreement of 11.12.2012 No 15010-03/127)	-	-	UAH 83,168.34	-	-
Ukrnaftinvestitsii LLC (Ukrainian Agrarian	USD 6,530,860.92	UAH 184,657,480.19	-	UAH 128,491,341.91	UAH 18,882.73

<sup>778</sup> Ukrtransgaz JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

<sup>779</sup> Ukrtransnafta JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

<sup>780</sup> Treasury, Report on overdue debts of business entities to the state on loans raised under state guarantees as of January 1, 2021, <https://www.treasury.gov.ua/storage/app/uploads/public/606/321/4c6/6063214c6f291595954509.xls>

Company name	The overdue debt to the state on the loans		Receipt of funds to the state budget to repay the debt	Overdue penalty accrued on overdue debt	
	in foreign currency	in national currency		the overdue amount	paid to the state budget
Exchange <sup>781</sup> (30217347) (Restructuring Agreement of 31.12.2003 30130-04/170)					
Ukrtransgaz PJSC EBRD (Loan agreement of 15.12.2014 No 42608, Subloan Agreement of 25.05.2015 No 13010-05/59)	-	-	UAH 16,729,478.31	-	UAH 8,346.32
Ukrainian Energy Service Company (UkrESCO) (Agreement of 21.10.2005 No 28000-04 /77-1) (20077482)	USD 2,424,426.41	UAH 68,549,686.97	-	UAH 7,709,330.08	-

In the reporting period, two reporting companies engaged in oil and gas extraction (Naftogaz of Ukraine NJSC, Ukrtransgaz JSC) had state guarantees for the loans, whose profile is presented in **Table 7.19**.

**Table 7.19: Loan agreements and state guarantees on the loans of oil and gas reporting companies as of 2020**

Lender / guarantee provider	Loan / loan guarantee amount	The payments in 2020	Repayment terms and interest rate
<b>Naftogaz of Ukraine NJSC<sup>782</sup></b>			
Oschadbank OJSC (guarante provider - the Cabinet of Ministers of Ukraine)	The total loan amount: UAH 1,971,756.53 thousand;  Undisbursed loan at the beginning of 2020: UAH 1,971,756.53 thousand;  Undisbursed loan at the end of 2020: UAH 1,971,756.53 thousand	UAH 325,415.32 thousand - interest of Oschadbank JSC;  UAH 1,972.21 thousand - the commission of the Ministry of Finance for providing the state guarantee.	Issue date - 05.06.2009 (one-time disbursement). Repayment date - 24.12.2024.  To be repaid monthly on the last working day of the month.  The state guarantee was provided by the Cabinet of Ministers of Ukraine. The amount of the state guarantee: UAH 2,404.44 thousand

<sup>781</sup> Ukrainian Agrarian Exchange (23389377), The debts of the producers who received equipment at the expense of a foreign loan attracted by the Ukrainian Agrarian Exchange under the US credit line)

<sup>782</sup> The data from the company's responses and the information on state guarantees provided in 2004-2020 (as of 01.01.2021) on the website of the Ministry of Finance, <https://mof.gov.ua/uk/reestr-derzhavnih-garantij>

Lender / guarantee provider	Loan / loan guarantee amount	The payments in 2020	Repayment terms and interest rate
<b>Ukrkazvydobuvannya JSC<sup>783</sup></b>			
UkrGasbank JSB, Ukreximbank JSC	<p>The total amount of the loan: UAH 4,639.94 million, including: - EUR 60 million; - USD 72.70 million; - UAH 500 million.</p> <p>Undisbursed loan at the beginning of 2020: UAH 1,999.75 million;</p> <p>Undisbursed loan at the end of 2020: - UAH 4,562.81 million; - EUR 60 million; - USD 69.97 million; - UAH 500 million.</p> <p>Collateral: UAH 8,549.64 million.</p>	<p>The total payments: USD 2.73 million dollars (UAH 1,999.75 thousand).</p>	<p>Loan issue dates: - in EUR: 27.10.2020, 28.10.2020, 07.12.2020; - in USD: 20.08.2020; - in UAH: 21.12.2020, 23.12.2020, 28.12.2020.</p> <p>Repayment dates: - in EUR: 30.06.2022; - in USD: 31.12.2022; - in UAH: 16.01.2021.</p> <p>Interest rates: - in EUR: 4.5%; - in USD: 6.0%; - in UAH: 10.7%.</p>
<b>Ukrtransgaz JSC<sup>784</sup></b>			
<p>Deutsche Bank AG Schaft (the guarantee is provided by the Ministry of Finance of Ukraine).</p> <p>Loan agreement of 11.12.2012 No 1/1212000351</p>	<p>The total amount of the loan: EUR 51,480.67 thousand (UAH 1,788,418.02 thousand);</p> <p>Undisbursed loan at the beginning of 2020: EUR 9,770.77 thousand (UAH 258,163.33 thousand);</p> <p>Undisbursed loan at the end of 2020: EUR 5,236.07 thousand (UAH 181,898.98 thousand);</p> <p>Collateral: 400 million cubic meters of natural gas worth UAH 1,845,600.00 thousand.</p>	<p>The total payments: EUR 8,499.52 thousand: - as of 30.03.2020: EUR 3,910.87 thousand; - as of 29.09.2020: EUR 4,588.65 thousand.</p>	<p>Issue date: 11.12.2012</p> <p>Repayment date: 01.12.2023 (to be repaid every six months in installments according to the amount owed).</p> <p>Interest rate: EURIBOR + 1.7%.</p> <p>Amount of state guarantee: UAH 553,691.68 thousand</p>
<p>Loan agreement between Ukraine and the EBRD; Project agreement between</p>	<p>The total amount of the loan: EUR 150,000.00 thousand</p>	<p>The total payments: EUR 142,857.14: - as of 10.02.2020: EUR 71,428.57;</p>	<p>Issue date: 15.04.2014</p> <p>Repayment date: 15.02.2030</p> <p>Interest rate: EURIBOR + 1.0%.</p>

<sup>783</sup> According to the response of the company to the request as part of preparation of this EITI Report

<sup>784</sup> According to the response of the company provided upon the request as part of the preparation of this EITI Report and the information on the state guarantees provided in 2004-2020 (as of 01.01.2021) on the website of the Ministry of Finance, <https://mof.gov.ua/uk/reestr-derzhavnih-garantij>



Lender / guarantee provider	Loan / loan guarantee amount	The payments in 2020	Repayment terms and interest rate
Ukrtransgaz PJSC and the EBRD of 15.04.2014.	(UAH 5,115,525.00 thousand); Undisbursed loan at the beginning of 2020: EUR 148,571.43 thousand (UAH 3,925,554.29 thousand); Undisbursed loan at the end of 2020: EUR 148,571.43 thousand (UAH 5,066,805.71 thousand).	- as of 10.08.2020: EUR - 71,428.57.	Collateral: the loan is borrowed by the state, the funds are written off from the company's accounts in the amount of unfulfilled obligations in accordance with the Subloan agreement No 13010-05/59 of 29.05.15.

### 7.5.3.3 Guarantees on the loans to the iron ores, manganese and titanium ores mining companies

According to the information provided in **Section 7.2.1.3**, there were no state-owned enterprises among the reporting companies engaged in iron ore, and manganese ore mining in the reporting period. According to the replies to the request and the financial statements of the titanium ore mining companies - United Mining and Chemical Company JSC and VKF Velta LLC, they did not receive any guarantees from the state on the loans in 2020.

### 7.5.4 Restrictions on foreclosure of state-owned enterprises

In 2020, it was forbidden to initiate foreclosure over state-owned enterprises and business companies with at least 25% shares owned by the state under decisions subject to execution by the State Executive Service.<sup>785</sup>

As an exception, the moratorium did not apply to forced sale of property to pay off debts to Naftogaz of Ukraine NJSC and its subsidiaries licensed to supply natural gas,<sup>786</sup> unless relevant items were not subject to privatization.<sup>787</sup>

Currently, legislation defines the categories of state property not subject to privatization in generic terms only (this list includes, inter alia, main oil and gas pipelines and main pipeline transport serving the needs of the state as a whole, underground oil and gas storage facilities).<sup>788</sup> No specific list of such objects has been approved as of the date of this Report (relevant law drafts have been registered in the Parliament<sup>789</sup>).

<sup>785</sup> [Article 1](#) of the Law of Ukraine "On the Introduction of Moratorium on the Forced Sale of Property", No 2864-III dated 29.11.2001

<sup>786</sup> Resolution of the CMU "[On approval of the Procedure for the forced sale of property to repay debts to the "National Joint Stock Company "Naftogaz of Ukraine" PJSC and its subsidiaries that supplied natural gas on the basis of a license](#)" No. 749 dated 04.10.2017

<sup>787</sup> The exception for the indebtedness to Naftogaz of Ukraine NJSC does not extend to the enterprises to which the state has a duly confirmed debt for compensation of the difference in the tariffs for heat energy and heating services that have been produced, transported to, and supplied to the public (Article 1 of the above-mentioned law)

<sup>788</sup> [Article 4](#) of the Law of Ukraine "On privatization of state and communal property" No. 2269-VIII dated 25.09.2020

<sup>789</sup> For example, the draft Law "[On the list of objects of state property that are not subject to privatization](#)" No. 4020-2 dated 22.09.2020



As a result, the above exemption from the moratorium is effectively expanded until adoption of a separate list. At the same time, if the decision of the court to recover funds from enterprises subject to the moratorium is not executed within 6 months from the date the enforcement proceedings commenced, its execution is carried out at the expense of the budget program to maintain enforcement of the court decisions.<sup>790</sup>

### 7.5.5. Compensation of expenditures related to performance of special obligations assigned to natural gas market subjects by the state

#### - *Assignment of special responsibilities and their nature*

According to Article 11 of the Law of Ukraine "On the Natural Gas Market", in exceptional cases and for a specified period, special obligations determined by the CMU upon consultation with the Energy Community Secretariat may be assigned to the natural gas market subjects to protect public interests in functioning of the natural gas market.<sup>791</sup>

The Law of Ukraine "On State Aid to Business Entities" and the Resolution of the CMU "On Approval of the List of Services of General Economic Interest"<sup>792</sup> expressly state that compensation of reasonable expenses incurred due to providing services related to operation of the natural gas market (that is, fulfilment of obligations assigned to natural gas market subjects) is not covered by the above law.<sup>793</sup> However, based on the definition of services related to operation of the natural gas market in this law, such compensation qualifies as state support.<sup>794</sup>

In 2018, the CMU adopted the resolution "On Approving the Regulation on Assignment of Special Obligations to Natural Gas Market Subjects to Ensure Public Interests in the Functioning of the Natural Gas Market".<sup>795</sup> The resolution applied in 2020 and assigned special obligations to the following natural gas market subjects:

- 1) Business companies with 100% shares owned by the state or another business company wholly owned by the state, namely, **Ukragazvydobuvannya JSC** and **Chornomornaftogaz JSC**, are obliged to sell self-produced gas in favour of Naftogaz of Ukraine NJSC under the conditions specified in the regulations, to generate natural gas resource for needs of domestic consumers, religious organizations (except for the

<sup>790</sup> Law of Ukraine "[On State Guarantees for the Enforcement of Judgments](#)" of 05.06.2012 No. 4901-VI. Such funds shall be transferred by the State Treasury within 3 months from the day of receipt of the required documents and information and shall be considered as losses of the state budget

<sup>791</sup> [Paragraph 1 of Article 11](#) of the Law of Ukraine "On the natural gas market" No. 329-VIII dated 09.04.2015

<sup>792</sup> [Paragraph 2 of Article 3](#) of the Law of Ukraine "On State Aid to Business Enterprises" No. 1555-VII dated 01.07.2014, [paragraph 2](#) of the Resolution of the CMU "On approval of the list of services of general economic interest" No. 420-2018-n dated 23.05.2018

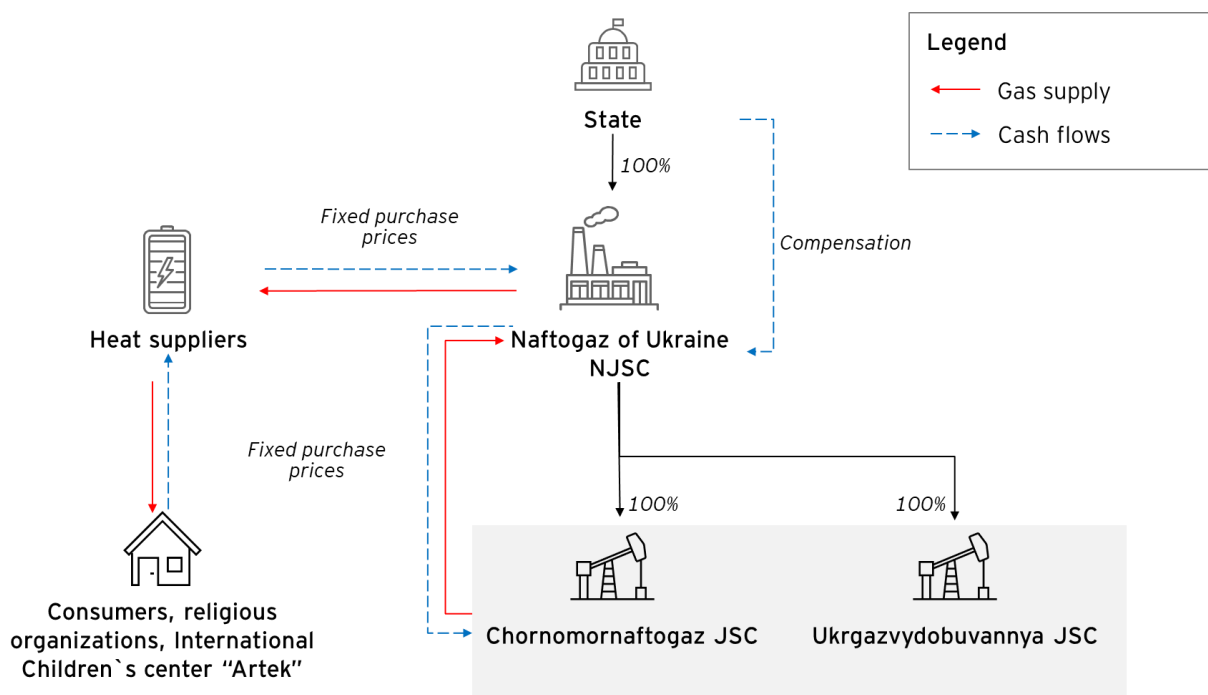
<sup>793</sup> Please note that in August 2017, the Energy Community initiated [a case against Ukraine No. ECS-2/17](#) due to potential non-compliance of the terms of assigning special obligations with the requirements for public service obligations, in particular, in terms of transparency, proportionality and non-discrimination, and according to preliminary conclusions, supply of natural gas under these rules constitutes illegal state aid. On 24.08.2020, the case was closed due to the changes in the Ukrainian legislation governing the disputed relations

<sup>794</sup> [Subparagraph 14 of paragraph 1, Article 1](#) of the Law of Ukraine "On State Aid to Business Enterprises" No. 1555-VII dated 01.07.2014, defines services of general economic interest as services related to meeting particularly important general needs of citizens, which cannot be provided on a commercial basis *without government support*

<sup>795</sup> Resolution of the CMU "[On approval of the Regulations on imposing special obligations on natural gas market enterprises to ensure public interests in the process of functioning of the natural gas market](#)" No. 867 dated 19.10.2018. The special obligations provided by this resolution were to be valid until 01.05.2020, but the CMU extended the resolution until 01.08.2020, and in terms of gas supply for heat energy producers - until 01.05.2021

volumes used for their commercial activities) and the state enterprise of Ukraine "International Children's Center "Artek" (hereinafter "public needs") and heat producers (for all categories of natural gas use)

- 2) **Naftogaz of Ukraine NJSC**<sup>796</sup> is obliged to purchase natural gas from the above entities and sell it to (1) natural gas suppliers for public needs; (2) for public needs, if in the relevant period the supply of gas is not carried out by another supplier (subject to certain conditions); (3) heat producers (within specific categories)
- 3) **Heat energy producers** must supply gas for public needs and report on its use under the conditions specified by this Regulation; and for suppliers separately defined by this Regulation - the obligation to conclude a contract for supply of natural gas with the domestic consumer / religious organization which gas consumption facilities located within the territory of the licensed activity
- 4) **Gas distribution system** operators must provide information necessary to ensure continuous supply of natural gas for public needs.



**Figure 7.6: Supply of gas and payments in the framework of special obligations in the natural gas market (until 01.08.2020)**

Gas supply was carried out on terms and procedure determined by the relevant resolution of the CMU on assignment of special obligations.

In addition to the above, other enterprises engaged in development of the natural gas could also voluntarily assume the obligation provided for in paragraph 1 above with respect to any volume of gas produced. In this case, the relevant rules of this regulation were applied to such

<sup>796</sup> By the decision of Naftogaz of Ukraine's authorized bodies and upon CMU's approval, special obligations assigned to Naftogaz of Ukraine may be performed by other companies controlled by Naftogaz of Ukraine in the meaning of the Law of Ukraine "[On protection of economic competition](#)" No. 2210-III dated 11.01.2001. In the event of this decision, such enterprises are subject to the relevant rights and obligations under this Regulation (except for the conditions relating to debts to Naftogaz of Ukraine NJSC)

enterprises.

On 01.08.2020, the following special obligations of Naftogaz of Ukraine NJSC regarding the supply of gas for public needs and, accordingly, the corresponding special obligations were cancelled:

- ▶ Obligation of Ukgazvydobuvannya JSC and Chornomornaftogaz JSC to sell gas in favour of Naftogaz of Ukraine NJSC to form a resource of natural gas for public needs.
- ▶ Obligations of gas suppliers to supply natural gas purchased for public needs from Naftogaz of Ukraine NJSC.
- ▶ Obligations of information distribution system operators.

Thus, from August 2020, consumers have the opportunity to choose a supplier, including by price criteria.<sup>797</sup>

Special responsibilities related to the formation of natural gas resources for heat producers were assigned to Naftogaz of Ukraine NJSC, natural gas producers and heat suppliers throughout 2020 and terminated in 2021.<sup>798</sup>

- *Reimbursement of expenses related to the performance of special obligations*

The Law of Ukraine "On the Natural Gas Market" the natural gas market enterprises that are entrusted with special obligations to compensation of economically justified expenses they incur, net of income received in the process of fulfilling such obligations, considering the permissible level of profit set forth by the procedure approved by the CMU.<sup>799</sup> The sources of funding the compensation and procedure for determining its amount are mandatory components of the CMU's decision to impose special obligations.<sup>800</sup>

Despite the adoption of several resolutions imposing special obligations as of the date of this Report,<sup>801</sup> they all lacked any provisions on the procedure for compensating expenses to the relevant obliged enterprises, which led to several litigation proceedings.<sup>802</sup>

At the same time, attempts to address the above situation took place in 2020. Several

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<sup>797</sup> The Antimonopoly Committee of Ukraine (AMCU) has provided mandatory recommendations for measures to prevent violations of economic competition law, including for properly informing consumers about retail gas prices - see [recommendations No. 36-rk dated 28.08.2020](#)

<sup>798</sup> The special obligations to heat producers were terminated on 20.05.2021 in accordance with [paragraph 3](#) of the Resolution of the Cabinet of Ministers "On approval of the Regulations on imposing special obligations on natural gas market enterprises to ensure public interests in the functioning of the natural gas market" No, 867 dated 19.10. 2018

<sup>799</sup> [Paragraph 7 of Article 11](#) of the Law of Ukraine "On the natural gas market" No, 329-VIII dated 09.04.2015

<sup>800</sup> [Paragraph 4 of Article 11](#) of the Law of Ukraine "On the natural gas market" No, 329-VIII dated 09.04.2015

<sup>801</sup> In 2018, the following resolutions were adopted by the CMU:

(1) Resolution "[On imposition of a special obligation to ensure public interest in the functioning of the natural gas market](#)" No. 834 of 10.10.2018, which assigns Naftogaz NJSC with the obligation to supply gas for the benefit of enterprises producing thermal energy, which property has been arrested in criminal proceedings and transferred under the management of the National Agency for Detection, Investigation and Management of Assets Obtained from Corruption and Other Crimes as single property complexes

(2) Resolution "[On Approval of the Regulation on the Imposition of Special Obligations on Natural Gas Market Subjects to Ensure Public Interests in the Functioning of the Natural Gas Market](#)" No. 867 of 19.10.2018 which repeals Resolutions of the CMU No. 187 and No. 834. This Resolution is effective since 01.11.2018 and will remain in force until 20.05.2021

<sup>802</sup> For example, there was an administrative case initiated upon Naftogaz of Ukraine NJSC's claim against the CMU regarding the CMU's inaction being unlawful due to its failure to identify sources of financing and the procedure for determining the compensation to be paid to the natural gas market subjects vested with special obligations under the Resolution of the CMU No. 187. The case was decided in favour of Naftogaz NJSC: see [Resolution of the District Administrative Court of the City of Kyiv dated in case No. 826/6066/17 dated 19.07.2017](#) (left unchanged after appeal and cassation, see [the ruling of the Supreme Court dated 21.10.2019](#))

amendments to the Law of Ukraine "On the State Budget of Ukraine for 2020"<sup>803</sup> and Transitional Provisions of the Tax Code,<sup>804</sup> which entered into force on 28.11.2020, stipulate that the following funds of the special fund of the State budget will be directed, among others, to pay compensation to the Naftogaz of Ukraine NJSC:

- ▶ Receipts from Ukrnafta PJSC corresponding to payments of corporate profit tax, royalty and value added tax debt generated as of 01.08.2020 and unpaid prior to the date of settlements.
- ▶ Receipts corresponding to payments of corporate profit tax liabilities that have arisen and/or will arise for Ukrnafta PJSC as a result of natural gas supplies in favour of Naftogaz of Ukraine NJSC.
- ▶ Receipts corresponding to payments of Ukrnafta PJSC's value added tax liabilities charged on natural gas supplies in favour of Naftogaz of Ukraine NJSC.
- ▶ Receipts corresponding to payments of corporate profit tax liabilities that have arisen and/or will arise for Naftogaz of Ukraine NJSC as a result of receiving the compensation and other business activity in 2020-2021.

The procedure of assigning funds to implement the above measures was developed by the CMU in December 2020.<sup>805</sup>

Information on quasi-fiscal transactions related to performance of special obligations may be found in **Section 5.11** of this Report.

### 7.5.6 Sale of natural gas and oil for the benefit of Naftogaz of Ukraine NJSC

Ukrainian legislation obliges the following enterprises to sell raw oil, gas condensate of own production (except for volumes used for own technological needs) and liquefied gas on a monthly basis exclusively at exchange auctions:

- ▶ Enterprises with at least 50% shares owned by the state
- ▶ Business companies with at least 50% shares are contributed into the charter capital of other business companies where the state is a shareholder with controlling interest
- ▶ Subsidiaries, representative offices and branches of such enterprises and companies
- ▶ Parties to joint venture agreements and/or persons authorized by joint venture agreements concluded with the mentioned enterprises (for example, Ukrnafta PJSC).<sup>806</sup>

For such a sale, the CMU sets a starting price,<sup>807</sup> below which sale of crude oil and gas condensate of business enterprises' own production is not allowed. If the price at which crude

<sup>803</sup> Law of Ukraine "On Amendments to the Law of Ukraine "["On the State Budget of Ukraine for 2020"](#) No. 1006-IX dated 17.11.2020. Part of these funds (positive balance because of all planned settlements between companies and the budget) is also intended for the coal industry restructuring and the SARS-CoV-2 (COVID-19) response. The calculation of such compensation will be carried out in accordance with the procedure approved by the CMU

<sup>804</sup> Law of Ukraine "On Amendments to Section XX "Transitional Provisions" of the TCU on the features of tax administration to finance expenditures specified in paragraphs 31-33 of Article 14 of the Law of Ukraine "["On State Budget of Ukraine for 2020"](#) No. 1005-IX dated 17.11.2020

<sup>805</sup> Resolution of the CMU "["Some issues of implementation of measures provided for in paragraphs 31-33 of Article 14 of the Law of Ukraine"](#) On the State Budget of Ukraine for 2020 "No. 1195 dated 03.12.2020

<sup>806</sup> [Article 4-1](#) of the Law of Ukraine on Oil and Gas

<sup>807</sup> The procedure for determining the starting price and the procedure for conducting auctions was approved by the CMU "["On the organization and conduct of exchange auctions for the sale of crude oil, gas condensate of own production and liquefied gas"](#)" No. 570 dated 16.10.2014

oil and gas condensate is sold at stock exchange auctions is lower than the minimum starting price, business enterprises that are obliged to use the minimum price must pay a fine equal to the difference between the starting and actual sales price to the state budget.

Further, if crude oil and/or gas condensate is not fully/partially sold during regular and additional exchange auctions (also if the latter auction was not held), the corresponding volumes of crude oil/gas should be sold to the Naftogaz of Ukraine NJSC at the starting price.

If the starting price exceeds the market price, payments in favour of oil/gas enterprises may be considered state aid. However, in practice, there are problems with implementation of the regulations regarding sale of hydrocarbons.

### 7.5.7 State aid review

The Law of Ukraine "On State Aid to the Business Enterprises" stipulates that state support measures should be reviewed by the Antimonopoly Committee of Ukraine (the "AMCU") to identify the measures qualifying as state aid, which is subject to review for its competition permissibility.<sup>808</sup>

Generally, support to business entities in any form at the expense of state or local resources, which distorts or threatens to distort economic competition, creating advantages for production of certain goods or certain economic activities, is considered "state aid".<sup>809</sup>

State aid may be provided in various forms (e.g., in the form of subsidies, guarantees, increase in the state share of the charter capital of business entities, tax benefits, compensation of losses, etc.).<sup>810</sup>

The criteria for permissibility of state aid may be set by the CMU for certain categories of state aid.

For instance, according to the results of public discussions during 2019-2020, 13.01.2021 the CMU adopted the resolution "On Approval of the Criteria for Permissibility of State Aid to Companies in the Coal Industry",<sup>811</sup> which defines the following criteria for assessing the eligibility of state aid in this area:

- ▶ Prevention of significant inequality in conditions for business activity carried out by competing business enterprises in the coal industry
- ▶ Prevention, elimination, restriction or distortion of competition in the markets of heat and electricity production

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<sup>808</sup> [Articles 12, 13](#) of the Law of Ukraine "On State Aid to Business Enterprises" No. 1555-VII dated 01.07.2014

<sup>809</sup> [Subparagraph 1 paragraph 1 of Article 1](#) of the Law of Ukraine "On State Aid to Business Enterprises" No. 1555-VII dated 01.07.2014

<sup>810</sup> According to [Article 4](#) of the Law "On State Aid to Business Enterprises" No. 1555-VII dated 01.08.2014, state aid may be provided in the form of subsidies and grants, subsidies, tax incentives, deferral of taxes or payment of taxes in instalments, write-off of debts (including debts for public services rendered), write-off of penalties, compensation of losses incurred by business enterprises, provision of guarantees, loans on preferential terms, reduction of financial liabilities of business enterprises to the state social insurance funds, provision directly or indirectly to enterprises of goods / services at prices below market, or purchase of goods / services of business enterprises at prices above market, sale of state property at prices below market, increase of state share in the charter capital of enterprises or increase in the value of public shares on the terms that are unacceptable to private investors

<sup>811</sup> Resolution of the CMU "[On approval of the criteria for assessing the admissibility of state aid to business enterprises in the coal industry](#)" No. 38 dated 13.01.2021

- ▶ Reduction of the impact on the environment as a result of coal production by coal enterprises which are provided with assistance for closure (liquidation).

Such state aid may be eligible if (1) it is provided for clearly defined purposes (liquidation of coal mines, coverage of exceptional costs, etc.) and (2) covers only costs related to coal for electricity generation, combined heat and power generation, coke production and as a fuel for blast furnaces in the steel industry.

Any new state aid, as well as on-going state aid if its conditions significantly change, may only be granted after a positive decision of the AMCU.<sup>812</sup> State aid granted contrary to the requirements of the law is considered illegal and is fully repayable to the state<sup>813</sup> or may be terminated by the AMCU.

The draft law provides for some exceptions, e.g., for aid related to provision of services of general economic interest (these include services related to operation of the natural gas market provided within the scope of special obligations).<sup>814</sup>

The AMCU maintains the Register of State Aid Programs, available at:

<http://pdd.amc.gov.ua/registry/registryofstateaid/list>.

The AMCU publishes annual reports on state aid granted to business enterprises based on the information provided by public authorities and local governments<sup>815</sup> and discloses all its decisions related to state aid cases, on the State Aid Portal:

<http://pdd.amc.gov.ua/portal/registry/refistryofcases/list>.

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<sup>812</sup> [Paragraphs 1-2 of Article 9](#) of the Law of Ukraine "On State Aid to Business Enterprises" No, 1555-VII dated 01.07.2014

<sup>813</sup> [Paragraphs 1-2 of Article 9](#) of the Law of Ukraine "On State Aid to Business Enterprises" No, 1555-VII dated 01.07.2014

<sup>814</sup> Resolution of the CMU "[On approval of the list of services of general economic interest](#)" No, 420 dated 23.05.2018

<sup>815</sup> Report of the Antimonopoly Committee of Ukraine "[On Aid Provided to Business Enterprises](#)" for 2020

## 7.6. Functions of state-owned enterprises and payments of business entities in favour of such enterprises

Ukrainian legislation does not provide for a comprehensive list of functions to be performed by the state-owned enterprises. Such functions are mostly specified in the charters of the respective enterprises.

State-owned enterprises **are not entitled to collect any taxes.**

In some cases, the entities are assigned with obligations that are not specified in their statutory documents (for example, the obligation to carry out the monthly sale of natural gas of its own production to Naftogaz of Ukraine to secure natural gas reserves - see **Section 7.5.5** of this Report; to sell oil, gas condensate of their own production and liquefied gas at stock exchange auctions - for more details, see **Section 7.5.6** of this Report).

Generally, mining companies make payments to the state-owned enterprises for provided services/performed work. A separate group of payments includes payments within corporate relations between state-owned enterprises (as founders or participants) and mining companies owned by them.

As there is no generalized information on such payments or an exhaustive list of such possible payments in the legislation, certain types of payments that are important for the Ukrainian economy are described below.

### 7.6.1 Payments for transportation of oil and gas

The payments for transportation of oil and gas, which the companies pay to the Ukrtransnafta JSC and Gas Transmission System Operator of Ukraine LLC, represent one of the most important payment flows in favour of state-owned enterprises. Such payments are made based on contracts with these enterprises.

Model contracts on provision of gas transportation and storage services are approved by NEURC<sup>816</sup>. The texts of such agreements are binding without changing their content but allow specification of their terms.<sup>817</sup>

The tariffs for transportation of oil by trunk oil pipelines, as well as transportation of gas through trunk and transboundary gas pipelines are established by the NEURC. In particular, the following resolutions were effective in 2020:

- ▶ Resolution of NEURC "On setting the tariffs for oil transportation by trunk pipelines of Ukrtransnafta JSC for Ukrainian consumers for the transitional period<sup>818</sup> until 31.10.2022.
- ▶ Resolution of the NEURC "On setting tariffs for Gas Transmission System Operator of Ukraine LLC for natural gas transmission services in entry and exit points for the regulatory

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<sup>816</sup> NEURC Resolution "[On approval of the Standard contract for storage \(injection, selection\) of natural gas](#)" No. 2499 dated 30.09.2015;

NEURC Resolution "[On Approval of the Standard Contract for Natural Gas Transportation](#)" No. 2497 dated 30.09.2015

<sup>817</sup> According to Paragraph 4 of Article 179 of Commercial Code

<sup>818</sup> Resolution of the NEURC "[On setting tariffs for oil transportation by trunk pipelines of JSC Ukrtransnafta for consumers of Ukraine for a transitional period](#)" No. 2108 dated 11.10.2019



period 2020-2024".<sup>819</sup>

Information related to applicable tariffs, business companies' expenses on oil & gas transportation, income received by operators of oil and gas transmission systems and other payments related to transportation in 2020 may be found in **Section 5.2.4** of this Report.

### 7.6.2 Performance of geological and exploration works, provision of geological exploration services

Extractive companies require certain services related to exploration and development of minerals. For example, the extension of the license for geological exploration, geological exploration with pilot commercial development and extraction of minerals is only possible if there is a positive report of a state expert review of the reports on geological exploration of the subsoil, as well as other geological materials<sup>820</sup> (cancelled in 2020).

Such and some others services were provided by the enterprises that are not directly related to mining, in particular, by specialized state geological enterprises, institutions and organizations within the scope of management of the geology service<sup>821</sup> and other state-owned enterprises, for example:

- ▶ The State Enterprise "Ukrainian Geological Company" is a geological exploration enterprise that performs geological, hydrogeological, geophysical works, etc.<sup>822</sup>
- ▶ The State Research and Production Enterprise "Geoinform of Ukraine" (Geoinform of Ukraine SRPE) provides services on preparation of certificates on the conditions of the mineral resource base of the region, preparation of a package of geological documents for obtaining licenses, expert examination of geological materials based on the results of additional exploration and revaluation, processing of stock geological materials, etc. performed by geological enterprises, services on determining the initial sale price of subsoil licenses at an auction, amount of the fee for prolongation of the license, etc.<sup>823</sup>
- ▶ The State Geophysical Company "Ukrgeofizyka" is the main provider of geophysical services in Ukraine, including seismic and geophysical research and works in wells, seismic information processing and interpretation, ore and engineering geophysics, etc.<sup>824</sup>
- ▶ The state enterprise supported by the state budget "Kirovheolohiia" is a specialized state geological enterprise which studies subsoil, conducts geological prospecting and exploration work, performs specialized exploration work on uranium and other strategic raw materials in Ukraine.<sup>825</sup>

At the same time, these companies do not carry out mining activities and, accordingly, do not

<sup>819</sup> Resolution of the NEURC "On setting tariffs for GTS Ukraine Operator LLC for natural gas transportation services for entry and exit points for the regulatory period 2020-2024" No. 3013 dated 24.12.2019

<sup>820</sup> Paragraph 27 of the Resolution of the CMU "On approval of the Procedure for granting subsoil licenses" No. 615 dated 30.05.2011

<sup>821</sup> Website of the State Service of Geology and Subsoil of Ukraine with the List of state geological enterprises and organizations belonging to the sphere of management of the State Service of Geology and Subsoil of Ukraine

<sup>822</sup> Website of Ukrainian Geological Company

<sup>823</sup> Website of Geoinform of Ukraine with a list of its paid services

<sup>824</sup> Website of the State Geophysical Enterprise "Ukrgeofizyka"

<sup>825</sup> Website of Kirovheolohiia



belong to “state-owned enterprises” and/or other reporting entities for the purposes of the EITI Report.

### 7.6.3 Payments in favour of the companies with state participation within the framework of corporate relations

#### - *Provisions of the Ukrainian legislation*

State-owned enterprises as shareholders (participants) of mining companies (including other state-owned enterprises) may exercise several corporate rights in such companies, including:

- ▶ The right to receive a certain share of profits (dividends) (subject to restrictions imposed on companies 50% or more shares of which are in the charter capital of business entities with 100% state participation - see **Section 7.4** above), as well as a share of assets in such enterprises if they liquidate according to the law. Dividends are distributed under the decision of the general meeting of shareholders (participants).
- ▶ The right to participate in management of such enterprises, including, *inter alia*, approve decisions on liquidation, increase/decrease of charter capital and (where applicable) withdrawal from the participants of the enterprise with a repayment of the share in the charter capital (for instance, participants of the LLC may experience such right).

State-owned enterprises may increase charter capitals of other state-owned enterprises by either funds or property based on either the decision of the general meeting of participants or according to the law.

#### - *Payments within the framework of corporate relations made in 2020*

In 2020, Naftogaz of Ukraine NJSC, according to the company's financial statements received dividends from its subsidiaries in the amount of UAH 14,261,574 thousand. The bulk of payments was received from the subsidiary Ukgazvydobuvannya JSC - UAH 14,250,000 thousand. Dividend payments by the subsidiaries Ukrtransnafta JSC<sup>826</sup>, Ukrtransgaz JSC<sup>827</sup>, and Chornomornaftogaz PJSC<sup>828</sup> were not identified from their financial statements. Ukrnafta PJSC<sup>829</sup> paid dividends in the amount of UAH 937 thousand to all its shareholders in 2020.

<sup>826</sup> Ukrtransnafta JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

<sup>827</sup> Ukrtransgaz JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

<sup>828</sup> Chornomornaftogaz PJSC, Financial statements, <https://chornomornaftogaz.com.ua/pro-tovarystvo/opryliudnennia-informatsij/finansova-zvitnist>

<sup>829</sup> Ukrnafta PJSC, Stand-alone financial statements in accordance with International Financial Reporting Standards as of December 31, 2020,

[https://www.ukrnafta.com/data/investor\\_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%202020%20Ukr\\_.pdf](https://www.ukrnafta.com/data/investor_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%202020%20Ukr_.pdf)

**Table 7.20: Payment of dividends by the subsidiaries of Naftogaz of Ukraine NJSC, which are reporting companies within the EITI Report 2020**

Indicator	The share of Naftogaz of Ukraine NJSC in the authorized capital of the company	Dividends received/ paid in 2020, UAH thousand
Total dividends received by Naftogaz of Ukraine NJSC from all payers <sup>830</sup>	-	14,261,574
Dividends paid by Ukgazvydobuvannya JSC in favour of Naftogaz of Ukraine NJSC <sup>831</sup>	100%	14,250,000
Ukrnafta PJSC <sup>832</sup> paid to all shareholders	50% + 1 share	937
Ukrtransnafta JSC <sup>833</sup>	100%	-
Ukrtransgaz JSC <sup>834</sup>	100%	-
Chornomornaftogaz PJSC <sup>835</sup>	100%	-

The dividends received by the subsidiaries of Naftogaz of Ukraine NJSC engaged in the extraction and transmission (storage) of oil and natural gas are presented in the table below. In 2020, Gas Transmission System Operator of Ukraine LLC had no participation in the authorized capital of other companies, therefore the company received no dividends.<sup>836</sup>

<sup>830</sup> Naftogaz of Ukraine NJSC, Stand-alone financial statements for 2020,

[https://www.naftogaz.com/files/Zvity/Naftogaz\\_20\\_fsu\\_ISA\\_for\\_publication.pdf](https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf)

<sup>831</sup> Ukgazvydobuvannya JSC, Stand-alone financial statements and independent auditor's report for 2020,

[https://ugv.com.ua/uploads/Financial\\_Report\\_Separate.2020\\_AT\\_Ukgazvydobuvannya\\_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf](https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukgazvydobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf)

<sup>832</sup> Ukrnafta PJSC, Stand-alone financial statements in accordance with International Financial Reporting Standards as of December 31, 2020,

[https://www.ukrnafta.com/data/investor\\_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%20200%20ukr\\_.pdf](https://www.ukrnafta.com/data/investor_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%20200%20ukr_.pdf)

<sup>833</sup> Ukrtransnafta JSC, Stand-alone financial statements and independent auditor's report for 2020,

[https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN\\_Stand-alone\\_20fsu\\_with-signatures.pdf](https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf)

<sup>834</sup> Ukrtransgaz JSC, Stand-alone financial statements and independent auditor's report for 2020,

[https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

<sup>835</sup> Chornomornaftogaz PJSC, Financial statements, <https://chornomornaftogaz.com.ua/pro-tovarystvo/opryliudnennia-informatsii/finansova-zvitnist>

<sup>836</sup> Gas Transmission System Operator of Ukraine LLC Financial statements as of the year ended 31 December 2020,

[https://tsoua.com/wp-content/uploads/2021/04/GTSO\\_20-ukr-final-dlya-publikaciyi.pdf](https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf)

**Table 7.21: Dividends received by the subsidiaries of Naftogaz of Ukraine NJSC from their extractive subsidiaries and associates in 2020**

Name of the subsidiary of Naftogaz of Ukraine NJSC	Dividends received / paid in 2020, UAH thousand
Ukrtransnafta JSC, dividends received	-
Ukrnafta JSC <sup>837</sup> , dividends received	7,269
Dividends paid by extractive subsidiaries and associates of Ukrnafta JSC to all shareholders:	
Boryslav Oil Company JV in the form of LLC <sup>838</sup>	-
JV Ukrkarpatoil LTD <sup>839</sup>	-
JV Kashtan Petroleum LDT <sup>840</sup>	10,899
Ukrgezvydobuvannya JSC, dividends received <sup>841</sup>	-
Ukrtransgaz JSC, dividends received <sup>842</sup>	-

<sup>837</sup> Ukrnafta PJSC, Stand-alone financial statements in accordance with International Financial Reporting Standards as of December 31, 2020, [https://www.ukrnafta.com/data/investor\\_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%202020%20Ukr\\_.pdf](https://www.ukrnafta.com/data/investor_docs/30.04.2021/ukrnafta%20separate%20fs%20with%20auditor's%20report%202020%20Ukr_.pdf)

<sup>838</sup> JV Boryslav Oil Company in the form of LLC, Independent Auditor's Report on Financial Reporting for 2020, <https://spbnk.com.ua/files/file/10.pdf>

<sup>839</sup> JV Ukrkarpatoil LTD, Stand-alone financial statements in accordance with International Financial Reporting Standards for 2020, <http://www.uko.kiev.ua/audit%202020.pdf>

<sup>840</sup> JV Kashtan Petroleum LDT, Financial statements for 2020, [https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVIfokjzhrCb\\_AH8e8-2Jr5oa\\_z5ma2sUqKKY7BNX98c](https://drive.google.com/drive/folders/1SmrkbwMgYQo0Zevu1qheJh1xmE6DlaRJ?fbclid=IwAR29XcAOcGYzE9JKVIfokjzhrCb_AH8e8-2Jr5oa_z5ma2sUqKKY7BNX98c)

<sup>841</sup> Ukrgezvydobuvannya JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://ugv.com.ua/uploads/Financial\\_Report\\_Separate.2020\\_AT\\_Ukrgezvydobuvannya\\_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf](https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvydobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf)

<sup>842</sup> Ukrtransgaz JSC, Stand-alone financial statements and independent auditor's report for 2020, [https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93\\_%D1%84%D1%96%D0%BD.pdf](https://utg.ua/img/menu/company/docs/2021/%D0%A3%D0%A2%D0%93_%D1%84%D1%96%D0%BD.pdf)

## 7.7. State policy in management of public sector entities

The specifics of public property management,<sup>843</sup> including regulation of financial relationships between the state and the entities partially or fully owned by the state are stipulated in the Law of Ukraine “On Management of State Property Objects”. Such specifics may also be found in separate provisions of the Ukrainian Constitution, the Commercial Code, the Civil Code, the Laws of Ukraine “On Protection of Economic Competition”, “On Business Companies”, “On Leasing State and Municipal Property”, “On Joint-Stock Companies”, “On Limited and Additional Liability Companies”, the Law on Oil and Gas, etc.

State property management functions are performed by state authorities, including the CMU, ministries (for example, Ministry of Energy, Ministry of Economy), and other central executive bodies, including the Geology Service, and the State Property Fund of Ukraine. Generally, there are more than 80 management authorities in Ukraine.<sup>844</sup>

To increase efficiency and transparency of management, there are several databases and information portals maintained by the state authorities in Ukraine, for example:

- 1) State property register (which includes equity owned by the state in business enterprises), formed by the State Property Fund of Ukraine based on information exchange with management authorities.<sup>845</sup> The register is available at the [URL](#).
- 2) The register of contracts with the heads of public sector entities, which is maintained by the Ministry of Economy, available at the [URL](#).
- 3) Portal of state enterprises on the website of the Ministry of Economy (Pro.Zvit), which consolidates information on the companies' status and financial results, available at the [URL](#).
- 4) Information on results of monitoring effectiveness of state property management<sup>846</sup> carried out by the Ministry of Economy, available per quarter at the [URL](#).
- 5) Consolidated general indicators of implementing financial plans by public sector entities formed by the Ministry of Economy, available per quarter at the [URL](#).

The above databases contain information on public sector entities (therefore, they do not include enterprises that are *indirectly owned* by the state).

According to the State Enterprises Portal, in total there were 3,626 state enterprises in 2020, 1,859 of which are actually operating.

Development and implementation of state ownership policy is one of the requirements of the IMF Memoranda on Economic and Financial Policies and of the acts of the CMU (e.g., the Resolution of the CMU No. 662-r dated 27.05.2015) in the context of the reform of state-owned enterprises.

As part of reforming corporate governance of state-owned enterprises, the CMU adopted

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<sup>843</sup> These objects include, among others, property transferred to state-owned enterprises and corporate rights owned by the government and contributed to the charter capital of business companies ([Paragraph 1 of Article 3](#) of the Commercial Code)

<sup>844</sup> Information about basic principles of implementation of property policy in relation to the public sector business enterprises on the [Government portal](#)

<sup>845</sup> The procedure for maintaining the register was approved by the resolution of the CMU "[On the formation and maintenance of the Register of Corporate Rights of the State](#)" No. 1679 dated 29.10.2003

<sup>846</sup> [The Procedure for oversight over functions of state property management and criteria for measuring effectiveness of state property management](#) approved by the Regulation of the CMU No. 832 dated 19.06.2007

several documents describing strategic vision of the state as to which state-owned enterprises should remain state-owned in the long run (strategically important for the state, such as Naftogaz of Ukraine NJSC), and which state-owned enterprises should be subject to concession, privatization or liquidation.<sup>847</sup>

At the end of 2018, in accordance with the OECD Guidelines on Corporate Governance of State-Owned Enterprises, the CMU approved Basic Principles of State Policy of Ownership regarding State-Owned Enterprises.<sup>848</sup> This document states that only the enterprises performing functions directly assigned to the state will remain in state ownership, if such functions cannot be fully performed by entities other than public entities. These entities, in particular:

- ▶ Are natural monopolies not subject to any special privatization conditions
- ▶ Maintain state security or engage in other activities that are vital to society and cannot be fully implemented by non-state-owned entities

Also, corporate governance of public sector entities should be based on the following principles:

- ▶ Exclusivity of state ownership
- ▶ Clear goals for activities
- ▶ Parity in governing state-owned and commercial companies
- ▶ Separation of owner's and regulator's functions
- ▶ Professionalism in managing business entities
- ▶ Transparency of activities to reduce corruption risks
- ▶ Social responsibility

In particular, the reform suggests creation of supervisory boards as governing bodies of public sector entities that meet certain criteria.<sup>849</sup> In addition, in accordance with the Basic Principles, separate ownership policies were approved for certain enterprises that are important to the Ukrainian economy.

Regarding Naftogaz of Ukraine NJSC, that is identified by the reform as a strategically important entity, the CMU approved the following regulations:

- ▶ Basic Principles of State Ownership,<sup>850</sup> which should specify the objectives and priorities of state's ownership of this enterprise, the expected results of its operations, and the basic corporate governance principles. The document defines the state's strategic vision

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<sup>847</sup> Publication on the [Government portal](#) on the strategic vision of managing state-owned enterprises. [Website](#) of Ministry of economy of Ukraine with all lists of state-owned enterprises; Detailed information on the reform of SOE governance (including interim results) is available [on the CMU's website](#). [Another document that regulates the state policy in the management of state-owned enterprises is the resolution of the CMU "On approval of the Basic conceptual approaches to improving the efficiency of corporate rights management" 5155 dated 11.02.2004](#)

<sup>848</sup> Information on the main principles of implementation of property policy for public sector entities on the [Government portal](#)

<sup>849</sup> Resolution of the CMU ["Some Issues of Management of State Unitary Enterprises and Business Companies with More than 50 Per cent of Shares Owned by the State"](#) No. 142 dated 10.03.2017. The entities in which the supervisory board is to be established are those for which at least one of the following criteria is met: (1) the value of the assets exceeds UAH 2 billion, according to the latest annual financial statements; (2) net income exceeds UAH 1.5 billion, according to the latest annual financial statements; (3) charter capital of the newly established entity exceeds UAH 2 billion; (4) availability of 10 or more shareholders are holders of ordinary shares of the respective company

<sup>850</sup> Resolution of the CMU ["On Approving Fundamental Principles of Exercising State Ownership with respect to Naftogaz of Ukraine NJSC"](#) No. 351 dated 26.04.2017; In 2020, the CMU approved a new Resolution ["Some issues NJSC Naftogaz of Ukraine"](#) No. 982 dated 21.11.2020, which approved a new ownership policy of NJSC Naftogaz of Ukraine and repealed the previous resolution

of corporate governance of Naftogaz of Ukraine NJSC

- ▶ Regulations on the principles of formation of the Supervisory Board of Naftogaz of Ukraine NJSC.<sup>851</sup>

In April 2021, the CMU held the General Meeting of Naftogaz of Ukraine NJSC, where the report on the company's activities in 2020 was considered. The net consolidated loss of the Naftogaz group of companies amounted to UAH 19 billion in 2020. At the same time, the approved financial plan of the company provided for UAH 11.5 billion in profit. As a result of the meeting, the work of the Supervisory Board and the Management Board of Naftogaz of Ukraine NJSC was considered unsatisfactory in 2020.<sup>852</sup>

In 2019, the Accounting Chamber analysed the efficiency of state's management of corporate rights in the oil & gas sector for 2017.<sup>853</sup> The relevant report of the Accounting Chamber notes several deficiencies, e.g., non-approval of the financial plan of Naftogaz of Ukraine NJSC for 2018, failure to ensure eligibility of the company's supervisory board throughout the year, etc. In 2019, the CMU approved the financial plan of NJSC Naftogaz of Ukraine for 2019 but with a significant delay (the order was issued on 18.12.2019).<sup>854</sup>

In May 2021, the OECD published a review of the corporate governance of state-owned enterprises in the context of the state of implementation of corporate governance reforms in Ukraine, emphasizing that the reform is stagnant, including due to the COVID-19 crisis. At the same time, the OECD is concerned about the long-term political readiness and ability to implement the OECD Guidelines for Corporate Governance of State-Owned Enterprises.<sup>855</sup>

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<sup>851</sup> Resolution of the CMU "[The Issue of Formation of the Supervisory Board of Naftogaz of Ukraine NJSC](#)" No. 232 dated 29.03.2017

<sup>852</sup> Information on the appointment of the new chairman of the board of Naftogaz of Ukraine NJSC on the [Government portal](#). In 2021, independent members of the Supervisory Board of Naftogaz were dismissed at their own request (information on the [website](#) of Naftogaz of Ukraine), and state representatives on the Supervisory Board were dismissed by a decision of the CMU (Resolution of the CMU "[On early termination of powers of members of the Supervisory Board of Naftogaz of Ukraine NJSC](#)" No. 1153-r dated 27.09.2021). In accordance with the Resolution of the CMU "[Some issues of Naftogaz of Ukraine NJSC](#)" No. 1187-r dated 29.09.2021, the powers of the Supervisory Board were transferred to the Board of the company) (except for exclusive powers of the Supervisory Board, which will be exercised by the CMU)

<sup>853</sup> [Report on the results of analysing the efficiency of state management of its corporate rights in the oil & gas sector](#) approved by the decision of the Accounting Chamber dated No. 8-1 dated 09.04.2019 ; [information](#) on further actions taken to address the report's findings

<sup>854</sup> Order of the CMU "[On approval of the financial plan of Naftogaz of Ukraine NJSC](#)" for 2019 No. 1286-r dated 18.12.2019

<sup>855</sup> [OECD Review of Corporate Governance of State-Owned Enterprises in Ukraine in 2021](#)

## 8. Impact of extractive industries on the environment in 2020

### 8.1 Statutory regulation in the field of environmental impact of extractive industries

#### 8.1.1 Legal regulation of relations related to environmental protection



#### Current legislation in the field of environmental protection

Environment preservation and reproduction, its protection from the negative economic impacts (hereinafter - "environmental activities") is regulated by Ukrainian environmental legislation and legislation on nature management.

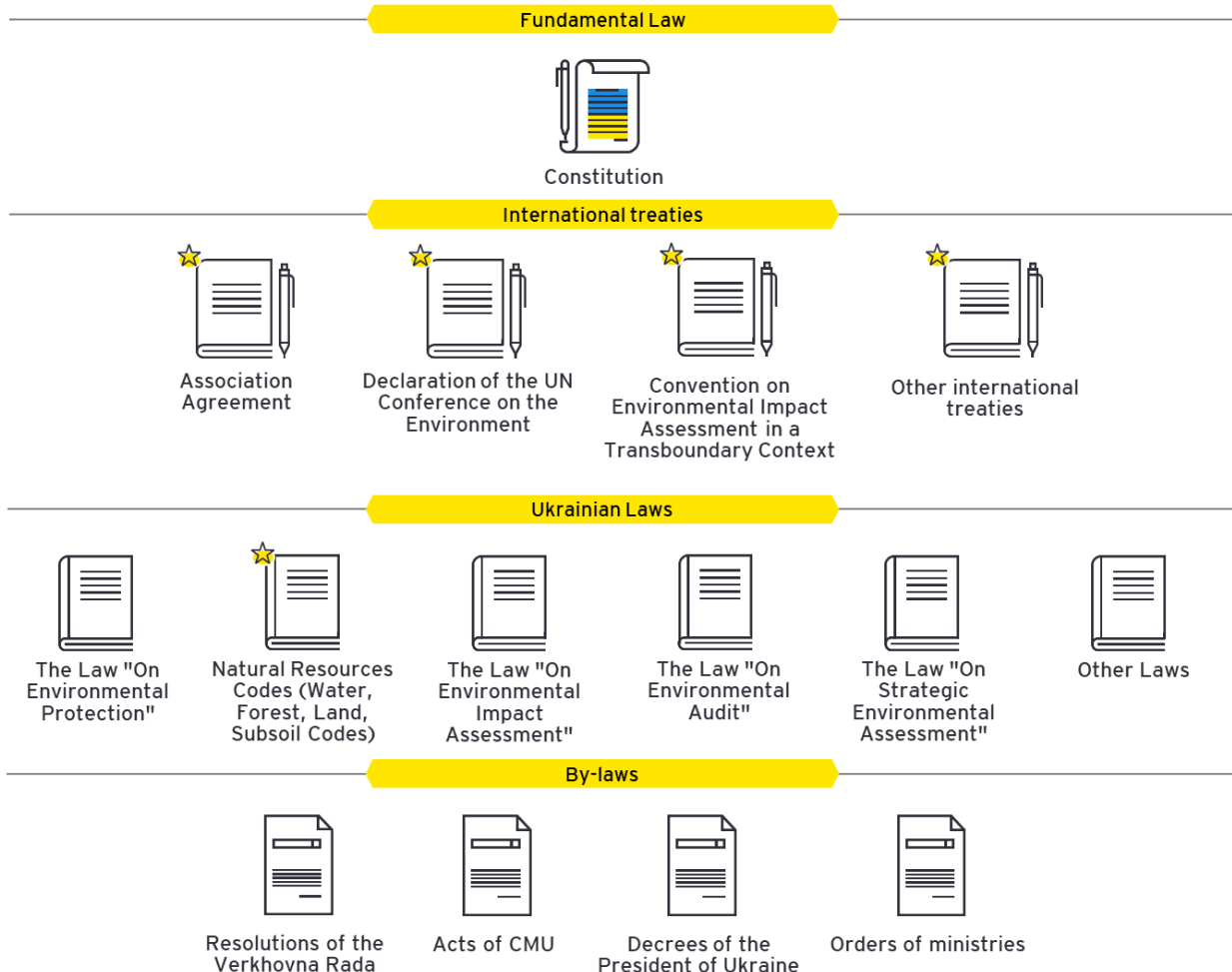


Figure 8.1: Statutory regulation of environmental activities

The Constitution of Ukraine sets forth the basic provisions of environmental protection activities, namely:

- ▶ Ensures environmental safety and maintenance of ecological balance is one of the main responsibilities of the state;
- ▶ Stipulates that land, subsoil, atmospheric air, water and other natural resources within the territory of Ukraine are objects of property rights of the Ukrainian people. On behalf of the Ukrainian people, the rights of the owner are exercised by the state authorities and local self-government bodies within the limits set by the Constitution.

Part of the Ukrainian national legislation on environmental protection activities are also the **existing international treaties, agreements and conventions ratified by the Verkhovna Rada**, including:

- ▶ The Association Agreement between Ukraine and the EU (in terms of environmental protection provisions);<sup>856</sup>
- ▶ Declaration of the UN Conference on Human Environment;<sup>857</sup>
- ▶ Convention on Environmental Impact Assessment in a Transboundary Context,<sup>858</sup> etc.

The provisions of international treaties have priority over the provisions of the Ukrainian legislation (except for the Constitution).<sup>859</sup>

The Law of Ukraine "On Environmental Protection" (hereinafter - the "Environmental Law")<sup>860</sup> is the basic law that governs social relations in the process of environmental activities and establishes the foundations of organization of environmental protection. The purpose of the law is to govern relations in the field of protection, use and reproduction of natural resources, environmental safety, prevention and elimination of negative impacts of economic and other activities on the environment, conservation of natural resources, etc.<sup>861</sup>

**The Codes** such as the Subsoil Code of Ukraine,<sup>862</sup> the Land Code of Ukraine,<sup>863</sup> the Forest Code of Ukraine<sup>864</sup> and the Water Code of Ukraine<sup>865</sup> also play an important role in the environmental legislation framework.

For example, the Subsoil Code of Ukraine is designed to regulate mining relations to ensure rational, integrated use of subsoil, subsoil protection, ensuring the safety of people, property and the environment while using the subsoil, as well as protection of the rights and legitimate interests of companies, institutions, organizations and citizens.<sup>866</sup> According to the Subsoil Code of Ukraine, **subsoil is the exclusive property of the Ukrainian people and shall be provided for use only.**<sup>867</sup> The Subsoil Code provides for the issuance of special permits (licenses) for subsoil use. In some cases, including in case of violation of the law, the Subsoil

<sup>856</sup> [Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part](#), dated 21.03.2014.

<sup>857</sup> [Declaration of the United Nations Conference on the Human Environment](#) dated 16.06.1972.

<sup>858</sup> [Convention on Environmental Impact Assessment in a Transboundary Context](#) dated 19.03.1999.

<sup>859</sup> [Article 71](#) of the Law of Ukraine "On EP" No. 1264-XII dated 25.06.1991

<sup>860</sup> The Law of Ukraine "On EP" No. 1264-XII dated 25.06.1991

<sup>861</sup> [Article 1](#) of the Law of Ukraine "On EP"

<sup>862</sup> [Subsoil Code of Ukraine](#)

<sup>863</sup> [Land Code of Ukraine](#)

<sup>864</sup> [Forest Code of Ukraine](#)

<sup>865</sup> [Water Code of Ukraine](#)

<sup>866</sup> [Article 2](#) of the Subsoil Code of Ukraine.

<sup>867</sup> [Article 4](#) of the Subsoil Code of Ukraine.



Code of Ukraine requires the termination of the right to use subsoil and determines the procedure for such termination.<sup>868</sup>

The Land, Forest and Water Codes of Ukraine regulate relations that arise in the process of exercising the rights to the relevant natural resources, establish responsibilities of the users of natural resources, define public administration measures and liability for violations of land, forest and water legislation, etc.

Also, a number of other laws of Ukraine determine the basic principles of state policy and regulate certain issues in the field of environmental protection:

- ▶ The Law "On Environmental Impact Assessment" No 2059-VIII of 23.05.2017<sup>869</sup> (hereinafter - "the Law on EIA");
- ▶ The Law "On Environmental Audit" No 1862-IV of 24.06.2004<sup>870</sup> (hereinafter - "the Law on Environmental Audit");
- ▶ The Law "On Strategic Environmental Assessment" No 2354-VIII of 20.03.2018<sup>871</sup> (hereinafter - "the Law on Strategic Environmental Assessment");
- ▶ The Law "On Permit System in the Field of Economic Activities" No 2806-IV of 06.03.2005;<sup>872</sup>
- ▶ The Law "On Oil and Gas" No 2665-III of 12.07.2001;
- ▶ The Law "On Protection of Atmospheric Air" No 2707-XII of 16.10.1992;<sup>873</sup>
- ▶ The Law "On Waste" No 2707-XII of 05.09.1998;<sup>874</sup>
- ▶ The Law "On the Basic Principles (Strategy) of the State Environmental Policy of Ukraine till 2030" No 2697-VIII of 28.02.2019;<sup>875</sup>
- ▶ The Law "On the List of Permits in the Field of Economic Activities" No 3392-VI of 19.04.2011<sup>876</sup> etc.

**By-laws** are also important in the field of nature management, including, the resolutions of the Verkhovna Rada,<sup>877</sup> the acts of the Cabinet of Ministers,<sup>878</sup> decrees of the President of Ukraine, orders of ministries, etc.

Thus, the Decree of the Cabinet of Ministers of Ukraine<sup>879</sup> approved the National Environmental Protection Action Plan until 2025 aimed at improving the environment and quality of life and health of Ukrainians, and environmental safety. The Action Plan is designed to implement the National Environmental Policy Strategy of Ukraine until 2030. The objectives of the plan

<sup>868</sup> [Article 26](#) of the Subsoil Code of Ukraine.

<sup>869</sup> The Law of Ukraine "[On Environmental Impact Assessment](#)" No. 2059-VIII dated 23.05.2017.

<sup>870</sup> The Law "[On Environmental Audit](#)" No. 1862-IV dated 25.06.2004.

<sup>871</sup> The Law "[On Strategic Environmental Assessment](#)" No. 2354-VIII dated 20.03.2018.

<sup>872</sup> The Law "[On Permit System in the Field of Economic Activities](#)" No. 2806-IV dated 06.09.2005.

<sup>873</sup> The Law "[On Protection of Atmospheric Air](#)" No. 2707-XII dated 16.10.1992.

<sup>874</sup> The Law "[On Waste](#)" No. 2707-XII dated 05.09.1998.

<sup>875</sup> The Law "[On the Basic Principles \(Strategy\) of the State Environmental Policy of Ukraine till 2030](#)" No. 2697-VIII dated 28.02.2019.

<sup>876</sup> The Law "[On the List of Permits in the Field of Economic Activities](#)" No. 3392-VI dated 03.07.2020.

<sup>877</sup> "[On the Main Directions of the State Policy of Ukraine in the Field of Environmental Protection, Use of Natural Resources and Ensuring Environmental Safety](#)" No. 188/98-BP1 dated 05.03.1998, "On the State of Compliance with Environmental Legislation in Carrying out Activities Related to Subsoil Use in Ukraine" No. 1310-IV2 dated 20.11.2003, etc.

<sup>878</sup> "[On Approval of the Concept of the National Environmental Policy of Ukraine up to 2020](#)" No. 880-r4 dated 17.10.2007, "On Approval of the Regulations on the State Environmental Monitoring System" No. 391 dated 30.03.1998, etc.

<sup>879</sup> Decree of the Cabinet of Ministers of Ukraine "[On Approval of the National Environmental Action Plan for the period until 2025](#)" No. 443-r dated 21.04.2021.

include the integration of environmental policy in all areas of social and economic development of Ukraine and improvement and development of the state environmental management system.

As responsibilities in the field of environmental protection are assigned to different branches of government, the environmental issues are also regulated by **other non-profile laws and regulations** (for example, the Tax Code of Ukraine establishes the procedure for collecting environmental tax and rent, etc.).



### Draft laws aimed at improving environmental legislation

Ukraine is making efforts to improve its environmental law and regulations governing the use of natural resources.<sup>880</sup>

The important steps in this area include the development of an updated Subsoil Code, launched in 2020.<sup>881</sup> In 2020, the **draft Subsoil Code of Ukraine** was published on the official website of the Ministry of Environment.<sup>882</sup> The adoption of the new code is intended to promote, inter alia, more rational use of resources, bringing Ukrainian legislation in the field of subsoil use closer to European standards, etc. As of the date of this report, the draft law is being finalized.<sup>883</sup>

Also, on 19.02.2020, the **draft Law on State Environmental Control** was submitted to the Verkhovna Rada.<sup>884</sup> The draft law defines the legal and organizational framework, basic principles and procedure for state environmental control,<sup>885</sup> combines the control functions of the state bodies in the field of environmental protection into the mandate of one control body, expands its scope and proposes to create a single system for collecting, storing and systematizing information related to the state environmental controls. The draft law also provides for increased liability for non-compliance with the environmental legislation.

The **draft law on amendments to the Law of Ukraine "On Environmental Impact Assessment"**<sup>886</sup> proposes to improve the Environment Impact Assessment procedure (for more details, see **Section 8.1.4** of this Report).

The **draft law of Ukraine "On Environmental Insurance"**<sup>887</sup> proposes to create new financial mechanisms to compensate for damage caused to the environment, life, health, property, promote the modernization of polluting enterprises and introduce compulsory insurance for high-risk enterprises.

<sup>880</sup> The list of environmental bills on the [official website of the VRU](#)

<sup>881</sup> [Information](#) on the official site of the CMU

<sup>882</sup> Notification on the publication of the draft Code of Ukraine on Subsoil on [the website of the Ministry of Environment](#)

<sup>883</sup> [Information](#) on the official site of the CMU

<sup>884</sup> [Draft Law on State Environmental Control](#) No. 3091 dated 19.02.2020. The Draft Law is intended to reform the system of state environmental control for the implementation of the Law of Ukraine "On the Basic Principles (Strategy) of the State Environmental Policy of Ukraine for the period up to 2030", Sustainable Development Strategy "Ukraine - 2020", approved by Presidential Decree No. 5 dated 12.01.2015 and the medium-term plan of priority actions of the Government until 2020, approved by the Cabinet of Ministers of Ukraine No. 275 dated 03.04.2017.

<sup>885</sup> Activities of the authorized bodies of state environmental control to ensure compliance with the requirements of legislation in the field of environmental protection and use of natural resources (hereinafter - environmental legislation) by all state and local authorities (hereinafter - authorities), business entities and individuals are carried out to achieve a high level of environmental protection by monitoring the environment, prevention, detection, detection and recording of violations of environmental legislation and bringing those responsible to justice.

<sup>886</sup> [Draft Law on Amendments to the Law of Ukraine "On Environmental Impact Assessment" to improve the environmental impact assessment procedure](#) No. 5766 dated 14.07.2021.

<sup>887</sup> [Draft law on environmental insurance](#) No. 6018 dated 09.09.2021.

The draft law on amendments to some bylaws legislative acts of Ukraine to support the development of domestic mining industries<sup>888</sup> is important for the development of legislation on the use of natural resources. The draft law is aimed at creating a convenient and transparent subsoil use monitoring system at the state web portal "Interactive map of subsoil use and geology of Ukraine".

The draft Law on Amendments to Some Laws of Ukraine on Improving the Mechanism for Regulating Emissions of Pollutants into the Air, which is being considered by the Verkhovna Rada as of November 2021, envisages the introduction of the term "background concentration of pollutants in the air", the new responsibilities of the entities that are subject to control of emissions into the air, improvement of the procedure for issuing permits for emissions, etc.<sup>889</sup>

The draft law on prevention, reduction and control of pollution caused by industrial activities<sup>890</sup> is aimed at reducing harmful emissions by industrial companies and reducing energy consumption

Also, other draft law and bylaws are currently under consideration in the Verkhovna Rada, for example:

- ▶ Draft Law on Amendments to the Criminal Code of Ukraine to Strengthen Liability for Criminal Offenses against the Environment;<sup>891</sup>
- ▶ Draft Law on Basic Principles of Unscheduled Environmental Protection Control Measures;<sup>892</sup>
- ▶ Draft Law on Amendments to Certain Legislative Acts of Ukraine on Deregulation of Mineral Deposit Development, Mineral Processing and Mining;<sup>893</sup>
- ▶ Draft Law on Amendments to Certain Laws of Ukraine Concerning the Introduction of Liability for Violation of the Procedure for Carrying Out Strategic Environmental Assessment;<sup>894</sup>
- ▶ Draft Law on Amendments to Certain Legislative Acts of Ukraine Concerning Promotion of Effective Use of Oil and Gas Subsoil Areas;<sup>895</sup>
- ▶ Draft Law on Amendments to the Law of Ukraine "On Environmental Audit" in order to improve the procedure for conducting environmental audits;<sup>896</sup>

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<sup>888</sup> [Draft Law on Amendments to Certain Legislative Acts of Ukraine to Support the Development of Domestic Subsoil Use Industries](#) No. 4187 dated 05.10.2020.

<sup>889</sup> [Draft Law on Amendments to Some Laws of Ukraine on improvement of the mechanism of regulation of emissions of pollutants into the atmospheric air](#) No. 5339 dated 06.04.2021

<sup>890</sup> [Draft Law on the Prevention, Reduction and Control of Pollution arising from Industrial Activities](#) No. 4167 dated 29.09.2020.

<sup>891</sup> [Draft Law on Amendments to the Criminal Code of Ukraine on enhancing liability for criminal offenses against the environment](#) No. 6148 of 07.10.2021

<sup>892</sup> [Draft Law on the basic principles of unscheduled control measures in the field of environmental protection](#) No. 3417 dated 30.04.2020.

<sup>893</sup> [Draft Law on Amendments to Certain Legislative Acts of Ukraine Concerning the Deregulation of the Development of Mineral Deposits, Processing of Mineral Resources and Mining Operations](#) No. 5127 dated 22.02.2021.

<sup>894</sup> [Draft Law on Amendments to Some Laws of Ukraine on introduction of liability for violation of the procedure of strategic environmental assessment](#) No. 5159 dated 25.02.2021.

<sup>895</sup> [Draft Law on Amendments to Certain Legislative Acts of Ukraine on Stimulation of Efficient Use of Oil and Gas Subsoil Areas](#) No. 3187 dated 06.03.2020.

<sup>896</sup> [Notification](#) on the publication of the draft Law of Ukraine "On Amendments to the Law of Ukraine "On environmental audit" on improvement of the environmental audit procedure

- ▶ Draft Law on Waste Management<sup>897</sup> etc.

### 8.1.2 The system of bodies entrusted with the functions of ensuring compliance with nature management and environmental protection legislation

Public authorities and local governments shall perform, within their competence, the monitoring, research, strategic environmental assessment, environmental impact assessment, control, forecasting, programming, informing functions and other executive and administrative activities<sup>898</sup> to monitor compliance with environmental safety requirements, ensure effective and comprehensive environmental protection measures, rational use of natural resources, etc.

Formation of the basic principles of the state policy in the field of environmental protection is assigned to the Verkhovna Rada of Ukraine and the Verkhovna Rada of the ARC. Some powers are also vested in the local councils.

The state administration in the field of the environmental protection is carried out by the CMU, the Council of Ministers of the Crimea, the central bodies of state power, local councils and executive bodies of village, settlement and city councils and local state administrations in accordance with the legislation of Ukraine.

The main specially authorized bodies whose activities have an impact on the extractive sector are:

Public authority	Link to official website
Ministry of Environment <sup>899</sup>	<a href="https://mepr.gov.ua/">https://mepr.gov.ua/</a>
State Ecological Inspection	<a href="https://www.dei.gov.ua/">https://www.dei.gov.ua/</a>
State Service of Geology and Mineral Resources (Geology Service)	<a href="https://www.geo.gov.ua/">https://www.geo.gov.ua/</a>
State Water Agency	<a href="https://www.davr.gov.ua/">https://www.davr.gov.ua/</a>
State Forest Agency	<a href="https://forest.gov.ua/">https://forest.gov.ua/</a>
State Service of Geodesy, Cartography and Cadastre (State Geocadastre) <sup>900</sup>	<a href="https://land.gov.ua/">https://land.gov.ua/</a>

Detailed information on the powers of all of the above bodies is contained in **Annex 4** to this Report.

### 8.1.3. The right to use nature and the obligation to protect the environment

According to the Constitution, individuals and businesses have the right to use natural resources. The nature management rights in Ukraine, which are most often acquired by mining

<sup>897</sup> [Draft Law on Waste Management](#) No. 2207-1-d dated 04.06.2020.

<sup>898</sup> [Article 16](#) of the Environmental Protection Law

<sup>899</sup> Until May 2020, the authority of the Ministry of Environment was vested in the Ministry of Energy and Environment

<sup>900</sup> State Geocadastre monitors compliance with land legislation, land use and protection, soil fertility, etc.

companies, include subsoil use rights, land use rights, water use rights, etc. The key principles of nature management include special use, planning and duration, licensing and limitation, etc.

The natural resources shall be used in economic activities according to the **special use** procedure, which envisages providing natural resources based on **subsoil licenses**.<sup>901</sup>

Under the special use procedure, mining companies may obtain permits for subsoil use, special water use, use of forest resources, permits for emissions of pollutants into the atmosphere from stationary sources, waste management operations, etc.<sup>902</sup> In practice, most such permits are issued free of charge.<sup>903</sup> At the same time, a fee is charged for the issuance of subsoil licenses.

Therefore, mining companies obtain the right to use natural resources based on subsoil licenses. At the same time, they have a number of obligations related to the rational use of natural resources, prevention of negative environmental impacts, which are defined below.

### 1 Obligation to comply with environmental laws and rational use of natural resources

According to the environmental legislation, the use of natural resources shall be carried out in compliance with the mandatory environmental requirements. The Environmental Law specifies the following requirements:<sup>904</sup>

- ▶ rational and economical use of natural resources based on the widespread use of new technologies;
- ▶ implementation of measures to prevent damage, pollution, depletion of natural resources, negative impacts on the environment;
- ▶ implementation of measures for the reproduction of renewable natural resources, etc.

The procedure for extracting minerals, in particular in order to prevent negative environmental impacts and ensure the safety of built-up areas, is included in the special conditions of subsoil use, which is an integral part of the license for the use of subsoil.<sup>905</sup>

### 2 Obligation to conduct reclamation of disturbed land as a result of the activities of extractive companies

The lands that have undergone changes in the structure of the terrain, the ecological condition of soils and parent rocks and in the hydrological regime as a result of mining and exploration works are subject to reclamation.<sup>906</sup>

**Reclamation of disturbed lands** is a set of organizational, technical and biotechnological measures aimed at restoring soil cover, improving the condition and productivity of disturbed

<sup>901</sup> [Article 38](#) of the Environmental Law No. 1264-XII1 dated 25.06.1991.

<sup>902</sup> The Law of Ukraine "[On the List of Permitting Documents in the Field of Economic Activities](#)" No. 3392-VI dated 19.05.2011.

<sup>903</sup> Permission for emissions of pollutants into the atmosphere by stationary sources and permission for special water use are free. Also, as of today, there is no procedure in the legislation for issuing a permit for waste management operations. According to [Article 4-1](#) of the Law of Ukraine "On the Permit System in the Field of Economic Activities", permit documents shall be issued free of charge, unless otherwise provided by law.

<sup>904</sup> [Article 40](#) of the Environmental Law.

<sup>905</sup> [Paragraph 10](#) of Procedure for granting licenses for subsoil use.

<sup>906</sup> [Article 166](#) of the Land Code of Ukraine.

lands,<sup>907</sup> to be carried out at the expense of individuals and legal entities, whose initiative or fault resulted in the soil cover disturbance.<sup>908</sup>

The obligation to re-cultivate land is established by various laws.<sup>909</sup> The appropriate remediation measures shall be provided for in the working land management plan, in the mining facilities construction plans.

Also, the land remediation plan for the land disturbed during the search, exploration and extraction of minerals is an essential condition of PSA.<sup>910</sup>

State control over the proper execution of duties on land reclamation is carried out by the State Geocadastre.<sup>911</sup>

### 3

#### Obligation to make payments related to obtaining the right to use natural resources and tax payments

In connection with the use of nature and subject to the types of natural resources, the scope of rights and restrictions established by the relevant special permits for the use of natural resources, mining companies that are holders of such permits may pay the following taxes:

- 1) **rent** for the use of natural resources, namely:
  - a. use of subsoil for mining purposes;
  - b. use of subsoil for purposes not related to the extraction of minerals;
  - c. special use of water;
  - d. special use of forest resources.
- 2) **environmental tax** as compensation for damage caused to the environment due to its pollution as a result of:
  - a. emissions of pollutants into the atmosphere by stationary sources of pollution;
  - b. discharges of pollutants directly into water bodies;
  - c. placement of waste in specially designated places or facilities (except for the placement of certain types of waste as secondary raw materials in their own territories);
  - d. generation of radioactive waste (including already accumulated);
  - e. temporary storage of radioactive waste by their producers beyond the period established by the special conditions of the license.

<sup>907</sup> In particular, in accordance with the Law of Ukraine "On Land Protection", when conducting mining, exploration and other works related to soil disturbance, the separated soil mass shall be removed, stored, preserved and transferred back to disturbed or unproductive land plots in accordance with working land management projects. The volume of soil to be removed and separately stored shall be determined in the working land management projects. Reclamation of land plots shall be carried out by layer-by-layer application of the removed soil mass and the parent rock if needed on low-yielding land plots or plots without soil cover in a way that ensures the highest productivity of reclaimed lands.

<sup>908</sup> [Article 52](#) of the Law of Ukraine "On Land Protection".

<sup>909</sup> [Article 50](#) of the Subsoil Code, [Article 166](#) of the Land Code of Ukraine, [Articles 18, 46, 52, 55](#), the Law of Ukraine "On Land Protection", [Article 54](#) of the Law of Ukraine "On Land Management

<sup>910</sup> [Article 8](#) of the Law of Ukraine "On Product Sharing Agreement".

<sup>911</sup> [Article 18-1](#) of the Law of Ukraine "On Land Protection".

The rules of charging rent and environmental tax, as well as their distribution between the budgets of different levels are set out in **Section 6.5** of this Report.

#### 4 Obligation to restore the natural environment

Certain permits for the use of natural resources contain special obligations for the restoration of the environment. For example:

- ▶ Subsoil licenses (in agreements on the conditions of subsoil use) require subsoil users, in case of suspension of the license, (1) to carry out work in the subsoil area related to the prevention of emergencies or remediation of its consequences, as well as (2) to take measures to eliminate violations, which caused the suspension of the license.<sup>912</sup>
- ▶ Permits for special water use contain information on environmental measures aimed at protecting water, reducing pollution and ensuring the rational use of water and other natural resources etc., and deadlines for their implementation.<sup>913</sup>

#### 8.1.4 The extractive industry environmental impact monitoring and management

Environmental management in Ukraine is carried out, inter alia, through:

- ▶ introduction of the state environmental monitoring system;
- ▶ maintaining natural resource databases;
- ▶ introduction of regulations to ensure the minimization of negative environmental impact (the requirement to conduct EIA, strategic environmental assessment);
- ▶ control over the observance of environmental legislation by economic entities by conducting inspections by the State Environmental Inspectorate and applying sanctions for identified violations.



#### State environmental monitoring system

The current monitoring system in Ukraine is based on the Principles of the State Environmental Monitoring Program<sup>914</sup> and is designed to ensure the right of free access to environmental information in Ukraine, which is guaranteed by law.<sup>915</sup>

The procedure for the state monitoring of the environment is determined by the Cabinet of Ministers of Ukraine.<sup>916</sup>

<sup>912</sup> [Exemplary subsoil use agreements](#) are available at the Geology Service website.

<sup>913</sup> [The list of environmental measures](#) in the license.

<sup>914</sup> Decree of the CMU "[On Approval of the Concept of the State Program of Environmental Monitoring](#)" No. 992-r dated 31.12.2004.

<sup>915</sup> [Article 50](#) of the Constitution of Ukraine, [Convention on access to information, public participation in decision making and access to justice in environmental matters](#), [Article 9](#) of the Environmental Law, [Article 13](#) of the Law of Ukraine "On information" No. 2657-XII dated 02.10.1992, [Article 13](#) of the Law of Ukraine "On access to public information" No. 2939-VI dated 13.01.2011

<sup>916</sup> Resolution of the CMU "[On Approval of the Regulations on the State Environmental Monitoring System](#)" No. 391 dated 30.03.1998.



Monitoring includes the collection, processing, storage and analysis of information on the condition of the environment, forecasting its changes and developing scientifically sound recommendations for effective management decisions.<sup>917</sup>

The Ministry of Natural Resources and Environment (Ministry of Environment) is responsible for the methodological support for the integration of the components of the monitoring system. Monitoring of the condition of the certain components of the environment (different types of land, water, atmospheric air, etc.), the level of its pollution is performed by specially authorized state bodies within their authority in accordance with the Regulations on the state environmental monitoring system<sup>918</sup> and regulations on state monitoring of certain components of the environment (water,<sup>919</sup> air,<sup>920</sup> land<sup>921</sup>).

Companies, institutions and organizations, whose activities cause or may cause the deterioration of the environment, are also obliged to perform such observations and share analytical materials based on their observations to the relevant government bodies free of charge.

The state environmental monitoring information is historically insufficiently systematized and only partially published in the public domain, often it is not updated periodically. Currently, there is no full-fledged integrated environmental monitoring information system in Ukraine.

At the same time, a study was conducted in 2020 and an analytical report "Anti-corruption and social impact of open state environmental data in Ukraine"<sup>922</sup> was published in 2021 supported by the Ministry of Digital Transformation of Ukraine.

In addition, in May 2021, the national online platform *EcoSystem*<sup>923</sup> was launched in a test mode designed to provide centralized access to environmental information published by various public authorities and local governments. The platform is held by the Ministry of Environment.

Currently, the web portal contains a hierarchy of links to a large number of sources of information on the state of the environment (including the results of state monitoring, registers of special permits for the use of natural resources, information on licenses, pollutant emissions, etc.), and is constantly improved to increase the amount of information published.

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<sup>917</sup> [Article 22](#) of the Environmental Law

<sup>918</sup> According to the CMU Resolution, which determines the procedure for such monitoring, environmental monitoring shall be carried out by the Ministry of Economy, Ministry of Environment, State Agency of Ukraine on Exclusion Zone Management, the Geology Service, Ministry of Regional Development, State Space Agency, as well as State Emergency Service, State Forest Agency, State Water Agency, State Geocadastre and their territorial bodies, enterprises, institutions and organizations within their management, oblast, Kyiv and Sevastopol city state administrations, as well as the executive body of the Autonomous Republic of Crimea on environmental protection

<sup>919</sup> Resolution of the CMU "[On approval of the Procedure for state monitoring of waters](#)" No. 758 dated 19.09.2018.

<sup>920</sup> Resolution of the CMU "[Some issues of state monitoring in the field of air protection](#)" No. 827 dated 14.08.2019.

<sup>921</sup> Resolution of the CMU "[On Approval of the Regulations on Land Monitoring](#)" No. 661 dated 20.08.1993; Order of the Ministry of Agrarian Policy of Ukraine "[On Approval of the Regulations on Monitoring of Soil on Agricultural Lands](#)" No. 51 dated 26.02.2004.

<sup>922</sup> [Publication](#) on the website of the Ministry of Digital Transformation of Ukraine

<sup>923</sup> [Official web portal EcoSystem](#)



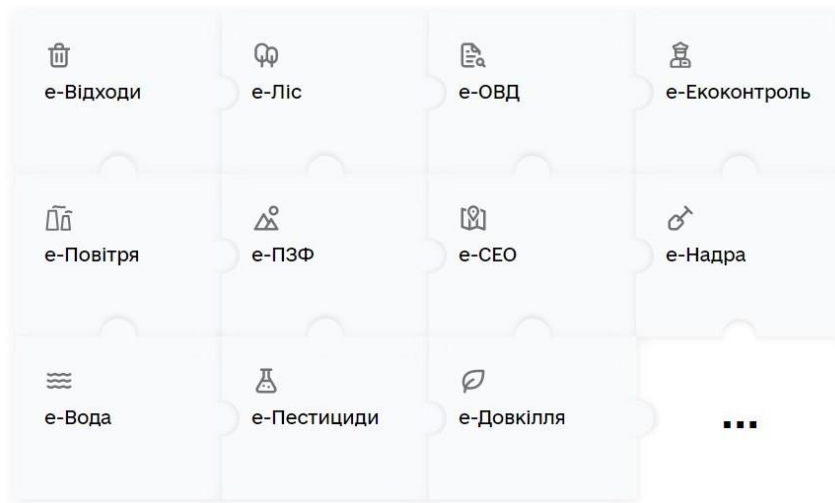


Figure 8.2: Overview of information available on the EcoSystem platform as of November 2021.

Although the introduction of the portal is a significant positive step towards the openness of data in the field of ecology and use of natural resources, the platform needs further development to include more information.<sup>924</sup>

Automated regional environmental monitoring information systems are being tested in some regions of Ukraine.<sup>925</sup>

There are also private and several public electronic resources in Ukraine that help to access data from government agencies, among others, for a comprehensive analysis of the state of the environment. For example:

Object of monitoring	Electronic Services
Surface water pollution monitoring	<ul style="list-style-type: none"> <li>▶ "Clean Water" tool</li> <li>▶ "Open Environment" Tool</li> </ul>
Air quality monitoring	<ul style="list-style-type: none"> <li>▶ <a href="#">SaveEcoBot</a></li> <li>▶ <a href="#">CityScale</a></li> <li>▶ <a href="#">EcoCity</a></li> <li>▶ <a href="#">ЛУН Micro Air</a></li> <li>▶ <a href="#">EcoInfo</a></li> </ul>

<sup>924</sup> For example, the information is missing in the subsection "Issuance of conclusion from the EIA", in the section "E-ecocontrol" there are no subsections "Information on the results of state supervision (control) in the field of environmental protection", "Information on the effectiveness of state supervision (control) by territorial bodies of the State Environmental Inspection", "Report on the implementation of the annual schedule of supervision (control) measures", etc.

<sup>925</sup> For example, the environmental monitoring center under the Dnipropetrovsk regional council (<https://ecomonitoring.info/>), which accumulates and updates information on the website about atmospheric air pollution, meteorological parameters, water parameters, gamma radiation and noise load within the region; the automated environmental monitoring system in the Donetsk region (<http://193.110.113.83:8091/asemDR/WFWater.aspx>), which collects information on monitoring atmospheric air, surface water, sea water, soil, groundwater, green areas

Monitoring of illegal dumps	"Ecomap" service from Ministry of Environment
Fire in ecosystems of Ukraine monitoring	"Don't Burn - Compost!" project
Centralized information on the environmental condition	"Open Environment" project



### Maintaining natural resource databases

To ensure accounting for and recording of quantitative, qualitative and other characteristics of natural resources, the volume, nature and mode of their use, the **state cadastres** of natural resources are maintained.<sup>926</sup>

Cadastre		Description	Access to information
State Cadastre	Land	<p>The unified state geoinformation system of information about the lands located within the borders of Ukraine, their purpose, restrictions on their use, as well as data on quantitative and qualitative characteristics of the lands, their evaluation, the distribution of land between the owners and users.</p> <p>Basis for maintaining other natural resource cadastres.<sup>927</sup></p>	<a href="#">The public cadastral map</a>
The State Cadastre Of Mineral Deposits And Manifestations		<p>The cadastre contains information about each deposit included in the State Fund of Mineral Deposits - on the quantity and quality of mineral reserves and available components, on technical mining, hydro-geological and other profiles of the deposit and its geological and economic assessment, as well as information about every mineral manifestation.<sup>928</sup></p>	<a href="#">The public cadastral map</a> contains some information related to the fields: the information on special permits, places of concentrated minerals and oil and gas wells

<sup>926</sup> Resolution of the CMU "[On Approval of the Regulation on Regional Cadastres of Natural Resources](#)" No. 1781 dated 28.12.2001.

<sup>927</sup> [Article 193](#) of the Land Code of Ukraine.

<sup>928</sup> [Article 43](#) of the Subsoil Code of Ukraine.

Cadastre	Description	Access to information
The State Mineral Reserves Balance Sheet	It contains information on the quality, quantity and degree of study of minerals in deposits of industrial importance, their location, level of industrial development, as well as information on production, losses and availability of explored mineral reserves for the purposes of public production. <sup>929</sup>	<a href="#">Data of the state mineral reserves balance sheet of Ukraine</a>
The State Water Cadastre	The cadastre is maintained to systematize the state recording of water and determine the water resources available for use	Available at a link on a <a href="#">separate site</a> or on the <a href="#">open data portal</a>
The State Forest Cadastre	The cadastre is maintained to support effective organization of forest protection, rational use of the forest fund of Ukraine, reproduction of forests, implementation of systematic control over qualitative and quantitative changes of forests.	The "Forests" layer on the <a href="#">Public cadastral map</a> contains some information: the identification code of the company currently using the forest; forestry number; forestry name; site name <sup>930</sup>
Regional natural resource cadastres	The cadastres contain systematized summary of information on quantitative, qualitative and other characteristics of all natural resources found in the Autonomous Republic of Crimea, regions, the cities of Kyiv and Sevastopol, as well as the volume, nature and mode of their use. <sup>931</sup>	The cadastres are not publicly available

According to the Environmental Law, the facilities that adversely affect or may affect the state of the environment are subject to state accounting. The recorded information should include the types and quantities of harmful substances discharged in the environment, types and volumes of harmful physical and biological impacts on it.<sup>932</sup>

<sup>929</sup> The total reserves of oil, petroleum bitumen, natural gas, condensate, ethane, propane, butanes, helium and other useful components (if available at the place of occurrence), as well as on balance sheet, conditionally on balance sheet, off-balance reserves and reserves of uncertain industrial value are subject to estimation and recording.

<sup>930</sup> Information on the official [website](#) of the State Agency of Forest Resources of Ukraine.

<sup>931</sup> Resolution of the Cabinet of Ministers of Ukraine "[On approval of the Regulations on regional natural resource cadastres](#)" No 1781 dated 28.12.2001.

<sup>932</sup> [Article 24](#) of the Environmental Law

The environmental information on the objects that are the biggest polluters of the environment shall be also provided through quarterly public informing via media about them and the state of the environment in the area of their operations.<sup>933</sup>

- ▶ In regard to the biggest polluters, the following information is publicly available:
- ▶ Rating of the TOP-100 largest polluters (as of the date of this report such information is only available for 2019<sup>934</sup> and the years before 2019) on the website of the Ministry of Environment
- ▶ Environmental open data sets (for example, a list of objects that are the largest polluters in Ukraine in terms of air emissions, waste generation, discharges of polluted wastewater into water bodies, etc.<sup>935</sup>)
- ▶ The list of objects registered with the state<sup>936</sup>
- ▶ The National Register of Emissions and Transfer of Pollutants<sup>937</sup>

Thus, the Ukrainian legislation sets the requirements for the collection, processing and public access to information on natural resources and the ecological state of the environment.

Some of this information is publicly available, and access to a large amount of information was simplified and / or further opened in 2020-2021. Private initiatives and support from international financial organizations are of great importance in the process of creating unified environmental information databases.

The availability of open data increases the effectiveness of environmental policy, environmental awareness and promote public control over the business operations of companies. However, some materials related to environmental pollutants are not fully available in open sources or were not updated in 2020.



### Measures to minimize the negative impact on the environment

#### ***Environmental Impact Assessment (hereinafter - EIA)***

EIA is carried out in order to prevent environmental damage from economic activities, ensure environmental safety, environmental protection, rational use and reproduction of natural resources in the making decisions on economic activities that may have a significant impact on the environment, taking into account national, community and individual interests.

To meet the obligations under the Association Agreement with the EU and in accordance with Directive 2011/92/EU on the assessment of the environmental impact of certain public and private projects, the Verkhovna Rada adopted the Law on EIA, which came into force on 18.12.2017 and which introduced the following:

<sup>933</sup> Order of the Ministry of Natural Resources and Environment "[On Approval of the Regulation on the quarterly informing of the population through the media about the objects that are the largest polluters of the environment](#)" No 397 dated 01.11.2005.

<sup>934</sup> [Top 100 Largest Polluting Enterprises Rankings for 2019](#) on Ministry of Environment website.

<sup>935</sup> Information from [the official portal](#) of Ministry of Environment

<sup>936</sup> [Information](#) available on the "EcoSystem" platform.

<sup>937</sup> National Pollutant Release and Transfer Registry [website](#).

- ▶ The EIA procedure that replaced the ecological impact examination procedure (with the previously issued results of ecological impact examination remain valid and have the status of an EIA conclusion);<sup>938</sup>
- ▶ A new permit - an EIA opinion, which must be obtained before the start of the planned activity (as opposed to the conclusion of the state ecological impact examination, which was obtained in the process of activity).

The Law on EIA specifies the list of planned activities that require obtaining an EIA opinion. The list includes:

- ▶ Extraction of minerals of national importance
- ▶ Extraction, storage and processing of hydrocarbons
- ▶ Construction of pipelines for oil and gas transmission, etc.

When determining the need for EIA, the criteria for determining the planned activities and facilities that are not subject to EIA are taken into account.<sup>939</sup> Compared to the previous law, the list of the planned activities that are not subject to EIA has been significantly expanded.

In addition to the core activities, mining companies usually have to conduct EIA for the related planned activities, such as plant reconstruction, waste disposal, construction of infrastructure facilities, etc.

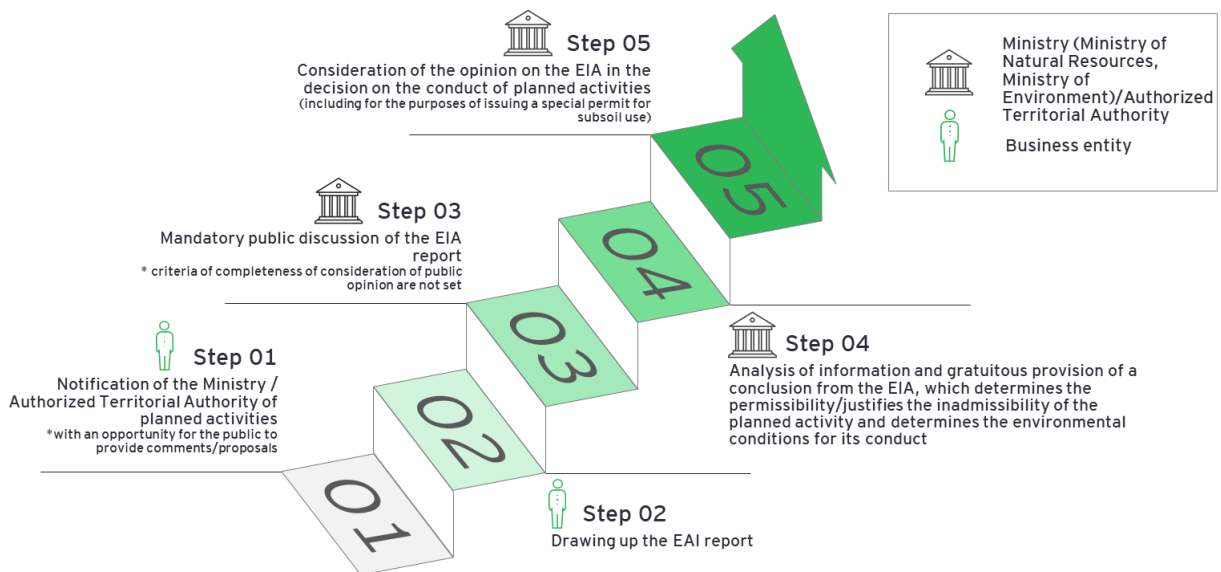


Figure 8.3: EIA procedure

Procedures for public hearings,<sup>940</sup> transfer of documentation for the provision of the conclusion from the EIA and maintenance of a single register on the EIA<sup>941</sup> have been approved by the

<sup>938</sup> The procedure for ecological impact examination was stipulated by the Law of Ukraine "On Ecological Impact Examination" No. 45/95-VR dated 09.02.1995, which was replaced with the Law on EIA

<sup>939</sup> Resolution of the CMU "On approval of criteria for determining the planned activities that are not subject to environmental impact assessment, and criteria for determining extensions and changes in activities and facilities that are not subject to environmental impact assessment" No. 1010 dated 13.12.2017.

<sup>940</sup> Resolution of the CMU "On approval of the Procedure for conducting public hearings in the process of environmental impact assessment" No. 989 dated 13.12.2017.

<sup>941</sup> Resolution of the CMU "On Approval of the Procedure for Transmitting Documents for Providing Environmental Impact Assessment Conclusions and Financing Environmental Impact Assessment and the Procedure for Maintaining the Unified Register of Environmental Impact Assessment" No. 1026 dated 13.12.2017.

CMU. All documents required under the EIA procedure are subject to publication in the Unified Register of EIA at <http://eia.menr.gov.ua> and through the EcoSystem platform in the e-EIA subsection.<sup>942</sup>

Carrying out any planned economic activity is prohibited if the subsoil user failed to fully ensure the compliance with the environmental conditions provided for in the EIA opinion.

A business entity bears disciplinary, administrative, civil and criminal liability for non-compliance with the environmental conditions of the EIA opinion.

Also, the activities that are carried out in violation of the legislation on EIA, may be:

- ▶ Temporarily prohibited (suspended): the operations of the enterprise or its individual shops (sections) and units of equipment is suspended till the environmental conditions stipulated in the EIA opinion are implemented;
- ▶ Terminated: the operations of the enterprise or its separate shops (sections) and units of equipment is completely terminated.<sup>943</sup>

The decision on temporary prohibition (suspension) or termination of operations in connection with a violation of EIA law is made by the court in a lawsuit filed by the State Ecological Inspection of Ukraine.

Given the duration of the procedure for obtaining an EIA opinion, agreements on the purchase (including payment) of subsoil licenses at the auction can be concluded with a deferred circumstance - till a positive EIA opinion within 6 months from the date of registration of notification of the planned activities.<sup>944</sup>

In addition, the obligation to conduct EIA for PSA projects was absent in 2020 - so, the investor is obliged to conduct EIA of the planned activities before it is carried out, but after the PSA is concluded.<sup>945</sup>

From 2020 to 2021, several bylaws on EIA were developed, in particular:

- ▶ The amount of the fee for conducting a public discussion in the process of environmental impact assessment was approved.<sup>946</sup>
- ▶ The templates of the report on public discussion of the planned activity is approved.<sup>947</sup>
- ▶ The legal framework and procedure for maintaining the register of EIA experts, the requirements and procedure for entering information into the register, the qualification requirements for EIA experts, as well as the procedure for appointment and work of experts in EIA expert commissions are approved.<sup>948</sup>

The laws and regulations related to EIA has been amended as a result of implementation of the measures designed to prevent the spread of coronavirus disease (COVID-19). According to the

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<sup>942</sup> [Subsection "e-EIA"](#) on the "EcoSystem" platform.

<sup>943</sup> [Article 16](#) of the Law on EIA

<sup>944</sup> [Paragraph 26](#), The procedure for conducting auctions for the sale of licenses

<sup>945</sup> [Article 11](#) of the Law on PSA

<sup>946</sup> Order of Ministry of Environment "[On approval of the amount of fees for public discussion in the process of assessing the impact on the environment](#)" No. 117 dated 03.09.2020.

<sup>947</sup> Order of Ministry of Environment "[On approval of the form of the report on public discussion of planned activities](#)" No. 145 dated 16.09.2020.

<sup>948</sup> Order of Ministry of Environment "[On ensuring the participation of experts in the environmental impact assessment](#)" No. 452 dated 06.07.2021.

law of 18.06.2020, temporarily, for the period of COVID-19 lockdown and within the lockdown territory and during 30 days from the date of its abolition, public discussion of the planned activities shall be conducted in the form of written comments and suggestions. Public hearings in the EIA process shall not be held and are shall not be scheduled for the dates within the lockdown period, as stated in the announcement of the launch of public discussion of the EIA report.<sup>949</sup>

At the time of submitting this report, a draft regulation<sup>950</sup> has been registered on the Verkhovna Rada of Ukraine website, which aims to improve EIA procedures and, in particular, provides for the introduction of electronic exchange of documents between EIA subjects, establishing a list of grounds for issuing an EIA conclusion that prevents from conducting business planned activities, a list of grounds for refusal in issuing an EIA conclusion, the obligation to publish a decision to refuse to issue a conclusion in the Unified EIA Register, etc.

### ***Strategic environmental assessment***

In 2015,<sup>951</sup> Ukraine ratified the Protocol on Strategic Environmental Assessment<sup>952</sup> to the Convention on Environmental Impact Assessment in a Transboundary Context.<sup>953</sup> Ratification of the Protocol and implementation of the strategic environmental assessment procedure were envisaged by the National Environmental Action Plan for 2011-2015<sup>954</sup> and the National Program for Adaptation of the Legislation of Ukraine to the Legislation of the European Union.<sup>955</sup>

The initiative stipulates that the parties, on an individual or collective basis, shall take all appropriate and effective measures to prevent significant harmful transboundary impacts as a result of the planned activity, as well as to reduce and control it.

The Law on Strategic Environmental Assessment,<sup>956</sup> which regulates relations in the field of environmental impact assessment of state planning documents, and applies to state planning documents relating, inter alia, to energy and providing for the implementation of activities subject to EIA procedure, is in force in Ukraine.

The strategic environmental assessment is carried out in the process of developing a state planning document before its submission for approval, and the implementation of the assessment is the responsibility of the customer (usually an executive body or local government).

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<sup>949</sup> Resolution of the CMU "[On amendments to Annexes 2 and 3 to the Procedure for transfer of documentation for the provision of environmental impact assessment conclusions and financing of environmental impact assessment](#)" No. 824 dated 14.09.2020.

<sup>950</sup> [Draft Law on Amendments to the Law of Ukraine "On Environmental Impact Assessment" Concerning the Improvement of the Environmental Impact Assessment Procedure](#) No 5766 of 14.07.2021.

<sup>951</sup> The Law of Ukraine "[On Ratification of the Protocol on the Strategic Environmental Assessment to the Convention on Environmental Impact Assessment in a Transboundary Context](#)" No. 562-VIII of 01.07.2015.

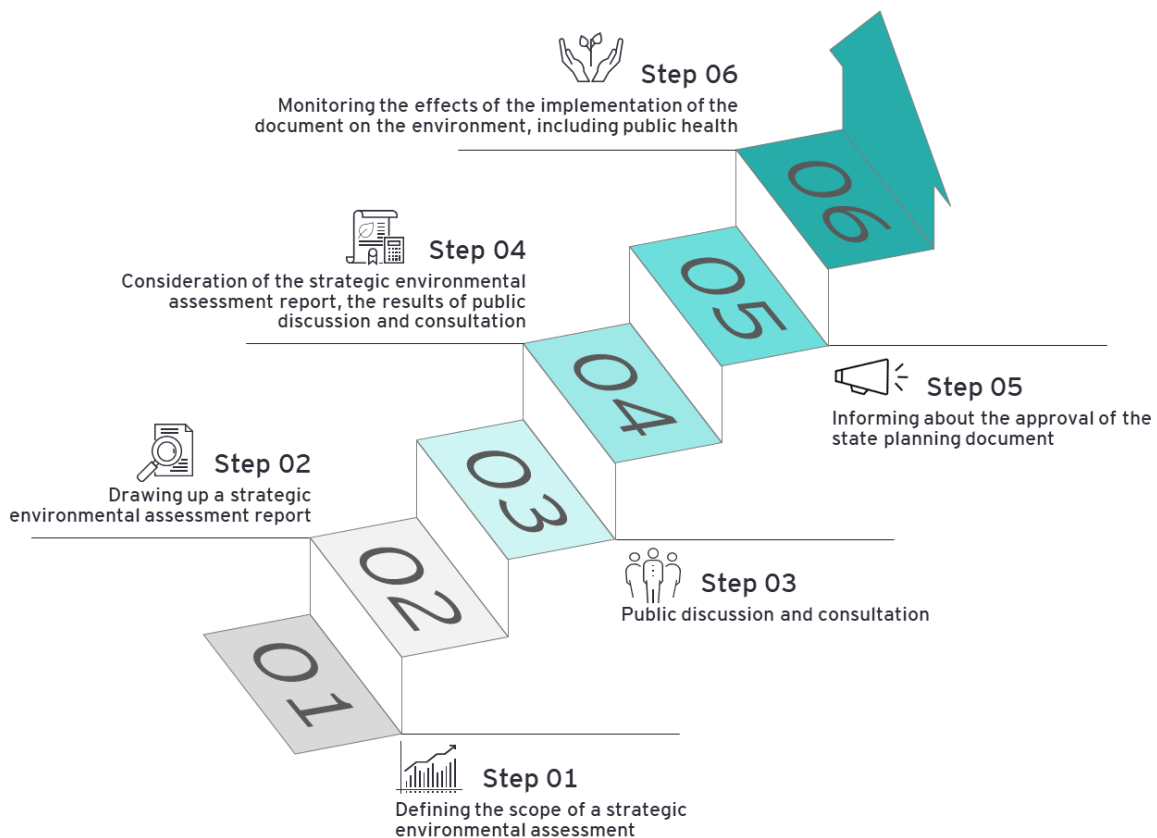
<sup>952</sup> [Protocol on the Strategic Environmental Assessment](#) of 21.05.2003.

<sup>953</sup> [Convention on Environmental Impact Assessment in a Transboundary Context](#) of 19.03.1999.

<sup>954</sup> Decree of the Cabinet of Ministers of Ukraine "[On Approval of the National Environmental Action Plan for 2011-2015](#)" No. 577-r of 25.05.2011.

<sup>955</sup> The Law of Ukraine "[On National Program for Adaptation of Ukrainian Legislation to European Union Legislation](#)", No. 1629-IV of 18.03.2004.

<sup>956</sup> The Law of Ukraine "[On Strategic Environmental Assessment](#)" No. 2354-VIII of 20.03.2018.



**Figure 8.4: Stages of Strategic Environmental Assessment**

- ▶ In October 2020, the Ministry of Environment approved the criteria for determining the environmental impacts, including on public health.<sup>957</sup> The criteria are the basis for deciding on the need for a strategic environmental assessment of minor changes to the state planning document, which was previously subject to strategic environmental assessment.
- ▶ The procedure for monitoring the consequences of the implementation of the state planning document for the environment, including for public health, was approved by the Cabinet of Ministers in December 2020.<sup>958</sup>
- ▶ Also, in 2021 the CMU approved draft laws proposing to establish liability for violations in the field of strategic environmental assessment.<sup>959</sup>

### **Environmental audit**

Environmental audit in Ukraine is conducted to ensure compliance with the environmental legislation in the process of economic and other activities.

<sup>957</sup> Order of the Ministry of Finance "[On Approval of the Criteria for Determining Consequences for the Environment, Including Public Health](#)" No. 213 dated 28.10.2020.

<sup>958</sup> Decree of the CMU "[On Approval of the Procedure for Monitoring the Effects of the State Planning Document on the Environment, including on public health](#)" No. 1272 dated 16.12.2020.

<sup>959</sup> [Draft law on amendments to the Code of Administrative Offences of Ukraine on imposing liability for failure to comply with the requirements of the Law of Ukraine "On Strategic Environmental Assessment"](#) No. 5160 dated 25.02.2021; [Draft Law on Amendments to certain Laws of Ukraine regarding the implementation of liability for violation of the procedure of strategic environmental assessment](#) No. 5159 dated 25.02.2021.



According to the Law "On Environmental Audit",<sup>960</sup> the environmental audit is an independent process of assessment of the environmental auditee in order to establish compliance of certain activities, measures, conditions, environmental management system and the relevant information with the requirements of Ukrainian legislation on environmental protection and other criteria of environmental audit.

The environmental auditee can be:

- ▶ enterprises, institutions and organizations, their branches and representative offices or associations, individual production units, other economic facilities;
- ▶ environmental management systems;
- ▶ other objects provided by law.

Environmental audits can be mandatory or voluntary.

Mandatory environmental audit is carried out at the request of the relevant executive bodies or local governments with regard to objects or activities that pose a high environmental risk,<sup>961</sup> in the following cases:

- ▶ bankruptcy;
- ▶ privatization, concession of objects of increased ecological danger, except for the cases specified by law;
- ▶ transfer or acquisition into state or communal ownership;
- ▶ transfer of state or communal property for long-term lease;
- ▶ creation of joint ventures on the basis of state and communal property;
- ▶ environmental insurance of facilities;
- ▶ termination of the production sharing agreement in accordance with the law;
- ▶ in other cases provided by law.

Environmental audit shall be conducted by certified environmental auditors.<sup>962</sup> It is designed to:

- ▶ collect reliable information on the environmental aspects of the production activities of the environmental auditee and use it as a basis for the environmental audit opinion;
- ▶ establish compliance of environmental auditees with the requirements of the legislation on environmental protection and other criteria of ecological audit;
- ▶ assess the impact of the activities of the environmental auditee on the state of the environment;

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<sup>960</sup> [Article 1](#) of the Law on Environmental Audit.

<sup>961</sup> The list was approved by the Resolution of the CMU "[On approval of the list of activities and facilities that pose a high environmental risk](#)" No. 808 dated 28.08.2013, however in February 2019 the resolution based on the Resolution of the CMU No. 128 dated 23.01.2019. In the by-laws, the wording "facilities or activities that pose an increased risk" has been replaced with the words "types of planned activities and facilities that may have a significant impact on the environment and are subject to EIA", but the relevant changes have not been made in the Law "On Environmental Audit".

<sup>962</sup> [Regulations on certification of environmental auditors](#) approved by the Order of the Ministry of Environment No. 27 dated 29.01.2007.

- ▶ assess the effectiveness, completeness and validity of measures taken to protect the environment by the environmental auditee.

The results of the environmental audit shall be presented in the form of an environmental audit report, which contains conclusions on the identified non-compliance of the environmental characteristics of the audited entity with the requirements of the law.<sup>963</sup> In June 2020, the website of the Ministry of Environment published the guidelines for the preparation, implementation and execution of an environmental audit report, developed for all stages of the environmental audit.<sup>964</sup>

The conclusions of the audit are taken into account in determining the conditions of privatization of state-owned objects engaged in activities related to an increased environmental risk, the environmental insurance of objects engaged in such activities, transfer or acquisition of state-owned objects and in other cases provided by law.

According to the law, violation of the rules of environmental audit may result in disciplinary, administrative or criminal liability, but as of today, no liability for violation of the rules of the statutory environmental audit is established.

On 16.07.2021, the Ministry of Environment published the draft Law of Ukraine "On Amendments to the Law of Ukraine "On Environmental Audit" to improve the procedure for conducting environmental audits.<sup>965</sup> The draft is designed to bring the provisions of the Law of Ukraine "On Environmental Audit" in line with the legislation of Ukraine, as well as to clarify the provisions of the law to ensure transparent mechanisms for carrying out environmental audit. The draft law proposes:

- ▶ elimination of the existing gaps in the regulations related to the statutory environmental audit for the objects and the types of activities that may have a significant impact on the environment;
- ▶ making amendments to the procedure for carrying out statutory environmental audits in the event of liquidation or decommissioning of the enterprises engaged in activities that may have a significant impact on the environment;
- ▶ separation of the conclusion of the environmental audit from the results of the environmental audit and specifying its content;
- ▶ ensuring the publication of the conclusions of the statutory environmental audit on the official websites of the environmental auditees and the Ministry of Environment;
- ▶ the need to conduct a statutory environmental audit based on a court decision to establish violations of environmental legislation of Ukraine, etc.

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<sup>963</sup> The environmental audit conclusion is a professional assessment of the environmental audit object, performed by the environmental auditor, which is based on the evidence of the environmental audit and is the main component of the environmental audit report. The environmental audit conclusion is an official document, which confirms with the signature and seal of the environmental auditor.

<sup>964</sup> [Methodological recommendations](#) on the website of the Ministry of Environment

<sup>965</sup> [Notification](#) on the publication of the draft Law of Ukraine "On Amendments to the Law of Ukraine "On environmental audit" to improve the procedure for environmental audits

## 8.2 Control of compliance with environmental legislation



### Inspections by the State Environmental Inspection

According to the Constitution, one of the main tasks of the state is to ensure environmental safety and maintain ecological balance. The state exercises continuous monitoring over compliance with environmental legislation.

The environmental protection oversight is designed to ensure compliance with environmental legislation by all government agencies, enterprises, institutions and organizations, regardless of their ownership and subordination, as well as citizens.

In particular, state supervision and oversight are carried out by **State Ecological Inspection of Ukraine** in regard to compliance with the requirements of the legislation:

- ▶ on ecological safety, including on fulfillment of conditions of EIA opinions, opinions of the state ecological examination;
- ▶ on use and protection of lands and subsoil;
- ▶ regarding the availability of permits, limits and quotas for special use of natural resources, compliance with their conditions;
- ▶ on waste management, etc.

Inspections of the State Environmental Inspection are carried out on the basis of its Regulations and the Law on the Basic Principles of State Supervision. There is no separate procedure for inspections by the State Environmental Inspectorate, which in practice leads to administrative and legal disputes with business entities, as the existing procedural legislation does not fully take into account the specifics of the environmental inspections.<sup>966</sup>

The State Environmental Inspectorate shall conduct the following inspections of business entities:

- ▶ *Scheduled inspections* are performed based on the plans that are approved annually no later than 01 December of the year preceding the year of inspection.<sup>967</sup> The list of the companies that were included in the plan for 2020 is available on the website of the State Environmental Inspectorate.<sup>968</sup> The frequency of planned activities depends on the degree of risk generated by the company.
- ▶ *Unscheduled inspections* are performed at the voluntary request of a business entity; at the request of individuals whose rights have been violated; in case the State Environmental Inspectorate identifies inaccuracy in data in the reporting documents of companies and in some other cases.<sup>969</sup>

<sup>966</sup> The Law establishes general requirements for state supervision (control), determines the main aspects of scheduled and unscheduled activities to carry out state supervision (control), defines the rights and obligations of the state supervision (control) body, the business entity, establishes the liability of the business entity for failure to comply with instructions, orders or other administrative documents on the elimination of violations of legal requirements identified during the conduct of measures of state supervision (control), in the form of fines, in the manner prescribed by law, etc.

<sup>967</sup> [Article 5](#) of Law on Basic Principles of State Supervision

<sup>968</sup> [Inspection plans for 2020](#) on the official website of the State Environmental Inspection Service.

<sup>969</sup> The full list is in [Article 6](#) of the Law on Basic Principles of State Supervision

Based on the results of inspections, the State Environmental Inspectorate shall draw up an act using a unified template and is publicly available.<sup>970</sup>

In the future it is planned to simplify the documentary work of inspectors of the State Environmental Inspectorate is planned to be simplified by automating some processes through the development and operation of the Environmental Inspector e-system, its integration with a number of registers, including the Unified Register of EIAs and the Register of Pollutants.<sup>971</sup>

According to the Regulation on the State Ecological Inspection of Ukraine, it has a powerful mandate to eliminate violations of environmental and other legislation, including the following:

- ▶ Issues to executive authorities and local governments:
  - ▶ Instructions to suspend or revoke permits, licenses, certificates, conclusions, decisions, limits, quotas, approvals, certificates for special use of natural resources, emissions and discharges of pollutants into the environment, handling of hazardous chemicals, as well as on setting standards permissible levels of harmful effects on the environment;
  - ▶ Requirements to bring their decisions on issues within the competence of the State Ecological Inspection of Ukraine in line with the law;
- ▶ Applies to the State Geocadaastre for suspension of subsoil licenses in case of violation of the requirements of the legislation on environmental protection during subsoil use by business entities.
- ▶ Provides business entities with mandatory orders to eliminate the identified violations.
- ▶ Draws up protocols on administrative offenses and imposes administrative penalties, for violations under the Code of Administrative Offenses (from UAH 17 to UAH 85,000).<sup>972</sup>
- ▶ Claims for harm, damages and losses caused to the state as a result of violation of the legislation on matters within its competence, and estimates their amount, appeals to the court with the claims for their compensation.
- ▶ Applies to the court with a claim for a partial or complete suspension of business activities.
- ▶ Takes measures to stop the unauthorized use of subsoil and construction of mineral deposits area in violation of the established procedure, etc.

The official website of the State Ecological Inspection of Ukraine contains a list of questions to business entities asked during the inspection,<sup>973</sup> penalties and methods of estimating losses

<sup>970</sup> Order of the Ministry of Environment "On approval of the Unified form of the act, prepared by the results of the scheduled (unscheduled) measures of state supervision (control) on compliance with the requirements of economic entities in the field of environmental protection, rational use, reproduction and protection of natural resources" No. 450 dated 26.11.2019.

<sup>971</sup> Information from the official website of the CMU.

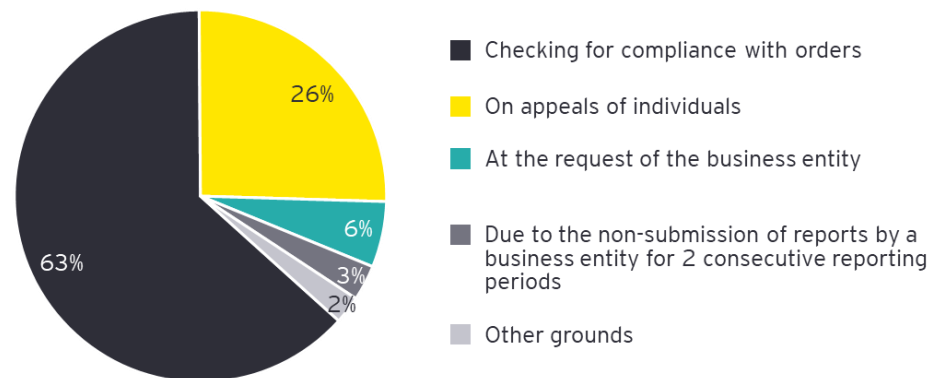
<sup>972</sup> In particular, these are Articles [47-50](#), [52-53-1](#), [53-3-54](#), [59-77-1](#), [Article 78](#) (except for violations of sanitary regulations), [Article 78-1](#), [79](#), [79-2](#), [Article 80-83](#) (except for violations of sanitary norms), [part 1](#), [part 3 of Article 85](#), [Article 86-1](#), [Article 87](#), [Article 89](#) (on wild animals), [Article 90-1](#) (except for violations of sanitary norms), [Article 91-1 - 91-4](#), [Article 95](#) (except for violations of sanitary and nuclear safety norms), [Article 153](#), [Article 167](#) (on selling oil products, ecological indicators of which do not meet requirements of standards, norms and rules), [Article 188-5](#), [part 2](#), [part 4](#), [part 5 of Article 85](#), [Articles 85-1](#), [88](#), [88-1](#), [88-2](#), [90](#), [91](#), [91-5](#), [164](#) of the Code of Administrative Offences - with regard to violation of the procedure of economic activities related to rational use, reproduction and protection of natural resources (land, subsoil, surface water, atmosphere air, flora and fauna, natural resources of the territorial waters, continental shelf and exclusive (maritime) economic zone of Ukraine, extraction and use of fish and other living aquatic resources), waste management (except radioactive waste management), hazardous chemicals, pesticides and agrochemicals, violation of legislative requirements in the field of EIA

<sup>973</sup> The list of [questions](#).

and damages in case of violation.<sup>974</sup> The results of inspections are available on the web-site of State Ecological Inspection.<sup>975</sup>

Due to the introduction of lockdown in order to prevent the spread of coronavirus disease,<sup>976</sup> the inspections by the State Environmental Inspectorate were suspended for the period of the lockdown (i.e. starting from 17.03.2020 - the date of entry into force of the law establishing the moratorium). In December 2020, the scheduled inspections of high-risk businesses actually resumed.<sup>977</sup>

At the same time, throughout 2020, the State Environmental Inspectorate continued its unscheduled inspections. They were carried out by the State Environmental Inspection on various grounds directly stipulated by law:<sup>978</sup>



**Figure 8.5: Grounds for unscheduled inspections State Environmental Inspection in 2020**

At the same time, there is no publicly available information on the number of mining companies in the total number of economic entities that were inspected during 2020.

The information on the results of the inspections carried out by the State Environmental Inspectorate is published by some companies in the public domain. For example, 8 inspections the Naftogaz Group conducted during 2020 on compliance with environmental safety requirements, as a result of which the companies of the Naftogaz Group paid a total of UAH 213,000 in fines.<sup>979</sup>



**Sanctions in case of violation of the rules of environmental management and environmental legislation**

Violation of environmental legislation can result in various negative consequences for the user of natural resources, including deprivation of the right to use nature resources, bringing to the

<sup>974</sup> [The penalties and methods](#) of estimating losses and damages.

<sup>975</sup> [Inspection Portal](#)

<sup>976</sup> Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine Aimed at Preventing the Spread of Coronavirus Disease \(COVID-19\)](#)" No 530-IX dated 17.03.2020.

<sup>977</sup> [Paragraph 3](#) of the final and transitional provisions of the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine to Support the Taxpayers for the Period of Measures to Prevent the Spread of Coronavirus (COVID-19)" No 533-IX dated 17.03.2020 .; [paragraph 6](#) of the final and transitional provisions of the Law of Ukraine "On Social Support of Insured Persons and Business Entities for the Period of Restrictive Anti-Epidemic Measures Introduced to Prevent the Spread of Acute Respiratory Disease COVID-19 Caused by Coronavirus 2 SARS-CoV" No 1071-IX dated 04.12.2020.

<sup>978</sup> Based on the information available on the Inspection Portal in the subsection "[Results of unscheduled inspections](#)"

<sup>979</sup> [Section 5](#) of Naftogaz Group's Annual Report for 2020.

appropriate type of legal liability.

The Environmental Law stipulates that violation of the legislation of Ukraine on environmental protection entails disciplinary, civil, administrative and criminal liability.<sup>980</sup>

Thus, the responsibility for violating the legislation on environmental protection shall be borne by persons guilty of:

- ▶ violation of citizens' rights to an ecologically safe environment;
- ▶ violation of environmental safety standards;
- ▶ violation of the requirements of the legislation on environmental impact assessment, including the submission of a knowingly false EIA opinion or EIA report;
- ▶ failure to take into account the results of the EIA in the prescribed manner and non-compliance with the environmental conditions specified in the EIA opinion;
- ▶ excessive, emergency and volley emissions and discharges of pollutants and other harmful effects on the environment;
- ▶ exceeding the limits and violating other requirements for the use of natural resources;
- ▶ unauthorized special use of natural resources;
- ▶ failure to take measures to prevent and eliminate the environmental impacts of accidents and other harmful effects on the environment;
- ▶ non-compliance with the ordinances of the bodies exercising state monitoring in the field of environmental protection and resistance to their representatives;
- ▶ refusal to provide timely, complete and reliable information on the state of the environment, as well as on the sources of pollution, concealment of cases of accidental pollution of the environment or falsification of such information;
- ▶ violation of the requirements of the legislation of Ukraine in the implementation of strategic environmental assessment, etc.

#### **A. Deprivation of the right to use nature**

One of the main principles of the state policy on the permit system in the field of economic activities is the environment protection.<sup>981</sup> In case of non-compliance with the legislation on nature management or environmental legislation, the business entity may be deprived of the right to use natural resources.

As for **subsoil licenses**, they can be suspended by Derzhgeonadra directly or upon the request of the Ministry of Environment, State Labor Service of Ukraine, Ministry of Health, State Ecological Inspection of Ukraine, local governments, State Tax Service in the case of:

- ▶ violation by the subsoil user of the conditions of subsoil use provided by the permit or agreement on the conditions of use of the subsoil area;
- ▶ emergence, as a result of works related to the use of the subsoil area, of direct threat to life or health of workers or the population;
- ▶ non-compliance with the recommendations of EIA opinion;
- ▶ lack of EIA opinion on mining minerals.

The right to use subsoil during the implementation of the PSA may be limited, temporarily prohibited (suspended) or terminated only by the Cabinet of Ministers of Ukraine, in the event

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<sup>980</sup> [Article 68](#) of the Environmental Law

<sup>981</sup> [Article 3](#) of the Law of Ukraine "On the permit system in the sphere of economic activity" No. 2806-IV dated 06.09.2005.

of an imminent threat to human life and health or the environment under the procedure prescribed by the PSA.<sup>982</sup>

After the termination of the permit, the subsoil user must stop the works in the subsoil area provided to him for use.

Also, the subsoil user may be denied an extension of the special subsoil use permit or even issuing such a permit, in particular, in case of any comments from the Ministry of Environment about non-compliance with the requirement of the environmental legislation to maintain the proper condition of the environment during subsoil use.

With regard to the *permit for special water use*, the grounds for termination of the right to special water use by revoking the permit are, inter alia, violation of the conditions of special water use and water protection, in respect of which the State Ecological Inspection of Ukraine previously issued an order to eliminate them within a reasonable time. Derzhgeonadra shall appeal to the administrative court with a claim for the application of a response measure in the form of revocation of the permit on the above grounds.<sup>983</sup>

Also, the reason for the refusal to issue a permit for special water use is the negative opinion issued by Derzhgeonadra or the Ministry of Health.<sup>984</sup> The right to special water use shall be terminated by the body that issued the permit for special water use.

With regard to the *permit for emissions of pollutants into the atmosphere*, the economic or other activities related to the violation of conditions and requirements for emissions of pollutants into the air and the extent of impacts of physical and biological factors on its condition provided by the permits may be limited, temporarily prohibited (suspended) or terminated in accordance with the law.<sup>985</sup> At the same time, the procedure for conducting and paying for the work related to the issuance of permits for emissions of pollutants into the atmosphere by stationary sources; registering enterprises, institutions, organizations and citizens – entrepreneurs who have received such permits<sup>986</sup> (adopted instead of the Regulations on the procedure for issuing permits for emissions of pollutants into the atmosphere by stationary sources<sup>987</sup>) does not contain such grounds for termination of activities as non-compliance with environmental legislation.

There are no regulations on issuance of permits for operations in the field of waste management and special use of forest resources.

So, one of the significant consequences of violation of environmental legislation for mining companies may be termination or restriction of the right to use subsoil.

## ***B. Administrative and criminal liability for violation of environmental legislation***

Administrative and criminal liability for environmental offenses and crimes is established in the relevant codes.

Chapter VIII of the Criminal Code of Ukraine provides for about 20 types of criminal offenses against the environment.<sup>988</sup> The liability for criminal offense against the environment may be

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<sup>982</sup> [Part 2 Article 17](#) of the Law on PSA

<sup>983</sup> [Article 55](#) of the Water Code of Ukraine.

<sup>984</sup> [Article 49](#) of the Water Code of Ukraine.

<sup>985</sup> [Article 12](#) of the Law of Ukraine "On Protection of Atmospheric Air".

<sup>986</sup> Resolution of the CMU "[On approval of the Procedure for conducting and paying for work related to the issuance of permits for emissions of pollutants into the atmosphere by stationary sources, registering enterprises, institutions, organizations and citizens – entrepreneurs who received such permits](#)" No. 302 dated 13.03.2002.

<sup>987</sup> Resolution of the CMU "[On approval of the Regulations on the procedure for issuing permits for emissions of pollutants into the atmosphere by stationary sources](#)" No. 364 dated 29.05.1995.

<sup>988</sup> Type of penalties for criminal offenses: (1) against environmental security (Articles [236](#), [237](#), [238](#), and [253](#)); (2) in land use, subsoil protection, atmospheric air (Articles [239](#), [239-1](#), [239-2](#), [240](#), [240-1](#), [241](#) and [254](#)), (3) in water protection (Articles [242](#), [243](#) and [244](#)), (4) in forest management, plant and animal protection (Articles [245](#), [246](#), [247](#), [248](#), [249](#), [250](#), [251](#) and [252](#))



different, depending on the type of offense: fine, arrest, restriction of liberty, imprisonment with deprivation of the right to hold certain positions, with or without confiscation of property.

Administrative liability for violations of environmental legislation is provided for in Section II of the Code of Administrative Offenses (mainly Chapter VII) and, depending on the type of offense, is accompanied by warnings, fines (in some cases confiscation of illegally extracted environmental objects or prohibited mining tools).<sup>989</sup>

The application of the disciplinary, administrative or criminal liability measures does not release the perpetrators from compensation for damage caused by environmental pollution and deterioration of natural resources. Illegally extracted resources and products made from them are subject to free seizure, and instruments of crime shall be confiscated.

### ***C. Compensation for damage caused by violation of environmental legislation***

If a mining company conducts its business operations in violation of environmental legislation and causes damage to the environment, such a company is usually obliged to compensate the damage in full.<sup>990</sup>

Most often, such compensation is based on a court decision at the request of the State Environmental Inspectorate, which estimates the amount of damage in accordance with established methodology.

### ***D. Potential sanctions proposed by the draft law on state environmental control***

In 2021, the draft Law On State Environmental control<sup>991</sup> No 3091 of 19.02.2020 passed its first reading. The draft law establishes administrative and economic sanctions for violations of environmental legislation by economic entities, the grounds, procedure and subjects of the sanctions.

The sanctions include fines, temporary prohibition (restriction) of activities carried out in violation of environmental legislation, suspension of permits or licenses for certain economic activities, revocation of a permit or a license for certain economic activity, termination of business entities in case of violation of environmental legislation.

The related draft law No 5414 of 22.04.2021 (which is currently not adopted) proposes to amend the Code of Administrative Offenses, introduces bilateral liability - both for business and for supervisory authorities.<sup>992</sup>

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<sup>989</sup> The type of punishment for administrative violations of environmental legislation is established by Chapter VI (offenses concerning the right of ownership of natural resources ([Articles 47-50](#) Code of Administrative Offenses), [Chapter VII](#) of Code of Administrative Offenses (administrative violations in the field of environmental protection, use of natural resources, protection of cultural heritage ([Articles 52-92-1](#)), etc.

<sup>990</sup> [Article 69](#) of the Environmental Law, [Article 56](#) of the Law on Land Protection, [Article 67](#) of the Subsoil Code, [Article 111](#) of the Water Code, [Article 34](#) of the Law on the Protection of Atmospheric Air, [Article 43](#) of the Law on Waste, etc.

<sup>991</sup> [Draft Law on State Environmental Control](#) No 3091 of 19.02.2020.

<sup>992</sup> [Draft Law on Amendments to the Code of Administrative Offenses in connection with the adoption of the Law of Ukraine "On State Environmental Control"](#) No. 5414 dated 22.04.2021.



## 8.3 Actual indicators of the environmental impact of the extractive industries in 2020

The State Statistics Service of Ukraine regularly publishes open statistical data on the impact of various sectors of the economy on the environment and the implementation of environment protective measures. To meet the requirement of EITI Standard 6.4, the Independent Administrator analyzed the data of selected government statistics surveys in waste generation, air pollutant emissions, and water use by extractive industries, and environmental expenditures in 2020.

### 8.3.1 Waste management

According to the State Statistics Service, metal ore mining industry (category A.7 "Metal ore mining waste" (Chapter 13)) is the leader of the accountable extractive industries in terms of waste generated - 361,771.37 thousand tons, which is 6.55% more than in 2019. The decrease in waste from the oil and natural gas industry is due to the reduction in the production of oil and natural gas in 2020.

*Table 8.1: The volume of waste generated in the extractive industries in 2020<sup>993</sup>*

Waste category <sup>994</sup>	Volume of generated waste in 2019, thousand tons	Volume of generated waste in 2020, thousand tons	Change, thousand tons	Change, %
A. 4 "Wastes from coal, lignite (brown coal), peat" (group 10)	14,571.04	14,829.43	258.39	1.77%
A. 5 "Wastes from crude oil and natural gas extracting; wastes from oil and gas extracting services (other than exploration)" (group 11)	179.71	79.89	-99.82	-55.55%
A. 7 "Wastes from Iron ores mining" (group 13)	339,541.32	361,771.37	22,230.05	6.55%
A. 8 "Wastes from other minerals mining" (group 14), including:	37,564.11	41,102.78	3,538.67	9.42%
<b>Total</b>	<b>391,856.18,</b>	<b>417,783.47</b>	<b>25,927.29</b>	<b>6.62%</b>

### 8.3.2 Greenhouse gas emissions and decarbonization

As part of Ukraine's participation in the Paris Climate Agreement, comprehensive strategic changes for the sustainable socio-economic development of Ukraine were envisaged and key economic steps to reduce greenhouse gas emissions were identified<sup>995</sup>.

<sup>993</sup> SSSU, Waste generation by classification groups of the state waste classifier in 2020, [http://www.ukrstat.gov.ua/operativ/operativ2018/ns/uv\\_zaklass/arch\\_uv\\_zaklass\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2018/ns/uv_zaklass/arch_uv_zaklass_u.htm)

<sup>994</sup> For a detailed description of waste categories please see the Waste Classifier DK 005-96, <https://zakon.rada.gov.ua/rada/show/v0089217-96#Text>

<sup>995</sup> The Paris Agreement ratified by Ukraine on July 4, 2016 [https://zakon.rada.gov.ua/laws/show/995\\_l61#Text](https://zakon.rada.gov.ua/laws/show/995_l61#Text)

In September 2015, the ordinance of the Cabinet of Ministers of Ukraine dated 16.09.2015 No 980-r approved the Ukraine's intended nationally determined contribution to the draft of the new global climate agreement.<sup>996</sup> After the Paris Agreement became effective, the contribution automatically is the first nationally determined contribution of Ukraine. According to the document, Ukraine has committed itself that in 2030 the greenhouse gas emissions would not exceed 60% of its 1990 levels.<sup>997</sup>

In 2018, the Cabinet of Ministers of Ukraine approved the "Low-Carbon Development Strategy of Ukraine until 2050"<sup>998</sup>, which was developed to meet Ukraine's international commitments under the Paris Agreement. The strategy identifies the need to separate economic growth and social development from the increasing greenhouse gas emissions issues.

In addition, the ordinance of the Cabinet of Ministers of Ukraine dated 13.06.2018 No 428-r approved the Action Plan for the implementation of the National Plan to reduce emissions from large combustion plants with an assessment of the required financial resources and proposals for funding sources and mechanism<sup>999</sup>.

In 2019, the European Industrial Strategy<sup>1000</sup> was adopted, which provides for the modernization of energy-intensive industries, reduction of greenhouse gas emissions and the creation of carbon control tools. This strategy has created a basis for national and corporate long-term policies that provide for carbon-free development.

At the end of 2019, the Law of Ukraine "On Principles of Greenhouse Gas Emissions Monitoring, Reporting and Verification" was adopted<sup>1001</sup>. To implement the provisions of the Law, the Cabinet of Ministers of Ukraine adopted the following resolutions:

- Resolution of 23.09.2020 No 880 "On approval of the list of activities, whose greenhouse gas emissions are subject to monitoring, reporting and verification";
- Resolution of 23.09.2020 No 960 "On approval of the procedure for monitoring and reporting on greenhouse gas emissions";
- Resolution of 23.09.2020 No 959 "On approval of the procedure for verification of the operator's report on greenhouse gas emissions".

In 2020, the draft National Energy Efficiency Action Plan until 2030<sup>1002</sup> was updated, which sets out the introduction of financial incentives for industrial companies, the carbon tax modification, as well as the use of funds collected from the carbon tax for soft loans for energy efficiency improving measures.

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<sup>996</sup> Ordinance of the Cabinet of Ministers of 16.09.2015 No 980-r "On Approval of the Expected Nationally Determined Contribution of Ukraine to the Draft New Global Climate Agreement", <https://zakon.rada.gov.ua/laws/show/980-2015-%D1%80#Text>

<sup>997</sup> Ukraine's intended nationally determined contribution (INDC) to the new global climate agreement,, <https://www4.unfccc.int/sites/NDCStaging/pages/Party.aspx?party=UKR>

<sup>998</sup> The low-carbon development strategy of Ukraine until 2050 approved on February 16, 2018, <https://mepr.gov.ua/news/31815.html>

<sup>999</sup> The order expired on the basis of the Order of the Cabinet of Ministers of 24.11.2021 №1512-r, <https://zakon.rada.gov.ua/laws/show/1512-2021-%D1%80#n5>

<sup>1000</sup> European industrial strategy, [https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy\\_en#documents](https://ec.europa.eu/info/strategy/priorities-2019-2024/europe-fit-digital-age/european-industrial-strategy_en#documents)

<sup>1001</sup> Law of Ukraine "On Principles of Greenhouse Gas Emissions Monitoring, Reporting and Verification", <https://zakon.rada.gov.ua/laws/show/377-20#Text>

<sup>1002</sup> Draft Energy Efficiency National Action Plan until 2030, <https://www.kmu.gov.ua/news/nacionalnij-plan-dij-z-energoefektivnosti-na-period-do-2030-roku-vneseno-na-rozglyad-uryadu>

In order to launch a comprehensive full-fledged greenhouse gas emissions monitoring, reporting and verification system, the Ministry of Environmental Protection and Natural Resources of Ukraine adopted the orders "On approval of the Procedure for state registration of installations in the Unified Register of Greenhouse Gas Emissions Monitoring, Reporting and Verification" of 03.02.2021 No 75<sup>1003</sup>, "On approval of standard forms of documents for greenhouse gas emissions monitoring, reporting and verification and requirements for their filling in" of 15.02.2021 No 113<sup>1004</sup> and "On approval of the procedure for maintaining the Unified Register for greenhouse gas emissions monitoring, reporting and verification" of 08.06.2021 No 370<sup>1005</sup>.

According to Article 4 of the Paris Agreement, the parties are committed to update their nationally determined contribution every 5 years, therefore Ukraine began the process of preparing its Second nationally determined contribution in 2018<sup>1006</sup>. On July 30, 2021, the Government of Ukraine approved a new climate target for Ukraine, which provides for the need to reduce greenhouse gas emissions by 2030 to 35% of its emissions in 1990.

In 2020, the Ukrainian legislation on simplifying the attraction of investments and introduction of new financial instruments was updated, namely the green bonds<sup>1007</sup> were introduced as a separate subtype of securities. The instrument helps to facilitate raising funds for environmental projects aimed at reducing emissions and modernization in accordance with the objectives of the adopted strategy.

In view of the above and within the framework of the Paris Agreement and Ukraine's goals to reduce greenhouse gas emissions, some Ukrainian mining companies have aimed to implement technologically innovative solutions for economic growth and reduction of greenhouse gas emissions into the atmosphere.

Among the reporting industries, the metal ore mining industry generates the most of greenhouse gas (CO<sub>2</sub>) emissions, while the largest amount of pollutant emissions into the atmosphere is produced by the coal and lignite mining industry - 341.7 thousand tons and 290.7 thousand tons, respectively.

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<sup>1003</sup> Order of the Ministry of Environment "On approval of the Procedure for state registration of installations in the Unified Register for Monitoring, Reporting and Verification of Greenhouse Gas Emissions" dated 03.02.2021 №75, <https://zakon.rada.gov.ua/laws/show/z0428-21#Text>

<sup>1004</sup> Order of the Ministry of Environment "On approval of standard forms of documents in the field of monitoring, reporting and verification of greenhouse gas emissions and requirements for their completion" from 15.02.2021 №113, <https://zakon.rada.gov.ua/laws/show/z0498-21#Text>

<sup>1005</sup> Order of the Ministry of Environment "On approval of the procedure for maintaining the Unified Register for greenhouse gas emissions monitoring, reporting and verification" of 08.06.2021 No 370, <https://zakon.rada.gov.ua/laws/show/z1060-21#Text>

<sup>1006</sup> Draft of the Second Nationally Determined Contribution of Ukraine to the Paris Agreement, <https://mepr.gov.ua/files/03082021/%D0%94%D0%BE%D0%B4%D0%B0%D1%82%D0%BE%D0%BA%20%D0%9D%D0%92%D0%92%20%D0%B4%D0%BB%D1%8F%20%D1%81%D0%B0%D0%B9%D1%82%D1%83.pdf>

<sup>1007</sup> Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Simplification of Attracting Investments and Introduction of New Financial Instruments" of June 19, 2020 <https://zakon.rada.gov.ua/laws/show/738-IX#Text>

**Table 8.2: Volumes of emissions of carbon dioxide and pollutants into the atmosphere from stationary sources by type of economic activity in 2020, thousand tons <sup>1008</sup>**

Extractive sector (according to NACE-2010)	Carbon dioxide emissions, thousand tons	Pollutant emissions, thousand tons
Mining and quarrying (NACE code - B)	2,119,743.0	365,586.0
Coal and lignite mining (NACE code - B05)	218.5	290.7
Metal ores mining (NACE code - B07)	341.7	23.2
Other minerals mining (NACE code - B08)	1.23	0.15

Some extractive companies have made public commitments to reduce greenhouse gas emissions by a certain target year. To achieve carbon neutrality and meet the requirements of the Low Carbon Development Strategy of Ukraine until 2050, the companies have developed their own integrated action plans designed to change their established practice of operations, develop new production technologies, and reduce greenhouse gas emissions.

**Table 8.3: List of companies with specific goals to achieve carbon neutrality**

Company	Fulfilling the goal of carbon neutrality	Actions to achieve carbon neutrality	Greenhouse gas emissions in 2019	Greenhouse gas emissions in 2020
Naftogaz of Ukraine NJSC <sup>1009</sup>	Until 2040	Reducing greenhouse gas emissions. Improvement of the greenhouse gas detection system. Access to new energy markets (solar and wind energy; development of biofuels; hydrogen production). Introduction of technologies with zero carbon impact.	7,402.60 thousand tons CO <sub>2</sub> -eq	2,217.30 thousand tons CO <sub>2</sub> -eq <sup>1010</sup>
DTEK Group LLC <sup>1011</sup>	Until 2040	Diversification of production. Renewable energy (creation of energy storage facilities from renewable energy sources). Increase of hydrogen production. Transformation of coal regions.	31,340.50 thousand tons CO <sub>2</sub> -eq	29,952.30 thousand tons CO <sub>2</sub> -eq
Metinvest Group <sup>1012</sup>	Until 2050	A roadmap for carbon neutrality is being developed.	-	9 300,00 thousand tons CO <sub>2</sub> -eq
FERREXPO PLC, including	-	-	1,404.90 thousand tons	1,262.60 thousand tons

<sup>1008</sup> SSSU, Emissions of pollutants into the atmospheric air from stationary sources of pollution in 2020 [http://www.ukrstat.gov.ua/operativ/operativ2018/ns/vzap/arch\\_vzrap\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2018/ns/vzap/arch_vzrap_u.htm)

<sup>1009</sup> Annual report of Naftogaz of Ukraine NJSC for 2020, [https://www.naftogaz.com/files/Zvity/Annual\\_report\\_Naftogaz\\_2020\\_UA\\_28\\_04\\_2021\\_1.pdf](https://www.naftogaz.com/files/Zvity/Annual_report_Naftogaz_2020_UA_28_04_2021_1.pdf)

<sup>1010</sup> In 2020, Naftogaz Group of companies generated a total of 2,217.3 thousand tons of CO<sub>2</sub>-eq. greenhouse gas emissions, which is 70.0% lower than the previous year. The main reason for this decrease in greenhouse gas emissions was the separation of the gas transportation system or anbandling.

<sup>1011</sup> Annual report of DTEK Group LLC for 2020, [https://dtek.com/en/investors\\_and\\_partners/reports/2020/](https://dtek.com/en/investors_and_partners/reports/2020/)

<sup>1012</sup> Annual report of Metinvest Group for 2020, <https://metinvestholding.com/Content/Entities/Report/28/en/%20metinvest-annual-report-2020.pdf>

Company	Fulfilling the goal of carbon neutrality	Actions to achieve carbon neutrality	Greenhouse gas emissions in 2019	Greenhouse gas emissions in 2020
Poltava Iron Ore Enrichment Works Pr.JSC <sup>1013</sup>			CO <sub>2</sub> -eq	CO <sub>2</sub> -eq
ArcelorMittal Group, including ArcelorMittal Kryvyi Rih PJSC <sup>1014</sup>	-30% until 2030, carbon neutrality until 2050	-	-	-

### 8.3.3 Emissions of pollutants into the atmosphere

According to the State Statistics Service, the development of quarries and mining (excluding coal) produces the largest amount of dust emitted into the atmosphere. Instead, coal production and processing release the largest amount of sulfur dioxide. The largest volumes of nitrogen dioxide, carbon monoxide and non-methane volatile organic compounds into the atmosphere are emitted in the process of searching for oil and natural gas fields, their extraction and transportation.

**Table 8.4: Total emissions of pollutants and greenhouse gases from companies with large combustion plants in 2020, tons<sup>1015</sup>**

Emission source category	Quantity of pollutants released into the atmospheric air, tons						
	Sulfur dioxide	Nitrogen dioxide	Carbon oxide	Non-methane VOCs	Polyaromatic hydrocarbons	Particulate matter Pm2.5	Particulate matter Pm10
Fugitive emissions from coal mining and processing	381.53	63.54	696.99	83.75	0.01	14.42	1,099.56
Fugitive emissions from oil and natural gas exploration, production, and transportation	32.29	895.58	4,503.93	4,168.43	0.65	244.66	1.45
Fugitive emissions from the distribution (separation) of petroleum products	46.99	52.09	184.39	1,503.94	1.06	0.91	2.58
Fugitive emissions from oil refining and storage	68.23	11.05	310.33	9,043.94	0.13	0.01	6.41
Quarrying and mining, excluding coal	101.36	512.35	1,718.95	203.38	8.29	527.62	5,547.62

<sup>1013</sup> Annual report of Ferrexpo PLC for 2020, <https://www.ferrexpo.com/system/files/uploads/financialdocs/ferrexpo-plc-ara-2020.pdf>

<sup>1014</sup> Annual report of ArcelorMittal Group for 2020, <https://corporate-media.arcelormittal.com/media/avkp1xck/annual-report-2020.pdf>

<sup>1015</sup> SSSU, Total emissions of pollutants and greenhouse gases by business entities with large combustion plants in 2020, [https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fwww.ukrstat.gov.ua%2Foperativ%2Foperativ2020%2Fns%2Fvzrap%2Fvzrap\\_20ue.xls&wdOrigin=BROWSELINK](https://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Fwww.ukrstat.gov.ua%2Foperativ%2Foperativ2020%2Fns%2Fvzrap%2Fvzrap_20ue.xls&wdOrigin=BROWSELINK)

Emission source category	Quantity of pollutants released into the atmospheric air, tons						
	Sulfur dioxide	Nitrogen dioxide	Carbon oxide	Non-methane VOCs	Polyaromatic hydrocarbons	Particulate matter Pm2.5	Particulate matter Pm10
Storage, processing, and transportation of minerals	8.48	214.02	112.98	328.51	0.04	111.76	1,588.84
<b>Total</b>	<b>638.88</b>	<b>1,748.63</b>	<b>7,527.57</b>	<b>15,331.95</b>	<b>10.18</b>	<b>899.38</b>	<b>8,246.46</b>

### 8.3.4 Use of water resources

According to the State Agency of Water Resources, there were 359 registered water users engaged in economic activity "Mining and Quarrying" in 2020. The coal mining and iron ores mining companies used the largest volumes of water for industrial needs taken from natural water bodies (including groundwater). At the same time, of all the extractive industries, the iron ore mining companies are the leaders in terms of using the reusable sequential water use systems.

**Table 8.5: Volumes of water use by categories of business activities in 2020, million cubic meters<sup>1016</sup>**

Indicator	Mining and quarrying	including:				
		Extraction of coal and lignite.	Crude oil and natural gas extraction	Mining of Iron ores	Other mining and quarrying	Providing support services in the field of mining and quarrying
Number of water users	359	51	29	27	236	16
Taken from natural water sources	272.34	111.67	12.29	111.12	37.09	0.15
<i>Including from underground water sources</i>	235.83	111.39	9.77	78.41	36.11	0.15
Fresh water used	100.44	15.05	3.64	75.58	5.66	0.05
<i>Including for drinking and sanitary needs</i>	7.15	2.21	0.47	4.01	0.44	0.03
<i>Including for production needs</i>	79.91	6.54	3.17	66.01	4.17	0.03
<i>Including for irrigation needs</i>	0.078	-	-	-	0.08	-
<i>Including for other needs</i>	13.29	6.75	0	5.57	0.97	0.001
General drainage	211.14	87.94	8.45	78.99	35.61	0.15
Return (waste) water dumped into surface water bodies: total	154.78	84.83	0.21	34.72	34.87	0.14
<i>Return (waste) water dumped into surface water bodies: polluted</i>	77.59	69.28	-	6.7	1.61	-
<i>Return (waste) water dumped into surface water bodies: normatively clean without cleaning</i>	47.28	0.09	-	25.30	21.78	0.12

<sup>1016</sup> State Water Resources Agency, Total Water Use in 2020 [https://www.davr.gov.ua/fls18/st2019/KVED\\_2020.pdf](https://www.davr.gov.ua/fls18/st2019/KVED_2020.pdf)  
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Indicator	Mining and quarrying	including:				
		Extraction of coal and lignite.	Crude oil and natural gas extraction	Mining of Iron ores	Other mining and quarrying	Providing support services in the field of mining and quarrying
Return (waste) water dumped into surface water bodies: normatively cleaned at the facilities	29,90	15,46	0,21	2,72	11,49	0,019
Transit water dumped	0.141	0.141				
Reverse sequential reuse	2,777.33	45.96	67.96	2,644.43	18.97	0.006

### 8.3.5 Environmental expenditures of extractive industries

According to the State Tax Service, the total environmental tax revenues from the reporting extractive industries<sup>1017</sup> in favour of the state in 2020 amounted to UAH 972,261.65 thousand. The largest share of total revenues is from waste disposal - UAH 631,125.57 thousand or 64.91%.

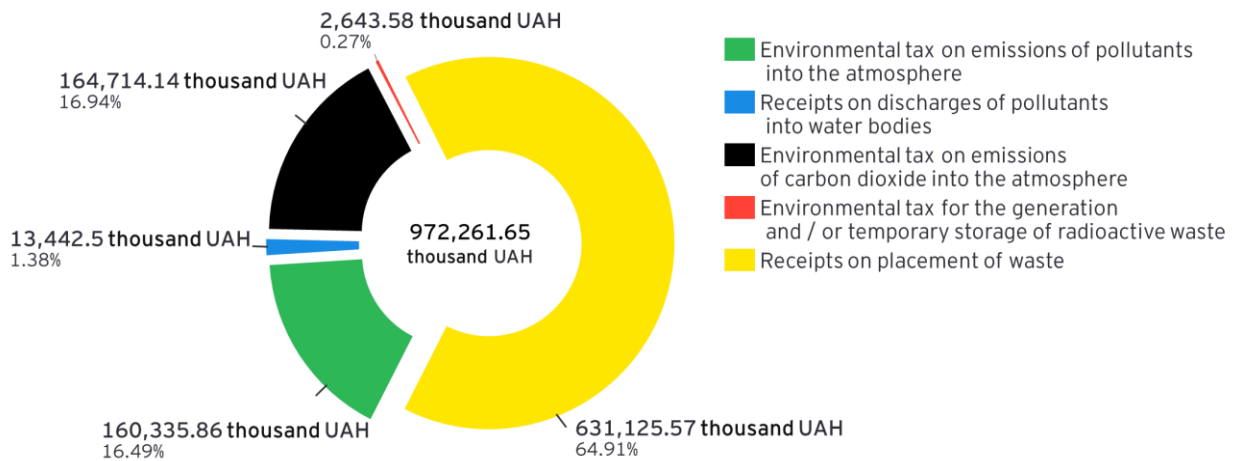


Figure 8.6: The structure of environmental tax revenues from reporting extractive industries in favour of the state in 2020

According to official data of the State Statistics Service, the total environmental protection expenditures by mining companies in 2020 amounted to UAH 11,289,872.60 thousand, with the metal ore mining industry covering 95.66% of the total - UAH 10,799,551.50 thousand.

<sup>1017</sup> The reporting extractive industries include oil and natural gas extraction, as well as coal mining, iron, titanium, and manganese ore mining. For detailed information on payments by the reporting mining companies to the state please see **Section 9**

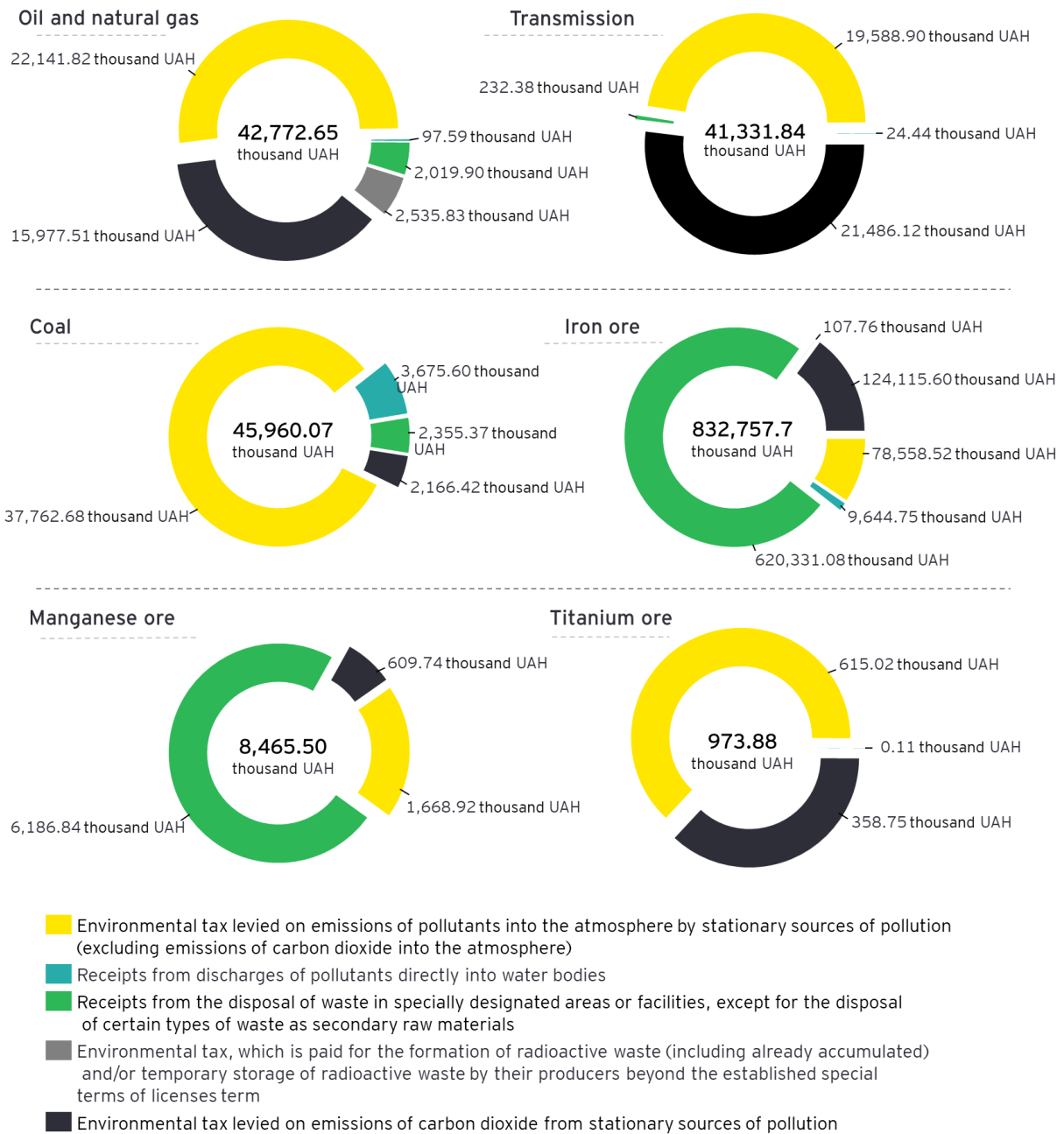
Table 8.6: Environmental protection expenditures by type of economic activity in 2020<sup>1018</sup>

Industry (according to NACE-2010)	Total, UAH thousand	including:		
		capital investments		current expenses
		total	including capital repairs	
<b>Extractive industry and quarrying, including:</b>	<b>11,289,872.00</b>	<b>3,762,622.60</b>	<b>250,194.70</b>	<b>7,527,249.40</b>
coal and lignite mining	237,544.10	85,015.50	1,379.30	152,528.60
extracting of crude oil and natural gas	132,364.70	37,983.30	-	94,381.40
metal ores mining	10,799,551.50	3,635,075.00	247,829.50	7,164,476.50
mining of other minerals and quarrying	119,800.30	4,548.80	985.90	115,251.50

The total capital investments of mining companies for environmental protection were UAH 3,762,622.60 thousand, and the total current expenditures in 2020 were UAH 7,527,249.40 thousand, which is UAH 292,386.10 thousand more than in 2019.

<sup>1018</sup> SSSU, Expenditures on Environmental Protection by Types of Economic Activity in 2020, [https://ukrstat.org/uk/operativ/operativ2018/ns/vonsved/arch\\_vonsved\\_u.html](https://ukrstat.org/uk/operativ/operativ2018/ns/vonsved/arch_vonsved_u.html)





**Figure 8.7: The structure of environmental tax revenues from the reporting extractive industries in favour of the state in 2020 by significant extractive industries<sup>1019</sup>**

### 8.3.6 Sanctions for violations of environmental legislation by mining companies

To disclose the information on sanctions for violations of environmental legislation by the reporting mining companies in 2020 in this EITI Report, the Independent Administrator has prepared a request for information to the State Environmental Inspectorate of Ukraine. The

<sup>1019</sup> According to the State Tax Service data, obtained during the reconciliation of payments in favour of the state  
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request asked for the information on 54 reporting extractive companies, which were identified as significant in the EITI Report for 2020 and were covered by the reconciliation of payments in favour of the state.

According to the data received from the State Environmental Inspectorate of Ukraine, 43 inspections were conducted in 21 reporting companies in 2020. The companies were charged and fined for violating the law on environmental protection for the total of UAH 41.45 thousand. In 2020, the companies paid the accrued fines in full. At the same time, the accrued damages caused because of the violation of the legislation on environmental protection amounted to UAH 14,091.19 thousand, and the actually paid amount is UAH 13,784.14 thousand (**Table 8.7**).

Table 8.7: Results of state inspection (control) of compliance with environmental protection legislation by reporting companies in 2020<sup>1020</sup>

№	Company name	Number of inspections (including unscheduled)	Number of protocols on administrative offenses (including those that led to a decision to bring to administrative responsibility)	The amount of fines for violations of environmental protection legislation		Amount of damage caused as a result of violation of environmental protection legislation	
				Accrued and billed	Paid	Accrued and billed	Paid
				thousands UAH		thousands UAH	
1	Ukrnafta PJSC	13 (13)	12 (12)	6,21	6,21	271,33	193,77
2	Ukrgezvydobuvannya JSC	4 (4 + act of refusal to conduct an unscheduled inspection)	3 (3)	0,36	0,36	14,19	14,19
3	ArcelorMittal Kryvyi Rih PJSC	3 (3)	8 (7)	0,95	0,95	11 437,48	11 437,48
4	Southern Iron Ore Enrichment Works JSC	1 (1)	48 (47)	6,55	6,55	-	-
5	DTEK Pavlohdacoal PrJSC	2 (2 + act of refusal to conduct an unscheduled inspection)	2 (2)	0,27	0,27	126,87	126,82
6	Poltava Iron Ore Enrichment Works PrJSC	2 (2)	-	-	-	-	-
7	Ingulets Iron Ore Enrichment Works PrJSC	2 (2)	3 (3)	0,41	0,41	-	-
8	Central Iron Ore Enrichment Works PrJSC	2 (2)	6 (6)	3,50	3,50	2 098,62	2 098,62
9	Krivyi Rig Iron-Ore Combine PJSC	1 (1)	24 (21)	5,49	5,49	-	-
10	Suha Balka PrJSC	1 (1)	-	-	-	-	-
11	United Mining and Chemical Company JSC	1 (1)	-	-	-	0,24	0,24
12	Lvivuhillia SE	1 (1)	55 (39)	11,36	11,36	142,45	2,79

<sup>1020</sup> State Environmental Inspection of Ukraine, information provided at the request of the Independent Administrator

№	Company name	Number of inspections (including unscheduled)	Number of protocols on administrative offenses (including those that led to a decision to bring to administrative responsibility)	The amount of fines for violations of environmental protection legislation		Amount of damage caused as a result of violation of environmental protection legislation	
				Accrued and billed	Paid	Accrued and billed	Paid
				thousands UAH		thousands UAH	
13	Ukrgezvydobutok PrJSC	1 (1)	-	-	-	-	-
14	Myrnohradvuhillia SE	1 (1)	2 (2)	0,17	0,17	-	-
15	Kub-gaz LLC	5 (4)	17 (17)	3,59	2,82	-	-
16	Mine named after M. S. Surgai SE	Act of refusal to conduct an unscheduled inspection	-	-	-	-	-
17	Persha ukraiinska gazonaftova kompaniia LLC	Act of refusal to conduct an unscheduled inspection	-	-	-	-	-
18	Systemoilgenering LLC	1	5 (5)	0,37	0,37	-	-
19	Rudomain LLC	1 (1)	5 (5)	1,21	1,21	-	-
20	Stryinaftogaz LLC	1 (1)	1 (1)	0,77	1,53	-	-
21	Prom-Energo Product LLC	1	1 (1)	0,26	0,26	-	-

**Summary**

The relations related to environmental protection are regulated by a large number of laws and regulations, including in the field of extraction, which are aimed at ensuring the rational use of natural resources and environmental protection. Some provisions of the legislation are outdated and need to be improved, including the improvement of state monitoring mechanisms, the adoption of a procedure for issuing special permits for waste disposal, and so on. However, in 2020-2021 the legislation was actively updated and improved.

There is no single state body responsible for environment in Ukraine. As of 2020, the bodies with special authorities in the field of environment included the Ministry of Environment (Ministry of Energy and Environment), the State Environmental Inspectorate, the Geology Service, the State Water Agency, etc. The State Environmental Inspectorate is the main body that performs the control function in the field of environment, which conducted scheduled and unscheduled inspections in 2020, including those of mining companies.

Special nature management rights impose on mining companies a number of responsibilities related to ensuring the rational use of natural resources and nature restoration (including land reclamation, compensation for negative impacts, payment of rent and / or environmental tax). The public administration measures in the field of environment include state monitoring of the environment, accounting for natural resources, ensuring the obligation to conduct environmental audits, strategic environmental assessment, environmental impact assessment, EIA etc. In 2020-2021, the centralization continued and various data on the state of the environment, previously owned by state bodies and was inaccessible and / or published chaotically, were made public. A positive step is the introduction of the state EcoSystem platform, which is currently in the process of filling with the data.



## 9. Reconciliation of tax and other payment data



Ernst & Young Audit Services LLC  
Khreschatyk Street, 19A  
Kyiv, 01001, Ukraine  
Tel: +380 (44) 490 3000  
Fax: +380 (44) 490 3030  
www.ey.com/ua

ТОВ «Ернст енд Янг Аудиторські Послуги»  
Україна, 01001, Київ  
вул. Хрещатик, 19А  
Тел.: +380 (44) 490 3000  
Факс: +380 (44) 490 3030

## Report of factual findings

Ministry of Energy of Ukraine,

EY was selected as the Independent Administrator in accordance with the agreement with the Ministry of Energy of Ukraine and the Statement of Work, prepared the 2020 Ukraine EITI Report.

This Report of factual findings summarizes results of reconciliation of tax and other payments to the state made by extractive companies in 2020. Results of performed procedures are provided in **Sections 9.1-9.4** below.

Considering that procedures, performed by EY, do not constitute audit or a review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagement, we do not express any assurance on taxes and other payments to the state made by extractive companies in 2020.

Our report was prepared solely for the purpose as set forth in the first paragraph of this report and relates only to the amounts of tax and other payments to the state made by extractive companies as specified in **Sections 9.1-9.4** below and does not extend to any financial statements of the extractive companies in Ukraine.

*Ernst & Young Audit Services LLC*

31 January 2022

## 9.1 Determining the scope of reconciliation in the EITI Report

### 9.1.1 Determining the list of extractive industries for reconciliation in the EITI Report

According to the Terms of Reference, the Independent Administrator compiled a list of companies that had special permits for subsoil use in the reporting period, to determine the scope of the Ukraine EITI Report 2020. The open data of the special permits database posted on the website of the State Enterprise "Geoinform of Ukraine" were used as a source of information<sup>1021</sup>.

The list of companies was included in the request to the State Tax Service and the State Customs Service regarding the receipt of taxes and other payments in favour of the state. In reply to the request, the State Tax Service and the State Customs Service were to provide information on the receipt of tax and other payments in favour of the state by:

- type of economic activity according to NACE-2010, categorized as mining industry and the pipeline transport industry;
- company (subsoil users);
- type of tax or other payment.

Subsequently, the Independent Administrator received from the State Tax Service and the State Customs Service data on the receipt of tax and other payments from the mining companies on the list compiled by the Independent Administrator based on open information and the list of extractive industries by type of economic activities according to the official classification<sup>1022</sup>.

As a result of the analysis of information on the receipt of tax and other payments in favour of the state from the extractive industries by types of economic activities, the following conclusions can be made:

- In 2020, 94.62% of the Consolidated Budget revenues and the USC revenues from all extractive industries were from the following industries:
  - extraction of natural gas;
  - extraction of oil;
  - iron ore mining;
  - coal mining;
  - pipeline transportation.
- 5.38% of the Consolidated Budget revenues and the USC revenues were from other extractive industries, where small and medium-sized companies prevail, which significantly complicates the process of payment data collection and reconciliation.

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<sup>1021</sup> Geoinform of Ukraine, Special permits, <https://geoinf.kiev.ua/specdozvoli/>

<sup>1022</sup> The total revenue in favor of the state from all companies, the list of which was formed on the basis of open data on special permits for subsoil use differs from the total revenue in favor of the state from mining and pipeline transport according to the classification of economic activities (NACE-2010). The reason for this is that the criterion for assigning the company to the list of extractive companies in the first case was the presence of a valid special permit, as well as a license for the transportation of oil and natural gas. In the second case, the State Tax Service uses its own list of taxpayers who belong to the extractive industries (economic activities). As the list of companies included in the list of traffic police is non-public, it is impossible to determine the exact reasons for these differences.



Therefore, to meet the requirements of the EITI Standard, including Guidance Note 13 on determining materiality, reporting thresholds and reporting entities, the following areas were included in the scope of reconciliation in the EITI Report 2020:

- coal mining;
- extraction of oil;
- extraction of natural gas;
- iron ore mining;
- oil and gas transportation.

According to the decisions of the EITI MSG (the Minutes of the EITI MSG meeting of 01.10.2021), given the economic significance of mining titanium and manganese ores, and with regards to the government plans to privatize key titanium enterprises, the scope of reconciliation in the EITI Report 2020 was extended to include:

- titanium ore mining; and
- manganese ore mining

**Table 9.1: Tax and other payments in favour of the state from the companies in the extractive industries by type of economic activities (NACE-2010) in 2020**

NACE-2010 code	Type of economic activity	Revenues in favour of the state in 2020	
		UAH thousand	UAH thousand
B06.10	Crude oil extraction	47 865 325,22	37,36%
B06.20	Natural gas extraction	37 732 770,28	29,45%
H49.50	Pipeline transport	18 655 627,07	14,56%
B05.10	Coal mining	8 644 129,41	6,75%
B07.10	Iron ores mining	8 320 500,96	6,50%
B08.11	Mining of decorative and building stone, limestone, gypsum, chalk and clay shale	2 569 308,16	2,01%
B08.12	Mining of sand, gravel, clay and kaolin	1 664 229,49	1,30%
B07.29	Mining of ores of other non-ferrous metals	1 319 777,89	1,03%
B07.21	Mining of uranium and thorium ores	654 552,16	0,51%
B08.93	Salt extraction	473 446,58	0,37%
B08.99	Extraction of other minerals and quarrying, providing other individual services	137 250,33	0,11%
B08.92	Peat mining	62 809,09	0,05%
B08.91	Mining of mineral raw materials for chemical industry and production of mineral fertilizers	5 069,44	0,004%
<b>Total</b>		<b>128 104 796,08</b>	<b>100,00%</b>

In addition, according to the decisions of the EITI MSG (Minutes of the EITI MSG meeting of 01.10.2021), the EITI Report for 2020 discloses contextual information (if available in open sources) on the following extractive industries:

- mining of fire clays (refractory clays);
- mining of high-melting clays;
- mining of quartz sand (sand for the glass industry);
- mining of building stones.

The payments made by the companies operating in the extractive industries (mining of fire clays and high-melting clays, quartz sand and building stones) listed above are not to be reconciled in the process of preparation of the EITI Report 2020.

The EITI MSG also considered including uranium ore in the contextual part of the EITI Report 2020. According to the State Tax Service, the revenues in favour of the state from the uranium and thorium ore mining industry amounted to 0.51% (UAH 654,552.16 thousand) of the total payments of the mining industry in 2020. Considering the facts that the share of revenues from the industry is quite small, and that the key data on uranium ore are included in the list of information that is a state secret<sup>1023</sup>, the EITI MSG (the Minutes of the EITI MSG meeting of 01.10.2021) decided not to include information on uranium ores in the EITI Report 2020.

### 9.1.2 Determining the list of types of payments for reconciliation in the EITI Report

To determine the materiality of certain types of tax and other payments, a request was sent about the revenues in favour of the state to four government agencies in accordance with the EITI MSG decision (Minutes of the EITI MSG meeting of 1.10.2021):

- **State Tax Service (STS)**
- **State Customs Service (SCS)**

The request to the State Tax Service and the State Customs Service was supposed to provide data on the revenues from the mining companies included in the list compiled by the Independent Administrator based on publicly available information on holding special permits for subsoil use, with details by type of payment. The information received from the State Tax Service and the State Customs Service is provided in **Table 9.2**.

- **Ministry of Economy**

While preparing the previous Ukraine EITI Reports, the Independent Administrator found that the information on receipts of payment "Part of the net profit (income) of state or communal unitary enterprises and their associations, withdrawn to the relevant budget, and dividends (income) accrued on shares (stakes) of companies whose authorized capital contains state or communal property" (payment code 21010000), received from the State Tax Service, does not fully reflect all such payments in favour of the state from the companies in the reporting industries. For example, the payment "Dividends (income) accrued on shares (stakes) of the companies whose authorized capital contains state property" (payment code 21010500) administrated by the Ministry of Economy shall also be included.

However, on April 7, 2021, amendments were made to the appendix to the Resolution of the Cabinet of Ministers of Ukraine of February 16, 2011 No 106, according to which the State Tax Service administers information on payment "Dividends (income) accrued on shares (stakes) of

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<sup>1023</sup> According to the Order of the Central Department of the Security Service of Ukraine No 383 of 21.12.2020 "On approval of the Code of Information Constituting a State Secret", registered with the Ministry of Justice of Ukraine on 14.01.2021 No 52/35674, for more details, please see: <https://zakon.rada.gov.ua/laws/show/z0052-21#n13>

the companies whose authorized capital contains state property", except for the fines (payment code 21010500), while the Ministry of Economy is responsible for accounting for accrual and payment of fines.

Based on the list of companies holding special permits during the reporting period, the Independent Administrator made a request to the Ministry of Economy for the Dividends (income) accrued on shares (stakes) of the companies whose authorized capital contains state property (budget revenue classification code 21010500). The **Table 9.3** contains the information received from the Ministry of Economy.

While analyzing information on non-tax payment "Dividends and payment of the part of net profit", the data provided by the Ministry of Economy and the State Tax Service were compared. As a result, it was found that the information provided by these government agencies is the same. Therefore, the decision was made not to include the data of the Ministry of Economy in the EITI Report 2020 in order to prevent a double account for the payment.

- **Geology Service**

The request to Geology Service was submitted to get data on revenues from mining companies on certain non-tax payments. The information received from Geology Service is provided in **Table 9.4**.

**Table 9.5** presents consolidated information, based on the data obtained from three government agencies - the State Tax Service, the State Customs Service and the Geology Service. The data includes revenues for the benefit of the state from all mining companies in those extractive industries that, according to the results of their materiality assessment, were included in the scope of reconciliation in the EITI Report 2020 (hereinafter "**reporting extractive industries**")<sup>1024</sup>.

**Table 9.2: Data of the State Tax Service and the State Customs Service on receipts of tax and other payments in favour of the state from the companies in the reporting extractive industries in 2020**

Budget classification code	Name of payment	Administrator / recipient	Tax / non-tax payment	Revenues in 2020, UAH thousand
13030000	Production royalty	STS	Tax	48,987,010.31
14060000 (excluding 14060200)	Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT)	STS	Tax	40,975,372.34
11020000	Corporate income tax	STS	Tax	40,177,554.47
21010100, 21010500, 21010700	Dividends and payment of a share of net profit	STS	Non-tax	39,678,474.71

<sup>1024</sup> For the purposes of this report, the term "reporting industries" also refers to the pipeline transportation.

Budget classification code	Name of payment	Administrator / recipient	Tax / non-tax payment	Revenues in 2020, UAH thousand
14060200	Budget reimbursement of value added tax	STS	Tax	(15,035,161.09)
11010000	Personal income tax	STS	Tax	10,198,442.48
-	Unified social contribution (USC /unified contribution)	STS	Non-tax	10,049,674.52
14070000	Value added tax on goods imported into Ukraine	SCS	Tax	5,505,302.40
14020000	Excise tax on excisable goods (products) manufactured in Ukraine	STS	Tax	2,403,206.62
18010500, 18010600	Land Fee	STS	Tax	1,581,092.21
19010000	Environmental tax	STS	Tax	972,261.64
13080000	Rental fee for transportation	STS	Tax	258,836.28
18010000 (excluding 18010500, 18010600)	Property tax (excluding land fee and rent)	STS	Tax	99,884.10
13020000	Rent for special water use	STS	Tax	27,874.53
14040000	Excise tax on sales of excisable goods by retailers	STS	Tax	8,062.69
22010000	Fee for providing administrative services	STS	Tax	2,796.51
18030000	Tourist fee	STS	Tax	1,184.17
13060000	Rental fee for the use of radio frequency resource of Ukraine	STS	Tax	843.15
21080000	Other revenues	STS	Tax	235.27
19090000	Taxes and fees, not referred to other categories, and funds transferred (received) in accordance with	STS	Tax	(56.12)

Budget classification code	Name of payment	Administrator / recipient	Tax / non-tax payment	Revenues in 2020, UAH thousand
	budget legislation			
13010000	Rent payment for special use of forest resources	STS	Tax	22.77
18050000	Single tax	STS	Tax	0.88
24000000	Other non-tax revenues	STS	Non-tax	0.12
24130000	Fee for socio-economic compensation for the risk of the population living in the monitored area	STS	Tax	0.00
<b>Total</b>				<b>185,892,914.96</b>

**Table 9.3: Data of the Ministry of Economy on receipts of tax and other payments in favour of the state from the companies in the reporting extractive industries in 2020<sup>1025</sup>**

Budget classification code	Name of payment	Administrator / recipient	Tax / non-tax payment	Revenues in 2020, UAH thousand
21010500	Dividends (income) accrued on shares (stocks) of business companies in the authorized capitals of which there is state ownership	Ministry of Economy	Non-tax	51,347.90
<b>Total</b>				<b>51,347.90</b>

<sup>1025</sup> The data on the payment of non-tax payment "Dividends and payment of the part of net profit" (State Budget Classification Code 21010100, 21010500, 21010700) in 2020, provided by the State Tax Service and the Ministry of Economy, coincide. In this regard, the information of the Ministry of Economy was not included in all revenues in favour of the state in the EITI Report 2020 to avoid double counting of the payment.

**Table 9.4: Data of Geology Service on receipts of tax and other payments in favour of the state from the companies in the reporting extractive industries in 2020**

Budget classification code	Name of payment	Administrator / recipient	Tax / non-tax payment	Revenues in 2020, UAH thousand
22012100	Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits	Geology Service	Non-tax	750,708.56
-	The cost of the auction documentation package for participation in the auction for the sale of licenses for subsoil use, not returned in 2020	Geology Service	Non-tax	149.60
-	Fee for the right to use geological information created (purchased) using state budget funds in 2020	Geology Service	Non-tax	12,517.38
-	Other payments	Geology Service	Non-tax	2,163.02
<b>Total</b>				<b>765,538.56</b>

Based on the consolidated information from all government agencies (STS, SCS, Geology Service), the materiality of payments made by the reporting extractive industries in favour of the state in 2020 was analysed. The information on the government body that monitors collection of tax and non-tax revenues in favour of the state for each type of significant payments, as well as the amount of the payments is presented in **Table 9.5**.

**Table 9.5: The amount of revenues in favour of the state received from all companies in the reporting extractive industries by significant types of payments in 2020**

Budget classification code	Name of payment	Administrator or / recipient	Tax / non-tax payment	Revenues in 2020	
				UAH thousand	%
13030000	Production royalty	STS	Tax	48,987,010.31	26.24%
14060000 (without 14060200)	Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT)	STS	Tax	40,975,372.34	21.95%
11020000	Corporate income tax	STS	Tax	40,177,554.47	21.52%

Budget classification code	Name of payment	Administrat or / recipient	Tax / non-tax payment	Revenues in 2020	
				UAH thousand	%
21010100, 21010500, 21010700	Dividends and payment of a share of net profit	STS	Non-tax	39,678,474.71	21.26%
14060200	Budget reimbursement of value added tax	STS	Tax	(15,035,161.09)	(8.05%)
11010000	Personal income tax	STS	Tax	10,198,442.48	5.46%
-	Unified social contribution (USC /unified contribution)	STS	Tax	10,049,674.52	5.38%
14070000	Value added tax on goods imported into Ukraine	SCS	Tax	5,505,302.40	2.95%
18010500, 18010600	Land Fee	STS	Tax	1,581,092.21	0.85%
19010000	Environmental tax	STS	Tax	972,261.64	0.52%
22012100	Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits	Geology Service	Non-tax	750,708.56	0.40%
<b>Total by material types of payments</b>				<b>183,840,732.56</b>	<b>98.49%</b>
<b>Non-material types of payments</b>				<b>2,817,720.96</b>	<b>1.51%</b>
<b>Total</b>				<b>186,658,453.51</b>	<b>100.00%</b>

Considering the requirements of the EITI Standard, including the Guidance Note 13 (on determining the materiality, reporting thresholds and reporting entities), the decision of the EITI MSG (Minutes of the EITI MSG meeting of 01.10.2021) established 2% threshold of materiality for receipts by type of payment. According to the materiality threshold, the following list of revenue flows (payments) is identified for inclusion in the EITI Report 2020:

- Production royalty (payment code 13030000);
- Corporate income tax (payment code 11020000);
- Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT) (payment code 14060000 (excluding 14060200));

- Budget reimbursement of value added tax (payment code 14060200);
- Value added tax on goods imported into Ukraine (payment code 14070000);
- Personal income tax (payment code 11010000);
- Dividends and payment of a share of net profit (payment code 21010100, 21010500, 21010700);
- Unified social contribution.

Given the significance of certain tax payments for local budgets, the decision of the EITI MSG (Minutes of the EITI MSG meeting of 1.10.2021) extended the scope of reconciliation under the EITI Report 2020 to include two additional types of payments:

- Environmental tax (payment code 19010000);
- Land fee (payment code 18010500, 18010600); which includes rent paid by legal entities and land tax.

Among non-tax payments, including those that are administered by Geology Service (**Table 9.4**) the "Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits" (payment code 22012100) are the most significant. Unlike any other types of payments from extractive industries to the state, this type of payment does not exceed the proposed materiality threshold (2%). However, the EITI MSG decided (the Minutes of the EITI MSG meeting of 01.10.2021) to include it in the scope of reconciliation. The decision was justified by the need to cover the relationship between enterprises with state participation and the state. So, another type of payment will be subject to reconciliation:

- Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits (payment code 22012100).

The above types of payments, which will be covered by the reconciliation in the EITI Report 2020 (hereinafter - "**significant types of payments**"), account for 98.49% of the total revenues from tax and other payments to the state from the reporting extractive industries in 2020.

The total revenues for all types of payments and for significant types of payments, the collection of which is entrusted to the State Tax Service, State Customs Service and Geology Service, are presented in **Table 9.6**.

**Table 9.6: Distribution of revenues from all companies in the reporting extractive industries in favour of the state in 2020 by government agencies that control the collection of payments**

Government agency that controls the collection of revenues for the benefit of the state	Revenues by all types of payments in 2020, thousand UAH	Revenues by material types of payments in 2020, thousand UAH
STS	180,387,612.57	177,584,721.60
SCS	5,505,302.40	5,505,302.40
Geology Service	765,538.55	750,708.56
<b>Total</b>	<b>186,658,453.51</b>	<b>183,840,732.56</b>



Thus, the following list of payments that are significant and subject to reconciliation under the EITI Report 2020 has been identified:

1. Production royalty;
2. Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT);
3. Corporate income tax;
4. Dividends and payment of a share of net profit;
5. Budget reimbursement of value added tax;
6. Personal income tax;
7. Unified social contribution;
8. Value added tax on goods imported into Ukraine;
9. Land fee;
10. Environmental tax;
11. Fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits.

### **9.1.3 Determining the list of reporting companies for reconciliation in the EITI Report**

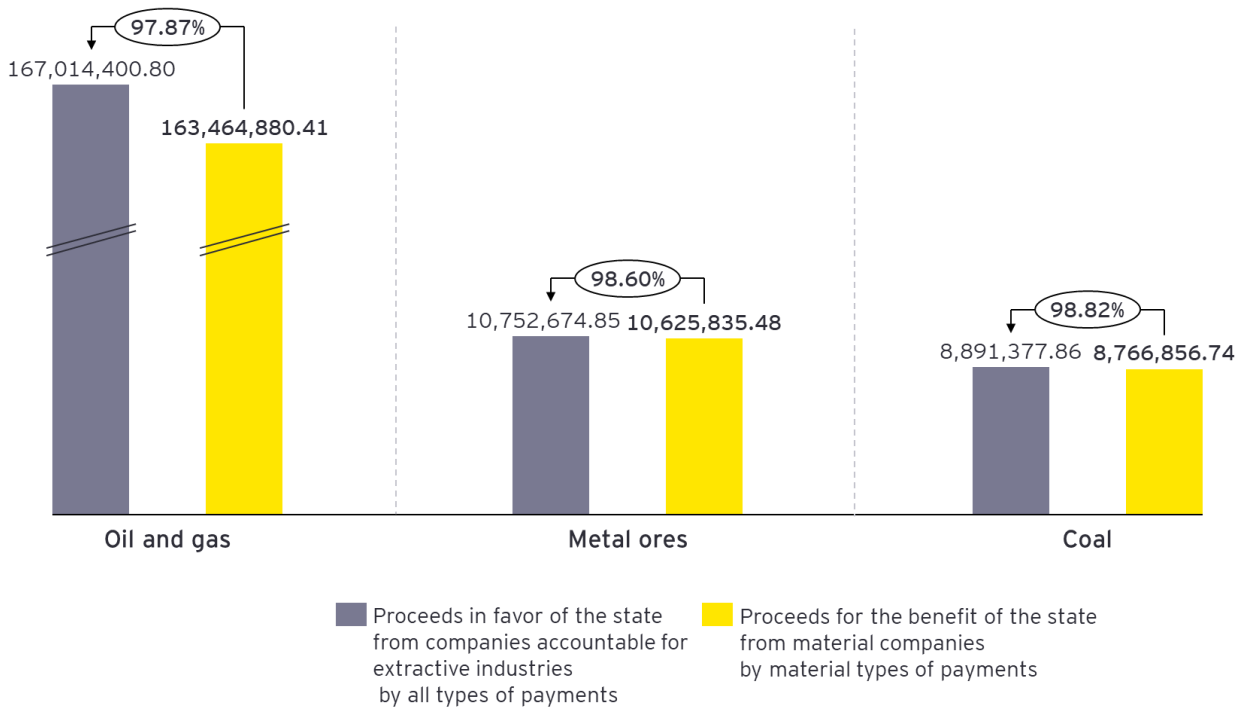
To determine the list of companies in the extractive industries, the Independent Administrator sent a request to the government agencies (STS, SCS, Ministry of Economy, Geology Service) (for details, see *paragraphs 9.1.1 and 9.1.2*). The information received from the government agencies was detailed both by types of tax and other payments, and by mining companies. As noted in *paragraph 9.1.1* above, the list of mining companies was compiled based on publicly available information, including the database of special permits of Geology Service, published on the official website of Geology Service of Ukraine. This information was used for assessment of the materiality of revenues to the state from each company of the reporting extractive industries (extraction of natural gas, oil; coal, iron ore, titanium ore and manganese ore mining, transportation of natural gas and oil).

The list of types of payments that have been identified as significant for inclusion in the scope of reconciliation, includes the payment "Budget reimbursement of value added tax" (budget classification code 14060200). This type of payment is accounted for as a negative number, and therefore underestimates the total revenue received by the state from companies that receive reimbursement of VAT. Therefore, in order to correctly determine the list of significant companies for inclusion in the scope of reconciliation in the EITI Report 2020 and to ensure compliance with requirement 4.1 of the EITI Standard, the materiality of revenues from individual companies was assessed without this payment.

According to the government agencies, the total revenues from all companies in the reporting extractive industries for all types of payments (including budget reimbursement of VAT) in 2020 amounted to UAH 186,658,453.51 thousand. Of these, UAH 183,840,732.56 thousand

(98.49%) were paid by all mining companies in the reporting industries in 11 significant types of payments.

In terms of significant industries, with the relevant companies subject to reconciliation, 89.48% (UAH 167,014,400.80 thousand) were paid by companies in the oil and gas industry (including transportation)<sup>1026</sup>, 5.76% (UAH 10,752,674.85 thousand) - by the companies in iron ore mining industry<sup>1027</sup>, and 4.76% (UAH 8,891,377.86 thousand) - by coal mining companies.



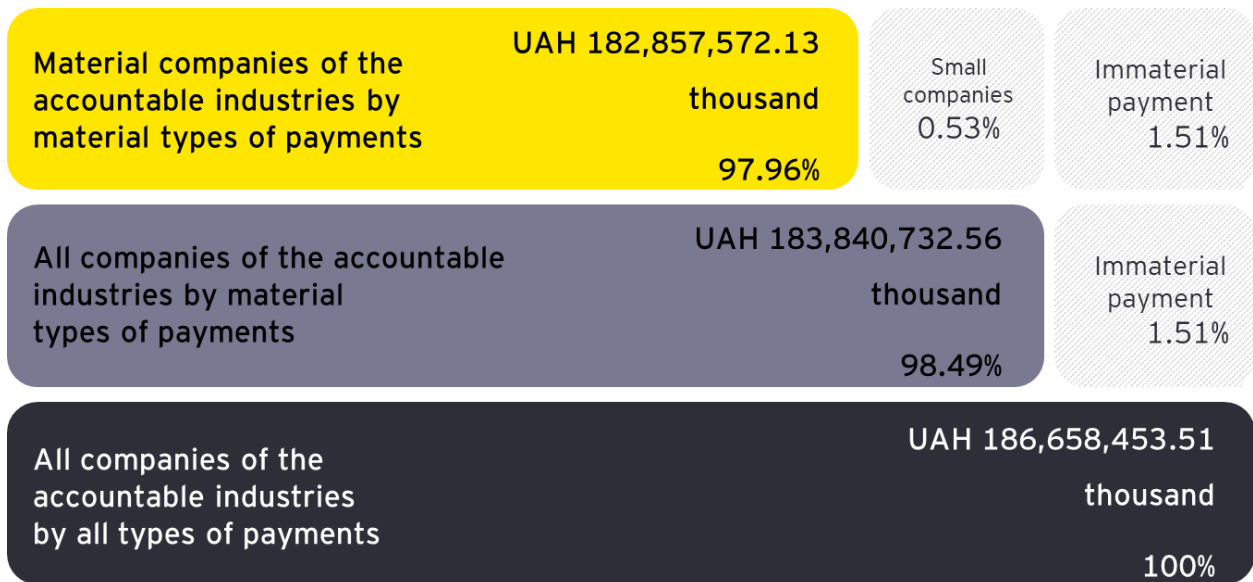
**Figure 9.1: Revenues in favour of the state from all companies of the reporting extractive industries for all types of payments in comparison with the revenues in favour of the state from significant companies for significant types of payments**

In accordance with the EITI MSG decision (Minutes of the EITI MSG meeting of 01.10.2021) for the purposes of reconciliation of payments, as well as compliance with the requirement 4.1 of EITI Standard, in 2020 the threshold of materiality of revenues in favour of the state was established at UAH 75 million. Based on the analysis of information received from government agencies and based on the established threshold, a list of 54 companies (hereinafter - "significant or reporting companies"). In 2020, the companies paid UAH 182,857,572.64 thousand in favour of the state on significant types of payments (including budget reimbursement of VAT), or 97.96% of the total revenues for all types of payments from all companies in the reporting extractive industries.

The stages of assessing the materiality of revenues in favour of the state and identifying significant types of payments and reporting companies included in the reconciliation of revenues in favour of the state in the EITI Report 2020 are presented in the figure below (**Figure 9.2**).

<sup>1026</sup> For the purposes of reconciling payments, the companies categorized as those of belonging to the Extraction of Oil, Extraction of Natural Gas, and Oil and Natural Gas Transportation were merged into the category "Oil and Gas Industry companies" or Oil and Gas companies.

<sup>1027</sup> For the purposes of reconciling payments, the companies belonging to the Iron ore mining, Manganese ore mining and Titanium ore mining were merged into the category Iron ores sector.



*Figure 9.2: The stages of assessing the materiality of revenues from mining companies included in the reconciliation of payments in the EITI Report 2020*

The list of reporting companies identified as significant and subject to reconciliation of payments to the state in the framework of the EITI Report 2020 is presented in the table below (*Table 9.7*).

Table 9.7: Revenues from the reporting companies in favour of the state for significant types of payments in 2020

№	USR code / tax number	Payer	Industry	Revenue (without budget reimbursement of VAT)		Budget reimbursement of VAT), UAH thousand	Revenues by all material types of payments, UAH thousand
				UAH thousand	%		
<b>Oil and natural gas, including transportation:</b>				<b>163,614,880.41</b>	<b>100.00%</b>	<b>(150,000.00)</b>	<b>163,464,880.41</b>
1	20077720	Naftogaz of Ukraine NJSC	Oil and gas	59,261,782.07	36.22%	-	59,261,782.07
2	00135390	Ukrnafta PJSC	Oil and gas	46,438,552.26	28.38%	-	46,438,552.26
3	30019775	Ukrgezvydobuvannya JSC	Oil and gas	27,632,744.04	16.89%	-	27,632,744.04
4	403739509	Joint activity agreement of 24/12/1997 No. 999/97. Operator - Poltavanaftogaz NGDU of Ukrnafta PJSC (22525915)	Oil and gas	3,083,931.21	1.88%	-	3,083,931.21
5	32377038	Naftogazvydobuvannya PrJSC	Oil and gas	2,494,680.64	1.52%	-	2,494,680.64
6	33152471	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	Oil and gas	2,043,346.32	1.25%	-	2,043,346.32
7	30732144	Energy Service Company Esco-Pivnich LLC	Oil and gas	1,026,248.81	0.63%	-	1,026,248.81
8	20041662	Poltava Petroleum Company JV	Oil and gas	725,844.41	0.44%	-	725,844.41
9	43027125	Oil&Gas Geoexploring	Oil and gas	650,518.63	0.40%	-	650,518.63
10	33100376	Natural resources PrJSC	Oil and gas	535,650.33	0.33%	-	535,650.33
11	26333503	Representative Office of Regal Petroleum Corporation Limited	Oil and gas	444,946.60	0.27%	-	444,946.60
12	25635581	Ukrgezvydobutok PrJSC	Oil and gas	374,564.59	0.23%	-	374,564.59
13	23152126	JV Ukrkarpatoil LTD LLC	Oil and gas	279,594.90	0.17%	-	279,594.90
14	35602704	Nadra-Geoinvest LLC	Oil and gas	230,165.56	0.14%	-	230,165.56
15	30694895	Kub-gaz LLC	Oil and gas	181,215.16	0.11%	-	181,215.16
16	36050166	Persha ukraiinska gazonaftova kompaniia LLC	Oil and gas	135,668.51	0.08%	-	135,668.51
17	33862865	Nordik PE	Oil and gas	112,195.18	0.07%	-	112,195.18
18	38203132	Systemoilingenering LLC	Oil and gas	103,997.45	0.06%	-	103,997.45
19	36282935	Zakhidnadraserivce LLC	Oil and gas	99,133.01	0.06%	-	99,133.01
20	24186185	Energy-95 LLC	Oil and gas	81,123.23	0.05%	-	81,123.23
21	39454684	Stryinaftogaz LLC	Oil and gas	79,920.09	0.05%	-	79,920.09

№	USR code / tax number	Payer	Industry	Revenue (without budget reimbursement of VAT)		Budget reimbursement of VAT), UAH thousand	Revenues by all material types of payments, UAH thousand
				UAH thousand	%		
22	31747429	Prom-Energo Product LLC	Oil and gas	78,535.73	0.05%	-	78,535.73
23	42795490	Gas Transmission System Operator of Ukraine LLC	Transmission	12,553,094.88	7.67%	-	12,553,094.88
24	30019801	Ukrtransgaz JSC	Transmission	4,096,686.73	2.50%	-	4,096,686.73
25	31570412	Ukrtransnafta JSC	Transmission	870,740.10	0.53%	(150,000.00)	720,740.10
<b>Iron ores:</b>				<b>25,322,325.59</b>	<b>100.00%</b>	<b>(14 696 490,11)</b>	<b>10,625,835.48</b>
26	24432974	ArcelorMittal Kryvyi Rih PJSC	Iron ores	6,206,106.64	24.51%	(6 221 952,67)	(15,846.03)
27	00191000	Southern Iron Ore Enrichment Works JSC	Iron ores	3,908,015.12	15.43%	(1 803 990,46)	2,104,024.66
28	00191282	Poltava Iron Ore Enrichment Works PrJSC	Iron ores	2,997,669.88	11.84%	(3 071 592,43)	(73,922.55)
29	00191023	Nothern Iron Ore Enrichment Works PrJSC	Iron ores	2,656,079.99	10.49%	(1 068 826,99)	1,587,253.00
30	00190905	Ingulets Iron Ore Enrichment Works PrJSC	Iron ores	1,921,035.65	7.59%	(350 026,00)	1,571,009.65
31	00190977	Central Iron Ore Enrichment Works PrJSC	Iron ores	1,530,911.91	6.05%	(1 257 558,48)	273,353.44
32	00191218	The foreign investment enterprise Zaporizhzhia iron ore industrial complex PrJSC	Iron ores	1,509,146.23	5.96%	(15 534,84)	1,493,611.38
33	00191307	Krivyi Rig Iron-Ore Combine PJSC	Iron ores	1,387,994.46	5.48%	(16 707,34)	1,371,287.12
34	00191329	Suha Balka PrJSC	Iron ores	940,419.04	3.71%	-	940,419.04
35	36716128	United Mining and Chemical Company JSC	Iron ores	702,991.94	2.78%	(485 972,57)	217,019.37
36	35713283	Yerystiv Iron-Ore Enrichment Works LLC	Iron ores	632,165.34	2.50%	(264 039,57)	368,125.78
37	00190928	Pokrovskiy GZK JSC	Manganese ores	447,422.69	1.77%	-	447,422.69
38	00190911	Marganets Mining and ProcessingPlant	Manganese ores	276,409.98	1.09%	-	276,409.98
39	30912734	Velta LLC	Titaneum ores	107,828.22	0.43%	(89 311,42)	18,516.80
40	37064892	Rudomain LLC	Iron ores	98,128.51	0.39%	(50 977,35)	47,151.16
<b>Coal:</b>				<b>8,766,856.74</b>	<b>100.00%</b>	<b>-</b>	<b>8,766,856.74</b>
41	00178353	DTEK Pavlohdacoal PrJSC	Coal	3,696,194.61	42.16%	-	3,696,194.61

№	USR code / tax number	Payer	Industry	Revenue (without budget reimbursement of VAT)		Budget reimbursement of VAT), UAH thousand	Revenues by all material types of payments, UAH thousand
				UAH thousand	%		
42	13498562	Colliery Group Pokrovs'ke PJSC	Coal	1,676,307.38	19.12%	-	1,676,307.38
43	37014600	DTEK Dobropolyeugol LLC	Coal	856,098.40	9.77%	-	856,098.40
44	32323256	Lvivvuhillia SE	Coal	638,836.02	7.29%	-	638,836.02
45	33426253	Selydivvuhillia SE	Coal	371,073.65	4.23%	-	371,073.65
46	32320594	Pervomaiskvuhillia SE	Coal	282,209.07	3.22%	-	282,209.07
47	32087941	Myrnohradvuhillia SE	Coal	222,361.59	2.54%	-	222,361.59
48	32359108	Lyschanskvuhillia JSC	Coal	198,295.53	2.26%	-	198,295.53
49	36028628	Bilozerska Mine LLC	Coal	187,385.49	2.14%	-	187,385.49
50	33839013	Toretskvuhillia SE	Coal	170,309.54	1.94%	-	170,309.54
51	40695853	Mine named after M. S. Surgai SE	Coal	158,740.22	1.81%	-	158,740.22
52	34032208	Mine Administration Pivdenodonbaske #1 SE	Coal	141,966.36	1.62%	-	141,966.36
53	31599557	Krasnolymanska Coal Mining Company SE	Coal	87,870.65	1.00%	-	87,870.65
54	32365965	Volynvuhillia SE	Coal	79,208.22	0.90%	-	79,208.22
<b>Total reporting companies (included in revenue reconciliation coverage)</b>				<b>197,704,062.75</b>	<b>99.41%</b>	<b>(14,846,490.11)</b>	<b>182,857,572.64</b>
<b>Other companies (not included in revenue reconciliation coverage)</b>				<b>1,171,830.90</b>	<b>0.59%</b>	<b>(188,670.98)</b>	<b>983,159.92</b>
<b>TOTAL COMPANIES OF THE REPORTING INDUSTRIES</b>				<b>198,875,893.65</b>	<b>100.00%</b>	<b>(15,035,161.09)</b>	<b>183,840,732.56</b>

## 9.2 Summary of payments reconciliation

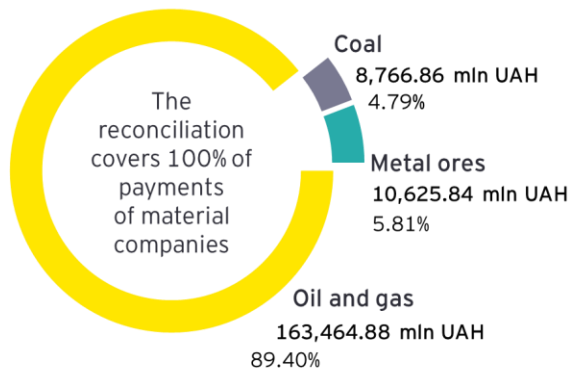
### 9.2.1 Completeness of reconciliation

To assess the materiality of revenues in favour of the state and identify significant types of payments and reporting companies, the inquiries were sent to the State Tax Service, State Customs Service, Ministry of Economy and Geology Service. In 2020, all government agencies that oversee information on significant types of payments in favour of the state, provided the necessary data for the purposes of reconciling tax and other revenues.

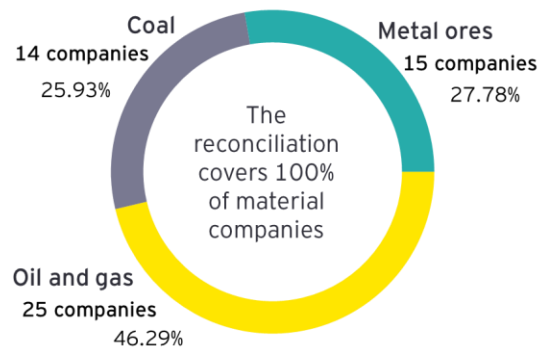
In 2020, 54 companies subject to reconciliation of tax and non-tax payments in favour of the state were identified. According to government agencies, all reporting companies paid a total of UAH 182,857,572.64 thousand for significant types of payments (including budget reimbursement of VAT). In 2020, all reporting companies identified during the materiality assessment provided their data for the EITI Report.

Thus, the total revenues of UAH 182,857,572.64 thousand received from all 54 companies in favour of the state have been reconciled, which means 100% completeness of the reconciliation in 2020. For comparison, the completeness of the reconciliation of payments in the EITI Reports 2018 and 2019 was 99.06%.

Revenue by material types of payments



Number of companies



**Figure 9.3: The number of companies and the revenues of the state by significant type of payments (including budget reimbursement of VAT) reconciled in 2020**

More detailed information on the completeness of the reconciliation by extractive industry and form of ownership of companies is presented in **Table 9.8**.

Of the total UAH 182,857,572.64 thousand significant revenues in favour of the state from 54 reporting mining companies:

- ▶ 98.18% of revenues are received from 51 companies whose payments had been reconciled and whose financial statements for 2020 had been audited, according to the information provided by them;
- ▶ 1.82% of revenues are received from 3 companies whose payments had been reconciled but they did not provide information about the audit of their financial statements.

The detailed information on the audit of the financial statements of the reporting extractive companies and the links to their public financial statements (if any) are provided in **Annex 8**.



**Table 9.8: Completeness of reconciliation of revenues in favour of the state from the reporting extractive companies in 2020 by extractive industry and by type of company ownership**

Industry	State ownership /private ownership <sup>1028</sup>	Amount of revenues			Number of companies		
		Subject to reconciliation, UAH thousand	Reconciled, UAH thousand	Completeness of reconciliation by revenues, %	Subject to reconciliation	Reconciled	Completeness of reconciliation by number of companies, %
Oil and gas	<b>Total, including:</b>	<b>163,464,880.41</b>	<b>163,464,880.41</b>	<b>100.00%</b>	<b>25</b>	<b>25</b>	<b>100.00%</b>
	State	150,983,194.97	150,983,194.97	100.00%	7	7	100.00%
	Private	12,481,685.45	12,481,685.45	100.00%	18	18	100.00%
Metal ores	<b>Total, including:</b>	<b>10,625,835.48</b>	<b>10,625,835.48</b>	<b>100.00%</b>	<b>15</b>	<b>15</b>	<b>100.00%</b>
	State	368,125.78	368,125.78	100.00%	1	1	100.00%
	Private	10,257,709.71	10,257,709.71	100.00%	14	14	100.00%
Coal	<b>Total, including:</b>	<b>8,766,856.74</b>	<b>8,766,856.74</b>	<b>100.00%</b>	<b>14</b>	<b>14</b>	<b>100.00%</b>
	State	2,350,870.87	2,350,870.87	100.00%	10	10	100.00%
	Private	6,415,985.87	6,415,985.87	100.00%	4	4	100.00%
ALL INDUSTRIES	<b>Total, including:</b>	<b>182,857,572.64</b>	<b>182,857,572.64</b>	<b>100.00%</b>	<b>54</b>	<b>54</b>	<b>100.00%</b>
	State	153,702,191.61	153,702,191.61	100.00%	18	18	100.00%
	Private	29,155,381.03	29,155,381.03	100.00%	36	36	100.00%

<sup>1028</sup> For the purposes of this report, EITI MSG has decided to consider state-owned enterprises (SOE) in accordance with Requirement 2.6 of the EITI Standard (1) entities in the public sector of the economy and (2) enterprises in which the state indirectly owns more than 50% of shares (stakes). More information on the definition of "state-owned enterprises" in Section 7.1

## 9.2.2 The key results of the reconciliation

During the reconciliation of tax and non-tax revenues in favour of the state in 2020, significant payments were reconciled for all 54 reporting mining companies. The total revenues from the reporting mining companies, according to the government agencies, amounted to UAH 182,857,572.64 thousand. The final data of the reporting mining companies show that they paid UAH 182,827,013.79 thousand to the state in 2020. So, according to the results of reconciliation of significant payments, the final discrepancy between the data of government agencies and the data of the reporting mining companies is UAH 30,558.85 thousand or 0.02%.

The reconciliation of significant payments was done in two stages. After the initial reconciliation, the identified discrepancies were investigated and the final data on receipts for significant types of payments from reporting mining companies were clarified. As a result, the initial discrepancy of UAH -5,467,065.15 thousand or -2.99% decreased to the final discrepancy of UAH 30,558.85 thousand or 0.02%.

After reconciling and clarifying the payment of significant types of payments, the largest discrepancy between the data provided by the significant companies those provided by the government agencies, both in absolute terms and in percentage, remained in iron ore mining - UAH 51,239.70 thousand or 0.48%. The second biggest discrepancy is for coal mining - UAH -18,339.71 thousand or -0.21%. The discrepancy for oil and natural gas extraction (including transportation) amounted to only UAH -2,341.14 thousand or -0.001%.

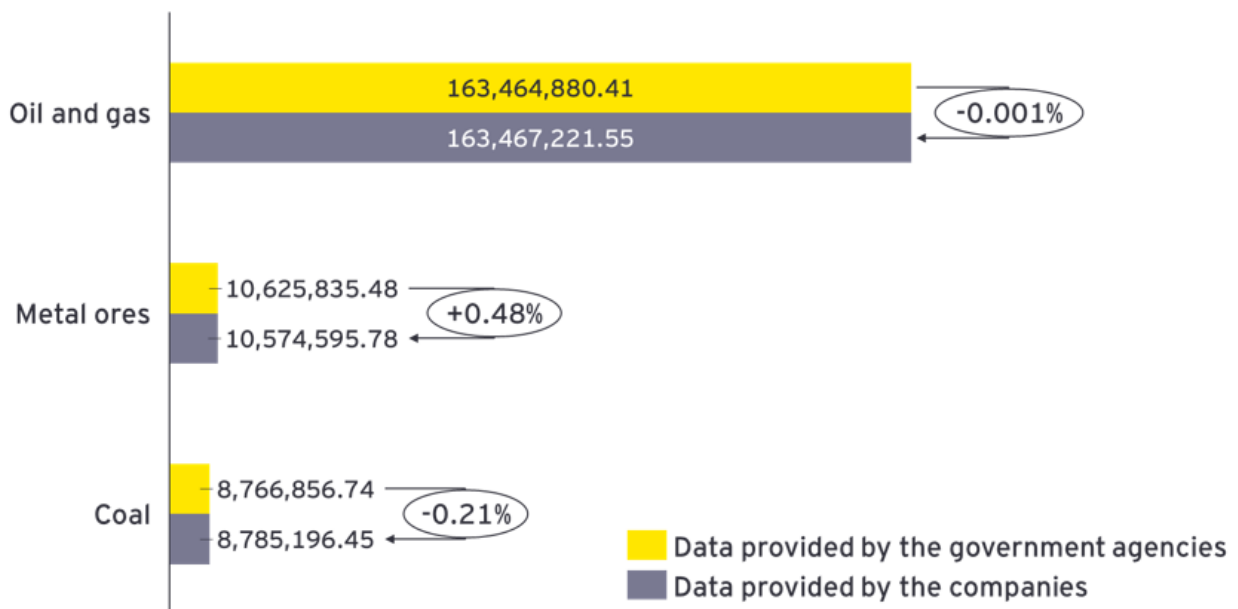


Figure 9.4: The results of the final reconciliation of revenues in favour of the state in 2020 by extractive industry, thousand UAH

In terms of significant types of payments, the largest discrepancy between the data of government agencies and the data provided by the companies in absolute terms is for the "Personal income tax" - UAH 20,355.37 thousand or 0.20% of the total revenues from Personal income tax from of all significant mining companies. The "Environmental Tax" is second top in absolute terms and the first top in percentage - the final discrepancy amounted to UAH 16,425.47 thousand or 1.69%.

No clarifications were made for the category "Dividends and payment of a share of net profit", as no discrepancies were found based on the initial data of the companies and the government agencies. The final discrepancy for the "Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits" and the return of "Budget reimbursement of VAT" after clarifications was UAH 0 thousand.

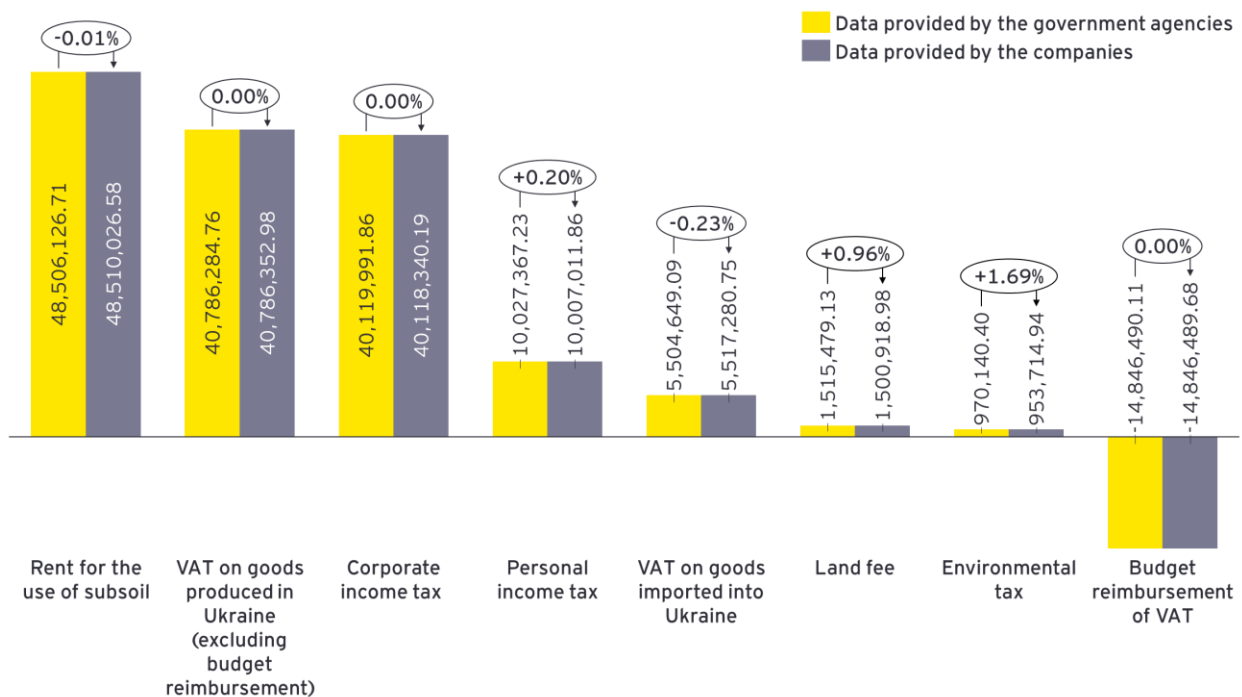
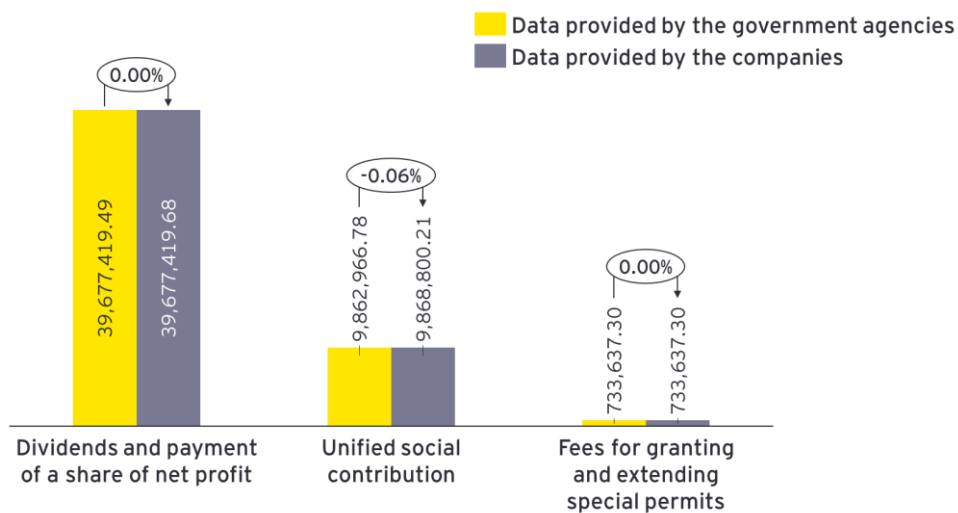


Figure 9.5: The results of final reconciliation of revenues in favour of the state in 2020 by significant types tax payments, thousand UAH



**Figure 9.6: The results of final reconciliation of revenues in favour of the state in 2020 by significant non-tax type of payments, thousand UAH**

In terms of ownership of the reporting mining companies, the discrepancy between government agencies and privately owned companies exceeded the amount of discrepancy for the companies in direct and indirect state ownership. In particular, the discrepancy for private companies amounted to UAH 32,509.83 thousand or 0.11%, and for companies in direct and indirect state ownership -UAH -1,950.98 thousand or -0.001%.

### Summary of discrepancy study based on the results of reconciliation at the company level

The initial reconciliation of payments found significant discrepancies<sup>1029</sup> between the data of the government agencies and the data provided by 39 reporting mining companies. At the same time, 15 companies did not show significant discrepancies with the data of state bodies. To investigate the identified discrepancies and correct the errors and inaccuracies in the primary data, additional requests for clarification were generated and sent to the relevant 39 significant companies.

As a result of the investigation of the discrepancies between the data of government agencies and those provided by the mining companies, the most common causes of the discrepancies were identified:

- ▶ The companies failed to include some components (subtypes) of payments in the total amount of certain types of payments. The government agencies provided data for all significant payments in disaggregated form, while the companies sometimes did not include all subtypes of the relevant tax or non-tax payment in favour of the state;

<sup>1029</sup> The decision of the IETI MSG (Minutes of the IETI MSG meeting of October 01, 2021) established a threshold of materiality of discrepancies between the data provided by the government agencies and the data provided by the companies as 5% of the payment amount. In addition, the absolute framework was set:

- the discrepancy shall not be treated as material if it is less than UAH 1,000 (regardless of the size of the discrepancy in percentage)
- the discrepancy shall be treated as material if it is more than UAH 1,000,000 (regardless of the size of the discrepancy in percentage)

- ▶ The companies failed to include the fines (penalties) paid in connection with the violation of tax legislation related to transferring the amounts of relevant tax liabilities to the budget in the total amount of tax payments;
- ▶ The companies did not include information on personal income tax (hereinafter – PIT) and military duty (hereinafter referred to as “personal income tax and military duty”) and value added tax (hereinafter – VAT) in reporting forms due to the fact that the EITI Law and the draft guidance on filling in the report on payments in favour of the state do not oblige to disclose data on personal income tax and VAT;
- ▶ The companies failed to include the relevant tax and other payments in the Statement of Payments due to the lack of a clear list of payments that need to be disclosed in the reporting. Most companies did not include the following payments:
  - Budget reimbursement of VAT (the grounds for non-inclusion is the fact that budget reimbursement is not a payment in favour of the state and is not reflected in the personal account with the State Tax Service);
  - VAT on goods imported into Ukraine (the grounds for non-inclusion is that VAT at customs is administered by the SCS, while the companies included in the Report on payments to the state only the tax payments administered by the State Tax Service and reflected in their personal account);
  - Fees for granting or extending special subsoil use permits for the use of subsoil and revenues from the sale of such permits (the main reason why the fees are not included is the fact that the fees are not categorized as a tax for the purposes of filling in the Statement of Payments or not required to be mentioned as "Other");
- ▶ Technical errors;
- ▶ The specifics of accounting for paid tax liabilities by the companies and differences in approaches to accounting for tax payments and revenues by the companies and the government agencies, respectively (for example, the companies include the taxes accrued and paid to the SCS under the contracts in their Statement of Payments to the State, while the government authorities record the payment only by the registered taxpayer).

The detailed information on the investigation of the significant discrepancies and adjustments to the data (general reconciliation) is presented in **Annex 11**.

### **Summary of discrepancy investigation based on the results of reconciliation at the level of project activities**

Before starting the reconciliation at the level of each individual project activity (special permits), the main limitations that may affect the scope and procedure of the reconciliation were identified and considered:

- ▶ According to the Tax Code of Ukraine, mining companies are required to keep separate records of costs and revenues for each type of mineral raw material and for each subsoil facility for which a special permit has been issued<sup>1030</sup>. However, the Ukrainian law does

<sup>1030</sup> Pursuant to paragraph 2, Article 252 of the Tax Code, mining companies that pay production royalty for the extraction of minerals shall, for tax purposes, carry out separate financial accounting and tax accounting of costs and revenues for each type of mineral raw material and for each subsoil facility, for which a special subsoil use permit has been granted, <https://zakon.rada.gov.ua/laws/show/2755-17#Text>

not require the legal entities to account for and declare their land fees and environmental tax by individual project activities, which makes it impossible to reconcile these payments in favour of the state for each individual project activity (special permit) due to lack of data either from the companies or the relevant government agencies. That is why, the reconciliation in terms of special mining permits was only carried out in relation to the production royalty<sup>1031</sup>. At the same time, to comply with the Requirement 4.7 of the EITI Standard, land fees paid by legal entities and environmental tax were reconciled at the company level.

- ▶ Unlike the reconciliation at the company level, the reconciliation for each individual project activity (special permits) can be only carried out based on the accrued amounts and not the amounts paid in the reporting period. This is primarily because government agencies can break down the production royalty under special permits only for accrued payments based on tax returns. The paid amounts can technically be broken down only by administrative regions (oblasts) and local budgets, however some special permits apply to areas within two or more administrative regions (oblasts), i.e., the revenues from one special permit can be distributed to local budgets of several administrative regions, which makes identification of the amounts paid to each individual budget impossible.

In view of this, the reconciliation by each individual project activity was carried out only for the accrued production royalty in 2020. At the same time, the data of significant extractive companies on their payments of land fees charges on individuals and environmental tax for each individual project activity, provided during the reporting for the EITI Report 2020, are presented in **Annex 10**.

Overall, in 2020, 54 significant mining companies reported on 432 special permits for subsoil use for mining. The largest number of special permits are held by Ukgazvydobuvannya JSC and Ukrnafta PJSC - together had more than 290 special permits (about 68% of the special permits held by all reporting mining companies).

The detailed data on the accrued production royalty in terms of special permits were provided by 48 companies in their initial responses; 1 mining company did not provide the data because it did not pay rent in 2020, respectively, there were no accruals by government agencies; 5 more companies do not pay production royalty due to the peculiarities of their activities.

As a result of the reconciliation of the accrued production royalty by special permits, significant<sup>1032</sup> discrepancies were significant discrepancies with 28 out of 54 reporting mining companies. The common reasons for the discrepancies were the following:

- ▶ Lack of clear methodological explanations in the draft guidance on filling in the report on payments in favour of the state on how to properly reflect the accrued and paid

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<sup>1031</sup> The reconciliation was carried out for the following types of production royalty:

- production royalty for extraction of minerals of national importance (payment code 13030100);
- production royalty for extraction of oil (payment code 13030700);
- production royalty for extraction of natural gas (payment code 13030800);
- production royalty for extraction of gas condensate (payment code 13030900).

<sup>1032</sup> According to the decision of EITI MSG (Minutes of the EITI MSG meeting of 01.10.2021) the threshold of materiality of discrepancies between the data of the state bodies and the data of the companies in the amount of 5% of the amount of payment was established. In addition, the absolute framework was set:

- The discrepancy is not significant if it is less than UAH 1,000 (regardless of the size of the percentage discrepancy)
- The discrepancy is significant if it is more than UAH 1,000,000 (regardless of the size of the difference in percentage)

- amounts by special permits. As a result, some wordings in the reporting forms were interpreted differently by companies ("Payable" was not in all cases treated as accrued);
- ▶ The companies included fines, penalties transferred from previous periods of amounts of arrears, as well as the royalty on clarifying declarations submitted and accrued in personal accounts in 2020 for previous periods in their accrued production royalty, while the data of the government agencies do not include these accruals;
  - ▶ The difference in methodological approaches for accounting for accrued production royalty used by the government agencies and the mining companies. The reconciliation found that the data provided by the state bodies include accrued payments for 2020 (accruals for 01.2020 - 12.2020, which is reflected in the personal account with the state bodies in the period 02.2020 - 01.2021 (actually 01.02.2021)). At the same time, the companies included in their primary responses the amount accrued in 2020 (accruals for 12.2019 - 11.2020, which is reflected in the personal account with the government agencies in 2020). Also, the reconciliation revealed that in some cases the data of government agencies include the accrued payments for only 2 or 3 quarters of 2020, while the companies provided the total amount for all 4 quarters in their initial responses;
  - ▶ The companies failed to include the production royalty for extraction of other minerals of national importance (State Budget Classification Code 13030100) while filling out the Report on Payments to the state.

The data provided by the state bodies and the data provided by the companies on accrued production royalty by project activities (in terms of special permits) and the results of their reconciliation are presented in **Annex 10**.

Table 9.9: The results of reconciliation of revenues in favour of the state in 2020 by extractive industry

Industry	Initial data, UAH thousand			Final data, UAH thousand		
	Data provided by government agencies	Data provided by companies	Discrepancy	Data provided by government agencies	Data provided by companies	Discrepancy
Oil and gas	163,464,880.41	162,699,034.27	765,846.14	163,464,880.41	163,467,221.55	(2,341.14)
Iron ores	10,625,835.48	18,166,253.31	(7,540,417.82)	10,625,835.48	10,574,595.78	51,239.70
Coal	8,766,856.74	7,459,350.21	1,307,506.53	8,766,856.74	8,785,196.45	(18,339.71)
<b>Total</b>	<b>182,857,572.64</b>	<b>188,324,637.79</b>	<b>(5,467,065.15)</b>	<b>182,857,572.64</b>	<b>182,827,013.79</b>	<b>30,558.85</b>

Table 9.10: The results of reconciliation of revenues in favour of the state in 2020 by ownership of companies

State ownership <sup>1033</sup> / private ownership	Initial data, UAH thousand			Final data, UAH thousand		
	Data provided by government agencies	Data provided by companies	Discrepancy	Data provided by government agencies	Data provided by companies	Discrepancy
State	153,702,191.61	156,123,336.81	(2,421,145.20)	153,702,191.61	153,704,142.59	(1,950.98)
Private	29,155,381.03	32,201,300.98	(3,045,919.95)	29,155,381.03	29,122,871.20	32,509.83
<b>Total</b>	<b>182,857,572.64</b>	<b>188,324,637.79</b>	<b>(5,467,065.15)</b>	<b>182,857,572.64</b>	<b>182,827,013.79</b>	<b>30,558.85</b>

<sup>1033</sup> "State ownership" means directly or indirectly owned by the state



**Table 9.11: The results of reconciliation of revenues in favour of the state in 2020 by types of payments**

Type of payment	Initial data, UAH thousand			Final data, UAH thousand		
	Data provided by government agencies	Data provided by companies	Discrepancy	Data provided by government agencies	Data provided by companies	Discrepancy
Production royalty	48,506,126.71	48,721,485.45	(215,358.74)	48,506,126.71	48,510,026.58	(3,899.87)
Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT)	40,786,284.76	40,260,304.34	525,980.43	40,786,284.76	40,786,352.98	(68.21)
Corporate income tax	40,119,991.86	40,093,866.29	26,125.57	40,119,991.86	40,118,340.19	1,651.67
Dividends and payment of a share of net profit	39,677,419.49	39,677,419.68	(0.19)	39,677,419.49	39,677,419.68	(0.19)
Budget reimbursement of value added tax	(14,846,490.11)	(5,335,184.35)	(9,511,305.76)	(14,846,490.11)	(14,846,489.68)	(0.43)
Personal income tax	10,027,367.23	9,501,462.61	525,904.62	10,027,367.23	10,007,011.86	20,355.37
Unified social contribution (USC /unified contribution)	9,862,966.78	8,308,718.47	1,554,248.31	9,862,966.78	9,868,800.21	(5,833.43)
Value added tax on goods imported into Ukraine	5,504,649.09	4,636,073.34	868,575.75	5,504,649.09	5,517,280.75	(12,631.67)
Land Fee	1,515,479.13	1,503,083.98	12,395.15	1,515,479.13	1,500,918.98	14,560.15
Environmental tax	970,140.40	954,229.12	15,911.28	970,140.40	953,714.94	16,425.47
Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits	733,637.30	3,178.86	730,458.44	733,637.30	733,637.30	-
<b>Total</b>	<b>182,857,572.64</b>	<b>188,324,637.79</b>	<b>(5,467,065.15)</b>	<b>182,857,572.64</b>	<b>182,827,013.79</b>	<b>30,558.85</b>

## 9.3 Results of reconciliation for each type of tax payments

### 9.3.1 Personal income tax

As the result of reconciliation, the amount of payments in favour of the state of personal income tax from extractive companies, according to the government agencies was UAH 10,027,367.23 thousand and according to extractive companies - UAH 10,007,011.86 thousand in 2020. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 525,904.61 thousand. The discrepancy after reconciliation was UAH 20,355.37 thousand.

**Table 9.12: Reconciliation of revenues from *personal income tax* in 2020, UAH thousand**

Personal income tax	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	10,027,367.23	0.00	10,027,367.23
Companies' data	9,501,462.61	505,549.25	10,007,011.86
Discrepancy	525,904.61	(505,549.25)	20,355.37
<b>Oil and gas extracting</b>			
State's data	3,855,575.57	0.00	3,855,575.57
Companies' data	3,851,565.12	4,336.66	3,855,901.78
Discrepancy	4,010.44	(4,336.66)	(326.21)
<b>Iron ores mining</b>			
State's data	3,440,544.47	0.00	3,440,544.47
Companies' data	3,090,353.30	324,359.17	3,414,712.47
Discrepancy	350,191.18	(324,359.17)	25,832.00
<b>Coal mining</b>			
State's data	2,731,247.19	0.00	2,731,247.19
Companies' data	2,559,544.19	176,853.42	2,736,397.61
Discrepancy	171,703.00	(176,853.42)	(5,150.42)

### 9.3.2 Corporate income tax

As the result of reconciliation, the amount of payments in favour of the state of corporate income tax from extractive companies, according to government agencies was UAH 40,119,991.86 thousand and according to extractive companies - UAH 40,118,340.19 thousand in 2020. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 26,125.57 thousand. The discrepancy after reconciliation was UAH 1,651.67 thousand.

*Table 9.13: Reconciliation of revenues from corporate income tax in 2020, UAH thousand*

Corporate income tax	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	40,119,991.86	0.00	40,119,991.86
Companies' data	40,093,866.29	24,473.90	40,118,340.19
Discrepancy	26,125.57	(24,473.90)	1,651.67
<b>Oil and gas extracting</b>			
State's data	32,323,545.31	0.00	32,323,545.31
Companies' data	32,333,306.53	(11,698.37)	32,321,608.16
Discrepancy	(9,761.22)	11,698.37	1,937.15
<b>Iron ores mining</b>			
State's data	7,488,214.37	0.00	7,488,214.37
Companies' data	7,452,128.86	36,111.53	7,488,240.39
Discrepancy	36,085.51	(36,111.53)	(26.02)
<b>Coal mining</b>			
State's data	308,232.18	0.00	308,232.18
Companies' data	308,430.90	60.74	308,491.64
Discrepancy	(198.72)	(60.74)	(259.46)

### 9.3.3 Production royalty

As the result of reconciliation, the number of payments in favour of the state of production royalty from extractive companies, according to government agencies was UAH 48,506,126.71 thousand and according to extractive companies - UAH 48,510,026.58 thousand in 2020. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH - 215,358.74 thousand. The discrepancy after reconciliation was UAH - 3,899.87 thousand.

*Table 9.14: Reconciliation of revenues from production royalty in 2020, UAH thousand*

Production royalty	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	48,506,126.71	0.00	48,506,126.71
Companies' data	48,721,485.45	(211,458.87)	48,510,026.58
Discrepancy	(215,358.74)	211,458.87	(3,899.87)
<b>Oil and gas extracting</b>			
State's data	44,119,892.85	0.00	44,119,892.85
Companies' data	44,154,878.04	(31,085.08)	44,123,792.96
Discrepancy	(34,985.19)	31,085.08	(3,900.11)
<b>Iron ores mining</b>			
State's data	4,110,850.79	0.00	4,110,850.79
Companies' data	4,291,277.55	(180,426.27)	4,110,851.28
Discrepancy	(180,426.76)	180,426.27	(0.49)
<b>Coal mining</b>			
State's data	275,383.07	0.00	275,383.07
Companies' data	275,329.86	52.48	275,382.34
Discrepancy	53.21	-52.48	0.73

### 9.3.4 Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT)

As the result of reconciliation, in 2020, the amount of payments in favour of the state of value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT) from extractive companies, according to government agencies was UAH 40,786,284.76 thousand and according to extractive companies - UAH 40,786,352.98 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 525,980.43 thousand. The discrepancy after reconciliation was UAH -68.21 thousand.

**Table 9.15: Reconciliation of revenues from *value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT) in 2020, UAH thousand***

VAT	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	40,786,284.76	0.00	40,786,284.76
Companies' data	40,260,304.34	526,048.64	40,786,352.98
Discrepancy	525,980.43	(526,048.64)	(68.21)
<b>Oil and gas extracting</b>			
State's data	38,021,244.35	0.00	38,021,244.35
Companies' data	38,021,163.26	150.98	38,021,314.24
Discrepancy	81.08	(150.98)	(69.90)
<b>Iron ores mining</b>			
State's data	607,179.83	0.00	607,179.83
Companies' data	607,148.62	31.22	607,179.84
Discrepancy	31.21	(31.22)	(0.01)
<b>Coal mining</b>			
State's data	2,157,860.58	0.00	2,157,860.58
Companies' data	1,631,992.45	525,866.44	2,157,858.89
Discrepancy	525,868.13	(525,866.44)	1.69

### 9.3.5 Budget reimbursement of value added tax

As the result of reconciliation, in 2020, the amount of budget reimbursement of value added tax of extractive companies, according to government agencies was UAH -14,846,490.11 thousand and according to extractive companies - UAH -14,846,489.68 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH -9,511,305.76 thousand. The discrepancy after reconciliation was UAH -0,43 thousand.

**Table 9.16: Reconciliation of budget reimbursement of value added tax in 2020, UAH thousand**

Budget reimbursement of value added tax	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	(14,846,490.11)	0.00	(14,846,490.11)
Companies' data	(5,335,184.35)	(9,511,305.33)	(14,846,489.68)
Discrepancy	(9,511,305.76)	9,511,305.33	(0.43)
<b>Oil and gas extracting</b>			
State's data	(150,000.00)	0.00	(150,000.00)
Companies' data	0.00	(150,000.00)	(150,000.00)
Discrepancy	(150,000.00)	150,000.00	0.00
<b>Iron ores mining</b>			
State's data	(14,696,490.11)	0.00	(14,696,490.11)
Companies' data	(5,336,432.39)	(9,360,057.29)	(14,696,489.68)
Discrepancy	(9,360,057.72)	9,360,057.29	(0.43)
<b>Coal mining</b>			
State's data	0.00	0.00	0.00
Companies' data	1,248.04	(1,248.04)	0.00
Discrepancy	(1,248.04)	1,248.04	0.00

### 9.3.6 Value added tax on goods imported into Ukraine

As the result of reconciliation, in 2020, the amount of payments in favour of the state of value added tax on goods imported into Ukraine from extractive companies, according to government agencies was UAH 5,504,649.09 thousand and according to extractive companies - UAH 5,517,280.75 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 868,575.75 thousand. The discrepancy after reconciliation was UAH -12,631.67 thousand.

*Table 9.17: Reconciliation of revenues from value added tax on goods imported into Ukraine in 2020, UAH thousand*

Value added tax on goods imported into Ukraine	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	5,504,649.09	0.00	5,504,649.09
Companies' data	4,636,073.34	881,207.41	5,517,280.75
Discrepancy	868,575.75	(881,207.41)	(12,631.67)
<b>Oil and gas extracting</b>			
State's data	1,260,347.42	0.00	1,260,347.42
Companies' data	1,018,167.87	242,195.01	1,260,362.88
Discrepancy	242,179.55	(242,195.01)	(15.46)
<b>Iron ores mining</b>			
State's data	3,993,064.26	0.00	3,993,064.26
Companies' data	3,533,703.65	464,898.65	3,998,602.31
Discrepancy	459,360.61	(464,898.65)	(5,538.04)
<b>Coal mining</b>			
State's data	251,237.41	0.00	251,237.41
Companies' data	84,201.82	174,113.75	258,315.57
Discrepancy	167,035.59	(174,113.75)	(7,078.16)

### 9.3.7 Land fee

As the result of reconciliation, in 2020, the amount of payments in favour of the state of land fee from extractive companies, according to government agencies was UAH 1,515,479.13 thousand and according to extractive companies - UAH 1,500,918.98 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 12,395.15 thousand. The discrepancy after reconciliation was UAH 14,560.15 thousand.

*Table 9.18: Reconciliation of revenues from land fee in 2020, UAH thousand*

Land fee	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	1,515,479.13	0.00	1,515,479.13
Companies' data	1,503,083.98	(2,165.00)	1,500,918.98
Discrepancy	12,395.15	2,165.00	14,560.15
<b>Oil and gas extracting</b>			
State's data	379,217.03	0.00	379,217.03
Companies' data	378,918.69	240.09	379,158.78
Discrepancy	298.35	(240.09)	58.26
<b>Iron ores mining</b>			
State's data	1,077,997.57	0.00	1,077,997.57
Companies' data	1,063,770.18	(260.08)	1,063,510.10
Discrepancy	14,227.39	260.08	14,487.47
<b>Coal mining</b>			
State's data	58,264.53	0.00	58,264.53
Companies' data	60,395.12	(2,145.01)	58,250.11
Discrepancy	(2,130.59)	2,145.01	14.42



### 9.3.8 Environmental tax

As the result of reconciliation, in 2020, the amount of payments in favour of the state of environmental tax from extractive companies, according to government agencies was UAH 970,140.40 thousand and according to extractive companies - UAH 953,714.94 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 15,911.28 thousand. The discrepancy after reconciliation was UAH 16,425.47 thousand.

*Table 9.19: Reconciliation of revenues from environmental tax in 2020, UAH thousand*

Environmental tax	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	970,140.40	0.00	970,140.40
Companies' data	954,229.12	(514.19)	953,714.94
Discrepancy	15,911.28	514.18	16,425.47
<b>Oil and gas extracting</b>			
State's data	83,901.84	0.00	83,901.84
Companies' data	83,798.97	107.82	83,906.78
Discrepancy	102.88	(107.82)	(4.94)
<b>Iron ores mining</b>			
State's data	840,380.97	0.00	840,380.97
Companies' data	823,950.80	0.00	823,950.80
Discrepancy	16,430.17	0.00	16,430.17
<b>Coal mining</b>			
State's data	45,857.59	0.00	45,857.59
Companies' data	46,479.35	(622.00)	45,857.35
Discrepancy	(621.76)	622.00	0.24

## 9.4 Reconciliation of non-tax payments

### 9.4.1 Dividends and payment of a share of net profit

As the result of reconciliation, in 2020, the amount of payments in favour of the state of dividends and payment of a share of net profit from extractive companies, according to government agencies was UAH 39,677,419.49 thousand and according to extractive companies - UAH 39,677,419.68 thousand. Total discrepancy between these taxpayers and government agencies' data was UAH -0.19 thousand. No clarifications were made.

*Table 9.20: Reconciliation of revenues from dividends and payment of a share of net profit in 2020, UAH thousand*

Dividends and payment of a share of net profit	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	39,677,419.49	0.00	39,677,419.49
Companies' data	39,677,419.68	0.00	39,677,419.68
Discrepancy	(0.19)	0.00	(0.19)
<b>Oil and gas extracting</b>			
State's data	39,625,300.45	0.00	39,625,300.45
Companies' data	39,625,300.45	0.00	39,625,300.45
Discrepancy	0.00	0.00	0.00
<b>Iron ores mining</b>			
State's data	50,368.03	0.00	50,368.03
Companies' data	50,368.03	0.00	50,368.03
Discrepancy	0.00	0.00	0.00
<b>Coal mining</b>			
State's data	1,751.01	0.00	1,751.01
Companies' data	1,751.20	0.00	1,751.20
Discrepancy	(0.19)	0.00	(0.19)

### 9.4.2 Fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits

As the result of reconciliation, in 2020, the amount of payments in favour of the state of fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits from extractive companies, according to government agencies and to extractive companies - UAH 733,637.30 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 730,458.44 thousand. The discrepancy after reconciliation - no discrepancies was found.

*Table 9.21: Reconciliation of revenues from fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits in 2020, UAH thousand*

Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	733,637.30	0.00	733,637.30
Companies' data	3,178.86	730,458.44	733,637.30
Discrepancy	730,458.44	(730,458.44)	0.00
<b>Oil and gas extracting</b>			
State's data	733,509.30	0.00	733,509.30
Companies' data	3,061.10	730,448.20	733,509.30
Discrepancy	730,448.20	(730,448.20)	0.00
<b>Iron ores mining</b>			
State's data	128.00	0.00	128.00
Companies' data	117.76	10.24	128.00
Discrepancy	10.24	(10.24)	0.00
<b>Coal mining</b>			
State's data	0.00	0.00	0.00
Companies' data	0.00	0.00	0.00
Discrepancy	0.00	0.00	0.00

## 9.4.2 Unified social contribution





As the result of reconciliation, in 2020, the amount of payments in favour of the state of unified social contribution from extractive companies, according to government agencies was UAH 9,862,966.78 thousand and according to extractive companies - UAH 9,868,800.21 thousand. Total discrepancy between these taxpayers' and government agencies' data, based on the initial request was UAH 1,554,248.31 thousand. The discrepancy after reconciliation was UAH -5 833,43 thousand.




*Table 9.22: Reconciliation of revenues from unified social contribution in 2020, UAH thousand*

Unified social contribution	Initial data	Adjustments	Final data after reconciliation
<b>Extractive industries, total</b>			
State's data	9,862,966.78	0.00	9,862,966.78
Companies' data	8,308,718.47	1,560,081.74	9,868,800.21
Discrepancy	1,554,248.31	(1,560,081.74)	(5,833.43)
<b>Oil and gas extracting</b>			
State's data	3,212,346.30	0.00	3,212,346.30
Companies' data	3,228,874.25	(16,508.03)	3,212,366.22
Discrepancy	(16,527.96)	16,508.03	(19.93)
<b>Iron ores mining</b>			
State's data	3,713,597.29	0.00	3,713,597.29
Companies' data	2,589,866.93	1,123,675.31	3,713,542.24
Discrepancy	1,123,730.35	(1,123,675.31)	55.04
<b>Coal mining</b>			
State's data	2,937,023.19	0.00	2,937,023.19
Companies' data	2,489,977.28	452,914.46	2,942,891.74
Discrepancy	447,045.91	(452,914.46)	(5,868.55)

## 10. Recommendations for improving the EITI reporting process




### 10.1 Analysis of implementation of the recommendations in the previous Ukraine EITI Report








№	Recommendation	Degree of importance	Comments
1	Analysis of implementation of the recommendations in the previous Ukraine EITI Report	 High	<p>The recommendation is not implemented.</p> <p>As of the time of preparation of the EITI Report 2020, no changes in terms of information to be disclosed by mining companies have been made to the Resolution of the Cabinet of Ministers of Ukraine "Some issues of ensuring transparency in extractive industries" No 858 of September 23, 2020 and to the Law of Ukraine "On ensuring transparency in extractive industries" No 2545-VIII of September 18, 2018.</p>
2	Clarify that public authorities that are "recipients of payments" are "bodies that control the collection of budget revenues" by budget classification codes, which are deemed "the payments" for the purposes of the EITI Law	 High	The recommendation is not implemented.
3	Establish the formal deadline for the disclosure of reports on payments received by the recipients of payments, because the preparation of the EITI Report (including reconciliation of payments) requires a sufficient amount of time	 High	The recommendation is not implemented.
4	Include in the EITI Law the authority for the Independent Administrator to further request and clarify not only "payment information" but also other information required for the preparation of the EITI Report that shall be disclosed under the EITI Law	 High	The recommendation is not implemented.

5	<p>Establish a clear obligation to disclose the essential terms of subsoil use agreements concluded and / or amended <b>before</b> the EITI Law effectiveness date, and to ensure the actual disclosure of such information on the Ministry of Energy's website</p>	 High	<p>The recommendation is partly implemented.</p> <p>No changes have been made to the EITI Law in this regard. As of the time of preparation of this report, the website of the Ministry of Energy has published the essential terms of production sharing agreements (along with the relevant extracts from such agreements), which will be extracted within Buzivska, Berestyanska, Balakliyska, Ivanivska, Zinkivska, Sofiiivska, Uhnivska<sup>1034</sup>. All these agreements were concluded in 2020.</p> <p>As of the time of preparation of this report, special permits and agreements on the conditions of subsoil use issued since 2016 have been published on the website of Derzgeonadra<sup>1035</sup>.</p>
6	<p>Bring the EITI Law in line with the updated Requirement 2.4 of the EITI Standard, including the obligation to disclose the full text of subsoil use agreements to be concluded and / or amended 1 January 2021 or later</p>	 High	<p>Although no relevant amendments are made to the EITI Law, the scanned copies of special permits and full texts of agreements on the conditions of subsoil use (including those issued in 2020) were published on the website of Geonadra. And the official website of the Ministry of Energy posts information on the essential conditions of seven PSAs, which were signed at the end of 2020. However, the information on the essential conditions of subsoil use agreements on the website of the Ministry of Energy is not complete.</p>
7	<p>Approve the bylaws provided in the EITI Law to ensure liability for violations of the EITI Law</p>	 High	<p>The recommendation is implemented.</p> <p>In 2020, the Resolution of the Cabinet of Ministers of 23.09.2020 No 858 "Some issues of transparency in the extractive industries" approved the EITI reporting forms for the extractive</p>

<sup>1034</sup> Ministry of Energy, Production Sharing Agreements, [http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art\\_id=245328330&cat\\_id=245328319](http://mpe.kmu.gov.ua/minugol/control/uk/publish/article?art_id=245328330&cat_id=245328319)



<sup>1035</sup> Geonadra, Special Permits and Agreements Issued, <https://www.geo.gov.ua/nadrokorystuvannya/vydani-speczdozvoly-ta-ugody/>


			companies and the recipients of payments.
8	<p>Implement an effective planning and management system for EITI report preparation, which would include:</p> <ul style="list-style-type: none"> <li>▶ Search and allocation of financial and human resources for the preparation of the EITI report no later than the end of the first quarter of current year</li> <li>▶ Approval of the scope and terms of reference for the preparation of the future EITI report no later than the end of the first quarter of the current year</li> <li>▶ Conducting a tender and selecting an Independent Administrator no later than the end of the second quarter of the current year</li> </ul>	 High	<p>The recommendation is implemented.</p>
9	<p>Facilitate access to information on the key EITI aspects, including technical information on mineral reserves, especially titanium ores</p>	 High	<p>The recommendation is partly implemented.</p> <p>Part of the geological information is published by Geonadra in the public domain on the <i>Mineral Resources of Ukraine</i> website <a href="https://minerals-ua.info/">https://minerals-ua.info/</a>. However, such information is not sufficient to make sure it is complete. In addition, the format of the published information does not allow its automatic and easy consolidation and processing.</p>
10	<p>Introduction of a unified methodology for estimating mineral reserves, which would be in line with the best world practices, for example, based on the international template for reporting on the results of exploration, mineral resources and reserves (CRIRSCO Template).</p>	 High	<p>The recommendation is partly implemented.</p> <p>Natural gas and oil companies use the Petroleum Resources Management System (PRMS), which is the world's most widely adopted classification in the oil and gas industry.</p>

11	Consider conducting a separate study to identify possible additional quasi-fiscal transactions specific to Ukrainian mining companies in order to include information on such transactions in the EITI reporting forms and to comply with requirement 6.2 of the EITI Standard	 Medium	The recommendation is not implemented.
12	Eliminate the outdated references to the Procedure for Transparency in Extractive Industries, approved by the Cabinet of Ministers in Ukrainian law (for example, the Subsoil Code, the Law on Oil and Gas) and bring them in line with the EITI Law	 Medium	The recommendation is not implemented.
13	Improve the data collection process for project reporting under the EITI Standard by amending the EITI Law and the reporting forms	 Medium	The recommendation is not implemented.
14	Consider the introduction of appropriate regulatory changes in the budget system of Ukraine so that the payments from mining companies can be tracked (both on their way to the state budget and at the stage of redistribution through intergovernmental transfers to local budgets)	 Medium	The recommendation is not implemented.
15	Continue work on the implementation of an information system that would allow companies and government agencies to provide information on EITI electronically	 Medium	The recommendation is implemented
16	Unify and simplify access to information on mineral extraction	 Medium	The recommendation is not implemented.
17	Make the disaggregated information on the value of products of individual extractive industries publicly available	 Medium	The recommendation is not implemented.




## 10.2 Recommendations of Independent Administrator for improving the EITI reporting process

№	Recommendation	Degree of importance	Comments
1	Ensure the use of the same methodological approaches to recording information on tax and other payments by government agencies and mining companies.	 High	The reconciliation of payments revealed that the government agencies and mining companies provide data based on different methodological approaches. The companies, in their primary data, indicate the payments paid and accrued <b>in</b> 2020, while the data of government agencies (primarily information on royalty payments under special permits) can reflect both payments paid and accrued in 2020 and the payments paid and accrued <b>for</b> 2020. Thus, the approach to the information shall be unified. Moreover, the Independent Administrator shall have the right to request public authorities to provide detailed clarifications on the specifics of data. Such clarifications may include the period of the data and the components of different types of payments.
2	Ensure a clear definition in the EITI Law of the concept of natural gas and oil transmission and whether the requirements of the EITI Law apply to hydrocarbon storage activities.	 High	The EITI Law applies to the mining industries and activities involving the transmission of hydrocarbons by pipelines, including for transit purposes. At the same time, the reporting forms approved by the Cabinet of Ministers include not only the questions about the costs of transmission of hydrocarbons and income from the provision of such services, but also the questions about the storage of hydrocarbons, in particular: <ul style="list-style-type: none"> <li>- Section III, Table 3 "Payments for storage services (injection, withdrawal) and other payments to transmission system operators during the reporting period";</li> </ul>


			<p>- Section III, Table 6 "Payments for storage services (injection, withdrawal) and other payments received by the transmission system operator".</p> <p>Nevertheless, the EITI Law does not explicitly state that it also applies to hydrocarbon storage activities. In addition, from 2020, Ukrtransgaz JSC, the operator of gas storage facilities in Ukraine, is responsible for storage of natural gas in the country. This contradicts the wording in the reporting forms (Section III, Table 6), which require the disclosure of information on storage payments received by the transmission system operator and not by the storage facility operator.</p>
3	<p>Supplement the information to be disclosed by the reporting entities in accordance with the EITI Law and the reporting forms with other information required to meet the requirements of the EITI Standard</p>	<p style="text-align: center;"> High</p>	<p>According to the EITI Law, the reporting entities shall submit the information on payments in the scope and using the templates (forms) approved by the Cabinet of Ministers. As of the date of this report, the EITI reporting forms were approved by the Resolution of the Cabinet of Ministers of Ukraine No 858 of September 23, 2020.</p> <p>The completeness of the disclosed information according to the EITI Standard, the quality of EITI Report, and the speed of its preparation significantly depend on the content and scope of the data requested in the EITI reporting forms. It should be noted that <b>the reporting companies and the relevant public authorities in most cases provided all necessary additional information at the request of the Ministry of Energy and the Independent Administrator.</b></p> <p>At the same time, because the electronic EITI system was partially used to prepare the 2020 report (and the system will be used to prepare future EITI reports), the shortcomings of the reporting forms approved by the Cabinet of Ministers shall be eliminated. The effectiveness of the electronic system would depend on completeness of the information</p>


			<p>requested in the automatic mode. If the reporting forms are not improved, manual requests to the mining companies would still be needed to meet the requirements of the EITI Standard.</p> <p>The EITI Law does not provide for, among other things, collection of information (with the relevant gaps in the reporting forms) to meet the following requirements of the EITI Standard:</p> <ol style="list-style-type: none"> <li>1) <b>Requirement 2.5</b> (for example, the status of "politically exposed person",<sup>1036</sup> details on the scale of ownership and method of control);</li> <li>2) <b>Requirements 2.6 and 4.5</b> (for example, on the amount of grants, subsidies, subventions, reinvested earnings, details on attracting external financing (through debt or capital) or government guarantees, state liability for the liabilities of mining companies, changes in share of the state during the reporting period, etc.);</li> <li>3) <b>Requirement 4.1</b> (for example, on the amount of payments from personal income tax, value added tax, budget reimbursement of VAT; inclusion of information on fines, and payments not related to mining activities, etc.)</li> <li>4) <b>Requirement 6.1</b> (for example, due to the lack of definition of the concept "social project" the collected information on environmental costs may not be complete);</li> <li>5) <b>Requirement 6.2</b> (information on quasi-fiscal operations is generally missing in the reporting forms).</li> </ol>
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<sup>1036</sup> For example, according to the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" No 361-IX of 16.08.2020: <https://zakon.rada.gov.ua/laws/show/361-20#n6>




			<p>Draft Law No 3790 proposes to transform the list of the information contained in the EITI reporting into an open-ended list by supplementing it with "other information required to be disclosed in accordance with the EITI Standard"<sup>1037</sup>. Should the draft law be approved, the EITI reporting forms shall be updated respectively.</p>
4	<p>Clarify that the public authorities that are "recipients of payments" are deemed "the bodies that control the collection of budget revenues" with the budget classification codes that are the payments for the purposes of the EITI Law</p>	<p style="text-align: center;"> High</p>	<p>According to the Ukrainian budget law, taxes, fees, and other revenues to the state budget are credited directly to the single treasury account with the State Treasury Service of Ukraine (hereinafter - the "<b>Treasury of Ukraine</b>"). The Treasury provides treasury servicing of budget funds and accounting for all expenditures and revenues of the state budget of Ukraine. Thus, formally, it is the Treasury of Ukraine that shall be deemed a "recipient of payments" in the terminology of the EITI Law.</p> <p>At the same time, according to the letter of the Treasury of Ukraine No 14-06-06/19697 of 05.11.2020, there is no information on payments with details at the level of a separate mining company, so the data from the Treasury are insufficient to prepare the EITI report.</p> <p>Currently, the Independent Administrator receives only the information on payments from the bodies <b>controlling</b> the collection of budget revenues in terms of budget revenues classification codes: STS, SCS, Geonadra and the Ministry of Economy, in accordance with the Budget Code of Ukraine and CMU Resolution No 106 of 16.02.2011. However, such bodies do not <i>receive</i> the relevant payments (they do not have the right to accumulate such receipts on their own accounts), but only control the correctness and timeliness of their collection.</p>

<sup>1037</sup> Draft Law on Amendments to Certain Legislative Acts of Ukraine on Ensuring Transparency in Extractive Industries No 3790 of July 3, 2020, [http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=69368](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=69368)




			<p>A clear definition of the list of the recipients of payments who are required to report on the payments received is a prerequisite of, among other things, the efficiency of the electronic EITI system after it is launched.</p> <p>Therefore, to harmonize the provisions of the EITI Law with the Ukrainian budget law and regulations, the Independent Administrator recommends amendments to the EITI Law and other bylaws of Ukraine (including the regulations that guide the operations of the relevant authorities).</p>
5	<p>Establish the deadline for the disclosure of reports on payments received by the recipients of payments, since the preparation of the EITI Report (including reconciliation of payments) requires certain time</p>	<p style="text-align: center;">             High         </p>	<p>According to the EITI Law, the recipients of payments shall:</p> <ul style="list-style-type: none"> <li>▶ submit their reports on received payments to the Ministry of Energy and the Independent Administrator by sending an electronic version, and if it is not practicable, in paper form by mail with a description attached;</li> <li>▶ post electronic versions of their payment reports on their own website (if any) or in an electronic reporting and analysis system (if any).</li> </ul> <p>At the same time, the EITI Law does not set a deadline for such submission and / or posting.</p> <p>The EITI Law stipulates that at the request of the Ministry of Energy and the Independent Administrator, the recipients of the payments shall provide complete <i>information on the payments</i> within 15 working days from the date of receipt of the request. However, "information on payments" is not identical to "payment report".</p> <p>The fact that the deadline for disclosure of the payment report is not established may create additional barriers to obtaining the necessary information from the recipients of the payments.</p> <p>This gap is eliminated by draft law No 3790, which stipulates that the report on payments received shall be submitted by April 1 of the year following the reporting year. However, as</p>


			<p>of the date of this Report, this draft law has not been considered by the Verkhovna Rada.</p>
6	<p>Amend the EITI Law in a way that the Independent Administrator would have the right to further request and clarify not only “payment information” but also other information necessary for the preparation of the EITI Report and which shall be disclosed under the EITI Law</p>	<p style="text-align: center;">             High         </p>	<p>According to Art. 5 of the EITI Law, mining companies are required to:</p> <ul style="list-style-type: none"> <li>- disclose the report on payments in favour of the state (or consolidated report);</li> <li>- disclose information on the essential terms of subsoil use agreements along with relevant extracts from such agreements;</li> <li>- provide information <i>on payments</i> at the request of the Ministry of Energy and the Independent Administrator.</li> </ul> <p>The recipient of payments shall disclosure the information by:</p> <ul style="list-style-type: none"> <li>- submission of a report on received payments to the Ministry of Energy and the Independent Administrator;</li> <li>- -providing information <i>on payments</i> at the request of the Ministry of Energy and the Independent Administrator.</li> </ul> <p>Therefore, formally, the Independent Administrator has no right to submit additional request for information that is not related to the payments, which is required for the preparation of the EITI Report, and which shall be disclosed according to the EITI Law and / or reporting forms approved by the Cabinet of Ministers (for example, the data on volumes of production, beneficiary owners, subsoil use agreements, financing of state-owned enterprises, etc.). Although in practice public authorities have provided this information on a voluntary basis, the lack of such a right is a formal shortcoming of the law.</p>

			<p>In addition, the EITI Law does not provide for the possibility of clarifying the information provided by the recipients of payments and / or obtaining explanations for discrepancies identified during the preparation of the EITI Report, which can definitely complicate the payments reconciliation.</p>
7	<p>Establish a clear obligation to disclose the essential terms of subsoil use agreements concluded and / or amended <b>before</b> the EITI Law effectiveness date, ensure the actual disclosure of such information on the Ministry of Energy's website, and provide methodological guidance on how to disclose it</p>	<p style="text-align: center;">             High         </p>	<p>The EITI Law provides for the mandatory disclosure of the essential terms of subsoil use agreements, namely agreements on the conditions of subsoil use, PSAs, Joint Operations Agreements and other contracts under which project activities are carried out (including hydrocarbon pipeline transportation). In particular, the law requires:</p> <ul style="list-style-type: none"> <li>- business entities operating in the extractive industries</li> <li>- to submit to the Ministry of Energy information on the essential terms of subsoil use agreements along with the relevant extracts from such agreements;</li> <li>- -Ministry of Energy - to publish the information about the agreements on its official website.</li> </ul> <p>The EITI Law explicitly requires the Ministry of Energy and the State Agency for Geodesy and Mapping (Geonadra) to publish information only about the agreements that were concluded or amended after the entry into force of the law effectiveness date (i.e., after November 16, 2018).</p> <p>Also, the transitional provisions of the EITI Law requires providing / disclosing information on the essential terms of subsoil use agreements (except for agreements on the conditions of subsoil use) within 90 days from the EITI Law effectiveness date, however the transitional provisions do not specify the period for which such information should be provided / disclosed. This creates uncertainty about the obligation to disclose the essential terms of agreements concluded / amended in the periods before 16.11.2018.</p>


			<p>As of the date of preparation of this report, the essential terms of seven PSAs signed in 2020 and extracts from six of them have been published on the official website of the Ministry of Energy. However, other agreements concluded before the EITI Law effectiveness date have not been published.</p> <p>In addition, to apply unifies approach to the disclosure of essential conditions and extracts from the PSAs, the guidelines for such disclosure should be adopted.</p>
8	Bring the EITI Law in line with the updated Requirement 2.4 of the EITI Standard, including the obligation to disclose the full text of subsoil use agreements to be concluded and / or amended on 1 January 2021 or later	 High	<p>As noted above, the EITI Law does not require disclosing the full text of subsoil use agreements but is limited to information on the essential terms of such agreements and the relevant extracts therefrom. Such situation does not meet requirement 2.4 of the EITI Standard.</p> <p>This issue is partially addressed by the draft law No 3790, which requires disclosing the texts of subsoil use agreements, if they are concluded on 01.01.2021 or later, as well as any amendments to them. At the same time, this draft law does not require disclosing the texts of the agreements concluded before 01.01.2021, in case of changes to them after that date. As of the date of this Report, this draft law has not been considered by the Verkhovna Rada.</p>
9	Facilitate access to information on the key EITI aspects, including technical information on mineral reserves, especially titanium ores	 High	<p>Ensure more complete and detailed disclosure of geological information in the public domain by Geonadra, which would allow to check its completeness. Such information should also be published in a format suitable for its automated consolidation and processing.</p>
10	Introduction of a unified methodology for estimating mineral reserves, which is in line with the best world practices, for example, based on the international template for reporting on the results of exploration, mineral resources, and reserves (CRIRSCO Template).	 High	<p>The introduction of a unified mineral reserves assessment and public reporting system in Ukraine in all extractive industries that would be compatible with international standards. This will increase the transparency of data on the current state of reserves, allow reliable assessment of data</p>








			on mineral assets of extractive industries in public offering, facilitate obtaining bank guarantees and lending, and ultimately, significantly help increase the investment attractiveness of Ukrainian extractive industries.
11	Develop technical and methodological recommendations for mining companies and government agencies for entering information into the online EITI platform.	 Medium	To ensure a smooth and rapid reporting by companies and government agencies on the EITI online platform, clear of methodological and technical guidelines should be developed and made freely available (for example, directly on the EITI online platform).
12	Integrate information on the role of the state into the online EITI platform.	 Medium	<p>To meet the requirements of the EITI Standard, the information on the role of the state (in particular, for the information required by Requirements 2.6 and 4.5 of the EITI Standard) and quasi-qualifying transactions should be collected and disclosed.</p> <p>To facilitate and expedite the collection and processing of such information, it is recommended to implement technical solution that would enable reporting such information directly on the EITI online platform.</p>
13	Consider conducting a separate study to identify potential additional quasi-fiscal transactions specific to Ukrainian mining companies to include information on such transactions in the EITI reporting forms and to comply with requirement 6.2 of the EITI Standard	 Medium	<p>Requirement 6.2 of the EITI Standard highlights the disclosure of information on quasi-fiscal expenditures of state-owned enterprises in the EITI Report. According to the Standard, quasi-fiscal expenditures cover activities that enable public social expenditures of the companies and include payments for social services, public infrastructure, fuel subsidies and national debt service, etc., outside the national budget process.</p> <p>The standard also states that EITI MSG should develop a reporting process that is consistent with the level of transparency commensurate with other flows of payments and revenues, as well as with the disclosure of subsidiaries and joint ventures. When defining the concept of quasi-fiscal</p>

			<p>expenditures, it is recommended to consider the IMF elaborations.</p> <p>Since 2011, the budget law of Ukraine contains its own definition of quasi-fiscal operations ("CFO"). These are operations of public authorities and local governments, the NBU, the compulsory state social and pension insurance funds, economic entities of the state and municipal sectors of economy, which are not reflected in the budget but may reduce budget revenues and / or require additional budget expenditures in the future.</p> <p>To facilitate the identification and assessment of the CFOs associated risks by the Ministry of Finance, the CMU has determined a list of CFOs<sup>1038</sup>. Three of the listed transactions relate to the extractive sector (two of which relate to special responsibilities of Naftogaz of Ukraine NJSC in the natural gas market) and are reflected in the EITI Report.</p> <p>At the same time, to increase the effectiveness of CFO reporting, the Independent Administrator recommends conducting a study to identify other operations performed by extractive companies that may have quasi-fiscal features other than those identified by the CMU, with the prospect of including them in the CMU resolution and / or EITI reporting forms. A similar recommendation is contained in the report on the results of the second process of validation of Ukraine.</p>
14	Eliminate the outdated references from the Ukrainian laws (for example, the Subsoil Code, the Law on Oil and Gas) to the Procedure for Transparency in Extractive Industries, approved by the Cabinet of Ministers, and bring them in line with the Law on EITI	 Medium	<p>In addition to the EITI Law, the issue of disclosure is partially regulated by other laws. For example, in accordance with paragraph 4-1, Part 1, Art. 24 of the Subsoil Code, subsoil users shall provide and publish information on national and local taxes and fees, other payments, as well as production (economic) activities required to ensure transparency in extractive industries, in accordance with the procedure</p>


<sup>1038</sup> Resolution of the CMU of 01 August, 2012 No 692-r: <https://zakon.rada.gov.ua/laws/show/692-2012-%D1%80#Text>

			<p>established by the Cabinet of Ministers. Article 20 of the Law on Oil and Gas also contains a similar requirement.</p> <p>According to Art. 11 of the Subsoil Code, public bodies engaged in administration of the field of geological study, use and protection of subsoil shall provide and publish information on the state of geological study, use and protection of subsoil to the extent necessary to ensure transparency in extractive industries, in accordance with the procedure established by the Cabinet of Ministers.</p> <p>These norms do contain references to the Procedure for ensuring transparency in the extractive industries, approved by the Cabinet of Ministers Resolution No 1039 of 02.12.2015, which expired on 25.09.2020 - with the approval of the Cabinet of Ministers of reporting forms in accordance with the EITI Law.</p>
15	<p>Improve the data collection process for project reporting under the EITI Standard by amending the EITI Law and the reporting forms</p>	<p style="text-align: center;"> Medium</p>	<p>The decision of the International Secretariat launched gradual transition of all countries within the framework of the EITI Standard to the disclosure of information disaggregated by individual projects in their annual reports.</p> <p>The Resolution of the Cabinet of Ministers of Ukraine "Some Issues of Ensuring Transparency in Extractive Industries" No 858 of 23.09.2020 approved the reporting forms in accordance with the EITI Law, which provide for project reporting on (i) production royalty for mining, (ii) land fees and (iii) environmental tax.</p> <p>At the same time, the laws do not provide for the possibility of providing project information by the recipients of payments, which makes reconciling payments at the project level impossible.</p> <p>Moreover, the Ukrainian tax legislation does not require declaration of land fees and environmental tax in the context of a separate project activity, which significantly complicates</p>

			the preparation by mining companies of their payments report. As of the date of this report, draft law No 3790 seeks to address this situation by introducing reporting on these payments by administrative-territorial unit. The Independent Administrator proposes to elaborate and finalize the provisions of draft law No 3790, since the project activity can be carried out on the territory of several administrative and territorial units.
16	Consider the introduction of appropriate regulatory changes in the budget system of Ukraine so that the payments from mining companies can be tracked (both on their way to the state budget and at the stage of redistribution through intergovernmental transfers to local budgets)	 Medium	Traceability of local budget revenues that come from mining companies operating in the region would help increasing transparency and efficiency in the use of funds by the regions. Therefore, the purpose of this recommendation is to increase the availability of public information on the share of payments from mining companies that indeed operate in the region in total revenues of local budgets (including transfers).
17	Unify and simplify access to information on mineral extraction	 Medium	The methodology and approaches for determining the volume of production should be unified. Also, free access to detailed information on the volume of production in Ukraine, particularly by region, accumulated by several government agencies - the State Statistics Service, Geonadra, Ministry of Energy, and the State Tax Service - should be provided.
18	Make disaggregated information on the cost of production of individual extractive industries publicly available	 Medium	Ensure publication by the State Statistics Service of information on the value of products (output) and the value of sold products of industries, detailed by industry and subsector, including those covered by the EITI Report. Currently, this information of the State Statistics Service is publicly available only in an aggregated form, which usually combines several industries.
19	Ensure the full-fledged operation of the online EITI platforms, including:	 Medium	Implementation of these recommendations would allow reconciling data on payments of mining companies in favour of the state directly on the online EITI platform. In addition, it

	<ul style="list-style-type: none"> <li>- reporting by government agencies on information on the payments received from the mining companies through the online EITI platform;</li> <li>- technical improvements that would allow consolidating, filtering by various criteria and processing information from all mining companies;</li> </ul>		<p>would enable easy and quick consolidation and processing of mining companies' payments data directly on the platform.</p>
20	<p>Continue centralizing and publishing information within the state <i>EcoSystem</i><sup>1039</sup> platform to facilitate access to information about the impact of extractive industries on the environment</p>	 Low	<p>As noted in Section 8 of this Report, in May 2021, the national online <i>EcoSystem</i> platform was launched in a test mode. It is designed to provide centralized access to environmental information published by various public authorities and local governments. The platform is held by the Ministry of Environment.</p> <p>Currently, the web portal contains a centralized framework of links to many sources of information on the state of the environment (including the results of state monitoring, registers of special permits for use of natural resources, information on licenses issued, pollutant emissions, etc.), and the volume of public information increases.</p> <p>Although the introduction of the resource is a significant positive step towards the openness of data in the field of ecology and use of natural resources, the platform should be improved and further filled. For example, the resource lacks information in the subsection "Issuance of an EIA conclusion", the section "e-Ecocontrol" lacks subsections "Information on the results of state supervision (control) in the field of environmental protection", "Information on the effectiveness of state supervision (control) by the territorial bodies of the State Environmental Inspectorate", "Report on</p>

<sup>1039</sup> Official web portal "[EcoSystem](#)"

			the implementation of the annual plan of state supervision (control)", etc.
21	Provide an opportunity to search for the results of inspections of business entities performed by the State Environmental Inspectorate by type of economic activity	 Low	<p>Currently, the information about the results of the scheduled and unscheduled inspections conducted by the State Environmental Inspectorate is published on the State Inspectorate's portal. The information is posted in format that does not allow its rapid processing and without specifying the core activities of a particular entity.</p> <p>Given that more than 10,000 inspections were carried out in 2020, this approach to publishing information complicates access to information and requires submission of requests to the State Environmental Inspectorate.</p>

## **Annex 1. List of state authorities and institutions surveyed within the scope of EITI Report 2020**

### ***Central executive bodies***

1. Ministry of Energy of Ukraine (previously - Ministry of Energy and Environmental Protection of Ukraine. In 2020, according to the CMU`s decision, Ministry of Environmental Protection and Natural Resources was established, and the Ministry of Energy and Environmental Protection was renamed to the Ministry of Energy<sup>1040</sup>);
2. Ministry of Economic Development, Trade and Agriculture of Ukraine;
3. Ministry of Finance of Ukraine;
4. State Tax Service of Ukraine;
5. State Customs Service of Ukraine;
6. State Service for Geology and Mineral Resources of Ukraine;
7. State Statistics Service of Ukraine;
8. State Treasury Service of Ukraine.

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<sup>1040</sup> CMU`s Resolution No. 425 of 27 May 2020, 'Some issues of optimizing the system of central executive bodies' access mode: <https://zakon.rada.gov.ua/go/425-2020-%D0%BF>

## Annex 2. List of extractive companies included into the scope of reconciliation in EITI Report

According to the decision of MSG (MSG Minutes of the meeting dated 01 October 2021) 54 companies were included in the scope of reconciliation within the framework of the EITI Report for 2020. Unless otherwise stated in the text, contextual information, including on state involvement in the extractive industries, applies only to companies that have been identified as material and included in the scope of reconciliation.

Nº	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
1	Ukrgezvydobuvannya JSC	Oil and gas	No	State (indirect ownership)	Naftogaz of Ukraine NJSC - 100% (there were no changes in the reporting period)	The state is not responsible for JSC's liability whilst Naftogaz of Ukraine NJSC carries the risk of loss related JSC's activity only within its share value
2	Naftogaz of Ukraine NJSC	Oil and gas	Yes	State (direct ownership)	State represented by the Cabinet of Ministers of Ukraine - 100% (there were no changes in the reporting period)	The state carries the risk of loss related to activities of Naftogaz of Ukraine NJSC, within its share value

<sup>1041</sup> For the purposes of the EITI 2020 Report, MSG decided to consider state-owned enterprises (SOEs) in accordance with Requirement 2.6 of the EITI Standard, enterprises belonging to the public sector of the economy and enterprises in which the state indirectly owns more than 50% of shares (particles). More details on the definition of "state-owned enterprises" in section 7.1.

<sup>1042</sup> The question of the responsibility of the state (the body to whose sphere of management the enterprise belongs) for the obligations of enterprises with state participation is described in more detail in Section 7.2.2 of this Report.



№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
3	Ukrnafta PJSC	Oil and gas	No	(indirect ownership)	Naftogaz of Ukraine NJSC - 50% + 1 share (there were no changes in the reporting period)	The state is not responsible for PJSC's liability whilst Naftogaz of Ukraine NJSC carries the risk of loss related JSC's activity only within its share value
4	Naftogazvydobuvannya PrJSC	Oil and gas	No	Private	-	-
5	Energy Service Company Esco-Pivnich LLC	Oil and gas	No	Private	-	-
6	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	Oil and gas	No	Private	-	-
7	Natural Resources PrJSC	Oil and gas	No	Private	-	-
8	Poltava Petroleum Company JV	Oil and gas	No	Private	-	-
9	Kub-gaz LLC	Oil and gas	No	Private	-	-
10	Ukrgezvydobutok PrJSC	Oil and gas	No	Private	-	-
11	Persha ukrainska hazonaftova kompaniia LLC	Oil and gas	No	Private	-	-
12	Representative Office of Regal Petroleum Corporation Limited	Oil and gas	No	Private	-	-

Nº	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
13	Nadra-Geoinvest LLC	Oil and gas	No	Private	-	-
14	Energy-95 LLC	Oil and gas	No	Private	-	-
15	Systemoilingenering LLC	Oil and gas	No	Private	-	-
16	JV Ukrkarpatoil LTD LLC	Oil and gas	No	State (indirect ownership)	Ukrnafta PJSC - 100% (there were no changes in the reporting period)	The state and Naftogaz of Ukraine NJSC are not responsible for LLC's liability and Ukrnafta PJSC carries the risk of loss related to activities of LLC, within its share value
17	Oil&Gas Geoexploring LLC	Oil and gas	No	Private	-	-
18	Prom-Energo Product LLC	Oil and gas	No	Private	-	-
19	Nordik PE	Oil and gas	No	Private	-	-
20	Joint activity agreement of 01/01/1999 No. 35/4 - authorized entity Hals-K PrJSC (31566427)	Oil and gas	No	Private	-	-
21	Zakhidnadraserivce LLC	Oil and gas	No	Private	-	-
22	Stryinaftogaz LLC	Oil and gas	No	Private	-	-

№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
23	Ukrtransgaz JSC	Transportation	No	State (indirect ownership)	Naftogaz of Ukraine NJSC - 100%	The state is not responsible for PJSC's liability whilst Naftogaz of Ukraine NJSC carries the risk of loss related JSC's activity only within its share value
24	Ukrtransnafta JSC	Transportation	No	State (indirect ownership)	(there were no changes in the reporting period)	The state is not responsible for PJSC's liability whilst Naftogaz of Ukraine NJSC carries the risk of loss related JSC's activity only within its share value
25	Gas Transmission System Operator of Ukraine LLC	Transportation	No	State (indirect ownership)	Mahistralni gazoprovody Ukrainy JSC	The state is not responsible for LLC's liability whilst Mahistralni gazoprovody Ukrainy JSC carries the risk of loss related LLC's activity only within its share value
26	ArcelorMittal Kryvyi Rih PJSC	Iron ores	No	Private	-	-
27	Nothern Iron Ore Enrichment Works PrJSC	Iron ores	No	Private	-	-
28	Southern Iron Ore Enrichment Works JSC	Iron ores	No	Private	-	-

Nº	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
29	Central Iron Ore Enrichment Works PrJSC	Iron ores	No	Private	-	-
30	Poltava Iron Ore Enrichment Works PrJSC	Iron ores	No	Private	-	-
31	Ingulets Iron Ore Enrichment Works PrJSC	Iron ores	No	Private	-	-
32	Krivyi Rih Iron-Ore Combine JSC	Iron ores	No	Private	-	-
33	Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	Iron ores	No	Private	-	-
34	Suha Balka PrJSC	Iron ores	No	Private	-	-
35	Yerystiv Iron-Ore Enrichment Works LLC	Iron ores	No	Private	-	-
36	Rudomain LLC	Iron ores	No	Private	-	-
37	Marganets Mining and Processing Plant PJSC	Manganese ores	No	Private	-	-
38	Colliery Group Pokrovs'ke PJSC	Manganese ores	No	Private	-	-

№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
39	United Mining and Chemical Company JSC	Titanium ores	Yes	State (direct ownership)	State represented by the Ministry for Development of Economy, Trade and Agriculture - 100% (there were no changes in the reporting period)	The state carries the risk of loss related to JSC's activities within its (the Ministry for Development of Economy, Trade and Agriculture) share value
40	Velta LLC	Titanium ores	No	Private	-	-
41	DTEK Pavlohradcoal PrJSC	Coal	No	Private	-	-
42	Colliery Group Pokrovs'ke PJSC	Coal	No	Private	-	-
43	DTEK Dobropolyeugol LLC	Coal	No	Private	-	-
44	Selydivuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
45	Lvivuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100%	The state and the Ministry of energy of Ukraine are not responsible for SE's liability

№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
					(there were no changes in the reporting period)	
46	Krasnolymanska Coal Mining Company SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
47	Myrnohradvuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
48	Pervomaiskvuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
49	Lysychanskvuhillia JSC	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100%	The state and the Ministry of energy of Ukraine are not responsible for SE's liability

№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
					(there were no changes in the reporting period)	
50	Mine Administration Pivdenodonbaske #1 SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
51	Toretskvuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
52	Mine named after M. S. Surgai SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability
53	Bilozerska Mine ALC	Coal	No	Private	-	-

№	Companies/Taxpayers	Sector	Business entity of the public sector of the economy in accordance with the law	Owner <sup>1041</sup>	The name of the legal entity or state body through which the state holds a share in the share capital of the company	General rule regarding the state responsibility on liability of state-owned companies <sup>1042</sup>
54	Volynvuhillia SE	Coal	Yes	State (direct ownership)	State represented by the Ministry of energy of Ukraine - 100% (there were no changes in the reporting period)	The state and the Ministry of energy of Ukraine are not responsible for SE's liability



### Annex 3. Beneficial Owners of reporting entities

- ▶ The information below corresponds with the information from the Unified State Registry (USR) as of 01.11.2021.
- ▶ The USR does not provide information about beneficial owners of state and municipal enterprises, because such enterprises do not have beneficial owners according to the law. At the same time, the USR provides information on founders (participants) of state and municipal enterprises, including state executive bodies managing these entities. The table contains unified wording “No beneficial owner” for state enterprises.
- ▶ Some entities (such as non-resident representative offices, JAA) are not included in the USR, and therefore information about the beneficial owners of such entities cannot be obtained through the USR.
- ▶ The table contains unified wording “No beneficial owner” if the USR has information about the absence of beneficial owner for various reasons (for instance, due to the absence of a person exerting decisive influence).
- ▶ A statement “No information in the USR” means that the information on beneficial owner is not indicated in the USR.
- ▶ This annex does not contain information about the owners of substantial shareholding in the companies, but this information is fully available in the USR.
- ▶ This annex also includes the persons designated as beneficial owners of the founders of relevant enterprises.

Nº	Code EDRPOU	Name	Beneficial owner of the company
1.	20077720	Naftogaz of Ukraine NJSC	No beneficial owner (direct state owner - CMU)
2.	00135390	Ukrnafta PJSC	No beneficial owner
3.	30019775	Ukrgezvydobuvannia JSC	No beneficial owner (indirect state ownership)
4.	42795490	Gas Transmission System Operator of Ukraine LLC	No beneficial owner (indirect state ownership)
5.	24432974	ArcelorMittal Kryvyi Rih PJSC	No beneficial owner
6.	30019801	Ukrtransgaz JSC	No beneficial owner (indirect state ownership)
7.	00191000	Pivdennyi hirnycho-zbahachuvalnyi kombinat	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through PLLC METINVEST B.V. (Netherlands) Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street, 14, apt. 34

№	Code EDRPOU	Name	Beneficial owner of the company
		PJSC	Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 34.9%
8.	00178353	DTEK Pavlohradvuhillia PRJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through LLC «DTK ENERGO», 34225325, DTEK ENERGY B.V., DTEK Holding Limited, DTEK OIL&GAS B.V.. Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Percentage of share capital in a legal entity: 100 %. Type of beneficial ownership: indirect
9.	403739509	JAA from 24.12.1997 p. № 999/97 Operator - GPD Poltavanaftogaz Ukrnafta PJSC (22525915)	USR does not contain information about JAAs. GPD Poltavanaftogaz Ukrnafta PJSC - separate division of Ukrnafta PJSC - no beneficial owner
10.	00191282	Poltavskiyi hirnycho-zbahachuvalnyi kombinat PrJSC	No beneficial owner (the USR contains information about the founder - Ferrexpo PLC, 05432915, 2-4 king street, London, SW1Y6QL United Kigdom)
11.	00191023	Pivnichnyi hirnycho-zbahachuvalnyi kombinat PJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through PLLC Metinvest B.V.. Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 76.24%
12.	32377038	Naftogazvydobuvannia PrJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through DTEK OIL GAZ B.V. (code 34284942, NGD HOLDINGS B.V., code 65943112 Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34
13.	33152471	MC Ukrnaftoburinnia PrJSC	No beneficial owner
14.	00190905	Inhuletskyi hirnycho-zbahachuvalnyi kombinat PrJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through PLLC METINVEST B.V.(Netherlands) Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 76.24%
15.	13498562	Shakhtoupravlinnia "Pokrovske" PJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34

№	Code EDRPOU	Name	Beneficial owner of the company
			Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 76.24%
16.	00190977	Tsentralnyi hirnycho-zbahachuvalnyi kombinat PJSC	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through PLLC METINVEST B.V. Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 76.24%
17.	00191218	Enterprise with foreign investments in the form of PJSC Zaporizkyi zalizorudnyi kombinat	No beneficial owner
18.	00191307	Kryvorizkyi zalizorudnyi kombinat PJS	<b>Akhmetov Rinat Leonidovych</b> , Ukraine, through STARMILL LIMITED (Cyprus) Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 49.94%
19.	30732144	Enerho-servisna kompaniia Esko-Pivnich LLC	<b>Zlochevska Anna</b> , Cyprus, through Glasimo Limited Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion, house 22, apt 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 50% <b>Zlochevska Karina</b> , Cyprus, through SERMINARIA LIMITED Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion, 22, apt. 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 50%
20.	00191329	Sukha Balka PJSC	<b>Yaroslavskiyi Oleksandr Vladylenovych</b> , Ukraine, Ukraine Address: Ukraine, 62820, Kharkiv region, Chuguiv district, Martove village, Vasylenko Petro street 23 Type of beneficial ownership: direct decisive influence Percentage of share capital / voting rights in a legal entity: 99.42%

Nº	Code EDRPOU	Name	Beneficial owner of the company
21.	31570412	Ukrtransnafta JSC	No beneficial owner (indirect state ownership)
22.	37014600	DTEK Dobropillivuhillia LLC	<b>Akhmetov Rinat Leonidovych, Ukraine</b> Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 100%
23.	36716128	Obiednana hirnycho-khimichna kompaniia JSC	No beneficial owner (indirect state ownership) founder - State property fund of Ukraine
24.	20041662	Poltavska hazonaftova kompaniia JV	<b>Hladyn Viktor Volodymyrovych, Ukraine</b> Address: Ukraine, 02002, Kyiv city, Okipnoy Raisa street 7A, apt. 48 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 1 %
25.	35713283	Yerystivskiyi hirnycho-zbahachuvalnyi kombinat LLC	No beneficial owner (the USR contains information about founder FERREXPO PLC, 2-4 KING STREET, LONDON, SW1Y6QL UNITED KINGDOM)
26.	43027125	Naftohazheorozvidka LLC	<b>Akhmetov Rinat Leonidovych, Ukraine - through DTEK OIL AND GAS B.V, code 34284942, Ukraine, (DTEK OIL&amp;GAS DEVELOPMENT B.V.) (Netherlands)</b> Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34 Percentage of share capital / voting rights in a legal entity: 100 % The amount of the contribution to the statutory fund (UAH): 100000,00
27.	32323256	Lvivuhillia SE	No beneficial owner (indirect state ownership, founder -Ministry of Energy of Ukraine)
28.	33100376	Pryrodni resursy PJSC	<b>Pinchuk Kateryna Viktorivna, Ukraine</b> Address: Ukraine, 08711, Kyiv region, Obukhiv district, Kozyn, Solovyanenko street 441A / 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 0.01 % <b>Pinchuk Mariia Viktorivna, Ukraine</b> Address: Ukraine, 49009, Dnipropetrovsk region, Dnipro city, Vernadsky Volodymyr street 35L, apt. 29/30 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 0.01 %

№	Code EDRPOU	Name	Beneficial owner of the company
			<p><b>Pinchuk Roman Viktorovych, Ukraine</b>            Address: Ukraine, 08711, Kyiv region, Obukhiv district, Kozyn, Solovyanenko street 441A / 1            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 0.01 %</p> <p><b>Pinchuk Olena Leonidivna, Ukraine</b>            Ukraine, 01025, Kyiv city, Desiatynna street 10, apt. 8            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 0.01 %</p> <p><b>Pinchuk Viktor Mykhailovych, Ukraine</b>            Ukraine, 01025, Kyiv city, Volodymyrska street 20/1 LIT. "A", apt. 8            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 0.01 %</p>
29.	00190928	Pokrovskiy hirnycho-zbahachuvalnyi kombinat JSC	No beneficial owner (direct state ownership, founder - Regional branch of the State Property Fund of Ukraine in Dnipropetrovsk region)
30.	26333503	Representative office of Regal Petroleum Corporation	No information about non-resident representation is available in the USR <sup>1043</sup>
31.	25635581	Ukrhazvydobutok PrJSC	<p><b>Novynskiy Vadym Vladyslavovych, Ukraine - through Smart Energy B.V. (Netherlands)</b>            Address: Ukraine, 87534, Donetsk region, Mariupol, Bakhchivanji street 55, apt. 35            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 100 %</p>
32.	33426253	Selydivvuhillia SE	No beneficial owner (indirect state ownership, founder -Ministry of Energy of Ukraine)
33.	32320594	Pervomaiskvuhillia SE	No beneficial owner (indirect state ownership, founder -Ministry of Energy of Ukraine)
34.	23152126	JV Ukrkarpatoil LTD	No information is available in the USR
35.	00190911	Marhanetskyi hirnycho-zbahachuvalnyi kombinat JSC	No beneficial owner
36.	35602704	Nadra-Heoinvest LLC	<b>Huzenko Oleksandr Anatoliiovych, Ukraine</b>

<sup>1043</sup> According to the information provided by the representative office at the request of the Ministry of Energy, the beneficial owner is Novinsky Vadym Vladyslavovych, Ukraine

№	Code EDRPOU	Name	Beneficial owner of the company
			Address: Ukraine, 49108, Dnipropetrovsk region, Dnipro city, Yantarna street 73, 2, apt. 32 The amount of the contribution to the statutory fund (UAH): 30 000,00 <b>Huzenko Tetiana Oleksandrivna, Ukraine</b> Address: Ukraine, 49074, Dnipropetrovsk region, Dnipro city, Smolenskaya street 11 The amount of the contribution to the statutory fund (UAH): 30 000,00
37.	32087941	Myrnohradvuhillia SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
38.	32359108	Lysychanskvuhillia JSC	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
39.	36028628	Shakhta Bilozerska ALC	<b>Akhmetov Rinat Leonidovych, Ukraine</b> through DTEK ENERGY B.V. Address: Ukraine, 01001, Kyiv, Patorzhynskiyi street 14, apt. 34
40.	30694895	Kub-Haz LLC	<b>Zlochevska Anna, Cyprus, through Filera Holdings Limited</b> Address: Cyprus, Limassol, Germasogeia, Panaretos Thanos Mansions, Giasermion 22, apt. 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital in a legal entity: 32.5 % <b>Zlochevska Karina, Cyprus, through Filera Holdings limited, Cyprus</b> Address: Cyprus, Limassol, Germasogeia, Panaretos Thanos Mansions, Giasermion 22, apt. 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital in a legal entity: 32.5 %
41.	33839013	Toretskvuhillia SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
42.	40695853	Shakhta imeni Mykoly Safonovycha Surhaia SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
43.	34032208	Shakhtoupravlinnia Pivdenodonbaske №1 SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
44.	36050166	Persha ukraiinska hazonaftova kompaniia LLC	<b>Zlochevska Karina, Cyprus, through Serminaria Limited, Cyprus</b> Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion 22, apt., 1 Type of beneficial ownership: indirect decisive influence

№	Code EDRPOU	Name	Beneficial owner of the company
			Percentage of share capital / voting rights in a legal entity: 50 % <b>Zlochevska Anna</b> , Cyprus, through Glasimo Limited, Cyprus Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion 22, apt., 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 50%
45.	33862865	Nordik PE	<b>Kozitsky Zinoviy Yaroslavovych</b> , Ukraine Address: Ukraine, 79017, Lviv region, Lviv city, Tarnavskoho M. Generala str 90, apt. 2 Type of beneficial ownership: direct decisive influence Percentage of share capital / voting rights in a legal entity: 100 %
46.	30912734	Vyrobnnycho - komertsiiina firma Velta	<b>Brodskiy Andrii Victorovych</b> , Ukraine Address: Ukraine, 49052, Dnipropetrovsk region, Dnipro city, Hretskiy lane 14 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 60 %
47.	38203132	SystemOilEngineering LLC	<b>Zlochevska Karina</b> , Cyprus, through SERMINARIA LIMITED, Cyprus Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion 22, apt. 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 50 % <b>Zlochevska Anna</b> , Cyprus, through Glasimo Limited, Cyprus Address: Cyprus, 4043, Limassol city, Germasogeia district, Panaretos Thanos Mansions, Giasemion 22, apartment 1 Type of beneficial ownership: indirect decisive influence Percentage of share capital / voting rights in a legal entity: 50 %
48.	36282935	Zakhidnadraseris LLC	<b>Kozitsky Zinoviy Yaroslavovych</b> , Ukraine Address: Ukraine, 79017, Lviv region, Lviv city, Tarnavskoho M. Generala str., 90, apt. 2 Type of beneficial ownership: direct decisive influence

№	Code EDRPOU	Name	Beneficial owner of the company
			Percentage of share capital / voting rights in a legal entity: 100 %
49.	37064892	Rudomain LLC	<p><b>Andeu Katia</b>, Cyprus through ARDK MINING ASSET MANAGEMENT HOLDING LTD            Address: Cyprus, 1096 Nicosia, 28 Sofuli Street, Chantecler Building, 3rd Floor, Office 307            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 100 %</p>
50.	31599557	Vuhilna kompaniia Krasnolymanska SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
51.	24186185	Enerhiia-95 LLC	<p><b>Kotvitskyi Ihor Oleksandrovych</b>, Ukraine through Energy Aktyv LLC, Ukraine            Address: Ukraine, 01001, Kyiv, Desiatynna 11, apt., 4            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 50 %</p> <p><b>Danilov Vitalii Bohdanovych</b>, Ukraine trough Gazolinum LLC            Address: Ukraine, 61666, Kharkiv region, Kharkiv city, Minska street 62            Type of beneficial ownership: indirect decisive influence            Percentage of share capital / voting rights in a legal entity: 50 %</p>
52.	39454684	Stryinaftohaz LLC	<p><b>Hryniv Petro Mykhailovych</b>, Ukraine            Address: Ukraine, 76018, Ivano-Frankivsk region, Ivano-Frankivsk (from), Pasichna str 20, apt. 15            Type of beneficial ownership: direct decisive influence            Percentage of share capital / voting rights in a legal entity: 25 %</p> <p><b>Petrushko Yurii Myronovych</b>, Ukraine            Address: Ukraine, 76000, Ivano-Frankivsk region, Ivano-Frankivsk city, Myktynetska street 9B, apt. 14            Type of beneficial ownership: direct decisive influence            Percentage of share capital / voting rights in a legal entity: 25 %</p> <p><b>Kurochkin Oleh Oleksandrovych</b>, Ukraine            Address: Ukraine, 76492, Ivano-Frankivsk region, village Uhornyky, Mikitina Mykola street 5</p>



№	Code EDRPOU	Name	Beneficial owner of the company
			Type of beneficial ownership: direct decisive influence
			Percentage of share capital / voting rights in a legal entity: 50 %
53.	32365965	Volynvuhillia SE	No beneficial owner (direct state ownership, founder -Ministry of Energy of Ukraine)
54.	31747429	Prom-EnerhoProdukt LLC	<b>Novynskyi Vadym Vladyslavovych</b> , Ukraine through LLC Regal Petroleum Ukraine Corporation Limited, 3566579, Ukraine
			Address: Ukraine, 87534, Donetsk region, Mariupol city, Bakhchivanji street 55, apt. 35
			Type of beneficial ownership: indirect decisive influence
			Percentage of share capital / voting rights in a legal entity: 82.65%

## Annex 4. Powers of state authorities of Ukraine in the field of mineral resource production in 2020

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
Verkhovna Rada (the Parliament) of Ukraine	1) Adopting the law; <sup>1044</sup> 2) Setting out the main lines of state policy; <sup>1045</sup> 3) Approving the national programs for development of extractive industries. <sup>1046</sup>	Elected body	Constitution of Ukraine Law of Ukraine "On Rules of Parliamentary Procedure of the Verkhovna Rada of Ukraine" <sup>1047</sup> Subsoil Code Mining Law Law on Oil and Gas Law of Ukraine "On Environmental Protection"
President of Ukraine <sup>1048</sup>	1) Participating in the legislative process (legislative initiative right, signing / veto of laws adopted by the Parliament); 2) Issuing decrees and orders that are mandatory on the territory of Ukraine.	Elected body	Constitution of Ukraine
Cabinet of Ministers of Ukraine (CMU)	1) Procuring financial, pricing, investment and tax policy, as well as policy in the areas of environmental safety and use of natural resources;	Accountable to the President of Ukraine and Verkhovna Rada of Ukraine; is controlled by and reports to the Verkhovna Rada of Ukraine	Constitution of Ukraine Law of Ukraine "On the Cabinet of Ministers of Ukraine" <sup>1049</sup> Subsoil Code

<sup>1044</sup> According to [subparagraph 5 of paragraph 1 of Article 92](#) of the Constitution of Ukraine, the principles of the use of natural resources may only be set out by laws of Ukraine. Apart from the Constitution of Ukraine, the main laws governing oil and gas production sector are [Subsoil Code of Ukraine](#), [Law of Ukraine "On Oil and Gas"](#), [Mining Law of Ukraine](#), Law of Ukraine "[On Production Sharing Agreements](#)" and other laws

<sup>1045</sup> Resolution of the Verkhovna Rada of Ukraine "[On Main Tasks of the State Policy of Ukraine on Environmental Protection, Use of Natural Resources and Ensuring Ecological Safety](#)" No. 188/98-BP dated 05.03.1998

<sup>1046</sup> Law of Ukraine "[On Approval of the National Program for Development of the Mineral Resources Base of Ukraine for the Period until 2030](#)" No. 3268-VI dated 21.04.2011

<sup>1047</sup> Law of Ukraine "[On Rules of Parliamentary Procedure of the Verkhovna Rada of Ukraine](#)" No. 1861-VI dated 10.02.2010

<sup>1048</sup> The President of Ukraine does not formally belong to any branch of government (legislative, executive, judicial)

<sup>1049</sup> Law of Ukraine "[On the Cabinet of Ministers of Ukraine](#)" No. 2591-VI dated 07.10.2010

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<ol style="list-style-type: none"> <li>2) Performing state management in the field of protection and rational use of land, subsoil, water resources, other natural resources, directing and coordinating the work of ministries and other executive bodies;</li> <li>3) Adopting decisions on establishment, reorganization and liquidation of ministries and other central state authorities upon request of the Prime Minister of Ukraine;</li> <li>4) Issuing mandatory resolutions and orders;</li> <li>5) Participating in the legislative process (legislative initiative right);</li> <li>6) Implementing state policy in the oil and gas industry;</li> <li>7) Adopting decisions regarding Imposing special obligations onto the natural gas market players in order to ensure public interests in the natural gas market;</li> <li>8) Performing state management in the field of geological exploration, use and protection of mineral resources;</li> <li>9) Concluding PSAs and monitoring their implementation by the state;</li> <li>10) Performing state regulation of mining and state management in the field of environmental protection;</li> <li>11) Keeping the Unified Register of EIA, determining the procedure for holding public hearings in the process of EIA, transferring of documentation for issuing an opinion on EIA, and the procedure for financing EIA.</li> </ol>		<p>Mining Law            Law on Oil and Gas            Law of Ukraine "On the Natural Gas Market"            Law of Ukraine "On Environmental Protection"            Law of Ukraine "On Pipeline Transport"            Law of Ukraine "On Production Sharing Agreements"</p>

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
Ministry of Energy and Environmental Protection of Ukraine (Minecoenergo; until May 2020)	<ol style="list-style-type: none"> <li>1) Setting out main tasks of development of fuel and energy sector;</li> <li>2) Ensuring development and implementation of state policy in the field of environmental protection, reproduction and protection of natural resources;</li> <li>3) Developing draft laws and other regulations on issues within its competence;</li> <li>4) Regulating a number of issues, including registration and monitoring of geological exploration works, accounting for the depleted deposits, mining losses, and oil and gas wells etc.;</li> <li>5) Adopting decisions on commencement of pilot and commercial operation of an oil and gas field or deposit;</li> <li>6) Approving projects for conservation or liquidation of coal extracting companies under its control;</li> <li>7) Accounting for the state-owned property under its management and exercising control over the efficient use and preservation of such property;</li> <li>8) Ensuring the safety of fuel and energy enterprises (in particular, accounting for the accidents that have occurred at such enterprises, approving measures for their prevention, etc.);</li> <li>9) Participating in development of procedures and</li> </ol>	<p>Directed and coordinated by the CMU</p> <p>(the main body in the system of central executive bodies, which ensures the development and implementation of state policy in the field of environmental protection and environmental safety, as well as in the electric power, nuclear, coal, peat, oil and gas production and oil and gas processing industries)</p> <p>The Ministry of Energy and Environmental Protection of Ukraine was divided into the Ministry of Energy of Ukraine and the Ministry of Environmental Protection and Natural Resources of Ukraine (see below).</p>	<p>Regulation on the Ministry of Energy and Environmental protection of Ukraine<sup>1052</sup></p> <p>Subsoil Code</p> <p>Law on Oil and Gas</p> <p>Law of Ukraine "On the Natural Gas Market"</p> <p>Law of Ukraine "On Coalbed Gas (Methane)"</p> <p>Law of Ukraine "On peculiarities of lease of fuel and energy complex objects in state ownership"</p> <p>Law of Ukraine "On Environmental Protection"</p> <p>Law of Ukraine "On EIA"</p> <p>Geological Information Management Issues<sup>1053</sup></p>

<sup>1052</sup> Resolution of the CMU "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine" No. 847 dated 18.09.2019

<sup>1053</sup> Resolution of the CMU "[Geological Information Management Issues](#)" No. 939 dated 07.11.2018

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>conditions for privatization of fuel and energy enterprises;</p> <p>10) Approving the National Action Plan, the procedure for developing the mineral reserves requirements, the regulation on the catalogue of geological data, the procedure for the operation of the State Repository of Geological Data and Stone Material and the procedure for transmitting primary geological information to it;</p> <p>11) Developing and approving rules for the safety of supply of natural gas etc.;</p> <p>12) Selecting the Gas Transmission System Operator of Ukraine;</p> <p>13) Providing suggestions / comments on the issuance of a subsoil license;</p> <p>14) Participating in the EIA procedure;</p> <p>15) Deciding on the feasibility of granting fuel and energy facilities for lease or concession and monitoring the use of the transferred facility<sup>1050</sup> and monitoring compliance with the terms of the concession agreement by the concessionaire.<sup>1051</sup></p>		
Ministry of Energy of Ukraine (Minenergo)	<ol style="list-style-type: none"> <li>1) Ensuring the formation and implementation of state policy in the fuel and energy sector;</li> <li>2) Ensuring the formation and implementation of state policy in the field of efficient use of fuel and energy resources;</li> <li>3) Ensuring the formation and implementation of</li> </ol>	Directed and coordinated by the CMU  (main body in the system of central executive bodies, which ensures the formation and implementation of state policy in the fuel and energy sector,	Regulations on the Ministry of Energy of Ukraine <sup>1054</sup>

<sup>1050</sup> Powers regarding the concession under the Law of Ukraine "[On Concession](#)" No. 155-IX dated 03.10.2019 were reduced

<sup>1051</sup> [Article 16](#) of the Law of Ukraine "On Peculiarities of Lease of State-Owned Fuel and Energy Complex Facilities" was excluded in accordance with the Law of Ukraine "[On Concession](#)"

<sup>1054</sup> Resolution of the CMU "[On approval of the Regulations on the Ministry of Energy of Ukraine](#)" No. 507 dated 17.06.2020

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>state policy in the field of supervision (control) in the field of heat supply;</p> <p>4) Performing management in the field of scientific and scientific and technical activities in the fuel and energy complex;</p> <p>5) Deciding on the introduction of underground storage of oil, gas and products of their processing into research and industrial operation;</p> <p>6) Developing and approving safety rules for natural gas supply;</p> <p>7) Developing, approving and implementing the National Action Plan within the powers provided by the Law of Ukraine "On the Natural Gas Market";</p> <p>8) Providing, within the powers provided by law, the organization and conduct of auctions for the oil, gas condensate and liquefied gas sale;</p> <p>9) Approving strategic development plans for state-owned enterprises belonging to the Ministry of Energy and companies in respect of which the Ministry of Energy performs corporate rights management functions;</p> <p>10) Accounting for the state-owned property belonging to the Ministry of Energy, monitoring their effective use and preservation, performing, within the powers provided by law, management of state enterprises, institutions and organizations, as well as corporate rights of the state;</p> <p>11) Participating in the prescribed manner in determining the methods of privatization of coal mining enterprises belonging to the Ministry of</p>	<p>formation and implementation of state policy in the field of efficient use of fuel and energy resources, and in the field of supervision (control) in electricity and heat supply)</p>	

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	Energy, performing other functions of management of state property belonging to the Ministry of Energy, etc.		
Ministry of Environmental Protection and Natural Resources of Ukraine (Ministry of Environment)	<ol style="list-style-type: none"> <li>1) Developing draft laws and other normative legal acts on issues within its competence;</li> <li>2) Performing normative and legal regulation of a number of issues, in particular regarding the accounting of works on geological study of subsoil, accounting of the volume of extinguished and extracted minerals and their losses, accounting of oil and gas wells, etc.;</li> <li>3) Accounting for the state-owned property under its management, monitoring their effective use and preservation;</li> <li>4) Providing in the field of geological study and rational use of subsoil regulatory and legal regulation, including on determining the procedure for developing conditions for mineral resources, the functioning of the catalogue of information on geological information, the State Repository of Geological Information and Stone Material and the order of transfer primary geological information;</li> <li>5) Determining the procedures for issuing subsoil use license, conducting auctions for the subsoil use licenses sale;</li> <li>6) Providing proposals for the granting or extension of subsoil use licenses and proposals for determining the list of subsoil areas, licenses of</li> </ol>	<p>Directed and coordinated by the Cabinet of Ministers</p> <p>(the main body in the system of central executive bodies, which ensures the formation and implementation of state policy in the field of environmental protection, environmental and within the powers provided by law, biological and genetic safety; ensures the formation of state policy in geological study and management) on the implementation of state supervision (control) in the field of environmental protection, rational use, reproduction and protection of natural resources)</p>	Regulations on the Ministry of Environmental Protection and Natural Resources of Ukraine <sup>1055</sup>

<sup>1055</sup> Resolution of the CMU "Some issues of the Ministry of Environmental Protection and Natural Resources" No. 614 dated 25.06.2020

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>which are put up for auction, while indicating the conditions under which subsoil use is possible;</p> <p>7) Developing methods for monitoring the environment;</p> <p>8) Issuing certificates for the right to conduct environmental audits, maintaining a register of environmental auditors and legal entities entitled to conduct environmental audits, approving regulations on certification of environmental auditors and maintenance of the register of environmental auditors;</p> <p>9) Participating in the planning and implementation of measures to prevent and respond to emergencies;</p> <p>10) Establishing the procedure for providing information on the state of the environment and the procedure for organizing and conducting public hearings or open meetings on environmental protection.</p>		
State Service for Geology and Mineral Resources of Ukraine (Geology Service)	<ol style="list-style-type: none"> <li>1) Implementing state policy on geological exploration and rational use of subsoil resources;</li> <li>2) Organizing and coordinating work on geological exploration on the basis of state complex or targeted programs, intersectoral and sectoral plans, projects, regulations and rules;</li> <li>3) Exercising state control over geological</li> </ol>	Directed and coordinated by the CMU through the Minister of Energy and Environmental protection of Ukraine (central executive body responsible for implementation of state policy in geological exploration of subsoil and its rational and efficient use)	Subsoil Code <sup>1058</sup> Law On oil and gas <sup>1059</sup> Law of Ukraine "On Coalbed Gas (Methane)" <sup>1060</sup> Law of Ukraine "On the State Geological Service of Ukraine" <sup>1061</sup>

<sup>1058</sup> [Subsoil Code](#)

<sup>1059</sup> [Law of Ukraine "On Oil and Gas"](#)

<sup>1060</sup> Law of Ukraine "[On gas \(methane\) of coal deposits](#)" No. 1392-VI dated 21.05.2009

<sup>1061</sup> Law of Ukraine "[On the State Geological Service of Ukraine](#)" No. 1216-VII dated 04.11.1999



State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>exploration of subsoil (state geological control) and its rational and efficient use, in particular, over the accounting of oil, gas and related components;</p> <p>4) Keeping and maintaining state records of fields, deposits, and occurrences of minerals,<sup>1056</sup> and maintaining the state cadastre of fields and occurrences of minerals, the state balance of deposits of minerals, as well as a catalog of information on geological information;</p> <p>5) Registering and accounting for works and researches related to geological exploration of subsoil;</p> <p>6) Issuing, cancelling, suspending, extending and renewing the licenses;</p> <p>7) Supervising compliance with the norms, standards, and other requirements for the geological exploration and use of subsoil, the conditions of licenses, the conditions of licenses and the subsoil use agreements;</p> <p>8) Maintaining a catalogue of geological information, disposing of geological information in the prescribed manner;</p> <p>9) Developing and maintaining the online account of a subsoil user;<sup>1057</sup></p> <p>10) Carrying out scheduled and unscheduled inspections of subsoil users, based on the results of which (in case of violations of the law) drawing</p>		<p>Regulation on the State Service for Geology and Mineral Resources of Ukraine<sup>1062</sup></p> <p>The Procedure for Granting Licenses</p>

<sup>1056</sup> Resolution of the CMU "[On approval of the Procedure for state accounting of fields, deposits, and occurrences of minerals](#)" No. 75 dated 31.01.1995

<sup>1057</sup> According to the Law of Ukraine "[On Amendments to Certain Legislative Acts of Ukraine on Improving the Legislation on Amber and Other Minerals Mining](#)" No. 402-IX dated 19.12.2019

<sup>1062</sup> Resolution of the CMU "[On approval of the Regulation of the State Service for Geology and Mineral Resources of Ukraine](#)" No. 1174 dated 30.12.2015

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>up acts, issuing mandatory instructions to eliminate identified deficiencies and violations of the law;</p> <p>11) Exercising state control over compliance with the rules and regulations for the use of oil and gas subsoil.</p>		
State Commission of Ukraine on Mineral Resources (DKZ)	<ol style="list-style-type: none"> <li>1) Setting the conditions on mineral material for the calculation of mineral reserves in the subsoil;</li> <li>2) Deciding on the quantity, quality and degree of study of reserves of explored mineral deposits and the state of their readiness for industrial development;</li> <li>3) Carrying out scientific and technical activities related to conducting state expert appraisal of geological raw materials for the exploration and use of subsoil and evaluation of mineral reserves at the request of subsoil users;</li> <li>4) Conducting state expert appraisal of geological information on mineral reserves calculation;</li> <li>5) Participating in complex state expert appraisal of projects for industrial fields development, renovation of existing mining and processing complexes and their liquidation; checking the validity, effectiveness and quality of design decisions of mining companies on completeness of proven mineral reserves.</li> </ol>	<p>Operates within the Geology Service</p> <p>(institution that conducts scientific and technical activities related to the state examination of geological materials for the study and use of subsoil and assessment of mineral reserves)</p> <p>DKZ is guided in its activities by the Constitution and laws of Ukraine, acts of the President of Ukraine and the Cabinet of Ministers, the Regulations on the DKZ, as well as orders of the Ministry of Environment</p>	<p>Regulations on the State Commission of Ukraine on Mineral Resources<sup>1063</sup></p>
National Energy and Utilities State Regulation Commission	<ol style="list-style-type: none"> <li>1) Participating in the development and implementation of a unified state policy in the</li> </ol>	<p>Accountable to the President of Ukraine; reporting to the Verkhovna Rada of</p>	<p>Law of Ukraine "On Commission for State Regulation of Energy</p>

<sup>1063</sup> Resolution of the CMU "[On approval of the Regulations on the State Commission of Ukraine on Mineral Resources](#)" No. 1689 dated 10.11.2000

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
(NEURC)	<p>areas of functioning of the markets for natural gas, oil, and petroleum products, etc.</p> <p>2) Developing and approving:</p> <ul style="list-style-type: none"> <li>- conditions and rules for conducting licensed activities, procedures for monitoring compliance with licensing conditions;</li> <li>- rules for the use of natural gas for legal entities;</li> <li>- procedure for access to the Unified Gas Transmission System of Ukraine;</li> <li>- standard forms of economic agreements, including the purchase and sale of natural gas (between owners and suppliers of natural gas), transportation of natural gas by main pipelines, storage (injection, storage, selection) of natural gas, connection to gas networks, distribution of natural gas, supply of natural gas at a regulated tariff;</li> </ul> <p>3) Approving the methodology of setting transportation tariffs for natural gas, for entry and exit points, of the services on distribution, storage (injection, withdrawal) of natural gas in relation to the gas storage facilities to which the regulated access regime is applied, of the LNG installation services; as well as setting (changing) tariffs that must ensure the necessary investments into gas transportation and distribution systems, gas storage facilities, and</p>	<p>Ukraine</p> <p>(in accordance with the Regulation on the National Energy and Utilities State Regulation Commission)</p> <p>(central executive body with a special status formed by the CMU and is a collegial body which exercises regulation, monitoring and control over the activities of business entities in energy and utility sector)<sup>1064</sup></p>	<p>Sector and Utilities"<sup>1065</sup></p> <p>Law of Ukraine "On the Natural Gas Market"</p> <p>Law of Ukraine "On Coalbed Gas (Methane)"</p> <p>Regulation on the National Energy and Utilities State Regulation Commission<sup>1066</sup></p>

<sup>1064</sup> According to [article 1](#) of the Law on the NEURC

<sup>1065</sup> Law of Ukraine "On the National Commission for State Regulation of Energy Sector and Utilities" No. 1540-VIII dated 11.09.2017, available at: <http://zakon3.rada.gov.ua/laws/show/1540-19/print1452596252458519>.

<sup>1066</sup> [Regulation on National Energy and Utilities State Regulation Commission, approved by the Decree of the President of Ukraine](#) No. 715/2014 dated 10.09.2014

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>LNG facility;</p> <p>4) Setting (changing) tariffs for transportation of natural gas through transboundary gas pipelines;</p> <p>5) Approving rules for supply of natural gas;</p> <p>6) Certifying operators of the transmission system and the gas transportation system or deciding to refuse certification;</p> <p>7) Licensing of activities related to transportation, distribution, storage, supply of natural gas and provision of LNG facility services;</p> <p>8) Approving rules for the “last hope” supplier as part of the rules for natural gas supply, including rules for determination of the price of natural gas supplied by such a supplier;</p> <p>9) Monitoring the level of transparency in the activities of natural gas market players, in particular, the level of wholesale natural gas prices, as well as ensuring compliance of the natural gas market players (except for consumers) with the obligations to publish information;</p> <p>10) Developing and approving codes on transmission and distribution systems of electric energy, gas transportation and distribution systems, codes on gas storage and LNG facilities;</p> <p>11) Establishing the minimum standards and quality requirements to consumer services and natural gas supply;</p> <p>12) Approving the National Action Plan.</p>		
State Labor Service	1) Performing state management in the field of	Directed and coordinated by the CMU	Subsoil Code of Ukraine

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>geological exploration, use and protection of mineral resources;</p> <p>2) Granting mining allotments for development of mineral resources deposits, construction and operation of underground structures and registers mining other purposes not related to mining. Mining allotments for the development of mineral deposits of local significance, provided by the territorial departments of the State Labor Service;<sup>1067</sup></p> <p>3) Performing state supervision (control) in the field of mining relations; of coal, oil and gas, ore, and non-ore enterprises during mining operations, construction, operation, liquidation, and conservation of mining enterprises;<sup>1068</sup></p> <p>4) Supervising (controlling) compliance with requirements of subsoil use licenses concerning state mining supervision;</p> <p>5) Organizing the state technical expert examination of safety of mining operations;</p> <p>6) Conducting selective checks of the availability and performance of the projects and plans of geological exploration of minerals, development of mineral resources deposits;</p>	<p>through the Minister of Economic Development, Trade and Agriculture (central executive body, which ensures the implementation of state policy in the areas of industrial safety, labor protection, state mining supervision, state regulation in the field of safe handling of industrial explosives, etc.)</p>	<p>Mining Law</p> <p>Law on Oil and Gas</p> <p>Law of Ukraine "On High-Risk Objects"<sup>1069</sup></p> <p>Regulation on the State Labor Service<sup>1070</sup></p> <p>Regulation on the Procedure for State Mining Supervision<sup>1071</sup></p> <p>Regulation on the Procedure for Granting Mining Allotments<sup>1072</sup></p> <p>The Procedure for Granting Licenses</p>

<sup>1067</sup> [Art. 17](#) of Subsoil Code

<sup>1068</sup> State mining supervision is the supervision over companies', organizations', and citizens' compliance with laws, rules and regulations, applicable to works related to geological exploration, use and protection of subsoil resources, and also the use and processing of raw minerals ([paragraph 1](#) of the Regulation on the Procedure for State Mining Supervision, approved by a resolution of the CMU No. 134 dated 21.02.1995)

<sup>1069</sup> Law of Ukraine "[On high-risk objects](#)" No 2245-III of 18.01.2001

<sup>1070</sup> Resolution of the CMU "[On approval of the Regulation of the State Labor Service of Ukraine](#)" No. 96 dated 11.02.2015

<sup>1071</sup> Resolution of the CMU "[On Approval of the Regulation on the Procedure for State Mining Supervision](#)" No. 134 dated 21.02.1995

<sup>1072</sup> Resolution of the CMU "[On Approval of the Regulation on the Procedure for Issuing of Mining Allotments](#)" No. 59 of 27.01.1995

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<p>7) Approving the liquidation and conservation of mining facilities or their areas, structures associated with the use of subsoil, in the manner prescribed by law, approves projects of experimental and industrial mining, projects and annual plans for their extraction and processing, etc.;</p> <p>8) Terminating the subsoil use related works in case of violations of geological exploration of mineral resources, etc.;</p> <p>9) Performing control over compliance with certain requirements for the assignment of coal mines, which are dangerous due to the presence of gas, the possibility of sudden emissions and mountain strikes, to the appropriate categories;</p> <p>10) Organizing and carrying out state supervision (control) in the field of activities related to the functioning of the natural gas market in terms of maintaining the proper technical condition of natural gas systems, components and devices at its production facilities and ensuring safe and reliable operation of the Unified gas transmission system;</p> <p>11) Carrying out the state mining supervision on the issues of correctness of development of mineral deposits in terms of their safe operation; compliance with the rules of geological and surveying work during research and development and operation of mineral deposits; compliance with the rules and technologies of mineral processing; correctness and timeliness of measures to ensure the safety of people,</p>		

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	property and the environment, mine workings and wells from the harmful effects of work related to subsoil use; readiness of state paramilitary rescue services and formations and dispatching services to localize and eliminate the consequences of accidents.		
State Agency on Energy Efficiency and Energy Saving of Ukraine	<ol style="list-style-type: none"> <li>1) Performing state regulation in the field of geological exploration, extraction and use of coalbed gas (methane) from undeveloped deposits;</li> <li>2) Preforming state supervision and control over compliance with the legislation in the field of geological exploration, extraction and use of coalbed gas (methane);</li> <li>3) Developing, coordinating and controlling the implementation of state target programs in the field of efficient use of fuel and energy resources, coordinating sectoral, regional and local programs in this field;</li> <li>4) Implementing public-private partnership in the field of efficient use of fuel and energy resources;</li> <li>5) Monitoring the effective use of fuel and energy resources.</li> </ol>	Directed and coordinated by the CMU as of the beginning of 2020 through the Minister of Energy and Environmental Protection, after the reform of the Ministry of Energy - through the Minister of Energy  (central executive body, which implements state policy in the field of efficient use of fuel and energy resources, energy saving, renewable energy sources and alternative fuels)	Law of Ukraine "On Coalbed Gas (Methane)" Regulations on the State Agency on Energy Efficiency and Energy Saving of Ukraine <sup>1073</sup>
State Ecological Inspection of Ukraine	<ol style="list-style-type: none"> <li>1) Performing state supervision over compliance with regulations on environmental safety, regulations on the use and protection of subsoil, the availability of licenses, limits and quotas for the special use of natural resources, compliance</li> </ol>	Directed and coordinated by the CMU through the Minister of Energy and Environmental Protection of Ukraine as of early 2020, and after the reform of the Ministry - the Minister of Environmental Protection and Natural	Subsoil Code of Ukraine Law of Ukraine "On Environmental Protection" Regulation on the State Ecological Inspection of Ukraine

<sup>1073</sup> Resolution of the CMU ["On approval of the Regulations on the State Agency on Energy Efficiency and Energy Saving of Ukraine"](#) No. 676 dated 26.11.2014

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	with their requirements; 2) Performing supervision and control over compliance with the requirements of licenses; 3) Taking measures to discontinue unauthorized use of subsoil and construction at the location of mineral deposits in violation of the established procedure; 4) Hearing disputes over subsoil use.	Resources (central executive body responsible for implementation of state policy in supervision (control) in the field of environmental protection, rational and efficient use, restoration and protection of mineral resources)	The Procedure for Granting Licenses
State Agency of Water Resources of Ukraine	1) Issuing and revoking licenses for special water use; 2) Implementing measures for ecological restoration and care of surface waters; 3) Monitoring water quality; 4) Developing schemes for integrated use and protection of water resources; 5) Analyzing and summarizing reports of water users on the use of water resources, checking their reliability; 6) Approving water supply standards.	Directed and coordinated by the CMU through the Minister of Energy and Environmental Protection of Ukraine as of early 2020, and after the reform of the Ministry - the Minister of Environmental Protection and Natural Resources (central executive body that implements state policy in the field of development of water management and hydraulic reclamation of land, management, use and reproduction of surface water resources)	Water Code of Ukraine Regulations on the State Agency of Water Resources of Ukraine <sup>1074</sup>
State Agency of Forest Resources of Ukraine	1) Organizing the issuance in the prescribed manner of special permits for the use of forest resources; 2) Maintaining the state forest cadastre and forest accounting; 3) Monitoring forests; 4) Ensuring the functioning of the state forest	Directed and coordinated by the CMU through the Minister of Energy and Environmental Protection of Ukraine as of early 2020, and after the reform of the Ministry - the Minister of Environmental Protection and Natural Resources	Forest Code of Ukraine Regulations on the State Agency of Forest Resources of Ukraine <sup>1075</sup>

<sup>1074</sup> Resolution of the CMU "[On approval of the Regulations on the State Agency of Water Resources of Ukraine](#)" No. 393 dated 20.08.2014

<sup>1075</sup> Resolution of the CMU "[On approval of the Regulations on the State Agency of Forest Resources of Ukraine](#)" No. 521 dated 08.10.2014



State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	protection.	(central executive body that implements state policy in the field of forestry and hunting)	
State Emergency Service of Ukraine	<ol style="list-style-type: none"> <li>1) Filing with the Minister of internal affairs proposals concerning list of enterprises, branches of economy and territories subject to continuous and statutory rescue maintenance, as well as procedures of performing such maintenance;</li> <li>2) Organizing and providing protection against fires for companies, institutions, organizations, and other objects on the basis of the agreements.</li> </ol>	Directed and coordinated by the CMU through the Minister of Internal Affairs (central executive body responsible for implementation of state policy in civic protection, protection of civilians and territories from emergency situations and prevention of their occurrence, liquidation of consequences of emergency situations, rescue activity, firefighting, fire and technogenic safety, activity of rescue services, and hydrometeorological activities)	Code of Civil Protection of Ukraine Law of Ukraine "On High-Risk Objects" <sup>1076</sup> Regulation on the State Emergency Service of Ukraine <sup>1077</sup>
State Service of Ukraine for Geodesy, Cartography and Cadastre	<ol style="list-style-type: none"> <li>1) Performing state supervision in the field of land management;</li> <li>2) Coordinating topographic, geodetic and cartographic activities;</li> <li>3) Maintaining and administering the State Land Cadastre and its information interaction with other information systems;</li> <li>4) Filing applications to limit or stop the land development in the case of mineral resources production, geological exploration, prospecting</li> </ol>	Directed and coordinated by the CMU through the Minister of Economic Development, Trade and Agriculture <sup>1078</sup> (central executive body that implements, in particular, state policy in the matter of topography, geodesy, cartography, land relations, land management, state supervision of the agro-industry)	Land Code of Ukraine Regulations on the State Service of Ukraine for Geodesy, Cartography and Cadastre <sup>1079</sup>

<sup>1076</sup> Law of Ukraine "On high-risk objects" No 2245-III of 18.01.2001

<sup>1077</sup> Resolution of the CMU "On approving Regulation on the State Emergency Service of Ukraine" No. 1052 of 16.12.2015

<sup>1078</sup> According to [the Regulation on the StateGeoCadastre](#), approved by the resolution of the Cabinet of Ministers No. 15 of 14.01.2015

<sup>1079</sup> Resolution of the CMU "On the State Service of Ukraine for Geodesy, Cartography and Cadastre" No. 15 dated 14.01.2015

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	and other works in violation of land legislation.		
State Tax Service of Ukraine	<ol style="list-style-type: none"> <li>1) Performing administration of taxes and duties paid by taxpayers (including royalty for the use of subsoil for the extraction of minerals) and control over their payment to budgets;</li> <li>2) Issuing binding orders and exercising control over their implementation;</li> <li>3) Providing information upon request of the Geology Service on the existence of an outstanding debt for payment of state taxes and fees for the purposes related to the process of granting, prolonging, amending a license.</li> <li>4) Performing supervision and control over compliance with the requirements of a license;</li> <li>5) Performing financial expertise of PSA projects.</li> </ol>	Directed and coordinated by the CMU through the Minister of Finance (the Service is a central executive body that implements, among others, state tax policy)	Tax Code of Ukraine Regulations on the State tax service of Ukraine <sup>1080</sup> The Procedure for Granting Licenses
State Customs Service of Ukraine	<ol style="list-style-type: none"> <li>1) Implementing the state customs policy, state policy in the field of combating offenses in the course of application of customs legislation;</li> <li>2) Providing and performing control over the collection of customs payments.</li> </ol>	Directed and coordinated by the CMU through the Minister of Finance (the Service is a central executive body that implements, among others, state tax policy)	Tax Code of Ukraine Regulations on the State tax service of Ukraine <sup>1081</sup> The Procedure for Granting Licenses
Ministry of Economic Development, Trade and Agriculture of Ukraine <sup>1082</sup>	<ol style="list-style-type: none"> <li>1) Developing and ensuring implementation of state policy in state-owned property management, state pricing policy, as well as the implementation of state mining supervision;</li> </ol>	Directed and coordinated by the Cabinet of Ministers through the Minister of Economic Development, Trade and Agriculture of Ukraine	Resolution of the CMU "On the issues of Ministry of Economic Development and Trade" <sup>1083</sup> Law of Ukraine "On Public-

<sup>1080</sup> Resolution of the CMU "[On approval of the regulations on the State Tax Service of Ukraine and the State Customs Service of Ukraine](#)" No. 227 dated 06.03.2019

<sup>1081</sup> Resolution of the CMU "[On approval of the regulations on the State Tax Service of Ukraine and the State Customs Service of Ukraine](#)" No. 227 dated 06.03.2019

<sup>1082</sup> In 2021 it was renamed the Ministry of Economy of Ukraine in accordance with the resolution of the Cabinet of Ministers of Ukraine "[On renaming the Ministry of Economic Development, Trade and Agriculture of Ukraine](#)" No. 504 dated 21.05.2021

<sup>1083</sup> Resolution of the CMU "[On issues of the Ministry of Economic Development and Trade](#)" No. 459 of 20.08.2014

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	2) Preparing and reporting to the CMU of a draft list of state-owned property that can be transferred into concession; 3) Providing methodological and legislative support related to the issues of state-owned property management; 4) Developing proposals regarding the development and implementation of state pricing policy.	(central executive body responsible for development and implementation of state policies in economic, social development and trade fields, in industrial and investment aspects, in cross-border economic activities regulation, in technical regulation, in standardization and metrology, in state-owned property management, in stimulating the entrepreneurship)	Private Partnership <sup>1084</sup> Law of Ukraine "On Management of State-owned Property"
State Architectural and Construction Inspection of Ukraine <sup>1085</sup>	1) Issuing and withdrawing permits for carrying out construction works, notice of changes to them, refusing to issue such permits, revokes permits for construction work; 2) Accepting in the established order in operation the completed objects; 3) Maintaining a single register of documents entitling to preparatory and construction works and certifying the commissioning of completed facilities, information on return for revision, refusal to issue and cancel these documents; 4) Checking for compliance with the requirements of	Directed and coordinated by the CMU through the Vice-Prime-Minister of Ukraine - Minister of Communities and Territories Development <sup>1086</sup> (central executive body responsible for implementation of state policy in state architectural and construction control and supervision)	Regulation on the State Architectural and Construction Inspection of Ukraine <sup>1087</sup> Procedure of Exercising State Architectural and Construction Control <sup>1088</sup> Procedure for Exercising State Architectural and Construction Supervision <sup>1089</sup>

<sup>1084</sup> Law of Ukraine "On Public-Private Partnership" No 2404-VI dated 01.07.2010

<sup>1085</sup> Exercised her powers until March 2020 in accordance with the resolution of the CMU "On the optimization of state architectural and construction control and supervision" No. 219 dated 13.03.2020

<sup>1086</sup> According to [the Regulations on DAB](#) with amendments made by the Resolution of the CMU No. 898 dated 25.09.2019

<sup>1087</sup> Resolution of the CMU "On Approving Regulation on State Architectural and Construction Inspection of Ukraine" No. 294 of 09.07.2014 (the resolution expired on the basis of the [resolution of the Cabinet of Ministers No. 960 of 15.09.2021](#)); Decree of the President of Ukraine "On Regulation on State Architectural and Construction Inspection of Ukraine" No. 439/2011 of 08.04.2011 (Decree expired on the basis of the Decree of the President of Ukraine "On recognizing as invalid some decrees of the President of Ukraine" No. 419/2019 of 20.06.2019)

<sup>1088</sup> Resolution of the CMU "On Approving the Procedure of Performing State Architectural and Construction Control" No. 553 of 23.05.2011 (from 18.03.2020 the Resolution of the Cabinet of Ministers was suspended until the beginning of the functions and powers of the State Inspectorate for Urban Development in accordance with the Resolution of the Cabinet of Ministers "On optimization of state architectural and construction control and supervision" No. 219 from 13.03.2020)

<sup>1089</sup> Resolution of the CMU "On Approving the Procedure of Performing State Architectural and Construction Supervision" No. 698 of 19.08.2015 (from 18.03.2020, the authority will be transferred to the State Inspectorate for Urban Development in accordance with the resolution of the CMU "On optimization of state architectural and construction control and supervision" No. 219 of 13.03.2020)

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	legislation, building codes, standards and rules of decision taken by the territorial bodies of DABI.		
State Inspection for Urban Development of Ukraine (DIM, operated until December 2020)	<ol style="list-style-type: none"> <li>1) Carrying out the state architectural and construction supervision over observance of requirements of the legislation in the field of town-planning activity, building norms, standards and rules;</li> <li>2) Carrying out checks of conformity of performance of preparatory and construction works to requirements of building norms, standards and rules, etc.;</li> <li>3) Issuing mandatory instructions to eliminate violations of the law in the field of urban planning, building codes, standards and regulations.</li> </ol>	<p>Directed and coordinated by the Cabinet of Ministers through the Minister of Community and Territorial Development<sup>1090</sup></p> <p>Central executive body that implements the state policy on state architectural and construction control and supervision (except for the provision (receipt, registration), refusals to issue or cancel documents entitling to preparatory and construction works, commissioning completed construction projects)</p>	Resolution of the CMU "On the optimization of the bodies of state architectural and construction control and supervision" № 219 dated 13.03.2020 <sup>1091</sup>
Oblast (region), Kyiv city state administrations	<ol style="list-style-type: none"> <li>1) Deciding on the use of natural resources within their jurisdiction;</li> <li>2) Controlling over the use and protection of subsoil, participating in monitoring the state of the environment;</li> <li>3) Approving the production of mineral resources of local importance and peat with special technical means;</li> <li>4) Performing the powers delegated by district and regional councils, in particular on; ensuring the efficient use of natural resources;</li> </ol>	<p>Local state administrations and their heads are accountable to the President of Ukraine and the CMU and are controlled by and report to the CMU.</p> <p>Local state administrations are controlled by and report to the relevant district and oblast (region) councils with regard to the powers delegated to them by relevant district and oblast (region) councils, and with regard to execution of the decisions of the councils on these</p>	<p>Constitution of Ukraine</p> <p>Subsoil Code</p> <p>Law of Ukraine "On Environmental Protection"</p> <p>Law of Ukraine "On Local State Administrations"<sup>1092</sup></p> <p>The Law of Ukraine "On the Capital of Ukraine - the Hero City of Kyiv"<sup>1093</sup></p>

<sup>1090</sup> [Article 1](#) Regulations on the State Inspection for Urban Development of Ukraine, approved by the Resolution of CMU No. 219 dated 13.03.2020

<sup>1091</sup> [Regulation on the State Inspection for Urban Development of Ukraine](#), approved by the Resolution of the CMU No. 219 of 13.03.2020

<sup>1092</sup> Law of Ukraine "On Local State Administrations" No. 586-XIV of 09.04.1999

<sup>1093</sup> Law of Ukraine "On the Capital of Ukraine - the Hero City of Kyiv" No. 401-XIV of 15.01.1999

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	5) Exercising powers in the field of EIA; 6) Approving limits on the use of local natural resources, discharges of pollutants into the environment (within the jurisdiction).	matters. The Mayor of Kyiv as the head of the Kyiv City State Administration when exercising his/her executive powers is accountable to the President of Ukraine and the CMU and is controlled by and reports to the CMU.	
Oblast (region), Kyiv, city councils	1) Providing mineral resources into use for the development of minerals of local importance; 2) Distributing royalties for subsoil resource use among the relevant local budgets; 3) Issuing mining allotments (for development of mineral fields of local importance); <sup>1094</sup> 4) Developing, approving, and executing local programs for the development of mineral resources base, rational use and protection of the subsoil resources; 5) Exercising control over the use and protection of subsoil resources.	The authorities and officials of local self-government bodies report to and are controlled by and accountable to the territorial communities. When exercising powers of local self-government, the Kyiv City State Administration is, as an executive body, controlled by, accountable to, and reports to the Kyiv City Council.	Constitution of Ukraine Law of Ukraine "On the Local Self-Governance in Ukraine" <sup>1095</sup> Law of Ukraine "On the Capital of Ukraine - the Hero City of Kyiv" Subsoil Code
Village, rural settlement, city, district councils and councils of united territorial communities	1) Approving allocation of rights to use subsoil for the purposes of geological exploration and production of mineral deposits of local importance; 2) Carrying out local programs for the development of mineral resources base, efficient use and protection of the subsoil resources;	The authorities of local self-government bodies report to and are controlled by and accountable to the territorial communities. The executive authorities of village, rural settlement, city, and city district councils are controlled by and report to	Constitution of Ukraine Law of Ukraine "On the Local Self-Government in Ukraine" Subsoil Code Law of Ukraine on Oil and Gas Mining Law

<sup>1094</sup> From May 2020, the powers will be transferred to the territorial bodies of the State Labor Service in accordance with the Resolution of CMU ["On Amendments to the Regulations on the Procedure for Granting Mining Allotments and the Regulations on the State Labor Service of Ukraine"](#) No. 352 dated 06.05.2020

<sup>1095</sup> Law of Ukraine ["On the Local Governments in Ukraine"](#) No. 280/97-BP of 21.05.1997

State authority	Main functions/powers in mineral resource production sector	Subordination to the state authority	Laws and regulations
	<ul style="list-style-type: none"> <li>3) Creating, reorganizing and liquidating or preserving mining enterprises of communal property</li> <li>4) Approving the terms of the tender for each oil and gas subsoil area;</li> <li>5) Exercising control over the use and protection of subsoil;</li> <li>6) Making submissions to the Geology Service in order to suspend the license for the use of oil and gas subsoil.</li> </ul>	<p>the relevant councils; they are controlled by the relevant executive authorities when exercising powers delegated by executive authorities.</p>	

## Annex 5. List of coal mines located in the territory where state authorities temporarily do not exercise their powers

Nº	Name of the mine	Owner (state / private)	Location
	<b>DVNK SE</b>		<b>Donetsk region</b>
1	Mine named after Cheliuskintsiv	State	
2	Zhovtnevyi Rudnyk Mine	State	
3	Mine named after E.T. Abakumov	State	
4	Mine name after M.I. Kalinin	State	
5	Trudivska Mine	State	
6	Mine named after O.O. Skochynskiyi	State	
7	Nº 4-21 Mine, Group III <sup>1096</sup>	State	
8	Mospinska Mine SE, Group III	State	
9	Mine named after M. Horkoho SE, Group III	State	
10	Mine Nº17-17-bis SE, Group III	State	
11	Lidiivka Mine SE, Group III	State	
	<b>Makiyivvuhillia SE</b>		<b>Donetsk region</b>
12	Mine named after V.M. Bazhanov	State	
13	Kholodna Balka Mine	State	
14	Kalynivska-Skhidna Mine	State	
15	Butivska Mine	State	
16	Chaikino Mine	State	
17	Mine named after V.I. Lenin	State	
18	Mine named after S.M. Kirov	State	
19	Yasynivska-Hlyboka Mine, Group III	State	
20	Pivnichna Mine	State	
21	Nº13-bis Mine SE, Group III	State	
	<b>Artemvuhillia SE</b>		<b>Donetsk region</b>
22	Mine named after M.I. Kalinin	State	
23	Mine named after K. Rumiantsev	State	
24	Mine named after V.I. Lenin	State	
25	Mine named after A.I. Haiovyj	State	
	<b>Ordzhonikidzevuhillia SE</b>		<b>Donetsk region</b>
26	Enakiivska Mine	State	
27	Mine named after K. Marx	State	
28	Poltavska Mine	State	
29	Vuhlehirska Mine	State	
30	Bulavynska Mine	State	
31	Olkhovatska Mine	State	
	<b>Shakhtarskanratsyt SE</b>		<b>Donetsk region</b>
32	Ilovaiska Mine	State	
33	Mine named after XVII Partzizdu	State	

<sup>1096</sup> Mines Group III - enterprises that are in preparation for liquidation. Coal production has been stopped, but they are still in working order.

Nº	Name of the mine	Owner (state / private)	Location
34	Mine named after S.P. Tkachuk, Group III	State	
35	Shakhtarska-Hlyboka Mine	State	
	<b>Torezantratsyt SE</b>		Donetsk region
36	Mine named after L.I. Lutuhin	State	
37	Volynska Mine	State	
38	Prohres Mine	State	
39	Mine named after K.I. Kysilov, Group III	State	
	<b>Snizhneantratsyt SE</b>		Donetsk region
40	Udarnyk Mine	State	
41	Zoria Mine	State	
42	<b>Mospinska Mine SE, Group III</b>	State	Donetsk region
43	<b>Lidiievka Mine SE, Group III</b>	State	Donetsk region
44	<b>Mine №13-bis SE, Group III</b>	State	Donetsk region
45	<b>Pivnichna Mine SE, Group III</b>	State	Donetsk region
46	<b>Mine named after O.F. Zasiadko PJST</b>	Private	Donetsk region
47	<b>Zhdanivska Mine RE PJST</b>	Private	Donetsk region
	<b>Luhanskvuhillia SE</b>		Luhansk region
48	Shakhtoupravlinnia Luhanske	State	
49	Lutuhinska Mine	State	
50	Cherkaska Mine	State	
51	Mine named after Artem	State	
52	Nykonor-Nova Mine	State	
53	Fashchevska Mine	State	
54	Mine named after XIX Zizdu KPRS	State	
55	Verhelovska Nova Mine	State	
	<b>Donbasantratsyt SE</b>		Luhansk region
56	Kniahyninska Mine	State	
57	Krasnoluchska Mine	State	
58	Novopavlivska Mine	State	
59	Khrustalska Mine	State	
60	Miusynska Mine	State	
61	Mine named after Hazety Izviestii	State	
62	Krasnokutska Mine	State	
	<b>Antratsyt SE</b>		Luhansk region
63	Partyzanska Mine	State	
64	Komsomolska Mine	State	
65	Krepinska Mine, Group III	State	
	<b>Pervomaiskvuhillia SE</b>		Luhansk region
66	Pervomaiska Mine	State	
67	Lomovatska Mine	State	
68	Pervomaiska-Zakhidna Mine	State	
69	<b>Bilorichenska Mine PJSC</b>	State	Luhansk region
	<b>Shakhtoupravlinnia Donbas PJSC</b>		Donetsk region
70	Shchehlovska-Hlyboka Mine	State	



Nº	Name of the mine	Owner (state / private)	Location
71	Komunarska Mine	State	
72	<i>Komsomolets Mine SE, Group III</i>	State	Donetsk region
73	<i>Putylivska Mine RE ALC</i>	Private	Donetsk region
74	<i>DTEK Mine Komsomolets Donbassa PrJSC</i>	Private	Donetsk region
	<i>Shakhtoupravlinnia Blahovishchenske RE ALC</i>		Donetsk region
75	Mine named after V.I. Chapaiev	Private	
76	Mine named after 1 Travnia	Private	
77	Ternopilaska Mine	Private	
78	<i>Rassvet-1 Mine LLC</i>	Private	Donetsk region
	<i>DTEK Rovenkyanthracite LLC</i>		Luhansk region
79	Mine named after F.E. Dzerzhynskyi	Private	
80	Rovenkivska №1-2 Mine	Private	
81	Luhanska №2 Mine	Private	
82	Mine named after Kosmonavtiv	Private	
83	Mine named after M.V. Frunze	Private	
84	Mine named after V.V. Vakhrushev	Private	
85	Kyivska №81 Mine	Private	
	<i>DTEK Sverdlovantratsyt LLC</i>		Luhansk region
86	Chervonyi Partyzan Mine	Private	
87	Dovzhanska-Kapitalna Mine	Private	
88	Tsentrospilka Mine	Private	
89	Mine named after Y.M. Sverdlov	Private	
90	Kharkivska Mine	Private	
	<i>Krasnodonvuhillia PrJSC</i>		Luhansk region
91	Molodohvardiiska Mine	Private	
92	Mine named after 50-Richchia SRSR	Private	
93	M.P. Barakov	Private	
94	Sukhodilska-Skhidna Mine	Private	
95	Samsonivska-Zakhidna Mine	Private	
96	Duvanna Mine	Private	
97	Horihivska Mine	Private	
98	<i>Sadova Mine LLC</i>	Private	Luhansk region
99	<i>Mine №4-21 SE, Group III</i>	State	Donetsk region

## Annex 6. Information on mineral reserves classification

In practice, two classifications of mineral reserves are used in the extractive Industries:

- 1) **Classification by the extent of feasibility study** (according to the Classification of inventories and resources of minerals of the state fund of subsoil approved by the Resolution of the Cabinet of Ministers of Ukraine of May 5, 1997 No. 432, Instruction for application of Classification of inventories and resources of minerals of the state fund of subsoil to geological economically studying of resources of perspective sites and inventories of oil and gas deposits" approved by the Order of State commission of Ukraine on inventories of minerals of July 10, 1998 No. 46):
  - Balance sheet (extractable) reserves, production of which is feasible, and they should meet the specifications established at the time of calculation of reserves in the subsoil;
  - Conditionally balance sheet and off-balance reserves, the effectiveness of production of which at the moment of evaluation cannot be precisely established or production and use of which at the moment of evaluation is not feasible;
  - Indivisible balance reserves, the initial geo-economical assessment of which is provided with the use of the assumed technological and economic data.
- 2) **Classification by the extent of geological study**
  - Classification of the reserves of hard formations by the extent of exploration (according to the Instruction on How to use the Classification of reserves and mineral resources of the State Fund of Deposits to coal, iron ore, and other fields):
    - A, B and C1 (explored and studied at different level of details);
    - C2 (estimated).
  - Classification of oil and gas reserves by the extent of exploration (according to the Instruction on How to use the Classification of reserves and mineral resources of the State Fund of Deposits to geological and economic study of potential resource sites and oil and gas reserves, approved by the Resolution of the State Commission for Mineral Resources No 46 dated 10.07.1998):
    - Proven resources - A (fully explored), B (studied on the basis of industrial inflows of oil or gas), C1 (studied based on the results of pilot development and testing);
    - Prospective resources - C2 (studied based on the results of wells testing and exploration), C3 (their specific mineral-yield of a seam is estimated based on the available information about the fields in the area);
    - Inferred resources - D1 (inferred resources within large regional structures with proven oil and gas presence), D2 (inferred resources, with oil and gas presence not yet proven).
  - United Nations framework classification
    - Code 111 (Proved Mineral Reserves) - reasonably assured resources with feasible production;
    - Codes 121 + 122 (Probable Mineral Reserves) - probable and pre-feasibility mineral resources;
    - Codes 211, 221 + 222 - Feasibility and Pre-Feasibility Mineral Resources and according to the Classification by the industrial purpose;
    - Codes 331, 332, 333, 334 - measured, indicated, inferred and reconnaissance mineral resources assigned to reserves with indeterminate industrial purpose.

## Annex 7. Auctions for the sale of special permits for subsoil use in 2020

The results of auctions for the sale of special permits for the use of subsoil, which took place in 2020<sup>1097</sup>

No	Object of subsoil use			Auction participants (Name and UGREOU code)	Value		The winning bidder	
	Name of subsoil area	Type of minerals	Type of deposit usage		Location of subsoil area	Initial sale price, UAH		Selling price, UAH
Results of the I auction that took place on 16.04.2020								
1	Mohyliv-Podilska area	sandstone	geological exploration including pilot commercial works	Vinnitsa region, Mogyliv Podilsk District	1) Hodz Oleh Vasyliovych Private Entrepreneur TIN code 2932606673 2) Bardtinov Pavlo Dmytrovych Private Entrepreneur TIN code 3598709578 3) Industrial complex «Camelot» LLC (42663802)	7,510	451,000	Industrial complex «Camelot» LLC
2	Area of Northern Syvaske field in village Shchaslyvtseve	healing mineral waters	geological exploration including pilot commercial works	Kherson region, Henicheskyi district	1) Sanatorium medical biological center “TERMAL” LLC (43573469) 2) Karpuntsova Olha Ivanivna Private Entrepreneur TIN code 2894300649	53,474	60,000	Sanatorium medical biological center “TERMAL” LLC
3	Budanivska-3 area	sandstone	geological exploration including pilot	Ternopil region, Terebovlianskyi district	1) Kitura Taras Vasyliovych Private Entrepreneur TIN code	8,210	1,000,002	OSIN I CO PE

<sup>1097</sup> The Ukrainian Geological Survey, Auction Results Archive, [https://www.geo.gov.ua/auctions-results-archive/?\\_cf\\_chl\\_jschl\\_tk\\_=q04Vf4IzCD8Pdt9A5TtnupNqEpmZNySMqJJneFFsqa-1636448605-0-gaNycGzNCOU](https://www.geo.gov.ua/auctions-results-archive/?_cf_chl_jschl_tk_=q04Vf4IzCD8Pdt9A5TtnupNqEpmZNySMqJJneFFsqa-1636448605-0-gaNycGzNCOU)

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
			commercial works		3184900939 2) Nadra PPS LLC (40725793) 3) OSIN I CO PE (34028715)			
4	Hannivske field (areas №№ 1, 2)	clays, loam, sands	extraction	Kirovohrad region, Dolynskiyi district	1) Spetspromremont LLC (30735166) 2) Promdetal PE (25021138)	349,840	401,001	Promdetal PE
5	Yanivska area (squares №№ 1,2)	sandstone	geological exploration including pilot commercial works	Ternopil region, Terebovlianskyi district	1) Nadra PPS LLC (40725793) 2) Kitura Taras Vasyliovych Private Entrepreneur TIN code 3184900939	5,480	59,000	Kitura Taras Vasyliovych Private Entrepreneur
6	Nemiiska area	sand, limestone, sandstone	geological exploration including pilot commercial works	Vinnytsa region, Mogyliv Podilsk district	1) Hodz Oleh Vasyliovych Private Entrepreneur TIN code 2932606673 2) Industrial complex «Camelot» LLC (42663802)	22,250	45,000	Industrial complex «Camelot» LLC
7	Turbivska-1 area	sand, sand and gravel mixture	geological exploration including pilot commercial works	Vinnytsa region, Lypovetskyi district	1) Stav Hamaliia (41833311) 2) Vinnytsia Road Mechanized Company LLC (42840972) 3) Demprodtorh PE (40292148) 4) Amiron LLC (42139681) 5) Vinttsement LLC (37695502)	26,980	1,201,000	Vinttsement LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
8	Area of subsoil in village Novopavlivka where well № 3-r is located	mineral natural portable waters	geological exploration including pilot commercial works	Mykolaiv region, Vradiivskiy district	1) VUPV Vradiivska voda LLC (34362442) 2) Shpachinskyi Mykhailo Heorhiiovych Private Entrepreneur TIN code 2453400072	83,426	93,426	VUPV Vradiivska voda LLC
Results of the I re-auction in 2020 that took place 20.05.2020								
1	Area of subsoil in village Slyvyne where well № 1202 is located	undergroundd water	geological exploration including pilot commercial works	Mykolaiv region, Mykolaivskiy district	1) Molchanova Svitlana Anatoliivna Private Entrepreneur TIN code 2479510442 2) Liesnyi Oleksandr Oleksandrovych Private Entrepreneur TIN code 2217323918	6,212	8,212	Molchanova Svitlana Anatoliivna Private Entrepreneur
2	Area "Chervona"	molybdenum ores	geological exploration including pilot commercial works	Dnipropetrovsk region, Kryvorizkyi district	1) Optyma-resurs PE (35107478) 2) Rud Investium LLC (42630426)	2,242,401	2,500,000	Rud Investium LLC
3	Borysivska area	clay, loam	geological exploration including pilot commercial works	Vinnitsa region, Illinetskyi district	1) Andriievskiy Oleksandr Volodymyrovych Private Entrepreneur TIN code 3050911235 2) Illintsibudmaterialy PE (33912370)	2,580	3,600	Illintsibudmaterialy PE
Results of the II re-auction in 2020 that took place 05.06.2020								
1	Ivolzhanske field (wells №1 and №2)	mineral natural portable waters	extraction	Sumy region, Sumskiy district	1) Ivolzhanske Dzherelo LLC (43481263) 2) Farsis LLC (41092559)	2,885,211	317,373	Ivolzhanske Dzherelo LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
Results of the II auction that took place on 26.05.2020								
1	Vynohradivska-2 area	clay	geological exploration including pilot commercial works	Chernivtsi region, Kitsmanskyi district	1) Ecoinvest-Ukraine LLC (40165442) 2) Vitiaz Cooperative (20987103)	84,050	89,500	Ecoinvest-Ukraine LLC
2	Area "Holubyne- 0031" (well № 1-ck)	underground water	geological exploration including pilot commercial works	Zakarpattia region, Svaliavskyi district	1) Svaliavske Dzherelo (43296166) 2) Kalabishka Serhii Oleksandrovych Private Entrepreneur TIN code 3115414890	242,060	262,060	Kalabishka Serhii Oleksandrovych Private Entrepreneur
3	Krovynska area	sandstones	geological exploration including pilot commercial works	Ternopil region, Terebovlianskyi district	1) Kvin SPE (21153191) 2) Osin i Co SPE (34028715) 3) Harazhna spilka Hromnytskoho LLC (43011335) 4) Building Cooperative Yaselko PE TIN code 36370125	56,710	415,000	Building Cooperative Yaselko PE
4	Area Bila	amber	geological exploration including pilot commercial works	Zhytomyr region, Olevskyi district	1) Ukrzemresurs LLC (32985537) 2) Smart Success International Limited LLC (40897718) 3) Business Elite Group Ltd. (41373730 4) Lion 88 LLC (40149420) 5) Veres Oleksandr Bohdanovych Private	1,404,030	17,040,00 0	Derevoobrobna Yevrolis LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
					Entrepreneur TIN code 3142902654 6) Fish-Store LLC (41039668) 7) Derevoobrobna Yevrolis LLC (40283699)			
5	Kryvobalkivska area	quartz sand	geological exploration including pilot commercial works	Mykolaiv region, Mykolaivskiy district	1) URU LLC (39049258) 2) Kryvobalkivski pisky LLC (43431605) 3) Transsyla LLC (42237052)	468,380	900,000	Kryvobalkivski pisky LLC
6	Vesnianska area	quartz sand	geological exploration including pilot commercial works	Mykolaiv region, Mykolaivskiy district	1) URU LLC (39049258) 2) Kostiantynivskiy Granitnyi Karier LLC (38963868) 3) Stroinavihator LLC (33436209) 4) Vesnianski pisky LLC (43431592) 5) Novikom Innovation LLC (40864510)	346,400	1,200,000	Vesnianski pisky LLC
7	Central Hlynianska area of Dubrivske field	kaolin primary, pegmatite (feldspar)	geological exploration including pilot commercial works	Zhytomyr region, Baranivskiy district	1) Optyma-resurs PE (35107478) 2) Polonskyi Plant Mayak Municipally Owned Corporation (02969366) 3) Trypilski pisky LLC (40284525) 4) Levit Co LLC (36352106) 5) Tsersanit Minerals	489,640	10,150,000	Tsersanit Minerals LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
					LLC (42363718)			
Results of the II re-auction in 2020 that took place 22.07.2020								
1	Zhubrovytske field	granite	geological exploration including pilot commercial works	Zhytomyr region, Olevskiyi district	1) Volynheolohia LLC (35299320) 2) Building City (35361942)	43,990	330,000	Volynheolohia LLC
Results of the III re-auction in 2020 by the method of step-by-step reduction of the starting price and subsequent submission of price proposals that took place 21.08.2020								
1	Pryazovske gas field	natural gas	geological exploration of oil and gas subsoil including pilot commercial works with further extraction of oil and gas (industrial mining)	Zaporizhzhia region, Pryazovskiyi district	1) KZR Petroleum LLC (42369730)	6,296,900	629,690	KZR Petroleum LLC
Results of the IV auction that took place on 17.07.2020								
1	Klishchiiyvaska area	fire clays	geological exploration including pilot commercial works	Donetsk region, Bakhmutskiyi district	1) Nautilus Energetic Company LLC (42850975) 2) Recycling Partner UP LLC (35702343) 3) AKV Ukrainske Kaolinove Tovarystvo LLC (33697003) 4) Ohneupornerud PrJSC (24464945)	16,936	40,010,000	Shachtobud PA LLC



No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
					5) Vesko PrJSC (00282049) 6) Ohneuporkeram LLC (40117650) 7) Shachtobud PA LLC (24808994)			
2	Ozarynetska area	sand, sand- pebble material	geological exploration including pilot commercial works	Vinnytsa region, Mohyliv-Podilskiy district	1) Hodz Oleh Vasyliovych Private Entrepreneur TIN code 2932606673 2) Industrial complex «Camelot» LLC (42663802)	14,038	306,000	Industrial complex «Camelot» LLC
3	Khudlivska area	andesite	geological exploration including pilot commercial works	Zakarpattia region, Uzhhorodskiy district	1) Yaroshovych Mykola Ivanovych Private Entrepreneur TIN code 2323915055 2) Khudlivske Karieroupravlinnia LLC (43312287) 3) Ahroharden LLC (42962118)	20,236	151,000	Ahroharden LLC
4	Area "Zakhidna druha"	amber	geological exploration of amber subsoil including pilot commercial works with further extraction of amber (industrial mining)	Rivne region, Sarnenskiy district	1) Naftogas Trading 2019 LLC (43307869) 2) Potentsial-Polissia LLC (43386233) 3) Ameland LLC (43702009) 4) BurProm LLC (43664718)	333,200	12,630,00 0	BurProm LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
5	Northern Hlynianska area of Dubrivske field	primary kaolin, pegmatite (feldspar)	geological exploration including pilot commercial works	Zhytomyr region, Baranivskiyi district	1) Trypilski pisky LLC (40284525) 2) Tsersanit Minerals LLC (42363718)	1,394,984	15,020,000	Tsersanit Minerals LLC
6	Oleksandrivska area	granite	geological exploration including pilot commercial works	Zhytomyr region, Korostenskyi district	1) Yevroconsalt-Group LLC (38315595) 2) Kodr Polissia LLC (42950961) 3) Starting LLC (37501022)	517,453	740,000	KODR Polissia LLC
Results of the IV re-auction in 2020 that took place 2020 that took place on 19.08.2020								
1	Bystrivske field (well № 9807/26)	mineral natural portable waters	extraction	Lviv region, Drohobyt'skyi district	1) Firm T.S.B. LLC (22411703) 2) Ahroderev LLC (22356002)	1,809,258	1,830,000	Firm T.S.B. LLC
2	Area "Horshchyk" of Omelianivske field	granite	geological exploration including pilot commercial works	Zhytomyr region, Korostenskyi and Luhyn'skyi districts	1) Finist AM LLC (40250841) 2) Granstoun LLC (34152302)	326,574	365,000	Granstoun LLC
Results of the IV auction that took place on 03.09.2020								
1	Area "Zakhidna perscha"	amber	geological exploration amber subsoil including pilot commercial works with further amber extraction (industrial mining)	Rivne region, Sarnenskyi district	1) Zemresursinvest LLC (43587822) 2) BurProm LLC (43664718) 3) Ecocentresusr LLC (43603168)	159,800	3,230,000	BurProm LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
Results of the IV re-auction in 2020 that took place 08.09.2020								
1	Ust-Kamianske field	granite	extraction	Dnipropetrovsk region, Apostolivskiy district	1) Uni Invest Project LLC (43710114) 2) Techinvest MT PE (34291948)	808,281	259,083	Techinvest MT PE
Results of the V auction that took place on 31.08.2020								
1	Budyshchanskoh o-Chutivska square	crude oil, natural gas, condensate	geological exploration of oil and gas subsoil including pilot commercial works with further extraction of oil and gas (industrial mining)	Poltava region, Chutivskiy and Poltavskiy districts	1) Independent Energy Services LLC (41818899) 2) Vydobuvna kompaniia Ukrnaftoburinnia PrJSC (33152471) 3) Representative Office of Regal Petroleum Corporation Limited (35665790) 4) Ukgazvydobuvannya JSC (30019775) 5) Oil&Gas Geexploring LLC (43027125)	81,560,800	650,500,0 00	Oil&Gas Geexploring LLC
Results of the VI auction that took place on 16.09.2020								
1	Area "Selyshche"	amber	geological exploration including pilot commercial works	Rivne region, Sarnenskiy district	1) Ameland LLC (43702009) 2) Polissia Investment Development Group LLC (43709013) 3) Knister Group LLC (43654275) 4) BurProm LLC(43664718)	752,760	14,200,00 0	Knister Group LLC
2	Area "Zalissia"	amber	geological exploration	Rivne region, Dubrovyskiy district	1) BurProm LLC (43664718)	326,400	2,600,000	Zemresursinvest LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
			including pilot commercial works with further extraction		2) Zakhidkapitalinvest LLC (33510528) 3) Amberlait LLC (43543612) 4) Zemresursinvest LLC (43587822)			
Results of the VI re-auction in 2020 that took place 20.10.2020								
1	Area "Kvasnyi potik" (well № 1-КП, source № 77)	underground water	geological exploration including pilot commercial works	Zakarpattia region, Svaliavskiyi district	1) Lvivmetalindustriia LLC (42916281) 2) Kvasnyi potik LLC (38330388)	365,700	380,000	Kvasnyi potik LLC
2	Area of subsoil "Koryfei" in Ternopil city where well №1 is located	underground drinking water	geological exploration including pilot commercial works	Ternopil region, Ternopil city	1) Pyvovarnia Opillia LLC (37977562) 2) Trypilski pisky LLC (40284525)	541,055.50	555,000	Pyvovarnia Opillia LLC
Results of the VI re-auction in 2020 that took place 30.10.2020								
1	Area Vilshanska	amber	geological exploration of amber subsoil including pilot commercial works with further extraction of amber (industrial mining)	Rivne region, Dubrovyskiy district	1) Zakhidkapitalinvest LLC (33510528) 2) Potentsial-Polissia LLC (43386233) 3) Zakhidzemresurs LLC (43587754)	161,500	521,500	Potentsial-Polissia LLC
Results of the VII auction that took place on 03.11.2020								
1	Malivska area	limestones and clays	geological exploration	Odesa region, Rozdilniaskiyi district	1) Moldovanenko Vitalii Oleksandrovykh Private	20,411	26,300	Matiazhova Olha Vasylivna Private

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
			including pilot commercial works		Entrepreneur TIN code 2779322132 2) Matiazhova Olha Vasylivna Private Entrepreneur TIN code 3028611586			Entrepreneur
2	Area II of Kryvetske field	marbled limestones	geological exploration including pilot commercial works	Zakarpattia region, Tiachivskiyi district	1) Unity Create LLC (43801431) 2) Makedor LLC (41167985)	102,480	200,000	Makedor LLC
3	Hryshivska area	manganese ores	geological exploration including pilot commercial works	Dnipropetrovsk region, Apostolivskiyi district	-	51,184	128,000	Pokrovskiyi GZK JS
4	Karavanske field	quartz sand	extraction	Kharkiv region, Valkivskiyi district	1) Agroindustrial Firm Arktur LTD LLC (22702895) 2) Promtechimport LLC (43598001)	2,918,844	2,940,000	Agroindustrial Firm Arktur LTD LLC
5	Area Myrska	limestone	geological exploration including pilot commercial works	Odesa region, Lymanskyi district	-	7,783	11,000	Myrskii Oleksandr Vasyliovych Private Entrepreneur
6	Area-1 of Kalnytske field	granite	extraction	Vinnytsa region, Illinetskyi district	1) Hrabovetskii hrankarier LLC (05414019 2) Illinetskyi Hranitnyi Karier LLC (39309273)	2,056,590	2,101,777	Illinetskyi Hranitnyi Karier LLC

Results of the VII re-auction in 2020 that took place 07.12.2020

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
1	Hriadkivske field	limestone	extraction	Rivne region, Dubenskyi district	-	156,260	1,000,007.77	Building Company Ridnyi Dim PE
Results of the VII re-auction in 2020 that took place 29.12.2020								
1	Budriiska area	amber	geological exploration of amber subsoil including pilot commercial works with further extraction of amber (industrial mining)	Zhytomyr region, Korostenskyi district	-	315,520	325,520	Leikstoun LLC
Results of the VIII auction that took place on 23.11.2020								
1	Pesetska area (well № 1-np)	underground water	geological exploration including pilot commercial works	Khmelnyskyi region, Novoushytskyi district	-	3,368	4,368	Bresitskyi Leonid Mykolaiovych Private Entrepreneur
2	Area "Magnum" (well № 1-np)	underground water	geological exploration including pilot commercial works	Zakarpattia region, Berehovo city	-	4,697	6,000	Bortniichuk Volodymyr Ivanovych Private Entrepreneur
3	Novosanzharske -3 field (well № 1)	underground drinking water	extraction	Poltava region, Novi Sanzhary town	-	101,052	280,000	Eurotransservice PE
4	Area Netroba	amber	geological exploration including pilot	Rivne region, Volodymyretskyi district	-	363,770	385,000	Amberbur LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
			commercial works					
5	Area "Lopatychi- 1"	amber	geological exploration including pilot commercial works with further extraction	Zhytomyr region, Olevskiyi district	-	324,700	346,000	Khupo Se Trade LLC
6	Area "Lopatychi- 2"	amber	geological exploration including pilot commercial works with further extraction	Zhytomyr region, Olevskiyi district	-	299,200	320,000	Khupo Se Trade LLC
7	Pokrovska area	manganese ores	geological exploration including pilot commercial works	Dnipropetrovsk region, Apostolivskiyi district	-	186,371	10,000,01 0	Istmetal LLC
8	Zhovtovodska square	main minerals: gold ores, related: niobium ores	geological exploration including pilot commercial works	Dnipropetrovsk region, Piatykhatskiy district	-	4,481,359	5,735,000	Spys Ukraina LLC
9	Ternivska area	opoka	geological exploration including pilot commercial works	Kirovohrad region, Novoarkhanhelskiy district	-	26,026	35,000	Silika LLC

No	Object of subsoil use				Auction participants (Name and UGREOU code)	Value		The winning bidder
	Name of subsoil area	Type of minerals	Type of deposit usage	Location of subsoil area		Initial sale price, UAH	Selling price, UAH	
10	Area of subsoil in village Slyvyne where well № 189 is located	underground water	geological exploration including pilot commercial works	Mykolaiv region, Mykolaivskiy district	-	12,425	17,425	Firm Chysta Voda LLC
11	Area "Tuchynska" of Rivne field (well № 1)	underground drinking water	extraction	Rivne region, Hoshchanskyi district	-	77,244	88,000	Holovaichuk Mykola Petrovych Private Entrepreneur
Results of the VIII re-auction in 2020 that took place 15.02.2021								
1	Area Klesiv-2	amber	geological exploration of amber subsoil including pilot commercial works with further extraction of amber (industrial mining)	Rivne region, Sarnenskyi district	-	326,400	338,900	Amberprom LLC
Results of the VIII re-auction in 2020 by the method of step-by-step reduction of the starting price and subsequent submission of price proposals that took place 12.05.2021								
1	Area "Orepy"	alkaline kaolin	geological exploration including pilot commercial works	Zhytomyr region, Novohrad-Volynskiy district	-	279,930	1,291,600	Hedem Enterprise LLC



## Annex 8. Status of receiving information from reporting companies based on the results of inquiries

№	Company name	Report on payments in favour of the state		Accompanying letter from the company / Verification by EDS	Request for the Role of the State	Public financial statement	Audit of financial statement
		via e-mail	on EITI Platform				
1	Naftogaz of Ukraine NJSC		✓	✓	✓	<a href="https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf">https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf</a>	<a href="https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf">https://www.naftogaz.com/files/Zvity/Naftogaz_20_fsu_ISA_for_publication.pdf</a>
2	Ukrnafta PJSC		✓	✓	✓	<a href="https://www.ukrnafta.com/data/Investor_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%202020%20UKR_.pdf">https://www.ukrnafta.com/data/Investor_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%202020%20UKR_.pdf</a>	<a href="https://www.ukrnafta.com/data/Investor_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%202020%20UKR_.pdf">https://www.ukrnafta.com/data/Investor_docs/30.04.2021/Ukrnafta%20Separate%20FS%20with%20Auditor's%20report%202020%20UKR_.pdf</a>
3	Ukrgezvidobuvannya JSC		✓	✓	✓	<a href="https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf">https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf</a>	<a href="https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf">https://ugv.com.ua/uploads/Financial_Report_Separate.2020_AT_Ukrgezvidobuvannya_.pdf.10672318.6af54328883fa6f9c297fad89317ef63f50f8756.pdf</a>
4	Naftogazvydobuvannya PrJSC		✓	✓	✓	<a href="http://ngv.com.ua/fin_zvit_2020_1.pdf">http://ngv.com.ua/fin_zvit_2020_1.pdf</a>	<a href="http://ngv.com.ua/fin_zvit_2020_1.pdf">http://ngv.com.ua/fin_zvit_2020_1.pdf</a>
5	Vydobuvna kompaniia Ukrnaftoburinnia PrJSC		✓	✓	✗	<a href="https://unb.ua/Fin.zvitnist_2020.pdf">https://unb.ua/Fin.zvitnist_2020.pdf</a>	<a href="https://unb.ua/Zvit_audytora_2020.pdf">https://unb.ua/Zvit_audytora_2020.pdf</a>
6	Energy Service Company Esco-Pivnich LLC		✓	✓	✓	✓	✓
7	Poltava Petroleum Company JV		✓	✓	✓	<a href="http://www.ppc.net.ua/wp-content/uploads/2021/04/Finansovyy_zvit.pdf">http://www.ppc.net.ua/wp-content/uploads/2021/04/Finansovyy_zvit.pdf</a>	<a href="http://www.ppc.net.ua/wp-content/uploads/2021/04/Finansovyy_zvit.pdf">http://www.ppc.net.ua/wp-content/uploads/2021/04/Finansovyy_zvit.pdf</a>
8	Oil&Gas Geoexploring LLC		✓	✓	✓	✓	✓
9	Natural resources PrJSC		✓	✓	✓	<a href="https://geo-alliance.com.ua/wp-content/uploads/2021/03/Report-nr-2020.zip">https://geo-alliance.com.ua/wp-content/uploads/2021/03/Report-nr-2020.zip</a>	<a href="https://geo-alliance.com.ua/wp-content/uploads/2021/03/Report-nr-2020.zip">https://geo-alliance.com.ua/wp-content/uploads/2021/03/Report-nr-2020.zip</a>
10	Representative Office of Regal Petroleum Corporation Limited		✓	✓	✓	<a href="https://regalukraine.com/files/zvit.pdf">https://regalukraine.com/files/zvit.pdf</a>	<a href="https://regalukraine.com/files/zvit.pdf">https://regalukraine.com/files/zvit.pdf</a>
11	Ukrgezvidobutok PrJSC		✓	✓	✓	<a href="https://ukrgv.com/files/zvit.pdf">https://ukrgv.com/files/zvit.pdf</a>	<a href="https://ukrgv.com/files/zvit.pdf">https://ukrgv.com/files/zvit.pdf</a>
12	JV Ukrkarpatoil LTD LLC		✓	✓	✓	<a href="http://www.uko.kiev.ua/audit%202020.pdf">http://www.uko.kiev.ua/audit%202020.pdf</a>	<a href="http://www.uko.kiev.ua/audit%202020.pdf">http://www.uko.kiev.ua/audit%202020.pdf</a>
13	Nadra-Geoinvest LLC		✓	✓	✓	<a href="https://bit.ly/3lzIEMi">https://bit.ly/3lzIEMi</a>	<a href="https://bit.ly/3lzIEMi">https://bit.ly/3lzIEMi</a>

№	Company name	Report on payments in favour of the state		Accompanying letter from the company / Verification by EDS	Request for the Role of the State	Public financial statement	Audit of financial statement
		via e-mail	on EITI Platform				
14	Kub-gaz LLC		✓	✓	✓	✓	✓
15	Persha ukraiinska gazonaftova kompaniia LLC		✓	✓	✓	✓	✓
16	Nordik PE		✓	✓	✓	<a href="http://nordik.com.ua/upload/nord/FS'20%20Nordik_signed.pdf">http://nordik.com.ua/upload/nord/FS'20%20Nordik_signed.pdf</a>	<a href="http://nordik.com.ua/upload/nord/FS'20%20Nordik_signed.pdf">http://nordik.com.ua/upload/nord/FS'20%20Nordik_signed.pdf</a>
17	Systemoilengineering LLC		✓	✓	✓	<a href="https://bit.ly/3leGE4t">https://bit.ly/3leGE4t</a>	✓
18	Zakhidnadraserivce LLC		✓	✓	✓	<a href="http://www.zns.com.ua/upload/zns/FS'20_ZNS_signed.pdf">http://www.zns.com.ua/upload/zns/FS'20_ZNS_signed.pdf</a>	<a href="http://www.zns.com.ua/upload/zns/FS'20_ZNS_signed.pdf">http://www.zns.com.ua/upload/zns/FS'20_ZNS_signed.pdf</a>
19	Energy-95 LLC		✓	✓	✓	<a href="https://bit.ly/3lxU4Ph">https://bit.ly/3lxU4Ph</a>	<a href="https://bit.ly/3lxU4Ph">https://bit.ly/3lxU4Ph</a>
20	Stryinaftogaz LLC		✓	✓	✓	<a href="https://struinaftogaz.com.ua/zvitnist/">https://struinaftogaz.com.ua/zvitnist/</a>	<a href="https://struinaftogaz.com.ua/wp-content/uploads/2021/04/zvit-audytora.pdf">https://struinaftogaz.com.ua/wp-content/uploads/2021/04/zvit-audytora.pdf</a>
21	Prom-Energo Product LLC		✓	✓	✓	<a href="https://prom-energo.com.ua/files/zvit.pdf">https://prom-energo.com.ua/files/zvit.pdf</a>	<a href="https://prom-energo.com.ua/files/zvit.pdf">https://prom-energo.com.ua/files/zvit.pdf</a>
22	Joint activity agreement of 24/12/1997 No. 999/97. Operator - Poltavanaftogaz NGDU of Ukrnafta PJSC (22525915)		✓	✓	✗	✗	✗
23	Gas Transmission System Operator of Ukraine LLC		✓	✓	✓	<a href="https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf">https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf</a>	<a href="https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf">https://tsoua.com/wp-content/uploads/2021/04/GTSO_20-ukr-final-dlya-publikaciyi.pdf</a>
24	Ukrtransgaz JSC	✓		✗	✓	<a href="https://utg.ua/img/menu/company/docs/2021/Richna_finansova_zvitnist_za_2020_pik.pdf">https://utg.ua/img/menu/company/docs/2021/Richna_finansova_zvitnist_za_2020_pik.pdf</a>	<a href="https://bit.ly/3diLUpl">https://bit.ly/3diLUpl</a>
25	Ukrtransnafta JSC		✓	✓	✓	<a href="https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf">https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf</a>	<a href="https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf">https://www.ukrtransnafta.com/wp-content/uploads/2021/03/UTN_Stand-alone_20fsu_with-signatures.pdf</a>
26	ArcelorMittal Kryvyi Rih PJSC		✓	✓	✓	<a href="https://ukraine.arcelormittal.com/tenders/doc/akcioneram/amkr/External%20Audit%20Report%20AMKR%202020.pdf">https://ukraine.arcelormittal.com/tenders/doc/akcioneram/amkr/External%20Audit%20Report%20AMKR%202020.pdf</a>	<a href="https://ukraine.arcelormittal.com/tenders/doc/akcioneram/amkr/External%20Audit%20Report%20AMKR%202020.pdf">https://ukraine.arcelormittal.com/tenders/doc/akcioneram/amkr/External%20Audit%20Report%20AMKR%202020.pdf</a>
27	Southern Iron Ore Enrichment Works JSC		✓	✓	✓	<a href="https://bit.ly/3G7UpQl">https://bit.ly/3G7UpQl</a>	<a href="https://bit.ly/3G7UpQl">https://bit.ly/3G7UpQl</a>

№	Company name	Report on payments in favour of the state		Accompanying letter from the company / Verification by EDS	Request for the Role of the State	Public financial statement	Audit of financial statement
		via e-mail	on EITI Platform				
28	Poltava Iron Ore Enrichment Works PrJSC	✓		✓	✓	<a href="https://bit.ly/3libNEo">https://bit.ly/3libNEo</a>	<a href="https://bit.ly/3libNEo">https://bit.ly/3libNEo</a>
29	Nothern Iron Ore Enrichment Works PrJSC	✓		✓	✓	✓	✓
30	Ingulets Iron Ore Enrichment Works PrJSC	✓		✓	✓	✓	✓
31	Central Iron Ore Enrichment Works PrJSC	✓		✓	✓	✓	✓
32	The foreign investment enterprise Zaporizhzhia iron ore industrial complex PrJSC	✓		✓	✓	<a href="https://zgrk.com.ua/content/docs/holder/2021/04/108/richna_informacija_zzrk_2020.docx">//zgrk.com.ua/content/docs/holder/2021/04/108/richna_informacija_zzrk_2020.docx</a>	✓
33	Krivyi Rig Iron-OrLe Combine PJSC		✓	✓	✓	<a href="https://www.krruda.dp.ua/wp-content/uploads/2021/04/audit_2020.pdf">https://www.krruda.dp.ua/wp-content/uploads/2021/04/audit_2020.pdf</a>	<a href="https://www.krruda.dp.ua/wp-content/uploads/2021/04/audit_2020.pdf">https://www.krruda.dp.ua/wp-content/uploads/2021/04/audit_2020.pdf</a>
34	Suha Balka PrJSC		✓	✓	✓	✓	✓
35	Yerystiv Iron-Ore Enrichment Works LLC	✓		✓	✓	<a href="https://ferrexpoyeristovomine.com/wp-content/uploads/2021/04/FS-signed.pdf">https://ferrexpoyeristovomine.com/wp-content/uploads/2021/04/FS-signed.pdf</a>	<a href="https://ferrexpoyeristovomine.com/wp-content/uploads/2021/04/FS-signed.pdf">https://ferrexpoyeristovomine.com/wp-content/uploads/2021/04/FS-signed.pdf</a>
36	Rudomain LLC		✓	✓	✓	<a href="https://rudomain.com.ua/wp-content/uploads/2021/11/9.pdf">https://rudomain.com.ua/wp-content/uploads/2021/11/9.pdf</a>	<a href="https://rudomain.com.ua/wp-content/uploads/2021/11/9.pdf">https://rudomain.com.ua/wp-content/uploads/2021/11/9.pdf</a>
37	Pokrovskiy GZK JSC		✓	✓	✓	<a href="https://bit.ly/3rxYqty">https://bit.ly/3rxYqty</a>	<a href="https://bit.ly/3rxYqty">https://bit.ly/3rxYqty</a>
38	Marganets Mining and Processing DTPlant		✓	✓	✓	<a href="https://bit.ly/3DizVTt">https://bit.ly/3DizVTt</a>	<a href="https://bit.ly/3oigMN3">https://bit.ly/3oigMN3</a>
39	United Mining and Chemical Company JSC		✓	✓	✓	<a href="https://f984837a-9cb8-4fcf-9ff2-c67f8723d19c.filesusr.com/archives/fe2072_ee1dbcf9fcb745aa9f5e3030cfbc4ff7.zip?dn=upravlinnia.zip">https://f984837a-9cb8-4fcf-9ff2-c67f8723d19c.filesusr.com/archives/fe2072_ee1dbcf9fcb745aa9f5e3030cfbc4ff7.zip?dn=upravlinnia.zip</a>	<a href="https://f984837a-9cb8-4fcf-9ff2-c67f8723d19c.filesusr.com/archives/fe2072_ee1dbcf9fcb745aa9f5e3030cfbc4ff7.zip?dn=upravlinnia.zip">https://f984837a-9cb8-4fcf-9ff2-c67f8723d19c.filesusr.com/archives/fe2072_ee1dbcf9fcb745aa9f5e3030cfbc4ff7.zip?dn=upravlinnia.zip</a>
40	Velta LLC		✓	✓	✓	<a href="https://bit.ly/3EI2zod">https://bit.ly/3EI2zod</a>	<a href="https://bit.ly/3EI2zod">https://bit.ly/3EI2zod</a>
41	DTEK Pavlohdacoal PrJSC		✓	✓	✓	<a href="https://energo.dtek.com/content/uploads/fin-otchetnost-202/dtek-pavlogradvugillya-okrema-fin-zvitnist-2020.pdf">https://energo.dtek.com/content/uploads/fin-otchetnost-202/dtek-pavlogradvugillya-okrema-fin-zvitnist-2020.pdf</a>	<a href="https://energo.dtek.com/content/uploads/fin-otchetnost-202/dtek-pavlogradvugillya-okrema-fin-zvitnist-2020.pdf">https://energo.dtek.com/content/uploads/fin-otchetnost-202/dtek-pavlogradvugillya-okrema-fin-zvitnist-2020.pdf</a>

№	Company name	Report on payments in favour of the state		Accompanying letter from the company / Verification by EDS	Request for the Role of the State	Public financial statement	Audit of financial statement
		via e-mail	on EITI Platform				
42	Colliery Group Pokrovs'ke PJSC		✓	✓	✓	<a href="http://pokrovskoe.com.ua/sites/default/files/files/company/forshareholders/2020/SeparateFinancialStatements2020.pdf">http://pokrovskoe.com.ua/sites/default/files/files/company/forshareholders/2020/SeparateFinancialStatements2020.pdf</a>	<a href="http://pokrovskoe.com.ua/sites/default/files/files/company/forshareholders/2020/SeparateFinancialStatements2020.pdf">http://pokrovskoe.com.ua/sites/default/files/files/company/forshareholders/2020/SeparateFinancialStatements2020.pdf</a>
43	DTEK Dobropolyeugol LLC		✓	✓	✓	<a href="https://dtek.com/content/uploads/rychniy-zvit-emitentu-du_37014600_2020.pdf.p7s.zip">https://dtek.com/content/uploads/rychniy-zvit-emitentu-du_37014600_2020.pdf.p7s.zip</a>	<a href="https://dtek.com/content/uploads/rychniy-zvit-emitentu-du_37014600_2020.pdf.p7s.zip">https://dtek.com/content/uploads/rychniy-zvit-emitentu-du_37014600_2020.pdf.p7s.zip</a>
44	Lvivvuhillia SE		✓	✓	✓	<a href="http://www.lvug.com.ua/2021/04/06/finansova-zvitnist-dp-lvivvugillya-za-2020-rik/">http://www.lvug.com.ua/2021/04/06/finansova-zvitnist-dp-lvivvugillya-za-2020-rik/</a>	<a href="http://www.lvug.com.ua/2021/06/09/zvit-nezalezhnogo-auditora-2/">http://www.lvug.com.ua/2021/06/09/zvit-nezalezhnogo-auditora-2/</a>
45	Selydivvuhillia SE		✓	✓	✓	<a href="http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245529751">http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245529751</a>	<a href="http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245529751">http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245529751</a>
46	Pervomaiskvuhillia SE		✓	✓	✓	1. <a href="http://xn--80adefwgidrfcns3a2l.xn--j1amh/zvit/">http://xn--80adefwgidrfcns3a2l.xn--j1amh/zvit/</a> 2. <a href="http://xn--80adefwgidrfcns3a2l.xn--j1amh/prymitky-do-finansovoi-zvitnosti-vidpovidno-do-msfz/">http://xn--80adefwgidrfcns3a2l.xn--j1amh/prymitky-do-finansovoi-zvitnosti-vidpovidno-do-msfz/</a>	<a href="http://xn--80adefwgidrfcns3a2l.xn--j1amh/zvit-nezalezhnoho-audytora-3/">http://xn--80adefwgidrfcns3a2l.xn--j1amh/zvit-nezalezhnoho-audytora-3/</a>
47	Myrnohradvuhillia SE		✓	✓	✓	<a href="https://www.mvug.com.ua/?page_id=1819">https://www.mvug.com.ua/?page_id=1819</a>	<a href="https://www.mvug.com.ua/?page_id=2138">https://www.mvug.com.ua/?page_id=2138</a>
48	Lysychanskvuhillia JSC		✓	✓	✓	<a href="http://lisugol.com/Content/RegInf/2020.pdf">http://lisugol.com/Content/RegInf/2020.pdf</a>	<a href="https://bit.ly/3prpc48">https://bit.ly/3prpc48</a>
49	Bilozerska Mine LLC		✓	✓	✓	✓	✓
50	Toretskvuhillia SE		✓	✓	✓	<a href="https://bit.ly/3lzd1RE">https://bit.ly/3lzd1RE</a>	<a href="https://bit.ly/3lzd1RE">https://bit.ly/3lzd1RE</a>
51	Mine named after M. S. Surgai SE		✓	✓	✓	<a href="http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525593">http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525593</a>	✘
52	Mine Administration Pivdenodonbaske #1 SE		✓	✓	✓	<a href="http://ugnodon1.com/zvitnist-za-2020-rik-z-auditorskim-zvitom/">http://ugnodon1.com/zvitnist-za-2020-rik-z-auditorskim-zvitom/</a>	<a href="http://ugnodon1.com/wp-files/2020/Zvit_nezalezhnogo_auditora_za_2020r.pdf">http://ugnodon1.com/wp-files/2020/Zvit_nezalezhnogo_auditora_za_2020r.pdf</a>
53	Krasnolymanska Coal Mining Company SE		✓	✓	✓	<a href="https://krasnoлимanskaya.com.ua/?p=9887">https://krasnoлимanskaya.com.ua/?p=9887</a>	<a href="https://krasnoлимanskaya.com.ua/?p=9887">https://krasnoлимanskaya.com.ua/?p=9887</a>
54	Volynvuhillia SE		✓	✓	✓	<a href="http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525448">http://mpe.kmu.gov.ua/minugol/doccatalog/document?id=245525448</a>	✘

## Annex 9. Consolidated database on tax and other payments by reporting companies of extractive industries that provided information for EITI Report, in 2020

### 9.1 Personal income tax

*Reconciliation of revenues from personal income tax in 2020 (oil and natural gas extraction, including transmission), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	338,191.81	338,191.81	0.00	338,191.81	338,191.81	0.00
Ukrnafta PJSC	837,649.53	838,618.90	(969.37)	837,649.53	837,493.00	156.53
Ukrgezvydobuvannya JSC	1,101,142.60	1,101,611.00	(468.40)	1,101,142.60	1,101,649.04	(506.44)
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	22,736.30	22,736.30	0.00	22,736.30	22,736.30	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	32,699.35	32,699.35	0.00	32,699.35	32,699.35	0.00
Energy Service Company Esco-Pivnich LLC	49,836.81	49,836.81	0.00	49,836.81	49,836.81	0.00
Poltava Petroleum Company JV	29,776.75	29,776.74	0.01	29,776.75	29,776.74	0.01
Oil&Gas Geoexploring LLC	9.00	9.00	0.00	9.00	9.00	0.00
Natural Resources PrJSC	16,351.90	16,351.90	-	16,351.90	16,351.90	-
Representative Office of Regal Petroleum Corporation Limited	21,699.77	21,699.76	0.01	21,699.77	21,699.76	0.01

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Ukrgezvydobutok Pr JSC	6,164.18	6,164.17	0.01	6,164.18	6,164.17	0.01
JV Ukrkarpatoil LTD LLC	1,183.46	1,096.00	87.46	1,183.46	1,183.46	0.00
Nadra-Geoinvest LLC	5,015.46	5,046.00	(30.54)	5,015.46	5,035.64	(20.18)
Kub-gaz LLC	11,269.59	10,284.50	985.09	11,269.59	11,146.81	122.78
Persha ukrainska hazonaftova kompaniia LLC	3,166.00	3,166.00	0.00	3,166.00	3,166.00	0.00
Nordik PE	1,519.97	118.28	1,401.70	1,519.97	1,519.97	0.00
Systemoilengineering LLC	3,182.03	3,182.03	-	3,182.03	3,182.03	-
Zakhidnadraseriv LLC	3,340.61	256.82	3,083.79	3,340.61	3,340.61	0.00
Energy-95 LLC	1,194.85	1,194.80	0.05	1,194.85	1,194.80	0.05
Stryinaftogaz LLC	6,019.95	6,019.95	-	6,019.95	6,019.95	-
Prom-Energo Product LLC	3,955.96	3,955.96	0.00	3,955.96	3,955.96	0.00
Gas Transmission System Operator of Ukraine LLC	743,920.75	743,804.00	116.75	743,920.75	743,804.00	116.75
Ukrtransgaz JSC	401,499.14	401,605.00	(105.86)	401,499.14	401,604.63	(105.49)
Ukrtransnafta JSC	214,049.79	214,140.04	(90.25)	214,049.79	214,140.04	(90.25)
<b>Total</b>	<b>3,855,575.57</b>	<b>3,851,565.12</b>	<b>4,010.45</b>	<b>3,855,575.57</b>	<b>3,855,901.78</b>	<b>(326.21)</b>

*Reconciliation of revenues from personal income tax in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	964,122.83	964,037.18	85.65	964,122.83	964,122.83	0.00
Colliery Group Pokrovs'ke PJSC	406,134.58	406,137.00	(2.42)	406,134.58	406,137.00	(2.42)
DTEK Dobropolyeugol LLC	195,770.12	200,884.23	(5,114.11)	195,770.12	200,884.23	(5,114.11)
Lvivvuhillia SE	305,274.56	305,287.30	(12.74)	305,274.56	305,274.56	0.00
Selydivvuhillia SE	176,661.64	-	176,661.64	176,661.64	176,712.00	(50.36)
Pervomaiskvuhillia SE	133,982.76	133,981.00	1.76	133,982.76	133,982.76	0.00
Myrnohradvuhillia SE	102,310.92	102,371.00	(60.08)	102,310.92	102,311.00	(0.08)
Lysychanskvuhillia JSC	93,695.46	93,695.00	0.46	93,695.46	93,695.00	0.46
Bilozerska Mine ALC	50,313.31	50,312.91	0.40	50,313.31	50,312.91	0.40
Toretskvuhillia SE	84,187.13	84,171.00	16.13	84,187.13	84,171.00	16.13
Mine named after M. S. Surgai SE	74,390.40	74,390.00	0.40	74,390.40	74,390.00	0.40
Mine Administration Pivdenodonbaske #1 SE	65,801.18	65,802.00	(0.82)	65,801.18	65,802.00	(0.82)
Krasnolymanska Coal Mining Company SE	41,300.56	41,300.57	(0.01)	41,300.56	41,300.57	(0.01)
Volynvuhillia SE	37,301.75	37,175.00	126.75	37,301.75	37,301.75	0.00
<b>Total</b>	<b>2,731,247.19</b>	<b>2,559,544.19</b>	<b>171,703.00</b>	<b>2,731,247.19</b>	<b>2,736,397.61</b>	<b>(5,150.42)</b>

Reconciliation of revenues from personal income tax in 2020 (iron ores mining), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	904,644.63	904,640.00	4.63	904,644.63	904,640.00	4.63
Southern Iron Ore Enrichment Works JSC	303,455.67	303,456.00	(0.33)	303,455.67	303,456.00	(0.33)
Poltava Iron Ore Enrichment Works PrJSC	332,146.00	-	332,146.00	332,146.00	305,938.97	26,207.03
Nothern Iron Ore Enrichment Works PrJSC	303,551.38	303,551.37	0.01	303,551.38	303,551.37	0.01
Ingulets Iron Ore Enrichment Works PrJSC	238,678.82	238,678.81	0.01	238,678.82	238,678.81	0.01
Central Iron Ore Enrichment Works PrJSC	229,016.02	229,016.02	0.00	229,016.02	229,016.02	0.00
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	248,116.41	248,166.24	(49.83)	248,116.41	248,166.24	(49.83)
Krivyi Rih Iron-Ore Combine JSC	292,207.65	292,541.54	(333.89)	292,207.65	292,541.54	(333.89)
Suha Balka PrJSC	121,673.94	121,673.93	0.01	121,673.94	121,673.93	0.01
Yerystiv Iron-Ore Enrichment Works LLC	66,534.81	66,534.80	0.01	66,534.81	66,534.80	0.01
United Mining and Chemical Company JSC	146,034.27	146,029.91	4.36	146,034.27	146,029.91	4.36
Pokrovskiy GZK JS	115,520.49	115,520.49	0.00	115,520.49	115,520.49	0.00
Marganets Mining and Processing Plant PJSC	102,194.66	102,194.66	0.00	102,194.66	102,194.66	0.00
Velta LLC	15,667.33	16,076.11	(408.78)	15,667.33	15,667.33	0.00
Rudomain LLC	21,102.40	2,273.42	18,828.98	21,102.40	21,102.40	0.00
<b>Total</b>	<b>3,440,544.47</b>	<b>3,090,353.30</b>	<b>350,191.18</b>	<b>3,440,544.47</b>	<b>3,414,712.47</b>	<b>25,832.00</b>



## 9.2 Corporate income tax

*Reconciliation of revenues from corporate income tax in 2020 (oil and natural gas extraction, including transmission), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	15,589,647.37	15,589,647.37	0.00	15,589,647.37	15,589,647.37	0.00
Ukrnafta PJSC	6,448,281.07	6,509,045.60	(60,764.53)	6,448,281.07	6,448,042.93	238.14
Ukrgezvydobuvannya JSC	2,568,028.49	2,568,029.00	(0.51)	2,568,028.49	2,568,029.00	(0.51)
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	61,002.67	-	61,002.67	61,002.67	61,002.67	0.00
Naftogazvydobuvannya PrJSC	793,177.84	793,177.84	0.00	793,177.84	793,177.84	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	407,257.69	407,257.69	0.00	407,257.69	407,257.69	0.00
Energy Service Company Esco-Pivnich LLC	101,747.41	101,747.42	(0.01)	101,747.41	101,747.42	(0.01)
Poltava Petroleum Company JV	109,825.10	109,825.10	-	109,825.10	109,825.10	-
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	90,923.57	90,923.57	-	90,923.57	90,923.57	-
Representative Office of Regal Petroleum Corporation Limited	80,662.00	80,662.00	-	80,662.00	80,662.00	-
Ukrgezvydobutok PrJSC	40,995.53	40,995.52	0.01	40,995.53	40,995.52	0.01
JV Ukrkarpatoil LTD LLC	(9,500.00)	-	(9,500.00)	(9,500.00)	(9,500.00)	-
Nadra-Geoinvest LLC	55,502.98	55,503.00	(0.02)	55,502.98	55,503.00	(0.02)

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Kub-gaz LLC	2,985.15	2,985.10	0.05	2,985.15	2,985.10	0.05
Persha ukrainska hazonaftova kompaniia LLC	2,403.97	2,404.00	(0.03)	2,403.97	2,404.00	(0.03)
Nordik PE	15,050.76	15,050.76	-	15,050.76	15,050.76	-
Systemoilengineering LLC	21,177.94	21,177.94	-	21,177.94	21,177.94	-
Zakhidnadraserivce LLC	15,408.62	15,408.62	-	15,408.62	15,408.62	-
Energy-95 LLC	6,920.02	6,920.00	0.02	6,920.02	6,920.00	0.02
Stryinaftogaz LLC	2,452.08	4,650.75	(2,198.67)	2,452.08	2,452.10	(0.02)
Prom-Energo Product LLC	14,984.75	14,984.74	0.01	14,984.75	14,984.74	0.01
Gas Transmission System Operator of Ukraine LLC	5,241,967.52	5,241,968.00	(0.48)	5,241,967.52	5,241,968.00	(0.48)
Ukrtransgaz JSC	440,716.28	439,016.00	1,700.28	440,716.28	439,016.28	1,700.00
Ukrtransnafta JSC	221,926.52	221,926.52	0.00	221,926.52	221,926.52	0.00
<b>Total</b>	<b>32,323,545.31</b>	<b>32,333,306.53</b>	<b>(9,761.22)</b>	<b>32,323,545.31</b>	<b>32,321,608.16</b>	<b>1,937.15</b>

*Reconciliation of revenues from corporate income tax in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	216,250.90	216,250.90	-	216,250.90	216,250.90	-
Colliery Group Pokrovs'ke PJSC	91,517.09	91,517.00	0.09	91,517.09	91,517.00	0.09
DTEK Dobropolyeugol LLC	-	-	-	-	-	-
Lvivvuhillia SE	60.74	-	60.74	60.74	60.74	0.00
Selydivvuhillia SE	-	-	-	-	-	-
Pervomaiskvuhillia SE	16.00	16.00	-	16.00	16.00	-
Myrnohradvuhillia SE	388.64	389.00	(0.36)	388.64	389.00	(0.36)
Lysychanskvuhillia JSC	-	-	-	-	-	-
Bilozerska Mine ALC	(258.72)	-	(258.72)	(258.72)	-	(258.72)
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	232.90	233.00	(0.10)	232.90	233.00	(0.10)
Krasnolymanska Coal Mining Company SE	-	-	-	-	-	-
Volynvuhillia SE	24.64	25.00	(0.36)	24.64	25.00	(0.36)
<b>Total</b>	<b>308,232.18</b>	<b>308,430.90</b>	<b>(198.72)</b>	<b>308,232.18</b>	<b>308,491.64</b>	<b>(259.46)</b>

*Reconciliation of revenues from corporate income tax in 2020 (iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	654,548.55	654,549.00	(0.45)	654,548.55	654,549.00	(0.45)
Southern Iron Ore Enrichment Works JSC	2,810,150.59	2,810,150.59	0.00	2,810,150.59	2,810,150.59	0.00
Poltava Iron Ore Enrichment Works PrJSC	1,376,845.99	1,340,734.46	36,111.53	1,376,845.99	1,376,845.99	0.00
Nothern Iron Ore Enrichment Works PrJSC	933,920.72	933,920.72	0.00	933,920.72	933,920.72	0.00
Ingulets Iron Ore Enrichment Works PrJSC	560,492.17	560,492.17	0.00	560,492.17	560,492.17	0.00
Central Iron Ore Enrichment Works PrJSC	227,903.25	227,903.25	0.00	227,903.25	227,903.25	0.00
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	288,397.93	288,397.93	0.00	288,397.93	288,397.93	0.00
Krivy Rih Iron-Ore Combine JSC	318,078.06	318,078.06	0.00	318,078.06	318,078.06	0.00
Suha Balka PrJSC	33,457.96	33,457.96	0.00	33,457.96	33,457.96	0.00
Yerystiv Iron-Ore Enrichment Works LLC	151,778.53	151,804.10	(25.57)	151,778.53	151,804.10	(25.57)
United Mining and Chemical Company JSC	100,672.62	100,672.62	-	100,672.62	100,672.62	-
Pokrovskiy GZK JS	3,227.01	3,227.01	-	3,227.01	3,227.01	-
Marganets Mining and Processing Plant PJSC	-	-	-	-	-	-
Velta LLC	-	-	-	-	-	-
Rudomain LLC	28,740.99	28,740.99	-	28,740.99	28,740.99	-
<b>Total</b>	<b>7,488,214.37</b>	<b>7,452,128.86</b>	<b>36,085.51</b>	<b>7,488,214.37</b>	<b>7,488,240.39</b>	<b>(26.02)</b>

### 9.3 Production royalty

*Reconciliation of revenues from production royalty in 2020 (oil and natural gas extraction, including transmission ), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	-	-	-	-	-	-
Ukrnafta PJSC	23,829,279.36	25,767,164.70	(1,937,885.34)	23,829,279.36	23,833,180.30	(3,900.94)
Ukrgezvydobuvannya JSC	14,404,939.93	14,404,940.00	(0.07)	14,404,939.93	14,404,940.00	(0.07)
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	1,869,449.98	18,673.50	1,850,776.48	1,869,449.98	1,869,449.98	0.00
Naftogazvydobuvannya PrJSC	856,933.75	856,933.76	(0.01)	856,933.75	856,933.76	(0.01)
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	882,123.72	882,123.71	0.01	882,123.72	882,123.71	0.01
Energy Service Company Esco-Pivnich LLC	482,985.72	482,985.71	0.01	482,985.72	482,985.71	0.01
Poltava Petroleum Company JV	328,471.54	328,471.54	0.00	328,471.54	328,471.54	0.00
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	223,830.23	223,830.23	-	223,830.23	223,830.23	-
Representative Office of Regal Petroleum Corporation Limited	190,504.58	190,504.57	0.01	190,504.58	190,504.57	0.01
Ukrgezvydobutok PrJSC	205,854.06	205,854.05	0.01	205,854.06	205,854.05	0.01
JV Ukrkarpatoil LTD LLC	235,149.94	183,251.00	51,898.94	235,149.94	235,149.95	(0.01)
Nadra-Geoinvest LLC	103,529.58	103,529.60	(0.02)	103,529.58	103,529.60	(0.02)

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Kub-gaz LLC	116,456.55	116,456.60	(0.05)	116,456.55	116,456.60	(0.05)
Persha ukrainska hazonaftova kompaniia LLC	83,724.36	83,724.00	0.36	83,724.36	83,724.00	0.36
Nordik PE	55,369.25	55,369.25	-	55,369.25	55,369.25	-
Systemoilengineering LLC	65,874.60	65,874.60	-	65,874.60	65,874.60	-
Zakhidnadraserivce LLC	46,394.25	46,394.25	0.00	46,394.25	46,394.25	0.00
Energy-95 LLC	46,206.77	46,206.80	(0.03)	46,206.77	46,206.80	(0.03)
Stryinaftogaz LLC	40,932.02	40,932.02	-	40,932.02	40,932.02	-
Prom-Energo Product LLC	36,547.68	36,547.67	0.01	36,547.68	36,547.67	0.01
Gas Transmission System Operator of Ukraine LLC	223.89	-	223.89	223.89	223.89	0.00
Ukrtransgaz JSC	15,096.59	15,096.00	0.59	15,096.59	15,096.00	0.59
Ukrtransnafta JSC	14.47	14.47	0.00	14.47	14.47	0.00
<b>Total</b>	<b>44,119,892.85</b>	<b>44,154,878.04</b>	<b>(34,985.19)</b>	<b>44,119,892.85</b>	<b>44,123,792.96</b>	<b>(3,900.11)</b>

Reconciliation of revenues from *production royalty* in 2020 (coal mining), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	137,678.05	137,678.05	0.00	137,678.05	137,678.05	0.00
Colliery Group Pokrovs'ke PJSC	112,685.64	112,685.64	0.00	112,685.64	112,685.64	0.00
DTEK Dobropolyeugol LLC	13,803.78	13,803.78	0.00	13,803.78	13,803.78	0.00
Lvivvuhillia SE	1,600.13	1,600.00	0.13	1,600.13	1,600.00	0.13
Selydivvuhillia SE	328.49	329.00	(0.51)	328.49	329.00	(0.51)
Pervomaiskvuhillia SE	55.40	55.40	-	55.40	55.40	-
Myrnohradvuhillia SE	1,781.38	1,729.00	52.38	1,781.38	1,781.00	0.38
Lysychanskvuhillia JSC	43.78	44.00	(0.22)	43.78	44.00	(0.22)
Bilozerska Mine ALC	4,939.89	4,938.99	0.90	4,939.89	4,938.99	0.90
Toretskvuhillia SE	90.00	90.00	-	90.00	90.00	-
Mine named after M. S. Surgai SE	1,767.35	1,767.00	0.35	1,767.35	1,767.00	0.35
Mine Administration Pivdenodonbaske #1 SE	608.71	609.00	(0.29)	608.71	609.00	(0.29)
Krasnolymanska Coal Mining Company SE	-	-	-	-	-	-
Volynvuhillia SE	0.48	-	0.48	0.48	0.48	0.00
<b>Total</b>	<b>275,383.07</b>	<b>275,329.86</b>	<b>53.21</b>	<b>275,383.07</b>	<b>275,382.34</b>	<b>0.73</b>

Reconciliation of revenues from production royalty in 2020 (iron ores mining), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	(87,529.09)	98,554.00	(186,083.09)	(87,529.09)	(87,529.09)	0.00
Southern Iron Ore Enrichment Works JSC	332,328.16	332,328.16	0.00	332,328.16	332,328.16	0.00
Poltava Iron Ore Enrichment Works PrJSC	416,045.96	416,045.96	0.00	416,045.96	416,045.96	0.00
Nothern Iron Ore Enrichment Works PrJSC	683,614.52	683,615.00	(0.48)	683,614.52	683,615.00	(0.48)
Ingulets Iron Ore Enrichment Works PrJSC	600,242.86	600,242.86	0.00	600,242.86	600,242.86	0.00
Central Iron Ore Enrichment Works PrJSC	504,850.38	504,850.38	0.00	504,850.38	504,850.38	0.00
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	460,565.01	460,565.01	0.00	460,565.01	460,565.01	0.00
Krivyi Rih Iron-Ore Combine JSC	274,742.19	274,742.19	0.00	274,742.19	274,742.19	0.00
Suha Balka PrJSC	249,492.01	249,492.00	0.01	249,492.01	249,492.00	0.01
Yerystiv Iron-Ore Enrichment Works LLC	279,385.27	279,385.30	(0.03)	279,385.27	279,385.30	(0.03)
United Mining and Chemical Company JSC	160,942.32	160,942.32	0.00	160,942.32	160,942.32	0.00
Pokrovskiy GZK JS	98,481.96	98,481.96	-	98,481.96	98,481.96	-
Marganets Mining and Processing Plant PJSC	46,226.38	46,226.38	-	46,226.38	46,226.38	-
Velta LLC	70,423.26	64,766.44	5,656.82	70,423.26	70,423.26	0.00
Rudomain LLC	21,039.58	21,039.58	-	21,039.58	21,039.58	-
<b>Total</b>	<b>4,110,850.79</b>	<b>4,291,277.55</b>	<b>(180,426.76)</b>	<b>4,110,850.79</b>	<b>4,110,851.28</b>	<b>(0.49)</b>



## 9.4 Value added tax of goods and services produced in Ukraine (excluding budget reimbursement of VAT)

*Reconciliation of revenues from value added tax of goods and services produced in Ukraine (excluding budget reimbursement of VAT) in 2020 (oil and natural gas extraction, including transmission), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	2,854,850.85	2,854,850.85	0.00	2,854,850.85	2,854,850.85	0.00
Ukrnafta PJSC	14,247,140.47	15,465,240.20	(1,218,099.73)	14,247,140.47	14,246,906.95	233.52
Ukrغازvydobuvannya JSC	8,335,628.02	8,335,628.00	0.02	8,335,628.02	8,335,628.00	0.02
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	1,153,478.55	-	1,153,478.55	1,153,478.55	1,153,478.55	0.00
Naftogazvydobuvannya PrJSC	777,464.47	777,464.47	0.00	777,464.47	777,464.47	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	632,424.58	632,435.89	(11.31)	632,424.58	632,435.89	(11.31)
Energy Service Company Esco-Pivnich LLC	380,934.25	380,934.25	0.00	380,934.25	380,934.25	0.00
Poltava Petroleum Company JV	225,926.02	225,926.02	0.00	225,926.02	225,926.02	0.00
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	192,019.66	192,019.66	-	192,019.66	192,019.66	-
Representative Office of Regal Petroleum Corporation Limited	135,204.78	135,204.77	0.01	135,204.78	135,204.77	0.01
Ukrغازvydobutok PrJSC	115,938.10	115,938.09	0.01	115,938.10	115,938.09	0.01

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
JV Ukrkarpatoil LTD LLC	51,607.02	51,607.00	0.02	51,607.02	51,607.00	0.02
Nadra-Geoinvest LLC	64,836.49	68,800.00	(3,963.51)	64,836.49	64,836.49	0.00
Kub-gaz LLC	30,508.37	30,500.90	7.47	30,508.37	30,500.90	7.47
Persha ukrainska hazonaftova kompaniia LLC	41,824.01	41,824.00	0.01	41,824.01	41,824.00	0.01
Nordik PE	38,793.45	-	38,793.45	38,793.45	38,793.45	0.00
Systemoilengineering LLC	10,546.73	10,546.73	-	10,546.73	10,546.73	-
Zakhidnadoraservice LLC	30,175.74	-	30,175.74	30,175.74	30,175.74	0.00
Energy-95 LLC	25,548.13	25,848.10	(299.97)	25,548.13	25,848.10	(299.97)
Stryinaftogaz LLC	28,342.60	28,342.60	-	28,342.60	28,342.60	-
Prom-Energo Product LLC	19,741.99	19,741.99	0.00	19,741.99	19,741.99	0.00
Gas Transmission System Operator of Ukraine LLC	5,828,710.81	5,828,710.00	0.81	5,828,710.81	5,828,710.00	0.81
Ukrtransgaz JSC	2,785,645.52	2,785,646.00	(0.48)	2,785,645.52	2,785,646.00	(0.48)
Ukrtransnafta JSC	13,953.75	13,953.75	0.00	13,953.75	13,953.75	0.00
<b>Total</b>	<b>38,021,244.35</b>	<b>38,021,163.26</b>	<b>81.08</b>	<b>38,021,244.35</b>	<b>38,021,314.24</b>	<b>(69.90)</b>

*Reconciliation of revenues from value added tax of goods and services produced in Ukraine (excluding budget reimbursement of VAT) in 2020 (coal mining),  
UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	1,211,833.86	1,211,833.86	0.00	1,211,833.86	1,211,833.86	0.00
Colliery Group Pokrovs'ke PJSC	449,733.95	-	449,733.95	449,733.95	449,733.95	0.00
DTEK Dobropolyeugol LLC	410,922.19	410,922.19	0.00	410,922.19	410,922.19	0.00
Lvivvuhillia SE	4,208.31	4,208.30	0.01	4,208.31	4,208.30	0.01
Selydivvuhillia SE	565.97	566.00	(0.03)	565.97	566.00	(0.03)
Pervomaiskvuhillia SE	33.11	33.10	0.01	33.11	33.10	0.01
Myrnohradvuhillia SE	1,622.29	1,578.00	44.29	1,622.29	1,622.00	0.29
Lysychanskvuhillia JSC	48.04	48.00	0.04	48.04	48.00	0.04
Bilozerska Mine ALC	74,840.45	-	74,840.45	74,840.45	74,840.45	0.00
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	4.06	4.00	0.06	4.06	4.00	0.06
Mine Administration Pivdenodonbaske #1 SE	2,234.95	2,234.00	0.95	2,234.95	2,234.00	0.95
Krasnolymanska Coal Mining Company SE	1,248.04	-	1,248.04	1,248.04	1,248.04	0.00
Volynvuhillia SE	565.35	565.00	0.35	565.35	565.00	0.35
<b>Total</b>	<b>2,157,860.58</b>	<b>1,631,992.45</b>	<b>525,868.13</b>	<b>2,157,860.58</b>	<b>2,157,858.89</b>	<b>1.69</b>

**Reconciliation of revenues from value added tax of goods and services produced in Ukraine (excluding budget reimbursement of VAT) in 2020 (iron ores mining), UAH thousand**

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	-	-	-	-	-	-
Southern Iron Ore Enrichment Works JSC	-	-	-	-	-	-
Poltava Iron Ore Enrichment Works PrJSC	128.59	-	128.59	128.59	128.59	0.00
Nothern Iron Ore Enrichment Works PrJSC	4.90	4.90	0.00	4.90	4.90	0.00
Ingulets Iron Ore Enrichment Works PrJSC	21,051.50	21,051.51	(0.01)	21,051.50	21,051.51	(0.01)
Central Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	122,879.34	122,879.34	0.00	122,879.34	122,879.34	0.00
Kryvyi Rih Iron-Ore Combine JSC	80,966.51	80,966.51	0.00	80,966.51	80,966.51	0.00
Suha Balka PrJSC	382,028.83	382,028.83	0.00	382,028.83	382,028.83	0.00
Yerystiv Iron-Ore Enrichment Works LLC	-	-	-	-	-	-
United Mining and Chemical Company JSC	119.92	-	119.92	119.92	119.92	0.00
Pokrovskiy GZK JS	0.24	0.24	-	0.24	0.24	-
Marganets Mining and Processing Plant PJSC	-	-	-	-	-	-
Velta LLC	-	217.29	(217.29)	-	-	-
Rudomain LLC	-	-	-	-	-	-
<b>Total</b>	<b>607,179.83</b>	<b>607,148.62</b>	<b>31.21</b>	<b>607,179.83</b>	<b>607,179.84</b>	<b>(0.01)</b>

## 9.5 Budget reimbursement of value added tax

Reconciliation of revenues from budget reimbursement of value added tax in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	-	-	-	-	-	-
Ukrnafta PJSC	-	-	-	-	-	-
Ukrgezvydobuvannya JSC	-	-	-	-	-	-
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	-	-	-	-	-	-
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	-	-	-	-	-	-
Energy Service Company Esco-Pivnich LLC	-	-	-	-	-	-
Poltava Petroleum Company JV	-	-	-	-	-	-
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	-	-	-	-	-	-
Representative Office of Regal Petroleum Corporation Limited	-	-	-	-	-	-
Ukrgezvydobutok PrJSC	-	-	-	-	-	-
JV Ukrkarpatoil LTD LLC	-	-	-	-	-	-
Nadra-Geoinvest LLC	-	-	-	-	-	-
Kub-gaz LLC	-	-	-	-	-	-



Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Persha ukrainska hazonaftova kompaniia LLC	-	-	-	-	-	-
Nordik PE	-	-	-	-	-	-
Systemoilengineering LLC	-	-	-	-	-	-
Zakhidnadraserivce LLC	-	-	-	-	-	-
Energy-95 LLC	-	-	-	-	-	-
Stryinaftogaz LLC	-	-	-	-	-	-
Prom-Energy Product LLC	-	-	-	-	-	-
Gas Transmission System Operator of Ukraine LLC	-	-	-	-	-	-
Ukrtransgaz JSC	-	-	-	-	-	-
Ukrtransnafta JSC	(150,000.00)	-	(150,000.00)	(150,000.00)	(150,000.00)	-
<b>Total</b>	<b>(150,000.00)</b>	<b>-</b>	<b>(150,000.00)</b>	<b>(150,000.00)</b>	<b>(150,000.00)</b>	<b>-</b>

*Reconciliation of revenues from budget reimbursement of value added tax in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	-	-	-	-	-	-
Colliery Group Pokrovs'ke PJSC	-	-	-	-	-	-
DTEK Dobropolyeugol LLC	-	-	-	-	-	-
Lvivvuhillia SE	-	-	-	-	-	-
Selydivvuhillia SE	-	-	-	-	-	-
Pervomaiskvuhillia SE	-	-	-	-	-	-
Myrnohradvuhillia SE	-	-	-	-	-	-
Lysychanskvuhillia JSC	-	-	-	-	-	-
Bilozerska Mine ALC	-	-	-	-	-	-
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	-	-	-	-	-	-
Krasnolymanska Coal Mining Company SE	-	1,248.04	(1,248.04)	-	-	-
Volynvuhillia SE	-	-	-	-	-	-
<b>Total</b>	-	<b>1,248.04</b>	<b>(1,248.04)</b>	-	-	-

**Reconciliation of revenues from budget reimbursement of value added tax in 2020 (iron ores mining), UAH thousand**

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	(6,221,952.67)	-	(6,221,952.67)	(6,221,952.67)	(6,221,952.67)	0.00
Southern Iron Ore Enrichment Works JSC	(1,803,990.46)	(1,803,990.46)	0.00	(1,803,990.46)	(1,803,990.46)	0.00
Poltava Iron Ore Enrichment Works PrJSC	(3,071,592.43)	-	(3,071,592.43)	(3,071,592.43)	(3,071,592.43)	0.00
Nothern Iron Ore Enrichment Works PrJSC	(1,068,826.99)	(1,068,827.00)	0.01	(1,068,826.99)	(1,068,827.00)	0.01
Ingulets Iron Ore Enrichment Works PrJSC	(350,026.00)	(350,026.00)	0.00	(350,026.00)	(350,026.00)	0.00
Central Iron Ore Enrichment Works PrJSC	(1,257,558.48)	(1,257,558.00)	(0.48)	(1,257,558.48)	(1,257,558.00)	(0.48)
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	(15,534.84)	-	(15,534.84)	(15,534.84)	(15,534.84)	0.00
Krivyi Rih Iron-Ore Combine JSC	(16,707.34)	(16,707.34)	0.00	(16,707.34)	(16,707.34)	0.00
Suha Balka PrJSC	-	-	-	-	-	-
Yerystiv Iron-Ore Enrichment Works LLC	(485,972.57)	(485,972.60)	0.03	(485,972.57)	(485,972.60)	0.03
United Mining and Chemical Company JSC	(264,039.57)	(264,039.57)	0.00	(264,039.57)	(264,039.57)	0.00
Pokrovskiy GZK JS	-	-	-	-	-	-
Marganets Mining and Processing Plant PJSC	-	-	-	-	-	-
Velta LLC	(89,311.42)	(89,311.42)	0.00	(89,311.42)	(89,311.42)	0.00
Rudomain LLC	(50,977.35)	-	(50,977.35)	(50,977.35)	(50,977.35)	0.00
<b>Total</b>	<b>(14,696,490.11)</b>	<b>(5,336,432.39)</b>	<b>(9,360,057.72)</b>	<b>(14,696,490.11)</b>	<b>(14,696,489.68)</b>	<b>(0.43)</b>



## 9.6 Value added tax of goods imported into Ukraine

Reconciliation of revenues from value added tax of goods imported into Ukraine in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	684,725.17	684,725.17	0.00	684,725.17	684,725.17	0.00
Ukrnafta PJSC	4,671.50	-	4,671.50	4,671.50	4,671.50	0.00
Ukrgezvydobuvannya JSC	214,782.52	-	214,782.52	214,782.52	214,782.52	0.00
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	22,310.89	-	22,310.89	22,310.89	22,310.89	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	73,425.44	73,425.44	0.00	73,425.44	73,425.44	0.00
Energy Service Company Esco-Pivnich LLC	80.43	-	80.43	80.43	80.43	0.00
Poltava Petroleum Company JV	6,739.46	6,755.17	(15.71)	6,739.46	6,755.17	(15.71)
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	133.88	133.88	-	133.88	133.88	-
Representative Office of Regal Petroleum Corporation Limited	-	-	-	-	-	-
Ukrgezvydobutok PrJSC	-	-	-	-	-	-
JV Ukrkarpatoil LTD LLC	-	-	-	-	-	-
Nadra-Geoinvest LLC	-	-	-	-	-	-

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Kub-gaz LLC	-	-	-	-	-	-
Persha ukrainska hazonaftova kompaniia LLC	-	-	-	-	-	-
Nordik PE	-	-	-	-	-	-
Systemoilengineering LLC	-	-	-	-	-	-
Zakhidnadrasservice LLC	349.67	-	349.67	349.67	349.67	0.00
Energy-95 LLC	-	-	-	-	-	-
Stryinaftogaz LLC	-	-	-	-	-	-
Prom-Energo Product LLC	-	-	-	-	-	-
Gas Transmission System Operator of Ukraine LLC	-	-	-	-	-	-
Ukrtransgaz JSC	27,767.25	27,767.00	0.25	27,767.25	27,767.00	0.25
Ukrtransnafta JSC	225,361.21	225,361.21	0.00	225,361.21	225,361.21	0.00
<b>Total</b>	<b>1,260,347.42</b>	<b>1,018,167.87</b>	<b>242,179.55</b>	<b>1,260,347.42</b>	<b>1,260,362.88</b>	<b>(15.46)</b>

*Reconciliation of revenues from value added tax of goods imported into Ukraine in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	82,596.05	84,201.82	(1,605.77)	82,596.05	84,201.82	(1,605.77)
Colliery Group Pokrovs'ke PJSC	164,295.41	-	164,295.41	164,295.41	169,767.81	(5,472.40)
DTEK Dobropolyeugol LLC	2,682.34	-	2,682.34	2,682.34	2,682.34	0.00
Lvivvuhillia SE	76.81	-	76.81	76.81	76.81	0.00
Selydivvuhillia SE	-	-	-	-	-	-
Pervomaiskvuhillia SE	-	-	-	-	-	-
Myrnohradvuhillia SE	-	-	-	-	-	-
Lysychanskvuhillia JSC	-	-	-	-	-	-
Bilozerska Mine ALC	1,586.79	-	1,586.79	1,586.79	1,586.79	0.00
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	-	-	-	-	-	-
Krasnolymanska Coal Mining Company SE	-	-	-	-	-	-
Volynvuhillia SE	-	-	-	-	-	-
<b>Total</b>	<b>251,237.41</b>	<b>84,201.82</b>	<b>167,035.59</b>	<b>251,237.41</b>	<b>258,315.57</b>	<b>(7,078.16)</b>

*Reconciliation of revenues from value added tax of goods imported into Ukraine in 2020 (iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	2,802,377.20	2,804,982.00	(2,604.80)	2,802,377.20	2,802,377.20	0.00
Southern Iron Ore Enrichment Works JSC	84,076.79	84,076.79	0.00	84,076.79	84,076.79	0.00
Poltava Iron Ore Enrichment Works PrJSC	345,081.89	-	345,081.89	345,081.89	344,913.73	168.16
Nothern Iron Ore Enrichment Works PrJSC	201,984.51	208,793.38	(6,808.87)	201,984.51	208,793.38	(6,808.87)
Ingulets Iron Ore Enrichment Works PrJSC	113,419.55	113,451.21	(31.66)	113,419.55	113,451.21	(31.66)
Central Iron Ore Enrichment Works PrJSC	161,579.99	161,574.00	5.99	161,579.99	161,574.00	5.99
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	107,720.91	-	107,720.91	107,720.91	107,623.75	97.16
Krivyi Rih Iron-Ore Combine JSC	67,603.42	66,572.18	1,031.24	67,603.42	66,572.18	1,031.24
Suha Balka PrJSC	12,841.80	-	12,841.80	12,841.80	12,841.80	0.00
Yerystiv Iron-Ore Enrichment Works LLC	80,150.55	80,150.60	(0.05)	80,150.55	80,150.60	(0.05)
United Mining and Chemical Company JSC	2,744.49	2,663.62	80.87	2,744.49	2,744.49	0.00
Pokrovskiy GZK JS	4,064.24	4,064.24	-	4,064.24	4,064.24	-
Marganets Mining and Processing Plant PJSC	7,375.64	7,375.64	-	7,375.64	7,375.64	-
Velta LLC	188.43	-	188.43	188.43	188.43	0.00
Rudomain LLC	1,854.87	-	1,854.87	1,854.87	1,854.87	0.00
<b>Total</b>	<b>3,993,064.26</b>	<b>3,533,703.65</b>	<b>459,360.61</b>	<b>3,993,064.26</b>	<b>3,998,602.31</b>	<b>(5,538.04)</b>

## 9.7 Land Fee

Reconciliation of revenues from land fee in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	12,187.51	12,187.51	0.00	12,187.51	12,187.51	0.00
Ukrnafta PJSC	196,959.38	196,948.60	10.78	196,959.38	196,948.60	10.78
Ukrgezvydobuvannya JSC	58,361.54	58,187.00	174.54	58,361.54	58,361.54	0.00
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	2,239.33	2,239.33	0.00	2,239.33	2,239.33	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	4.60	4.60	0.00	4.60	4.60	0.00
Energy Service Company Esco-Pivnich LLC	464.01	464.01	0.00	464.01	464.01	0.00
Poltava Petroleum Company JV	849.62	849.62	0.00	849.62	849.62	0.00
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	372.08	372.08	-	372.08	372.08	-
Representative Office of Regal Petroleum Corporation Limited	654.97	654.96	0.01	654.97	654.96	0.01
Ukrgezvydobutok PrJSC	-	-	-	-	-	-
JV Ukrkarpatoil LTD LLC	10.94	11.00	(0.06)	10.94	11.00	(0.06)
Nadra-Geoinvest LLC	31.08	30.90	0.18	31.08	30.90	0.18
Kub-gaz LLC	717.80	651.90	65.90	717.80	717.14	0.66

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Persha ukrainska hazonaftova kompaniia LLC	682.32	683.00	(0.68)	682.32	683.00	(0.68)
Nordik PE	138.82	138.82	-	138.82	138.82	-
Systemoilengineering LLC	-	-	-	-	-	-
Zakhidnadraserivce LLC	90.60	90.60	-	90.60	90.60	-
Energy-95 LLC	67.76	67.70	0.06	67.76	67.70	0.06
Stryinaftogaz LLC	532.69	532.69	-	532.69	532.69	-
Prom-Energo Product LLC	64.57	64.56	0.01	64.57	64.56	0.01
Gas Transmission System Operator of Ukraine LLC	0.21	-	0.21	0.21	0.21	0.00
Ukrtransgaz JSC	91,820.37	91,773.00	47.37	91,820.37	91,773.10	47.27
Ukrtransnafta JSC	12,966.82	12,966.81	0.01	12,966.82	12,966.81	0.01
<b>Total</b>	<b>379,217.03</b>	<b>378,918.69</b>	<b>298.35</b>	<b>379,217.03</b>	<b>379,158.78</b>	<b>58.26</b>

Reconciliation of revenues from land fee in 2020 (coal mining), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	34,142.57	34,142.57	0.00	34,142.57	34,142.57	0.00
Colliery Group Pokrovs'ke PJSC	5,486.57	5,486.56	0.01	5,486.57	5,486.56	0.01
DTEK Dobropolyeugol LLC	15,973.41	15,973.41	0.00	15,973.41	15,973.41	0.00
Lvivvuhillia SE	636.01	639.50	(3.49)	636.01	639.50	(3.49)
Selydivvuhillia SE	24.62	25.00	(0.38)	24.62	25.00	(0.38)
Pervomaiskvuhillia SE	(4.38)	10.00	(14.38)	(4.38)	(4.38)	0.00
Myrnohradvuhillia SE	2.28	2,133.00	(2,130.72)	2.28	2.37	(0.09)
Lysychanskvuhillia JSC	2.50	2.00	0.50	2.50	2.00	0.50
Bilozerska Mine ALC	741.72	725.22	16.50	741.72	725.22	16.50
Toretskvuhillia SE	4.19	3.00	1.19	4.19	3.00	1.19
Mine named after M. S. Surgai SE	144.24	144.00	0.24	144.24	144.00	0.24
Mine Administration Pivdenodonbaske #1 SE	377.15	377.00	0.15	377.15	377.00	0.15
Krasnolymanska Coal Mining Company SE	5.86	5.86	0.00	5.86	5.86	0.00
Volynvuhillia SE	727.80	728.00	(0.20)	727.80	728.00	(0.20)
<b>Total</b>	<b>58,264.53</b>	<b>60,395.12</b>	<b>(2,130.59)</b>	<b>58,264.53</b>	<b>58,250.11</b>	<b>14.42</b>

*Reconciliation of revenues from land fee in 2020 (iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	617,227.62	617,228.00	(0.38)	617,227.62	617,228.00	(0.38)
Southern Iron Ore Enrichment Works JSC	27,367.27	27,367.27	0.00	27,367.27	27,367.27	0.00
Poltava Iron Ore Enrichment Works PrJSC	56,902.96	42,415.08	14,487.88	56,902.96	42,415.08	14,487.88
Nothern Iron Ore Enrichment Works PrJSC	56,605.07	56,605.08	(0.01)	56,605.07	56,605.08	(0.01)
Ingulets Iron Ore Enrichment Works PrJSC	29,847.22	29,847.22	0.00	29,847.22	29,847.22	0.00
Central Iron Ore Enrichment Works PrJSC	99,128.39	99,128.38	0.01	99,128.39	99,128.38	0.01
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	17,154.67	17,154.67	0.00	17,154.67	17,154.67	0.00
Krivy Rih Iron-Ore Combine JSC	29,227.43	29,227.43	0.00	29,227.43	29,227.43	0.00
Suha Balka PrJSC	9,353.46	9,353.46	0.00	9,353.46	9,353.46	0.00
Yerystiv Iron-Ore Enrichment Works LLC	14,941.07	14,941.10	(0.03)	14,941.07	14,941.10	(0.03)
United Mining and Chemical Company JSC	10,880.21	10,880.21	0.00	10,880.21	10,880.21	0.00
Pokrovskiy GZK JS	92,576.61	92,576.61	-	92,576.61	92,576.61	-
Marganets Mining and Processing Plant PJSC	5,850.77	5,850.77	-	5,850.77	5,850.77	-
Velta LLC	4,428.49	4,688.57	(260.08)	4,428.49	4,428.49	0.00
Rudomain LLC	6,506.33	6,506.33	-	6,506.33	6,506.33	-
<b>Total</b>	<b>1,077,997.57</b>	<b>1,063,770.18</b>	<b>14,227.39</b>	<b>1,077,997.57</b>	<b>1,063,510.10</b>	<b>14,487.47</b>



## 9.8 Environmental tax

Reconciliation of revenues from environmental tax in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	0.20	0.20	0.00	0.20	0.20	0.00
Ukrnafta PJSC	14,521.32	14,533.10	(11.78)	14,521.32	14,533.10	(11.78)
Ukrgezvydobuvannya JSC	26,784.34	26,784.00	0.34	26,784.34	26,784.00	0.34
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	138.17	138.17	0.00	138.17	138.17	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	82.41	82.41	0.00	82.41	82.41	0.00
Energy Service Company Esco-Pivnich LLC	56.52	56.52	0.00	56.52	56.52	0.00
Poltava Petroleum Company JV	665.39	665.39	0.00	665.39	665.39	0.00
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	16.80	16.80	0.00	16.80	16.80	0.00
Representative Office of Regal Petroleum Corporation Limited	50.26	50.26	0.00	50.26	50.26	0.00
Ukrgezvydobutok PrJSC	45.04	45.03	0.01	45.04	45.03	0.01
JV Ukrkarpatoil LTD LLC	-	-	-	-	-	-
Nadra-Geoinvest LLC	0.11	0.10	0.01	0.11	0.10	0.01
Kub-gaz LLC	118.43	138.10	(19.67)	118.43	118.43	0.00

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Persha ukrainska hazonaftova kompaniia LLC	45.31	45.05	0.26	45.31	45.05	0.26
Nordik PE	1.00	1.00	-	1.00	1.00	-
Systemoilengineering LLC	8.59	8.59	-	8.59	8.59	-
Zakhidnadraserivce LLC	0.39	0.39	-	0.39	0.39	-
Energy-95 LLC	-	-	-	-	-	-
Stryinaftogaz LLC	0.04	0.04	-	0.04	0.04	-
Prom-Energo Product LLC	35.71	35.71	0.00	35.71	35.71	0.00
Gas Transmission System Operator of Ukraine LLC	20,369.62	20,369.00	0.62	20,369.62	20,369.00	0.62
Ukrtransgaz JSC	20,653.11	20,520.00	133.11	20,653.11	20,647.49	5.62
Ukrtransnafta JSC	309.11	309.11	0.00	309.11	309.11	0.00
<b>Total</b>	<b>83,901.84</b>	<b>83,798.97</b>	<b>102.88</b>	<b>83,901.84</b>	<b>83,906.78</b>	<b>(4.94)</b>

*Reconciliation of revenues from environmental tax in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	24,564.81	24,564.80	0.01	24,564.81	24,564.80	0.01
Colliery Group Pokrovs'ke PJSC	11,581.02	11,581.01	0.01	11,581.02	11,581.01	0.01
DTEK Dobropolyeugol LLC	6,153.38	6,153.38	0.00	6,153.38	6,153.38	0.00
Lvivvuhillia SE	-	501.00	(501.00)	-	-	-
Selydivvuhillia SE	87.23	87.00	0.23	87.23	87.00	0.23
Pervomaiskvuhillia SE	-	-	-	-	-	-
Myrnohradvuhillia SE	727.56	849.00	(121.44)	727.56	728.00	(0.44)
Lysychanskvuhillia JSC	8.00	8.00	-	8.00	8.00	-
Bilozerska Mine ALC	1,495.69	1,495.69	0.00	1,495.69	1,495.69	0.00
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	1,082.23	1,082.00	0.23	1,082.23	1,082.00	0.23
Krasnolymanska Coal Mining Company SE	157.47	157.47	0.00	157.47	157.47	0.00
Volynvuhillia SE	0.21	-	0.21	0.21	-	0.21
<b>Total</b>	<b>45,857.59</b>	<b>46,479.35</b>	<b>(621.76)</b>	<b>45,857.59</b>	<b>45,857.35</b>	<b>0.24</b>

*Reconciliation of revenues from environmental tax in 2020 (iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	316,771.21	316,771.00	0.21	316,771.21	316,771.00	0.21
Southern Iron Ore Enrichment Works JSC	27,005.14	27,005.14	0.00	27,005.14	27,005.14	0.00
Poltava Iron Ore Enrichment Works PrJSC	120,014.12	103,584.21	16,429.91	120,014.12	103,584.21	16,429.91
Nothern Iron Ore Enrichment Works PrJSC	151,674.66	151,674.66	0.00	151,674.66	151,674.66	0.00
Ingulets Iron Ore Enrichment Works PrJSC	102,911.66	102,911.67	(0.01)	102,911.66	102,911.67	(0.01)
Central Iron Ore Enrichment Works PrJSC	65,850.60	65,850.60	0.00	65,850.60	65,850.60	0.00
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	109.06	109.05	0.01	109.06	109.05	0.01
Krivyi Rih Iron-Ore Combine JSC	3,771.37	3,771.36	0.01	3,771.37	3,771.36	0.01
Suha Balka PrJSC	1,271.17	1,271.17	0.00	1,271.17	1,271.17	0.00
Yerystiv Iron-Ore Enrichment Works LLC	41,771.84	41,771.80	0.04	41,771.84	41,771.80	0.04
United Mining and Chemical Company JSC	715.77	715.77	0.00	715.77	715.77	0.00
Pokrovskiy GZK JS	7,232.87	7,232.87	-	7,232.87	7,232.87	-
Marganets Mining and Processing Plant PJSC	1,231.04	1,231.04	-	1,231.04	1,231.04	-
Velta LLC	32.89	32.89	0.00	32.89	32.89	0.00
Rudomain LLC	17.58	17.58	-	17.58	17.58	-
<b>Total</b>	<b>840,380.97</b>	<b>823,950.80</b>	<b>16,430.17</b>	<b>840,380.97</b>	<b>823,950.80</b>	<b>16,430.17</b>

## 9.9 Dividends and payment of a share of net profit

Reconciliation of revenues from dividends and payment of a share of net profit in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	39,625,300.45	39,625,300.45	-	39,625,300.45	39,625,300.45	-
Ukrnafta PJSC	-	-	-	-	-	-
Ukrgezvydobuvannya JSC	-	-	-	-	-	-
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	-	-	-	-	-	-
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	-	-	-	-	-	-
Energy Service Company Esco-Pivnich LLC	-	-	-	-	-	-
Poltava Petroleum Company JV	-	-	-	-	-	-
Oil&Gas Geoexploring LLC	-	-	-	-	-	-
Natural Resources PrJSC	-	-	-	-	-	-
Representative Office of Regal Petroleum Corporation Limited	-	-	-	-	-	-
Ukrgezvydobutok PrJSC	-	-	-	-	-	-
JV Ukrkarpatoil LTD LLC	-	-	-	-	-	-
Nadra-Geoinvest LLC	-	-	-	-	-	-
Kub-gaz LLC	-	-	-	-	-	-

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Persha ukrainska hazonaftova kompaniia LLC	-	-	-	-	-	-
Nordik PE	-	-	-	-	-	-
Systemoilengineering LLC	-	-	-	-	-	-
Zakhidnadraserivce LLC	-	-	-	-	-	-
Energy-95 LLC	-	-	-	-	-	-
Stryinaftogaz LLC	-	-	-	-	-	-
Prom-Energy Product LLC	-	-	-	-	-	-
Gas Transmission System Operator of Ukraine LLC	-	-	-	-	-	-
Ukrtransgaz JSC	-	-	-	-	-	-
Ukrtransnafta JSC	-	-	-	-	-	-
<b>Total</b>	<b>39,625,300.45</b>	<b>39,625,300.45</b>	<b>-</b>	<b>39,625,300.45</b>	<b>39,625,300.45</b>	<b>-</b>

*Reconciliation of revenues from dividends and payment of a share of net profit in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	-	-	-	-	-	-
Colliery Group Pokrovs'ke PJSC	-	-	-	-	-	-
DTEK Dobropolyeugol LLC	-	-	-	-	-	-
Lvivvuhillia SE	464.00	464.00	-	464.00	464.00	-
Selydivvuhillia SE	20.56	21.00	(0.44)	20.56	21.00	(0.44)
Pervomaiskvuhillia SE	107.20	107.20	-	107.20	107.20	-
Myrnohradvuhillia SE	973.17	973.00	0.17	973.17	973.00	0.17
Lysychanskvuhillia JSC	19.00	19.00	-	19.00	19.00	-
Bilozerska Mine ALC	-	-	-	-	-	-
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	-	-	-	-	-	-
Krasnolymanska Coal Mining Company SE	-	-	-	-	-	-
Volynvuhillia SE	167.08	167.00	0.08	167.08	167.00	0.08
<b>Total</b>	<b>1,751.01</b>	<b>1,751.20</b>	<b>(0.19)</b>	<b>1,751.01</b>	<b>1,751.20</b>	<b>(0.19)</b>

*Reconciliation of revenues from dividends and payment of a share of net profit in 2020 (iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	-	-	-	-	-	-
Southern Iron Ore Enrichment Works JSC	-	-	-	-	-	-
Poltava Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Nothern Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Ingulets Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Central Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	-	-	-	-	-	-
Krivyi Rih Iron-Ore Combine JSC	-	-	-	-	-	-
Suha Balka PrJSC	-	-	-	-	-	-
Yerystiv Iron-Ore Enrichment Works LLC	-	-	-	-	-	-
United Mining and Chemical Company JSC	50,368.03	50,368.03	-	50,368.03	50,368.03	-
Pokrovskiy GZK JS	-	-	-	-	-	-
Marganets Mining and Processing Plant PJSC	-	-	-	-	-	-
Velta LLC	-	-	-	-	-	-
Rudomain LLC	-	-	-	-	-	-
<b>Total</b>	<b>50,368.03</b>	<b>50,368.03</b>	<b>-</b>	<b>50,368.03</b>	<b>50,368.03</b>	<b>-</b>



## 9.10 Unified social contribution

Reconciliation of revenues from unified social contribution in 2020 (oil and natural gas extraction, including transmission), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	90,645.50	90,645.50	0.00	90,645.50	90,645.50	0.00
Ukrnafta PJSC	855,251.42	856,560.20	(1,308.78)	855,251.42	855,311.30	(59.88)
Ukrgezvydobuvannya JSC	923,076.59	922,888.00	188.59	923,076.59	922,888.16	188.43
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	19,679.89	19,679.89	0.00	19,679.89	19,679.89	0.00
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	15,328.54	15,328.54	0.00	15,328.54	15,328.54	0.00
Energy Service Company Esco-Pivnich LLC	10,143.66	10,143.66	0.00	10,143.66	10,143.66	0.00
Poltava Petroleum Company JV	20,529.43	20,529.43	0.00	20,529.43	20,529.43	0.00
Oil&Gas Geoexploring LLC	9.63	9.63	0.00	9.63	9.63	0.00
Natural Resources PrJSC	12,002.22	12,002.22	-	12,002.22	12,002.22	-
Representative Office of Regal Petroleum Corporation Limited	16,170.24	16,170.24	0.00	16,170.24	16,170.24	0.00
Ukrgezvydobutok PrJSC	5,567.69	5,567.69	0.00	5,567.69	5,567.69	0.00
JV Ukrkarpatoil LTD LLC	1,143.52	1,147.00	(3.48)	1,143.52	1,147.00	(3.48)
Nadra-Geoinvest LLC	1,249.86	1,249.90	(0.04)	1,249.86	1,249.90	(0.04)
Kub-gaz LLC	11,041.77	12,131.40	(1,089.63)	11,041.77	11,165.63	(123.86)

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Persha ukrainska hazonaftova kompaniia LLC	3,023.26	3,023.00	0.26	3,023.26	3,023.00	0.26
Nordik PE	1,321.92	1,321.92	-	1,321.92	1,321.92	-
Systemoilengineering LLC	3,207.57	3,207.57	-	3,207.57	3,207.57	-
Zakhidnadraserivce LLC	3,373.14	3,373.14	-	3,373.14	3,373.14	-
Energy-95 LLC	1,185.70	1,185.70	0.00	1,185.70	1,185.70	0.00
Stryinaftogaz LLC	1,640.69	1,640.69	-	1,640.69	1,640.69	-
Prom-Energo Product LLC	3,205.07	3,205.06	0.01	3,205.07	3,205.06	0.01
Gas Transmission System Operator of Ukraine LLC	717,902.08	717,902.00	0.08	717,902.08	717,902.00	0.08
Ukrtransgaz JSC	313,488.48	327,782.00	(14,293.52)	313,488.48	313,488.48	0.00
Ukrtransnafta JSC	182,158.43	182,179.87	(21.44)	182,158.43	182,179.87	(21.44)
<b>Total</b>	<b>3,212,346.30</b>	<b>3,228,874.25</b>	<b>(16,527.96)</b>	<b>3,212,346.30</b>	<b>3,212,366.22</b>	<b>(19.93)</b>

*Reconciliation of revenues from unified social contribution in 2020 (coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	1,025,005.54	1,024,911.06	94.48	1,025,005.54	1,025,005.54	0.00
Colliery Group Pokrovs'ke PJSC	434,873.13	434,900.00	(26.87)	434,873.13	434,900.00	(26.87)
DTEK Dobropolyeugol LLC	210,793.19	216,714.44	(5,921.25)	210,793.19	216,711.76	(5,918.57)
Lvivvuhillia SE	326,515.45	326,484.70	30.75	326,515.45	326,515.45	0.00
Selydivvuhillia SE	193,385.15	-	193,385.15	193,385.15	193,328.00	57.15
Pervomaiskvuhillia SE	148,018.98	148,008.00	10.98	148,018.98	148,018.98	0.00
Myrnohradvuhillia SE	114,555.36	-	114,555.36	114,555.36	114,553.00	2.36
Lysychanskvuhillia JSC	104,478.75	-	104,478.75	104,478.75	104,479.00	(0.25)
Bilozerska Mine ALC	53,726.36	53,726.36	0.00	53,726.36	53,726.36	0.00
Toretskvuhillia SE	86,028.23	86,011.00	17.23	86,028.23	86,011.00	17.23
Mine named after M. S. Surgai SE	82,434.16	82,434.00	0.16	82,434.16	82,434.00	0.16
Mine Administration Pivdenodonbaske #1 SE	71,629.25	71,629.00	0.25	71,629.25	71,629.00	0.25
Krasnolymanska Coal Mining Company SE	45,158.72	45,158.72	0.00	45,158.72	45,158.72	0.00
Volynvuhillia SE	40,420.93	-	40,420.93	40,420.93	40,420.93	0.00
<b>Total</b>	<b>2,937,023.19</b>	<b>2,489,977.28</b>	<b>447,045.91</b>	<b>2,937,023.19</b>	<b>2,942,891.74</b>	<b>(5,868.55)</b>

Reconciliation of revenues from unified social contribution in 2020 (iron ores mining), UAH thousand

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	998,066.52	-	998,066.52	998,066.52	998,066.52	0.00
Southern Iron Ore Enrichment Works JSC	323,631.51	323,631.51	0.00	323,631.51	323,631.51	0.00
Poltava Iron Ore Enrichment Works PrJSC	350,504.36	350,504.36	0.00	350,504.36	350,504.36	0.00
Nothern Iron Ore Enrichment Works PrJSC	324,724.22	324,724.00	0.22	324,724.22	324,724.00	0.22
Ingulets Iron Ore Enrichment Works PrJSC	254,391.87	254,391.87	0.00	254,391.87	254,391.87	0.00
Central Iron Ore Enrichment Works PrJSC	242,583.29	242,583.29	0.00	242,583.29	242,583.29	0.00
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	264,202.90	264,152.95	49.95	264,202.90	264,152.95	49.95
Krivyi Rih Iron-Ore Combine JSC	321,397.83	321,397.83	0.00	321,397.83	321,397.83	0.00
Suha Balka PrJSC	130,299.87	130,299.87	0.00	130,299.87	130,299.87	0.00
Yerystiv Iron-Ore Enrichment Works LLC	68,429.87	68,429.90	(0.03)	68,429.87	68,429.90	(0.03)
United Mining and Chemical Company JSC	159,687.71	159,682.80	4.92	159,687.71	159,682.80	4.92
Pokrovskiy GZK JS	126,191.28	-	126,191.28	126,191.28	126,191.28	0.00
Marganets Mining and Processing Plant PJSC	113,531.48	113,531.48	-	113,531.48	113,531.48	-
Velta LLC	17,087.83	17,553.81	(465.98)	17,087.83	17,087.83	0.00
Rudomain LLC	18,866.76	18,983.27	(116.51)	18,866.76	18,866.76	0.00
<b>Total</b>	<b>3,713,597.29</b>	<b>2,589,866.93</b>	<b>1,123,730.35</b>	<b>3,713,597.29</b>	<b>3,713,542.24</b>	<b>55.04</b>

## 9.11 Fees for granting and extending special permits for the use of subsoils and revenues from the sale of such permits

*Reconciliation of revenues from fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits in 2020 (oil and natural gas extraction, including transmission), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Naftogaz of Ukraine NJSC	66,233.20	-	66,233.20	66,233.20	66,233.20	-
Ukrnafta PJSC	4,798.21	-	4,798.21	4,798.21	4,798.21	-
Ukrgezvydobuvannya JSC	-	-	-	-	-	-
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	-	-	-
Naftogazvydobuvannya PrJSC	-	-	-	-	-	-
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	-	-	-	-	-	-
Energy Service Company Esco-Pivnich LLC	-	-	-	-	-	-
Poltava Petroleum Company JV	3,061.10	3,061.10	-	3,061.10	3,061.10	-
Oil&Gas Geoexploring LLC	650,500.00	-	650,500.00	650,500.00	650,500.00	-
Natural Resources PrJSC	-	-	-	-	-	-
Representative Office of Regal Petroleum Corporation Limited	-	-	-	-	-	-
Ukrgezvydobutok PrJSC	-	-	-	-	-	-
JV Ukrkarpatoil LTD LLC	-	-	-	-	-	-

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
Nadra-Geoinvest LLC	-	-	-	-	-	-
Kub-gaz LLC	8,117.51	-	8,117.51	8,117.51	8,117.51	-
Persha ukrainska hazonaftova kompaniia LLC	799.28	-	799.28	799.28	799.28	-
Nordik PE	-	-	-	-	-	-
Systemoilengineering LLC	-	-	-	-	-	-
Zakhidnadraserervice LLC	-	-	-	-	-	-
Energy-95 LLC	-	-	-	-	-	-
Stryinaftogaz LLC	-	-	-	-	-	-
Prom-Energy Product LLC	-	-	-	-	-	-
Gas Transmission System Operator of Ukraine LLC	-	-	-	-	-	-
Ukrtransgaz JSC	-	-	-	-	-	-
Ukrtransnafta JSC	-	-	-	-	-	-
<b>Total</b>	<b>733,509.30</b>	<b>3,061.10</b>	<b>730,448.20</b>	<b>733,509.30</b>	<b>733,509.30</b>	<b>-</b>

*Reconciliation of revenues from fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits in 2020  
(coal mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
DTEK Pavlohradcoal PrJSC	-	-	-	-	-	-
Colliery Group Pokrovs'ke PJSC	-	-	-	-	-	-
DTEK Dobropolyeugol LLC	-	-	-	-	-	-
Lvivvuhillia SE	-	-	-	-	-	-
Selydivvuhillia SE	-	-	-	-	-	-
Pervomaiskvuhillia SE	-	-	-	-	-	-
Myrnohradvuhillia SE	-	-	-	-	-	-
Lysychanskvuhillia JSC	-	-	-	-	-	-
Bilozerska Mine ALC	-	-	-	-	-	-
Toretskvuhillia SE	-	-	-	-	-	-
Mine named after M. S. Surgai SE	-	-	-	-	-	-
Mine Administration Pivdenodonbaske #1 SE	-	-	-	-	-	-
Krasnolymanska Coal Mining Company SE	-	-	-	-	-	-
Volynvuhillia SE	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

*Reconciliation of revenues from fees for granting and extending special permits for the use of subsoil and revenues from the sale of such permits in 2020  
(iron ores mining), UAH thousand*

Company name	Initial data, UAH thousand			Final data, UAH thousand		
	Reported by government agencies	Reported by companies	Discrepancy	Reported by government agencies	Reported by companies	Discrepancy
ArcelorMittal Kryvyi Rih PJSC	-	-	-	-	-	-
Southern Iron Ore Enrichment Works JSC	-	-	-	-	-	-
Poltava Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Nothern Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Ingulets Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Central Iron Ore Enrichment Works PrJSC	-	-	-	-	-	-
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	-	-	-	-	-	-
Krivyi Rih Iron-Ore Combine JSC	-	-	-	-	-	-
Suha Balka PrJSC	-	-	-	-	-	-
Yerystiv Iron-Ore Enrichment Works LLC	-	-	-	-	-	-
United Mining and Chemical Company JSC	-	-	-	-	-	-
Pokrovskiy GZK JS	128.00	117.76	10.24	128.00	128.00	-
Marganets Mining and Processing Plant PJSC	-	-	-	-	-	-
Velta LLC	-	-	-	-	-	-
Rudomain LLC	-	-	-	-	-	-
<b>Total</b>	<b>128.00</b>	<b>117.76</b>	<b>10.24</b>	<b>128.00</b>	<b>128.00</b>	<b>-</b>



## Annex 10. Consolidated database on payments to the state (production royalty, land fee and environmental tax) by projects from reporting extractive companies in 2020

### 10.1 Results of reconciliation of production royalty by projects (special permits)

*Reconciliation results of production royalty by projects (special permits) in 2020 (oil and natural gas extraction, including transmission), UAH thousand*

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>Naftogaz of Ukraine NJSC</b>								
3907	40534	Natural gas	13030800	-	-	-	-	-
4062	40837	Natural gas	13030800	-	-	-	-	-
4063	40847	Natural gas	13030800	-	-	-	-	-
4110	40984	Natural gas	13030800	-	-	-	-	-
4111	40984	Natural gas	13030800	-	-	-	-	-
4125	41004	Natural gas	13030800	-	-	-	-	-
4126	41004	Natural gas	13030800	-	-	-	-	-
4294	41272	Natural gas	13030800	-	-	-	-	-
4300	41291	Natural gas	13030800	-	-	-	-	-
<b>Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)</b>								
1074	35696	Natural gas	13030800	-	-	-	-	-
1074	35696	Condensate	13030900	-	-	-	-	-
1277	35880	Natural gas	13030800	-	-	-	-	-
1277	35880	Condensate	13030900	-	-	-	-	-
1643	36111	Natural gas	13030800	-	-	-	-	-
1643	36111	Condensate	13030900	-	-	-	-	-
1669	36116	Natural gas	13030800	-	-	-	-	-
1669	36116	Condensate	13030900	-	-	-	-	-
1773	36235	Natural gas	13030800	-	-	-	-	-

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
1773	36235	Condensate	13030900	-	-	-	-	-
1859	36276	Natural gas	13030800	-	-	-	-	-
1859	36276	Condensate	13030900	-	-	-	-	-
2032	36475	Natural gas	13030800	-	-	-	-	-
2032	36475	Condensate	13030900	-	-	-	-	-
2088	36518	Natural gas	13030800	-	-	-	-	-
2088	36518	Condensate	13030900	-	-	-	-	-
2139	36577	Natural gas	13030800	-	-	-	-	-
2139	36577	Condensate	13030900	-	-	-	-	-
3348	38188	Natural gas	13030800	-	-	-	-	-
3348	38188	Condensate	13030900	-	-	-	-	-
5247	40528	Natural gas	13030800	-	-	-	-	-
5247	40528	Condensate	13030900	-	-	-	-	-
<b>Gas Transmission System Operator of Ukraine LLC</b>								
-	-	-	-	-	-	-	-	-
<b>Ukrtransgaz JSC</b>								
4029	09.12.2006	Groundwater, drinking and technical	13030100	-	-	-	-	-
<b>Ukrtransnafta JSC</b>								
-	-	-	-	-	-	-	-	-
<b>Energy-95 LLC</b>								
5640	18.09.2012	Natural gas	13030800	43,645.52	43,645.50	0.02	43,645.50	0.02
5640	18.09.2012	Condensate	13030900	1,711.43	1,711.40	0.03	1,711.40	0.03
<b>Energy Service Company Esco-Pivnich LLC</b>								
5318	13.01.2011	Oil	13030700	9,972.52	9,972.52	0.00	9,972.52	0.00
5318	13.01.2011	Natural gas	13030800	148,975.55	148,975.55	0.00	148,975.55	0.00
5318	13.01.2011	Condensate	13030900	113,808.40	113,808.40	0.00	113,808.40	0.00

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
5360	13.01.2011	Natural gas	13030800	132,922.48	132,922.47	0.01	132,922.47	0.01
5360	13.01.2011	Condensate	13030900	12,780.87	12,780.87	0.00	12,780.87	0.00
4096	16.02.2012	Natural gas	13030800	26,741.02	26,741.02	0.00	26,741.02	0.00
4096	16.02.2012	Condensate	13030900	34,012.93	34,012.93	0.00	34,012.93	0.00
4095	16.02.2012	Natural gas	13030800	4,586.40	26,741.02	(22,154.62)	4,586.40	0.00
4178	04.07.2012	Natural gas	13030800	-	-	-	-	-
4178	04.07.2012	Condensate	13030900	-	-	-	-	-
5395	14.10.2011	Natural gas	13030800	-	-	-	-	-
5395	14.10.2011	Condensate	13030900	-	-	-	-	-
<b>Zakhidnadraserice LLC</b>								
4779	07.01.2016	Natural gas	13030800	45,552.89	45,552.89	-	45,552.89	-
4884	19.01.2018	Natural gas	13030800	886.79	886.79	-	886.79	-
4883	19.1.2018	Natural gas	13030800	-	-	-	-	-
<b>Kub-gaz LLC</b>								
5480	02.06.2012	Natural gas	13030800	72,930.13	77,778.80	(4,848.67)	80,016.00	(7,085.87)
5506	04.09.2012	Natural gas	13030800	28,360.75	32,097.60	(3,736.85)	31,597.20	(3,236.45)
5480	02.06.2012	Condensate	13030900	5,007.44	5,289.00	(281.56)	5,286.80	(279.36)
5506	04.09.2012	Condensate	13030900	1,167.98	1,291.10	(123.12)	1,249.50	(81.52)
4037	21.01.2005	Natural gas	13030800	-	-	-	-	-
3915	29.12.2010	Natural gas	13030800	-	-	-	-	-
5835	30.08.2013	Natural gas	13030800	-	-	-	-	-
5835	30.08.2013	Condensate	13030900	-	-	-	-	-
5480	06.02.2020	Oil	13030700	-	-	-	-	-
<b>Nadra-Geoinvest LLC</b>								
2673	23.12.2004	Natural gas	13030800	78,310.01	78,310.00	0.01	78,310.00	0.01
2673	23.12.2004	Condensate	13030900	30,472.56	30,472.60	(0.04)	30,472.60	(0.04)
4271	12.06.2012	Oil	13030700	2,050.96	2,051.00	(0.04)	2,051.00	(0.04)



Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
4271	12.06.2012	Natural gas	13030800	11.03	11.00	0.03	11.00	0.03
<b>Naftogazvydobuvannya PrJSC</b>								
3333	31.03.2004	Natural gas	13030800	565,703.14	558,326.16	7,376.98	565,703.14	0.00
3333	31.03.2004	Condensate	13030900	85,215.87	86,742.84	(1,526.97)	85,215.87	0.00
5965	23.07.2014	Natural gas	13030800	226,345.56	209,345.31	17,000.25	226,345.56	0.00
5965	23.07.2014	Condensate	13030900	2,654.32	2,486.11	168.21	2,654.32	0.00
3333	31.03.2004	Groundwater, drinking and technical	13030100	28.45	27.82	0.63	27.82	0.63
5965	23.07.2014	Technical water	13030100	-	7.92	(7.92)	7.92	(7.92)
<b>Oil&amp;Gas Geoexploring LLC</b>								
5096	10.07.2020	Natural gas	13030800	-	-	-	-	-
<b>Nordik PE</b>								
4689	04.09.2015	Natural gas	13030800	57,864.23	57,864.23	-	57,864.23	-
<b>Persha ukrainska hazonaftova kompaniia LLC</b>								
5450	30.12.2011	Natural gas	13030800	6,461.63	6,462.00	(0.37)	6,462.00	(0.37)
5450	30.12.2011	Condensate	13030900	220.16	220.00	0.16	220.00	0.16
5450	30.12.2011	Technical water	13030100	1.01	1.00	0.01	1.00	0.01
5401	26.10.2011	Natural gas	13030800	71,043.44	71,043.00	0.44	71,043.00	0.44
5400	25.10.2011	Oil	13030700	-	-	-	-	-
5401	26.10.2011	Condensate	13030900	6,420.81	6,421.00	(0.19)	6,421.00	(0.19)
5449	29.12.2011	Natural gas	13030800	-	-	-	-	-
5401	26.10.2011	Groundwater	13030100	1.30	2.00	(0.70)	2.00	(0.70)
<b>Poltava Petroleum Company JV</b>								
3660	31.12.2004	Natural gas	13030800	14,330.72	14,330.72	0.00	14,330.72	0.00
3660	31.12.2004	Condensate	13030900	1,278.19	1,278.19	0.00	1,278.19	0.00
3659	31.12.2004	Condensate	13030900	1,278.21	1,278.21	0.00	1,278.21	0.00
3659	31.12.2004	Natural gas	13030800	24,214.60	24,214.60	0.00	24,214.60	0.00

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
3658	31.12.2004	Oil	13030700	32,539.17	32,539.17	0.00	32,539.17	0.00
3658	31.12.2004	Condensate	13030900	2,177.10	2,177.09	0.01	2,177.09	0.01
3658	31.12.2004	Natural gas	13030800	11,609.04	11,609.04	0.00	11,609.04	0.00
3661	31.12.2004	Oil	13030700	18,350.02	18,350.02	0.00	18,350.02	0.00
3661	31.12.2004	Condensate	13030900	22,876.25	22,876.25	0.00	22,876.25	0.00
3661	31.12.2004	Natural gas	13030800	97,552.23	97,552.23	0.00	97,552.23	0.00
5966	31.07.2014	Natural gas	13030800	64,492.70	64,492.70	0.00	64,492.70	0.00
5966	31.07.2014	Condensate	13030900	4,152.84	4,152.84	0.00	4,152.84	0.00
6405	06.12.2020	Oil	13030700	-	-	-	-	-
6405	06.12.2020	Condensate	13030900	-	-	-	-	-
6405	06.12.2020	Natural gas	13030800	-	-	-	-	-
3660	31.12.2004	Oil	13030700	950.35	950.35	0.00	950.35	0.00
3659	31.12.2004	Oil	13030700	29,518.14	29,518.14	0.00	29,518.14	0.00
<b>Natural Resources PrJSC</b>								
З.Пл.49д-20	01.11.2020	Drinking waters	13030100	-	7.60	(7.60)	7.60	(7.60)
5745	26.03.2013	Natural gas	13030800	164,332.50	164,332.50	0.00	164,332.50	0.00
5745	26.03.2013	Condensate	13030900	62,691.93	62,691.93	0.00	62,691.93	0.00
0371.Пол	24.02.2015	Drinking waters	13030100	-	2.66	(2.66)	2.66	(2.66)
<b>Prom-Energo Product LLC</b>								
5626	15.08.2012	Natural gas	13030800	33,260.91	33,260.90	0.01	33,260.90	0.01
5626	15.08.2012	Condensate	13030900	3,717.19	3,717.19	0.00	3,717.19	0.00
5626	15.08.2012	Drinking waters	13030100	-	1.75	(1.75)	1.75	(1.75)
<b>Representative Office of Regal Petroleum Corporation Limited</b>								
3334	07.01.2004	Natural gas	13030800	38,083.53	41,588.10	(3,504.57)	41,588.10	(3,504.57)
3335	07.01.2004	Natural gas	13030800	83,146.40	90,272.26	(7,125.86)	90,272.26	(7,125.86)
3334	07.01.2004	Condensate	13030900	12,560.37	13,935.06	(1,374.69)	13,935.06	(1,374.69)
3335	07.01.2004	Condensate	13030900	42,913.69	47,075.83	(4,162.14)	47,075.83	(4,162.14)
<b>Systemoilengineering LLC</b>								

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
4212	27.08.2012	Natural gas	13030100	-	17.72	(17.72)	17.72	(17.72)
4212	27.08.2012	Natural gas	13030800	56,574.84	60,196.74	(3,621.90)	60,196.74	(3,621.90)
4212	27.08.2012	Condensate	13030900	5,154.02	5,639.52	(485.49)	5,639.52	(485.49)
4212	27.08.2012	Oil	13030700	-	-	-	-	-
<b>Stryinaftogaz LLC</b>								
4748	04.12.2016	Natural gas	13030800	40,905.39	40,852.45	52.94	40,852.45	52.94
4748	04.12.2016	Condensate	13030900	96.79	157.59	(60.80)	96.79	-
<b>Ukrgezvydobutok PrJSC</b>								
4404	10.04.2007	Condensate	13030900	13,249.40	13,249.40	0.00	13,249.40	0.00
4404	10.04.2007	Helium	13030100	-	12.98	(12.98)	12.98	(12.98)
4404	10.04.2007	Natural gas	13030800	199,390.93	199,390.92	0.01	199,390.92	0.01
<b>JV Ukrkarpatoil LTD LLC</b>								
310	31.08.2021	Natural gas	13030800	37,246.47	37,214.61	31.86	37,214.61	31.86
310	31.08.2021	Oil	13030700	144,824.76	144,756.58	68.17	144,756.58	68.17
310	27.07.1995	Condensate	13030900	-	-	-	-	-
310	27.07.1995	Oil, Natural gas	13030100	1,278.65	-	1,278.65	1,278.65	0.00
<b>Ukrnafta PJSC</b>								
2727	06.06.2002	Oil	13030700	2,489.17	2,489.20	(0.03)	2,489.20	(0.03)
2727	06.06.2002	Natural gas	13030800	1,707.38	1,707.40	(0.02)	1,707.40	(0.02)
944	27.06.1997	Oil	13030700	241,047.08	248,368.30	(7,321.22)	248,368.30	(7,321.22)
944	27.06.1997	Natural gas	13030800	53,316.69	56,032.30	(2,715.61)	56,032.30	(2,715.61)
944	27.06.1997	Condensate	13030900	-	-	-	-	-
945	27.06.1997	Oil	13030700	50,248.21	55,036.80	(4,788.59)	55,036.80	(4,788.59)
945	27.06.1997	Natural gas	13030800	12,425.80	13,382.40	(956.60)	13,382.40	(956.60)
945	27.06.1997	Condensate	13030900	17,516.71	18,790.50	(1,273.79)	18,790.50	(1,273.79)
1511	28.07.1998	Oil	13030700	802,381.34	802,381.30	0.04	802,381.30	0.04
1511	28.07.1998	Natural gas	13030800	27,796.79	27,796.80	(0.01)	27,796.80	(0.01)
2088	24.12.1999	Oil	13030700	163,688.11	182,516.00	(18,827.89)	182,516.00	(18,827.89)
2088	24.12.1999	Natural gas	13030800	24,253.29	27,532.60	(3,279.31)	27,532.60	(3,279.31)

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
2088	24.12.1999	Condensate	13030900	1,852.61	2,132.30	(279.69)	2,132.30	(279.69)
1859	26.04.1999	Natural gas	13030800	-	-	-	-	-
1859	26.04.1999	Condensate	13030900	-	-	-	-	-
2795	16.10.2002	Oil	13030700	12,757.17	12,757.20	(0.03)	12,757.20	(0.03)
2795	16.10.2002	Natural gas	13030800	1,026.00	1,026.00	0.00	1,026.00	0.00
2795	16.10.2002	Condensate	13030900	-	-	-	-	-
1075	23.09.1997	Oil	13030700	-	-	-	-	-
1075	23.09.1997	Natural gas	13030800	5,025.32	5,025.30	0.02	5,025.30	0.02
1075	23.09.1997	Condensate	13030900	1,549.35	1,549.40	(0.05)	1,549.40	(0.05)
1562	31.08.1998	Oil	13030700	103,258.34	103,258.30	0.04	103,258.30	0.04
1562	31.08.1998	Natural gas	13030800	17,359.25	17,359.20	0.05	17,359.20	0.05
1562	31.08.1998	Condensate	13030900	-	-	-	-	-
1038	08.12.1997	Oil	13030700	48,652.83	48,652.80	0.03	48,652.80	0.03
1038	08.12.1997	Natural gas	13030800	5,944.33	5,944.30	0.03	5,944.30	0.03
946	27.06.1997	Oil	13030700	11,351.60	12,273.50	(921.90)	12,273.50	(921.90)
946	27.06.1997	Natural gas	13030800	1,014.33	1,124.30	(109.97)	1,124.30	(109.97)
946	27.06.1997	Condensate	13030900	-	-	-	-	-
1074	23.09.1997	Oil	13030700	5,060.12	5,060.10	0.02	5,060.10	0.02
1074	23.09.1997	Natural gas	13030800	761.31	761.30	0.01	761.30	0.01
1074	23.09.1997	Condensate	13030900	-	-	-	-	-
1268	03.10.1998	Oil	13030700	8,210.19	9,195.00	(984.81)	9,195.00	(984.81)
1268	03.10.1998	Natural gas	13030800	273.45	317.20	(43.75)	317.20	(43.75)
1268	03.10.1998	Condensate	13030900	-	-	-	-	-
1773	16.03.1999	Oil	13030700	46,611.45	51,938.90	(5,327.45)	51,938.90	(5,327.45)
1773	16.03.1999	Natural gas	13030800	19,258.00	21,823.30	(2,565.30)	21,823.30	(2,565.30)
1773	16.03.1999	Condensate	13030900	2,299.60	2,579.70	(280.10)	2,579.70	(280.10)
914	06.09.1997	Oil	13030700	16,869.90	16,869.90	0.00	16,869.90	0.00
914	06.09.1997	Natural gas	13030800	18,013.33	18,013.30	0.03	18,013.30	0.03
914	06.09.1997	Condensate	13030900	9,637.44	9,637.40	0.04	9,637.40	0.04

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
1267	03.10.1998	Oil	13030700	10,062.88	10,062.90	(0.02)	10,062.90	(0.02)
1267	03.10.1998	Natural gas	13030800	-	-	-	-	-
947	27.06.1997	Oil	13030700	94,671.09	94,671.10	(0.01)	94,671.10	(0.01)
947	27.06.1997	Natural gas	13030800	54,233.02	54,233.00	0.02	54,233.00	0.02
947	27.06.1997	Condensate	13030900	5,925.48	5,925.50	(0.02)	5,925.50	(0.02)
6444	13.11.2020	Oil	13030700	-	37,735.80	(37,735.80)	37,735.80	(37,735.80)
6444	13.11.2020	Natural gas	13030800	-	2,348.50	(2,348.50)	2,348.50	(2,348.50)
1266	03.10.1998	Oil	13030700	717.24	717.20	0.04	717.20	0.04
1266	03.10.1998	Natural gas	13030800	19.89	19.90	(0.01)	19.90	(0.01)
2224	16.08.2000	Oil	13030700	12,744.79	12,744.80	(0.01)	12,744.80	(0.01)
2224	16.08.2000	Natural gas	13030800	1,450.47	1,450.50	(0.03)	1,450.50	(0.03)
2224	16.08.2000	Condensate	13030900	-	-	-	-	-
2060	21.12.1999	Natural gas	13030800	559.80	630.80	(71.00)	630.80	(71.00)
2060	21.12.1999	Condensate	13030900	51.46	60.00	(8.54)	60.00	(8.54)
1435	16.06.1998	Oil	13030700	1,156.33	1,156.30	0.03	1,156.30	0.03
1435	16.06.1998	Natural gas	13030800	-	-	-	-	-
1347	30.04.1998	Oil	13030700	362,560.55	362,560.60	(0.05)	362,560.60	(0.05)
1347	30.04.1998	Natural gas	13030800	86,568.12	86,568.10	0.02	86,568.10	0.02
3347	20.07.2004	Oil	13030700	133,541.55	133,541.60	(0.05)	133,541.60	(0.05)
3347	20.07.2004	Natural gas	13030800	27,430.85	27,430.90	(0.05)	27,430.90	(0.05)
1857	26.04.1999	Oil	13030700	1,033.63	1,033.60	0.03	1,033.60	0.03
1857	26.04.1999	Natural gas	13030800	364.95	365.00	(0.05)	365.00	(0.05)
1388	25.05.1998	Oil	13030700	47,690.24	47,690.20	0.04	47,690.20	0.04
1388	25.05.1998	Natural gas	13030800	11,406.32	11,406.30	0.02	11,406.30	0.02
1362	13.05.1998	Oil	13030700	73,383.44	73,383.40	0.04	73,383.40	0.04
1703	22.12.1998	Oil	13030700	-	-	-	-	-
1703	22.12.1998	Natural gas	13030800	-	-	-	-	-
1622	27.10.1998	Oil	13030700	40,259.32	40,259.30	0.02	40,259.30	0.02
1622	27.10.1998	Natural gas	13030800	29,357.36	29,357.40	(0.04)	29,357.40	(0.04)



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1622	27.10.1998	Condensate	13030900	4,582.70	4,582.70	0.00	4,582.70	0.00
1563	31.08.1998	Oil	13030700	57,677.82	57,677.80	0.02	57,677.80	0.02
1563	31.08.1998	Natural gas	13030800	1,038.31	1,038.30	0.01	1,038.30	0.01
1563	31.08.1998	Condensate	13030900	-	-	-	-	-
1596	10.05.1998	Oil	13030700	23,181.24	23,181.20	0.04	23,181.20	0.04
1596	10.05.1998	Natural gas	13030800	1,851.21	1,851.20	0.01	1,851.20	0.01
2034	11.11.1999	Oil	13030700	3,173.08	3,679.00	(505.92)	3,679.00	(505.92)
2034	11.11.1999	Natural gas	13030800	633.93	764.50	(130.57)	764.50	(130.57)
2034	11.11.1999	Condensate	13030900	-	-	-	-	-
1597	10.05.1998	Oil	13030700	30,816.50	30,816.50	0.00	30,816.50	0.00
1597	10.05.1998	Natural gas	13030800	12,849.69	12,849.70	(0.01)	12,849.70	(0.01)
1597	10.05.1998	Condensate	13030900	8,519.18	8,519.20	(0.02)	8,519.20	(0.02)
2087	24.12.1999	Oil	13030700	-	-	-	-	-
2087	24.12.1999	Natural gas	13030800	-	-	-	-	-
2089	24.12.1999	Oil	13030700	4,950.86	4,106.10	844.76	4,950.86	0.00
2089	24.12.1999	Natural gas	13030800	67.49	67.50	(0.01)	67.50	(0.01)
4049	10.04.2006	Oil	13030700	-	-	-	-	-
4049	10.04.2006	Natural gas	13030800	-	-	-	-	-
1439	22.06.1998	Oil	13030700	29,077.28	29,077.30	(0.02)	29,077.30	(0.02)
1439	22.06.1998	Natural gas	13030800	-	-	-	-	-
2031	11.11.1999	Oil	13030700	71,729.01	71,729.00	0.01	71,729.00	0.01
2031	11.11.1999	Natural gas	13030800	8,151.05	8,151.00	0.05	8,151.00	0.05
1621	27.10.1998	Oil	13030700	4,704.53	4,704.50	0.03	4,704.50	0.03
1621	27.10.1998	Natural gas	13030800	42.01	42.00	0.01	42.00	0.01
2033	11.11.1999	Natural gas	13030800	16.86	16.90	(0.04)	16.90	(0.04)
2033	11.11.1999	Condensate	13030900	-	-	-	-	-
1858	26.04.1999	Oil	13030700	-	-	-	-	-
1858	26.04.1999	Natural gas	13030800	-	-	-	-	-
1736	02.05.1999	Oil	13030700	18,222.12	18,222.10	0.02	18,222.10	0.02

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1736	02.05.1999	Natural gas	13030800	1,202.01	1,202.00	0.01	1,202.00	0.01
2090	24.12.1999	Oil	13030700	122,765.31	123,610.00	(844.69)	123,610.00	(844.69)
2090	24.12.1999	Natural gas	13030800	2,081.67	2,081.70	(0.03)	2,081.70	(0.03)
1277	26.03.1998	Oil	13030700	1,058.90	1,058.90	0.00	1,058.90	0.00
1277	26.03.1998	Natural gas	13030800	32,399.43	32,399.40	0.03	32,399.40	0.03
1277	26.03.1998	Condensate	13030900	4,850.27	4,850.30	(0.03)	4,850.30	(0.03)
2032	11.11.1999	Natural gas	13030800	11,062.51	11,062.50	0.01	11,062.50	0.01
2032	11.11.1999	Condensate	13030900	1,101.90	1,101.90	0.00	1,101.90	0.00
2139	21.02.2000	Oil	13030700	121,329.76	121,329.80	(0.04)	121,329.80	(0.04)
2139	21.02.2000	Natural gas	13030800	56,947.87	56,947.90	(0.03)	56,947.90	(0.03)
2139	21.02.2000	Condensate	13030900	5,097.56	5,097.60	(0.04)	5,097.60	(0.04)
1671	17.11.1998	Natural gas	13030800	6,777.99	6,778.00	(0.01)	6,778.00	(0.01)
1671	17.11.1998	Condensate	13030900	984.91	984.90	0.01	984.90	0.01
2142	23.02.2000	Oil	13030700	5,856.67	5,856.70	(0.03)	5,856.70	(0.03)
2142	23.02.2000	Natural gas	13030800	304.97	305.00	(0.03)	305.00	(0.03)
1637	11.12.1998	Oil	13030700	5,994.11	5,994.10	0.01	5,994.10	0.01
1637	11.12.1998	Natural gas	13030800	-	-	-	-	-
1669	17.11.1998	Natural gas	13030800	58,124.51	58,124.50	0.01	58,124.50	0.01
1669	17.11.1998	Condensate	13030900	18,976.19	18,976.20	(0.01)	18,976.20	(0.01)
2061	21.12.1999	Natural gas	13030800	43.39	43.40	(0.01)	43.40	(0.01)
2061	21.12.1999	Oil	13030700	1,998.75	1,998.80	(0.05)	1,998.80	(0.05)
2181	23.03.2000	Oil	13030700	597.30	597.30	0.00	597.30	0.00
2181	23.03.2000	Natural gas	13030800	1,519.64	1,519.60	0.04	1,519.60	0.04
1825	04.05.1999	Oil	13030700	187.77	187.80	(0.03)	187.80	(0.03)
1825	04.05.1999	Natural gas	13030800	6.33	6.30	0.03	6.30	0.03
1685	12.07.1998	Oil	13030700	17,880.98	17,881.00	(0.02)	17,881.00	(0.02)
1685	12.07.1998	Natural gas	13030800	21,073.29	21,073.30	(0.01)	21,073.30	(0.01)
5243	14.12.2010	Oil	13030700	33,541.90	33,541.90	0.00	33,541.90	0.00
5243	14.12.2010	Natural gas	13030800	6,946.84	6,946.80	0.04	6,946.80	0.04

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5243	14.12.2010	Condensate	13030900	529.66	529.70	(0.04)	529.70	(0.04)
3348	20.07.2004	Natural gas	13030800	242,658.13	242,658.10	0.03	242,658.10	0.03
3348	20.07.2004	Condensate	13030900	17,271.31	17,271.30	0.01	17,271.30	0.01
1826	04.05.1999	Oil	13030700	1,330.39	1,330.40	(0.01)	1,330.40	(0.01)
1826	04.05.1999	Natural gas	13030800	1.59	1.60	(0.01)	1.60	(0.01)
5247	16.12.2010	Natural gas	13030800	167.28	167.30	(0.02)	167.30	(0.02)
5247	16.12.2010	Condensate	13030900	8.31	8.30	0.01	8.30	0.01
1434	16.06.1998	Oil	13030700	24,694.34	24,694.30	0.04	24,694.30	0.04
1434	16.06.1998	Natural gas	13030800	5,801.94	5,801.90	0.04	5,801.90	0.04
1643	11.12.1998	Natural gas	13030800	53,069.85	53,069.80	0.05	53,069.80	0.05
1362	13.05.1998	Natural gas	13030800	16,800.93	16,800.90	0.03	16,800.90	0.03
1869	30.04.1999	Oil	13030700	6,917.42	6,917.40	0.02	6,917.40	0.02
1869	30.04.1999	Natural gas	13030800	8,625.76	8,625.80	(0.04)	8,625.80	(0.04)
1869	30.04.1999	Condensate	13030900	378.36	378.40	(0.04)	378.40	(0.04)
2729	06.06.2002	Oil	13030700	1,811.24	1,811.20	0.04	1,811.20	0.04
2729	06.06.2002	Natural gas	13030800	447.42	447.40	0.02	447.40	0.02
2238	09.07.2000	Oil	13030700	25,129.38	25,129.40	(0.02)	25,129.40	(0.02)
2238	09.07.2000	Natural gas	13030800	10,707.54	10,707.50	0.04	10,707.50	0.04
1273	03.10.1998	Oil	13030700	17,857.18	17,857.20	(0.02)	17,857.20	(0.02)
1273	03.10.1998	Natural gas	13030800	8,657.57	8,657.60	(0.03)	8,657.60	(0.03)
2225	16.08.2000	Natural gas	13030800	5,206.12	5,206.10	0.02	5,206.10	0.02
2794	16.10.2002	Oil	13030700	-	2,522.70	(2,522.70)	2,522.70	(2,522.70)
2794	16.10.2002	Natural gas	13030800	-	178.50	(178.50)	178.50	(178.50)
1269	03.10.1998	Natural gas	13030800	9,596.80	9,596.80	0.00	9,596.80	0.00
1269	03.10.1998	Oil	13030700	21,750.46	21,750.50	(0.04)	21,750.50	(0.04)
1269	03.10.1998	Condensate	13030900	30.49	30.50	(0.01)	30.50	(0.01)
5246	16.12.2010	Oil	13030700	67,748.73	67,748.70	0.03	67,748.70	0.03
5246	16.12.2010	Natural gas	13030800	20,827.23	20,827.20	0.03	20,827.20	0.03
5246	16.12.2010	Condensate	13030900	253.33	253.30	0.03	253.30	0.03

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4387	25.09.2007	Condensate	13030900	264.42	264.40	0.02	264.40	0.02
4387	25.09.2007	Natural gas	13030800	11,749.21	11,749.20	0.01	11,749.20	0.01
2177	23.03.2000	Oil	13030700	7,104.99	7,105.00	(0.01)	7,105.00	(0.01)
2177	23.03.2000	Natural gas	13030800	48,361.57	48,361.60	(0.03)	48,361.60	(0.03)
2177	23.03.2000	Condensate	13030900	929.78	929.80	(0.02)	929.80	(0.02)
2308	13.11.2000	Oil	13030700	14,740.79	14,740.80	(0.01)	14,740.80	(0.01)
2308	13.11.2000	Natural gas	13030800	8,091.26	8,091.30	(0.04)	8,091.30	(0.04)
2397	26.03.2001	Oil	13030700	4,037.21	4,037.20	0.01	4,037.20	0.01
2397	26.03.2001	Natural gas	13030800	672.28	672.30	(0.02)	672.30	(0.02)
1222	26.01.1998	Natural gas	13030800	10,277.98	10,278.00	(0.02)	10,278.00	(0.02)
1222	26.01.1998	Oil	13030700	39.18	39.20	(0.02)	39.20	(0.02)
2268	10.10.2000	Oil	13030700	3,265.42	3,265.40	0.02	3,265.40	0.02
2268	10.10.2000	Natural gas	13030800	484.23	484.20	0.03	484.20	0.03
1757	22.02.1999	Oil	13030700	68,071.46	68,071.50	(0.04)	68,071.50	(0.04)
1757	22.02.1999	Natural gas	13030800	15,546.68	15,546.70	(0.02)	15,546.70	(0.02)
4255	14.05.2007	Oil	13030700	170,263.22	170,263.20	0.02	170,263.20	0.02
4255	14.05.2007	Natural gas	13030800	18,576.85	18,576.80	0.05	18,576.80	0.05
832	31.03.1997	Oil	13030700	11,231.56	11,231.60	(0.04)	11,231.60	(0.04)
832	31.03.1997	Natural gas	13030800	1,590.37	1,590.40	(0.03)	1,590.40	(0.03)
1670	17.11.1998	Oil	13030700	2,033.19	2,033.20	(0.01)	2,033.20	(0.01)
1670	17.11.1998	Natural gas	13030800	34.64	34.60	0.04	34.60	0.04
2075	22.12.1999	Oil	13030700	3,203.82	3,203.80	0.02	3,203.80	0.02
2075	22.12.1999	Natural gas	13030800	117.10	117.10	0.00	117.10	0.00
2086	24.12.1999	Oil	13030700	9,286.68	9,286.70	(0.02)	9,286.70	(0.02)
2086	24.12.1999	Natural gas	13030800	1,352.08	1,352.10	(0.02)	1,352.10	(0.02)
1278	26.03.1998	Oil	13030700	28,021.32	28,021.30	0.02	28,021.30	0.02
1278	26.03.1998	Natural gas	13030800	3,655.22	3,655.20	0.02	3,655.20	0.02
1714	25.12.1998	Oil	13030700	71,117.45	71,117.40	0.05	71,117.40	0.05
1714	25.12.1998	Natural gas	13030800	3,624.60	3,624.60	0.00	3,624.60	0.00

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2200	30.03.2000	Oil	13030700	777.50	777.50	0.00	777.50	0.00
2200	30.03.2000	Natural gas	13030800	-	-	-	-	-
2223	16.08.2000	Oil	13030700	674.89	674.90	(0.01)	674.90	(0.01)
2223	16.08.2000	Natural gas	13030800	-	-	-	-	-
1643	12.11.1998	Condensate	13030900	15,555.94	-	15,555.94	15,555.90	0.04
1438	22.06.1998	Natural gas	13030800	-	-	-	-	-
1438	22.06.1998	Oil	13030700	-	-	-	-	-
2091	24.12.1999	Natural gas	13030800	1,990.48	-	1,990.48	2,348.50	(358.02)
2091	24.12.1999	Oil	13030700	32,234.06	-	32,234.06	37,735.80	(5,501.74)
2749	16.10.2002	Natural gas	13030800	178.51	-	178.51	-	178.51
2749	16.10.2002	Oil	13030700	2,522.72	-	2,522.72	-	2,522.72
1038	12.08.1997	Water	13030100	892.19	-	892.19	892.19	0.00
1074	23.09.1997	Water	13030100	142.57	-	142.57	142.57	0.00
1222	26.01.1998	Produced water	13030100	-	-	-	-	-
1269	10.03.1998	Water	13030100	-	-	-	-	-
1273	10.03.1998	Produced water	13030100	56.64	-	56.64	56.64	0.00
1278	26.03.1998	Water	13030100	-	-	-	-	-
1347	30.04.1998	Water	13030100	-	-	-	-	-
1362	13.05.1998	Water	13030100	-	-	-	-	-
1388	25.05.1998	Water	13030100	-	-	-	-	-
1439	22.06.1998	Produced water	13030100	-	-	-	-	-
1511	28.07.1998	Water	13030100	10,136.85	-	10,136.85	10,136.85	0.00
1562	31.08.1998	Water	13030100	246.67	-	246.67	246.67	0.00
1563	31.08.1998	Groundwaters	13030100	1.45	-	1.45	1.45	0.00
1596	05.10.1998	Produced waters	13030100	98.21	-	98.21	98.21	0.00
1622	27.10.1998	Produced waters	13030100	90.68	-	90.68	90.68	0.00
1714	25.12.1998	Water	13030100	-	-	-	-	-
1757	22.02.1999	Water	13030100	-	-	-	-	-
1773	16.03.1999	Water	13030100	298.75	-	298.75	298.75	0.00

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1961	27.03.2017	Water	13030100	-	-	-	-	-
2031	11.11.1999	Produced waters	13030100	1,664.41	-	1,664.41	1,664.41	0.00
2034	11.11.1999	Water	13030100	3.81	-	3.81	3.81	0.00
205016	30.12.2015	Groundwaters	13030100	-	-	-	-	-
2090	24.12.1999	Produced waters	13030100	552.34	-	552.34	552.34	0.00
2139	21.02.2000	Produced waters	13030100	6,643.79	-	6,643.79	6,643.79	0.00
2177	23.03.2000	Produced waters	13030100	-	-	-	-	-
2223	16.08.2000	Water	13030100	-	-	-	-	-
2238	07.09.2000	Produced waters	13030100	-	-	-	-	-
2308	12.11.2020	Produced waters	13030100	-	-	-	-	-
2397	26.03.2001	Produced waters	13030100	-	-	-	-	-
2794	16.10.2002	Produced waters	13030100	2.14	-	2.14	2.14	0.00
2795	16.10.2002	Water	13030100	51.09	-	51.09	51.09	0.00
3347	20.07.2004	Water	13030100	-	-	-	-	-
4387	29.09.2007	Produced waters	13030100	-	-	-	-	-
5246	16.12.2020	Produced waters	13030100	-	-	-	-	-
944	07.06.1997	Water	13030100	4,694.67	-	4,694.67	4,694.67	0.00
947	27.06.1997	Water	13030100	756.74	-	756.74	756.74	0.00
<b>Vydobuvna kompaniia Ukrnaftoburinnia PrJSC</b>								
6349	07.10.2019	Natural gas	13030800	671,246.40	671,246.39	0.01	671,246.39	0.01
6349	07.10.2019	Oil	13030700	22,526.46	22,526.46	0.00	22,526.46	0.00
6349	07.10.2019	Condensate	13030900	186,329.91	186,329.91	0.00	186,329.91	0.00
6349	07.10.2019	Natural gas	13030100	3.74	3.74	0.00	3.74	0.00
<b>Ukrkazvydobuvannya JSC</b>								
1772	05.03.1999	Natural gas	13030800	9,296.19	9,296.00	0.19	9,296.00	0.19
1774	16.03.1999	Natural gas	13030800	1,581.98	1,582.00	(0.02)	1,582.00	(0.02)
1775	16.03.1999	Natural gas	13030800	13,871.83	13,893.00	(21.17)	13,893.00	(21.17)
1776	16.03.1999	Natural gas	13030800	94.06	94.00	0.06	94.00	0.06
1777	16.03.1999	Natural gas	13030800	5,645.80	5,646.00	(0.20)	5,646.00	(0.20)

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1778	16.03.1999	Natural gas	13030800	465.53	466.00	(0.47)	466.00	(0.47)
1779	16.03.1999	Natural gas	13030800	1,685.44	1,685.00	0.44	1,685.00	0.44
1780	16.03.1999	Natural gas	13030800	1,816.52	1,817.00	(0.48)	1,817.00	(0.48)
1786	16.03.1999	Natural gas	13030800	36,100.64	36,101.00	(0.36)	36,101.00	(0.36)
1787	16.03.1999	Natural gas	13030800	2,796.35	2,796.00	0.35	2,796.00	0.35
1791	24.03.1999	Natural gas	13030800	781.16	781.00	0.16	781.00	0.16
1793	24.03.1999	Natural gas	13030800	45,799.28	61,612.00	(15,812.72)	61,612.00	(15,812.72)
1796	24.03.1999	Natural gas	13030800	2,428.76	2,429.00	(0.24)	2,429.00	(0.24)
1803	25.03.1999	Natural gas	13030800	59,479.80	59,483.00	(3.20)	59,483.00	(3.20)
1804	25.03.1999	Natural gas	13030800	3,383.40	3,383.00	0.40	3,383.00	0.40
1805	25.03.1999	Natural gas	13030800	111,185.40	125,708.00	(14,522.60)	125,708.00	(14,522.60)
1806	25.03.1999	Natural gas	13030800	42,080.79	121,430.00	(79,349.21)	121,430.00	(79,349.21)
1807	25.03.1999	Natural gas	13030800	204.50	205.00	(0.50)	205.00	(0.50)
1809	25.03.1999	Natural gas	13030800	73,732.86	78,863.00	(5,130.14)	78,863.00	(5,130.14)
1810	25.03.1999	Natural gas	13030800	11,707.79	11,708.00	(0.21)	11,708.00	(0.21)
1811	25.03.1999	Natural gas	13030800	11,937.02	11,937.00	0.02	11,937.00	0.02
1812	25.03.1999	Natural gas	13030800	84,594.69	84,612.00	(17.31)	84,612.00	(17.31)
1813	25.03.1999	Natural gas	13030800	8,178.84	8,179.00	(0.16)	8,179.00	(0.16)
1814	25.03.1999	Natural gas	13030800	10,174.23	10,174.00	0.23	10,174.00	0.23
1815	25.03.1999	Natural gas	13030800	294.61	295.00	(0.39)	295.00	(0.39)
1817	25.03.1999	Natural gas	13030800	207,552.66	207,564.00	(11.34)	207,564.00	(11.34)
1827	05.04.1999	Natural gas	13030800	18,119.35	18,119.00	0.35	18,119.00	0.35
1935	14.07.1999	Natural gas	13030800	282,806.24	409,269.00	(126,462.76)	409,269.00	(126,462.76)
1936	14.07.1999	Natural gas	13030800	1,153,088.59	1,277,003.00	(123,914.41)	1,277,003.00	(123,914.41)
1979	10.09.1999	Natural gas	13030800	152,390.13	152,390.00	0.13	152,390.00	0.13
1980	10.09.1999	Natural gas	13030800	316,724.05	316,759.00	(34.95)	316,759.00	(34.95)
2102	27.12.1999	Natural gas	13030800	91,984.05	91,989.00	(4.95)	91,989.00	(4.95)
2182	23.03.2000	Natural gas	13030800	153.00	153.00	0.00	153.00	0.00
2228	18.08.2000	Natural gas	13030800	12,042.40	12,048.00	(5.60)	12,048.00	(5.60)

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2236	07.09.2000	Natural gas	13030800	91,987.26	91,994.00	(6.74)	91,994.00	(6.74)
2271	12.10.2000	Natural gas	13030800	2,084,475.72	2,117,261.00	(32,785.28)	2,117,261.00	(32,785.28)
2272	12.10.2000	Natural gas	13030800	2,021.78	2,022.00	(0.22)	2,022.00	(0.22)
2273	12.10.2000	Natural gas	13030800	17,400.58	17,403.00	(2.42)	17,403.00	(2.42)
2343	20.12.2000	Natural gas	13030800	858,162.88	858,178.00	(15.12)	858,178.00	(15.12)
2350	28.12.2000	Natural gas	13030800	63,520.59	63,521.00	(0.41)	63,521.00	(0.41)
2351	28.12.2000	Natural gas	13030800	57,589.47	57,590.00	(0.53)	57,590.00	(0.53)
2352	28.12.2000	Natural gas	13030800	98,589.38	100,719.00	(2,129.62)	100,719.00	(2,129.62)
2353	28.12.2000	Natural gas	13030800	162,996.34	316,895.00	(153,898.66)	316,895.00	(153,898.66)
2354	28.12.2000	Natural gas	13030800	3,455.31	3,455.00	0.31	3,455.00	0.31
2355	28.12.2000	Natural gas	13030800	482,172.52	513,868.00	(31,695.48)	513,868.00	(31,695.48)
2356	28.12.2000	Natural gas	13030800	330,059.22	330,066.00	(6.78)	330,066.00	(6.78)
2363	31.01.2001	Natural gas	13030800	177,850.48	177,855.00	(4.52)	177,855.00	(4.52)
2364	31.01.2001	Natural gas	13030800	1,101.61	1,102.00	(0.39)	1,102.00	(0.39)
2365	31.01.2001	Natural gas	13030800	3,050.27	3,050.00	0.27	3,050.00	0.27
2367	01.02.2001	Natural gas	13030800	999,423.14	1,113,971.00	(114,547.86)	1,113,971.00	(114,547.86)
2368	01.02.2001	Natural gas	13030800	48,855.40	48,855.00	0.40	48,855.00	0.40
2369	01.02.2001	Natural gas	13030800	342,806.61	342,809.00	(2.39)	342,809.00	(2.39)
2370	08.02.2001	Natural gas	13030800	233,688.73	233,700.00	(11.27)	233,700.00	(11.27)
2371	08.02.2001	Natural gas	13030800	23,855.69	23,858.00	(2.31)	23,858.00	(2.31)
2372	08.02.2001	Natural gas	13030800	19,108.63	23,067.00	(3,958.37)	23,067.00	(3,958.37)
2373	08.02.2001	Natural gas	13030800	469,721.97	474,020.00	(4,298.03)	474,020.00	(4,298.03)
2375	08.02.2001	Natural gas	13030800	251.40	251.00	0.40	251.00	0.40
2386	21.02.2001	Natural gas	13030800	34,705.67	34,706.00	(0.33)	34,706.00	(0.33)
2387	21.02.2001	Natural gas	13030800	205,702.26	205,713.00	(10.74)	205,713.00	(10.74)
2388	21.02.2001	Natural gas	13030800	150,285.19	150,285.00	0.19	150,285.00	0.19
2389	21.02.2001	Natural gas	13030800	12,255.28	12,255.00	0.28	12,255.00	0.28
2390	21.02.2001	Natural gas	13030800	29,227.03	29,227.00	0.03	29,227.00	0.03
2391	21.02.2001	Natural gas	13030800	212,757.77	212,758.00	(0.23)	212,758.00	(0.23)



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2398	26.03.2001	Natural gas	13030800	83,821.93	83,822.00	(0.07)	83,822.00	(0.07)
2425	05.04.2001	Natural gas	13030800	136,642.87	136,643.00	(0.13)	136,643.00	(0.13)
2427	05.04.2001	Natural gas	13030800	17,330.03	17,330.00	0.03	17,330.00	0.03
2429	05.04.2001	Natural gas	13030800	130,597.68	242,202.00	(111,604.32)	242,202.00	(111,604.32)
2430	05.04.2001	Natural gas	13030800	768,780.14	856,254.00	(87,473.86)	856,254.00	(87,473.86)
2452	23.04.2001	Natural gas	13030800	6,426.64	6,427.00	(0.36)	6,427.00	(0.36)
2456	27.04.2001	Natural gas	13030800	53,345.99	53,346.00	(0.01)	53,346.00	(0.01)
2462	14.05.2001	Natural gas	13030800	9,159.71	9,160.00	(0.29)	9,160.00	(0.29)
2463	14.05.2001	Natural gas	13030800	32,654.06	32,654.00	0.06	32,654.00	0.06
2486	13.06.2001	Natural gas	13030800	29,371.30	29,372.00	(0.70)	29,372.00	(0.70)
2487	13.06.2001	Natural gas	13030800	29,623.31	29,624.00	(0.69)	29,624.00	(0.69)
2492	20.06.2001	Natural gas	13030800	48,433.05	82,539.00	(34,105.95)	82,539.00	(34,105.95)
2493	20.06.2001	Natural gas	13030800	163,946.02	163,946.00	0.02	163,946.00	0.02
2594	23.11.2001	Natural gas	13030800	20,983.40	20,984.00	(0.60)	20,984.00	(0.60)
2653	01.03.2002	Natural gas	13030800	179,556.69	245,669.00	(66,112.31)	245,669.00	(66,112.31)
2788	31.05.2006	Natural gas	13030800	10.04	10.00	0.04	10.00	0.04
2793	31.05.2006	Natural gas	13030800	9,917.96	9,918.00	(0.04)	9,918.00	(0.04)
2990	25.07.2007	Natural gas	13030800	2,863.88	2,864.00	(0.12)	2,864.00	(0.12)
3116	12.08.2003	Natural gas	13030800	383.22	383.00	0.22	383.00	0.22
3117	12.08.2003	Natural gas	13030800	7,709.22	7,710.00	(0.78)	7,710.00	(0.78)
3118	12.08.2003	Natural gas	13030800	39,177.90	39,178.00	(0.10)	39,178.00	(0.10)
3340	13.07.2004	Natural gas	13030800	6,439.95	6,440.00	(0.05)	6,440.00	(0.05)
3341	13.07.2004	Natural gas	13030800	28,175.90	28,179.00	(3.10)	28,179.00	(3.10)
3342	13.07.2004	Natural gas	13030800	35,673.27	35,675.00	(1.73)	35,675.00	(1.73)
4001	09.08.2006	Natural gas	13030800	205.42	205.00	0.42	205.00	0.42
4002	09.08.2006	Natural gas	13030800	14.69	15.00	(0.31)	15.00	(0.31)
4164	22.12.2006	Natural gas	13030800	51,134.25	51,134.00	0.25	51,134.00	0.25
4165	22.12.2006	Natural gas	13030800	4,560.96	4,561.00	(0.04)	4,561.00	(0.04)
4192	20.07.2012	Natural gas	13030800	2,287.79	2,288.00	(0.21)	2,288.00	(0.21)

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4290	17.07.2007	Natural gas	13030800	263,342.00	459,973.00	(196,631.00)	459,973.00	(196,631.00)
4581	12.09.2014	Natural gas	13030800	7,966.37	7,966.00	0.37	7,966.00	0.37
4621	17.12.2014	Natural gas	13030800	54,136.18	54,136.00	0.18	54,136.00	0.18
4658	05.03.2015	Natural gas	13030800	0.15	-	0.15	-	0.15
4804	12.12.2016	Natural gas	13030800	3,922.57	3,923.00	(0.43)	3,923.00	(0.43)
4805	05.12.2008	Natural gas	13030800	4,423.76	4,424.00	(0.24)	4,424.00	(0.24)
4811	14.12.2016	Natural gas	13030800	14,283.24	14,283.00	0.24	14,283.00	0.24
4924	01.10.2018	Natural gas	13030800	161.67	162.00	(0.33)	162.00	(0.33)
4946	14.12.2018	Natural gas	13030800	36,257.32	36,257.00	0.32	36,257.00	0.32
4947	19.12.2018	Natural gas	13030800	2,216.44	2,216.00	0.44	2,216.00	0.44
4992	23.04.2019	Natural gas	13030800	24,231.72	24,232.00	(0.28)	24,232.00	(0.28)
5009	03.09.2009	Natural gas	13030800	38,213.08	69,383.00	(31,169.92)	69,383.00	(31,169.92)
5010	02.07.2019	Natural gas	13030800	10,214.18	10,214.00	0.18	10,214.00	0.18
5011	03.09.2009	Natural gas	13030800	56,140.99	56,162.00	(21.01)	56,162.00	(21.01)
5012	03.09.2009	Natural gas	13030800	23,523.58	23,530.00	(6.42)	23,530.00	(6.42)
5046	21.11.2019	Natural gas	13030800	166.82	167.00	(0.18)	167.00	(0.18)
5177	01.07.2010	Natural gas	13030800	4,214.74	4,215.00	(0.26)	4,215.00	(0.26)
5178	01.07.2010	Natural gas	13030800	21,510.48	21,510.00	0.48	21,510.00	0.48
5253	21.12.2010	Natural gas	13030800	1,675.97	1,676.00	(0.03)	1,676.00	(0.03)
5404	31.10.2011	Natural gas	13030800	19,706.78	19,707.00	(0.22)	19,707.00	(0.22)
5405	31.10.2011	Natural gas	13030800	85,598.73	85,599.00	(0.27)	85,599.00	(0.27)
5408	31.10.2011	Natural gas	13030800	720.85	721.00	(0.15)	721.00	(0.15)
5409	31.10.2011	Natural gas	13030800	51.81	52.00	(0.19)	52.00	(0.19)
5410	31.10.2011	Natural gas	13030800	43,954.59	43,955.00	(0.41)	43,955.00	(0.41)
5411	31.10.2011	Natural gas	13030800	186,031.06	186,031.00	0.06	186,031.00	0.06
5412	31.10.2011	Natural gas	13030800	3,692.30	3,692.00	0.30	3,692.00	0.30
5413	31.10.2011	Natural gas	13030800	27,397.57	27,398.00	(0.43)	27,398.00	(0.43)
5414	31.10.2011	Natural gas	13030800	2,272.09	113,199.00	(110,926.91)	113,199.00	(110,926.91)
5541	03.05.2012	Natural gas	13030800	17,031.90	17,032.00	(0.10)	17,032.00	(0.10)

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5542	03.05.2012	Natural gas	13030800	7,579.49	7,579.00	0.49	7,579.00	0.49
5544	07.05.2012	Natural gas	13030800	199,254.54	199,255.00	(0.46)	199,255.00	(0.46)
5650	05.10.2012	Natural gas	13030800	258,183.60	264,569.00	(6,385.40)	264,569.00	(6,385.40)
5652	05.10.2012	Natural gas	13030800	602.29	602.00	0.29	602.00	0.29
5713	22.01.2013	Natural gas	13030800	78,302.18	78,335.00	(32.82)	78,335.00	(32.82)
5902	30.01.2014	Natural gas	13030800	1,439.14	1,439.00	0.14	1,439.00	0.14
5903	30.01.2014	Natural gas	13030800	5,188.60	5,189.00	(0.40)	5,189.00	(0.40)
5913	27.02.2014	Natural gas	13030800	1,170.16	1,170.00	0.16	1,170.00	0.16
5914	27.02.2014	Natural gas	13030800	64,741.87	64,743.00	(1.13)	64,743.00	(1.13)
5967	31.07.2014	Natural gas	13030800	57.79	58.00	(0.21)	58.00	(0.21)
5989	20.10.2014	Natural gas	13030800	18,054.24	18,054.00	0.24	18,054.00	0.24
6009	17.12.2014	Natural gas	13030800	1,912.07	1,912.00	0.07	1,912.00	0.07
6097	11.02.2016	Natural gas	13030800	337,383.09	337,384.00	(0.91)	337,384.00	(0.91)
6106	16.03.2016	Natural gas	13030800	229.03	229.00	0.03	229.00	0.03
6133	08.07.2016	Natural gas	13030800	9,240.70	9,241.00	(0.30)	9,241.00	(0.30)
6217	01.09.2017	Natural gas	13030800	5,754.94	5,755.00	(0.06)	5,755.00	(0.06)
6218	01.09.2017	Natural gas	13030800	9,330.07	9,330.00	0.07	9,330.00	0.07
6230	18.10.2017	Natural gas	13030800	4,394.87	4,395.00	(0.13)	4,395.00	(0.13)
6285	02.10.2018	Natural gas	13030800	5,078.41	5,078.00	0.41	5,078.00	0.41
6289	18.10.2018	Natural gas	13030800	70.59	71.00	(0.41)	71.00	(0.41)
1772	05.03.1999	Condensate	13030900	422.51	423.00	(0.49)	423.00	(0.49)
1777	16.03.1999	Condensate	13030900	27.95	28.00	(0.05)	28.00	(0.05)
1787	16.03.1999	Condensate	13030900	65.24	65.00	0.24	65.00	0.24
1803	25.03.1999	Condensate	13030900	3,181.19	3,181.00	0.19	3,181.00	0.19
1805	25.03.1999	Condensate	13030900	5,223.63	5,935.00	(711.37)	5,935.00	(711.37)
1817	25.03.1999	Condensate	13030900	9,149.97	9,150.00	(0.03)	9,150.00	(0.03)
1827	05.04.1999	Condensate	13030900	5.82	6.00	(0.18)	6.00	(0.18)
1935	14.07.1999	Condensate	13030900	1,147.26	2,901.00	(1,753.74)	2,901.00	(1,753.74)
1936	14.07.1999	Condensate	13030900	192,731.44	207,279.00	(14,547.56)	207,279.00	(14,547.56)

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1979	10.09.1999	Condensate	13030900	13,042.65	13,043.00	(0.35)	13,043.00	(0.35)
1980	10.09.1999	Condensate	13030900	9,550.73	9,551.00	(0.27)	9,551.00	(0.27)
2102	27.12.1999	Condensate	13030900	19,146.51	19,147.00	(0.49)	19,147.00	(0.49)
2271	12.10.2000	Condensate	13030900	5,837.32	5,837.00	0.32	5,837.00	0.32
2343	20.12.2000	Condensate	13030900	28,486.98	28,487.00	(0.02)	28,487.00	(0.02)
2350	28.12.2000	Condensate	13030900	1,518.74	1,519.00	(0.26)	1,519.00	(0.26)
2351	28.12.2000	Condensate	13030900	3,285.22	3,285.00	0.22	3,285.00	0.22
2352	28.12.2000	Condensate	13030900	1,929.26	1,969.00	(39.74)	1,969.00	(39.74)
2353	28.12.2000	Condensate	13030900	13,618.36	34,756.00	(21,137.64)	34,756.00	(21,137.64)
2355	28.12.2000	Condensate	13030900	8,343.70	8,513.00	(169.30)	8,513.00	(169.30)
2356	28.12.2000	Condensate	13030900	8,189.82	8,190.00	(0.18)	8,190.00	(0.18)
2363	31.01.2001	Condensate	13030900	45,499.23	45,499.00	0.23	45,499.00	0.23
2365	31.01.2001	Condensate	13030900	106.27	106.00	0.27	106.00	0.27
2367	01.02.2001	Condensate	13030900	44,653.44	46,638.00	(1,984.56)	46,638.00	(1,984.56)
2368	01.02.2001	Condensate	13030900	4,001.48	4,001.00	0.48	4,001.00	0.48
2369	01.02.2001	Condensate	13030900	10,333.12	10,333.00	0.12	10,333.00	0.12
2370	08.02.2001	Condensate	13030900	7,340.15	7,340.00	0.15	7,340.00	0.15
2371	08.02.2001	Condensate	13030900	1,139.23	1,139.00	0.23	1,139.00	0.23
2372	08.02.2001	Condensate	13030900	1,296.56	1,297.00	(0.44)	1,297.00	(0.44)
2373	08.02.2001	Condensate	13030900	141,598.77	141,824.00	(225.23)	141,824.00	(225.23)
2386	21.02.2001	Condensate	13030900	21,507.67	21,508.00	(0.33)	21,508.00	(0.33)
2387	21.02.2001	Condensate	13030900	3,519.71	3,520.00	(0.29)	3,520.00	(0.29)
2388	21.02.2001	Condensate	13030900	44,637.78	44,638.00	(0.22)	44,638.00	(0.22)
2389	21.02.2001	Condensate	13030900	1,610.91	1,611.00	(0.09)	1,611.00	(0.09)
2390	21.02.2001	Condensate	13030900	61.23	61.00	0.23	61.00	0.23
2391	21.02.2001	Condensate	13030900	12,698.50	12,698.00	0.50	12,698.00	0.50
2398	26.03.2001	Condensate	13030900	17,715.09	17,715.00	0.09	17,715.00	0.09
2425	05.04.2001	Condensate	13030900	1,221.76	1,222.00	(0.24)	1,222.00	(0.24)
2427	05.04.2001	Condensate	13030900	1,088.31	1,088.00	0.31	1,088.00	0.31

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2429	05.04.2001	Condensate	13030900	26,022.60	41,256.00	(15,233.40)	41,256.00	(15,233.40)
2430	05.04.2001	Condensate	13030900	77,246.41	91,799.00	(14,552.59)	91,799.00	(14,552.59)
2452	23.04.2001	Condensate	13030900	25.42	25.00	0.42	25.00	0.42
2456	27.04.2001	Condensate	13030900	5,257.33	5,257.00	0.33	5,257.00	0.33
2487	13.06.2001	Condensate	13030900	7,601.31	7,601.00	0.31	7,601.00	0.31
2492	20.06.2001	Condensate	13030900	1,989.87	2,648.00	(658.13)	2,648.00	(658.13)
2493	20.06.2001	Condensate	13030900	10,753.30	10,753.00	0.30	10,753.00	0.30
2594	23.11.2001	Condensate	13030900	1,441.86	1,442.00	(0.14)	1,442.00	(0.14)
2653	01.03.2002	Condensate	13030900	14,863.39	17,061.00	(2,197.61)	17,061.00	(2,197.61)
2793	31.05.2006	Condensate	13030900	211.49	225.00	(13.51)	225.00	(13.51)
3116	12.08.2003	Condensate	13030900	9.18	9.00	0.18	9.00	0.18
3117	12.08.2003	Condensate	13030900	2,470.16	2,470.00	0.16	2,470.00	0.16
3118	12.08.2003	Condensate	13030900	877.43	877.00	0.43	877.00	0.43
3340	13.07.2004	Condensate	13030900	344.47	344.00	0.47	344.00	0.47
3341	13.07.2004	Condensate	13030900	413.23	413.00	0.23	413.00	0.23
3342	13.07.2004	Condensate	13030900	694.75	695.00	(0.25)	695.00	(0.25)
4001	09.08.2006	Condensate	13030900	0.30	-	0.30	-	0.30
4164	22.12.2006	Condensate	13030900	1,247.98	1,248.00	(0.02)	1,248.00	(0.02)
4165	22.12.2006	Condensate	13030900	282.49	282.00	0.49	282.00	0.49
4290	17.07.2007	Condensate	13030900	22,807.22	49,217.00	(26,409.78)	49,217.00	(26,409.78)
4581	12.09.2014	Condensate	13030900	136.11	136.00	0.11	136.00	0.11
4621	17.12.2014	Condensate	13030900	1,548.18	1,548.00	0.18	1,548.00	0.18
4804	12.12.2016	Condensate	13030900	226.07	226.00	0.07	226.00	0.07
4811	14.12.2016	Condensate	13030900	465.24	465.00	0.24	465.00	0.24
4946	14.12.2018	Condensate	13030900	6,844.26	6,844.00	0.26	6,844.00	0.26
4992	23.04.2019	Condensate	13030900	9,746.31	9,746.00	0.31	9,746.00	0.31
5009	03.09.2009	Condensate	13030900	10,341.76	12,303.00	(1,961.24)	12,303.00	(1,961.24)
5010	02.07.2019	Condensate	13030900	1,658.69	1,659.00	(0.31)	1,659.00	(0.31)
5011	03.09.2009	Condensate	13030900	5,495.42	5,495.00	0.42	5,495.00	0.42

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5178	01.07.2010	Condensate	13030900	112.60	113.00	(0.40)	113.00	(0.40)
5253	21.12.2010	Condensate	13030900	46.86	47.00	(0.14)	47.00	(0.14)
5404	31.10.2011	Condensate	13030900	4,067.17	4,067.00	0.17	4,067.00	0.17
5405	31.10.2011	Condensate	13030900	3,962.75	3,963.00	(0.25)	3,963.00	(0.25)
5410	31.10.2011	Condensate	13030900	792.96	793.00	(0.04)	793.00	(0.04)
5411	31.10.2011	Condensate	13030900	2,951.38	2,951.00	0.38	2,951.00	0.38
5412	31.10.2011	Condensate	13030900	58.85	59.00	(0.15)	59.00	(0.15)
5413	31.10.2011	Condensate	13030900	3,113.94	3,114.00	(0.06)	3,114.00	(0.06)
5414	31.10.2011	Condensate	13030900	1,863.50	30,889.00	(29,025.50)	30,889.00	(29,025.50)
5544	07.05.2012	Condensate	13030900	19,719.42	19,720.00	(0.58)	19,720.00	(0.58)
5650	05.10.2012	Condensate	13030900	8,364.82	8,365.00	(0.18)	8,365.00	(0.18)
5713	22.01.2013	Condensate	13030900	7,513.62	7,514.00	(0.38)	7,514.00	(0.38)
5913	27.02.2014	Condensate	13030900	93.39	93.00	0.39	93.00	0.39
5914	27.02.2014	Condensate	13030900	368.23	368.00	0.23	368.00	0.23
6097	11.02.2016	Condensate	13030900	12,059.52	12,060.00	(0.48)	12,060.00	(0.48)
6106	16.03.2016	Condensate	13030900	41.54	42.00	(0.46)	42.00	(0.46)
6285	02.10.2018	Condensate	13030900	124.48	124.00	0.48	124.00	0.48
1803	25.03.1999	Oil	13030700	6,645.96	6,646.00	(0.04)	6,646.00	(0.04)
1936	14.07.1999	Oil	13030700	17,141.13	17,141.00	0.13	17,141.00	0.13
1979	10.09.1999	Oil	13030700	97.44	97.00	0.44	97.00	0.44
2182	23.03.2000	Oil	13030700	273.54	274.00	(0.46)	274.00	(0.46)
2351	28.12.2000	Oil	13030700	4,305.56	4,306.00	(0.44)	4,306.00	(0.44)
2352	28.12.2000	Oil	13030700	996.33	996.00	0.33	996.00	0.33
2364	31.01.2001	Oil	13030700	14,769.82	14,770.00	(0.18)	14,770.00	(0.18)
2372	08.02.2001	Oil	13030700	32,266.45	44,711.00	(12,444.55)	44,711.00	(12,444.55)
2373	08.02.2001	Oil	13030700	2,400.27	2,400.00	0.27	2,400.00	0.27
2386	21.02.2001	Oil	13030700	12,020.33	12,020.00	0.33	12,020.00	0.33
2390	21.02.2001	Oil	13030700	2,361.51	2,362.00	(0.49)	2,362.00	(0.49)
2425	05.04.2001	Oil	13030700	459.07	640.00	(180.93)	640.00	(180.93)

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2429	05.04.2001	Oil	13030700	8,490.83	8,491.00	(0.17)	8,491.00	(0.17)
2493	20.06.2001	Oil	13030700	1,284.29	1,284.00	0.29	1,284.00	0.29
2653	01.03.2002	Oil	13030700	6,906.06	6,906.00	0.06	6,906.00	0.06
3116	12.08.2003	Oil	13030700	160.32	160.00	0.32	160.00	0.32
3117	12.08.2003	Oil	13030700	4,488.78	4,489.00	(0.22)	4,489.00	(0.22)
3341	13.07.2004	Oil	13030700	526.23	526.00	0.23	526.00	0.23
3342	13.07.2004	Oil	13030700	13,980.43	13,981.00	(0.57)	13,981.00	(0.57)
4290	17.07.2007	Oil	13030700	23,537.97	23,538.00	(0.03)	23,538.00	(0.03)
4804	12.12.2016	Oil	13030700	755.79	756.00	(0.21)	756.00	(0.21)
5010	02.07.2019	Oil	13030700	171.15	171.00	0.15	171.00	0.15
5011	03.09.2009	Oil	13030700	357.17	357.00	0.17	357.00	0.17
5409	31.10.2011	Oil	13030700	325.97	326.00	(0.03)	326.00	(0.03)
5413	31.10.2011	Oil	13030700	2,953.31	2,953.00	0.31	2,953.00	0.31
5913	27.02.2014	Oil	13030700	309.76	310.00	(0.24)	310.00	(0.24)
6009	17.12.2014	Oil	13030700	2,444.37	2,444.00	0.37	2,444.00	0.37
6289	18.10.2018	Oil	13030700	1,406.99	1,407.00	(0.01)	1,407.00	(0.01)
6009	17.12.2014	Petroleum bitumen	13030100	840.39	539.00	301.39	539.00	301.39
4010	09.08.2006	Drinking waters	13030100	19.63	20.00	(0.37)	20.00	(0.37)
4563	11.08.2014	Drinking waters	13030100	5.83	6.00	(0.17)	6.00	(0.17)
4564	11.08.2014	Drinking waters	13030100	28.21	28.00	0.21	28.00	0.21
6315	06.02.2019	Drinking waters	13030100	41.66	45.00	(3.34)	45.00	(3.34)
1808	02.03.1999	Natural gas	13030800	-	-	-	-	-
1816	25.03.1999	Natural gas	13030800	-	-	-	-	-
1816	25.03.1999	Condensate	13030900	-	-	-	-	-
2428	05.04.2001	Natural gas	13030800	-	-	-	-	-
2428	05.04.2001	Oil	13030700	-	-	-	-	-
2428	05.04.2001	Condensate	13030900	-	-	-	-	-
2433	09.10.2003	Natural gas	13030800	-	-	-	-	-
2433	09.10.2003	Oil	13030700	-	-	-	-	-



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2433	09.10.2003	Condensate	13030900	-	-	-	-	
2787	31.05.2006	Natural gas	13030800	-	-	-	-	
2787	31.05.2006	Oil	13030700	-	-	-	-	
2787	31.05.2006	Condensate	13030900	-	-	-	-	
4003	38938	Natural gas	13030800	-	-	-	-	
4003	38938	Condensate	13030900	-	-	-	-	
5406	31.10.2011	Natural gas	13030800	-	-	-	-	
5406	31.10.2011	Condensate	13030900	-	-	-	-	
5407	31.10.2011	Natural gas	13030800	-	-	-	-	
5407	31.10.2011	Condensate	13030900	-	-	-	-	
4190	20.07.2012	Natural gas	13030800	-	-	-	-	
4190	20.07.2012	Oil	13030700	-	-	-	-	
4191	20.07.2012	Natural gas	13030800	-	-	-	-	
4191	20.07.2012	Oil	13030700	-	-	-	-	
4191	20.07.2012	Condensate	13030900	-	-	-	-	
5649	04.10.2012	Natural gas	13030800	-	-	-	-	
5649	04.10.2012	Condensate	13030900	-	-	-	-	
5651	05.10.2012	Natural gas	13030800	-	-	-	-	
5651	05.10.2012	Condensate	13030900	-	-	-	-	
5915	27.02.2014	Natural gas	13030800	-	-	-	-	
5915	27.02.2014	Condensate	13030900	-	-	-	-	
4517	15.04.2014	Natural gas	13030800	-	-	-	-	
4517	15.04.2014	Oil	13030700	-	-	-	-	
4517	15.04.2014	Condensate	13030900	-	-	-	-	
4545	15.07.2014	Natural gas	13030800	-	-	-	-	
4545	15.07.2014	Oil	13030700	-	-	-	-	
4545	15.07.2014	Condensate	13030900	-	-	-	-	
4590	20.10.2014	Natural gas	13030800	-	-	-	-	
4590	20.10.2014	Oil	13030700	-	-	-	-	





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4590	20.10.2014	Condensate	13030900	-	-	-	-	-
4618	17.12.2014	Natural gas	13030800	-	-	-	-	-
4618	17.12.2014	Oil	13030700	-	-	-	-	-
4618	17.12.2014	Condensate	13030900	-	-	-	-	-
4619	17.12.2014	Natural gas	13030800	-	-	-	-	-
4619	17.12.2014	Oil	13030700	-	-	-	-	-
4619	17.12.2014	Condensate	13030900	-	-	-	-	-
4620	17.12.2014	Natural gas	13030800	-	-	-	-	-
4620	17.12.2014	Oil	13030700	-	-	-	-	-
4620	17.12.2014	Condensate	13030900	-	-	-	-	-
4657	05.03.2015	Natural gas	13030800	-	-	-	-	-
4657	05.03.2015	Oil	13030700	-	-	-	-	-
4657	05.03.2015	Condensate	13030900	-	-	-	-	-
4659	05.03.2015	Natural gas	13030800	-	-	-	-	-
4659	05.03.2015	Oil	13030700	-	-	-	-	-
4659	05.03.2015	Condensate	13030900	-	-	-	-	-
4676	31.07.2015	Natural gas	13030800	-	-	-	-	-
4676	31.07.2015	Oil	13030700	-	-	-	-	-
4676	31.07.2015	Condensate	13030900	-	-	-	-	-
4806	12.12.2016	Natural gas	13030800	-	-	-	-	-
4806	12.12.2016	Oil	13030700	-	-	-	-	-
4806	12.12.2016	Condensate	13030900	-	-	-	-	-
4807	12.12.2016	Natural gas	13030800	-	-	-	-	-
4807	12.12.2016	Oil	13030700	-	-	-	-	-
4807	12.12.2016	Condensate	13030900	-	-	-	-	-
4808	12.12.2016	Natural gas	13030800	-	-	-	-	-
4808	12.12.2016	Oil	13030700	-	-	-	-	-
4808	12.12.2016	Condensate	13030900	-	-	-	-	-
4809	14.12.2016	Natural gas	13030800	-	-	-	-	-



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4809	14.12.2016	Oil	13030700	-	-	-	-	
4809	14.12.2016	Condensate	13030900	-	-	-	-	
4810	14.12.2016	Natural gas	13030800	-	-	-	-	
4810	14.12.2016	Oil	13030700	-	-	-	-	
4810	14.12.2016	Condensate	13030900	-	-	-	-	
4812	14.12.2016	Natural gas	13030800	-	-	-	-	
4812	14.12.2016	Oil	13030700	-	-	-	-	
4812	14.12.2016	Condensate	13030900	-	-	-	-	
4813	14.12.2016	Natural gas	13030800	-	-	-	-	
4813	14.12.2016	Oil	13030700	-	-	-	-	
4813	14.12.2016	Condensate	13030900	-	-	-	-	
4814	14.12.2016	Natural gas	13030800	-	-	-	-	
4814	14.12.2016	Oil	13030700	-	-	-	-	
4814	14.12.2016	Condensate	13030900	-	-	-	-	
4815	14.12.2016	Natural gas	13030800	-	-	-	-	
4815	14.12.2016	Oil	13030700	-	-	-	-	
4815	14.12.2016	Condensate	13030900	-	-	-	-	
4816	14.12.2016	Natural gas	13030800	-	-	-	-	
4816	14.12.2016	Oil	13030700	-	-	-	-	
4816	14.12.2016	Condensate	13030900	-	-	-	-	
4865	18.10.2017	Natural gas	13030800	-	-	-	-	
4865	18.10.2017	Oil	13030700	-	-	-	-	
4865	18.10.2017	Condensate	13030900	-	-	-	-	
4866	18.10.2017	Natural gas	13030800	-	-	-	-	
4866	18.10.2017	Oil	13030700	-	-	-	-	
4866	18.10.2017	Condensate	13030900	-	-	-	-	
4867	18.10.2017	Natural gas	13030800	-	-	-	-	
4867	18.10.2017	Oil	13030700	-	-	-	-	
4867	18.10.2017	Condensate	13030900	-	-	-	-	



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4868	18.10.2017	Natural gas	13030800	-	-	-	-	
4868	18.10.2017	Oil	13030700	-	-	-	-	
4868	18.10.2017	Condensate	13030900	-	-	-	-	
4871	22.12.2017	Natural gas	13030800	-	-	-	-	
4871	22.12.2017	Condensate	13030900	-	-	-	-	
4932	26.10.2018	Natural gas	13030800	-	-	-	-	
4932	26.10.2018	Oil	13030700	-	-	-	-	
4932	26.10.2018	Condensate	13030900	-	-	-	-	
6309	28.12.2018	Natural gas	13030800	-	-	-	-	
6309	28.12.2018	Oil	13030700	-	-	-	-	
6309	28.12.2018	Condensate	13030900	-	-	-	-	
6310	28.12.2018	Natural gas	13030800	-	-	-	-	
6310	28.12.2018	Oil	13030700	-	-	-	-	
6310	28.12.2018	Condensate	13030900	-	-	-	-	
4973	20.02.2019	Natural gas	13030800	-	-	-	-	
4518	15.04.2019	Natural gas	13030800	-	-	-	-	
4518	15.04.2019	Oil	13030700	-	-	-	-	
4991	23.04.2019	Natural gas	13030800	-	-	-	-	
4991	23.04.2019	Oil	13030700	-	-	-	-	
4991	23.04.2019	Condensate	13030900	-	-	-	-	
4993	23.04.2019	Natural gas	13030800	-	-	-	-	
4993	23.04.2019	Oil	13030700	-	-	-	-	
4993	23.04.2019	Condensate	13030900	-	-	-	-	
5009	02.07.2019	Natural gas	13030800	-	-	-	-	
5009	02.07.2019	Oil	13030700	-	-	-	-	
5009	02.07.2019	Condensate	13030900	-	-	-	-	
5010	02.07.2019	Natural gas	13030800	-	-	-	-	
5010	02.07.2019	Oil	13030700	-	-	-	-	
5010	02.07.2019	Condensate	13030900	-	-	-	-	

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5011	02.07.2019	Natural gas	13030800	-	-	-	-	-
5011	02.07.2019	Oil	13030700	-	-	-	-	-
5011	02.07.2019	Condensate	13030900	-	-	-	-	-
5012	02.07.2019	Natural gas	13030800	-	-	-	-	-
5012	02.07.2019	Oil	13030700	-	-	-	-	-
5012	02.07.2019	Condensate	13030900	-	-	-	-	-
5013	02.07.2019	Natural gas	13030800	-	-	-	-	-
5013	02.07.2019	Oil	13030700	-	-	-	-	-
5013	02.07.2019	Condensate	13030900	-	-	-	-	-
5017	18.07.2019	Natural gas	13030800	-	-	-	-	-
5017	18.07.2019	Oil	13030700	-	-	-	-	-
5017	18.07.2019	Condensate	13030900	-	-	-	-	-
5024	19.08.2019	Natural gas	13030800	-	-	-	-	-
5024	19.08.2019	Oil	13030700	-	-	-	-	-
5024	19.08.2019	Condensate	13030900	-	-	-	-	-
5025	19.08.2019	Natural gas	13030800	-	-	-	-	-
5025	19.08.2019	Oil	13030700	-	-	-	-	-
5025	19.08.2019	Condensate	13030900	-	-	-	-	-
5026	19.08.2019	Natural gas	13030800	-	-	-	-	-
5026	19.08.2019	Oil	13030700	-	-	-	-	-
5026	19.08.2019	Condensate	13030900	-	-	-	-	-
5027	19.08.2019	Natural gas	13030800	-	-	-	-	-
5027	19.08.2019	Oil	13030700	-	-	-	-	-
5027	19.08.2019	Condensate	13030900	-	-	-	-	-
5028	19.08.2019	Natural gas	13030800	-	-	-	-	-
5028	19.08.2019	Oil	13030700	-	-	-	-	-
5028	19.08.2019	Condensate	13030900	-	-	-	-	-
5029	19.08.2019	Natural gas	13030800	-	-	-	-	-
5029	19.08.2019	Oil	13030700	-	-	-	-	-

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
5029	19.08.2019	Condensate	13030900	-	-	-	-	-
5030	19.08.2019	Natural gas	13030800	-	-	-	-	-
5030	19.08.2019	Oil	13030700	-	-	-	-	-
5030	19.08.2019	Condensate	13030900	-	-	-	-	-
5035	12.09.2019	Natural gas	13030800	-	-	-	-	-
5035	12.09.2019	Condensate	13030900	-	-	-	-	-
5036	12.09.2019	Natural gas	13030800	-	-	-	-	-
5036	12.09.2019	Condensate	13030900	-	-	-	-	-
5045	15.11.2019	Natural gas	13030800	-	-	-	-	-
5045	15.11.2019	Oil	13030700	-	-	-	-	-
5045	15.11.2019	Condensate	13030900	-	-	-	-	-
5057	13.03.2020	Natural gas	13030800	-	-	-	-	-
5057	13.03.2020	Oil	13030700	-	-	-	-	-
5057	13.03.2020	Condensate	13030900	-	-	-	-	-

**Reconciliation results of production royalty by projects (special permits) in 2020 (iron ores mining), UAH thousand**

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>ArcelorMittal Kryvyi Rih PJSC</b>								
4483	39093	Iron ores	13030100	166,933.20	157,409.00	9,524.20	166,933.20	0.00
4451	23.10.2007	Iron ores	13030100	59,303.77	98,554.00	(39,250.23)	103,672.24	(44,368.47)
4482	39093	Iron ores	13030100	106,704.27	104,472.00	2,232.27	106,704.27	0.00
4494	39394	Groundwater, drinking and technical	13030100	-	-	-	-	-
<b>Velta LLC</b>								
4275	13.06.2007	Titanium ores	13030100	61,360.09	70,423.26	(9,063.17)	61,360.09	0.00
6378	04.10.2019	Titanium ores	13030100	-	-	-	-	-
<b>Yerystiv Iron-Ore Enrichment Works LLC</b>								
2768	27.08.2002	Iron ores	13030100	307,553.34	307,553.30	0.04	307,553.30	0.04
<b>Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)</b>								
4586	18.12.2007	Iron ores	13030100	54,906.61	54,907.29	(0.68)	54,907.29	(0.68)
1571	09.07.2016	Iron ores	13030100	609,843.95	609,843.95	0.00	609,843.95	0.00
217/3П/ 49Д-18	29.01.2018	Technical water	13030100	-	84.44	(84.44)	84.44	(84.44)
<b>Ingulets Iron Ore Enrichment Works PrJSC</b>								
1932	14.04.1997	Iron ores	13030100	-	644,487.00	(644,487.00)	644,487.00	(644,487.00)
<b>Krivy Rih Iron-Ore Combine JSC</b>								
2558	10.12.2001	Iron ores	13030100	103,920.60	122,670.88	(18,750.28)	122,670.88	(18,750.28)
2557	10.12.2001	Iron ores	13030100	31,821.22	60,686.13	(28,864.91)	60,686.13	(28,864.91)
2559	10.12.2001	Iron ores	13030100	-	98,321.94	(98,321.94)	98,321.94	(98,321.94)
5068	12.10.2009	Drinking waters	13030100	0.57	2.02	(1.45)	2.02	(1.45)
2556	10.12.2001	Iron ores	13030100	78,238.08	95,014.30	(16,776.22)	95,014.30	(16,776.22)
<b>Marganets Mining and Processing Plant PJSC</b>								
610	13.08.1996	Manganese ores	13030100	58,522.48	49,319.78	9,202.70	49,319.78	9,202.70

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>United Mining and Chemical Company JSC</b>								
6027	02.11.2015	Titanium ores, Sand	13030100	42,780.26	43,109.00	(328.74)	43,109.00	(328.74)
6028	20.02.2015	Titanium ores, Zircon, Sand, Kyanite (disthen), Raw glass materials and porcelain and faience materials, Quartz sand	13030100	156,315.77	157,673.00	(1,357.23)	157,673.00	(1,357.23)
<b>Southern Iron Ore Enrichment Works JSC</b>								
585	29.07.1996	Iron ores	13030100	382,850.89	382,850.89	0.00	382,850.89	0.00
<b>Nothern Iron Ore Enrichment Works PrJSC</b>								
1118	21.10.1997	Iron ores	13030100	226,113.92	463,180.21	(237,066.29)	463,180.21	(237,066.29)
1119	21.10.1997	Iron ores	13030100	143,904.77	280,177.26	(136,272.49)	280,177.26	(136,272.49)
4036	25.09.2006	Iron ores	13030100	-	-	-	-	-
<b>Pokrovskiy GZK JS</b>								
597	08.06.1996	Manganese ores	13030100	126,933.30	98,481.96	28,451.33	126,933.30	0.00
<b>Poltava Iron Ore Enrichment Works PrJSC</b>								
16/ПЛ/49д-17	17.08.2017	Groundwaters	13030100	-	26.25	(26.25)	26.25	(26.25)
1012	29.07.1997	Iron ores	13030100	463,841.12	405,646.10	58,195.02	405,646.10	58,195.02
2659	20.12.2004	Iron ores	13030100	-	-	-	-	-
2660	20.12.2004	Iron ores	13030100	-	-	-	-	-
2661	20.12.2004	Iron ores	13030100	-	-	-	-	-
2681	28.12.2004	Iron ores	13030100	-	-	-	-	-
2682	28.12.2004	Iron ores	13030100	-	-	-	-	-
<b>Rudomain LLC</b>								
6236	12.08.2017	Iron ores	13030100	35,443.69	35,443.69	-	35,443.69	-
<b>Suha Balka PrJSC</b>								
599	08.06.1996	Iron ores	13030100	141,612.15	141,612.00	0.15	141,612.00	0.15



Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
592	08.05.1996	Iron ores	13030100	181,995.64	181,996.00	(0.36)	181,996.00	(0.36)
<b>Central Iron Ore Enrichment Works PrJSC</b>								
2582	23.11.2001	Iron ores	13030100	9,131.89	17,294.09	(8,162.20)	17,294.09	(8,162.20)
2437	11.04.2001	Iron ores	13030100	94,759.76	94,760.03	(0.27)	94,760.03	(0.27)
2438	11.04.2001	Iron ores	13030100	118,083.11	234,697.85	(116,614.74)	234,697.85	(116,614.74)
2439	11.04.2001	Iron ores	13030100	211,369.79	211,369.79	0.00	211,369.79	0.00



**Reconciliation results of production royalty by projects (special permits) in 2020 (coal mining), UAH thousand**

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>Volynvuhillia SE</b>								
3104	08.11.2003	Coal	13030100	-	317.00	(317.00)	317.00	(317.00)
3107	08.11.2003	Coal	13030100	-	504.00	(504.00)	504.00	(504.00)
3106	11.08.2003	Coal	13030100	-	-	-	-	-
<b>DTEK Dobropolyeugol LLC</b>								
3035	07.11.2003	Coal	13030100	-	-	-	-	-
3034	07.11.2003	Coal	13030100	6,788.97	1,938.97	4,850.00	1,938.97	4,850.00
3037	07.11.2003	Coal	13030100	8,808.77	1,625.62	7,183.15	1,625.62	7,183.15
3038	07.11.2003	Coal	13030100	6,252.37	1,944.11	4,308.26	1,944.11	4,308.26
3039	07.11.2003	Coal	13030100	1,936.14	731.03	1,205.11	731.03	1,205.11
<b>DTEK Pavlohradcoal PrJSC</b>								
3692	12.09.2005	Coal	13030100	13,617.26	13,593.57	23.69	13,593.57	23.69
3691	12.09.2005	Coal	13030100	17,489.07	17,463.51	25.56	17,463.51	25.56
3563	12.09.2004	Coal	13030100	7,193.29	(4,109.72)	11,303.01	(4,109.72)	11,303.01
3562	12.09.2004	Coal	13030100	12,070.36	14,762.05	(2,691.69)	14,762.05	(2,691.69)
3561	12.09.2004	Coal	13030100	11,443.53	14,571.05	(3,127.52)	14,571.05	(3,127.52)
3559	12.09.2004	Coal	13030100	4,827.54	6,371.29	(1,543.75)	6,371.29	(1,543.75)
3688	12.09.2005	Coal	13030100	21,578.36	27,461.55	(5,883.19)	27,461.55	(5,883.19)
3560	12.09.2004	Coal	13030100	17,078.63	24,094.42	(7,015.79)	24,094.42	(7,015.79)
3689	21.08.2018	Coal	13030100	2,291.92	-	2,291.92	-	2,291.92
4789	24.11.2008	Groundwaters	13030100	-	-	-	-	-
<b>Lysychanskvuhillia JSC</b>								
3618	29.12.2004	Coal	13030100	3,580.73	3,622.00	(41.27)	3,622.00	(41.27)
3619	29.12.2004	Coal	13030100	734.78	1,043.00	(308.22)	1,043.00	(308.22)
4178	28.12.2006	Coal	13030100	666.96	1,396.00	(729.04)	1,396.00	(729.04)
3620	29.12.2004	Coal	13030100	406.31	870.00	(463.69)	870.00	(463.69)
2970	05.05.2003	Coal	13030100	-	2,289.03	(2,289.03)	2,289.03	(2,289.03)

Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>Lvivuhillia SE</b>								
2970	05.05.2003	Coal	13030100	-	2,289.03	(2,289.03)	2,289.03	(2,289.03)
6054	17.06.2015	Technical water	13030100	-	29.27	(29.27)	29.27	(29.27)
3687	12.09.2005	Coal, Technical water	13030100	-	2,299.25	(2,299.25)	2,299.25	(2,299.25)
2971	05.05.2003	Coal	13030100	-	1,969.23	(1,969.23)	1,969.23	(1,969.23)
2968	05.05.2003	Coal	13030100	-	3,287.56	(3,287.56)	3,287.56	(3,287.56)
3685	12.09.2005	Coal, Technical water	13030100	1,032.27	3,474.38	(2,442.11)	3,474.38	(2,442.11)
3686	12.09.2005	Coal, Technical water	13030100	-	2,059.98	(2,059.98)	2,059.98	(2,059.98)
2973	05.05.2003	Coal	13030100	-	-	-	-	-
<b>Myrnohradvuhillia SE</b>								
3110	08.11.2003	Coal	13030100	1,647.65	1,713.00	(65.35)	1,713.00	(65.35)
3111	08.11.2003	Coal	13030100	654.41	692.00	(37.59)	654.00	(0.41)
3344	13.07.2004	Coal	13030100	9,317.02	9,344.00	(26.98)	9,344.00	(26.98)
3113	11.08.2003	Coal	13030100	-	-	-	-	-
<b>Pervomaiskvuhillia SE</b>								
3194	10.02.2003	Coal	13030100	57.38	57.40	(0.02)	57.40	(0.02)
3252	16.10.2003	Coal	13030100	1,521.75	1,465.10	56.65	1,465.10	56.65
3193	10.02.2003	Coal	13030100	3,129.25	3,166.20	(36.95)	3,166.20	(36.95)
3191	10.02.2003	Coal	13030100	1,246.24	1,215.70	30.54	1,215.70	30.54
<b>Selydivvuhillia SE</b>								
4778	18.11.2008	Coal	13030100	2,073.53	2,135.85	(62.32)	2,135.85	(62.32)
4779	18.11.2008	Coal	13030100	1,486.89	2,008.93	(522.04)	2,008.93	(522.04)
4780	18.11.2008	Coal	13030100	479.84	504.08	(24.24)	504.08	(24.24)
4781	18.11.2008	Coal	13030100	3,476.44	6,925.00	(3,448.56)	6,925.00	(3,448.56)
4979	18.11.2008	Coal	13030100	446.35	-	446.35	-	446.35
<b>Toretskvuhillia SE</b>								
3754	27.12.2005	Coal	13030100	11,819.66	11,858.00	(38.34)	11,858.00	(38.34)
3751	27.12.2005	Coal	13030100	5,606.27	5,688.00	(81.73)	5,688.00	(81.73)
4821	30.05.2011	Coal	13030100	-	-	-	-	-



Special permit number	Date of issuance of special permit	Type of minerals	Sub-payment number	Accrued in 2020, according to state agencies, UAH thousand	Initial data of companies, UAH thousand		Final data of companies, UAH thousand	
					Accrued in 2020	Discrepancies in accrued payments	Accrued in 2020	Discrepancies in accrued payments
<b>Bilozerska Mine ALC</b>								
4855	21.01.2009	Coal	13030100	6,497.84	5,512.96	984.88	5,512.96	984.88
<b>Mine named after M. S. Surgai SE</b>								
3675	12.09.2005	Coal, Technical water	13030100	19,220.42	22,848.00	(3,627.58)	22,848.00	(3,627.58)
4606	18.12.2007	Drinking waters	13030100	121.73	122.00	(0.27)	122.00	(0.27)
<b>Mine Administration Pivdenodonbaske #1 SE</b>								
4059	17.10.2006	Coal	13030100	10,525.31	11,126.00	(600.69)	11,126.00	(600.69)
<b>Colliery Group Pokrovs'ke PJSC</b>								
4784	24.11.2008	Coal	13030100	110,995.65	110,995.65	0.00	110,995.65	0.00
4608	18.12.2007	Sand	13030100	-	-	-	-	-
<b>Krasnolymanska Coal Mining Company SE</b>								
4403	28.09.2007	Coal	13030100	-	-	-	-	-

## 10.2 Data of reporting companies for land fees from legal entities<sup>1098</sup>

*Data on land fee accrued and paid by the reporting companies of oil and natural gas extraction industry (including transmission) in 2020, provided by companies*

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915) including:</b>						-	-
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	18010500, 18010600	Land fee from legal entities	-	-
<b>Total Naftogaz of Ukraine NJSC including:</b>						<b>13,489.90</b>	<b>12,187.51</b>
Naftogaz of Ukraine NJSC	-	-	-	18010500	Land tax on legal entities	872.74	1,033.42
Naftogaz of Ukraine NJSC	-	-	-	18010600	Rent from legal entities	12,617.16	11,154.09
<b>Total Gas Transmission System Operator of Ukraine LLC including:</b>						<b>2.00</b>	<b>0.21</b>
Gas Transmission System Operator of Ukraine LLC	-	-	-	18010500	Land tax on legal entities	2.00	0.21
<b>Total Ukrtransgaz JSC including:</b>						<b>91,580.00</b>	<b>91,773.10</b>
Ukrtransgaz JSC	-	-	-	18010600	Rent from legal entities	337.00	331.10
Ukrtransgaz JSC	-	-	-	18010500	Land tax on legal entities	91,243.00	91,442.00
<b>Total Ukrtransnafta JSC including:</b>						<b>12,966.81</b>	<b>12,966.81</b>
Ukrtransnafta JSC	-	-	-	18010600	Rent from legal entities	12,966.81	12,966.81
<b>Total Energy Service Company Esco-Pivnich LLC including:</b>						<b>464.12</b>	<b>464.02</b>
Energy Service Company Esco-Pivnich LLC	5318	13.01.2011	Natural gas	18010600	Rent from legal entities	74.20	74.20
Energy Service Company Esco-Pivnich LLC	5318	13.01.2011	Natural gas	18010500	Land tax on legal entities	0.38	0.38
Energy Service Company Esco-Pivnich LLC	5360	13.01.2011	Natural gas	18010600	Rent from legal entities	389.44	389.44
Energy Service Company Esco-Pivnich LLC	4096	16.02.2012	Natural gas	18010500	Land tax on legal entities	0.10	-
<b>Total Zakhidnadrasereservice LLC including:</b>						<b>90.60</b>	<b>90.60</b>
Zakhidnadrasereservice LLC	4884	19.01.2018	Natural gas	18010600	Rent from legal entities	43.00	43.00
Zakhidnadrasereservice LLC	4779	1.7.2016	Natural gas	18010600	Rent from legal entities	47.60	47.60
<b>Total Kub-gaz LLC including:</b>						<b>651.90</b>	<b>717.20</b>
Kub-gaz LLC	5480	6.2.2012	Natural gas	18010500	Land tax on legal entities	119.40	131.40
Kub-gaz LLC	5506	9.4.2012	Natural gas	18010500	Land tax on legal entities	532.50	585.80
<b>Total Nadra-Geoinvest LLC including:</b>						<b>30.90</b>	<b>30.90</b>

<sup>1098</sup> Land fee from legal entities is a payment of property tax

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Nadra-Geoinvest LLC	2673	23.12.2004	Natural gas	18010600	Rent from legal entities	7.20	7.20
Nadra-Geoinvest LLC	4271	6.12.2012	Natural gas	18010600	Rent from legal entities	23.70	23.70
<b>Total Naftogazvydobuvannya PrJSC including:</b>						<b>2,115.56</b>	<b>2,239.33</b>
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	18010600	Rent from legal entities	1,280.19	1,403.96
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	18010600	Rent from legal entities	277.85	277.85
Naftogazvydobuvannya PrJSC	5965	23.07.2014	Natural gas	18010600	Rent from legal entities	557.52	557.52
<b>Total Persha ukrainska hazonaftova kompaniia LLC including:</b>						<b>736.00</b>	<b>683.00</b>
Persha ukrainska hazonaftova kompaniia LLC	5450	30.12.2011	Natural gas	18010600	Rent from legal entities	664.00	625.00
Persha ukrainska hazonaftova kompaniia LLC	5449	29.12.2011	Natural gas	18010600	Rent from legal entities	72.00	58.00
<b>Total Poltava Petroleum Company JV including:</b>						<b>848.26</b>	<b>849.62</b>
Poltava Petroleum Company JV	3659	31.12.2004	Natural gas	18010600	Rent from legal entities	15.33	15.33
Poltava Petroleum Company JV	3658	31.12.2004	Natural gas	18010600	Rent from legal entities	9.12	9.12
Poltava Petroleum Company JV	5966	31.07.2014	Natural gas	18010600	Rent from legal entities	55.30	55.30
Poltava Petroleum Company JV	-	-	-	18010600	Rent from legal entities	768.51	769.87
<b>Total Prom-Energo Product LLC including:</b>						<b>64.56</b>	<b>64.56</b>
Prom-Energo Product LLC	5626	15.08.2012	Condensate	18010600	Rent from legal entities	64.56	64.56
<b>Total Representative Office of Regal Petroleum Corporation Limited including:</b>						<b>654.97</b>	<b>654.97</b>
Representative Office of Regal Petroleum Corporation Limited	3334	1.7.2004	Natural gas	18010600	Rent from legal entities	512.57	512.57
Representative Office of Regal Petroleum Corporation Limited	3335	1.7.2004	Natural gas	18010600	Rent from legal entities	142.40	142.40
<b>Total Stryinaftogaz LLC including:</b>						<b>532.69</b>	<b>532.69</b>
Stryinaftogaz LLC	4748	12.4.2016	Natural gas	18010600	Rent from legal entities	532.69	532.69
<b>Total Vydobuvna kompaniia Ukrnaftoburinnia PrJSC including:</b>						<b>4.39</b>	<b>4.60</b>
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	6349	10.7.2019	Dissolved Gas-in-Oil	18010500	Land tax on legal entities	4.39	4.60
<b>Total Natural Resources PrJSC including:</b>						<b>362.19</b>	<b>372.08</b>
Natural Resources PrJSC	5745	26.03.2013	Natural gas	18010600	Rent from legal entities	362.19	372.08
<b>Total Ukrnafta PJSC including:</b>						<b>196,948.60</b>	<b>196,948.60</b>
Ukrnafta PJSC	-	-	-	18010500	Land tax on legal entities	196,948.60	196,948.60
<b>Total Oil&amp;Gas Geoeexploring LLC including:</b>						<b>-</b>	<b>-</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Oil&Gas Geoexploring LLC	5096	7.10.2020	-	18010500, 18010600	Land fee from legal entities	-	-
<b>Total Nordik PE including:</b>						<b>46.89</b>	<b>138.82</b>
Nordik PE	4689	9.4.2015	-	18010600	Rent from legal entities	46.89	137.57
Nordik PE	4689	9.4.2015	-	18010500	Land tax on legal entities	-	1.25
<b>Total Systemoilingenering LLC including:</b>						-	-
Systemoilingenering LLC	4212	27.8.2012	-	18010500, 18010600	Land fee from legal entities	-	-
<b>Total Energy-95 LLC including:</b>						<b>372.70</b>	<b>67.70</b>
Energy-95 LLC	5640	18.9.2012	-	18010500, 18010600	Land fee from legal entities	372.70	67.70
<b>Total Ukgazvydobutok PrJSC including:</b>						-	-
Ukgazvydobutok PrJSC	4404	4.10.2007	-	18010500, 18010600	Land fee from legal entities	-	-
<b>Total JV Ukrkarpatoil LTD LLC including:</b>						<b>11.00</b>	<b>11.00</b>
JV Ukrkarpatoil LTD LLC	310	31.08.2021	-	18010500	Land tax on legal entities	11.00	11.00
<b>Total Ukgazvydobuvannya JSC including:</b>						<b>14,993,723.63</b>	<b>58,361.54</b>
Ukgazvydobuvannya JSC	-	-	-	18010500	Land tax on legal entities	-	45,896.07
Ukgazvydobuvannya JSC	-	-	-	18010600	Rent from legal entities	-	12,465.47
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	45,901.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	82.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	14.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	18.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	16.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	28.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	16.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	69.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukgazvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	23.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	397.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	24.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	27.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	88.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	26.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1,173.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	975.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2,466.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	87.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	57.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	19.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	58.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	56.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	103.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	563.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	107.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	45.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	11.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	67.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	39.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	29.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	38.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	250.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	29.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	891.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	304.00	-



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4,995.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	150.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	26.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	43.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	248.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	39.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	17.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	168.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	70.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	90.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	22.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	20.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	222.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	421.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	63.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5,256.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	21.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	13.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	13.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3,852.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	415.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1,059.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	422.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	466.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	822.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	9,429.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	50.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	472.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1,466.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	652.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	31.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	86.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	257.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	323.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	198.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	27.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	220.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	29.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	17.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	13.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	83.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1,319.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	977.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	136.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2,023.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	15.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	24.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	47.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	34.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	24.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	99.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	37.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	70.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	35.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	31.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	91.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	9.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010500	Land tax on legal entities	41.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	12,285.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	228.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	26.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	37.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	41.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	105.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	41.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	49.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	71.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	5.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	113.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	68.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	48.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	107.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	41.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	86.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	15.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	117.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	211.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	14.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	11.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	258.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	29.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	41.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	621.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	23.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	62.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	336.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	16.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	65.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	3.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	23.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	216.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	13.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	126.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	275.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	236.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	97.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	8.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	10.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	159.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	12.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	150.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	7.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	103.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	190.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	41.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	254.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	106.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	31.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	76.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	34.00	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	129.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	1.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	13.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	18.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2,594.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	274.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	17.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	68.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	25.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	4.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	133.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	147.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	6.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	31.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	350.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	38.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	82.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	101.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	39.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	61.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	60.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	33.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	244.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	43.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	56.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	116.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	14.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	217.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	42.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	13.00	-



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	39.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	112.00	-
Ukrgezvydobuvannya JSC	-	-	Natural gas	18010600	Rent from legal entities	2,015.00	-
Ukrgezvydobuvannya JSC	1777	16.03.1999	Natural gas	18010500	Land tax on legal entities	377.72	-
Ukrgezvydobuvannya JSC	1787	16.03.1999	Natural gas	18010500	Land tax on legal entities	724.80	-
Ukrgezvydobuvannya JSC	1827	05.04.1999	Natural gas	18010500	Land tax on legal entities	10,370.54	-
Ukrgezvydobuvannya JSC	2271	12.10.2000	Natural gas	18010500	Land tax on legal entities	540,334.66	-
Ukrgezvydobuvannya JSC	2273	12.10.2000	Natural gas	18010500	Land tax on legal entities	9,042.95	-
Ukrgezvydobuvannya JSC	2343	20.12.2000	Natural gas	18010500	Land tax on legal entities	68,950.21	-
Ukrgezvydobuvannya JSC	2351	28.12.2000	Natural gas	18010500	Land tax on legal entities	28,550.32	-
Ukrgezvydobuvannya JSC	2354	28.12.2000	Natural gas	18010500	Land tax on legal entities	23,597.48	-
Ukrgezvydobuvannya JSC	2355	28.12.2000	Natural gas	18010500	Land tax on legal entities	85,551.28	-
Ukrgezvydobuvannya JSC	2356	28.12.2000	Natural gas	18010500	Land tax on legal entities	46,560.42	-
Ukrgezvydobuvannya JSC	2367	01.02.2001	Natural gas	18010500	Land tax on legal entities	441,998.36	-
Ukrgezvydobuvannya JSC	2368	01.02.2001	Natural gas	18010500	Land tax on legal entities	12,358.55	-
Ukrgezvydobuvannya JSC	2369	01.02.2001	Natural gas	18010500	Land tax on legal entities	38,522.22	-
Ukrgezvydobuvannya JSC	2370	08.02.2001	Natural gas	18010500	Land tax on legal entities	15,941.21	-
Ukrgezvydobuvannya JSC	2371	08.02.2001	Natural gas	18010500	Land tax on legal entities	2,219.36	-
Ukrgezvydobuvannya JSC	2391	21.02.2001	Natural gas	18010500	Land tax on legal entities	3,007.82	-
Ukrgezvydobuvannya JSC	2427	05.04.2001	Natural gas	18010500	Land tax on legal entities	7,389.36	-
Ukrgezvydobuvannya JSC	2456	27.04.2001	Natural gas	18010500	Land tax on legal entities	7,735.21	-
Ukrgezvydobuvannya JSC	2492	20.06.2001	Natural gas	18010500	Land tax on legal entities	11,617.31	-
Ukrgezvydobuvannya JSC	2594	23.11.2001	Natural gas	18010500	Land tax on legal entities	3,513.83	-
Ukrgezvydobuvannya JSC	2653	01.03.2002	Natural gas	18010500	Land tax on legal entities	2,562.04	-
Ukrgezvydobuvannya JSC	3116	12.08.2003	Natural gas	18010500	Land tax on legal entities	7,547.64	-
Ukrgezvydobuvannya JSC	3117	12.08.2003	Natural gas	18010500	Land tax on legal entities	26,983.91	-
Ukrgezvydobuvannya JSC	3118	12.08.2003	Natural gas	18010500	Land tax on legal entities	4,356.16	-
Ukrgezvydobuvannya JSC	3340	13.07.2004	Natural gas	18010500	Land tax on legal entities	1,633.56	-
Ukrgezvydobuvannya JSC	3341	13.07.2004	Natural gas	18010500	Land tax on legal entities	15,291.90	-
Ukrgezvydobuvannya JSC	3342	13.07.2004	Natural gas	18010500	Land tax on legal entities	19,406.07	-
Ukrgezvydobuvannya JSC	4001	09.08.2006	Natural gas	18010500	Land tax on legal entities	1,297.54	-
Ukrgezvydobuvannya JSC	4002	09.08.2006	Natural gas	18010500	Land tax on legal entities	3,039.95	-
Ukrgezvydobuvannya JSC	4164	22.12.2006	Natural gas	18010500	Land tax on legal entities	11,707.15	-
Ukrgezvydobuvannya JSC	4165	22.12.2006	Natural gas	18010500	Land tax on legal entities	1,583.29	-



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	4290	17.07.2007	Natural gas	18010500	Land tax on legal entities	95,541.23	-
Ukrgezvydobuvannya JSC	4621	17.12.2014	Natural gas	18010500	Land tax on legal entities	1,305.60	-
Ukrgezvydobuvannya JSC	5009	03.09.2009	Natural gas	18010500	Land tax on legal entities	6,562.81	-
Ukrgezvydobuvannya JSC	5011	03.09.2009	Natural gas	18010500	Land tax on legal entities	16,880.10	-
Ukrgezvydobuvannya JSC	5178	01.07.2010	Natural gas	18010500	Land tax on legal entities	1,602.69	-
Ukrgezvydobuvannya JSC	5408	13.06.2011	Natural gas	18010500	Land tax on legal entities	725.33	-
Ukrgezvydobuvannya JSC	5544	25.03.2012	Natural gas	18010500	Land tax on legal entities	1,710.82	-
Ukrgezvydobuvannya JSC	5650	05.10.2012	Natural gas	18010500	Land tax on legal entities	2,711.13	-
Ukrgezvydobuvannya JSC	5652	05.10.2012	Natural gas	18010500	Land tax on legal entities	1,382.11	-
Ukrgezvydobuvannya JSC	6097	23.07.2014	Natural gas	18010500	Land tax on legal entities	12,018.05	-
Ukrgezvydobuvannya JSC	1793	24.03.1999	Natural gas	18010500	Land tax on legal entities	7,315.66	-
Ukrgezvydobuvannya JSC	1793	24.03.1999	Natural gas	18010600	Rent from legal entities	64,380.59	-
Ukrgezvydobuvannya JSC	2463	14.05.2001	Natural gas	18010500	Land tax on legal entities	2,223.13	-
Ukrgezvydobuvannya JSC	2463	14.05.2001	Natural gas	18010600	Rent from legal entities	522,030.82	-
Ukrgezvydobuvannya JSC	1812	25.03.1999	Natural gas	18010500	Land tax on legal entities	16,871.01	-
Ukrgezvydobuvannya JSC	1812	25.03.1999	Natural gas	18010600	Rent from legal entities	14,650.74	-
Ukrgezvydobuvannya JSC	1813	25.03.1999	Natural gas	18010500	Land tax on legal entities	1,714.20	-
Ukrgezvydobuvannya JSC	1813	25.03.1999	Natural gas	18010600	Rent from legal entities	3,236.34	-
Ukrgezvydobuvannya JSC	4947	19.12.2018	Natural gas	18010600	Rent from legal entities	10,521.45	-
Ukrgezvydobuvannya JSC	5903	30.01.2014	Natural gas	18010500	Land tax on legal entities	596.94	-
Ukrgezvydobuvannya JSC	5903	30.01.2014	Natural gas	18010600	Rent from legal entities	79,979.46	-
Ukrgezvydobuvannya JSC	1775	16.03.1999	Natural gas	18010500	Land tax on legal entities	415,332.76	-
Ukrgezvydobuvannya JSC	1775	16.03.1999	Natural gas	18010600	Rent from legal entities	3,904.25	-
Ukrgezvydobuvannya JSC	5177	01.07.2010	Natural gas	18010500	Land tax on legal entities	71,727.01	-
Ukrgezvydobuvannya JSC	1815	25.03.1999	Natural gas	18010500	Land tax on legal entities	3,278.03	-
Ukrgezvydobuvannya JSC	1814	25.03.1999	Natural gas	18010500	Land tax on legal entities	32,116.62	-
Ukrgezvydobuvannya JSC	1786	16.03.1999	Natural gas	18010500	Land tax on legal entities	4,571.67	-
Ukrgezvydobuvannya JSC	1786	16.03.1999	Natural gas	18010600	Rent from legal entities	16,369.90	-
Ukrgezvydobuvannya JSC	2375	08.02.2001	Natural gas	18010500	Land tax on legal entities	14,796.17	-
Ukrgezvydobuvannya JSC	2375	08.02.2001	Natural gas	18010600	Rent from legal entities	4,457.48	-
Ukrgezvydobuvannya JSC	6009	17.12.2014	Natural gas	18010500	Land tax on legal entities	42,562.61	-
Ukrgezvydobuvannya JSC	6009	17.12.2014	Natural gas	18010600	Rent from legal entities	220,966.19	-
Ukrgezvydobuvannya JSC	5902	30.01.2014	Natural gas	18010600	Rent from legal entities	44,751.05	-
Ukrgezvydobuvannya JSC	5989	20.10.2014	Natural gas	18010500	Land tax on legal entities	330.20	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	5989	20.10.2014	Natural gas	18010600	Rent from legal entities	250,262.48	-
Ukrgezvydobuvannya JSC	6218	01.09.2017	Natural gas	18010500	Land tax on legal entities	4,653.02	-
Ukrgezvydobuvannya JSC	6218	01.09.2017	Natural gas	18010600	Rent from legal entities	11,407.01	-
Ukrgezvydobuvannya JSC	6230	18.10.2017	Natural gas	18010600	Rent from legal entities	53,480.20	-
Ukrgezvydobuvannya JSC	1778	16.03.1999	Natural gas	18010600	Rent from legal entities	68,841.79	-
Ukrgezvydobuvannya JSC	4924	01.10.2018	Natural gas	18010600	Rent from legal entities	262,540.96	-
Ukrgezvydobuvannya JSC	6217	01.09.2017	Natural gas	18010500	Land tax on legal entities	1,048.81	-
Ukrgezvydobuvannya JSC	6217	01.09.2017	Natural gas	18010600	Rent from legal entities	4,339.05	-
Ukrgezvydobuvannya JSC	2236	07.09.2000	Natural gas	18010500	Land tax on legal entities	26,712.22	-
Ukrgezvydobuvannya JSC	2236	07.09.2000	Natural gas	18010600	Rent from legal entities	108,127.23	-
Ukrgezvydobuvannya JSC	2228	18.08.2000	Natural gas	18010500	Land tax on legal entities	7,182.95	-
Ukrgezvydobuvannya JSC	2228	18.08.2000	Natural gas	18010600	Rent from legal entities	54,574.23	-
Ukrgezvydobuvannya JSC	1807	25.03.1999	Natural gas	18010500	Land tax on legal entities	503.99	-
Ukrgezvydobuvannya JSC	1807	25.03.1999	Natural gas	18010600	Rent from legal entities	4,548.00	-
Ukrgezvydobuvannya JSC	1811	25.03.1999	Natural gas	18010500	Land tax on legal entities	28.15	-
Ukrgezvydobuvannya JSC	1811	25.03.1999	Natural gas	18010600	Rent from legal entities	141.53	-
Ukrgezvydobuvannya JSC	2462	14.05.2001	Natural gas	18010500	Land tax on legal entities	78.88	-
Ukrgezvydobuvannya JSC	2462	14.05.2001	Natural gas	18010600	Rent from legal entities	5,420.97	-
Ukrgezvydobuvannya JSC	5542	03.05.2012	Natural gas	18010500	Land tax on legal entities	1,013.89	-
Ukrgezvydobuvannya JSC	5012	03.09.2009	Natural gas	18010500	Land tax on legal entities	3,273.88	-
Ukrgezvydobuvannya JSC	5012	03.09.2009	Natural gas	18010600	Rent from legal entities	36,011.78	-
Ukrgezvydobuvannya JSC	6133	08.07.2016	Natural gas	18010600	Rent from legal entities	281,404.73	-
Ukrgezvydobuvannya JSC	1806	25.03.1999	Natural gas	18010500	Land tax on legal entities	11,654.36	-
Ukrgezvydobuvannya JSC	1806	25.03.1999	Natural gas	18010600	Rent from legal entities	80,315.98	-
Ukrgezvydobuvannya JSC	1809	25.03.1999	Natural gas	18010500	Land tax on legal entities	5,512.00	-
Ukrgezvydobuvannya JSC	1809	25.03.1999	Natural gas	18010600	Rent from legal entities	44,309.97	-
Ukrgezvydobuvannya JSC	1796	24.03.1999	Natural gas	18010500	Land tax on legal entities	6,229.99	-
Ukrgezvydobuvannya JSC	1796	24.03.1999	Natural gas	18010600	Rent from legal entities	116,894.90	-
Ukrgezvydobuvannya JSC	2272	12.10.2000	Natural gas	18010500	Land tax on legal entities	65.01	-
Ukrgezvydobuvannya JSC	5541	03.05.2012	Natural gas	18010600	Rent from legal entities	14,872.46	-
Ukrgezvydobuvannya JSC	2452	23.04.2001	Natural gas	18010600	Rent from legal entities	1,210.32	-
Ukrgezvydobuvannya JSC	2486	13.06.2001	Natural gas	18010500	Land tax on legal entities	36,505.48	-
Ukrgezvydobuvannya JSC	2486	13.06.2001	Natural gas	18010600	Rent from legal entities	11,792.91	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	2425	05.04.2001	Natural gas	18010500	Land tax on legal entities	1,074,382.54	-
Ukrgezvydobuvannya JSC	2425	05.04.2001	Natural gas	18010600	Rent from legal entities	159,115.69	-
Ukrgezvydobuvannya JSC	4805	05.12.2008	Natural gas	18010500	Land tax on legal entities	529,795.42	-
Ukrgezvydobuvannya JSC	1810	25.03.1999	Natural gas	18010500	Land tax on legal entities	14,224.00	-
Ukrgezvydobuvannya JSC	1810	25.03.1999	Natural gas	18010600	Rent from legal entities	7,589.03	-
Ukrgezvydobuvannya JSC	1791	24.03.1999	Natural gas	18010500	Land tax on legal entities	3,150.90	-
Ukrgezvydobuvannya JSC	1780	16.03.1999	Natural gas	18010500	Land tax on legal entities	9,475.86	-
Ukrgezvydobuvannya JSC	1779	16.03.1999	Natural gas	18010500	Land tax on legal entities	9,845.04	-
Ukrgezvydobuvannya JSC	1774	16.03.1999	Natural gas	18010500	Land tax on legal entities	29,305.44	-
Ukrgezvydobuvannya JSC	1808	02.03.1999	Natural gas	18010500	Land tax on legal entities	211.17	-
Ukrgezvydobuvannya JSC	1804	25.03.1999	Natural gas	18010500	Land tax on legal entities	1,573.96	-
Ukrgezvydobuvannya JSC	2372	08.02.2001	Natural gas	18010500	Land tax on legal entities	57,107.98	-
Ukrgezvydobuvannya JSC	1979	10.09.1999	Natural gas	18010500	Land tax on legal entities	1,644.15	-
Ukrgezvydobuvannya JSC	1979	10.09.1999	Natural gas	18010600	Rent from legal entities	7,789.92	-
Ukrgezvydobuvannya JSC	5914	27.02.2014	Natural gas	18010500	Land tax on legal entities	1,644.15	-
Ukrgezvydobuvannya JSC	5914	27.02.2014	Natural gas	18010600	Rent from legal entities	7,789.91	-
Ukrgezvydobuvannya JSC	2398	26.03.2001	Natural gas	18010500	Land tax on legal entities	11,074.21	-
Ukrgezvydobuvannya JSC	2398	26.03.2001	Natural gas	18010600	Rent from legal entities	63,852.09	-
Ukrgezvydobuvannya JSC	2487	13.06.2001	Natural gas	18010500	Land tax on legal entities	3,014.16	-
Ukrgezvydobuvannya JSC	2428	05.04.2001	Natural gas	18010500	Land tax on legal entities	3,014.16	-
Ukrgezvydobuvannya JSC	5967	31.07.2014	Natural gas	18010600	Rent from legal entities	1,810.58	-
Ukrgezvydobuvannya JSC	5967	31.07.2014	Natural gas	18010500	Land tax on legal entities	1,892.64	-
Ukrgezvydobuvannya JSC	6285	02.10.2018	Natural gas	18010500	Land tax on legal entities	1,892.64	-
Ukrgezvydobuvannya JSC	5414	31.10.2011	Natural gas	18010600	Rent from legal entities	302.56	-
Ukrgezvydobuvannya JSC	5414	31.10.2011	Natural gas	18010500	Land tax on legal entities	6,596.36	-
Ukrgezvydobuvannya JSC	2386	21.02.2001	Natural gas	18010500	Land tax on legal entities	6,585.77	-
Ukrgezvydobuvannya JSC	2386	21.02.2001	Natural gas	18010600	Rent from legal entities	64,442.21	-
Ukrgezvydobuvannya JSC	2429	05.04.2001	Natural gas	18010500	Land tax on legal entities	10,457.90	-
Ukrgezvydobuvannya JSC	2429	05.04.2001	Natural gas	18010600	Rent from legal entities	685.73	-
Ukrgezvydobuvannya JSC	2373	08.02.2001	Natural gas	18010500	Land tax on legal entities	47,270.39	-
Ukrgezvydobuvannya JSC	2373	08.02.2001	Natural gas	18010600	Rent from legal entities	2,522.53	-
Ukrgezvydobuvannya JSC	5913	27.02.2014	Natural gas	18010500	Land tax on legal entities	3,872.13	-
Ukrgezvydobuvannya JSC	5409	31.10.2011	Natural gas	18010500	Land tax on legal entities	8,048.90	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	5404	31.10.2011	Natural gas	18010500	Land tax on legal entities	3,990.59	-
Ukrgezvydobuvannya JSC	2363	31.01.2001	Natural gas	18010500	Land tax on legal entities	501.43	-
Ukrgezvydobuvannya JSC	2363	31.01.2001	Natural gas	18010600	Rent from legal entities	274,732.31	-
Ukrgezvydobuvannya JSC	2387	21.02.2001	Natural gas	18010500	Land tax on legal entities	100,817.53	-
Ukrgezvydobuvannya JSC	2387	21.02.2001	Natural gas	18010600	Rent from legal entities	216,408.99	-
Ukrgezvydobuvannya JSC	2352	28.12.2000	Natural gas	18010500	Land tax on legal entities	2,284.33	-
Ukrgezvydobuvannya JSC	2352	28.12.2000	Natural gas	18010600	Rent from legal entities	236,059.10	-
Ukrgezvydobuvannya JSC	5915	27.02.2014	Natural gas	18010500	Land tax on legal entities	222.86	-
Ukrgezvydobuvannya JSC	5413	31.10.2011	Natural gas	18010600	Rent from legal entities	47.69	-
Ukrgezvydobuvannya JSC	5413	31.10.2011	Natural gas	18010500	Land tax on legal entities	2,529.30	-
Ukrgezvydobuvannya JSC	2390	21.02.2001	Natural gas	18010500	Land tax on legal entities	2,745.25	-
Ukrgezvydobuvannya JSC	1935	14.07.1999	Natural gas	18010500	Land tax on legal entities	9,182.62	-
Ukrgezvydobuvannya JSC	2493	20.06.2001	Natural gas	18010500	Land tax on legal entities	63,022.46	-
Ukrgezvydobuvannya JSC	2493	20.06.2001	Natural gas	18010600	Rent from legal entities	38,937.74	-
Ukrgezvydobuvannya JSC	1803	25.03.1999	Natural gas	18010500	Land tax on legal entities	12,076.73	-
Ukrgezvydobuvannya JSC	1803	25.03.1999	Natural gas	18010600	Rent from legal entities	287,120.25	-
Ukrgezvydobuvannya JSC	2353	28.12.2000	Natural gas	18010500	Land tax on legal entities	33,788.64	-
Ukrgezvydobuvannya JSC	2353	28.12.2000	Natural gas	18010600	Rent from legal entities	4,241.91	-
Ukrgezvydobuvannya JSC	5713	22.01.2013	Natural gas	18010500	Land tax on legal entities	33,788.64	-
Ukrgezvydobuvannya JSC	5713	22.01.2013	Natural gas	18010600	Rent from legal entities	6,096.00	-
Ukrgezvydobuvannya JSC	1805	25.03.1999	Natural gas	18010500	Land tax on legal entities	25,878.65	-
Ukrgezvydobuvannya JSC	1805	25.03.1999	Natural gas	18010600	Rent from legal entities	12,008.79	-
Ukrgezvydobuvannya JSC	5010	03.09.2009	Natural gas	18010500	Land tax on legal entities	20,032.65	-
Ukrgezvydobuvannya JSC	1936	14.07.1999	Natural gas	18010500	Land tax on legal entities	129,270.90	-
Ukrgezvydobuvannya JSC	1936	14.07.1999	Natural gas	18010600	Rent from legal entities	150,638.77	-
Ukrgezvydobuvannya JSC	1980	10.09.1999	Natural gas	18010500	Land tax on legal entities	5,235,991.84	-
Ukrgezvydobuvannya JSC	1980	10.09.1999	Natural gas	18010600	Rent from legal entities	7,123.50	-
Ukrgezvydobuvannya JSC	2365	31.01.2001	Natural gas	18010500	Land tax on legal entities	18,816.28	-
Ukrgezvydobuvannya JSC	5411	31.10.2011	Natural gas	18010500	Land tax on legal entities	1,601.82	-
Ukrgezvydobuvannya JSC	5411	31.10.2011	Natural gas	18010600	Rent from legal entities	587,603.95	-
Ukrgezvydobuvannya JSC	2364	31.01.2001	Natural gas	18010500	Land tax on legal entities	12,368.73	-
Ukrgezvydobuvannya JSC	5651	05.10.2012	Natural gas	18010500	Land tax on legal entities	98.83	-
Ukrgezvydobuvannya JSC	2102	27.12.1999	Natural gas	18010500	Land tax on legal entities	4,961.79	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobuvannya JSC	2102	27.12.1999	Natural gas	18010600	Rent from legal entities	11,271.18	-
Ukrgezvydobuvannya JSC	2388	21.02.2001	Natural gas	18010500	Land tax on legal entities	21,502.21	-
Ukrgezvydobuvannya JSC	2430	05.04.2001	Natural gas	18010500	Land tax on legal entities	7,222.01	-
Ukrgezvydobuvannya JSC	2430	05.04.2001	Natural gas	18010600	Rent from legal entities	91,727.44	-
Ukrgezvydobuvannya JSC	5410	31.10.2011	Natural gas	18010500	Land tax on legal entities	1,944.94	-
Ukrgezvydobuvannya JSC	5410	31.10.2011	Natural gas	18010600	Rent from legal entities	301,227.10	-
Ukrgezvydobuvannya JSC	5412	31.10.2011	Natural gas	18010600	Rent from legal entities	11,271.18	-
Ukrgezvydobuvannya JSC	2182	23.03.2000	Natural gas	18010500	Land tax on legal entities	1,773.15	-
Ukrgezvydobuvannya JSC	2182	23.03.2000	Natural gas	18010600	Rent from legal entities	1,757.29	-
Ukrgezvydobuvannya JSC	2389	21.02.2001	Natural gas	18010500	Land tax on legal entities	-	-
Ukrgezvydobuvannya JSC	2389	21.02.2001	Natural gas	18010600	Rent from legal entities	-	-
Ukrgezvydobuvannya JSC	1817	25.03.1999	Natural gas	18010500	Land tax on legal entities	16,512.77	-
Ukrgezvydobuvannya JSC	1817	25.03.1999	Natural gas	18010600	Rent from legal entities	13,062.50	-
Ukrgezvydobuvannya JSC	4581	12.09.2014	Natural gas	18010600	Rent from legal entities	3,252.77	-

*Data on land fee accrued and paid by the reporting companies of iron ores mining in 2020, provided by companies*

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Velta LLC including:</b>						<b>4,688.57</b>	<b>4,428.49</b>
Velta LLC	4275	13.06.2007	Titanium ores	18010600	Rent from legal entities	4,688.57	4,428.49
<b>Total Yerystiv Iron-Ore Enrichment Works LLC including:</b>						<b>15,387.00</b>	<b>14,941.10</b>
Yerystiv Iron-Ore Enrichment Works LLC	2768	27.08.2002	Iron ores	18010500	Land tax on legal entities, mining activities	54.90	55.50
Yerystiv Iron-Ore Enrichment Works LLC	2768	27.08.2002	Iron ores	18010600	Rent from legal entities, mining activities	15,332.10	14,885.60
<b>Total Ingulets Iron Ore Enrichment Works PrJSC including:</b>						<b>33,140.87</b>	<b>29,847.22</b>
Ingulets Iron Ore Enrichment Works PrJSC	1932	14.04.1997	Iron ores	18010600	Rent from legal entities	11,121.92	7,806.15
Ingulets Iron Ore Enrichment Works PrJSC	1932	14.04.1997	Iron ores	18010500	Land tax on legal entities	22,018.95	22,041.07
<b>Total Krivyi Rih Iron-Ore Combine JSC including:</b>						<b>29,227.43</b>	<b>29,227.43</b>
Krivyi Rih Iron-Ore Combine JSC	2559	12.10.2001	Iron ores	18010500	Land tax on legal entities	783.86	783.86
Krivyi Rih Iron-Ore Combine JSC	2558	12.10.2001	Iron ores	18010600	Rent from legal entities	(10,781.89)	(10,781.89)
Krivyi Rih Iron-Ore Combine JSC	2557	12.10.2001	Iron ores	18010500	Land tax on legal entities	14.61	14.61
Krivyi Rih Iron-Ore Combine JSC	2557	12.10.2001	Iron ores	18010600	Rent from legal entities	9,249.02	9,249.02

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Krivyi Rih Iron-Ore Combine JSC	2559	12.10.2001	Iron ores	18010600	Rent from legal entities	3,818.74	3,818.74
Krivyi Rih Iron-Ore Combine JSC	5068	10.12.2009	Groundwaters	18010600	Rent from legal entities	46.90	46.90
Krivyi Rih Iron-Ore Combine JSC	2556	12.10.2001	Iron ores	18010500	Land tax on legal entities	4.94	4.94
Krivyi Rih Iron-Ore Combine JSC	2556	12.10.2001	Iron ores	18010600	Rent from legal entities	3,524.10	3,524.10
Krivyi Rih Iron-Ore Combine JSC	-	-	-	18010500, 18010600	Land fee from legal entities	22,567.15	22,567.15
<b>Total Marganets Mining and Processing Plant PJSC including:</b>						<b>5,850.90</b>	<b>5,850.90</b>
Marganets Mining and Processing Plant PJSC	610	13.08.1996	Manganese ores	18010500	Land tax on legal entities	5,850.90	5,850.90
<b>Total United Mining and Chemical Company JSC including:</b>						<b>11,250.00</b>	<b>10,881.00</b>
United Mining and Chemical Company JSC	6027	11.2.2015	Titanium ores	18010500	Land tax on legal entities	1,716.00	1,618.00
United Mining and Chemical Company JSC	6028	20.02.2015	Titanium ores	18010500	Land tax on legal entities	9,534.00	9,263.00
<b>Total Southern Iron Ore Enrichment Works JSC including:</b>						<b>73,700.96</b>	<b>27,367.27</b>
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	18010500	Land tax on legal entities	312.18	312.18
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	18010500	Land tax on legal entities	312.19	312.19
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	18010600	Rent from legal entities	36,257.94	8,251.78
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	18010600	Rent from legal entities	36,818.65	18,491.12

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Nothern Iron Ore Enrichment Works PrJSC including:</b>						<b>56,968.74</b>	<b>56,605.07</b>
Nothern Iron Ore Enrichment Works PrJSC	1118, 1119	21.10.1997	Iron ores	18010500	Land tax on legal entities, mining activities	54,953.66	54,953.99
Nothern Iron Ore Enrichment Works PrJSC	1118, 1119	21.10.1997	Iron ores	18010600	Rent from legal entities, other activities	2,015.08	1,651.08
<b>Total Pokrovskiy GZK JS including:</b>						<b>92,576.61</b>	<b>92,576.61</b>
Pokrovskiy GZK JS	597	6.8.1996	Manganese ores	18010500	Land tax on legal entities	12,475.03	12,475.03
Pokrovskiy GZK JS	597	6.8.1996	Manganese ores	18010600	Rent from legal entities	80,101.58	80,101.58
<b>Total Poltava Iron Ore Enrichment Works PrJSC including:</b>						<b>42,415.08</b>	<b>42,415.08</b>
Poltava Iron Ore Enrichment Works PrJSC	1012	29.07.1997	Iron ores	18010500	Land tax on legal entities	25,900.14	25,900.14
Poltava Iron Ore Enrichment Works PrJSC	1012	29.07.1997	Iron ores	18010600	Rent from legal entities	16,514.94	16,514.94
<b>Total Rudomain LLC including:</b>						<b>6,518.23</b>	<b>6,506.33</b>
Rudomain LLC	6236	8.12.2017	Iron ores	18010600	Rent from legal entities	6,420.38	6,408.41
Rudomain LLC	6236	8.12.2017	Iron ores	18010500	Land tax on legal entities	97.85	97.91
<b>Total Central Iron Ore Enrichment Works PrJSC including:</b>						<b>117,532.10</b>	<b>99,128.38</b>
Central Iron Ore Enrichment Works PrJSC	2582, 2437, 2438, 2430	23.11.2001, 11.04.2001	Iron ores	18010500	Land tax on legal entities	3,648.00	3,648.00



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Central Iron Ore Enrichment Works PrJSC	2582, 2437, 2438, 2430	23.11.2001, 11.04.2001	Iron ores	18010600	Rent from legal entities	113,884.10	95,480.38
<b>Total ArcelorMittal Kryvyi Rih PJSC including:</b>						<b>815,568.00</b>	<b>617,228.00</b>
ArcelorMittal Kryvyi Rih PJSC	-	-	-	18010500	Land tax on legal entities	272.00	273.00
ArcelorMittal Kryvyi Rih PJSC	-	-	-	18010600	Rent from legal entities	815,296.00	616,955.00
<b>Total Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise) including:</b>						<b>17,115.29</b>	<b>17,154.67</b>
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	-	-	-	18010500	Land tax on legal entities	0.63	-
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	-	-	-	18010600	Rent from legal entities	17,114.66	17,154.67
<b>Total Suha Balka PrJSC including:</b>						<b>9,331.81</b>	<b>9,353.46</b>
Suha Balka PrJSC	-	-	-	18010500	Land tax on legal entities	(882.12)	(920.25)
Suha Balka PrJSC	-	-	-	18010600	Rent from legal entities	10,213.93	10,273.71

*Data on land fee accrued and paid by the reporting companies of coal mining in 2020, provided by companies*

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Krasnolymanska Coal Mining Company SE including:</b>						<b>115.82</b>	<b>5.86</b>
Krasnolymanska Coal Mining Company SE	4403	28.09.2007	Coal	18010500	Land tax on legal entities	115.82	5.86
<b>Total Volynvuhillia SE including:</b>						<b>4,656.00</b>	<b>728.00</b>
Volynvuhillia SE	3104	11.8.2003	Coal	18010500	Land tax on legal entities	11.00	-
Volynvuhillia SE	3107	11.8.2003	Coal	18010500	Land tax on legal entities	1,895.00	-
Volynvuhillia SE	-	-	-	-	-	2,750.00	728.00
<b>Total DTEK Dobropolyeugol LLC including:</b>						<b>16,014.66</b>	<b>15,973.41</b>
DTEK Dobropolyeugol LLC	3035	11.7.2003	Coal	18010500	Land tax on legal entities	-	-
DTEK Dobropolyeugol LLC	3034	11.7.2003	Coal	18010500	Land tax on legal entities	404.63	390.60
DTEK Dobropolyeugol LLC	3037	11.7.2003	Coal	18010500	Land tax on legal entities	653.17	630.53
DTEK Dobropolyeugol LLC	3038	11.7.2003	Coal	18010500	Land tax on legal entities	490.31	473.31
DTEK Dobropolyeugol LLC	3039	11.7.2003	Coal	18010500	Land tax on legal entities	160.32	154.77
DTEK Dobropolyeugol LLC	3035	11.7.2003	Coal	18010600	Rent from legal entities	-	-
DTEK Dobropolyeugol LLC	3034	11.7.2003	Coal	18010600	Rent from legal entities	3,388.32	3,392.57
DTEK Dobropolyeugol LLC	3037	11.7.2003	Coal	18010600	Rent from legal entities	5,469.61	5,476.48
DTEK Dobropolyeugol LLC	3038	11.7.2003	Coal	18010600	Rent from legal entities	4,105.76	4,110.92
DTEK Dobropolyeugol LLC	3039	11.7.2003	Coal	18010600	Rent from legal entities	1,342.54	1,344.23



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total DTEK Pavlohradcoal PrJSC including:</b>						<b>34,102.86</b>	<b>34,142.54</b>
DTEK Pavlohradcoal PrJSC	3692	21.08.2018	Coal	18010500	Land tax on legal entities	72.56	74.53
DTEK Pavlohradcoal PrJSC	3691	21.08.2018	Coal	18010500	Land tax on legal entities	106.30	109.19
DTEK Pavlohradcoal PrJSC	3563	23.11.2017	Coal	18010500	Land tax on legal entities	59.13	60.74
DTEK Pavlohradcoal PrJSC	3562	23.11.2017	Coal	18010500	Land tax on legal entities	103.01	105.81
DTEK Pavlohradcoal PrJSC	3561	21.08.2018	Coal	18010500	Land tax on legal entities	67.68	69.52
DTEK Pavlohradcoal PrJSC	3559	21.08.2018	Coal	18010500	Land tax on legal entities	33.49	34.40
DTEK Pavlohradcoal PrJSC	3688	21.08.2018	Coal	18010500	Land tax on legal entities	143.40	147.30
DTEK Pavlohradcoal PrJSC	3560	23.11.2017	Coal	18010500	Land tax on legal entities	103.39	106.20
DTEK Pavlohradcoal PrJSC	3692	21.08.2018	Coal	18010600	Rent from legal entities	3,518.87	3,521.08
DTEK Pavlohradcoal PrJSC	3691	21.08.2018	Coal	18010600	Rent from legal entities	5,155.48	5,158.71
DTEK Pavlohradcoal PrJSC	3563	23.11.2017	Coal	18010600	Rent from legal entities	2,867.91	2,869.71
DTEK Pavlohradcoal PrJSC	3562	23.11.2017	Coal	18010600	Rent from legal entities	4,995.81	4,998.94
DTEK Pavlohradcoal PrJSC	3561	21.08.2018	Coal	18010600	Rent from legal entities	3,282.44	3,284.49
DTEK Pavlohradcoal PrJSC	3559	21.08.2018	Coal	18010600	Rent from legal entities	1,624.33	1,625.35
DTEK Pavlohradcoal PrJSC	3688	21.08.2018	Coal	18010600	Rent from legal entities	6,954.83	6,959.19
DTEK Pavlohradcoal PrJSC	3560	23.11.2017	Coal	18010600	Rent from legal entities	5,014.23	5,017.38
<b>Total Lysychanskvuhillia JSC including:</b>						<b>726.00</b>	<b>2.00</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Lysychanskvuhillia JSC	-	-	Coal	18010500	Land tax on legal entities	726.00	2.00
<b>Total Pervomaiskvuhillia SE including:</b>						<b>1,057.60</b>	<b>(4.38)</b>
Pervomaiskvuhillia SE	3194	2.10.2003	Coal	18010500	Land tax on legal entities	269.50	-
Pervomaiskvuhillia SE	3252	16.10.2003	Coal	18010500	Land tax on legal entities	249.20	-
Pervomaiskvuhillia SE	3193	2.10.2003	Coal	18010500	Land tax on legal entities	420.50	5.00
Pervomaiskvuhillia SE	3191	2.10.2003	Coal	18010500	Land tax on legal entities	118.40	5.00
Pervomaiskvuhillia SE	-	-	-	18010600	Rent from legal entities	-	(14.38)
<b>Total Toretskvuhillia SE including:</b>						<b>416.00</b>	<b>3.00</b>
Toretskvuhillia SE	3754	27.12.2005	Coal	18010500	Land tax on legal entities	165.00	3.00
Toretskvuhillia SE	3751	27.12.2005	Coal	18010500	Land tax on legal entities	251.00	-
<b>Total Mine named after M. S. Surgai SE including:</b>						<b>1,160.00</b>	<b>144.00</b>
Mine named after M. S. Surgai SE	3675	9.12.2005	Coal	18010500	Land tax on legal entities	705.00	118.00
Mine named after M. S. Surgai SE	-	-	-	18010500	Land tax on legal entities	455.00	26.00
<b>Total Mine Administration Pivdenodonbaske #1 SE including:</b>						<b>645.00</b>	<b>377.00</b>
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	Coal	18010500	Land tax on legal entities	521.00	353.00
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	-	18010500	Land tax on legal entities	124.00	24.00
<b>Total Colliery Group Pokrovs'ke PJSC including:</b>						<b>5,487.54</b>	<b>5,486.56</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Colliery Group Pokrovs'ke PJSC	-	-	-	18010600	Rent from legal entities	5,476.43	5,475.43
Colliery Group Pokrovs'ke PJSC	-	-	-	18010500	Land tax on legal entities	11.11	11.13
<b>Total Lvivvuhillia SE including:</b>						<b>1,263.10</b>	<b>639.50</b>
Lvivvuhillia SE	-	-	-	18010600	Rent from legal entities	1.00	6.00
Lvivvuhillia SE	-	-	-	18010500	Land tax on legal entities	1,262.10	633.50
<b>Total Selydivvuhillia SE including:</b>						<b>1,615.00</b>	<b>25.00</b>
Selydivvuhillia SE	-	-	-	18010600	Rent from legal entities	4.00	-
Selydivvuhillia SE	-	-	-	18010500	Land tax on legal entities	1,611.00	25.00
<b>Total Myrnohradvuhillia SE including:</b>						<b>4,236.00</b>	<b>2.37</b>
Myrnohradvuhillia SE	-	-	-	18010600	Rent from legal entities	2.00	0.37
Myrnohradvuhillia SE	-	-	-	18010500	Land tax on legal entities	4,234.00	2.00
<b>Total Bilozerska Mine ALC including:</b>						<b>750.37</b>	<b>725.22</b>
Bilozerska Mine ALC	4855	21.01.2009	-	18010600	Rent from legal entities	694.70	669.55
Bilozerska Mine ALC	4855	21.01.2009	-	18010500	Land tax on legal entities	55.67	55.67

## 10.3 Data of reporting companies for environmental tax

Data on environmental tax accrued and paid by the reporting companies of oil and natural gas extraction industry (including transmission) in 2020, provided by companies

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Energy Service Company Esco-Pivnich LLC including:</b>						<b>58,76</b>	<b>56,52</b>
Energy Service Company Esco-Pivnich LLC	5318	13.01.2011	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	11,40	11,48
Energy Service Company Esco-Pivnich LLC	5318	13.01.2011	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1,42	-
Energy Service Company Esco-Pivnich LLC	5360	13.01.2011	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	13,37	13,21
Energy Service Company Esco-Pivnich LLC	5360	13.01.2011	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	6,42	5,22
Energy Service Company Esco-Pivnich LLC	4096	16.02.2012	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	10,76	10,76

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Energy Service Company Esco-Pivnich LLC	4096	16.02.2012	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	15,07	15,07
Energy Service Company Esco-Pivnich LLC	4178	4.7.2012	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,14	0,16
Energy Service Company Esco-Pivnich LLC	4178	4.7.2012	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	-	-
Energy Service Company Esco-Pivnich LLC	5395	14.10.2011	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,18	0,62
<b>Total Kub-gaz LLC including:</b>						<b>138,10</b>	<b>118,40</b>
Kub-gaz LLC	5480	6.2.2012	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	63,00	60,40
Kub-gaz LLC	5506	9.4.2012	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	75,10	58,00
<b>Total Nadra-Geoinvest LLC including:</b>						<b>0,10</b>	<b>0,10</b>
Nadra-Geoinvest LLC	4271	6.12.2012	Oil	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding	0,10	0,10

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					emissions of carbon dioxide into the atmosphere)		
<b>Total Naftogazvydobuvannya PrJSC including:</b>						<b>138,17</b>	<b>138,17</b>
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	19,03	19,03
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	7,70	7,70
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	89,57	89,57
Naftogazvydobuvannya PrJSC	3333	31.03.2004	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	5,83	5,83
Naftogazvydobuvannya PrJSC	5965	23.07.2014	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	13,95	13,95
Naftogazvydobuvannya PrJSC	5965	23.07.2014	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	2,09	2,09
<b>Total Nordik PE including:</b>						<b>550,54</b>	<b>1,00</b>
Nordik PE	4689	4.9.2015	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding	550,54	1,00



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					emissions of carbon dioxide into the atmosphere)		
<b>Total Persha ukrainska hazonaftova kompaniia LLC including:</b>						<b>45,05</b>	<b>45,05</b>
Persha ukrainska hazonaftova kompaniia LLC	5450	30.12.2011	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1,00	1,00
Persha ukrainska hazonaftova kompaniia LLC	5400	25.10.2011	Oil	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,05	0,05
Persha ukrainska hazonaftova kompaniia LLC	6438	21.10.2020	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	44,00	44,00
<b>Total Poltava Petroleum Company JV including:</b>						<b>20,72</b>	<b>665,39</b>
Poltava Petroleum Company JV	3661	31.12.2004	Natural gas	19010000	Environmental tax	13,84	13,84
Poltava Petroleum Company JV	3660	31.12.2004	Natural gas	19010000	Environmental tax	6,88	6,88
Poltava Petroleum Company JV	-	-	-	19010000	Environmental tax	-	644,67
<b>Total Natural Resources PrJSC including:</b>						<b>14,96</b>	<b>16,80</b>
Natural Resources PrJSC	5745	26.03.2013	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	14,96	16,80
<b>Total Prom-Energo Product LLC including:</b>						<b>46,25</b>	<b>35,71</b>
Prom-Energo Product LLC	5626	15.08.2012	Condensate	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding	37,63	28,31

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					emissions of carbon dioxide into the atmosphere)		
Prom-Energo Product LLC	5626	15.08.2012	Condensate	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	8,62	7,40
<b>Total Representative Office of Regal Petroleum Corporation Limited including:</b>						<b>50,12</b>	<b>49,74</b>
Representative Office of Regal Petroleum Corporation Limited	3334	37993	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	17,77	17,09
Representative Office of Regal Petroleum Corporation Limited	3335	37993	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	32,35	32,65
<b>Total Systemoilengenering LLC including:</b>						<b>11,50</b>	<b>8,59</b>
Systemoilengenering LLC	4212	27.08.2012	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	11,48	8,59
Systemoilengenering LLC	4212	27.08.2012	Natural gas	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	0,02	-
<b>Total Stryinaftogaz LLC including:</b>						<b>0,04</b>	<b>0,04</b>
Stryinaftogaz LLC	4748	12.4.2016	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,04	0,04
<b>Total Ukgazvydobutok PrJSC including:</b>						<b>34,89</b>	<b>45,03</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Ukrgezvydobutok PrJSC	4404	39182	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	13,09	14,85
Ukrgezvydobutok PrJSC	4404	39182	Condensate	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	21,80	30,18
<b>Total Vydobuvna kompaniia Ukrnaftoburinnia PrJSC including:</b>						<b>79,00</b>	<b>82,41</b>
Vydobuvna kompaniia Ukrnaftoburinnia PrJSC	6349	43745	Dissolved Gas-in-Oil	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	79,00	82,41
<b>Total Zakhidnadraseriv LLC including:</b>						<b>0,37</b>	<b>0,39</b>
Zakhidnadraseriv LLC	4779	42376	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,37	0,37
Zakhidnadraseriv LLC	4884	19.01.2018	Natural gas	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,01	0,01
<b>Total Ukrnafta PJSC including:</b>						<b>14 533,10</b>	<b>14 533,10</b>
Ukrnafta PJSC	-	-	-	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	14 533,10	14 533,10

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Ukgazvydobuvannya JSC including:</b>						<b>25 676,00</b>	<b>26 784,00</b>
Ukgazvydobuvannya JSC	-	-	-	19010000	Environmental tax	25 676,00	26 784,00
<b>Total Oil&amp;Gas Geoexploring LLC including:</b>						-	-
Oil&Gas Geoexploring LLC	5096	44022	-	19010000	Environmental tax	-	-
<b>Total JV Ukrkarpatoil LTD LLC including:</b>						-	-
JV Ukrkarpatoil LTD LLC	310	31.08.2021	-	19010000	Environmental tax	-	-
<b>Total Energy-95 LLC including:</b>						-	-
Energy-95 LLC	5640	18.09.2012	-	19010000	Environmental tax	-	-
<b>Total Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915) including:</b>						-	-
Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	-	-	-	19010000	Environmental tax	-	-
<b>Total Naftogaz of Ukraine NJSC including:</b>						<b>0,04</b>	<b>0,20</b>
Naftogaz of Ukraine NJSC	-	-	-	19010000	Environmental tax	0,04	0,20
<b>Total Gas Transmission System Operator of Ukraine LLC including:</b>						<b>30 008,00</b>	<b>20 369,00</b>
Gas Transmission System Operator of Ukraine LLC	-	-	-	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	30 008,00	20 369,00
<b>Total Ukrtransgaz JSC including:</b>						<b>4 153,00</b>	<b>20 647,49</b>
Ukrtransgaz JSC	-	-	-	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	4 153,00	20 647,49

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Ukrtransnafta JSC including:F</b>						<b>309,11</b>	<b>309,11</b>
Ukrtransnafta JSC	-	-	-	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	278,74	278,74
Ukrtransnafta JSC	-	-	-	19010200	Receipts from discharges of pollutants directly into water bodies	11,39	11,39
Ukrtransnafta JSC	-	-	-	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	0,03	0,03
Ukrtransnafta JSC	-	-	-	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	18,95	18,95

Data on environmental tax accrued and paid by the reporting companies of iron ores mining in 2020, provided by companies

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Velta LLC including:</b>						<b>30,46</b>	<b>32,89</b>
Velta LLC	4275	13.06.2007	Titanium ores	19010000	Environmental tax	30,46	32,89
<b>Total Ingulets Iron Ore Enrichment Works PrJSC including:</b>						<b>103 912,48</b>	<b>102 911,67</b>
Ingulets Iron Ore Enrichment Works PrJSC	1932	14.04.1997	Iron ores	19010100	Receipts from emissions of pollutants into the atmosphere by stationary sources of pollution	261,50	254,53
Ingulets Iron Ore Enrichment Works PrJSC	1932	14.04.1997	Iron ores	19010200	Receipts from discharges of pollutants directly into water bodies	13,72	14,00
Ingulets Iron Ore Enrichment Works PrJSC	1932	14.04.1997	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	103 637,26	102 643,14
<b>Total Krivyi Rih Iron-Ore Combine JSC including:</b>						<b>3 683,29</b>	<b>3 771,36</b>
Krivyi Rih Iron-Ore Combine JSC	2557	37235	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	8,05	8,05
Krivyi Rih Iron-Ore Combine JSC	2557	37235	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	405,07	405,07
Krivyi Rih Iron-Ore Combine JSC	2559	37235	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	13,58	13,58
Krivyi Rih Iron-Ore Combine JSC	2556	37235	Iron ores	19010200	Receipts from discharges of pollutants directly into water bodies	0,13	0,13

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Krivyi Rih Iron-Ore Combine JSC	2558	37235	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	12,64	12,64
Krivyi Rih Iron-Ore Combine JSC	2557	37235	Iron ores	19010200	Receipts from discharges of pollutants directly into water bodies	860,95	860,95
Krivyi Rih Iron-Ore Combine JSC	2559	37235	Iron ores	19010200	Receipts from discharges of pollutants directly into water bodies	2,372,70	2,372,70
Krivyi Rih Iron-Ore Combine JSC	5068	40098	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	0,12	0,12
Krivyi Rih Iron-Ore Combine JSC	5068	40098	Iron ores	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	0,69	0,69
Krivyi Rih Iron-Ore Combine JSC	2556	37235	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	9,36	9,36
Krivyi Rih Iron-Ore Combine JSC	-	-	-	19010000	Environmental tax	-	88,07
<b>Total Marganets Mining and Processing Plant PJSC including:</b>						<b>956,94</b>	<b>1 231,04</b>
Marganets Mining and Processing Plant PJSC	610	13.08.1996	Manganese ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	53,64	53,64
Marganets Mining and Processing Plant PJSC	610	13.08.1996	Manganese ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution	126,39	126,39

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					(excluding emissions of carbon dioxide into the atmosphere)		
Marganets Mining and Processing Plant PJSC	610	13.08.1996	Manganese ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	776,91	966,91
Marganets Mining and Processing Plant PJSC	-	-	-	19010000	Environmental tax	-	84,10
<b>Total United Mining and Chemical Company JSC including:</b>						<b>699,00</b>	<b>716,00</b>
United Mining and Chemical Company JSC	6027	42310	Titanium ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	409,00	389,00
United Mining and Chemical Company JSC	6028	20.02.2015	Titanium ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	290,00	327,00
<b>Total Southern Iron Ore Enrichment Works JSC including:</b>						<b>26 012,08</b>	<b>27 005,13</b>
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	71,59	70,5 4



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	68,89	66,15
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	13 395,89	13 345,83
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	12 301,84	13 346,67
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	104,33	138,63
Southern Iron Ore Enrichment Works JSC	585	29.07.1996	Iron ores	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	69,54	37,31
<b>Total Northern Iron Ore Enrichment Works PrJSC including:</b>						<b>3 748,20</b>	<b>151 674,66</b>
Northern Iron Ore Enrichment Works PrJSC	1118, 1119	21.10.1997	Iron ores	19010200	Receipts from emissions of pollutants into the atmosphere by stationary sources of pollution	3 694,99	3 721,98
Northern Iron Ore Enrichment Works PrJSC	1118, 1119	21.10.1997	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	53,21	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Nothern Iron Ore Enrichment Works PrJSC	-	-	-	19010000	Environmental tax	-	147 952,68
<b>Total Pokrovskiy GZK JS including:</b>						<b>7 232,87</b>	<b>7 232,87</b>
Pokrovskiy GZK JS	597	35224	Manganese ores	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	534,35	534,35
Pokrovskiy GZK JS	597	35224	Manganese ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1 478,59	1 478,59
Pokrovskiy GZK JS	597	35224	Manganese ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	5 219,93	5 219,93
<b>Total Poltava Iron Ore Enrichment Works PrJSC including:</b>						<b>103 584,21</b>	<b>103 584,21</b>
Poltava Iron Ore Enrichment Works PrJSC	1012	29.07.1997	Iron ores	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	103 584,21	103 584,21
<b>Total Rudomain LLC including:</b>						<b>16,06</b>	<b>17,58</b>
Rudomain LLC	6236	42959	Iron ores	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	16,06	17,58
<b>Total Central Iron Ore Enrichment Works PrJSC including:</b>						<b>68 474,06</b>	<b>65 850,60</b>
Central Iron Ore Enrichment Works PrJSC	2582, 2437, 2438, 2430	23.11.2001, 11.04.2001	Iron ores	19010300	Environmental tax for waste disposal	67 318,41	64 215,77
Central Iron Ore Enrichment Works PrJSC	2582, 2437, 2438, 2430	23.11.2001, 11.04.2001	Iron ores	19011000	Environmental tax for carbon dioxide emissions	502,37	515,97

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Central Iron Ore Enrichment Works PrJSC	2582, 2437, 2438, 2430	23.11.2001, 11.04.2001	Iron ores	19010100	Environmental tax for carbon dioxide emissions	653,28	572,97
Central Iron Ore Enrichment Works PrJSC	-	-	-	19010000	Environmental tax	-	545,89
<b>Total Yerystiv Iron-Ore Enrichment Works LLC including:</b>						<b>49 393,60</b>	<b>41 771,80</b>
Yerystiv Iron-Ore Enrichment Works LLC	2768	27.08.2002	Iron ores	19010100, 19010900	Environmental tax	49 393,60	41 771,80
<b>Total ArcelorMittal Kryvyi Rih PJSC including:</b>						<b>321 569,00</b>	<b>316 771,00</b>
ArcelorMittal Kryvyi Rih PJSC	-	-	-	19010000	Environmental tax	321 569,00	316 771,00
<b>Total Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise) including:</b>						<b>107,36</b>	<b>109,05</b>
Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	-	-	-	19010000	Environmental tax	107,36	109,05
<b>Total Suha Balka PrJSC including:</b>						<b>1 267,38</b>	<b>1 271,17</b>
Suha Balka PrJSC	-	-	-	19010000	Environmental tax	1 267,38	1 271,17

*Data on environmental tax accrued and paid by the reporting companies of coal mining in 2020, provided by companies*

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
<b>Total Volynvuhillia SE including:</b>						<b>265,30</b>	<b>-</b>
Volynvuhillia SE	3104	11.8.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	23,20	-
Volynvuhillia SE	3107	11.8.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	67,50	-
Volynvuhillia SE	3104	11.8.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	28,80	-
Volynvuhillia SE	3107	11.8.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	41,90	-
Volynvuhillia SE	3104	11.8.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	58,40	-
Volynvuhillia SE	3107	11.8.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	45,50	-
<b>Total DTEK Dobropolyeugol LLC including:</b>						<b>6 253,88</b>	<b>6 153,35</b>
DTEK Dobropolyeugol LLC	3035	22.08.2019	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	-	-
DTEK Dobropolyeugol LLC	3034	5.3.2019	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by	1 018,93	999,79

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)		
DTEK Dobropolyeugol LLC	3037	5.3.2019	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1 644,82	1 613,92
DTEK Dobropolyeugol LLC	3038	5.3.2019	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1 234,68	1 211,49
DTEK Dobropolyeugol LLC	3039	5.3.2019	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	403,73	396,14
DTEK Dobropolyeugol LLC	3035	22.08.2019	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	-	-
DTEK Dobropolyeugol LLC	3034	5.3.2019	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	57,69	56,46
DTEK Dobropolyeugol LLC	3037	5.3.2019	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	93,13	91,14
DTEK Dobropolyeugol LLC	3038	5.3.2019	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	69,91	68,41
DTEK Dobropolyeugol LLC	3039	5.3.2019	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	22,86	22,37

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
DTEK Dobropolyeugol LLC	3035	22.08.2019	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	-	-
DTEK Dobropolyeugol LLC	3034	5.3.2019	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	228,44	228,43
DTEK Dobropolyeugol LLC	3037	5.3.2019	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	368,76	368,75
DTEK Dobropolyeugol LLC	3038	5.3.2019	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	276,81	276,80
DTEK Dobropolyeugol LLC	3039	5.3.2019	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	90,51	90,51
DTEK Dobropolyeugol LLC	3035	22.08.2019	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	-	-
DTEK Dobropolyeugol LLC	3034	5.3.2019	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	176,12	172,69
DTEK Dobropolyeugol LLC	3037	5.3.2019	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	284,30	278,77
DTEK Dobropolyeugol LLC	3038	5.3.2019	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	213,41	209,26
DTEK Dobropolyeugol LLC	3039	5.3.2019	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	69,78	68,42
<b>Total DTEK Pavlohradcoal PrJSC including:</b>						<b>24 013,03</b>	<b>24 564,79</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
DTEK Pavlohradcoal PrJSC	3561	9.12.2004	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	210,52	184,77
DTEK Pavlohradcoal PrJSC	3559	9.12.2004	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	104,18	91,44
DTEK Pavlohradcoal PrJSC	3688	9.12.2005	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	446,05	391,50
DTEK Pavlohradcoal PrJSC	3560	9.12.2004	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	321,59	282,26
DTEK Pavlohradcoal PrJSC	3692	9.12.2005	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	99,71	103,35
DTEK Pavlohradcoal PrJSC	3691	9.12.2005	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	146,09	151,41
DTEK Pavlohradcoal PrJSC	3563	9.12.2004	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	81,27	84,23
DTEK Pavlohradcoal PrJSC	3562	9.12.2004	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	141,57	146,72
DTEK Pavlohradcoal PrJSC	3561	9.12.2004	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	93,01	96,40
DTEK Pavlohradcoal PrJSC	3559	9.12.2004	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	46,03	47,71

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
DTEK Pavlohradcoal PrJSC	3688	9.12.2005	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	197,08	204,26
DTEK Pavlohradcoal PrJSC	3560	9.12.2004	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	142,09	147,26
DTEK Pavlohradcoal PrJSC	3692	9.12.2005	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	113,58	105,72
DTEK Pavlohradcoal PrJSC	3691	9.12.2005	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	166,41	154,90
DTEK Pavlohradcoal PrJSC	3563	9.12.2004	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	92,57	86,17
DTEK Pavlohradcoal PrJSC	3562	9.12.2004	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	161,25	150,10
DTEK Pavlohradcoal PrJSC	3561	9.12.2004	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	105,95	98,62
DTEK Pavlohradcoal PrJSC	3559	9.12.2004	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	52,43	48,80
DTEK Pavlohradcoal PrJSC	3688	9.12.2005	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	224,48	208,96
DTEK Pavlohradcoal PrJSC	3560	9.12.2004	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	161,85	150,65



Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
DTEK Pavlohradcoal PrJSC	3692	9.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	2,089,87	2,179,80
DTEK Pavlohradcoal PrJSC	3691	9.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	3,061,86	3,193,62
DTEK Pavlohradcoal PrJSC	3563	9.12.2004	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1,703,26	1,776,56
DTEK Pavlohradcoal PrJSC	3562	9.12.2004	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	2,967,03	3,094,71
DTEK Pavlohradcoal PrJSC	3561	9.12.2004	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1,949,45	2,033,34
DTEK Pavlohradcoal PrJSC	3559	9.12.2004	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	964,69	1,006,21
DTEK Pavlohradcoal PrJSC	3688	9.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution	4,130,50	4,308,25

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
					(excluding emissions of carbon dioxide into the atmosphere)		
DTEK Pavlohradcoal PrJSC	3560	9.12.2004	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	2,977,97	3,106,12
DTEK Pavlohradcoal PrJSC	3692	9.12.2005	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	225,69	198,08
DTEK Pavlohradcoal PrJSC	3691	9.12.2005	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	330,65	290,21
DTEK Pavlohradcoal PrJSC	3563	9.12.2004	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	183,94	161,44
DTEK Pavlohradcoal PrJSC	3562	9.12.2004	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	320,41	281,22
<b>Total Lysychanskvuhillia JSC including:</b>						<b>8 940,00</b>	<b>8,00</b>
Lysychanskvuhillia JSC	-	-	Coal	19010000	Environmental tax	8 940,00	8,00
<b>Total Pervomaiskvuhillia SE including:</b>						<b>8 161,40</b>	<b>-</b>
Pervomaiskvuhillia SE	3252	16.10.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	277,70	-
Pervomaiskvuhillia SE	3194	2.10.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	124,50	-
Pervomaiskvuhillia SE	3194	2.10.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	2 978,40	-
Pervomaiskvuhillia SE	3194	2.10.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	491,60	-

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Pervomaiskvuhillia SE	3252	16.10.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	631,60	-
Pervomaiskvuhillia SE	3252	16.10.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	277,10	-
Pervomaiskvuhillia SE	3193	2.10.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	1 050,50	-
Pervomaiskvuhillia SE	3193	2.10.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	197,70	-
Pervomaiskvuhillia SE	3191	2.10.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	545,70	-
Pervomaiskvuhillia SE	3191	2.10.2003	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	293,30	-
Pervomaiskvuhillia SE	3191	2.10.2003	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	97,90	-
Pervomaiskvuhillia SE	3193	2.10.2003	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1 195,40	-
<b>Total Toretskvuhillia SE including:</b>						<b>1 494,00</b>	<b>-</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Toretskvuhillia SE	3754	27.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	877,00	-
Toretskvuhillia SE	3751	27.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	617,00	-
<b>Total Bilozerska Mine ALC including:</b>						<b>1 648,69</b>	<b>1 495,69</b>
Bilozerska Mine ALC	4855	21.01.2009	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	145,49	119,68
Bilozerska Mine ALC	4855	21.01.2009	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	371,29	287,28
Bilozerska Mine ALC	4855	21.01.2009	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	407,56	410,36
Bilozerska Mine ALC	4855	21.01.2009	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	684,47	637,20
Bilozerska Mine ALC	4855	21.01.2009	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	39,88	41,17
<b>Total Mine named after M. S. Surgai SE including:</b>						<b>2 805,00</b>	<b>-</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Mine named after M. S. Surgai SE	3675	9.12.2005	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	137,00	-
Mine named after M. S. Surgai SE	3675	9.12.2005	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	2 560,00	-
Mine named after M. S. Surgai SE	3675	9.12.2005	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	108,00	-
<b>Total Mine Administration Pivdenodonbaske #1 SE including:</b>						<b>1 959,00</b>	<b>1 082,00</b>
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	Coal	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	1 432,00	514,00
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	Coal	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	419,00	315,00
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	Coal	19010200	Receipts from discharges of pollutants directly into water bodies	87,00	248,00
Mine Administration Pivdenodonbaske #1 SE	4059	17.10.2006	Coal	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	21,00	5,00
<b>Total Krasnolymanska Coal Mining Company SE including:</b>						<b>3 440,61</b>	<b>157,47</b>
Krasnolymanska Coal Mining Company SE	4403	28.09.2007	Coal	19010000	Environmental tax	3 440,61	157,47
<b>Total Colliery Group Pokrovs'ke PJSC including:</b>						<b>12 007,37</b>	<b>11 581,01</b>

Company name	Special permit number	Date of issuance of special permit	Type of minerals	Payment number according to budget classification	Type of payment	Accrued in 2020, UAH thousand	Paid in 2020, UAH thousand
Colliery Group Pokrovs'ke PJSC	-	-	-	19010100	Environmental tax levied on emissions of pollutants into the atmosphere by stationary sources of pollution (excluding emissions of carbon dioxide into the atmosphere)	11 477,22	10 948,74
Colliery Group Pokrovs'ke PJSC	-	-	-	19011000	Environmental tax levied on emissions of carbon dioxide from stationary sources of pollution	522,04	589,48
Colliery Group Pokrovs'ke PJSC	-	-	-	19010300	Receipts from the disposal of waste in specially designated areas or facilities, except for the disposal of certain types of waste as secondary raw materials	8,11	42,79
<b>Total Lvivvuhillia SE including:</b>						<b>8 176,10</b>	<b>-</b>
Lvivvuhillia SE	-	-	-	19010000	Environmental tax	8 176,10	-
<b>Total Selydivvuhillia SE including:</b>						<b>7 309,00</b>	<b>87,00</b>
Selydivvuhillia SE	-	-	-	19010000	Environmental tax	7 309,00	87,00
<b>Total Myrnohradvuhillia SE including:</b>						<b>2 669,00</b>	<b>728,00</b>
Myrnohradvuhillia SE	-	-	-	19010000	Environmental tax	2 669,00	728,00

## Annex 11. Analysis of discrepancies and payments information adjustments

### 11.1 Personal income tax

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Toretskvuhillia SE	84,187.13	84,171.00	84,171.00	The difference between the company's data and the data of the government agencies is because government agencies have transferred data from previous periods to the individual accounts of personal income tax, while the company in its Report on payments in favour of the state reported the actual amount of taxes for 2020. The company confirms the amount specified in the initial data. The company made no adjustments.
2	Kub-gaz LLC	11,269.59	10,284.50	11,146.81	In its initial response, the company reported the amount excluding military levy. After adjusting the data (including the amount of military tax paid and personal income tax), the discrepancy was insignificant. The company made the adjustments.
3	Lvivvuhillia SE	305,274.56	305,287.30	305,274.56	The company made the adjustments to the initial data without detailed explanation.
4	Rudomain LLC	21,102.40	2,273.42	21,102.40	In its initial response, the company provided data only on the military levy paid and did not provide data on personal income tax. The company made the adjustments.
5	Volynvuhillia SE	37,301.75	37,175.00	37,301.75	The discrepancy between the data of the company and the data provided by the government agencies arose because the government agencies included the amount of the penalties on the military levy paid, which are recognized in accrued and paid penalties in form 1704 "Settlements with the budget". The company made the adjustments.
6	Velta LLC	15,667.33	16,076.11	15,667.33	The discrepancy arose because the company reflected the amounts of accrued personal income tax, rather than paid PIT in its initial response. The company made the adjustments.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
7	Pervomaiskvuhillia SE	133,982.76	133,981.00	133,982.76	The discrepancy arose from rounding, since separate units make a report in thousands of UAH without a decimal point. The company made the adjustments.
8	Nadra-Geoinvest LLC	5,015.46	5,046.00	5,035.64	The difference between the company's data and the data provided by the government agencies arose from several sources: - UAH 10.4 thousand were returned due to incorrect payments details, and therefore were not credited to the state budget accounts; - UAH 20.18 thousand were erroneously credited by the STS as the amount paid by third parties in 2019. Therefore, the company adjusted the amount of personal income tax by the amount of funds returned because of incorrect details (UAH 10.4 thousand). The company made the adjustments. After the adjustment, there is an insignificant discrepancy related to erroneous crediting by the State Tax Service.
9	Zakhidnadraseriv LLC	3,340.61	256.82	3,340.61	In its initial response, the company provided only the military levy data and did not provide the personal income tax data, as it was guided by the requirement of Art. 1 of the EITI Law, which stipulates that mining companies shall report on all payments in favour of the state, other than VAT and PIT. The company made the adjustments.
10	Nordik PE	1,519.97	118.28	1,519.97	In its initial response, the company provided data only on military levy and did not provide data on personal income tax. The company made the adjustments to its initial data without any detailed explanation.
11	Ukrtransgaz JSC	401,499.14	401,605.00	401,604.63	The initial data of the company are based on its accounting data and the data in the Taxpayer's Electronic Account. The company confirms the amount specified in the initial data. The company made no adjustments.
12	Myrnohradvuhillia SE	102,310.92	102,371.00	102,311.00	The discrepancy between the company's data and the data of the government agencies arose because the company in the initial response did not include the amount of relevant fines (which were recognized in the category "Other" in the initial response) in the total amount of payment of this tax. The company made the adjustments.



№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
13	Gas Transmission System Operator of Ukraine LLC	743,920.75	743,804.00	743,804.00	The discrepancy of UAH 116.75 thousand had been actually paid in 2019. In 2020, the company wrote a letter to change the purpose of payment. The company confirms the amount specified in the initial data. The company made no adjustments.
14	Ukrgezvydobuvannya JSC	1,101,142.60	1,101,611.00	1,101,649.04	The amount of personal income tax paid provided by the company was double checked during the clarification process. The double check found that the tax includes taxes on wages and other income. The company adjusted the amount of tax specified in its initial data. After the adjustment, the discrepancy increased, but remained insignificant.
15	Selydivvuhillia SE	176,661.64	-	176,712.00	The company did not include this payment in its initial response. After the payment was included in the Statement of Payments, there is still a slight discrepancy. The company confirms the data provided by its payment orders for 2020. The company made the adjustments.
16	JV Ukrkarpatoil LTD LLC	1 183.46	1 096.00	1 183.46	The discrepancy between government agencies' data and the company's data was due to a few reasons: - the company did not include the amount of military levy paid in 2020 in the amount of UAH 91.07 thousand in its initial data; - the difference in the calculation methods used by the government agencies and the company; the data of government agencies include the amounts actually paid for the 4 quarters of 2020, while the company in the initial response reflected the amounts accrued for the 1st - 3rd quarters of 2020 and the 4th quarter of 2019. The company made the adjustments.
17	Ukrnafta PJSC	837,649.53	838,618.90	837,493.00	Ukrnafta PJSC as a legal entity is guided by the law and the Tax Code of Ukraine and prepares its consolidated financial statements and tax statements according to international standards, namely: Balance Sheet (Statement of Financial Position), Statement of Financial Performance, Cash Flows Statement, Statement of Equity, Income tax return. The financial statements of the company include the results of operations (and hence tax liabilities) under the joint activities agreement in proportion to the value of the participants' contributions to the joint property. Accordingly, the initial form 5.1 of the Statement of Payments in favour of the state included the taxes on joint operations accrued and paid under the agreements with

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
					<p>Ukrnafta PJSC. The government agencies, on the other hand, provide data exclusively on the registered taxpayer (according to the USREOU codes) without considering the legal entity's joint operations agreements. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues. After the adjustment of the data, there was a slight discrepancy. The company made the adjustments in accordance with the approach used by the government agencies.</p>
18	Poltava Iron Ore Enrichment Works PrJSC	332,146.00	-	305,938.97	<p>The company provided no data on personal income tax, as it was guided by paragraph 1, Article 1 of the EITI Law, which stated that mining companies shall report on all payments to the state, other than VAT and personal income tax. The company made the adjustments. After the adjustment, there was a significant discrepancy.</p>
19	DTEK Dobropolyeugol LLC	195,770.12	200,884.23	200,884.23	<p>The amount of personal income tax paid by the company was double checked at the clarification stage. According to the electronic account with the State Tax Service, the personal income tax paid by the company is UAH 200,880.69 thousand. The amount of UAH 3.54 thousand erroneously transferred with wrong banking details (a letter was submitted to the State Tax Service regarding the transfer to the correct account) and was added to the amount indicated in the electronic account with the State Tax Service. The company confirms the data specified in its initial response. The company made no adjustments.</p>
20	Pavlohradcoal PrJSC	964,122.83	964,037.18	964,122.83	<p>The discrepancy between the data of the government agencies and the data provided by the company is because the company did not include PIT on other income and military levy from individuals in its initial response. The company made the adjustments.</p>

## 11.2 Corporate income tax

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Lvivvuhillia SE	60.74	-	60.74	The company adjusted its initial data without any detailed explanation.
2	Ukrtransgaz JSC	440,716.28	439,016.00	439,016.28	The discrepancy between the data of the government agencies and the data of the company in the amount of UAH 1,700.00 thousand include the administrative fines overpaid in 2019 to the corporate income taxpayer integrated card. The company confirms the amount for 2020 indicated in its initial response. The company made no adjustments.
3	JV Ukrkarpatoil LTD LLC	(9,500.00)	-	(9,500.00)	The company did not include this payment in its initial response. The company made the adjustments without any detailed explanations.
4	Stryinaftogaz LLC	2,452.08	4,650.75	2,452.10	The discrepancy between the data of the government agencies and the company's data was because the company erroneously included the adjustment to the amount of corporate income tax in accordance with IFRS to the amount of payment in its initial response. The company made the adjustments.
5	Ukrnafta PJSC	6,448,281.07	6,509,045.60	6,448,042.93	Ukrnafta PJSC as a legal entity is guided by the law and the Tax Code of Ukraine and prepares its consolidated financial statements and tax statements according to international standards, namely: Balance Sheet (Statement of Financial Position), Statement of Financial Performance, Cash Flows Statement, Statement of Equity, Income tax return. The financial statements of the company include the results of operations (and hence tax liabilities) under the joint activities agreement in proportion to the value of the participants' contributions to the joint property. Accordingly, the initial form 5.1 of the Statement of Payments in favour of the state included the taxes on joint operations accrued and paid under the agreements with Ukrnafta PJSC. The government agencies, on the other hand, provide data exclusively on the registered taxpayer (according to the USREOU codes) without considering the legal entity's joint operations agreements. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues. After the data were adjusted, there was a slight discrepancy. The company made the adjustments in accordance with the approach used by the government agencies.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
6	Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	61,002.67	-	61,002.67	<p>The discrepancy between the data of the government agencies and the data of the company arose due to the payment of tax debt in December 2020 by the participant of the joint operations agreement - Ukrnafta PJSC (00135390) and the recognition of the amounts in the Statement of Payments in favour of the state submitted by Ukrnafta PJSC. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues.</p> <p>The company made the adjustments in accordance with the approach applied by the government agencies.</p>
7	Poltava Iron Ore Enrichment Works PrJSC	1,376,845.99	1,340,734.46	1,376,845.99	<p>The discrepancy between the data of the government agencies and the data of the company arose because the company in the initial response did not include the payment with budget revenue classification code 11020500 "Income Tax of Foreign Legal Entities" in the amount of UAH 36,111.53 thousand, which is a subtype of payments which are included in the corporate income tax according to the budget classification.</p> <p>The company made the adjustments.</p>
8	Bilozerska Mine ALC	(258.72)	-	-	<p>According to the data of the electronic account with the State Tax Service, no corporate income tax was paid in 2020. According to the company, in 2016, the State Tax Service doubled the amount of overpaid corporate income tax. The company appealed to the State Tax Service; however, no adjustments were made by government agencies. In 2020, according to a request from the company, the actual amount of overpayment was transferred to the military tax. So, currently, the balance in the e-account with the State Tax Service reflects the non-existent overpayment. The company confirms the data provided in its initial response.</p> <p>The company made no adjustments.</p>

### 11.3 Production royalty

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Volynvuhillia SE	0.48	-	0.48	The discrepancy arose because the form 1704 "Settlements with the budget", which is controlled by the main enterprise Volynvuhillia SE, does not include the payment made by a separate subdivision Buzhanska Mine in the amount of 480 UAH, since the form 1704 "Settlements with the budget" displays only thousands of UAH as integers. The company made the adjustments.
2	ArcelorMittal Kryvyi Rih PJSC	(87,529.09)	98,554.00	(87,529.09)	The difference arose due to incomplete accounting of the amounts of other taxes overpaid as production royalty (only monetary payments were included and set offs were not included). The company made the adjustments.
3	Velta LLC	70,423.26	64,766.44	70,423.26	The discrepancy arose due to the fact the company include the accrued production royalty in its initial response, rather than paid one. The company made the adjustments.
4	Myrnohradvuhillia SE	1,781.38	1,729.00	1,781.00	The discrepancy between the company's data and the data of the government agencies arose because the company in the initial response did not include the relevant fines in the total amount of production royalty paid. The fines were included in the category "Other" in the initial response. The company made the adjustments.
5	Gas Transmission System Operator of Ukraine LLC	223.89	-	223.89	The company did not include this payment in its initial response. The company made the adjustments to its initial data without any detailed explanation.
6	JV Ukrkarpatoil LTD LLC	235,149.94	183,251.00	235,149.95	The discrepancy between the government agencies' data and the company's data was caused by several reasons: - in the initial response, the company did not include payments with the budget revenue classification codes 13031100 "Production royalty for oil production, accrued before January 1, 2018, settlement of tax debt and repayment of erroneously or overpaid amounts until December 31, 2017" and 13031200 "Production royalty for natural gas production, accrued before January 1, 2018, settlement of tax debt and repayment of erroneously or overpaid amounts by December 31, 2017", as these payments are arrears for 2015; - the difference in the calculation methods used by the government agencies and the company; the data of the government agencies include the amounts actually paid for the 4 quarters of 2020, while the company in its initial response reflected

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
					<p>the amounts accrued for the 1st - 3rd quarters of 2020 and the 4th quarter of 2019. The company made the adjustments.</p>
7	Ukrnafta PJSC	23,829,279.36	25,767,164.70	23,833,180.30	<p>The discrepancy between government data and company data was due to several reasons:</p> <ul style="list-style-type: none"> <li>- Ukrnafta PJSC as a legal entity is guided by the law and the Tax Code of Ukraine and prepares its consolidated financial statements and tax statements according to international standards, namely: Balance Sheet (Statement of Financial Position), Statement of Financial Performance, Cash Flows Statement, Statement of Equity, Income tax return. The financial statements of the company include the results of operations (and hence tax liabilities) under the joint activities agreement in proportion to the value of the participants' contributions to the joint property. Accordingly, the initial form 5.1 of the Statement of Payments in favour of the state included the taxes on joint operations accrued and paid under the agreements with Ukrnafta PJSC. The government agencies, on the other hand, provide data exclusively on the registered taxpayer (according to the USREOU codes) without considering the legal entity's joint operations agreements. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues.</li> <li>- The discrepancy in the amount of UAH 3.9 million that remains after adjusting the data arose because the government agencies did not include the payment with the budget revenue classification code 13031100 "Production royalty for oil extraction, accrued until January 1, 2018 year, settlement of tax debt and return of erroneously or overpaid amounts by December 31, 2017" in Romensky district (the tax claim is appealed). The company made the adjustments in accordance with the approach applied by the government agencies.</li> </ul>
8	Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	1,869,449.98	18,673.50	1,869,449.98	<p>The discrepancy between the data of the government agencies and the data of the company arose from the payment of tax debt in December 2020 by the participant of joint operations agreement Ukrnafta PJSC (00135390) and the reflection of the amounts in the Statement of Payments to the state submitted by Ukrnafta PJSC. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues. The company made the adjustments in accordance with the approach used by the government agencies.</p>

### 11.4 Value added tax on goods and services, produced in Ukraine (excluding budget reimbursement of VAT)

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Velta LLC	-	217.29	-	The discrepancy between the data of the government agencies and the data of the company arose because the company included import VAT and advances in its initial response on this payment. The company made the adjustments.
2	Nadra-Geoinvest LLC	64,836.49	68,800.00	64,836.49	The discrepancy between the data of the government agencies and the data of the company arose because the company in the initial response included also the replenishment of VAT administration electronic account for 2020. The amount of VAT liabilities in the company's VAT returns for 2020 coincides with the data of the government agencies. The company made the adjustments, no discrepancies were found after the adjustment.
3	Zakhidnadraseriv LLC	30,175.74	-	30,175.74	The company did not provide data on VAT, as it was guided by Art. 1 of the EITI Law, which requires the mining companies to report on all payments to the benefit of the state, other than VAT or PIT. The company made the adjustments.
4	Nordik PE	38,793.45	-	38,793.45	The company did not include this payment in its initial response. The company made the adjustments to its initial data without any detailed explanation.
5	Myrnohradvuhillia SE	1,622.29	1,578.00	1,622.00	The difference between the company's data and the data of the government agencies arose because the company in the initial response did not include the relevant fines in the total amount of payment of this tax. The fines were recognized in the category "Other" in the initial response. The company made the adjustments.
6	United Mining and Chemical Company JSC	119.92	-	119.92	The discrepancy between the data of the government agencies and the data of the company arose because the company did not include the penalty under the act of inspection in its initial data. The company made the adjustments.
7	Krasnolymanska Coal Mining Company SE	1,248.04	-	1,248.04	The company accidentally included this payment in its initial response with the wrong code 14060200 "Budget VAT refund in cash". The company made the adjustments.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
8	Ukrnafta PJSC	14,247,140.47	15,465,240.20	14,246,906.95	<p>Ukrnafta PJSC as a legal entity is guided by the law and the Tax Code of Ukraine and prepares its consolidated financial statements and tax statements according to international standards, namely: Balance Sheet (Statement of Financial Position), Statement of Financial Performance, Cash Flows Statement, Statement of Equity, Income tax return. The financial statements of the company include the results of operations (and hence tax liabilities) under the joint activities agreement in proportion to the value of the participants' contributions to the joint property. Accordingly, the initial form 5.1 of the Statement of Payments in favour of the state included the taxes on joint operations accrued and paid under the agreements with Ukrnafta PJSC. The government agencies, on the other hand, provide data exclusively on the registered taxpayer (according to the USREOU codes) without considering the legal entity's joint operations agreements. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues. After adjustment of the data, there was a slight discrepancy.</p> <p>The company made the adjustments in accordance with the approach used by the government agencies.</p>
9	Joint activity agreement of 24/12/1997 № 999/97 - operated by Poltavanaftogaz OPMO of Ukrnafta PJSC (22525915)	1,153,478.55	-	1,153,478.55	<p>The discrepancy between the data of the government agencies and the data of the company arose due to the payment of tax debt in December 2020 by the participant of the joint operations agreement Ukrnafta PJSC (00135390) and the recognition of the relevant amounts in the Statement of Payments to the benefit of the state submitted by Ukrnafta PJSC. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues.</p> <p>The company made the adjustments in accordance with the approach used by the government agencies.</p>
10	Poltava Iron Ore Enrichment Works PrJSC	128.59	-	128.59	<p>The company did not provide the data on VAT, as it was guided by the provision of paragraph 1, Article 1 of the EITI Law, which requires the mining companies to report on all payments to the state, other than VAT or PIT.</p> <p>The company made the adjustments.</p>
11	Bilozerska Mine ALC	74,840.45	-	74,840.45	<p>The company did not include this payment in its initial response.</p> <p>The company made the adjustments.</p>
12	Colliery Group Pokrovs'ke PJSC	449,733.95	-	449,733.95	<p>The company did not provide its PIT data as it was guided by the draft guidance for filling in the forms of the Statement of Payments in favour of the state (paragraph 5.1 of Section 5, which stated that the report shall include all taxes other than VAT or PIT).</p> <p>The company made the adjustments.</p>



## 11.5 Budget reimbursement of value added tax

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Rudomain LLC	(50,977.35)	-	(50,977.35)	The company did not include this payment in its initial response. The company made the adjustments.
2	ArcelorMittal Kryvyi Rih PJSC	(6,221,952.67)	-	(6,221,952.67)	The company did not include this payment in its initial response because the budget reimbursement of VAT is not a payment in favour of the state. The company made the adjustments.
3	Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	(15,534.84)	-	(15,534.84)	The company did not include this payment in its initial response because the Statement of Payments in favour of the state contains no column "Returned from the budget". The company made the adjustments.
4	Krasnolymanska Coal Mining Company SE	-	1,248.04	-	In its initial response, the company accidentally indicated the payment with budget revenue classification code 14060000 "Value Added Tax on goods produced in Ukraine (excluding budget VAT refunds)" instead of Budget reimbursement of VAT payment. The company made the adjustments.
5	Ukrtransnafta JSC	(150,000.00)	-	(150,000.00)	The company did not include the payment in its initial response, since the report was based on the tax payment data published on the website of the State Tax Service of Ukraine "Information on payments to the Consolidated Budget of Ukraine by payers - natural monopolies and business entities that are production royalty payers (tax payments)", which does not include data on budget reimbursement of VAT. The company made the adjustments.
6	Poltava Iron Ore Enrichment Works PrJSC	(3,071,592.43)	-	(3,071,592.43)	The company did not provide data on budget reimbursement of VAT, as it was guided by the provision of paragraph 1, Article 1 of the EITI Law, which requires mining companies to report on all payments to the state, other than VAT or PIT. The company made the adjustments.

## 11.6 Value added tax on goods imported into Ukraine

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Nothern Iron Ore Enrichment Works PrJSC	201,984.51	208,793.38	208,793.38	The amount of value added tax paid on goods imported into Ukraine, provided by the company, was double checked during the clarification stage. As a result, the amount of UAH 208,793.38 thousand is confirmed by the relevant VAT declarations, in which value added tax on goods imported into Ukraine is reflected in accordance with cargo customs declarations. The company confirms the amount specified in its initial data. The company made no adjustments.
2	Lvivuhillia SE	76.81	-	76.81	The company made the adjustments to its initial data without any detailed explanation.
3	Rudomain LLC	1,854.87	-	1,854.87	The company did not include this payment in its initial response. The company made the adjustments.
4	ArcelorMittal Kryvyi Rih PJSC	2,802,377.20	2,804,982.00	2,802,377.20	The discrepancy between the data of the company and the data provided by the government agencies arose due to the inclusion by the company of deposit payments for the goods not cleared through customs (transitional balances). The company made the adjustments.
5	Zaporizhzhia Iron Ore Plant PrJSC (foreign investment enterprise)	107,720.91	-	107,623.75	The company did not include this payment in its initial response, because the company's account with the STS has no information on its payments with the budget revenue classification code 14070000. After adjustment of the data, there is a slight discrepancy. The discrepancy between the company's data and the data of government agencies is due to the failure of government agencies to make some adjustments to the customs declarations for 2020. The company made the adjustments.
6	Velta LLC	188.43	-	188.43	The discrepancy between the data of the company and the data of the government agencies arose because the company included this payment and the advance payments in the domestic VAT account (code 14060000) in its initial response. The company made the adjustments.
7	Energy Service Company Escopivnich LLC	80.43	-	80.43	In the initial response, the company did not show the amount of value added tax paid on goods imported into Ukraine due to a technical error.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
					The company made the adjustments.
8	Zakhidnadraserervice LLC	349.67	-	349.67	The company did not provide the data on VAT, as it was guided by the provision of Art. 1 of the EITI Law, which requires mining companies to report on all payments to the benefit of the state other than VAT or PIT. The company made the adjustments.
9	Suha Balka PrJSC	12,841.80	-	12,841.80	The company did not include this payment in the initial response, as value added tax on goods imported into Ukraine is specified in the Value added tax declaration and is included in the value added tax payment with code 14060100. The company made the adjustments.
10	Krivyi Rih Iron-Ore Combine JSC	67,603.42	66,572.18	66,572.18	The amount of value added tax paid on goods imported into Ukraine, provided by the company, was double checked during the clarification stage. As a result, the amount of UAH 66,572.18 thousand corresponds to the amount of value added tax actually paid in 2020 on goods imported into Ukraine after completion of customs clearance and is confirmed with customs declarations, adjustments to customs declarations and value added tax returns for 2020. The company confirms the amount specified in its initial data. The company made no adjustments.
11	Naftogazvydobuvannya PrJSC	22,310.89	-	22,310.89	The company did not include this payment in its initial response, as it did not reflect in its Statement of Payments the payments to the state that are not administered by the State Tax Service (including value added tax on goods imported into Ukraine that is administered by the State Customs Service). The company made the adjustments.
12	Ukrgazvydobuvannya JSC	214,782.52	-	214,782.52	The company did not include this payment in its initial response. The company adjusted its initial data without any detailed explanation.
13	United Mining and Chemical Company JSC	2,744.49	2,663.62	2,744.49	The discrepancy between the data of the government agencies and the data of the company arose because the company erroneously did not include the funds charged by the customs authority for overtime work (customs clearance after 18:00) in its initial response. The company made the adjustments.
14	Ukrnafta PJSC	4,671.50	-	4,671.50	The company did not include this payment in its initial response. The discrepancy between the government agencies data and the company data is

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
					because the company does not account for the VAT paid at customs as a separate payment to the budget, as all VAT amounts paid to the budget according to the submitted VAT declarations pass through one account. The company made the adjustments.
15	Poltava Iron Ore Enrichment Works PrJSC	345,081.89	-	344,913.73	The company did not provide the data on VAT paid at customs, as it was guided by the provision of paragraph 1, Article 1 of the EITI Law, which requires mining companies to report on all payments to the benefit of the state, other than VAT or PIT. The company made the adjustments. After the adjustment, there was an insignificant discrepancy.
16	DTEK Dobropolyeugol LLC	2,682.34	-	2,682.34	The company did not include this payment in its initial response. The company made the adjustments.
17	Pavlohradcoal PrJSC	82,596.05	84,201.82	84,201.82	The amount of value added tax paid on goods imported into Ukraine provided by the company was double checked during the clarification stage. As a result, the amount of UAH 84,201.82 thousand is confirmed with the underlying documents according to the taxpayer electronic account. The company confirms the amount specified in its initial response. The company made no adjustments.
18	Bilozerska Mine ALC	1,586.79	-	1,586.79	The company did not include this payment in its initial response. The company made the adjustments.
19	Colliery Group Pokrovs'ke PJSC	164,295.41	-	169,767.81	The company did not provide the data on VAT, as it was guided by the draft guidance on filling in the forms of the Statement of Payments to the benefit of the state (paragraph 5.1 of Section 5, which requires reporting all taxes other than VAT or PIT). The company made the adjustments. After corrections of the initial response, there was a significant discrepancy. The company confirms the data stated in its tax returns.

## 11.7 Land fee

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Toretskvuhillia SE	4.19	3.00	3.00	The discrepancy between the data of the company and the data provided by the government agencies is because the government agencies have transferred the data on land fees from legal entities to the company individual accounts for the previous periods, while the company mentioned the actual amount of taxes for 2020 in the Statement of Payments in favour of the state. The company confirms the amount specified in its initial response. The company made no adjustments.
2	Kub-gaz LLC	717.80	651.90	717.14	The company adjusted its initial data without any detailed explanation. After the adjustment, there was an insignificant discrepancy.
3	Velta LLC	4,428.49	4,688.57	4,428.49	The company adjusted its initial data without any detailed explanation.
4	Pervomaiskvuhillia SE	(4.38)	10.00	(4.38)	The difference between the data of the company and the data provided by the government agencies arose because the company did not include the payment that was erroneously paid as "Rent from legal entities" (the budget revenue classification code 18010600) (adjusted with the STS on 29.01.2020) in the initial response. The company made the adjustments.
5	Ukrtransgaz JSC	91,820.37	91,773.00	91,773.10	The initial data of the company are provided according to the records and data of the taxpayer electronic account with the STS. The company confirms the amount specified in its initial response. The company made no adjustments.
6	Myrnohradvuhillia SE	2.28	2,133.00	2.37	The discrepancy between the initial data of the company and the data of the government agencies arose due to an error in filling out the Statement of Payments in favour of the state. The company made the adjustments.
7	Gas Transmission System Operator of Ukraine LLC	0.21	-	0.21	The company did not include this payment in its initial response. The company adjusted its initial data without any detailed explanation.
8	Ukrgazvydobuvannya JSC	58,361.54	58,187.00	58,361.54	The company adjusted its initial data without any detailed explanation.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
9	Poltava Iron Ore Enrichment Works PrJSC	56,902.96	42,415.08	42,415.08	The discrepancy between the company's initial data and government agencies data was because the company showed only the part of rent from legal entities (payment code 18010600) and land tax from legal entities (payment code 18010500), which were paid for the land plots used directly in mining activities (allocated for quarrying and dumping). The rest of the land fees were paid by the company from activities other than mining. The company made no adjustments.

## 11.8 Environmental tax

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Kub-gaz LLC	118.43	138.10	118.43	The company adjusted its initial data without any detailed explanation.
2	Lvivvuhillia SE	-	501.00	-	The company adjusted its initial data without any detailed explanation.
3	Ukrtransgaz JSC	20,653.11	20,520.00	20,647.49	The discrepancy between the company's data and the data of the government agencies arose because the company included in its initial data the environmental tax payment without penalties. After adjustment, there was a slight discrepancy. The company made the adjustments.
4	Myrnohradvuhillia SE	727.56	849.00	728.00	The discrepancy between the company's data and the data of the government agencies arose because the company in the initial response did not include the relevant fines in the total amount of the tax paid. The penalties were reflected in the category "Other" in the initial response. The company made the adjustments.
5	Poltava Iron Ore Enrichment Works PrJSC	120,014.12	103,584.21	103,584.21	The discrepancy between the data provided by the government agencies and the data provided by the company because the government agencies provided information on the total amount of environmental tax paid, and the company provided information only on the part of environmental tax paid for "low-risk non-toxic waste from the mining industry" (code 246.2.005 ). The rest of the environmental tax was not mentioned, as it was paid by the company for the activities other than mining. The company made no adjustments.



## **11.9 Dividends and payment of a share of net profit**

During reconciliation of dividends and payment of a share of net profit discrepancy among extractive companies and government agencies were not identified



## 11.10 Unified contribution

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Toretskvuhillia SE	86,028.23	86,011.00	86,011.00	The discrepancy between the data of the company and the data provided by the government agencies is because the government agencies have transferred the data from previous periods to the individual unified contribution accounts, while the company in its Statement of Payments in favour of the state included the actual amount of taxes for 2020. The company confirms the amount specified in its initial response. The company made no adjustments.
2	Kub-gaz LLC	11,041.77	12,131.40	11,165.63	In its initial response, the company reflected the amount that included compensation of preferential pensions. After adjusting the data (deduction of the amounts of paid compensation of preferential pensions from the amount of the unified contribution paid), an insignificant discrepancy remained. The company made the adjustments.
3	Lvivvuhillia SE	326,515.45	326,484.70	326,515.45	The company made the adjustments to its initial data without any detailed explanation.
4	Lysychanskvuhillia JSC	104,478.75	-	104,479.00	The company did not include this payment in its initial response. The company made the adjustments to its initial data without any detailed explanation.
5	Rudomain LLC	18,866.76	18,983.27	18,866.76	In its initial response, the company reflected the amount that included compensation of preferential pensions. The company made the adjustments.
6	Volynvuhillia SE	40,420.93	-	40,420.93	In its initial response, the company did not reflect the amount of the unified contribution paid due to a technical error. The company made the adjustments.
7	ArcelorMittal Kryvyi Rih PJSC	998,066.52	-	998,066.52	The company did not include this payment in its initial response. The company made the adjustments.
8	Pokrovskiy GZK JS	126,191.28	-	126,191.28	In its initial response, the company reflected the payment of a unified contribution and compensation of preferential pensions to the Pension Fund of Ukraine under the code 50000000 "Target contributions". The company made the adjustments.

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
9	Velta LLC	17,087.83	17 553.81	17,087.83	The discrepancy arose because the company, in its initial response, reflected the amounts of the accrued unified contribution, rather than paid ones. The company made the adjustments.
10	Pervomaiskvuhillia SE	148,018.98	148,008.00	148,018.98	The discrepancy between the data of the company and the data of the government agencies is caused by a few reasons: - the company, in its initial response, did not include the return of UAH 7.1 thousand paid in excess by a separate subdivision NKK; - the company, in its initial response, did not include the financial sanctions (fines) in the amount of UAH 3.88 thousand paid by a separate subdivision UMTZ. The company made the adjustments.
11	Ukrtransgaz JSC	313,488.48	327,782.00	313,488.48	In its initial response, the company included compensation of preferential pensions (UAH 14,293.96 thousand) in the unified contribution. After adjusting the data (deduction of the amounts of paid compensation of preferential pensions from the amount of payment of the unified contribution) no discrepancies were identified. The company made the adjustments.
12	Myrnohradvuhillia SE	114,555.36	-	114,553.00	The company did not include this payment in its initial response. The company made the adjustments. After the adjustment, there was a slight discrepancy due to the rounding of data provided by separate units.
13	Ukrgezvydobuvannya JSC	923,076.59	922,888.00	922,888.16	The amount of the unified contribution paid, provided by the company, was double checked during the clarification phase. The company confirms the amount specified in its initial response. The company made no adjustments.
14	Selydivvuhillia SE	193,385.15	-	193,328.00	The company did not include this payment in its initial response. After the inclusion of the payment in the Statement of Payments, there was a slight discrepancy. The company confirms the data it provided with payment orders for 2020. The company made the adjustments.
15	Ukrnafta PJSC	855,251.42	856,560.20	855,311.30	Ukrnafta PJSC as a legal entity is guided by the law and the Tax Code of Ukraine and prepares its consolidated financial statements and tax statements according to international standards, namely: Balance Sheet (Statement of Financial Position), Statement of Financial Performance, Cash

№	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
					<p>Flows Statement, Statement of Equity, Income tax return. The financial statements of the company include the results of operations (and hence tax liabilities) under the joint activities agreement in proportion to the value of the participants' contributions to the joint property. Accordingly, the initial form 5.1 of the Statement of Payments in favour of the state included the taxes on joint operations accrued and paid under the agreements with Ukrnafta PJSC. The government agencies, on the other hand, provide data exclusively on the registered taxpayer (according to the USREOU codes) without considering the legal entity's joint operations agreements. Thus, the discrepancy arose due to differences in approaches to accounting for tax revenues. After the data were adjusted, there was a slight discrepancy. The company made the adjustments in accordance with the approach used by the government agencies.</p>
16	DTEK Dobropolyeugol LLC	210,793.19	216,714.44	216,711.76	<p>The amount of the unified contribution paid, provided by the company, was double checked during the clarification phase. According to the data of the electronic account with the State Tax Service, the company paid UAH 216,711.76 thousand as the unified contribution. The amount published on the electronic account with the State Tax Service was reduced by UAH 2.68 thousand, which was paid for Dobropillyavuhilya SE (USREOU 32186934). The company confirms the data specified in its initial response. The company made no adjustments.</p>
17	Pavlohradcoal PrJSC	1,025,005.54	1,024,911.06	1,025,005.54	<p>The discrepancy between the data of the government agencies and the data provided by the company is because the company did not provide the total amount of the unified contribution in its initial response. The company made the adjustments.</p>

### 11.11 Fees for granting or extending special permits for the use of subsoil and revenues from the sale of such permits

Nº	Company name	Government agencies data, UAH thousand	Company data (initial), UAH thousand	Company data (adjusted), UAH thousand	Source of discrepancies and / or adjustments
1	Kub-gaz LLC	8,117.51	-	8,117.51	The company did not include the fee for granting and extending special permits for the use of subsoil and revenues from the sale of such permits in its initial response, as it did not determine this payment as a tax or fee. The company made the adjustments.
2	Persha ukrainska hazonaftova kompaniia LLC	799.28	-	799.28	The company did not include this payment in its initial response. The company made the adjustments without any detailed explanations.
3	Pokrovskiyi GZK JS	128.00	117.76	128.00	The discrepancy between the data of the government agencies and the data of the company arose because the company did not include the amount of the guarantee fee for participation in the auction of Ukrainian Energy Exchange in the amount of UAH 10,236.80. The company made the adjustments.
4	Naftogaz of Ukraine NJSC	66,233.20	-	66,233.20	The company did not include this payment in its initial response. The company made the adjustments.
5	Oil&Gas Geoexploring LLC	650,500.00	-	650,500.00	The company did not include this payment in its initial response, as it did not include the payments that are not administered by the State Tax Service in the Statement of Payments in favour of the state. The company made the adjustments.
6	Ukrnafta PJSC	4,798.21	-	4,798.21	The Company did not include this payment in its initial response, as Ukrnafta PJSC, according to its management accounting policy, does not consider the Fees for granting and extending special permits for the use of subsoil and the revenues from the sale of such permits as a tax. The company accounts the tax in other accounts. The company made the adjustments.

## Annex 12. Compliance of the Ukraine EITI Report with the EITI Standards

EITI Standard requirement	Section of the EITI Report
2.1	<p>Description of regulatory and fiscal regulation of the extractive industries, as well as the main areas of reform are presented in Section 6 of the Report, including:</p> <ul style="list-style-type: none"> <li>• Review of the legislation governing mineral extraction, including regulations in the field of mining taxation - <b>Section 6.1</b></li> <li>• Functions and powers of public authorities - <b>Section 6.2, Annex 4</b></li> <li>• Reforming the extractive industry regulatory and fiscal environment - <b>Section 6.3</b></li> <li>• Access to information on beneficial owners of legal entities - <b>Section 6.4</b></li> <li>• Fiscal regime, including the information on tax revenues to different levels of budget (tax decentralization) - <b>Section 6.5</b></li> <li>• Regulatory regime - <b>Section 6.6</b>, including:               <ul style="list-style-type: none"> <li>○ Information about the registry of licenses for subsoil use and the procedure for their granting - <b>Sections 6.6.1 and 6.6.2</b></li> <li>○ Overview of the agreements in the extractive industries and other mining related contracts - <b>Sections 6.6.3 and 6.6.4</b></li> <li>○ <b>Use of local component in extractive industries - Section 6.6.5</b></li> <li>○ Interaction between mining companies and local communities - <b>Section 6.6.6</b></li> </ul> </li> </ul>
2.2	<p><b>Section 6.6.2</b> describes the procedure for granting licenses for the use of subsoil (including for different types of subsoil use for which permits are granted, the procedures for obtaining permits, the criteria for granting permits, etc.).</p> <p>The information on auctions for the sale of special subsoil permits held in the reporting year and the winners of the auctions is provided in <b>Annex 7</b>.</p> <p><b>Sections 6.6.3-6.6.5</b> describe the procedure for concluding various types of contracts in the extractive industry (PSA, DSD, concession agreements).</p> <p>The information on the current and planned reforms on these issues is provided in <b>Section 6.3</b>.</p>
2.3	<p>The information on the registry of special subsoil use permits and the data available in the registry is provided in <b>Section 6.6.1</b>.</p>
2.4	<p>The Information on the agreements in the extractive industries and their disclosure requirements, including contract information and the tender for new agreements (where applicable), the information on the taxation of the activities under such agreements is provided in <b>Sections 6.6.4 and 6.6.5</b>.</p> <p>For information on the reforms regarding the agreements in the extractive industries, see <b>Section 6.3</b>.</p>

EITI Standard requirement	Section of the EITI Report
2.5	<p>The information on the government policies for disclosure of the final beneficial owners (controllers) of mining companies, as well as information on such persons available in the Unified State Register is set out in <b>Section 6.4</b>.</p> <p>The information on the final beneficial owners (controllers) of the reporting entities according to the Unified State Register is provided in <b>Annex 4</b>.</p>
2.6	<p>Information regarding state participation in extractive industries may be found in Section 7 and the Annexes to the Report.</p> <p><b>Requirement 2.6 a) i):</b></p> <ul style="list-style-type: none"> <li>• Definition of state-owned enterprises (SOEs) - <b>Section 7.1</b></li> <li>• Explanation of the role of state-owned enterprises in the extractive industries - <b>Section 7</b></li> <li>• The rules and existing practice of the relationship between state-owned enterprises and the state:             <ul style="list-style-type: none"> <li>– Rules on financing the activities of state-owned enterprises - <b>Section 7.3.1</b></li> <li>– Information on retained earnings, reinvestments and external financing - <b>Section 7.3.1, Section 7.3.2</b></li> <li>– Rules regarding distribution of dividends and payment of a part of net profit by state-owned enterprises - <b>Section 7.3.1, Section 7.4.1</b></li> <li>– Information on dividends - <b>Section 7.4.2, Annex 9 (Section 9.9)</b></li> </ul> </li> <li>• Functions of state-owned enterprises and payments of business entities in favour of such enterprises - <b>Section 7.6</b></li> </ul> <p><b>Requirement 2.6 a) ii):</b></p> <ul style="list-style-type: none"> <li>• State share in the charter capital of the extractive enterprises - <b>Section 7.2.1</b></li> <li>• Responsibility of the state for covering expenses of state-owned enterprises - <b>Section 7.2.2</b></li> <li>• Liability of the state for the extractive companies' obligations - <b>Sections 7.2.1, 7.2.2, Annex 2</b></li> <li>• Role and responsibility of the state under the PSA and the JAA - <b>Sections 6.6.3, 6.6.4, 7.2</b></li> <li>• Loans and borrowings guaranteed by the state - <b>Sections 7.5.3</b></li> <li>• Overview of payments from the state in favor of state-owned enterprises (including measures of state support and state aid) - <b>Section 7.5</b></li> </ul> <p><b>Requirement 2.6 b):</b></p> <ul style="list-style-type: none"> <li>• Information on the audit and disclosure of financial statements of state-owned enterprises - <b>Section 4.3</b></li> <li>• Financial statements and independent auditors' reports of extractive state-owned enterprises - <b>Annex 8</b></li> </ul> <p><b>Requirement 2.6 c):</b></p> <ul style="list-style-type: none"> <li>• State policy regarding corporate governance of public sector entities, including current and planned reforms in the field of state governance - <b>Section 7.7</b></li> </ul> <p>Unless otherwise indicated in the text, contextual information, in particular on state participation in extractive industries, applies only to companies that were identified as</p>

EITI Standard requirement	Section of the EITI Report
	significant and included in the scope of reconciliation of payments to the State ( <i>Annex 2</i> )
3.1	The information on significant exploratory activities is provided in each section on a specific industry, namely: <i>5.1.2, 5.2.2, 5.3.2, 5.4.2, 5.5.2, 5.6.2, 5.7.2, 5.8.2, 5.9.2.</i>
3.2	<ul style="list-style-type: none"> <li>• The information on mineral reserves is provided in <i>Section 5</i>, namely in: <i>5.1.1, 5.2.1, 5.3.1, 5.4.1, 5.5.1, 5.6.1, 5.7.1, 5.8.1, 5.9.1.</i></li> <li>• The information on the volume (in physical units) of mineral production is stated in <i>Section 5</i>, namely in: <i>5.1.3.1, 5.2.3.1, 5.3.3.1, 5.4.3.1, 5.5.3.1, 5.6.3.1, 5.7.3.1, 5.8.3.1, 5.9.3.1.</i></li> <li>• The information on the value of the extracted minerals is provided in <i>Section 5</i>, namely: <i>5.1.3.2, 5.2.3.2, 5.3.3.2, 5.4.3.2, 5.5.3.2, 5.6.3.2, 5.7.3.2, 5.8.3.2, 5.9.3.2.</i></li> </ul>
3.3	<p>Exports and imports information is provided in <i>Section 5</i>, namely: <i>5.1.4, 5.2.5, 5.3.4, 5.4.4, 5.5.4, 5.6.4, 5.7.4, 5.8.4, 5.9.4.</i></p> <p>The official statistics provides no information on the exports and imports of minerals, which are covered by the EITI Report 2020, disaggregated by the regions of Ukraine.</p>
4.1	<p>The information on taxes and other government revenue from the extractive industries is presented in <i>Section 9</i>, as well as <i>Annexes 9, 10, 11.</i></p> <p><i>Information on tax and other state revenues from all companies in the extractive industries (those that were subject to reconciliation and those from which revenues were determined as insignificant) for all types of payments is available at <a href="http://eiti.org.ua/">http://eiti.org.ua/</a>, <a href="https://menr.gov.ua/">https://menr.gov.ua/</a>, <a href="https://data.gov.ua/">https://data.gov.ua/</a></i></p>
4.2	The mechanisms for transferring part of the extracted products to the state are not used in Ukraine. It was the decision of the MSG of 01.10.2021. At the same time, the questionnaires for the mining companies did include the relevant questions and the results of the questionnaire did not reveal any facts of transferring the share of the mining companies profits to the state.
4.3	The barter and infrastructure agreements with the state are not used in Ukraine. This fact was enshrined in the decision of the MSG of 20.11.2020. At the same time, the questionnaires for the mining companies did include the relevant questions and the results of the survey did not reveal any barter agreements between the extractive companies and the state.
4.4	<p>The information on oil and gas transportation, including transit activities is described in <i>Section 5.2.4.</i></p> <p>The revenues from oil and gas transportation are disclosed in <i>Section 5.2.4</i> partly due to the lack of complete and disaggregated information from the companies.</p> <p>The route data (requirement 4.4 I.) cannot be disclosed due to the technical and operational specifics of the Ukrainian gas and oil transportation system.</p>
4.5	<ul style="list-style-type: none"> <li>• Information on transfer payments (subsidies, subventions etc.) from the state to the state-owned extractive enterprises - <i>Sections 7.5.1 and 7.5.2, 6.5.2</i></li> <li>• Information on dividends paid by the state-owned extractive enterprises for the benefit of the state - <i>Section 7.4.2.2</i> (dividends of Naftogaz of Ukraine NJSC's subsidiaries), <i>Section 9.2</i> (general results of reconciliation), <i>Section 9</i> (detailed reconciliation result in terms of each extractive company that paid dividends in 2020)</li> </ul>

EITI Standard requirement	Section of the EITI Report
	<ul style="list-style-type: none"> <li>Relationship between the state and state-owned enterprises under the JAA, concession contracts, PSA - <b>Sections 6.6.3, 6.6.4, 7.2</b></li> <li>Payments from the extractive companies for the benefit of state-owned enterprises were identified to be insignificant and not to be disclosed in accordance with the decision of the MSG dated 01.10.2021.</li> </ul> <p>According to the results of the survey, no cases of granting loans by reporting SOE to other reporting SOE were identified.</p> <p>Overview of the types of payments by the state-owned extractive companies for the benefit of the state - <b>Section 7.4.2</b></p>
4.6	<p>According to the results of the assessment, the MSG decided to include in the scope of the report two sub-national payments, which are disclosed in the relevant sections, namely:</p> <ul style="list-style-type: none"> <li>Corporate income tax - <b>Section 9.3.2, Annex 9 (section 9.2)</b></li> <li>Personal income tax - <b>Section 9.3.1, Annex 9 (section 9.1);</b></li> <li>Land fee - <b>Section 9.3.7</b>, as well as <b>Section 9 (section 9.6);</b></li> <li>Environmental tax - <b>Section 9.3.8, Annex 9 (section 9.8);</b></li> <li>Production royalty for extracting nationally significant minerals - <b>Section 9.3.3, Annex 9 (section 9.3).</b></li> </ul> <p>The information on the distribution of tax revenues between the budgets of different levels by specific tax / fee is provided in <b>Sections 6.5</b>.</p>
4.7	<p>The report presents disaggregated information on government revenues from the extractive industries:</p> <ul style="list-style-type: none"> <li>By type of payment and reporting companies - <b>Section 9, Annex 9, 11</b></li> <li>By certain type of payment and specific project activity of reporting companies - <b>Annex 10</b></li> </ul>
4.8	<p>EITI Report of Ukraine for 2020 will be published in January 2022.</p>
4.9	<p>Information on the disclosure and availability of the audit of financial statements of the extractive companies according to international standards, see <b>Annex 8</b>. More details on the audit procedure in mining companies and government agencies are in <b>Section 4.3</b>.</p> <p>According to the decision of the MSG dated 01.10.2021, the completeness and reliability of the data is confirmed by:</p> <ul style="list-style-type: none"> <li>▶ On the part of the extractive companies (private and public) - the signatures of senior officers of the companies, who guarantee the correctness of the data provided, and / or the external auditor's opinion on the data provided (if available), for each company. If mining companies submit a Statement of Payments to the State electronically through the electronic EITI system, the accuracy of the data will be confirmed by a qualified electronic signature of the relevant officials of these mining companies.</li> <li>▶ On the part of the state bodies - the signatures of the higher officials of the respective agency.</li> </ul>
5.1	<p>The information on the distribution of tax revenues between the budgets of different levels is provided in <b>Section 6.5, Section 9</b>.</p>
5.2	<p>The information on the distribution of tax revenues between the budgets at different</p>



EITI Standard requirement	Section of the EITI Report
	levels is provided in <b>Section 6.5, Section 9.</b>
5.3.	The Ukrainian budget process, and the requirements for auditing and evaluating the effectiveness of budget management are described in <b>Section 6.7.</b>
6.1	<p>The information on the companies social spending and the types of quasi-fiscal expenditures of the state-owned enterprises is provided in <b>Sections 6.6.5. and 6.6.6.</b></p> <p>The information on the actual costs of the extractive companies for social and environmental purposes is presented in <b>Sections 5.10.3.</b></p> <p>Ukrainian legislation does not contain the concept of “mandatory social costs of mining companies” and does not provide a list of cases where such costs of mining companies (other than the payment of USC) may be mandatory.</p>
6.2	<p>The information on the companies social spending and the types of quasi-fiscal expenditures of the state-owned enterprises is provided in <b>Sections 5.10.3, 6.6.5. and 6.6.6.</b></p> <p>The information on quasi-fiscal operations of the extractive companies is provided in <b>Section 5.11.1.</b></p>
6.3	Information on the contribution of the extractive industries to the economy of the country is provided in <b>Section 5.10.</b>
6.4	<p>Information on the impact of extractive industries on the environment is provided in <b>Section 8,</b> in particular:</p> <ul style="list-style-type: none"> <li>- General overview of the provisions of the legislation in the field of environmental protection - <b>Section 8.1.1</b></li> <li>- Roles and responsibilities of relevant government agencies - <b>Section 8.1.2</b></li> <li>- Environmental commitments, including rehabilitation and restoration - <b>Section 8.1.3</b></li> <li>- Information on the management and monitoring of the impact of the extractive industry on the external environment, including databases of natural resources, measures to minimize the negative impact on the environment - <b>Section 8.1.4</b></li> <li>- Statistical information on the environmental impact of the extractive industries and their expenditures on environmental protection - <b>Section 8.2</b></li> <li>- Control over compliance with environmental legislation and sanctions stipulated by law for violation of environmental regulations - <b>Section 8.3</b></li> </ul>



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