DTEK

ERA OF SUSTAINABLE GROWTH

FUTURE OUTLINES

SUSTAINABILITY REPORT
2010-2011

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About the Report

This Report covers significant facts and results of DTEK's activities in 2010–2011: reliable electricity supplies, environment and natural resources protection and responsible management of social impacts in terms of DTEK's staff and local communities.

The Report has been prepared using the Electric Utilities Sector Supplement and Mining & Metals Sector Supplement of the Global Reporting Initiative (GRI).

The information about DTEK's activities can be found at the company's official website (www.dtek.com) as well as in annual reports and financial statements.

DTEK is a member of the UN Global Compact (GC) in Ukraine.

Forward-looking statements

The future-related information given in the Report is based on the forecast data. Such words as "believe", "anticipate", "expect", "estimate", "intend", "plan" and the like are indicative of the forecast statements. The actual results may significantly vary from the targets, expected outcome, estimates and intentions underlying the forecasts. The forecast statements shall be valid as at the date of the Report only. The Company shall not guarantee that the expected outcome underlying the forecasts will actually occur, thus it should not be treated as the most likely or standard scenario.

GRI application level

	C	C+	B	B+	A	A+
Self-declared						
Third party checked				✓		
GRI checked						

Evolution of DTEK's corporate social responsibility (CSR)

2007

DTEK joined the UN Global Compact
A special-purpose unit was established to coordinate the CSR activities
Letters of social partnership intents were signed with the municipal authorities of 7 cities, in which DTEK entities operate

2008

A multilateral long-term Social Partnership Declaration was signed: the transition from isolated projects to long-term programs started
DTEK's CSR policy was adopted
The first non-financial report was issued, based on the Global Reporting Initiative's (GRI) international guidelines, and externally verified by independent auditors
A partnership project with USAID under the Local Economic Development program was implemented: strategic plans for economic development were prepared for 7 cities and towns and 2 district centers, in which DTEK entities operate

2009

DTEK became a co-chairman of EBA's CSR Committee

2010

DTEK, together with SCM, Coca-Cola and Volia, became a founder of the UN Global Compact Alliance, which would annually provide a grant for the promotion of the CSR and GC initiatives in Ukraine
Energy efficiency and a development of business environment were added to the social partnership mainstreams in addition to their main areas (health care, education, culture and sports)
The second non-financial report was issued, based on the GRI's international standard, and was externally verified by independent auditors
DTEK is a member of the Parliament's Steering Committee charged with the preparation of the National Concept of Social Responsibility Development in Ukraine

2011

DTEK extended its social partnership programs to the Western Ukraine. The parties to the Social Partnership Declaration were 19 cities and towns and 4 district centers in 8 Ukrainian regions
DTEK's 5 primary social partnership areas were defined
DTEK was the first Ukrainian company to have become a member of CSR Europe
DTEK joined the Declaration on Responsible Business Partnership
DTEK became a member of the Centre for CSR Development
DTEK headed the Environment Protection Committee within UN Global Compact

2012

As part of the World Economic Forum, DTEK became a co-founder to the social initiative of energy companies Energy for Society
The Sustainable Development Committee was established with DTEK's Management Board
DTEK's Social Partnership Strategies for 2013-2015 were prepared and approved for 23 DTEK's regions of presence

CEO statement

Statement of DTEK's CEO
M. Timchenko

Dear readers,
It is DTEK's good tradition to outline officially its sustainable development activities every two years. The Report you are reading is the 3rd in a row, and it describes the Company's achievements in 2010 and 2011. I hope the business partners, experts and society will be able to find answers here to any potential questions that could arise about our activities.

The work done by us within those two years outlines the future we are striving for. This is the idea, which underlies our Report. We want the things we are doing to be clear for any and all, and primarily for DTEK's employees. Their involvement in the sustainable development processes and willingness to support our social projects – these are the prerequisite for the common success. That is why all children whose photos you are to see in this Report are our employees'.

Nowadays, we see the sustainable social development of regions as an integral component of our business development, and to this speaks the fact that the Society vector has been included in the Company's strategy until 2030.

First, DTEK sees its contribution to sustainable development in the Ukrainian energy system modernization and improvement of its reliability. The importance of such activities was emphasized at the Conference on Sustainable Development (Rio de Janeiro), in which our Company participated in June 2012. The energy sector was named one of the key factors of economic and social stability in today`s world.

Ukraine`s thermal power business started undergoing modernization. The infrastructure built as far as in 1950-s has been dilapidated. Thus, our target for the nearest 15 years is to renovate the equipment and enhance its ecological characteristics for it to be in line with the European standards, as well as build new generating units.

In autumn 2012, we finished to develop the 3-year social and economic strategies for the DTEK's regions of presence. Active participation of the local authorities, experts and public allowed us to outline the most relevant issues to be resolved in each region and to prepare individual programs for each of them. In 2011, DTEK's investments in the social development of the regions, in which DTEK operates, were UAH 39.2 million, in 2012 – over UAH 60 million. And we are to continue increasing the investments.

Portfolio of DTEK's wind power projects reached

1,200 MW

of nominal capacity

Investments in social development made

UAH 350 million,

which is about 13% of overall profit[1]

Today, we are working a lot already for the sake of future. In October, our first wind farms (WF) were launched. It is planned that in future the power of our WF will exceed 1,200 MW, which is to become a significant support for the Ukrainian eco- and energy systems. The Company continues tracing the new technologies: DTEK is a pioneer in Ukraine in launching "smart" grids and studying the potential of using electric vehicles domestically.

Creating comfortable life conditions in the areas, in which DTEK operates, is one of the key strategic goals set to us by Mr. Rinat Akhmetov, DTEK's shareholder. The Social Partnership Program with the regions, in which DTEK operates, has been realized since 2007 and remains unique for Ukraine as an example of business and local community cooperation. Early 2012, 19 Ukrainian cities and towns and 4 district centers became the participants of the Social Partnership Declaration, which is the document covering the above cooperation principles.

The basis for DTEK's development is its employees. Their life and health are an absolute priority to the Company. We try to improve the quality of occupational health and safety management as much as possible, develop new personal protective equipment, and motivate our employees to be more conscious of safety issues. DTEK's investments in those areas make hundreds of millions of hryvnas.

A significant part of our work is the activities focused on changing the existing attitude towards large-scale business. We are ready to systematically and gradually explain and prove with the things we do that the Company's success brings in the growth of welfare to each of its employees, population of the regions and the Ukrainian economy as a whole.

Finally, I would like to stress our assurance that business development is impossible without the development of the society, in which we live and work. DTEK will make as many efforts as possible to ensure its contribution to positive changes in the quality of the Ukrainians' lives. And we are glad that today everyone can perceive the first "touchable" results of such work. A long and complicated journey is ahead of us. We are always open for a constructive dialogue, and we believe that the business, the government and the society can together overcome any obstacles arising on their way.

[1] Investments in a social development in 2011 as compared to EBITDA for 2011.


ДТЭК
D T E K

DTEK in 2010-2011

DTEK is the largest energy company in Ukraine operating in the sectors of electric and heating powers generation and supply, as well as in coal mining.
The Company is also developing the wind power and oil and gas production projects.

DTEK has gained the best rating in the "Transparency and Accountability Index of Ukrainian Companies"

80%

among the Ukrainian participants

DTEK is the energy division of the financial and industrial group System Capital Management (SCM).

Changes in business and its structure

In 2010–2011, DTEK's business and its structure underwent significant changes as compared to 2008–2009[2]:

- coal business and power generation business were significantly extended, which stimulated an almost three-time increase of DTEK's employees and almost two-time increase of the area, in which DTEK operates;
- a new business – oil and gas production – was launched

As at December 2011, DTEK had a 51% interest in 25 companies, of which 15 and DTEK LLC – Corporate Centre were covered in this Report (see the chart below).

Coal mining and beneficiation

In 2011, DTEK won an open 49-year concession tender for the state-owned anthracite-mining companies Sverdlovanthracite and Rovenkianthracite being the largest in Ukraine. These companies mine the oldest mineral coal having the highest heat exchange.

One of the criteria for choosing the winner was the participating company`s willingness to assume liabilities related to social and economic development of the areas, in which the entities operate. DTEK`s leadership in the area of CSR development (see more detail on page 3) and the best practice of social regional programs implementation became one of the key winning factors. The Tender Board, including the representatives of social organizations, was able to look at DTEK`s application from the perspective of social importance of the suggested plans.

The current structure and assets of the Holding are published on DTEK`s official website **www.dtek.com/ru/about-us/group-structure**

[2] The previous Sustainability Report for 2008–2009 was published in summer 2010 and made available on DTEK`s website www.dtek.com/ru/corporate-social-responsibility/otchety-i-dokumenty.

DTEK`s organizational structure as at December 2011

The companies covered by this Report are marked yellow. The process of boundaries identification can be seen from Appendix 1 “About the Report and reporting process”.

How are we going to meet our obligations? New life of cities!

Having won the concession tender, DTEK started preparing the area development plans.
The key trouble is that the natural resources the city-forming Rovenkianthracite and Sverdlovanthracite work with are approximating their exhaustion: about 30 years is left for the stakeholders to decide what to do in those areas and how.
DTEK is going to help the local communities build technoparks for the businesses, which are to become the key city formers.
In the next reports, we will tell you whether those plans have been realized.

Early 2011, DTEK also entered into the agreement of a 49-year lease of Dobropolyeugol coal-mining company producing the light coal.

Apart from mines, the company also has auxiliary social infrastructure units.

Thus, owing to coal asset acquisitions the resource portfolio of the power supply unit was strengthened, the coal business employees increased by more than 50 thousand people, and DTEK`s social partnership geography extended.

Electric power generation

In December 2011 – early 2012, DTEK increased its interest in the share capital of DTEK Dneproenergo (3 TPPs), DTEK Zapadenergo (3 TPPs), Kievenergo (2 TPPs) and DTEK Donetskoblenergo (1 TPP), which supplemented DTEK Vostokenergo in the power generation business. Thus, DTEK`s presence in the thermal power business has been strengthened, but its total assets generate not more than 30% of the country`s overall electric power[3]. In the area of renewable energy (RE), the implementation of a pilot project continues – the construction of Botievo wind farm (DTEK Priazovskiy wind park) started. DTEK`s generating units work with various primary energy sources (see the table).

Total capacity and net generated power

Entity	Energy sources	Total capacity, MW		Electric supply in the Wholesale Electricity Market (WEM), mln. kWh		Regulatory environment
		2010	2011	2010	2011	
DTEK Vostokenergo	coal*	4,157	4,157	16,353	17,136	Competitive segment of the Wholesale Electricity Market (WEM)
DTEK Dneproenergo	coal*	8,185	8,185	14,332	15,844	Competitive WEM segment
Kievenergo	gas	1,200	1,200	4,109	4,482	Sales as per tariffs established by the regulatory authorities
DTEK Zapadenergo	coal*	4,600	4,600	10,268	12,662	Competitive WEM segment
Total		**18,142**	**18,142**	**45,062**	**50,124**	
Wind Power	wind	-	-	-	-	Sales as per feed-in ("green") tariff
Total		**18,142**	**18,142**	**45,062**	**50,124**	

* Other energy sources (gas, black strap) make not more than 2% of the total TPPs consumption (as at the end of 2011.)
Net generated power means electric supply in WEM. The regulatory environment can be found in more detail in DTEK`s Annual Report for 2010 and 2011.

[3] In Ukraine`s power balance structure, the thermal power generation does not exceed 40% — see DTEK`s Annual Report for 2011.

Electric power distribution

In the reporting period, DTEK increased its interest in the share capital of DTEK Donetskoblenergo and Kievenergo, and in early 2012 in DTEK Krymenergo and DTEK Dneprooblenergo.

As a result, the total length of the power lines (PL) moved over to DTEK`s management (including overhead power lines (OHPL) and underground power lines (UGPL)) after the consolidation of the new assets was 159 thousand km, which is more than a 45-time increase as compared to 2009 (3,463 thousand km.)

Length of distribution PL, thousand km

Entity	OHPL		UGPL		Regulatory environment
	2010	2011	2010	2011	
Service-Invest	2.615	2.636	0.038	0.048	Distribution and tariff should be established by the regulatory authorities
DTEK PES-Energougol	0.449	0.447	0.685	0.728	
Kievenergo	1.371	1.357	10.127	10.168	
DTEK Donetskoblenergo	57.471	57.471	8.246	5.850	
DTEK Dneprooblenergo	41.335	41.335	5.860	5.850	
DTEK Krymenergo	29.455	26.242	4.124	4.172	
Total	**132.696**	**129.488**	**29.080**	**29.227**	

DTEK does not manage backbone PL.

Oil and gas production

DTEK Neftegaz company was established to participate in the project related to the exploration and production of hydrocarbons at Kerch area of the Black Sea continental shelf. DTEK is interested in alternative gas supplies for personal consumption. Now, we are performing the respective survey and research works.

Geography of DTEK`s operations

Within 2 years, the geography of DTEK`s operations extended: apart from Donetsk, Dnepropetrovsk and Luhansk regions, in which DTEK has been operating since its first day, now the Company has also started its operations in Kiev, Zaporozhye, Lvov, Ivano-Frankovsk and Vinnitsa regions, as well as Crimea. More than 11 million people live in those areas.

DTEK has also extended the geography of its major production supplies: coal – to the markets of the Western Europe and South-Eastern Asia; and electric power – to the Eastern Europe and CIS. DTEK exports its electric power to Slovakia, Romania, Hungary, Poland, Moldavia and Belarus. It cooperates with a number of the leading European energy companies, such as EDF, CEZ Group, E.ON Energy etc.

Key production and economic performance

Index	2006	2007	2008	2009	2010	2011
Employees as at the end of the calendar year, persons	50,250	49,544	46,398	42,360	82,726*	136,248*
Revenue, UAH mln.	5,049	8,969	12,969	15,009	24,294	39,594
Investments, UAH mln.	537	979	1,890	1,900	2,800	4,323
Coal mining and beneficiation						
Coal mining, mln. t	15.3	15.8	17.6	17.6	19.2**	23.6**
Electric power generation						
Electric power output, bln. kWh	18.0	19.9	18.5	16.0	49.9	55.2
Net electric power supply, bln. kWh	16.3	18.1	16.8	14.5	35.4***	50.1
Sales						
Electric power sales, bln. kWh	10.6	12.2	13.5	12.0	32.8	33.7

IFRS financial statements, internal reporting.
The given performance shows the consolidated information for DTEK (see Annual Reports for 2010 and 2011.)
* Taking into account the associates.
** The information for 2010 does not include the production performance of DTEK Dobropolyeugol, DTEK Sverdlovanthracite and DTEK Rovenkianthracite.
The information for 2011 does not include the production performance of DTEK Sverdlovanthracite and DTEK Rovenkianthracite.
*** Including DTEK Dneproenergo, in which DTEK had a 47.55% interest, and Kievenergo, in which DTEK had a 39.98% interest. For Kievenergo, the production volumes are given in full for 2011.

Public acknowledgment

DTEK has won:

- The Transparency and Accountability web-site Index of Ukrainian Companies prepared by the Centre for CSR Development according to Beyond Business`s international methodology. DTEK gained the best –

80%

among the Ukrainian participants.

- The first all-Ukrainian award HR-BRAND Ukraine 2011. DTEK`s two HR programs were awarded **the best** by the experts. DTEK Academy Corporate University was rated **the first** in the "Ukraine" nomination, and the project of DTEK`s cooperation with the target universities – Generation of DTEK – became **a silver winner** in the "Regions" nomination.

- **II All-Ukrainian CSR Case Contest** in the "Labor Relations" nomination. The project of establishing DTEK Academy Corporate University was presented to the jury. The competition was organized by the Centre for CSR Development..

DTEK **became a leader** in terms of website informational content for investors in the research performed by Concorde Capital investment company (2012.)

DTEK **was included in the list** of Ukraine`s Most Reputable Employers 2010 following the research by HeadHunter and Reputation Capital made as part of The World's Most Reputable Companies global project organized by the Reputation Institute in partnership with Forbes.

DTEK Social Partnership Program was rated

the first

for two years in a row in the "Community Development" nomination in the national CSR competition. The program has been included in the publication "CSR Practices in Ukraine" for universities and in the text-book "Corporate Social Responsibility: Models and Corporate Practices".

DTEK`s project "Innovation from the Depth of the Earth" on the installation of heat pumps at Blagodatnaya Mine of DTEK Pavlogradugol was ranked **the best in Ukraine** in terms of energy efficiency as part of Green Awards Ukraine 2011.

DTEK`s compliance system was ranked **the best** production company`s compliance function in CIS as part of "Compliance 2011", the first ICA and Dow Jones annual award in Russia and CIS.

The Sustainability Report 2008–2009 was rated **the first** in the Readers' Choice Award national competition.

DTEK`s corporate "Our Newspaper" **won** the "Best Corporate Media of Ukraine-2010" in the "Corporate Edition" nomination. The competition was organized by the Association of Corporate Media of Ukraine (ACMU.)

Business and community

Business and community should develop together

Major achievements

- The Concept for DTEK`s Development Until 2030 was adopted.
- The Sustainable Development Committee was founded at DTEK`s Management Board.
- The compliance policy was adopted, the compliance function is being established.

Global task for the nearest 20 years:

1.4 billion people should be provided with electric power

UAH **259** billion should be invested in the modernization of Ukraine`s coal and energy business until 2030

United Nations Conference for Sustainable Development

In 2012, a big event took place: the United Nations Conference for Sustainable Development was held in Rio de Janeiro. Its participants — politicians, government members, businesses including DTEK, experts from more than 100 countries — were discussing an important role the energy plays in today`s world.

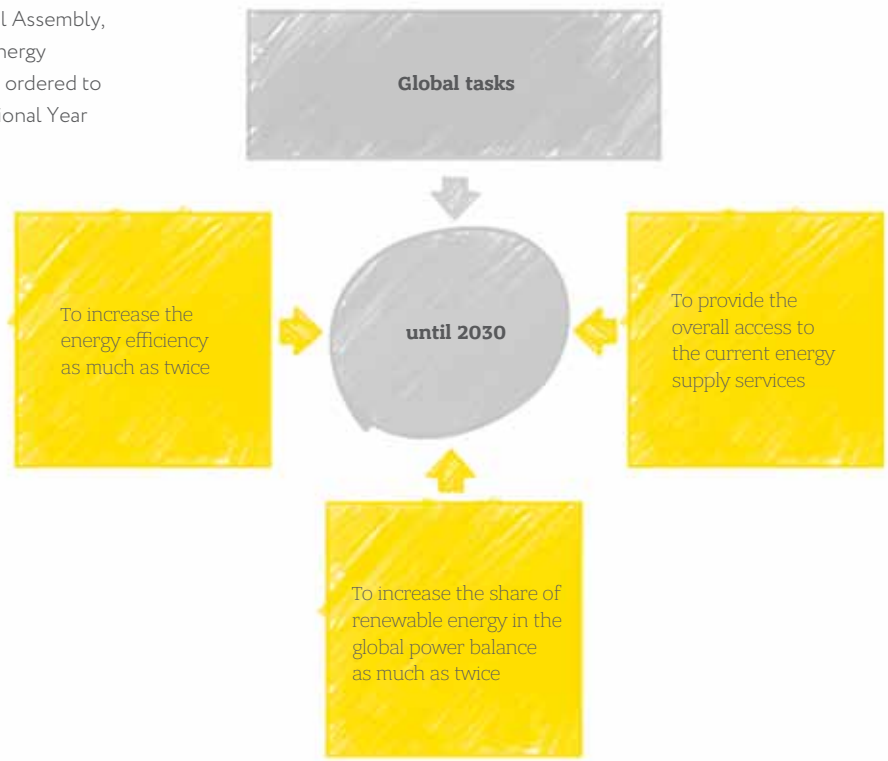
The world trends show a stable growth of electric power demand. The conference participants agreed that the access to energy supply would be critical for people`s lives and health, for satisfying their ever-growing everyday needs, for poverty elimination. The power sector highly influences the stability of production businesses, technical safety, power independence of governments.

The global task set to the countries and energy companies for the nearest 20 years is to provide access to electric power for those 1.4 billion people who still not have it. Thus, the energy supply services should be reliable, available and as eco-friendly as possible.

The document prepared following the conference results covers the collective liabilities to achieve those goals. The companies and governments were suggested to use various energy sources, including the renewable ones, to improve the energy system efficiency, and to better use the high technologies. It is also important to invest in the development of greener technologies – this is the task, in which the government plays a decisive role, though the private business has a huge potential for its resolution.

As part of the conference, at the Corporate Sustainability Forum, there was a meeting of Ukrainian companies, social organizations and media, during which the major points of sustainable business development in Ukraine were outlined.

In Resolution 65/151, the UN General Assembly, to acknowledge the importance of energy for stable existence of the humanity, ordered to announce the year 2012 the International Year of Sustainable Energy for All.



New initiative

At the Summit of the World Economic Forum held in Davos in January 2012, the largest energy companies suggested the idea of making a summary of voluntary principles to be followed by the energy companies in today`s world.

DTEK actively participated in the working process of this initiative and became one of its co-founders, together with the executives of such energy giants as RWE, BP, Shell, Nexen, Mitsubishi, Gazpromneft etc. As a result, there appeared an official document signed by DTEK and 20 more initiators in March 2012. The presentation and public disclosure of the key principles of energy and community cooperation took place on 11 September 2012 as part of the annual meeting of the World Economic Forum in the Chinese town Tianjin (the so-called "Summer Davos"). On behalf of DTEK, its Chief Operating Officer, Yuriy Ryzhenkov took part in the presentation.


Support of the Energy for Society set of principles

Energy for Society set of principles

Guidance for Energy Industry – Society Relations

As CEOs and Chairpersons of the world's leading energy companies we:

Secure & affordable access to energy

Aspire to provide secure and affordable access to energy to meet the needs of a growing world population. We wish to do so in cooperation with governments and civil society, who grant the license to operate and ensure regulatory predictability to sustain energy investments.

Efficient energy systems

Seek to efficiently produce, transport and deliver energy and to promote more effective demand-side management while minimizing undesirable impact on the environment and climate, always taking into consideration the consequences for posterity.

Responsible citizenship

Aim to deepen our understanding of societal needs and aspirations and act as a responsible corporate citizen and constructive partner by engaging with civil society and governments in a collaborative and transparent way.

Contributing to economic development

Help to drive economic growth, employment, development and innovation in the societies in which we operate, with special focus on strengthening communities related to energy industry operations.

Promoting energy literacy

Promote energy literacy and fact-based policy, supported by robust and objective data.

Name

Position

Company

Date

Place

Signature

Energy for the Society: Key Principles

	We, CEOs and Chairpersons of the world's leading energy companies commit to:
Principle 1 Secure & affordable access to energy	Aspire to provide secure and affordable access to energy to meet the needs of a growing world population. We wish to do so in cooperation with governments and civil society, who grant the license to operate and ensure regulatory predictability to sustain energy investments
Principle 2 Efficient energy systems	Seek to efficiently produce, transport and deliver energy and to promote more effective demand-side management while minimizing undesirable impact on the environment and climate, always taking into consideration the consequences for posterity
Principle 3 Responsible citizenship	Aim to deepen our understanding of societal needs and aspirations and act as a responsible corporate citizen and constructive partner by engaging with civil society and governments in a collaborative and transparent way
Principle 4 Contributing to economic development	Help to drive economic growth, employment, development and innovation in the societies in which we operate, with special focus on strengthening communities related to energy industry operations
Principle 5 Promoting energy literacy	Promote energy literacy and fact-based policy, supported by robust and objective data

DTEK`s position

DTEK was one of the first Ukrainian companies to have accepted the Corporate Social Responsibility Policy. Our CSR activities are primarily focused on the search of solutions for social issues arising in the areas DTEK`s entities operate in.

We needed almost 5 years for our intentions to receive public feedback (see Section "Society".) We managed to better understand and evaluate in dynamics the importance of our social programs, determine the issue priorities for ourselves, find allies and develop more systemic tools for our social plan implementation.

Today, DTEK is taking the next step – we are saying: the society will not be able to live better if the business does not move ahead. DTEK accepts the global goals of sustainable energy, because they are focused on the humanity. Setting a goal of creating a new well-producible business in the Ukrainian energy sector, DTEK participates in ensuring Ukraine`s energy safety and achieving the UN`s targets.

Maxim Timchenko, DTEK`s CEO:

"We`ve got a simple and at the same time very ambitious goal: we want to be the best. This means: the highest salaries for our employees, the highest health and safety standards, the best life conditions in the cities and towns, in which our entities operate, and the best business reputation. Achieving this goal needs a huge concentration of human, production and investment resources, as well as government and society`s support."

Strategic vision

Our strategic vision is reflected in the Concept for DTEK`s Development Until 2030, which was developed in 2011. The document outlines 6 directions reflecting our understanding of the role the today`s energy company plays in the country`s economy and society.

DTEK plans to focus its efforts on the electric power generation, distribution and sales using its own energy resources and the minimum of the purchased ones.

We want to become a leader in management and technologies, a pioneer in studying new opportunities. Efficiency is the key way to change the face of Ukraine`s energy business.

People are the basis of our business, that is why DTEK`s business plans include taking care of its employees as well as social and economic development of the cities and towns, in which DTEK`s entities operate. We are going to expand the range of services for our clients by improving their quality, availability and attractiveness.

In 2010–2011, a lot of management processes were re-focused on a closer interaction primarily with the clients and people living in the areas, in which DTEK operates[4].

On DTEK`s official website you can find the following documents and information:

Mission, vision and values — dtek.com/ru/about-us/mission-vission-and-values
CSR Policy — dtek.com/ru/corporate-social-responsibility/ourcommitment-to-csr
Concept for DTEK`s Business Development until 2030 – dtek.com/ru/about-us/strategy
Compliance Policy, Code of Ethics — dtek.com/ru/about-us/code-of-ethics
Corporate governance, Supervisory Board and Management Board, including the information about the independent directors, structures and functions of the Supervisory Board Committees — dtek.com/ru/about-us/corporate-governance
Membership of organizations and associations — dtek.com/ru/about-us/memebership-of-associations

What our stakeholders asked us about[5]:
How is the Company going to develop and in what direction?

Investment plans

For the people to continue being regularly provided with light and heating, it is required that the country`s energy system be able to generate the needed volumes of electric power and have a developed grid system.

What our stakeholders asked us about:
In what businesses is the Company going to invest? Will DTEK be able to fulfill its liabilities?

Ukraine`s electric power infrastructure is significantly dilapidated: the power generating units have exhausted, and the grids have deteriorated. This, inter alia, explains little interest of foreign investors in penetrating the Ukrainian market.

Repairs every year, and even significant renovation provided by DTEK`s entities, maintain the old infrastructure`s life, but do not eliminate the necessity of constructing new power generating facilities.

Ukraine`s energy sector requires significant investments for Ukraine to become a power-sustainable country and export electric power to the neighboring countries. According to the Energy Strategy of Ukraine Until 2030, the modernization of coal and energy

[4] Information can be found in the respective sections of the Report.
[5] The Report contains the questions and observations of those participating in the regional discussions with the stakeholders, in which DTEK participated.

businesses needs the total investments of about UAH 259 billion.

We are interested that our significant investments improve Ukraine`s energy safety. The total estimated investments that DTEK is planning until 2030 are about USD 20 billion – this is almost one fifth of Ukraine energy segment`s overall need for investments. The Company has a big task: to Fully update all the existing power generating units until 2030.

DTEK is sustainable enough to implement the investment program in all business units using its own cash flows and borrowings. But we will not be able to change the situation alone: the industry needs deliberate reformation, which is to liberalize the energy sector, increase the market competitiveness and contribute to ROI.

Though, not only financing is required to support the industry. Without high technologies, the business and the country as a whole cannot count on a long-term success.

A portion of the solutions DTEK applies today in its production only decreases the distance from the developed economies. In coal mining – these are the automation of processes and accounting systems, use of new headwork equipment; in coal beneficiation – it is a more efficient ash extraction. In generation, new boilers and turbines, more eco-friendly and energy-saving, are installed; the facilities decreasing sulfur and nitrogen in emissions are used (though, it is possible to resolve this issue completely only by means of constructing new units).

But we also try absolutely new approaches in the Ukrainian environment complying with the European ones. DTEK implements smart grids, smart metering, uses new materials, builds wind parks. We start participating in the projects, which do not yet have the respective industrially implemented technologies. We understand the innovation-related risks, but renouncing them may result in being even more behind the developed countries in the nearest future.

Management of social and sustainable development

In DTEK`s investment program, significant investments in social and sustainable development programs are considered. In 2012, the Company approved its Social Development Concept for the regions, in which DTEK operates, for 2012–2013, focused on decreasing social risks and improving the efficiency of social investments. In the process of its preparation, DTEK revised the "map of stakeholders" and changed the priority of the target groups.

In 2010–2011, a lot of management processes were re-focused on a closer interaction primarily with the clients and people living in the regions, in which DTEK operates (the information can be found in the respective sections of the Report). DTEK also participated in the national and regional discussions held at the initiative of SCM in Kiev, Dnepropetrovsk and Donetsk.

It is expected that in 2012 the financing will increase significantly, which is the result of DTEK`s new acquisitions and social partnership projects development.

Social and sustainable development of the society means:

- DTEK`s contribution to improving the reliability of Ukraine`s energy system;
- Improvement of ecological situation due to high technology implementation;
- Professionals working at DTEK`s entities;
- Better life conditions for the people living in the regions, in which DTEK operates.

In 2012, the Company established the Sustainable Development Committee at the Management Board and Social Development Department at DTEK LLC. It is expected to further develop the system of managing the sustainable development issues: DTEK has developed a regional structure, which implies the existence of the employees at the Social Development Department that are responsible for managing the respective issues at the entities.

Sustainable Development Committee

Structure	Functions
Directors of Mining and Beneficiation, Generation and Distribution business units	· Developing a complex regional policy management system and DTEK`s reputation management · Studying and approving the long-term strategies of social partnership with the cities and towns, in which DTEK operates · Analyzing the social development issues map
Director of External Affairs	· Managing the occupational medicine system development · Developing the environment protection strategy
Regularly invited participants	· Studying other issues not related to production and finance but capable of actively impacting the performance of DTEK`s business tasks

Compliance Policy and Code of Ethics

Ethical business is obviously the basis for corporate social responsibility and sustainable development. In 2011, we formalized ethical business principles in the corporate compliance systems and reflected them in the policies, structure and processes.

DTEK`s Compliance Management Department is a strategic function and is directly accountable to the CEO and Supervisory Board. The compliance function is also presented within the Risk Committee at the Management Board. The compliance management portal and "hot line" are in place.

"Hot line" information channel

"Hot line" is a confidential service, which allows accepting messages from the employees on a day-round basis about the non-compliance with the legal, ethical and moral standards specified in the Code of Ethics as well as other actions contradicting DTEK`s business interests. Any signs of non-compliance are subject to investigation, and its results are provided back to the informers. The system-related issues detected in the course of studying the employees` messages, which relate to labor relations, health and safety and environment protection, unethical behavior of the employees, are submitted to the Risk Committee at the Management Board of DTEK LLC and to the senior management for consideration.

Report of corruption prevention measures taken according to the UN Global Compact recommendations

Reporting components	DTEK`s operations
Public announcements to counteract bribery	The Code of Ethics contains the Company`s position of preventing corruption practices. DTEK adheres to transparent procurements, expenditures, charity and interactions with its counterparties. DTEK is a participant and a party to the respective obligations as part of the European Business Association and other initiatives. DTEK is a member of the Compliance and Ethics Leadership Council, an active participant of the regional initiatives by the International Compliance Association. The counterparty verification program "Know Your Client" is being realized. DTEK`s position was presented in the CEO`s speech at the Corporate Management Conference held in March 2011.
Striving to comply with the existing laws	
Bringing the corruption counteraction obligation to life	The Compliance Management Department is realizing the program of implementing the requirements of the Bribery Act[6] and Ukrainian anti-bribery law: · the meeting of the British experts and DTEK`s Management Board is held, a specialized session for the top management is organized; · the Bribery Prevention Guidance is prepared for the employees; · the principles and criteria for efficient anti-bribery processes are developed; · anti-bribery law advice is provided to the employees. Risks related to corruption and financial fraud in the process of charity were assessed.
Support of bribery counteraction from DTEK`s management	Anti-bribery initiatives are discussed at the meetings of the Management Board, Risk Committee at the Management Board, Sustainable Development Committee at the Management Board.
Instructing and training of the employees in the area of anti-bribery norms and principles	The employees study in the forms of on-site/distance trainings, electronic educational courses as well as within the adaptation program for the newcomers.
Internal processes ensuring the consistency of anti-bribery measures	Control over bribery prevention is implemented in DTEK`s operational processes. Annually, the conflict of interest is declared between DTEK`s senior and middle management. In 2011, more than 300 senior and middle managers were subject to this procedure. Its goal is to detect and prevent the situations when the employees` personal interests may impact the decisions taken by them in their roles of DTEK`s employees.
Monitoring and improvement processes	The key compliance risk monitoring is made monthly in the reports for DTEK`s CEO, Risk Committee and Management Board.

[6] Bribery Act is an Act of the Parliament of the United Kingdom that covers the criminal law relating to bribery.

Sustainable energy

Major achievements

- DTEK became more client-oriented
- Introduction of new services with the use of high technologies
- Introduction of Smart Grids elements
- Implementation of innovation projects

Until 2018, it is expected to invest

UAH **23.3** billion

for refurbishing the power-generating units

PL reconstruction and major construction

70%

investments in distribution

Wind power projects more than

1,200 MW

of total nominal capacity

Reliability of energy supply

The reliability of energy supply is one of DTEK`s major forms of liability to its clients.

Our customers are, among others, large industrial metallurgy and machinery companies with non-stop production. And irregular energy supply may not only cause material damage to their businesses, but also result in industrial accidents with social and ecological consequences.

The population is ever more demanding to the service quality.

We ensure the energy supply with the guaranteed reliability and quality. For us, reliability means the ability of the equipment and staff to ensure the work of the power-generating units with the target loads within the established terms and with the required performance.

Reliability measures

To ensure the energy supply reliability, DTEK:

- ensures the selection and training of qualified staff;
- implements up-to-date methods of technical process management;
- optimizes the equipment operation mode;
- performs planned equipment repairs;
- improves the service quality on a systematic basis.

As regards the energy supplies to people, our liability here does not always cover all service stages – from the power plant up to the house. The energy supply quality also depends on the condition of the substations and in-house grids themselves, which are often beyond our control.

Today, DTEK`s priority is to modernize and repair the power facilities, technically refurbish and construct new substations, modernize power lines.

- In distribution, about 70% investments are streamlined to the reconstruction and capital construction of power lines and transformer substations.
- At the power lines, up-to-date isolators are used, anti-frozen wire coating is made to prevent the risks of broken wires, new wires with a higher capacity are installed.
- At the substations, new switches (manufactured in Ukraine) are installed, microprocessor technology is used more often, wood frames are changed for iron concrete and metal ones.

In the process of reconstruction, we try to use new materials and remove those causing damage to the environment (see the Section "Environment protection.")

Yuriy Ryzhenkov, Chief Operating Officer DTEK:

"DTEK is one of the leading national investors: year by year, we are increasing the share of income, which is streamlined to the production refurbishment. Being aware of its contribution to the reliable work of Ukraine`s energy system, DTEK performs a comprehensive reconstruction of TPP`s power-generating units."

Construction of a new substation

The Ministry of Energy and Coal Industry of Ukraine thanked to DTEK for a good preparation to Euro-2012 and provision of reliable energy services to sports and other facilities.

All construction works related to the substation "Airport-110 kW" and its two power cables were performed by Service-Invest within 10 months.

Modern electric equipment was installed at the substation. To improve the reliability, the electricity generating plant was equipped with two transformers, distribution gears, automation and emergency protection devices, up-to-date system of equipment monitoring. Besides, in the years preceding the championship, Service-Invest modernized a number of substations providing electric power to the championship facilities.

Since 2007, DTEK invested UAH 2.96 billion in the power generation equipment modernization

Until 2018, it is expected to invest UAH 23.33 billion in the power generating unit refurbishment

Energy efficiency and energy saving

DTEK needs to incur significant expenses to ensure the reliability of energy supply, so the reliability is interrelated with the efficiency. The measures taken to modernize the power generating units, power lines and equipment have additional effect – specific fuel consumption is decreased, generators` KPIs are increased, specific loss of power during transmission is decreased (see Appendix 2 "Quantitative indicators of our performance.")

Annually, the Complex Energy Saving Program is implemented at the coal entities: energy saving equipment is installed; the systems of ventilation, mine drainage, underground transportation and other systems are improved.

Energy efficiency improvement is one of the directions of social partnership in the regions and an important aspect of DTEK`s interaction with its customers. Thus, DTEK approaches this task comprehensively.

BEST PRACTICE.
Clean Energy: Partnership for the Future of Dnepropetrovsk Region
About other energy efficiency projects — see the Section "Community."

DTEK, Eastern Europe Fund and Dnepropetrovsk Regional State Administration are implementing a joint project "Clean Energy: Partnership for the Future of Dnepropetrovsk Region." Its goal is to improve the competence of the local authorities and businesses in the area of energy efficiency and tell people how they can save energy. The project started in early 2011.

As part of the project, it is planned to develop a long-term strategy for Dnepropetrovsk Region in the area of energy saving and greenhouse gas emissions reductions; the pilot projects suggested by the local communities start. As at the date of the Report, two such projects are being implemented:

- in kindergarten No.47, Pavlograd, solar energy collectors are installed to heat the water in the swimming pool, the heating and ventilation systems are repaired, the swimming pool`s front is modernized, the windows are changed;
- in Zelenodolsk, the street light grids are renovated: new PL supports are made, the self-supported insulated conductor is used; power meters are changed; old lanterns with incandescent and electroluminescent lamps are changed for LED lamps etc.

Project efficiency forecast:

- in kindergarten No.47, Pavlograd: economy about 30% heat, 20% water heating expenses and 25% heating expenses;
- Zelenodolsk: better street light; increase of useful life of equipment; 25% financial economy.

Energy saved as a result of energy efficiency measures

	Electricity	Thermal power		Fuel resources	
	thousand kWh	Gcal	GJ	tons of fuel equiv	GJ
2008	54,649.1	6,409.4	26,855.4	4,077.9	119,514.0
2009	8,164.3	9,161.8	38,388.1	20,573.0	602,944.5
2010	68,515.7	3,536.9	14,819.6	33,712.8	988,039.8
2011	102,684.0	2,055.82	8,614.2	3,680.4	107,863.7

The data for 2011 are given considering DTEK Dobropolyeugol (26,797.6 thousand kWh of saved electric power.)

What our stakeholders told us:
Energy efficiency should start at the local level!
Eco-culture should be cultivated in people.

Availability of energy supply services

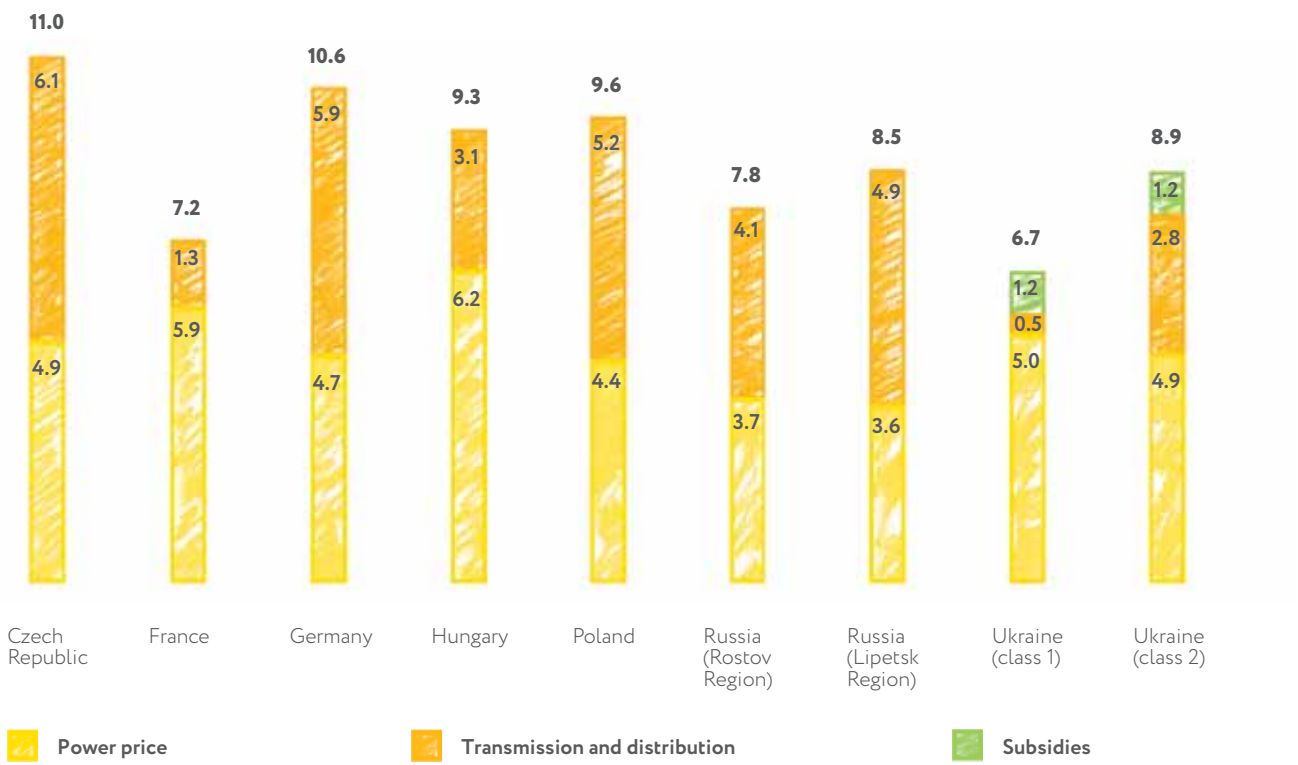
The reliability of energy supply cannot be absolute. Their customers' requirements to providing a certain level of reliability should mean a possibility to choose the power source and provider. Today, it is a relevant regulatory issue in Ukraine, which resolution is closely related to the models of power market tariff making.

The existing Ukrainian tariff system negatively affects the competitiveness of the Ukrainian industry and does not stimulate the consumers to treat their energy consumptions more efficiently. Today, the industrial and budget power customers pay for the power more than the population, and thus the former subsidize the latter.

As for any more and more demanding goods, the prices for electric power will ever grow.

Simultaneously, the overall energy efficiency should improve, and the population should start treating the energy consumption more rationally. The less power is wasted, the less need to construct new facilities arises, which fact directly affects the price. So, we hope that the legal base related to energy efficiency will further develop.

Electric power tariffs for industrial customers, QI 2012, eurocent/kWh, exclusive of VAT



Electricity and natural gas price statistics — European Commission Eurostat, European Base-Load Power Wholesale Price and Spreads Projections to 2017 — IHSTER, regulations of the Regional Tariff Services of the Russian Federation, regulations of the National Electricity Regulatory Commission of Ukraine (NERC).

Ukraine is on the threshold of energy business reformation, which necessity appeared as far back as 10 years ago. The Parliament of Ukraine is considering the draft law on the power market liberalization. The new market model is to comply with the European norms in terms of power market operations and contribute to attracting the investors in the business. An indispensable condition for the changes will be to keep the electric power available for Ukrainians.

Socially, we understand the availability of energy supply as:

- the availability of the offer of goods (electric power) and related services;
- the possibility of choosing the tariffs depending on the consumption level and optimization;
- retaining the subsidies for the low-income people by the government.

We understand the social importance of our product. Our task is to keep the electric power freely accessible for Ukrainians, and this is the focus of DTEK`s client-oriented policy.

Client orientation

More than 10 million Ukrainians are our clients today. But they are our clients historically rather than voluntarily. We see our task in winning their sincere trust by serving a reliable partner to the businesses and households.
We follow the rule: the provided energy is the energy of interaction!

For this purpose, DTEK`s entities responsible for the power distribution are going to expand the range of the services provided and improve their quality.

Services of the future:

- "green" products produced using RES[7];
- premium class products combining energy supply and additional services (insurance, information, invitation to events etc.);
- "smart" products based on technology/ intellectual measurement tools;
- flexible products with lower prices and service levels, and other.

[7] RES — renewable energy sources.

We have taken 5 steps toward our clients:

1. Two Client Service Centers operate at DTEK PES-Energougol (in Donetsk and Ugledar) as well as the Information and Advisory Centre established according to NERC`s regulations.
2. We have already communicated in the previous report about a new service of client notification about the electricity payments with the help of SMS: in this way, people can be notified about their debts and timely submit their meter readings.
3. The "Online Utility Shop" (www.mega-billing.com) provides a distant access to personal accounts, which saves time during reconciliations and electricity payments.

4. The computer-generated signature system has been developed – when the customers can verify the documents in their profiles on the website www.mega-billing.com. This saves the clients` time, and for legal entities this also means savings on courier services.
5. The "Mobile Office" has been introduced – this is the service for people with disabilities, people having health problems and others eligible for benefit. Inspectors with special equipment visit such customers and make reconciliations preparing the necessary documents on-site.

In 2011, the "Benefit of Client Focus" program started. As part of this program, the client-contacting employees are provided with the skills of high-quality service.

Igor Koval, CEO, DTEK PES-Energougol:

"By using high technologies, we are becoming a more comfortable, transparent and reliable partner for our clients. A positive feedback is seen right now."

In 2011, we interviewed 424 clients of DTEK PES-Energougol

77% respondents assessed the service level as high, 14% as medium

Good speed of service (93% respondents)

60% think SMS is a convenient way of notification

* Customers ask to increase the speed of telephone service

Debts

Utility companies` debts related to energy payments are still a relevant problem today. Together with the businesses and local authorities DTEK is ready to seek for a joint solution.

Security

One of the directions of our client focus programs at DTEK`s entities is the informational work with people devoted to safe use of electric appliances.

DTEK`s inspectors distribute the flyers describing the danger of electric shocks and potential consequences of do-it-yourself repairs under voltage without qualified help, remind of the need to explain the children how to treat the electric appliances, sockets and wires.

New energy use models

DTEK traces new energy use trends. This is the goal of the project related to the investigation of the possibilities of using electric vehicles in Ukraine and development of the respective infrastructure. Mitsubishi i-MiEV has become a pilot vehicle; this was its first official introduction in Ukraine. The electric vehicles substituted a part of DTEK`s car park in Donetsk. We have turned them into the carriers of useful information about the new energy use models, which attracted the citizens` attention.

Innovation

Ukraine`s energy independence could be ensured at the expense of investing in fuel extraction and RES generation, as well as in high technology. DTEK studies the potential innovation development projects compliant with its strategy.

Energy resources

In today`s world, 2 types of RES generation are developing the fastest – wind and solar farms. They generate about 80% of the overall "green" energy. 4 years ago, DTEK started studying the development prospects for this business. In 2011, DTEK`s entity Wind Power started implementing a large-scale wind power project being the first in Ukraine.

DTEK is going to implement the wind power projects for the total nominal capacity of more than 1,200 MW at 4 construction sites combined territorially into 2 wind parks: DTEK Priazovskiy in Zaporozhye Region (it is planned to construct 3 wind farms – Botievo, Primorsk and Berdiansk wind farms) and DTEK Mangush in Donetsk Region.

Botievo wind farm is a pilot farm of DTEK Priazovskiy wind park. In 2011 the construction of the first set of 30 wind turbines (with total capacity of 90 MW) began. The first kilowatt-hours of the "green" electric energy were already supplied at Ukraine`s WEM at the end of 2012. In 2014, the wind farm is expected to start working at full capacity (200 MW).

In December 2011, the declarations were also registered about the commencement of construction works at the site where Berdiansk and Primorsk wind farms with the total capacity of 150 and 200 MW respectively were located. In 2012, the construction works related to DTEK Mangush wind park will also continue.

We also study the possibilities of using other RES (sun, eco-fuel, rivers). DTEK, together with RWE Technology, studies the experience of joint biomass and coal combustion, which will allow increasing the use of RES and decreasing the emissions from fossil fuel combustion. It is a new experience for our country.

We keep on investing in the support and development of mining the coal, which is a traditional Ukrainian energy resource. Coal is the only type of fuel, which Ukraine may have in a 100% volume for the nearest 400 years. All over the world, the coal mining companies are resolving the task of making the coal mining business safer and ecological. DTEK also makes investigations in this direction interacting with the scientific and expert communities of Ukraine (see the Section "Research and development.")

Technology — Smart Grids

The world energy leaders are announcing their movement toward the intellectual system development (Smart Grids). This direction is also important for DTEK, as it allows better managing the grids, decreasing expenses, regulating loads, providing operational control and expertise, as well as removing the defects. Smart Grids is the further development of management systems in electric power business.

In the distribution segment (Service-Invest), the first stage of grid modernization was fulfilled: the construction of the Automated System of Commercial Accounting for Electric Power (ASCAEP). ASCAEP combines the power meters in a single structure, and their readings are automatically transmitted to the unified centre for data collection and processing, which is also used to efficiently manage the cross-flows and forecast more accurately the change of consumption. The system ensures the daily data transmission to Energorynok state enterprise (WEM operator) for settlements without the staff`s physical participation, which is faster and cheaper. In future, DTEK is to trace the system work and develop it.

The installation of multi-purpose power meters for individuals and legal entities continues. The new accounting appliances allow the customers to pay to the energy supply provider at various tariffs depending on the hours of energy use, and the energy supply provider may remotely read the meters, limit the customers` loads according to the existing agreements, cut off for non-payment. Many clients have appreciated the advantages: now, they can use the cheapest electric power to the maximum and minimize its use at peak hours. The new power meters also protect the electric appliances from voltage jumps.

BEST PRACTICE.

A large-scale pilot project is implemented in Ugledar

A significant portion of level 1 "smart" grid elements has been implemented in the town. The experience has shown that all the stakeholders receive a significant material benefit — payment collection has improved, predictability of relations between DTEK and clients has bettered, grid loss has decreased.

Research and development

DTEK is developing the public-private partnership in research and technology. In 2011, DTEK`s employees and scientists of the National Mining University (Dnepropetrovsk) presented their joint scientific paper related to modern technology of low coal and extra-low coal excavation at the open public hearing. The participants agreed that the scientific paper was relevant for Ukraine`s mining business and deserved the State Science and Technology Award.

We are interested in the ideas helping to efficiently use the available energy resources. The methane utilization projects that meet the local energy demand are being implemented (see the Section "Environment protection"). The rationality of DTEK`s participation in the projects related to coal-to-gas conversion and carbon capture is now being thought over. Thus, in 2011 the round table was held on the topic "Carbon Capture and Storage: Technology Prospects in Ukraine." The meeting was initiated by the International Energy Agency (IEA) and DTEK.


DTEK

Community

Major achievements

- The geography of the Social Partnership Declaration significantly expanded.
- The range of planning and scope of the social partnership programs expanded: instead of the annual programs, the 3-year Social Partnership Strategies were developed and accepted in 2012.
- The group of partner organizations implementing the programs together with DTEK was created.

19 cities and towns and 4 district centers became the parties to the Social Partnership Declaration

Social investments in the areas, in which DTEK operates, made UAH **39.2** million in 2011

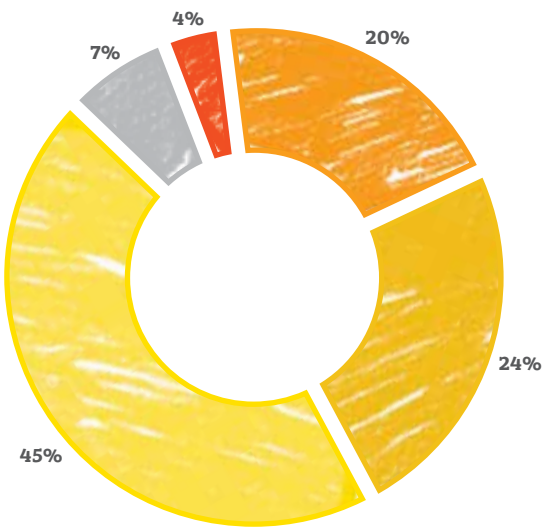
DTEK consistently realizes the strategy and principles of interaction with the society. We wish that the areas, in which DTEK operates, become comfortable for life. To achieve this goal, DTEK applies a system approach to the regional program realization and actively involves all the parties concerned.

Social investments, UAH million

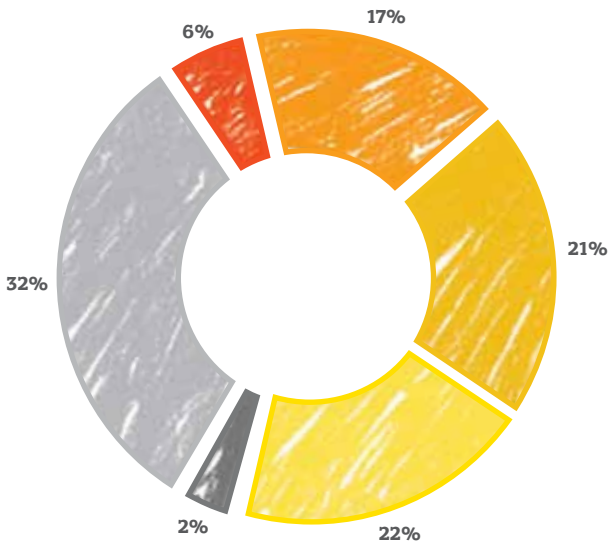
Year	Total*
2008	8.9
2009	9.1
2010	14.5
2011	39.2

* The data include the amounts streamlined to the social partnership and charity programs and exclude those intended for sponsorship.
The data for 2011 are given considering DTEK Dobropolyeugol (UAH 0.277 million)

Social partnership programs 2010

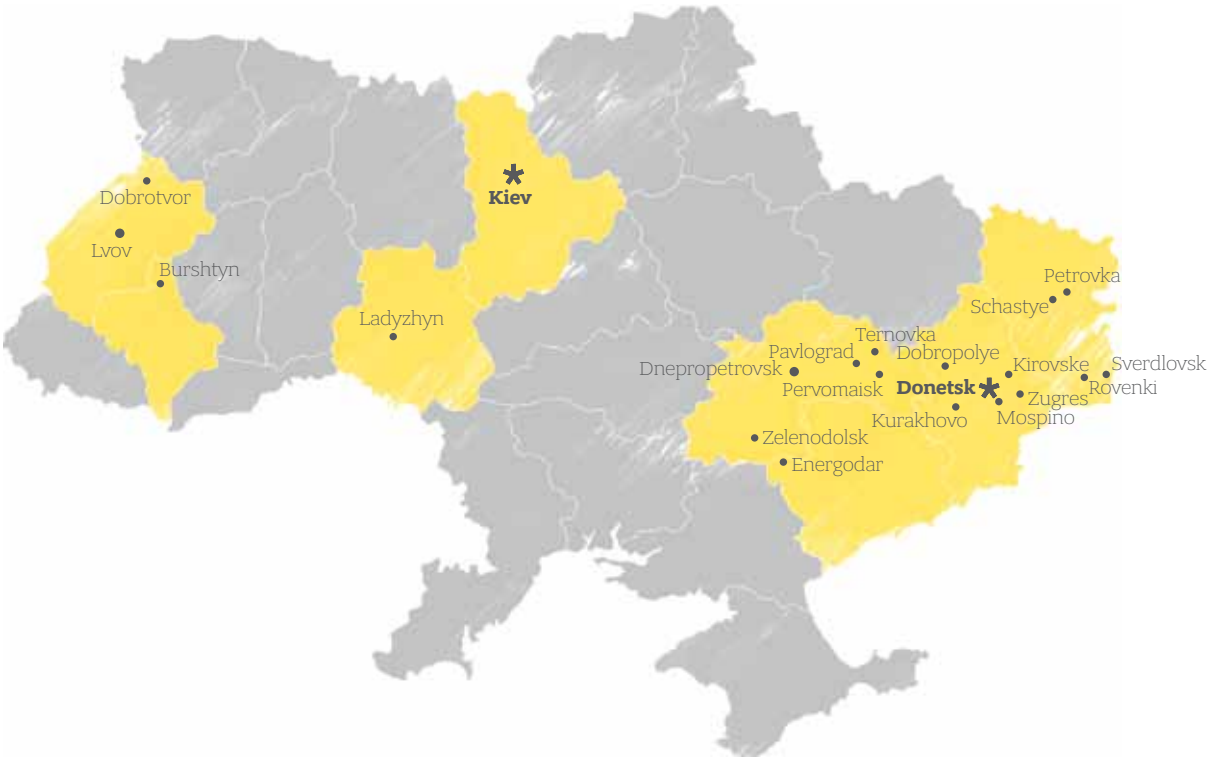


Social partnership programs 2011



- Energy efficiency
- Health care
- Social infrastructure
- Development of business environment
- Education, culture, sports
- Other

Geography of social partnership



Social partnership

Geography of social partnership

In 2010 and 2011, the geography of DTEK`s Social Partnership Declaration (the "Declaration") expanded significantly – new participants joined it: municipal councils of Rovenki and Sverdlovsk (Lugansk Region), Mospino (Donetsk Region), Dnepropetrovsk City Council, Samara District in Dnepropetrovsk Council, Energodar Town Council (Zaporozhye Region) and Zelenodolsk Town Council (Dnepropetrovsk Region), Lvov City and Dobrotvorsk Town Councils (Lvov Region), Burshtyn Town Council (Ivano-Frankovsk Region) and Ladyzhyn Town Council (Vinnitsa Region). According to the results of 2011, the local self-government authorities of 19 cities and towns and 4 district centers of Ukraine have become the participants of the Declaration.

The Social Partnership Coordination Committee has been moved to a new level in its work. It has become a platform for experience exchange and dialogue between the business, government and community.

Social partnership strategies

As the next, more complex stage of interaction with the society, in 2012 DTEK developed the Strategies of Social Partnership with each area, in which it operates, for the mid-term perspective – until 2015. Its content is in line with DTEK`s 5 priorities (see the Section "Partnership directions".) The projects and programs aimed at changing people`s attitudes to their city/town and their roles as citizens as well as training the skills of energy saving, have become one of the indispensable elements of the Strategies.

What our stakeholders told us:
the on-site programs should be prepared jointly with the government and local community. The local people should be involved asFully legitimate participants.

Sub-regional projects

In 2011, we started realizing large-scale investment projects at the level of a sub-region – the area combining several cities and towns, in which DTEK operates. Such projects are intended to resolve the tasks that are common for all the sub-region`s areas, and DTEK deems them as the national-level projects. Owing to the program geography expansion, the possibilities to find the best possible solution for each local community arise.

The sub-region "Western Donbass" (towns of Ternovka, Pavlograd, Pershotravensk, Pavlograd and Petropavlovsk Districts of Dnepropetrovsk Region) is to become a pilot one. A common issue to resolve for this sub-region is relevant for all post-USSR countries – it is the absence of the up-to-date system of collection, transportation, sorting and processing of solid domestic waste (SDW). Beside an apparent ecological effect, the project related to creating a comprehensive and efficient SDW treatment system in the sub-region, if successful, will be able to cope with useful eco-tasks as well – for example, to find a new source of recyclables for the production of industrial and consumer goods.

Interaction with local communities

DTEK`s social partnership programs have undergone an important change: the relations between the participants have become a real partnership, the system approach to planning and organizing joint work is used. Moreover, the participants initiate even a greater coordination between one another – thus, the mayors of 7 cities and towns have designed a forum of the energy business cities and towns to jointly discuss and resolve common tasks.

An important practice of DTEK`s work in the areas, in which it operates, has been the expansion of its interaction with the regions. Earlier, the key parties to plan the content of the social partnership programs were the business represented by DTEK and its entities and local governments; but now, the local communities have also joined this dialogue.

For an effective dialogue, DTEK initiates public hearings, in which all the stakeholders may participate. Such hearings will be organized during the consideration of the social partnership strategy projects. The social partnership programs themselves are to be accepted and approved at the sessions of the municipal councils.

Partnership directions

The content of the partnership is to be defined by the strategic plans of area development and social partnership strategies.

The strategic plans include a high-level analysis of the social and economic situation and prospective directions of area development. In the process of development of the social partnership strategies, the "lists of municipal problems" are prepared (in a number of regions, such "lists" have already been prepared following the interviews of DTEK`s employees and local people.) Having analyzed on the one hand the possibilities for the area development and on the other hand the factors hindering such development, DTEK suggested revising the major partnership directions specified in the Declaration (see the table).

The suggestion was unilaterally accepted by the Social Partnership Coordination Committee.

Specific social partnership projects and programs are to be jointly implemented not only with the local governments and communities, but also with the international organizations, funds and other businesses operating in those areas. Thus, we will be able to increase the areas` interest and the level of expertise as well as to raise additional finances.

What our stakeholders told us:
The society-oriented programs should comply with the area strategic development plans. The microcommunity-oriented activities should correlate with the strategies of development for the regions and Ukraine as a whole.

In the mid-term perspective, it is expected to keep 5 priority missions of social investments, but the content of the activities will be changing toward more complex and large projects. It is planned to develop the system of project implementation monitoring, as well as the system of project efficiency assessment.

2010–2011		2012–2013
Health care		
Purchases of equipment, repairs in therapeutic institutions, telemedicine network development	→	Increase of access to medical services, realization of DTEK`s occupational medicine strategy, telehemedicine network expansion
Education		**Education, culture and sports**
Improvement of training and treatment conditions for children at schools, kindergartens and other childcare institutions: repairs, purchases of equipment and training materials. CSR/ Sustainable Development Projects with universities	→	CSR/Sustainable Development Projects with universities
Culture and sports		
Repairs at culture and sports institutions, sponsorship to sports and performance teams, development of sports- and playgrounds		Healthy lifestyle promotion, child and youth sports development
New! Energy efficiency in the area of utility services		
Improvement of the quality of heating and energy supplies due to the energy efficiency measures		
New! Development of business environment		
Development of competences of local self-government authorities and social organizations in the area of project work and participation in international projects	→	Creating favorable conditions for business development
		New! Socially important infrastructure
		Better availability and quality of social services; solutions for critical problems related to the life support infrastructure; assistance to educational, childcare, sports institutions

Healthcare

Partnership project "Telemedicine"

The partners to the project are DTEK, the Ministry of Health of Ukraine, MTS and Rinat Akhmetov`s Foundation "Development of Ukraine". In 2011, DTEK`s investments in the project made UAH 1.7 million.

Medicine service is one of the key indicators of people`s life quality. This explains DTEK`s interest in the project.

The project is to increase the accuracy of diagnostics and early detection of diseases, as well as make specialized medical consultations available in various areas, including the remote ones. The patients are to be able to get consulted or receive medical help without leaving their cities and towns within a shorter period of time than now. In future, there will arise a possibility to address the medical centers not only in Ukraine, but also abroad. The network is already used for medical consultations and medicine professionals` participation in conferences.

For this purpose, the all-Ukrainian Telemedicine network is being created. And owing to DTEK`s participation, this network is expanded to the cities and towns, in which DTEK operates. The project is especially relevant due to the healthcare system reformation in Ukraine.

In 2011, the Telemedicine network was joined by 4 hospitals in Lvov and Burshtyn; it is expected that in 2012 the project will also be joined by the medical institutions in the towns of Pavlograd, Sverdlovsk, Ladyzhyn, Kirovskoye and Dobropolye.

The success of the project will largely depend on the qualifications of the medicine workers who will need to work with new equipment in a new environment. That is why DTEK has planned in advance special trainings for them, which will start in 2012.

What our stakeholders asked us:
What are you doing to improve the quality of education and healthcare, the key priorities for people?

Long-term prospects: project "Improvement of Miners` Health and Safety"

In 2011, the project was under development and start-up. Its partners were the United Nations Development Program (UNDP) in Ukraine and Metinvest Holding (SCM`s entity.)

Taking into account the fact that the working conditions in the coal mining business are much more difficult that in any other industry sectors, the major goal of the project is to improve the coal miners` health and healthcare system in mining cities and towns as a whole.

The pilot towns participating in the project were Rovenki, Sverdlovsk and Krasnodon (Lugansk Region.) The results of the project are expected to be implemented in other cities and towns, in which DTEK`s mining entities operate.

Fulfillment of liabilities

Many social partnership projects started after signing the Social Partnership Declaration at early stages have already been finished. DTEK invested in repairs and purchases of new equipment for the medical institutions of those cities, towns and district centres participating in the Declaration.

Thus, within 3 years, a new diagnostics centre has been established at Town Hospital No.4 in Pavlograd and furnished with new up-to-date equipment. New medical equipment was purchased for the town and district hospitals of Zelenodolsk, Zugres and Schastye. Repairs were made at the hospitals of Pershotravensk and Petropavlovsk, at the childcare clinic of the town of Ternovka and many others.

Charity

DTEK, together with other companies, participates in the charity project "Breath of Life!", which helped purchase 2 pulmotors for the new-borns of OKHMATDET hospital (Kiev.)

Project structure

Assessment of risks for the miners` health and safety

- a set of tools to improve health and safety at the entities

Analysis of the local communities` needs

- defining the priority directions and measures of the medicine workers` skills improvement

Plans of actions (recommendations) for each of the pilot cities and towns

- improvement of the medicine service system
- improvement of the material and technical resources of the medical institutions

Energy efficiency in the utility sector

Energy efficiency in the sector of utility services is one of the priorities of DTEK`s social investments.

Partnership project "Municipal Heat Supply System Reforming"

The project started in 2010 in the town of Kurakhovo; in 2011 it started in the town of Pavlograd and will continue in 2012 in the cities of Dnepropetrovsk and Kiev. The partners are the project "Municipal Heat Supply System Reforming" funded by USAID and the local authorities of the above cities and towns. In 2010-1011, DTEK`s total investments were about UAH 5 million.

To provide the local community and production sector with heating is the most important task for the municipal housing and utilities systems. Following the research, a significant heat loss occurs due to pipeline wrapping: made as far as 50 years ago, it has been totally dilapidated, and the pipelines need to be changed. Regular repairs of the heat distribution networks and equipment do not resolve the accumulated problems, and thus the prices for the services are growing, their quality remaining the same, and the utility companies themselves remain loss-making. Local authorities agree that the heat distribution networks are critically dilapidated, and totally new approaches are needed. The project has a single algorithm for all the cities and towns.

Simultaneously, the informational work is performed with the local people aimed at calling them to energy savings (see the examples in the Section "Best practice".)

The first results have been received at school No.19 in Pavlograd: the heat consumption here has decreased by 30%, the winter temperature increasing from +13°C to +25°C. In the kindergartens "Solnyshko" and "Kosmonavt" as well as in 2 many-storey residential buildings of the town of Kurakhovo has also become much warmer..

The project is described in more detail at **energo.scm.com.ua/projects/by-region/energy-efficiency-in-municipal-sector**

Future prospects

Since 2012, DTEK is going to independently expand the obtained experience to the cities and towns of Dobropolye, Kirovskoye, Zugres, Dnepropetrovsk, Zelenodolsk, Energodar, Schastye, Rovenki, Sverdlovsk, Ladyzhyn, Burshtyn and continue implementing the projects in Kurakhovo and Pavlograd. The financing is to increase significantly.

Project structure

BEST PRACTICE.
"Smart House"

"Smart House" is a joint project of DTEK and Segodnya newspaper. Its primary aim is to explain people how energy can be used efficiently at home for each individual`s own benefit and for that of the society as a whole. Twice a week, during more than 6 months, Segodnya readers have been getting to know what "smart" light is, how to choose household appliances and power meters, what solutions can be used in repairs to keep the house warm etc.

Practising children in energy efficiency

For the elementary pupils of school No.1 in Energodar (Zaporozhye Region), upon DTEK`s initiative, an educational project has started: using the images and subjects understandable to children, the latter are taught the basic energy efficiency rules. We expect that not only the children`s competence will improve, but their parents` as well.

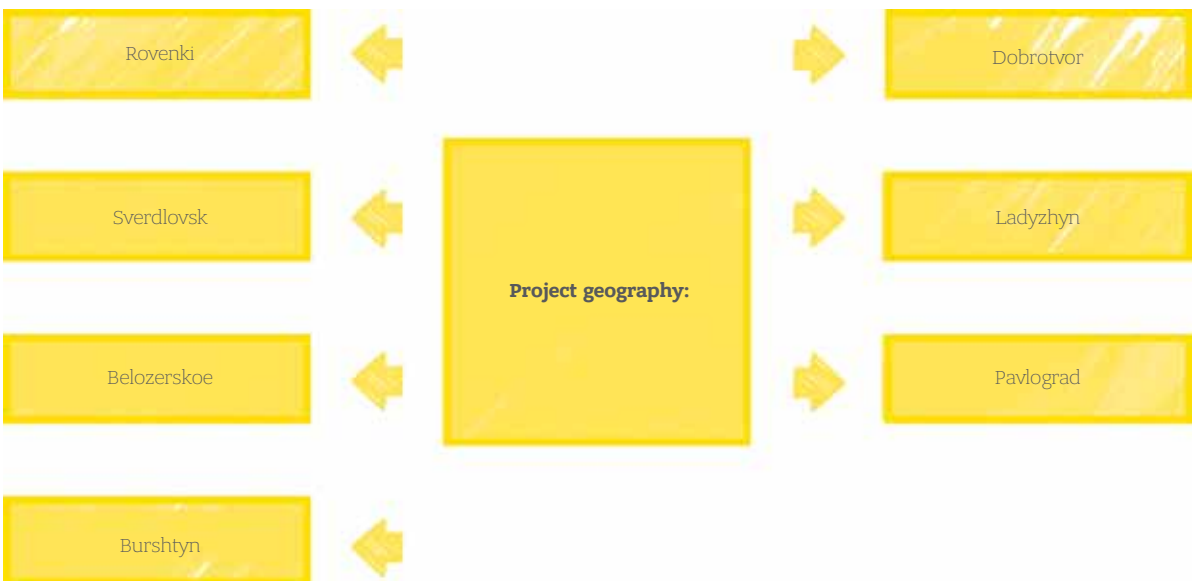
See more project details at: **http://energo.scm.com.ua/projects/communication/energy-efficiency-for-children**

Development of business environment

DTEK believes that favorable business environment comfortable for arising and operating of small and medium businesses strengthens the municipal economies and adds to people`s confidence about their future, as it allows them choosing the type of their employment. So, we are ready to work jointly with the local authorities to achieve this goal.

Possible directions of joint work include: establishing the local economic development agencies, consulting small and medium businesses, assistance in business plan preparation and money raising, resolution of legal and organizational issues (e.g., presence of premises in the city or town, which are available for lease) and other.

What the stakeholders told us:
It is important to help develop social entrepreneurship, small and medium business (including technology business, in monocities and monotowns), create business incubators at universities.



We think it is important and interesting to develop social entrepreneurship – especially in the area of municipal infrastructure management. As opposed to "business for business", social entrepreneurship should primarily resolve social tasks, but at the same time it should be economically sustainable. While isolated projects are being realized in this area so far, a partner project on improvement of economic situation in Western Donbass has started with the Federation of Canadian Municipalities.

BEST PRACTICE.
Business territory

DTEK Mine Komsomolets Donbassa helped implement the project of allocation of free sites in the master plan of the town of Kirovskoye for creating the industrial area Greenfield (territory for constructing new facilities.)

In the town of Dobrotvor (Lvov Region), DTEK and social organization Socially Responsible Business jointly engaged a private investor that helped repair and launch a sewing room.

Socially important infrastructure

DTEK`s employees live in the cities and towns with obsolete infrastructure remained after the USSR and appeared on DTEK`s books (heat distribution networks, boiler stations, basins, culture centers etc.) DTEK`s loss from the maintenance of such facilities annually approximates UAH 100 million. But we understand that signing them off to the municipalities will likely become a hard burden for the municipal budgets, and many facilities will be closed.

DTEK`s management has studied the importance of the above facilities for the Company, its employees and their families in a 5 to 10 year perspective and decided to ensure the functioning of those facilities, which are important for the people, notwithstanding the financial loss. Some of them are to be repaired by DTEK and further signed off to the municipalities; others are to be kept on DTEK`s books.

Even the new businesses founded recently and not burdened by the infrastructure heritage stick to the overall corporate policy: for example, Wind Power has bound itself by investing about UAH 6.4 million in transport and engineering as well as social facilities in Zaporozhye Region within 5 years (2010–2015.)

Example
In 2010, a branch of the utility company "Zugres Municipal Culture Centre" was founded in the district centre Zugres-2, which geographically belongs to the town of Zugres. Zuevskaya TPP`s employees and their families live there. DTEK Vostokenergo has bound itself by its financial maintenance, as the employees and their families regularly use the branch.

Education, culture and sports

DTEK`s entities have been helping secondary and vocational schools and universities improve the education quality: in many cities and towns, up-to-date training materials have been purchased; computer rooms have been equipped at schools and universities; laboratories have been organized. Kindergartens have been provided with new furniture. Swimming pools, stadiums and gyms have opened in the cities and towns. In the municipal districts, sports grounds have been built.

Traditionally, DTEK`s entities have been supporting professional and amateur sports teams as well as municipal events, competitions and performances.

Future prospects

In 2012, DTEK participated in the sports and social project "Sports City" implemented by the All-Ukrainian Charity Fund "Sports Against Drugs, Tobacco and Alcohol Abuse" and supported by the Kiev City State Administration and State Service of Youth and Sports of Ukraine. As part of the project, the sports training centre has been constructed in the Kiev Hydropark where amateur beach- and mini-football tournaments are held, various sports training courses for children and youth function (access is free.)

Interaction with the local community in the process of mining works and construction of new facilities

The issues related to land use and potential damage that could be caused by the development and maintenance of energy business and infrastructure facilities as well as mining works have always been highly relevant for the local communities of the cities and towns, in which such entities operate.

Legal requirements due to construction and repair of energy facilities

The Law of Ukraine On Energy Sector Lands and Legal Status of Special Zones of Energy Facilities specifies that the construction, full repair, reconstruction and service of the energy infrastructure facilities shall be deemed "social needs." Therefore, the allocation of the sites possessed by the individuals and legal entities for the purposes of energy facility construction should be organized as provided for by the law.

In such cases, should there be a need for people`s resettlement, their real estate can be purchased upon the owners` consent, in case of compulsory purchase, following the court decision, with obligatory value reimbursement. There were no resettlements in the reporting period for the purposes of DTEK`s facilities allocation.

Recovery of damage from house undermining during mining works

According to Article 36 of the Mining Law of Ukraine, if mining works have caused damage to the property of individuals or legal entities, it should be recovered by the mining company`s owner. In such cases, those persons that think their property has been damaged should address the company`s management in writing, their applications being considered within the established terms.

Should the company or mine`s management agree that the damage has been caused, a damage recovery agreement should be entered into. Otherwise, the parties should go to the court. Thus, in 2010, DTEK Mine Komsomolets Donbassa paid about UAH 20 thousand as the damage recovery.

Asking people`s advice during the construction of wind farms

The plus of the wind power projects is the possibility to use almost any land for allocating wind turbines. Until recently, one of the conditions for implementing the wind power projects was public hearings to take into account the opinions of the local communities[8]. In 2011, this law ceased to be in force and was substituted by a new one[9], which did not require public hearings any more. Anyway, Wind Power is always ready for a dialogue with the community, even though the law changes. In 2011, the public hearing was held as regards the project of Berdiansk wind farm construction.

The public hearing announcements were published in the local mass media ("Priazovskaya Nov", issue 49 dd. 23.06.2010, and "Pivdenna Zorya", issue 10 dd. 25.01.2011) a month prior to the date of hearing. The project booklets were available at the libraries of the district centres of Botievo, Primorski Posad, Novopetrovskoe, Primorskoe, at the Priazovsk District State Administration and Novopetrovskoe Local Council of Berdiansk District.

The public hearings were attended by 77 individuals (Botievo wind farm) and 229 individuals (Berdiansk wind farm). At the beginning of the meetings, Wind Power`s executive introduced the construction investor, DTEK, to the local community; after that, DTEK`s specialists told about the future farms. A special emphasis was made on the fact that the wind turbines used in both projects were totally safe for both people and animals, and that the farm design met all the requirements in terms of the wind farm location next to the populated localities. After the presentation, the attendants asked questions.

Botievo people were primarily interested in the wind farm operation safety and investor`s help in the municipal infrastructure development and municipal school bus purchase (the latter has already been realized.) Novopetrovskoe people primarily asked questions to the local authorities. Thus, both hearings helped build a trilateral community, business and government communication. Some issues were considered at the meetings of the coordination committees established at the local councils to resolve controversial issues between DTEK and local community, including:

- assistance in developing Botievo and Primorski Posad;
- resolution of controversies related to land divisions;
- correlation of the wind farm boundaries and those of Priazovskiy park.

[8] According to Article 302 of the Law of Ukraine On Territory Planning dd. 20.04.2000
[9] Law of Ukraine On City Planning Regulation dd. 17.02.2011

Environmental protection

Major achievements

- DTEK`s legislative initiatives introduced in 2008 brought results: the concept of the state program of control of air pollution from TPP and CHPP of Ukraine was developed.
- At 15 DTEK`s entities, the compliance of the ecological management systems (EMS) with ISO 14001:2004 was confirmed.
- The project related to providing Blagodatnaya mine of Pavlogradugol with hot water supply by means of using the warmth of mine waters was realized.
- At Stepnaya mine of DTEK Pavlogradugol, the utilization of coal mine methane combusted at the boiler plant is made.
- The "Green Office" project is being implemented at DTEK LLC - Corporate Centre.

At DTEK Vostokenergo, it is expected to decrease the greenhouse gas emissions in the volume of

2.5 million tons CO_2-equivalent per year

Total environment investments and expenses made over

UAH **500** million

for 2010–2011

Our position

DTEK`s development strategy provides for eco safety improvement and reliable and harmless production. We strive at minimizing the environmental impact at all production stages. During 2 years (2010–2011), more than UAH 500 million was invested in achieving those purposes, which is actually UAH 1 billion considering the ecological tax.

DTEK implements and develops at its entities the system approach to the environment management, organizes the events focused on air, water and land protection.

Total environment investments and expenses, UAH million

Year	Capital investments	Operating expenses	Other expenses	Total
2007	15.8	70.7	4.8	91.4
2008	65.7	136.7	9.3	211.6
2009	33.6	145.9	11.6	191.1
2010	16.3	162.6	15.8	194.7
2011	77.5	222.3	20.5	320.3

Information by entities included in the boundaries of this Report. Information for 2011 considering DTEK Dobropolyeugol (UAH 8.89 million.)

Increase of ecological tax

In 2011, the environmental pollution charge was substituted by the ecological tax. And the list of the pollution agents to which it was to be applied extended. For a number of aspects, the payment amounts increased almost four times. Businesses are provided with an adaptation period: within the first 2 years, they are to pay only a half of the ecological tax rates specified by the Tax Code of Ukraine; in 2013 the payment will increase up to 75%; and since 2014, they will pay the ecological tax in full.

Simultaneously, the Tax Code of Ukraine allows using a portion of the amounts intended for a special state budget fund for financing the target projects of corporate eco modernization, but the procedure for applying this norm has not been specified yet. In 2010, a new form of the ecological tax return was approved, which became valid from January 2011.

DTEK believes that the possibility to invest a portion of the tax amounts in the environmental protection measures is very important, since the increase of payments itself is not efficient and stimulating enough. Investment programs are expensive: just to decrease the hazardous emissions according to Directive 2001/80/EC, the Ukrainian generation will need to invest UAH 70 billion until 2030. Not doing this today would result in huge losses in future, because in 20 years the business will operate in a more severe regulatory and competitive environment.

Isolated projects and actions cannot critically change the ecological situation – joint system efforts are required from the government, business and community. Today, when the major strategic documents have already been developed at the government level, Ukraine needs the next step – we need to approve regional programs, distribute finances for their realization, make planning, implementation and monitoring of specific measures.

Following our leadership mission, we not only take the environment protection measures at out entities, but also aim to change each individual`s attitude toward the environment protection through the social partnership programs implemented by DTEK in the cities and towns, in which it operates.

What our stakeholders asked us about:
What do you think of the public opinion that there is a need to make the environmental law more severe and to increase eco payments?

BEST PRACTICE.
Interaction and legislative initiatives

DTEK suggested a number of initiatives, which are important for Ukraine, and which brought partial results in 2011:

- the updated Energy Strategy for Ukraine Until 2030 includes the Ecology section according to Directive 2001/80/EC;
- the concept of the state target program on compliance with Directive 2001/80/EC at the fuel and energy companies of Ukraine was developed.

DTEK, together with other energy sector companies and experts, actively participated in this process. Joint meetings were held, which participants were the representatives of the Ministry of Energy and Coal Industry of Ukraine, National Joint Stock Company "Energy Company of Ukraine", research and development institutions and public eco organizations. In 2010, DTEK was a member of the working team at the Ministry of Ecology and Natural Resources of Ukraine, which dealt with the adaptation of Ukraine`s businesses to EU`s eco standards.

We also participate in the development and adjustment of the air protection regulations. Thus, upon DTEK`s initiative, the Coal Energy Technology Institute at NAS Ukraine developed technical norms of acceptable air emissions of pollution agents from the coal-based thermal power plants with the nominal thermal power less than 50 MW. The document was submitted for approval to the Ministry of Energy and Coal Industry of Ukraine and the Ministry of Ecology and Natural Resources of Ukraine.

The environment protection policy outlines DTEK`s long-term goals – see: **www.dtek.com/ru/corporate-socialresponsibilty/environment**

Ecological strategy

DTEK, demonstrating its willingness to participate in the suggested initiatives, applies a comprehensive management approach at its entities: implements the eco management system, realizes eco programs. We believe that the environment protection in the regions, in which DTEK operates, is as important for the business as the financial and production performance. So, it is very important for us that the legislative initiatives work as good as possible.

In 2011, the Environment Protection Policy was actualized; the approval of its new wording is planned for the end of 2012.

As part of its long-term strategy, DTEK outlined the environment protection priorities

- Introduction and regular improvement of the eco management system at the entities
- Eco program realization
  - at the generation companies – upon meeting the legislative requirements and those of Directive 2001/80/EC
  - at the coal mining and preparation companies – upon meeting the legislative requirements
- Realization of joint projects as part of the Kyoto Protocol

DTEK`s initiatives in the electric energy generation business have been developed for the nearest 20 years

Short-term perspective (until 2015)	Mid-term perspective (until 2020)	Long-term perspective (until 2030)
Development and approval of the program on decreasing the effect of DTEK`s TPP on surface water bodies	Changes in the emission permit procedure to differentiate the approach to TPP depending on the emission source category specified in the State Program for Emission Reduction	Introduction and regular improvement of the eco management system at DTEK`s TPP according to ISO 14001:2004
Development and realization of the programs on intensification of the bottom-ash materials use	Cooperation with the Ministry of Ecology and Natural Resources of Ukraine in terms of development and approval of the scheme of transition to integrated permits (air, water, waste) according to Directive 2008/1/EC on the integrated pollution prevention control (IPPC)	Realization of the generation business eco programs upon meeting the legislative requirements and those of Directive 2001/80/EC
Realization of the project as part of the international partnership in the area of bottom-ash material treatment	Implementation of the systems of regular emission monitoring at TPP`s new and reconstructed units	Realization of joint projects as part of the Kyoto Protocol at all units under reconstruction
	Realization of measures provided for by the program on decreasing the effect of DTEK`s TPP on surface water bodies	
	Including DTEK`s suggestions in terms of law harmonization in the area of bottom-ash material treatment in the regulatory, technical and other documents of Ukraine	
	Realization of the programs on intensification of the bottom-ash materials use	

Ecological management

Our entities were the first in Ukraine`s coal and energy business to make their eco management systems compliant with the best international practices.

Currently, 15 DTEK`s entities have the certificates of ISO 14001:2004 compliance for their eco management systems. DTEK is actively implementing the corporate eco management system in the newly made businesses included in its structure in the reporting period.

Thus, the eco management system development started at DTEK Donetskoblenergo: in January 2012, the environment protection sector was created there as part of the production and technology function; the implementation of the procedures used at DTEK`s entities is planned there (eco risk management, organization of the Environment Protection Committee`s operations etc.)

What our stakeholders told us:
There is a need for a strategic approach to the environment protection in the industrial regions: the goals should be set and the achieved progress reported!

Ensuring a single approach to the environment management at all DTEK`s entities based on a modern eco management system being a part of the corporate management system and an important component of non-financial risk management has a positive effect on DTEK`s competitiveness and investment attractiveness.

The procedures for developing financial incentives for the environment protection specialists are implemented – this should increase each employee`s interest in contributing to the environment protection program. Thus, in 2011, at Service-Invest and DTEK PES-Energougol, bonuses were provided to 35 individuals.

In 2010–2011, DTEK reorganized the environment protection structure. The functions of the Ecological Safety Department at the Industrial and Ecological Safety Board were divided between 3 business units. Also, the Industrial and Ecological Safety Committee at the Management Board was renamed as the Industrial Safety Committee. Simultaneously, the Sustainable Development Committee for addressing eco safety issues at DTEK`s entities was established. Thus, the management system became more flexible and entity-oriented.

In the process of the eco management system implementation in the coal and energy businesses, DTEK:

- approved the eco risk registers; identified and assessed the eco aspects, as well as the environment protection legislative, regulatory and other requirements;
- initiated more than 18 eco management system procedures;
- introduced the positions of the assistant chief environment protection engineers at the coal mining and preparation entities; initiated the operations of the environment protection committees at 4 management levels;
- started realizing annual eco programs;
- developed and implemented the annual system of trainings in eco management system and environment protection issues for all employees; paid special attention to training the specialists in the area of bad environmental impact recovery;
- started eco management system audits.

Ecological programs

Every year, DTEK realizes the eco programs aimed at implementing DTEK`s environment protection initiatives at its entities. This implementation process is controlled at all management levels. DTEK`s budget provides for a protected item of expenses for the environment protection measures, which is about 5% of the corporate investments.

According to the existing law, the ecology functions of the entities perform ecological monitoring of environmental impacts.

The monitoring results are analyzed by the corporate ecology functions and specialists. The received data are used to develop the environment protection goals, tasks and measures. As part of the eco management system, DTEK initiated the procedures for assessing the results of the eco programs and measures at its entities.

What our stakeholders told us:
There is a need for enhancing confidence to the ecological data provided by the entities. The society needs true and accurate information!

The certified laboratories in the generation business control the under plume emissions at their entities and in the residential areas. To obtain reliable information about the concentration of hazardous substances, the automated emission control system was implemented at Zuyevskaya TPP. The system of exit gas monitoring at power generating units No.1 and No.2 was certified by the State Metrology Service. At DTEK Pavlogradugol and DTEK Dobropolyeugol, the special-purpose laboratories control the pollution emissions at each emission source once a year. Annually (coal mining companies) and not less than twice a year (electric energy entities) check the efficiency of the gas treatment stations.

The special-purpose TPP laboratories make chemical analysis of industrial and domestic wastewater to monitor the effect on water bodies. At the coal mining entities, the chemical analysis of mine, industrial and domestic wastewater is made quarterly. The laboratory analysis of soil, air and subsoil water at the waste disposal sites (pit heaps, ash-disposal areas, sludge collectors) are made. Dosimetry is made at pit heaps.

The waterworks at the waste disposal sites (dams, water stops) are high-risk facilities. To avoid emergencies, their condition is regularly controlled.

Atmosphere air

In 2010–2011, certain growth of total pollution and greenhouse gas emissions occurred, which was due to the increase of electric energy production and coal mining and preparation volumes. At that, their percentage did not change a lot[10].

Generation

At the generation entities, the major efforts are focused on reducing TPP emissions and increasing the disposal of ash-disposal waste. DTEK Vostokenergo approved the strategic investment program for 2012–2020.

Sample measures and results of DTEK Vostokenergo

	Dust load, mg/m³		Efficiency of equipment, %		Measures
	2009	2011	2009	2011	
Zuyevskaya TPP					
Unit No.1	300.0	141.6 ↓	97.9	99.5 ↑	Electric filter efficiency improvement
Aspiration fuel supply devices	1,133.0	34.0 ↓	92.2	94.6 ↑	Full and current repair Change of a sack filter
Kurakhovskaya TPP					
Units No.7 and No.8	2,449.0	50.0 ↓ (expected)			Electric filter modernization
Luganskaya TPP					
Unit No.10	2,526.0	370.0 ↓ (expected)			Gas treatment station assembly

[10] See Appendix 2 Quantitative indicators of our performance.

Coal mining and preparation

At the coal entities, the coal mine methane drainage and utilization projects are implemented, which allows significant greenhouse gas decreases, and projects related to dust load and pollution decrease as well as waste disposal. Just in 2011, 35 investment projects were implemented already.

Sample measures and results

	Concentration of suspended materials/ Dust load, mg/m³		Measures
	2009	2011	
DTEK Pavlogradugol			
Stepnaya mine	284.0	10.0 ↓	For the boilers working on solid fuel, the second degree of cleaning is provided – a cyclofilter. The cyclofilter installation is planned for 2 boiler stations – at Samarskay and Ternovslaya mines.
Woodworking business	128.0	17.0 ↓	Gas treatment facilities are installed.
Boiler station of the Central transport column	173.5	41.1 ↓	
Pavlograd water intake of PRUVOKS branch			The emission source (coal boiler station) is removed.
Kurakhovskaya CBP		34.2 (norm–50.0)	New gas treatment facilities are installed at the boiler station.

Also, DTEK Pavlogradugol:

- Performed the transition of one of the boilers of the boiler station of unit No.2 of Stepnaya mine from solid fuel to separated gas. Consequently, using the boiler station without coal will bring the economy of 6 thousand tons of solid fuel every year.
- Purchased mobile gas analyzers to control the fuel combustion at the mine boiler stations.
- Performed ecological and heating-performance tests at the boiler stations of Yubileynaya, Stepnaya, Pavlogradskaya and Ternovskaya mines, which would allow to better use the energy of the combusted fuel and decrease emissions.
- Repaired the cyclones at the boiler stations of Stepnaya, Ternovskaya, Dneprovskaya, Stashkova and Zapadno-Donbasskaya mines, which would allow to decrease carbon oxide emissions.

Case study "Heat recuperation with the help of heat pumps"
At Blagodatnaya mine of DTEK Pavlogradugol, the project is realized, which is related to providing the mine with hot water supply by means of utilizing the low-grade heat contained in the mine waters, with the use of heat pumps. This will allow to avoid the hazardous emissions resulting from coal combustion at Blagodatnaya mine. The project investments were about UAH 3.9 million.

Total pollution emissions[11], thousand tons

	Nitrogen oxides	Sulfur oxides	Carbon oxides	Solids	Total
2006	30.2	232.7	3.7	90.4	357.0
2007	33.3	257.3	2.8	98.5	391.9
2008	31.7	257.5	2.5	111.5	526.6
2009	30.3	227.1	2.1	80.6	464.5
2010	34.8	228.8	2.4	89.0	493.2
2011	36.6	265.9	4.0	115.2	588.9

The information for 2011 is given considering DTEK Dobropolyeugol (nitrogen oxides — 208.34 tons, sulfur oxides — 3,747.64 tons, carbon oxides — 1.6 thousand tons, solids — 9.8 thousand tons.) The growth of indices is related to the increased electric energy generation.

[11] The rest of the quantitative ecological indices are given in Appendix 2.

Greenhouse gases and climate change

DTEK entities implement several projects within the framework of the Kyoto Protocol.

Reconstruction of power-generating units of three TPPs at DTEK Vostokenergo

All three joint implementation projects have been registered. Two transactions totaling 1,847,217 tons of CO2 equivalent of emission reduction units and 985,033 tons of CO2 equivalent of the established unites, were carried out. In 2012, it is planned to carry out a transaction on the emission reduction units verified in 2011 in the amount of 415,331 tons of CO2 equivalent. After the completion of reconstruction of the remaining power-generating units of TPPs, it is planned to achieve the reduction of greenhouse gases emission in the volume of 2.5 million tons of CO2 equivalent per year.

Methane utilization at DTEK Mine Komsomolets Donbassa

In virtue of the activities on improvement of efficiency of methane drainage and utilization at the mine boiler station (2 boilers of 10 MW capacity) and flares, the emission reductions in the amount of 279,326 tons of CO2 equivalent for the period of 2009-2011 were achieved and verified. In 2012, it is planned to verify 100 thousand tons of CO2 equivalent. In the longer term, it is planned to build a cogeneration plant for the combined heat and power generation. Subject to the full implementation of the project, the emission reductions will make about 350 thousand tons of CO2 equivalent per year.

Methane utilization at Stepnaya mine of Pavlogradugol

In 2011, the works on transition of the mine boiler station of 25 MW capacity to the use of coal mine methane, were performed. At the time of preparation of the report, the documents for obtaining a letter of endorsement were submitted to the State Environmental Investment Agency of Ukraine (SEIAU). In 2012, it is planned to get the first emission reductions. It is planned to reduce up to 60 thousand tons of CO2 equivalent on average per year. In the longer term, the cogeneration plant for the combined heat and power generation will be also built. Subject to the full implementation of the project, the emission reductions will make about 400 thousand tons of CO2 equivalent per year.

Reduction of losses in Service-Invest grids

The reconstruction and modernization of the grid equipment and power lines at Service-Invest resulted in the reduction of grid losses, which in turn led to the reduction in greenhouse gas emissions (insofar as the amount of electricity generation reduced). In 2011, the project received the letter of endorsement from the State Environmental Investment Agency of Ukraine. In 2012, it is planned to register the project and carry out the first transaction in the amount of about 400 thousand tons of CO2 equivalent.

The company intends to participate in the working group of the Ministry of Ecology and Natural Resources of Ukraine for the development and approval of the internal greenhouse emission trading system in Ukraine.

Water resources

DTEK entities operate in the regions where water is an acute problem. The Company's general principle of water resources management is their economical and rational use.

One of the areas of activities are measures on reduction of water consumption for industrial and household needs: the major repairs and replacement of pipelines are performed, water metering devices are installed. The personnel is also reminded on the necessity to use this resource economically. The water consumption for drinking needs decreased at DTEK entities by 2,990.6 thousand m3 (4.3%), as compared to 2009.

Sources of water resources consumed by DTEK entities

Power generation Unit	Coal production Unit
Seversky Donets – Donbass channel	Municipal Utility Companies: Water of Donbass
Zuevskaya water reservoir (Krynka river) Kurakhovo water reservoir (Volchya river)	Production departments of water and waste water services of towns Dobropolye, Pavlograd, Kirovskoe, Selidovo
	Rivers: Vodyanaya, Gruzskaya, Gnilusha river pond
	Mine waters of DTEK Mine Komsomolets Donbassa, DTEK Pavlogradugol, DTEK Dobropolyeugol (for production purposes - dust control - and for the use in water recycling of coal beneficiation plants)

Total volume of water abstraction by sources, thousand m³

Year	Surface water	Subsurface water	Water supplied by municipal utility services and other companies	Other sources*	Total
2008	50,511.6	3,404.5	23,283.0	50,273.8	127,472.9
2009	45,186.0	2,902.2	20,727.5	48,923.8	117,739.5
2010	51,324.0	3,053.3	17,192.1	53,987.2	125,556.6
2011	56,666.6	3,085.5	9,440.4	80,114.5	149,294.4

Data for 2011 are provided with account of DTEK Dobropolyeugol (surface water – 25.6 thousand m3, subsurface water - 118.4 thousand m3, water supplied by municipal utility services and other companies - 719.1 thousand m3, other sources - 25.8 thousand m3).

* Other sources include: mine waters and waste waters.

Waste waters

The main objective is to reduce the amount of household effluents discharge and increase the level of their purification. DTEK entities primarily use the mechanical treatment of waste water.

Power generation

The new scheme of product water supply from the clarification pond to the recycling water system was put into operation at Zuevskaya TPP. At the end of 2011, the production waste water discharge decreased by 47%, as compared to 2009.

The replacement of filter material and fitting at waste water treatment plants of Kurakhovskaya TPP allowed to reduce the amount of production waste water discharge by 18.8% (75.7 thousand m3).

Luganskaya TPP has the oily water treatment plant. The concentration of pollutants (oil products) at the inlet of the plant is 0.3 mg/l, at the outlet of the plant is 0.1 mg/l.

Coal mining

The equipment for decontamination of mine water using sodium hypochlorite is put into operation at Yubileynaya, Pavlogradskaya, N.I. Stashkova and Blagodatnaya mines of DTEK Pavlogradugol, which allowed to abandon the obsolete chlorination plants.

The reservoir repairs and reconstructions were performed at a number of manufacturing entities, which led to the reduction in losses of potable water and household waste water.

The use of produced water for the process needs of DTEK Pavlogradugol mines allows to save potable water and reduce the pollutants discharge to Samara river.

Investment projects

As part of the investment project on construction of bioengineered facilities for the efficient purification of mine water a separate project was developed. It defines the land surveying, boundaries of water protection zone and coastland of the bioengineered facilities of Ternovskaya mine on the territory of the Bogdanov village council of Pavlograd district. The USRIEP carried out a feasibility study of the reconstruction of mine water storage pond with the use of bioengineered treatment facilities at DTEK Pavlogradugol in Taranova balka.

Total volume of the production waste water discharges, thousand м³

Year	Volume
2007	40,213.2
2008	45,125.7
2009	42,223.1
2010	43,378.8
2011	61,432.6

Data for 2011 are provided with account of DTEK Dobropolyeugol (22,954.5 thousand m³)

Waste and land reclamation

As a result of activities of DTEK production entities, a bulk quantity of waste rock and ashes and slag waste appears. The increase in the use of ashes and slag materials is one of the key tasks of DTEK in environmental protection. The most part of waste produced at our entities facilities is not dangerous, but the necessity to organize their location is a serious problem due to the land pressure.

Power generation

In order not to allot new land for power generation waste location, TPPs increase the capacity to the existing ash dumps (by expansion of dams) and increase the level of ashes and slag waste utilization. In 2011, the qualitative researches of ashes and slag mixtures, technical feasibility of ashes and slag utilization were conducted at several TPPs. The program on increase of the waste use for the years 2012-2020 was developed.

Coal production

In the coal production segment the program for handling the bulk solid waste has also been developed, under which the analysis of the current state of waste dumps is performed to assess the risks related to the waste location at dumps within the period up to 2030, the alternative options of the rock use are examined.

At the coal beneficiation plants the sludge ponds are cleared, the extracted coal component is reused. This measure allows to increase the capacity of waste disposal areas, therefore, to extend the sludge ponds operating life.

What our stakeholders told us:
It is necessary to improve considerably the system of waste management until its full utilization, develop its useful use.

BEST PRACTICE.
Disturbed land areas decrease annually

DTEK Pavlogradugol and Pavlogradskaya CBP implement the multipurpose project on the use of rock formed in the process of coal production for the disturbed land reclamation.

Subsided land lots are filled with the rock, covered with a fertile soil layer, then the biological reclamation is carried out. We succeed in restoring the soil fertility through organic and inorganic fertilizers, irrigation, agricultural crops and the use of special techniques of agricultural technology. At the time of privatization, DTEK Pavlogradugol had 482.3 ha subjected to land reclamation. By 2011, 105.1 ha of land were rehabilitated and transferred to the land reserve, about 100 ha of land were under the technical phase of reclamation. The use of coal mine rock for reclamation allowed to eliminate rock dumps at most mines of DTEK Pavlogradugol and Pavlogradskaya CBP.

Future of waste

In 2011, the round table "The use of ashes and slag waste of coal stations" was held on the initiative of DTEK. The participants were the representatives of the Ministry of Energy and Coal Industry of Ukraine, research and design institutes, cement and construction companies, road construction companies, energy companies, foreign companies. They exchanged their views on the possibilities of expanding the use of ashes and slag materials. The ways of cooperation with the Donetsk Regional State Administration, Donetsk State Department of Ecology, potential consumers of ashes and slag were designated. The project of the Ukrainian-Polish partnership in this area was developed by the Polish-Ukrainian Chamber of Commerce together with the Polish Union for Ashes and Slag Materials Handling.

Total weight of waste by class of hazard and handling method, tons

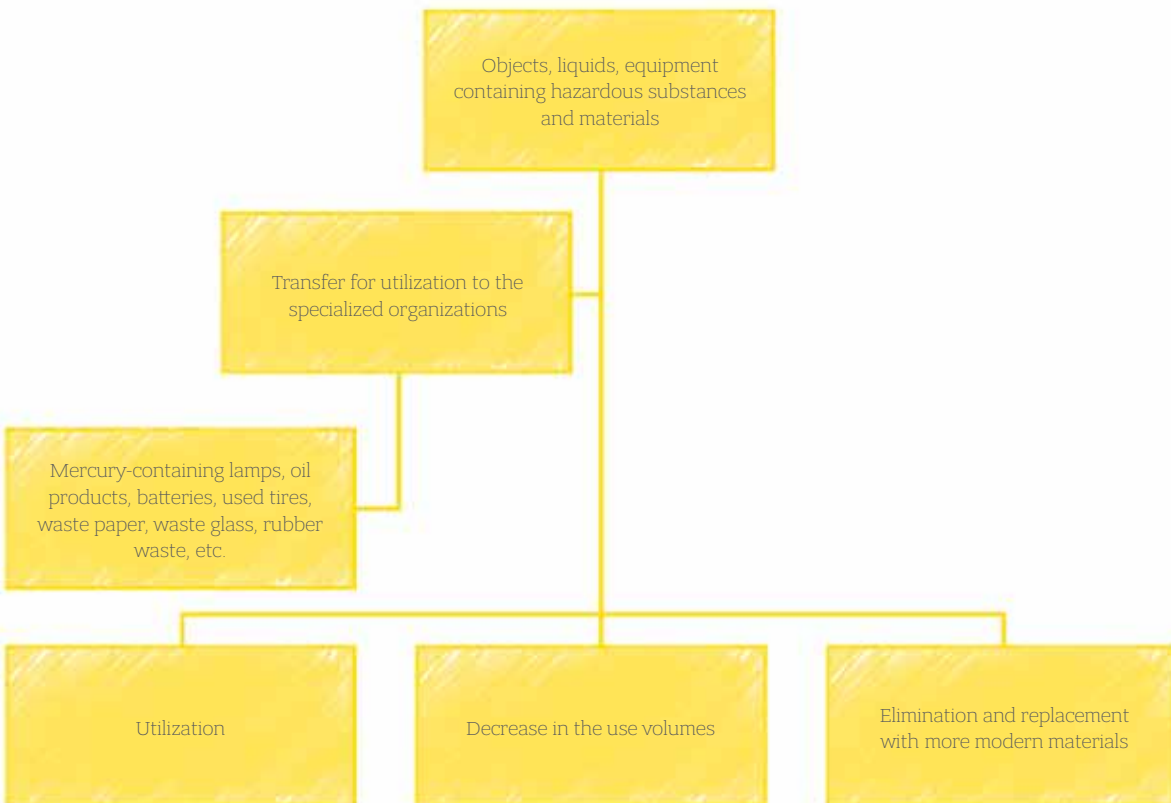
Waste formation	2007	2008	2009	2010	2011
1st class	15.1	17.1	10.7	10.8	10.3
2nd class	363.6	346.4	572.5	773.7	404.4
3rd class	299.7	308.2	237.3	326.1	445.4
4th class	9,058,840.1	10,941,398.8	10,255,212.5	12,261,910.9	13,189,282.1
Total	9,059,518.5	10,942,070.5	10,256,032.9	12,263,021.5	13,190,142.2

Data for 2011 are provided with account of DTEK Dobropolyeugol (1st class – 0.278 tons, 2nd class – 15.08 tons, 3rd class – 16.14 tons, 4th class – 406,198.08 tons).

Hazardous substances and materials

The respective inventory was performed and the "Regulations on Hazardous Substances and Materials Handling" were put in force at all DTEK entities.

Ways of hazardous substances and materials handling



No materials containing polychlorinated biphenyls (PCBs) are used at the power generating companies. The waste having the resource value (used mercury-containing lamps, oil products, batteries, used tires, waste paper, waste glass, rubber waste, etc.) are transferred to the specialized companies for utilization.

In 2010-2011, 80.3 m3 of asbestos containing plate were replaced with the mineral-wool plate.

The work to minimize the use of hazardous substances and materials, including those containing PCBs, has been continued at the distribution companies. Thus, as at January 2011, DTEK PES-Energougol operated 296 static condensers containing PCBs. By the end of the year, their number decreased to 260. They are planned for utilization upon expiration of useful life. In 2011, 36 used condensers were transferred for utilization (1.6 tons).

Approaches to protect biodiversity

DTEK entities take into account the objective of minimizing the impact on flora and fauna of the Company's objects and works performed.

Impact of electric power objects

We believe that one of the promising methods is equipping the low-voltage power lines with self-supporting insulated wire on the basis of cross-linked polyethylene (CLP), which protects the power lines from external effects and birds from electric shock. In 2010-2011, the total length of the DTEK PES-Energougol's 0.4 kV overhead lines equipped with CLP comprised 61.7 km. In addition, the reconstruction of power lines from overhead lines to cable lines releases the land previously occupied by poles. Thus, in 2011, Service-Invest reconstructed in 2.09 km of electric power lines this manner.

Fish protection

The entities which take in water from surface water sources organize the fish protection measures. Fish protection devices are installed in rivers Gruzskaya and Vodyanaya, in the pond of river Gnilusha and Kurakhovskiy reservoir. In addition, 6 tons of fish were planted in Ternovka river in 2011.

Compensatory tree planting

DTEK Pavlogradugol annually performs the compensatory tree planting instead of forest areas damaged by underworkings of Pavlogradskaya, Samara and Blagodatnaya mines. In 2010-2011, 30.5 ha of forest were planted, the compensatory planting of 21 ha more is planned for 2012. In addition, the drainage system is operated at the mining allotments of Ternovskaya and Pavlogradskaya mines, which protects 1,295 ha of forest from underflooding. The planting of trees was carried out on 1 ha of inactive rock dump at Kurakhovskaya CBP.

During the construction of power lines, the planting of new trees to replace the felled trees is envisaged.

BEST PRACTICE.
Wind-driven turbines are not dangerous for birds

Before the construction, the impact of future objects on birds and bats was examined at Wind Power. To this effect, we engaged an ornithological station, which is part of an international association and conducts researches under the European methods.

During the year, the station experts monitored the birds migration: their routes, height and frequency of migration were studied, all the species of birds which appear at the site of future objects (including the species listed in the Red Book) were described. During the study, a positive factor for us has been found out: not far from Botievo the Milk Lyman lake is located which attracts birds, due to which they deviate from the location of wind power plants. The issue about single (not schooling) species of birds was also addressed. It was indentified that they flied mostly at much higher altitudes and did not enter the blades movement zone. The specialists also analyzed an option when a bird for some reason would fly below the traditional path. However, again the risk is low: we use the units which make 13 revolutions per minute (for comparison: the modern wind generators can have the speed of 72 rpm), which allows the bird to see the obstacle and fly between the blades.

Nevertheless, we intend to place color strips and flashlights on the blades that will make them visible to birds at a greater distance and they will have time to change the flight path.

The result of the study has been positive for the project: the impact of wind turbines on birds and bats is minimal. But we intend to continue the cooperation with the ornithological station, which will monitor each case of damage to birds and bats.

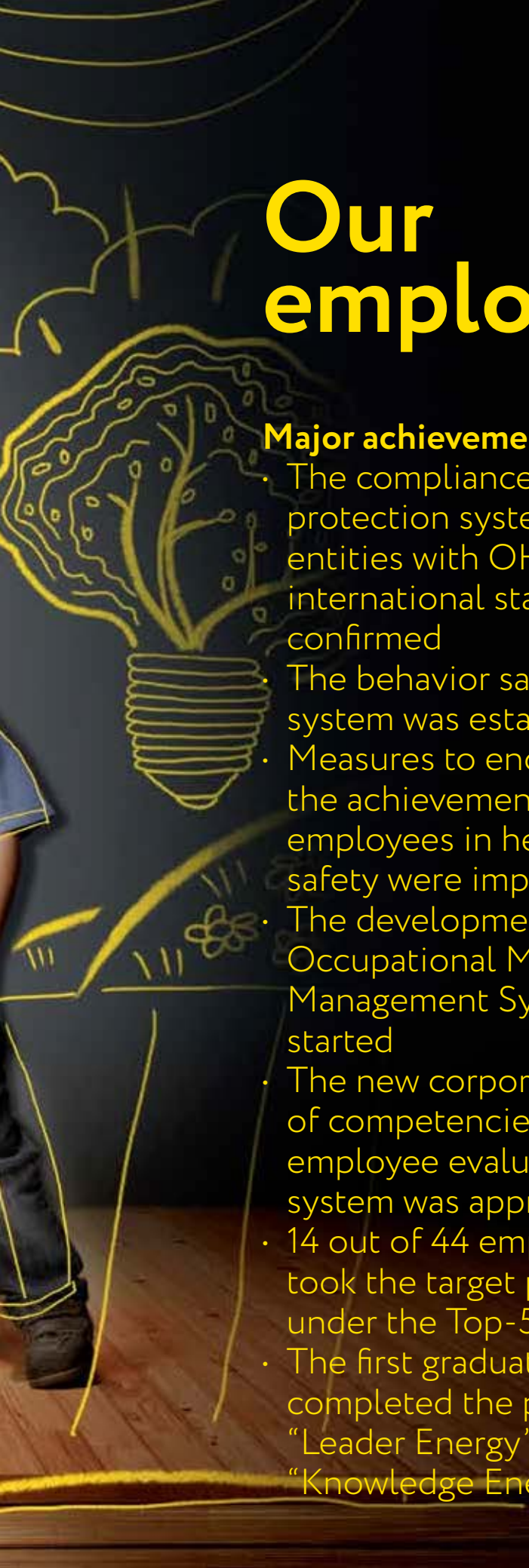
Green office

We started the implementation of the world-known concept of "Green office" from the Corporate centre. During the reporting period, the following positive results are achieved:

- a video conferencing system was implemented to reduce the amount of business trips;
- paper consumption was reduced (through the use of two-sided printing);
- energy-saving lamps and electronic start-control devices for fluorescent lamps are used, room light is turned off when there are no people;
- office equipment marked with "Energy Star" is used; all the equipment is switched off for the night time, the "sleep mode" is activated in the equipment;
- offices are equipped with a manual or automatic heat supply system to control the temperature in the room; calibrated heat metering devices are applied;
- door closers are installed.


DTEK
DTEK
DTEK

Our employees



Major achievements:

- The compliance of labor protection system at DTEK entities with OHSAS 18001 international standard is confirmed
- The behavior safety audit system was established
- Measures to encourage the achievements of the employees in health and safety were implemented
- The development of the Occupational Medicine Management System was started
- The new corporate model of competencies and employee evaluation system was approved
- 14 out of 44 employees took the target positions under the Top-50 program
- The first graduates completed the programs "Leader Energy" and "Knowledge Energy"

In 2011,
18 labor collectives and
211 employees
were awarded
for achievements
in health and safety

In 2010-2011, the investments in health and safety amounted to
UAH **429.5** million

UAH **51.6** million
of investments in personnel training for the reporting period

Occupational health and safety

The technological progress rapidly changes the labor conditions and its organization. The legislation plays an important role in the regulation of these issues, however, the best practices of companies indicate the need for additional measures. The concept of DTEK development until 2030 envisages the intentions to implement the best standards in the field of occupational health and safety.

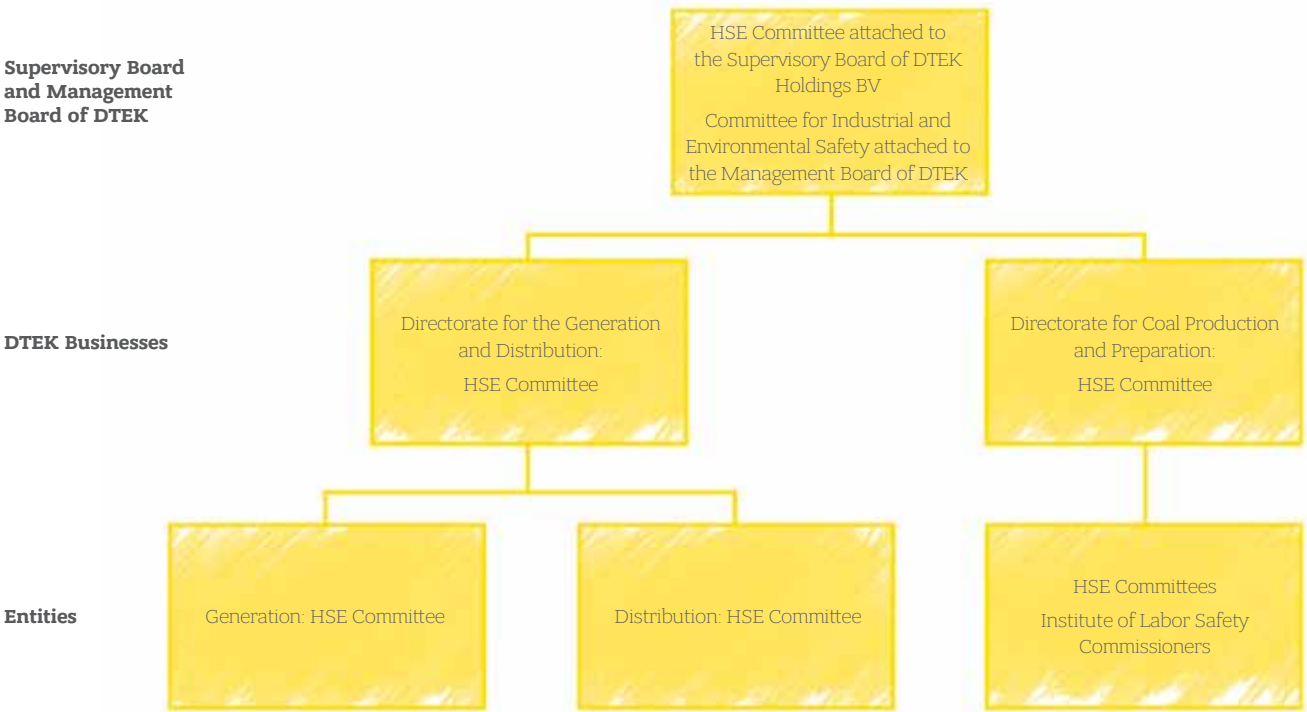
DTEK priorities are fixed in the Health and Safety Policy approved by the top management.
www.dtek.com/en/corporate-social-responsibility/labour-safety

Health, Safety and Environment (HSE) management system

DTEK has the organizational structure for managing the issues related to occupational safety and health.

HSE Committee is a primary tool of analysis of HSE management system.

The Directors of entities chair the committees, they may include representatives of trade unions and employees authorized by the labor collective.



The main tasks in the field of occupational health and safety, which the Company completed in the reporting period:

- improving the health and safety culture, individual and collective responsibility of personnel at all levels;
- creation of a system of employees responsibility motivation and encouragement;
- implementation of system approaches to the health assessment and the professional risks management.

In two years, there were innovations which allowed to make the work in the field of health and safety more efficient:

- a system of behavior safety audits was established;
- pilot projects were realized for the implementation of:
  - corporate system of occupational medicine;
  - system of material and non-material incentives of the personnel for achievements in health and safety;
  - corporate standard of personal protective equipment (PPE);
  - Road Map electronic version was introduced.

Due to the expansion of the coal segment in 2011 the strategic objectives for health and safety were revised and the following benchmarks were set:

Terms	By 2015	By 2020	Until 2030
Objectives	Decrease the on-the-job injury rate (OTJIR) to 1.2* Eliminate the fatal injuries	Decrease OTJIR to 1.0	Decrease OTJIR to 0.7
Way of accomplishment of objectives	1. Setting uniform requirements to HSE management system at all mining enterprises in accordance with international standards. 2. Taking measures which do not require fundamental changes of underground mine infrastructure: improvement of PPEs quality, provision of small tools and equipment, establishing the radio communication system, occupational medicine management 3. Avoiding the subjective human impact on the assessment of underground works safety. This stage requires vast investments.	1. Replacing traumatic equipment and technologies (upgrading the mine transport, increasing the reliability of mine workings, draining out of gases)	1. Minimizing the human participation in underground works: — application of a new stopping and heading equipment in mines with thin layers; — automation of stationary equipment
Long-term goal: changing the labor culture as the basis for a sustainable model of health and safety	To start changing the employees attitude towards the safety at the workplace through the incentives system	To organize training in modern approaches to Occupational Health and Safety with regard to the use of new coal production equipment and technologies. When developing the training program, the experience of advanced coal producers with underground mining will be taken into account.	To change drastically the industrial safety culture: the employees should put first the behavioral and operational risks. To continue the consistent work on training and changing the incentives system, which will start at the first stages of the strategy.

* Including the recently acquired entities not covered by the boundaries of the Report.

All industrial entities of DTEK including the recently acquired assets are transferred to the health and safety management system in accordance with the requirements of OHSAS 18001:2007. As DTEK's practice shows, the implementation of procedures under the standard along with other measures allows reaching substantial reduction of occupational injuries during several years. Thus, in 2006, 873 cases of general injuries were registered. In 2011, the figure decreased twofold – to 431.

Certification of the enterprise resource management systems in accordance with international standards

Entity	Certification	Certification results
Service-Invest	OHSAS 18001:2007 2011 – compliance audits were performed	Certification includes 100% of workplaces (including contractors)
DTEK PES-Energougol		
DTEK Vostokenergo	OHSAS 18001:2007 2011 – recertification audit was performed	HSEMS[12] compliance with the requirements of the standards was confirmed. Certification includes all the structural units
	ISO 9001:2008 The second compliance audit was performed	The quality management system compliance with the requirements of the standard was confirmed
DTEK Dobropolyeugol	OHSAS 18001:2007	The certification is planned for 2014
All other entities of coal segment	OHSAS 18001:2007 Compliance audits were performed	Certification includes 100% of workplaces

[12] HSEMS – Health, Safety and Environment Management System

Health and safety system improvement

The system of behavior safety audits has been established, in which the members of DTEK's Management Board and employees of the Coal Production Directorate and Electric Power Generation and Distribution Directorate participate.

The system of audits was implemented in a pilot mode at DTEK Pavlogradugol, DTEK Mine Komsomolets Donbassa, DTEK Vostokenergo and coal beneficiation plants.

The "Road Map" has been introduced and operates at DTEK Pavlogradugol, DTEK Mine Komsomolets Donbassa, coal beneficiation plants. The "Road Map" is a methodology of assessment of the state of the health and safety management system and selection of corrective actions. The methodology has been implemented in a pilot mode at Zuevskaya TPP, Kurakhovskaya TPP, Luganskaya TPP, Service-Invest and DTEK PES-Energougol.

Training in health and safety

The training of the employees is one of the basic tools of an effective HSE management system.

DTEK entities have health and safety offices. Briefings, training in requirements to technical documentation, regulations and corporate safety standards are held there.

Local television networks operate in mines at coal production entities, through which the educational and topical films and video instructions are broadcasted. For example, some videos on the behavior of employees in cases where the work performance posed a threat to life and health was created on the basis of actual events occurred at DTEK Pavlogradugol. These videos are demonstrated periodically at all coal production entities before issuing work orders.

The creation of computer room and introduction of the Automatic Examiner system was started at DTEK Mine Komsomolets Donbassa, through which it would be possible to conduct training, self-development, testing and examinations for all categories of workers, engineers and technicians.

At the production and training center of DTEK Vostokenergo in Kurakhovo, the training is based on the unique software and simulators, advanced equipment and technology. The "Polygon Simulator of 200 MW Power Generating Unit" is used there, at which the actions on elimination of abnormal and emergency situations, start up and stop of the power generation unit from various states, maintaining the normal mode with the change of load are mastered, which are impossible to master on a real power generating unit. This training provides the necessary skills to manage a power generating unit and reduces the chance of erroneous actions of employees in critical situations.

Skills in the use of new equipment

Given a wide-range program on modernization, introduction of a large number of new equipment, DTEK helps its employees learn to operate properly and safely this equipment, master the modern technological processes.

The special-purpose training is organized at the entities three months prior to the commissioning of new equipment. The training programs are prepared taking into account the requirements of production and health and safety, as well as knowledge gained during the training in profession.

Safe labor motivation

The pilot project on the development and implementation of a corporate system of material and non-material incentives for achievements in health and safety was carried out at DTEK Mine Komsomolets Donbassa and Zuevskaya TPP of DTEK Vostokenergo.

The non-material incentives are based on attention to personal merits of the employees and recognition of their success. Material incentives envisage various amounts of bonuses depending on the results achieved by the labor collectives and individual employees in the reduction of industrial injuries, identification and elimination of risk factors, observance of internal corporate procedures and legislation in the field of health and safety. Individual and group performances are applied. The incentive is initiated by the manager of the respective level, to whom the employee or labor collective is subordinated.

In 2011, 18 labor collectives were awarded a bonus – 211 persons. Two labor collectives were awarded with weekend tourist vouchers.

Grigoriy Koldunov, General Director of DTEK Service

"The company focused on the long term perspective cannot but be concerned about the matter of who will work at its entities in 20 years. The well-being and health of our employees is the success of our business in the future."

Health care

DTEK has always given priority to keep up health of its employees and reduce wherever is practical the negative impact of occupational factors: health posts, health and recreation resorts operate at the entities, investments are made in the summer health improvement of employees and their families.

However, the occupational diseases rate at the entities is still rather high. In order to develop a systematic approach a working group on the development of the Occupational Medicine Strategy was formed in early 2012, the pilot projects in this area were implemented at DTEK Mine Komsomolets Donbassa and Zuevskaya TPP of DTEK Vostokenergo where the following innovations were introduced:

– Medical insurance of underground workers

In 2011, the insured amount per an employee comprised UAH 20 thousand which the employee could spend for medical purposes. In 2012, it was planned to insure all employees working both underground and on the surface;

– Psychological service

Experienced psychologists will help the miners cope with both personal and professional psychological problems, if any. Psychodiagnostics is carried out also for new employees of the company. At this stage the motivation, willingness to take risks, assessment of attention, resistance to negative factors, etc. is studied.

The developing the program should enable the employee motivation to professional and personal growth, teach him/her the psychic self-regulation, inure to conflict-free behavior. The consulting program provides for an individual work to address potential personal and family problems of employees.

The psychophysiological examination of employees who are responsible for the safety of groups of people (lift machinists, dispatchers, locomotive driver) has been performed;

– Electronic file "Health Passport"

The file will be kept on each employee, in which his/her health parameters, medical examination schedules and results, doctor's recommendations and their implementation will be recorded.

Occupational medicine

In 2010, the DTEK's strategic initiative on the implementation of occupational medicine management system was launched. In consequence of this initiative, we expect:

- working conditions improvement;
- improvement of the efficiency of health care institutions serving our employees, promptness and quality of medical care;
- improvement of the employees health due to the continuous monitoring of general and occupational sick rate;
- increase in the level of employees motivation and responsibility for their health.

Serious diseases

The coal entities work on the prevention of cardiovascular and other serious illnesses: continuous monitoring of employees at risk, medicated adjustment of health status, sending for further examination and treatment in the specialized clinics, if required.

At DTEK Mine Komsomolets Donbassa, the health care professionals of workshop service, health and safety specialists and Donbass prophylactic sanatorium employees are involved in the implementation of 10 programs for the prevention and control of serious diseases adopted by the Kirov City Council.

Oleg Shevchenko, Deputy General Director for Health and Safety of DTEK Mine Komsomolets Donbassa:

"We want to create a responsible attitude of each employee to his/her own health. In fact, people often do not pay attention to the symptoms of a disease until it becomes chronic."

Health care improvement at new assets

The "Uniform Standard Recommendations for First Aid Treatment" were introduced at DTEK Dobropolyeugol. The medical personnel received training with further examination (77 persons). The planned and systematic work of physician and engineer teams (PET) was intensified as a tool of reducing the general deceases level and preventing sudden occupational fatality. In the second half of 2011, 34 meetings of PET were held, during which the required measures on work with the group of frequently and chronically ill employees were discussed: sending to MSS, for treatment, including health resort treatment. The medical and epidemic risk group was vaccinated. As at 1 January 2012, the decrease in sick rate was observed at DTEK Dobropolyeugol as a whole, as compared to the same period of 2010, by 2,245 cases (19.43%) and 24,085 days (14.12%).

Personal protective equipment (PPE)

DTEK is continually investing in the maintenance and modernization of the process safety means. All employees of the Company areFully provided with PPE in accordance with the law. Nevertheless, the Company wants to further enhance the protective properties of PPE, make them more practical and convenient for the employees. To this effect, the corporate requirements to PPE were developed.

The DTEK's new corporate standard on the use of PPE was developed in 2010-2011 and tested at DTEK Mine Komsomolets Donbassa, Kurakhovskaya TPP (DTEK Vostokenergo), Service-Invest, DTEK PES-Energougol, Pavlogradskaya CBP, DTEK Dobropolskaya CBP, DTEK Oktyabrskaya CBP. Based on the observations of employees and test results the most efficient and convenient models were selected. Since 2012, the full provision of all employees of industrial entities with PPE under the DTEK's corporate standard has been envisaged.

Injury rate status

In 2010 and 2011, the decrease in the injury rate was achieved as compared to 2009. However, we failed to work without losses. For each case of injury, apart from the state investigation the internal investigations were performed, during which the causes of the incident had been identified.

In case of an incident with serious or fatal consequences, the corporate centre specialists participate in the internal investigation. Upon the results of investigations, the main causes of occupational injuries include:

- violation of labor and production discipline, technological process, safety requirements when operating the machinery and equipment;
- unsatisfactory works organization;
- condition of buildings, structures, mine workings;
- lack of or inadequacy of technical documentation, health and safety instructions;
- non-use of PPEs when they are available;
- non-observance of the existing instructions;
- unauthorized execution of work, which was not assigned to the employee or fulfillment of non-relevant functions by the employee;
- inadequate assessment of possible risk consequences;
- non-observance of the traffic rules.

Upon the results of investigations, the corrective actions to prevent the recurrence of similar cases were developed. In particular, the following was provided for:

- hazards removal, fencing;
- installation of additional types of alarms, warning signs;
- revision and improvement of process passports.

Also, the decision was taken as to carrying out refresher instructions on safety measures during the performance of work, familiarizing with health and safety instructions, job descriptions of engineers and technicians, passports and technologies of work and knowledge assessment.

Work with contractors

To ensure the safe performance of work by contractors, the regulations on ensuring the safe performance of works at DTEK objects have been developed at all entities of the Company. The documents unify the requirements for health and safety, industrial, fire and general safety. They provide for a sequence of actions and segregation of responsibilities of the contractor, the list of assessment of the contractor's compliance with requirements for safety, the list of documents and the requirements for actions on ensuring the contractor's safety work.

In case of violation of requirements, the significant measures including the prohibition of work, termination of contracts and imposition of fines are undertaken in respect of the engaged contractors.

Statistics of industrial injuries and accidents

Description	Year					
	2006	2007	2008	2009	2010	2011
Number of victims of industrial injuries	599	516	322	313	263	431
Including fatal cases	12	6	10	8	4	8

Data for 2006-2010 do not include DTEK and DTEK Dobropolyeugol.
Data for 2011 include DTEK and DTEK Dobropolyeugol (data on DTEK Dobropolyeugol: number of victims of industrial injuries – 179 persons, including fatal cases – 4 persons).

Investment in health and safety, UAH mln

2007	2008	2009	2010	2011
76.5	117.6	114.9	143.8	285.7

Data for 2007-2010 do not include DTEK and DTEK Dobropolyeugol.
Data for 2011 include DTEK and DTEK Dobropolyeugol (UAH39.2 mln).

Approaches to Personnel management

DTEK has adopted the HR Management Policy, which is uniform for all entities. This is a democratic instrument of regulation, which leaves open the possibility for the employees initiatives.

Adoption of the Policy means that we are going to achieve the following goals:

- attract the best personnel in the labor market;
- provide competitive remuneration and incentives to employees;
- identify, develop and maintain the employees potential;
- establish a singly corporate culture.

The Policy formalizes DTEK's approaches to the observance of employees rights and interests balanced with the interests of the Company, in particular, the avoidance of discrimination or obstacles for whatever reason during recruitment, carrying out transparent performance evaluation and its impact on the level of remuneration and career advancement, etc.

DTEK values its corporate (organizational) culture, which is based on the mission, vision and corporate values. We form a 'new employee', who works with total efficiency because he/she is interested, informed, takes well to the Company and is involved in its internal life. DTEK supports the positive work environment which allows the employees to work effectively. We also create a 'new employer' whose declarations correspond to the real actions, and top management are the soul of the corporate culture.

In 2011, the survey of corporate culture of labor collectives was conducted. At the next stage, the project on the convergence of cultures of different companies is expected to be launched. The particular attention is paid to this issue when integrating new entities: meetings are necessarily held with the labor collectives which allow to identify cultural differences and issues of concern to employees.

The basis for partnership between the employees represented by trade unions and the employer is a negotiation process in the discussion of collective agreements and other contracts. The partnership implies the achievement of a consensus on the following issues: employment, observance of the occupational safety and requirements to the employees health care, labor remuneration and content of social benefits and guarantees, ensuring the normal labor routine and rest, etc.

In 2010, the third survey of the social climate at the entities was conducted[13]. The main fields of the survey included the assessment of the level of satisfaction, loyalty, involvement, personnel awareness, their assessment of the Company's management decisions quality, etc. The survey results were analyzed by the Management Board in the dynamics (results of 2008 and 2010 surveys), the causes of 'bottlenecks' were identified, the measures to improve the situation were approved.

DTEK holds annually the management conferences dedicated to the results of work and strategic initiatives for the next period. Thus increasing the involvement of employees in the management of the Company. As a rule, the heads of the first and second levels of the corporate center and industrial entities participate in the conferences. The information is submitted further on to employees of industrial entities. Eventually, we manage to involve in this process almost all employees of the Company.

The policy is posted on DTEK's official site **www.dtek.com/en/ corporate-socialresponsibility/employee-welfare**

[13] The total number of employees-respondents was 7,685 (16%), excluding DTEK Kievenergo and DTEK Donetskoblenergo and 9,842 questionnaires including DTEK Kievenergo and DTEK Donetskoblenergo (these assets were included in the survey only in respect of questions related the occupational health and safety).

Reporting period objectives

DTEK's main efforts in the reporting period were aimed at achieving the following objectives in Personnel management:

- Ensuring the in-house personnel

DTEK is committed to achieve by 2013 that 80% of the vacancies of middle and senior managers would be filled by the Company's in-house candidates rather than attracted from outside. DTEK Academy, personnel reserve program and TOP-50 programs are the main components of achieving this goal.

– Unification of payroll and remuneration system

We endeavor to use to the fullest extent the principle of equity in our employees remuneration.

The headcount as at 31 December of each year, persons

2007	2008	2009	2010	2011
45,253	38,233	36,141	36,372	46,670

The information on headcount is provided in respect of the entities covered by the boundaries of the Report. Data for 2011 include DTEK Dobropolyeugol (9,955 persons).

Number of employees affected by the reorganization process, persons

2008	2009	2010	2011
2,960	1,090	148	103

The information on headcount is provided in respect of the entities covered by the boundaries of the Report. In 2010-2011, the scope of reorganization was insignificant and affected primarily the separation of premises and territory cleaning, IT and coal sampling functions. Data for 2011 include DTEK Dobropolyeugol (0 persons).

Training and development

DTEK is focused on the strategy of growth and innovation, which requires the professional and initiative employees who are ready to learn and grow with the Company. For our employees, this is a unique opportunity to get a quality education and management experience in various positions.

DTEK Academy[14] plays a significant role in this context. It became the main tool of the talents, knowledge and change management system, promotion of corporate values. The main task of the Academy is the systematization of personnel training, development of the management potential and innovative thinking, strengthening of the cross-functional relations within the Company.

For the participants of the "Personnel Reserve" and "Top-50" projects, the modular management training programs "Knowledge Energy" and "Leader Energy" have been developed. Top managers and talented employees are trained under the individual development plans and take an active part in other employees training.

[14] DTEK Academy was opened in 2010.

Students category	Training programs		Training venue	Training types		
Top-management	"Leader Energy" Individual training	Programs for top-management	International business schools	Leader sessions	Internship	Mixed training
TOP-50	"Leader Energy"	Individual development programs				
Personnel reserve	"Knowledge Energy"	Couching	National business schools			
Employees	Professional programs	Competencies development	Internal and external trainers			

"TOP-50" program prepares the successors for key executive positions. The special intensive development program has been elaborated for its participants. As at December 2011, 44 employees underwent training under this program.

The personnel reserve is a specially selected group of employees for the preparation and subsequent appointment to the senior positions. The program was launched in 2006. In 2011, 134 employees participated in it. Within two years after the completion of "Knowledge Energy" development program 30% of participants should get new appointments.

Modular programs "Knowledge Energy" and "Leader Energy" ("Corporate MBA") develop the management expertise of managers, combine theoretical and practical training, are aimed at both developing of the individual potential of each participant, and improving the teamwork.

Training is conducted not only in DTEK Academy, but also in the international business schools that allows the participants to expand the perception horizons and improve cross-cultural interaction. The participation in the international training tour is one of the elements of training process, which fosters the exchange of experience and best practices with European companies. In 2011, four teams participated in the tour on studying the experience of energy companies in the Netherlands, Germany and Poland. In 2011, 77 graduates of the "Knowledge Energy" and "Leader Energy" programs received diplomas.

BEST PRACTICE.
Production Management

We consider that the "Institute of Internal Trainers of Industrial Entities" is our achievement in the reporting period. Its main task is the introduction of new formats of on-the-job training and improvement of competencies of the middle level managers. At present, the training consists of two modules: "Training of Trainers" and "Production Management". The entire project was implemented by Corporate Center. The idea of the necessity of production management development arose in 2009, when the climate study at the entities identifies a problem: employees complained about the insufficient attention of managers. We decided to develop a program which would help the line managers (supervisors and foremen) to master the basic people interaction skills.

It was obvious that external trainers would unlikely cope with this task, because miners would not perceive people with no experience. So, we began the selection among employees: a lot of meetings, discussions and tests were held. About 200 persons who expressed interest and readiness for such activities were selected from more than 2 thousand persons. As a result of further selection 112 internal trainers were selected, who imparted knowledge to the production managers in 2011. As a result, the program allowed to change within the short time the managers and employees relations, they started better understand each other and equally responds to various production situations. We believe that the main achievement of the program is the growth of confidence among employees.
In 2010, the internal trainers conducted 177 training sessions, 2010 managers completed the "Industrial Management" program.

Interaction with higher education establishments

In 2009, the program of the cooperation with higher education establishments was launched in order to reduce the gap between the education and needs of industrial entities.

In 2010, the DTEK Group consisting of 16 final-year students of Donetsk National Technical University and 30 final-year students of Dnepropetrovsk National Mining University was formed. In addition to the academic curriculum of the university, the DTEK Group students undergo monthly a two-day training at the Academy of DTEK and a two-day training at the industrial entities of the Company, that allows them to refer the theoretical knowledge to the real work conditions in the energy business.

DTEK Group students had the opportunity to undertake an internship at the industrial entities and defend the diplomas on important subjects for the Company. Each of them was assigned a mentor from the DTEK entity, who supervised the professional development of a student and was a thesis advisor in working on the diploma paper. As a result, 45 graduates of the DTEK Group successfully completed the education, 38 of them were employed at the Company's entities. In 2011, the DTEK Group comprised 28 students.

DTEK also helps to develop the material resources of universities. In 2010-2011, the computer classes were opened in DonNTU and NMU. Understanding the importance of scientific activities, beginning from 2012 the Company plans to invest in the equipment of research laboratories of the Kiev Polytechnic Institute.

DTEK entities also actively cooperate with educational establishments, such as Pershotravenskyi, Ternovskyi, Enakievskyi mining lyceums. The best students are granted the personal scholarships.

Staffing of electric power entities

Experts suggest the possibility of shortage of qualified personnel in the electricity industry not only in Ukraine, but worldwide as well.
So far DTEK did not experience an acute shortage in personnel, insofar as our plants are the core, competitive and attractive enterprises in their regions. Today, the external labor market has enough applicants to fill the potential vacancies, many of whom previously worked at the enterprise.
However, in 2010 it was planned to train the personnel in scarce jobs in the training center of DTEK Vostokenergo (engineer-trackmans, gas and steam turbine equipment repairmen) with the mandatory on-site internship.
The project "Interaction with the Specialized Educational Establishment" also helps to solve the staffing problem. Students undergo training at Zuevskaya and Kurakhovskaya TPPs. The thesis themes relate to the activity of TPPs of DTEK Vostokenergo.

Investment in training, UAH thousand

2007	2008	2009	2010	2011
13,192.5	15,847.0	12,884.4	28,188.7	23,370.3

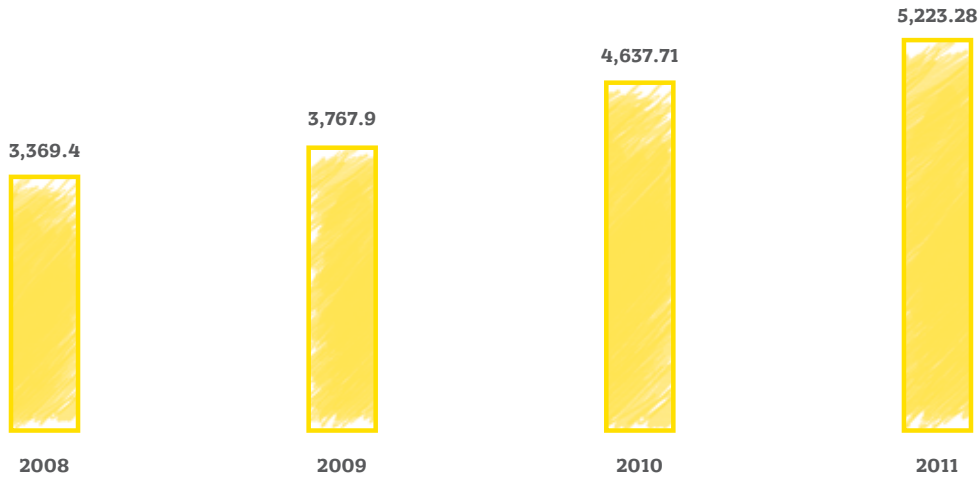
Data for 2011 include DTEK Dobropolyeugol (UAH1015.8 thousand).

Performance evaluation, remuneration and bonuses

The Human Resources Policy provides for the principles of fair and transparent remuneration system, unbiased and objective performance evaluation.

Most entities transferred to a new performance evaluation system, a new remuneration system which is based on grades and a new bonus system. Upon results of evaluation, the increase in remuneration, for example at Mine Komsomolets Donbassa, could reach from 5% to 19%. During the evaluation, the employee competencies (corporate, managerial and functional) and effectiveness (group and individual) are determined.

Dynamics of average monthly wages at DTEK, UAH



Data for 2010 do not include DTEK LLC and DTEK Dobropolyeugol.
Data for 2011 do not include DTEK LLC but include DTEK Dobropolyeugol (UAH 4,222.91).

At that, the following is ensured:

- transparency and availability of the evaluation procedure principles and stages;
- balanced evaluation results;
- clear evaluation criteria for the employee;
- confidentiality of individual evaluations.

The evaluation is carried out annually or periodically (for certain categories of employees). The evaluation results are the basis for the year-end bonus or revision of salaries depending on the performance, as well as for the elaboration of the personal development plans.

In reforming the remuneration system DTEK is guided by the goals of:

- creating opportunities for the maximum achievement of labor potential by its employees;
- eliminating disparities and wage leveling;
- retaining professionals at the entities;
- balance of the interests of employees and employers in respect of labor and remuneration.

The introduction of a new remuneration system discontinued the cumbersome and nontransparent system of extra pay to the base salary which existed previously at the entities.

The new bonus system introduces the bonus amount dependence on the achievement of the established indicators: quantitative and qualitative, individual (which take into account the tasks assigned to the employee), group (established for the entity), functional (established for the unit) and additional indicators.

DTEK is committed to make the material incentive measures really efficient by restoring their original meaning: not the extra pay to the salary but award for real merit.

Social support

The structure of social benefits at DTEK entities is determined by the collective agreements and industry agreements. During the reporting period, it has not changed significantly.

Since 2010, the social benefits of DTEK Vostokenergo employees have been added with life insurance under voluntary group (collective) insurance. From that moment the payment of material allowance to the employees on retirement due to the age or disability, as well as material allowance to his/her family in case of death from occupational accident has been effected by the insurance company. In 2011, all active employees of DTEK Vostokenergo were provided with medical insurance (in 2010, only the administrative personnel and directors of TPPs).

"Zabota" (Care) social project

The implementation of the social project "Zabota" jointly with trade unions has been continued. It includes the provision of material aid to large families of employees of the subdivisions of DTEK Pavlogradugol, current and former employees who became disabled due to occupational injuries, the families of workers who lost their lives at workplace, etc. Since 2007, 238 persons received the assistance valued at UAH 578 thousand.

Appendixes

Appendix 1.
About the Report and reporting process

This report (the "Report") reflects the essential facts about the DTEK's activities in 2010 and 2011 calendar years (from 1 January till 31 December of each year), as well as some facts of 2012 which directly relate to the activities carried out by the Company in 2010-2011 or are important for the understanding of the sustainable development objectives.

The Report is the third non-financial report of the Company. The previous report was published in 2010 and contained the information on the DTEK's activities in 2008 and 2009 calendar years. The Company has established a two-year reporting cycle. The Report has been prepared using:

- Electric Utilities Sector Supplement – Sustainability Reporting Guidelines (GRI);
- Some indicators of the Mining & Metals Sector Supplement - GRI;
- Recommendations on the UN Global Compact Communication of Progress (Advanced Level);
- Content of the UN Global Compact Program for Corporate Sustainability Leadership (LEAD).

Report scope and boundaries

The Report reflects the scale of DTEK's activities, approaches in management and interaction with stakeholder, performance indicators in the economic and environmental areas, personnel management, interaction with community, customer-oriented activities.

The organizational boundaries of the Report are presented graphically on page 11 of the Report. The Report includes quantitative and qualitative (descriptive) elements by DTEK and its subsidiaries activities which have the most significant impact on the economy, environment and social aspects of the Company's presence in the regions of Ukraine.

1. **Electricity generation**
   DTEK Vostokenergo LLC
2. **Electricity distribution and sales**
   Service-Invest LLC
   PES-Energougol PJSC
3. **Coal mining and beneficiation**
   DTEK Pavlogradugol PJSC
   DTEK Mine Komsomolets Donbassa PJSC
   DTEK Dobropolyeugol LLC
   Kurakhovskaya CBP LLC
   Pavlogradskaya CBP LLC
   Mospinskoye CBP LLC
   DTEK Oktyabrskaya CBP PJSC
   DTEK Dobropolskaya CBP PJSC

For Wind Power LLC, Socis LLC, Sotsugol LLC, the qualitative (descriptive) information is mainly provided, the data on these companies are not consolidated in the GRI quantitative indicators. Some GRI quantitative indicators for DTEK LLC are presented in the section "Our employees".

The Report boundaries do not include companies which joined DTEK, or in which DTEK increased its share of presence in the reporting period: DTEK Sverdlovanthracite LLC, DTEK Rovenkianthracite LLC, Kievenergo Public Company, DTEK Zapadenergo Public Company, Donetskoblenergo Public Company, Dneproenergo Public Company. The exception is DTEK Dobropolyeugol LLC: the quantitative and qualitative data on this entity have been consolidated by GRI indicators since 2011.

Reasons for exclusion of entities from the Report boundaries

In 2010, the coal mining amalgamations Sverdlovanthracite LLC and Rovenkianthracite LLC were not part of DTEK. In the reporting period, the preparations for data consolidation of these companies were conducted. Zapadenergo Public Company, Dneproenergo Public Company, Kievenergo Public Company and Donetskoblenergo Public Company are the associated companies of DTEK. DTEK obtained the controlling stake in Kievenergo Public Company on 9 December 2011. Dneproenergo Public Company, Zapadenergo Public Company and Donetskoblenergo Public Company became part of DTEK in 2012. At the

time of the Report preparation, the data in the area of sustainable development were not consolidated.

The Report boundaries also do not include: DTEK Corporation, Tekhrempostavka LLC, Pershotravenskiy REP, Ekoenergoresurs LLC, DTEK Service LLC, DTEK Trading LLC, Power Trade LLC, DTEK Neftegas LLC (the impact of these entities is insignificant or the data on GRI indicators are not consolidated). The geographical boundaries of the Report do not include companies operating outside Ukraine (management companies of DTEK Holdings Limited, DTEK Corporation, DTEK Investments BV, DTEK Finance BV, DTEK Hungary Power Trade LLC).

The terms "Company", "DTEK", "we" used in the Report refer to all the companies included in the Report boundaries, unless otherwise stated. The term "DTEK Group" refers to all companies having the control and management relations with DTEK.

In 2011, the conversion factor of nitrogen oxide (N_2O) to CO_2 equivalent of was changed, namely, before 2011 it was 296 and since 2011 it became 310.

To calculate the turnover rate, the average headcount of full-time employees is used. To calculate the average monthly wage ratio at the Company's entities (EC5), the total average headcount by all assets (mines and auxiliary facilities, etc.) is used. This indicator compares the average monthly wages at the Company's entities from year to year.

The calculation of indicators on "Personnel" (LA) section included the data of 5 mines of DTEK Dobropolyeugol LLC (excluding affiliates), on "Ecology" (EN) section included the data of 5 mines and affiliates. Similarly in respect of DTEK Pavlogradugol PJSC.

The detailed description of the calculation methodology was provided in our previous report ("DTEK Sustainability Report 2008-2009.")

Calculation of indicators

The data sources are official statistics reports submitted annually to national statistics agencies. The information for a number of indicators is collected and calculated in line with internal reporting forms checked by appropriate internal auditors.

The information about greenhouse gas emissions includes only direct greenhouse gas emissions. At present, SCM Group does not calculate the volume of indirect GHG emissions as their share is insignificant compared with the share of direct GHG emissions.

Materiality topics

When assessing the materiality of the non-financial report topics, DTEK is based on the principles of effectiveness and relevance in the Ukrainian context. Upon the results of the audit of information in the mass media, the social climate surveys at the DTEK's entities, the analysis of content of non-financial reports of leading energy companies, the content of the dialogues with stakeholders organized by SCM Group, the following major topics for the Report were determined (based on the expert estimate of DTEK's management)

Context	Low significance	Average significance	High significance
International	· Advantage of different types of tariffs for customers · Network infrastructure safety for population · Research and development Interaction with contractors	· New philosophy: social- and client-oriented energy industry · Promotion of the responsible energy consumption · Combined use of fuels, renewable energy development · Investments in new technologies	· Energy systems modernization and fixed assets recovery (Eastern Europe) · Energy efficiency and reduction of greenhouse gases emissions · Interaction with customers · Environmental impacts management
Ukraine	· Risk of the Ukrainian market monopolization by DTEK · Conservation of biodiversity	Improvement of the environmental monitoring system Necessity for the National sustainable development strategy · Partnership with NGOs · Waste Management until their full utilization · Social entrepreneurship	· DTEK Strategy and investment patterns · Miners health and safety · Improvement of the lives of the inhabitants of the cities in which DTEK operates · Labor remunerations system at DTEK entities · Quality of education and health services

The topics presented in the Report (in various scope) are marked sign •.

Appendix 2.
Quantitative indicators of DTEK performance

Economical

Table 1. Planned capacity by primary energy sources and regulatory regime , MW

Entity	Energy sources	Regulation regime	2011	2012	2013	2014	2015
DTEK Vostokenergo	Coal	Competitive segment of Wholesale electricity Market	4,157	4,186	4,247	4,322	4,347
DTEK Dneproenergo	Coal		8,190	8,228	7,801	7,859	7,738
DTEK Zapadenergo	Coal		4,710	4,725	4,760	4,810	4,895
Kievenergo	Gas	Tariff	1,200	1,200	1,200	1,200	1,200
Wind Power	Wind	Tariff		90	90	345	550
TOTAL			**18,257**	**18,429**	**18,098**	**18,536**	**18,730**

Table 2. Power generation efficiency

Entity	Generation, bln kWh		Average load, MW		Specific reference fuel consumption, t.f.e/kWh		Efficiency, %	
	2010	2011	2010	2011	2010	2011	2010	2011
DTEK Vostokenergo	18.1	18.9	190	195	389.6	383.5	31.53	32.04

Table 3. Amount of actual losses during electric power transmission

Index	Measurement unit	Service-Invest		DTEK PES-Energougol	
		2010	2011	2010	2011
E/p transmission including	thousand kWh	12,234,401	13,040,119	995,477	1,006,896
– to own customers	thousand kWh	12,094,888	12,892,390	995,477	1,006,896
– SRT[15]	thousand kWh	139,513	147,728		
Losses	thousand kWh	125,620	132,720	74,698	78,367
	% of e/p transmission volume	1.03	1.02	7.50	7.78

[15] SRT – supplier at regulated tariff.

Table 4. System average interruption duration index (SAIDI), min

Year	Service-Invest	DTEK PES-Energougol
2010		
I Q	27.8	29.1
II Q	3.6	25.7
III Q	4.0	24.2
IV Q	5.2	26.4
2011		
I Q	2.7	24.0
II Q	5.7	24.2
III Q	4.3	26.4
IV Q	10.0	25.7

Table 5. System average interruption frequency index (SAIFI), number of interruptions per 1 customer

Year	Service-Invest	DTEK PES-Energougol
2010		
I Q	0.12	0.14
II Q	0.02	0.13
III Q	0.04	0.13
IV Q	0.04	0.12
2011		
I Q	0.01	0.13
II Q	0.03	0.13
III Q	0.02	0.12
IV Q	0.05	0.13

Table 6. Average equipment availability factor

2010	2011
0.34	0.30

Environmental

Table 7. Specific emissions of pollutants into the atmosphere air, ton per 1 tone of products manufactured

Entity	2010	2011
DTEK Vostokenergo	0.02134996	0.02331408
DTEK Pavlogradugol	0.00569190	0.00588088
DTEK Mine Komsomolets Donbassa	0.01198496	0.01310192
DTEK Dobropolyeugol	N/A	0.01085070
Kurakhovskaya CBP	0.00003666	0.00003111
Pavlogradskaya CBP	0.00013654	0.00013191
Oktyabrskaya CBP	0.00004633	0.00000948
Dobropolskaya CBP	0.00001481	0.00001264
Mospinskaya CBP	0.00002383	0.00002308

Table 8. Total greenhouse gases emissions, thousand tons

Year	Methane	Carbon dioxide (CO_2)	Nitrogen oxide (N_2O)	Total	Δ%	CO_2-equivalent	Δ%
2007	105.7	19,435.6	0.312	19,541.6		21,748,491.2	
2008	122.9	18,284.5	0.288	18,407.7	-5.8	20,951,500.9	-3.7
2009	124.0	15,716.8	0.247	15,841.0	-13.9	18,393,982.0	-12.2
2010	129.5	17,821.2	0.271	17,950.9	+13.3	20,619,912.4	+12.1
2011	166.6	18,579.3	0.287	18,746.3	+4.4	22,167,555.0	+4.5

Data for 2011 are provided with account of DTEK Dobropolyeugol (methane – 26.8 thousand tons; carbon dioxide – 217.5 thousand tons; nitrogen oxide – 4.6 thousand tons), DTEK Oktyabrskaya CBP and DTEK Dobropolskaya CBP.

Table 9. Specific greenhouse gases emissions, ton of CO2-equivalent per 1 ton of coal and 1 MW of generated electricity, 2011 r.

	Business segment	Methane	Carbon dioxide (CO_2)	Nitrogen oxide (N_2O)
2010	Electric power generation	0.00025	1.07814	0.00489
	Coal mining and beneficiation	0.36058	0.02267	0.00084
	Total DTEK	0.36082	1.10081	0.00573
2011	Electric power generation	0.00024	1.05930	0.00485
	Coal mining and beneficiation	0.53156	0.07859	0.00127
	Total DTEK	0.53180	1.13790	0.00612

Table 10. Pollutants content in waste water, ton

Year	BOR*	Oil products	Suspended solids	Dry particles	Chlorides	Sulfates	Ammonium nitrogen	Total iron	Nitrates
2008	124.3	14.4	462.4	109,764.4	36,264.0	20,904.9	7.0	5.4	21.8
2009	140.2	15.2	389.4	139,655.7	45,822.9	24,190.0	9.4	7.7	52.6
2010	133.4	11.9	441.3	135,838.3	42,500.4	23,644.1	5.6	6.8	35.9
2011	221.9	9.6	727.8	149,219.4	41,794.2	33,626.8	13.3	9.8	92.6

Data for 2011 are provided with account of DTEK Dobropolyeugol (BOR – 85.1 tons; suspended solids – 420.1 tons; dry particles – 32,673.6 tons; chlorides – 9,136.7 tons; sulfates – 11,917.5 tons; ammonium nitrogen – 8.3 tons; total iron – 3.18 tons; nitrates – 33 tons).
* Biological oxygen requirement.

Table 11. Total amount of reusable water, thousand m³

Year	Indicator
2008	2,976,889.1
2009	2,853,115.0
2010	3,269,277.5
2011	3,235,229.6

Data for 2011 are provided with account of DTEK Dobropolyeugol (0 thousand m³).

Table 12. Total amount of water consumption for own needs by sources, thousand m³

Year	Surface water	Subsurface water	Water supplied by municipal utility services and other companies	Other sources*	Total
2008	49,421.0	2,775.1	21,441.6	5,037.0	78,674.7
2009	44,100.5	2,523.6	18,123.6	4,624.9	69,372.6
2010	48,730.7	2,568.9	14,696.8	5,154.4	71,150.8
2011	52,439.5	2,633.3	6,111.1	5,321.3	66,492.6

Data for 2011 are provided with account of DTEK Dobropolyeugol (surface water – 25.6 thousand m³, subsurface water – 118.4 thousand m³, water supplied by municipal utility services and other companies – 667.3 thousand m³, other sources – 766.7 thousand m³).
* Other sources include: mine waters and waste waters.

Table 13. Ways of waste management

Indicator	2008	2009	2010	2011
Waste emplacement, tons	7,987,526.6	8,104,987.3	9,252,632.2	9,720,460.6
Transferred to external organizations, tons	1,316,808.7	861,836.7	1,120,083.4	1,428,068.7
Utilized, recycled waste, tons	1,885,370.5	1,537,054.8	2,039,302.1	2,127,932.3
Total	**11,189,983.0**	**10,504,164.1**	**12,412,017.7**	**13,276,461.6**

Data for 2011 are provided with account of DTEK Dobropolyeugol (emplaced – 365,401.01; transferred to external organizations – 30,629.6; utilized and recycled – 1,774.02).

Table 14. Total amount of production waste, tons

Year	Waste at the beginning of the year				Waste at the end of the year			
	Mine soil	Sludge	Tailings	Other waste	Mine soil	Sludge	Tailings	Other waste
2010	166,614,400.9	19,681,154.5	0	314,359.9	263,780,780.5	20,300,165.4	0	5,640,739.0
2011	263,780,780.5	20,303,750.4	0	5,637,154.0	270,019,637.3	20,960,983.8	0	5,660,774.8

Data for 2011 are provided with account of DTEK Dobropolyeugol (mine soil, at the end of the year (at the beginning of the year), tons – 79,555,403.0 (79,198,060); sludge, at the end of the year (at the beginning of the year), tons – 3,761.6 (3,585.0); tailings, at the end of the year (at the beginning of the year), tons – 0 (0); other waste, at the end of the year (at the beginning of the year), tons – 5,336,732.05 (5,320,313.7).

Table 15. Land reclamation, ha

Year	Land subject to reclamation at the beginning of the year, ha	Land subject to reclamation at the end of the year, ha	Land reclaimed in 2011, ha
2010	336.0	326.0	10.0
2011	327.6	421.5	10.1

Data for 2011 are provided with account of DTEK Dobropolyeugol (land subject to reclamation at the end of 2011, ha – 104.01).

Table 16. Land reclamation plans

Year	Land in respect of which the necessity of biodiversity recovery was determined, at the beginning of the year, ha			Land in respect of which the Company prepared the specific plans of biodiversity recovery, at the end of the year, ha		
	1	2	3	1	2	3
2011	135.5	310.7	18.8		10.0	

1 – freehold land; 2 – leased land; 3 – land for industrial use. Data are provided for coal business segment entities only (including DTEK Dobropolyeugol).

Health and safety

Table 17. Injuries rate

Indicator	2004	2005	2006	2007	2008	2009	2010	2011
Lost time accident frequency rate (LTAFR)	2.44	1.98	1.63	1.55	1.00	1.09	0.93	1.16
Fatal accident frequency rate (FAFR)	0.021	0.028	0.033	0.018	0.031	0.028	0.014	0.022

2010: excluding DTEK and DTEK Dobropolyeugol.
2011: including DTEK and DTEK Dobropolyeugol (LTAFR – 2.07; FAFR – 0.05) (excluding Wind Power, Socis and Sotsugol).

Table 18. Occupational illness

	2007	2008	2009	2010	2011
Occupational illness rate	2.19	2.57	3.20	2.20	1.63
Lost day rate	58.76	47.29	49.66	41.64	46.95

2010: excluding DTEK and DTEK Dobropolyeugol.
2011: including DTEK and DTEK Dobropolyeugol (occupational illness rate – 0.73, lost day rate – 81.85) (excluding Wind Power, Socis and Sotsugol).

Personnel

Table 19. Turnover rate, %

2009	2010	2011
3.38	4.01	3.05

The indicator is provided within the Report boundary. The turnover rate is calculated according to the internal management reporting, insofar as it allows to consider in more detail the causes of employees quitting their jobs and get more accurate data on the turnover (for example, consider the personnel transfer within DTEK Group).
Data for 2011: including DTEK Dobropolyeugol (4.49) (but excluding Wind Power, Socis and Sotsugol).

Table 20. Average length of service of the electric power entities employees who left the organization during the reporting period

Year	Total employees who left the Company, persons	Women, persons	Men, persons	At the age of less than 30 years old, persons	From 30 to 50 years old, persons	Over 50 years old, persons	Worked at the Company less than 1 year, persons	From 1 to 5 years, persons	Over 5 years, persons
2010	607	297	310	111	198	298	94	133	380
2011	556	233	323	79	195	282	62	129	365

Data for 2010-2011 are provided for the following entities: Service-Invest, DTEK PES-Energougol and DTEK Vostokenergo.

Table 21. Personnel by categories, persons

Year	Personnel category		Age, years			Gender	
	MSE	Workers	Less than 30	30-50	Over 50	Male	Female
2008	7,280	30,953	10,809	21,646	5,778	29,430	8,803
2009	7,071	29,070	9,509	21,280	5,352	27,920	8,221
2010	7,121	29,251	9,998	20,794	5,580	28,304	8,068
2011	8,885	37,785	14,052	25,772	6,589	36,307	10,363

Management reporting data.
The indicator is provided within the Report boundary. Data for 2010 are provided including DTEK; data for 2011 are provided including DTEK Dobropolyeugol (MSE – 1,654 persons; workers – 8,301 persons; age: less than 30 year – 2,816 persons, 30-50 years – 5,214 persons, over 50 years – 1,925 persons, gender: men – 7,661 persons, women – 2,294 persons); DTEK.

Table 22. Management composition* by age and gender, persons

Year	Number of management personnel	Age			Gender	
		Less than 30 years	30-50 years	Over 50 years	Men	Women
2010	87	5	56	26	75	12
2011	93	8	61	24	81	12

Data for 2011 are provided with account of DTEK Dobropolyeugol (number of management personnel – 6 persons; age: less than 30 years – 0 persons, 30-50 years – 2 persons, over 50 years – 4 persons; gender: men – 6 persons, women – 0 persons), DTEK.
* Management personnel include General Directors, Directors, ,members of the Management Board (including Committees).

Table 23. Number personnel who received training and professional advancement

Year	In training events, total	Including			
		Internal		External	
		MPSE (TEE)	Workers	MPSE (TEE)	Workers
2010	11,532	4,695	4,415	1,915	507
2011	18,340	6,908	7,503	3,269	654

Year	In professional advancement events, total	Including			
		Internal		External	
		MPSE (TEE)	Workers	MPSE (TEE)	Workers
2010	17,866	1,030	13,467	2,278	1,091
2011	22,294	1,305	17,831	2,261	897

Data for 2010 include DTEK, data for 2011 include DTEK and DTEK Dobropolyeugol (total number of personnel participated in training events – 4,205, including internal (MPSE (TEE) – 590, internal (workers) – 3,055, external (MPSE (TEE) – 541, external (workers) – 19. The total number of personnel participated in professional advancement events – 1,022, including internal (MPSE (TEE) — 0, internal (workers) – 976, external (MPSE (TEE) – 27, external (workers) – 19).

Table 24. Direct usage of energy by primary sources

	Natural gas*, GJ	Oil fuel, GJ	Coal, GJ	Coke, GJ	Petrol, GJ	Diesel fuel, GJ	Total	
							GJ	tons r.f
2008	2,057,957	1,717,194	191,953,148	0	155,596	474,935	196,358,831	6,699,929
2009	1,157,843	2,179,888	165,218,732	0	157,667	460,985	169,159,371	5,771,860
2010	3,047,609	1,433,962	185,732,985	762	115,733	400,629	190,731,681	6,507,896
2011	2,207,146	1,163,131	193,790,506	762	151,588	479,265	197,792,398	6,748,863

Data for 2011 include DTEK Dobropolyeugol (coal – 713,351 GJ, diesel fuel – 38,952 GJ, petrol – 23,480 GJ).
* Including methane produced at DTEK Mine Komsomolets Donbassa (2,813 thousand m^3).

Appendix 3.
GRI index table and links to UN Global Compact principles[16]

Conventions:
Principle 1, 2,… 10 – compliance with UN Global Compact Principles.
Criterion 1, 2,… 24 – compliance with UN Global Compact LEAD.

Standard disclosures, part I: Organizational profile

Reporting elements UN GC Principles/ Criteria	Description	Indicator disclosure completeness	
	1. Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organization	Fully	
1.2 Criteria 1. 2, 4	Description of key impacts, risks and opportunities	Partially	
2.1 – 2.10 Criterion 22	**2. Organizational profile**	Fully	
EU1	Installed capacity, broken down by energy source and regulatory regime	Fully	
EU2	Net energy output, broken down by energy source and regulatory regime	Fully	
EU3	Number of residential, industrial, institutional and commercial customer accounts	Partially	
EU4	Length of surface and subsurface transmission and distribution lines, broken down by regulatory regime	Fully	
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading	Fully	
Criteria 23, 24	**3. Report parameters**		
3.1 – 3.3, 3.5 – 3.8		Fully	
3.4	Contact point for questions regarding the report or its contents	Fully	
3.9	Data measurement techniques and the basis for calculations	Fully	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Fully	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	
3.13	Policy and practical approaches applied in respect of the external assurance on the Report	Fully	
Criterion 3	**4.Governance, commitments and interaction with stakeholders**		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Fully	

[16] UN Global Compact Communication on Progress for 2010 is posted on DTEK site www.dtek.com/en/corporate-social-responsibility/otchety-i-documenty.

	Reference to additional information sources/ Direct report	Reason for non-disclosure	Explanation/Pointing to information in the report
			CEO statement
	www.dtek.com/ru.about-us/strategy		"Business and Society"
	DTEK official site, annual reports		DTEK in 2010-2011
			DTEK PES-Energougol: as at 01.01.12, the number of accounts makes 26,69, including residential customers – 25,116, legal entities – 1,582
			DTEK in 2010-2011
	Insofar as Ukraine is not a member of EU and Ukrainian companies do not have access to the European markets (such as Emission Trade), trading is carried out under preliminary option agreement with the definition of price on the date of sale. The price per unit is determined based on the European exchanges (such as BluNext, EEX). Transactions on greenhouse gases emissions permits under the international emissions trading mechanism are carried out exclusively the state represented by the National Environmental Investment Agency of Ukraine. Companies may use only the joint implementation project (one of the flexible mechanisms of the Kyoto Protocol). 100% of emission reduction units are placed by the companies at auctions. At the state level, proceeds the sale of permits (assigned amount units) are channeled to the environmental projects under the "Green Investments Scheme" (GIS)		
			Appendix 1
			4th page of the cover
			Appendix 2, comments to indicators
			Appendix 1
			Appendix 2, comments to indicators
			Appendix 3
			DTEK carries out the independent audit of each report
	www.dtek.com/en/about-us/corporate-governance		

Reporting elements UN GC Principles/ Criteria	Description	Indicator disclosure completeness	
4.2	Indicate whether the Chair of the Board is also an executive officer	Fully	
4.3	For organization having a unitary Management Board, indicate the number of independent members of the highest governance body	Fully	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	
4.5	Linkage between compensation to senior managers and executives (including departure arrangements) and the organization's performance (including social and environmental performance)	Partially	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	
4.7	Processes for determining the qualification and competency of members of the highest governance body to determine the organization strategy…	Fully	
4.8 Principle 2	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Fully	
4.10	Processes for evaluation the highest governance body's own performance in respect of the economic, environmental and social performance of the organization	Partially	
4.11 Principle 7	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Fully	
4.12 Principle 2	Externally developed economic, environmental and social charters, principles or other initiatives subscribed or endorsed	Fully	
4.13	Membership in association and/or international or national organizations	Fully	
4.14	List of stakeholder groups engaged by the organization	Fully	
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Fully	

	Reference to additional information sources/ Direct report	Reason for non-disclosure	Explanation/Pointing to information in the report
			No
	www.dtek.com/en/about-us/coprorate-governance/supervisory-board		DTEK Holdings B.V. Supervisory Board is comprised of 8 Directors, 3 of which are independent
			Overall, the major mechanisms did not change as compared to the previous report and included: – negotiations with trade unions when entering into collective agreements; – corporate conferences; – survey of the psychological climate in the collectives; – meetings with top management within the safety audits framework (new!); – participation in DTEK Academy's programs; – "hot line" calls (new!)
			Linkage is established through the evaluation of the achievement of the established strategic goals and KPIs
	www.dtek.com/en/about-us/code-of-ethics		Formalized in the Compliance Policy
			DTEK Group has the rules of searching for and recruitment of top management (from the HR Management Policy)
	www.dtek.com/en/about-us/mission-vision-and-values www.dtek.com/en/about-us/code-of-ethics www.dtek.com/en/corporate-social-responsibility/ethics_code_implementation		
			DTEK's management activities and assets are assessed with various frequency, the results are reported to the Management Board. Each year, the Management Board selects 2-3 topics (including the social and sustainable development issues), which are the subject of constant attention and analysis by all members of the Management Board during the year
			The General Director, the Executive Director, the Director for of External Affairs have the records of performance indicators on economic, environmental and social aspects
			"Society"
			Inset – "DTEK's Corporate Social Responsibility Evolution"
	www.dtek.com/en/about-us/membership-of-associations		
	www.dtek.com/en/corporate-social-responsibility/stakeholders_and_social_partnership www.dtek.com/en/corporate-social-responsibility/		The stakeholders analysis and their list is presented in the previous report and on the DTEK website. In the reporting period, no significant changes in the "stakeholders map" have been made, the ranging has been performed – see "Business and Society". Each section of the Report presents the information on the groups of stakeholders with whom the Company interacted in the reporting period and the topics of interaction
	Corporate Code of Ethics www.dtek.com/en/about-us/code-of-ethics		

Standard disclosures, part II: Management approaches

Reporting elements UN GC Principles/ Criteria	Description	Indicator disclosure completeness	
	Economic disclosures on management approach		
Aspects Criteria 1, 2	Economic performance/Presence in the markets	Fully	
EU6	Management approach to ensure short and long-term electricity availability and reliability.	Fully	
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	Fully	
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Partially	
EU9	Provisions for decommissioning of nuclear power sites	No	
Principle 8 Criteria 1, 2, 11 – 16	**Environmental disclosures on management approach**	Partially	
Principles 3, 6 Criteria 1, 2, 9 – 12	**Labor practices disclosures on management approach**		
Aspects	Employment	Partially	
EU14	Programs and processes to ensure the availability of a skilled workforce	Fully	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	No	
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	Partially	
	Workplace health and safety	Fully	
	Employees and management relations	Fully	
	Training	Fully	
Principle 6	Diversity and equal opportunities	Fully	
Human rights Aspects Criteria 5 – 8	Investment and procurement practice	No	
Principle 6	Nondiscrimination	Fully	
Principle 3	Freedom of association and bargaining	Fully	
Principle 5	Child labor	No	
Principle 4	Forced and compulsory labor	No	
	Safety provision	No	
Principles 1, 2	Indigenous and small-numbered peoples rights	No	

	Reference to additional information sources/ Direct report	Reason for non-disclosure	Explanation/Pointing to information in the report
	Annual financial statements for 2010 and 201 www.dtek.com/en/investor-relations/annual-reports		
			“Sustainable energy”
		Not relevant	The Company does not have nuclear power assets
	www.dtek.com/library/file/dtek-envir-policy-ru.pdf		“Environmental protection”
	HR Management Policy www.dtek.com/library/file/personnel-management-policy-miccion.pdf		
			“Personnel management”
		N/A	It is not practical to calculate these data accurately
			“Occupational health and safety”
	www.dtek.com/en/corporate-social-responsibility/labour/safety		
			“Personnel management”
			“Personnel management”
	Personnel management policy		“Personnel management”
		Not relevant	Not applied, insofar as no risk to human rights in the process of procurement and investment has been identified
	Corporate Code of Ethics, Personnel management policy		
			“Personnel management”, Sustainability Report for 2008-2009
		Not relevant	Child labor and forced labor are prohibited by law in Ukraine. The Company does not operate in countries where there is a high risk of such human rights violations
		Not relevant	
		Not relevant	The Company’s activities are not exposed to the risk of infringement of human rights by the security services
		Not relevant	The company does not operate in the territories of indigenous and small-numbered peoples

Reporting elements UN GC Principles/ Criteria	Description	Indicator disclosure completeness	
Society disclosures on management approach			
Criteria 1, 2			
Aspects	Society		
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	Fully	
EU20	Approach to managing the impacts of displacement	Fully	
Principle 10 Criteria 17 – 20	Corruption	Fully	
	State policy	Fully	
	Anti-corruption measures	Fully	
	Compliance with requirements	Fully	
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Partially	
Product responsibility disclosures on management approach Criteria 1, 2		Partially	
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	No	
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	Fully	

Standard disclosures, part III: Performance indicators

Reporting elements UN GC Principles/ Criteria	Description
Economic performance	
EC1	Direct economic value generated and distributed
EC2	Financial aspects and other risks and opportunities due to climate change
EC3	Coverage of pension plan obligations
EC4	Financial assistance received from government
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation
EC7	Procedures for local hiring and share of local tom management at significant locations
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement
EC9	Understanding and describing indirect economic impacts , including the extent of impacts
EU10	Planned capacity (MW) against projected electricity demand over the long term, broken down by energy source and regulatory regime
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime
EU12	Transmission and distribution losses as a percentage of total energy

	Reference to additional information sources/ Direct report	Reason for non-disclosure	Explanation/Pointing to information in the report
			"Community"
			"Community"
	DTEK Compliance Policy		Insert: "Report on undertaken measures on avoiding corruption …»
	DTEK Compliance Policy, Corporate Code of Ethics		
			"Occupational health and safety"
	www.dtek.com/en/corporate-social-responsibility/dtek_clients		"Sustainable energy" ("Client orientation")
		Not significant	In the territories of the Company's activities there is an extensive electric network, there are no electrified settlements. The state provides subsidies for electricity supply payment to low-income population as an aid
			"Sustainable energy" ("Client orientation")

	Indicator disclosure completeness	Reason for non-disclosure	Explanation/Pointing to information in the report
	Partially		"DTEK in 2010-2011", Annual report for 2010 www.dtek.com/ru/investor-relations/annual-reports
	No	N/A	No analysis has been performed
	Fully		See Annual report for 2011
	No	Not relevant	The Company did not receive the financial assistance from government
	Partially		"Personnel management". The indicator was restated
	No	N/A	No analysis has been performed
	No	Not significant	The percentage of DTEK employees (within the report boundary) not locally hired makes less than 1%, therefore, the Company does not have special procedures related to this aspect
	Fully		"Business and society", "Community"
	Partially		"Community"
	Partially		Appendix 2
	Fully		Appendix 2
	Partially		Appendix 2. The indicator was restated

Reporting elements UN GC Principles/ Criteria	Description
Environmental performance	
EN1 COMM	Materials used by weight or volume
EN2	Percentage of materials used that are recycled input materials
EN3	Direct energy consumption by primary energy source
EN4	Indirect energy consumption by primary energy source
EN5	Energy saved due to conservation and efficiency improvements
EN6 Principle 9	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives
EN8 COMM	Total water withdrawal by source
EN9	Water sources significantly affected by withdrawal of water
EN10	Percentage and total volume of water recycled and reused
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN12 COMM	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas
EN16 COMM	Total direct and indirect greenhouse gas emissions by weight
EN17	Other relevant indirect greenhouse gas emissions by weight
EN18 Principle 9	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN19	Emissions of ozone-depleting substances by weight
EN20 COMM	NO, SO, and other significant air emissions by type and weight
EN21 COMM	Total water discharge by quality and destination including heated water
EN22 COMM	Total weight of waste by type and disposal method. Include data on PCB content in waste water
EN23	Total number and volume of significant spills
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Appendix I, II, III, and VIII, and percentage of transported waste shipped internationally
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce
EN30	Total environmental protection expenditures and investments by type
Social performance	
LA1 COMM	Total workforce by employment type, employment contract, and region
LA2 COMM	Total number of employees and employee turnover by age group, gender, and region
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations
LA4 COMM	Percentage of employees covered by collective bargaining agreements. Percentage of contractor employees covered by collective bargaining agreements in their organizations
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements

	Indicator disclosure completeness	Reason for non-disclosure	Explanation/Pointing to information in the report
	No	N/A	No analysis has been performed
	No	N/A	No analysis has been performed
	Fully		Appendix 2
	No	N/A	Date are being processed
	Fully		"Sustainable energy"
	Fully		"Sustainable energy", "Community"
	Partially		"Environmental protection", Appendix 2
	Fully		"Environmental protection"
	Partially		Appendix 2
	No	N/A	No required data is available at the Company
	Partially		"Environmental protection"
	No	N/A	No analysis is performed
	Fully		Appendix 2
	No	N/A	No required data is available at the Company
	Fully		"Environment"
	No	Not relevant	There are no ozone-depleting substances emissions
	Fully		"Environmental protection", Appendix 2
	Partially	N/A	"Environmental protection", Appendix 2
	Partially		
	No	Not significant	No analysis has been performed, however, no significant spills of oil products occurred at the Company's entities, insofar as DTEK is not engaged in production, processing and transportation of oil products
	No	Not relevant	
	Fully		"Sustainable energy", "Environmental protection"
	No	Not relevant	
	Fully		Fines: 2010 – UAH 928.51 thousand; 2011 – UAH 1,012.03 thousands. Orders: 2010 – UAH 391, 2011 – 295; all were fulfilled
	No	Not significant	
	Fully		"Environmental protection"
	Partially	N/A	Appendix 2. No data on headcount of contractors are available
	Partially		Appendix 2. The indicator was restated
	No	N/A	No required data is available at the Company
	No	N/A	No required data is available at the Company
	Fully		"Personnel management", Sustainability Report for 2008-2009
	Partially	N/A	The Report boundary covers 99% (there are collective agreements everywhere, except for DTEK, Wind Power, Sotsis, and Sotsugol, including DTEK Dobropolyeugol). Not data on contractors are available
	Fully		According to the law – 2 months; provided for in the collective agreements

Reporting elements UN GC Principles/ Criteria	Description
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
LA7 COMM Criterion 21	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region
LA8	Education, training, counseling programs in place to assist workforce members, their families, or community members regarding serious diseases
LA9 Principle 3	Health and safety topics covered in formal agreements with trade unions
LA10	Average hours of training per year per employee by employee category
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
LA12	Percentage of employees receiving regular performance and career development reviews
LA13	Composition of governance bodies with breakdown by gender, age group, minority group membership, and other indicators of diversity
LA14 Principle 6	Ratio of basic salary and remuneration of women to men by employee category
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
HR3 Principle 2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR4 Principle 6	Total number of incidents of discrimination and corrective actions taken
HR5 COMM MM4 Principle 3	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights
HR6 Principle 5	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor
HR7 Principle 4	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken
SO1 COMM	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting
EU22 Principle 2	Number of people physically or economically displaced and compensation, broken down by type of project
SO2 Principle 10	Percentage and total number of business units analyzed for risks related to corruption
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures
SO4 Principle 10	Actions taken in response to incidents of corruption
SO5	Public policy positions and participation in public policy development and lobbying
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country
SO7	Total number of legal actions for anticompetitive behavior and their outcomes
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

	Indicator disclosure completeness	Reason for non-disclosure	Explanation/Pointing to information in the report
	Fully		The number of members of the HSE Committee at an entity is 8-10 persons
	Partially	N/A Not significant	"Occupational health and safety", Appendix 2. The indicators are derived in terms of 200 thousand man-hours. No data on contractors are available. The break down by regions of operations is not significant. The Company does not calculates the absenteeism ratio
	Fully		"Occupational health and safety", "Community"
	Fully		These issues are an integral part of collective agreements entered into at all industrial entities (see LA4)
	Fully		"Personnel management". The indicator was restated
	Fully		"Personnel management"
	No	N/A	Data are being processed
	Partially	Not significant	Appendix 2. No data on minorities are collected, insofar as this aspect is not significant
	No	Not significant	Basic salaries are uniform for all employee categories and depend only on the employee competency level
	No	Not relevant	No assessment was performed, insofar as this issue was not significant for contractors' operations
	No	Not significant	See Standard disclosures, part II: Management approaches. Human rights
	Partially		Training on compliance policy
	No		No data on such incidents were received in the reporting period
	Fully		The right to freedom of association is provided for in the collective agreements. Employees have the right to strike, however, no such instances occurred in the reporting period. The negotiation process in the major mechanism of resolving disputes
	No	Not significant	See Standard disclosures, part II: Management approaches. Human rights
	No	Not significant	
	No	Not significant	
	No	Not relevant	The Company does not operate in the territories of indigenous and small-numbered peoples
	Partially		"Community". Approaches to impact assessment are being developed
	Fully		No displacements of households due to installation of energy sites occurred in the reporting period
	Partially		During the reporting period, the entities (within the report boundary) were analyzed for risks related to charity
	No	N/A	
	Fully		No such incidents were observed
	Fully		The Company, along with other stakeholders, participates in the discussion of draft laws and other documents related to DTEK's business, proposes initiatives. See section "Environment"
	No	Not significant	The Company does not support political parties
	No	Not significant	No such instances were observed
	No		No such instances were observed

Reporting elements UN GC Principles/ Criteria	Description
PR1 COMM	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services
EU26	Percentage of population unserved in licensed distribution or service areas
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime
EU28	Power outage frequency (SAIFI)
EU29	Average power outage duration (SAIDI)
EU30	Average plant availability factor by energy source and by regulatory regime

Mining & Metals Sector Supplement

Reporting elements UN GC Principles/ Criteria	Description
MM1	Amount of land disturbed or rehabilitated by the Company in the reporting period
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place
MM3	Total amounts of overburden, rock, tailings at the beginning and at the end of the reporting period
MM4	Number of strikes and lock-outs exceeding one week's duration
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process
MM10	Number and percentage of operations with closure plans

	Indicator disclosure completeness	Reason for non-disclosure	Explanation/Pointing to information in the report
	Partially		No analysis of products and services life cycle was performed. Consumers are informed about risks related to the electricity use – see "Sustainable energy". According to the sanitary standards, no measures are provided in electrical installation up to 220 kW aimed at protecting the health of customers from the effects of electromagnetic field
	No	Not significant	No such instances were observed
	Fully		There was one fatal accident. During the verification, the situation was classified as an accident while fishing on the adjacent water as a result of electric shock due to the intrusion to the buffer zone and contact electric fishing rod
	Fully		"Sustainable energy". Also, Service-Invest regularly publishes articles about the dangers of working in protected areas of electrical installations and electrical hazards, holds a contest of children's drawings, organizes tours for students
	No	Not relevant	
	Fully		"Sustainable energy"
	No	Not significant	
	No	Not significant	
	No		No such instances were observed
	No		No such instances were observed
	No	Not significant	Se EU23
	Partially		2010: legal entities – 158; individuals – 5,567. 2011: legal entities – 149; individuals – 3,567
	Fully		Appendix 2
	Fully		Appendix 2
	Partially		Appendix 2

	Indicator disclosure completeness	Reason for non-disclosure	Explanation/Pointing to information in the report
	Fully		Appendix 2
	Partially		Appendix 2
	Fully		Appendix 2
	Fully		See HR5
	Fully		"Community"
	Fully		"Community"
	Fully		See EU22
	Fully		No mines were closed

Appendix 4.
Commitments and future plans

Tasks for 2010–2011	Task completion	Tasks for 2012–2013
ETHICS AND CORPORATE GOVERNANCE		
Development of the system of ethics-related risks management	Completed	Development of the DTEK Group Compliance Strategy for 2012–2015. Approval of the new version of the DTEK's Corporate Code of Ethics
INTERACTION WITH STAKEHOLDERS		
Participation in the Steering Committee of the Parliament of Ukraine on drafting the National Concept of CSR Development in Ukraine	Completed	Development of the Strategy of DTEK Social Partnership with the areas, in which DTEK entities, operate for 2013–2015
Help businesses and cities in searching/ attracting sponsors for the implementation of development projects within the Cities Strategic Development Plans	Completed – see "Community"	Development of the DTEK Strategy for Occupational Medicine Development
OCCUPATIONAL HEALTH AND SAFETY		
Introduction of HS management system in accordance with OHSAS 18001:2007 at all DTEK entities by the end of 2010; successful completion of annual compliance audits	Completed – see "Occupational health and safety"	Exclude cases of fatal accidents at all entities with certified health and safety management system
Implementation of pilot projects under the Strategic Initiatives		Completion of pilot projects
ENVIRONMENTAL PROTECTION		
Introduction of the environmental management system in accordance with ISO 14001:2004 at all DTEK entities by the end of 2010; successful completion of compliance audits in 2011	Completed – see "Environmental protection"	Development and implementation of the environmental management system at DTEK Zapadenergo PJSC and Kievenergo PJSC
Implementation of activities under the program of meeting the requirements of Directive 2001/80/ EC. Limitation of emissions sources of pollutants by switching to the alternative types of heat power production	Completed (installation of heat pump units at Blagodatnaya mine)	Development and beginning of implementation of the State Program on Reduction of Pollutants Emissions for TPPs and CHPPs of Ukraine
		Biological reclamation of 10 ha of the disturbed land. Reforestation by compensatory forest planting on the area of 21 ha by mines of DTEK Pavlogradugol PJSC

Tasks for 2010–2011	Task completion	Tasks for 2012–2013
CLIMATE CHANGE		
Reduction of greenhouse gases emissions at the plants of DTEK Vostokenergo LLC and DTEK Mine Komsomolets Donbassa PJSC under the joint implementation projects according to the Kyoto Protocol by 1930 thous. tons of CO_2 equivalent	In 2011, the reduction in greenhouse gases emissions of 2060 thous. tons of CO2 equivalent was verified, including: DTEK Vostokenergo LLC – 1847 thous. tons of CO2 equivalent; DTEK Mine Komsomolets Donbassa PJSC – 213 thousand tons of CO_2 equivalent	In 2012, it is planned to register the projects of DTEK Dneproenergo, "Construction of Botyevskaya WPP", "Reduction of line losses at Service-Invest", "Reduction of lines losses at DTEK Donetskoblenergo, ""Reduction of line losses at DTEK Dneproblenergo", "Reduction of line losses at DTEK Krymenergo", "Reduction of line losses at Kievenergo". In 2012-13, the verification of all ongoing projects is planned. Expected reductions in greenhouse gases emissions are near 17 million tons of CO_2 equivalent
Utilization of methane in the amount of 115 thousand tons of CO2 equivalent (ERUs) under the joint implementation project at DTEK Mine Komsomolets Donbassa PJSC. Realization of the joint implementation project of methane utilization at Stepnaya mine	According to the results of two verifications, in 2011 DTEK Mine Komsomolets Donbassa utilized methane of 113,1 thousand tons of CO2 equivalent and 1060 thousand tons of CO2 equivalent, respectively. In 2011, under the joint implementation project of methane utilization at Stepnaya mine the boiler switched over from burning coal to mine gas – methane	In 2012-2013, DTEK Mine Komsomolets Donbassa plans to verify reductions of greenhouse gases emissions in the amount of 130 thousand tons of CO2 equivalent. Stepnaya mine plans to install the utilized gas metering unit at the converted boiler and register the joint implementation project
PERSONNEL MANAGEMENT		
Implementation of the labor remuneration system under the HAY GROUP methodology at all industrial entities	Completed – see "Personnel management"	
PERSONNEL DEVELOPMENT		
Development of the DTEK Academy to train future managers of DTEK Group entities	Completed – see "Personnel management"	Implementation of the personnel reserve development program (3 stages)
Development and implementation of "Internal Trainers Institution" at DTEK entities as an instrument of production management	Completed – see "Personnel management"	Development and implementation of a uniform system of professional (production) training
INTERACTION WITH SOCIETY		
Implementation of the social partnership programs and expansion of projects geography	Completed – see "Community"	Building a system of monitoring and assessment of the efficiency of social partnership programs. Implementation of the DTEK Social Partnership Strategies with the areas, in which DTEK entities operate, for 2013 – 2015

Independent Assurance Report on the Sustainability Report of DTEK Group for 2010-2011

To the management of "DTEK LLC"

Engagement

At the request of "DTEK LLC" (hereinafter 'the DTEK') we have performed an assurance engagement. The subject matter of our engagement is the qualitative and quantitative information disclosed in the accompanying 'Sustainability Report of DTEK Group for 2010 - 2011" (hereinafter 'the Report') except for the following matters:

- Forward-looking statements on events or planned activities of DTEK,
- Independent statements made by third parties which DTEK included in the text of the Report, and
- Correspondence between the Report and the UN Global Compact principles.

The objectives of our engagement were to provide a limited level of assurance that:

- the information in the Report is, in all material respects, a reliable and sufficient representation of sustainability policies, activities, events and performance of DTEK during 2010-2011;
- the Report is consistent with the principles and the requirements of 'B+' Application Level of the GRI G3.0 Guidelines.

As defined in the International Framework for Assurance Engagements issued by International Federation of Accountants (hereinafter 'IFAC'), evidence-gathering procedures in order to obtain limited assurance are substantially less in scope than procedures to obtain reasonable assurance and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Criterion

We have assessed the Report against the Sustainability Reporting Framework issued by the Global Reporting Initiative (GRI) (hereinafter 'the GRI Framework'), including version 3.0 of the Sustainability Reporting Guidelines (hereinafter 'the GRI G3.0 Guidelines'), as set out in Appendix 1 'About the Report and reporting process' on page 80 of the Report. We believe that this criterion is appropriate given the purpose of our assurance engagement.

Responsibility of the Management of DTEK

The management of DTEK is responsible for the preparation of the Report and the information therein. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of a sustainability report that is free of material misstatements, selecting and applying appropriate reporting principles and using measurement methods and estimates that are reasonable in the circumstances. The choices made by the management, the scope of the Report and the reporting principles, including any inherent limitations that could affect the reliability of information, are set out in Appendix 1 'About the Report and reporting process' on page 80 of the Report.

Our Responsibility

Our responsibility in performing this assurance engagement is to express conclusions with regard to the information in the Report.

We have performed our engagement in accordance with International Standard on Assurance Engagements 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by IFAC.

We have performed the procedures deemed necessary to provide a basis for our conclusions. Our principal procedures were:

- Interviews with representatives of DTEK management responsible for its sustainability policies, activities, events, performance and relevant reporting,
- Analysis of key documents related to DTEK's sustainability policies, activities, events, performance and relevant reporting,
- Benchmarking of the Report against sustainability reports of selected national and international peer companies,
- Review of a selection of publications with respect to DTEK's sustainability policies, activities, events, and performance during 2010 - 2011,
- Identification of material issues based on the procedures described above and analysis of their presentation in the Report,
- Review of data samples for key indicators related to human resources, environment, health and safety, and social investment as well as data collection processes to assess whether these data have been collected, collated and reported appropriately at the central office level,
- Collection, on a sample basis, of evidence substantiating the qualitative and quantitative information included in the Report,
- Visits to the DTEK sites to gather evidence supporting the assertions made in the Report on DTEK sustainability policies, activities, events, and performance. Next sites were visited: "DTEK LLC" (managing company), "OJSC DTEK Pavlogradugol", "DTEK Vostokenergo LLC" (Zuevska TEC, Kurahovskaya TEC).
- Assessment of the Report's compliance with the sustainability reporting principles used by DTEK, and
- Assessment of compliance of information and data disclosures in the Report with the requirements of "B+" Application level of the GRI G3.0 Guidelines.

Conclusions

Based on our work performed, nothing has come to our attention that causes us to believe that the information in the Report, in all material respects does not provide reliable and sufficient representation of sustainability policies, activities, events and performance of DTEK during 2010 – 2011 in accordance with GRI Framework.

Nothing has come to our attention that causes us to believe that the Report does not meet the requirements of "B+" Application level of GRI G3.0 Guidelines.

"Ernst & Young Audit Services" LLC

Kyiv
28 January, 2013

Many thanks to children of DTEK employees for acting technique and exercised patience during the photo session. We are also grateful to the parents of our models.

Diana Gorobets (Natalia Gorobets, a process engineer of the Financial and Contractual Group of DPPR at DTEK Kurakhovskaya TPP)

Akim Tyukin (Igor Tyukin, Head of the Service Center at DTEK PES-Energougol)

Herman Miller (Irina Miller, a leading expert of the Accounting and Taxation Department at DTEK Zuevskaya TPP)

Dima Gusev (Natalia Guseva, an engineer of setting-up divisions of the Department for External Networks and Communications at DTEK Kurakhovskaya TPP)

Katya Kononenko (Svetlana Kononenko-Yurova, a chief expert in external communications of the Corporate Communications Department at DTEK Pavlogradugol)

Miroslava Klimenko (Anna Klimenko, a chemical analysis lab assistant of the fourth grade of the fuel control group of PChL at DTEK Zuevskaya TPP)

Polina Sidenko (Julia Sidenko, a designer of "Vestnik Shakhtera" newspaper)

Ruslan Tyukin (Anna Getmantseva, a leading expert of the Economic Department at DTEK PES-Energougol)

Sofia Spirina (Victoria Spirina, an electrician on maintenance of substations of Ugledarskiy energy site at DTEK PES-Energougol)

Maxim Shuminskiy (Elena Shuminskaya, storekeeper of the fuel and transportation workshop, and Sergei Shuminskiy, a driver of the car dumper of the fuel and transportation workshop at DTEK Kurakhovskaya TPP)

Ksenia Medvedkina (Aleksey Medvedkin, Deputy Head of PTD of the Production and Technical Department at DTEK Zuevskaya TPP, Irina Medvedkina, a lab assistant of the production and chemical laboratory at DTEK Zuevskaya TPP)

Dima Chukhray (Nikolay Chukhray, Head of the Department for Development of Work Performance Projects at DTEK Zuevskaya TPP)

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This Report was printed on eco-friendly paper certified according to the FSC's (Forest Stewardship Council) international quality standard. Certification guarantees that the paper was produced from legal raw materials based on the principles of sustainable forest management.

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Your feedback is important for us. Please send your questions and comments to csr@dtek.com

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