

## Society

All of DTEK Group's companies have a social partnership with the communities where they operate, with the aim of building trust-based relationships. Our goal is to improve the quality of life within those communities through the sustainable social, economic and cultural development. The principles of the UN Global Compact, which DTEK Group adheres to in relation to social partnerships, reflect the "S", Social, in the ESG criteria.



## Social Partnership Programs

Strategies for the social and economic development of the territories are instruments for achieving sustainable development goals. Strategic road maps are developed jointly between local authorities, experts, and the general public, whose representatives form committees for managing and implementing strategies. Then the strategies are approved by local authorities, and the committees monitor their implementation. This allows involvement from the whole community and unites people in tackling the most urgent sustainability issues. Also, this approach allows the community to raise funds for the implementation of the projects — both from

business and government funds, and from international donor organizations.

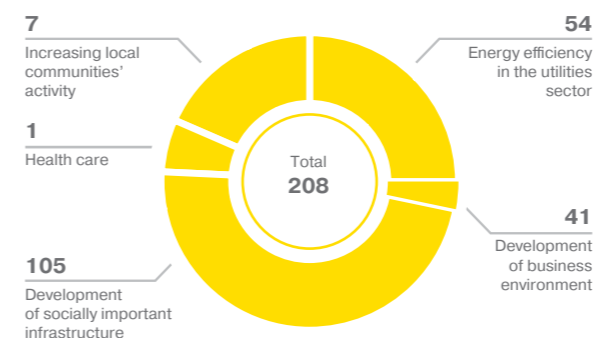
As part of the strategies, Social Partnership Programs are implemented, which consist of interregional and local projects. Interregional projects are large investment projects that are implemented at a territorial level, uniting several cities where the DTEK Group companies operate. Such projects solve problems common to all the territories involved. Local projects are designed to correlate to activities and take into account the needs of the local community. This approach ensures the peculiarities of each community can be taken into account, thereby reducing social risks.

## Investments in the directions of the Social Partnership Programs, UAH mln

Directions	2013	2014	2015	2016	2017	2018
Development of socially important infrastructure	34.2	34.4	13.9	10.9	40.9	63.6
Increasing local communities' activity	5.5	3.8	3.3	9.2	39.8	58.8
Energy efficiency in the utilities sector	45.9	25.7	12.7	23.1	86.6	38.5
Health care	32.2	11.1	10.1	1.5	3.3	6.4
Development of business environment	12.8	2.6	0.9	0.8	2.0	2.1
<b>Total</b>	<b>130.8</b>	<b>77.6</b>	<b>40.9</b>	<b>45.5</b>	<b>172.6</b>	<b>169.3</b>

Since 2013, DTEK Group has switched from "selective" projects to the social partnership strategies in order to increase the efficiency of social investments.

## Number of projects implemented under the Social Partnership Programs in 2018



From 2007 to 2018, within the framework of the Social Partnership Programs, 2,208 projects were implemented, in which DTEK Group invested UAH 1,208.3 mln.





### “Your Hometown Begins with You” interregional project

The main goal of this project is to develop of public participation among the residents, involving them in solving the problems relevant to their area. As part of the project, each resident can contribute to improving the quality of life among residents in their districts, cities and villages. By supporting the initiatives, DTEK Group helps everyone understand the importance of their individual contributions towards sustainable development.

“Your Hometown Begins with You” is a mini-grants competition, for which residents can submit their project for the improvement of local facilities. The selection of the best projects involves local communities through the social partnership program website <http://spp.dtek.com.ua/>, where online voting determines the fate of each project. In 2018, 61,000 residents took part in the voting. Moreover, the best projects are evaluated by the competition commission. In 2018, the commission included the Chairman of the Board of the UN Global Compact in Ukraine, representatives of DTEK Energy, sports figures and the media. The commission identified the five best projects, which received additional grants ranging from UAH 20,000 to 60,000.

This competition has achieved important changes: participants have formed true partnerships and a systematic approach to teamwork is being used for the implementation of projects. At first, residents submitted projects for improving their buildings and surrounding grounds, but more recently projects have been submitted on developing wider urban space. In this regard, a large grants competition is also held separately within a similar scope to these projects. In 2018, the competition covered 15 territories and communities submitted 45 ideas on changing public urban space. Based on the results of online voting, the 15 best projects were selected, one for each corresponding territory.

### DTEK Group has been implementing the project “Your Hometown Begins with You” for seven years

Indicators	2013	2014	2015	2016	2017	2018
Number of settlements that took part in the project	18	19	15	38	42	55
Number of residents who took part in the project	5,600	6,535	5,918	7,222	16,000	16,400
Number of applications for mini-grants submitted for the consideration by the commissions	262	401	396	500	539	647
Number of winning projects for mini-grants	105	167	140	210	268	305
The maximum size of the mini-grant from the company, UAH	20,000	20,000	30,000	30,000	50,000	55,000
Number of applications for maxi-grants submitted for the consideration by the commissions					154	45
Number of winning projects for maxi-grants					15	15
Maximum amount of the maxi-grant from the company, UAH					200,000 – 500,000	200,000 – 700,000
Fund raising by the communities, UAH mln	1.4	1.2	2.0	2.3	6.0	7.3



### Project TREND: “Technologies of Reasonable Energy Saving in Our Houses”

The housing and utilities sector of the country must meet energy demand needs while creating a culture of responsible energy consumption. DTEK Group started a new project in 2018 to create tools designed to help residents save energy in the territories where the company operates. The main task of the TREND project is to encourage the residents of apartment buildings to implement energy saving measures.

#### Project “Technologies of Reasonable Energy Saving in Our Houses” is designed to:

- Raise awareness of the energy saving and energy efficiency among apartment building co-owners (ABCO)
- Taking training and carrying out activities including information technology
- Attracting investment in improving the energy efficiency of residential buildings
- Improving the management efficiency of apartment buildings.

The project uses a common algorithm across all cities on the online platform TREND 1.0,

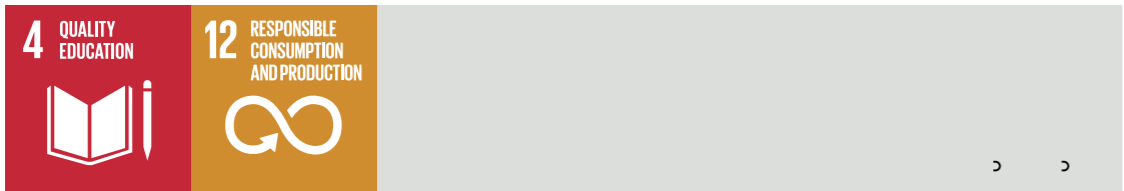
<http://energytrend.org.ua/>, which is a development from the Municipal Development Institute. The platform collected services for ABCO for monitoring and managing energy consumption, feasibility and financial modelling of the apartment building management, introduction of energy-efficient measures and management accounting, and distance training program.

Dobropillia, Bilyts'ke, Bilozers'ke, Novodonets'ke, Pavlohrad became pilot cities participating in the project. In these cities, 149 ABCO took part in the project, for which trainings and workshops were held throughout the year. As a result, 50 ABCO conducted energy audits, which made it possible to develop and implement 20 energy efficiency projects.

### TREND is a new project to improve the quality of life in the apartment buildings

	1st and 2nd waves	
<b>Project participants</b>	149 ABCO	37,500 residents
<b>Coverage of implemented events</b>	20 projects	3,500 residents
<b>Savings on implemented projects</b>	655.5 Gcal	UAH 734,200





### “Energy-Efficient Schools: New Generation” interregional project

“Energy-efficient schools: new generation” is an educational program for schoolchildren in grades 6–11, aimed at fostering environmental values and developing a responsible attitude to energy consumption and a skills in rational use. The program is hosted on an open online platform – energyschool.org.ua – which ensures all schools can access the modern teaching methods, whether they’re in city or village. Only 6 rural schools took part in the project in 2015, but that number increased to 327 in 2018.

Two training courses have been developed by the company under the project — “Fundamentals of Energy Saving and Energy Consumption”, and “The ABC of Housing and Utilities Management” — were ratified by the Ministry of Education and Science of Ukraine. Students can also play the online game “Smart House”.

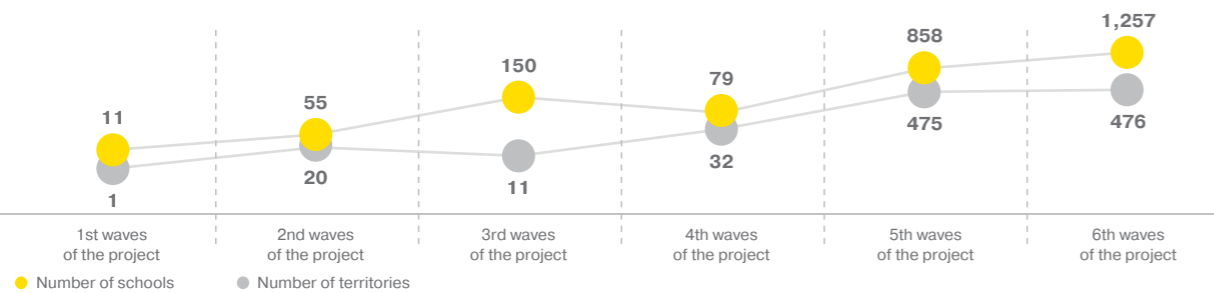
Implementation of the project on the open online platform enables to create virtual classes where students from different cities and regions study. In the 2018/2019 school year, students from 43 schools across 26 different cities in Ukraine studied the “ABC of Housing and Utilities Management”, took part in the online game “Smart House”, made exchange visits to their partner cities and competed in game Brain-ring on energy efficiency.

In 2018, the education programs for students of 4th and 9th–11th grades became the project’s innovations. The idea of teaching the youngest students the basic principles of energy efficiency belongs to the school teachers in Burshtyn. DTEK supported this initiative and six months later presented the education program

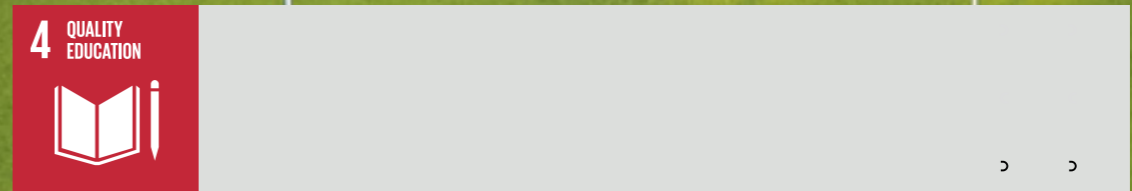
“Secrets of an apartment building”, which was developed jointly with experts and representatives from the education sector. The innovation was accepted by teachers in other regions too — 20 schools included it in their education programs and successfully completed the training course. The program “Career 4.0” was offered to students of the 9th–11th grades, aimed at developing professional competencies needed in the contemporary labour market by providing basic knowledge of technology, engineering, IT and energy. The project is implemented in partnership with the leading universities in Ukraine.

Demand for innovative educational project is increasing every year. DTEK Energy, in partnership with the Ministry of Education and Science of Ukraine, held round tables in Lviv and Dnipro, which brought together representatives from the department of education and school principals. The purpose of the events was to select schools for participation in an experiment on the introduction of energy efficiency courses a compulsory part of the national curriculum.

Every year the number of participants of project “Energy Efficient Schools: New Generation” increases



The project’s methodological and organizational support is provided by the Municipal Development Institute All-Ukrainian Charitable Organization. According to the Institute’s calculations, every thousand schools participating in the project can save up to 5,200 MWh, which reduces CO<sub>2</sub> emissions by 4,742 tonnes.



### International project “Come on, Let’s Play!”

“Come on, Let’s Play!” is a joint project with FC Shakhtar, which aims to increase participation in youth football in Ukraine and promote a healthy lifestyle. This is a project that involves boys, girls, children with special needs.

This sort of unique initiative is only possible with the support of large business, given it requires major development to existing sports infrastructure. Projects like these allow businesses to become active contributors to society and local communities, creating new opportunities for children regardless of where they’re from.

DTEK Group supports this project in the belief that mass participation football is useful not only for sports but also for social development. From an early age, children learn how to be part of a team and lead a healthy lifestyle, inspiring them to further become self-starters.

“Come on, Let’s Play!” is open to all children aged 7–12. The children receive free training and all the necessary equipment. They are taught by qualified volunteer coaches three times a week. DTEK and FC Shakhtar jointly organise regular competitions for the players, and alongside professional training, workshops and master classes from European specialists for the trainers.

In 2018, the project involved more than 3,000 children playing on 43 football fields, seven of which were opened in cities where DTEK Group operates.







## 5 key areas of Social Partnership Programs

DTEK Group has implemented Social Partnership Programs in 55 areas where its companies operate. Social investments are allocated to five key areas: energy efficiency in the utilities sector, health care, development of socially-important infrastructure, development of business environment and increasing local communities' activity.

### 1. Energy efficiency in the utilities sector

**Energy efficiency is the driver of sustainable economic development in Ukraine. DTEK Group invests in projects that increase utility-sector energy efficiency and social infrastructure, and upgrades to street lighting in cities and towns.**

Upgrading heat supply systems and implementing energy-efficient measures at socially important facilities like kindergartens, schools, hospitals, public places are important aspects of improving quality of life across communities.

In 2018, DTEK Group's efforts to improve heat supply revolved around purchasing equipment and materials for repair work. In **Shchastia**, 500 metres of pipes were purchased and repair work was carried out to replace problem sections of the mains heating. This provided proper heat for 12 multi-storey buildings which house pumping stations were installed at the "Pivdenna" boiler house, which heats 70% of the town's residential properties and social facilities.

Street lighting remains an acute problem for many areas: it is either absent or in need of significant modernization. To solve this problem, DTEK Group financed projects on street lighting modernization in areas where the company operates. In **Burshtyn**, lighting was replaced on Enerhetykiv, Budivel'nykiv, Sichovykh Striltsiv streets. Six pedestrian crossings were improved, while 160 new energy-efficient lamps and 14 new transmission towers were installed.

### 2. Health care

**DTEK Group understands the importance of health care and ensures employees of its enterprises and local residents all receive high quality, on time medical care.**

The most significant projects of 2018 are:

- **Vinnytsia**: a mobile ultrasound system was purchased for the regional clinical oncology dispensary, allowing non-transportable patients to be diagnosed. The hospital treats more than 16,000 children and 120,000 adult patients every year and carries out more than 5,000 operations.
- **Shishats'ky district** (Poltava region): modernization of the Shishats'ka district hospital is ongoing. In 2018, the subsequent step of this project was repairing the first floor of the pediatric department and purchasing specialist equipment for patients requiring isolation.

### 3. Development of socially-important infrastructure

**DTEK Group supports projects aimed at improving the quality and accessibility of social services, addressing major problems in vital infrastructure, and improving access to education and leisure.**

The most significant projects of 2018 are:

- **Dobropillia** (Donets'k region): works on covering the football field have been completed
- **Novodonets'ke settlement** (Donets'k region): completed a major overhaul of the pool at the Palace of Sports
- **Tryfonivka village** (Kherson region): reconstruction of the water supply system was completed for 700 residents of the village
- **Starozavods'ke village** (Dnipropetrovs'k region): the old water conduit was reconstructed with laying of 1.3 km of pipes of larger diameter, which enables to supply more water. Hydraulic pump station is being constructed with modern variable-speed pumps.

### 4. Increasing local communities' activity

**Promoting development of public, cultural and sport initiatives is important for DTEK Group, for changes in the quality of life depend on activity and initiatives of each particular resident.**

A key part of our work in this area in 2018, was the city-wide "CITYFest: open space" project which promoted social and cultural events.

- **Burshtyn** (Ivano-Frankivs'k region): the "Shining. Circle of the Heart" festival was dedicated to celebrating Mother's Day. A team of local volunteers was created to help organize the festival for the first time, and a city-wide photo competition — "The greatest right of a woman to be a mother" — was held. During the festival there were seven interactive locations focused on creative and social activities of women.
- **Zelenodols'k** (Dnipropetrovs'k region): the "EnergyFEST: new generation" festival attracts 10,000–12,000 residents every year. The main objective of the festival in 2018 was to integrate new interactive components of social activity. Children aged 9 to 13 took part in the Crazy Show,

a visual showcase of various interesting substances from the areas of physics and chemistry, as well as alternative energy sources. A delegation from Burshtyn presented a set of activities aimed at intercultural dialog with Zelenodols'k. In addition, there were hip-hop and drumming workshops.

- **Ternivka** (Dnipropetrovs'k region): the "Ternotsvit" festival focused on dance and art. Social dance workshops (salsa and bachata), drumming, Emotional Restart Playback Theatre, and acroyoga all featured in the festival.
- **Pershotravens'k settlement** (Dnipropetrovs'k region): the "Energy of the City" festival aimed at promoting a healthy lifestyle. During the festival, there were five sports and five cultural and creative locations. A sports flash mob and game quest "Energy of the City" was special features of the event, involving 50 students from grades 10–11.
- **Pavlohrad** (Dnipropetrovs'k region): the "Pavlohrad Talisman" festival was integrated into the citywide program of celebrating City Day. The event focused on family traditions and values. A city-wide competition was held for the best answer to: "Family is ...", there were thematic street exhibitions, as well as family workshops. A musical jam including classical and non-traditional ethnic instruments was new this year.

### 5. Development of business environment

**The DTEK Group enterprises primarily work in single-industry towns. To help develop more economically**

**self-sufficient communities, DTEK Group supports small and medium businesses which stimulate job creation and attract investors to the regions. This growth also contributes more tax revenues to local budgets.**

To encourage economic development in the communities where enterprises operate, DTEK Group approved a preferential list of local contractors for the purchase of products and services. This approach is aimed at creating competitive opportunities for small and medium businesses, as the companies purchase centrally through tender procedures, in which large companies from all over the country participate. In 2018, preferential lists were introduced in ten pilot areas of Donets'k, Ivano-Frankivs'k and Lviv regions.

When evaluating suppliers' proposals, local contractors are awarded five additional points out of 100. They are also given the opportunity to review prices after bidding (individual re-bidding), to sign a three-year contract with the possibility of reviewing the price, and to receive an advance payment for the procurement of materials required for the execution of the order. Preferential treatment is granted if the local contractor provides jobs to local residents and pays taxes to the local budget.

As part of business development projects, nine local economic development agencies worked with the representatives of small and medium businesses, organizing meetings with donor organizations, advising in the preparation of business plans and providing technical support to business start-ups for the first-time entrepreneurs. In 2018, 25 new jobs were created.

The following was created, repaired, landscaped and equipped in 2018

