

## Employees

People are main source of value and competitive advantage. Only a solid team of professionals can solve ambitious tasks, therefore, DTEK Group has created a system of continuous personal development for every employee, while managers of all levels are trained in personnel management processes. This is all in aid of creating a constructive working environment, which lets people work effectively and progress. The principles of the UN Global Compact observed by DTEK Group in human resources management, reflect the "S", Social, in the ESG criteria.

**4 QUALITY EDUCATION**

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

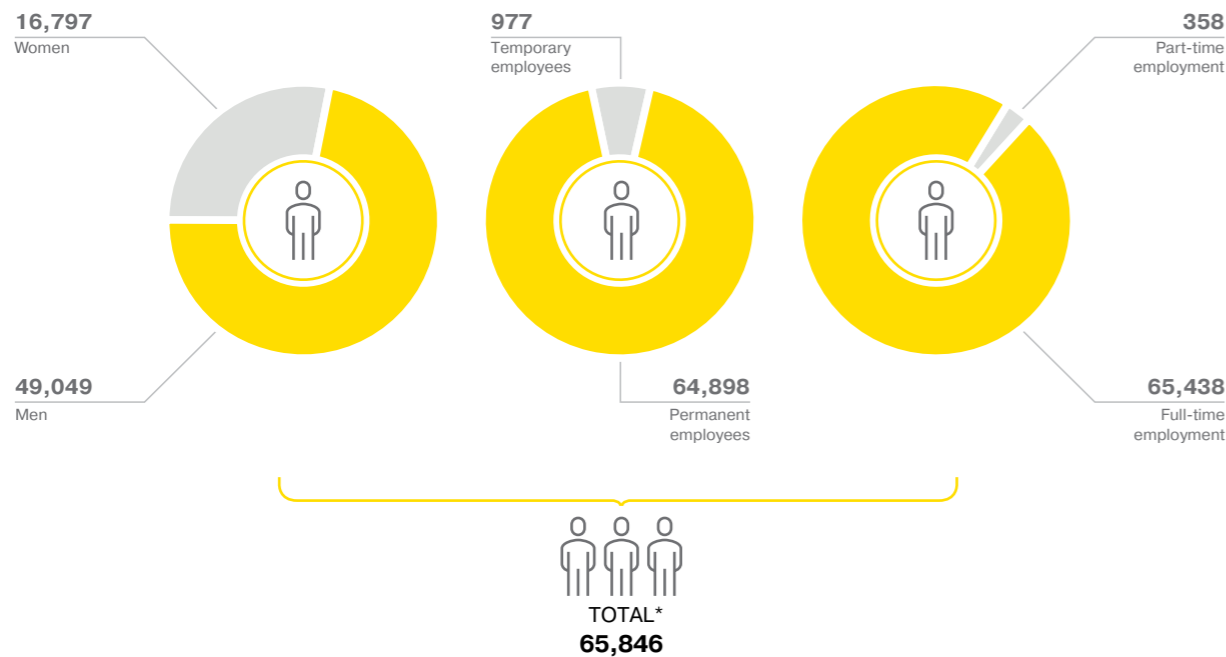
**5 GENDER EQUALITY**

Achieve gender equality and empower all women and girls

**8 DECENT WORK AND ECONOMIC GROWTH**

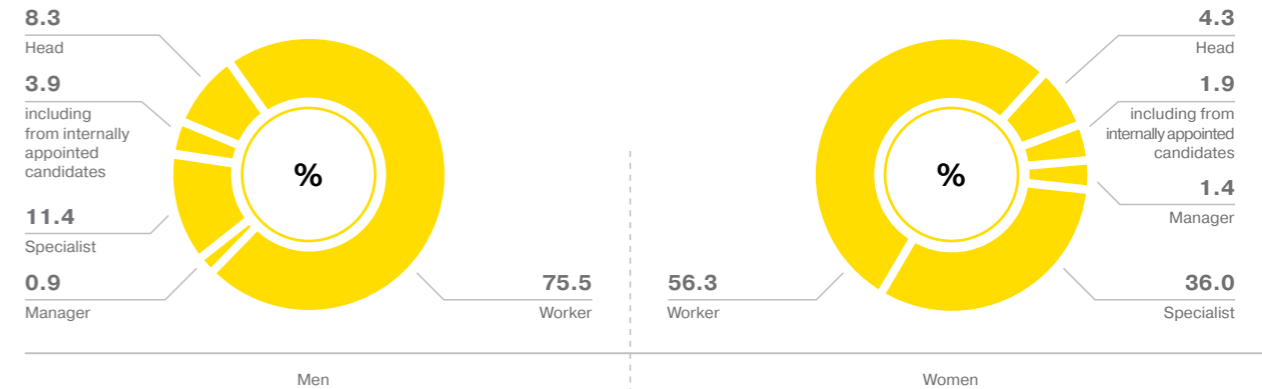
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

### The total number of DTEK Group personnel in 2018, persons



\* Not including staff of DTEK Service LLC.

### Gender aspect: organizational position in DTEK Group, % relative to the gender



More than a third of DTEK Group employees obtained higher professional education. Among DTEK employees 45% of women and 28% of men have higher education.



organizations and conduct an open dialogue with them, guaranteeing identification and timely resolution of potential disputes. Collective agreements are another guarantee which protect employees' interests and rights. The agreements contain provisions on remuneration, social benefits, payments to retirees and obligations in the field of occupational safety and personnel training. Senior management reports on the fulfillment of collective agreement terms annually.

### HR management approaches

The HR management system at DTEK Group is in line with the relevant laws of Ukraine, industry regulations and internal rules.

DTEK Group's HR management strategy is focused around:

- providing equal opportunities for all employees;
- involving the best professionals in the labor market;
- ensuring a decent level of remuneration and reward for employees;
- talent management;
- forming a unified corporate culture.

The system is built in this way so it can be an effective tool which provides opportunities for employee initiatives.

DTEK Group respects the right of employees to create trade unions and other associations which represent their interests. DTEK Group's companies cooperate with these

To maintain an ongoing bilateral dialogue, a number of mechanisms are used to convey the views of employees to top management:

- interaction with trade unions and regular meetings with trade union leaders;
- meetings between company leaders and specialized directorates and labor collective;
- meetings between company leaders and opinion leaders;
- individual reception of employees by company director and HR manager;
- HR days on which HR managers meet with employees directly at workplaces and answer questions, inform them about projects, initiatives, and events in the field of HR, as well as providing feedback on the status of issues addressed at previous meetings;
- employee surveys;
- collection of complaints, comments and suggestions from employees.

## Payment, remuneration and incentive

In the first quarter, employees undergo an Annual Performance Appraisal (APA), with career prospects and remuneration determined by the results in the reporting period, and a task, training and development program is formed for the next year.

Since 2017, APAs have been applied to employees in traditionally blue-collar roles. In 2018, it also covered those in DTEK Energy in mining machinery manufacturing. A work contribution coefficient (WCC) is applied for a more objective appraisal of employees in production companies. WCC is the personal contribution of each worker to the overall result of the division, which considers the individual appraisal. The criteria for calculating WCC include the performance of work duties, compliance with the requirements of occupational safety and health, and competence.

The regulation for employee remuneration management sets out the basic benefits and social package available to staff. In 2018, all employees received salary increases and the social package was retained in full.

## Social payments and benefits provided to DTEK Group's employees in 2018, UAH ths

Support for retirees and veterans	1,641.2
Improvement of living conditions	153,284.3
Financial aid	114,859.8
Corporate events	41,823.5
Voluntary health insurance	43,198.4
Health care service	18,353.9
One-time employee bonuses	49,114.6
Others	24,353.0

## Approach to responsible restructuring and retirement of employees

In 2018, DTEK Group companies did not dismiss any personnel due to production and labor changes in their organizations.

Companies use the following personnel restructuring mechanisms:

- insourcing and outsourcing of non-core functions;
- transfer of social facilities into communal ownership;
- natural staff reduction (retirement of employees, voluntary resignation, etc.);
- negotiated resignation.

Collective agreements set a minimum period within which employees must be notified of upcoming changes. This period corresponds to the statutory two months, and in the case of coal companies, three months.

## Forecast for retirement of employees, %

Percentage of employees who will retire after 5 years		Percentage of employees who will retire after 10 years	
Men	Women	Men	Women
6.2	5.6	8.9	7.4

## Staff recruitment

Employee planning, personnel recruitment, and personnel administration are carried out in accordance with the laws of Ukraine, the collective agreement, recruitment regulations, internal work regulations, the Code of Corporate Ethics and Business Conduct, instructions "On the procedure for work incapacity certificate" and "On the procedure of scheduling vacations and providing vacations to employees".

When recruiting and selecting individuals for a vacant position, internal recruitment is the main route used: employees are informed about open vacancies, those who wish can send a resumé and be interviewed to see if they have the right qualifications and personal qualities required for the vacant position. External recruitment is carried out through employment centers, online recruitment on specialized job search resources and other external sites.



## Personnel training and development

DTEK Group is focused on its growth and innovation strategy. This requires enterprising employees who are willing to learn and grow throughout the course of their daily activities. DTEK's approach to training and development covers all personnel — from workers to the general director — and provides opportunities for career and personal growth.

The following activities are carried out in the framework of training and development:

- compulsory vocational training for staff, including simulator training in individual specialties;
- development of professional corporate standards for key industrial occupations;
- competitions aimed at promoting a culture of professional competence among employees throughout the organization;

- annual performance appraisals that cover all personnel which form the basis of personal development programs;
- the Talent Pool program, which let to plan and develop career cards.

DTEK Group's corporate university, Academy DTEK, plays the leading role in educating and developing personnel. Academy has become a tool for managing talents, knowledge and changes. All employees have the opportunity to develop their potential at the corporate university.

DTEK Group transformed its corporate university, helping it become an innovative educational business platform open to business, government, public, and international partners. In its new form, Academy DTEK is partnering leading business schools and organizations including INSEAD, IE Business School, Thunderbird, HRCI, and Kyiv Mohyla Business School to introduce international HR practices to Ukraine.

Academy DTEK has opened its doors at UNIT.City, a space that is equipped with the latest technology and creates an atmosphere for the generation of great new ideas. The campus where the office is located conforms to the "green building" standard of the American LEED (Leadership in Energy and Environmental Design) system.

## DTEK Group's investment in employee training and development, UAH mln



**Professional standards.** DTEK Group creates corporate professional standards for its production companies what's codify to actualization requirements to regard develop production. In 2018, the following corporate standards were developed: in the coal industry — "master blaster", "miner on auxiliary works", "machinist of enrichment and briquetting installations"; in the energy industry — "chemical water cleaning operator", "ultrasonic inspection tester", "chemical analysis technician", "electric gas welder", "automotive crane driver"; in the field of electricity distribution — "electrician for repair of dispatching equipment and teleautomatics" and "driver of aerial work platform and truck-mounted hydraulic lift".

Most corporate standards form the basis of state standards in vocational education. This reduces the gap between theoretical knowledge and the practical requirements of employers — students gain knowledge that will be needed for the profession, which speeds up their ability to adapt to the conditions of production. In 2018, the following corporate professional standards were adopted at a national level: "chemistry lab technician" and "operator of enrichment and briquetting equipment"

In addition, at a national level, work was initiated to create a new profession — "miner on auxiliary work in mines". The new profession combines four functions: underground miner, underground engineer, underground bottom man and roadway repair miner. In early 2019, this profession was listed in the national occupational classifier.

**Profession-oriented schools.** There are nine specialized schools operating at DTEK Group companies which aim to give each employee the opportunity to realize their potential in their profession.

The second area of work revolved around highly qualified specialists transferring their experience to the younger generation. For example, there is a tool called "Vacant Full-Time Equivalent" at DTEK Energy's organizations, which assigns an external expert to each appointed employee to shorten the adaptation period and help new employees master the subtleties of the position. In 2018, about 40 experts shared their unique experience.

In addition, the "Work Mentorship in the Workplace" program involves current and retired specialists teaching young employees practical skills. 6 928 mentors have passed on their experience. In the reporting year, DTEK Energy developed an Experience program aimed at disseminating and preserving the professional experience and technical expertise of sector-specific specialists. As part of the program, the Experience YouTube channel was created, where educational videos are freely available.

The introduction of a dual training system was an innovation in the field of personnel training and development in 2018. The theoretical part of the training takes place at an educational organization, and the practical part in the workplace. Pershotravens'ky mountain lyceum and Higher vocational school No. 20 (Lviv) both provide employees knowledge of these future professions: "electric locomotive engineer", "underground installation engineer", "electric gas welder", "gas cutter", "electric welder of manual welding". While the experts of the companies help to realize them in the conditions of real production.

**Professional contests and competitions** are aimed at promoting high standards of excellence among employees of production companies. 39 contests were held in 2018.

The creation of the Youth Movement of DTEK Energy was a significant event in 2018. The Movement works across the following areas:

- social sector — participation of young employees in social programs;
- production sector — development of projects aimed at improving production, occupational safety systems, etc.;
- sports sector — development of programs to encourage young people to live a healthy lifestyle;
- cultural sector — organization of cultural events.

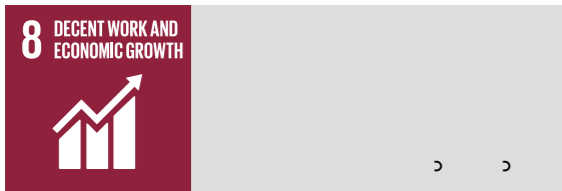
Employees of 26 companies — over 400 activists — actively participate in the Youth Movement.

**Cooperation with Universities.** Since 2009, DTEK Group has cooperated with higher education institutions. The companies' personnel requirements are considered in the program and necessary specialists are subsequently trained. In higher education institutions, DTEK Group identifies promising fourth-year students who are then trained using additional programs that take the specifics of their future profession into account.

Today, partner universities include: NTU "Dnipro University of Technology", NTU "Kharkiv Polytechnic Institute", Donetsk National Technical University and Industrial Institute of Donetsk National Technical University, Dnipro National University of Railway Transport, Ukrainian State University of Chemical Technology, Donbas State Machine-Building Academy, Kharkiv National Automobile and Highway University, Ukrainian Engineering Pedagogical Academy, NTU "Igor Sikorsky Kyiv Polytechnic Institute, Pryazovskyi State Technical University, and Poltava National Technical Yuri Kondratyuk University.

## 2018: Staff training and development in figures





## Occupational Health and Industrial Safety, Health Care of Employees

The main objective of DTEK Group's system of occupational and industrial safety is the preservation of employees' lives, health and working ability in the course of their work activities. To achieve this goal, DTEK Group has adopted a zero tolerance for industrial accidents and built a culture where employees respect their own and others' welfare.

DTEK Group has built an organizational structure that covers occupational health and safety for all levels of management. Committees on labor safety and environmental protection under supervisory boards are the main method of analyzing the current management system. The Committee on Sustainable Development under the Board regularly evaluates the management system and makes recommendations for improvement. In each area of business, occupational safety functions have been created that are responsible for implementing systematic approaches based on previous decisions. Thus, the Health, Safety and Environment system (HSE) is integrated into the daily activities of all production companies and is a prerequisite for setting and achieving strategic goals.

Priority areas for investment in HSE:

- regular certification audits of the occupational safety management system to ensure compliance with national regulatory requirements and the international standard OHSAS 18001;
- implementation of comprehensive measures to improve working conditions;
- continuous improvements to workplaces to enhance occupational safety and improve the working environment;

- compliance with regulatory requirements for sanitary conditions;
- purchase of protective clothing, protective shoes, personal and collective protection equipment, fire protection equipment;
- conducting primary, periodic and extraordinary medical examinations of personnel;
- training and improving staff knowledge;
- carrying out measures to prevent injuries among the general population.

### HSE approaches and certification

The "Occupational Health and Safety" section is a mandatory clause in collective agreements at all of DTEK Group's production companies. This clause includes obligations of the administration and trade unions to fully implement the legislation in this area.

In accordance with the collective agreement, DTEK Group companies undertake to:

- conduct certification of workplaces;
- provide workers with the necessary tools, protective clothing, protective footwear, personal and collective protection equipment, detergents;
- ensure the stable operation of surface and underground health centers with constant acquisition of medicines and equipment;
- conduct periodic medical examinations, provide emergency medical care;
- compensate for the damage caused to the employee because of an industrial injury or occupational disease;
- carry out vocational and occupational health and safety training;
- inform workers about occupational health risks and take measures to minimize and eliminate such risks;
- encourage employees who are actively involved in the implementation of measures to improve occupational and industrial safety.

In 2018, DTEK Dnipro Grids, DTEK Kyiv Grids and DTEK Donetsk Grids adopted a new wording of collective agreements, which takes into account the urgent needs of employees, the capabilities of companies and the requirements of the NEURC Decree No. 1406 dated December 27, 2017.

Fostering a culture which promotes a careful and attentive attitude towards one's own life and the safety of others requires corrective thinking, which can be achieved by introducing knowledge and principles that underlie any industrial action. To this end, the companies of DTEK Group develop internal regulatory documents to improve their occupational safety management systems, which in coordination with trade unions are then introduced into practice. This comprehensive approach has allowed us to accumulate considerable experience, which has been recognized at a state level. For example, employees of DTEK Energy's coal-mining companies are now part of a working group which is revising government regulations: Safety rules in coal mines and fire safety regulations for coal industry companies. The working group included representatives of the Ministry of Social Policy of Ukraine, the Ministry of Energy and Coal Industry of Ukraine, specialized institutes and other participants.

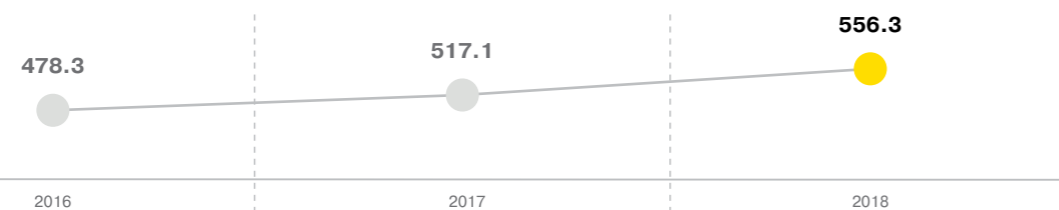
An occupational health and safety management system operates or has been implemented at DTEK Group's production companies in accordance with the requirements of the international standard OHSAS 18001. In 2018, DTEK Dniproenergo and DTEK Skhidenergo underwent a certification audit, Naftogazvydobuvannya — a recertification audit, DTEK Westenergy, Interenergo-service, DTEK Dnipro Grids, DTEK Donetsk Grids — a supervisory audit for compliance with OHSAS 18001:2007. In Wind Power, the occupational health and safety management system is certified for compliance with OHSAS 18001:2010. According to the auditors' report, management systems in all companies are fully effective. 100% of employees are certified.

In 2018, DTEK Group adopted the program of Occupational Safety and Health Initiatives at coal production and processing enterprises and companies responsible for electricity generation. The priority areas are as follows:

- Implementation and operation of a hazard management algorithm using the Novator continuous improvement system, aimed at creating conditions for improving the OSH management system. The project encourages staff to submit ideas on how to improve safety at work.
- Implementation of the Cardinal Rules. The main purpose of introducing the rules is to increase employees' personal responsibility for the observance of safe working conditions. Failure to comply with the rules entails the mandatory formulation of dismissal.
- Leadership and personal involvement in ensuring occupational safety. An enterprise ranking system was developed to promote participation. In addition, managers on occupational safety issues are assessed on an ongoing basis. This is an effective tool for the quantitative and qualitative assessment of the effectiveness of safety work.
- Conducting internships for employees who are scheduled to be appointed or appointed to senior positions in occupational safety systems.

All organizations contracted to carry out work at DTEK Group's production companies should also follow the accepted approaches to occupational health and safety issues. A provision has been developed on the "Security of Contracting Companies' Services", which clearly sets out the requirements in relation to occupational, industrial, fire and general safety. The provision includes a contractor's compliance assessment sheet with safety requirements, requirements for actions to ensure the safety of the contractor's work, and a scheme of actions and allocation of responsibilities for ensuring the safety of work by the contracting organization. If a contractor does not adhere to the requirements, appropriate action will be taken including the cessation of all work and termination of the contract. Every time a DTEK Group employee is injured at work, an investigation is carried out by a commission that includes representatives of the controlling authorities, as well as an internal investigation. DTEK Group carries out any corrective measures to prevent similar incidents in the future, according to the results and recommendations from the investigations.

DTEK Group's investment in occupational and industrial safety, UAH mln



## Training in the field of HSE

DTEK Group has developed a training system to ensure all workers are adequately and ready to perform their duties as set out in the safety requirements of their roles. All production companies of DTEK Group conduct Training and knowledge testing on an ongoing basis.

In 2018, 41 ths employees passed training in the field of occupational safety and health.

The main approaches to training in health and safety issues include:

- visual aids during training sessions (educational films and slides);
- video tutorials;
- differentiation of workers by skill level and specialization;
- involvement of all staff in the training process;
- multi-level knowledge control.

In order to increase efficiency, DTEK Group developed procedures for testing knowledge and conducting briefings which set out the types, frequency and order of organizing these activities. In addition, DTEK Group's companies carry out technical, organizational and training

measures to protect against the threat of natural disasters, including flood preparation, monitoring the state of lightning protection and fire proofing, and maintaining personal protective equipment and protective equipment in readiness.

DTEK Group also carries out skill contests and specialized conferences to motivate staff to pay special attention to safety at work. For example, in 2018, DTEK Energy held an All-Ukrainian competition of voluntary fire brigades, in which employees of all thermal power plants across the country took part. The industrial fire-fighters faced challenges including military deployment, a relay race, accuracy challenge for water from the fire engine at the target, and theoretical questions. The commission gave the third place to the team of Slovians'ka TPP, the representatives of DTEK Dobrotvirs'ka TPP took silver, and the firefighters of DTEK Burshtyns'ka TPP won the overall competition.

Every year, DTEK Oil & Gas organizes the International Scientific and Technical Conference on occupational, industrial and environmental safety. In 2018, over 100 participants attended the Conference. They discussed how innovative solutions contribute to improving the level of occupational, industrial and environmental safety, the potential for improving fire and technological safety of oil and gas facilities, the procedure for certifying workplaces for working conditions and other important issues.

## Basic tools of occupational health and industrial safety

<p><b>Coal production and processing</b></p>	<ul style="list-style-type: none"> <li>• Monitoring the psycho-physiological state of staff</li> <li>• Video instruction before shifts</li> <li>• Training and knowledge testing on the basis of the PROTEK program</li> <li>• Registration and monitoring of critical risks</li> <li>• Algorithm for managing hazardous activities using the Novator continuous improvement system</li> <li>• Cardinal Rules</li> <li>• Evaluation of senior managers on occupational health and industrial safety</li> <li>• "Line of trust" on occupational health and industrial safety</li> <li>• Incentives for the performance of occupational health and safety indicators: tangible and intangible rewards</li> <li>• Professional skills contests</li> </ul>
<p><b>Electricity generation of TPPs and CHPP</b></p>	<ul style="list-style-type: none"> <li>• Training and knowledge testing on the basis of the PROTEK program</li> <li>• Own training and production centers with the right to issue a state diploma</li> <li>• Training ground for the preparation of certified electric welders, certified in Paton Electric Welding Institute</li> </ul>



<p><b>Electricity generation of TPPs and CHPP</b></p>	<ul style="list-style-type: none"> <li>• "Training ground of the power unit of 200, 300 MW" for testing operations which eliminate abnormal and emergency modes</li> <li>• Virtual reality training module "Taking 6 kV switchgear cells out of service for repair", the operation of which is associated with an increased risk or with high costs</li> <li>• Incentives for the performance of occupational health and safety indicators: tangible and intangible rewards</li> <li>• Emergency and fire training</li> <li>• Professional skills contests</li> <li>• All-Ukrainian volunteer fire brigade competitions</li> <li>• Conferences on occupational safety issues including representatives from trade unions of production companies</li> <li>• Annual occupational safety days including employees' family members</li> </ul>
<p><b>Renewable energy</b></p>	<ul style="list-style-type: none"> <li>• Monitoring compliance with the requirements of occupational and industrial safety at wind and solar power plants</li> <li>• Bringing fixed assets into compliance with the requirements of regulatory legal acts in the field of occupational and industrial safety</li> <li>• Workshops and trainings on the provision of domestic medical care and readiness to respond and manage emergencies</li> </ul>
<p><b>Natural gas production</b></p>	<ul style="list-style-type: none"> <li>• Twenty-four-hour monitoring of compliance with industrial safety requirements</li> <li>• Automated emergency response and fire safety systems</li> <li>• Control of production culture, technological discipline</li> <li>• Emergency and fire prevention trainings</li> <li>• First aid training</li> <li>• Professional skills contests</li> <li>• Annual conference on occupational safety, industrial safety and environmental protection</li> </ul>
<p><b>Electricity distribution</b></p>	<ul style="list-style-type: none"> <li>• Providing crews with video recorders for recording workflows to monitor the quality of targeted briefings</li> <li>• Remote access to video cameras control points</li> <li>• Stimulation for the performance of occupational health and safety indicators: tangible and intangible rewards. A system of ratings based on occupational safety indicators has been introduced, which is used to rank structural units at companies. All employees of the structural units included in the top 3 are rewarded quarterly</li> <li>• The ECM program to account for workplace audits</li> <li>• Fire and object training</li> <li>• Annual occupational safety days which include employees of medical institutions, traffic police, the MES</li> </ul>

## Health care of employees, and Occupational Medicine

DTEK Group implements comprehensive programs around occupational medicine, monitoring the dynamics of two medical and social indicators: the incidence rate and the health index. This makes it possible to increase productivity and reduce financial DTEK Group's losses.

The production companies of DTEK Energy and DTEK Grids look to improve the health of their personnel by incorporating a health resort. The companies allocate financial resources towards organizing recreation and rehabilitation for both employees and their family members. The organization of these activities is conducted in conjunction with trade union committees.

### Key facts about health care of employees, and Occupational Medicine

health improvement of employees and their families at recreation centers of companies and health centers of DTEK Service

more than **2.0 mln** employee inspections before the shift



## ZVUT —

- a unified base for monitoring the health indicators of employees of companies and the activities of medical facilities of companies
- centralized administration
- uniform standards of care
- health insurance for all employees
- occupational disease prevention
- assessment of workplaces