

the LAW of UKRAINE

# ON ENSURING TRANSPARENCY IN EXTRACTIVE INDUSTRIES

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# LAW OF UKRAINE

## On Ensuring Transparency in Extractive Industries

This Law defines the legal framework for the regulation and organization of collection, disclosure, and dissemination of information to ensure transparency and corruption prevention in extractive industries in Ukraine.

This Law is aimed at fulfilling Ukraine's international obligations concerning its accession to the Extractive Industries Transparency Initiative (EITI) and implementing the European Union's legislative acts with respect to increasing business transparency in extractive industries, namely Directive 2013/34/EU of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, and Directive 2013/50/EU of the European Parliament and of the Council amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC.

### Section I

#### GENERAL PROVISIONS

##### Article 1. Terms and definitions

1. As used in this Law, the terms listed below shall have the following meanings:

'EITI multi-stakeholder group' means a permanent group established by the central executive authority responsible for the formation of public policy for energy sector and coal industry to oversee information disclosure in extractive industries in accordance with the EITI requirements;

'extractive industries' means industries related to geological study of subsurface resources, including pilot commercial development of mineral deposits of national significance, extraction of minerals of national significance, performance of work (activities) under a production sharing agreement for minerals of national significance,

sale of extracted products, and transportation of hydrocarbons by pipelines, including for the purpose of their transit;

'EITI report' means a report produced by an independent administrator based on analyzing and reconciling information provided by extractive industry businesses and payees, in accordance with the technical specifications and within the EITI framework;

'report on payments received' means a document containing summary information on payments made or payable to a payee by a specific extractive industry business in the reporting period;

'report on payments to the government' means a document containing summary information on extractive industry businesses' activities necessary to ensure transparency in extractive industries in the reporting period and detailed information on taxes, duties, and other charges paid or payable to payees by such businesses in the reporting period;

'reporting period' means the calendar year to which the summarized information on an extractive industry business's financial condition and results refers;

'Extractive Industries Transparency Initiative' means the independent standard of extractive industries transparency voluntarily maintained by Ukraine internationally as adopted by the EITI International Secretariat and approved by the EITI International Board;

'consolidated report on payments to the government' means a document that contains extractive industry parent company consolidated information on activities of extractive industry businesses controlled by such parent company and information on taxes, duties, and other charges paid or payable to payees by such businesses;

'extractive industry parent company' means a company registered in Ukraine and controlling at least one extractive industry business;

'independent administrator' means a business entity that analyzes and reconciles information provided by extractive industry businesses and payees, in accordance with the technical specifications, and produces an EITI report;

'payee' means: a government authority, a public authority of the Autonomous Republic of Crimea, or a municipal government body that receives payments; any government-owned or municipally owned enterprise, institution, organization, or corporation in whose authorized capital the government or a community owns more than 50 percent of shares (equity interests); and a corporation in which 50 or more percent of shares (equity interests) belong to another corporation in whose authorized capital the government or a community owns 100 percent of shares (equity interests);

'payment' means any cash or in-kind payment made by an extractive industry business in connection with its activities in extractive industries to the national budget or local budgets, compulsory national social and pension insurance funds, or directly a payee, namely:

- national taxes and duties, local taxes, and national contributions, except for value added tax and individual income tax;
- dividends paid to the government;
- part of profitable products;
- payments (distributions, premiums, or bonuses) under contracts, agreements, and other juristic acts not prohibited by law that govern legal relationships between parties with respect to the use of subsurface resources, namely joint venture agreements, production sharing agreements, and integral property complex lease or concession agreements;
- fees and other payments for issuing, extending, renewing, issuing duplicates of, amending, suspending, or terminating special permits for subsurface use, licenses, and other documents permitting the use of subsurface resources; and
- other payments made by disclosure entities for the use of subsurface resources, namely: fee for acquiring rights to geological information, fee for the use (temporary occupation) of land plots, fee (tariffs) for accessing infrastructure facilities, expenses for infrastructure improvement, lease payments, and financial sanctions for violations of the legislation governing the use of subsurface resources;

'project activities' means activities relating to geological study of subsurface resources, including pilot commercial development of mineral deposits of national significance, extraction of minerals of national significance, performance of work (activities) under a production sharing agreement for minerals of national significance, and sale of extracted products under a separate special permit for subsurface use and/or under a separate agreement on the terms of subsurface use, production sharing agreement, joint venture agreement, or another agreement that imposes an extractive industry business's obligations to the government in relation to the subsurface use, as well as transportation of hydrocarbons by pipelines under a contract, including for the purpose of their transit;

'extractive industry business' means an individual entrepreneur or a legal entity using subsurface resources for geological study, including pilot commercial development of mineral deposits of national significance, extraction of minerals of national significance, performance of work (activities) under a production sharing agreement for minerals of national significance, and transportation of hydrocarbons by pipelines, including for the purpose of their transit;

'technical specifications' means requirements to be met when preparing an EITI report, in particular for determining the scope of such a report and coordinating interim results and an independent administrator's responsibilities during each phase of its preparation, which are an integral part of the contract with the independent administrator;

'subsurface use agreements' means agreements on the terms of subsurface use, production sharing agreements, joint venture agreements, or other agreements under which project activities are carried out.

2. As used in this Law, 'ultimate beneficial owner (controller)' shall have the meaning assigned to it in the Law of Ukraine On Preventing and Countering Laundering of the Proceeds of Crime, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction. As used in this Law, 'control' and its derivatives shall have the meanings assigned to them in the Law of Ukraine On Protection of Economic Competition.

3. Other terms shall have the meanings set forth in other laws of Ukraine.

## Article 2. Scope

This Law shall apply to all extractive industry businesses and extractive industry parent companies regardless of their legal form and ownership type, the central executive authority responsible for the formation of public policy for energy sector and coal industry, the central executive authority implementing the public policy for geological study and rational use of subsurface resources, and payees.

## Section II

### INFORMATION DISCLOSURE OBLIGATIONS

#### Article 3. Purpose of information disclosures

1. The purpose of information disclosures in extractive industries is to provide the public with access to complete and objective information on extractive industry businesses' payments to payees and create preconditions for such businesses to use minerals of national significance in a socially responsible way and for public awareness and discussion of issues related to the use and management by the government and communities of minerals of national significance.

#### Article 4. Disclosure entities

1. The following shall be disclosure entities:

- extractive industry businesses;
- extractive industry parent companies;
- payees;
- central executive authority responsible for the formation of public policy for energy sector and coal industry; and

- central executive authority implementing the public policy for geological study and rational use of subsurface resources.

2. Disclosure entities shall disclose information in accordance with the requirements and within the scope and time frames established by this Law and other legislative acts of Ukraine.

### Article 5. Methods of information disclosure

1. Information shall be disclosed in the following manner:

1) for extractive industry businesses and extractive industry parent companies:

- by submitting a report on payments to the government and, where required by law, a consolidated report on payments to the government to the central executive authority responsible for the formation of public policy for energy sector and coal industry and to an independent administrator by sending it in electronic form or, where not possible, in paper form by mail with the enclosure list, or through the electronic system for reporting submission and analysis (if available);
- by placing a report on payments to the government and, where required by law, a consolidated report on payments to the government in electronic form on its own website (if available);
- by providing information on essential terms of subsurface use agreements together with appropriate extracts from such agreements to the central executive authority responsible for the formation of public policy for energy sector and coal industry or by entering such information in the electronic system for reporting submission and analysis (if available);

2) for payees:

- by submitting a report on payments received to the central executive authority responsible for the formation of public policy for energy sector and coal industry and an independent administrator by sending it in electronic form or, where not possible, in paper form by mail with the enclosure list;
- by placing a report on payments received in electronic form on its own website (if available) or by entering it in the electronic system for reporting submission and analysis (if available);

3) for the central executive authority responsible for the formation of public policy for energy sector and coal industry:

- by placing a report on payments to the government and, where required by law, a consolidated report on payments to the government in electronic form, a report on payments received in electronic form, an EITI report in electronic form, and information on essential terms of subsurface use agreements

together with relevant extracts from such agreements (except for agreements on the terms of subsurface use) on its official website or by entering it in the electronic system for reporting submission and analysis (if available);

4) for the central executive authority implementing the public policy for geological study and rational use of subsurface resources:

- by placing information about applications for special permits for subsurface use and applications for the preparation of subsurface sites for an auction for the sale of special permits for subsurface use received from extractive industry businesses and about special permits for subsurface use issued and agreements on the terms of subsurface use concluded (with relevant annexes, including contractual work programs) on its official website;

5) for extractive industry businesses, extractive industry parent companies, and payees:

- by providing information on payments upon request of the central executive authority responsible for the formation of public policy for energy sector and coal industry and of an independent administrator.

2. All electronic versions and copies of documents referred to in part one of this Article shall be sent or placed in such format that allows their automated electronic processing, unrestricted and free access to them, and their subsequent use.

### Article 6. Report on payments to the government

1. A report on payments to the government shall contain the following information:

- the total amount of payments;
- the total amount for each payment type;
- the total amount of rent on mining-related subsurface use, land tax, and environmental tax paid for each specific project activity;
- the total amount of rent on mining-related subsurface use, land tax, and environmental tax paid for each payment type for each specific project activity;
- payment currency;
- the reporting period in which payments were made;
- a description of the extractive industry activity in connection with which payments were made;
- a list of specific types of project activities directly or indirectly conducted and main characteristics of such activities;

- participation in social projects or programs and the total amount of payments for each social project or program, separately indicating those implemented on production sites;
- production output for each relevant project activity type;
- average number of registered personnel who have worked during the reporting period;
- amounts of financing and aid received from government authorities and municipal government bodies, including entities under their control, in particular amounts of government aid to business entities;
- information on ultimate beneficial owners (controllers) in the reporting period in accordance with the Law of Ukraine On Preventing and Countering Laundering of the Proceeds of Crime, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction; and
- the audit report for the reporting period (for disclosure entities that are required by law to have their financial statements audited).

An integral part of a report on payments to the government shall be reconciliation reports for taxes, duties, and single contribution for compulsory national social insurance paid between an extractive industry business and a payee, where applicable.

2. Disclosure entities shall prepare a report on payments to the government in such scope and form as previously approved by an independent administrator and the EITI multi-stakeholder group or, if the electronic system for reporting submission and analysis is in place, by the EITI multi-stakeholder group and further approved by the Cabinet of Ministers of Ukraine.

3. Any payment made as a lump sum or in several installments shall not be included in a report on payments to the government if the amount of such payment during the reporting period is less than the amount determined by the EITI multi-stakeholder group.

4. When implementing project activities under a joint venture agreement, all extractive industry businesses that participate in the joint venture shall prepare a report on payments to the government to the extent of the joint venture agreement regardless whether any payment is made by such businesses directly or on their behalf by another participant in the joint venture and regardless of such businesses' participation (share) in the project activities.

5. In the case of an in-kind payment, such payment shall be reported in value and quantity terms with corresponding notes to explain how the payment amount was determined.

6. When disclosing the payment details referred to in this Article, the content and

not the form of payments or relevant business activities shall be reported. Payments and business activities may not be artificially separated or combined to avoid application of the requirements of this Law.

### Article 7. Report on payments received

1. A report on payments received shall include the following information:

- the total amount of payments;
- the total amount for each payment type;
- the total amount of payments for each project activity type;
- the total amount for each payment type for each specific project activity;
- payment currency;
- the reporting period in which payments were made; and
- the amount of financing and aid by a payee to an extractive industry business.

2. Disclosure entities shall prepare a report on payments received in such scope and form as previously approved by an independent administrator and the EITI multi-stakeholder group or, if the electronic system for reporting submission and analysis is in place, by the EITI multi-stakeholder group and further approved by the Cabinet of Ministers of Ukraine.

3. Any payment made as a lump sum or in several installments shall not be included in a report on payments received if the amount of such payment during the reporting period is less than the amount determined by the EITI multi-stakeholder group.

### Article 8. Requirements for establishing the EITI multi-stakeholder group

1. In order to oversee information disclosures in extractive industries in line with the EITI requirements, the central executive authority responsible for the formation of public policy for energy sector and coal industry shall establish the EITI multi-stakeholder group.

2. The EITI multi-stakeholder group shall be guided by the following main principles in its operation:

- free discussion of matters and decision-making;
- publicity and transparency;
- openness;
- parity in representing stakeholders' interests; and

- compliance with the Ukrainian legislation and EITI standards.

3. The members of and regulation on the EITI multi-stakeholder group shall be approved by the central executive authority responsible for the formation of public policy for energy sector and coal industry.

4. The EITI multi-stakeholder group members shall be appointed on a parity basis from among representatives of stakeholder groups, namely officials of central executive authorities, representatives of extractive industry businesses, and non-governmental organizations.

5. The Minister of Energy and Coal Industry of Ukraine shall chair the EITI multi-stakeholder group by virtue of his or her position. Each of the central executive authority responsible for the formation of public environmental policy, central executive authority implementing the public policy for geological study and rational use of subsurface resources, and the central executive authority implementing the public tax and customs policy shall also delegate one representative to the EITI multi-stakeholder group.

6. The EITI multi-stakeholder group's decisions shall be taken by a majority vote of its members, provided that such majority includes majority votes of the attending members of the EITI multi-stakeholder group who represent each stakeholder group referred to in part four of this Article. Decisions of the EITI multi-stakeholder group shall be set out in the minutes and signed by the chairperson of the EITI multi-stakeholder group.

7. The powers of the EITI multi-stakeholder group shall include:

- overseeing information disclosures in extractive industries in line with the EITI requirements;
- pre-approving the form of a report on payments to the government, consolidated report on payments to the government, and a report on payments received;
- setting a threshold amount below which any payment made by an extractive industry business as a lump sum or in several installments shall not be included in a report on payments to the government and a report on payments received for the corresponding reporting period;
- approving the procedure for conducting a competition for electing an independent administrator;
- approving the candidacy of an independent administrator;
- approving an EITI report;
- pre-approving technical specifications for the preparation of an EITI report;
- preparing materials for consideration of cases over imposing administrative and economic fines for violations of extractive industry transparency

legislation;

- producing recommendations for amending legislation to introduce and improve mechanisms for the designated use of funds paid by extractive industry businesses in the form of payments in communities directly affected by activities in extractive industries;
- deciding that an EITI report need not be prepared where the electronic system for reporting submission and analysis is introduced and its operation procedure is approved; and
- other powers as laid down in this Law.

8. The central executive authority responsible for the formation of public policy for energy sector and coal industry shall provide informational, organizational, material, and other support to the EITI multi-stakeholder group.

### Article 9. Consolidated report on payments to the government

1. Extractive industry parent companies that are registered in Ukraine and draw up consolidated financial statements as required by law shall draw up and submit a consolidated report on payments to the government.

2. A consolidated report on payments to the government shall contain only information on payments to the government by extractive industry businesses.

3. A consolidated report on payments to the government shall be prepared in such scope and form as previously approved by an independent administrator and the EITI multi-stakeholder group and further approved by the Cabinet of Ministers of Ukraine.

### Article 10. EITI Report

1. An EITI report shall be prepared by an independent administrator, except as provided in part six of this Article.

2. The central executive authority responsible for the formation of public policy for energy sector and coal industry shall elect an independent administrator on a competitive basis, and his candidacy shall be subsequently approved by the EITI multi-stakeholder group. The procedure for holding the competition for electing the independent administrator shall be determined by the central executive authority responsible for the formation of public policy for energy sector and coal industry in coordination with the EITI multi-stakeholder group.

3. An EITI report shall be prepared in two languages (Ukrainian and English) based on analyzing and reconciling information provided by extractive industry businesses and payees and shall be approved by the EITI multi-stakeholder group.

4. An EITI report shall be prepared in accordance with the technical specifications approved by the central executive authority responsible for the formation of public policy for energy sector and coal industry and by the EITI multi-stakeholder group. The content of the technical specifications and EITI report shall be in line with the EITI requirements.

5. Within two months of the publication of an EITI report, disclosure entities may, after analyzing the EITI report, submit proposals to the central executive authority responsible for the formation of public policy for energy sector and coal industry for improving the operating efficiency of extractive industries with regard to regulatory, organizational, technological, material, and other support. Such proposals shall be considered at a meeting of the EITI multi-stakeholder group and, subject to its decision, submitted to the Cabinet of Ministers of Ukraine for their implementation.

6. The EITI multi-stakeholder group may decide not to prepare an EITI report if the electronic system for reporting submission and analysis is introduced. The EITI multi-stakeholder group shall determine the electronic system's operation procedure, which shall comply with the EITI requirements.

#### **Article 11. Information on special permits for subsurface use and on essential terms of subsurface use agreements**

1. The central executive authority implementing the public policy for geological study and rational use of subsurface resources shall publish and keep up-to-date on its official website or in the electronic system for reporting submission and analysis (if available):

information on applications for special permits for subsurface use and applications for the preparation of subsurface sites for auctions for the sale of special permits for subsurface use received from extractive industry businesses indicating, in particular, the date of receipt of such an application, its content, applicant, subsurface site coordinates, consideration phase, information on the approval or refusal of the application by competent executive authorities and municipal government bodies, and the outcome of considering the application (with justification, in the case of a refusal to issue a special permit for subsurface use); and

information on issued special permits for subsurface use specifying, in particular, the registration number and date of issue, business entity, grounds for the issue, subsurface use type, subsurface site details (field name, location, and site coordinates), and validity period and specific terms of validity of a special permit for subsurface use, together with copies of special permits for subsurface use and agreements on the terms of subsurface use and annexes thereto, including work programs and changes to them.

2. The central executive authority responsible for the formation of public policy for energy sector and coal industry shall publish information on essential terms of

subsurface use agreements between all extractive industry businesses and payees together with relevant extracts from such agreements, as well as a list of all such agreements indicating their details (name and number, parties, and date) on its official website.

3. Information on essential terms of subsurface use agreements shall include:

- agreement name, number, and date and names of the parties;
- date of entry into force and term of the agreement;
- subject matter of the agreement;
- rights and obligations of the parties in relation to subsurface use and other rights to natural resources;
- guarantees regarding certainty of legal provisions (if applicable);
- any special terms of collecting payments;
- operational obligations, in particular work programs;
- obligations relating to environmental protection measures;
- requirements for occupational health and safety of employees, and contractors and their employees; and
- social responsibilities, including provisions on participation in developing the local infrastructure and provisions on the use of works, goods, and services performed, supplied, or provided by business entities registered in a community where extractive industry activities are carried out, and requirements for conducting public hearings.

#### **Article 12. Information disclosure time frames and procedure**

1. Extractive industry businesses shall disclose their (consolidated) reports on payments to the government annually by September 1 of the year following the reporting period and ensure that such reports remain publicly available during at least three years from the date of the disclosure.

2. The central executive authority responsible for the formation of public policy for energy sector and coal industry and an independent administrator shall, within 30 days from the day a (consolidated) report on payments to the government is received, give notice in writing of the receipt of such (consolidated) report on payments to the government and of its compliance with the established requirements to a relevant disclosure entity and publish the notice on its official website. Absent any observations, a (consolidated) report on payments to the government shall be deemed timely and properly submitted. If the central executive authority responsible for the formation of public policy for energy sector and coal industry and an independent

administrator make any observations, a disclosure entity shall, within 10 business days, eliminate them and prepare the final version of the (consolidated) report on payments to the government, written notice thereof with an exhaustive list of observations to be sent to it.

No measures of liability may be initiated against a disclosure entity unless it is given the opportunity to eliminate a violation within 10 business days from the day it receives the observations from the central executive authority responsible for the formation of public policy for energy sector and coal industry and an independent administrator.

3. An EITI report shall be posted on the official website of the central executive authority responsible for the formation of public policy for energy sector and coal industry annually by November 30 of the year following the reporting period, except as provided in part six of Article 10 of this Law.

An EITI report and data posted in the electronic system for submission and analysis (if applicable) shall remain publicly available for at least 10 years from the day of posting.

4. Information on essential terms of subsurface use agreements (except for agreements on the terms of subsurface use), together with relevant extracts from such agreements, and on any amendments to those documents shall be sent by extractive industry businesses to the central executive authority responsible for the formation of public policy for energy sector and coal industry in electronic form or, where not possible, in paper form by mail with the enclosure list or entered in the electronic system for reporting submission and analysis (if available) within one month from the date they are concluded or amended.

5. Before the electronic system for reporting submission and analysis is introduced, information on essential terms of subsurface use agreements (except for agreements on the terms of subsurface use), together with relevant extracts from such agreements, and on any amendments to those documents shall be published on the official website of the central executive authority responsible for the formation of public policy for energy sector and coal industry within one month from the day it is received from extractive industry businesses and shall remain publicly available for an unlimited period.

6. Copies of special permits for subsurface use and of agreements on the terms of subsurface use and annexes thereto (including changes to work programs) and information on applications for special permits for subsurface use, applications for the preparation of subsurface sites for an auction for the sale of special permits for subsurface use, and on any changes to those documents shall be published on the official website of the central executive authority implementing the public policy for geological study and rational use of subsurface resources or entered in the electronic system for reporting submission and analysis (if available) within 10 days from the day they are received, issued, or amended and shall remain publicly available for an

unlimited period.

7. To ensure the proper collection, disclosure, and dissemination of information in extractive industries, payees shall provide, upon request of the central executive authority responsible for the formation of public policy for energy sector and coal industry and of an independent administrator complete information on payments within 15 business days from the day of the receipt of the request by sending it in electronic form or, where not possible, in paper form by mail with the enclosure list, and shall ensure that competent officials of the central executive authority responsible for the formation of public policy for energy sector and coal industry and an independent administrator have free access to such information, except as otherwise provided by law.

### Article 13. Free access to information

1. Information to be disclosed by disclosure entities in accordance with this Law may not be classified as commercial secret or restricted information.

## Section III

### LIABILITY FOR VIOLATIONS OF EXTRACTIVE INDUSTRY TRANSPARENCY LEGISLATION

#### Article 14. Liability of extractive industry businesses and extractive industry parent companies for violations of extractive industry transparency legislation

1. Extractive industry businesses and extractive industry parent companies that are disclosure entities shall be liable for the following violations:

- a failure to disclose information or meet information disclosure time frames referred to in Article 12 of this Law
- shall entail a fine of five thousand individual non-taxable minimum incomes; and
- a disclosure of a (consolidated) report on payments to the government containing incomplete information on activities of an extractive industry business referred to in Article 6 of this Law and a violation of the prescribed information disclosure procedure in extractive industries referred to in Article 12 of this Law

shall entail a fine of two thousand individual non-taxable minimum incomes.

2. Cases over violations of extractive industry transparency legislation against extractive industry businesses or extractive industry parent companies that are disclosure entities shall proceed in accordance with the provisions of this Article.

Cases over violations referred to in part one of this Article shall be considered by the central executive authority responsible for the formation of public policy for energy sector and coal industry, and a resolution shall be issued after the consideration.

The head or deputy heads of the central executive authority responsible for the formation of public policy for energy sector and coal industry may consider cases over violations and impose penalties on its behalf.

A fine may be imposed on an extractive industry business or an extractive industry parent company that is a disclosure entity within six months from the day a violation is revealed but no later than one year after it is committed.

Cases over violations referred to in part one of this Article shall be considered based on a violation report. Competent officials of the central executive authority responsible for the formation of public policy for energy sector and coal industry shall have the right to draw up reports on violations of extractive industry transparency legislation based on materials prepared by the EITI multi-stakeholder group.

The report form shall be approved by the central executive authority responsible for the formation of public policy for energy sector and coal industry.

A report, together with other materials relevant to a case, shall be submitted within five days from the date of the report to the head or a deputy head of the central executive authority responsible for the formation of public policy for energy sector and coal industry.

A violation case shall be considered within ten days from the day the violation report and other case materials are received.

A fine shall be paid within two months from the day an extractive industry business or an extractive industry parent company that is a disclosure entity receives a resolution on imposing the fine.

A copy of a bank-attested payment document certifying full payment of the fine shall be sent to the authority that has imposed the fine.

A resolution on imposing a fine shall be an enforcement document.

If a fine is not paid within the period set under this Article, the resolution on imposing the fine shall be enforced in accordance with the provisions of the Law of Ukraine On Enforcement Proceedings.

The fine amount shall be credited to the national budget.

An extractive industry business or an extractive industry parent company that is a disclosure entity may lodge an appeal in court against a resolution in a case over violations of extractive industry transparency legislation.

3. Information on a violation of extractive industry transparency legislation by an extractive industry business or by an extractive industry parent company that is a disclosure entity and on a decision on imposing a fine for such violation shall be

published within five business days from the date of the decision under the relevant section on the official website of the central executive authority responsible for the formation of public policy for energy sector and coal industry.

4. Where an extractive industry business or an extractive industry parent company that is a disclosure entity is held liable, it shall not be released thereby from the obligations established by this Law.

5. If any facts are revealed that may indicate that a violation of extractive industry transparency legislation exists, officials of the central executive authority responsible for the formation of public policy for energy sector and coal industry who have become aware of such facts shall immediately take measures to verify those facts and, should they be true, hold liable the respective extractive industry businesses or extractive industry parent companies that are disclosure entities.

**Article 15. Liability of officials of payees, the central executive authority responsible for the formation of public policy for energy sector and coal industry, and the central executive authority implementing the public policy for geological study and rational use of subsurface resources for violations of extractive industry transparency legislation**

1. For a failure to disclose information in extractive industries or meet the time frames or procedure for its disclosure, officials of payees, the central executive authority responsible for the formation of public policy for energy sector and coal industry, and the central executive authority implementing the public policy for geological study and rational use of subsurface resources shall be held liable as provided by law.

**Article 16. Appeal of decisions in cases over violations of extractive industry transparency legislation**

1. A decision on imposing a fine for violating extractive industry transparency legislation may be appealed in court as provided by law.

**Section IV**

**FINAL AND TRANSITIONAL PROVISIONS**

1. This Law shall enter into force 30 days after its publication.

2. The following legislative acts of Ukraine shall be amended:

1) Article 212<sup>3</sup> of the Code of Ukraine on Administrative Offenses (Bulletin of the Verkhovna Rada of the USSR, 1984, Annex to No. 51, Article 1122) shall be

supplemented part eleven reading as follows:

“A failure to disclose information in extractive industries or meet the time frames or procedure for its disclosure as required by the Law of Ukraine On Ensuring Transparency in Extractive Industries

shall entail a fine of twenty to sixty individual non-taxable minimum incomes to be imposed on officials”;

2) in the Law of Ukraine On Accounting and Financial Reporting in Ukraine (Bulletin of the Verkhovna Rada of Ukraine, 1999, No. 40, Article 365, as amended):

paragraph seventeen of part one of Article 1 shall be amended as follows:

“‘report on payments to the government’ means a document containing summary information on activities of extractive industry businesses or undertakings engaging in timber harvesting and detailed information on taxes, duties, and other charges paid or payable to the government as provided by law. A report on payments to the government shall be submitted by extractive industry businesses under the Law of Ukraine On Ensuring Transparency in Extractive Industries and by undertakings engaging in timber harvesting and being of public interest”;

part two and four of Article 11 shall be amended as follows:

“2. The procedure and time frames for submitting financial statements, consolidated financial statements, management report, and a report on payments to the government to government authorities, except for extractive industry businesses, shall be determined by the Cabinet of Ministers of Ukraine and, for banks, by the National Bank of Ukraine.

The procedure and time frames for submitting a report on payments to the government by extractive industry businesses shall be established in accordance with the Law of Ukraine On Ensuring Transparency in Extractive Industries”;

“4. The structure and forms of financial statements, consolidated financial statements, management report and report on payments to the government by undertakings (except for banks and extractive industry businesses), and financial statements on budget execution shall be established by the central executive authority responsible for the formation of and implementing the public policy for accounting, in coordination with the central executive authority implementing the public policy for statistics.

The structure and forms of the report on payments to the government for extractive industry businesses shall be established in accordance with the Law of Ukraine On Ensuring Transparency in Extractive Industries”;

in the text of the Law, the words ‘undertakings engaging in extraction of minerals of national significance’ in all cases, in singular or plural, shall be replaced by the words ‘extractive industry businesses’ in the corresponding case, in singular or plural.

3. Information on essential terms of subsurface use agreements (except for

agreements on the terms of subsurface use) together with relevant extracts from such agreements shall be submitted by extractive industry businesses to the central executive authority responsible for the formation of public policy for energy sector and coal industry for publication within 90 days from the date of entry into force of this Law, in line with the procedure established by this Law.

4. Copies of special permits for subsurface use and of agreements on the terms of subsurface use and annexes thereto, including changes to work programs, and information on applications for special permits for subsurface use, applications for the preparation of subsurface sites for auctions for the sale of special permits for subsurface use, and on any changes to those documents shall be published on the official website of the central executive authority implementing the public policy for geological study and rational use of subsurface resources within 90 days from the date of entry into force of this Law.

5. The first mandatory reporting period shall be 2018.

6. The Cabinet of Ministers of Ukraine shall:

- within two months from the date of entry into force of this Law,
- approve the procedure for the central executive authority responsible for the formation of public policy for energy sector and coal industry to consider cases over violations of extractive industry transparency legislation; and
- within six months from the date of entry into force of this Law,
- bring its regulations into compliance with this Law; and
- ensure that the ministries and other central executive authorities review and cancel their regulations that contravene this Law.

**Chairman of the Verkhovna Rada of Ukraine Andriy Parubiy**

