



*Approved by Resolution No. 2019/04/11 of the
Strategy Committee dated 11 April 2019*

*Approved by Minutes No. 17 of the
Supervisory Board dated 17 April 2019*

Strategy Committee annual report

According to the Regulation on the Strategy Committee approved by the Supervisory Board of PJSC "MAHISTRALNI GAZOPROVODY UKRAINY" (*the Company or MGU*), the main purpose of the Strategy Committee's establishment is to oversee the Company's strategy development, approval, implementation, review, and reporting to the Supervisory Board on the main strategy plans. This includes the oversight and continuous improvement of the Company's strategic planning processes and framework. The Strategy Committee is also accountable for ensuring that the Supervisory Board engages in and spends adequate time on strategic dialogue.

The Strategy Committee of the Company was established on 25 April 2018 by the decision of the Supervisory Board of the Company.

The following Supervisory Board members were selected to be members of the Strategy Committee: Walter Boltz (Chair), Adomas Audickas, Jan Chadam, Fabrice Noilhan.

During the year 2018 the Strategy Committee had 2 official meetings. A number of Strategy Committee discussions were held by means of conference calls and/or as a part of the discussions during the Supervisory Board meetings.

The main activities of the Strategy Committee in 2018 were, *inter alia*:

- to analyze the assets' transfer models proposed by the Government or Naftogaz and develop MGU's position as to the most appropriate model;
- to define MGU's position on Underground Gas storages (transfer to a new TSO and/or separation from gas transmission / transportation and establishing the new legal entity - Underground Storage System Operator);
- to cooperate with the stakeholders on the certification procedure of the new TSO (MGU);
- to develop MGU's position on possible TSO Consortium cooperation;
- to analyze the question of the liabilities that might be transferred from UTG to MGU in a framework of the assets transfer;
- to hold the profound discussion with the ECS on the equity requirements, asset quantity, people, resources, that are necessary for the certification of MGU;
- to develop strategic guidance for the CEO;
- to prepare the MGU's position to take in the meetings on unbundling status, organized by the EC in Brussels;
- to prepare the list of questions to be clarified with Naftogaz;
- to hold the careful study of the final draft of the NDA proposed by Naftogaz;
- to define the common strategy model towards Naftogaz in light of the most recent developments and
- to start preparation for major projects of MGU, namely: executive search, selection of the legal advisers, implementation of the Corporate Governance action plan.