Integrated report 2020

FINANCIAL AND NON-FINANCIAL RESULTS

D.TEK Energy in action

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Introduction

OLEG POPOV

CEO of SCM

Dear colleagues and partners

2020 was a challenging year. It needed a strong collective effort to keep going in the midst of the coronavirus pandemic. The crisis precipitated by COVID-19 brought uncertainty and its consequences have affected all aspects of our lives. And we can't say for sure when the world will finally overcome the virus, and when, or indeed whether, we will be able to return to our previous way of life.

The pandemic has shown that solving global problems requires the cooperation of business, government, and society. It is very clear that we can only achieve sustainable development as businesses, regions and countries when we work together.

For SCM, sustainable development means being a reliable partner to society and a driver of positive changes in our country. To help Ukraine in the fight against COVID-19, we pooled our resources from the Rinat Akhmetov Foundation, DTEK, Metinvest, FC Shakhtar, and all SCM businesses, so we could support our doctors. The result was that we were able to provide health care facilities with personal protective equipment, rapid tests, consumables, ventilators and oxygen concentrators, and mobile monitors for patients.

The pandemic has also amplified the need for sustainability. Today's public demand for business responsibility, environmentally friendly production and digitalised services is pushing energy companies to reinvent themselves and making us rethink our established business models. DTEK's New 2030 Strategy builds on these societal needs, and ensures that our business model is based on ESG principles. The DTEK Group has committed itself to transforming into a more effective, green, consumer-centric, technology-driven business.

The DTEK Group has also contributed UAH 36.2 bn to supporting Ukraine's ongoing efforts to build a sustainable economy. This includes UAH 3.2 bn for sustainable development projects; UAH 21 bn in taxes transferred to the budgets of all levels; and UAH 12 bn invested in developing production.

The pandemic continues to pose challenges to the global economy and Ukraine is particularly vulnerable. Each country, community, employee relies on continued commercial operations for their security and well-being. The expertise we have across our one thousand-strong team at the DTEK Group means we have been able to continue delivering electricity and heat to Ukrainian homes during this difficult period. Importantly, it also means we can keep introducing innovations and advanced technologies, creating new business areas, and implementing a large-scale digital transformation programme.

I am convinced that, through our joint efforts in implementing new projects, we will increase our contribution to the country's sustainable development, helping Ukraine overcome the negative effects of the pandemic and emerge stronger and more fit to tackle the challenges of the future.

A big thank you to the DTEK team for all your support.

Introduction

MAXIM TIMCHENKO

CEO of DTEK

Dear colleagues and partners,

I am delighted to present the results of the DTEK Group's operations for 2020.

It was a challenging year for everyone, with quarantine measures slowing down economic growth. It was not all negative, though. Governments, communities and companies had the time to rethink their policies and strategies to discover new growth potential, as well as reassess their impact on society.

In 2020, we began implementing the New 2030 Strategy, driving our priorities: to transform into a more eco-friendly, efficient and technological business. Our strategy is based on the ESG (Environmental, Social and Governance) principles, as well as ethical business values and the desire to meet the urgent needs of society. We are also taking into account the global energy sector trends and Ukraine's development. The combination of these factors has allowed us to set the ambitious new goal of becoming carbon neutral by 2040.

I would like to tell you about the developments in the context of six corporate strategy directions.

Energy sector

Until recently, increased energy production was a key element of many countries' and companies' strategies. However, society now demands the eco-friendly transition to the widespread use of renewable energy sources (RES), ultimately replacing fossil fuels. This means the future of the energy sector is determined by four global trends: decarbonization, decentralization, digitalization and ESG.

The development of Ukraine's green energy production was, inevitably, placed on hold in 2020 because of the crisis in the energy sector. But RES is now beginning to influence the general structure of electricity production. For example, there were some hours in March when United Energy System of Ukraine data showed that solar and wind plants produce more electricity that thermal power plants (TPPs). This is only the beginning, but it is a major breakthrough, and sets the tone for future power generation. In our New 2030 Strategy, we envision thermal generation transitioning from base load power generation to fast-start generation and reserve ones. This means that DTEK Energy will actively participate in balancing the market.

In 2021 we installed an industrial energy storage system at the Zaporizka TPP as a pilot project. It will give us important experience, allowing us to develop an optimal interaction process for various capacities within the United Energy System of Ukraine. Importantly, it facilitates the further development of green energy production, which needs to be carefully balanced because of the varying production volumes.

Our next renewable energy project will be the construction of the Tylihulska wind farm, with a 500 MW capacity. Overall, by 2030, the planned share of electricity from renewable sources will be at least 33% of DTEK Group's total supply.

Natural gas remains a long-term strategic energy resource: it is considered a transitional fuel as the industry becomes carbon neutral under the requirements of the European Green Deal. Since the introduction of this line of business in 2013, DTEK Oil&Gas has demonstrated high production growth dynamics, posting more than a fourfold increase, made possible by investment in modern equipment and technologies. Our plan is to ramp up our resource base and expertise to maintain our leading position in Ukrainian private gas production. In particular, in 2019–2020, the company was permitted exploration licenses on the Svitankovo-Lohivske, Zinkovska, Budishchansko-Chutovske, and Kovalevsko-Sulimovske sites.

Constructing the Smart Grid infrastructure is a key task of DTEK Grids. Automated supply and demand management will introduce the efficiency advantages of a modern energy sector to Ukrainian consumers. In addition, the incentive tariff design (RAB-tariff) was introduced in 2021, encouraging Ukraine grid companies to transform in the interests of their consumers.

Customers

At the very beginning of our path, we determined our company's values: professionalism, unity, responsibility, openness and the pursuit excellence. In our New 2030 Strategy, we have redefined the importance of the customer. The energy reform has allowed Ukrainian consumers to become full-fledged market players, and the future of companies depends more and more on customer satisfaction and loyalty.

Customer focus has also become a DTEK Group value. We aim to build a strong retail brand, a brand that cares for people, providing light and comfort in Ukrainians' homes. We see our brand developing as we expand the business beyond the electricity market, becoming a solution provider and new technologies integrator. For example, in 2020, D.SOLUTIONS developed the YASNO retail brand, offered customers natural gas supply services, increasing their choice of energy products.

Ukraine "Plus"

By reforming the industry, Ukraine has made a huge leap towards the European electricity market. However, 2020 was a challenging year for the European option. In particular, free-market and transparency rules governing the operation of the electricity market were not fully implemented, curbing the development of competition and, therefore, the industry's progress. It is important to return to the goals on which the reform was founded, which will allow integration with the ENTSO-E energy system by 2023, within the planned time frame. Integration with the European energy system will introduce opportunities for broad partnership in the energy sector and, importantly, in capital markets. Accessible financing is central to maintaining the competitiveness of both states and companies during the global transformation of economies, industries and society.

Our partnerships with leading international equipment manufacturers and financial institutions are founded on openness and trust. The company's specialists have acquired unique knowledge and improved their expertise: working in international teams provides priceless experience. The accumulated expertise enables us to plan expansion into foreign markets, with D.TRADING and DTEK Renewables driving the process.

Efficiency

Management of both production efficiency and investment efficiency are DTEK Group's fundamental principles.

In 2013, we launched Novator, an extensive operational efficiency improvement program, with employees suggesting more than 70,000 ideas to improve working efficiency. 70% of these have now been implemented. And in the program's first five years, we saved UAH 4 bn. Novator made efficiency a top priority for managers and production personnel, allowing the business to enter the competitive electricity market with confidence.

Today, production efficiency continues to depend on innovation and new technology. We constantly aim to foster a culture of open innovation and digital transformation, to become a fully digital enterprise within the horizon of 2025+. This will mean the introduction of innovations throughout the entire value-creation chain, including the extensive use of modern digital technologies, AI solutions and the robotization of production.

People

It is impossible to implement ambitious plans for business transformation and the construction of a new energy ecosystem without team cohesion and high levels of professionalism. It is safe to say that DTEK Group employees are the best professionals in the industry, and their expertise meets international standards.

Academy DTEK, our corporate university founded in 2010, maintains the leading role in education and staff development. Academy DTEK has created a training system for employees of all specialties and has become a tool for managing talent, knowledge and change. For blue-collar specialties, we have developed 91 corporate professional standards to ensure employees' skills meet the needs of modern production. Importantly, this systematic work has a positive impact on the students' education: most of DTEK's corporate standards become the basis for Ukraine's standards, used in vocational schools across the country. We have created Energy of Innovation programs to prepare us all for working with new challenges: Executive MBA, ID.School, DxSchool, and D.Client School. These programs aim to develop cutting-edge project management skills to improve innovation implementation in the business. They are also intended to shape a company culture that will promote change and innovation.

Society

The paradigm for assessing business success is shifting under influent ESG principals. Society expects business to be responsible for future generations and creating material wealth is not enough. It is essential we also preserve values.

Our enterprises have always focused on building trust with communities we work in. Together, we have identified key areas of Social Partnership Programs and projects to improve living standards in the cities where DTEK Group enterprises operate. In 2020, we focused on projects to modernize water supply systems in the Dnipropetrovsk, Zaporizhzhia and Poltava regions. They now provide more than 12,000 residents with access to quality drinking water. In addition, we continued projects on heat modernization and reconstruction in rural schools and kindergartens, as well as out-patient clinics, and district and city hospitals.

Society's demand for clean energy sources has accelerated the development of new technologies and the replacement of existing ones in the energy sector. It has also created the need to reorient the economies of the regions that are dependent on thermal generation. Transforming coal regions is a challenge both for the country and our company. In Europe, reorienting the coal regions' economies is usually called a fair transformation, which means it has to be fair to the people who live and work there. DTEK Energy, in partnership with local authorities, as well as Ukrainian and foreign experts, has developed the first program for economic diversification of Ukrainian territories as part of the green transition. This document is currently a conceptual roadmap for new jobs and budget financing. Once developed, the concept will be turned into reality, initially for the coal industry in Dobropillia, Bilozerska and Novodonetsk.

I believe the time is rapidly approaching when society's sustainable development will be a priority for all Ukrainian companies. We are transforming DTEK to become a more eco-friendly, efficient and technological business, guided in our work by ESG principles. This is at the heart of the value we are bringing to Ukraine's development.

About DTEK Group

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2 Key Events in 2020
3 Mission, Vision, Values
4 Development Strategy until 2030

About DTEK Group

DTEK GROUP IS THE LARGEST PRIVATE INVESTOR IN UKRAINE'S ENERGY SECTOR. OUR ENTERPRISES GENERATE ELECTRICITY AT SOLAR, WIND, AND THERMAL POWER PLANTS, PRODUCE COAL AND NATURAL GAS, AND TRADE ENERGY PRODUCTS IN BOTH UKRAINIAN AND INTERNATIONAL MARKETS. ADDITIONALLY, WE DISTRIBUTE AND SUPPLY ELECTRICITY TO CUSTOMERS, OFFER OUR CLIENTS PRODUCTS AND SOLUTIONS TO IMPROVE ENERGY EFFICIENCY, AND DEVELOP NETWORKS OF FAST CHARGING STATIONS.

Our production enterprises are consolidated into operational holding companies in each of our business areas that perform the day-to-day management functions.

With our New 2030 Strategy, DTEK commits to transforming itself into a more environmentally friendly, efficient, and technologically advanced business based on ESG principles. For this purpose, we have launched new business lines, continue to introduce innovations and implement our digital transformation program. Our goal is to achieve carbon neutrality by 2040.

DTEK adheres to the principles of sustainable development and has been a participant of the UN Global Compact since 2007.

DTEK Group is a member of SCM, whose shareholder is Rinat Akhmetov.

DTEK HAS BEEN A PARTICIPANT OF THE UN GLOBAL COMPACT SINCE

2007

DTEK Group's Corporate Governance Structure

DTEK B.V.

OPERATING HOLDING COMPANIES AND AREAS OF ACTIVITY

DTEK ENERGY B.V.	DTEK RENEWABLES B.V.	DTEK OIL&GAS HOLDINGS B.V.	DTEK GRIDS B.V.	D.TRADING B.V.	D.SOLUTIONS B.V.
Coal production and processing Thermal power generation Mining machinery manufacturing	Wind power generation Solar power generation	Gas production	Electricity distribution and grid operation	Trading in electricity, gas and condensate, coal	Electricity and gas supply Energy efficiency: smart home solutions Energy service, energy storage, rooftop PV system Fast charging stations for electric vehicles

Key Production and Financial Indicators 2020

1.8 BCM
GAS PRODUCTION

2.4 BN KWH
ELECTRICITY GENERATION BY WPPS AND SPPS

47.3 BN KWH
ELECTRICITY DISTRIBUTION

21.3 MLN TONNES
COAL PRODUCTION

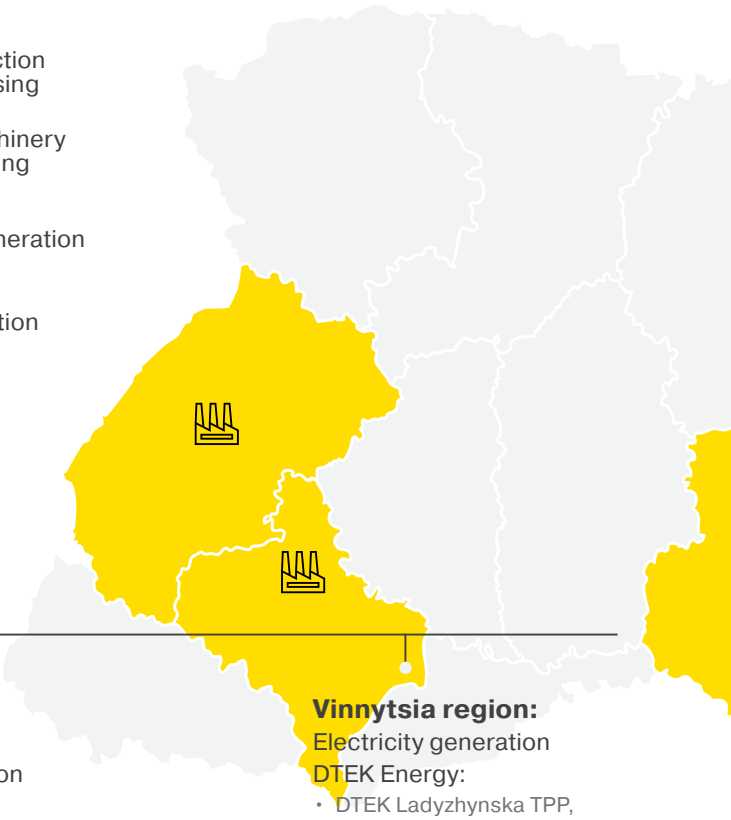
23.8 BN KWH
ELECTRICITY GENERATION BY TPPS AND CHPP

45.3 BN KWH
ELECTRICITY SUPPLY TO CONSUMERS IN UKRAINE AND EUROPE

Revenue, mln UAH	EBITDA, mln UAH	Assets, mln UAH	Capital investments, mln UAH	Taxes paid in Ukraine, mln UAH
116,046	**32,798**	**180,380**	**11,197**	**20,150**
DTEK ENERGY B.V.				
40.7%	26.4%	42.9%	27.4%	53.4%
DTEK RENEWABLES B.V.				
7.0%	21.3%	23.7%	0.3%	4.4%
DTEK OIL&GAS HOLDINGS B.V.				
6.4%	15.0%	17.2%	22.5%	13.8%
DTEK GRIDS B.V.				
17.0%	18.7%	25.6%	43.3%	21.2%
D.TRADING B.V.				
57.8%	13.4%	11.2%	-	1.1%
D.SOLUTIONS B.V.				
22.3%	1.3%	2.2%	1.4%	3.3%
Other				
-51.3%	3.8%	-22.9%	5.0%	2.7%

Location of DTEK Group's Enterprises

- Wind power
- Solar power
- Electricity distribution
- Electricity supply
- Coal production and processing
- Mining machinery manufacturing
- Thermal generation
- Gas production



Lviv region:
Electricity generation
DTEK Energy:
- DTEK Dobrotvirska TPP

Ivano-Frankivsk region:
Electricity generation
DTEK Energy:
- DTEK Burshtynska TPP

Vinnytsia region:
Electricity generation
DTEK Energy:
- DTEK Ladyzhynska TPP,
- Ladyzhynska HPP,
- Ladyzhynska SPP

Kyiv and Kyiv region:

Electricity distribution
DTEK Grids:
- DTEK Kyiv Regional Grids,
- DTEK Kyiv Grids

Electricity supply
D.SOLUTIONS:
- Kyiv Energy Services

Mining machinery manufacturing
DTEK Energy:
- CORUM Group

Odesa region:
Electricity distribution
DTEK Grids:
- DTEK Odesa Grids

Mykolaiv region:
Electricity generation
DTEK Renewables:
- Tylihulska WPP (development)

Poltava region:

Gas production
DTEK Oil&Gas:
- Naftogazvydobuvannya,
- Oil&Gas Geoexploring

Kharkiv region:

Mining machinery manufacturing
DTEK Energy:
- CORUM Miner's Light

Gas production
DTEK Oil&Gas:
- Neftegazrazrabotka,
- Oil&Gas Systems

Dnipropetrovsk region:

Coal production and processing
DTEK Energy:
- DTEK Pavlohradcoal,
- DTEK Pavlohradska CPP

Electricity generation
DTEK Energy:
- DTEK Kryvorizka TPP,
- DTEK Prydniprovska TPP

DTEK Renewables:
- DTEK Nikopolska SPP,
- DTEK Pokrovska SPP

Electricity distribution
DTEK Grids:
- DTEK Dnipro Grids

Electricity supply
D.SOLUTIONS:
- Dnipro Energy Services

Donetsk region:

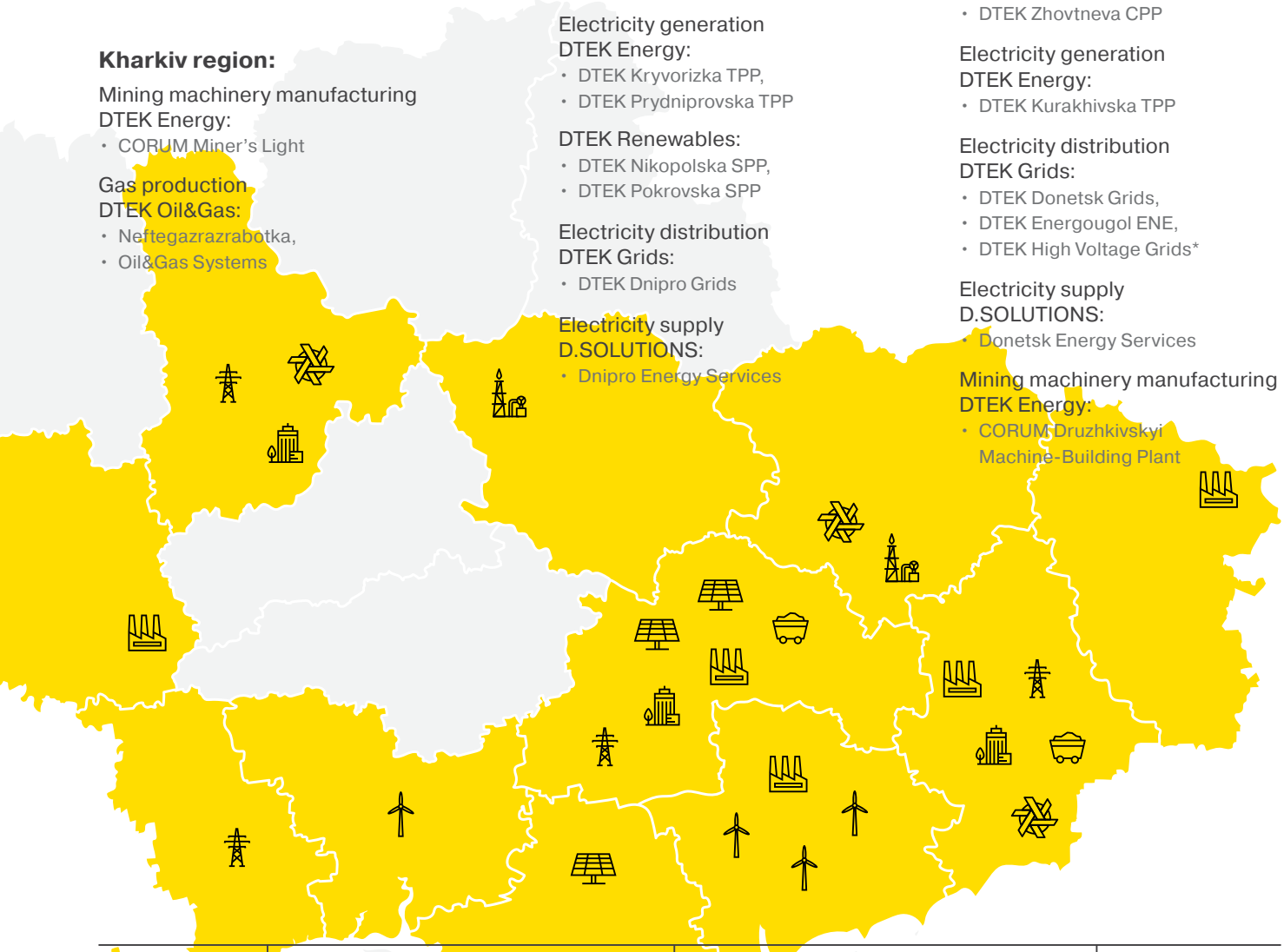
Coal production and processing
DTEK Energy:
- DTEK Bilozerska Mine ALC,
- DTEK Kurakhivska CPP,
- DTEK Zhovtneva CPP

Electricity generation
DTEK Energy:
- DTEK Kurakhivska TPP

Electricity distribution
DTEK Grids:
- DTEK Donetsk Grids,
- DTEK Energougol ENE,
- DTEK High Voltage Grids*

Electricity supply
D.SOLUTIONS:
- Donetsk Energy Services

Mining machinery manufacturing
DTEK Energy:
- CORUM Druzhkivskyi Machine-Building Plant



Zaporizhzhya region:

Electricity generation
DTEK Energy:
- DTEK Zaporizka TPP

DTEK Renewables:
- DTEK Botievska WPP,
- DTEK Prymorska WPP,
- DTEK Orlivska WPP

Kherson region:

Electricity generation
DTEK Renewables:
- DTEK Tryfonivska SPP

Luhansk region:

Electricity generation
DTEK Energy:
- DTEK Luhanska TPP

* Concerning the grids located in the controlled territory of the Donetsk region.
Undertakings outside the operational management are not shown on the map.
On November 20, 2020, corporate rights to Myronivka CHPP were sold.
On January 25, 2021, the lease agreement for Dobropolyeugol was terminated, and the enterprise was transferred back to state management.
In 2021, it is planned to finalize negotiations on the sale of assets in the Russian Federation.

Key Events in 2020

JANUARY

A roundtable discussion in support of the EU Green Deal was held by DTEK during the World Economic Forum

In 2020, the World Economic Forum brought together leaders from all over the world for the 50th anniversary meeting in Davos. During the forum, the company moderated the roundtable discussion, "A European Green Deal — How Can Ukraine's Energy Sector Contribute?", to discuss with our European partners both, the contribution of and opportunities for Ukraine, through its energy reforms, to work in tandem with the Green Deal. In particular, Ukraine can significantly supports the Green Deal and its targets by increasing the share of renewables in the country's energy balance to replace other generation capacities, developing responsible consumption, and building a customer-focused energy sector.

FEBRUARY

CEO of DTEK joins Supervisory Board UN Global Compact Network in Ukraine

The Supervisory Board includes representatives of Ukrainian and international companies, NGOs and educational institutions. The objective of the Supervisory Board is to set the standard for responsible business practices. In this way, it will be possible to expand the circle of Ukrainian companies that share and follow the UN Sustainable Development Goals.

DTEK adheres to the principles of sustainable social development and, since 2007, has been a signatory to the UN Global Compact, joining the Global Compact alliance in Ukraine in 2010.

DTEK Ladyzhynska TPP: artificial intelligence improves labour safety

Farseer, a system for recognising occupational safety violations, was introduced by Innovation DTEK at DTEK Ladyzhinskaya TPP.

Images from video surveillance cameras installed in areas that require special attention, taking into account compliance with occupational safety regulations, are being analysed in a real time mode. If employees do not have personal protective equipment or appear in dangerous or prohibited areas without authorised access, the information is instantly transmitted to the personnel responsible for Occupational Safety. This allows us to stop actions that endanger the wellbeing and health of our employees in a timely manner. In addition, the technology helps employees to play a proactive role in maintaining their own safety.

The developer of the Farseer system is the Ukrainian technological association Limpid Group.

DTEK Oil&Gas creates an oil and gas hub to attract innovation

DTEK Oil&Gas has launched a large-scale national project – the creation of a technological oil and gas hub, which will be able to systematically attract innovations, advanced technologies, international start-ups and experts.

Ukraine's oil and gas industry urgently needs a high-quality basis for preparing for technological breakthroughs both in the exploration and intensification of existing fields, and in attracting the modern technologies for the development of hard-to-recover reserves and the sea shelf.

MARCH

YASNO makes 15 European pledges to consumers

92 European energy supply companies have joined the European electricity industry association's (Eurelectric) "15 pledges to consumers" initiative. In particular, together with Enel, E.On, Vattenfall, EDP, EDF and others, the initiative was joined by DTEK and D.SOLUTIONS, which is developing a retail business under the YASNO brand.

Energy suppliers have committed to creating new services and solutions for greater transparency, simplicity and availability of electricity in order to create a better energy future.

"15 pledges" mean that signatories will promote the introduction of services for electric mobility, energy efficiency and renewable energy sources. This is important in the context of addressing climate change. The signatories will provide professional advice to local authorities and communities on planning the infrastructure necessary for the transition to decentralised electricity supply, from electric vehicle charging stations to renewable energy projects.

DTEK installs Ukraine's first underground Wi-Fi connection in a mine

DTEK Energy deployed a Wi-Fi network in the Yubileyna mine at a depth of 500 meters. This project was included in the Book of Records of Ukraine and registered in the category "Technologies, for the first time".

Based on this wireless communication infrastructure, the company is rolling out a multifunctional system for labour safety. Through their Wi-Fi and special smartphones, miners can instantly communicate via voice calls or text messages with the above-ground teams and the control room, as well as quickly exchange information between underground sections.

In addition, the communication infrastructure opens up a new range of opportunities – from operational collection of data on the state of equipment to remote control of processes and machines, and the acquired experience can be used in other areas.

Arbitrary regulatory interference in the energy market provokes a systemic crisis in the energy sector: operation of coal enterprises is no longer possible

The systemic crisis in the energy sector was provoked by arbitrary regulatory interference in the energy market, uncontrolled import of electricity from Russia and Belarus, as well as the lack of coordination of the industry by the ministry. This resulted in Ukraine's currently dysfunctional energy system and the inability of reliable operation of coal enterprises.

DTEK Energy has repeatedly requested National Power Company "Ukrenergo" (system operator) to stop its practice of forced shutdown of TPP power units. The system operator has reduced the load on DTEK Energy thermal power plants to one power unit, despite the existing contracts for electricity production, which threatened the smooth operation of the thermal power plant and significantly reduced the coal consumption.

Due to the inability to dispatch coal to thermal power plants almost 6,500 employees of DTEK Dobropolyeugol, DTEK Bilozerska Mine ALC and DTEK Zhovtneva CPP were put into standby from April 1, 2020, which lasted more than three months. In accordance with the Industry Agreement and collective agreements, all employees retained their seniority and were paid the official salary.

DTEK INSTALLED THE WI-FI CONNECTION IN ITS YUBILEYNA MINE AT A DEPTH OF

500 METERS

APRIL

The systemic crisis in the energy sector is made worse by a general economic downturn due to the COVID-19 pandemic

The prolonged systemic crisis in the energy sector was exacerbated by the general economic downturn due to the COVID-19 pandemic, and electricity consumption and the level of payments decreased as a result of quarantine restrictions in Ukraine.

In particular, in thermal generation, all power plants operated below the minimum composition, which led to the accumulation of more than 2.9 mln tonnes of coal in the warehouses of thermal power plants and mines. Due to the lack of demand for domestic electricity, it was decided to suspend the operation of DTEK Pavlohradcoal, DTEK Pavlohradska CPP, DTEK Dobropilska CPP, DTEK Kurakhivska CPP, as well as CORUM Pershotravenskyi Repair Plant and DTEK Research and Design Center for three weeks.

18,700 employees have been furloughed since April 20. In accordance with the Industry Agreement and collective agreements, all employees put into standby mode received income in the amount of the tariff rate and retained their seniority.

MAY

DTEK Oil&Gas fracks hydrocarbons from compacted sandstones at the Semyrenkivske field

DTEK Oil&Gas has successfully completed multi-stage hydraulic fracturing operations. As a result, an industrial influx of natural gas and condensate was obtained, which proved the presence of hydrocarbons which had yet to industrially developed. Successful adaptation of hydraulic fracturing technology was carried out under the supervision of DTEK Oil&Gas Technology Centre.

The hydraulic fracturing program shows the feasibility and efficiency of such work at depths of over 5,000 metres in conditions of high pressure and temperature. This will allow us to develop new hard-to-recover reserves, which is strategically important today to increase gas production and achieve energy independence of Ukraine.

JUNE

Innovation DTEK launches a platform to collect innovative ideas

Due to rapid technological progress, it is quite difficult to develop solutions based solely on internal resources. Accordingly, DTEK has adopted the use of open innovation. DTEK publishes its queries to find ideas, innovations, technologies and teams on the platform https://openinnovation.dtek.com/. Preference is given to creative ideas with a readiness level more than 5 (TRL> 5), which are aimed at improving labour safety, business efficiency and environmental friendliness of production. In addition, through innovation, the company will look for solutions to adapt to changes in the energy sector, additional monetization of traditional businesses, as well as the creation of non-energy businesses.

Using this platform, anyone can submit an idea in response to one of the requests or go to the “I have a project” section and suggest any other solution if the author believes that his or her project can be useful for DTEK. The company is ready to work with the author to finalise an idea or technology, share its expertise and launch a pilot project in a real business environment.

JULY

DTEK is the first company in Ukraine to install an industrial energy storage system

The first industrial energy storage system produced by Honeywell (USA) with a capacity with a capacity of 1 MW/1.5 MWh was installed at DTEK Zaporizka TPP site. With this pilot project, we will be able to develop optimal models of operation in various segments of the energy market.

To ensure the smooth and reliable operation of the Ukrainian energy system, auxiliary services are needed to ensure a balance between basic and highly manoeuvrable generating capacity. Energy storage systems allow consumers to postpone electricity consumption until they need it.

After signing the contract, DTEK joined the Honeywell Experion® Energy Program, which enables large customers to develop and launch large-scale industrial energy storage systems.

DTEK becomes a member of the Hydrogen Europe

The Association brings together European leaders in hydrogen technologies, providing an opportunity to build a network of direct contacts with international partners interested in the development of the hydrogen economy both in Ukraine and around the world.

In 2020, the European Commission presented the strategy for using hydrogen, which it considers one of the most important sources of energy in the transition to a carbon-free economy. According to the Green Deal, the priority partners in the hydrogen strategy are the Southern and Eastern partnerships, and Ukraine in particular. Ukraine is expected to have 10 GW of electrolyser capacity and corresponding renewable energy capacity to ensure sustainable cross-border trade with the EU. Thus, hydrogen technologies open opportunities for decarbonising the main sectors of the economy, as well as for building a new energy sector and creating jobs.

DTEK Grids uses drones to monitor the state of power lines

A pilot project aimed at using drones to inspect power lines has shown that the new technology is twice as effective as traditional round checks and visual inspection to detect damages. The new approach also better detects overheated equipment. The unmanned aerial vehicles were equipped with thermal imagers, photo and video cameras. The obtained information was processed by defect recognition programs using artificial neural networks. This makes it possible to take proactive measures – to predict a possible failure site and make preventive repairs or strengthen grids in advance. According to the company's calculations, the use of the modern technologies will reduce the failure rate and duration of power outages (SAIDI indicator) by 10-15% by 2025.

The use of drones and specialised data processing software for power grid diagnostics is a project within the framework of DTEK MODUS digital transformation program.

DTEK Renewables receives the New Market Green Pioneer Award from the Climate Bonds Initiative

DTEK Renewables was awarded the New Market Green Pioneer: Ukraine award by the Climate Bonds Initiative in recognition for being the first Ukrainian company to issue green bonds. This was a landmark debut for the company and Ukraine, as a new financial tool for the development of renewable energy sources was opened to accelerate the decarbonization of the economy in accordance with the key goals of the European policy.

The company received its second award from Global Capital platform in September for issuing green bonds. This news platform has been a key source of information about international financial markets for more than 30 years. The winning companies from all over the world operating in various sectors of the economy are determined by the vote of participants in the international financial market.

AUGUST

D.SOLUTIONS starts selling natural gas

D.SOLUTIONS has been supplying natural gas to its customers in addition to electricity and energy-efficient solutions since 2020. This became possible thanks to the reform of the natural gas market – from now on, consumers can choose a supplier and buy blue fuel at free prices.

D.SOLUTIONS creates a comprehensive system of energy solutions under YASNO brand. The company understands how convenient and profitable it is for customers to have a single supplier that simultaneously provides electricity and gas, and also helps them save money thanks to energy-efficient solutions and products. This is a modern European practice that D.SOLUTIONS implements in Ukraine together with high quality services.

DTEK Oil&Gas wins a competitive auction for Budyshchansko-Chutovska oil and gas area

Oil&Gas Geoexploring LLC (subsidiary of DTEK Oil&Gas) was recognised as the winner for Budyshchansko-Chutovska oil and gas area at the auction held by Ukraine's State Service of Geology and Subsoil via ProZorro. Sales platform. During the auction, the initial price of the lot increased from UAH 81.6 mln to UAH 650 mln. The full amount was transferred by the company to the state budget and, thus, all conditions for obtaining the permit to develop the area were fully met.

Budyshchansko-Chutovska area, located in Poltava region, includes several fields with a proven reserve base of oil and natural gas. Industrial development of deposits requires a detailed geological study.

OCTOBER

DTEK Grids announces the construction of Ukraine's first fully automated closed-type substation of 110/20 kV

DTEK Odesa Grids will build a substation in Odesa by the end of 2021 to provide the city with additional capacity of 52 MW of electricity. The uniqueness of the Chubaivka substation lies in its voltage level of 20 kV, under which electricity is transmitted and distributed in the grids. A higher voltage has a direct influence on the electricity transmission level to consumers, as well as increases the reliability of power supply and the quality of electricity.

By virtue of its design, the Chubaivka substation will be a closed-type station and will be operated using a dispatching console, without involving duty personnel. This will allow us to quickly detect emergency failures and eliminate their consequences without disconnecting customers from the power supply.

One of the priorities of the DTEK Group is to preserve the environment. At the new facility, the company plans to install vacuum circuit breakers that do not harm the environment and meet the highest fire safety requirements. The power engineers plan to use a cross-linked polyethylene cable at the substation. This will not only allow us to minimise losses in the grids, but also ensure their green operation, by eliminating oil leakage and environmental pollution in the event of damage.

110/20 KV

DTEK GRIDS TO BUILD UKRAINE'S FIRST FULLY AUTOMATED CLOSED-TYPE SUBSTATION, WHICH WILL PROVIDE ODESSA WITH ADDITIONAL CAPACITY OF 52 MW

NOVEMBER

DTEK Grids helps turning a high-rise building in Kyiv into a "green" power plant

DTEK Kyiv Grids has connected a rooftop solar power plant built by Aurora Term to the grid. This is the first industrial solar power plant in Ukraine, built on the rooftop of an apartment building. It consists of more than 1,200 solar panels and has a capacity of 330 kW.

The SPP on the rooftop of a residential apartment building was the embodiment of the new paradigm of modern energy. Today, residential buildings are gradually changing from electricity consumers into electricity producers and retailers. Originators of the rooftop SPP idea in Kyiv want owners of multi-storey buildings to become full-fledged co-investors in such power plants in the future.

DTEK Grids distribution system operators is creating conditions for unhindered access to the infrastructure, which also contributes to the development of renewable energy.

DTEK Group receives two Eco-Oscars for systematic and consistent environmental protection activities

Two DTEK Group subsidiaries received awards for the systematic implementation of environmental protection measures in their activities during the Ecotransformation 2020 Forum.

Environmental experts have recognised DTEK Grids efforts to preserve the white stork population. The company has installed 237 special protective structures in five regions of the country to protect birds' nests from electric shock. DTEK Grids' experience confirms that the conservation of biological diversity is not only possible in nature reserves, but also in urban areas.

DTEK Oil&Gas, which produces natural gas using innovative technologies at every stage of production, received the award for "Innovations and introduction of new technologies". Systematic investments in innovation allow DTEK Oil&Gas not only to increase gas production and contribute to Ukraine's energy independence, but also to do so with minimal impact on the environment.

DTEK joins the Business Without Barriers initiative, launched by the First Lady of Ukraine Olena Zelenska

Business Without Barriers is designed to ensure equal opportunities in access to work, services for people with disabilities and other social groups.

The corresponding declaration was signed by Maxim Timchenko, CEO of DTEK, together with other leaders of large public and private companies. The signatories intend to use the best practices of implementing a barrier-free environment in their companies to create opportunities for social inclusion of all social groups, including people with disabilities, the elderly, parents with children under 6 years of age, women and young people.

In addition, in December, DTEK became the first company in Ukraine to join the Valuable 500 global movement. This movement aims to promote a culture of integration of people with disabilities among companies in order to reveal their social and economic value.

DECEMBER

DTEK signs UN Global Compact Memorandum on Joint Anti-Corruption Actions in Ukraine

DTEK, together with business representatives and NGOs, joined the UN Global Compact initiative and signed the Memorandum on Joint Anti-Corruption Actions in Ukraine. The initiative should contribute to the creation of a transparent environment which makes corruption impossible, and will stimulate the development of the economy, companies and society.

According to the memorandum, the parties undertake the following obligations:

- conduct their business operations in a fair, honest, and transparent manner, in full compliance with the laws of Ukraine;
- comply with all labour and employment laws and regulations;
- guarantee employees safe working conditions;
- handle waste and industrial residues with proper care to ensure maximum environmental protection and compliance with all applicable standards;
- ensure that employees, business partners and other related third parties know and adhere to these principles by conducting appropriate training activities;
- actively promote transparency by engaging other industry players in coordinated communication and training efforts to disseminate this document and its principles.

All commitments are consistent with the principles of sustainable development and contribute to social progress.

DTEK Oil&Gas signs PSA for Zinkivska Area

The Cabinet of Ministers of Ukraine approved the texts of seven Production Sharing Agreements (PSA) for hydrocarbon production in Ukraine. They include an agreement with companies that are part of DTEK Oil&Gas on sharing of production for Zinkivska Area.

DTEK presents its New 2030 Strategy

Maxim Timchenko, CEO of DTEK, presented the company's long-term 2030 development strategy. The new strategy relies on the ESG principles (Environmental, Social, Governance), respects the core business values and seeks to meet the current needs of society. With the New 2030 Strategy, DTEK commits to transforming the company into a more environmentally friendly, efficient, and technologically-advanced business.

According to the strategy, in the next decade DTEK is going to focus on projects in gas production, renewables, trading, and distribution networks. The company plans to further cultivate open innovation and complete the digital transformation of business to become a digital enterprise by year 2025+. These processes will be supported by automation of production, innovations across the entire value creation chain, extensive application of cutting-edge digital technologies and AI solutions.

DTEK has plans for an international expansion: active development of renewables and trading in the EU.

The strategy highlights the increasing role of clients in the decision-making process of the company and a stronger customer-centric focus of DTEK business. DTEK plans to evolve from an energy supplier into a solution provider and integrator of new technologies.

The implementation of the strategy will be a significant contribution by DTEK to the decarbonisation of the economy of Ukraine and Europe as a whole.

Key events after the reporting period

Dobropolyeugol mines are transferred to the state enterprise "Dobropolyeugol-Mining"

According to the Resolution of the Cabinet of Ministers of Ukraine No. 1215, dated January 25, 2021, the transfer of Dobropolyeugol mines from DTEK's lease to state management was completed. The relevant certificates were signed by the state enterprise "Dobropolyeugol-Mining", the State Property Fund of Ukraine and DTEK Dobropolyeugol.

The agreement to terminate the lease was reached by the decision of the Cabinet of Ministers of Ukraine on the creation of a state-owned vertically integrated company with the participation of Centrenergo, PJSC, and state-owned coal mining enterprises. The main goal is to stabilise the situation with coal sales and provide Dobropillya miners with reliable jobs, and state electricity generation with a resource base.

All the staff of DTEK Dobropolyeugol are employed by the state enterprise "Dobropolyeugol-Mining", allowing the state enterprise to start coal production from January 26, 2021.

The integral property complex "Dobropolyeugol" has been leased by DTEK since 2010. During this time, the company invested more than $400 mln in the development of mines and the upgrade of state property, which made it possible to bring the company to the second place in terms of coal production in the country.

DTEK Energy completes debt portfolio restructuring

DTEK Energy and its creditors have reached a mutually beneficial solution resulting in the approval of debt restructuring terms, which came into force on May 17, 2021.

According to the restructuring terms, part of the current debt on DTEK Energy Eurobonds is converted into DTEK Oil&Gas in the amount of $425 mln at a rate of 6.75% per annum with maturity on December 31, 2026. The remaining Eurobond debt and the main part of the bank debt will be converted into new DTEK Energy Eurobonds in the amount of $1.65 bn at a rate of 7% per annum and maturity on December 31, 2027.

"Despite the loss of assets in Donbass, the systemic crisis in the Ukrainian electricity market and the economic downturn caused by the COVID-19 pandemic, DTEK Energy has successfully completed the process of restructuring its Eurobonds and its main bank debt in the amount of more than $2 bn. Following a constructive dialogue with our creditors, we have reached an agreement on new parameters for further issuing Eurobonds, " said Maxim Timchenko, CEO of DTEK. Our agreement exemplifies the transparent and responsible European approach to investor relations and is also proof that DTEK remains committed to fulfilling its obligations to its partners. This is a matter of business reputation and trust in Ukrainian business. I would like to sincerely thank our creditors for their patience and understanding."

Mission, Vision, Values

OUR MISSION

We are working in the name of progress and social prosperity. Our energy brings light and warmth to people.

OUR VISION

We are a dynamically developing Ukrainian company that strives for leadership in the European energy markets. Our success is based on people, efficiency, and advanced technologies.

OUR VALUES

PROFESSIONALISM

Our employees have extensive professional knowledge, carry out their duties responsibly and diligently, and accomplish their tasks in a timely and efficient manner. We strive to achieve the best results while making the best possible use of human, natural and financial resources.

UNITY

We value team spirit, unity and solidarity. We can only achieve strong results as a team. We enjoy both working and socialising together. Our common potential comes from a diverse experience and knowledge of each employee. Our unity comes from common pursuit of same ideas and goals while understanding and supporting each other.

RESPONSIBILITY

We are building our business on the understanding that all of our efforts should serve the interests of society. We bear responsibility for the quality of our work and the observance of corporate standards, for meeting our obligations, for using resources prudently, and for protecting the environment. We are responsible for the people who make the success of our company possible – our employees.

OPENNESS

We are open and keep our employees, partners, shareholders and other external stakeholders informed about important issues regarding our development, creating a foundation for working together in a spirit of trust. We conduct our business based on principles that are clear to our employees and partners.

CUSTOMER FOCUS

We build trust with our customers by creating a diverse portfolio of energy products and solutions for them, educating them about responsible consumption through the provision of energy services. We have created a retail brand to allow everyone access to reliable supply and innovations.

PURSUIT OF EXCELLENCE

We create right conditions for the development of talents and abilities of our employees, implement the most promising technologies, and improve production and management processes. As we expand our business, we strive to instil confidence in our employees and contribute to the successful development of Ukraine.

Development Strategies until 2030

DEVELOPMENT CONCEPT

DTEK will actively develop in Ukraine and enter the markets of neighbouring countries as a diversified energy company with secured fuel resources.

DTEK will focus on the sale of electricity to all categories of consumers while maintaining high standards of service and building a strong retail brand.

DTEK will support and develop key success factors: the talents and potential of its employees and efficiency of production, investments and management.

DTEK will participate in the reform and upgrading Ukraine's economy, social development of regions where it operates, and promotion of best standards in industrial and environmental safety.

SIX VECTORS OF DEVELOPMENT

ENERGY SECTOR

DTEK increases gas production, develops renewable sources of energy and power grids that make the foundation for managing electricity generation and consumption. DTEK excavates coal to fully meet the demand of its own thermal power generation.

CUSTOMERS

DTEK is implementing a transformation program to build trust among customers, by providing industry-leading service and a diverse portfolio of products and solutions. DTEK aims at becoming a reference standard of customer orientation in the sector.

UKRAINE "PLUS"

DTEK is becoming an international company, creating its own innovation ecosystem and attracting the world's finest technologies, experts and partners to enhance business activity in Ukraine. The company is entering international electricity, gas and coal markets by establishing a global trading infrastructure and implementing renewable energy projects.

EFFICIENCY

Production efficiency, investment efficiency and management efficiency are the fundamental principles of DTEK's operations. Search and implementation of innovations are the pillars for the further company's development.

PEOPLE

People are the key driving factor of DTEK's development and a source of its competitive advantage. DTEK heavily invests in advancement of its employees, engages new talents and instils the culture of innovation.

SOCIETY

DTEK is a responsible investor, reliable partner, and largest employer. DTEK contributes to social transformation and development of a competitive economy, acts transparently, and encourages entrepreneurship, cooperation, and innovations. The company promotes modern international environmental safety standards and the best occupational health and safety practices.

Development business strategy: stages and priorities

THE LONG-TERM CORPORATE DEVELOPMENT STRATEGY SETS OUT PRIORITIES OF BUSINESS, MANAGEMENT PROJECTS AND TECHNOLOGIES.

CORE BUSINESS

2015–2020 EFFICIENCY

- Scaling of LEAN projects
- A reform of the energy market and introduction of an incentive-based regulation tariffs
- Expansion of the products and services portfolio
- Development of a distribution infrastructure
- Pilot innovation projects

2020–2025 TRANSFORMATION

- Active development of RES and gas markets, a transition to the RAB-regulation in the grids
- Reduction of the share of thermal power generation in the energy mix, Just transition of coal regions
- Retail brand development, promotion of new products and services
- Automation and digitalisation of business processes
- Participation in international innovation projects
- Compliance with the best ESG practices

2025–2030 INNOVATIONS

- Introduction of robotic technologies in manufacturing processes
- Introduction of innovations throughout the entire value chain
- Large-scale use of digital technologies and AI solutions

NEW OPPORTUNITIES

EXTENSION

- Expanded asset portfolio
- Gradual expansion and transition to self-financing of new businesses

PARTNERSHIP

- Identification and implementation of strategic partnerships in Ukraine
- Attracting international partners to Ukraine
- Entry into European markets based on international trade and implementation of RES projects

DIVERSIFICATION

- Geographical diversification
- Management of the international investment portfolio
- Business value realization

ESG development strategy

DTEK IS A LEADER IN UKRAINE'S ENVIRONMENTAL MODERNIZATION. THE COMPANY TAKES RESPONSIBILITY FOR ITS ENVIRONMENTAL AND SOCIAL IMPACT AND CARES ABOUT THE WELL-BEING OF FUTURE GENERATIONS.
DTEK HAS INTEGRATED 12 UN SUSTAINABLE DEVELOPMENT GOALS INTO ITS ESG STRATEGY.

ESG STRATEGY PRIORITIES:

1. Commitments on air and climate protection targets, specifically into reducing our thermal generation's carbon footprint and renewable energy development.
2. Follow the circular economy principle, boosting the recovery of industrial wastes.
3. Sustains biodiversity protection and preservation of ecosystems.
4. Foster high social standards and a status as a good "corporate citizen".
5. Strive for a safe working environment and a healthcare system for employees.
6. Follow best corporate governance, risk management and compliance practices.

Overview of industries and Ukraine's macroeconomic indicators

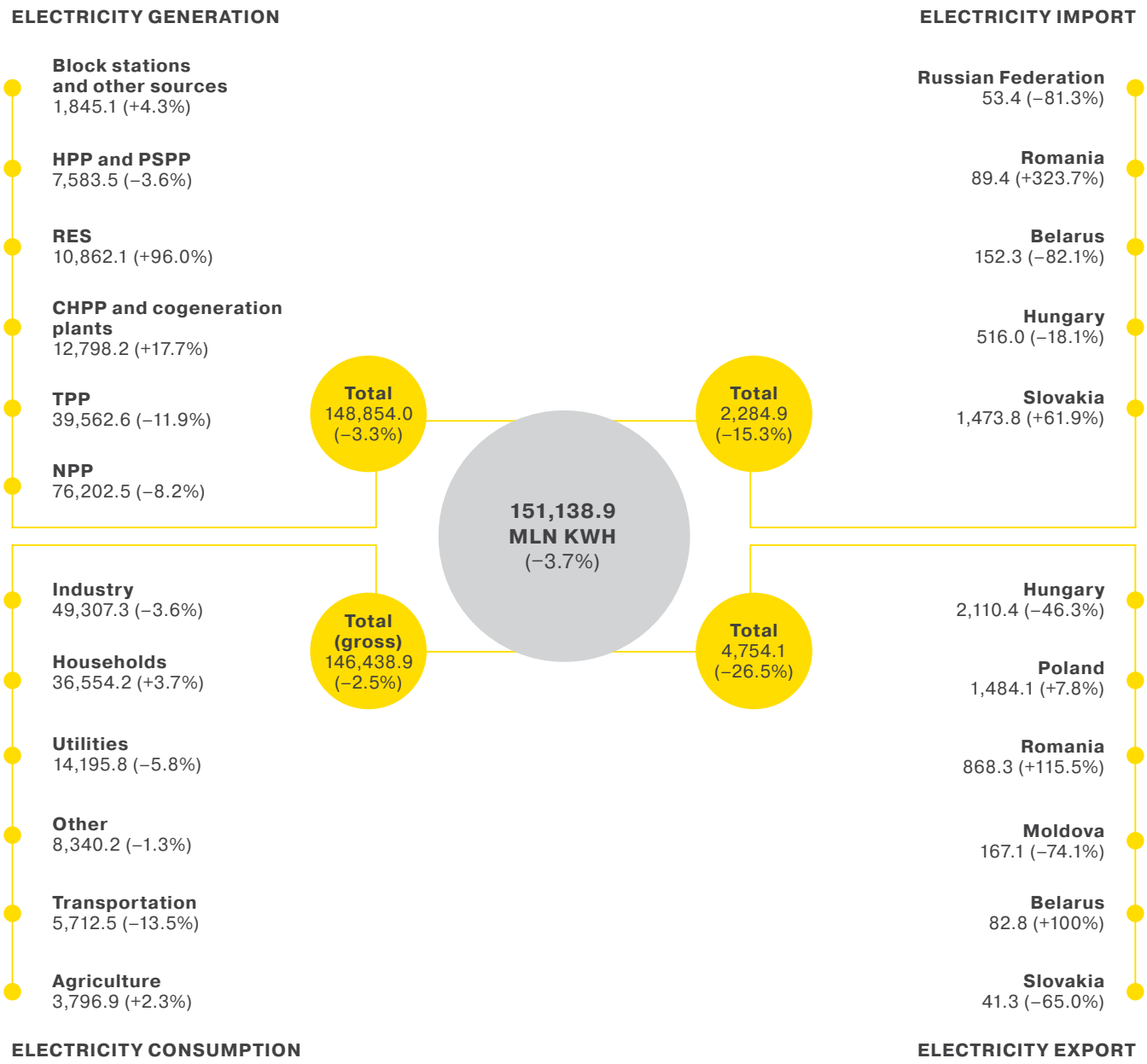
1 Electricity market

2 Natural gas market

3 Ukraine's Macroeconomic indicators

Electricity market

ELECTRICITY BALANCE IN 2020, MLN KWH (% YOY)



Data: Ministry of Energy of Ukraine, NPC Ukrenergo.

IN 2020, ELECTRICITY CONSUMPTION IN UKRAINE DECREASED BY 2.5% – DEMAND ACROSS ALL SIGNIFICANT NON-HOUSEHOLD CONSUMERS DECREASED DUE TO THE CORONAVIRUS PANDEMIC, SINCE QUARANTINE RESTRICTIONS AFFECTED THE WORK OF BUSINESSES AND CONSUMER HABITS.

In the industrial sector, electricity consumption fell in the machine industry (13.7%), the metallurgical industry (5.4%) and the fuel industry (4.8%). Just as in 2019, only the chemical and petrochemical industries showed significant growth (10.9%), which was largely due to the termination of mineral fertilizer imports from Russia. At the same time, the widespread adoption of remote work by businesses has stimulated a 2.3% growth in electricity consumption in Ukraine.

A global feature of the COVID-19 pandemic has been the decline in final electricity use, which has subsequently led to a significant fall in energy prices. Ukraine has seen its export supplies of electricity to EU countries reduced due to the unfavourable pricing environment. Additionally, in April 2020, Ukraine suspended commercial imports of electricity from Russia and Belarus.

The unfavourable market environment has led to a decrease in electricity production, primarily in thermal generation. At the same time, renewables generation has increased considerably. In a first for the country, Ukraine's integrated power system experienced difficulties with its dispatch control of generation capacities due to the growth of WPPs and SPPs from 2019 to 2020.

CHANGE IN THE INSTALLED CAPACITY OF THE INTEGRATED POWER SYSTEM OF UKRAINE, MW

Type	2010	2012	2014	2016	2018	2020
NPP	13,835	13,835	13,835	13,835	13,835	13,835
TPP	27,347	27,408	27,700	24,565	21,842	21,842
CHPP	6,426.9	6,482.8	6,599.3	5,946.8	6,099.5	6,069.6
HPP	4,596.9	4,609.7	4,668.2	4,711	4,731.7	4,812.5
PSPP	861.5	861.5	1,185.5	1,509.5	1,509.5	1,487.8
SPP	8.1	317.8	582	457.9	1,224.8	5,153.9
WPP	86.2	262.8	508.7	300.4	389	1,109.7

Data: NPC Ukrenergo.

Ukraine's Integrated Power System (IPS) is a combination of power plants, pumped storage power plants, trunk power grids and distribution networks. NPC Ukrenergo provides centralised dispatch control of the power system. All business operators whose facilities are connected to the country's IPS are obliged to comply with the dispatcher's operational commands and instructions.

Over the past ten years, the main changes to the IPS' installed capacity are associated with the exclusion of stations located in the temporarily uncontrolled territory of the Donetsk and Luhansk regions and the Autonomous Republic of Crimea. In particular, NPC Ukrenergo excluded Zuyiv and Starobeshiv TPPs with a total capacity of more than 3 GW, as well as Crimean TPPs and renewables. 2018 also saw the beginning of the phased closure of redundant TPP power units, designed to use A-grade coal.

The decrease in capacity was compensated by the continued construction of the first stage of the Dniester PSP: in 2014 and 2016, the second and third units were commissioned with a capacity of 0.7 GW. The commissioning of the fourth unit with a capacity of 0.3 GW is expected in 2021. In addition, a record number of renewable energy facilities were commissioned between 2019-2020.

Sector regulation and tariff setting

ELECTRICITY MARKET AS A RESULT OF THE REFORM

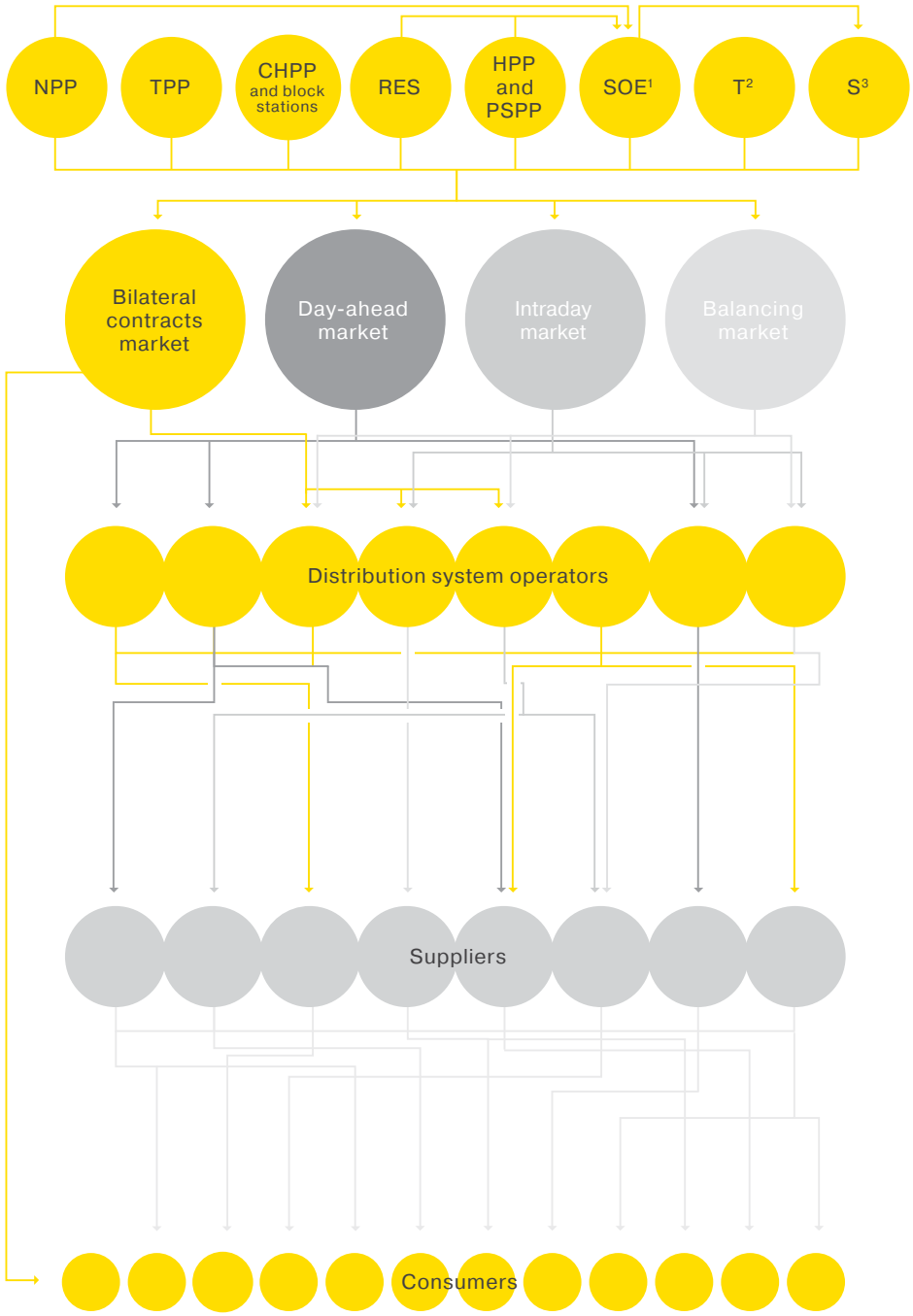
With the launch of a new market, all electricity producers, with the exception of renewable generators, were able to work in all wholesale segments under certain conditions

Free prices are an incentive for the emergence of new producers and the development of competition in the markets

Regional power distribution companies have separated their competitive activities, setting apart distribution system operators and electricity suppliers. Operators provide free access to grids for all suppliers, which stimulates the emergence of new players

There are three types of suppliers operating in the retail market. Universal service suppliers, separate from oblenergos, can only operate in assigned territories until 2022. The supplier of "last resort" is a legal entity unable to refuse the supply of electricity to a consumer. Power providers can sell electricity at free prices in any region to non-household customer*

All non-household consumers are free to choose their electricity suppliers*. Large consumers can purchase electricity directly from producers.



[1] SOE Guaranteed Buyer.
[2] Traders.
[3] Suppliers.

HOW THE REFORM CHANGED THE RULES FOR MARKET PARTICIPANTS

All electricity producers, except for renewable energy producers, and importers must sell at least 10% of their monthly sales in the day-ahead market.

At the same time, NNEGC Energoatom and PJSC Ukrhydroenergo (respectively, operators of NPPs, HPPs and HAPPs), as part of PSO's obligations, must sell electricity in the bilateral contracts market of the SOE Guaranteed Buyer. Sales are conducted through electronic auctions in the form of a special session to protect public interests. For these auctions, PJSC Ukrhydroenergo must submit 30% of its projected electricity supply, approved for the corresponding month in the Integrated Power System's Forecast Electricity Balance, while NNEGC Energoatom is required to submit 50-55% of its electricity supply to meet the household consumer demand in the Integrated Power System's trading zone. In addition, the SOE Guaranteed Buyer purchases 100% of the electricity produced by industrial renewable energy producers at the green tariff.

As part of the energy reform, a stimulative tariff setting (RAB regulation) was also introduced in 2021. The RAB regulation stipulates that tariffs and marginal rates of return on capital for transmission system and distribution system operators are set once for several years in advance (regulation period). This will provide an opportunity to attract investment into the technical development of grids and introduce modern technology to improve the quality of consumer services.

Under the current PSO, the SOE Guaranteed Buyer is obliged to sell electricity to universal service suppliers in the amount required for supply to household consumers. In 2020, the state-owned enterprise was able to sell electricity from industrial renewable energy producers in the bilateral contracts market on the UEE auction platform.

Universal service suppliers are guaranteed power providers for household and small non-household consumers, as well as state-funded organisations. They are required to supply electricity to the aforementioned entities regardless of the amount of the contractual capacity, and up to 150 kW of this capacity for consumers. For the last two categories of consumers, the guaranteed supply of electricity was executed until the end of 2020.

The supplier of last resort is a legal entity that is not allowed to refuse to supply electricity to a consumer. Delivery is made within 90 days and is terminated at the end of this term. SFTC Ukrinterenergo is the designated supplier of last resort until 31 December 2021.

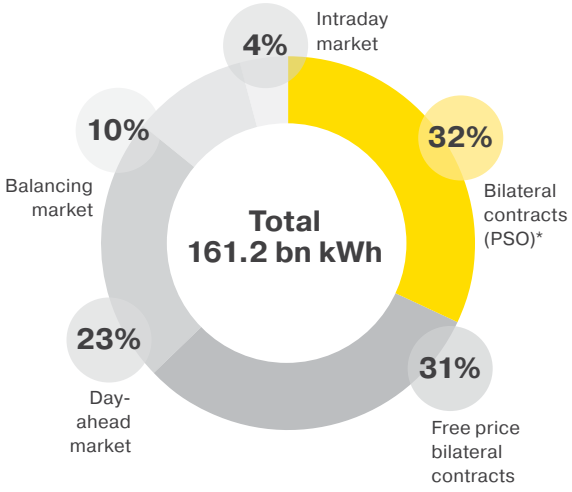
The National Energy and Utilities Regulatory Commission (NEURC) sets tariffs for the services of universal service and last resort providers, as well as for dispatching, transmission and distribution of electricity. In addition, the commission influences the regulation of prices in the wholesale market segments by setting electricity price caps in the day-ahead and intraday markets. The Market Rules also set price caps in the balancing market.

On 1 July 2019, the Law of Ukraine No. 2019-VIII – On the Electricity Market completed the introduction of a liberalised market in accordance with the norms of European legislation in the electricity sector. In line with European countries, the following markets have been introduced: bilateral contracts, day-ahead, intraday and balancing. The ancillary service market was launched as recently as 2020, since generating companies had not certified the equipment in accordance with the Procedure for Testing Equipment within the prescribed period.

The activities of all electricity market participants are regulated by state authorities, including the Verkhovna Rada of Ukraine, the Cabinet of Ministers of Ukraine, the Ministry of Energy of Ukraine and NEURC. The Commission is a collegial body that acts independently of state and local authorities. Its objective is state regulation, monitoring and control of business entities in the energy and utilities sector.

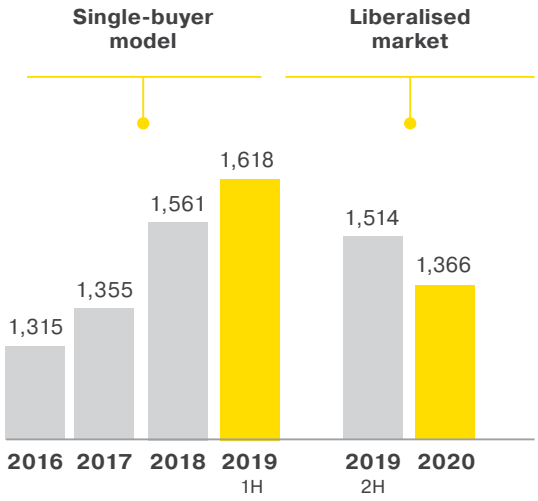
Since the launch of the liberalised market, the regulator has systematically adopted regulatory documents aimed at artificially restricting prices in the day-ahead market. This led to generation price setting below the economically justified level, and created a significant deficit of funds of the SOE Guaranteed Buyer.

STRUCTURE OF ELECTRICITY SALES IN WHOLESALE MARKETS IN 2020, %



Data: SE Market Operator,
NPC Ukrenergo, UEE, DTEK's assessment.

DYNAMICS OF WMP AND THE DAY-AHEAD MARKET PRICES, UAH PER MWH



Data: SE Market Operator.

* PSO – the imposition of special duties on electricity market participants to protect public interests.

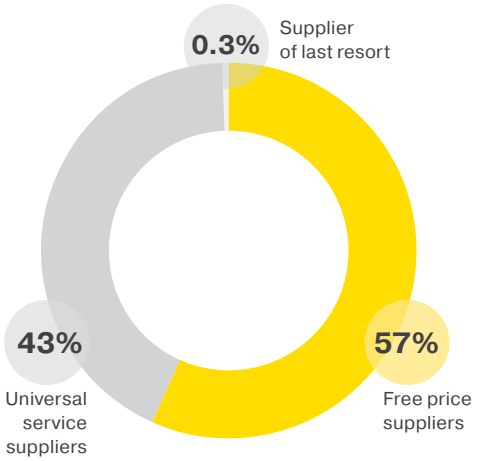
STRUCTURE OF ELECTRICITY SUPPLIERS BY REGIONS

Region	Number of suppliers (units)	Number of connection points (mln)
Odesa	295	1.0
Mykolayiv	237	0.5
Kherson	275	0.5
Zaporizhzhya	313	0.8
Donets'k	231	0.9
Luhans'k	182	0.1
Kirovograd	79	0.5
Dnipropetrovs'k	314	1.5
Vinnytsya	286	0.8
Cherkasy	287	0.6
Poltava	231	0.7
Kharkiv	313	1.2
Sumy	182	0.5
Chernihiv	267	0.6
Kyiv	325	0.9
The City of Kyiv	297	1.2
Zhytomyr	295	0.6
Khmelnytsky	288	0.6
Rivne	234	0.4
Volyn	197	0.4
Lviv	286	1.0
Ternopil	276	0.4
Zakarpattya	244	0.4
Ivano-Frankivsk	226	0.6
Chernivtsi	265	0.5

Since the liberalisation of the electricity market's retail segment, the number of electricity suppliers has significantly increased: from 206 at the end of 2018 to 802 at the end of the third quarter of 2020, with 49% of electricity suppliers being active participants in the retail market.

The portfolio of clients of suppliers at free prices has the following distribution: 73.5% consumers with a contractual capacity of more than 150 kW, 11% small non-household consumers, 9.4% state-funded organisations and 5.9% other consumers with a contractual capacity of up to 150 kW. At the same time, the portfolio of clients of universal service providers consists of 75% household consumers, 11% small non-household consumers, 8% other consumers with a contractual capacity of up to 150 kW and 6% state-funded organisations.

STRUCTURE OF ELECTRICITY SALES IN THE RETAIL MARKET IN 2020, %



Data: NEURC

REGULATORY ENVIRONMENT

THE OBJECTIVE OF UKRAINE'S ENERGY REFORM IS TO BRING ALL MARKET SEGMENTS TO EUROPEAN STANDARDS

2013 Adoption of the Law of Ukraine No. 663 on the functioning of the electricity market (2nd EU energy package)

2017 Adoption of the Law of Ukraine No. 2019 on the electricity market (3rd EU energy package)

2018 Unbundling: delineation of the generation, distribution and supply of electricity

2019 Launch of a new model of the electricity market for transitioning to European practices

2020 Ancillary services market opening

2021 Implementation of the RAB regulation in electricity distribution

2023 Complete liberalisation of the electricity market

2023 Synchronisation with the European energy system ENTSO-E

2023 Emissions Trading Scheme: implementation of ETS and/or CBAM

Key legislative events in 2020

IN 2020, WORK CONTINUED ON FINALISING THE LEGISLATIVE BASE OF THE REFORMED ELECTRICITY MARKET

WHOLESALE ELECTRICITY MARKETS

7 February 2020

NEURC adopted Resolution No. 360 On Amendments to the Transmission System Code, which introduced a tariff for electricity transmission and a tariff for dispatching during export operations. These changes created an economic barrier to access the European energy markets and violated the principles of the free movement of goods.

28 February 2020

NEURC adopted Resolution No. 516 On Amendments to the Market Rules, which introduced two prices for electricity imbalances to incentivise market participants to plan the production and consumption of electricity to maintain the stable operation of the Integrated Power System.

28 February 2020

NEURC adopted Resolution No. 517 the Approval of Amendments to the Day-ahead Market and Intraday Market Rules. The regulator extended price caps and slightly increased them, which contradicts the Law of Ukraine On the Electricity Market; the price caps were to be valid until 1 April.

8 April 2020

NEURC adopted Resolution No. 766 On actions undertaken by electricity market participants during quarantine and restrictive measures related to the spread of the coronavirus disease (COVID-19). With this document, the regulator suspended its administrative measures against distribution system operators and electricity suppliers if they were late in payment to the transmission system operator. In addition, temporary measures were put in place to restrict commercial transactions of electricity import from countries that are not a party to the Energy Community. During the year, a number of changes were made to this decree: a corridor was established for the price caps in the balancing market – not less than 80% and not more than 105% of the marginal price in the day-ahead market; for the quarantine period, the lower marginal order price in the day-ahead and intraday markets was first increased for the SOE Guaranteed Buyer and then cancelled. These solutions were aimed at reducing manipulations in the exchange segments of the electricity market and increasing competition in the day-ahead market.

24 April 2020

The Cabinet of Ministers of Ukraine adopted Resolution No. 312 On the Formation of the Anti-Crisis Energy Headquarters, which resumed the dialogue with all market participants at the government level to resolve problem issues in the energy industry.

17 June 2020

The Verkhovna Rada of Ukraine adopted the Law of Ukraine On Measures Aimed at Debt Settlement in the Wholesale Electricity Market. The law is aimed at the financial recovery of the industry and establishes procedures, the sequence and ways of settling debts of UAH 7.9 bn.

11 July 2020

NEURC adopted Resolution No. 1329, which introduced a new tariff for electricity transmission services by NPC Ukrenergo of UAH 240.23 per MWh from 1 August. Later, from 1 December, a new tariff of UAH 312.76 per MWh was introduced. These decisions are aimed at reducing the company's financial imbalance and debt to renewable energy producers.

11 July 2020

Resolution No. 1330, which approved a new tariff for dispatching services for NPC Ukrenergo of UAH 24.75 per MWh from 1 August. The document was adopted in order to reduce the financial imbalance of the company to pay for ancillary services.

17 August 2020

The Cabinet of Ministers of Ukraine adopted Resolution No. 719 On the Introduction of a Special Duty on Certain Goods Originating from the Russian Federation, imported into the Customs Territory of Ukraine, which established a duty on coal imports in the amount of 65% of the customs value until the end of 2021.

17 November 2020

Amendments were made to the Law of Ukraine On the State Budget of Ukraine for 2020, allocating UAH 11.3 bn of state guarantees to NPC Ukrenergo for the subsequent settlement of debts to the SOE Guaranteed Buyer and producers of electricity from renewable sources.

RETAIL ELECTRICITY MARKET

During the year, the Cabinet of Ministers of Ukraine adopted amendments to Resolution No. 483 On Approval of the Regulation on Imposing Special Duties on Electricity Market Participants to protect the Public's Interests in the Functioning of the Electricity Market, which

- Extends the PSO until 31 March 2021;
- Approves the tariff for Ukrainian citizens at UAH 1.68 per kWh from 1 January 2021 (eliminating preferential tariffs, including the tariff for the first 100 kWh). The electricity tariff for residential consumers was last changed in 2017;
- Revises the price for the sale of electricity by NNEGC Energoatom for the needs of the population from 1 kopeck per kWh up to 15 kopecks per kWh.

The purpose of the adopted changes is to stabilise and improve mutual settlements between market participants and improve the financial standing of the state-owned enterprises.

11 March 2020

NEURC adopted Resolution No. 601 On Amendments to the Procedure for Monitoring Compliance by Licensees Operating in the Field of Energy and Utilities, Legislation in the Relevant Spheres and Licensing Conditions. This decree settled the issue of returning subsidies to universal service providers that were not received in 2019.


5
6
ДТЕК Київські Електромережі
Оператор системи розподілу

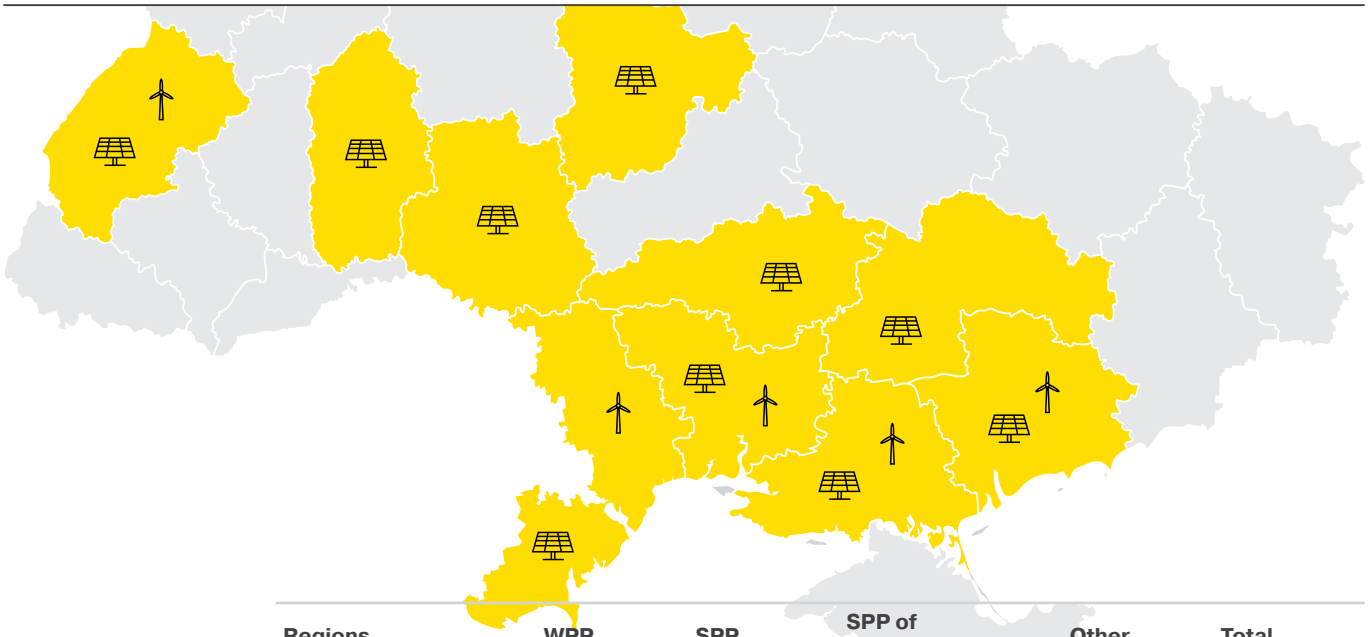
Main tasks and challenges of the energy sector in 2021

CONTINUE THE ENERGY REFORM, THE IMPLEMENTATION OF WHICH REQUIRES THE FOLLOWING ACTIONS:

1. Provide an economically balanced model for the energy industry.
2. Replace the commodity PSO with a financial one, gradually eliminate cross-subsidisation mechanisms for household consumers and bring prices (tariffs) for all end users to an economically justified level.
3. Facilitate the launch of mechanisms for debt settlement, which originated in the old “single buyer” market model that was in place up to 1 July 2019 and ensured interaction of all participants through the Wholesale Electricity Market, as well as in the new electricity market model.
4. Abolish artificial price restrictions: price caps in the day-ahead, intraday and balancing markets.
5. Launch market mechanisms to support generating capacities.
6. Prepare for synchronisation with the European energy system ENTSO-E.

Renewable Energy Industry

TOP 10 REGIONS FOR RENEWABLES PLACEMENT AS OF YEAR-END 2020, MW

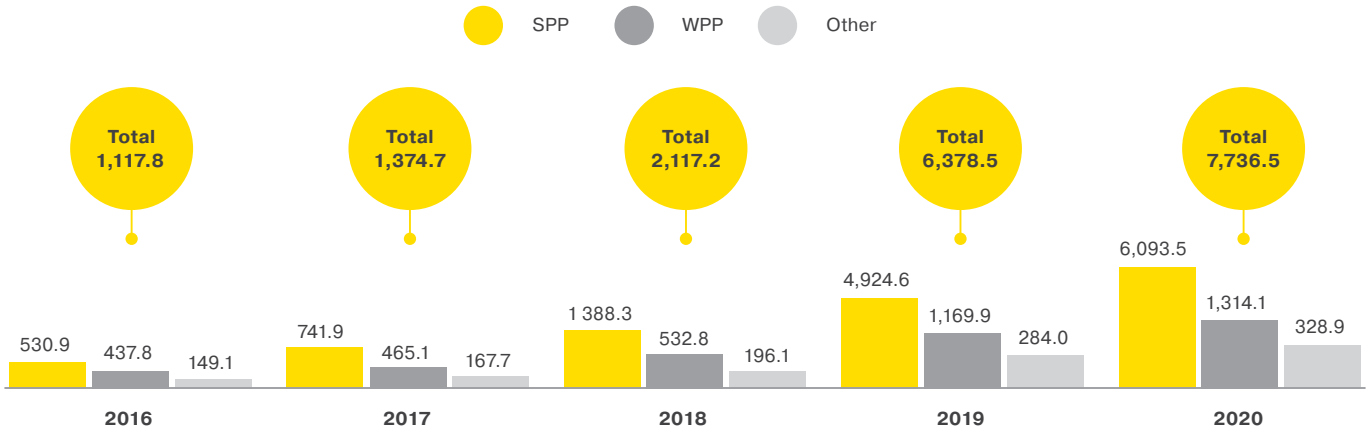


Regions	WPP	SPP	SPP of households	Other	Total
Dnipropetrovsk		1,125	114	30	**1,269**
Mykolayiv	152	760	20	13	**945**
Odesa	33	515	30	5	**583**
Kherson	439	499	43	4	**985**
Khmelnytsky		388	44	31	**463**
Zaporizhzhya	498	358	9	6	**871**
Vinnytsya		353	27	41	**421**
Lviv	34	338	26	3	**401**
Kirovograd		337	44	35	**416**
Kyiv		317	50	37	**404**
Other	158	1,102	371	121	**1,752**
Total	**1,314**	**6,092**	**778**	**326**	**8,510**

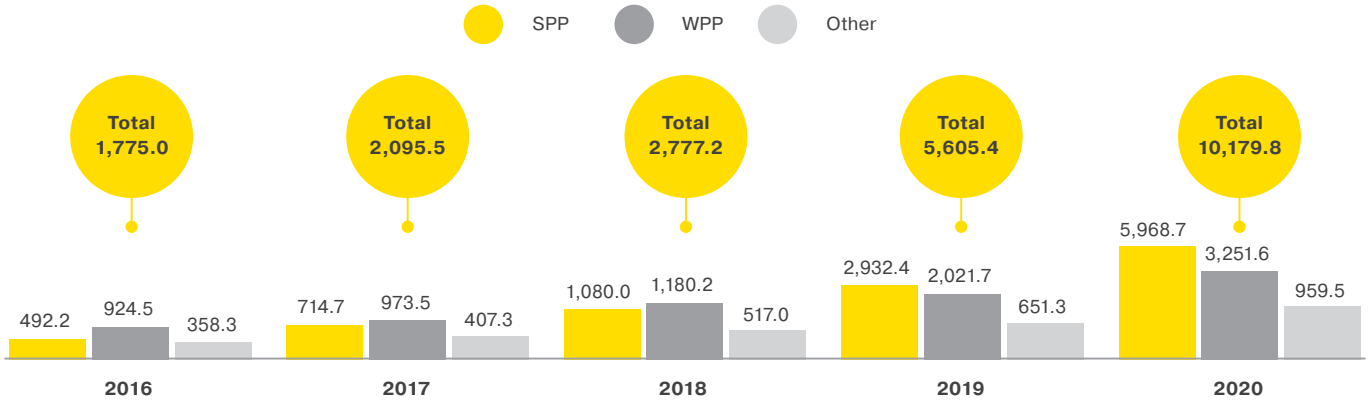
Data: NEURC, UWEA.

DNIPROPETROVSK, MYKOLAYIV, ODESA AND KHERSON REGIONS WERE LEADERS IN GREEN GENERATION CAPACITY GROWTH IN 2020. THEY ACCOUNTED FOR ALMOST 45% OF THE COUNTRY'S TOTAL GROWTH, WHICH CAN BE LARGELY ATTRIBUTED TO THE CONSTRUCTION OF SEVERAL SOLAR POWER PLANTS.

INSTALLED CAPACITY OF FACILITIES OPERATING UNDER FEED-IN TARIFFS, MW



ELECTRICITY GENERATION BY RES, MLN KWH



Data: NEURC. The information is provided for renewable energy facilities under the feed-in tariff, excluding households.

AT 2020 YEAR END, SOLAR GENERATION ACCOUNTED FOR 78.8% OF INSTALLED RES CAPACITY, WHILE ITS SHARE IN ELECTRICITY PRODUCTION WAS 58.6%. WIND POWER OCCUPIED A MUCH LOWER SHARE IN INSTALLED RES CAPACITY – 17% AND IN ELECTRICITY PRODUCTION – 31.9.

IN MARCH 2020, FOR THE FIRST TIME IN UKRAINE, SOLAR AND WIND POWER PLANTS RECORDED GREATER ELECTRICITY PRODUCTION IN CERTAIN HOURS THAN COAL-FIRED POWER PLANTS. THE RECORD MAXIMUM CAPACITY OF RENEWABLES REACHED 2,978 MW, WHILE THE CAPACITY OF TPPS OPERATING DURING THE SAME PERIOD STOOD AT 2,294 MW.

Solar energy remains the leader in terms of capacity growth rate, which is associated with more affordable construction technology, as well as high flexibility in managing plant size. The majority of companies operate in this segment: 1,113 out of more than 1,430 players in the renewable energy market.

In 2020, wind power showed a slight increase in installed capacities, compared to 2019, posting an increase of 145 MW. As a result of the COVID-19 pandemic and related quarantine restrictions, 238 MW of wind power capacities, although built in the country, were not commissioned in 2020. It is expected that they will be introduced in the first quarter of 2021.

IN 2020, WIND POWER SHOWED A SLIGHT INCREASE IN INSTALLED CAPACITIES OF 145 MW, COMPARED TO 2019

145 MW

To a certain extent, the development of the renewable energy sector in 2020 was influenced by delays in the payment of the green tariff by the SOE Guaranteed Buyer. As of early January 2021, the debt amounted to UAH 23.9 bn.

Overall, in 2020, the installed capacity of renewable energy facilities increased to 7.7 GW, accounting for about 14% of electricity production in Ukraine (including hydroelectric power plants in the balance of production).

Renewable energy is also actively developing in the household sector. Almost 30 thous. households in Ukraine have installed solar panels, the total capacity of which now reaches 800 MW. The top five regions in terms of the number of SPPs in this segment are Dnipropetrovs'k, Ternopil, Kyiv, Ivano-Frankivsk and Zakarpattya.

The high rates of development between 2017-2019 led to a significant increase in renewables facilities, the balancing of which requires manoeuverable and storage capacities. According to NPC Ukrenergo findings, in order to ensure the stable operation of the IPS of Ukraine and the integration of additional renewables facilities, 2 GW of highly manoeuverable peak-reserve generating capacities and 200 MW of electric energy storage systems need to be built.

REGULATORY ENVIRONMENT

Payment delays and debt accumulation by the SOE Guaranteed Buyer to renewable energy producers, in addition to technological restrictions on the renewable energy generation by the operator of the Integrated Power System, without payment of appropriate compensation, worsened the conditions for further development of the industry. At the same time, this sector plays a significant role in reducing Ukraine's energy-related carbon footprint, which will contribute to the future growth of green energy, and requires a long-term development strategy.

In 2020, the sector underwent significant legislative changes:

- On 10 June, the Cabinet of Ministers of Ukraine signed a Memorandum of Understanding on the Settlement of Problematic Issues in the Renewable Energy Sector with representatives of renewables associations, providing for the following changes:
  - Reduction of green tariffs without extending their effective term. In particular, tariffs are to be cut by 15% for all solar power plants, and by 7.5% for wind power production facilities.
  - Liability of renewable energy producers for unbalanced electricity production (errors in forecasting electricity production) in the amount of 50% - from 1 January 2021, and 100% - from 1 January 2022.
  - For SPPs and WPPs commissioned since 1 January 2020, the green tariff shall be reduced by 2.5%.

For their part, the Ukrainian authorities have committed to do all they can to ensure timely payment to the SOE Guaranteed Buyer and repay existing debts to renewable energy producers that have accepted the terms of the restructuring. The Ukrainian authorities have also committed themselves to determine and approve annual quotas in support of green energy and ensure that auctions are held to distribute such quotas.

- On 19 June, the Verkhovna Rada of Ukraine adopted Draft Law No. 2284 On Amendments to Certain Legislative Acts of Ukraine Regarding a Simpler Raising of Investments and Introducing New Financial Instruments. This document, for the first time in Ukraine, introduces green bonds and establishes rules for the participants in the relevant market. As a result, so-called green bonds will become yet another instrument that will allow various categories of issuers to raise funds for projects in energy efficiency, waste management, alternative energy, introduction of environmentally friendly transport and other environmental projects.
- On 21 July, the Verkhovna Rada of Ukraine adopted Draft Law No. 810-IX On Improving the Conditions of Support for Electricity Production from Alternative Energy Sources. This document, which entered into force on 1 August 2020, introduces significant changes to the system of state support for the renewable energy sector, designed to ensure reduction of the financial deficit of the SOE Guaranteed Buyer and timely payment of current obligations by the state-owned enterprise, while also providing for certain steps to pay off accumulated debts. In particular, the document prescribes the following:
  - **Tariff reduction.** The law cuts the green tariff by setting reducing factors, taking into account the energy source, the commissioning date of the renewables facility and the installed capacity.
  - **Enhancing liability for imbalances.** The law accelerates the introduction of the financial liability of renewable energy producers (> 1 MW) for imbalances they have created, to increase the efficiency of the Integrated Energy System of Ukraine.
  - **Tighter application of the green tariff for biomass and biogas projects.** The law establishes a so-called cut-off day for projects that plan to generate electricity from biomass and/or biogas. Such projects will be eligible for a green tariff only on the condition that they are put into operation by 1 January 2023.
  - **Arranging a compensation mechanism for curtailment by renewable energy producers.** The law regulates the mechanism of compensation and its size,

determines the categories of market participants eligible for it, as well as from what sources and in what order the compensation will be paid.

- **Stabilisation condition.** The law expands and details the so-called stabilisation condition for renewables projects: during the entire effective term of the green tariff (until 31 December 2029), the legislation, active on the effective date of this law, will be applied to renewable energy producers. except for new legislation that improves the position of such business entities.
- **Launch of green auctions.** Provisions of the law improve the existing green auction procedure. Firstly, the authorities are given more flexibility in setting quotas and planning auctions. Secondly, the right to participate in auctions is also granted to renewable energy projects on the roofs and façades of buildings.

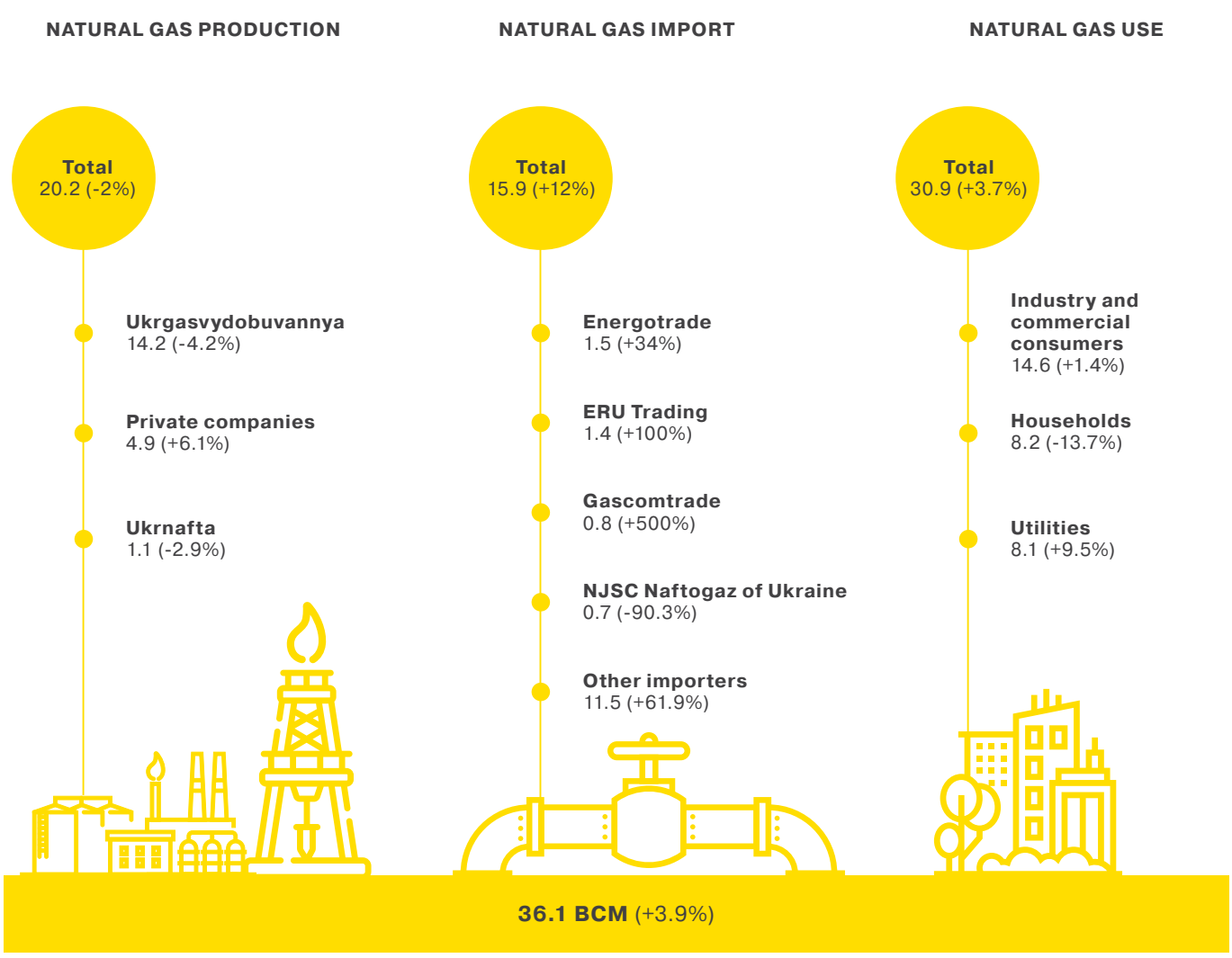
This law is an important step to help the renewable energy sector recover from the crisis and create more balanced and sustainable rules of the game in the industry and in the electricity market in general.

- On 28 September, the Cabinet of Ministers of Ukraine adopted Resolution No. 887 On Amendments to the Procedure for Conducting Electronic Auctions for the Sale of Electricity under Bilateral Agreements in the form of special sessions. The document determines the sequence for holding a special session and the timing of electricity supply. The order provides for the sale of electricity at a price not lower than the starting price, meaning that the auction will take place at a price increase.
- On 11 November, NEURC approved a mechanism for compensating producers of green electricity in cases where dispatchers forcefully restrict its sale in order to relieve the grid. The methodology for calculating the volume of such electricity was also approved, and the issue of liability of producers who do not follow the dispatcher's commands was settled.
- On 2 November, the Ministry of Energy of Ukraine introduced an initiative to create a "Decarbonization Fund". It is expected to be replenished with a part of the tax intake on carbon dioxide emissions, and its funds will go exclusively to projects aimed at reducing CO_2 emissions and that have positive environmental and social effects, as wells as support energy efficiency. The fund's creation is envisaged without the formation of a separate legal entity. The further development of renewables in Ukraine, according to key players, investors and industry associations, depends on several factors:
- A clear understanding of the sources of financing for the development of renewable energy sources;
- Payment discipline on the part of the SOE Guaranteed Buyer under the green tariff.

As of the beginning of 2021, the level of settlement with renewable energy producers was 40%, and the 2020 year's debt was transferred to the 2021. In order to stabilize the situation on the renewable energy market, investors are convinced that the state needs to begin fulfilling its obligations to producers and develop a long-term market development strategy for the next five to ten years.

Natural gas market

NATURAL GAS BALANCE IN 2020, BCM (% YOY)



UGS volume as of 01.01.2020
18.9 (+36.9%)

UGS volume as of 01.01.2021
23.5 (+24.3%)

Data: NJSC Naftogaz of Ukraine; Ministry of Energy of Ukraine; NEURC, ExPro.

In 2020, Ukraine produced 20.2 bcm of natural gas, which is 2% less than in 2019. While state-owned companies reduced production by 5%, independent companies increased production by 6% as a result of investments in previous years. In general, the natural gas market in Ukraine was influenced by the global economic crisis caused by the spread of the COVID-19 virus. Lower consumption and large underground storage reserves in the EU caused a record price drop, which decreased investment in gas production and led to its decline as a result.

In 2020, Ukraine used 30.9 bcm of natural gas, which is 3% more than in 2019. The growth was caused by an increase in the gas use for electricity production by power generating companies (+164% compared to 2019) and chemical industry enterprises (+49% compared to 2019). This is due to low gas prices throughout almost the whole year. Meanwhile, the population consumption dropped by 13%, to 8.2 bcm.

In 2020, national natural gas production covered 65.4% of the total Ukrainian consumption (in 2019, it covered 69.5%).

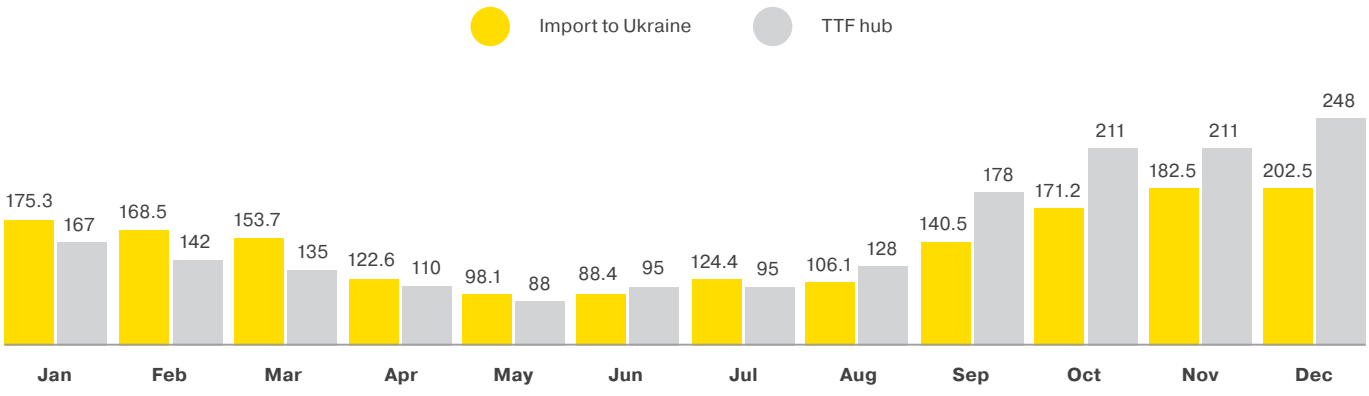
In 2020, Ukraine continued importing natural gas exclusively from Europe. There have been no direct supplies from the Russian Federation since 2016.

At the customers' request, the gas transportation system operator transported 15.9 bcm of gas from Europe to Ukraine, which is 12% more than in 2019. Meanwhile, only 8.6 bcm were customs-cleared, which is 26% less than in 2019 and the lowest value in the last five years, despite the high volumes of imports. According to the operator, in 2020, transportation was performed for 82 traders, of which 52 were Ukrainian companies and 30 were foreign.

In 2020, for the first time, NJSC Naftogaz of Ukraine lost its status as the the country's largest gas importer: by the end of the year, the company imported only 720 mcm, coming fifth in terms of volume. This was caused by the fact that, in 2019, Naftogaz of Ukraine pumped record gas volumes into underground storage in preparation for the possible termination of the Gazprom transit contract and when the contract was signed, the gas was no longer needed. The gas surplus was further aggravated by decreased demand as a result of the warm 2019–2020 winter and the COVID-19 pandemic, so the company significantly reduced imports in 2020.

According to the Cabinet of Ministers Resolution No. 17 dated 24 January 2020 On Amending the Regulation on Imposing Special Obligations on Natural Gas Market Entities to Ensure Public Interests in the Natural Gas

AVERAGE NATURAL GAS PRICES AT THE EUROPEAN TTF HUB AND AVERAGE CUSTOMS VALUE OF IMPORTED GAS IN UKRAINE IN 2020, USD PER THOUS. CUBIC METERS

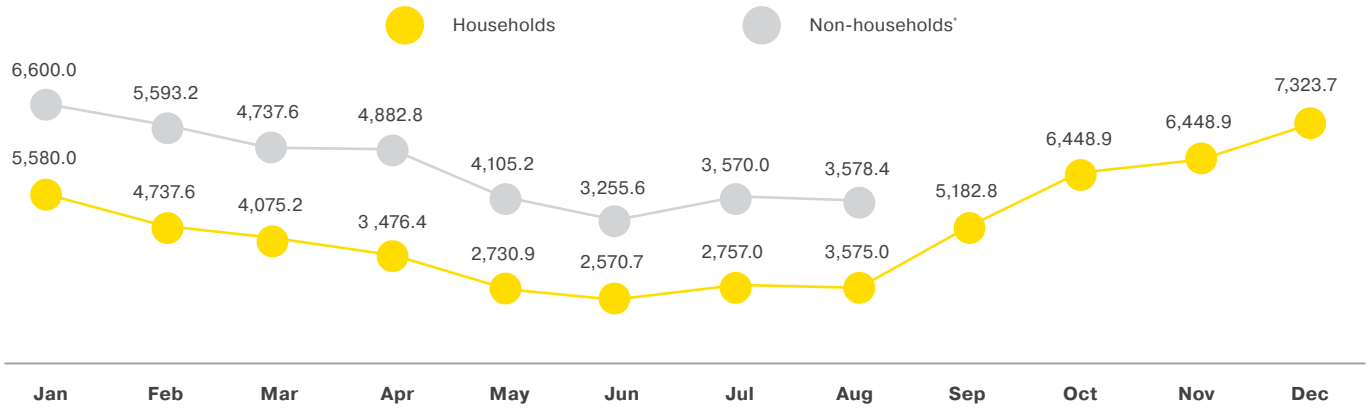


Data: Ministry of Economic Development, Trade and Agriculture of Ukraine.

Market Activities, the natural gas price for the population is established with the Dutch TTF hub quotations taken into account. In 2020, the average price at the European TTF hub was UAH 4,084 /thous. cubic meters (USD 151/thous. cubic meters), taking into account the transportation cost to the Ukrainian border. The price is 20% less than last year.

On 1 August 2020, a gas market for the Ukrainian population was launched, where clients can freely choose a supplier based on price and service. After liberalisation of the Ukrainian gas market, a single natural gas price for the population was cancelled. The prices were decided according to the import parity principle, meaning that the calculations were based on the previous month's fuel cost at European gas hubs as well as transportation tariff on entry into Ukraine's gas transmission system. In addition, consumers began to pay for the gas transportation cost separately.

NATURAL GAS PRICE FOR CONSUMERS IN 2020, UAH PER THOUS. CUBIC METERS



Data: NJSC Naftogaz of Ukraine, prices are indicated inclusive of VAT.

REGULATORY ENVIRONMENT

In 2020, the role of Ukraine as a full-fledged participant in the European gas market strengthened notably. This is due to both the signing of a new five-year agreement on the Russian gas transit through Ukraine and local reforms in the domestic market. In December 2019, unbundling NJSC Naftogaz was completed and the TS Operator of Ukraine LLC was established, which worked as an independent company throughout 2020. Additionally, JSC Ukrtransgaz focused entirely on the Ukrainian UGS operation. Cooperation between the TS Operator of Ukraine and Ukrtransgaz facilitated a deeper integration of the domestic market with the European one. The operator of the Ukrainian gas transportation system, together with the neighbouring countries' operators, combined the Ukrainian TS points of entry/exit, creating virtual points, which increased gas imports to Ukraine and improved system flexibility. Moreover, the launch of the short-haul service for gas transport to the Ukrainian UGS increased to record levels the volume of gas pumped into storage by foreign companies.

* Subject to payment in advance during the gas-supply period (one calendar month), monthly volume of natural gas use starting at 50 thousand cubic metres and in the absence of debt to Naftogaz of Ukraine. As of 1 September 2020, the publication of prices on the company's website was discontinued on the basis of Article 11 of the Law of Ukraine "On the Natural Gas Market".

Natural gas market launch for the population on 1 August 2020

The gas market launch for residential end consumers on 1 August 2020 was the most important event of the year: independent trading and production companies began supplying gas to the population (more than 50 suppliers as of the end of 2020).

Production Sharing Agreements (PSA) signed

On 31 December 2020, the production sharing agreements for seven oil & gas sites were formally signed. The signing and efficient implementation of the PSA will significantly increase gas production, which will potentially generate up to USD 1 bn in investments for Ukraine; it will be a strong positive signal for the industry and will significantly improve Ukraine's investment image.

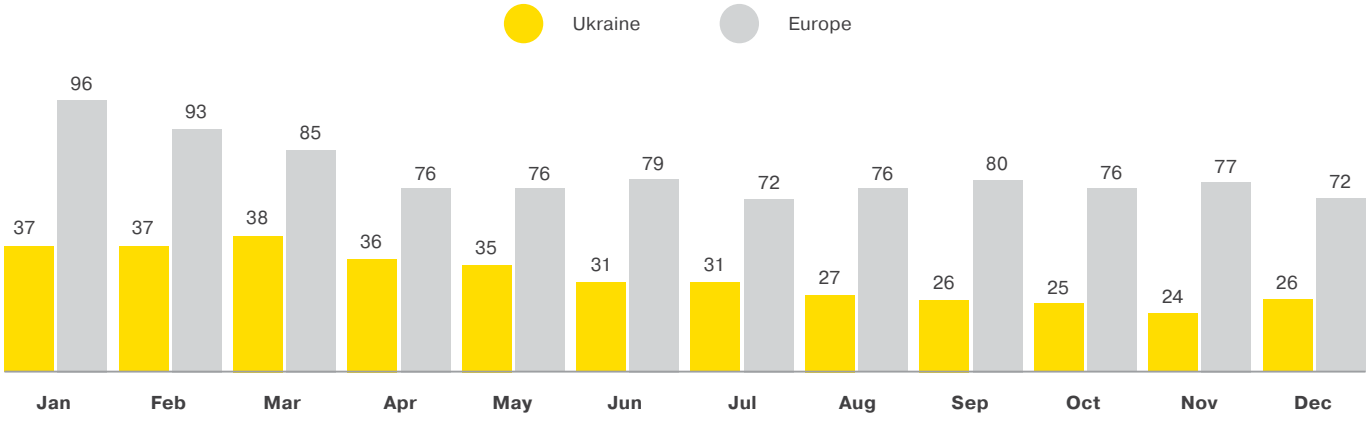
PSA tenders were held in 2019. The winning companies include: Ukrgasvydobuvannya (Naftogaz Rozvidka ta Vydobuvannia) will develop Buzivska, Berestyanska, Balakliyska and Ivanivska areas, DTEK Oil&Gas – Zinkivska area, Geo Alliance Group – Sofiyivska area, Zakhidnadraservis – Uhnivska site.

Incentives for further development of the gas production industry

It is important to continue the systemic reform of the oil & gas sector for progress in Ukraine's gas production industry. First of all, fiscal incentives. Specifically, a ten-year extension of the stimulating rent rates for new wells, the implementation of stimulating rent rates for oil and condensate production, rate unification for all hydrocarbons, and the implementation of fiscal incentives for hard-to-recover and depleted reserves.

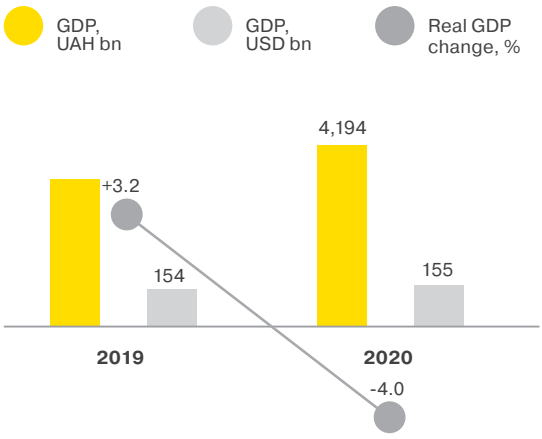
Technologies are now available to produce hard-to-recover reserves. Without fiscal incentives, such projects are still unprofitable, but they can demonstrate Ukraine's resource potential in a completely new light.

NUMBER OF ACTIVE DRILLING RIGS IN UKRAINE AND EUROPE IN 2020, UNITS

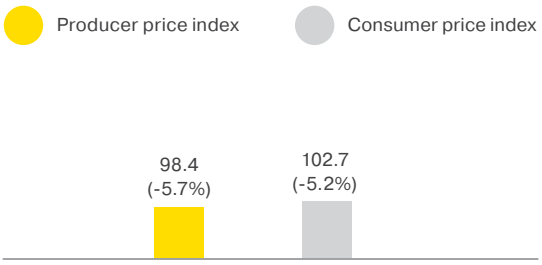


Macroeconomic indicators of Ukraine in 2020

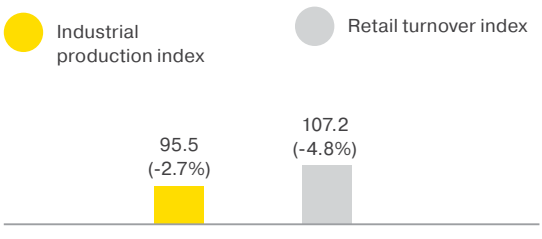
GDP DYNAMICS



PRODUCER AND CONSUMER PRICE INDEXES IN 2020 (P.P. YOY)



INDUSTRIAL PRODUCTION AND RETAIL TURNOVER INDEXES IN 2020 (% YOY)



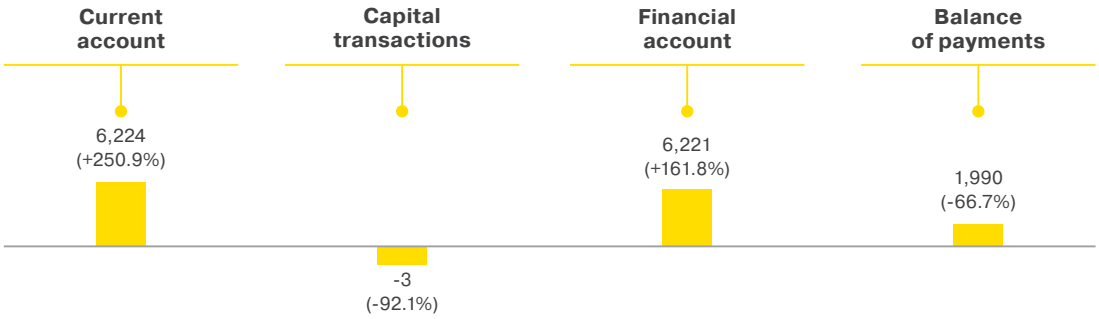
2020 data is for UAH 27.0 per USD 1 exchange rate.
Data: State Statistics Service of Ukraine.

According to the National Bank of Ukraine (NBU), GDP decreased by 4.0% in 2020. This was caused by strict quarantine restrictions in the first half of the year, which reduced consumer demand and suspended investment activities in most sectors of the economy. Low grain harvest was a second factor. Fewer quarantine restrictions stimulated household demand and, together with a decline in imports, it facilitated a rapid recovery in GDP growth.

In the first half of the year, inflation was below the target range of 5% ± 1 p.p.. This is due to a decrease in both domestic demand and global energy prices. The renewed economic growth in the second half of the year contributed to the rise in prices and, by the end of 2020, consumer inflation was 2.7%, and producer inflation, 1.6%. The NBU kept the target inflation range for 2021 at 5% ± 1 p.p. According to the forecast, in the first half of the year, inflation will accelerate significantly due to the rise in energy prices and labour costs. Particularly, in December 2020, the average nominal full-time employee salary was UAH 14,179 (+15.6% compared to 2019).

In 2020, industrial production decreased by 4.5%, primarily due to a decrease in the non-food goods production because of a drop in domestic demand, a fall in global metallurgy product prices and the suspension of investment programmes. The retail trade dynamics reflected a change in consumer sentiment. There was a significant increase in the sales of food products (9.6%) and certain groups of non-food goods, such as computers, sports goods and garden tools.

BALANCE OF PAYMENTS IN 2020, USD MLN (% YOY)



Data: National Bank of Ukraine.

IN THE 2020 BALANCE OF PAYMENTS, THERE WAS A USD 6.2 BN CURRENT ACCOUNT SURPLUS, AMOUNTING TO 4% OF GDP (IN 2019, THERE WAS A USD 4.1 BN DEFICIT, WHICH AMOUNTED TO 2.7% OF GDP).

Two factors predominantly helped achieve the surplus: a significant decrease in imports and a decrease in enterprises' investment income payments due to the deterioration of their financial results.

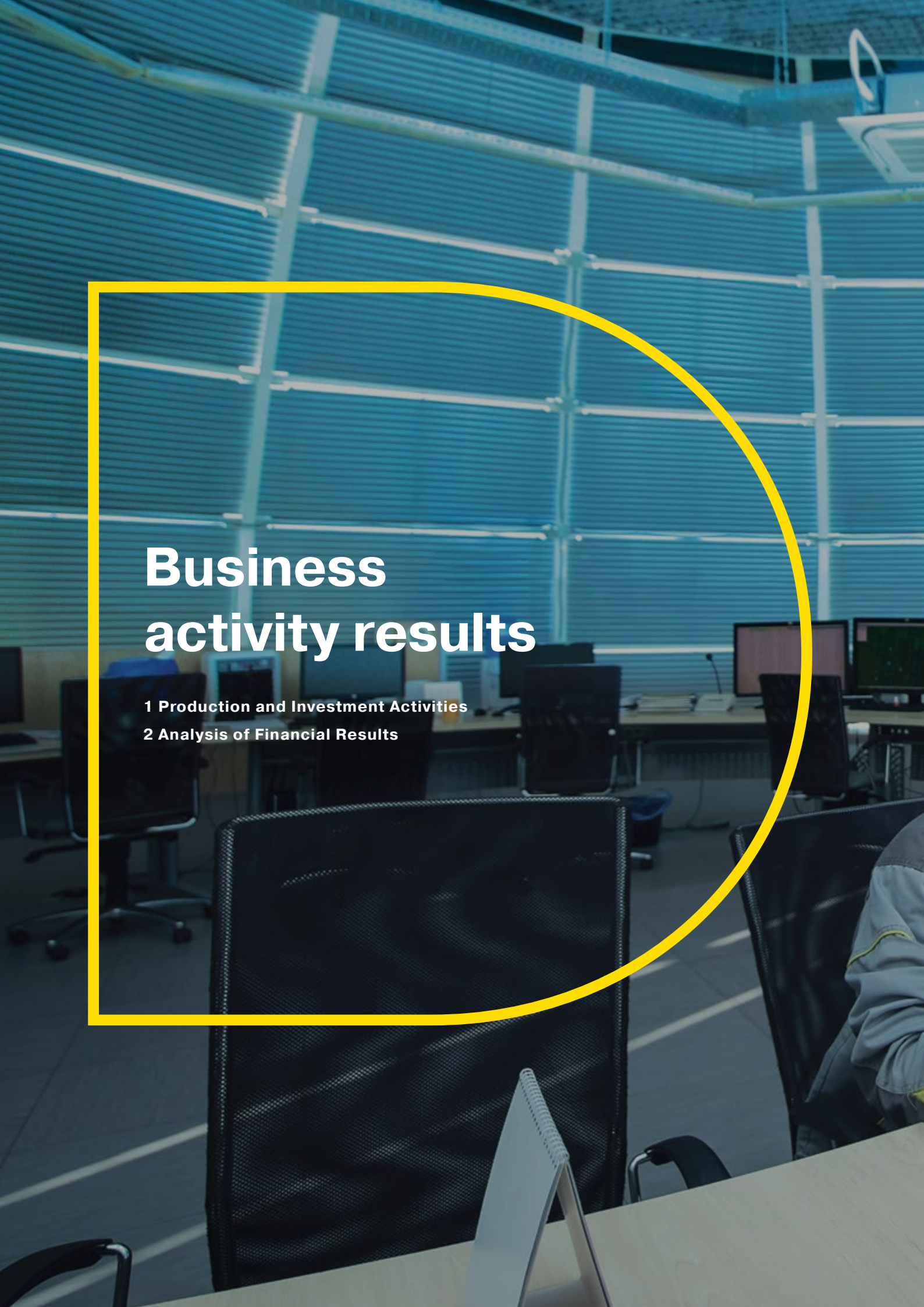
Particularly, the total volume of goods and services exports in 2020 decreased by 4.5% and amounted to USD 60,673 mln. Considering that raw materials and food products constitute sizeable parts of the country's export structure, against the backdrop of the coronavirus pandemic, the decrease was insignificant. Imports decreased by 17.9%, to USD 62,463 mln. This was caused by a decline in business activity, which led to a drop in investment demand and production. Thus, at the end of 2020, the negative foreign trade balance amounted to USD 1,790 mln.

The geographic structure of imports continues to reflect trends which have appeared since 2015: a decrease in the trade share of CIS countries and a reorientation towards European and Asian markets. The same trend is a feature of exports: 40.5% of Ukrainian products are supplied to the Asian markets and 34.4%, to Europe.

In 2020, the global trend for disinvestment in developing countries was introduced into the Ukrainian financial market and led to an outflow of capital from the country. In addition, the outflow was facilitated by a decrease in enterprises' reinvested income and increased purchases of foreign currencies in cash. New raising did not fully cover significant payments on external government obligations. The outflow was partially compensated by the EU macro-financial assistance package and continued cooperation with the IMF.

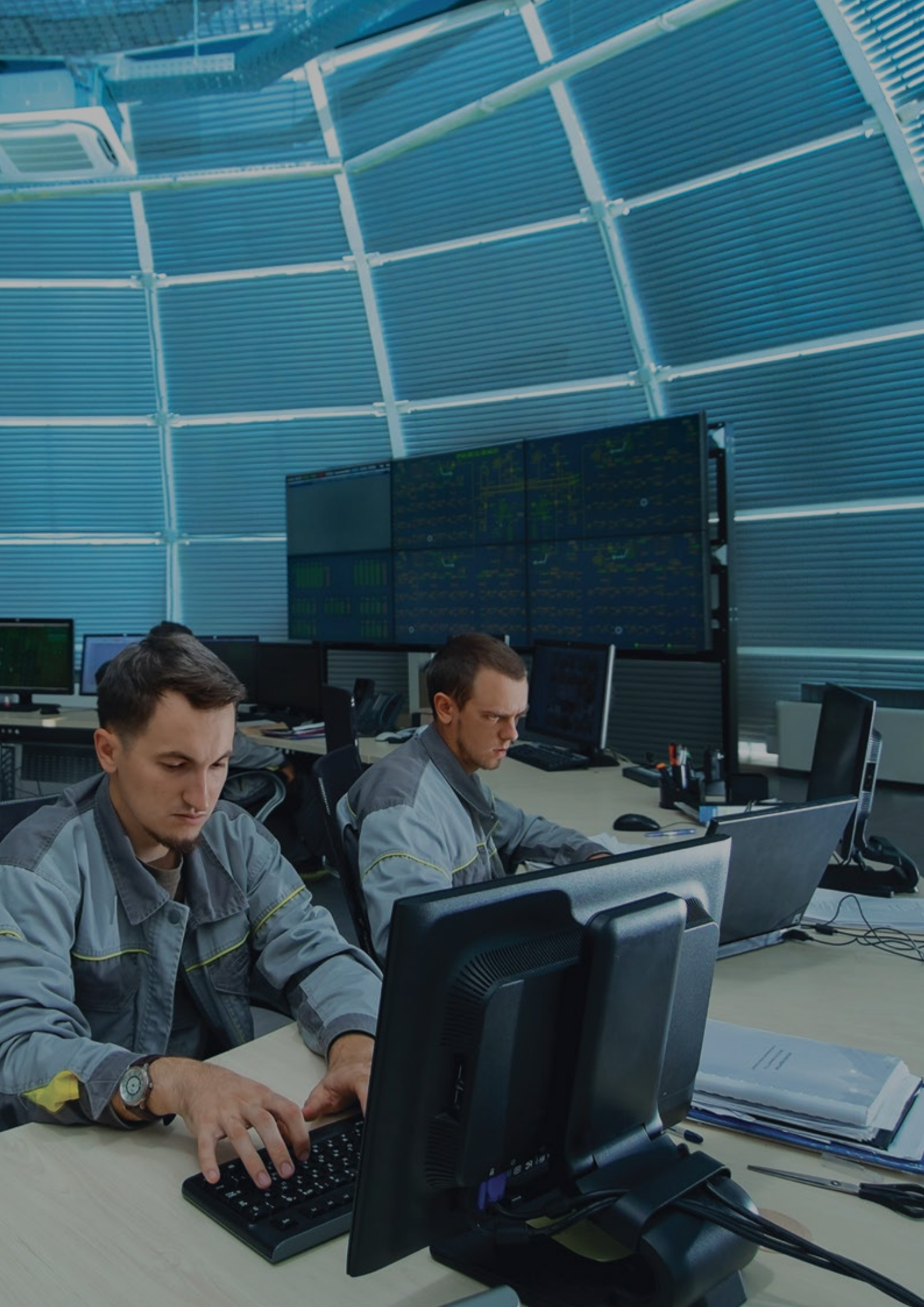
The non-residents' debt capital raising and the current account surplus reduced the need to sell NBU reserves to maintain liquidity in the foreign exchange market. As of 1 January 2021, international reserves reached USD 29.1 bn, which covers 4.8 months of future imports and is sufficient to meet Ukraine's obligations and carry out current operations.

In response to the improving macroeconomic situation at the beginning of the year, and to stimulate economic growth, the NBU continued to loosen its monetary policy. In June, the bank rate was reduced from 13.5% to 6.0%, which was a historic low. In March 2021, the bank rate was raised to 6.5% due to increasing inflation.



Business activity results

1 Production and Investment Activities
2 Analysis of Financial Results



Production and Investment Activities

IN 2020, DTEK GROUP ALLOCATED UAH 11.2 BN FOR CONSTRUCTION AND THE MODERNIZATION OF ITS ENTERPRISES. THESE INVESTMENTS ENSURED THE STABLE OPERATION OF OUR POWER PLANTS AND INFRASTRUCTURE, WHICH PROVED TO BE GREATLY IMPORTANT DURING THE CORONAVIRUS PANDEMIC.
IN THE SAME YEAR, DTEK GROUP PRODUCED 21.3 MLN TONNES OF COAL (-13.1% COMPARED TO 2019) AND 1,844.9 MCM OF NATURAL GAS (+11.2%). THE UNITED ENERGY SYSTEM OF UKRAINE WAS SUPPLIED WITH 26.2 BN KWH OF ELECTRICITY (-12.2%). 47.3 BN KWH OF ELECTRICITY WAS DISTRIBUTED TO CLIENTS (+8.3%). AND 40.9 BN KWH OF ELECTRICITY WAS SUPPLIED TO END CONSUMERS IN THE DOMESTIC MARKET (+5.9%).

INVESTMENT VOLUME, UAH MLN (IFRS, EXCLUDING VAT AND COSTS ON INTANGIBLE ASSETS)

Indicators	2019	2020	Change, +/–	Change, %
DTEK Energy	5,186	3,069	-2,117	-40.8
DTEK Renewables	10,968	36	-10,932	In 305 times
DTEK Oil&Gas	2,559	2,524	-35	-1.4
DTEK Grids	3,525	4,853	-1,328	-37.7
D.TRADING	4	2	-2	-50
D.SOLUTIONS	261	155	-106	-40.6
DTEK Group	**23,180**	**11,197**	**-11,983**	**-51.7**

KEY PERFORMANCE INDICATORS

Indicators	UoM	2019	2020	Change, +/–	Change, %
Coal production	thous. tonnes	24,511.0	21,308.2	-3,202.8	-13.1
including:					
G, DG-grade (Ukraine)	thous. tonnes	22,425.0	18,903.4	-3,521.6	-15.7
A-grade (Mine Office Obukhivska)*	thous. tonnes	2,086.0	2,404.9	-318.9	-15.3
Coal concentrate production	thous. tonnes	10,621.6	10,077.4	-544.2	-5.1
including:					
External CCM (Ukraine)	thous. tonnes	423.2	216.2	-207.0	-48.9
Mine Office Obukhivska*	thous. tonnes	1,457.0	1,558.4	+101.4	+6.9
Electricity generation (supply)	mln kWh	29,832.3	26,226.3	-3,606.0	-12.1
including:					
TPPs and CHPP	mln kWh	28,435.3	23,828.0	-4,607.3	-16.2
WPPs and SPPs	mln kWh	1,397.0	2,398.4	+1,001.4	+71.7
Electricity distribution	mln kWh	43,654.0	47,283.9	+3,629.9	+8.3
Electricity supply to the domestic market**	mln kWh	38,568.8	40,874.9	+2,306.1	+5.9
Electricity supply to foreign markets	mln kWh	5,829.7	4,441.0	-1,388.7	-23.8
Electricity import	mln kWh	368.6	326.0	-42.6	-11.6
Coal export***	thous. tonnes	740.1	527.6	-212.5	-28.7
Coal import	thous. tonnes	1,893.6	1,174.3	-719.3	-37.9
Natural gas trading	Mcm	2,132.7	2,294.3	+161.6	+7.6
Natural gas production	Mcm	1,659.3	1,844.9	+185.6	+11.2
Gas condensate production	thous. tonnes	63.7	66.4	+2.7	+4.3

* From 1 September 2016, DTEK Energy has ceased consolidating the indicators of Mine Office Obukhivska into its statements as the Company's management has been transferred to Strategic Holding DTEK B.V.
** Including indicators of D.TRADING and D.SOLUTIONS.
*** Including trading operations outside Ukraine.

DTEK Energy: Coal Production, Thermal Power Generation, Mining Machinery Manufacturing

DTEK Energy has created a complete cycle of electricity production: mining G-grade coal, that mainly enriched on its own CCMs, and generate electricity. Mining machinery manufacturing are integrated into the production chain, which allows efficient and promptly respond to the needs of production: from new equipment's creation to the spare parts' supply.

By 2030, Ukrainian TPPs will decrease production, while remaining an important part of the Ukrainian energy sector, securing the stability and reliability of the energy system.

DTEK Energy aims to redesign its TPPs into energy hubs with coal blocks, flexible capacities, and energy storage systems. These plants will provide a wide range of services: from “green” energy capacity balancing to storing seasonal reserves for winter and summer consumption peaks.

438.9 MLN TONNES

G-GRADE COAL INDUSTRIAL RESERVES

11

MINES

2

MANUFACTURERS MACHINERY

13.3 GW

TPPS INSTALLED CAPACITY

8

TPPS

New 2030 Strategy

THE STRATEGIC GOAL – MAXIMUM ELECTRICITY GENERATION USING OWN COAL PRODUCTION UNDER COMPETITIVE MARKET CONDITIONS

1 VERTICAL INTEGRATION IN THE COAL AND THERMAL GENERATION MARKET

2 LEADERSHIP IN THE COMPETITIVE ELECTRICITY MARKET OF UKRAINE

3 TRANSFORMATION AND NEW DIRECTIONS

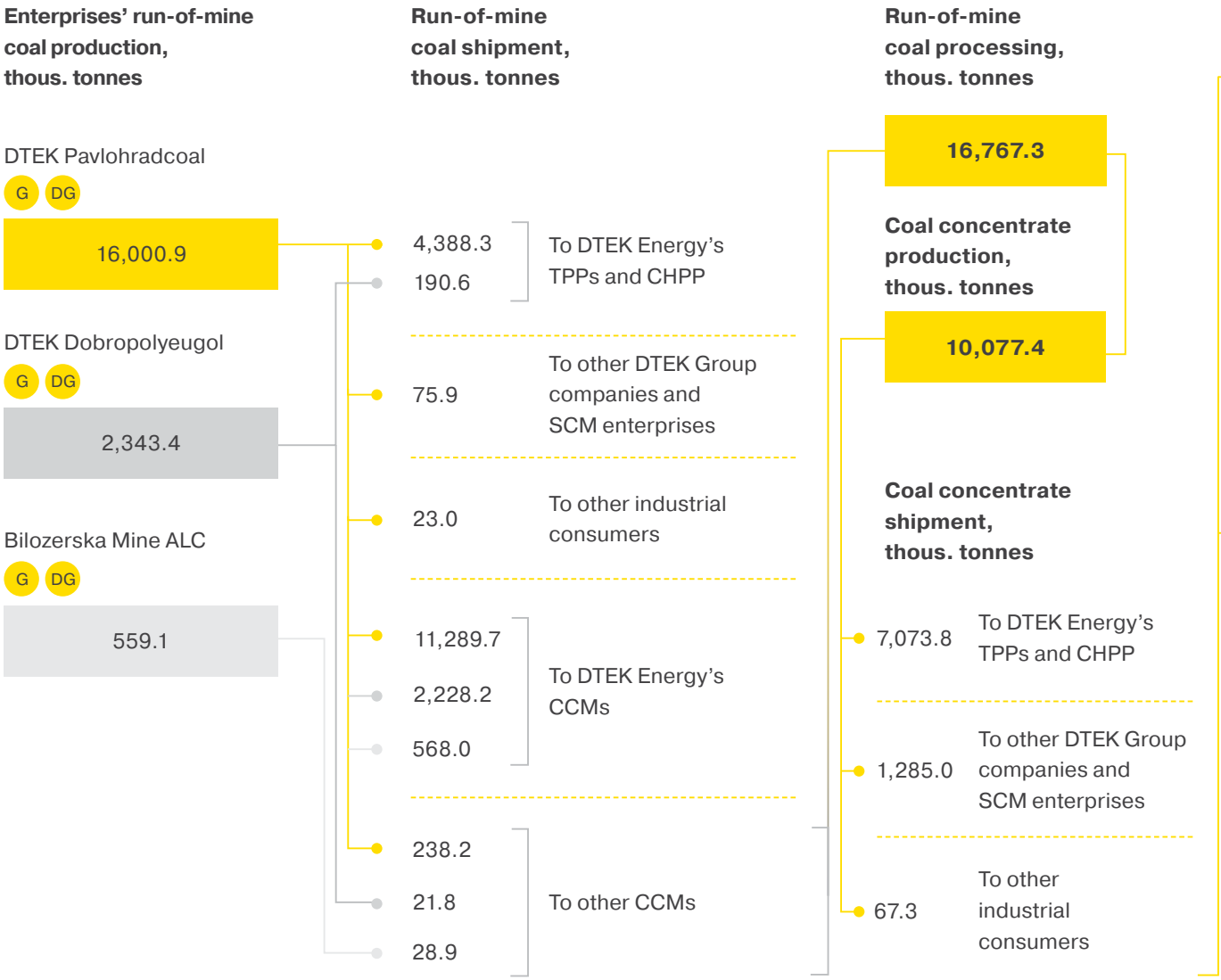
By 2030, Ukrainian TPPs will decrease production, while remaining an important part of the Ukrainian energy sector, securing the stability and reliability of the energy system. DTEK Energy's strategic goal for the next decade: efficient electricity generation using locally sourced coal in the competitive market conditions. Ensuring flexibility of our power plants will be the company's key expertise. This will enable change the role of thermal power generation the United Energy System of Ukraine, switching from basic to balancing mode.

Having established a full cycle electricity generation, DTEK Energy will be able to the maximum efficiency of each element. In particular, production concentration and digitalisation projects will bolster operational efficiency. For instance, starting from 2025, coal production will be concentrated at six of DTEK Pavlohradcoal's mines and the Bilozerska mine. Electricity production will focus on the most efficient power plant units, considering the effect of several external factors: the implementation timeline of Ukraine's National Plan to reduce emissions at large combustion plants, renewable energy development in the domestic market, and synchronisation with the European energy system ENTSO-E. Among DTEK's initiatives to digitalise production are the Digital Mine, Digital Logistics, and Digital TPP projects, which are aimed at improving personnel safety and production efficiency through new technologies and automation.

Seeking out new opportunities for development will help the company maintain its competitive position and increase efficiency. Energy storage systems is one such prospect. In 2021, the first Ukrainian industrial energy storage system was installed at DTEK Zaporizka TPP, balancing power during periods of higher and lower demand. In addition, the company is researching the viability of highly flexible capacity projects. The global goal is to redesign TPPs into energy hubs with coal units, flexible capacities, and energy storage systems. These hubs will provide a wide range of services: from "green" energy balancing to storing seasonal reserves for winter and summer consumption peaks.

We are focusing on sustainable development, including environmental conservation, safe working conditions, personnel retention, and the fair transformation of coal regions. The company aims to achieve zero injuries, develop employees' competence, and introduce environmental initiatives under the National Plan to reduce emissions.

DTEK Energy's Production Balance, 2020



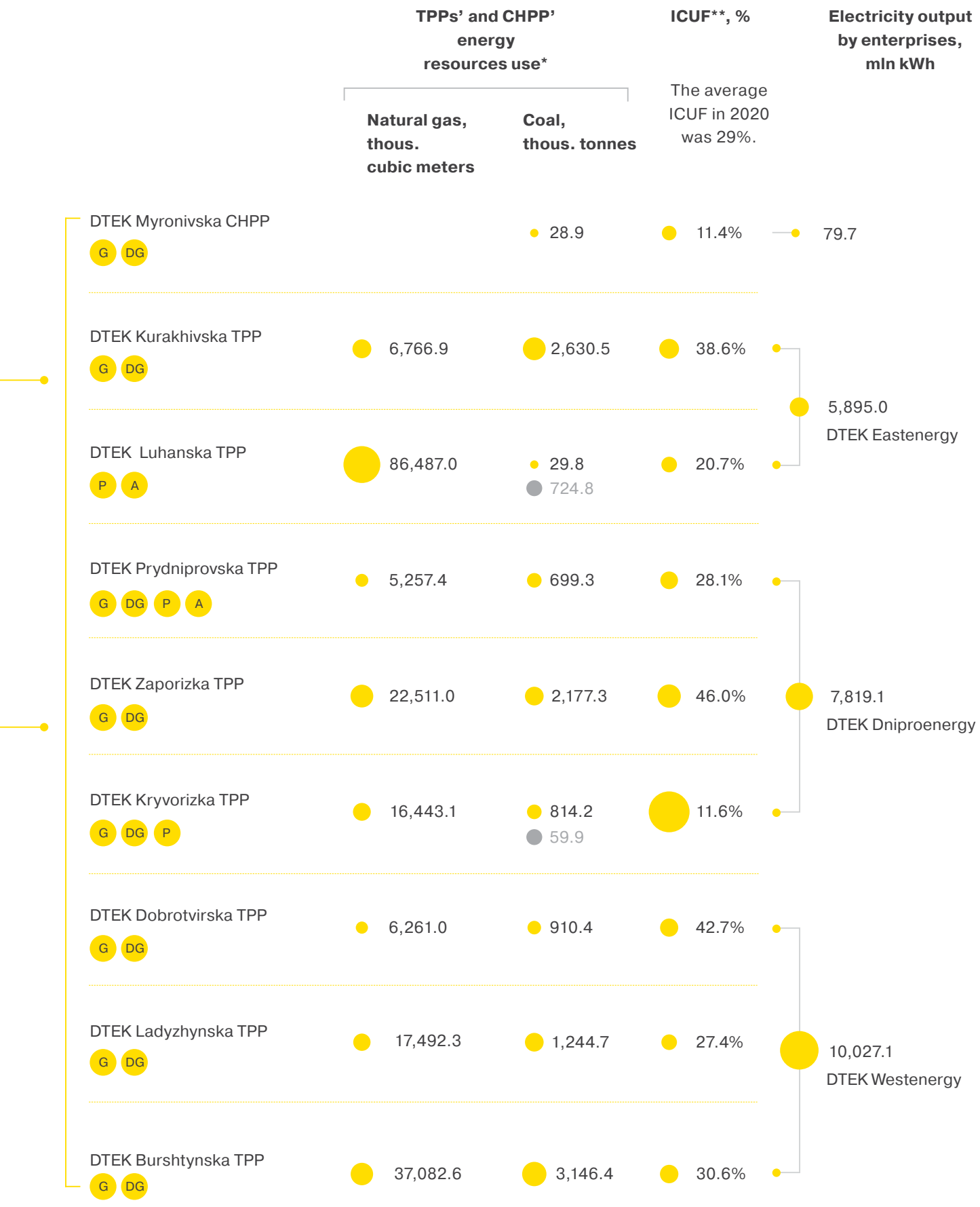
G G-grade coal

DG long-flame G-grade coal

P lean coal

A anthracite

Stockpiles in warehouses are not included



* DTEK Energy's TPPs and CHPPs mostly use natural gas to ignite coal. In the first quarter of 2020, DTEK Luhanska TPP used natural gas to provide the residents of the northern Luhansk region with power and heat.

** ICUF does not include gas-oil power units and units in conservation.

Production and Investment Activities in 2020

DTEK Energy's miners produced 18.9 mln tonnes of G-grade coal in 2020, 3.5 mln tonnes (15.7%) less than in 2019. In 2020, DTEK Energy's power engineers provided the Ukrainian energy system with 23.8 bn kWh, 4,607.3 mln kWh (16.2%) less than in 2019.

The main factors affecting our KPIs:

- Due to the systemic crisis in the energy industry, DTEK Pavlohradcoal reduced coal production by 12.1%, or 2,206.8 thous. tonnes, and DTEK Dobropolyeugol saw a decrease of 30.3%, or 1,019.6 mln tonnes.
- Moreover, in 2020, 6,500 employees of DTEK Dobropolyeugol, Bilozerska mine, and DTEK Zhovtneva CCM were furloughed for more than three months due to complications in the supply of coal to TPPs. Additionally, from 20 April 2020, 18,700 DTEK Pavlohradcoal employees and three concentrating plants were idled for three weeks. Subject to the Industry Agreement and collective contracts, all employees on furlough were paid their wage rates and kept their working experience duration.
- DTEK Westenergy decreased electricity production by 24.7%, or 3,288.5 mln kWh, DTEK Eastenergy reduced it by 14.2%, or 978.7 mln kWh. The systemic crisis in the energy sector affected the production volumes and was exacerbated by the demand drop in the Ukrainian and European markets due to quarantine restrictions during the coronavirus pandemic.

GENERATION, ICUF*, AND BRAKE-SPECIFIC FUEL CONSUMPTION OF THERMAL GENERATION COMPANIES

Companies	Electricity generation, bn kWh		ICUF, %		Brake-specific fuel consumption, g/kWh	
	2019	2020	2019	2020	2019	2020
DTEK Energy (TPP generation companies)	31.4	26.4	32.9	29.0	405.8	405.9
Centrenerho	10.2	10.0	15.1	14.8	395.0	397.5
Donbasenerho	3.4	3.1	43.7	40.2	418.1	427.5

* Installed capacity utilization factor. DTEK Energy's ICUF is indicated for TPP generation companies, excluding gas-oil power units and those in conservation.

Key Investment Projects in 2020

DTEK Energy converted power units formerly run on anthracite to G-grade coal. This comprehensive program allowed us to increase the share of domestic G-grade coal in our power plants' fuel balance. Integration with the European ENTSO-E system remains the key task of the energy sector. It will bolster the energy security of Ukraine and lay the ground for the European Green Deal energy transition.

7

POWER UNITS WERE TESTED ACCORDING TO THE ROADMAP FOR ENTSO-E SYNCHRONIZATION

- As of January 1, 2021, power units No. 5, No. 7 and No. 10 of DTEK Burshtynska TPP, No. 8 of DTEK Dobrotvirska TPP, No. 1 and No. 2 of DTEK Zaporizka TPP, No. 3 of DTEK Kryvorizka TPP were tested according to the roadmap for ENTSO-E synchronisation.
- As of January 1, 2021, power units No. 5, No. 7-12 of DTEK Burshtynska TPP, No. 1-3 of DTEK Ladyzhynska TPP, No. 3-9 of DTEK Kurakhivska TPP, No. 10 and No. 13 of DTEK Luhanska TPP, No. 1-4 of DTEK Zaporizka TPP, No. 9 and No. 10 of DTEK Prydniprovska TPP received a certificate for compliance with the requirements of the additional services market.
- DTEK Ladyzhynska TPP has implemented Farseer, an inspection system for safe working conditions violations. The system applies computer vision and neural networks. This allows us to take quick measures against any actions that could threaten the well-being and health of our employees. In addition, modern technology enhances employees' focus on their own safety.
- At the Yuvileina mine, DTEK Pavlohradcoal installed a Wi-Fi connection at a depth of 500 meters, providing a multifunctional miners' safety system for workers. Through the Wi-Fi and special smartphones, miners are able to instantly communicate with teams located above-ground and the control room, as well as quickly exchange information between underground sections.

DTEK ENERGY'S PRODUCTION CAPACITY AS OF JANUARY 1, 2021

No. of power unit	Installed capacity, MW	Date of commissioning / last overhaul	Running time, hours	Date of reconstruction / planned overhaul
DTEK Kurakhivska TPP				
3	200	1972/2018	308,159	
4	210	1973/2018	281,125	
5	222	1973/2020	259,839	reconstruction completed in 2009; installed capacity increased by 12 MW
6	225	1973/2019	263,634	reconstruction completed in 2013; installed capacity increased by 15 MW
7	225	1974/2016	273,937	reconstruction completed in 2010; installed capacity increased by 15 MW
8	225	1974/2017	273,728	reconstruction completed in 2012; installed capacity increased by 15 MW
9	225	1975/2015	272,462	reconstruction completed in 2015; installed capacity increased by 15 MW
Total: 1 532				
DTEK Luhanska TPP				
9	200	1962/2017	332,977	Is in conservation
10	210	1962/2018	330,664	reconstruction completed in 2012; installed capacity increased by 35 MW
11	200	1963/2004	318,289	Is in conservation
13	210	1968/2014	316,331	reconstruction completed in 2014; installed capacity increased by 35 MW
14	200	1968/2018	294,243	
15	200	1969/2018	309,026	
Total: 1 220				
DTEK Zaporizka TPP				
1	325	1972/2019	308,381	reconstruction completed in 2012; installed capacity increased by 25 MW
2	300	1972/2018	296,135	
3	325	1972/2014	305,791	reconstruction completed in 2014; installed capacity increased by 25 MW; overhaul planned for 2021
4	300	1973/2016	279,676	
5	800	1975/1995	148,998	gas-oil unit
7	800	1977/1992	133,190	gas-oil unit
Total: 2 850				

DTEK ENERGY'S PRODUCTION CAPACITY AS OF JANUARY 1, 2021

No. of power unit	Installed capacity, MW	Date of commissioning / last overhaul	Running time, hours	Date of reconstruction / planned overhaul
DTEK Kryvorizka TPP				
1	315	1965/2017	312,030	reconstruction completed in 2017; installed capacity increased by 33 MW. In 2019, it switched project fuel from anthracite to G-grade coal
2	300	1966/1998	313,767	Planned for conservation, starting from 04/01/2021
3	300	1966/2013	278,803	reconstruction completed in 2013; installed capacity increased by 18 MW
4	300	1968/2005	253,224	
5	282	1968/1994	305,861	
8	282	1970/1996	267,041	Is in conservation
10	300	1973/2017	210,303	
Total: 2 079				
DTEK Prydniprovska TPP				
7	150	1959/2013	346,701	Is in conservation
8	150	1960/2014	374,506	Planned for conservation, starting from 04/01/2021
9	150	1960/2012	344,249	reconstruction completed in 2012; no change in installed capacity. In 2018, it switched project fuel from anthracite to G-grade coal
10	150	1961/2019	340,963	In 2019, it switched project fuel from anthracite to G-grade coal
11	310	1963/2016	266,455	overhaul planned for 2021
Total: 910				
DTEK Dobrotvirska TPP				
5	100	1960/2018	355,623	
6	100	1961/2015	354,388	
7	150	1963/2019	371,465	
8	160	1964/2020	346,590	reconstruction completed in 2014; installed capacity increased by 10 MW
Total: 510				
DTEK Ladyzhynska TPP				
1	300	1970/2018	268,847	
2	300	1971/2009	266,014	overhaul planned for 2021
3	300	1971/2011	259,129	
4	300	1971/2019	249,392	
5	300	1971/2003	223,785	Is in conservation
6	300	1971/2004	230,276	Is in conservation
Total: 1 800				

DTEK ENERGY'S PRODUCTION CAPACITY AS OF JANUARY 1, 2021

No. of power unit	Installed capacity, MW	Date of commissioning / last overhaul	Running time, hours	Date of reconstruction / planned overhaul
DTEK Burshtynska TPP				
1	195	1965/2017	311,841	Planned for conservation, starting from 04/01/2021
2	185	1965/2014	298,239	Is in conservation
3	185	1966/2019	312,109	
4	195	1966/2018	337,168	
5	215	1967/2013	331,790	the 1st stage reconstruction completed in 2013, the 2nd stage – in 2016; installed capacity increased by 20 MW
6	195	1967/2015	329,119	overhaul completed in 2015; installed capacity increased by 10 MW
7	206	1968/2012	317,993	reconstruction completed in 2012; installed capacity increased by 21 MW
8	195	1968/2009	326,138	
9	195	1968/2016	311,629	
10	210	1969/2018	324,710	reconstruction completed in 2018; installed capacity increased by 15 MW
11	195	1969/2011	294,633	overhaul planned for 2021
12	195	1969/2018	282,666	
Total: 2 366				
DTEK Myronivska CHPP*				
TG No. 2	100	1953/2004	285,814	
TG No. 3	60	1954/1998	335,195	
TG No. 5	115	2004/2019	86,813	In 2017, boiler No. 10 switched project fuel from anthracite to G-grade coal; In 2018, boiler No. 9 switched project fuel from anthracite to G-grade coal
Total: 275				

* In 2020, the corporate rights to the enterprise were sold, the data presented is as of November 17.


DTEK

DTEK Renewables: Renewable power generation

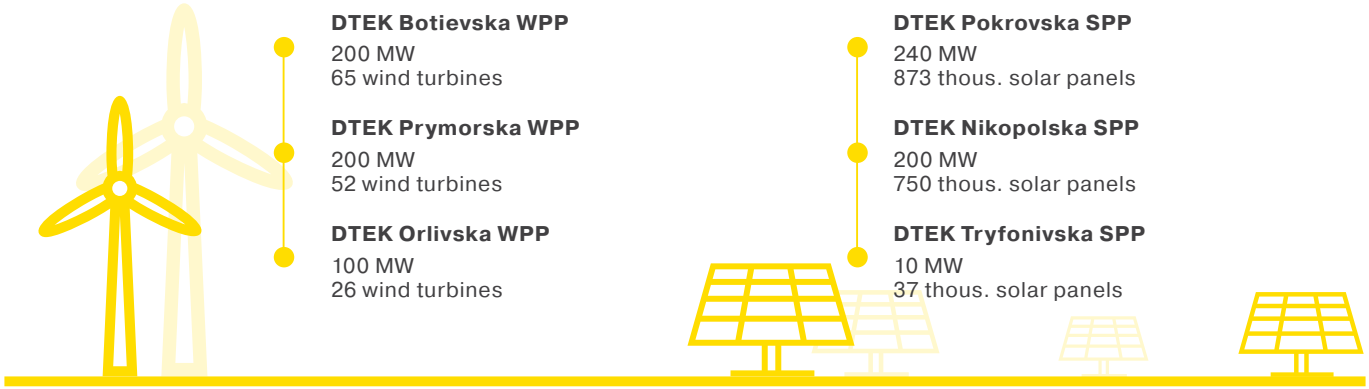
DTEK Renewables is the largest investor in the Ukrainian renewable energy sector. Since its founding, the company has invested $1.2 bn in the construction of wind farms and solar power plants.

The company owns Botievska and Prymorska WPPs with a capacity of 200 MW each, as well as Orlivska Wind Farm with a capacity of 100 MW. They are the most powerful WPPs in Ukraine and some of the largest in Central and Eastern Europe.

The pilot solar energy project was implemented in 2017. The construction of Tryfonivska SPP with a 10 MW capacity proved the concept, and in 2019 Nikopolska and Pokrovska SPPs with a total inverter capacity of 440 MW were commissioned. These are the largest SPPs in Ukraine and some of the largest in Europe.

Projects of this scale can be implemented only in a spirit of trust and cooperation with a high level of expertise possessed by both company and partners. Our partners in the Ukrainian "green" energy development are the world's best equipment producers, leading construction and financial companies. Thanks to close cooperation, we have acquired unique experience and become experts at all stages, from the development and construction of "green" generation projects in the shortest possible time to WPPs' and SPPs' operation according to international quality standards. Our projects have demonstrated the high professional competence and experience of Ukrainian companies to foreign investors. In 2019, we successfully issued "green" Eurobonds for EUR 325 mln with a five years turnover time. The raised funds will exclusively finance existing and future DTEK Renewables projects.

DTEK RENEWABLES' WPP AND SPP CAPACITIES AS OF JANUARY 1, 2021



DTEK Botievska WPP
200 MW
65 wind turbines

DTEK Prymorska WPP
200 MW
52 wind turbines

DTEK Orlivska WPP
100 MW
26 wind turbines

DTEK Pokrovska SPP
240 MW
873 thous. solar panels

DTEK Nikopolska SPP
200 MW
750 thous. solar panels

DTEK Tryfonivska SPP
10 MW
37 thous. solar panels

New 2030 Strategy

THE STRATEGIC GOAL: INCREASING THE INSTALLED CAPACITY OF ASSETS THROUGH END-TO-END PROJECT IMPLEMENTATION AND EFFECTIVE CAPITAL MANAGEMENT

1. LEADERSHIP IN THE RES MARKET OF UKRAINE
2. INTERNATIONAL EXPANSION
3. FULL CYCLE OF PROJECT IMPLEMENTATION
4. EFFECTIVE FUND MANAGEMENT

Decarbonization policy and technological progress will enable the development of renewable energy sources. This will usher in a gradual replacement of the fossil fuel electricity production. The global trend of LCOE reduction with a parallel increase in ICUF will facilitate the "green" energy sector's ability to secure a more competitive position vis-à-vis coal electricity production. Projections indicate that, between 2025-2027, renewable energy's LCOE will achieve parity with the tariff for generating companies' TPPs, while the implementation of new tech solutions will increase renewable energy's ICUF to 42-45%.

NEW TECH SOLUTIONS WILL INCREASE WPP'S ICUF TO

42-45%

Renewable energy in Ukraine is growing and transforming both structurally and regulatorily:

- RES' installed capacity in the United Energy System of Ukraine has increased from 2 GW in 2018 to 7.7 GW in 2020, and the further growth potential is projected at 15 GW in 2030;
- the current RES support system is being updated: in 2020 the "green" tariff was lowered, in 2021 there will be a launch of RES quotas and the auction system, which will function until 2029.

DTEK Renewables' strategy includes RES generating capacity increase to 2 GW due to Ukrainian projects and expansion into European markets. In particular, the updated Ukrainian regulatory framework and stable payments from the state-owned company Guaranteed Buyer lay the foundation for expanding the company's asset portfolio, namely the Tylihulska wind farm construction in 2021-2022. We are considering acquisition, construction, merger or consolidation of existing companies in wind and solar power generation in the European markets.

A key success factor is to ensure a full cycle of project portfolio management from development to operation and efficient capital management.

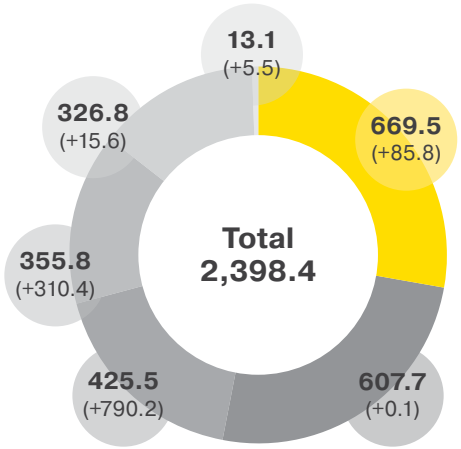
Production and Investment Activities in 2020

In 2020, DTEK Renewables supplied 2.4 bn kWh of "green" electricity to the United Energy System of Ukraine. This is higher than in 2019 by 71.7%, or 1 bn kWh.

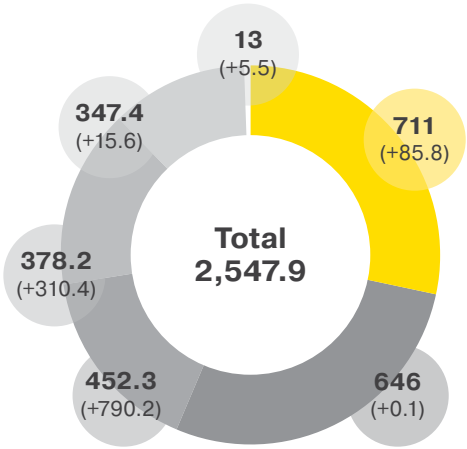
Main factors influencing KPIs:

- in 2019, DTEK Pokrovska SPP, DTEK Nikopolska SPP, DTEK Prymorska WPP, and DTEK Orlivska WPP were commissioned.
- DTEK Pokrovska SPP has been supplying "green" electricity to the United Energy System of Ukraine since October 2019, and in 2020 it produced 425.5 mln kWh, which is almost nine times more than a year prior.
- DTEK Prymorska Wind Farm was constructed in 2019 in two sections: the first was commissioned in March, and the second – in September. In 2020, this allowed to supply 669.5 mln kWh of electricity to the United Energy System of Ukraine, which is 85.5% higher than the year prior. DTEK Orlivka Wind Farm was also completed in 2019, significantly facilitating "green" electricity production growth in 2020.

ELECTRICITY GENERATION IN 2020, MLN KWH (% YOY)

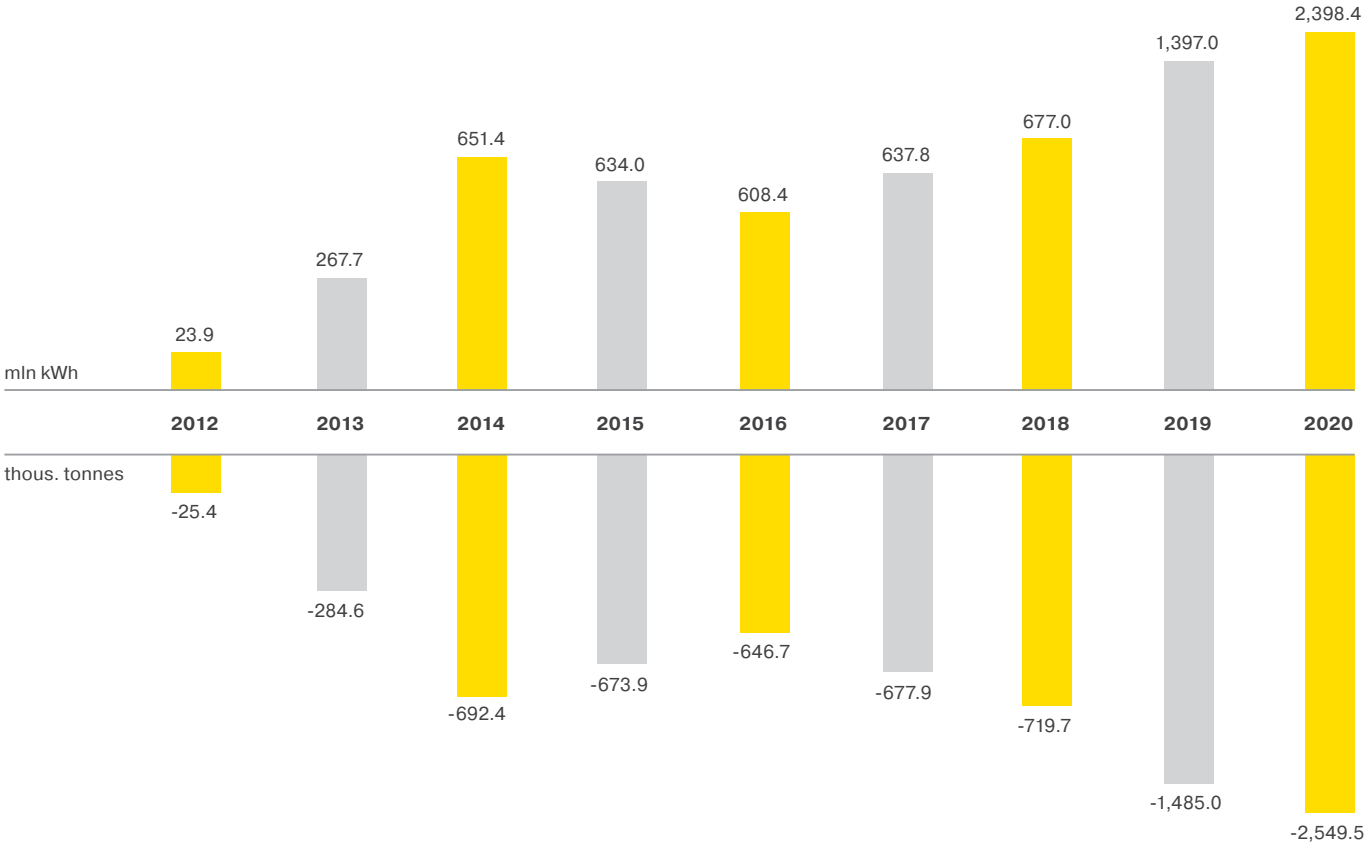


CO_2 EMISSIONS DECREASE IN 2020, THOUS. TONNES (% YOY)



- DTEK Prymorska WPP
- DTEK Botievska WPP
- DTEK Pokrovska SPP
- DTEK Orlivska WPP
- DTEK Nikopolska SPP
- DTEK Tryfonivska SPP

DTEK RENEWABLES IN 2020: 71.7% INCREASE IN "GREEN" ELECTRICITY PRODUCTION AND DECREASE IN CO_2 EMISSIONS*



In 2021, the beginning of the construction of DTEK Tylihulska WPP's first section with a capacity of 126 MW, and with possible increase to 500 MW. This is another one of DTEK Group's practical steps to become carbon neutral by 2040 and a significant contribution by Ukraine in support of the European Green Deal.

The new wind farm is being constructed in the Mykolaiv oblast near the Tylihul estuary. 83 innovative Vestas' ground wind turbines with a capacity of 6 MW each are to be installed. This model has the largest rotor size among Vestas' ground wind turbines, with a 162 meters diameter. This Danish company tested its latest turbines prototypes on the EnVentus platform at the Østerild National Large Turbine Test Center in West Jutland. Thanks to the cutting-edge innovations, they can maximize electricity generation in weak or medium wind conditions, which is ideal for Southern Ukraine.

When launched, the first Wind Farm's section will help reduce CO_2 emissions by 504 thous. tonnes per year. Also, the WPP's construction in the region will create several hundred temporary jobs and dozens of regular ones.

The construction of DTEK Tylihulska WPP's first section will be partially funded with "green" Eurobonds.

* Fossil fuel electricity generation releases greenhouse gases into the atmosphere. To estimate emissions, the CO_2 equivalent is used, allowing for the comparison of all greenhouse gas emissions. To calculate the effect of RES on emission reduction, we use conversion coefficients of specific CO_2 emission values per 1 kWh from the average values among TPPs. In 2010, the National Environmental Investment Agency of Ukraine approved 1,063 kg of CO_2 per 1 kWh as a standard value.

DTEK Oil&Gas: Natural Gas and Gas Condensate Production

Stable growth in Ukrainian gas production is only possible in case of intensive development of gas wells deeper than 5-6 km. DTEK Oil&Gas successfully develops deep gas wells, thanks to investments in modern equipment and the latest technologies. The acquired experience allows to consider drilling wells deeper than 7 km.

Naftogazvydobuvannya PrJSC is the main production asset. The company produces gas and gas condensate in the Poltava region at the licensed Semyrenkivske and Machukhske fields at a depth of over 5 km. In addition, the company is geologically exploring five new licensed sites: Budyshchansko-Chutivska, Svitankovo-Lohivska, Khoroshivska, Zinkivska, and Kovalivsko-Sulymivska.

DTEK Oil&Gas is exploring opportunities for business expansion. The growth strategy includes both participation in state auctions for subsoil use and acquisition of promising assets. DTEK Oil&Gas is ready to apply its experience and expertise to manage other companies' projects.

2

GAS CONDENSATE FIELDS ARE IN OPERATION

5

OIL AND GAS FIELDS ARE BEING EXPLORED

32

ACTIVE WELLS, EACH DEEPER THAN 5,000 METRES

37.1 BCM

NATURAL GAS RESERVES (2P CATEGORY – SPE-PRMS CLASSIFICATION)

12.8 BCM

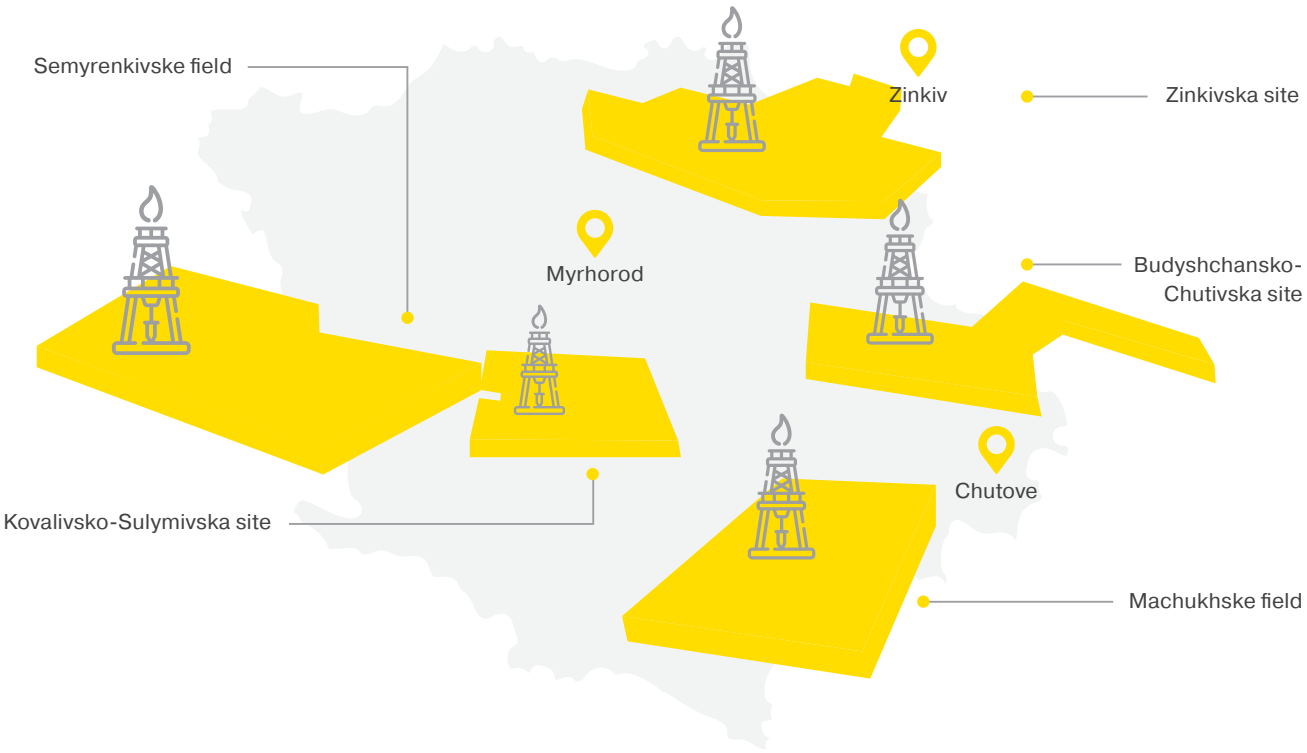
NATURAL GAS RESOURCES (2P CATEGORY – SPE-PRMS CLASSIFICATION)

1.8 BCM

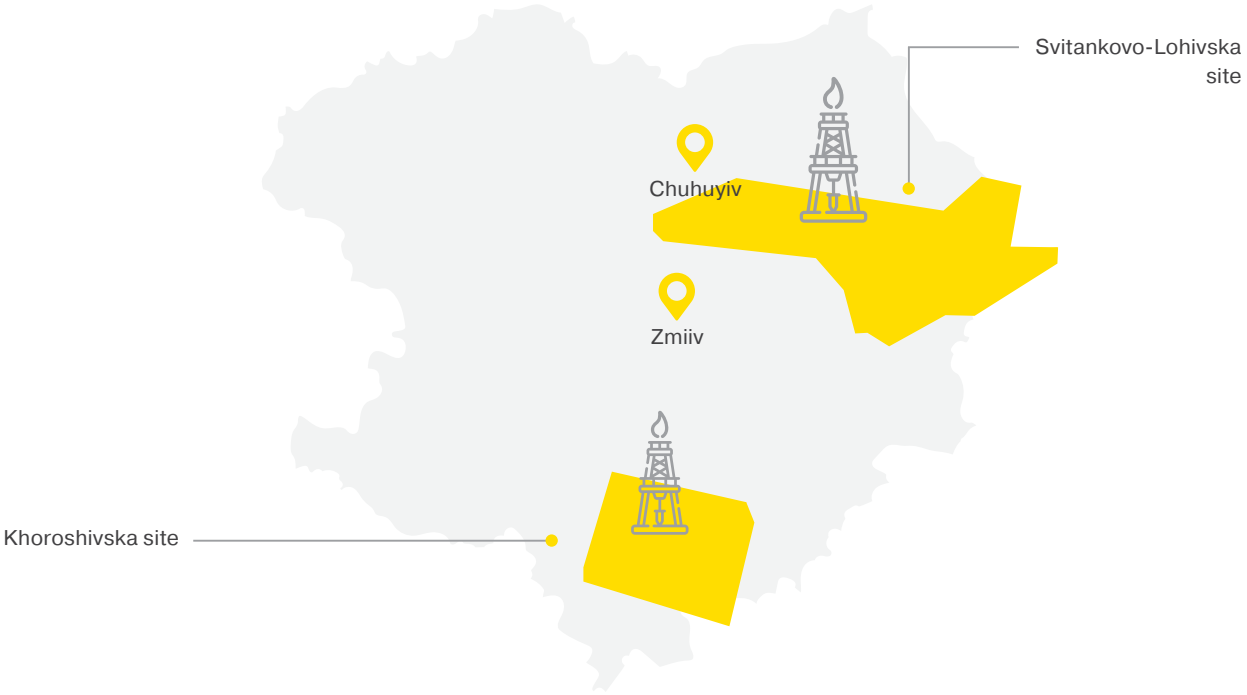
OF NATURAL GAS PRODUCED IN 2020 (+11.2% YOY)

DTEK OIL&GAS' SITES AS OF JANUARY 1, 2021

POLTAVA REGION



KHARKIV REGION



New 2030 Strategy

THE STRATEGIC GOAL: ACHIEVING MAXIMUM GROWTH IN HYDROCARBON PRODUCTION THROUGH EXPANSION OF THE RESOURCE BASE AND IMPLEMENTATION OF CUTTING-EDGE TECHNOLOGIES

1 BOOSTING OIL AND GAS PRODUCTION IN UKRAINE

2 GROWING ASSET PORTFOLIO

3 CUTTING-EDGE TECHNOLOGIES

Natural gas remains a long-term strategic energy resource and is considered a transitional fuel in becoming carbon neutral under the European Green Deal.

Ukraine possesses significant resources of 1.2 trillion cubic meters of regular natural gas and has the potential to increase its production. Both public and private companies will be incentivized to grow by positive regulatory changes and the recent market liberalization: the projected optimistic annual increase in production volumes is 2% until 2030. Meanwhile, natural gas consumption in Ukraine will gradually decrease mainly due to increased energy saving among households and lower costs of production and technological maintenance of transit in Ukraine.

These differing trends (an increase in production against decreasing consumption) can lead to a significantly lower natural gas deficit by 2024.

DTEK Oil&Gas' strategic goal: achieving maximum growth in hydrocarbon production through expansion of the resource base and implementation of cutting-edge technologies.

The key tasks for this goal are increasing natural gas production and expanding the asset portfolio, product diversification, improving operational efficiency, and abiding by sustainable development principles.

Regular natural gas production on the continental part of Ukraine is the company's main priority. In 2020, the company reached a new development milestone: increasing gas production to 1.8 bcm, which set a new record in Ukrainian private gas production industry. In addition, as part of the strategy, the company is considering oil production to diversify its energy resources portfolio.

DTEK Oil&Gas undertook the mission to form a technological ecosystem and drive the development of the entire gas production industry. The company plans to introduce previously unavailable in Ukraine technologies, partner up with major international companies, and spur the country's scientific and technological potential. This will create additional value not only for DTEK Oil&Gas, but also for the entire Ukrainian fuel and energy complex.

Production and Investment Activities in 2020

In 2020, natural gas production was 1,844.9 mcm, and gas condensate production was 66.4 thous. tonnes, which is 11.2% and 4.3% higher than in 2019, respectively.

The main factors which drove KPIs:

- completed drilling of four high-flow-rate wells at the Machukhske field: No. 54, 55, 57, 59 at a depth of more than 5,000 meters;
- commissioned booster compressor stations at the Semyrenkivske and Machukhske fields, allowing for increased commercial gas quality;
- performed a multi-stage fracking, enabling to obtain an industrial gas flow and put well No. 16 at the Semyrenkivske field back into operation;
- introduced the latest technologies across all production phases, as well as contemporary approaches to intensify flow rates and perform overhauls at the existing wells.

To achieve its strategic goals, DTEK Oil&Gas implements and applies modern technologies at all stages of its activities. This approach includes geological exploration and deep well drilling, natural gas production and industrial safety at sites, environmental protection and business processes management. Extensive technology use helps to effectively accumulate the resource base and increase production, while reducing capital and operating expenses. As of today, the effect achieved from our introduction of state-of-the-art technologies is comparable with the global oil and gas industry leaders' benchmarks: approximately 20% of business value proposition.

In 2020, the company continued developing the industry's intellectual potential to form an ecosystem of modern technologies in Ukraine and accelerate progress in achieving energy independence.

A large-scale project to create the Oil & Gas Technology Hub was the next step and had a national importance. The Hub will systematically introduce previously unavailable here modern technologies, tech solutions, and leading experts. The company's goal is to create a single technological ecosystem, encompassing mining and service companies, scientific and educational institutions, international experts and startups, government and regional authorities. The Technology Hub will become both an efficient tool for bringing new technologies to Ukraine and a platform for solving complex cases in the gas industry.

Technological development ecosystem, by DTEK Oil&Gas

TECHNOLOGY CENTER

Increasing hydrocarbon production, drilling speed and wells operation time without repair, reducing production costs

EXPERT COUNCIL

Improving business efficiency through engaging leading international experts to implement best practices

DTEK OIL&GAS TECHNOLOGY HUB

Access to capital and previously unavailable technologies, growing business value and revenue sources diversification, increasing life cycle of sites, production of synthetic gases from CO_2 and H_2, electricity generation from thermal energy of industrial equipment


DTEK

DTEK Grids: Electricity Distribution and Grids Operation

Smart Grid infrastructure brings together "green" generation growth, electrification, and sustainable development, enabling for progress in economy and society as a whole. We are systematically adopting automation and digital technologies to enhance Ukrainian grids and turn them into reliable, flexible, and sustainable smart grids. Ukrainian consumers will ultimately benefit from the advantages of a modern energy sector.

Today, DTEK Grids distribution system operators work with 5.6 mln customers in Kyiv and Kyiv region, Dnipropetrovsk, Donetsk, and Odesa regions. Operators carry out investment programs aimed at improving the quality of life in their respective regions. To this end, a reliable and uninterrupted electricity supply is guaranteed and power distribution losses are reduced. Infrastructure is currently under development to mitigate the power deficit caused by growing communities.

DTEK Grids aims to set the highest standard in customer service. Operators are introducing modern digital communication channels, allowing for smoother and quicker interface with consumers.

In 2018, Ukrainian distribution system operators were separated into independent companies as a result of unbundling required under the electricity market reform. Accordingly, electricity suppliers gained equal access to the grids, while customers were able to choose between suppliers.

TOTAL

188,234 km – total length of power lines
38,683 MVA – total capacity of substations
5,558,235 – number of connections

DTEK Dnipro Grids

50,589 km – total length of power lines
11,603 MVA – total capacity of substations
1,414,677 – number of connections

DTEK Kyiv Grids

12,745 km – total length of power lines
7,370 MVA – total capacity of substations
1,213,918 – number of connections

DTEK Odesa Grids

39,352 km – total length of power lines
6,950 MVA – total capacity of substations
1,019,081 – number of connections

DTEK Kyiv Regional Grids

50,818 km – total length of power lines
6,689 MVA – total capacity of substations
1,015,103 – number of connections

DTEK Donetsk Grids

32,775 km – total length of power lines
5,137 MVA – total capacity of substations
887,845 – number of connections

DTEK Energougol ENE

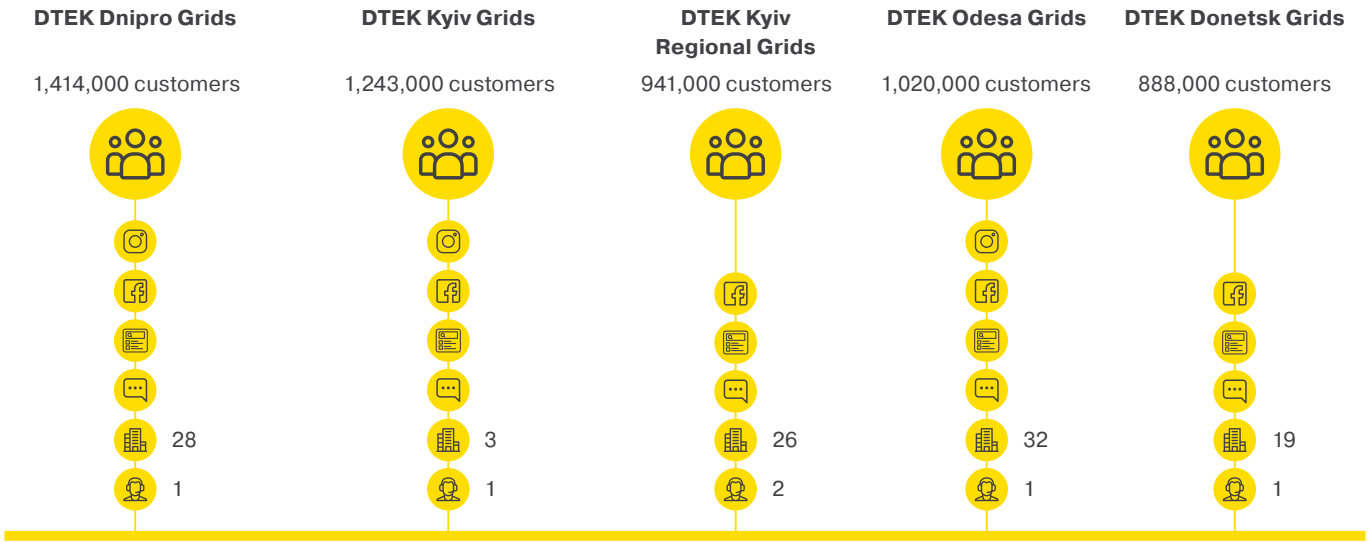
106 km – total length of power lines
47 MVA – total capacity of substations
7,109 – number of connections

DTEK High Voltage Grids

1,848 km – total length of power lines
888 MVA – total capacity of substations
502 – number of connections

DTEK GRIDS' HOUSEHOLD CUSTOMERS SERVICE ECOSYSTEM AS OF JANUARY 1, 2021

DTEK Grids implements a quality customer service, aiming to achieve the highest in Europe Customer Satisfaction Index (CSI). The company introduces omni-channel solutions to provide customers with comfortable services.



Customer service centers:

- One-stop shop principle, with no binding to an employee
- end-to-end customer service in DTEK Odesa Grids, DTEK Dnipro Grids, DTEK Kyiv Grids, and DTEK Kyiv Regional Grids, with no binding to the place of residence
- all power supply service, including connection to grids
- en electronic queue with no terminal, allowing consumers to make appointments on the website
- undertake customer service quality control
- teach customers to use digital channels

Websites:

- information on the company's work and services
- fast transmission of electricity meters' readings for household consumers without the need for registration
- online services for contracts on power grid connection and electricity distribution
- applications for electricity meters' services (installation, check, replacement) and checking their execution status
- information about planned and emergency shutdowns
- personal account for household customers and legal entities with electricity meters' readings and electricity consumption history

Contact centers:

- 24/7 support
- reading electricity meters automatically via IVR
- information about planned and emergency shutdowns automatically via IVR
- consultations and allow orders to be made (reading electricity meters, requesting electricity meters, connecting to power grids, increasing capacity)
- promotion of using digital channels

Viber and Telegram chat bots:

- read electricity meters
- provide emergency situations reporting
- support with applications for electricity meters' services (installation, check, replacement) and checking their execution status
- inform consumers about shutdown causes
- have an FAQ section

Facebook and Instagram:

- on a 24/7 support
- consulting on all services

New 2030 Strategy

THE STRATEGIC GOAL: MAXIMISING BUSINESS VALUE BY EXPANDING THE ASSET PORTFOLIO, IMPROVING THE REGULATORY ENVIRONMENT, AND INVESTING EFFECTIVELY

1. GROWING ASSET PORTFOLIO
2. IMPROVEMENT OF THE REGULATORY ENVIRONMENT
3. EFFECTIVE INVESTMENTS: PRODUCTION UPGRADES AND DIGITALISATION

We are considering two options to expand the asset portfolio: partnering up with Ukrainian and international companies, and participation in privatization tenders for government's shares in distribution system operators.

DECREASING CO_2 EMISSIONS BY REDUCING ELECTRICITY LOSSES IN POWER GRIDS

0.7 MLN TONNES PER YEAR

To improve the regulatory environment, we apply our expertise to support the state in implementing European standards for the regulation of the industry, such as tariff calculation methods and parameters, responsibilities of distribution system operators, and implementation of the Green Deal provisions on electricity distribution.

Our strategy includes efficient investments in technical upgrades and the digitalization of power grids. Programs to modernize existing assets and build the Smart Grid will be crucial. The company will also focus on improving operation efficiency through refining the management model and reducing operating expenses per kilometer of the grid.

Maintaining high standards of industrial and environmental safety is our main sustainable development goal. We will contribute to decarbonization of Ukraine, reducing electricity losses in the grids, which will decrease greenhouse gas emissions by 0.7 mln tonnes in CO_2 equivalent per year. Since 2013, we have been systematically implementing programs to protect birds, and we plan to keep up to achieve the goal of installing 600 bird protection devices per every 60 km of power grids to preserve the avifauna. In addition, we will continue implementing conservation initiatives to protect the white stork population.

Production and Investment Activities in 2020

IN 2020, DTEK GRIDS' DISTRIBUTION SYSTEM OPERATORS SUPPLIED THEIR CUSTOMERS WITH 47.3 BN KWH OF ELECTRICITY, WHICH IS MORE THAN IN 2019 BY 8.3%, OR 3.6 BN KWH.
THE MAIN FACTORS DRIVING PERFORMANCE INDICATORS: ACQUISITION OF ODESAOBLENERGO AND KYIVOBLENERGO; THEIR PERFORMANCE INDICATORS HAVE BEEN INCLUDED INTO THE REPORTS SINCE MAY 2019.

EFFICIENCY OF DTEK GRIDS DISTRIBUTION SYSTEM OPERATORS IN 2020

Enterprises	Electricity distribution, mln kWh			Losses, %
	Total	1st voltage class (over 27.5 kW)	2nd voltage class (under 27.5 kW)	
DTEK Dnipro Grids	16,918.9	9,603.0	7,315.9	5.7
DTEK Kyiv Grids	8,918.2	229.0	8,689.2	6.3
DTEK Kyiv Regional Grids	6,367.1	782.6	5,584.5	14.4
DTEK High Voltage Grids	5,996.9	5,772.4	224.5	0.9
DTEK Odesa Grids	5,836.9	607.0	5,229.9	12.0
DTEK Donetsk Grids	2,942.1	300.1	2,642.0	16.5
DTEK Energougol ENE	303.8	147.8	156.0	0.9
Total	**47,283.9**	**17,441.9**	**29,842.0**	**8.0**

Most of the Ukrainian power grids were built in the 1960s–1970s, and designed according to the norms of the 50s. In this regard, the key problem of the industry is a high level of wear and tear, as well as violations of modern technical requirements, which makes quality electricity supply to consumers and urban infrastructure development impossible. According to the Ministry of Energy of Ukraine, nearly 50% of the country's power grids need major overhauls, reconstruction, and full replacement because of them being significantly worn down and renovation works being chronically underfunded. At the end of 2020, the authorities updated methodology and parameters of incentivizing regulation, which was the first step towards attracting investments in upgrading the power grids infrastructure of Ukraine. The new methodology determines a 16.74% rate of return for the "new" asset base and a 3% rate of return for the "old" asset base. But the adopted incentive regulation methodology is different from the ones in European countries. Thus, investments in infrastructure modernization will increase, but not enough for a fast upgrade, so achieving the planned quality parameters will require more time.

Since January 1, 2021, six DTEK Grids distribution system operators have switched to incentive regulation: DTEK Dnipro Grids, DTEK Kyiv Grids, DTEK Kyiv Regional Grids, DTEK High Voltage Grids, DTEK Odesa Grids, and DTEK Donetsk Grids.

Key Investment Projects in 2020:

POWER AND CABLE LINES

895.6 km
built

873.9 km
reconstructed

11,509.0 km
repaired, including wires replacement

SUBSTATIONS AND DISTRIBUTION POINTS:

567
built

359
reconstructed

2,347
repaired, as well as 4,414 objects

SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)

667 min.

DTEK KYIV GRIDS

- In 2020, the reconstruction of the Mototsykletna substation began, six power substations (110/10 kV) were renovated: Vulkan, Bilychi, Troieshchyna, Protasivska, and Priorska.
- The project was scaled up with the Mobile Brigades software. This IT solution allowed us to plan schedules for 133 repair brigades more efficiently and repair grids emergencies 15% faster. The technology was tested and given to the brigades in 2019.

DTEK KYIV REGIONAL GRIDS

- Reconstruction of the 110/35/10 kV Hostomel substation, supplying power to Irpin and the Buchanskyi raion, has begun. Additionally, the construction of the 110/35/10 kV Kozyn power substation for the Obukhivskyi raion of the Kyiv oblast has started.

DTEK DNIPRO GRIDS

- Reconstructed the overhead line between the Nikopolska-150 and Nikopol-Miska-35 substations that supplies power to city hospitals No. 1 and 4, a maternity clinic, and other important infrastructure in Nikopol. A modern 6-km underground cable line in Novomoskovsk was constructed to provide reliable power supply to the city center.
- Resumed the innovations implementation project by examining almost 450 km of lines with drones. More than 7,100 defects were identified and corrected.

DTEK DONETSK GRIDS

- Upgraded 110 kV Kotliarevska – Zhelanna and Kotliarevska – Ocheretyno power lines, that supply power to Avdiivka and 21 other communities. New equipment has been installed at 110 and 35 kV substations in Mariupol, Myrnohrad, and Dobropillia. Reconstructed 20 transformer substations and distribution points in Mariupol, Volnovakha, Konstantynivka, Pokrovsk, Sloviansk, Druzhkivka, and Manhush raion.

DTEK ODESA GRIDS

- Reconstruction underway of the Chumka and Krymska power substations, and the construction of a fully automated Chubaievka substation in Odesa has begun.

DTEK HIGH VOLTAGE GRIDS

- Reconstructed 110 kV YuDV – Vuhledar overhead line and a section of the 35 kV Annivka – Zolotyi Kolodiaz line, significantly improving the power supply to Vuhledar, the Novotroiitske settlement (Dobropilskyi raion, Donetsk oblast), as well as to pumping stations of the South Donbas water pipeline that provide the southern Donetsk oblast with water.

NUMBER OF CONNECTIONS BY DTEK GRIDS' DISTRIBUTION SYSTEM OPERATORS IN 2020

Enterprises	Standard connection		Non-standard connection
	I degree (up to 16 kW inclusive)	II degree (from 16 to 50 kW inclusive)	
DTEK Kyiv Regional Grids	7,360	3,215	234
DTEK Dnipro Grids	5,945	1,721	1,567
DTEK Odesa Grids	3,094	1,436	215
DTEK Donetsk Grids	2,145	587	116
DTEK High Voltage Grids			
DTEK Energougol ENE			
DTEK Kyiv Grids	533	420	658
Total	**19,077**	**7,379**	**2,790**

DTEK Grids has created a transparent system for connecting infrastructure to power grids, helping to meet customer needs. In 2020, the distribution system operators successfully carried out virtually 100% of connection applications. The company's openness facilitates the growth of prosumers, contributing to decarbonisation of the economy. As of January 1, 2021, 8,643 prosumers were connected to the grids of DTEK Grids' distribution system operators, reaching a generating capacity of 213.8 MW.

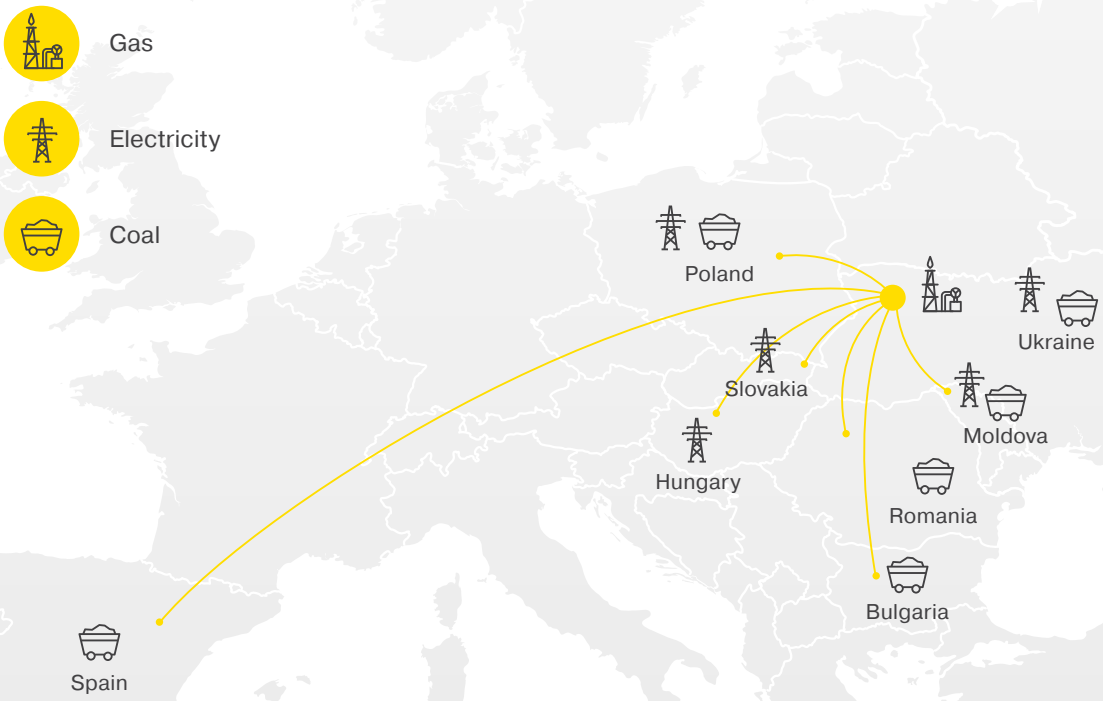
D.TRADING: Energy Resources Trading in the Ukrainian and International Markets

D.TRADING specializes in wholesale trading of electricity, natural gas, and coal both in Ukraine and abroad.

When supplying electricity, D.TRADING focuses on the bilateral contract market, working with large consumers and universal service providers, as well as performing export operations. In addition, D.TRADING is an active player at the day-ahead and balancing markets.

In the natural gas and coal markets, the company manages DTEK Group's energy resources portfolio and trades third-party resources.

Ukraine switched to a new electricity market model in July 2019. The new model introduced segments of organized and unorganized electricity trade. The market of bilateral contracts, concluded directly between parties, is in the unorganised segment. Meanwhile the day-ahead, intraday, and balancing markets are in the organized segment, where rules for relations are determined by the regulator.



New 2030 Strategy

THE STRATEGIC GOAL: EXPANDING THE PORTFOLIO OF ENERGY PRODUCT SALES IN DOMESTIC AND INTERNATIONAL MARKETS AT AN ACCEPTABLE RISK LEVEL

1. GROWING PORTFOLIO OF ENERGY PRODUCTS AND CLIENTS IN UKRAINE
2. INTERNATIONAL EXPANSION
3. RISK MANAGEMENT

The company aims to become an efficient tool for managing market volatility and create a competitive trading platform that will drive DTEK Group's international expansion. We plan to preserve the current value of DTEK Group's portfolio of operating assets in a competitive market conditions, as well as create new revenue sources by developing trading operations in the domestic market, building an analytical center, and expanding sales and trading in foreign markets. We are considering an expansion into European energy markets, where our resource base and market expertise will allow us to secure additional income sources, taking into account DTEK Group's risk preferences.

By 2030, we project a 95% increase in electricity sales to end-users. Natural gas sales to industrial consumers are projected to increase by 105%.

Trading Activities in 2020

ELECTRICITY SUPPLY TO THE DOMESTIC AND FOREIGN MARKETS

In 2020, the total electricity supply volume to the Ukrainian market was 31.0 bn kWh, more than in 2019 by 28.2%, or 6.9 bn kWh. The company increased its sales by expanding its portfolio of the industrial sector clients and entering a new segment – retail.

In 2020, 4.4 bn kWh were supplied subject to foreign economic contracts, which is less than in 2019 by 24.1%, or 1.4 bn kWh. Electricity was exported to Hungary, Slovakia, Romania, Poland, and Moldova.

- Supplies to Hungary, Slovakia, and Romania decreased due to strict restrictive measures to combat COVID-19 that reduced business activity and energy products consumption.
- Supplies to Moldova were limited after the 1st quarter of 2020.

At the same time, in 2020, the company's electricity trading portfolio increased by 53% in Hungary, Slovakia, and Romania and by 63% in Poland. The beginning of proprietary trading in Europe contributed to the growth. By the end of 2020, the total volume of external resources trading was 10.1 bn kWh, which is 2.3 times higher than the company's exports to these countries.

D.TRADING INCREASED ELECTRICITY SUPPLIES IN 2020, MLN KWH (% YOY)

Domestic market	31,012 (+28)
Foreign markets	4,441 (-24)
including:	
Hungary, Slovakia, Romania	2,789 (-27)
Poland	1,484 (+8)
Moldova	167 (-74)

COAL SHIPMENTS TO THE DOMESTIC AND FOREIGN MARKETS

The resources of Mine Office Obukhivska are the only ones being exported. In 2020, 527.6 thous. tonnes of coal products were supplied to foreign markets, which is less than in 2019 by 28.7%, or 212.5 thous. tonnes. The main consumers of the coal products are the mining, metal, and energy complex enterprises, as well as soda plants in Europe, Canada, and India. The coal product supplies to the Ukrainian market were resumed after receiving the quotas: 1,174.3 thous. tonnes supplied in 2020, an increase by 36.0%, or 311.0 thous. tonnes, vis-à-vis 2019.

In 2020, D.TRADING reduced coal imports by 38.0%, or 719.3 thous. tonnes, to 1,174.3 thous. tonnes. This was caused by a number of factors, namely a decrease in electricity consumption by the industrial and transport sector due to COVID-19 quarantine restrictions, a reorientation of energy and industrial enterprises to natural gas in the spring-summer of 2020 due to a drop in global prices.

Industrial consumers in Ukraine received a total of 1,487.0 thous. tonnes of coal products from DTEK Group and third-parties (-13.7% compared to 2019).

NATURAL GAS SUPPLIES TO THE DOMESTIC MARKET

IN 2020, THE COMPANY INCREASED NATURAL GAS SALES FROM BOTH DTEK GROUP'S AND DOMESTIC THIRD-PARTIES' STOCK TO 2,294.3 BCM (+7.5% COMPARED TO 2019).


Investing.com
Natural Gas
Natural Gas Futures Overview
Investing
122.54

D.SOLUTIONS: Retail Electricity and Gas Supply, Energy Efficiency and E-mobility Solutions

Along with the supply of electricity and gas, D.SOLUTIONS helps customers to use energy resources rationally. The company popularizes “green” technologies and energy saving knowledge among the public. Moreover, consumers can reduce their carbon footprint with the company’s integrated innovative products and services.

THREE COMPANIES SUPPLY ELECTRICITY AND GAS UNDER THE YASNO BRAND

3.5 MLN CUSTOMERS

Three companies supply electricity and gas under the YASNO brand: Kyiv Energy Services, Dnipro Energy Services, and Donetsk Energy Services with 3.5 mln customers and branches in 6 regions: Kyiv and Dnipropetrovsk, Donetsk, Kharkiv, Zaporizhzhia and Cherkasy oblasts. Energy service company YASNO Efficiency invests in and implements plants and buildings modernization projects for business clients with guaranteed energy savings.

The YASNO product line includes a wide range of energy efficiency and electromobility products and services that help customers improve comfort, reduce expenses, and generate additional revenue. At YASNO customers can order energy efficiency packages, climate control equipment, rooftop solar panels, energy storage systems, electric vehicles chargers, as well as request energy services (EPC-contracts), energy audit and energy management services.

D.SOLUTIONS develops EV infrastructure: a network of fast charging stations YASNO E-mobility, already present in nine regions of Ukraine, connecting the largest cities in Ukraine.

New 2030 Strategy

THE STRATEGIC GOAL: CREATING A CUSTOMER-FOCUSED DIVERSIFIED RETAIL BUSINESS WITH A CUSTOMER PORTFOLIO OF AT LEAST 23 TWH

1 STRONG RETAIL BRAND

2 EXTENSIVE LINEUP OF PRODUCTS AND SOLUTIONS

3 BEST CUSTOMER EXPERIENCE

As a part of the Ukrainian energy sector, the retail electricity market is subject to significant transformations under the influence of local and global trends. The company's main objective is to actively manage business transformation in order to increase commercial efficiency, step-up marketing and sales functions, and improve brand perception.

D.SOLUTIONS development priorities:

- Strong retail brand development: The company aims to provide best-in-class customer experience. All products and services under a single brand must meet the customers' needs, ranging from basic to innovative.
- Extensive lineup of products and solutions.: This includes basic energy products (electricity and gas supply, energy efficiency and electromobility solutions), additional services (household, financial, telecommunications, insurance), and the so-called "blue ocean" area (products related to lifestyle shift, new needs, global trends, emerging technologies).
- High operational efficiency: This features the work of offline offices network, expansion of remote service channels, development of billing and CRM systems.
- Building a stable customer base: We plan to take part in tenders for the universal service supply to expand the customers portfolio and to offer our solutions throughout the country after the liberalization of the retail electricity market.

Public Recognition and Awards in 2020

YASNO brand companies lead the rating of Ukrainian electricity suppliers

In November 2020, the analytical center DiXi Group, as part of the USAID project "Energy Sector Transparency", compiled the electricity suppliers rating, that included 50 companies in the Ukrainian market. All three D.SOLUTIONS suppliers under the YASNO brand became the rating's leaders: Dnipro, Kyiv and Donetsk Energy Services.

When creating the rating, experts evaluated online services, commercial offers, customer information, transparency, and business activity of companies.

3

YASNO BRAND COMPANIES LEAD THE RATING OF UKRAINIAN ELECTRICITY SUPPLIERS

YASNO in the top 25 Ukrainian ecological programs

The "green" products and solutions that D.SOLUTIONS offers customers under the YASNO brand were included in the top 25 environmental programs. The rating was created by the editors of the Vlast Deneg magazine. They evaluated the amount of implemented and planned eco-investments, their impact on the situation in the regions, health of the citizens, and improvement of Ukrainian technological potential.

YASNO in top three leaders in customer appreciation

The YASNO brand, together with the largest Ukrainian retailers, became one of the top 3 leaders in the customer gratitude rating, "Heroes of Quarantine Time". The leaders were chosen by the news portal Liga.net's readers among the businesses that helped millions of Ukrainians live through the quarantine.

During the quarantine, the suppliers under the YASNO brand continued improving service quality, introduced new online services, worked remotely to ensure the customer safety, and advised on energy efficiency.

YASNO among top 15 most sustainable and responsible Ukrainian businesses

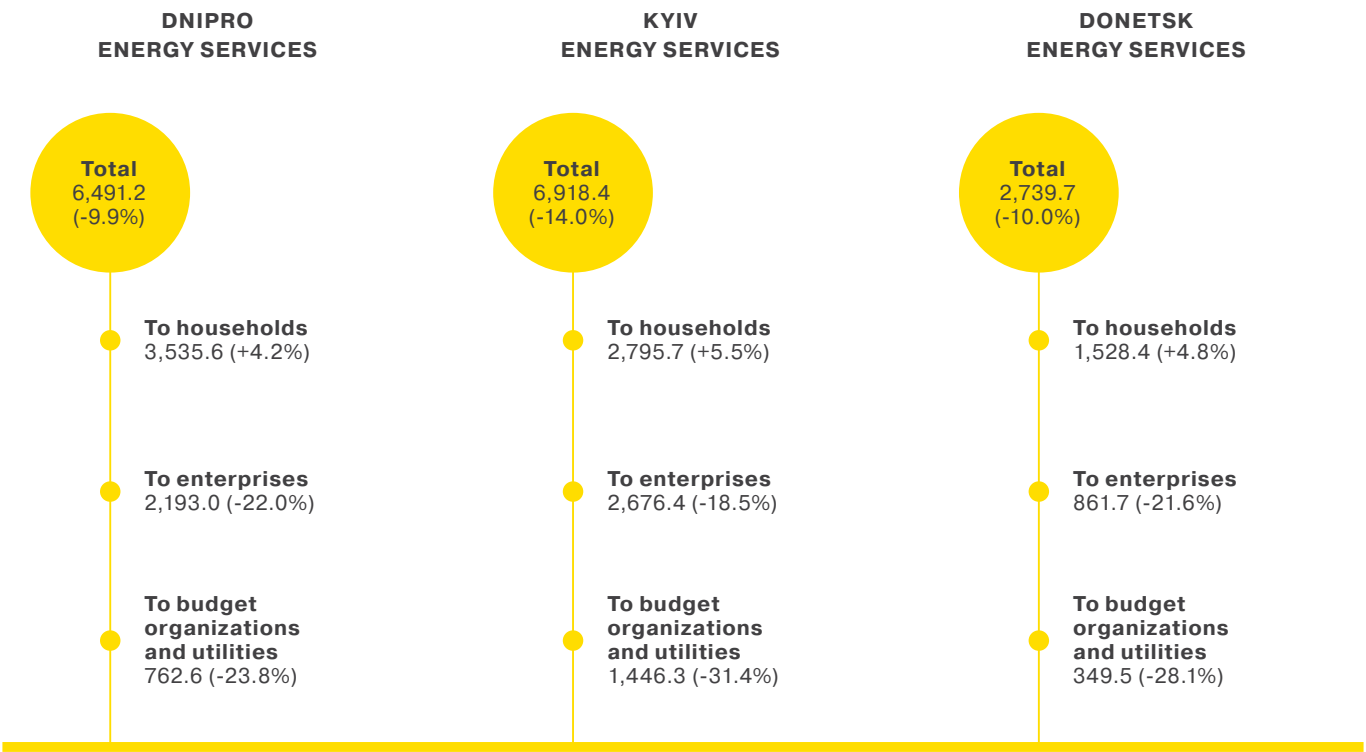
YASNO is among top 15 most sustainable and responsible Ukrainian businesses according to the TOP-100. Rating the Greatest magazine. D.SOLUTIONS under the YASNO brand is developing a sustainable business, helping 3.5 mln customers improve the environmental situation through the rational energy resources use.

Production and Investment Activities in 2020

In 2020, Kyiv Energy Services, Dnipro Energy Services, and Donetsk Energy Services supplied their customers with 16.3 bn kWh of electricity, which is less than in 2019 by 11.7%, or 2.2 bn kWh. The change was caused by increased competition due to the emergence of new suppliers after market liberalization in 2019, as well as reduced demand from commercial consumers due to quarantine restrictions during the coronavirus pandemic.

6.0 mcm of natural gas was supplied to customers. In 2020, the creation of an integrated energy solutions system went on: three supplying companies were licensed to supply natural gas to customers.

ELECTRICITY SUPPLIES IN 2020, MLN KWH (% YOY)



CUSTOMER ORIENTATION

Energy offices of companies, providing products and services under the YASNO brand, serve more than 900 thous. customers annually. In 2019-2020, 67 energy offices in six regions were reconstructed and reformatted.

In the new offices the company has conveniently separated the queues of B2C and B2B customers, established an express service area for solving quick and typical issues, installed electronic self-service terminals for transmitting and receiving meter readings, provided convenient areas for filling out documents, as well as play areas for children.

Each region has contact centers that answer 5 mln calls per year.

Integrated universal quality standards for customer service and sales have been introduced. A centralised control system for work quality and operational management of all service and sales channels is functioning.

YASNO E-mobility

In 2020, the network of EV fast charging stations YASNO E-mobility has grown to 29 stations in Kyiv, Kharkiv, and Dnipro, including highway stations near Lviv, Odesa, and Poltava.

In addition to EV fast charging, the company offers charging stations for personal or corporate use.

Solar roof PV's

Households in Kyiv, Dnipropetrovsk and Donetsk oblasts can order YASNO solar roofs (all required equipment and installation already included). The company supports the global trend for distributed generation and decarbonization of energy consumption.

Energy efficient packages and climate control devices

YASNO energy efficient packages help reduce household energy expenses by up to 50% through multi-tariff meters, timer outlets, and LED lights. In 2020, 16 thous. energy efficient packages were sold, and now more than 50 thous. Ukrainian families use them.

In 2020, YASNO began selling energy efficient indoor climate control devices: air conditioners, boilers, and ultra-thin ceramic heaters.

Energy service

UAH 1.8 bn – the total cost of YASNO Efficiency's energy service contracts. The portfolio includes 80 completed projects in industrial and public sectors, allowing customers to annually reduce electricity consumption by 157 mln kWh, and energy service contracts totaled UAH 1.1 bn.

In 2020, YASNO Efficiency implemented seven industrial energy service projects. The annual energy savings are estimated at 29 mln kWh. The completed projects increased the equipment's reliability and industrial safety level, as well as improved the working conditions of the clients' employees.

In the public sector, in 2020, the company completed two energy efficiency projects. The annual savings are estimated at 476 thous. kWh.

Innovation and Digitalization of the Enterprises

DTEK GROUP IS TRANSFORMING PRODUCTION TO BECOME RESILIENT TO GLOBAL CHALLENGES AND A GREENER, MORE EFFICIENT AND HIGH-TECH BUSINESS. DEPARTMENTS ON BUSINESS DIGITALIZATION AND INNOVATION HAVE BEEN CREATED TO SEARCH FOR AND IMPLEMENT NEW SOLUTIONS AND TECHNOLOGIES.

MODUS: DTEK GROUP DIGITAL TRANSFORMATION PROGRAM

First wave
2018-2019

Modules: Digital Mine, Digital TPP, Digital Grids, Digital HR, Digital Logistics

22 PROJECTS

Second wave
2019-2020

Modules: Digital Analytics, Digital Procurement, Digital Field, Digital Office

12 PROJECTS

Third wave
2020-2021+

Modules: Digital Customer, Digital Renewables

PREPARATION FOR THE PROJECTS' START IN 2021+

MODUS IS IMPLEMENTING A DIGITAL TRANSFORMATION PROGRAM FOR DTEK GROUP, COVERING BOTH PRODUCTION AND ADMINISTRATIVE PROCESSES IN ALL ITS BUSINESSES AND FOCUSES ON 11 KEY AREAS BY 2025+.

Main projects per module:

- **Digital Mine.** The wireless communication infrastructure in the Yuvileina Mine was the only innovative digital positioning system in Ukraine. This Wi-Fi + Bluetooth technology enables real-time tracking of people underground, quickly notifying surface dispatchers of methane concentration during mining shifts or emergency situations. The system allowed us to switch to special smart lamps, that not only illuminate underground mines, but also have additional SMS notification module and a "panic button". The new system was commissioned in record time: in a month and a half, more than 1,700 Bluetooth radio beacons were installed, which cover about 80 km of mines.
- **Digital Logistics.** We introduced a model, optimizing the logistics of railroad cars to improve transportation efficiency and thus, reduce losses from railroad car standstill. The construction of optimal routes and the distribution of cars is done with AI algorithms.

- **Digital TPP.** Under the Mode Management project, we have automatically determined the optimal operating mode for power units. Using technologies like Internet of Things (IoT), Machine Learning and Data Lake we are able to reduce fuel consumption and provide personnel with real-time recommendations for adjusting operating parameters. In addition, AI predicts and helps prevent breakdowns of critically important equipment. Under the Digital Inspection and Accidents Prediction project, a predictive model for accidents was implemented at power units No. 6 and 9 at DTEK Kurakhivska TPP. In 2020, this enabled to prevent two potential accidents and unscheduled operation of the exhausters, which could cause significant expenses.
- **Digital Grids.** At the DTEK Dnipro Grids test site, during the pilot launch of drone power line diagnostics, the power outage time was reduced by 10-15%, and accidents dropped threefold. Automatic infrastructure defect recognition is done with computer vision and lidar scanning; analysis and prediction of accidents are performed through 3D modeling.
- **Digital HR.** The Personnel Recruitment and Development project included the development of analytical models, advising HR specialists.
- **Digital Mine, Digital TPP, Digital Grids.** Traditional approaches to monitoring inspections and repairs of mining equipment, TPP units, and grids have been replaced by mobile solutions with 100% digital management. We developed a digital product with mobile and web applications, integrated with the company's core business application for interacting and exchanging data. Since its tests in DTEK Kyiv Grids started, power outages have decreased by 10-15%.
- **Digital Field.** Three projects of the module include site development modeling, intelligent systems development based on data and machine learning to optimise performance of wells and hydrate inhibitors supplies. In the future, it will enable to increase gas production, reduce operating and capital expenses.
- **Digital Procurement.** The projects involve scoring and categorizing the development of models based on external and internal data. It will speed up risk assessment, reduce expenses and the number of risky contracts.
- **Digital Office.** To automate routine financial processes, we have set up RPA (currently testing) with client banks, accounting systems, and DTEK Group's internal control system. The solution allows us to automate the transactions processing, fill in and check the necessary information, process primary documentation with highly intelligent recognition, and consolidate reports.
- **Digital Analytics.** The Single Database project applies Data Lake and AI technologies and constructs prototypes of a system for collecting, storing, analyzing, and visualizing sensor data from Pokrovska SPP's and Prymorska WPP-2's data.

INNOVATION DTEK: NETWORKING, SCOUTING, PILOTING, AND INTEGRATING INNOVATIVE PRODUCTS AND SOLUTIONS

INNOVATION VISION IN DTEK GROUP

HORIZON 1

Innovative solutions aimed at improving safety, "green" production, and cost-effectiveness of business

HORIZON 2

Finding solutions for adaptation to energy sector transformations. Additional ways to monetize the company's traditional business.

HORIZON 3

Creating new businesses unrelated to the energy sector.

Innovation DTEK uses an open innovation approach and develops a partnership network both in Ukraine and abroad. The focus is on new exponential and disruptive technologies, such as: 3D printing, XR (AR / MR / VR) and wearable electronics, blockchain, hydrogen fuel, Internet of Things and smart homes, AI, drones, exoskeletons and robots, energy storage systems.

In 2020, the Innovation DTEK team reviewed 939 innovative solutions and launched 16 pilot projects. The implemented pilot projects aim to solve pressing business needs and correspond to the UN Sustainable Development Goals.

The energy storage system (ESS) construction project is one of the important components of DTEK's New 2030 Strategy. In July 2020, DTEK concluded a contract with the American company Honeywell for the supply of lithium-ion solar power stations with a 1 MW capacity and a 2.25 MWh storage. In 2021, DTEK launched the first Ukrainian industrial-scale energy storage system, that will be a pilot project for developing optimal operating models in various segments of the country's energy market.

DTEK is the first industrial company in Ukraine to have joined the Hydrogen Europe association. In 2020, DTEK formed a team to research the opportunities for using "green" hydrogen from renewable sources in existing industries. In 2021, Innovation DTEK will validate the decarbonization concept for the industrial cluster and will continue working on the first pilot project, using hydrogen technologies on an industrial scale.

Telemedicine was one of the first DTEK Innovation's projects within the Innovation Horizon 3 pillar. The COVID-19 lockdown made businesses realise that traditional business models are not protected from external environment changes, and even a stable business must think about the future and constantly evolve. In 2021, Innovation DTEK will launch several new customer services with a venture building approach.

Analysis of Financial Results

IN 2020, DTEK GROUP'S CONSOLIDATED REVENUE TOTALLED UAH 116,046 MLN. REVENUES AND COST OF SALES DECREASED BY UAH 21,696 MLN AND UAH 18,680 MLN RESPECTIVELY, BECAUSE OF THE SYSTEMIC ONGOING CRISIS IN THE ENERGY SECTOR, AND THE DOWNTURN IN BUSINESS ACTIVITY CAUSED BY THE PANDEMIC.

The EBITDA was UAH 32,798 mln, which is similar to 2019, though the EBITDA margin grew by 4% as a result of reduced revenue.

The devaluation of the national currency, as well as losses stemming from the revaluation of debt liabilities, led to a net loss of UAH 13,895 mln at the end of 2020. The net operating cash flow in the same year amounted to UAH 25,863 mln, compared to UAH 24,476 mln in 2019. Capital investments totalled UAH 11,197 mln.

CONSOLIDATED FINANCIAL INDICATORS OF DTEK GROUP, UAH MLN*

Indicators	2019	2020	Change, +/–	Change, %
Revenue	137,742	116,046	-21,696	-15.8%
Cost of sales	-108,570	-89,890	18,680	-17.2%
Operating income	2,318	2,520	202	8.7%
Operating expenses	-18,510	-16,211	2,299	-12.4%
EBITDA	32,768	32,798	30	0.1%
EBITDA margin	24%	28%	4%	16.7%
EBIT	19,129	18,922	-207	-1.1%
EBIT margin	14%	16%	2%	14.3%
Net profit/(loss)	12,592	-13,895	-26,487	-210.3%
Assets	168,251	180,380	12,129	7.2%
Capital investments	23,180	11,197	-11,983	-51.7%
Taxes paid in Ukraine	23,394	20,150	-3,244	-13.9%

* All data provided in the "Analysis of financial results" section is based on DTEK B.V.'s consolidated statements.

Revenues

DTEK Group's revenues are generated from the wholesale sale of electricity, coal, gas and gas condensate, as well as electricity distribution to end consumers.

In 2020, revenues from electricity sales to end consumers in Ukraine and to foreign counterparties totalled 54% of the company's consolidated revenue, 15% from wholesale sale of electricity, including renewable energy, 17% from electricity distribution services, 8%, from gas and gas condensate sales, and 4% from coal sales.

DTEK Group generated the biggest portion of its income – 89% of the consolidated revenue – in the domestic market. Revenues from export sales in 2020 fell by UAH 1,366 mln, which compared to UAH 12,660 mln in 2019, mainly due to lower electricity prices in EU countries. This accounted for 11% of the consolidated revenue.

The key business segments saw the following revenue changes in 2020:

- In order to comply with Ukraine's new electricity market model, the functions of electricity distribution and supply were unbundled into separate businesses to ensure the independence of operations. In 2020, revenues from electricity supplies to end consumers decreased by 3%, compared to 2019, and amounted to UAH 52,460 mln. Revenues from electricity distribution services increased by 58.5%, compared to 2019, and amounted to UAH 19,355 mln;
- revenues from renewable energy sales amounted to UAH 8,148 mln, 66.7% higher than in 2019 due to the commissioning of Orlivska Wind Farm, Prymorska Wind Farm-2 and Pokrovska Solar Farm in late 2019;
- revenues from natural gas and gas condensate sales dropped by 27% and totalled UAH 9,117 mln, a fall from UAH 12,469 mln in 2019. This is attributable to a decrease in gas prices in European markets and in Ukraine;
- revenues from coal sales fell by 20% and amounted to UAH 5,208 mln, compared to UAH 6,511 mln in 2019, due to declining global prices in the commodity markets. Coal export revenues totalled UAH 1,662 mln, versus UAH 1,734 mln in 2019.

Cost of Sales

The cost of sales in 2020 decreased by UAH 18,680 mln and amounted to UAH 89,890 mln. Lower costs of sales emanate from the Ukraine's transition to a new electricity market model in July 2019, which caused a change in the way market players interact. In addition, the slowdown in business activity during the COVID-19 pandemic led directly to lower costs.

The gross profit at the end of 2020 totalled UAH 23,904 mln, which is below the 2019 indicator by UAH 3,812 mln. The gross margin increased from 20.1% in 2019 to 20.6% in 2020.

Operating income and expenses

General and administrative expenses at the end of 2020 increased by 6.6% and totalled UAH 5,111 mln. The key items of general and administrative expenses are personnel costs, including payroll taxes that accounted for 68.4% of the total general and administrative expenses in 2020.

Selling costs went down by 19.1% and amounted to UAH 2,123 mln, which was mainly due to lower transportation costs.

Other operating expenses totalled UAH 6,357 mln, which is by 7.7% below 2019.

Other operating income grew by 8.7% and amounted to UAH 2,520 mln. The change in other operating income is mainly due to the recognition of income from the termination of forward contracts.

Assets

DTEK Group's assets in 2020 grew by 7.2% compared with 2019, totalling UAH 180,380 mln. The book value of non-current assets increased by 4.5% to UAH 125,529 mln. Current assets increased by UAH 6,677 mln, from UAH 48,174 mln in 2019 to UAH 54,851 mln in 2020. This was mainly due to Dobropilliacoal's assets being presented as a disposal group. In January 2021, the control over Dobropilliacoal's mines was transferred to State Enterprise "Dobropillyavuhillya-Vydobutok". An agreement was reached to terminate the lease contract according to the resolution of the Cabinet of Ministers of Ukraine on the creation of a vertically integrated state company with the participation of PJSC "Centrenergo" and state coal mining enterprises.

Liabilities and equity

As of the end of 2020, the equity totalled UAH 20,395 mln and included: share premium amounting to UAH 9,909 mln, other reserves amounting to UAH 18,162 mln, accumulated losses amounting to UAH 20,766 mln, and a minority interest amounting to UAH 13,090 mln.

The amount of loans and borrowings increased from UAH 77,031 mln at the end of 2019 to UAH 98,334 mln at the end of 2020, mainly as a result of the revaluation of debt liabilities due to the weakening of the hryvnia against major currencies in 2020 compared with 2019. On 17 May 2021, the restructuring of almost all of DTEK Energy's debts was successfully completed. The restructuring provides a steady debt service profile for DTEK Energy and allows it to conduct business on a stable basis in the future.

Long-term financial liabilities in 2020 reduced by 3.3%, or UAH 121 mln, and amounted to UAH 3,523 mln. DTEK Group's accounts payable at the end of 2020 decreased by 21.7%, from UAH 18,413 mln to UAH 14,421 mln. The prepayments received as of 31 December 2020 grew by 17.4%, amounting to UAH 10,387 mln.

Cash flows

In 2020, the net cash flow from operations increased by UAH 1,387 mln and amounted to UAH 25,863 mln. The improvement in cash flow is mainly connected with a decrease in interest payments (capitalization as part of DTEK Energy's debt restructuring) and income tax payments (a lower financial result for the reporting period). At the same time, the Group's cash flow was negatively impacted by growing debts owed by Guaranteed Buyer SE to DTEK Renewables. The investment-related payments in 2020 decreased by UAH 12,199 mln compared with 2019 and amounted to UAH 22,942 mln, mainly due to a reduction in investments in the renewable energy sector after the construction of the key facilities was completed in 2019.

The net outflow of cash from financial activities in 2020 amounted to UAH 3,076 mln, which was mainly attributable to the repayment of DTEK Renewables' loans.

Corporate Governance

1 Corporate Governance Structure
2 Supervisory Boards of Operating Holdings
3 Top Management of DTEK Group
4 Compliance and Corporate Ethics
5 Risk Management System
6 Dividend Policy


TOWER
DTEK

Corporate Governance Structure

DTEK GROUP'S CORPORATE GOVERNANCE SYSTEM IS BASED ON THE PRINCIPLES OF DISCLOSURE AND TRANSPARENCY. THIS ENSURES RESPECT FOR THE INTERESTS OF STAKEHOLDERS, ETHICAL DECISION-MAKING AND EFFICIENCY ACROSS ALL THE GOVERNANCE SYSTEM LEVELS. THIS APPROACH ALLOWS US TO CONSTRUCTIVELY INTERACT WITH INVESTORS, PARTNERS AND EMPLOYEES, CONTRIBUTING TO THE IMPLEMENTATION OF OUR LONG-TERM DEVELOPMENT GOALS AND INCREASING THE INVESTMENT ATTRACTIVENESS OF DTEK GROUP IN INTERNATIONAL CAPITAL MARKETS.

DTEK Group supports the corporate governance system in its continuous development to ensure changes in business and social needs are always taken into account. This approach allows for the equal development of new and existing business areas, in line with both the long-term development strategy and DTEK Group's ESG strategy.

DTEK B.V.

Registered in the Netherlands. It determines DTEK Group's strategic areas of development, according to the approved distribution of strategic planning and operational management functions

GENERAL MEETING OF SHAREHOLDERS

Highest Governing Body

Makes decisions on the approval of performance results, distribution and payment of dividends, appointment of members of the management board, candidate proposals for the position on the supervisory boards of DTEK Group's operating holdings companies

MANAGEMENT BOARD

Collective Executive Body

Ensures a unified approach is taken to defining strategic priorities and issues regarding the interests of all business areas of DTEK Group

DTEK ENERGY B.V. | **DTEK RENEWABLES B.V.*** | **DTEK OIL&GAS HOLDINGS B.V.** | **DTEK GRIDS B.V.** | **D.TRADING B.V.** | **D.SOLUTIONS B.V.**

OPERATING HOLDINGS

100% of the shares are owned by DTEK B.V. Registered in the Netherlands. They are parent holdings for the respective operating companies in Ukraine

GENERAL MEETING OF SHAREHOLDERS

Highest Governing Bodies

SUPERVISORY BOARDS OF OPERATING HOLDINGS

Supervisory Bodies

The supervisory board of each operating holding is responsible for strategic planning and control over management actions, approves and reviews performance results, and defines key performance indicators. DTEK has been implementing the practice of participation of independent directors in the supervisory boards for the past ten years

MANAGEMENT BOARD OF OPERATING HOLDINGS

Collective Executive Bodies

They are responsible for implementing the development strategy and managing the current activities of their operating holdings

* Became an affiliated company of DTEK RENEWABLES HOLDINGS B.V. on May 7, 2021

Supervisory Boards of Operating Holdings

THE SUPERVISORY BOARDS ARE CHARGED WITH ENSURING FOR STRATEGIC MANAGEMENT IN EACH BUSINESS AREA AND OVERSEEING THE ACTIVITIES OF MANAGEMENT.

FACE-TO-FACE MEETINGS WITH MANAGEMENT ARE HELD ON A REGULAR BASIS TO CONSIDER AND REVIEW REPORTS ON THE IMPLEMENTATION OF TASKS AND DECISIONS.

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THE PERSONNEL COMPOSITION OF THE SUPERVISORY BOARDS

DTEK ENERGY B.V.

Sergey Korovin,
Iryna Mykh,
Dmytro Sakharuk,
Oleksandr Kucherenko,
Nickolay Ivin

DTEK RENEWABLES B.V.

Johan Bastin,
Oleg Popov,
Damir Akhmetov,
Sergey Korovin,
Iryna Mykh

DTEK OIL&GAS HOLDINGS B.V.

Oleg Popov,
Damir Akhmetov,
Sergey Korovin,
Iryna Mykh,
Robert Sheppard

DTEK GRIDS B.V.

Johan Bastin,
Sergey Korovin,
Iryna Mykh,
Catherine Stalker,
Oleg Popov

D.TRADING B.V.

Johan Bastin,
Sergey Korovin,
Iryna Mykh,
John Rittenhouse,
Vitaly Vasiliev

D.SOLUTIONS B.V.

Sergey Korovin,
Iryna Mykh,
Chris Thewlis

CORPORATE SECRETARY OF THE SUPERVISORY BOARDS OF DTEK ENERGY B.V., DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V., D.TRADING B.V., D.SOLUTIONS B.V.
(non-voting) — Oleksiy Povolotskiy

* The members of the supervisory boards are listed as of July 1, 2021.

OLEG POPOV

Chairman of the Supervisory Board of DTEK OIL&GAS HOLDINGS B.V., Member of the Supervisory Boards of DTEK RENEWABLES B.V., DTEK GRIDS B.V., and CEO of SCM JSC

Oleg Popov graduated from Donetsk Polytechnic Institute in 1991 and from Donetsk State University in 1996.

From 1991 to 2000, he worked in various state institutions.

In 2000, Oleg Popov was invited to join SCM JSC as the Deputy General Director. From 2001 to 2006, he held the position of the Executive Director. He has been CEO of SCM JSC since January 2006. He is also the chairman of the Supervisory Boards of Shakhtar FC and FUIB JSC and is a member of the Supervisory Board of Metinvest B.V. His duties include the approval of key financial, investment and personnel decisions related to both the management company and SCM assets, and assessing the performance of the heads of these assets.

SERGEY KOROVIN

Chairman of the Supervisory Boards of DTEK ENERGY B.V., D.SOLUTIONS B.V., Member of the Supervisory Boards of DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V., D.TRADING B.V.

In 1993, Sergey Korovin graduated with honors from the Department of Applied Mathematics and Cybernetics of the Lomonosov Moscow State University.

From 2002 to 2008, he worked at McKinsey & Company's Danish and Russian offices. Since 2008, Sergey Korovin has been responsible for working with telecommunications companies and has served as member of the Board of Microsoft office in Russia.

From 2010 to 2017, he was Director of Energy Business Development at SCM JSC.

JOHAN BASTIN

Chairman of the Supervisory Boards of DTEK RENEWABLES B.V., DTEK GRIDS B.V., D.TRADING B.V., Director of DTEK FINANCE PLC, DTEK INVESTMENTS Ltd and DTEK International Ltd (UK), Managing Partner of IVEAGHOUSE CAPITAL INVESTMENT ADVISORS, Non-Executive Director PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP LTD

Dr. Bastin holds a MSc in Urban Planning from the Eindhoven University of Technology in the Netherlands and Ph.D. in Regional Planning, with a specialty in public administration and finance, from the University de Montreal in Canada. He also attended the MBA programme at McGill University in Montreal.

From 1985 to 1992, he served as Resident Team Director at Harvard University's Institute for International Development in Indonesia, providing advice to Indonesia's Minister of Finance on infrastructure investment, fiscal decentralization and privatization of state-owned companies. From 1993 to 2002, he held several senior management positions with the European Bank for Reconstruction and Development in London, UK, latterly as Business Group Director responsible for loans and equity investments in infrastructure, transport and energy utilities, municipal and environmental services and energy efficiency across EBRD's geography. From 2002 until 2009, Dr. Bastin was Managing Director at Darby Private Equity, a major private equity fund manager and subsidiary of Franklin Templeton Investments, providing finance to companies in Central and Southeast Europe. From 2009 until 2015, he was CEO of CapAsia, an international fund and asset management company headquartered in Singapore, focusing on private equity investment in the infrastructure and energy sectors in Southeast and Central Asia.

Since mid-2015, Dr. Bastin has been a managing partner of Iveaghouse Capital Investment Advisors, a Netherlands based investment boutique, advising an international energy companies on corporate strategy, investment finance, renewable energy and M&A. He also serves as a Non-Executive Director on the Board of the Private Infrastructure Development Group Ltd, a multi-lateral infrastructure development and finance organization.

IRYNA MYKH

Member of the Supervisory Boards of DTEK ENERGY B.V., DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V., D.TRADING B.V., D.SOLUTIONS B.V.; Senior legal counsel of SCM JSC

Iryna Mykh graduated from the law school of Ivan Franko State University in Lviv, Ukraine, in 1994. She later studied at the Osgoode Hall Law School, York University, Toronto, Canada.

From 1996 to 2006, she was a senior legal counsel at Silets'kyi and Partners law firm, an affiliate of Squire Sanders & Dempsey LLP, where she became a partner in 2006. From June to October 2008, she was a legal adviser to Ukrainian Agrarian Investments Group owned by Renaissance Capital. She then worked as Head of the Legal Department of Cheese Club LLC until June 2009. She held the office of senior legal counsel at the Voropaev and Partners law firm until 2017.

Currently, Iryna Mykh is a senior legal counsel at SCM JSC.

DAMIR AKHMETOV

Member of the Supervisory Boards of DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V.

From 2013 to 2020, Damir worked at SCM Advisors (UK) Limited, where he founded and led the venture capital business effort of SCM. Since 2014, Damir has also been on the Supervisory Board of Metinvest B.V. As a member of supervisory boards of SCM's investees, Damir focuses on strategy, investments and operational efficiency.

Damir has Master's (MSc) Degree in Finance from Sir John Cass Business School (City, University of London).

CATHERINE STALKER

Member of the Supervisory Board of DTEK GRIDS B.V., Independent Director

Catherine Stalker graduated from Heriot Watt University in Edinburgh, UK, with a Bachelor's Degree and obtained her Master's Degree from the London School of Economics.

She began her career in 1991 at the Bank of England as a research analyst and banking supervisor. From 1995 to 2007, she worked at PricewaterhouseCoopers in Moscow and Berlin, where she was the Partner in charge of the client practice for HR management in the CEE-CIS region. She led client projects on executive compensation, organizational restructuring, and human resource management.

Catherine Stalker is now based in the UK where she advises a range of companies on corporate governance, with particular focus on the efficiency of their boards.

NICKOLAY IVIN

Member of the Supervisory Board of DTEK ENERGY B.V., Managing Partner of ZIFF-IVIN Associates Ltd

Mr. Ivin holds the Master of Science degree from Yale University and an hon. diploma in Applied Mathematics from Moscow State University.

In 1997, Mr. Ivin began his professional career at GE Capital, Structured Finance Group (USA). As an Associate within the Chief Credit Officer chain, Mr. Ivin worked on risks analysis and value assessments, due diligence, pricing and structuring, approvals and documentation of financing and investment transactions for large industrial sectors: power, transportation, steel, heavy manufacturing.

From 2002 to 2008 he worked at Citigroup, Structured Corporate Finance Group and Special Situations Groups, where he performed valuation and arrangement advisory roles on large industrial assets and infrastructure finance transactions across CEMEA.

In 2009, Mr. Ivin joined Houlihan Lokey (Europe) and was promoted to Director, responsible for business reviews and valuation in the context of financial restructuring projects, transaction fairness opinions, as well as value expert support in litigation.

In 2014, he co-founded Ziff-Ivin Associates, a UK-based independent financial advisory firm, providing creditors and/or investors with business reviews, restructuring, dispute resolutions, transaction advisory services, as well as financial expert opinions, with a particular focus on CIS and CEE regions-based companies. Over the course of his advisory practice, Mr. Ivin has worked on a number of high-profile restructuring cases involving large CIS-based banks and companies in metals and mining, power, industrial, transportation and agricultural sectors.

DMYTRO SAKHARUK

Member of the Supervisory Board of DTEK ENERGY B.V., Executive Director of DTEK LLC

In 2000, he graduated with honours from the Kharkiv National University of Internal Affairs (Ukraine), majoring in Law. The following year he received a Master's Degree in Law Enforcement with honours from the same university. He continued his education at Chicago-Kent College of Law (USA) where he received a Master's Degree (L.L.M) in International and Comparative Law in 2002.

While working at DTEK, Mr. Sakharuk successfully completed both the Energy leadership program, a joint program organized by the London Business School (UK) and Academy DTEK, as well as the Transfer to General Management program offered by INSEAD.

Mr. Sakharuk began his career at Philip Morris Ukraine in 2004, and then joined an international law firm of Squire, Sanders & Dempsey LLP in 2008.

He joined the DTEK team in March 2010 as the Deputy Legal Director, becoming the head of department in 2011.

Following the introduction of a new corporate governance structure, Dmytro Sakharuk was appointed Executive Director in August 2014, and was subsequently appointed as acting CEO of DTEK Energy in October 2016. In September 2017, Mr. Sakharuk was named CEO of DTEK Energy.

Dmytro Sakharuk has occupied the position of the Executive Director of DTEK since January 12, 2021.

OLEKSANDR KUCHERENKO

Member of the Supervisory Board of DTEK ENERGY B.V., member of the Managment Boards of DTEK B.V., DTEK GRIDS B.V.

In 1992, Mr. Kucherenko graduated from the Cherkasy State Pedagogical Institute and, in 1995, obtained his Master's Degree in Public Administration from the Institute of Public Administration and Self-Governance at the Cabinet of Ministers of Ukraine. In 1996, Mr. Kucherenko took an Economy and Sociology course at the University of Manchester (the United Kingdom). Later he completed a PG course at the Academy for Public Administration under the Administration of the President of Ukraine, and in 2001, he defended his thesis on "Public Administration". In 2018, Mr. Kucherenko took the course "Leading and Building a Culture of Innovation" at Harvard Business School (USA).

In 1997-2001, Mr. Kucherenko worked as a regional sales manager and later as a national training coach at UNILEVER. In 2001, he joined INBEV, where he rose from a national coach to the Training and Development Director for the Eastern European Region. In 2006-2009, he held the position of the Director of Training and Development Department at Raiffeisen Bank Aval, being responsible for the bank personnel's training and development.

Mr. Kucherenko joined DTEK in May 2009 as a Deputy HR Director and later was appointed the Acting HR Director. In May 2011, Mr. Kucherenko was appointed the Head of DTEK's HR Division. In 2018-2021 he has held the position of Director of Sustainable Development at DTEK.

ROBERT SHEPPARD

Member of the Supervisory Board of DTEK OIL&GAS HOLDINGS B.V., Independent Director and Chairman of IPM Advisors

In 1972, Mr. Sheppard graduated from the University of Wyoming, United States with a Bachelor's Degree in Physics and Mathematics. He also graduated from the Columbia Business School in 1991 with an Executive MBA degree.

He began his career in the oil industry at Amoco in 1972. In the mid 1980s, Robert Sheppard worked at Amoco Exploration as a Vice President. He was an Executive Director at GUPCO (Gulf of Suez Petroleum Company) from 1992 to 1995. Mr. Sheppard was the President and General Director of Amoco representative offices in Argentina and Egypt from 1995 to 1998. He worked as a Chief Operating Officer, and then, as President of Sidanco from 1998 until it merged with BP. From 2002 to 2004, Robert Sheppard was a Senior Vice President at BP responsible for overseeing assets in Russia. Later on, he was appointed as General Director and then Non-Executive Director of Soma Oil and Gas.

Currently, Robert Sheppard is Chairman of IPM Advisors consulting company.

JOHN RITTENHOUSE

Member of the Supervisory Board of D.TRADING B.V., Senior Advisor of Boston Consulting Group, Member of Jera Inc. Expert Advisory Board

Mr. Rittenhouse holds a Bachelor's Degree in Accounting from the University of Delaware and an MBA degree in Banking, Corporate, Finance and Securities Law from Fordham University.

From 1989 to 1998, he served as member of the management team at Louis Dreyfus Energy Limited in London, where was responsible for setting up and running the commercial, financial and risk management of an oil refinery and storage facility in Wilhelmshaven, Germany. In 1998 he was part of a three-person team from Louis Drefyus that started EDF Trading, where he held the position of CFO until 2005. Later in 2005, Mr. Rittenhouse became the Managing Director of EDF Trading, having day to day responsibility for running the business, including chairing all major internal committees and operational subsidiaries. From 2008 to 2019, he was CEO of EDF Trading, growing the business into a global leader in wholesale energy trading, and being responsible for the strategic direction and day-to-day management of the business.

Since 2020, Mr. Rittenhouse is a Senior Advisor of Boston Consulting Group, Member of Jera Inc. Expert Advisory Board and Independent consultant to start up wholesale trading businesses.

VITALY VASILIEV

Member of the Supervisory Board of D.TRADING B.V., Director and owner of OIL ltd.

Mr. Vasiliev holds a Master's Degree of Science in Management from Stanford Graduate School of Business and a degree in International Economics from Moscow State Institute of International Relations.

From 1995 to 1997, he served at Gazexport Ltd (Gazprom) in Moscow, where was responsible for managing natural gas supplies to the Netherlands. In 1997, he worked at N.V.Nederlandse Gasunie in Groningen as Marketing Expert at Gas Purchase Department. In 1998, he returned to Gazexport to join the team of New Projects Department, where he worked until 2002 as Business Development Expert; then Marketing Chief Expert and finally Deputy Head. At different stages he was responsible for negotiating transportation contracts and sales contracts on the "Blue Stream" offshore pipeline between Russia and Turkey; managing gas sales activities in the UK; and leading sales contract negotiations. In 2003 Mr. Vasiliev was promoted to a Deputy Director of Business Development, where he prepared strategy and business plan for Gazprom Marketing and Trading established in the UK and supervised Gazprom's privatization projects in Germany and Hungary.

From 2004 to 2018 he was CEO of Gazprom Marketing & Trading in London, building Gazprom's global energy marketing and trading entity from scratch, with offices in London, Houston, Singapore, Manchester, Zug, and Paris, with over 1,000 people. He was also the member of the Board of Directors at GM&T's Power and Gas Retail business in the UK, France and the Netherlands. From 2017 to 2018 Mr. Vasiliev was also the Managing Director of Wingas GmbH, Kassel, Germany, a European gas marketing company.

Since 2018, Mr. Vasiliev has been the Director and owner at OIL Ltd., providing support on LNG marketing strategy for Asian clients. He also conducts M&A projects for marketing and trading targets in the US and Europe.

CHRIS THEWLIS

Member of the Supervisory Board of D.SOLUTIONS B.V., Chief Operating Officer of RWE/Innogy npower plc

Mr. Thewlis holds an MBA degree from Liverpool University.

From 1991 to 1998, he served at Potterton Myson (subsidiary of Blue Circle) as Systems Development Manager and later as Service Operations Manager. In 1998, he started his own business providing IT consultations and mobile data solutions to field-force based service industries. From 2003 to 2005, Mr. Thewlis worked as Service Director in Homeserve Servowarm, where he was responsible for significantly improving sales and service levels.

Since 2006, he has been working for RWE/Innogy npower plc as Head of Operations (Energy Services), Director of Metering, Smart Programme Director, Customer Services and Sales Director respectively and in 2019, Mr. Thewlis was promoted to Chief Operating Officer. At different stages of his career at RWE/Innogy npower plc, he has been responsible for leading large operational teams, directing the organization through the early transformation into Smart Metering, leading the delivery of a major systems upgrade program re-designing over 70% of the core energy SAP business functions across npower, and implementing new SAP/Click metering systems, leading the transformation of an underperforming business into one of the top 10 energy companies in the UK, as rated by Citizens Advice.

From 2016 to 2018 he served as Non-Executive Director at Smart Energy GB helping shape the national Smart campaign.

OLEKSIY POVOLOTSKIY

Corporate Secretary of the Supervisory Boards of DTEK ENERGY B.V., DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V., D.TRADING B.V., D.SOLUTIONS B.V.; Director of Corporate Governance and Compliance at DTEK LLC; Lawyer

Oleksiy Povolotskyi graduated from the law school of the Kharkiv University of Internal Affairs, Ukraine. Later on, he obtained a Master's Degree from the University of Leicester, UK.

Before becoming a lawyer at Squire, Sanders & Dempsey LLP, an international law firm, he taught law and held the position of the Director of the international relations department at the Kharkiv University of Internal Affairs.

He has been working in DTEK since 2010. Currently, he is responsible for the development and maintenance of the corporate governance system throughout the DTEK Group, the implementation of compliance functions and anti-corruption policies, as well as building business process management and internal control functions.

He is a member of the Board of the Corporate Governance Professional Association.

Supervisory Board Committees

THE SUPERVISORY BOARDS HAVE ADVISORY BODIES, WHICH ARE COMMITTEES. THE PURPOSE OF THE COMMITTEES IS TO CONSIDER RELEVANT ISSUES, RECOMMEND SOLUTIONS, PROVIDE SUPPORT AND ADVICE TO MAKE SURE SUPERVISORY BOARDS ACHIEVE THEIR MISSION AND FULFILL THEIR OBJECTIVES. THE COMMITTEES HOLD REGULAR MEETINGS THROUGHOUT THE YEAR.

AUDIT COMMITTEES OF THE SUPERVISORY BOARDS OF DTEK ENERGY B.V., DTEK RENEWABLES B.V., DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V., D.TRADING B.V., D.SOLUTIONS B.V.

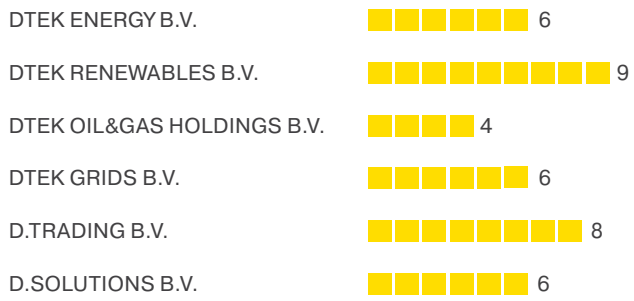
Chairman: Sergey Korovin (at all supervisory boards)

Committee member: Iryna Mykh (at all supervisory boards)

Main tasks:

- to ensure compliance with legal and regulatory requirements;
- to supervise the internal control and risk management system, as well as the external and internal audit activities. The committee develops and provides recommendations for improving the monitoring systems and audit function;
- to analyze and make decisions regarding the reliability and accuracy of financial and other statements;
- to provide recommendations to supervisory boards on the selection of an external auditor; and
- to assess the quality and degree of independence of internal and external audit.

Number of face-to-face committee meetings:



Attendance of committee members: 100%

SUSTAINABLE DEVELOPMENT COMMITTEES OF THE SUPERVISORY BOARDS OF DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V.

Chairmen: Robert Sheppard (DTEK OIL&GAS HOLDINGS B.V.), Johan Bastin (DTEK GRIDS B.V.)

Committee members: Iryna Mykh (DTEK OIL&GAS HOLDINGS B.V., DTEK GRIDS B.V.), Catherine Stalker (DTEK GRIDS B.V.)

Main tasks:

- to consider management reports on corporate sustainable development, including environmental protection, employee health, occupational safety and social responsibility;
- to define strategic goals and initiatives to improve occupational safety and environmental protection systems, monitor their implementation;
- to analyze the results from investigations of all serious incidents and remedial measures;
- to review and assess new ideas, technologies, and projects aimed at reducing the number of accidents and injuries at work, as well as mitigate the impact on the environment and human health; and
- to consider significant investment projects of DTEK Oil&Gas Holdings and DTEK Grids in the field of labor and environmental protection for further submission to supervisory boards.

Number of face-to-face committee meetings:

DTEK OIL&GAS HOLDINGS B.V.	4
DTEK GRIDS B.V.	4

Attendance of committee members: 100%

LABOUR SAFETY AND ENVIRONMENTAL PROTECTION COMMITTEE OF THE SUPERVISORY BOARD OF DTEK ENERGY B.V.

Chairman: Dmytro Sakharuk

Committee members: Oleksandr Kucherenko, Nickolay Ivin

Main tasks:

- to identify occupational safety and environmental protection risks and develop mitigation measures;
- to define strategic initiatives and targets to improve the occupational safety and environmental protection, monitor progress on implementation;
- to analyze the results of investigation of all serious incidents and remedial measures;
- to review the system of employee incentives to comply with the occupational safety procedures and standards with regard to remuneration;
- to prepare and approve emergency response measures at enterprises.

Number of face-to-face committee meetings:

DTEK ENERGY B.V.	4

Attendance of committee members: 100%

NOMINATIONS, REMUNERATIONS AND CORPORATE GOVERNANCE COMMITTEE OF THE SUPERVISORY BOARD OF DTEK ENERGY B.V.

Chairman: Oleksandr Kucherenko

Committee members: Dmytro Sakharuk, Sergey Korovin

Main tasks:
- to monitor compliance with corporate governance standards and principles in the company's jurisdictions, as well as to oversee the compliance with DTEK Group's internal corporate governance standards;
- to prepare recommendations on the composition of the supervisory board and its committees, as well as the approach to corporate governance;
- to evaluate candidate profiles and provide recommendations on personnel appointments to vacant positions in top management;
- to evaluate the performance of senior executives and make suggestions to the supervisory board on the level of their remuneration;
- to monitor policies for incentives, evaluating, and rewarding senior executives;
- to review succession plans for key senior executive positions, and oversee professional development of senior executives;
- to monitor and evaluate approaches of senior executives to HR management and employee engagement, development of an ethical and effective corporate culture based on DTEK Group's values;
- to oversee social initiatives and partnerships.

Number of face-to-face committee meetings:

DTEK ENERGY B.V. 4

Attendance of committee members: 100%

APPOINTMENTS AND REMUNERATION COMMITTEE OF THE SUPERVISORY BOARD OF DTEK GRIDS B.V.

Chairman: Catherine Stalker

Committee members: Sergey Korovin, Johan Bastin

Main tasks:
- to evaluate candidate profiles and provide recommendations on personnel appointments to vacant positions in top management;
- to evaluate the performance of senior executives and approve their remuneration in accordance with agreed performance criteria;
- to provide recommendations on remuneration policy of senior executives;
- to monitor policies for the professional development of senior executives, identify their potential successors, and train identified successors; and
- to provide recommendations on senior executives' succession plans.

Number of face-to-face committee meetings:

DTEK GRIDS B.V. 4

Attendance of committee members: 100%


DTEK

Top Management of DTEK Group

MAXIM TIMCHENKO

CEO of DTEK
He has been heading the company since 2005.

In 1997, Maxim Timchenko graduated with honours from the Donetsk State Academy of Management, majoring in Production Management. He continued his education at the University of Manchester, where he obtained a diploma with honours and a Bachelor of Arts degree in Economic and Social Studies.

Maxim Timchenko started his career in 1999 at PricewaterhouseCoopers, where he advanced from the position of consultant to lead auditor in just four years. Between 2002–2005, he worked as a senior manager at SCM CJSC. In this role, he supervised the work of SCM's energy business until its spin-off into DTEK. Under his leadership, DTEK has evolved from a regional conventional energy company to Ukraine's largest private investor as well as leading energy company. In 2020, Maxim Timchenko presented DTEK's new 2030 strategy, based on ESG principles, as well as plans and actions for DTEK's transformation into a modern digital company. This would see the company become an innovative, environmentally-friendly and technologically advanced organisation, serving as the leading player in Ukraine's new economy.

Maxim Timchenko is a member of the Electricity Governors community, which brings together business leaders and partner organizations from the World Economic Forum. He is a member of the UN Global Compact Network Ukraine's Supervisory Board, as well as a member of the Association of Chartered Certified Accountants (ACCA).

ILDAR SALIEIEV

CEO of DTEK Energy
He has been heading the company since 2021.

Ildar Salieiev graduated from Donetsk National Technical University, where in 2005 he earned Master's in finance. In 2013, he graduated from the National Mining University (Dnipro), with a degree in "Mining Engineering".

He started his career in 2006 as the head of investment activities of DTEK's coal enterprises. In 2010, he joined Corum Group, where he actively contributed to successful integration of isolated enterprises into a single business, creation of the R&D center, development of innovative products, and positioning the company in new markets. In 2015, he continued his career at Metinvest Holding Group as the head of procurements for operating activities. In August 2018, Ildar Salieiev headed Donetsk Metallurgical Plant ("Donetsksteel") and made the company a top coking coal concentrate provider in Ukraine by 2019.

In October 2020, he joined DTEK Energy team as Chief Operating Officer. In January 2021, he became the company's CEO.

MARIS KUNICKIS

CEO of DTEK Renewables
He has been heading the company since 2020.

Maris Kunickis graduated from Riga Technical University (Latvia) and holds an Engineer's degree in Power Stations, Networks and Systems. He obtained a Master's Degree at the University of Latvia, Faculty of Physics and Mathematics, specializing in Technologies for Sustainable Development.

From 2010 to 2018, he worked as Chief Operating Officer and was a member of the Management Board of Latvenergo (Latvia). In addition, he was a deputy member of the board of directors of the Union of the Electricity Industry EURELECTRIC, vice president and member of the board of the Latvian Association of Power Engineers and Energy Constructors. Previously, he worked for Rigas gaisma, the Riga municipal service, as CEO.

He joined the DTEK team in 2018 as a Development Director of DTEK Grids. Mr. Kunickis was responsible for strategic planning, researching trends in technology development and business of distribution system operators. In 2019, he became the head of DTEK Kyiv Grids, taking up the position of CEO.

In 2020, he became CEO of DTEK Renewables. Under his leadership, the business development strategy for Ukraine and a plan for European expansion were developed.

IGOR SHCHUROV

CEO of DTEK Oil&Gas
He has been heading the company since 2011.

Igor Shchurov earned two higher education degrees: in Oil and Gas Field Development and Finance and Credit. In 2002, he received a PhD in Engineering.

He worked at large oil and gas enterprises, including Samaraneftegaz (NC Yukos, Russia), where he advanced from an oil and gas production operator to deputy CEO. When he was in charge of Novatek-Tarkosalneftegaz, the company achieved production of 14 bcm of natural gas per year.

Under the leadership of Mr. Shchurov, DTEK Oil&Gas has more than tripled its gas production and annually demonstrates record production in the industry. The company has also become one of the most innovative and high-tech representatives of the gas production sector in Ukraine and a leader in ultra-deep drilling.

IVAN GELYUKH

CEO of DTEK Grids
He has been heading the company since 2018.

Ivan Gelyukh received a Master's Degree in Finance from the Donetsk National University in 2003.

He started his career in 2001 as an economist at Intron company.

He joined the DTEK team in 2005. From 2005 to 2008, he headed the Investment Department of Skhidenergo. Then he moved to Kyivenergo as head of the investment department. In 2011, he headed the Regulatory Policy and Investments Directorate, and the Strategy Directorate of Kyivenergo in 2012. In September 2013 he was appointed Deputy Commercial Director of DTEK Energy and worked as Electricity Distribution and Sales Director of DTEK Energy since March 2017. In 2018, Mr. Gelyukh was promoted to CEO of DTEK Grids. Under his leadership, the company successfully unbundled its electricity supply and distribution functions in accordance with the requirements imposed by the first stage of the electricity market reform.

Mr. Gelyukh is a co-chair of Energy Community Distribution System Operators in Electricity (ECDSO-E) Coordination Group.

VITALY BUTENKO

CEO of D.TRADING
He has been heading the company since 2019.

In 1996, he obtained an MBA degree from the University of Manitoba (Canada).

Prior to joining DTEK, Mr. Butenko was pursuing a career in investment banking, and worked for more than ten years at investment banks in Toronto, New York, and Kyiv.

He first joined the DTEK team as Strategy and M&A Director back in 2007. From 2014, he assumed the role of Commercial Director and then oversaw the formation of DTEK's new international trading company, D.TRADING, in 2019.

D.TRADING promotes the development of Ukraine's new electricity and natural gas markets by engaging global marketing and trading experience, while connecting Ukraine with global energy markets. Building on its leading analysis, forecasting and trading instruments, D.TRADING carries on successful commercial and trading operations and optimizes DTEK's entire product portfolio both in Ukraine and on international markets. The company also engages in trading operations based on external resources.

ABDULLAH KÖKSAL

CEO of D.SOLUTIONS
He has been heading the company since 2019.

In 1999, he received a degree in Mechanical Engineering from Middle East Technical University (Turkey). In 2003, he received an MBA degree from City University of New York (USA).

Prior to joining DTEK team, Mr. Koksal worked for more than nine years at Enerjisa in Turkey, a venture asset of Sabancı Holding and E.ON, where he held various management positions in operations management and marketing. He was responsible for electricity procurement and pricing processes, a commercial cycle, built up a customer service system, and was also in charge of reorganization during unbundling.

In June 2018, he became the Head of the Sales and Marketing Division of DTEK Grids. Under his leadership, a strategy for the development of electricity sales and the energy efficiency services business was designed. In April 2019, he was appointed CEO of D.SOLUTIONS.

Compliance and Corporate Ethics

DTEK GROUP CONDUCTS ITS BUSINESS ACTIVITIES IN FULL COMPLIANCE WITH THE REGULATORY REQUIREMENTS OF THE JURISDICTIONS WHERE ITS ENTERPRISES AND COMPANIES OPERATE. DTEK GROUP CONSIDERS THE ETHICAL OPERATION OF OUR BUSINESSES AS A FUNDAMENTAL PRINCIPLE TO BE COMPLIED WITH BY EVERY EMPLOYEE.

A special division has been operating at the Corporate Centre since 2010: the Compliance Service. Its areas of activities are constantly updated to comply with the changes in external environment. In 2020, the Compliance Service received the status of a department, raising its role and significance in the structure of DTEK Group.

The Department is accountable to the Director of Corporate Governance and Compliance, who reports directly to the CEO of DTEK and is accountable to the supervisory boards of the various operating holdings. Active support provided by the supervisory boards and senior executives of the operating holding companies for the initiatives of the Compliance Service facilitates the strengthening of compliance culture.

Today, the following areas fall under responsibility of the Compliance Service: development of methodology and implementation of internal controls system for management of corruption risks; economic sanctions risk; insider information; and situations dealing with conflict of interests. Decisions and recommendations of the Compliance Service are mandatory for all employees of the DTEK Group.

Since 2019, the positions of compliance coordinators have been introduced in operating companies. This solution is aimed at building a compliance risk management system in accordance with the unified standards and methodology of DTEK Group. Compliance coordinators report to the compliance officer.

A SPECIAL DIVISION HAS BEEN OPERATING AT THE CORPORATE CENTRE SINCE 2010 — THE COMPLIANCE SERVICE

2010

Business Ethics

DTEK GROUP PAYS PARTICULAR ATTENTION TO THE DEVELOPMENT OF A COMPLIANCE CULTURE, SO IT OPENLY STATES ON ITS ANTI-CORRUPTION STANDARDS AND UNACCEPTABILITY OF VIOLATION OF ECONOMIC SANCTIONS.

DTEK Group continues to improve and enhance the effectiveness of the system of internal controls and mechanisms aimed at countering corruption. In order to develop the provisions of the Code of Ethics and Business Conduct, a new Anti-Corruption Program was approved in 2018. The program is developed in accordance with the best international practices and standards of corruption risk management, taking into account the provisions of ISO 37001:2016 Anti-bribery management systems, anti-corruption legislation and international acts on combating corruption of extraterritorial action, including the FCPA and the UKBA. In addition, the section on checking business partners for the corruption risk has been finalized and takes into account the recommendations of the Transparency International and the World Economic Forum.

Compliance with the Anti-Corruption Program is mandatory for all employees and representatives of DTEK Group. The Program directly prohibits any manifestations of corruption, including commercial bribery or remuneration for the simplification of formalities. In establishing business relations, preference is given to partners who share the principles of DTEK's Anti-Corruption Program and those who have an effective internal system of anti-corruption measures. All contractors that have the right to act on DTEK Group's behalf or represent its interests before any third parties, are subject to mandatory verification for corruption risks.

Based on the results of checking counterparties by the Compliance Service, the degree of risk can be determined: low, medium, or high. At the same time, it is prohibited to cooperate with contractors or public organizations which were determined by the compliance officer as having high corruption risk. Transactions with contractors that have a moderate corruption risk can only be carried out if recommendations from the Compliance Service to help minimize the risk have been implemented.

Special attention is paid to compliance with economic sanctions imposed by the UN, the USA and other countries, where the enterprises and companies of DTEK Group are registered and operate. In accordance with the approved risk appetite, every single business partner is subject to vetting for sanction risk regardless of the amount and nature of the agreement. The identification of the sanction risk of the business partners is conducted on a daily basis through automated screening. It compares the databases of the DTEK Group's counterparties with the database of the third-party specialised provides that aggregates sanction lists of all countries and companies. Moreover, the sanction risk is identified through the vetting of the counterparty, their ultimate beneficiary, direct and indirect shareholders, executive body to identify any alarm signs of sanction risk.

DTEK Group does not operate in jurisdictions that have been subject to extensive US and EU sanction-based restrictions. In DTEK Group, it is impossible to conclude transactions with contractors that have a medium sanction risk without complying with the recommendations of the Compliance Service for risk minimization.

Key mechanisms of DTEK Group' compliance system

- Approval of the policies and procedures. Participation of the compliance officer is mandatory for approval of local documents related to business processes (policies, regulations and procedures) carrying compliance risks.
- Assessment and management of compliance risks. The methodology for identifying and evaluating compliance risks is in place, for the management of which standard activities are identified and the risk appetite is regularly reviewed.

- Monitoring and testing of the compliance controls. The efficiency and sufficiency of the compliance controls are regularly audited by the compliance service and the corporate internal audit department. The audit findings are used for revising the compliance program, updating the policies, regulations and procedures, and improving the automated controls in the company's business processes.
- Management of the sanction and corruption risks in joint ventures, merger and acquisition transactions. Prior to concluding a transaction, a compliance officer conducts a comprehensive check of an acquisition target, a seller and partner in joint business to identify the corruption and sanction risks, and after entering into transaction. The objective it to eliminate violations and risk of violations, as well as to integrate an acquisition target into DTEK Group's unified compliance system.
- Interactions with counterparties and intermediaries. Identification and assessment of risks is based on the risk appetite and due diligence metrics, as well as the sanction and corruption risks of business partners. Anti-corruption and anti-sanction clauses are included in all contracts with counterparties. While that is common practice in the international companies, it is not as common in local business. The clauses reflect the recommendations of both domestic and international legislation, international principles and the best international practices, and the experience of enforcement of international sanctions regimes and anti-corruption legislation.
- Approval of agreements and transactions which potentially can carry high corruption risk. It is demanded that a compliance officer should approve transactions related to sustainable development, charity, sponsorship, donations, provision of a non-reimbursable financial assistance, merger and acquisition transactions. Obtaining an approval from the compliance service is also required to enter into agreements on the representation of DTEK Group interests before any third party and issuance of power of attorneys.
- Assessment of the corruption risks and conflict of interests of employees. The risks are identified when a person is employed or transferred to another position or DTEK Group company. Moreover, since 2011 we have operated an automated system of self-declaring of employees' potential conflict of interests, and conducted annual declaration of conflict of interests aimed at mitigating the risks of such conflicts.
- Approval of business gifts and business hospitality. There is a system in place for recording and approving business gifts and business hospitality, which was automated in 2016. The Ethics and Business Conduct Code, Anti-Corruption program, and internal Regulations impose restrictions on receiving and presenting business gifts and hospitality.
- Abuse reports and corporate investigations. DTEK Group employees and any third party has the opportunity to call the SCM hotline to report violations of the Ethics and Business Conduct Code. The Compliance Service takes part in the corporate investigations of some categories of such information, as part of an investigation team or as an expert.
- Training of the employees in the ethics and anti-corruption standards, fundamentals of the sanction compliance. Starting from 2017, these topics have been included in the training programs for all employees. The relevant e-learning course was developed and webinars are held for employees involved in business processes with increased compliance risks. Moreover, some categories of managers and employees receive monthly training.

Insider information management

DTEK's debt securities (Eurobonds of DTEK Finance Plc and Green Eurobonds of DTEK Renewables Finance B.V.) are listed on two global stock exchanges, the Irish Stock Exchange and Euronext Dublin, which imposes a commitment to comply with listing and disclosure rules. As a result, DTEK Group has established rules for handling insider information and the compliance service performs control functions in terms of managing insider information to ensure compliance with applicable regulatory requirements. In particular, the criteria for assigning information to the insider have been determined, while the procedure for forming and updating insider lists has been approved. Additionally, insiders are required to observe rules and restrictions on disclosing insider information and conducting the Eurobond transactions to prevent offences in the securities market.

The register of insiders, in which persons who have access to insider information by virtue of their position or professional activity, is regularly updated. Maintaining this register allows the compliance officer to inform insiders promptly about obligations, responsibilities and prohibited practices, which simplifies the process of monitoring and supervising compliance with information disclosure rules and transparency rules established by foreign regulators.

DTEK'S DEBT SECURITIES (EUROBONDS OF DTEK FINANCE PLC AND GREEN EUROBONDS OF DTEK RENEWABLES FINANCE B.V.) ARE LISTED ON GLOBAL STOCK EXCHANGE

2

Risk management system

DTEK GROUP STRIVES TO ENSURE OPTIMAL BALANCE BETWEEN BUSINESS VALUE GROWTH AND RISKS THROUGH IDENTIFICATION, ASSESSMENT, AND MANAGEMENT OF EXISTING AND POTENTIAL RISKS AND OPPORTUNITIES. THIS ENSURES QUICK RESPONSES TO CHANGES IN THE INTERNAL AND EXTERNAL ENVIRONMENT, WHILE MAINTAINING EFFICIENCY AND OPERATION RESULTS.

DTEK is a pioneer of risk management in Ukraine, having introduced the practice of risk management in its operations in 2007. Despite such a long history of risk management, the function continues to evolve and improve. As part of DTEK Group transformation, the Risk Management Strategy for 2020-2025 was developed, which is advancing risk management and insurance to a new level and is contributing to the ESG strategy goal achievement.

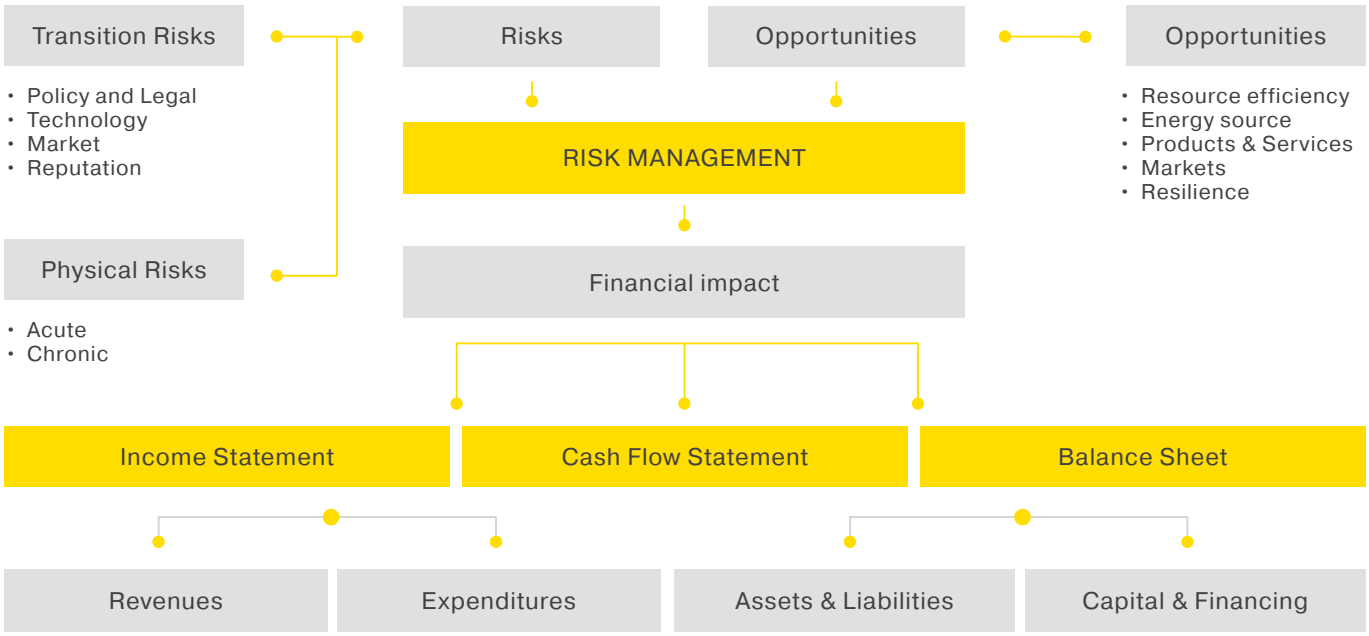
The risk management process is based on continuity and repetitiveness, covering the whole perimeter of risk categories that DTEK Group may face. The process is reviewed biannually and is based on the following stages:

- Risk identification is a complex process that proceeds from the principle of rational and sufficient coverage of the area of occurrence of risks, based on strategy of DTEK Group, which means identification of risks at all levels of management;
- Risk analysis and assessment is the process of analyzing risk-forming factors, the likelihood of risk occurrence and the possibility and impact of identified risks, taking into account the availability and effectiveness of management methods that are already in use;
- Risk treatment is a process of developing and implementing risk management measures to reduce the negative effect and the likelihood of losses or other negative consequences;
- Monitoring and control of risks, including the preparation of reports for executive management, ensures quarterly reviews of significant risks at DTEK Group.

THE RISK MANAGEMENT SYSTEM IS BASED ON GLOBAL BEST PRACTICES AND INTERNATIONAL RISK MANAGEMENT STANDARDS ISO31000 AND COSO ERM, AND TAKES INTO ACCOUNT THE REQUIREMENTS OF GLOBAL PRACTICES FOR THE ENERGY SECTOR.

Sustainability risk management

In 2020, DTEK launched a process of separate climate-related risk management. Following the Recommendations of the Task Force on Climate related Financial Disclosures (TCFD) the general taxonomy of climate-related risks was applied:



DTEK Group equally applies this overarching four-step approach to sustainability, including climate-related risk assessment, integrating it with TCFD methods, quarterly monitoring of material climate-related risks and potential financial impacts to DTEK.

Sustainability risks and opportunities, including both climate-related transition and physical risks, are addressed and considered during the annual planning process as well as in the New 2030 Strategy. DTEK welcomes opportunities arising from the decarbonization of the economy and prospects to increase DTEK Group revenue through new products with a low carbon footprint and resource efficient services.

The brief overview of the climate-related risks:

- Political risks are related to rapid evolvement of the decarbonization policies in the short term to long term, which may result in the higher operational costs and lead to phase out of some business DTEK activities. Our new strategy also sets the goal of achieving carbon neutrality by 2040. So far, the Group has undertaken a number of actions to develop low-carbon measures and is shaping its investment portfolio to minimize the exposure to these risks. Moreover, decent communication with all stakeholders, transparency on key initiatives and cooperation with the interested stakeholders, are the ways to manage the reputational impact of transition to low carbon economy. In order to ensure realistic transition towards new market conditions, DTEK closely follows the progress of changes on environmental and occupational regulatory landscape in Ukraine and in the EU, and participates in working groups covering these initiatives to ensure compliance with all relevant regulation.

- Decarbonization trends also result in technology risk as new developments are gradually replacing outdated and labor-intensive technologies in the energy sector in the medium term. The goal of DTEK's carbon neutrality by 2040 is accompanied with business line diversification, including expansion of its renewables portfolio, increasing hydrocarbon production as transition fuels, and grids upgrades and digitalization. These projects ensure a decrease in exposure to technology depletion of DTEK Group's major lines of business, as well as contributing to low-carbon transition. DTEK is also the pioneer in adopting new technologies in Ukraine as we work on pilot projects such as energy storage, green hydrogen, circular economy initiatives, including using the latest developments in renewable energy projects.
- Market-related risks are also a challenge as market conditions are changing in response to climate change and environmental policies. Diversification of DTEK Group exposure towards various lines of businesses and technologies, as well as the implementation of the ESG strategy, is the approach to continually monitor, manage and inform strategic decisions for optimizing market opportunities and minimizing market related risk.
- The shift in consumer preferences towards energy efficiency solutions, electric vehicles represents technology and market opportunities for DTEK Group in the short to long term. D.SOLUTIONS provides the customer solutions, including EV charging stations, rooftop PV panels, energy-efficient and smart solutions for households, energy services for industry. Aiming at establishing the customer-oriented and diversified business, D.SOLUTIONS, together with Innovation DTEK, is expanding its portfolio of products and solutions to be at the leading edge of industry practices and customer expectations.
- The physical risks related to company assets are mitigated by insuring assets and by investing in upgrades of distribution networks. Risks of volatility in renewables generation is approached by geographical diversification within Ukraine as well as international expansion. In order to approach the risk of volatility of renewables output, a comprehensive insurance program for all DTEK Renewables power plants with the involvement of international insurance markets was implemented in 2020.

Dividend Policy

DTEK GROUP'S DIVIDEND POLICY IS BASED ON THE PRINCIPLE OF MAINTAINING A BALANCE BETWEEN THE NEED TO INVEST IN THE DEVELOPMENT OF PRODUCTION CAPACITIES AND RESPECT FOR SHAREHOLDERS' RIGHT TO PARTICIPATE IN THE DISTRIBUTION OF PROFIT. THIS APPROACH IS A DECISIVE FACTOR IN THE LONG-TERM GROWTH OF THE SHAREHOLDER VALUE OF DTEK GROUP'S OPERATING HOLDING COMPANIES.

Sustainable Development

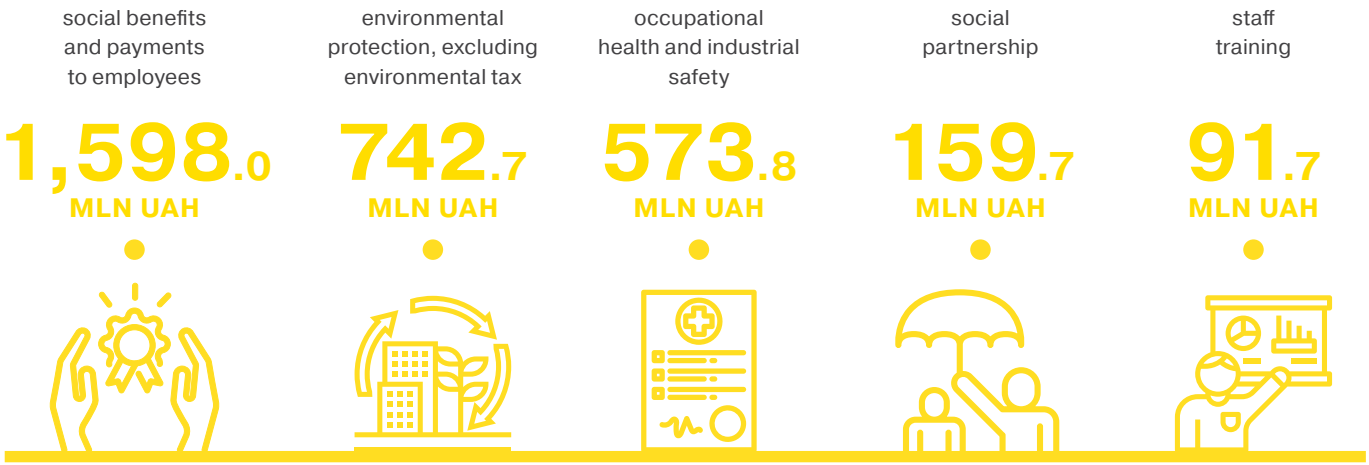
1 Sustainable Development
2 Environmental Protection
3 Society
4 Employees

Sustainable Development

SINCE ITS INCEPTION, DTEK HAS PROMOTED THE IMPORTANCE OF SOCIAL PARTNERSHIPS. OUR EXPERIENCE PROVES THAT LARGE PROJECTS CAN BE SUCCESSFULLY COMPLETED, WHILE MAINTAINING THE TRUST OF RELEVANT STAKEHOLDERS DURING THE PROCESS. THIS CONTINUES TO SERVE AS AN INCENTIVE FOR THE FURTHER DEVELOPMENT OF CITIES AND REGIONS WHERE DTEK GROUP PRODUCTION FACILITIES OPERATE. IN ORDER TO ENSURE AN INTEGRATED AND BALANCED APPROACH BETWEEN BUSINESS DEVELOPMENT AND LONG-TERM SOCIETAL INTERESTS, DTEK GROUP HAS INCORPORATED THE UN SUSTAINABLE DEVELOPMENT GOALS INTO ITS STRATEGY.

In 2020, DTEK Group launched a new long-term development strategy which is based on the UN Sustainable Development Goals and meets the ESG principles. DTEK Group's efforts in the field of environmental, sustainable development are aimed at reducing the company's carbon footprint; promoting the rational use of resources; improving industrial safety and preserving the health of our employees; ensuring ethical business conduct and compliance with anti-corruption standards; and maintaining an open dialogue with our personnel and wider society. This approach is applied throughout the value chain and at all levels of internal management. DTEK Group companies and production facilities are guided by the ESG strategy and the SCM Sustainable Development Policy.

DTEK GROUP INVESTED UAH 3.2 BN IN SUSTAINABLE DEVELOPMENT IN 2020



DTEK GROUP'S ESG STRATEGY PRIORITIES

1. Commitments on air and climate protection targets, specifically into reducing our thermal generation's carbon footprint and renewable energy development.
2. Follow the circular economy principle, boosting the recovery of industrial wastes.
3. Sustains biodiversity protection and preservation of ecosystems.
4. Foster high social standards and a status as a good "corporate citizen".
5. Strive for a safe working environment and a healthcare system for employees.
6. Follow best corporate governance, risk management and compliance practices.

12 UN SUSTAINABLE DEVELOPMENT GOALS THAT DTEK GROUP HAS INCORPORATED INTO ITS ESG STRATEGY AND MADE COMMITMENTS TO ACHIEVE PROGRESS IN

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

Sustainability governance

Interaction with stakeholders is an important component of sustainable development. DTEK Group adheres to the principle of information transparency and provides stakeholders with full information about its activities. Partnerships and constructive dialogue are conducted on a systematic basis, which allows timely receipt of information about the interests and expectations of stakeholders.

STAKEHOLDERS

- employees and their families;
- residents in areas where the company operates;
- NGOs;
- local governments, regional and central executive bodies;
- international organizations and investment communities;
- experts and think tanks;
- academic circles and the scientific community;
- media;
- the population of Ukraine as a whole

MEMBERSHIP IN ASSOCIATIONS, INTERNATIONAL AND NATIONAL ORGANIZATIONS

DTEK IS A PARTICIPANT OF THE UN GLOBAL COMPACT AND A MEMBER OF THE UN GLOBAL COMPACT NETWORK UKRAINE.

DTEK IS A MEMBER OF THE WORLD ECONOMIC FORUM, THE EUROPEAN ENERGY FORUM (EEF), THE U.S.-UKRAINE BUSINESS COUNCIL (USUBC), THE GERMAN-UKRAINIAN CHAMBER OF INDUSTRY AND COMMERCE (AHK UKRAINE), AND THE EUROPEAN BUSINESS ASSOCIATION.

DTEK IS A MEMBER OF THE FOLLOWING TRADE ASSOCIATIONS: THE EUROPEAN ASSOCIATION FOR COAL AND LIGNITE (EURACOAL), THE FEDERATION FOR THE EUROPEAN ELECTRICITY INDUSTRY (EURELECTRIC), THE EUROPEAN FEDERATION OF ENERGY TRADERS (EFET), THE EUROPEAN DISTRIBUTION SYSTEM OPERATORS FOR SMART GRIDS (E.DSO), THE HYDROGEN EUROPE ASSOCIATION, ECOBA, AND THE RISK LEADERSHIP NETWORK.

SUSTAINABILITY GOVERNANCE STRUCTURE

SUPERVISORY BOARDS OF OPERATING HOLDINGS

Analysis and monitoring of implementation of DTEK Group ESG Strategy, which includes 12 UN Sustainable Development Goals and progress commitment

EXECUTIVE MANAGEMENT OF OPERATING COMPANIES

Implementation of DTEK Group's ESG Strategy initiatives

Organization and controlling of departments responsible for implementation of environmental management system, contribution of business operations to the sustainable development of areas of presence, personnel management, including labor protection and industrial safety questions

Preparation of comprehensive analysis data for decision making based on the collected information

DTEK CHIEF OFFICER OF HUMAN RESOURCES, SOCIAL DEVELOPMENT AND ENVIRONMENT

Methodological support of DTEK Group companies on issues of sustainable development, work with environmental risks and industrial safety risks'

Responsibilities of Supervisory Board and committees:

- defining strategic goals and initiatives to improve labor safety and environmental protection systems (including decrease in climate impact), implementation monitoring;
- defining a unified position on environmental risk management;
- analyzing results of the investigation of all serious occupational safety incidents and corrective actions taken;
- identification of labor safety and environmental protection risks, development of preventive measures to minimize impact;
- assessment of new ideas, technologies, projects aimed to reduce the number of accidents and injuries, as well as to mitigating the impact on the environment and human health;
- preparation and coordination of emergency response measures at enterprises.

In 2020, the Supervisory Boards of the operating holdings and their committees, among other issues considered the progress the implementation of DTEK Group ESG Strategy, projects contributing to sustainable development, as well as the status of risk management measures in the areas of occupational health and safety, and environmental protection.

Responsibility of operating company management:

- planning, implementation, reporting and evaluation of the effectiveness of sustainability projects within the ESG Strategy;
- interaction with stakeholders on the principles of information transparency in the questions of environmental management, sustainable developments and personnel management;
- promoting development of corporate social responsibility in Ukraine;
- participation in Ukrainian and international initiatives to share experience and apply new practices in the field of sustainable development.

Responsibility of DTEK chief officer of human resources, social development and environment:

- methodological support in the field of corporate culture management policies;
- preparing recommendations for management of interregional corporate social responsibility projects;
- recommendations on development of vision and strategic priorities in the development of regional policy, coordination in matters of unity of approaches to the management of regional policy.

ESG 2020
Key Events

E

DTEK Renewables received the New Market Green Pioneer award from Climate Bonds Initiative and the Most Impressive Debut Issuer award from GlobalCapital for the issuance of "green" Eurobonds

DTEK Group was awarded two Eco-Oscars for its systematic and consistent environmental protection activities

In the New 2030 Strategy, we have committed ourselves to transforming into a more environmentally friendly, efficient and technological company guided by the ESG principles. To decarbonize the business, DTEK has launched a new financial instrument: "green" Eurobonds. The debut fund raising created an effective financial tool for Ukraine to switch to a lower carbon energy balance. The systematic implementation of environmental protection measures by DTEK Group companies has also contributed to the prevention and minimization of our carbon footprint. Environmental experts have highly appreciated DTEK Grids' efforts to preserve the stork population by awarding the company for "preserving biological diversity at the company's production facilities". DTEK Oil&Gas, which uses innovative technologies at every stage of gas production, has received the award for "Innovation and Implementation of the Advanced Technology".

S

DTEK enters the top five Ukrainian employers: Delo.ua and TOP 100 rating. Ratings of the Largest Companies'

DTEK has joined Olena Zelenska's "Business without barriers" initiative.

DTEK was the first Ukrainian company to join The Valuable 500 global movement

DTEK Group follows the principles of sustainable social development and the creation of an equal environment for everybody. We are aware that everyone is unique, and we strive to create an environment where everyone can fulfil oneself. Regardless of gender, all employees enjoy equal conditions for their personal and professional development. To ensure equal opportunities in access to work and services for people with disabilities and other social groups, we intend to use the best practices for implementing a barrier-free environment. This approach is aimed at revealing the social and economic value of everyone.

DTEK Group's operation during the COVID-19 pandemic
In the context of the coronavirus pandemic, every responsible company has consolidated their resources and supported the country throughout the pandemic. DTEK Group has focused its efforts on the following areas:

1. The wellbeing and health of employees. Urgent measures have been taken to mitigate disease-related risks among employees. The office staff worked remotely, and the production facilities personnel worked in the special operation mode.

2. Humanitarian assistance to the regions where production facilities are located. Rinat Akhmetov united all his resources from his charitable foundation, DTEK and Metinvest, FC Shakhtar, in addition to SCM's assets to help Ukraine fight against COVID-19. This enabled the identification of resource requirements in order to support medical professionals. Personal protective equipment, express tests, and consumables, ventilators and oxygen concentrators, mobile monitors for patients have been delivered to health care facilities.

3. Continuity of production. Our responsibility as an energy company is to ensure the uninterrupted generation, distribution and supply of electricity. The company has fully fulfilled this mission throughout quarantine.

G

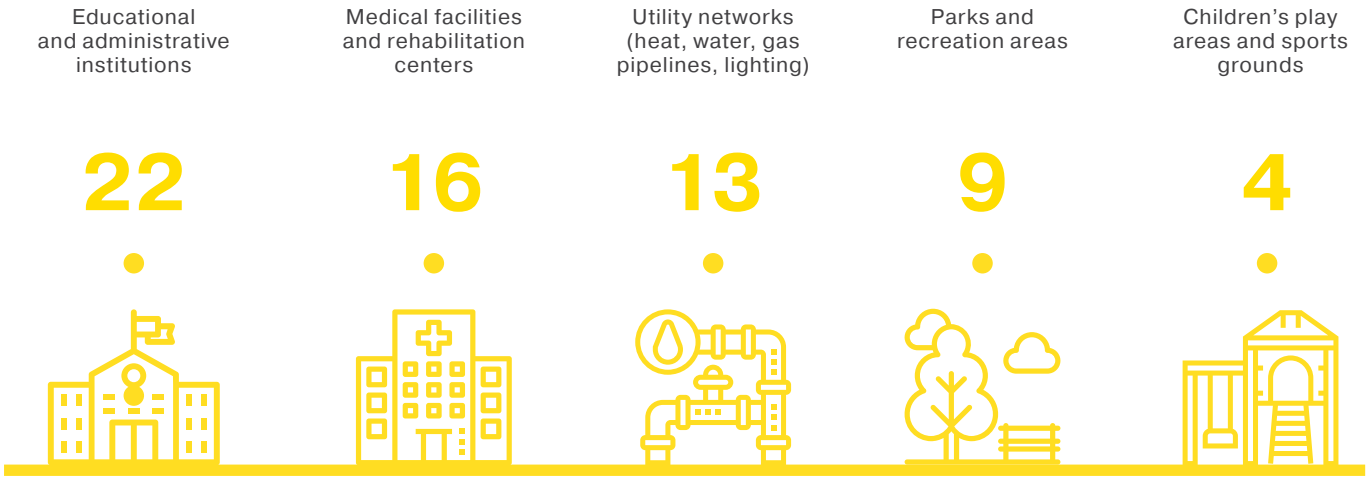
CEO of DTEK Maxim Timchenko joined the Supervisory Board of the UN Global Compact Network in Ukraine

CEO of DTEK Maxim Timchenko signed the statement of the UN Global Compact on the resumption of global cooperation

CEO of DTEK Maxim Timchenko signed a Memorandum of the UN Global Compact on joint anti-corruption activities in Ukraine

DTEK Group supports the UN efforts and its main goals: peace and safety, human rights and development. While active on Supervisory Board of the UN Global Compact Network in Ukraine, we will show demonstrate our capacity for responsible business management, which will contribute to a rise in the number of Ukrainian companies that share and are guided by the UN Sustainable Development Goals. By supporting the initiative on joint anti-corruption actions in Ukraine, we will contribute to the establishment of a transparent environment to eliminate corruption, which will stimulate the development of the economy, companies and society.

IN 2020 WE BUILT, RENOVATED, LANDSCAPED AND EQUIPPED:



DTEK Group invests in improving the social infrastructure to enhance the quality of life in the regions where the production facilities are located. In 2020, we focused on projects to modernize water supply systems for communities in Dnipropetrovsk, Zaporizhzhia, and Poltava regions. Once implemented, they provided more than 12,000 residents with high-quality drinking water. In addition, projects on heating modernization and reconstruction of rural schools and kindergartens, as well as out-patient clinics, district and city hospitals were continued. The complete reconstruction of the Shishatsky District Hospital in Poltava region was a significant project. This comprehensive project, implemented by DTEK Oil&Gas, has created a high-quality medical base and comfortable conditions for inpatient treatment of local residents.

Environmental Protection

THE STRATEGIC OBJECTIVE OF DTEK GROUP IS TO IMPLEMENT MODERN TECHNOLOGIES AND BEST PRACTICES TO MINIMIZE THE ENVIRONMENTAL IMPACT OF PRODUCTION AND OPTIMIZE THE USE OF HAZARDOUS SUBSTANCES AND MATERIALS.

THE UN SUSTAINABLE DEVELOPMENT GOALS IN THE FIELD OF ENVIRONMENTAL PROTECTION, WHICH THE DTEK GROUP HAS IMPLEMENTED IN ITS ESG STRATEGY AND IS COMMITTED TO MAKING FURTHER PROGRESS

UN GOALS AND THE SCOPE	UN GOALS RELEVANT TO THE DTEK GROUP'S ACTIVITIES	DTEK GROUP'S COMMITMENTS AT THE ESG STRATEGY LEVEL
6 CLEAN WATER AND SANITATION  Ensure availability and sustainable management of water and sanitation for all.	6.3. Reduce the discharge of untreated wastewater, primarily through innovative technologies of water purification at the national and individual levels.	DTEK Group is focused on rational and efficient water usage by all its production facilities. Existing and future projects are aimed to improve water management to ensure optimal water consumption on a continuous basis.
7 AFFORDABLE AND CLEAN ENERGY  Ensure access to affordable, reliable, sustainable and modern energy for all.	7.1. Expand the infrastructure and modernize networks for reliable and sustainable energy supply by introducing innovative technologies. 7.2. Ensure diversification of the supply of primary energy resources. 7.3. Increase the share of renewable energy in the national energy balance, in particular by introducing additional capacities at facilities that produce energy from renewable sources.	In order to maintain the environmental balance, DTEK Group systematically upgrades its facilities to ensure production reliability and compliance with European environmental standards. DTEK Group is also developing new business to reduce its impact on the environment and contribute to the fight against climate change. DTEK is increasing its energy production from renewable sources, as well as implementing programs and measures to improve energy efficiency.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION  Ensure sustainable consumption and production patterns.	12.4. Reduce the amount of waste generation, and increase recycling and reuse through innovative technologies and production.	DTEK Group is working on the implementation of the circular economy approaches for the disposal of a significant part of industrial waste.

13 **CLIMATE ACTION** 	Take urgent action to combat climate change and its impacts.	13.1. Limit greenhouse gas emissions in the economy.	The DTEK Group makes significant efforts to minimize the negative impact on the environment at all stages of the production process. Production facilities are being systematically modernized to preserve the ecological balance, ensure the reliability of production and guarantee compliance with European environmental standards.
15 **LIFE ON LAND** 	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	15.3. Restore degraded lands and soils through innovative technologies.	DTEK Group's environmental protection efforts are focused on preventing and mitigating adverse impacts on biodiversity and environment. DTEK personnel plant trees and reclaim territories with a focus on biodiversity and ecosystem protection.

DTEK GROUP'S ENVIRONMENTAL EXPENDITURES, UAH MLN

	Capital investments			Current expenditures			Additional expenditures			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
DTEK Energy*	244.5	371.8	250.6	1,009.7	930.6	437.2	60.2	48.8	40.2	**1,314.4**	**1,350.1**	**728.1**
DTEK Renewables	-	-	-	0.7	0.8	0.7	-	-	-	**0.7**	**0.8**	**0.7**
DTEK Oil&Gas	55.2	-	1.1	2.2	2.9	2.9	0.03	0.03	2.0	**57.4**	**2.9**	**4.9**
DTEK Grids	0.3	-	-	2.1	3.8	3.6	2.4	3.5	4.4	**4.8**	**7.3**	**9.0**

The UN goals are defined according to the report of the Ministry of Economic Development and Trade of Ukraine "Sustainable Development Goals of Ukraine. National Report 2017".

* The data of machine-building enterprises, in particular "CORUM MINER'S LIGHT" JSC and "Corum Druzhkivskyi Machine-Building Plant" LLC have been consolidated since 2019. 2020 data includes DTEK Myronivska CHPP until the sale of the corporate rights to the enterprise.

6
CLEAN WATER AND SANITATION

7
AFFORDABLE AND CLEAN ENERGY

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

13
CLIMATE ACTION

15
LIFE ON LAND

IMPLEMENTATION OF ENVIRONMENTAL PROTECTION STANDARDS

All of DTEK Group's production facilities are guided by and comply with the provisions of the DTEK 's environmental policy in their environmental protection activities. The document defines the following long-term goals:

- protection of the natural environment, including the prevention of pollution, rational use of resources, reduction of the impact on climate, protection of biological diversity and ecosystems;
- development of renewable energy and modernizing thermal generation;
- compliance with mandatory legal and other requirements adopted by DTEK;
- ensuring the environmental safety of enterprises;
- continuous improvement of the environmental management system to improve environmental performance.

DTEK GROUP'S APPROACH TO ENVIRONMENTAL MANAGEMENT

Prevention and minimising the company's carbon footprint is one of the priority action areas in DTEK Group's environmental protection activities. The responsibility structure in all processes of the environmental management system is defined by the following key elements:

- implementing, operating and improving the environmental management system in accordance with the ISO 14001: 2015 international standard;
- conducting certification audits of the environmental management system;
- identifying and assessing environmental risks and opportunities, development of measures to manage them;
- developing and implementing environmental (annual, long-term) programs in the field of ambient air protection, rational use of water resources, regulation of the wastewater and groundwater quality in the area of production facilities, waste management and land reclamation;
- conducting annual environmental training for all employees of enterprises;
- working with contractors and suppliers, in particular, labor contracts must include a clause on their compliance with the environmental legislation requirements.

IN ACCORDANCE WITH THE ENVIRONMENTAL LEGISLATION REQUIREMENTS, DTEK GROUP'S ENTERPRISES MONITOR THE ENVIRONMENTAL IMPACT. A CONTROL SYSTEM HAS BEEN CREATED THAT COVERS THE ENTIRE PRODUCTION CYCLE:

- **EMISSIONS AND DISCHARGES FROM PRODUCTION FACILITIES UNDERGO LABORATORY TESTS;**
- **WASTE DISPOSAL SITES ARE EVALUATED FOR THEIR IMPACT ON SOIL, GROUNDWATER AND AIR;**
- **ATMOSPHERIC AIR AND UNDERGROUND WATER SAMPLES AT THE BORDER OF ENTERPRISES' ENVIRONMENTAL PROTECTION ZONES ARE TAKEN FOR QUALITY CONTROL;**
- **ENVIRONMENTAL PROTECTION FACILITIES AND PURIFICATION EQUIPMENT ARE CHECKED FOR COMPLIANCE WITH TECHNICAL CONDITION.**

MONITORING DATA ENABLES TO DETERMINE THE DEGREE OF PRODUCTION IMPACT ON THE ENVIRONMENT AND MAKE TIMELY MANAGEMENT DECISIONS AIMED AT PREVENTING AND REDUCING THE ENVIRONMENTAL FOOTPRINT.

DTEK Energy thermal power plants ensure the operation of the "Automated System of Environmental Indicators" project. The project consists of five functional units: monitoring the state of exhaust-gas systems, monitoring the state of bottom ash pipelines and ash dumps, informing about environmental emergencies, managing inspections of compliance with environmental legislation requirements, and calculating the amount of environmental tax.

DTEK Oil&Gas has established a local observation network to monitor the quality of soil, groundwater and ground gases at Semyrenkivske and Machukhske fields. The information is constantly collected and analyzed, which enables to identify and prevent the negative impact of production activities on the environment.

On a quarterly basis, the company provides water and soil sampling, the measurement of the static water level in the observation wells and sampling of ground gas at the permanent monitoring points of the observation network. In addition, DTEK Oil&Gas carries out water and soil analysis at points identified jointly with the communities of the settlements in which the company conducts its production activities.

Within the framework of environmental monitoring, DTEK Oil&Gas takes ambient air samples twice a year at the border of the sanitary protection zones of its production facilities. Once a year, the company controls the emissions of pollutants at the sources subject to the terms of permits.

Multi-year research concluded no negative impact of production facilities on the environment.

6
CLEAN WATER AND SANITATION

WATER RESOURCES

Water Consumption

The principle of water resources management at production facilities, incorporated in the DTEK Environmental Policy, is economical and rational. Plants use both closed-loop water supply systems and water recycling to ensure optimal water consumption in the production process.

Large volumes of water resources are used by DTEK Energy thermal power plants. The company's power plants mainly reuse process water in the production cycle, maintaining the circulation cooling system for the main and auxiliary equipment. The exceptions are DTEK's Zaporizhska TPP and DTEK Prydniprovska TPP, which operate using a run-of-river cooling system. Almost the entire volume of TPP industrial wastewater is heat-exchange water, which is classified as clean according to the standards.

DTEK Energy's coalmining and processing plants primarily use mine water for production purposes, a recycling water supply system is also engaged. For instance, DTEK Pavlogradska CCM has a closed water-slime scheme, the implementation of which excluded the use of a sludge pond and enabled to reduce the use of water. The plant has completed the reconstruction of the hydroclassification unit for coal sludge and screw separation waste, which reduced the volume of their formation and improved the state of the natural environment in the region.

WATER INTAKE BY DTEK GROUP PRODUCTION FACILITIES, MLN CUBIC METERS

	2018	2019	2020
Surface water	1,298.5	1,238.2	1,125.3
Other sources	69.0	68.4	5.6
Water supplied by public utilities	6.5	7.3	5.2
Underground water	1.1	0.7	0.5
Total	**1,375.2**	**1,314.6**	**1,136.6**

Wastewater Discharge

DTEK Energy's enterprises constantly monitor the quality of wastewater, implement projects for the modernization of treatment and wastewater reuse facilities in their technological cycles. For instance, thermal power plants monitor the quality of wastewater and the state of underground water to control the impact on surface and underground water. Thermal power plants also monitor the quality of wastewater and ground water in the area of ash dumps and take measures on cleaning heat sinks from bottom sediments.


DTEK

7
AFFORDABLE AND CLEAN ENERGY

REDUCING THE EMISSION OF AIR POLLUTANTS

All DTEK Group enterprises have received permits for the release of pollutants into the atmosphere and operate in accordance with their requirements.

Since 2012, DTEK Energy has been simultaneously upgrading and reconstructing power units and tubular collectors to achieve a residual dust content in stack gases of no more than 50 mg/m^3, as required by Directive 2001/80/EC of the European Parliament and of the Council on the limitation of emissions of certain pollutants into the air from large combustion plants. In particular, the gas-handling equipment of the upgraded power units is equipped with exhaust gas monitoring systems for continuous monitoring of pollutants emitted into the atmosphere. All power plants also have video surveillance systems that provide boiler operators with additional operational information about the combustion modes in the boilers.

In 2020, DTEK Energy power plants underwent the scheduled repairs in accordance with the requirements of the Directive and in order to maintain the design performance indicators of gas-handling equipment. Measures to protect the ambient air, combined with a reduction in electricity generation, led to a reduction in pollutant emissions compared to the previous year.

GROSS POLLUTANT EMISSIONS INTO THE ATMOSPHERE, THOUS. TONNES

	2018	2019	2020
Solids	112.6	99.2	62.2
Sulfur oxides (SOx)	431.4	401.5	350.8
Nitrogen oxides (NOx)	78.2	67.2	56.4
Carbon monoxide (CO)	5.1	5.2	4.0
Total	**771.8**	**723.1**	**607.8**

IN 2020, DTEK PRYDNIPROVSKA TPP COMMISSIONED AN AUTOMATIC CONTINUOUS MONITORING STATION FOR AMBIENT AIR QUALITY, WHICH ENABLES MONITORING THE CONCENTRATION OF DUST, CARBON MONOXIDE, SULFUR DIOXIDE AND NITROGEN. IN ACCORDANCE WITH THE MEMORANDUM ON COOPERATION WITH THE DNIPRO CITY COUNCIL, TWO MONITORING STATIONS WERE ARRANGED ON THE BORDER OF THE SANITARY PROTECTION ZONE OF THE ENTERPRISE.

13
CLIMATE ACTION

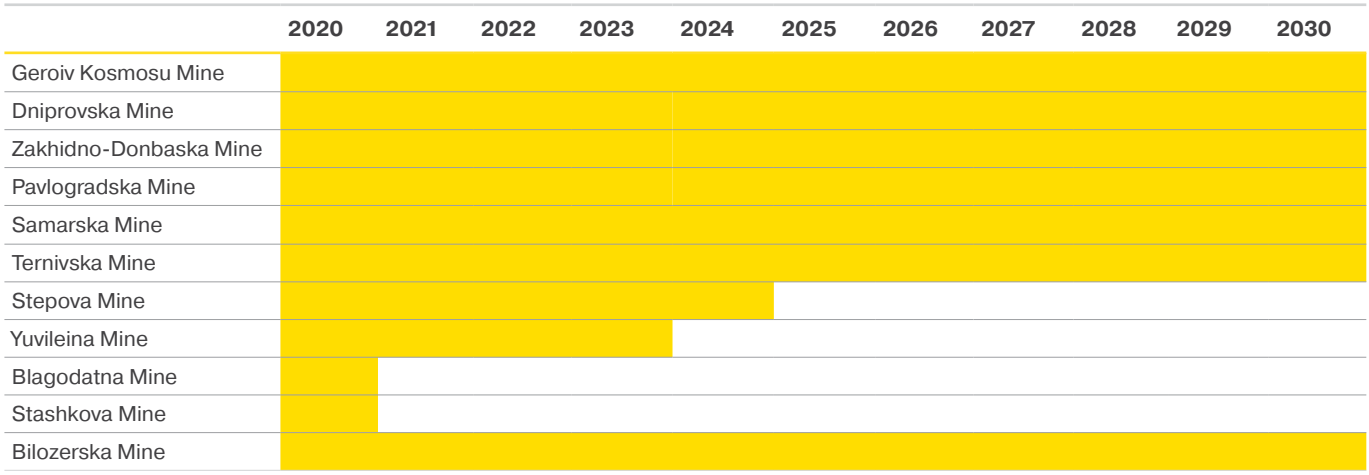
REDUCING GREENHOUSE GAS EMISSIONS AND COMBATING CLIMATE CHANGE

DTEK Group is devoting considerable resources to the mitigation of its carbon footprint across all stages of the production process. System-wide ecological modernization of capacities at production facilities ensures reliable generation and compliance with European environmental standards. An extremely important step in decarbonization is a gradual closure of mines and the replacement of thermal generation with renewables.

In 2020, due to the lack of new reserves suitable for efficient coal mining, The Blagodatna Mine and Stashkova Mine were decommissioned. In 2024 and 2025, the Stepova and Yuvileina mines are planned to be closed.

DTEK Energy has begun to implement the European rules for accounting and confirming the volume of CO_2 emissions in accordance with the Law of Ukraine on "Basic Principles of Monitoring, Reporting and Verification of GHG Emissions". Thus, starting from 2021, the monitoring will be carried out in accordance with European regulations.

SCHEDULE OF GRADUAL CLOSURE OF DTEK ENERGY MINES UNTIL 2030



COAL MINING PLANTS ARE ACTIVELY TAKING MEASURES TO REDUCE GREENHOUSE GAS EMISSIONS. DTEK PAVLOHRADCOAL'S STEPOVA MINE, JOINTLY WITH REGEN COMPANY, IMPLEMENTED A PROJECT FOR THE UTILIZATION OF MINE METHANE BY HIGH-TEMPERATURE OXIDATION USING 1.6 MW CATERPILLAR COGENERATION UNIT. THE COGENERATION UNIT WAS COMMISSIONED IN SEPTEMBER 2020. ACCORDING TO THE PROJECT DATA, THIS WILL REDUCE GREENHOUSE GAS EMISSIONS INTO THE ATMOSPHERE BY 57 THOUS. TONNES IN CO_2 EQUIVALENT PER YEAR.

GROSS GREENHOUSE GAS EMISSIONS BY DTEK GROUP PRODUCTION FACILITIES, THOUS. TONNES

	2018	2019	2020
Nitrous oxide emissions	0.5	0.5	0.4
Methane emissions	139.0	145.1	130.5
Carbon dioxide emissions	35,586.0	31,194.9	26,191.1
Total	**35,725.5**	**31,340.5**	**29,951.3**

DTEK RENEWABLES IS ONE OF THE LARGEST INVESTORS IN THE UKRAINIAN RENEWABLE ENERGY SECTOR. EACH OF THE COMPANY'S PROJECTS CONTRIBUTES TO THE COUNTRY'S GLOBAL GOAL OF THE ECONOMY DECARBONIZATION. IN 2020, OWING TO THE OPERATION OF WIND POWER PLANTS AND SOLAR POWER PLANTS, THE COMPANY SUCCEEDED IN REDUCING CO_2 EMISSIONS BY 2.5 MLN TONNES. THE OSITIVE TREND WILL CONTINUE – THE COMPANY HAS STARTED CONSTRUCTION OF DTEK TILIGUL WPP. THE CAPACITY OF THE FIRST PHASE OF THE WIND PARK IS 126 MW, WHICH WILL REDUCE CO_2 EMISSIONS BY 504 THOUS. TONNES PER YEAR.

15
LIFE
ON LAND

BIODIVERSITY CONSERVATION AND RESTORATION

Biodiversity Conservation is one of DTEK Group's activities in accordance with ESG Strategy, which demonstrates our determination in achieving the UN Sustainable Development Goals.

DTEK Grids has been implementing a comprehensive bird conservation program since 2013. Measures for the ornithological safety of power lines are developed on a scientific basis in accordance with the recommendations of UNEP (United Nations Environment Programme) and BirdLife International. In addition, DTEK Grids specialists cooperate with Ukrainian scientists and ornithologists. This not only allows us to protect the birds, but also increase the power supply reliability.

Based on monitoring data and information provided by scientists, DTEK Grids distribution system operators survey power lines and high-voltage line supports to identify areas that may be dangerous for birds. In 2020, 98 km of power lines in Dnipropetrovsk and Odesa regions were surveyed and 2,112 bird-protection facilities were installed throughout 11 km of power lines. 1,222 protective umbrellas (caps) have been installed for insulators of high-voltage power lines in Dnipropetrovsk and Donetsk regions.

In 2020, the following items were installed for the protection of birds:

- DTEK Dnipro Grids: 760 markers and enclosures on the territory of the Bulakhivsky Estuary ornithological reserve and on the territory reserved for the Orelsky national park, near the Salty Estuary ecological network, in the Revun natural boundary and in the Kryvyi Rih district of Dnipropetrovsk region.
- DTEK Donetsk Grids: 12 protective enclosures on the territory of the Meotyda National Park in Donetsk region.
- DTEK Odesa Grids: the first 1,340 markers were installed in Limansky district of Odesa region.

When calculating greenhouse gas emissions in 2019-2020, the Global warming potential coefficients were used in accordance with the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC): methane – 28, nitrous oxide – 265. In 2018, the following coefficients were used for the calculation: methane – 21, nitrous oxide – 310.

Bird-protection facilities are polymer protective enclosures for insulators and wires that prevent birds from contacting places under voltage. Another type of bird-protection facilities is reflective markers, which are fixed on overhead high-voltage lines. Thanks to these installations, birds can safely pass power lines at dusk or in poor weather conditions. They protect birds from collisions, and consumers – from power supply outages.

IN DNIPROPETROVSK AND ODESA REGIONS, THE FOLLOWING DEVICES WERE INSTALLED

2,112 **BIRD-PROTECTION DEVICES**

DTEK GRIDS RECEIVED AN AWARD FOR A SYSTEMATIC BIODIVERSITY CONSERVATION AND ECOSYSTEM PROTECTION POLICY AT THE "ECOTRANSFORMATION-2020" ANNUAL COMPETITION.

More than half of the white stork population nests on power lines. DTEK Grids specialists monitor the appearance of stork nests on the supports for their further arrangement. In 2020, the company installed 97 special protective platforms for stork nests in Dnipropetrovsk, Donetsk, Kyiv and Odesa regions, as well as in Kyiv.

The platforms help to protect the nests from destruction, and the birds – from electric shock. Owing to this initiative, in 2020, the company protected about 1,200 white storks listed in the Bern Convention on the Conservation of European Wildlife and Natural Habitats. In general, since 2013, 248 special metal platforms for stork nests have been equipped. According to ecologists, for eight years, DTEK Grids initiative has helped to save about five thousand white storks, three thousand of which are chicks.

In 2020, DTEK Dnipro Grids continued its cooperation with Dnipro-Orelsky Nature Reserve. Nine nesting boxes for owls were manufactured and handed over to the institution.

DTEK Renewables continuously monitors the impact of wind turbines on vegetation, bird and bat populations. The monitoring covers the sites of all the company's wind parks: Botiyevska, Orlivska, Prymorska and Prymorska-2 WPP. Since 2018, ornithological monitoring has been carried out in accordance with the recommendations of the Scottish Natural Heritage foundation, the Equator principles and the standards of international financial companies.

12
RESPONSIBLE CONSUMPTION AND PRODUCTION

15
LIFE ON LAND

WASTE MANAGEMENT AND LAND RECLAMATION

More than 99% of waste generated by DTEK Energy production facilities is safe but requires free land for disposal. Hence one of the key environmental protection tasks is stepping up the recycling of bulk waste, rocks, and bottom ash mixtures that enterprises receive during coal mining and during its combustion for electricity generation.

IN 2020, THE UTILIZATION VOLUME OF BOTTOM ASH MIXTURES REACHED 1,150.8 THOUS. TONNES, OF WHICH 745.6 THOUS. TONNES WERE USED BY DTEK ENERGY TPPS INTERNALLY. 405.2 THOUS. TONNES WERE DELIVERED TO EXTERNAL CONSUMERS FOR FURTHER USE AS RECYCLABLE MATERIALS. BOTTOM ASH MIXTURES CAN BE USED IN THE CONSTRUCTION INDUSTRY TO PRODUCE CEMENT AND CONCRETE. OWING TO THESE MEASURES, IN 2020, THE TOTAL VOLUME OF ASH AND BOTTOM ASH MIXTURES UTILIZATION AMOUNTED TO 34% OF THE VOLUME OF THEIR FORMATION THAT YEAR.

To increase the use of bottom ash mixtures at DTEK Energy TPPs, programs are being implemented to increase the use of pulverized-fuel ash and bottom ash. In particular, in 2020, a project was implemented to organize the selection of dry ash at the power unit No. 10 of DTEK Prydniprovska TPP. DTEK Burshtynska TPP has completed the technical re-equipment of the silage warehouse.

To prevent the allocation of new land for the disposal of bottom ash mixtures, thermal generation facilities are building up ash dump dams using this material, in particular:

- DTEK Zaporizka TPP continued works on building up the third tier of the ash dump using 682.8 thous. tonnes of bottom ash in 2020;
- DTEK Burshtyn TPP has completed the construction of the tenth tier on the first section of ash dump No. 3. Free capacity for storing ash with a volume of 912 thous. cubic meters has been created;
- DTEK Kurakhivska TPP has begun building up the third tier on the second section of the ash dump in the Sukha Balka. The works are scheduled to be completed in 2021.

DTEK Energy power plants systematically implement projects to replace sections of bottom ash pipelines for the safe transport of waste to disposal sites. In 2020, 3.2 km of bottom ash pipelines were replaced.

DTEK PAVLOHRADCOAL ANNUALLY RECLAIMS SOILS DISTURBED AS A RESULT OF MINING OPERATIONS. RECLAMATION IS CARRIED OUT BY FILLING A SAGGED SURFACE WITH ROCKS. THEN A FERTILE LAYER IS APPLIED TO THE SITE AND BIOLOGICAL RECLAMATION TAKES PLACE: ORGANIC AND MINERAL FERTILIZERS ARE APPLIED; LAND RECLAMATION IS PERFORMED AND AGRICULTURAL CROPS ARE SOWN TO RESTORE THE SOIL FERTILITY. IN 2020, 4.5 MLN TONNES OF BULK WASTE FROM COAL MINING WERE USED DURING THE TECHNICAL STAGE OF RECLAMATION.

In 2020, the technical stage of reclamation was completed with the application of a conditionally fertile layer on the area of 12 hectares; the biological stage of reclamation was completed on the area of 72 hectares, and it was transferred to the municipal property of Ternivka community. The company also completed the first stage of the project of advanced land reclamation on an area of 173 hectares: the territory was prepared, the vegetation and fertile layer was removed, and the construction of hydraulic facilities was completed.

DTEK Pavlohradcoal annually conducts compensatory forest planting, replacing plantations damaged by mining operations. In 2020, Pavlogradska, Ternivska, Blagodatna and Samarska mines planted 12 hectares of forest.

In natural gas extraction, DTEK Oil&Gas uses modern technologies for the disposal of waste from drilling wells, which minimizes the environmental footprint.

Since 2017, DTEK Oil&Gas has switched to the sumpless drilling method. The sumpless drilling method involves cleaning the sludge using special equipment. The company processes the entire volume of drilling mud, after which the waste is transferred to licensed organizations for further treatment outside the fields, and the purified drilling mud is reused during drilling. Previously, drilling waste – drilling sludge and drilling wastewater – was collected in special waterproofing sludge ponds, and after the work was completed, they were to be neutralized and disposed at the well construction sites.

DTEK Oil&Gas continues using the non-dispersing drilling mud system (NDDM). This reduces the total volume of waste generated by almost 30%, and also makes it possible to completely avoid discharge excess drilling mud and withdraw from diluting it with water.

After completion of works on the construction of wells, the land plot should be reclaimed and returned to the owner in a condition suitable for use for its intended purpose. In 2020, the company reclaimed 25.8 hectares of land, which is almost 4.5 times more than in 2019.

DTEK Grids continued to improve the waste management system. In 2020, 402 containers for separate waste collection were installed at seven electricity distribution enterprises. Currently, the total number of containers has reached two thousand. In addition, 22 shielded areas for waste storage and material assets were built. DTEK Grids enterprises transferred 16.5 thous. tonnes of old reinforced concrete supports for their further use in construction or processing into the rebar and secondary crushed stone. This is 3.5 times more than 2019 figures.

HANDLING AND OPTIMIZING THE USE OF HAZARDOUS SUBSTANCES AND MATERIALS

One of the key initiatives of the DTEK Group's industrial enterprises is to optimize the use of hazardous substances and materials. In 2020, efforts to reduce the use of asbestos-containing materials were continued. During repairs, brick enveloping and thermal insulation of the TPP equipment, asbestos-containing materials were partially replaced with alternative substances and materials.

OIL-FILLED EQUIPMENT WAS REPLACED AT DTEK GRIDS ENTERPRISES

682 PIECES

In addition, 682 units of oil-filled equipment were replaced by maintenance-free sealed oil transformers or vacuum equipment with a dry dielectric at the DTEK Grids power distribution enterprises. These measures can improve the environmental safety of the equipment and eliminate possible spills of petroleum products.

The Global Environment Facility and UNIDO "Environmentally Sound Management and Final Disposal of Polychlorinated Biphenyls (PCBs)" project was continued in 2020. Six DTEK Grids distribution system operators are partners in the project aimed at examination of the possible content of PCBs in oil-filled equipment. In 2020, 3,509 samples of transformer oil were collected. If the PCB content is confirmed, cleaning of the equipment is planned within the project.

DTEK Group enterprises regularly replace mercury-containing energy-saving bulbs with LED ones. After the mercury bulbs blow, safe LED lamps are installed to replace them. In particular, 30,853 bulbs were replaced at thermal generation enterprises in 2020, 92 bulbs were replaced in the oil and gas sector, and 13,992 bulbs were replaced by distribution system operators.

WASTE MANAGEMENT, THOUS. TONNES

	2018	2019	2020
Volume of waste generation	13,811.3	13,685.4	12,318.5
Volume of waste placement	9,938.1	7,563.4	4,853.9
Volume of waste utilization and recycling	3,363.2	5,915.3	5,316.4

HAZARDOUS WASTE GENERATED AS A RESULT OF THE ECONOMIC ACTIVITIES OF ENTERPRISES CONSTITUTES NOT MORE THAN 1 PERCENT OF THE TOTAL VOLUME OF WASTE GENERATED AND IS TRANSFERRED TO SPECIALIZED ORGANISATIONS THAT HAVE A HAZARDOUS WASTE MANAGEMENT LICENSE. DTEK GROUP ENTERPRISES DO NOT IMPORT, EXPORT (INCLUDING INTERNATIONAL TRANSPORTATION) OR PROCESS HAZARDOUS WASTE.

Society

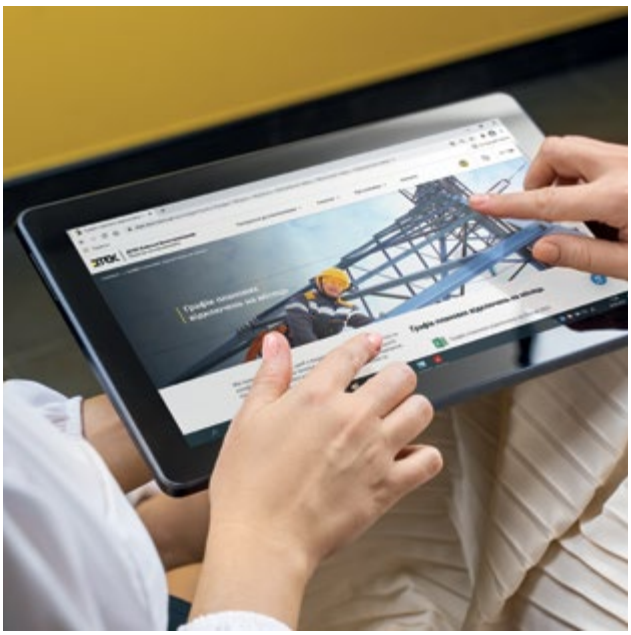
SOCIAL PARTNERSHIPS WITH LOCAL COMMUNITIES ARE A PREREQUISITE FOR DTEK GROUP COMPANIES AND ENTERPRISES TO UNDERTAKE ITS ACTIVITIES ACROSS UKRAINE. THE INVOLVEMENT OF SMALL AND MEDIUM-SIZED BUSINESSES AND NON-PROFIT ORGANIZATIONS ALLOWS TO BE IN CONSTANT DIALOGUE AND CREATE PROJECTS THAT CONTRIBUTE TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE REGIONS WHERE FACILITIES OPERATE.

THE UN SUSTAINABLE DEVELOPMENT GOALS IN THE FIELD OF SOCIAL PARTNERSHIP, WHICH THE DTEK GROUP HAS IMPLEMENTED IN ITS ESG STRATEGY AND IS COMMITTED TO MAKING FURTHER PROGRESS

THE UN GOALS AND THE SCOPE	UN GOALS RELEVANT TO THE DTEK GROUP'S ACTIVITIES	DTEK GROUP COMMITMENTS AT THE ESG STRATEGY LEVEL
3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages	3.4 Reduce the premature mortality from noncommunicable diseases.	DTEK Group pays significant attention to health issues, ensuring that all employees have access to timely and quality medical care.
4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	4.5. Increase the prevalence of knowledge and skills required for decent jobs and entrepreneurship among the population.	DTEK Group supports a number of projects aimed at increasing access to education. Educational programs are implemented for external and internal stakeholders, including Academy DTEK.
8 DECENT WORK AND ECONOMIC GROWTH 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.3 Increase the employment rate. 8.5 Promote the safe and secure working environments for all workers, including by applying innovative health and industrial safety technologies.	DTEK Group promotes full and productive employment and decent work for all employees, as well as providing reliable and safe working conditions.

Tasks of UN Goals are defined by the report of the Ministry of Economic Development and Trade of Ukraine titled "Ukraine's Sustainable Development Goals. National Report 2017".

9 **INDUSTRY, INNOVATION AND INFRASTRUCTURE**	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.1 Develop quality, reliable, sustainable and accessible infrastructure through the use of innovative technologies, including environmentally friendly ways of transportation.	DTEK Group implements social partnership programs to ensure sustainable development. The programs include five main directions: energy efficiency in the utilities sector, health care, development of socially significant infrastructure, support of the business environment and increasing the activity of local communities.
11 **SUSTAINABLE CITIES AND COMMUNITIES**	Make cities and human settlements inclusive, safe, resilient and sustainable.	11.2 Ensure the development of cities and territories exclusively on the principles of combined planning and management with the participation of local communities. 11.5 Reduce the negative impact of pollutants, including on the urban environment, through the use of innovative technologies.	DTEK Group establishes stable social partnerships with communities and local authorities in the regions where its enterprises operate in order to improve the standard of living those residents. Partnership in social and economic development is a tool for achieving goals in sustainable development. DTEK Group raises awareness of energy efficiency and promotes a responsible attitude to consumption.
17 **PARTNERSHIPS FOR THE GOALS**	Strengthen the means of implementation and revitalize the global partnership for sustainable development	17.3. Develop partnerships between government and business to achieve sustainable development goals.	DTEK Group develops partnerships with international donor agencies and state foundations for creating joint projects of sustainable development in its territories. DTEK is also a member of the UN Global Compact and submits an annual report.



SOCIAL PARTNERSHIP PROGRAMS

Cooperation with the territories where DTEK Group's production facilities operate is a tool for achieving sustainable development goals. Social partnership programs and projects are being developed to improve the living standards of these territories together with local authorities, experts and the community. On one hand, it enables the local town to come together to solve acute and urgent issues of sustainable development. On the other hand, this approach allows communities to raise funds for projects from businesses and government foundations, as well as from international donor agencies.

DTEK Group implements projects at the local, national, interregional levels, which allows it to solve challenges that are common to different regions in the country. This approach allows to consider the needs in the most accurate way and thus reduce social risks.

5 MAIN DIRECTIONS OF SOCIAL PARTNERSHIP PROGRAMS

1

Energy efficiency in the utilities sector

Energy efficiency is a driver of sustainable economic development in Ukraine. DTEK Group invests in projects aimed at improving the energy efficiency of the utilities sector and social infrastructure, which is an important factor in the quality of life of local communities.

2

Healthcare

DTEK Group pays great attention to health issues so that employees and residents receive timely, high-quality medical care. With that in mind, investments are systematically directed to the reconstruction of medical institutions and the purchase of modern equipment.

3

Development of socially significant infrastructure

DTEK Group supports projects aimed at improving the quality and accessibility of social services, solving acute problems of important infrastructure elements, and improving the availability of education and leisure.

4

Increasing the activity of local communities

In light of the decentralization reform, DTEK Group promotes the development of local community initiatives in public, cultural and sports sphere in order to improve the quality of life across regions.

5

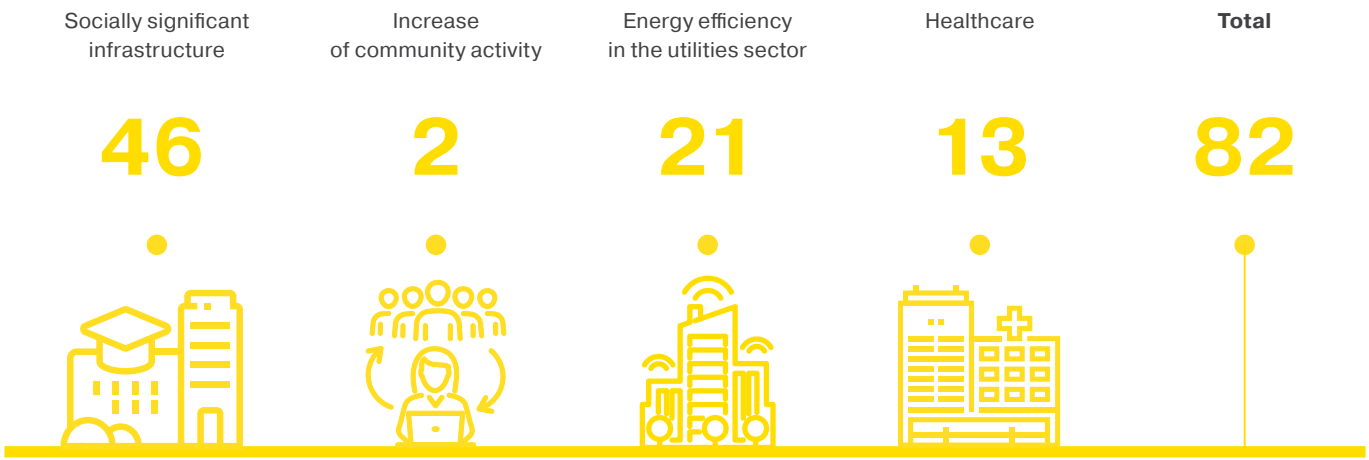
Development of business environment

DTEK Group companies mainly operate in cities with economies dominated by one single sector. To develop economically self-sufficient communities, small and medium-sized businesses are encouraged to stimulate workplaces and attract investors to the regions. This will help increase tax revenues to local budgets.

INVESTMENTS IN THE AREAS OF SOCIAL PARTNERSHIP PROGRAMS, UAH MLN

	2013	2014	2015	2016	2017	2018	2019	2020
Socially significant infrastructure	34.2	34.4	13.9	10.9	40.9	63.6	38.1	20.6
Increase of community activity	5.5	3.8	3.3	9.2	39.8	58.8	40.8	7.8
Energy efficiency in the utilities sector	45.9	25.7	12.7	23.1	86.6	38.5	11.4	15.4
Healthcare	32.2	11.1	10.1	1.5	3.3	6.4	4.2	115.9*
Development of business environment	12.8	2.6	0.9	0.8	2.0	2.1	0	0
Total	**130.8**	**77.6**	**40.9**	**45.5**	**172.6**	**169.3**	**94.4**	**159.7**

QUANTITY OF SOCIAL PARTNERSHIP PROGRAMS PROJECTS IN 2020



DURING THE SOCIAL PARTNERSHIP DTEK GROUP IMPLEMENTED 2,392 PROJECTS IN 2007–2020 FOR A TOTAL AMOUNT OF UAH 1,349.5 MLN.

* Including DTEK Group's contribution to the fight against the spread of COVID-19. Thanks to Rinat Akhmetov Charitable Foundation, which pooled all resources of the SCM assets, the funds were directed to support public hospitals. Personal protective equipment was purchased for physicians, as well as rapid tests and ventilators were purchased for patients.

9
INDUSTRY, INNOVATION AND INFRASTRUCTURE

11
SUSTAINABLE CITIES AND COMMUNITIES

INTERREGIONAL PROJECT "YOUR HOMETOWN BEGINS WITH YOU"

"YOUR HOMETOWN BEGINS WITH YOU" IS A GRANT COMPETITION IN WHICH RESIDENTS SUBMIT IDEAS FOR THE IMPROVEMENT OF LOCAL FACILITIES. AFTER WHICH, A JURY MADE UP OF REPRESENTATIVES FROM THE COMMUNITIES, SELECT THE BEST PROJECTS TO IMPLEMENT. THE MAIN GOAL OF THE PROJECT IS TO DEVELOP PUBLIC ACTIVITY AND INITIATIVE AMONG THE RESIDENTS, TO INVOLVE THEM IN SOLVING THE PROBLEMS OF THE TERRITORIES. DTEK GROUP SEEKS TO HELP THESE COMMUNITIES RECOGNIZE THEIR IMPORTANT ROLE IN ENSURING SUSTAINABLE AND IMPROVING THEIR OWN QUALITY OF LIFE.

This competition has proven successful, as relations between participants have developed into true partnerships. As a result, there is now a systematic approach to planning and leading cooperation between local groups and authorities to complete agreed-upon projects.

In 2020, the company introduced a new standard for the selection of winning projects – "Space D". Proposed initiatives must now factor in the development of social amenities for young people in rural areas, as well as conditions and infrastructure for the professional development of local talents.

"YOUR HOMETOWN BEGINS WITH YOU" HAS BECOME A SYSTEMIC PROJECT THAT TEACHES RESIDENTS TO COLLABORATE IN ORDER TO IMPROVE THEIR QUALITY OF LIFE

	2013	2014	2015	2016	2017	2018	2019	2020
Number of cities involved in project	18	19	15	38	42	55	62	5
Number of residents involved in project	5,600	6,535	5,918	7,222	16,000	16,400	20,050	117
Number of applications for mini grants sent for consideration	262	401	396	500	539	647	809	15
Number of projects winning mini grants	105	167	140	210	268	305	263	10
Maximum size of mini grant from the company, UAH	20,000	20,000	30,000	30,000	50,000	55,000	80,000	85,000
Amount of co-financing by local communities, UAH mln	1.4	1.2	2.0	2.3	6.0	7.3	5.9	-

IN 2020, DTEK OIL&GAS HAS IMPLEMENTED A NUMBER OF PROJECTS IN THE POLTAVA REGION FOR COMMUNITIES WHERE IT PRODUCES GAS. THE PROJECTS ARE FOCUSED ON IMPROVING SOCIALLY SIGNIFICANT INFRASTRUCTURE, AS WELL AS CREATING CONDITIONS FOR THE COMFORT OF RESIDENTS.

4
QUALITY EDUCATION

17
PARTNERSHIPS FOR THE GOALS

INTERREGIONAL PROJECT "ENERGY EFFICIENT SCHOOLS. RESTART"

THIS PROJECT IS AIMED AT POPULARIZING THE RATIONAL USE OF ENERGY RESOURCES, DEVELOPING ENVIRONMENTAL VALUES, AND INVOLVING STUDENTS, PARENTS, EMPLOYEES OF EDUCATIONAL INSTITUTIONS AND VOLUNTEERS IN ENVIRONMENTAL ACTIVITIES. THE PROGRAM IS AVAILABLE ON THE OPEN ONLINE PLATFORM ENERGYSCHOOL.ORG.UA, WHICH PROVIDES EQUAL ACCESS TO MODERN TEACHING METHODS.

While working on the projects, students study three courses – "Fundamentals of Energy Supply and Energy Saving", "The Alphabet of Housing and Utilities Management" and "My Energy Efficient House". In 2020, the textbook "The Alphabet of Housing and Utilities Management" for 9th -11th grades was updated, and the course "My Energy Efficient House" was changed into both an educational and gaming platform for 4th grade students, where the educational material is turned into comics and knowledge is tested through the game.

WHILE SETTING UP THE PROJECT, 1,940 SCHOOLS REGISTERED ON THE ONLINE PLATFORM, WHICH IS 11.4% OUT OF ALL UKRAINIAN SCHOOLS.

Running the project on an open online platform makes it possible to host virtual classes, where students from different regions of the country can access to study. Accordingly, students also have the opportunity to become acquainted with their peers from other regions. For example, in the 2020-2021 academic year, 12 schools from Ivano-Frankivsk, Lviv, Donetsk, Luhansk regions were combined into six inter-regional classes.

Since 2019, the project has gone international thanks to the Memorandum of Cooperation concluded by the Center for Energy Efficiency (Bulgaria) and the Institute for Local Development (Ukraine). In 2020, Memorandums were signed with the Institute for Local Development (Italy) and the Regional Energy Agency (Bulgaria). As part of this cooperation, courses in English will be posted on the online platform, which will help students from any country learn the ways of rational use of energy resources together with their Ukrainian peers.

SINCE 2018 THE EVENT "GREEN INITIATIVE" HAS BEEN HELD, DURING WHICH PUPILS PLANTED 19 THOUS. TREES

	2018	2019	2020
Number of planted trees	205	12,400	6,403
Equivalent acres of recreational city areas	1 Ha	52 Ha	27 Ha
Amount of consumed CO_2 for a tree life cycle (for the next 50 years)*, tonnes	200	12,500	6,500

Support is provided by Ukrainian charitable organization "Institute of Local Development" (Kyiv).

3
GOOD HEALTH AND WELL-BEING

4
QUALITY EDUCATION

INTERREGIONAL PROJECT “COME ON, LET’S PLAY!”

“COME ON, LET’S PLAY!” IS A JOINT PROJECT WITH THE FOOTBALL CLUB “SHAKHTAR”, AIMED AT THE DEVELOPMENT OF CHILDREN AMATEUR FOOTBALL AND THE POPULARIZATION OF A HEALTHY LIFESTYLE. THIS IS A PROJECT IN WHICH THERE IS A PLACE FOR BOTH BOYS AND GIRLS, AND CHILDREN WITH DISABILITIES.

DTEK Group recognizes the value of the project for society and continues develops sports infrastructure so that children, even in small towns, have the opportunity to play sports. From a young age, children cultivate team values, the desire for success, develop a habit for leading a healthy lifestyle and are inspired to maximize their potential.

Project “Come on, Let’s play!” is opened to all children aged 7 to 12. Children are taught football for free and provided with the necessary equipment. The practices are led by qualified volunteer coaches three times a week. With the help of DTEK and FC Shakhtar, regular competitions are organized for young footballers, as well as professional training, internships and master classes with European specialists coming in as their coaches.

During quarantine, the project was conducted online from March to August 2020. To cultivate and maintain children’s interest in the initiative and sports, competitions, such as drawings for young fans, and games, like “Hold the pass”, as well as an online meeting with Andriy Piatov from FC “Shakhtar”, were held.

In 2020, more than 4,700 children were able to play football on 66 pitches, 18 of which are located in the cities where DTEK Group companies operate. For 300 children with disabilities participating in the project, there are 12 inclusive playgrounds in six Ukrainian cities. The coaching staff undergoes special training on the principles of inclusion to work with them.

FC “SHAKHTAR” WAS THE SILVER MEDALIST IN THE ANNUAL “2020 UEFA GRASSROOTS AWARDS” IN THE “BEST PROFESSIONAL FOOTBALL CLUB” SECTION. ADDITIONALLY, IT WAS ALSO RECOGNIZED AS ONE OF THE BEST CLUBS FOR ITS INCLUSIVE AGENDA GOVERNING THE PROJECT “COME ON, LET’S PLAY!”.


SHAKHTAR SOCIAL
ДАВАЙ, ГРАЙ!
D.TEK
СКМ

11
SUSTAINABLE CITIES AND COMMUNITIES

17
PARTNERSHIPS FOR THE GOALS

JUST TRANSITION OF COAL REGIONS

UKRAINE CONTINUES TO SUPPORT THE EUROPEAN GREEN DEAL AND THE GRADUAL DECARBONIZATION OF THE ECONOMY, INCLUDING THE ENERGY SECTOR. THE TRANSITION TO CARBON NEUTRALITY IS IN NEED OF MEASURES TO CREATE ECONOMIC OPPORTUNITIES FOR THE JUST TRANSITION OF COAL REGIONS IN ORDER TO OFFSET THE NEGATIVE SOCIAL CONSEQUENCES OF THE ENTERPRISES' CLOSURE.

In 2020, the Coordination Council for the Transition of Coal Regions under the Prime Minister was established in Ukraine. DTEK Energy, in partnership with local authorities and both Ukrainian/international experts, has developed Ukraine's first program for the economic diversification of territories under the conditions of the "green transition". The program covers Dobropillia, Bilozersk and Novodonetsk United Territorial Community (OTG).

This document is a conceptual road map for creating new jobs outside the coal industry and adding revenue to the local budget. The proposal was the subject of public discussions with key stakeholders at the following levels:

- Coordinating Council for Sustainable Energy Development and Just Transition of the cities of Dobropillia, Bilytske, Bilozerske, Novodonetske urban-type settlement of Donetsk region;
- Public council of the Dobropillia city council;
- And during sessions of Dobropillia City Council and Novodonetske Village Council. The document was subsequently approved.

There were also more than 20 expert sessions on job creation with the following target groups: local authorities, entrepreneurs, public activists, international and Ukrainian experts, and an assessment of the resource potential of communities. An analysis of resources and opportunities to increase the OTG economic self-sufficiency suggests that with the intensive work of local authorities and active involvement of all stakeholders in projects, diversification of the economy will create 3,578 jobs and provide an additional UAH 3.2 mln per month in individual income tax.

THREE MAIN DIRECTIONS FOR CREATION OF WORKING PLACES AND TAX DEDUCTION

	Production	Agriculture	Services
Number of enterprises	6	12	13
Number of working places	1,388	750	1,440
Salary, UAH	11,457 – 13,794	9,071 – 13,601	5,000 – 13,794
Amount of individual income tax, UAH	2,077,506	750,180	336,410
Implementation period, year	2021-2023	2021-2023	2021-2023

INCREASING ECONOMIC SELF-SUFFICIENCY OF COMMUNITIES MODEL

1

2021-2023 PREPARATION PERIOD

The main goal is to create conditions for diversification of economy by increasing economic self-sufficiency.

2

2023-2028 DEVELOPMENT OF ECONOMIC CLUSTERS

The principal objective is to support transparent rules and equal competition, encourage the development of social responsibility of business.

3

2028-2030 STABLE REDUCTION OF ENERGY INTENSITY OF THE LOCAL ECONOMY

The goal is to complete the transition to alternative sources for economic activity.

SIX CRITERIA FOR SELECTING PROJECTS TO INCREASE THE ECONOMIC SELF-SUFFICIENCY OF COMMUNITIES

1. The project corresponds to social and economic development programs and promotes the implementation of strategic plans for the development of territorial communities. Measures involved include lifting social standards, creating safe living and employment conditions, and achieving economic balance.
2. The project provides tax revenues that will ensure a stable filling of local budgets.
3. There are functioning programs of project's financial support from donors, the state, the oblast budget, and the local budget as part of territorial communities development.
4. Availability of resources needed to implement the idea (land, labor potential, minerals, etc.), as wells the possibilities for external involvement (financial support, legislation, political will), compliance with the time frame.
5. Economically justified projects for the production of goods and services.
6. Environmentally friendly activities that do not have a negative impact on the environment or employees.

Employees

PEOPLE ARE OUR MAIN VALUE AND THE SOURCE OF DTEK GROUP'S COMPETITIVE ADVANTAGE. ONLY A TEAM OF PROFESSIONALS CAN ACHIEVE THE AMBITIOUS TARGETS. ACCORDINGLY, DTEK GROUP IS ACTIVELY DEVELOPING THE KEY FACTORS OF SUCCESS – THE TALENT AND POTENTIAL OF OUR EMPLOYEES, BY INVESTING IN THEIR DEVELOPMENT AND IMPLEMENTING AN INNOVATIVE CULTURE IN PRODUCTION AND MANAGEMENT. WE CREATED A SYSTEM FOR CONTINUOUS PERSONAL DEVELOPMENT FOR EACH EMPLOYEE, AND MANAGERS OF ALL LEVELS HAVE LEARNED THE COMPANY'S PERSONNEL MANAGEMENT PROCESSES. THIS SUPPORTS A CONSTRUCTIVE WORKING ENVIRONMENT THAT ENABLES EFFICIENT WORK AND SELF-FULFILLMENT IN THE PROFESSION.

THE UN SUSTAINABLE DEVELOPMENT GOALS IN THE FIELD OF HUMAN RESOURCES MANAGEMENT, WHICH THE DTEK GROUP HAS IMPLEMENTED IN ITS ESG STRATEGY AND IS COMMITTED TO MAKING FURTHER PROGRESS

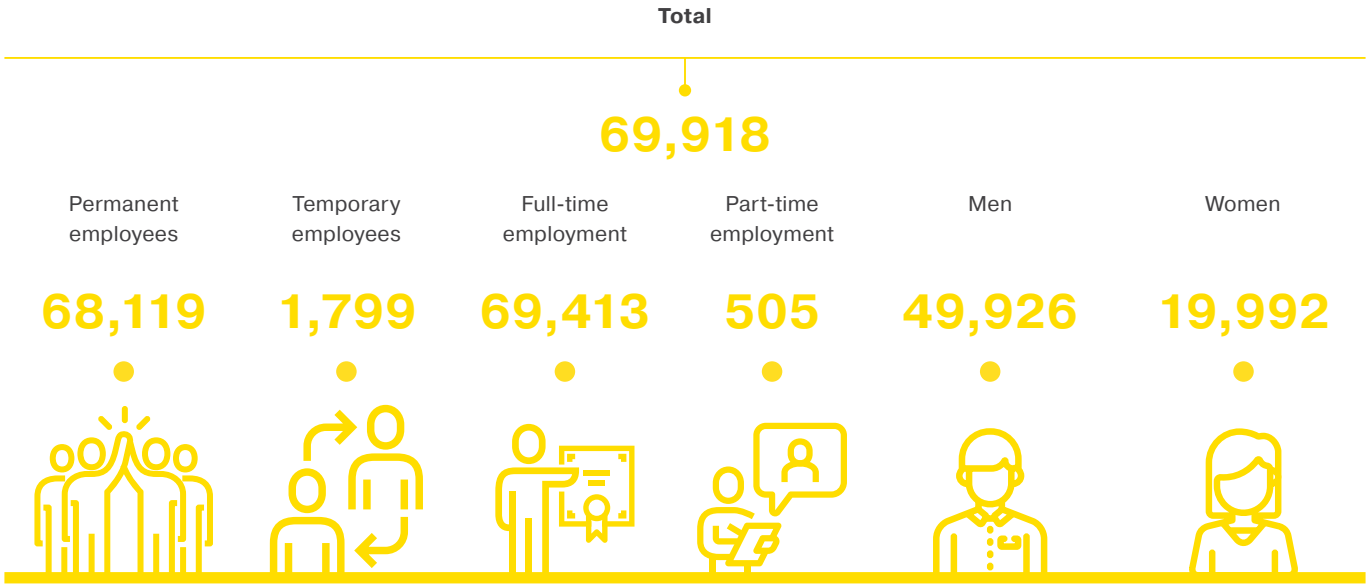
UN GOAL AND THE SCOPE	UN GOALS RELEVANT TO THE DTEK GROUP'S ACTIVITIES	DTEK GROUP COMMITMENTS AT THE ESG STRATEGY LEVEL
3 GOOD HEALTH AND WELL-BEING  Ensure healthy lives and promote well-being for all at all ages.	3.4. Reduce premature mortality from non-communicable diseases.	DTEK Group pays significant attention to the healthcare issues by providing all employees with access to timely and high-quality medical assistance. • Implementing health improvement programs for employees and members of their families, voluntary health insurance is also provided. • Implementing current occupational safety measures. • Promoting a healthy lifestyle and responsible health behavior.
4 QUALITY EDUCATION  Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	4.5. Increase the prevalence of knowledge and skills required for decent jobs and entrepreneurship among the population.	DTEK Group supports a number of projects aimed at promotion of access to education. We implement educational programs for both internal and external stakeholders. Employees, under the development of professional competencies, are given free education opportunities in the Academy DTEK.
5 GENDER EQUALITY  Achieve gender equality and empower all women and girls.	5.6. Expand economic opportunities for women.	DTEK Group provides a level playing field for all employees to reach their full potential and promotes career development regardless of gender.
8 DECENT WORK AND ECONOMIC GROWTH  Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.3. Increase levels of employment of population. 8.5. Promote a safe and secure working environment for all workers, including by applying innovative health and industrial safety technologies.	DTEK Group promotes full and productive employment and decent work for all employees, as well as the provision of reliable and safe working conditions.

We identified the UN Goal Targets as per the report by the Ministry of Economic Development and Trade of Ukraine "Sustainable Development Goals: Ukraine. National Report 2017".

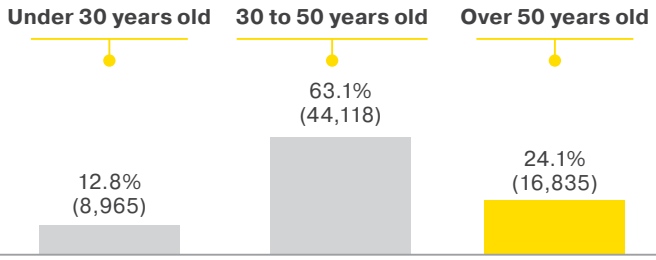
DTEK Group Portrait

In 2020, DTEK Group employed some 69,918 people, remaining one of the largest employers in Ukraine. We hired 5,011 new employees, of which 731 are graduates of educational institutions.

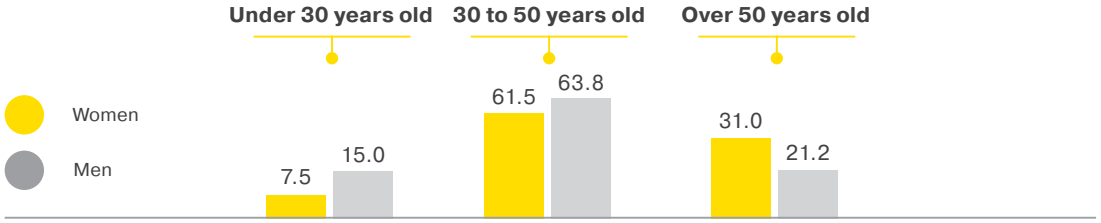
TOTAL NUMBER OF PERSONNEL IN 2020



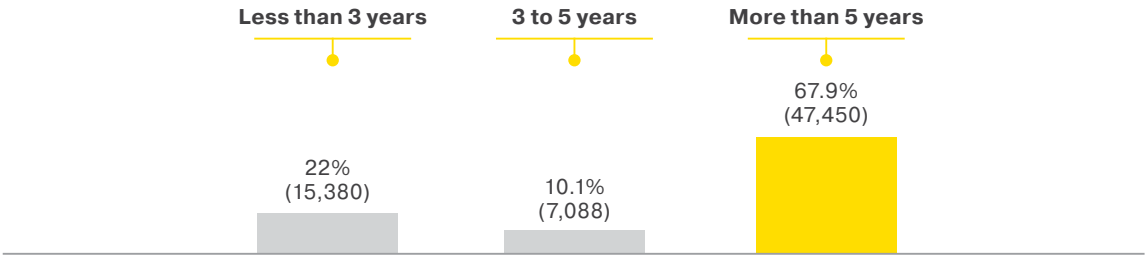
AGE STRUCTURE OF PERSONNEL, % OF TOTAL NUMBER (EMPLOYEES)



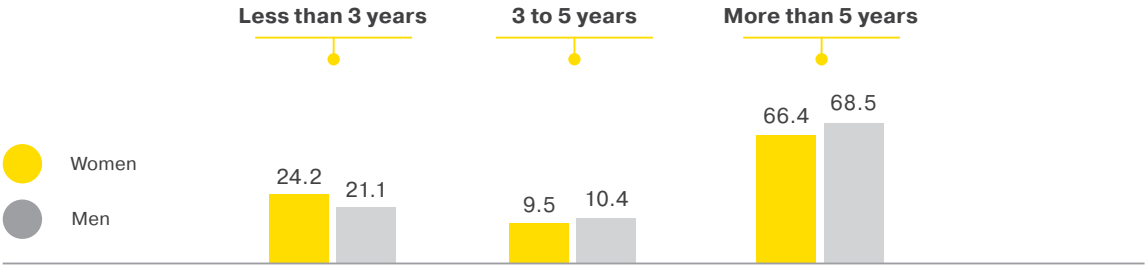
GENDER ASPECT: AGE STRUCTURE, % OF RESPECTIVE GENDER



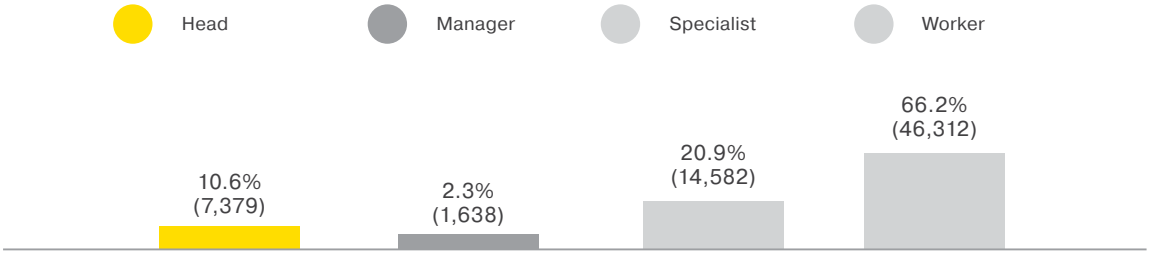
PROFESSIONAL EXPERIENCE IN DTEK GROUP, % OF TOTAL NUMBER (EMPLOYEES)



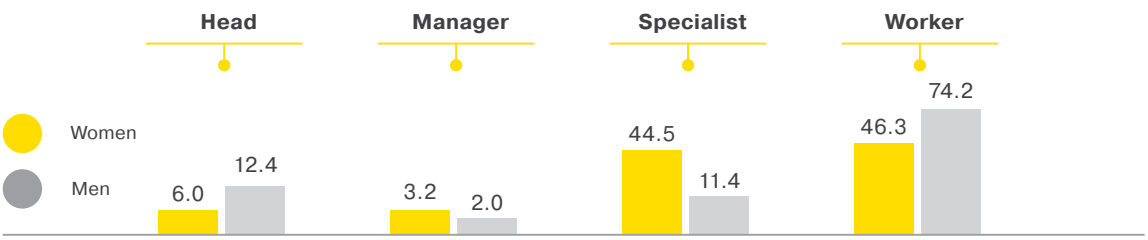
GENDER ASPECT: PROFESSIONAL EXPERIENCE IN DTEK GROUP, % OF RESPECTIVE GENDER



CATEGORIES OF PERSONNEL, % OF TOTAL NUMBER (EMPLOYEES)



GENDER ASPECT: CATEGORIES OF PERSONNEL, % OF RESPECTIVE GENDER



4
QUALITY EDUCATION

5
GENDER EQUALITY

8
DECENT WORK AND ECONOMIC GROWTH

HUMAN RIGHTS AND GENDER EQUALITY

DTEK Group considers any form of discrimination to be unacceptable. Accepting that all people are unique, we are committed to creating an environment where each person can fulfill their potential. For example, we provide all employees with equal conditions to maximize their professional potential and support their career development regardless of gender. We also track the number of women in management of different levels, and both women and men receive equal pay. Along with other Ukrainian and International businesses, DTEK Group has joined initiatives aimed at promoting equal rights and possibilities of access to work and services for vulnerable social groups, notably based on their disability, age, gender and other aspects.

IN 2020, DTEK GROUP SIGNED THE DECLARATION "BUSINESS WITHOUT BARRIERS". THIS EFFORT INITIATED BY THE FIRST LADY MRS. OLENA ZELENSKA IS AIMS TO PROMOTE UKRAINE OF SOCIAL INCLUSION. IN ADDITION, DTEK GROUP WAS THE FIRST UKRAINIAN COMPANY TO JOIN THE INTERNATIONAL INITIATIVE "THE VALUABLE 500". THIS PROJECT SEEKS TO UNITE COMMITMENTS FROM COMPANY EXECUTIVES AROUND THE WORLD TO IMPROVE ON THE PROFESSIONAL INTEGRATION OF BOTH EMPLOYEES AND CUSTOMERS WITH DISABILITIES.

APPROACHES TO HR MANAGEMENT

The Personnel Management System of DTEK Group is harmonized with the Law of Ukraine, industry regulations and internal rules.

Our Personnel Management Strategy is constructed as an efficient tool to support employees fulfil their talent and potential. Concretely, it is aimed at:

- attracting of the best specialists on labor market;
- providing equal opportunities to all employees;
- ensuring a decent level of remuneration and incentives to the employees;
- developing of potential of the employees;
- shaping a unified corporate culture.

At DTEK Group, we respect the right of employees to create trade unions and other associations that represent their interests. Operational companies cooperate with those organizations and conduct an open dialogue with them. This guarantees that potential problems are identified and resolved in a timely manner. Another guarantee of protection of both interests and rights of the employees is Collective Agreements with Trade Unions. Such agreements contain provisions on work remuneration, social benefits, pay to non-working retired employees and commitments in the field of occupational safety and personnel training. Top executives report on compliance with the conditions of such agreements on a yearly basis.

In order to maintain a constant bilateral dialogue, we use a number of arrangements to bring opinions of the employees up to top management:

- interaction with trade unions and regular meetings with leaders of trade unions;
- meetings of executives from our enterprises and relevant directorates with their respective employee collectives;
- meetings of executives of our enterprises with public opinion leaders;

- personal meetings between the employees and their enterprise Director and HR Manager;
- HR Days – when HR Managers meet with employees directly at their work places and answer their questions, inform them of projects, initiatives and efforts in the HR field, and provide feedback on status of the issues raised at previous meetings;
- Sociological Surveys among the employees;
- collection of petitions, comments and suggestions from the employees.

PAYMENT, REMUNERATION AND BENEFITS

In the first quarter, the employees pass the Annual Performance Appraisal (APA), where upon the results of work in the reporting period, their career growth prospects and amount of remuneration are defined. In addition, we formulate the tasks, training and development programme for the next year.

Since 2017, APA also apply to the employees of worker trades. For a more objective evaluation of employees of our production enterprises, we use the Work Contribution Ratio (WCR). WCR is the personal contribution of every employee into the total result of a subdivision; on its basis, we formulate an individual evaluation. We calculate the WCR upon the criteria like compliance with working duties, compliance with requirements on occupational safety and labor protection, and competencies.

Remuneration to all employees, including the top management, is paid in compliance with the internal provisions, to ensure an adequate and fair pay for work. Practice of remuneration within DTEK Group provides for inclusion of target indexes of sustainable development as key indexes of efficiency of executives; this allows for calculation of size of remuneration based on achievement of key targets during the reporting period.

SOCIAL PAYMENTS AND BENEFITS PROVIDED TO THE EMPLOYEES OF DTEK GROUP IN 2020, UAH MLN

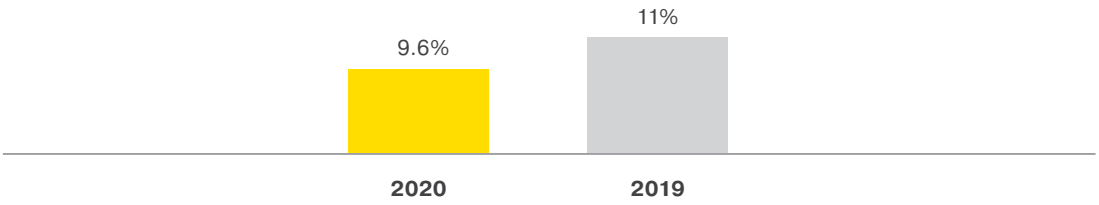
Social package	554.5
Support of retirees and veterans	290.0
Financial assistance	198.1
Corporate events	136.3
Improvement of living conditions	131.4
Voluntary medical insurance	117.9
One-time premiums to the employees	82.8
Other	16.9

PERSONNEL RECRUITMENT

Personnel planning, recruitment and administration are performed in compliance with the Law of Ukraine, Collective Agreement, provisions on personnel selection, rules of internal labor procedures, Code of Ethics and Business Conduct, and other regulatory documents.

For search and selection of personnel for a vacant position, we primarily use the internal recruiting: the employees of our enterprises are informed of vacancies. Those willing can apply with their resume and pass an interview concerning the relevance of a vacant position upon qualification requirements and personal qualities. External recruiting is performed through the Employment Centers, Internet-recruiting at specialized work search sites and other platforms.

PERSONNEL TURNOVER RATE WITHIN DTEK GROUP, %



DTEK GROUP PAYS SPECIAL ATTENTION TO IDENTIFYING AND ANALYZING REASONS FOR PERSONNEL TURNOVER, WHICH ALLOWS US TO WORK ON RETAINING EMPLOYEES IN BOTH SHORT AND LONG RUN.

APPROACH TO A RESPONSIBLE RESTRUCTURING AND RETIREMENT OF THE EMPLOYEES

Our enterprises use the following arrangements for personnel restructuring:

- outsourcing and insourcing of non-major functions;
- transfer of social facilities into community ownership;
- natural staff reduction (retirement of the employees, voluntary resignation or as agreed by the parties, and so on.).

Collective Agreements stipulate a minimum period when the employees are supposed to be notified of upcoming changes. This period complies with the period of two months as established by law, and in relation to coal enterprises it makes three months.

EMPLOYEES' RETIREMENT FORECAST, %

After 5 years		After 10 years	
Men	Women	Men	Women
3.9	6.3	5.3	8.3

4
QUALITY EDUCATION

8
DECENT WORK AND ECONOMIC GROWTH

PERSONNEL TRAINING AND DEVELOPMENT

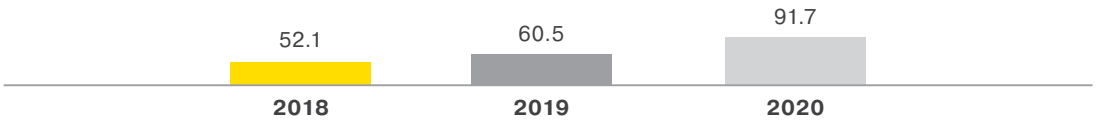
In our New 2030 Strategy, we are committed to transforming our company into a more environment-friendly, efficient and technologically advanced business, governed in its activities by the ESG principles. In order to achieve these ambitious goals, we need professional and pro-active employees who are ready to learn and grow throughout their professional life. To do this, we created our training system that encompasses all personnel regardless of gender, age, specialization and position. Our employees study at our corporate university Academy DTEK and at specialty schools of our enterprises. This approach allows for development of competencies and knowledge in accordance with our business needs, while also allowing for professional self-fulfillment and career growth of our employees.

Training and Development include:

- Development and implementation of corporate standards for key production professions;
- Compulsory professional training, including simulator training for specific professions;
- Promotion of professional competency culture through craftsmanship contests;
- Development of an innovation culture, customer-centricity and digital literacy through training of the employees at our School of Innovations (ID.School), School of Customer-Centricity (D.Client School), School of Digital Transformation (DxSchool);
- Implementation of world best practices in our human capital management under the framework of HRBP School (partnership program with HRCI (USA));
- Executive MBA and Executive Development Programme for development of managerial and leadership skills of the executives. These Programmes are being developed and implemented by Academy DTEK in partnership with leading universities and business schools: Lviv Polytechnics (Ukraine), KSE (Ukraine), INSEAD (France), IE (Spain);
- Development and planning of career maps for the employees — “Staff Reserve” and D.Talent Managers.

IN 2020, SOME 273 EMPLOYEES OF DTEK ENERGY WENT THROUGH THE TRAINING UNDER THE FRAMEWORK OF OUR “STAFF RESERVE” TO DEVELOP THEIR MANAGERIAL COMPETENCIES AND ENHANCE THEIR PROFESSIONAL LEVEL. AT THE ENTERPRISES OF DTEK GRIDS, WE FORM THE STAFF RESERVE FOR 11 KEY POSITIONS. THE CANDIDATES ARE EMPLOYEES WHO UPON THE RESULTS OF THEIR APA, GOT INTO THE CATEGORY “CRAFTSMANSHIP” OR “COMPETENCY”, HAVE MANAGERIAL SKILLS AND ARE WELL ORIENTED IN THE PROCESSES OF THEIR STRUCTURAL SUBDIVISION. THE CANDIDATES WHO ACHIEVE HIGH RESULTS DURING THE TESTS ARE APPROVED INTO THE “STAFF RESERVE” BY ENTERPRISE COMMISSION.

INVESTMENTS BY DTEK GROUP INTO TRAINING AND DEVELOPMENT OF THE EMPLOYEES, MLN UAH



ACADEMY DTEK: FROM CORPORATE UNIVERSITY TO INNOVATIVE EDUCATIONAL BUSINESS PLATFORM

The leading role in education and development of our personnel belongs to our corporate university Academy DTEK that became a tool for management of talents, knowledge and changes. Due to our commitment to improvement and application of best international practices to corporate education, Academy DTEK today is an innovative education business platform open for representatives of business, state sector and public.

2010 Academy DTEK established.

2011 The corporate university joined the international associations of business education CEEMAN and EFMD, and began cooperation with business schools KMBS (Ukraine) and INSEAD (France). Today, our partners are IE Business School, Thunderbird, Coursera and HRCI.

2013 Training Centers of our production enterprises became the Academy DTEK's branches, which allowed us to cover training categories of training for DTEK Group's employees, and to consolidate our knowledge base and training programmes.
Today, 11 branches implement our comprehensive training system that encompasses compulsory training in compliance with regulatory industry requirements, training on professions and training as required by our operational companies.

2014 The Ministry of Education and Science of Ukraine approved the DTEK's "Underground mine workers" standard as the state standard for technical and professional education.
In total, DTEK has developed 91 corporate professional standards on compliance of knowledge and skills of tahe employees with requirements of modern production. The majority of DTEK's corporate standards have become a basis for development of state standards on which professional and technical education institutions are oriented. Therefore, systematic work of our company in this field has a positive effect on educational system and allows closing the gap between theoretical knowledge of students and practical requirements of employers.

2015 The corporate university opened its doors to external customers – over 30 thous. of participants went through the training during the first year.

2017

The project “State and Society” was launched and was aimed at training the employees of state institutions on communications, public speech, creativity and teamwork skills. This project was recognised won the “Corporate Responsibility” section at the Global CCU corporate universities’ awards in 2019.
Today, DTEK’s experts cooperate with 27 state institutions of Ukraine and five thousand public servants have gone through this programme.

2018

Academy DTEK opened its doors at the territory of UNIT.City — a space equipped with state-of-the-art technical appliances that create an environment for development and generation of new ideas. The campus hosting these offices complies with the “Green Construction” standard of the LEED system (USA).

2019

The programme “Energy of Innovation: Executive MBA” has begun preparing the top managers of DTEK Group to new challenges and developing their skills on implementation of breakthrough projects in order to promote implementation of business-wide innovations.
The “ID.School” project was founded. Its goal is to develop and prepare the innovative transformation leaders who will enter the technology communities while being ready to assume responsibility for both project implementation and integration of new technologies into the business. This will shorten the innovative project implementation path by forming a favorable culture within the company for adoption of changes and training of leaders who would support implementation of such changes in the business.
We established the practice of open lectures by the world-known business experts.

2020

Academy DTEK began its activities as a separate company and presents its long-term 2030 Development Strategy. This strategy is based on an open innovative educational ecosystem.
Modular programmes started for training leaders of change – ID.School, DxSchool, D.Client School. 418 employees go through the training. During the year, new formats of continuous learning and development were implemented: blended learning, liquid learning, smart-trainings, feedback cloud. A number of projects have been implemented to provide educational and emotional support of the employees during the pandemics.

PERSONNEL TRAINING AND DEVELOPMENT IN 2020, IN NUMBERS

23

educational institutions — partners under the framework of dual education, where theory is taught, takes place at the premises of educational institution and practical part of the training – at work place

66

contests of professional craftsmanship have been conducted among the employees of production enterprises to promote high standards of work for key specialties

5

specialized schools operate at the enterprises. Their task is to provide everyone with opportunity for self-fulfillment in their profession through improvement of qualification in compliance with ever increasing internal and external requirements

17,145

cases of engineering and technical personnel training by internal trainers

3,587

cases of engineering and technical personnel training by external trainers

51,154
training cases

24,894

cases of worker training by internal trainers

2,526

cases of worker training by external trainers

32,341

employees of operational companies studied according to professional programmes

763

executives and mid-level managers were trained in specialized programmes

DTEK'S YOUTH MOVEMENT

DTEK's Youth Movement was founded in 2018 in order to retain and develop employees younger than 35 years old. Due to this project, we create an environment for pro-activity and involvement of young employees in both production and social activities. This allows for strengthening of professional, business and communicational ties between young people at both their enterprise and enterprises of other business lines.

As of today, more than 800 employees of production enterprises DTEK Energy, DTEK Grids and DTEK Oil&Gas participate in the Youth Movement that is active in the following areas:

- Social Sector – participation in social projects and programmes (city and enterprise beautification, corporate volunteering and so on);
- Innovation and production sector — development of projects aimed at improving of production, occupational safety system and so on;
- Sports' sector – development of programmes to promote healthy way of life among youth;
- Culture sector – organization of cultural events;
- Educational sector – development of youth training programmes, transfer of experience and knowledge, mentorship.

In 2020, our project "DTEK's Youth Movement" has won the XI contest of corporate social responsibility cases by the CSR Ukraine for its contribution into the implementation of UN Sustainable Development Goal 8 "Decent Work and Economic Growth". The participants of the Youth Movement have also developed the project #BeEcoSmart, under the framework of the programme "Young SDG Innovators" by the UN Global Compact in Ukraine. This project was aimed at promotion of the Sustainable Development Goals among the school students. This out-of-class course is being approved by the Ministry of Education and Science of Ukraine for inclusion in the school programme.

CAREER OPPORTUNITIES FOR STUDENTS

DTEK, as a responsible and reliable company, cares about the future of Ukraine and supports talented youth. Since 2009, DTEK Group has run a programme of cooperation with higher educational institutions. This programme is tailored to the personnel needs of enterprises in the short run and helps to prepare specialists. At such colleges, a "DTEK Group" is composed of promising third and fourth year students who learn under additional programmes specific to their future profession.

Since 2019, the Dual Training System has been implemented where the theoretical part of training takes place in the premises of an educational institution and the practical component– at work place. This form of education has been implemented in professional, technical and higher education. Educational institutions-partners adapt their educational programmes in a way that future energy specialists could combine both studies and work.

While a college is providing theoretical knowledge, the students receive practical skills at production facilities. This allows them to acquire the necessary experience before the completion of college, and upon graduation, have a real possibility to receive an official position in their chosen specialty. We conclude fixed-term work contracts with all selected students for the period of education, which also contain all social benefits and conditions stipulated in the Collective Agreement of their enterprise.

Five production enterprises of DTEK Group in partnership with twenty-three educational institutions have been training 110 students in dual form in 2020.

8
DECENT WORK AND ECONOMIC GROWTH

Occupational Safety, Industrial Safety and Healthcare

DTEK Group has adopted a zero-tolerance approach to industrial occupational injuries in order to preserve our employees' lives, health and ability to work.

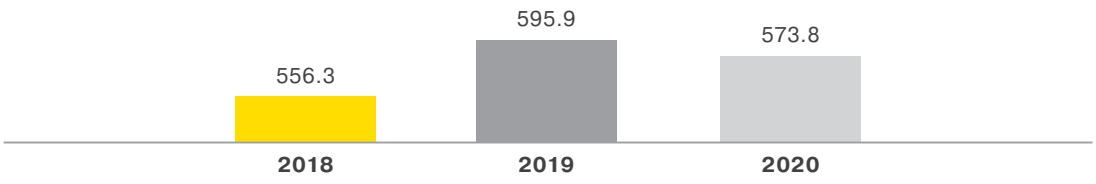
DTEK Group has built the organizational structure in the field of Labor protection and Industrial Safety (LP and IS) that encompasses all levels of management. The Committees on Sustainable Development, Labor Safety and Environment Protection established with the Supervisory Boards are the main tool for the analysis of the existing management system. DTEK's Committee on Sustainable Development Issues assesses the management system on a regular basis and prepares recommendations on its improvement. Occupational safety functions are incorporated in every business line. Therefore, the LP and IS Management System is integrated into daily activities of all production enterprises and is an obligatory condition for identification and achievement of strategic goals.

Priority areas of investment in LP and IS:

- regular conduct of certification audits of compliance of the LP Management System with both national regulatory requirements and ISO 45001 International Standards;
- implementation of comprehensive measures for improvement of work conditions;
- continuous enhancement of work places in order to improve their safety and create a better production environment;
- purchase of special clothing, special shoes, individual and collective protection devices, fire protection devices;
- compliance of sanitary-amenity conditions with regulatory requirements;
- primary, periodical and unscheduled medical examinations of personnel;
- training and improvement of personnel knowledge in order to promote a conscious attitude to both personal safety and safety of surrounding people;
- measures in order to prevent traumas among population.

DTEK GRIDS' SPECIALISTS ARE CERTIFIED MEMBERS OF EUROPEAN SOCIETY OF OCCUPATIONAL SAFETY AND HEALTH (ESOSH).

INVESTMENTS BY DTEK GROUP IN LABOR PROTECTION AND INDUSTRIAL SAFETY, UAH MLN



COMPREHENSIVE MEASURES IN THE AREA OF LP AND IS

Promoting a conscious attitude culture to safeguard the lives and safety of people around us requires a correction to previously engrained practices, continuous implementation of knowledge and principles that lay in the basis of any production activity. To this end, DTEK Group's enterprises develop their internal regulations that are further agreed with trade unions and implemented in production practice.

The Occupational Safety and Industrial Safety section is an mandatory provision in Collective Agreements at all production enterprises of DTEK Group. This item includes commitments by both administration and trade unions to fully comply with legislation in relevant area. According to Collective Agreement, DTEK Group's enterprises undertake to:

- conduct attestation of workplaces including laboratory tests;
- provide employees with the necessary tools, special clothing, special shoes and both individual and collective protection devices;
- not involve minors in heavy work;
- ensure stable operation of both surface and underground Health Posts with continuous supply of medications and equipment;
- conduct periodical medical examinations and provide urgent medical assistance;
- reimburse harm brought to employee because of occupational injury or professional disease;
- provide accident insurance to the participants of Voluntary Fire Fighting Teams and drivers;
- conduct professional preparation and training on LP and IS;
- inform the employees of professional risks for health and take measures to minimize and eliminate such risks;
- provide both material and non-material incentives to the employees who take active part in the efforts on improvement of LP and IS.

This section also stipulates the duties and responsibilities of the employees for compliance with Occupational Safety Regulations.

DTEK ENERGY ENTERPRISES ARE UNITED BY THE SOFTWARE COMPLEX "UNIFIED OCCUPATIONAL SAFETY AND HEALTH MONITORING SYSTEM", BASED ON WHICH THEY ANALYZE INFORMATION AND MAKE DECISIONS ON MANAGEMENT EFFICIENCY. IN ADDITION, BEHAVIORAL AUDITS WERE CONDUCTED IN 2020 WHICH UNCOVERED 8,534 DANGEROUS ACTIONS AND SITUATIONS FOR EMPLOYEES AND TO ELIMINATE A 9,953 PRECARIOUS SCENARIOS.

IN 2020, DTEK RENEWABLES ADOPTED THE REGULATIONS "OCCUPATIONAL SAFETY, INDUSTRIAL AND ENVIRONMENTAL SAFETY MANAGEMENT SYSTEM". IN ADDITION, A PROCEDURE OF INFORMATION ABOUT PRESENCE OF DANGERS IN THE AREA OF LP AND IS AT WORK PLACES.

DTEK GRIDS DEVELOPED AND IMPLEMENTED THE "METHODOLOGY OF DYNAMIC ASSESSMENTS OF RISKS AT THE WORKPLACE", AS WELL AS THE "PROCEDURE FOR MONITORING PERFORMANCE MEASURES IN THE WORKPLACE". IN ADDITION, DISTRIBUTION SYSTEM OPERATORS IMPLEMENTED A PERSONNEL MOTIVATION SYSTEM IN ORDER TO IMPROVE OCCUPATIONAL SAFETY. IN PARTICULAR, THEY AWARD THE EMPLOYEES WHO MAKE IT TO THE TOP-3 OF QUARTERLY RATINGS THAT ARE COMPOSED UPON THESE FOUR INDICATORS: ABSENCE OF OCCUPATIONAL HAZARDS IN THE SUBDIVISION, PARTICIPATION IN WORKPLACE AUDITS, IDENTIFICATION OF DANGEROUS ACTIONS BY COLLEAGUES, INNOVATION IN THE AREA OF OCCUPATIONAL SAFETY.

IN CASE OF INJURY TO AN EMPLOYEE DURING PRODUCTION, A SPECIAL COMMISSION SHALL BE CREATED INVOLVING THE REPRESENTATIVES OF SUPERVISORY BODIES, AND BOTH EXTERNAL AND INTERNAL INVESTIGATIONS SHALL BE CONDUCTED. UPON THE RESULTS OF INVESTIGATION, CORRECTING MEASURES SHALL BE DEVELOPED TO PRECLUDE SUCH CASES IN THE FUTURE.

OCCUPATIONAL SAFETY OF CONTRACTOR ACTIVITIES

All DTEK Group's production enterprises have approved their "Provisions on the Safety of Work and Services by Contracted Organizations". This document considers the specifics of enterprise activities and unifies the requirements on occupational, fire and general Safety. In case of violation of such requirements, appropriate measures shall be taken, up to prohibition of work and contract termination.

All employees of contracted organizations shall pass an incoming test of competency and preparedness as to the issues of occupational and industrial safety. A roadmap shall be developed for the admission of contractors to execute work at DTEK Group facilities.

TRAINING IN THE FIELD OF LP AND IS

We developed the Training Programme in order to maintain the necessary qualification level of employees and their preparedness to perform their professional duties in compliance with safety requirements. All production enterprises of DTEK Group conduct training and tests of knowledge on continuous basis. In addition, all employees in the course of their work activities pass obligatory training on Occupational Safety, Fire Safety, Civil Protection and Technical Operation, as well as the LP and IS briefings. Second important area that supports motivation for safe work is the contests of professional craftsmanship and specialty conferences.

IN 2020, SOME 17,834 EMPLOYEES RECEIVED TRAINING ON OS & IS, AND UAH 4.9 MLN WERE INVESTED IN TRAINING.
MAIN APPROACHES TO TRAINING:

- **DEMONSTRATION OF TRAINING FILMS AND PRESENTATIONS;**
- **CONDUCT OF VIDEO BRIEFINGS (INTRODUCTORY, PRIMARY AND REPETITIVE, ACTUALIZED EVERY YEAR);**
- **DIFFERENTIATION OF EMPLOYEES UPON THEIR QUALIFICATION AND SPECIALIZATION;**
- **INVOLVEMENT OF ALL PERSONNEL IN THE TRAINING PROCESS;**
- **MULTI-LEVEL TESTS OF KNOWLEDGE.**

3
GOOD HEALTH AND WELL-BEING

HEALTHCARE AND OCCUPATIONAL HEALTH AND SAFETY OF THE EMPLOYEES

DTEK Group is implementing comprehensive programmes in occupational health. We monitor the dynamics of two medical and social indicators: Disease Incidence and Health Index. This allows efficient and positive impact on improvement of work productivity and reduction of DTEK Group's financial losses.

Production enterprises DTEK Energy and DTEK Grids also include in their Occupational Safety activities, the programmes of personnel recreation at health resorts. These enterprises allocate and provide funds on a yearly basis for organization of rest and recreation of the employees and their family members. Such recreation is arranged with the Trade Union committees.

DTLC

(Disease with Temporary Loss of Capability) — a unified base for monitoring of employee health indicators and activities of medical units at our enterprises

- Centralised Management
- Unified Healthcare Standards
- Health Insurance for all employees
- Prophylactics of professional diseases
- Attestation of workplaces

33 Health Posts (32 operate round the clock, 17 – underground)

381 medical employees (of which 37 doctors)

17 specialists (psychologists, psycho-physiologists, specialists on psycho-physiological expertise)

2.3 mln examinations of employees prior to work shift

2.9 thous. employees received urgent medical assistance

5.2 thous. employees and their family members went through recreation at health resorts – preventoriums

10.11 level of disease incidence with temporary loss of capability in 2020 (10.12 — for one employee of production enterprises in 2019)

51.0 Health Index in 2020 (in 2019, the Health Index – percent of employees who did not become ill during the year — was 51.0)

Annex 1

ON THE REPORT AND THE PROCESS OF NON-FINANCIAL REPORTING

This report, including the "Sustainability" section (hereinafter referred to as the "Report"), reflects material facts about the sustainable development activities of the DTEK Group in the 2020 calendar year (from January 1 to December 31), as well as some facts of 2021 which have a direct relationship with the activities conducted in 2020 by the DTEK Group or which are important from the point of view of understanding the sustainable development objectives.

The report is the seventh integrated report and the tenth report disclosing information about the DTEK Group's activities in the field of sustainable development. The previous report was published in 2020 and contained information on activities in the 2019 calendar year.

The report was prepared using:

- the 17 UN Sustainable Development Goals,
- the indicators embedded in the Sustainability Reporting Guidelines (GRI),
- other sustainability reporting standards.

BOUNDARIES AND SCOPE OF REPORTING

The report reflects the scale of DTEK Group's activities, approaches in the field of management and stakeholder engagement, performance indicators in the economic and environmental spheres, personnel management, interaction with society, customer-oriented activities.

The structure is presented in the "About the DTEK Group" section on page 13. Non-financial reporting includes quantitative and qualitative (descriptive) elements by the DTEK Group activities that have the most significant impact on the economy, ecology, and social aspects.

ORGANIZATIONAL BOUNDARIES OF NON-FINANCIAL REPORTING

1. Electricity generation: TPPs and CHPP

DTEK Eastenergy LLC, including:
- DTEK Kurakhivska TPP
- DTEK Luhanska TPP

DTEK Dniproenergy JSC, including:
- DTEK Kryvorizhska TPP
- DTEK Zaporizhska TPP
- DTEK Prydniprovska TPP

DTEK Westenergy JSC, including:
- DTEK Burshtynska TPP
- DTEK Dobrotvirska TPP
- DTEK Ladyzhynska TPP

DTEK Myronivka CHPP LLC

2. Coal production and processing

PrJSC DTEK Pavlohradcoal, including:
- Ternivske Mine Office SIU
- Pavlohradske Mine Office SIU
- Geroiv Kosmosu Mine Office SIU
- Dniprovske Mine Office SIU
- Pershotravneve Mine Office SIU

DTEK Dobropolyeugol LLC, including:
- Dobropilska Mine Office SIU
- Bilozerska Mine Office SIU

DTEK Dobropilska CEP PJSC
CCM Pavlohradska LLC
CCM Kurahivska LLC
DTEK Zhovtneva CEP PJSC

3. Electricity distribution

DTEK High Voltage LLC
DTEK Energougol ENE PrJSC
DTEK Kyiv Grids PrJSC
DTEK Donetsk Grids JSC
DTEK Dnipro Grids JSC
DTEK Odesa Grids JSC
DTEK Kyiv Regional Grids PrJSC

4. Renewable energy: WPP and SPP

DTEK Botievska Wind Farm LLC
DTEK Nikopolska Solar Farm LLC
DTEK Pokrovska Solar Farm LLC
DTEK Tryfonivska Solar Farm LLC
DTEK Prymorska Wind Farm LLC
DTEK Prymorska Wind Farm-2 LLC
DTEK Orlivska Wind Farm LLC
Wind Tech LLC

5. Gas production

Naftogazvydobuvannya PrJSC

GROUNDS FOR EXCLUDING ORGANIZATIONS FROM REPORTING SCOPE

The reporting scope does not include companies whose impact is insignificant in terms of GRI indicators, companies and enterprises operating outside Ukraine, enterprises and assets of enterprises over which no operational management is carried out.

ESSENTIAL TOPICS

In assessing how essential the topics for non-financial reporting objectives are, the DTEK Group relies on the principles of expediency and relevance in the Ukrainian context. Following an audit of informational materials in the media, social climate research at DTEK Group enterprises, analysis of the content of non-financial reports of leading energy companies, content of dialogues with stakeholders, the following substantive topics were determined for the Report (based on the expert evaluation of DTEK management):

Context	Marginally essential	Moderately essential	Highly essential
International	• Benefits of various tariffs for consumers • Safety of network infrastructure for the population • Scientific R&D • Interaction with contractors	• New philosophy: social and customer-oriented power industry • Promoting responsible energy consumption • Investment in new technologies • Interaction with customers	• Modernization of power systems and restoration of fixed assets (Eastern Europe) • Combined use of fuels, renewable energy development • Energy efficiency and reduction of greenhouse gas emissions • Management of environmental impacts
Ukraine	• Conservation of biodiversity • Labor remuneration system at DTEK Group enterprises • Quality of education and health services • Development of social entrepreneurship	• Risk of monopolization of the Ukrainian market • Improving the environmental monitoring system • The need for a national strategy for sustainable development • Waste management until full disposal	• DTEK Group strategy and investment directions • Improving the standard of living of the population of the territories of enterprises • Miners work safety • Restructuring of the coal industry and the energy sector as a whole

CALCULATION OF INDICATORS

Data was taken from official reporting forms, which are submitted annually to the state statistical bodies. A number of indicators are collected and calculated in accordance with the forms of internal reporting, which are verified by the responsible representatives of companies as part of internal audit procedures.

Data on greenhouse gas emissions include only direct greenhouse gas emissions. At present, there is no calculation of the amount of indirect greenhouse gas emissions due to their extreme insignificance compared to the volumes of direct emissions. To calculate the turnover rate, the average number of full-time employees is used.

A detailed description of the methodology for calculating indicators was presented in the “Report on the sustainable development activities of the DTEK Group for 2008-2009.”

Annex 2

DTEK GROUP QUANTITATIVE PERFORMANCE INDICATORS

ECONOMIC

The DTEK Group economic performance indicators are given in the sections “Business activity results” thereof.

ECOLOGICAL

GROSS GREENHOUSE GAS EMISSIONS, THOUS. TONNES

Year	Methane	Carbon dioxide (CO_2)	Nitrous oxide (N_2O)	Total	CO_2 equivalent, tonnes
2018	139.0	35,586.0	0.544	35,725.6	38,763,963.4
2019	145.1	31,194.9	0.467	31,340.5	35,382,267.3
2020	130.5	26,191.1	0.396	26,322.0	29,951,253.4

EMISSIONS OF OZONE-DEPLETING SUBSTANCES: N_2O, HEXOFLUORIDE, TONNES

Year	Hydrochlorofluo-rocarbons (HCC)	Chlorofluorocarbons (CFC)	Trichloroethane ($C_2Cl_3H_3$)	Halons	Carbon tetrachloride (tetrachloromethane)
2018	0.088	0.0	0.0	0.0	0.018
2019	0.079	0.0	0.0	0.0	0.018
2020	0.074	0.0	0.0	0.0	0.016

TOTAL WATER CONSUMPTION FOR OWN NEEDS BY SOURCE, THOUS. OF CUBIC METERS

Year	Surface water	Groundwater	Water supplied to utilities and other enterprises	Other sources	Total
2018	1,295,243.1	594.3	5,888.5	5,751.8	1,307,477.9
2019	1,234,964.8	511.5	5,854.4	6,455.7	1,247,786.5
2020	1,125,272.9	450.9	5,249.6	5,721.8	1,136,694.4

THE TOTAL VOLUME OF WATER RECYCLED AND REUSED, THOUS. OF CUBIC METERS

Year	Indicator
2018	5,209,024.5
2019	4,004,474.5
2020	4,347,729.3

THE CONTENT OF POLLUTANTS IN WASTEWATER, TONNES

Год	BOD*	Oil products	Suspended substances	Solid residue	Chlorides	Sulfates	Ammoniacal nitrogen	Iron total	Nitrates
2018	202.3	6.1	762.0	109,976.0	38,262.0	22,990.0	8.8	3.4	64.9
2019	135.3	5.8	719.5	101,275.5	35,738.8	22,600.0	10.0	2.3	34.8
2020	201.5	6.1	825.2	125,262.6	40,919.9	23,530.2	9.1	3.4	46.2

* Biochemical oxygen demand.

WASTE TREATMENT METHODS, TONNES

Year	Storage volume	Submitted by third parties	Volume of utilized, recycled waste	Total
2018	9,938,133.1	509,963.6	3,363,227.5	13,811,324.2
2019	7,563,404.2	429,075.3	5,915,277.8	13,685,438.9
2020	4,853,908.4	482,992.5	5,316,369.8	10,653,270.7

LAND RECLAMATION, HA

Year	Area of land to be reclaimed at the beginning of the year	Area of land to be reclaimed at the end of the year	Area of land reclaimed in the reporting year
2018	480.5	480.5	10.9*
2019	645.5	713.9	20.1
2020	713.9	643.6	97.8

* Completion of the technical stage of reclamation

ENTERPRISES, WHOSE ENVIRONMENTAL MANAGEMENT SYSTEMS PASSED AN AUDIT OF COMPLIANCE WITH REQUIREMENTS OF ISO 14001:2015 STANDARD IN 2020

DTEK Energy	• DTEK Eastenergy LLC (supervisory audit) • DTEK Dniproenergy JSC (supervisory audit) • DTEK Westenergy JSC (re-certification audit)
DTEK RENEWABLES	• DTEK Prymorska Wind Farm LLC (supervisory audit) • DTEK Prymorska Wind Farm 2 LLC (supervisory audit) • DTEK Nikopolska Solar Farm LLC (certification audit) • DTEK Renewables LLC (certification audit)
DTEK Oil&Gas	• DTEK Oil&Gas Production PrJSC (supervisory audit)
DTEK Grids	• DTEK Dnipro Grids JSC (supervisory audit) • DTEK Donetsk Grids JSC (supervisory audit) • DTEK High Voltage LLC (supervisory audit) • DTEK Kyiv Grids PrJSC (supervisory audit) • DTEK Odesa Grids JSK (audit took place for the first time) • DTEK Kyiv Regional Grids PrJSC (re-certification audit)

In 2021, six enterprises of DTEK Grids, as well as three enterprises of DTEK Renewables have been scheduled for supervisory audits to comply with ISO 14001:2015 standard.

OCCUPATIONAL SAFETY

INJURIES INDICATORS

Indicator	2017	2018	2019	2020
Lost time accident frequency rate (LTAFR)	0.570	0.580	0.516	0.440
Non-fatal injuries suffered by, people	285	246	286	209
Fatal accident frequency rate (FAFR)	0.010	0.021	0.011	0.010
Fatal injuries suffered by, people	5	9	6	5

No fatal injury accidents were detected in 2020 among the contractors.
DTEK Group has a zero-tolerance policy to industrial injuries among both employees and contractors during their working hours at DTEK Group industrial facilities in order to preserve the well-being, health, and performance throughout all their professional activities.

CERTIFICATION IN THE AREAS OF OCCUPATIONAL SAFETY AND FIRE SAFETY

Occupational Safety and Fire Safety Management Systems are either functioning or being implemented at industrial enterprises of DTEK Group in accordance with international standards.

DTEK Renewables, DTEK Prymorska Wind Farm, DTEK Nikopolska Solar Farm, DTEK Prymorska Wind Farm 2 passed certification/supervisory audits in 2020 to comply ISO 45001:2018 standard.

DTEK Oil&Gas Production passed certification audit of health care and occupation safety system to comply with ISO 45001:2018 standard and obtained the new certificate of conformity.

DTEK Odesa Grids and DTEK Kyiv Regional Grids successfully passed certification audits to comply with the international ISO 45001:2018 standard and the international ISO 14001:2015 standard. DTEK Donetsk Grids, DTEK Dnipro Grids and DTEK Kyiv Grids passed supervisory audits to comply with ISO 14001:2015 and ISO 45001:2015 standards.

PERSONNEL

TOTAL PERSONNEL HEADCOUNT AS OF 31 DECEMBER 2020, PEOPLE

Total	Permanent employees	Temporary employees	Full-time employment	Part-time employment	Females	Males
69,918	68,119	1,799	69,413	505	19,992	49,926

Percent of employees, who shall retire within 5 years		Percent of employees, who shall retire within 10 years	
females	males	females	males
6.3	3.9	8.3	5.3

DTEK Group understands the importance of human rights' protection and fully supports the fundamental concepts and the principles set forth in the Universal Declaration of Human Rights, the Convention for the Protection of Human Rights and Fundamental Freedoms, declarations and conventions of the International Labor Organization.

The recruitment of employees at DTEK Group is based on the principles of transparency and equal opportunities for all candidates. The corresponding reports on vacancies are submitted in line with the established format to the State Employment Center every month.

One of the key tasks for HR is to facilitate the employment of people with disabilities, for whom DTEK is their main place of work. In accordance with the Law of Ukraine "On the Fundamental Principles of Social Protection of Disabled People in Ukraine", DTEK Group enterprises and companies provide jobs for people with disabilities every year. The company also aims to create special employment positions, taking into account the individual illness, subject to the personal appeal of people with disabilities on employment issues.

DTEK welcomes innovative solutions in HR management: work is underway to digitize the processes for hiring and recruitment, by using the most objective criteria and decision-making mechanisms. All relevant information on prospective candidates can then be synthesized into a single database, which is accessible to all DTEK Group companies, and also ensures the accuracy and reliability of the data. An improved, more efficient recruitment process ultimately results in a highly qualified and motivated staff for DTEK. Additionally, the use of scalable, digital solutions for feedback, in the form of mutual employee evaluations, serves to track personal growth dynamics. In particular, the feedback cloud system allows users to receive rapid responses from both managers and employees, who can evaluate the work of their colleagues after meetings, joint projects and other activities.

PEOPLE OF DTEK GROUP BROKEN DOWN BY GENDER, 2020

FEMALES, PEOPLE

AGE			EDUCATION		YEARS WORKED AT THE COMPANY		
under 30 years	30 to 50 years	over 50 years	higher education	scientific degree	less than 3	3 to 5	more than 5
1,489	12,289	6,214	10,177	9	4,828	1,898	13,266

ORGANISATIONAL POSITION				
executive	of which executives from internal candidates	manager	specialist	worker
1,205	313	647	8,894	9,251

MALES, PEOPLE

AGE			EDUCATION		YEARS WORKED AT THE COMPANY		
under 30 years	30 to 50 years	over 50 years	higher education	scientific degree	less than 3	3 to 5	more than 5
7,476	31,829	10,621	16,820	39	10,552	5,190	34,184

ORGANISATIONAL POSITION				
executive	of which executives from internal candidates	manager	specialist	worker
6,174	1,716	991	5,688	37,061

KEY TOOLS, USED FOR ENSURING OCCUPATIONAL AND INDUSTRIAL SAFETY

Coal mining and processing	• Control over psycho-physiological condition of the personnel • Video orientation before each labour shift • Training and knowledge checks based on the PROTEK examination software • Training all the employees to use the dynamic risk assessment tools • Critical risks registration and monitoring • Algorithm of hazardous actions management using the Novator continuous improvement system • Cardinal rules, including those imposed on the employees of sub-contracting organizations • Functioning of managerial staff headquarters services for occupational and fire safety • Assessment of occupational and fire safety management issues by top executives • Compliance hotline for occupational and fire safety issues, including for the employees of sub-contracting organizations • Incentives for compliance with occupational and fire safety requirements: financial bonuses and non-financial rewards • Professional skills contests • Specialized training workshops • Introduction of counteraction measures against COVID-19
Electricity generation at TPPs and CHPP	• Own training and production centres with entitlement to issue state-format diplomas • Training and knowledge checks based on PROTEK examination software, including for the sub-contracting organizations • Own training sites for training the electric welders with diplomas • 200, 300 MW generating unit training site to practically drill the activities pertinent to response to emergencies and failures • Putting 6 kV switchgear cell to VR simulator, which operation is connected with higher risk or with larger expenses • Incentives for compliance with occupational and fire safety requirements: financial bonuses and non-financial rewards • Emergency and fire response drills • Professional skills contests • Annual labour protection days involving family members of the plant workers • Set of counteraction measures against COVID-19, including the temporary isolated operation mode of all TPPs (encapsulation)
Renewable energy	• Control over compliance with labour protection and industrial safety requirements at the wind and solar power plants • Alignment of the fixed assets with requirements of applicable regulations in the sphere of labour protection and industrial safety • Seminars and trainings on the provision of pre-medical care and ensuring fast responses and management of emergencies
Natural gas production	• 24-hour control over compliance with industrial safety requirements, including over the sub-contracting organizations • Automated failure-stop and fire safety systems • Control over the production culture and the process discipline • Planned occupational and fire safety drills for personnel with obtaining permits for the performance of high-risk works • Incentives for compliance with occupational and fire safety requirements: financial bonuses and non-financial rewards Failure-stop and fire safety systems • Trainings in first aid • Professional skills contests • Annual conference on occupational safety, industrial safety and environmental protection
Distribution of electricity	• Procurement of tablets and smart phones to maintenance crews to record their working processes in order to control the quality of conducting the targeted safety briefings • Cardinal rules • Remote access to CCTV cameras at the dispatch centres • CMS software to account for the workstations audit • Implementation of live works • Trainings on VR simulator • Incentives for compliance with occupational and fire safety requirements: financial bonuses and non-financial rewards A system of rankings assigned for compliance with labour safety requirements has been implemented, based on which the plants are able to prioritize their structural units. All employees of the structural units that ranked among TOP-3 are subject to quarterly bonus • Fire fighting and failure-stop drills • Professional skills contests and training workshops • Monthly labour protection days • Safety control over the works, performed by the sub-contracting organizations

Annex 3

TABLE OF STANDARD REPORTING ELEMENTS AND INDICATORS OF THE GLOBAL REPORTING INITIATIVE GUIDE GRI STANDARDS, UN GLOBAL COMPACT AND OTHER REPORTING STANDARDS IN THE FIELD OF SUSTAINABLE DEVELOPMENT

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 102-1	12		
GRI 102-2	13		
GRI 102-3	16–17		
GRI 102-4	16–17		
GRI 102-5	12–13; Annex 1		
GRI 102-6	16–17; 84		
GRI 102-7	16–17; 56–57; 162–163; 96–98	5 GENDER EQUALITY	
GRI 102-8	162–163; Annex 2	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 DECREASE INEQUALITIES	
GRI 102-9	60–62; 70–71; 75; 81; 83; 85–86; 91		
GRI 102-10	22; 24–25; 71		
GRI 102-11	120–126		
GRI 102-12	23; 131–132		
GRI 102-13	23; 131–132.		
GRI 102-14	7–9		
GRI 102-15	32–53; 124–126		Strategy b) Describe the climate – related risks and opportunities the organization has identified over the short, medium, and long term
GRI 102-16	26–27; 29; 120–123	16 PEACE AND JUSTICE	
GRI 102-17	120–123	16 PEACE AND JUSTICE	
GRI 102-18	102–115		Governance a) Describe the board's oversight of climate – related risks and opportunities
GRI 102-19	112–114; 124–126; 132–133		Governance a) Describe the board's oversight of climate – related risks and opportunities

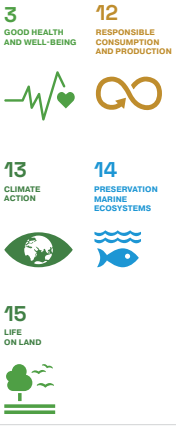
GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 102-20	105–111; 116–119		Governance a) Describe the board's oversight of climate – related risks and opportunities
GRI 102-21	133; 152; 164–165		
GRI 102-22	105–111		
GRI 102-23	None		
GRI 102-24	104; 112–114; Annex 2. Guidelines for top management recruitment are in place in the DTEK Group		
GRI 102-25	121–124		
GRI 102-26	112–114 The development, approval, and updating of DTEK's purpose, strategies, policies, and goals related to economic, environmental and social impacts are made with the involvement of the Supervisory Boards		Governance a) Describe the board's oversight of climate – related risks and opportunities
GRI 102-27	132–133		Governance a) Describe the board's oversight of climate – related risks and opportunities
GRI 102-28	CEOs, Regional Development Director have performance indexes established in respect of economical, environmental and social aspects. The performance is controlled by the Supervisory Boards		
GRI 102-29	112–114; 124–126; 132–133		Governance a) Describe the board's oversight of climate – related risks and opportunities b) Describe management's role in assessing and managing climate–related risks and opportunities
GRI 102-30	124–126; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

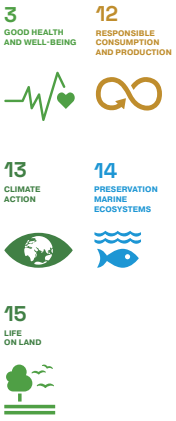
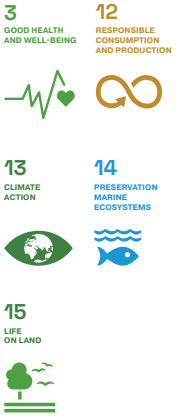
GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 102-31	Within the scope of activities of committees under Supervisory Boards		Governance a) Describe the board's oversight of climate – related risks and opportunities b) Describe management's role in assessing and managing climate – related risks and opportunities
GRI 102-32	CEO		Governance a) Describe the board's oversight of climate – related risks and opportunities b) Describe management's role in assessing and managing climate – related risks and opportunities
GRI 102-33	102–126; 133		
GRI 102-34	125–126; 135		
GRI 102-35	Process for determining remuneration is based on the evaluation of the approved strategic objectives and KPI		
GRI 102-36	114; 165 Process for determining remuneration is based on the evaluation of the approved strategic objectives and KPI		
GRI 102-37	164–165 Process for determining remuneration is based on the evaluation of the approved strategic objectives and KPI		
GRI 102-38	No evaluation was performed during the reporting period		
GRI 102-39	No evaluation was performed during the reporting period		
GRI 102-40	132		
GRI 102-41	98% of total employees covered by collective bargaining agreements		
GRI 102-42	132; Annex 1		
GRI 102-43	132		
GRI 102-44	150–159; Annex 1		
GRI 102-45	Annex 1		
GRI 102-46	Annex 1		
GRI 102-47	Annex 1		
GRI 102-48	Standards update to GRI Standards version in accordance with https://www.globalreporting.org/standards/		
GRI 102-49	Annex 1		
GRI 102-50	Annex 1		
GRI 102-51	Annex 1		
GRI 102-52	Annex 1		
GRI 102-53	Human Resources, Social Development and Environment Directorate, Corporate Communications Directorate PolyakovaMG@dtek.com		
GRI 102-54	This Integrated Report was prepared in accordance with GRI Standards		
GRI 102-55	Annex 3		

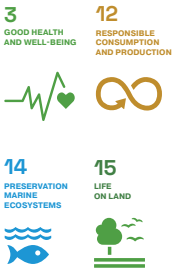
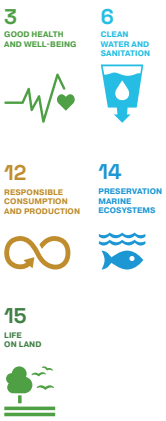
GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 102-56	This Integrated Report was prepared in accordance with GRI Standards. Non-financial reports of DTEK Group before 2012 were subject to the independent audit		
GRI 103-1	Annex 1		
GRI 103-2	Annex 1		
GRI 103-3	Annex 1		
GRI 201-1	96–98		
GRI 201-2	125–126		Strategy b) Describe the climate – related risks and opportunities the organization has identified over the short, medium, and long term Risk Management a) Describe the organization's processes for identifying and assessing climate – related risks. Metrics and Targets b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
GRI 201-3	166		
GRI 201-4	The Company does not received any financial assistance from the government		
GRI 202-1	No evaluation was performed during the reporting period		
GRI 202-2	No evaluation was performed during the reporting period		
GRI 203-1	150–159		
GRI 203-2	150–159		

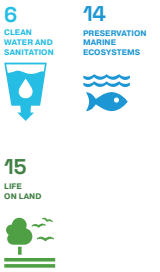
GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 204-1	No evaluation was performed during the reporting period	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 205-1	120–123	16 PEACE AND JUSTICE	
GRI 205-2	121–123	16 PEACE AND JUSTICE	
GRI 205-3	None registered	16 PEACE AND JUSTICE	
GRI 206-1	None registered	16 PEACE AND JUSTICE	
GRI 301-1	Annex 2	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 301-2	Annex 2	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 302-1	No analysis was made	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 302-2	32–51	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 302-3	No analysis was made		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 302-4	88–92; 155		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 302-5	68–71; 92–95		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 303-1	140; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 303-2	140; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 303-3	140; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 303-4	140; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 303-5	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 304-1	144–148		
GRI 304-2	144–148		
GRI 304-3	144–148		
GRI 304-4	144–146		
GRI 305-1	Annex 2		Metrics and Targets b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 305-2	Annex 2		
GRI 305-3	Annex 2		
GRI 305-4	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 305-5	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 305-6	Annex 2		

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 305-7	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 306-1	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 306-2	Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 306-3	147–149; Annex 2		
GRI 306-4	147–149; Annex 2		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 306-5	147–149; Annex 2		
GRI 308-1	No analysis was made		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 308-2	No analysis was made		Metrics and Targets a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process.
GRI 401-1	166; Annex 2		
GRI 401-2	No analysis was made		
GRI 401-3	In 2020, parental leave was granted to 24 men and 589 women		
GRI 402-1	166		
GRI 403-1	172–175; Annex 2		

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 403-2	Annex 2	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-3	172–175	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-4	172–175	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE AND JUSTICE	
GRI 403-5	172–175; Annex 2	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-6	172–175; Annex 2	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-7	172–175; Annex 2	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-8	172–175; Annex 2	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 403-9	172; Annex 2	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE AND JUSTICE	
GRI 403-10	173; 175	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE AND JUSTICE	

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 404-1	170; Annex 2	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 10 DECREASE INEQUALITIES	
GRI 404-2	168–171	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 404-3	162–167	8 DECENT WORK AND ECONOMIC GROWTH, 10 DECREASE INEQUALITIES	
GRI 405-1	Annex 2	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	
GRI 405-2	No analysis was made	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 DECREASE INEQUALITIES	
GRI 406-1	No data on such situations was received	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	
GRI 407-1	The right to freedom of associations is set forth in collective bargaining agreements. Employees have the right to strike. Negotiation is the main dispute resolution method	8 DECENT WORK AND ECONOMIC GROWTH	
GRI 408-1	Irrelevant. Child and forced labor are prohibited under Ukrainian law. The Company does not operate in the countries exposed to risks of such violations of human rights.	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE AND JUSTICE	
GRI 409-1	Irrelevant. Child and forced labor are prohibited under Ukrainian law. The Company does not operate in the countries exposed to risks of such violations of human rights	8 DECENT WORK AND ECONOMIC GROWTH	

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 410-1	No analysis was made		
GRI 411-1	The Company does not operate within the territories of indigenous peoples		
GRI 412-1	No analysis was made		
GRI 412-2	No analysis was made		
GRI 412-3	No analysis was made		
GRI 413-1	150–159		
GRI 413-2	DTEK is aware of the risks associated with the impact of its activities on the environment and the well-being of local communities. For more details on our approach to minimizing such risks, see the section "Sustainable Development"		
GRI 414-1	No analysis was made		
GRI 414-2	No analysis was made		
GRI 415-1	The Company does not provide aid to political parties		
GRI 416-1	Irrelevant		
GRI 416-2	No such incidents were registered		
GRI 417-1	Irrelevant. Pursuant to the sanitary standards, electrical equipment under 220 kW does not provide for actions aimed at protection of consumers' health in connection with the effects of electromagnetic fields		

GRI Standards reporting element	Page/references to additional information sources/direct answer	UN Sustainable Development Goals	Task Force on Climate–related Financial Disclosure (TCFD) Recommendations
GRI 417-2	No such incidents were registered		
GRI 417-3	No such incidents were registered		
GRI 418-1	No such incidents were registered		
GRI 419-1	No analysis was made		
MM1	Annex 2		
MM2	Annex 2		
MM3	Annex 2		
MM4	The right to freedom of associations is set forth in collective bargaining agreements Employees have the right to strike Negotiation is the main dispute resolution method		
MM5	The Company does not operate within the territories of indigenous peoples		
MM6	The Company is engaged in a permanent dialog with population and authorities in the areas where the company operates.		
MM7	The Company is engaged in a permanent dialog with population and authorities in the areas where the company operates.		
MM9	No resettlements took place in connection with the allocation of objects		
EU10	56–95		
EU11	60–61		
EU12	81		
EU13	No analysis was made		
EU15	Annex 2		
EU17	No data is available		
EU18	100% of employees of contractors and subcontractors undergo induction training in the field of labour protection; Annex 2		
EU22	No analysis was made		
EU25	No analysis was made		
EU26	No data is available		
EU27	No evaluation was done		
EU28	82		
EU29	82		
EU30	60–61		