



PROMOTING SUSTAINABILITY

Sustainability Report
2018–2019

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ABOUT THE REPORT

Dear readers,

We would like to bring to your attention the SUEK Sustainability Report for 2018–2019. We have been publishing such reports since 2006, as we view the transparency of business practices as one of the key components of corporate social responsibility. The Sustainability Report supplements the company's annual integrated reports, providing detailed information about the company's activities in the field of industrial safety, environmental protection, and development of personnel and the territories of our presence. The purpose of this report is to show how the company creates value for all stakeholders, thereby increasing its sustainability in the face of changing market conditions and strengthening its competitive advantages in the long term.

We are guided by the best global reporting practices in the field of ESG/sustainable development. The report is compiled in accordance with internationally recognised GRI Standards (Core option). The report covers the performance of the SUEK Group (also referred to in the report as "SUEK", "we", "company") for the calendar years 2018–2019, including all companies consolidated in SUEK's IFRS financial statements. Changes in the scope and boundaries of this report compared to the report for 2016–2017 are due to the consolidation of the Siberian Generating Company in 2018.

We use the term "coal segment" to describe our activities in the production and sale of coal, the term "energy segment" to describe the company's activities in the production of electricity and heat, and the "logistics segment" to describe the activities of our railway and port capacities.

The report was reviewed by the company's Internal Audit Service and the external auditor Bureau Veritas Certification Rus, approved by the Audit Committee of SUEK's Board of Directors, and publicly certified by the Non-Financial Reporting Council of the Russian Union of Industrialists and Entrepreneurs. The report is published in hard copy and on the websites suek.ru in Russian and suek.com in English.

The content of the report is determined by topics in the field of sustainable development and corporate responsibility that are most significant for the company and its stakeholders. When determining the scope of these topics, we focused on the UN Sustainable Development Goals, the principles of the UN Global Compact, the provisions of the Social Charter of Russian Business, and international standards ISO 26000 and GRI.



¹ In recent years, international practice has often used the abbreviation ESG (environmental, social, and governance) to refer to issues of sustainable development.

² SUEK's IFRS financial statements included in the report are given in roubles. For conversion, the average annual RUB/USD exchange rate was used: 62.7078 in 2018 and 64.7362 in 2019.

Elaboration of the scope of material topics and determination of the priorities for coverage in the report were carried out from the perspective of SUEK's strategic priorities and values, on the one hand, and the priorities of stakeholders, on the other hand³.

MATERIAL TOPICS	WHERE TO FIND DETAILED INFORMATION ON THE CONTENT OF THESE TOPICS AND OUR MANAGEMENT APPROACHES TO THESE TOPICS (GRI 103)	GRI STANDARDS IN ACCORDANCE WITH WHICH THE MAIN CONCRETE DATA ON THESE TOPICS IS DISCLOSED ⁴
A1. Financial stability and the company's development potential	Statement from the Chairman of the Board of Directors and CEO of SUEK Chapters Corporate governance; SUEK: Sustainable development and value creation	GRI 102. General disclosures. Organisational profile. GRI 201. Economic performance
A2. Industrial safety and emergency preparedness	Chapter Industrial safety and labour protection	GRI 403. Occupational health and workplace safety
A3. Product quality and manufacture of high-value products	Chapter SUEK: Sustainable development and value creation	GRI 201. Economic performance GRI 416. Customer health and safety
A4. Operational efficiency	Chapter SUEK: Sustainable development and value creation	GRI 201. Economic performance GRI 302. Energy
A5. Company's environmental footprint, including reducing greenhouse gas emissions	Chapter Environmental performance: safety and efficiency	GRI 303. Water GRI 306. Effluents and waste GRI 305. Emissions
A6. Corporate governance and risk management	Chapter Corporate governance	GRI 102. General disclosures GRI 206. Anti-competitive behaviour
A7. Interaction on business ethics issues	Chapters Corporate governance; Social performance: empowering our people	GRI 102. General disclosures

³ For more details on identifying the material topics and their boundaries, see Annex 3 of this report.

⁴ The list of concrete data disclosed in accordance with GRI Standards is given in Annex 4. Table of report compliance with reporting standards.

MATERIAL TOPICS	WHERE TO FIND DETAILED INFORMATION ON THE CONTENT OF THESE TOPICS AND OUR MANAGEMENT APPROACHES TO THESE TOPICS (GRI 103)	GRI STANDARDS IN ACCORDANCE WITH WHICH THE MAIN CONCRETE DATA ON THESE TOPICS IS DISCLOSED ⁴
A8. Remuneration and social support for employees	Chapter Social performance: empowering our people	GRI 201. Economic performance GRI 202. Market presence GRI 401. Employment
A9. HR policy and labour relations	Chapter Social performance: empowering our people	GRI 401. Employment GRI 402. Labour relations
A10. Staff training	Chapter Social performance: empowering our people	GRI 404. Training and education
A11. Company's contribution to development of urban infrastructure	Chapter SUEK and the regions: partnership for sustainable development	GRI 201. Economic performance
A12. Company's contribution to development of local communities	Chapter SUEK and the regions: partnership for sustainable development	GRI 203. Indirect economic impacts GRI 413. Local communities
A13. Supplier requirements and support for local suppliers	Chapter Sustainable development and value creation	GRI 201. Economic performance GRI 204. Procurement practices GRI 205. Anti-corruption GRI 414. Supplier social assessment
A14. Contribution to socio-economic development of the regions	Chapter SUEK and the regions: partnership for sustainable development	GRI 201. Economic performance GRI 203. Indirect economic impacts GRI 413. Local communities





SUEK: STRENGTHENING SUSTAINABILITY

SUEK is one of the largest energy companies in the world and a leading producer of coal and energy in Russia. The company is one of the world's top five coal suppliers. More than 66,000 SUEK employees work to meet the growing energy needs of people. Lighting and transportation, heating and cooling, clean water supply, support for production processes, computing and communication capacities – everything that determines the level of people's daily life and prospects for economic growth is based on the availability of energy. SUEK helps expand access to energy to ensure a better quality of life for everyone. The company supplies coal to 48 countries and heat and electricity to the homes of 5 million Russians. Our products are in demand by customers in the energy sector, metallurgy, and the chemical industry.

The company has strong potential for sustainable development in the long term, relying on a profitable asset structure, operational efficiency, and a modern corporate governance system. SUEK operates in accordance with the principles of social responsibility and sustainable development. We strive to meet the growing demand for energy while ensuring production safety and reducing environmental impact throughout the value chain.

Our mission is to fuel the world by producing coal and generating heat and electricity safely and sustainably, while delivering value to all of our stakeholders.

SUEK: the energy of creativity, innovation, mutual responsibility and cooperation, aimed at improving the sustainability of the company and society.

We strengthen the company's financial stability and market position based on a vertically integrated business model and high operational efficiency...

Revenue
▶ **488.6** million roubles⁵

EBITDA
▶ **136.9** million roubles

Coal segment
▶ **45.7** million roubles

...we invest in the modernisation of our enterprises, increasing their efficiency and eco-friendliness...

▶ **64.3** million roubles capital expenditures

▶ **96%** of heat is produced in cogeneration

...we mine coal and produce energy in compliance with all safety requirements...

▶ **9%** of the capital investment is used to ensure industrial safety and health protection of staff

▶ **LITFR 0.72** in the coal segment

▶ and **0.24** in the energy segment are among the lowest industry indicators in Russia and in the world

▶ **68%** the share of educational safety programmes in the total amount of training

...we implement large-scale environmental programmes...

▶ Enterprises from 7 regions covered by a programme for construction and modernisation of treatment facilities

Gross emissions in the energy segment decreased

▶ by **6%** compared to 2017

▶ **552** ha of land reclaimed

▶ **4.2** million m³ of methane recycled

...we provide fair remuneration and social support for our staff, as well as opportunities for the professional growth of our employees...

▶ **66.68** billion roubles paid as wages and bonuses

▶ About **92%** of SUEK employees covered by collective bargaining agreements

▶ **14** SUEK training centres

▶ **374.1** million roubles investments in training

...we support the socio-economic development of the territories where our enterprises operate, collaborating with federal and local authorities, local communities...

▶ **35** billion roubles taxes paid in Russia

▶ More than **65** settlements received support through SUEK's social investments

▶ **1,685** million roubles social investments in local communities

▶ Jobs of **9,853** local suppliers were supported

⁵ The figures here and below in this section are for 2019.

From the calendar for 2018

January	February	April	July	September	November
<p>By a decree of President of the Russian Federation Vladimir Putin, 11 SUEK employees from Buryatia and the Krasnoyarsk and Khabarovsk Territories received state awards of Russia for labour successes and long-term conscientious work.</p> <p>The Russian Union of Industrialists and Entrepreneurs (RSPP) announced the results of the prestigious annual Russian competition "Leaders of Russian Business: Dynamics and Responsibility - 2017". SUEK won the Grand Prize in the category "For contribution to the social development of territories".</p> <p>In the village of Sagan-Nur in the Republic of Buryatia, a reconstructed sports and recreation centre was opened.</p> <p>Barnaulskaya CHPP-3 reached a record high for electricity generation.</p> <p>The technology for obtaining ash and slag materials from ash and slag waste of SUEK generating enterprises underwent a state environmental review.</p> <p>With the company's support, a new training laboratory was opened in the Kemerovo Municipal Construction College.</p> <p>The project "Share the heat - 2018" was launched in Krasnoyarsk.</p>	<p>Vladimir Rashevsky, CEO of SUEK, presented SUEK's proposal to improve the environmental situation in Krasnoyarsk, including expanding the use of smokeless briquettes, at a meeting in Krasnoyarsk on environmental issues held by Russian President Vladimir Putin with the leadership of the Krasnoyarsk Territory and representatives of large industrial companies.</p> <p>In 2018, SUEK's coal assets were audited for compliance with the requirements of the code of the global expert non-profit organisation Bettercoal.</p> <p>New longwall No. 24–60 with an extracted height of the Boldyrevsky seam of 2.2 metres and coal reserves of 3 million tonnes was put into operation at the Kirov mine of SUEK-Kuzbass JSC.</p>	<p>SUEK joined the Vision Zero programme of the International Social Security Association and World Coal Association.</p> <p>President of the Russian Federation Vladimir Putin awarded the gold medal "Hero of Labour of the Russian Federation" to Alexander Kulichenko, foreman of the Taldinskaya-Zapadnaya-2 mine of SUEK-Kuzbass JSC.</p> <p>The heads of the Kuzbass branch of SGC were given regional awards.</p> <p>SUEK's labour protection activities received several awards of the All-Russian Labour Protection Week 2018.</p> <p>For schoolchildren from six regions of SUEK's presence, a session was held at the Sirius Educational Centre for Gifted Children.</p> <p>The opening of the "Dream Ski" sports rehabilitation programme took place in Murmansk.</p>	<p>Competitions were held among SUEK's auxiliary mining and rescue teams in underground and open-pit mining.</p> <p>With the company's support, the 10th Annual Festival for Children with Special Needs "From Heart to Heart" was held.</p> <p>As part of the celebrations dedicated to the 400th anniversary of Novokuznetsk, the company held the "Heat Exchange" music festival in the city.</p>	<p>SUEK consolidated the Siberian Generating Company.</p> <p>Nomura Research Institute (Japan) confirmed the quality of SUEK's environmental protection measures at the Vanino Bulk Terminal.</p> <p>The international conference "Underground Coal Mining of the 21st Century" was held in Kuzbass with the support of SUEK.</p> <p>A gala concert of the first all-Russian children's art festival "Little Stars of SUEK" was held in Krasnoyarsk.</p> <p>The company supported the creation of a physics and mathematics class at School No. 50 in Novokuznetsk.</p>	<p>Murmansk Commercial Seaport received an international certificate of compliance with the environmental management system.</p> <p>SUEK won the Priority-2018 National Import Substitution Award.</p> <p>Schoolchildren from the regions of SUEK's presence participated in the economic camp "Territory of Success" in Sochi.</p> <p>Olympic training camps for gifted schoolchildren were held in Kemerovo with SUEK's support.</p>
	March	May	August	October	December
	<p>A new world record for shipment of rock mass was set at Vostochno-Beisky open-pit.</p> <p>In March, port workers at the Vanino Bulk Terminal loaded a record-breaking 2,139,576 tonnes of coal into the fleet.</p> <p>The Murmansk Commercial Seaport and the Murmansk administration signed a cooperation agreement.</p> <p>SUEK opened a photo exhibition in Kemerovo dedicated to mining work – "People of Coal".</p> <p>The company became a partner of the regional stage of the CASE-IN International Engineering Championship.</p> <p>The company's volunteers implemented an educational project on energy security in Novosibirsk schools.</p>	<p>The government of the Zabaikalye Territory and SUEK signed an agreement on socio-economic partnership.</p> <p>The project "Cultural Seasons" was launched in Barnaul with support from SUEK.</p> <p>Volunteers of SGC's Green Squad are winners of the environmental competition "Family. Ecology. Culture."</p>	<p>SUEK enterprises set a number of world records: coal mining to the top, shipment of rock mass, drilling operations. The Russian record for daily shipment of coal to the fleet was also set.</p> <p>New treatment facilities were launched at SUEK's Vostochno-Beisky open-pit in Khakassia.</p> <p>SUEK presented smokeless fuel at the Technoprom International Forum in Novosibirsk.</p> <p>Celebrations were held at the company's enterprises in honour of Miner's Day.</p> <p>A chemistry class was opened at a secondary school in Rubtsovsk with support from SUEK.</p> <p>The company completed an environmental project to equip the Kuzbass power plants with fish protection devices.</p> <p>SUEK and the city of Myski signed an agreement on socio-economic cooperation.</p>	<p>The auxiliary mine rescue team of the Ruban mine won silver awards at the 11th International Mines Rescue Competition - IMRC 2018.</p> <p>The Vanino Bulk Terminal and the Murmansk Commercial Seaport won the competition "Leader of Environmental Activities in Russia - 2018".</p> <p>SGC's Green Squad planted 700 trees as part of the autumn phase of the eco-marathon.</p> <p>In Rubtsovsk, a children's playground and a public garden were opened with the support of the company.</p> <p>A photography school for children with special needs was opened in Kemerovo with the support of the company.</p>	<p>The company took first place among Russian companies in the ranking "Leaders of corporate charity" and was recognised as the winner of the categories: "The best programme (project) that reveals the policies and principles of corporate social investment in the territories" and "Transparency of charitable activities".</p> <p>Following tradition, children from mining regions and SUEK veterans visited medical rehabilitation facilities of the Directorate of the President of the Russian Federation.</p> <p>An educational session was held at the Sirius Centre for the winners of the SUEK Olympiads and the best chess players from the regions of Russia.</p> <p>With the support of the company, a technical laboratory was opened in the Novokuznetsk Technical School.</p>
		June			
		<p>President of the Russian Federation Vladimir Putin awarded Vladimir Ilyin, excavator operator at Razrez Berezovsky JSC, in the Kremlin.</p> <p>The government of the Kemerovo Region and SUEK signed an agreement on socio-economic partnership.</p> <p>The project "Dream Ski. Rollers" was launched in Krasnoyarsk with the support of SUEK.</p> <p>The summer season of SUEK Youth Work Teams started in the regions where the company operates.</p> <p>SUEK service enterprises were awarded international exhibition "Coal of Russia and Mining - 2018" awards.</p> <p>The company held its first open day in Khakassia.</p>			

From the calendar for 2019

January	March	May	July	September	November
<p>The results of the annual work of teams of excavators for Komatsu PC 3000 No. 3 on the Vostochno-Beisky open-pit, PC4000 No. 64 and Komatsu PC 2000 at the Chernogorsky open-pit were recognised as world records for the performance of excavators of this class.</p> <p>SUEK's Krasnoyarskaya CHPPs received a certificate of compliance of environmental management systems with the international standard ISO 14001:2015.</p> <p>The Vanino Bulk Terminal set an all-time record for shipping and unloading freight cars.</p> <p>After general reconstruction financed by SUEK, a sports and recreation complex was opened in the village of Drovyanaya in the Zabaikalye Territory.</p>	<p>In Krasnoyarsk, as part of SUEK's social investment programme, training of public sector employees and beginner entrepreneurs in the basics of social entrepreneurship was launched.</p> <p>SUEK employees volunteered at the 29th World Winter University Games in Krasnoyarsk.</p>	<p>Three world performance records were set at the SUEK-Kuzbass open-pit.</p> <p>With the support of SUEK, the "Dream Ski" sports rehabilitation programme was launched in the town of Borzya, Zabaikalye Territory.</p> <p>The 10th regional children's sports festival was held in Kiselevsk with the support of SUEK.</p> <p>The #VmesteYarche [Brighter Together] festival took place at Barnaul CHPP-3.</p> <p>The company planted 7,000 pine trees in Kemerovo.</p>	<p>A giant longwall with coal reserves of more than 6 million tonnes and a unique bottomhole length of 400 metres was first introduced at the SUEK-Kuzbass Yalovsky mine.</p> <p>A high-tech complex of structures for ventilation of mine workings was introduced at the Kirov mine in Kuzbass.</p> <p>The conference "Industrial Safety, Occupational Safety and Health, Environmental Protection in SUEK. Results of 2018. Challenges of 2019" was held in Vladivostok.</p> <p>SUEK-Kuzbass accepted 190 students from Kuzbass and Moscow universities for practical training.</p> <p>SUEK's summer sports competition for generating companies was held in Kuzbass.</p> <p>The company supported the "Street Art Week" festival in Novokuznetsk.</p>	<p>SUEK, the Far East Investment and Export Agency, and the Far East Development Corporation signed a cooperation agreement as part of the project to increase the Vanino Bulk Terminal's capacity for coal transshipment to 40 million tonnes per year.</p> <p>The Murmansk Commercial Seaport and the Vanino Bulk Terminal are among the three leaders of the national award "Transport Security of Russia - 2019" in the category "Best transport infrastructure facility or sea/river carrier that has implemented the requirements for ensuring transport security".</p> <p>Wastewater treatment facilities were installed at the Kharanorsky open-pit.</p> <p>Final training sessions under the School of Social Entrepreneurship programme were held in Siberia and the Far East.</p> <p>Kuzbass students of the UnikUm centre, which operates with the support of SUEK, became winners of the Russian Engineering Solutions Competition.</p>	<p>SUEK enterprises in Buryatia achieved a record-breaking number of shipments thanks to technological solutions developed jointly with the East Siberian Railway.</p> <p>With the support of the company, the light and music show "Heart of Siberia" was held in Krasnoyarsk to mark the 85th anniversary of the city.</p> <p>SUEK's corporate museum in Leninsk-Kuznetsky became the best in Russia.</p> <p>With the support of SUEK, gaming complexes were opened in the cities of Borodino and Zaozerny and in the village of Novaya Solyanka in the Krasnoyarsk Territory.</p>
February	April	June	August	October	December
<p>For SUEK-Kuzbass miners, a new disease prevention department was opened in Kiselevsk.</p> <p>A new administrative and household complex was put into operation at the Chernovsky mechanical repair plant in Transbaikal.</p> <p>The Tugnuisky open-pit opened a training centre in a new building.</p>	<p>The car fleet managed by SUEK was supplemented with 16,025 innovative cars.</p> <p>The first stage of dust and wind shields was put into operation in the Murmansk Commercial Seaport.</p> <p>New longwall No. 814 with an extracted height of 4.7 metres and coal reserves of 5.2 million tonnes was put into operation at the Ruban mine of SUEK-Kuzbass JSC.</p> <p>Primorskugol LLC opened a laboratory for identifying germanium in coal.</p> <p>The company won in several categories of the Russian Ministry of Energy's competition for the best socially oriented company in the energy sector.</p> <p>SUEK won the RSPP's "Leaders of Russian Business" competition in the category "For high-quality sustainability reporting".</p> <p>The company became a partner of the CASE-IN International Engineering Championship to solve mining cases.</p> <p>With the support of the company, a chess class was opened in the village of Nikolsk, Mukhorshibirsky District of the Republic of Buryatia.</p> <p>A regional robotics Olympiad was held in Barnaul with the support of SUEK.</p> <p>The company supported the creation of a workshop at the Nazarovo Power Engineering College.</p>	<p>SUEK-Kuzbass successfully applied coal seam hydraulic fracturing technology for the first time in the industry.</p> <p>New modern dust suppression systems were put into operation at the Borodinsky open-pit.</p> <p>SUEK-Kuzbass enterprises were awarded three grand prizes at the 26th International Exhibition "Coal of Russia and Mining".</p> <p>SUEK-Kuzbass Mine Surveying Service won the 2018 Surveying Services Rating compiled by the Russian Union of Mining Surveyors.</p> <p>SUEK supported the Children's Day gala concert "May there always be me!"</p>	<p>Introduction of the innovative emergency response system BAVR began at substations of the SUEK-Kuzbass mines.</p> <p>A new emergency medicine building built with the company's support was opened in Polysaevo, Kemerovo Region.</p> <p>SUEK-Khakassia financed the construction of a new tennis court in Chernogorsk for the City Day festival.</p> <p>The first training session of the School of Social Entrepreneurship for residents of cities where SUEK energy enterprises are located was held in Krasnoyarsk.</p> <p>Employees of the Krasnoyarskaya CHPP-2 together with children from Kindergarten No. 176 released 1,400 juvenile sturgeon into the Yenisei River.</p>	<p>SUEK acquired Reftinskaya GRES – one of the largest coal stations in Russia.</p> <p>The Murmansk Commercial Seaport passed inspection control for compliance with the requirements of ISO 14001:2015 Environmental Management Systems.</p> <p>The company underwent energy management system certification in accordance with the requirements of the international standard ISO 50001:2018.</p> <p>Vladimir Rashevsky, CEO of SUEK, took first place in the rating of top managers in the energy and fuel sector of the project "Top 1,000 Russian managers", which is published annually by the Kommersant newspaper. Other SUEK managers also held high positions in the rating.</p> <p>Prakla RB-T 135 drilling rig was put into operation at SUEK-Kuzbass.</p> <p>With the company's support, a geological museum was opened in Kuzbass.</p>	<p>An agreement was reached to purchase Krasnoyarskaya GRES-2 from Gazprom Energoholding.</p> <p>SUEK was certified according to ISO 19600:2014 (compliance management) and ISO 37001:2016 (anti-corruption) by the International Compliance Association (ICA).</p> <p>For doctors from mining regions, SUEK organised training in the medical institution of the Directorate of the President of the Russian Federation.</p> <p>SUEK took leading positions in the RSPP Indices "Responsibility and Openness" and "Vector of Sustainable Development" for 2019.</p> <p>An electronic medical examination system was put into operation at the Murmansk Commercial Seaport.</p> <p>SUEK's headquarters hosted "The Energy of Good", an annual fun fair for young artists from Siberia and the Far East.</p> <p>Two educational modules of the science school "Scientists of the Future" for high school students were held in Krasnoyarsk with SUEK's support.</p>



Alexander Landia

Vladimir Rashevsky

SUEK MANAGEMENT STATEMENT

During the reporting period, SUEK continued to strengthen its position as one of the leading coal-energy companies in the world, both in terms of production and economic indicators and in terms of corporate governance and sustainable development.

The company has demonstrated that it is well prepared for the new challenges of a rapidly changing world. We have achieved stable financial results amid high market volatility. In 2019, the Group's total revenue amounted to 488,564 million roubles, with an EBITDA margin of 28% and net profit of 45,704 million roubles.

In 2018–2019, we continued to improve the corporate governance system, focusing on the best global practices and taking into account the new scale of the company. At the same time, special attention was paid to ESG factors – the social and environmental aspects of our business and the quality of management decisions. We are committed to the principles of responsible, ethical business conduct. Our goals in this area are connected to the UN Sustainable Development Goals. In 2019, SUEK received international certificates in the areas of compliance management and anti-corruption management.

An important area of our responsibility is concern for the environment. In 2018, SUEK's mining enterprises were evaluated for compliance with the requirements of the Bettercoal Code in the field of environmental protection and energy management.

The consolidation of the coal and energy sectors allowed us to increase control over the environmental impact of our activities at all stages of the operating cycle. In 2019, the specific energy consumption at coal segment enterprises decreased by 6% compared to 2017, which also resulted in a reduction in total greenhouse emissions. A project has been launched at generating enterprises to produce construction materials from bottom ash waste and use it to restore disturbed land.

The company also took a big step forward in reducing its impact on water resources. A programme for the construction and modernisation of wastewater treatment plants is being carried out at enterprises in seven regions. The implementation of world-class environmental technologies continued at SUEK ports. In 2019, Russia's Federal Agency on Technical Regulating and Metrology (Rosstandart) included dust suppression practices used by SUEK among the best available technologies.

Safety remains our company's number one priority. Continuing the implementation of the comprehensive programme to improve industrial safety and labour protection, over the years we have achieved a reduction in LTIFR from 1.0 to 0.72 in the coal segment and 0.57 to 0.24 in the energy segment, which are some of the best industry indicators in the world.

Unfortunately, we could not completely avoid fatal accidents. In two years, 14 of our employees died. We deeply grieve their loss. Based on the results of the investigation of each case, a set of technical and organisational measures was taken to eliminate the root causes of the situations.

The safety monitoring system of our mines was further developed. In 2019, a remote monitoring industrial safety system was launched Kuzbass based on the work of the Unified Dispatch and Analytical Centre, which is one of the leading examples of such systems in the world. It gives a comprehensive assessment of the level of safety and risk of dangerous situations in order to predict and take preventive measures in a timely manner.

Today SUEK unites twice as many employees as in the beginning of the reporting period. We did everything we could to make the integration process as comfortable as possible for them. The company is forming a single team and a uniform corporate culture. Employees of energy generating enterprises have joined the training programmes of our Corporate University, and the development of common approaches to working with the talent pool has begun.

SUEK's social programmes are aimed at helping to solve the most significant problems for the regions in such areas as supporting social infrastructure, health and education, culture and sports, and environmental protection. SUEK's partners in implementing social programmes are regional and municipal administrations, public organisations, and local residents. In the reporting years, the social investments programme included more than 250 projects and covered 65 territorial and municipal entities. In 2018–2019, with SUEK's support, 164 entrepreneurial and social projects were implemented, which became the "growth points" of the social initiative of local communities. We are proud that the effectiveness of our work is noted by the residents of the regions and is confirmed by prestigious awards in national and international competitions for social projects.

One of the most important stages of development was the transformation of the management structure. In May 2020, Stepan Solzhenitsyn was appointed CEO of SUEK, and he will continue to hold the position of head of the Siberian Generating Company. And in June 2020, Samir Brikho, who held senior management positions in several of the world's largest companies, became Chairman of the Board of Directors of SUEK. This is a big and important step for further development of the company as a recognised leader in the global energy and mining industries. The unique competencies and experience of Stepan Solzhenitsyn and Samir Brikho at this stage of SUEK's development will be useful for the company's sustainable growth.

We are confident that the new management of the company represented by CEO Stepan Solzhenitsyn and Chairman of the Board of Directors Samir Brikho will succeed in the coming years in further strengthening SUEK's position, and we wish them success!

Alexander Landia,
Chairman of the Board
of Directors of SUEK
(until 5 June 2020)

Vladimir Rashevsky,
CEO of SUEK
(until 18 May 2020)



Samir Brikho

Stepan Solzhenitsyn

A team of top-level professionals led by Vladimir Rashevsky as the CEO and Alexander Landia as the Chairman of the Board of Directors of the company has done tremendous work on SUEK's development over the past 15 years. Under their leadership, SUEK became one of Russia's 25 largest companies, and it has become a truly diversified and sustainable business. We are sincerely proud that the shareholders of the company entrusted us to continue this work.

Today SUEK unites more than 70,000 professionals. The company's key operating assets are located in 12 Russian regions. We supply millions of people and industrial consumers from seven Russian regions with reliable and affordable electricity and heat. This is an important and worthwhile mission. We feel responsible for the well-being and comfort of people, for economic development in many countries, and for creating a decent future for all of Earth's inhabitants.

Our priorities are to achieve the highest ratings in all areas and strengthen our position as one of the most dynamically growing and promising companies. We intend to strengthen the end results and achieve maximum synergy from the successful integration of the coal and electricity business areas, develop the logistics area, and optimise capacity utilisation and the investment process. We will continue to grow stronger as a single team and a single corporate culture.

The company's most important capital is its people. Our employees, our consumers, our partners, and the residents of the regions. We will strive to take into consideration their interests as much as possible to continue the policy of engagement and dialogue. As before, the main priorities of our work will remain ESG factors – the social and environmental

aspects of our business and the quality of management decisions. We strive to provide each employee with decent working conditions and opportunities for self-realisation. Improvement of the life quality of our employees and their families and the sustainable development of the territories will remain our key tasks. Our social programmes are designed for the long term and are focused on increasing the entrepreneurial and social activity of local communities, as well as supporting young people – our future employees and leaders in the development of their regions.

Issues of industrial and environmental safety and labour protection at enterprises will continue to remain a focal point of the Board of Directors and management. We consider the main factor in achieving our goal – zero injuries – to be the responsible behaviour of each employee. Therefore, we are working on further development of a safety culture and actively cooperating in this with professional unions. And we plan to introduce the industrial safety remote control system that was launched as a pilot project in 2019 at all SUEK mines and begin developing similar projects for open-pits and washing plants.

It is important for us to understand what we leave for the next generations. Therefore, another one of our strategic priorities is concern for the environment.

The SUEK environmental management system is being built in accordance with advanced international standards, enterprises are certified according to the ISO 14001:2015 standard, and a whole range of environmental measures are being carried out within it. And the ongoing large-scale programme for modernising energy assets increases the environmental safety of our plants and allows us to replace heat supplies from inefficient and non-environmentally friendly urban boiler plants with the capacities of cogeneration stations equipped with modern cleaning systems in the regions of our presence. In 2019, in response to the challenges of a dynamically changing external environment, SUEK adopted a new strategy until 2023 aimed at further improving the efficiency of our activities.

It is evident that 2020 will not be easy. We have to take into account new risks, such as the slowdown in business activity in the company's main markets and the consequences of the COVID-19 pandemic. SUEK's Board of Directors and management constantly monitor the situation and develop measures to minimise the impact of these events on the company. We confidently look to the future and look forward to further cooperation with our stakeholders in joint progress along the path of sustainable development.

Samir Brikho,
Chairman of the Board of Directors
of SUEK (since 5 June 2020)

Stepan Solzhenitsyn,
CEO OF SUEK
(since 18 May 2020)

SUEK: SUSTAINABLE DEVELOPMENT AND VALUE CREATION

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COMPANY AND MARKETS

SUEK is one of the world's largest coal and energy companies. SUEK's mining, processing, energy, service and transport assets are located in 12 regions of Russia. A favourable geographical location, our own logistics infrastructure, and sales and representative offices in Europe, Asia and North America allow us to deliver our products to customers in 48 countries.

The share of high-calorific coal in international sales is more than 80%. Coal supplied by SUEK meets the requirements of the most up-to-date, high-efficiency power plants. Its use allows coal-fired power plants in Europe, China, Japan, South Korea, and Southeast Asia to consistently generate electricity for large cities and businesses in accordance with strict environmental standards. An important supply destination is developing countries that need affordable sources of electricity and where this type of fuel is often the only reliable source of electricity and heat.

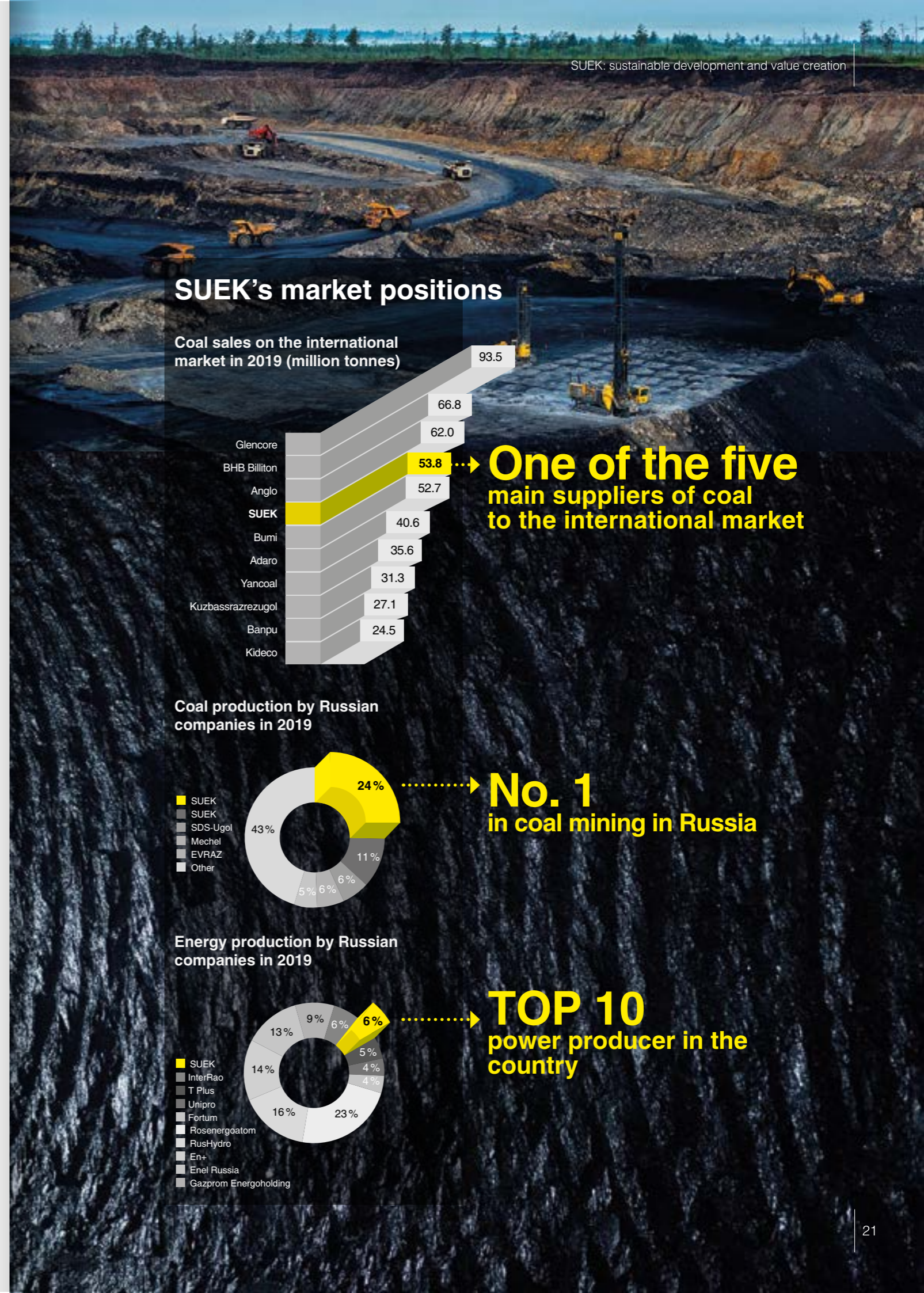
Our cogeneration plants provide reliable supplies of heat and electricity to millions of customers in Russia. SUEK is a leading supplier of heat and electricity in Siberia.

Scope of SUEK's activities⁶

- 7.6 billion tonnes of coal reserves** with a development period of >30 years
- 106.2 million tonnes** of coal mining
- 41.3 million tonnes** of coal washing
- 113.7 million tonnes** of coal sales
- 14.7 GW⁷** of power plant capacity
- 55.2 TWh** of electricity sales
- Deliveries to **48** countries on 5 continents
- About **80%** of export coal transshipment is provided through SUEK's own ports

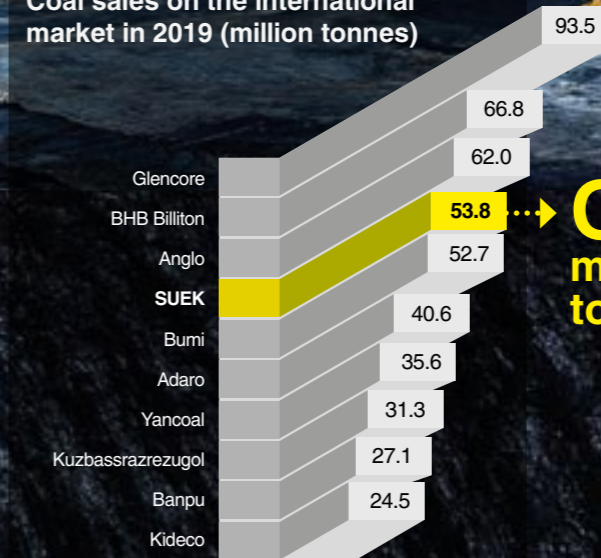
⁶ Data for 2019 is provided

⁷ Taking into account the Reftinskaya GRES, which was acquired in October 2019.



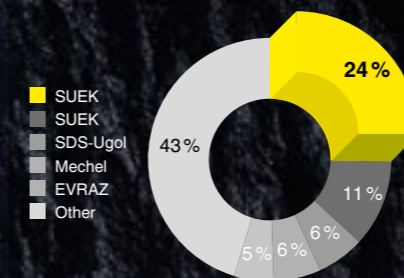
SUEK's market positions

Coal sales on the international market in 2019 (million tonnes)



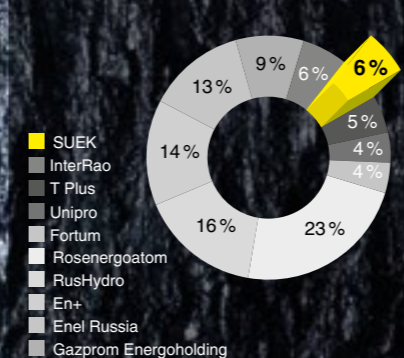
One of the five main suppliers of coal to the international market

Coal production by Russian companies in 2019



No. 1 in coal mining in Russia

Energy production by Russian companies in 2019



TOP 10 power producer in the country

GEOGRAPHIC FOOTPRINT

Global Outreach and Robust Distribution Network

Georgia, USA
Miami, USA

1,900
coal consumers
in 48 countries

>5 million
heat customers

3
ports

30
sales branches around
the globe

ATLANTIC REGION

RUSSIAN FEDERATION

ASIA-PACIFIC REGION

SUEK'S COAL, ENERGY AND LOGISTIC ASSETS are located in 11 Russian regions, while sales and representative offices operate in key export regions around the world. The geographic spread of our operations and access to key transport infrastructure enable us to supply coal effectively to Russian, Western and Eastern markets, as well as supply heat and power to millions of people.

OUR GLOBAL SALES NETWORK

Russia:
SUEK Logistic

China:
SUEK Shanghai Trading Co. Ltd
• Branch in Beijing
• Branch in Harbin
• Branch in Xinyang

Indonesia: Pt Suek Indonesia

Japan: SUEK AG Japan Office

Lithuania: SUEK Baltic

Poland:

- SUEK Polska Ltd
- Barter Coal Sp. z o.o

South Korea: SUEK Korea Ltd

Spain: SUEK Baltic
• Branch in Madrid

Switzerland: SUEK Ag

Taiwan: SUEK Ag

USA: SUEK US
• Branch in Miami

Vietnam: SUEK Ag

- 1 Kemerovo Region
- 2 Altai Territory
- 3 Krasnoyarsk Territory
- 4 Novosibirsk Region
- 5 Khakassia
- 6 Tyva
- 7 Buryatia
- 8 Zabaikalye Territory
- 9 Khabarovsk Territory
- 10 Primorye Territory
- ⚓ 11 Murmansk Region

Product	High-CV coals	Metallurgical coal	Sized coal	Fines	
Production	Kuzbass, Buryatia, Khabarovsk territory	Kuzbass	Khakassia, Kuzbass	Buryatia, Khabarovsk territory	● Coal active ● Energy asset ⚓ SUEK ports ⚓ Third-party ports 🚊 Russia's railways ○ Trading representative offices
Export	Atlantic markets Asian market Japan South Korea Taiwan	France Spain China South Korea	Poland Turkey Bulgaria Baltic countries China	China India	

* Transshipment in our own ports. Here are the data for 2019.

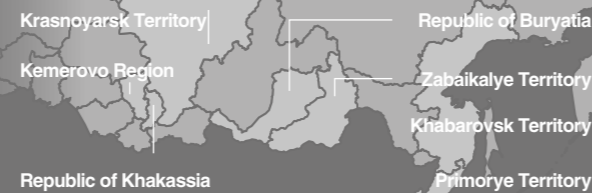
MAIN ACTIVITIES⁸

Coal mining and washing

SUEK mines brown, hard and coking coal at 8 mines and 19 open pits.

7 washing plants and 2 washing units produce high-calorific products with improved environmental characteristics.

Key regions where SUEK's coal mining assets are located:

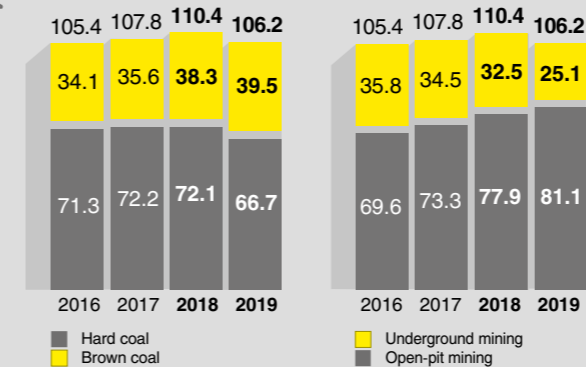


8 mines

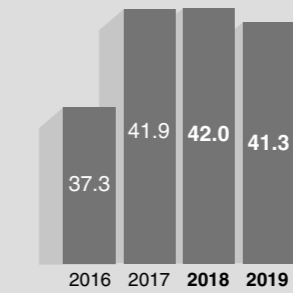
19 open pits

10 washing plants and units

Coal production, million tonnes



Coal washing, million tonnes



Marketing and sales

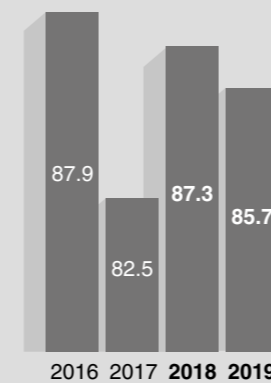
Our own railway and port infrastructure allows us to efficiently deliver products to Russian and foreign customers. About 80% of export coal transshipment is provided through SUEK's own ports – the modern Vanino Bulk Terminal and Murmansk Commercial Seaport. Coal is also shipped via Maly Port, where the company is one of the main shareholders. The location of ports in both the eastern and western parts of Russia ensures reliable and efficient delivery to our customers around the world.

SUEK operates one of the largest car fleets in Russia. We are one of the five largest operators of gondola cars in Russia. The car fleet managed by SUEK has

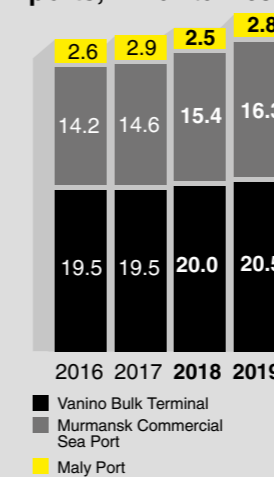
more than 53,000 cars, including innovative cars with a load capacity of 75 and 77 tonnes and a service life of up to 32 years, which were created taking into account SUEK's technical requirements.

The company's coal is sold on the international market by SUEK AG through a network of representative offices and subsidiaries in countries that are strategically important for the group – Poland, China, Taiwan, South Korea, Indonesia, Lithuania, Vietnam, the United Kingdom, and the United States. In the Russian market, the company supplies coal to large industrial and energy companies, as well as to small and medium-sized customers.

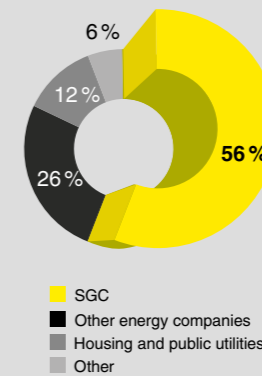
Rail transportation, million tonnes



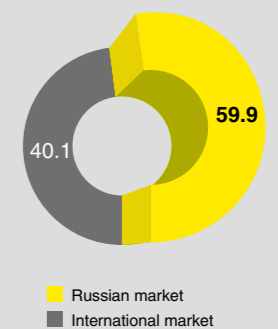
Coal transshipment through SUEK's own ports, million tonnes



Structure of supply to the Russian market, 2019



Sales structure, million tonnes, 2019



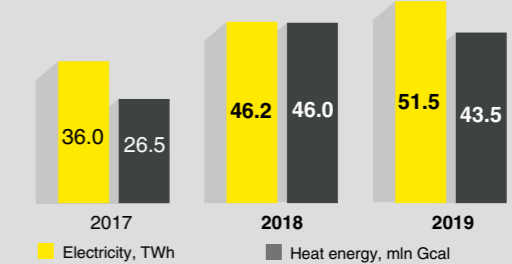
Power generation

SGC, a subsidiary of SUEK, produces electricity and heat at 25 thermal power plants: 19 CHPPs, 5 GRESs and 1 gas turbine power plant⁹. Most SGC stations operate on the principle of cogeneration – the joint generation of electric and thermal energy, which significantly increases their efficiency and competitiveness.

One of the important advantages of our generation is the use of local steam coal. We supply electricity and heat to industrial enterprises, social facilities and residential buildings in 7 regions of Russia. Efficient energy production in southern Siberia, supported by extensive coal reserves in the region,

contributes to the dynamic development of this part of the country. More than five million Russians receive hot water for heating homes and personal use through our heating pipelines with a total length of 10,115 km.

Energy production



⁸ Detailed information on the company's assets is presented in SUEK's 2019 Annual Report, section "Focus on Operational Efficiency". The report can be found on suek.ru and suek.com.

⁹ At the end of 2019, the company reached an agreement to acquire Krasnoyarskaya GRES-2 from Gazpromenergoholding, which is being operated by the previous owner during the transition period.

SUEK STRATEGY

As the largest coal producer and one of the largest heat and electricity producers in Russia, we strive to be one of the world's leading coal and energy companies. We are developing our coal mining, washing, and generating capacities, investing in the development of modern technologies, logistics, and sales infrastructure, and at the same time try we are trying to reduce the environmental impact and contribute to the sustainable socio-economic development of the territories where we operate. The integration of coal and energy

assets allowed us to reduce operating costs, increase the economic efficiency of electricity and heat production, and improve the control of the environmental impact of our business at all stages of the operating cycle.

Adopted in 2019 in response to the risks associated with volatile pricing conditions, our new consolidated Strategy-2023¹⁰ is aimed at further improving SUEK's performance in the coal, energy, and logistics segments and achieving maximum synergy.

SUEK's key strategic advantages

A wide range of coal products, including high-calorific coal with low sulphur and nitrogen content



premium coal

Heat and power cogeneration provided by local coal



high energy efficiency and cost-effectiveness

Economies of scale and operational efficiency



competitive advantage in managing costs and know-how

Excellent logistics infrastructure supporting assets and markets



maximum supply chain control

Our own innovative car fleet and high-tech port infrastructure



reducing costs and environmental impact when transporting products

One of the largest distribution networks that allows direct deliveries to customers



sales flexibility and the ability to find the most marginal market

SUEK's strategic guidelines

Focus on qualitative growth:

- Increasing production of high-quality and in-demand coal products
- Strengthening presence in premium markets
- Strengthening positions in the Russian steam coal market
- Strengthening position in the Russian heat and electricity market

Improving operational efficiency and productivity:

- Improving the operational efficiency of coal and generating assets
- Developing our own transshipment facilities
- Developing our own car fleet

Maintaining a positive balance of payments:

- Receiving stable income despite the cyclical nature of the business
- Implementing a conservative financial policy
- Borrowing costs optimisation

Ensuring high standards of industrial safety and labour protection:

- Avoiding accidents and deaths
- Reducing workplace injuries

Focus on sustainable development:

- Uninterrupted supply of heat to the regions of presence (modernisation and ensuring trouble-free operation of heating networks)
- Ensuring sustainable development of cities and communities in the regions of presence
- Supporting professional development and social well-being of employees
- Reducing negative environmental impact
- Improving corporate governance procedures

Key challenges for the company's future development are related to changes in global energy markets, the international agenda for sustainable development, and the spread of new technologies. Our main strategic direction in the coal business is increasing exports to the target markets of the Asia-Pacific region and supporting investments in the development of relevant production and transportation assets.

Taking into account the gradual transition of coal-fired power plants to HELE technologies, which involve the use of higher-quality fuel, SUEK will continue to increase the volume of coal washing and manufacture of products with a calorific value of more than 5,800 kcal/kg.

To give us greater access to the growing markets of the Asia-Pacific region, SUEK is participating in the Eastern Polygon development programme along with Russian Railways. The programme provides for an increase in the transportation volume of Russian coal to the Far Eastern ports: up to 195 million tonnes by 2025. In accordance with these plans, we expect a three-stage increase in the capacity of the Vanino Bulk Terminal from 24 million to 40 million tonnes and of the Maly Port to 4 million tonnes of coal transshipment per year, as well as the development of our own railway infrastructure adjacent to the main Russian Railways network.

¹⁰ Detailed information on SUEK's strategy is presented in SUEK's 2019 Annual Report, pp. 24–32.

In Russia, the main factor driving growth in demand for coal-fired power generation could be the implementation of the Comprehensive Plan for Mainline Infrastructure Development and National Projects. It provides for the construction of new industrial enterprises in Siberia, the development of the Baikal-Amur Mainline and the Trans-Siberian Railway, and housing construction.

We pay special attention to promoting cogeneration of electricity and heat, which allows us to significantly increase the efficiency of capacity use, save fuel resources, optimise costs and reduce air emissions and also water consumption per unit of energy produced.

SUEK will continue to modernise its plants, making it possible to replace as much heat supply as possible from outdated urban boiler houses with supplies from powerful cogeneration stations.

While strengthening our position as one of the world's leading coal and energy companies, we continue to maintain and develop our level of social responsibility and create value for all stakeholders. Strategic business goals and the company's sustainable development goals are inextricably linked, creating a solid foundation for its successful growth in the long term.

SUEK's strategic priorities are in line with the Sustainable Development Goals (SDGs) adopted by the UN in 2015.

The UN SDGs are a set of interconnected benchmarks. A number of goals are related to improving social well-being, raising quality of life and expanding opportunities for people's self-development. Achieving these goals is impossible without providing the economy and everyday life with energy, the demand for which is constantly growing and the growth potential of which is substantial. It is worth noting that a significant portion of the world's population still have no access to electricity. At the same time, environmental goals are becoming

more pressing, and the problem of climate change has become particularly acute. Requirements for eco-friendliness of energy production are increasing, and new, renewable energy sources are being developed. In order to build a world defined by the Sustainable Development Goals, it becomes imperative to outline realistic strategies for moving forward, ensuring that economic, social, and environmental goals are balanced.



Our goals until 2023

70%
Increase in coal mining

>65%
Share of prepared coal

>80%
Covering the need for railcars through a controlled fleet

0
accidents

0
fatal accidents

Gradual decrease in LTIFR to
0

100%
Transshipment of exported coal through SUEK ports

0%
Untreated water discharges

24/7
CHPP emissions control

BUSINESS MODEL FOR SUSTAINABLE DEVELOPMENT

Our resources and competitive advantages of the business model that expanded in 2018 allow us to create value at every stage of our business. The synergy of combining coal and energy assets enhances the sustainability of the company and its contribution to the sustainable development of society.

DEVELOPMENT

Development of new mining and processing technologies, new products to improve operational efficiency; reduce the environmental burden and increase value for all stakeholders.

7.6 billion tonnes
total coal reserves

MINING

SUEK actively invests in the modernisation of mining capacities, thereby maintaining a leading position in the industry.

27
coal mines
and cuts

WASHING

Washing increases the market value of coal, while reducing the environmental impact: prepared coal is characterised by high calorific value and low ash content.

10
washing plants and
processing facilities

TRANSPORTATION

Developed transport infrastructure ensures reliable and efficient supply to markets in Europe, Russia and Asia and minimises the environmental impact of the transportation process.

53,350
wagons
under management

3
ports

SALES

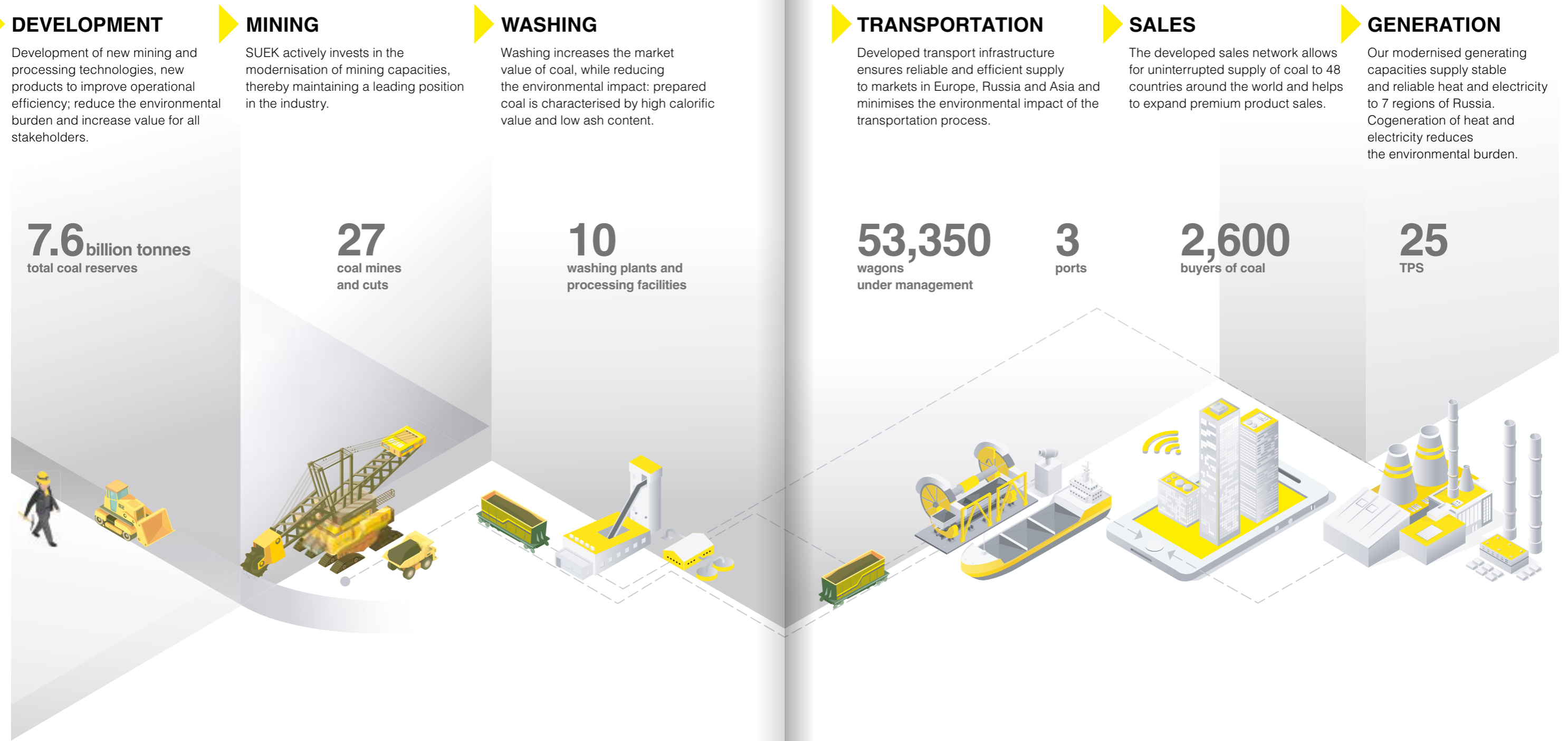
The developed sales network allows for uninterrupted supply of coal to 48 countries around the world and helps to expand premium product sales.

2,600
buyers of coal

GENERATION

Our modernised generating capacities supply stable and reliable heat and electricity to 7 regions of Russia. Cogeneration of heat and electricity reduces the environmental burden.

25
TPS





Creating value for stakeholders and

contributing to the UN SDGs¹¹ in 2018–2019

SOCIETY AND CUSTOMERS

- Meeting the needs of the world's growing population for affordable and reliable fuel and reliable energy while reducing the environmental impact of production throughout the supply chain
- High-quality products
- Uninterrupted and timely supply of coal and energy

216.6 million tonnes coal mining

Coal supply to **48** countries

Electricity and heat supply to **5** million customers in 7 regions of Russia in 2019

7.4 billion roubles investments in environmental protection



EMPLOYEES

- Jobs
- Competitive salary and benefits
- Professional growth
- Social support

> 66,000 jobs in 2019

89.9 billion roubles paid as salary and social benefits

4.8 million hours of employee training



SHAREHOLDERS AND FINANCIAL INSTITUTIONS

- Dividends
- Loan repayments

296,257 million roubles EBITDA



PARTNERS AND CONTRACTORS

- Long-term and mutually beneficial relations
- Growth in the volume of partner companies' activities, joint innovation activities

78.8 billion roubles payments to local suppliers



LOCAL COMMUNITIES

- Investments in the development of production facilities in territories of the company's presence
- Job creation
- Purchasing from local suppliers
- Tax payments to regional and local budgets
- Large-scale social and charitable projects

> 4 billion roubles social investments

the company aided development of **65** settlements in 2019

jobs of **9,853** local suppliers are supported



GOVERNMENT

- Energy resources for the economy
- Development of technology, introduction of innovations, release of new products
- Tax payments to the federal budget

> 79 billion roubles tax payments to the budgets of different levels

UHSO¹² status in **87.5%** of the company's territories of presence in 2019



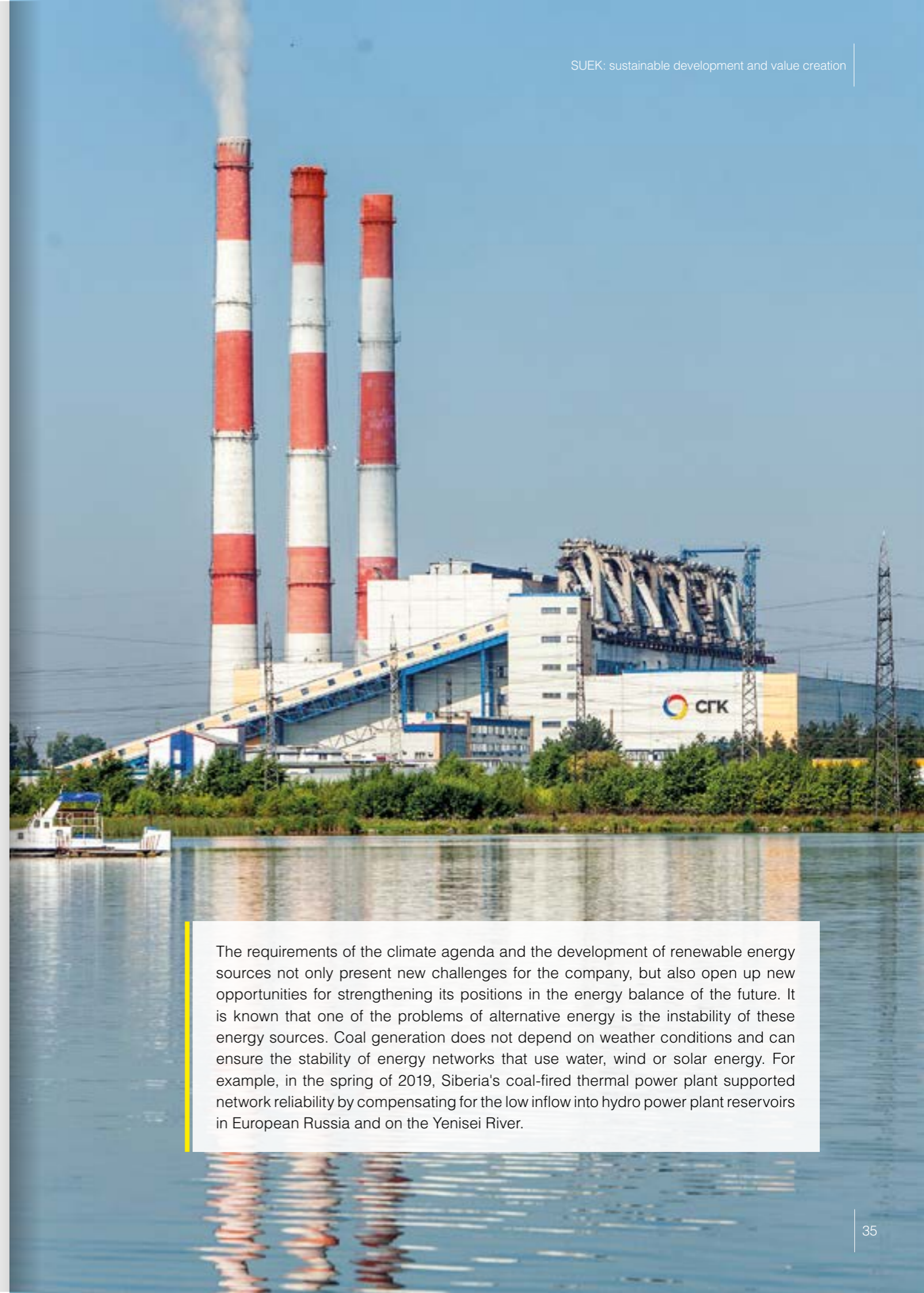
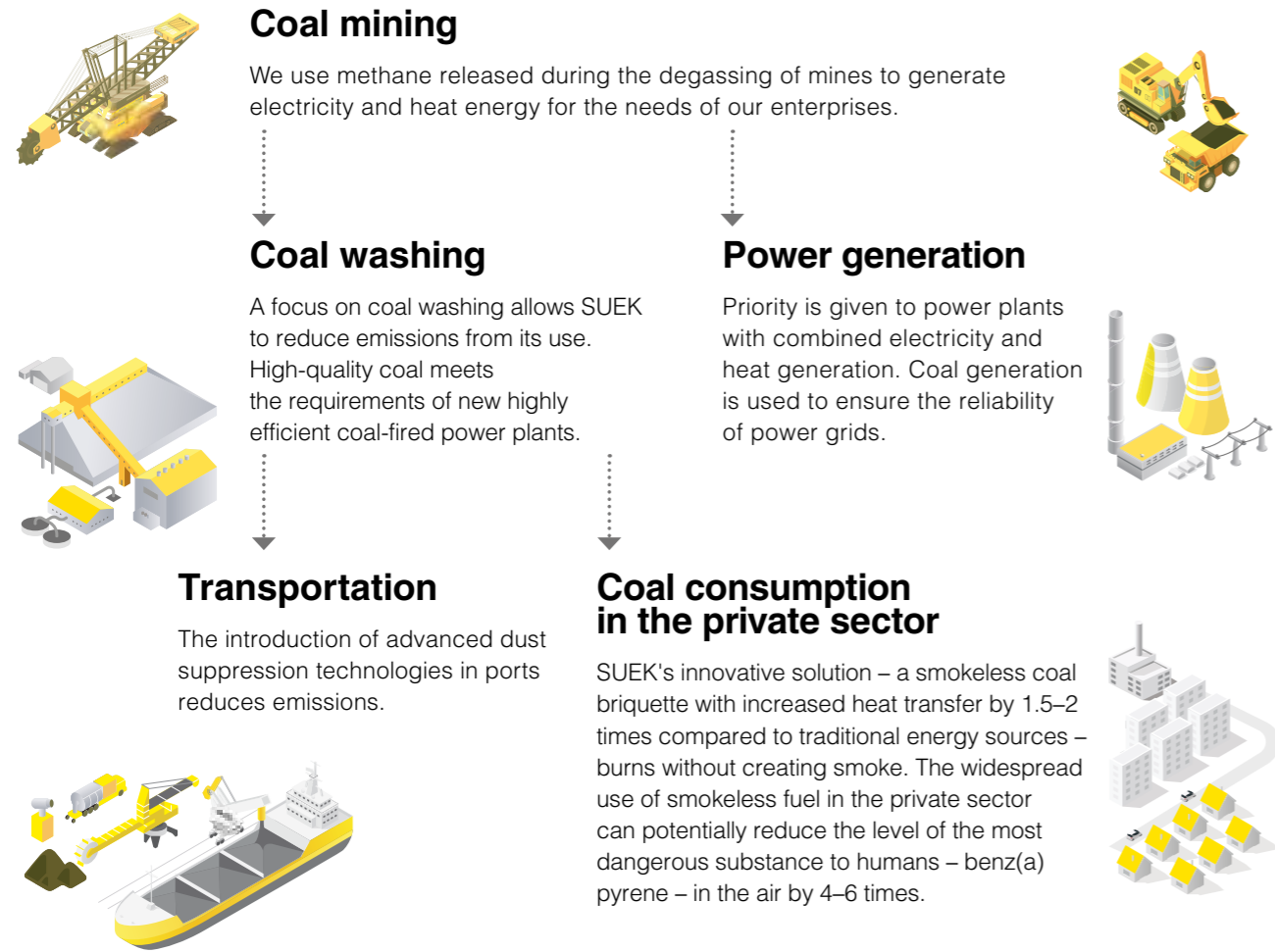
¹¹ The table summarises the figures for 2018–2019, unless otherwise indicated.

¹² UHSO (unified heating supply organisation) is an organisation that is the sole purchaser and seller of thermal energy in the area of its responsibility in a certain territory

ENERGY FOR SUSTAINABLE DEVELOPMENT

Coal remains the leading source of electricity in the world today. The growing demand for electricity and the advantages of coal as a reliable and affordable energy source will provide it with a significant share in the energy balance for the foreseeable future. At the same time, the market is becoming more demanding, and the competitiveness of coal as an energy source, including in emerging markets, is increasingly dependent on its environmental footprint. We strive to simultaneously increase the production of energy necessary for the development of economies and for improving the quality of life and consistently reduce the environmental burden. SUEK develops and implements innovative solutions that allow us to move towards these goals, thereby ensuring the sustainable development of the company itself.

Our investments in the development of coal and energy assets are aimed at improving their efficiency and reducing the environmental impact across the entire chain from coal mining to power generation and the use of coal as fuel in the private sector.



The requirements of the climate agenda and the development of renewable energy sources not only present new challenges for the company, but also open up new opportunities for strengthening its positions in the energy balance of the future. It is known that one of the problems of alternative energy is the instability of these energy sources. Coal generation does not depend on weather conditions and can ensure the stability of energy networks that use water, wind or solar energy. For example, in the spring of 2019, Siberia's coal-fired thermal power plant supported network reliability by compensating for the low inflow into hydro power plant reservoirs in European Russia and on the Yenisei River.

SUEK'S SUSTAINABLE DEVELOPMENT GOALS AND MANAGEMENT APPROACH

We are focused on the company's sustainable growth while ensuring the safest possible production, reducing the impact of our activities on the environment, and actively participating in the socio-economic development of the regions where we operate. Within the framework of the UN SDGs, we identify a number of guidelines that most closely correspond to the industry's focus, the company's strategy and the interests of its stakeholders, and thus are particularly relevant to us.

Economic aspect



Our priorities

- stable satisfaction of demand for affordable and high-quality energy sources
- compliance by the company's products with the requirements of next generation, eco-friendly coal-fired power plants
- development of cogeneration capacities
- increase in operational efficiency
- innovation activity

Integration into the management system

- Mission and vision
- SUEK strategy
- Corporate social policy
- Coal product quality policy
- ISO 9001 (quality management system)

Main activities

- development of high-quality deposits
- modernisation and expansion of washing capacities
- development of our own transport and logistics infrastructure
- modernisation of generating capacities
- introduction of innovative technologies and increased labour productivity

The main programmes, projects and results are presented in the chapter "Economic sustainability and efficiency" of the report.

Environmental aspect



Our priorities

- reduction of the negative environmental impact along the entire value chain
- biodiversity conservation
- rational use of resources

Integration into the management system

- SUEK environmental strategy
- Corporate social policy
- Environmental policy
- Energy policy
- ISO 14001 (environmental management system)
- ISO 50001 (energy management system)

Main activities

- improvement of the environmental management system in terms of environmental protection.
- protection of air resources and reduction of greenhouse gas emissions
- rational use and protection of water resources
- improvement of energy efficiency
- land reclamation and biodiversity conservation
- involvement of stakeholders in the preparation, discussion and implementation of environmental measures
- participation in international projects aimed at preventing climate change and conserving biological diversity

The main programmes, projects and results are presented in the chapter "Environmental Performance: Safety and Efficiency" of the report.

Social aspect



Our priorities

- high level of industrial safety, labour protection
- professional development and social well-being of personnel
- promotion of the social development of the regions where the company's enterprises operate, improvement of the quality of life in mining cities and towns
- improvement of the effectiveness of the company's social investments

Integration into the management system

- HR strategy
- Corporate social policy
- Information policy
- Industrial safety and labour protection policy
- Policy for health and medical care at hazardous production facilities
- Code of corporate ethics
- Compliance policy
- Agreements that define social, labour and economic relations between the employer and personnel
- OHSAS 18001 (occupational health and safety management system)
- Audits for compliance of management systems with the Bettercoal standard (international association of European coal customers)

SUEK regulatory documents concerning sustainable development are based on the legislation of the Russian Federation and reflect the provisions of the Social Charter of Russian Business as well as internationally recognised documents – the UN Global Compact and ISO 26000 (Guidance on Social Responsibility).

SUEK's Corporate Social Policy defines the principles, main areas and priorities for managing relations between the company and society and provides the framework for stakeholder engagement. The policy is developed in accordance with the current legislation of the Russian Federation and takes into account international best practices in corporate governance.

In accordance with the international best practices, SUEK integrates the principles of social responsibility into decision-making processes and operational activities. The system of key performance indicators (KPIs) adopted by the company motivates management and employees to effectively address both production tasks and sustainable development tasks. Annual goals include indicators for industrial safety, development of social and charitable activities, and cooperation with stakeholders.

Risk management and stakeholder engagement are also integral parts of our sustainable development strategy. Risk management helps in the implementation of strategic goals and ensures sustainable, long-term growth. Open dialogue helps the company effectively interact with all stakeholders.

Detailed information on approaches to managing the environmental, economic and social aspects of our activities is provided in the "Our approach" sections of the relevant chapters of the report.

Main activities

- continuous improvement of methods for ensuring industrial safety and labour protection
- improvement of the industrial safety of coal, energy and logistics assets
- introduction of modern security systems and control devices
- staff training in safe working methods, strengthening of production discipline, and development of a safety culture
- provision of high-quality workwear and personal protective equipment to employees
- implementation of medical programmes to protect and strengthen the health of employees

The main programmes, projects and results are presented in the chapter "Industrial safety and labour protection" of the report.

- assessment, development and training of personnel
- remuneration and social support for employees
- development of internal communications and corporate culture

The main programmes, projects and results are presented in the chapter "Social performance: empowering our people" of the report.

- support for development of the social infrastructure of the territories of presence
- human capabilities and skills development
- development of the social potential of local communities
- cooperation with authorities in solving social development problems
- introduction of modern social practices and technologies
- development of an open dialogue with all stakeholders

The main programmes, projects and results are presented in the chapter "SUEK and the regions: partnership for sustainable development" of the report.



CORPORATE GOVERNANCE

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CORPORATE ETHICS,
ANTI-CORRUPTION, COMPLIANCE | 46

RISK MANAGEMENT | 50

INFORMATION POLICY | 52

STAKEHOLDER ENGAGEMENT | 54



The quality of corporate governance is a key factor in the successful implementation of the SUEK strategy. A high level of management decisions, a responsible approach to doing business, and balanced and responsible coordination of the interests of shareholders, investors and other stakeholders in the process of creating value allow the company to strengthen its market positions and meet current challenges in the field of sustainable development. SUEK's corporate governance system is based on international standards of corporate conduct and business ethics, as well as compliance with Russian laws.

In 2018–2019, we continued to improve the corporate governance system, focusing on the best global practices. Significant attention during this period was paid to the issues of integrating the energy segment into the SUEK perimeter.

We believe that due to the mutual transfer of best practices, the integrated company will be able to use the most powerful set of skills. In 2019, the implementation of a programme for step-by-step alignment of energy segment management systems with SUEK's corporate values and management standards began. In the energy segment, a new Code of Corporate Ethics based on SUEK's corporate values was approved. As part of the integration, business processes and management procedures were analysed and updated. At the same time, special attention was paid to the management of industrial and environmental safety, as well as labour protection, taking into account the new dimensions of our business. At the end of 2019, integration for all functions is either complete or in the final stage. The remaining activities will be completed in 2020 according to the plan approved by the Board of Directors.

SUEK'S CORPORATE GOVERNANCE SYSTEM¹³

SUEK's Corporate Governance Principles

- equal treatment of all company shareholders, recognition and protection of their rights
- ensuring effective strategic and operational management, effective system and mechanisms for internal control and audit
- informational and financial transparency of the company
- compliance with ethical business standards
- ensuring decent working conditions for our employees

Key corporate documents in the field of management

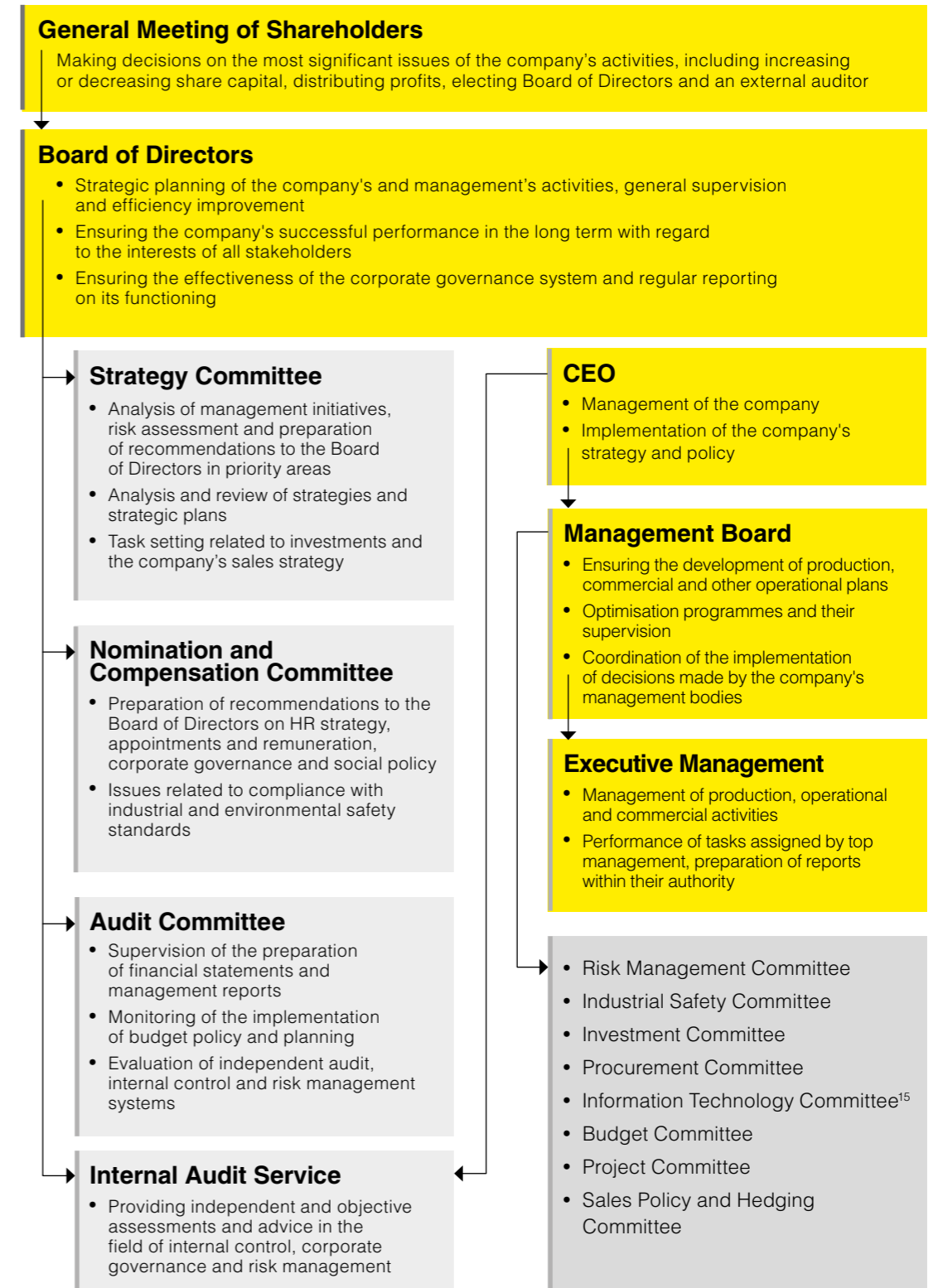
- Charter
- Regulation on the Board of Directors
- Regulations on Committees under the Board of Directors: Audit Committee, Strategy Committee, Nomination and Compensation Committee
- Regulation on the Management Board and Regulations on Committees under the Management Board¹⁴
- Corporate Governance Code recommended by the Bank of Russia
- Code of Corporate Ethics
- Regulation on the preparation, convening and holding of the General Meeting of Shareholders

¹³ Detailed information on the development of SUEK's corporate governance system in 2018–2019 is provided in the company's 2018 and 2019 Annual Reports in the "Corporate governance" section. The reports can be found on suek.ru and suek.com.

¹⁴ See the list of committees below

Management bodies

SUEK's management bodies are the General Meeting of Shareholders, the Board of Directors, the CEO and the Management Board.



¹⁵ In 2019, agenda items of the Information Technology Committee were considered at the meetings of the Budget and Investment Committees.

The General Meeting of Shareholders is the supreme management body of the company, making decisions on the most significant issues of the company's activity. Within the Annual General Meeting, the company's Annual Report is approved, which in recent years has included information on the social and environmental aspects of the company's activity.

leadership and strategic management of the company. The maximum efficiency of the Board of Directors is ensured by the high professional qualifications of its members, the personal responsibility of each director and the responsibility for decisions made by the Board as a whole, as well as the balance of its composition. SUEK's Board of Directors has four independent directors. Independence criteria comply with the recommendations of the Corporate Governance Code recommended by the Bank of Russia.

SUEK's Board of Directors is responsible for the general

Members of SUEK's Board of Directors¹⁶



Alexander Landia

Chairman of the Board of Directors
Non-Executive Director
Member of the Strategy Committee
Chairman of the Nomination and Compensation Committee



Andrey Melnichenko

Non-Executive Director
Chairman of the Strategy Committee



Vladimir Rashevsky

CEO
Member of the Management Board
Member of the Strategy Committee

The Annual General Meeting of SUEK Shareholders took place on 5 June 2020. During the routine renewal of the Board of Directors, which was part of the meeting, the shareholders elected new members and a new Chairman of the Board. Alexander Landia, who has been presiding over the SUEK Board of Directors for the past few years, passed the baton to Samir Brikho.

Below is the list of the new Board of Directors:

1. Michael Baumgartner
2. Samir Brikho
3. Juerg Seiler
4. Andrey Melnichenko
5. Vladimir Rashevsky
6. Vladimir Hlavinka

The Board of Directors runs three committees:

Strategy Committee, Audit Committee, Nomination and Compensation Committee. Their activities are aimed at improving the effectiveness and quality of decisions made by the Board of Directors.

The Nomination and Compensation Committee oversees the selection and nomination of new Board members.

The key principle of the personnel policy in selecting candidates for the Board of Directors is the principle of equal opportunity, which stipulates the absence of discrimination on any grounds. To ensure sustainable development through a variety of expert opinions and a systematic analysis of the company's activities, the Board of Directors includes specialists with successful professional experience in the mining, energy, and financial sectors.

SUEK has an induction programme for elected members of the Board of Directors aimed at familiarising them with the specifics of the company's business and activity, as well as the rules and management practice. Members of the Board of Directors work closely with management and are provided with complete information to make informed decisions: they receive monthly management reports and market reviews, consult with industry experts, and visit company facilities where they can discuss current business tasks, in particular in the field of sustainable development. Klaus Beck, a member of the Board of Directors, visited Kuzbass mines several times during 2018–2019 to assess the applicable industrial safety standards and perform a detailed analysis of the production process in order to develop solutions aimed at improving operational



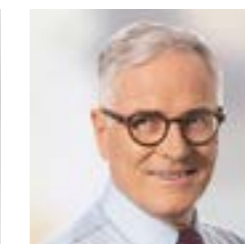
Vladimir Hlavinka

Independent Non-Executive Director
Member of the Nomination and Compensation Committee



Iain Macdonald

Independent Non-Executive Director
Chairman of the Audit Committee



Klaus-Dieter Beck

Independent Non-Executive Director
Member of the Strategy Committee, Nomination and Compensation Committee



Michael Baumgartner

Independent Non-Executive Director
Member of the Audit Committee



Stefan Judisch

Non-Executive Director
Member of the Strategy Committee, Audit Committee

efficiency, with particular attention to sinking operations. Independent director Vladimir Hlavinka, who has extensive experience in the energy industry, visited the assets of the energy segment.

The CEO and the Management Board are executive bodies of the company that manage current activities. Their main task is to develop, ensure and control the execution of production plans and optimisation programmes. The position was held by Vladimir Rashevsky from 2004 to 18 May 2020. Stepan Solzhenitsyn became the current CEO on 18 May 2020. The Management Board has eight committees that ensure the interaction of key managers and experts on core business issues:

- Risk Management Committee
- Industrial Safety Committee
- Investment Committee
- Procurement Committee
- Information Technology Committee¹⁷
- Budget Committee
- Project Committee
- Sales Policy and Hedging Committee

The remuneration system provides a direct relationship between payments to the CEO, members of the Management Board and top managers and the achievement of key performance indicators and implementation of the goals of the reporting period. This includes indicators in the field of sustainable development: the level of industrial and environmental safety, social security of employees, and contribution to the development of the regions where SUEK is present. One of the basic targets of the incentive programme is the level of industrial safety: the KPI system includes indicators for the company as a whole, indicators for regions, as well as additional individual KPIs for accidents and injuries for managers. If the targets set in this area are not met, annual variable payments may be reduced to zero.

¹⁶ As of the end of 2019.

¹⁷ In 2019, agenda items of the Information Technology Committee were considered at the meetings of the Budget and Investment Committees.

Board and executive leadership in sustainability

When making strategic decisions, the Board of Directors takes into account their economic, social and environmental impact. Sustainability performance is regularly evaluated by the Board. Relevant issues are submitted for consideration by the Committees of the Board of Directors with further decision-making at meetings of the Board of Directors. Industrial and environmental safety and labour protection issues at the company's enterprises are considered at each meeting of the Board of Directors and the Nomination and Compensation Committee.

In 2018–2019, the Board of Directors held 33 meetings in accordance with the plan (including 12 scheduled in-person meetings, 1 extraordinary meeting in the form of a phone conference, and 20 absentee discussions of issues). At the meetings of the Board of Directors and its committees, the following issues in the field of sustainable development were considered:

- Maintaining business continuity. Among the measures supported by the Board are further improvement of the operational efficiency both in the coal and the energy segments, the development of its own processing and logistics capacities and distribution network, and expansion of the resource base.
- Strategic development of SUEK and individual business segments. The Board supported the initiative to invest in energy assets and consolidate SGC. In this regard, the company's energy and coal strategies were updated and interconnected. The results were summarised and the goals of the company's main strategies (sales strategies, logistics strategies, and regional strategies for coal and energy companies) were adjusted in accordance with the macroforecast of the market. A number of key development investment projects were approved and the objectives of the international strategy were defined.
- Integration of the Siberian Generating Company into the SUEK perimeter. In 2018, the Board identified the key principle of integration — mutual transfer of best practices in order to use the strongest competencies of SUEK and SGC within a combined company. The Board of Directors focused on overseeing compliance with this principle and managing the integration process. Currently, integration for all functions is either complete or in the final stage. The remaining activities are planned to be completed in the first quarter of 2020 in accordance with the plan approved by the Board of Directors.
- Modernisation of thermal power plant capacity. In particular, the main prerequisites and technical aspects of the potential DPM-2 programme (DPM – capacity supply contract) are considered. Its key advantages and approaches to identifying priority modernisation projects are evaluated.
- Implementation of the second stage of the energy efficiency improvement programme.
- Industrial safety at the enterprises of SUEK's coal and energy assets. Special attention was paid to monitoring the state of the industrial safety and labour protection system at mining and generating enterprises. Initiatives to improve the industrial safety and labour protection system at SUEK energy asset enterprises were approved, some of which were reflected in the company's personnel strategy. The principles and format of the work of the Board and committees on industrial safety issues for 2020 were developed.
- Environmental safety. The key elements of the updated strategy of energy assets in ecology and environmental protection were analysed.
- Development of the SUEK compliance system.
- Personnel issues, assessment of the current state of personnel potential and succession issues of top management. In particular, the results of goal achievement by top managers were evaluated based on performance in the previous years. New corporate key performance indicators were approved and the process of bringing the incentive programme adopted in the energy segment into line with the company's existing system began. In the context of integration of the energy business, the HR strategy for this segment was approved. Its key areas are staff size and cost management, productivity growth and personnel development, and security system improvement.
- Communication process efficiency, communication strategy of the coal and energy business sectors, communication programmes for the company and each region of presence for 2019–2020.
- Development of the social environment and development of master plans for single-industry towns of presence of SUEK enterprises.

Sustainability management structure



In 2019, we continued to spread the best practices noted by Bettercoal experts at our assets¹⁸. In 2019, members of the Bettercoal Russia Working Group visited Moscow and Kuzbass to develop a dialogue with suppliers aimed at further implementation of best business practices in the Russian mining industry. During the visit, a round table was held with coal companies operating in Kuzbass dedicated to the possibilities of interaction in promoting best practices in sustainable development.

Bettercoal Code compliance



In 2018, SUEK's coal assets were audited for compliance with the requirements of the Bettercoal Code, a global expert non-profit created by leading European energy companies. Its goal is to promote continuous improvements in corporate social responsibility in the coal supply system, including social, environmental and ethical practices. Bettercoal experts noted that SUEK has an integrated management structure at the corporate, regional and local levels, thanks to which it is possible to implement policies and programmes to ensure sustainable development and apply best business practices in order to comply with the requirements of the Bettercoal Code.



¹⁸ Additional information on the audit results is provided in the "Industrial safety and labour protection" and "Environmental performance: safety and efficiency" sections of this report.

CORPORATE ETHICS, ANTI-CORRUPTION, COMPLIANCE

The general principles of conduct of the company's employees when working in a team and with business partners, shareholders, government bodies, public organisations and other stakeholders are enshrined in SUEK's Code of Corporate Ethics. The basis of the code is the system of SUEK's corporate values that determine the correct course of action and are the key to effective and mutually beneficial cooperation.

Our values

SAFETY AND EFFICIENCY

- True results — only under safe conditions.
- We are a results-oriented company. As such, we are always looking to improve efficiencies and maximise opportunities.
- But our returns must never compromise safety. Coal mining has inherent high production risks, and we apply every effort to mitigate them. Safety is embedded in all our processes and is a non-negotiable part of everyday life across the business.

PROFESSIONALISM AND COOPERATION

- Personal expertise in teamwork.
- Professionalism for us means making an active contribution to the company and supporting colleagues. Cooperation is the ability to listen, understand and respect each other.
- As part of our commitment to corporate responsibility and professionalism, we comply with all applicable laws and regulations, build respect into all our interactions with stakeholders, and constantly evolve in order to maintain our high level of performance.



SOCIAL RESPONSIBILITY

- Shared responsibility to society and the world.
- We seek to have a positive impact on the world around us. We take seriously our commitments to society and the environment and to the communities and regions in which we operate, and we follow best practice in social and environmental responsibility. The company's interaction with local authorities and public and business associations is focused on the long term and on mutually beneficial interests and objectives.

STABILITY AND DEVELOPMENT

- Stability is possible only with continuous development.
- The stability of our company is underpinned not only by our financial and operational strength, but by the skills and commitment of our employees. SUEK puts the welfare and development of its people above all else. We aim to offer competitive salaries, good benefits and decent working conditions, thereby ensuring that our employees can operate to the very best of their abilities.
- Continual development is also crucial to our success. We progress by implementing new technologies, improving working conditions, delivering high-quality products and ensuring the safety, health and productivity of our employees.

Implementation of corporate values and principles of ethical conduct in the company

Key documents¹⁹

- SUEK's Code of Corporate Ethics
- Anti-corruption policy
- Compliance policy

Regulatory body

- SUEK's Board of Directors

SUEK's Code of Corporate Ethics Compliance System

- The Ethics Commission is the highest collegial body. It consists of representatives of the company's top management and considers complex ethical situations. The Chairman of the commission is the company's CEO.
- Ethics commissions and ethics coordinator at each enterprise. The coordinator is appointed at each enterprise from among HR employees, addresses incoming requests, and provides operational consulting support to the company's employees on the application of the Code of Corporate Ethics.
- The hotline is a system of feedback channels for internal and external stakeholders (federal number 8–800, feedback forms on internal and external websites, suggestion boxes at enterprises, and email addresses).

The effectiveness of the Code Compliance System is evaluated on an annual basis by analysing calls to the hotline and a number of studies and surveys.

Implementation of principles and rules of ethical conduct in the company:

- Development of corporate culture and promotion of corporate values.
- Compulsory training for all employees.
- Annual assessment of knowledge of employees in positions exposed to corruption risks.

During the reporting period, more than 150 messages were received and processed through various channels included in SUEK's Code of Corporate Ethics compliance system.

Almost all requests and questions sent by employees within the company's Code of Corporate Ethics compliance system are considered and resolved at the level of ethics coordinators appointed at each enterprise. The development of the institute of ethics coordinators, which has proven its effectiveness in the course of work, is one of SUEK's most important priorities in the field of corporate governance. In 2019, in order to improve skills and exchange best practices, we continued the practice of holding training sessions for specialists assigned to these roles.

Respect for human rights

SUEK guarantees equality of rights and non-discrimination by nationality, gender, origin, age, religious and other beliefs, and other grounds. The company recognises the legal right of employees to voluntarily establish public associations to protect their rights and interests, including the right to form and join trade unions.

The company accepts communications on any issues, including human rights issues, through the ethics coordinators, the immediate supervisor of the employee, and through the hotline feedback channel system. We are regularly conducting information campaigns to keep our employees aware of this opportunity.

¹⁹ The Code of Corporate Ethics and the Compliance Policy can be found on SUEK's website in the "Corporate Governance" section.

Anti-corruption

We have a zero tolerance policy in the company for any non-compliance with the requirements of the law. SUEK fully complies with the anti-corruption laws of the Russian Federation and the countries in which we operate. We share the principles of the Anti-Corruption Charter of Russian Business of the Russian Union of Industrialists and Entrepreneurs (RSPP). In accordance with it, we support participation in tenders based on the principles of transparency and competition, organise information countermeasures to corruption, cooperate with the state, including on promoting the implementation of justice and the rule of law, introduce and develop effective financial control and implement other measures.

The Corporate Anti-Corruption Policy has been developed based on the requirements of Russian law, international law, corporate documents and best anti-corruption practices. In 2019, the policy was updated taking into account changes in the legislative acts of the Russian Federation that affect anti-corruption issues, the provisions of the international standard ISO 37001:2016, and the requirements of internal local regulatory documents.

Key anti-corruption tools and mechanisms

- Preventing a conflict of interest.
- Risk management in the field of corruption risks.
- System of anti-corruption measures and evaluation of their effectiveness.
- Checking counterparties for their compliance with anti-corruption requirements.

Compliance

SUEK's compliance management system is designed to ensure constant compliance of the company's business processes with external and internal regulatory requirements. The system is based on the international standard ISO 19600:2014. The introduction of this system in the company is aimed at maintaining greater business continuity through the formation of a corporate culture in which there is no place for violations of legal and ethical requirements.

The company's compliance management system includes:

- compliance function at all levels of management
- monitoring of the external and internal regulatory environment
- regulation of mandatory compliance procedures for staff
- ongoing training
- work with compliance threats (risks of violation of compliance standards)
- compliance communications
- audits and compliance investigations
- development and implementation of corrective measures, continuous improvement of the system

Risks related to the violation of compliance standards are assessed in SUEK continuously on the basis of a method developed using the international standard ISO 19600:2014. For identified risks, we develop action plans aimed at step-by-step complete prevention of risks of regulatory violations in operational practice.

One of the strategic instruments of compliance, along with monitoring the external and internal regulatory environment, is ongoing employee training to maintain the level of professional qualification that protects the company from compliance threats. In 2018–2019, SUEK held 693 seminars on compliance issues, where 11,500 people were trained in person.

Implementation of compliance in energy assets

The compliance system has been in place at SUEK enterprises since 2016. In 2018–2019, the compliance management system was gradually introduced in the energy segment, where the Compliance Policy, Anti-Corruption Policy, and compliance regulations in priority areas were approved, and compliance managers began working in key assets. Training seminars were organised for top managers and key management personnel. An internal compliance portal and a hotline have been available to energy enterprises since May 2019. In the regions, at meetings with trade union representatives, changes in the rights and obligations of employees due to the implementation of the compliance system were explained and agreed upon.

In December 2019, SUEK received a certificate of compliance with ISO 19600:2014 (compliance management) and ISO 37001:2016 (anti-corruption management) from the International Compliance Association (ICA), an authoritative certification body. The compliance of SUEK management systems with international requirements has been confirmed for all risk areas of the compliance programme, including the Code of Corporate Ethics, anti-corruption compliance, industrial safety and labour protection, environmental issues, interaction with counterparties, etc. The certification covers the period until December 2022, with supervisory audits in the second and third year of the certificate.



19600:2014

37001:2016
Anti-Bribery
Management

RISK MANAGEMENT²⁰

SUEK recognises the existence of objective risks that can significantly affect the company's production and financial results. To prevent them, we are developing a proactive risk management system at all of our key enterprises. It is controlled and monitored by the Risk Management Committee of the SUEK Management Board, which works in close cooperation with the Audit Committee of the SUEK Board of Directors.

Issues and the risk management process are closely related to strategic planning and affect operational decision-making. Risk management is carried out in accordance with the best international practices and methods developed and approved by the Risk Management Committee, taking into account the specifics of the activities of Group companies and recommendations of Russian and international risk management standards. SUEK management is aware of all significant risks and approves the key parameters of the risk management system. SUEK has an Internal Audit Service, which provides an independent assessment and recommendations for improving a number of systems, including the risk management system.

The company constantly monitors and analyses trends and changes in key markets, in related industries, and in the macroeconomic situation in Russia and SUEK importer countries. Based on this analysis, further adjustments are made to the company's production, marketing and financial policies. The Risk Management Committee provides cross-functional interaction of key managers and experts on the company's core business issues²¹.

Risks in the field of industrial safety and labour protection

The production activity of SUEK coal and energy assets is associated with increased danger due to the operation of hazardous industrial facilities, geological, seismic and other natural factors, and the action or inaction of personnel. These factors increase the risk of accidents and emergencies. The occurrence of large-scale emergencies can have a negative impact on the company, its business, financial performance, operating results, interaction with counterparties, and reputation.

Risk management:

- priority of security issues for all SUEK management bodies
- creation and operation of the Industrial Safety Committee under the Management Board
- ensuring safe working conditions
- implementation of the industrial safety and labour protection management system in accordance with the international standard OHSAS 18001
- continuous monitoring of dangerous situations at all stages of activity with a focus on production safety
- development and implementation of a comprehensive plan to improve industrial safety and labour protection and individual plans of enterprises;
- hazardous facility third-party liability insurance in case of damage to life, health and property
- employee life insurance and insurance for total or partial disability (coal segment)

For more information on the results of risk response, see the chapter "Industrial safety and labour protection" of the report.

HR risks

Qualified experienced personnel – both industrial workers and engineering and technical workers – are the core strength of the company. Experienced and qualified personnel are SUEK's most important asset. The socio-demographic situation in Russia also increases the risk of a quantitative and qualitative shortage of personnel in the required professions. Failure to attract and retain qualified personnel can lead to non-fulfilment of the production programme and increased costs.

Factors that hinder the recruitment of personnel include a decrease in the birth rate and undeveloped housing infrastructure in the regions where the Group operates, an insufficient number of secondary vocational education institutions, as well as an insufficient level of qualification of their graduates.

Risk management:

- development of a system for employee training and professional growth
- social support programmes for employees and their families
- improving the reward and incentive system
- programmes to support the socio-economic development of the regions of our presence that improve the quality of life of our employees and their families
- programmes for the targeted training of students for future employment in the company
- development of our reputation as an employer of choice

For more information on the results of risk response, see chapters "Social performance: empowering our people" and "SUEK and the regions: partnership for sustainable development" of the report.

Environmental risks

SUEK's production activities are associated with the risk of environmental damage, including the emission of pollutants into the atmosphere, emission of coal dust, pollution of land and water resources, and noise pollution. This can lead to civil liability, reputational costs, and the need for money to repair the damage. These risks are increasing due to changes in the regulatory environment aimed at reducing greenhouse gas emissions, as well as the growing attention of the world community and the investment community on climate issues.

Risk management:

- compliance with legislative and corporate standards in the field of nature conservation
- implementation of an integrated management system in accordance with the international standard ISO 140012004
- implementation of programmes to improve environmental safety and environmental protection, including projects to reduce emissions into the atmosphere; land reclamation; efficient disposal and recycling of waste; development of sanitary and protective measures for use in the immediate vicinity of residential areas; biodiversity conservation
- implementation of innovative technological solutions aimed at reducing greenhouse gas emissions throughout the value chain

For more information on the results of risk response, see the chapter "Environmental performance: safety and efficiency" of the report.



²⁰ Detailed information on the development of SUEK's risk management system is provided in the company's 2018 and 2019 Annual Reports in the "Proactive Risk Management" section. The reports can be found on suek.ru and suek.com.

²¹ Detailed information on the development of SUEK's risk management system is provided in the company's 2018 and 2019 Annual Reports in the "Proactive Risk Management" section. The reports can be found on suek.ru and suek.com.

INFORMATION POLICY

SUEK's information policy is formed in accordance with the best corporate governance practices. SUEK is not a public company, but we are guided by the principles of public disclosure of information and strive to provide all stakeholders with the most complete, objective and timely information about the company's activities.

SUEK publishes reports that include information not only on the results of economic, operational and financial activities, but also social and environmental indicators. These reports help to create a complete picture of the company's activities and increase the transparency of its activities for investors, shareholders, government agencies and the public.

Based on the corporate information policy, the communication strategy and annual information programmes are formed. In 2019, the information programme was formed taking into account the integration of energy assets and the expansion of activities and regions of SUEK's presence.

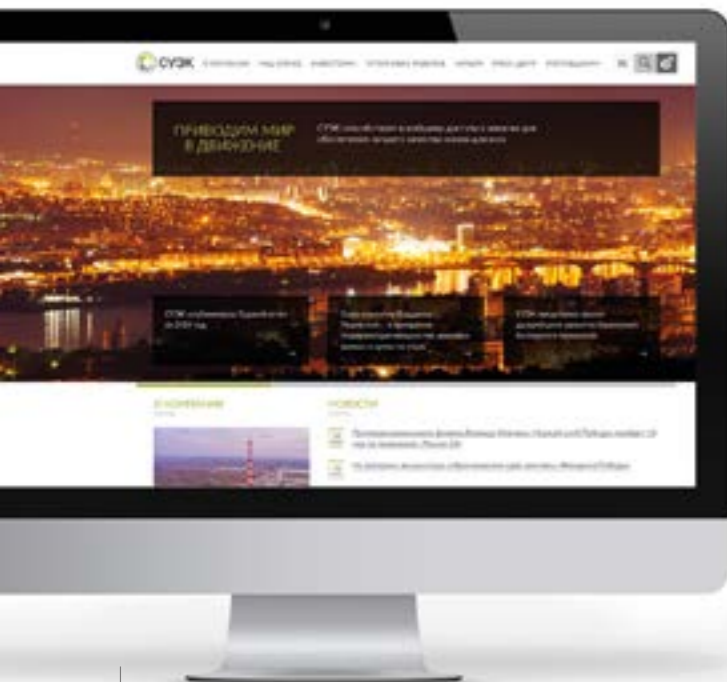
We use a wide range of internal and external communication channels to ensure the fullest possible audience coverage, inform them about the company's strategy and results, and provide feedback to stakeholders. The main communication channels are:

- the official website **suek.ru** and SUEK JSC social media pages
- publication of press releases and communications in the media
- press conferences and meetings with stakeholders
- public appearances by SUEK representatives
- company reporting

Information requests are accepted and processed by the communication service through feedback channels. Over the course of each year, a series of communication activities are carried out to meet the information requests of stakeholders as much as possible. In the reporting period, the topics that generated the strongest interest from our stakeholders included issues such as SUEK's position on the prospects of the coal market and coal generation; the company's investment plans and projects; the company's environmental policy and actions to develop the regions where it operates.

SUEK information disclosure principles

- Completeness
- Relevance
- Reliability
- Comparability
- Timeliness
- Freedom of access
- Objectivity and balance



Communication programmes aimed at elevating the prestige of the coal industry received Russian and international awards.

In 2018–2019, SUEK received a number of prestigious awards for a large-scale communication programme dedicated to the 70th anniversary of the mining profession in Russia. In 2017, as part of this programme, we held more than 200 events united by a common goal: strengthening the image of the mining profession and informing residents of Russia and other countries about the importance of the coal industry for socio-economic development.



The comprehensive project dedicated to the anniversary placed **first in the category "Popularisation of professions in the fuel and energy complex" of the all-Russian contest "MediaTEK-2018"**. "The Limits of Perfection", a film about an ordinary day in the life of miner Evgeny Kosmin, foreman of the treatment team at the Yalovsky mine, won a gold prize at the Cannes Corporate Media & TV Awards, one of the world's most prestigious corporate film festivals, a silver prize at the US International Film & Video Festival (USA), the oldest documentary film festival in the world, and the grand prize at the "Silver Archer – Siberia" award. The photo work of the People of Coal project was among the winners of the 2018 International Photography Awards of the Lucie Foundation Awards (USA).



The film "New People," presented by SUEK at the Festival of Video Films on the Mining and Geological Industry of Russia as part of the 15th Mining and Geological Forum MINEX Russia 2019, was awarded a **special jury diploma "For the development of documentary films in the mining industry"**.



The SUEK-Kuzbass Corporate Museum became the winner of the 2nd All-Russian Corporate Museum Contest.

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is an important factor in implementing the sustainable development strategy. We strive for an equal dialogue and partnership that allows us to meet the interests of each participant on the basis of mutual responsibility. When identifying key stakeholders, we take into account the impact of the company's activities on various stakeholder groups as well as the degree of their impact on the company's activities.

SUEK's key stakeholders²²

- shareholders
- employees
- customers
- financial institutions and potential investors
- suppliers and business partners
- state authorities
- local communities in the regions of presence
- expert organisations and NGOs

The documents that govern our relationship with our stakeholders also include:

- Compliance policy
- Coal quality policy
- Corporate social policy
- Environmental policy
- Heat customer policy
- Energy policy

The main principles for building relationships with stakeholders are defined in SUEK's Code of Corporate Ethics and Information Policy. These principles include:

- regulation of stakeholder relations by the legislation of the Russian Federation and other countries where the company is present
- respect for the interests of all parties and active cooperation based on the principles of integrity, openness and mutual respect
- ensuring informational transparency
- compliance with ethical standards of business conduct

Our internal and external communications system is aimed at complete, prompt and objective informing of stakeholders. The system's most important task is to provide feedback. We carefully analyse the expectations of stakeholders with respect to the company, as well as the issues raised by them using various feedback channels and in the course of joint activities, and we try to respond to their requests and comments in a timely manner. The results of our interaction are taken into consideration when determining the report's material topics²³. Interviews with stakeholder representatives included in the report reflect some of the material topics of our ongoing dialogue. The report also includes examples of issues raised by stakeholders – our employees, customers, and representatives of local communities – and the company's response to these issues. Significant events of the reporting period as part of interaction with key stakeholders are shown in the table.

²² The list of key stakeholders and material topics is specified within each reporting cycle, taking into account the results of a survey of company management and external stakeholders in the preparation of the report.

²³ See Annex 3 for more information. Material topics of the report.

Stakeholders' interests and expectations with respect to the company	Channels and formats of interaction	Stakeholder engagement: significant events of 2018–2019
Employees and trade unions		
<ul style="list-style-type: none"> • Fair remuneration • Fulfilment of social obligations • Development of professional and personal skills of employees • Improving the efficiency and safety of labour, protecting health • Implementation of social programmes aimed at improving the quality of life of employees and their families 	<ul style="list-style-type: none"> • Trade union and collective bargaining agreements • Joint committees and commissions, including on occupational safety and labour protection • Corporate systems of training and development, social support of personnel • Meetings between management and employees • Corporate media • Ethics and compliance hotlines • Staff opinion surveys 	<ul style="list-style-type: none"> • At the company's coal plants subject to clause 2.7. of the new Federal Industrial Agreement on the Russian Coal Industry for 2019–2021, collective bargaining agreements with employees were renewed for a period of three years. • As part of the development of corporate culture, measures were taken to transfer the Code of Corporate Ethics to employees: an information campaign and competitions dedicated to corporate values. • Information campaigns in support of corporate economic and social initiatives were implemented, including the publication of brochures on enterprises and localities of presence that recruit staff from other regions. • The company co-organised the scientific and practical conference "The Role and Place of Working Youth in the Development of Kuzbass". • A SUEK employee satisfaction survey was conducted in seven regions of the company's activity²⁴. <p><i>For more information on interaction with employees and trade unions, see the chapter "Social performance: empowering our people".</i></p>
Shareholders		
<ul style="list-style-type: none"> • Sustainable development of the company and increasing its shareholder value • Respect for shareholders rights • Improving the quality of corporate governance • Full and timely access to required information 	<ul style="list-style-type: none"> • General Meeting of Shareholders • Corporate reporting • System of corporate interaction channels 	<p>General meetings of shareholders (2018, 2019) approved new versions of internal documents and major transactions, elected the current members of the Board of Directors, approved corporate reporting, and appointed an external auditor.</p>
Customers		
<ul style="list-style-type: none"> • High-quality service, prompt and uninterrupted supply of coal, heat and electricity • Improving product quality, offering new products and services • Individual approach to each customer • Maintaining constant feedback 	<ul style="list-style-type: none"> • Cooperation agreements • Conferences, exhibitions • Business meetings • System for recording complaints and their resolution • Corporate reporting • Corporate media system • Special section on the corporate website that allows you to request the purchase of coal online • Personal account on the company's website and mobile app for thermal energy customers • Centres for thermal energy customers • Heat supply hotline 	<ul style="list-style-type: none"> • Meetings with energy segment customers were held as part of themed tours to production facilities and participation in the wide-scale city festival "Warming" at the power plant sites (in Barnaul, Novosibirsk, and Abakan). • Sociological surveys were conducted to identify customer attitudes towards the company's generating enterprises in Krasnoyarsk, Novosibirsk, Kemerovo, Abakan, and Barnaul. <p><i>Detailed information on customer interaction is provided in the chapter "Economic sustainability and efficiency" of the report.</i></p>

²⁴ For the results of the study, see the "Social performance: empowering our people" section of this report.

Stakeholders' interests and expectations with respect to the company	Channels and formats of interaction	Stakeholder engagement: significant events of 2018–2019
Financial institutions and potential investors		
<ul style="list-style-type: none"> Increasing investment attractiveness by improving corporate governance and the company's financial performance Ensuring a high level of transparency of our business and disclosure of information that shows its investment potential 	<ul style="list-style-type: none"> Meetings with banks and potential investors Corporate reporting Corporate website, press releases and presentations for investors 	<ul style="list-style-type: none"> In 2018 and 2019, the company held banking days for investors from Europe, Russia and Asia in Vienna and Madrid. The company's management held meetings with major international financial institutions as part of the St. Petersburg International Economic Forum 2018 and 2019 and other financial forums. In particular, memoranda on cooperation with the Japanese state export credit agency NEXI and Sberbank were signed during SPIEF 2019.
Suppliers and business partners		
<ul style="list-style-type: none"> Compliance with business ethics and fulfilment of contractual obligations Responsible supply chain management 	<ul style="list-style-type: none"> Cooperation agreements Business meetings Conferences, exhibitions Open tenders Participation in professional Russian and international unions and organisations Section for suppliers at www.suek.ru Corporate media and media publications 	<ul style="list-style-type: none"> Murmansk Commercial Seaport was visited by a delegation of representatives of Japanese business circles headed by Toyohisa Kozuki, Japan's Ambassador extraordinary and plenipotentiary to Russia. The delegation of the Russian-German Chamber of Commerce paid a working visit to the enterprises of SUEK-Kuzbass. <p><i>Detailed information on supplier and partner interaction is provided in the chapter "Economic sustainability and efficiency".</i></p>
State authorities		
<ul style="list-style-type: none"> Strengthening partnerships for development and improvement of the competitiveness of the national and regional economy, social development of regions, and solving environmental problems Strict compliance with current laws and requirements 	<ul style="list-style-type: none"> Social and economic partnership agreements Joint working groups Participation in commissions and working groups Round tables, meetings, conferences Corporate reporting Corporate media, including publications on the company's website 	<ul style="list-style-type: none"> Based on the results of the competitive selection of projects for modernisation of generating facilities, the company became a participant in the state programme DPM-2 (capacity supply contract). In the energy segment, investment projects to modernise the heating mains of the cities of SUEK's presence were developed and submitted for consideration to local authorities. Such modernisation will significantly improve the quality of heat energy supplies. The work to design and update plans for development of single-industry towns and to support socio-economic development of regions of presence was continued together with city administrations. A cooperation agreement between the company and the government of the Krasnoyarsk Territory was signed as part of the implementation of an action plan to reduce air pollution emissions in Krasnoyarsk. The Russian Ministry of Natural Resources and SUEK launched a project on corporate volunteering in nature reserves and national parks in the Far East. SUEK supported the 5th all-Russian Labour Protection Week, organised at the initiative of the Russian Ministry of Labour and with the support of the Russian Government. The annual conference "Industrial Safety, Occupational Safety and Health, Environmental Protection at SUEK" was held with the involvement of state control bodies and representatives of scientific organisations. <p><i>Examples and results of interaction with state authorities are provided in the chapters "SUEK and the regions: partnership for sustainable development" and "Environmental performance: safety and efficiency" of this report.</i></p>

Stakeholders' interests and expectations with respect to the company	Channels and formats of interaction	Stakeholder engagement: significant events of 2018–2019
Local communities in the regions of presence		
<ul style="list-style-type: none"> Development of social infrastructure, improving living conditions Increasing the social activity of local communities Implementation of environmental protection measures Implementation of projects in healthcare and education, improvement of housing conditions and infrastructure, culture, sports, business initiatives, ecology Support for disadvantaged social groups Involvement of local communities in solving urgent social problems 	<ul style="list-style-type: none"> Employment of locals Social, charitable and environmental projects Public hearings, round tables Seminars, conferences Corporate reporting Corporate media system Publications on the company's website Publications in the media Tours for representatives of local communities to mining, processing and generating enterprises 	<ul style="list-style-type: none"> SUEK supported the cities of its presence in participating in a national competition for the best projects on creating a comfortable urban environment in small towns and historical settlements with the involvement of local residents. A youth forum of university students and graduates was organised to identify and attract the most talented youth to work in the company. A number of important social environmental projects were carried out with the participation of local communities (landscaping the Alley of Miner Glory, supporting the federal environmental campaign Water of Russia, Ecolager, etc.). Public hearings were held to choose territories for improvement in 2020 in the cities of Borodino, Nazarovo, Sharypovo. <p><i>Detailed information on interaction with local communities is provided in the chapter "SUEK and the regions: partnership for sustainable development".</i></p>
Expert, social and industrial organisations		
<ul style="list-style-type: none"> Cooperation for sectoral and regional development Compliance with Russian and international standards in ecology and ecology and environmental protection Regular and constructive dialogue Information transparency and openness 	<ul style="list-style-type: none"> Joint study, evaluation and implementation of social and environmental projects Seminars, conferences Round tables and working groups Corporate reporting Publications on the company's website 	<ul style="list-style-type: none"> SUEK joined the World Coal Association and the Vision Zero programme of the International Social Security Association. In 2018, SUEK's coal assets were audited for compliance with Bettercoal Code requirements. The company took part in the first international conference "Energy of the Future," dedicated to the development of dialogue between industry energy corporations, government authorities, and the scientific community. An extended meeting of the Committee on Ecology and Environmental Protection, Technology, Mechanisation, and Environmental Activities of the Association of Sea Trade Ports was held at the Murmansk Commercial Seaport. SUEK co-organised the international scientific and practical conference "Underground coal mining in the 21st century". <p><i>Examples and results of interaction with expert, public and industry organisations are provided as part of bringing to light issues of social, economic and environmental performance in the corresponding chapters of the report.</i></p>

ECONOMIC STABILITY AND EFFICIENCY

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By improving the company's economic sustainability and efficiency, we are investing in the development of the most promising and eco-friendly methods of coal mining, washing and transportation, as well as generating electricity and heat. We are modernising our enterprises, introducing innovations that allow us to constantly increase productivity and labour safety and effectively respond to new market challenges and societal requirements.

Increasing the company's sustainability also contributes to the sustainable development of the regions of our presence, the country's energy security and the achievement of the UN Sustainable Development Goals.



KEY RESULTS²⁵

The reporting period was characterised by challenging market conditions. In the context of volatility in world coal indices, SUEK managed to maintain a high level of economic efficiency thanks to vertical integration and diversification of mining, washing, energy, transport and marketing assets, as well as tight financial control. A large-scale investment programme accelerated the modernisation of mining, washing, logistics and generating capacities, ensuring the competitiveness of the company. In 2019, the group's revenue was 488.564 billion roubles, EBITDA margin was 28%, and net profit was 45.704 billion roubles.

Thanks to the introduction of high-performance equipment, the company has maintained coal mining at the level of over 100 million tonnes per year for four years. Having consolidated the energy business, the company increased coal production in the cheapest and safest way to supply its own plants. By developing coal washing capacities and its own trading and distribution network, SUEK maintains a high level of supply to premium markets. The development of logistics assets provides access to end customers in key markets, while reducing transportation costs. Optimising the utilisation of mining and logistics capacities has increased the reliability of electricity and heat supplies to millions of customers.

²⁵ Detailed information on operating and financial results for 2018–2019 is provided in SUEK's 2019 Annual Report, which is located on the company's website.

In 2019, the group's revenue was

▶ **488.6 billion roubles**

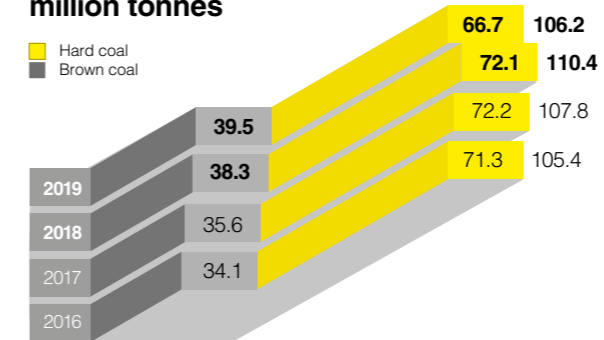
EBITDA margin was

▶ **28%**

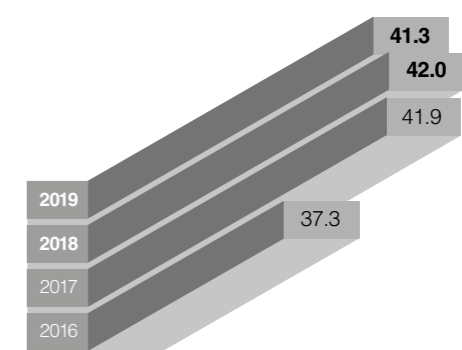
net profit was

▶ **45.7 billion roubles**

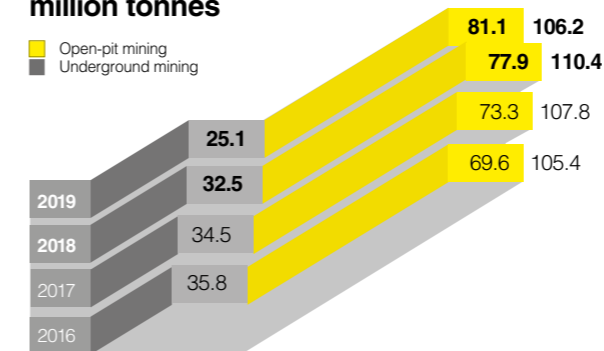
Coal mining by type of coal, million tonnes



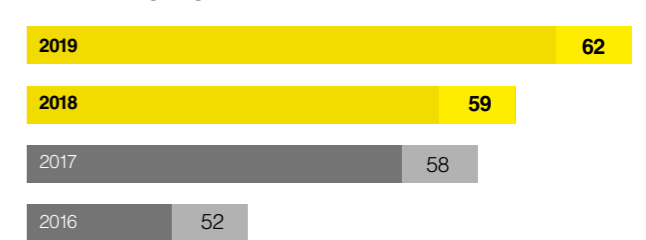
Coal washing, million tonnes



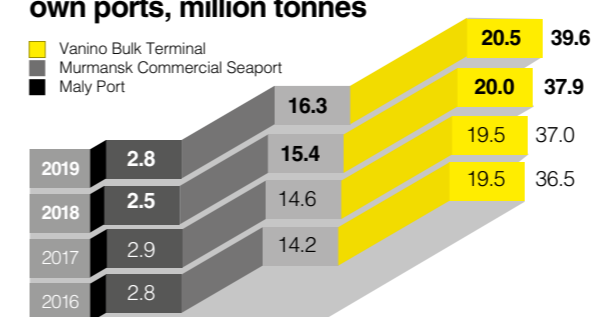
Coal mining by type of mining, million tonnes



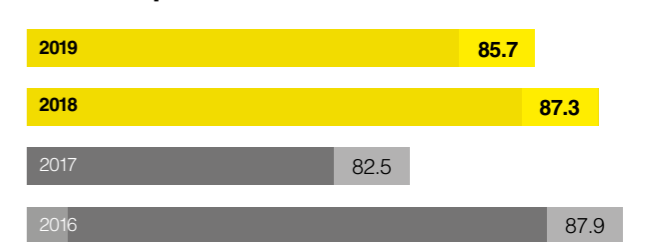
Share of prepared coal, %



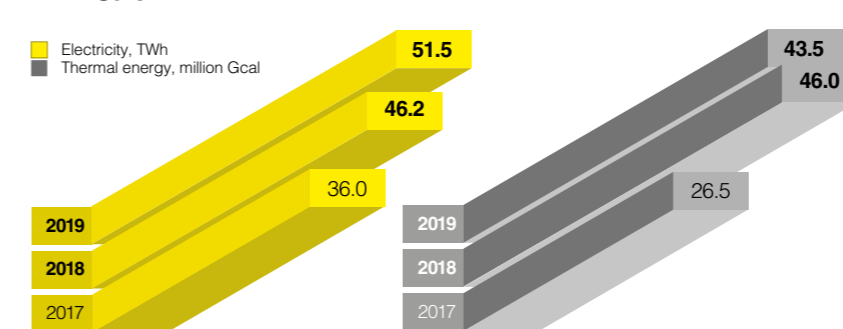
Coal transshipment through SUEK's own ports, million tonnes



Rail transportation, million tonnes



Energy production



INVESTMENT PROGRAMME

SUEK capital expenditures²⁶, million roubles

2019	64,283
2018	56,625
2017	42,304
2016	33,783

Coal segment

The main investment projects of 2018 were aimed at expanding the production of high calorific coal, as well as programmes to increase production and environmental safety and the development of the company's own logistics capacities. In 2019, due to a drop in coal prices, we focused on the development of capacities to increase operational efficiency and competitiveness. The investment programme was also aimed at supporting capacities and projects in ecology and safety.



Coal mining

- Commissioning of a new loading station as part of development of the Magistralny section (Ruban mine), which began to operate in 2017.
- Acquisition of reserves at the Alexievsky section with an estimated recoverable volume of 190 million tonnes in addition to the recoverable reserves at the Sychevsky section.
- Increase in the length of longwalls at the Kirov and Polysaevskaya mines to 350+ metres. At the Kirov mine, a 350 metre-long longwall was launched in 2019. Updating of the fleet of tunnelling systems, which are being replaced by high-performance frontal-type systems, has begun, which will improve the efficiency of tunnelling operations.
- Launch of the second 400 metre-long longwall at the Yalovsky mine.
- Further increase in the capacity of the Pravoberezhny open pit (Urgalskoye field) to 6 million tonnes. The actual volume of production in 2019 amounted to 2 million tonnes.
- Further development of the Nikolsky open pit (Republic of Buryatia).
- Acquisition of PRAKLA RB-T135 multifunctional inclined drilling rig, capable of drilling wells with an initial diameter of up to 0.8 metres, as well as equipment for early degassing of coal seams, which will be operated at SUEK-Kuzbass mines.
- Construction and modernisation of treatment facilities at enterprises in seven regions of our presence (detailed information on the projects is provided in the chapter "Environmental performance: safety and efficiency" of this report).

Washing

- Construction and commissioning of a small-scale washing module (0–25) and increasing the design capacity of the Tugnuisky plant to 12 million tonnes. The amount of prepared coal exceeded 1 million tonnes in 2019.
- Completion of construction of a floatation facility at the coal-washing plant of the Kirov mine.
- Installation of a filter press at the Polysaevskaya coal-washing plant to reduce the environmental impact of production.
- Completion of the reconstruction of the Chernogorsk coal-washing plant with an increase in its production capacity to 9 million tonnes per year.

Logistics

- Increased transshipment capacity of the Vanino Bulk Terminal due to modernisation and new construction. The project provides for a phased increase in capacity from 24 to 40 million tonnes per year, which correlates with an increase in the carrying capacity of railway access to the port of Vanino by 2024. In the reporting period, SUEK started designing, preparatory work and selecting suppliers of basic equipment. The project, together with the development of the Baikal-Amur Mainline and the Trans-Siberian Railway, will allow the company to effectively increase exports to the premium markets of Asia.

- Increased cargo turnover at Maly Port to 4 million tonnes per year due to the reconstruction of hydraulic structures and deepening of beds. As part of the project, the production water and approach canal were deepened, the soil under the berth foundation was compacted, and crane and railway tracks were reconstructed.
- Increased capacity of the Murmansk Commercial Seaport. Pre-design work on the development of railway infrastructure at the Murmansk station for the construction of a car unloading station was completed. A special complex for coal transshipment in the second cargo area is being designed. The port is implementing a large-scale programme to improve environmental safety, which includes the construction of dust and wind shields and the introduction of an advanced permanent spray system. In 2019, construction of the first line of shields with a length of 568 metres was completed. The port has launched a comprehensive hardware and software system for monitoring the environmental situation in the port and the borders of its sanitary protection zone.
- Development of railway infrastructure. In 2019, SUEK expanded its fleet by acquiring 16,025 large-capacity cars.

²⁶ Capital expenditures for 2019 are given excluding the purchase of 16,025 railcars and Reftinskaya GRES.

Energy segment

Key investment projects of the reporting period were aimed at increasing the volume of cogeneration and improving environmental performance. The integration of the energy business allowed us to attract investments for modernisation of energy capacities, which will increase the environmental safety of our plants. The Tom-Usinskaya GRES, Krasnoyarskaya CHPP 1, 2, 3 and Biyskaya CHPP modernisation projects were approved for participation in DPM-2, a state programme for competitive selection of modernised capacity. As part of this programme, 40 GW of old thermal capacities will be modernised throughout the Russian Federation. Modernisation will extend the life of the updated power plants by 15–20 years.

The investment programme in the reporting period also included:

- Construction of a new chimney at the Krasnoyarskaya CHPP-1, which in the future will replace the existing lower chimneys. Its height of 275 metres will increase the emissions diffusion area and improve the environmental situation in the city.
- Replacement of outdated autonomous boiler houses in Krasnoyarsk, Kemerovo, Barnaul and Novosibirsk with heat produced at our CHPPs, including the modernisation and construction of thermal pipelines.
- Reconstruction of two boilers of Nazarovskaya GRES to increase available capacity.
- Inclusion of the KramzEnerg boiler plant into the SUEK contour and replacement of boilers No. 1 and No. 2 of KrasKom LLC in Krasnoyarsk, which were non-compliant with environmental standards for heat supply from cogeneration plants.
- Transfer of the Novosibirskaya CHPP-5 into operation with SUEK's coal.
- Technical re-equipping of the boiler plant at Nazarovskaya GRES.
- Completion of reconstruction of the Southern Thermal Station in order to increase the installed heat capacity by 60 Gcal/h and generate electricity for the needs of Rubtsovsk.

In 2019, the company acquired Reftinskaya GRES, located in the Sverdlovsk region. With this in mind, SUEK's total electric capacity is 14.7 GW and the heat capacity is 24,900 Gcal/h.

Purchase of electricity and capacity

- Bringing 36 new energy consumption facilities (mainly SUEK heating systems) to the wholesale electricity and capacity market, which made it possible to minimise the cost of purchasing electricity and capacity.
- Implementation of projects to improve energy efficiency and optimise the cost of purchasing electricity and capacity, in particular, the replacement of energy-intensive equipment and metering devices from integrated to interval ones in order to create optimal energy consumption.

In 2018–2019, SUEK invested more than 2 billion roubles in modernising the heat and hot water supply system in the city of Rubtsovsk, providing reliable heat supply to more than 140,000 people. The project is being implemented as part of the municipality's transition to a new model for determining the cost of heat called the "alternative boiler house" method. With this approach, the price of heat is based on the cost of building a new heat source ("alternative boiler"), connecting customers to it, and its further maintenance. Based on these calculations, the regional tariff regulation authority (Regional Energy Commission, etc.) approves the maximum level for all sources in the city, while real prices for customers are determined by agreement of the parties. The heat supply company becomes a single operator of heat supply and ensures uninterrupted heat supply for the city. This will allow heat supply companies to make long-term investment decisions.

DEVELOPMENT OF SALES MARKETS

Coal supply

The company's strategy in the coal market is aimed at increasing the supply of high-quality products in the emerging markets of the Asia-Pacific region. In 2019, coal sales amounted to 113.7 million tonnes, which is comparable to sales in 2018. International sales decreased by 3% due to a reduction in supplies to the Atlantic region, in particular to the UK, Spain and Turkey. At the same time, we increased supplies to Germany, Morocco, Croatia, the Netherlands, and Asian markets. SUEK supplies to the Asia-Pacific region accounted for 60% of the company's international sales and increased by 1.2 million tonnes. Coal exports to Vietnam, China, India, and Hong Kong increased. Investments in the development of port facilities in the Far East and Murmansk have become an important factor in ensuring stable international supply indicators.

Energy supply

In 2018, electricity sales increased by 30% and capacity sales by 42% compared to 2017. These results were due to the connection of new power plants in Novosibirsk, Biysk and Kuibyshev in early 2018. Heat sales increased by 65%. SUEK's share in the Siberian market reached 23%. The increase was due to the connection of new customers by replacing the local boiler houses with CHPP capacities and the longer heating season in the cities of the company's presence compared to 2017.

In 2019, total electricity sales increased by another 10% and capacity sales by 9% due to the acquisition of Reftinskaya GRES. The decrease in heat sales due to the short heating season was partially compensated by the company's expansion in Khakassia, Novosibirsk and Barnaul and the connection of new customers who switched from outdated boilers to SUEK CHPPs.

	2016	2017	2018	2019
Sales, million tonnes²⁷	103.1	109.7	115.6	115.1
International sales, total	51.9	56.4	57.2	55.2
• Asia-Pacific region	32.1	32.7	33.1	34.3
• Atlantic region	19.8	23.7	24.1	20.9
Domestic sales	51.2	53.3	58.4	59.9
• to own generating capacities		24.7	30.2	33.7
• to other customers		28.6	28.2	26.2



We built direct relationships with key customers in the most important markets, including expanding and strengthening our sales network. In 2018, Barter Coal, which owns a coal distribution network in Poland, joined the SUEK group. In 2019, a subsidiary of SUEK Baltic opened a representative office in the UK.

²⁷ Including sales of petcoke and other products.

INNOVATIVE ACTIVITY

The most important component of SUEK's long-term competitiveness is the introduction of innovations into production processes.

Main areas of innovation

• Coal mining and washing:

- reduced mining costs
- increased labour productivity
- improved quality characteristics of low-grade coals through washing (increasing calorific value, reducing ash content, reducing impurities) and improved washing processes at SUEK through innovative technologies
- improved safety and eco-friendliness of coal mining
- production of metallurgical products, smokeless fuels, sorbents from low-grade coal
- production of metallurgical coke from coking coal

• Power generation:

- reduced negative environmental impact
- improved efficiency of the washing and burning of coal fuel
- search and implementation of effective technologies for the disposal of ash and slag waste
- development of methods and technologies in labour protection and safety
- improved management of power plants
- improved management of repairs and maintenance

Key projects of the reporting period

Production of metallurgical briquettes from brown coal coke breeze

In 2019, the production of metallurgical briquettes from brown coal breeze was put into operation at the Berezovsky open-pit with a capacity of 30,000 tonnes/year and the possibility of expanding to 60,000 tonnes/year. The production uses the patented technology developed by SUEK for partial gasification of brown coal in standard hot water boilers. The plant's products are intended for use as a carbon reducing agent in the production of metallurgical silicon and ferroalloys, and are also used in the production of aluminium.



Production of smokeless fuel briquettes from brown coal coke breeze

In 2018, pilot production of smokeless fuel briquettes from brown coal coke breeze was launched at the Berezovsky open-pit. The production was opened as part of a joint social and environmental project of the administration of Krasnoyarsk and SUEK, whose task was to assess the possibility of reducing the load on the air by reducing emissions from the private sector and other autonomous sources of heat supply. As part of the project, about 3,000 tonnes of smokeless briquettes were produced, which were donated to 9,000 households in the regional centre. Compared to traditional brown coal, smokeless fuel with the trade name "Siberian Briquette" has high customer characteristics: increased calorific value (more than 6,000 kcal/kg compared to 3,500 kcal/kg of brown coal), reduced (by 1.5–2 times) consumption when used in household furnaces and boiler houses compared to brown coal, as well as high environmental sustainability and lack of smoke during combustion. The products were awarded the ECO BEST AWARD 2019 in the category "Innovation of the year". This is a national prize in the field of ecology and resource conservation.



Degassing by hydraulic fracturing of host rocks from the surface

In 2019, at the Kirov mine, SUEK-Kuzbass JSC for the first time in the history of the Russian coal industry performed hydraulic impact on coal seams through hydraulic fracturing from the surface. The project was the new stage in the development of technology for hydraulic impact on virgin coal to increase the volume of mine degassing.

Due to advanced comprehensive degassing, we prevent the risk of emissions, reduce the gas content of used seams, and create safe conditions for high-performance work of miners. This technology will significantly increase the concentration of methane in the extracted gas with the prospect of using it as household, automobile and industrial fuel. According to preliminary calculations, advanced degassing also accelerates lava mining time by one third, while reducing fixed costs.

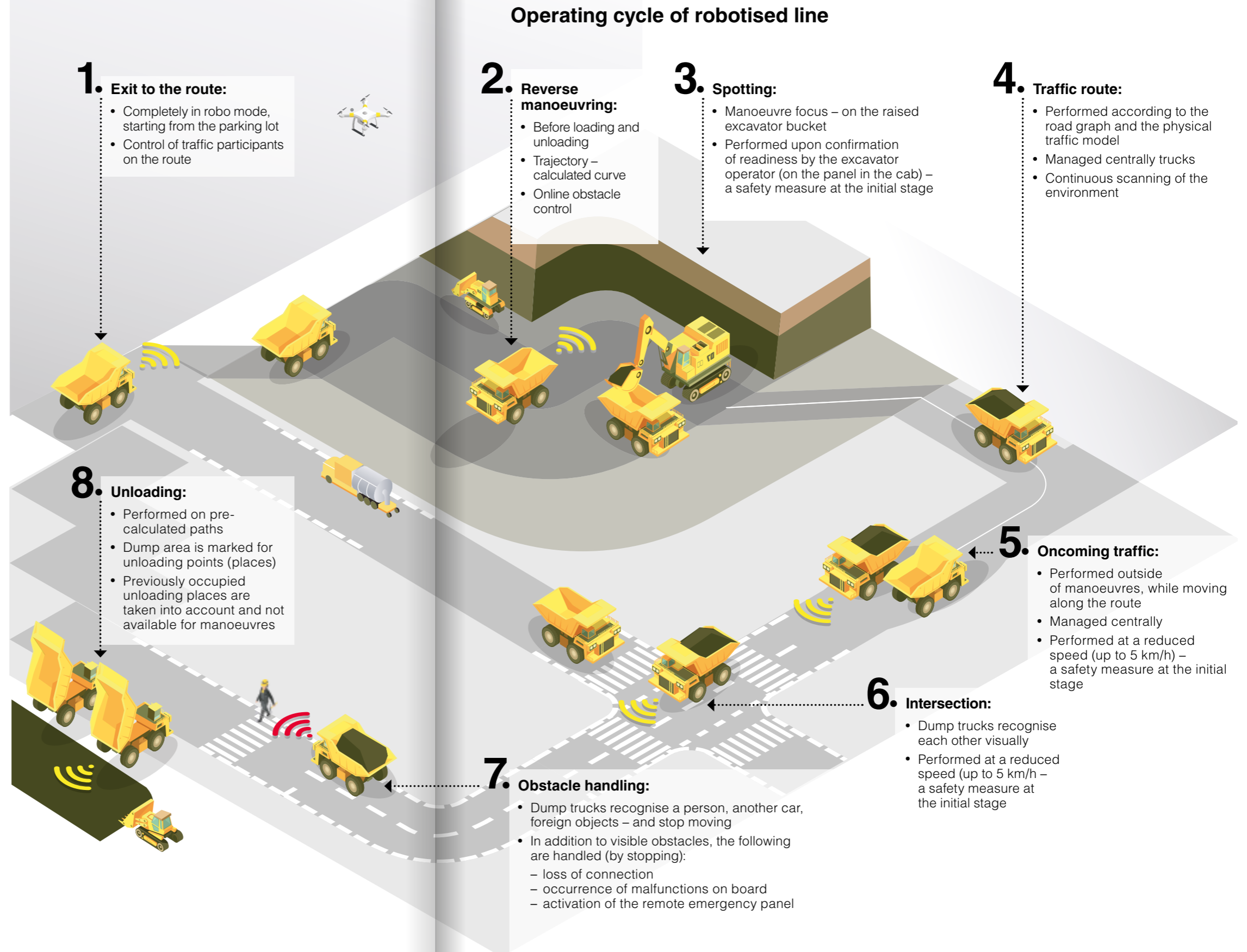


Digitalisation

SUEK is implementing a comprehensive production digitalisation programme aimed at increasing the competitiveness and sustainability of the company's business, as well as increasing the safety of its production.

Digitalisation in the coal segment is aimed at improving safe working conditions and operational efficiency and optimising repair and maintenance processes. In 2019, we introduced the Industrial Safety Remote Control System, which became the basis for the development of the national standard GOST R 58494–2019 "Multifunctional coal mine safety systems. Hazardous production facilities remote control system"²⁸.

Since 2018, SUEK has been introducing robotic coal transportation technology based on BELAZ-7513R dump trucks. In 2019, a test site was created at the Chernogorsky open-pit for testing and pilot implementation of this technology. Control algorithms allow dump trucks to transport overburden rock over a site longer than one kilometre and safely cross a public haul road. Traffic is optimised for the geological conditions of the open-pit. In the future, unmanned dump trucks will operate without human intervention around the clock, carrying out a full cycle from spotting to unloading.

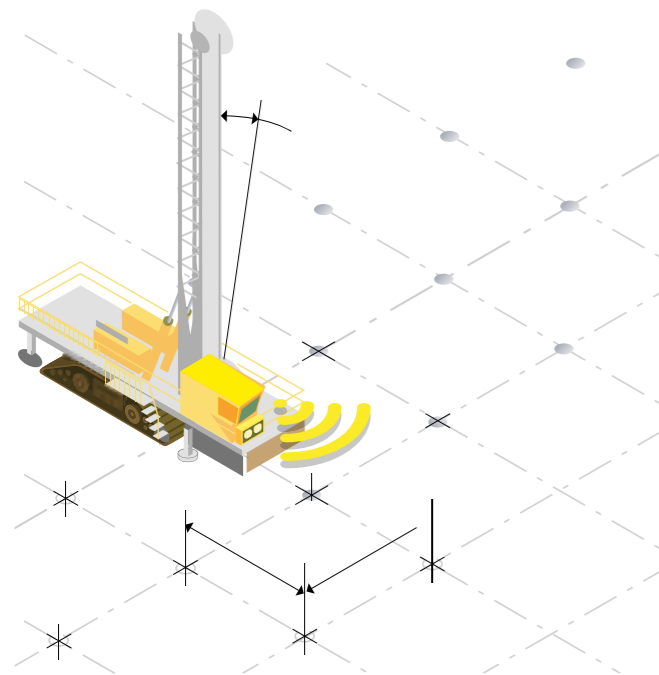


²⁸ For more information about the project, see section "Industrial safety and labour protection" of this report.

In 2019, the company continued to develop a robotic drilling and blasting machine. In particular, the machine's functionality was developed and tested for constructing drilling routes according to the project, levelling and precise pointing at the well, direct and inclined drilling of wells, and remote control of the drilling machine.

● **Robotization**

- Drilling rig off-line
- Automatic platform level control
- Drilling in automatic mode



The introduction of digital solutions **at energy enterprises** is aimed at the development of diagnostics, predictive analytics, operational and dispatching control of heat supplies and optimisation of staff scheduling.

Robotic in-line inspection of heating systems

In 2019, a remote-controlled diagnostic system based on magnetic flaw detection was used for the first time in Novosibirsk to check the condition of the main heating systems. At a speed of 40 m/h, the device examined the internal state of the pipes through alternating magnetisation of the metal. The technology allows one to record defects and accurately locate them, perform criticality ranking of the detected corrosion damage and predict the service life of pipe sections. The main advantage of the robotic diagnostic system over other diagnostic methods is continuous scanning of the surface and more accurate detection of defects.



Diagnostics of heating systems using unmanned aerial vehicles with thermal imagers

In the cities of the company's presence, unmanned aerial vehicles with thermal imagers are used to detect thermal insulation defects, draw up defect maps, and plan repairs of heating systems.



“Mobile thermal inspector” electronic system

In Krasnoyarsk, Kemerovo and Barnaul, electronic systems for planning and accounting for inspections of heat consumption facilities by the technical service departments of heat supply companies have been introduced. The transition to electronic media has increased the labour productivity of inspectors and allowed them to more effectively control and regulate the heat supply. After the inspectors record test results using special devices, the software automatically analyses these figures, compares them with the standards set in contracts with heat suppliers, and creates a report in the form of an electronic certificate. Online maps of the readiness of heat consumption facilities for the autumn-winter period are compiled based on the obtained data. The project won the all-Russian contest “New Idea” for the best scientific and technical development among young people of fuel and energy enterprises and organisations, which was held under the auspices of the Ministry of Energy of the Russian Federation.

“Mobile walkarounds” electronic system

The “Mobile walkarounds” electronic system was launched at the Krasnoyarskaya CHPP-2. It is aimed at improving the quality of assessment of the technical condition of production equipment. Walkarounds are performed at 500 control points on equipment units with NFC tags. During walkarounds, mobile phones are used to scan NFC tags on equipment, record parameters to be monitored, and register defects detected during walkarounds. The application allows you to record and save in archives the results of walkarounds, including photos and descriptions of defects, control the quality of walkarounds and reduce the time for information processing and troubleshooting.



Support system for heat, electricity and power generation processes

21 thermal power plants and the Technical Directorate have implemented an automation system for calculating the actual, nominal, normative and forecast technical and economic indicators in accordance with the established regulatory and technical documents and methods for a set period of time. The project made it possible to reduce labour costs and minimise manual work, while ensuring the required accuracy of calculations.



Modernisation of the automated energy control and accounting system

A project to modernise the automated energy control and accounting system is being implemented at SUEK energy segment enterprises. The goal of the project is to centralise the collection of data on commercial electricity metering of the wholesale and retail electricity and capacity markets, switch to unified software, optimise the costs of system management and maintenance, and optimise and automate business processes related to commercial metering of electric energy.

PRODUCT QUALITY IMPROVEMENT

Coal segment

SUEK coal is a low nitrogen and sulfur product. By preparing it, we reduce the ash content, increase the calorific value and reduce the environmental impact of our products. This ensures that SUEK products comply with our customers' most stringent requirements. As a reliable supplier, we strive to meet customer requirements for the quality of our products and ensure strict compliance with contractual obligations. We are constantly improving our quality control system and introducing new methods for determining the level of ash content in coal, the moisture content in our extracted, manufactured and shipped products, as well as improving the mechanised methods of sampling and preparing product samples. Our approaches to quality management are recorded in SUEK's policy on the quality of coal products, which is aimed at increasing the level of satisfaction and loyalty of coal product customers, ensuring uninterrupted and timely supply of products, constantly improving the stability of the quality of supplied products and reducing the number of complaints from coal product customers.

SUEK's quality management system is focused on compliance with international quality management standards ISO 9001:2008, ISO 9001:2015 and the asset management standard ISO 55001:2014. The management system of SUEK-Krasnoyarsk JSC, SUEK-Kuzbass JSC, and SUEK-Khakassia LLC is certified for compliance with ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007.

Quality control departments play a key role in the organisation of quality management. They are responsible for quality control and management, including product certification, sampling, and interaction with customers. Quality control is carried out at all stages, from preparation of reserves to shipment to the customer, in accordance with corporate standards. Our quality control methods allow us to promptly have an effect on the production process at all stages.

SUEK coal products:

- are certified for compliance with the requirements of GOST R 32464–2013 for safety indicators, including ash content, mass fraction of sulfur, arsenic and chlorine
- have Chemical Safety Data Sheets and an expert opinion on compliance with government sanitary and epidemiological requirements for laboratory research results

Main areas of work to improve quality:

- reduction of ash and moisture values of derived products and commercial products
- reduction of the coal washing depth (lower boundary of the fraction)
- increase in the processing of "run-of-mine coal" with improvement in the quality of commercial products
- expansion of the range of coal products, production of sorting marks of coal products in accordance with market demands
- increase in coal concentrate output
- increase in the yield of medium and large varieties, reduction of fine content in them
- reduction in the degree of freezing of shipped coal products in winter
- cleaning of impurities and metals from coal in ports



Energy segment

SUEK generating enterprises in the Abakan, Altai, Krasnoyarsk, Kuzbass, and Novosibirsk branches have a quality management system in place. SibiATS JSC and SibER JSC were certified for compliance with the international standard ISO 9001:2015.

In order to ensure efficient operation of power plants, input and production control of fuel and material resources has been organised. Quality control is carried out at all stages of the production cycle in accordance with corporate standards. The applied quality control methods allow us to guarantee the stability of the production cycle of power plants.

The company invests in the modernisation and repair of heating systems in order to reduce heat losses and improve the reliability of heat supply. In 2019, investments in these areas increased by 56% compared to the same period in the previous year, and in Novosibirsk they increased by 2.1 times.

SUEK is actively implementing digital solutions to improve the quality of its services. Existing solutions include dispatch control of CHPP operations and digitised requests for connecting new facilities to the heat supply system. Unmanned aerial vehicles are used for heating system diagnostics, and acoustic tomography helps identify critical defects in pipelines.



INTERACTION WITH CUSTOMERS

SUEK actively interacts with its customers at all stages of cooperation, developing an individual approach to customer requests. This interaction includes:

- informing about product quality
- responding to customer requests
- working with complaints
- developing feedback systems
- assessing the level of customer satisfaction
- organising a dialogue as part of participation in specialised conferences, round tables, etc.
- conducting independent audits commissioned by customers at SUEK enterprises

The customer receives information on the quality of coal products at the request-for-proposals stage or during the auction/tender for the supply of coal products. Issues of improving the quality of coal products raised by customers during negotiations and in written requests are discussed at meetings of the top management of enterprises. The results of the company's interaction with customers are considered when forming goals and action plans for enterprises to improve product quality.

When customers make additional requests for product characteristics, the company investigates the product in its own laboratory and in the laboratories of partner research institutes. If necessary, additional equipment is installed at the enterprises. SUEK is developing a communication and information system for energy customers who are individuals. Key channels are the company's official website, multi-channel phone, email, and company accounts on social networks.

The company's official website contains information on services, including information on the procedure for connecting to heat supply systems, on approval of consumption standards, methods of transmitting meter readings, and the necessary blank forms.

In 2019, SUEK conducted sociological studies to identify customer attitudes to the operation of SUEK energy enterprises in Krasnoyarsk, Novosibirsk, Kemerovo, Abakan, and Barnaul. The representative sample included 6,000 people. About 90% of respondents positively assessed the quality of heat and hot water supply by enterprises. There were no cases of significant dissatisfaction with the quality of utilities.

In 2019, an online customer survey was conducted to evaluate the quality of service. Based on the analysis of the results, the following corrective measures were developed:

- development of a regulatory document on customer service to standardise the requirements for the call centre
- training of employees of customer service centres and call centres aimed at improving customer focus
- updating contact information on the company's official website

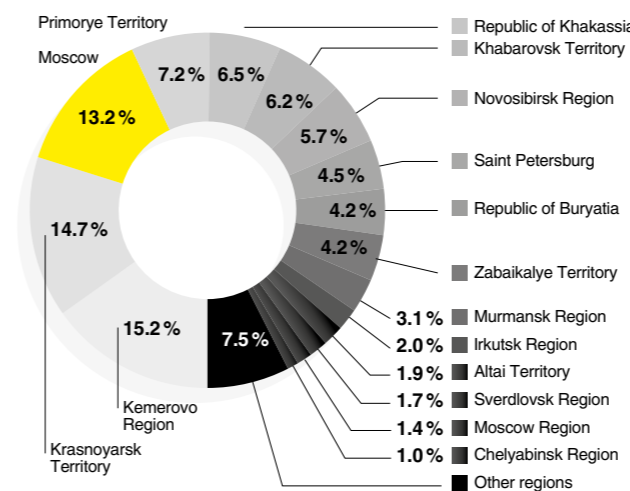
To increase the availability of services in all cities where SUEK's energy enterprises are present, a service was launched that makes it possible to receive readings from customer metering devices without participation from call centre operators. The customer uses voice or push-button data entry on the phone to transfer information when contacting the call centre. The reading is checked in real time and stored in the company's billing system.

Also, a mobile application was launched for heat energy customers, which individuals can use to submit water meter readings, pay bills, contact the company and receive notifications for all operations. The application is available to residents of 11 cities and has been downloaded more than 100,000 times.

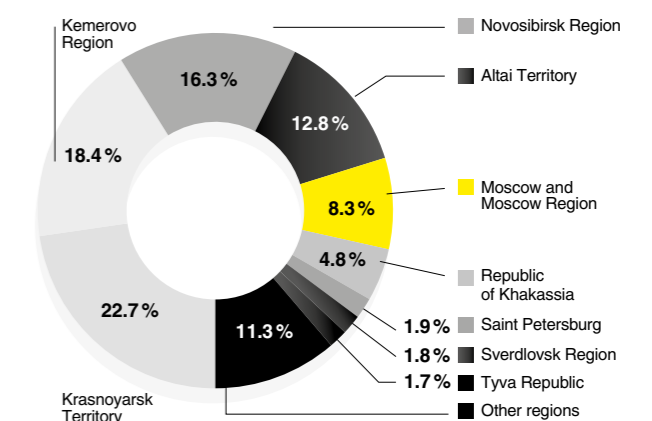
SUPPLY CHAIN MANAGEMENT

The company's contractors are our partners in creating value. Our interaction is based on the principles of openness, transparency, and fairness, and the system for selecting contractors and cooperating with them is determined not only by the law, but also by the values of SUEK and its priorities in the field of sustainable development. SUEK's requirements in the field of industrial and environmental safety apply to our contractors and are set in the contracts between the parties. Compliance with these requirements is monitored throughout the entire period of cooperation.

Distribution of suppliers by region of the Russian Federation, coal segment, 2019



Distribution of suppliers by region of the Russian Federation, energy segment, 2019



In 2019, the company worked with more than 10,000 suppliers: 6,618 in the coal segment and 3,235 in the energy segment. 99% of the organisations are located in Russia. As part of integration of the energy business, the company plans to build a unified method for the implementation of procurement activities, and also expects to increase operational efficiency by implementing best procurement practices and achieving a synergistic effect in the consolidation of procurement.

By increasing the stability of business, we increase the stability of society. SUEK's contribution to Russia's social and economic development, 2018–2019²⁹

Contribution to Russian economy
1,009 billion roubles
 Gross revenue

Contribution to employment
> 66k jobs at SUEK (2019)
9,853 SUEK suppliers (2019)

Contribution to government's finances
> 79 billion roubles
 Tax payments to budgets of various levels

Contribution to population's income
89.9 billion roubles
 Remuneration and social benefits

Contribution to regional development
4.06 billion roubles
 Social investment
78.8 billion roubles
 Payments to domestic suppliers

²⁹ The figures in the table are for the reporting period. Number of jobs – 2019.

SOCIAL PERFORMANCE: EMPOWERING OUR PEOPLE

Our people dashboard 2018–2019

Our goals

- meet the company's need for motivated personnel of the required qualifications
- improve work performance and headcount management
- support industrial safety programmes
- consistently implement the principle of social responsibility, social support for staff
- improve operational efficiency in the field of HR management
- strengthen our corporate culture and internal communications

Relevance for the UN Sustainable Development Goals



"SUEK today is the locomotive of the coal industry in terms of technology and the industry's flagship in social partnership issues".

Ivan Mokhnachuk, Chairman of the Russian Independent Union of Coal Industry Workers

Key results

- SUEK paid 41.5 billion roubles in wages in 2018 and more than 46.8 billion roubles in 2019. Social benefits amounted to 772 million roubles in 2018 and 784 million roubles in 2019.
- About 92% of SUEK employees are covered by collective bargaining agreements.
- Investments in personnel training during the reporting period amounted to more than 692 million roubles.
- Availability of skilled personnel in 2019 was 99% in the coal segment and 96% in the energy segment.
- A unified model for evaluating and developing staff managerial competencies has been developed.
- The share of training programmes on labour protection and industrial safety is more than 67% of the training volume in the coal segment and 69% in the energy segment, which shows the priority importance of these issues for the company.
- SUEK Corporate University programmes train 300 people annually.
- More than 50 students regularly study in specialised universities using targeted SUEK programmes. After graduation, graduates are employed by SUEK in the respective regions.
- In the reporting period, the company launched a system of practical training for schoolchildren. The pilot project is being implemented at the M.I. Shchadov Borodino Open Pit in the Krasnoyarsk Territory. Along with a certificate of secondary education, graduates receive a trade qualification certificate.
- In 2019, the company conducted a satisfaction survey of 4,000 employees from SUEK's coal enterprises in seven regions of presence. The goal of the survey was to obtain direct feedback from the employees. The survey showed that most of our employees consider SUEK to be a prestigious and responsible employer. Approximately 80% of employees expressed satisfaction with the level of labour protection and social security, and, according to the majority of respondents, working conditions in the company have improved over the past two years.

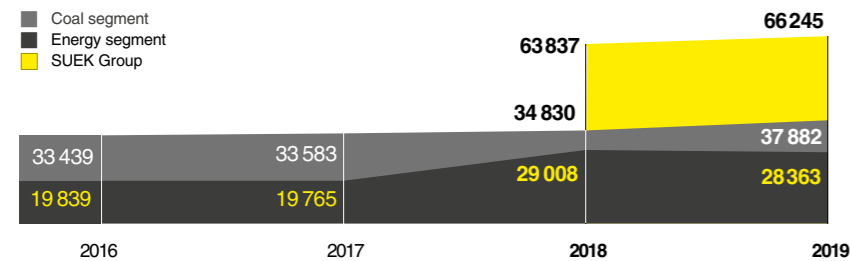
- OUR APPROACH | 79
- RECRUITMENT AND RETENTION | 81
- REMUNERATION AND SOCIAL SUPPORT | 84
- COOPERATION WITH TRADE UNIONS | 86
- TRAINING AND DEVELOPMENT | 88
- NURTURING THE POOL OF TALENT | 91
- CORPORATE CULTURE AND INTERNAL COMMUNICATIONS | 92

Our people are key to achieving our strategic objectives. SUEK's position among the world's leading coal and energy companies is due to a professional, responsible and motivated team, our employees who are committed to the mission and share the company's values. Over 66,000 SUEK professionals make a significant contribution to achieving sustainable development goals by supplying heat and energy to millions of people in Russia and abroad, while achieving consistent improvement in production safety and a reduced burden on the environment.

The company considers its employees to be its most important partners and their skills and motivation as the most valuable asset. We welcome and encourage the professional development and career growth of our workers and specialists. We respect their labour rights and cooperate with trade union organisations. Our human resources management practice is based on the legislation of the Russian Federation, as well as on internationally recognised principles and standards. We share the principles of the UN Global Compact. By investing in good working conditions and improving the quality of life of our employees, we ensure the sustainability of the company's long-term development.

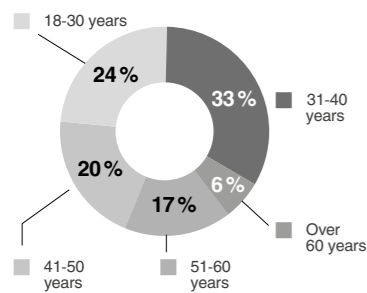
Personnel characteristics and structure

Average number of staff at SUEK³⁰

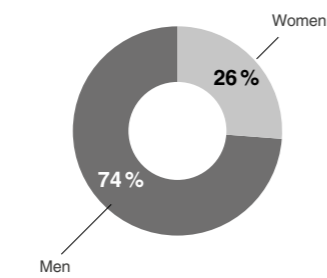


Distribution of employees, SUEK, 2019

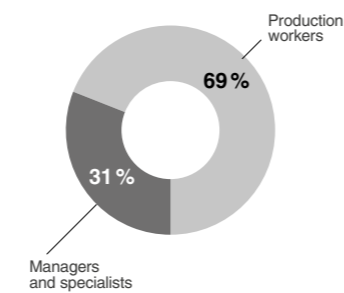
Age



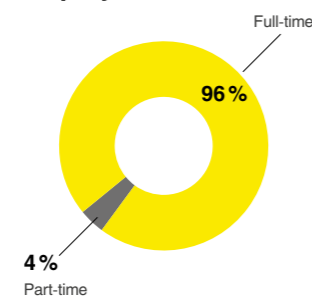
Gender



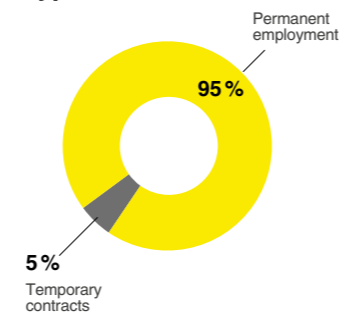
Personnel structure



Employment



Type of contract



³⁰ The energy segment enterprises were consolidated in the SUEK perimeter in 2018. In this regard, combined data are given for 2018–2019. Historical data on energy assets are given to reflect the dynamics of their development.

OUR APPROACH

SUEK's HR policy is a policy of sustainable, long-term mutually beneficial partnership between the company and its employees. This approach is set out in the SUEK Personnel Management Strategy for 2017–2020, which is aimed at supporting the achievement of business goals by effectively managing human resources and creating conditions for the development and professional fulfilment of employees.

SUEK's relations with employees are based on the provisions of Russian and international labour laws, as well as on corporate regulations, which include the SUEK Code of Corporate Ethics and Corporate Social Policy. Our mutual obligations are set forth in sectoral and territorial agreements with trade unions and collective bargaining agreements.

SUEK's Code of Corporate Ethics clearly sets out that any form of discrimination is unacceptable. SUEK does not use child labour or any form of forced labour and guarantees equal rights and the absence of discrimination based on nationality, gender, origin, age, religious or other beliefs, etc. The only criterion for success in our company is a professional approach to business and productivity. The company recognises the legal right of employees to voluntarily establish public associations to protect their rights and interests, including the right to form and join trade unions. Compliance with human rights and the provisions of the Code of Corporate Ethics is ensured by the Code of Corporate Ethics Compliance System³¹. In 2019, the Code of Corporate Ethics and its Compliance System were approved and came into force in SUEK's energy segment.



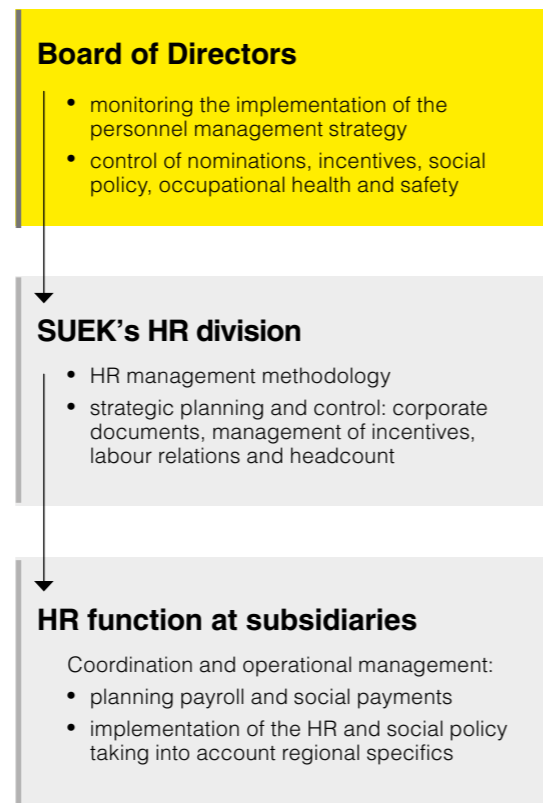
³¹ Detailed information on the observance of human rights and implementation of the Code of Corporate Ethics is provided in this report in the "Corporate governance" section.

The priorities of the Corporate Social Policy include:

- developing managerial competencies and qualifications of personnel
- improving remuneration and incentive systems, employee motivation
- achieving global standards in the field of labour protection and industrial safety
- improving the quality of life of staff, creating favourable conditions for work and leisure, and providing social support for non-working pensioners of SUEK
- developing a dynamic corporate culture which allows employees to interact effectively according to the principles expressed in the company's values and which ensures the effective integration of new assets and employees
- building social partnerships, mutual responsibility and trust
- modernising human resources management technologies, their correspondence to a world-class level company

In the reporting period, in the coal segment we switched to accounting and managing labour productivity according to business processes and standardising the workforce for mine preparation and treatment works, as well as the unified standards for paid workers. In accordance with the plan for energy asset integration, in 2019, 50 energy segment enterprises with a total of 20,400 people were transferred to the modern SAP HR ERP system.

HR management structure



RECRUITMENT AND RETENTION

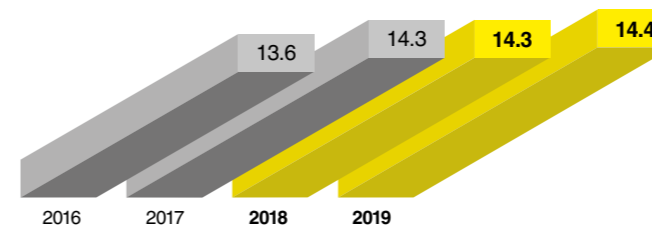
SUEK carries out systematic work to attract and retain personnel. In the coal segment during the reporting period, an approach was formed to determine the target level of wages depending on the state of the labour market in a particular region and SUEK's HR strategy, and the volume and intensity of training increased. In the energy segment during the reporting period, a methodical

framework for the selection, assessment and adaptation of personnel was formed.

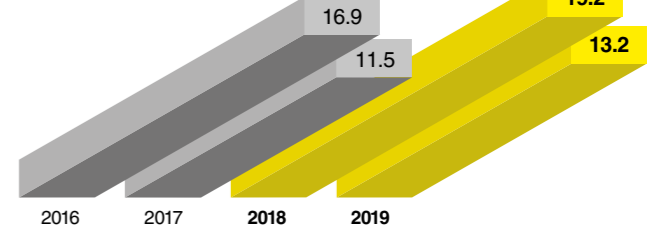
Despite pressure from the labour market and the complicated demographic situation, we are able to maintain a relatively stable turnover rate in the coal business.

Turnover rate, %

Coal segment



Energy segment³²



Key areas of staffing in SUEK:

- increasing staff mobility (including through rotating shift methods)
- implementing recruitment and retention programmes for employees of key professions
- developing housing and social environment programmes in the regions where we operate
- developing programmes and technologies for corporate education and training of young professionals
- implementing a communication strategy to form the image of SUEK in the labour market as a reliable employer of choice

³² The increased level of turnover in the energy business in 2018 was due to changes related to the acquisition of new assets.

In order to ensure a motivated and qualified pool of talent in the future, SUEK invests in cooperation with students and young specialists. The company recruits and works with talented young people according to the "School – University – Company" model.

System of targeted training for SUEK employees

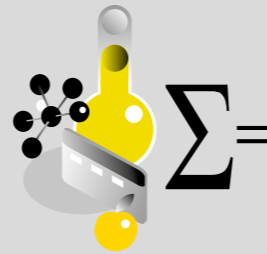


Schoolchildren

- Career guidance for schoolchildren and students
- SUEK specialised classes for high school students in key regions where the company operates

Students of secondary and higher educational institutions

- Scholarships and paid internships
- Study tours and practical training for students at SUEK enterprises
- Assistance in improving the infrastructure of the educational organisation
- Organisation of research work
- Participation of SUEK specialists in certification commission meetings
- Support for the Case-in international engineering championship



Young specialists of SUEK

- "Mining School" scientific and practical youth forum for solving production issues
- Training of forum winners under the Presidential programme for training engineers
- Youth councils in enterprises involved in solving issues related to labour activity, development and career growth of young employees
- Adaptation programme for young employees

The company has entered into 28 agreements with specialised universities and colleges in the regions of presence³³. The Kuzbass State Technical University has two core departments of the company. More than 50 students regularly study in specialised universities using targeted SUEK programmes. After graduation, graduates are employed by SUEK.

The company launched a system of practical training for schoolchildren. The pilot project is being implemented at the M.I. Shchadov Borodino Open Pit in the Krasnoyarsk Territory. Along with a certificate of secondary education, graduates receive a trade qualification certificate. Education at the training centre is available for students of SUEK's

industry-oriented class. After completing the theoretical course, the students undergo practical training under the guidance of mentors and pass a certification exam, including a knowledge test on safety and labour protection.

Since 2012, the company has held a scientific and practical youth forum to solve production problems of the Mining School. More than 150 young specialists take part in it annually.

Mining school: innovation and team building

In the eight years of its existence, the SUEK Mining School has become a leading communication and educational project for young employees of SUEK JSC and the Russian mining sector. Over these years, more than 650 young employees of the company and more than 500 miners from 30 Russian regions have taken part in it. The goal of the school is to develop the personal and professional potential of young people, form a pool of candidates, and popularise the industry and engineering education. The forum includes trainings, business games, lectures, workshops, team solutions and case defence. In 2019, the main theme of the school was the digitalisation of mining. SUEK develops cooperation with

partners, industry representatives, and specialists who are the school's experts. In 2019, the school was attended by experts from the Mining Institute of the Far Eastern Branch of the Russian Academy of Sciences, Liebherr-Rusland OOO, Komatsu CIS OOO, and representatives of the Khabarovsk Territory authorities, industry research and educational organisations. Since 2018, the Mining School has been included in the all-Russian list of youth events aimed at popularising the fuel and energy complex and energy conservation and engineering education, compiled jointly by the Ministry of Energy of Russia, the Ministry of Education and Science of Russia, and Rosmolodezh.



³³ The list of universities and colleges which SUEK cooperates with and the main forms of cooperation are presented in Annex 1 to the report.

REMUNERATION AND SOCIAL SUPPORT

An effective employee remuneration system is aimed at providing SUEK with qualified personnel in the present and in the future. Key elements of motivation ensure a balance of interests for the company and the employee. The transparency and visibility of the correlation between the goals set, the results achieved and the level of remuneration gives the employee sustained motivation to work efficiently in the long term and allows SUEK to successfully develop the professional potential of its staff and increase labour productivity in a highly competitive environment.

SUEK's remuneration and incentive system consists of wages (including conditionally fixed and conditionally variable parts), benefits and compensation, and intangible incentive measures³⁴.

The tangible incentive system is aimed at maintaining the company's sustainable development. It is based on the achievement of key performance indicators, which are set by the range of professional duties of the employee and their level of responsibility. Along with business indicators, these include industrial and environmental safety, compliance with company regulatory requirements and obligations, and co-operation with all stakeholders. Additional conditions of the bonus system are aimed at ensuring that employees strive to achieve results in the most rational and safe way.

SUEK has an incentive programme for employees participating in project activities. In addition to incentives for achieving target project results, this helps to retain qualified employees at SUEK and improves cross-functional interaction and the sharing of experience between departments. In the reporting period, 508 people participated in project incentive programmes.

We constantly monitor trends in the labour market in Russia and the regions of our presence, as well as study the industry practice of providing compensatory payments and social benefits. This allows SUEK to effectively adapt its HR policy and incentive system to constantly changing market conditions, maintain a balance of interests between the company and employees, and retain qualified personnel.

Payroll, million roubles

	2018	2019
Total for SUEK Group	41,530	46,856
Coal segment	24,693	28,741
Energy segment	16,837	18,115

³⁴ Data on remuneration and social support of personnel is given in Annex 1. Detailed information on the components of the incentive system is provided in the SUEK Sustainability Report for 2016–2017, page 74.

SUEK's social support system is aimed at improving the living standards of employees and their families. The benefits package for employees of SUEK enterprises in Russia is formed based on current legislation, industry agreements with trade unions, and collective bargaining agreements. Collective bargaining agreements and bilateral

territorial agreements with trade unions guarantee that the company fulfils its social obligations. About 92% of SUEK employees are covered by collective bargaining agreements. The benefits stipulated by the terms of collective bargaining agreements apply to all of our employees.

SUEK employee benefits package

Main benefits

- voluntary medical insurance³⁶, including rehabilitation treatment for occupational diseases
- comprehensive insurance against industrial accidents;
- financial aid, including to pensioners, women on maternity leave, employees and their families who need expensive treatment, families of deceased workers
- organisation of children's recreation and rehabilitation
- sporting and cultural events
- financial assistance and welfare payments to former employees

Additional benefits³⁵

- accident insurance
- payment for travel to holiday resorts for employees and their families
- supply of coal to miners for domestic heating and compensation for energy expenses
- payment upon retirement of 15% of an employee's average salary for each year of employment in the coal industry
- free and subsidised meals

Cost of providing benefits under collective bargaining agreements, million roubles

	2018	2019
Total for SUEK Group	1,886	1,964.6
Coal segment	1,693	1,727
Energy segment	193	237.6

³⁵ Additional benefits are provided to employees of coal assets.

³⁶ The voluntary medical insurance programme covers 100% of SUEK's coal enterprises and 90% of energy enterprises.

COOPERATION WITH TRADE UNIONS

The principle of social partnership, which is the basis of our relations with employees, is implemented at SUEK enterprises through collective bargaining, employee participation in enterprise management, and joint resolution of labour disputes.

The Russian Independent Union of Coal Industry Workers (Rosugleprof) and the Independent Trade Union of Miners of Russia (NPG) operate at the coal enterprises. Agreements between the parties to the social partnership are made at the sectoral (Federal Industry Agreement on the Coal Industry), territorial (agreements at the municipal level) and local (collective bargaining agreements) levels. Collective bargaining agreements at enterprises where two trade union organisations operate are concluded between representatives of all parties. The All-Russian Electric Trade Union (ARETU) operates at energy enterprises.

In January 2019, the Federal Industry Agreement on the Coal Industry of the Russian Federation for 2019–2021 was made. New collective bargaining agreements subject to this agreement were signed for its implementation in all SUEK coal enterprises. New clauses have been added to them that expand the rights of trade unions to monitor compliance with labour protection laws in the workplace.

The company takes into account the opinion of the trade union at the local level when issuing all corporate regulations that

concern social and labour relations, labour protection and remuneration. Taking into account the opinion of the trade union, work schedules and terms of employment, vacation schedules and incentive systems are adopted. As part of a social partnership, SUEK provides support to non-working pensioners and family members of workers and pensioners. Representatives of trade union organisations take an active part in organising the industrial safety and labour protection management system and assessing the safety of working conditions³⁷. According to new collective bargaining agreements, the commission for testing SUEK employees' knowledge of labour protection and industrial safety requirements must include representatives of trade unions who have been trained and certified in the field of labour protection in the manner established by current legislation.

For the entire period of the Federal Industrial Agreement on the Coal Industry of the Russian Federation and collective bargaining agreements made on its basis, we have not received a single complaint from the primary trade union organisation about non-performance or improper performance of arrangements by the company.

³⁷ For more information on SUEK's cooperation with trade unions on issues of assessing the safety of working conditions, see the "Industrial safety and labour protection" section of the report.

"Our interaction with SUEK ensures social stability and further development of the enterprises"

Ivan Mokhmachuk, Chairman of the Russian Independent Union of Coal Industry Workers



— Ivan Ivanovich, what is the main form of interaction between Rosugleprof and SUEK?

— The key document regulating our interaction is the federal industry agreement in whose development SUEK is actively involved. The company's obligations in terms of employees are also enshrined in bilateral territorial agreements and collective bargaining agreements that take into account the specifics of the enterprises. SUEK fully meets its obligations to employees within their framework. In the current difficult market conditions, the company seeks and implements new approaches to the search for additional reserves to solve social issues and maintain social stability, which is noteworthy.

— How does the trade union monitor the fulfilment of SUEK's obligations to employees?

— Coal industry enterprises, primarily underground ones, are legally subject to constant, round-the-clock monitoring by supervisory authorities. Since 2019, on behalf of the president of the Russian Federation, we have been conducting annual industrial safety inspections at enterprises together with Rostrud and Rostekhnadzor.

In addition, trade unions have their own technical inspectorate, which constantly monitors issues of safety, labour protection and compliance with labour laws. In case of any questions, misunderstandings or violations, our inspectorate issues a binding order to eliminate the violation within a week. If the employer has not eliminated the violation within this period, we can contact Rostekhnadzor or Rostrud. In this case, the trade union acts as a good partner and expert whose task and purpose is not to punish, but to prevent the situation. We have developed constructive working relations with SUEK in this matter, and the company promptly responds to comments and makes the necessary adjustments.

— Are there any forms of on-site control?

— Yes, this is the institution of labour protection officers. There is an officer present, a worker who has undergone special training in labour protection and industrial safety and received a social worker's mandate from us. The company must respond and eliminate violations identified by the labour protection officer. We have been running this programme with SUEK for about four years, and the company is probably the one developing it most actively in the industry. SUEK

holds an annual competition for the officers, and it both financially and morally creates interest and encourages people to engage in issues of workplace protection and safety. Overall, the company has gone further than anyone else in the industry in terms of a comprehensive approach to improving safety. We have a very strong team from a professional point of view, the company's specialists work together with us in standard-setting and creating industry-specific professional standards.

— How do you assess the social and workplace conditions in the company and SUEK as an employer?

— By visiting the company's enterprises in different regions, we can see that decent workplace conditions have been created for employees: high-quality, comfortable, and well-equipped premises.

The company does a lot more than just this for its miners. SUEK provides, first of all, a decent salary and also solves social issues in the regions where miners and their families live.

— How ready is SUEK for a dialogue with employees? How does it develop direct interaction?

— We have the practice of annual all-Russian meetings of the chairmen of trade unions in the Russian coal industry. They are also attended by SUEK's top managers. People from the sites ask them specific questions about specific situations: from workwear to bonuses. There are issues that only concern individual employees and seem insignificant. But inattention to these issues frustrates and offends people – it is a trigger for destabilisation within the team. In SUEK, the management either directly answers these types of questions or summarises and analyses them to work on them further at all levels – from top management to contractors at enterprises.

In general, our successful cooperation is possible because the company "plays in the open" and its actions are transparent for employees and trade unions. This allows us to find compromises that suit all the parties and negotiate in any market conditions. The existing constructive practice of cooperation between Rosugleprof and SUEK allows us to maintain social stability in our teams, affects the future development of enterprises and, accordingly, the company's ability to attract investments.



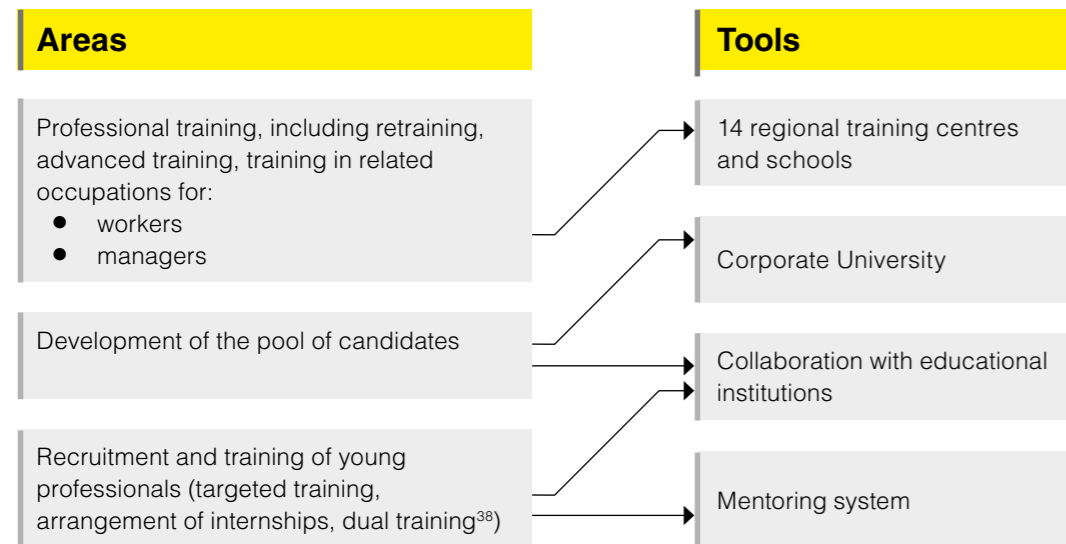
TRAINING AND DEVELOPMENT

SUEK's employee training system is aimed at developing the company's human resources, taking into account its strategic objectives and operational targets, as well as current and future staffing needs.

Main tasks in this area:

- create a system that allows employees to get the most out of their work
- ensure the development of their professional and managerial competencies
- form and develop SUEK's pool of candidates for key positions

Staff training and development system



The training and development system covers all categories of personnel and target groups of potential SUEK employees. In the reporting period, the company continued to form a unified model of managerial competencies, which should ensure the unity of principles and approaches to the assessment, training and development of personnel in the future.

We strive to ensure that training is up-to-date, effective and regularly held. The scope, structure and content of training are determined based on the specific training needs of the company's enterprises, taking into account specific tasks and segments. At the same time, the volume of training programmes on labour protection and industrial safety makes up more than half of the training in both segments (in 2019, 67% of the total training in the coal segment and 69% in the energy segment).

³⁸ A training system that combines a theoretical course in an educational institution and practical training at an enterprise.

Staff training

Coal segment	2016	2017	2018	2019
Trained – total, persons	37,596	33,280	37,140	37,667
Total duration of training – total, hours	1,377,125	1,442,478	1,455,609	1,468,511
Number of training hours per student per year	36.6	43.3	39.2	39.0
Energy segment	2016	2017	2018	2019
Trained – total, persons	19,811	26,538	25,588	34,288
Total duration of training – total, hours	672,235	913,491	849,637	1,018,179
Number of training hours per student per year	33.9	34.4	33.2	29.7

Investments in training during the reporting period amounted to more than

692 million roubles, including:

	2018	2019
Coal sector, million roubles	185.0	216.9
Energy sector, million roubles	133.2	157.2

Education for senior citizens

Retirement is a difficult period in the life of employees. The company is grateful to the older generation of its employees, values their experience and strives to support them by helping them find new opportunities for self-fulfilment. In 2019, SUEK decided to participate in the implementation of the federal project "Senior Citizens", which is part of the national project "Demography". Together with the administration of the Kemerovo Region, we are exploring the possibility of training for employees of pre-retirement age at SUEK coal mining and coal processing enterprises in the region that is aimed at gaining mentoring skills necessary to transfer their experience and knowledge to young employees of the enterprises. Caring for the older generation is an important part of the company's attractiveness as an employer.

Development of workers

The main programmes for development of SUEK's coal asset workers include:

- training in new professions
- training in secondary professions
- advanced training
- training in industrial safety and labour protection

SUEK training centres and schools are multidisciplinary educational centres with a library of methodical and technical literature and advanced simulators. In the reporting period, employees took more than 62,000 man-courses³⁹ at SUEK's own training centres.

Unified training programmes for workers at energy assets are held by a licensed unified training centre, external licensed centres and company specialists. Up to 13,000 people undergo these trainings annually.

³⁹ One man-course means completion of one programme by one person.

In 2018, SUEK power plants introduced a distance education system for special training of workers, including distance testing of knowledge of operational documentation.

We are actively developing training programmes that fit most conveniently into the work schedule of our employees. Among the formats that have proven their effectiveness is on-the-job training at the enterprise. This format helps increase the effectiveness of training, while reducing the time needed to complete it.

Development of management personnel

Management personnel of various levels undergo development at SUEK's Corporate University. Since 2018, employees of SUEK's energy assets have been able to take part in its programmes. The Corporate University provides continuous advanced training for key groups of employees and the formation of SUEK's talent pool.

Main results of the reporting period:

- The university's programmes trained 300 people annually. The priority of training was lean production and calculation of economic efficiency.
- 16 top managers were trained or are being trained under the "Strategic Management in Mining Companies" MBA programme run by the MISiS National University of Science and Technology.
- Formation and training of the mobile managerial pool of candidates of the purchasing department has been completed. In 2019, a strategic session was organised for the department reservists together with the Rospadskaya Coal Company (Evraz Holding) to share experience.
- The university's traditional programmes – "Locomotive", "Engineering Technician", "Power Engineer", "Supervisor" and others – were supplemented by modules aimed at meeting current business needs: "Effective communication skills", "Effective teamwork", "Adaptation to changes", a training programme for employees of the legal service's pool of candidates, etc.

In 2018, SUEK introduced an electronic library of business books. This service is available to all employees in both mobile and audio formats.

Development of young professionals

To develop young professionals, SUEK holds youth forums and professional skills contests and also develops dual training and a mentoring system. In 2018, 553 mentors were trained in the key region of presence – Kuzbass.

A general interactive adaptation course has been created for new employees, and adaptation provisions that take into account local specifics have been developed at key SUEK enterprises.

Eduard Egorenko, SUEK mentor: "The most important thing is trust"

In 2019, Eduard Egorenko, an underground miner at the Kirov mine of SUEK-Kuzbass JSC, was awarded the distinction "For mentoring" for his professional development of young professionals and active mentoring, as well as for conscientious work and professionalism. Awarding took place in the Catherine Hall of the Moscow Kremlin.

— Eduard, what does your work as a mentor look like? What happens when a student first comes to you?

— My job is to stay with the student during the entire shift and help them navigate the site and production processes. The first and most important thing is to teach a person behaviour-based safety. I show them correct behaviour in the mine. We correct the mistakes immediately so that correct behaviour is established. The mentor is fully responsible for the student and their behaviour and safety.

At the same time, it's important to explain things in such a way that the person is comfortable, so they feel that I'm not forcing them to do something, but sharing knowledge that they will need. I teach them what I've learned. And since everyone is different, you have to explain it differently each time. It's very important for a mentor to be able to create a friendly environment and atmosphere of trust. Because if there's no trust, you won't be able to pass on all your experience and teach very well.

NURTURING THE POOL OF TALENT

SUEK's candidate pool is formed on the basis of a talent management strategy. SUEK has created a culture of cultivating valuable personnel and is developing the institution of succession, which greatly helps to increase the efficiency of our business.

In the coal segment, the candidates training system covers positions from site engineer and mine foreman to positions like a deputy general director. The training system for the candidates for key management positions such as deputy general director and head of the regional production association includes the selection of candidates, their development programmes according to an individual plan based on analysis of competencies,

and regular evaluation of the employee's progress. In 2018, 26 managers passed assessment, and in 2019 – 29 managers.

In 2019, as part of the integration of coal and energy assets, SUEK began forming common principles and approaches in working with the personnel reserve of key management positions.



CORPORATE CULTURE AND INTERNAL COMMUNICATIONS

SUEK's Code of Corporate Ethics governs employee business conduct and provides a common understanding of the company's strategic goals. The commitment of each SUEK employee to the Code of Corporate Ethics and corporate values is important for achieving these goals and for the future of the company.

The Code's vitality is ensured by its compliance system, which operates at all levels of SUEK's management and enterprises⁴⁰. The promotion of corporate values and principles of interaction both within the company and with external stakeholders has become particularly important due to the integration of coal and energy assets. During the reporting period, the SUEK Code of Corporate Ethics was approved at SUEK's energy enterprises. It defines the principles of a unified corporate culture for the coal and energy company. The energy segment enterprises have developed a programme for implementing the code and its compliance system, and ethics coordinators have been appointed. In 2020, a study of employees' understanding of SUEK's mission and values and the provisions of the code is planned.

Key areas for promoting the code and increasing the level of involvement of employees and managers at all levels include:

- holding regular meetings with labour collectives
- developing a culture of feedback
- ensuring a clear goal-setting system based on SUEK's strategy at all levels of management
- developing a project management culture that promotes interdisciplinary integration and cooperation
- developing intangible incentive measures, in particular, carrying out non-work related activities aimed at sustainable development of local communities

The key initiatives for the development of corporate culture during the reporting period included:

- training sessions for ethics coordinators: learning best practices, developing communication skills, working with changes
- information campaign on energy assets introducing employees to SUEK's updated mission and values
- modernisation of SUEK's internal portal as one of the key channels of internal communications. The updated portal will not only solve communication problems, but will also become a single platform for collaboration, increasing the transparency of access to information and various business processes and reducing the time to receive services
- development of a system of feedback channels to maintain an open dialogue with employees and ensure two-way communication, including updating how the 8–800–200–12–40 hotline operates regarding issues of the Code of Corporate Ethics as well as industrial safety, labour protection, anti-corruption, and the compliance system
- holding creativity competitions to promote the Code of Corporate Ethics
- strengthening the culture of compliance with ethical values as part of the SUEK compliance programme

Internal communications system

A variety of internal communication formats help us build the most open and effective dialogue with employees.

Main internal communication channels:

- meetings with labour collectives
- corporate Intranet portals of the company and enterprises
- corporate media system
- employee opinion surveys and research
- hotline
- incident sheet
- bulletin boards, plasma panels, brochures in corporate vehicles, information desks
- newsletters

The most important means of promoting SUEK's corporate culture and values are **intangible incentives**.

Key tools for intangible incentives at coal assets include: celebration of Miner's Day, industrial competitions, weekly Days of Increased Production and Days of Increased Drilling, sports and cultural events in the regions of presence, professional communities and the Prokhodchik and Dobychnik clubs.

At energy assets, key corporate events for intangible incentives are the celebration of Power Engineers' Day and corporate sporting and comedy events. Employees who have made a significant contribution to the development of the company and the coal and energy industries are given government, departmental and corporate awards.

SUEK regularly assesses the level of staff involvement and satisfaction at coal assets. In 2019, a survey was conducted at 32 enterprises of the company in seven constituent entities of the Russian Federation where SUEK coal mining enterprises are represented, in which more than 4,000 people took part. The survey evaluated criteria such as characteristics of SUEK as an employer, criteria for choosing a place of employment and the reasons for changing the previous place of employment, employee involvement, employee understanding of the problem of staff turnover, employee satisfaction with quality of life, etc. The survey showed that most SUEK employees view the company as a prestigious and responsible employer. Approximately 80% of employees expressed satisfaction with the level of labour protection and social security, and, according to the majority of respondents, working conditions in the company have improved over the past two years. In several cities, respondents indicated insufficient landscaping and cleanliness of streets and yards, as well as lack of children's playgrounds. Based on the results of the survey, a report was generated for the Board of Directors' Nomination and Compensation Committee. The company's management has included expenses for additional social projects in the 2020 budget. In particular, plans were approved for the improvement of squares and parks in the cities where SUEK operates.

We value feedback from our employees and continue to develop and implement measures aimed at improving the living and working conditions of our employees⁴¹, as well as maintaining our image as a reliable and responsible employer among all stakeholders. SUEK plans to conduct a similar survey at the energy segment enterprises.

⁴⁰ For information on the Code of Corporate Ethics Compliance System and its results, see the chapter "Corporate governance" of the report.

⁴¹ For more information, see the "Industrial safety and labour protection" and "SUEK and the regions: partnership for sustainable development" sections of this report.

INDUSTRIAL SAFETY AND LABOUR PROTECTION

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Improving industrial safety and occupational health in 2018–2019:

Our goals

- Implement measures to prevent injuries, accidents and incidents and promptly localise and eliminate them
- Ensure safe working conditions for employees
- Comply with legislative and regulatory requirements in labour protection and industrial safety
- Improve the labour protection and industrial safety management system, introduce advanced technologies and international standards in this field

Relevance for the UN Sustainable Development Goals



Results 2018–2019

- 10.9 billion roubles (9% of all capital expenditures) were used to ensure and increase the level of safety in 2018–2019.
- In 2019, the lost time injury frequency rate (LTIFR) decreased compared to 2016: in the coal segment by 28% to 0.72 and in the energy segment by 49% to 0.24. These values are among the lowest in the Russian coal and energy sectors.
- SUEK's industrial safety and labour protection management system meets the requirements of the advanced international standard OHSAS 18001:2007/2008. In 2019, SUEK began to transfer the management in this field to the new occupational health and workplace safety standard ISO 45001.
- SUEK's Industrial Safety Remote Control System became the basis for the national standard GOST R 58494–2019 "Multifunctional coal mine safety systems. Remote control system for hazardous production facilities", as approved by Rosstandart in 2019.
- Performance indicators in industrial safety and labour protection are among the factors determining bonuses for SUEK's top managers and employees.
- The share of SUEK employee training on labour protection and industrial safety in the total amount of training was 70% in 2018 and 68% in 2019.
- In 2018–2019, a number of major investment projects in occupational medicine were implemented at a total cost of 256 million roubles.
- A special assessment of working conditions and assurance that workplaces comply with labour protection regulations was carried out for 100% of SUEK's workplaces.

SUEK's key priority is the health and safety of its employees. This priority is critical in the planning and organisation of all production operations. Our goal is to ensure completely safe production and zero injuries. In our corporate value system, safety and performance are closely related. This approach is an essential feature of our corporate culture. A risk-based approach and development of a culture of responsible conduct at all levels allow us to consistently increase the safety level of our production. We consistently introduce advanced technologies and international management standards in this field. Our industrial safety and labour protection policy and strategy include principles and guidelines consistent with the UN Global Compact and the Sustainable Development Goals. Our close cooperation with trade unions helps us improve the safety culture at our enterprises.

OUR APPROACH

Industrial safety and labour protection policy

Our principles are enshrined in the Industrial Safety and Labour Protection Corporate Policy⁴²:

Zero tolerance to injuries and accidents principle

We treat any injury and accident as an emergency that shows problems in the management systems and in the organisation of safe performance of work.

Safety priority principle

Every production task should be considered in terms of ensuring its safety. If safety conflicts with production tasks, these tasks should be reviewed or cancelled.

Professionalism and competence principle

We do not assign work to an employee who does not have the necessary knowledge and skills.

Zero tolerance to dishonesty and concealment of information principle

Deception and concealment of information related to ensuring labour protection and industrial safety are unacceptable.



⁴² The policy can be found on SUEK's website in the section About the company/Corporate governance/Regulatory documents.



Organisation of industrial safety and labour protection management

SUEK operates an industrial safety management system that provides unified method and control at all levels of the company's management. It is based on the requirements of Russian legislation, SUEK's Industrial Safety and Labour Protection Policies and other corporate documents. This activity is managed by SUEK's Board of Directors. At each meeting of the Board of Directors' Nomination and Compensation Committee, reports on the state of industrial safety and labour protection are reviewed. Implementation of the unified industrial safety policy within the company is coordinated by the Industrial Safety Committee of the Management Board. The committee is responsible for defining strategic objectives, goals and areas of activity, as well as solving particularly important issues to ensure safe production.

Since 2019, the committee has been reviewing each case of fatal injury as well as serious injury and evaluating measures to prevent them.

In 2018–2019, the Industrial Safety Committee held six meetings. The following issues were considered:

- analysis of the circumstances and causes of serious and fatal industrial accidents
- completeness of measures taken and the status of implementation of planned measures to prevent accidents and emergencies at production units
- potential projects to improve the level of industrial safety at enterprises
- implementation of measures to improve the fire safety of enterprises
- creation of the Unified Dispatch and Analytical Centre of a regional production association in the Republic of Khakassia
- concepts of automated prevention of quarry machinery collision and personnel positioning at open-pit coal mining enterprises
- equipping quarry vehicles with driver fatigue monitoring systems
- development, implementation and further replication of the project for the Industrial Safety Remote Control System in coal mines
- results of work on improving the software package "Unified book of regulations and issuance of shift tasks" at the Tugnuisky open-pit using the mobile version for tablets/smartphones and employees' personal identification cards
- concepts of reconstruction and modernisation of the Employee Training and Development Centre in SUEK-Kuzbass JSC and the creation of a similar centre in Uralugol JSC in the Khabarovsk Territory

Results in the field of industrial safety and labour protection, such as the lost time injury frequency rate (LTIFR), are included among the factors that determine the remuneration of the company's top managers and employees.

Industrial safety and labour protection management structure



Management system

SUEK's industrial safety and labour protection management system meets the requirements of the international standard OHSAS 18001:2007/2008. During the reporting period, the following enterprises were re-certified: enterprises of SUEK-Khakassia LLC (Chernogorsky open-pit, washing plant),

Vostochno-Beisky Razrez LLC, and the coal mining and processing enterprises of SUEK-Kuzbass JSC. Shchadov Borodinsky open-pit (SUEK-Krasnoyarsk JSC) passed a supervisory audit. In 2019, SUEK began to transfer industrial safety and labour protection management to the new occupational health and workplace safety standard IS 45001.

As part of integration of the energy business, enterprises of this segment adopted the company's corporate documents on safety and adapted them to the production conditions of the enterprises. An advisory body – the Production Safety Committee – was established in the energy segment. Its main task is to organise an effective production safety management system as well as coordinate and control the operational activities of energy assets in this field. SGC's CEO became a member of the Industrial Safety Committee of SUEK's Management Board.



In 2018, SUEK's coal assets in Kuzbass were independently audited for compliance with the requirements of the Bettercoal Code⁴³. Based on the results of the audit, experts identified the following corporate practices and security tools as best practices:

- the level of control over industrial safety and labour protection, significant financial and administrative resources invested by the company to improve the level of industrial safety and labour protection
- Granch underground safety monitoring and management system
- comprehensive planning of fire prevention and emergency response activities, taking into account regulatory framework requirements and including an adaptive response
- programme to identify and manage risks of spontaneous coal ignition
- providing comprehensive medical services to employees through medical facilities equipped with modern equipment and technologies
- continuous development of a mobile communication system to instantly register violations of industrial safety requirements in the mines

A **risk-based approach** lies at the heart of SUEK's safety management. Regular assessment of risks related to personnel, processes, working conditions, and equipment is carried out at all levels of management and serves as the basis for further steps to improve the level of industrial safety and labour protection. Part of the risk-based approach is identification and analysis of hazardous production situations (HPS) that can lead to an increase in production risks up to critical values. Identified HPS are recorded in the key tool for industrial safety

control – the unified book of regulations and issuance of shift tasks. This software analyses violations and blocks the issuance of shift tasks if the identified hazards have not been eliminated. During the reporting period, the effectiveness of identifying and controlling HPS significantly improved, which has also increased the overall effectiveness of risk management. For example, in SUEK-Kuzbass, none of the 3,000 identified hazardous production situations turned into a negative event.

Structure of investments in industrial safety and labour protection in 2018–2019, million roubles⁴⁴

	Coal		Energy	
	2018	2019	2018	2019
Technical measures, including improvement of fire safety	1,635.4	1,395.8	542.1	837.7
Purchase of personal protective equipment	702.7	850.4	276.8	241.3
Rescue teams and other emergency response groups at enterprises	563.2	528.0	41.4	42.1
Improvement of the sanitary and technical condition of workplaces	457.4	463.3	303.5	376.0
Organisational activities	264.0	281.4	88.0	70.3
Analysis of the state of the industrial safety and labour protection system, design work	146.2	204.3	77.0	56.1
Purchase of equipment and monitoring devices	73.6	122.7	72.2	36.6
Insurance	50.4	52.3	26.0	60.0
Total: 10,938.2	3,892.9	3,898.2	1,427.1	1,720.1

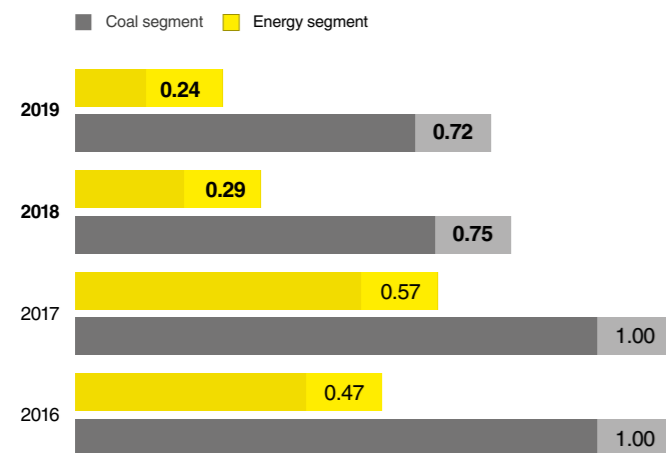
⁴³ For information on Bettercoal and the audit results, see the "Corporate Governance" chapter of this report.

⁴⁴ The structure for financing industrial safety and labour protection activities by region in 2019 is presented in Annex 1 to this report.

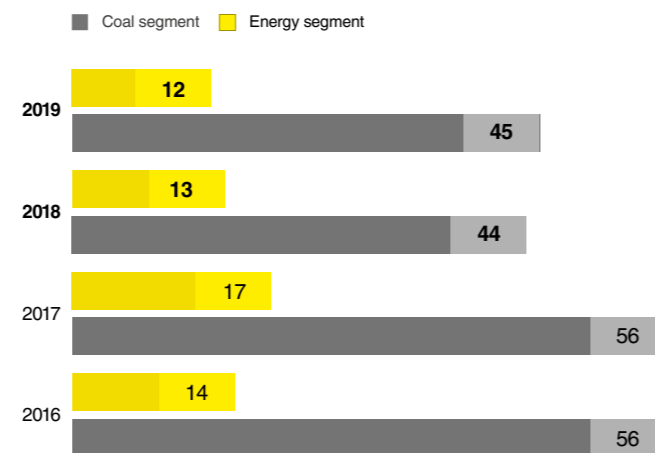
INJURY RISK MANAGEMENT

As a result of taking measures aimed at improving industrial safety, we are moving towards our strategic goal of zero injury. The lost time injury frequency rate (LTIFR) continued to decline during the reporting period. Overall, the LTIFR in SUEK was 0.55 in 2018 and 0.50 in 2019.

LTIFR, 2016–2019⁴⁵



Number of injured in industrial accidents⁴⁶



In 2018–2019, there were no fatal group accidents involving personnel⁴⁷. Despite all our efforts, during the reporting period there were 14 single fatal accidents at the company's enterprises: 9 at the coal segment enterprises and 5 at the energy segment enterprises. We mourn the deaths of our employees and express our condolences to the families and friends of the victims. The company provided their families with support exceeding the measures established by law.

All serious and fatal accidents are investigated by special commissions and reviewed at meetings of the Industrial Safety Committee of SUEK's Management Board. Based on a detailed analysis of each case, the causes of accidents related to both technical and human factors were identified. To eliminate these causes, comprehensive measures have been developed to prevent such incidents in the future⁴⁸. The list of measures is as follows.

Improving the reliability of equipment

- Targeted checks of the condition of the equipment that caused the accident.
- Checks of the presence, serviceability and operability of alarm systems as well as electrical and mechanical protection and blocking devices at all SUEK enterprises.
- The equipment whose malfunction caused the accident along with the violation of industrial safety and labour protection requirements was returned to operation only after complete elimination of violations and repeated commission examination.
- Implementation of our own technical solutions that ensure safe interaction in the "Human – Mining and Transport Equipment" system, prompt notification to the driver and employee about entering a dangerous zone, the possibility of emergency braking of vehicles, visualisation of the situation from cameras and scanners to monitors in the driver's cab, positioning, monitoring of the location and parameters of the human condition.

Working with personnel

- The circumstances and causes of an accident are brought to the attention of employees of SUEK production units and examined during shift tasks with the company's mine and open pit teams.
- A programme for additional and advanced training of section supervisors in industrial safety and labour protection has been developed.
- The engineering workers of the enterprises that allowed the accident were sent for unscheduled re-certification.
- A one-month probationary period has been set for newly hired employees assigned to an experienced mentor.
- Unscheduled briefings are held for specialised employees of SUEK enterprises on safety measures during maintenance, repair and operation of mechanisms that caused an accident.
- Promotional and training stands were installed in production shops, and video instructions on the types, safe methods and techniques for performing work on these mechanisms were developed.

Organisational measures

- At the enterprises where an accident occurred, round-the-clock shifts for senior engineering staff were arranged for a month with control over issuing shift tasks, conducting safety briefings and medical examinations, and making direct visits to workplaces.
- Documents on ensuring safe work (standard passports and safety data sheets, operating manuals) for mechanisms and types of work during which an accident occurred were revised and adjusted.
- The rules for issuing PPE were changed to ensure maximum safety when performing a range of work.
- Work was organised to assess the state of workplaces in order to identify professional risks and develop and implement measures to minimise them.

⁴⁵ Including logistics assets

⁴⁶ Including logistics assets

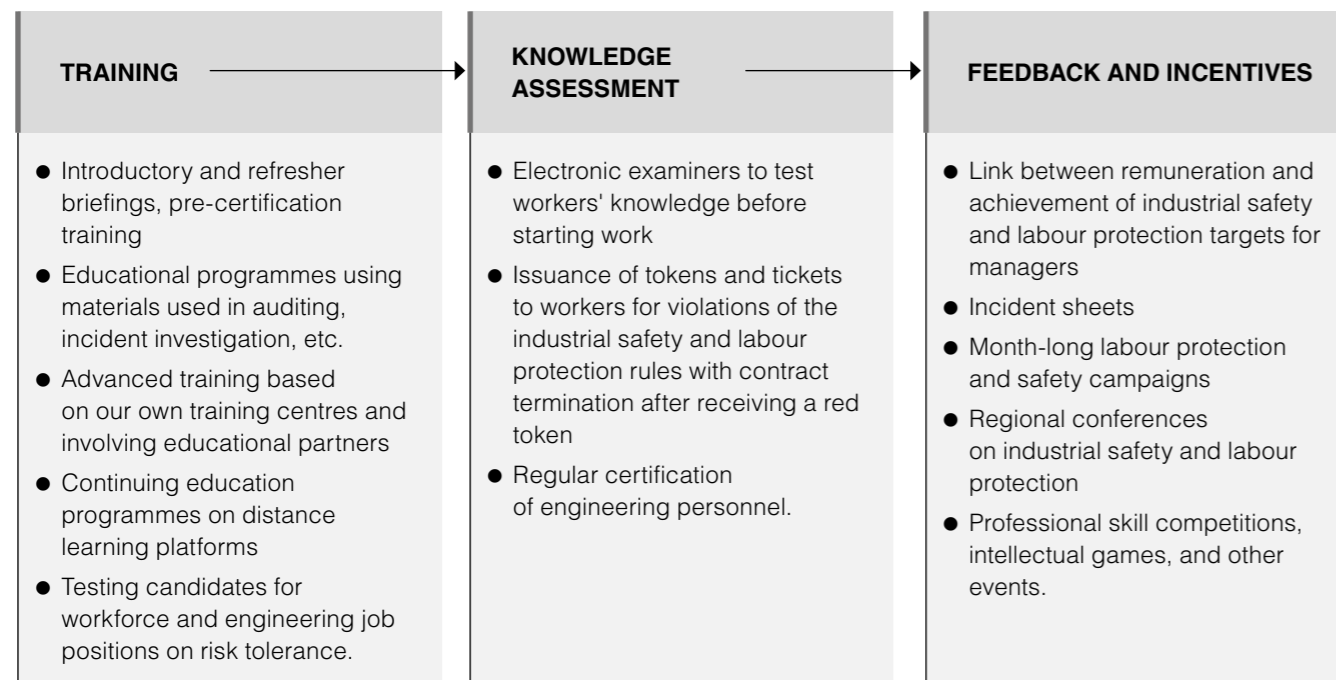
⁴⁷ In August 2019, during the reconstruction of pumping station No. 2 of the Novosibirsk Heat Supply Company, three contract workers died and one was slightly injured when part of the wall collapsed.

⁴⁸ Detailed information on fatal accidents and the list of measures taken according to the results of investigation of each case is provided in the Annex to SUEK's 2019 Annual Report, page 170.

DEVELOPMENT OF SAFETY CULTURE

A culture of safe work performance is one of the key factors in achieving a zero injury rate. The main tool for creating responsible behaviour is training and incentive programmes aimed at creating long-lasting attitudes toward safe behaviour for all categories of employees – from managers to workers.

Creation of safety culture



The share of SUEK employee training on labour protection and industrial safety in the total amount of training was

70% in 2018 and **68%** in 2019

When creating a culture of safety, we pay great attention to the role that managers play. In 2018, the company joined the Vision Zero initiative of the International Social Security Association. The initiative is aimed at achieving zero injury through the development of a culture of responsibility among managers at all levels. In 2019, the practice of training for a structured walk-around check of production sites was introduced at the logistics assets (Murmansk Commercial Seaport, Vanino Bulk Terminal, United Production and Transport Department of Kuzbass) by the CEO of the enterprise.

During the reporting period, the company opened a new training centre at the Tugnuisky open pit and a safety department at the Employee Training and Development Centre of SUEK-Kuzbass. In 2018 and 2019, SUEK held conferences on industrial safety, ecology, and labour protection and occupational health, which the company annually holds at one of the regional production associations. They were attended by SUEK employees, representatives of executive authorities, Rostekhnadzor, Rospotrebnadzor, Rosugleprof, as well as SUEK's partners: research institutes, consultants, and PPE suppliers and manufacturers.

As part of the integration of the coal and energy segments, we held a number of training events for employees of generating enterprises:

- a special conference for specialist employees of enterprises dedicated to the introduction of safety culture
- training on risk-based safety management for managers of industrial safety and labour protection services
- "Industrial safety culture" course for chief engineers and directors of enterprises, divisions of labour protection services and production control, and a number of line managers of generating production units and the service contracting company SibER JSC
- "Safety Comes First" regional conferences for young professionals
- introduction of a behavioural safety audit system
- introduction of the "Fundamentals of Safety Culture" and "Analysis and Causes of Injury" blocks in the advanced training courses for operational personnel of thermal power plants.

Knowledge of safety requirements for employees of production units is assessed on an ongoing basis. Training covered 15,800 employees of SUEK generating enterprises in 2018 and 23,800 in 2019.

SUEK-KUZBASS foreman: "Safety is well-coordinated work of the whole team"

In 2018, as part of the SUEK-Kuzbass competition "Best in labour protection", the foreman of section No. 3 of the Ruban mine, Dmitry Raspopov, was awarded a new car. Dmitry Raspopov's section was recognised as the best in its category four times in a year. Over the past five years, the team has not had a single injury.

—Dmitry, what helps your team achieve such results?

—Of course, careful scheduling and clear, well-coordinated work of the team. Everyone supports each other.

—It looks like you're responsible not only for yourself, but also for your neighbour. How do you build this kind of teamwork?

—It's important to create a connection between employees so that an employee who has just joined the team is paired with someone who knows everything about how to ensure safety. That way the beginner learns safe working methods.

—How easily and willingly are employees, especially beginners, ready to master all the requirements and procedures, to master the principle of this type of behaviour? the company has a comprehensive training system.

—It may be difficult to learn, but work has become easier in terms of safety. Moreover, the equipment is becoming safer.

—Which training tool is the most effective in your opinion?

—Competence control systems – pre-shift examiners – work well. You not only remember with your hands, but also with your eyes, which is also important. And every day we have different questions. Statistics are kept on the competence of employees. If someone lacks competence, mentors and foremen work extra with them and they receive additional training.

MEASURES TO IMPROVE SAFETY

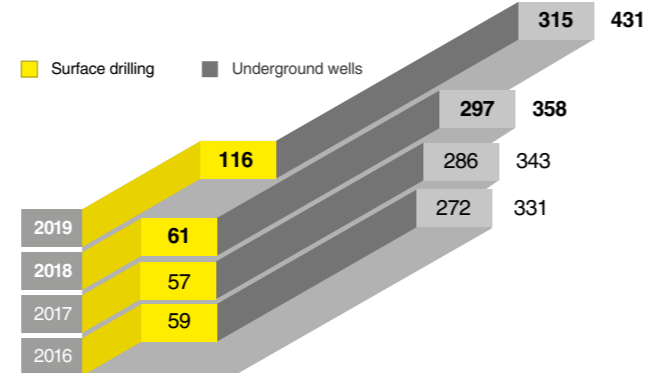
Key measures to improve safety are integrated into the comprehensive plan of SUEK's safety activities, which is based on analysis of the identified risks in this field.

Aerological and dust-explosion safety in mines

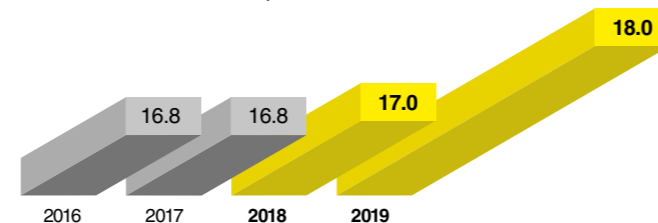
The main safety risks in underground coal mining are fire and explosion risks due to the possibility of potentially explosive methane concentrations and the level of explosive coal dust in the work area. Key measures to minimise these risks include:

- reconstruction and modernisation of mine ventilation systems to supply the required amount of air to mine workings
- reduction of methane release into mine workings due to drilling underground and surface degassing wells at mines with a methane-bearing capacity of more than 10 m³ per tonne of coal and diverting the released methane from the working area to the daylight surface
- mechanised rock dusting to reduce the content of explosives in the deposited coal dust. Inert dust consumption rates in SUEK are set higher than those required by law. The company's enterprises use more than 350 mechanised rock dusters, a third of which are manufactured at the company's own machinery and repair plants
- introduction of new technologies for comprehensive dust removal

Scope of drilling degassing wells, km



Inert dust utilisation for rock dusting of SUEK mines in Kuzbass, thousand tonnes



Key projects of the reporting period

- The Kirov mine introduced an improved technology for hydraulic fracturing of the coal seam. This made it possible to reduce the absolute gas content of the lava in the location of hydraulic fracturing by 30%, which increased the time of effective operation of the lava without gassing. In 2019, we started replicating the positive experience and are introducing it at the Yalovsky mine in Kuzbass.
- At the Kemerovo region mines – Ruban, Kirov, Polysaevkaya, Yalovsky – new main mine fans were put into operation and the existing fan unit was upgraded at the November 7th New mine.
- At the Yalovsky mine, gas control was introduced with the installation of two gas-exhaust fans.
- The latest drilling rig, Prakla RB-T 135, was commissioned in Kuzbass and allows drilling of degassing wells up to 600 m deep and 800 mm in diameter with the possibility of working on different sites of the mines.

Improving the reliability of mine safety control systems

All the company's mines are equipped with a multifunctional control system aimed at eliminating the factors for dangerous industrial situations. The system controls the safety of mining operations and the management of technological and production processes in normal and emergency conditions and includes the following subsystems:

- aerological safety
- monitoring and prediction of gas-dynamic phenomena
- detection of early signs of endogenous and exogenous fires
- monitoring and management of fire water supply and drainage systems
- communications, alerts, and personnel location
- search and detection of people caught in an accident

To improve the safety of mines, SUEK has developed a system for monitoring and forecasting gas contamination of the mine based on IT technologies for processing big data and analytical forecasting. The system generates forecasts of the air-gas situation with a horizon of 60–180–300 seconds using internal control systems data and general seismological data in the region. Trial operation at the Ruban mine is scheduled for 2020.

SUEK is developing a unified safety management information system. Its key elements today are the Situation Analysis Centre in Moscow with the ability to remotely monitor industrial safety parameters, the Unified Dispatch and Analytical Centre in Kuzbass, and the Industrial Safety Remote Control System (ISRCS) that is being implemented. It became the basis for the national standard GOST R 58494–2019 “Multifunctional coal mine safety systems. Remote control system for hazardous production facilities”, as approved by Rosstandart in 2019.

ISRCS accumulates and in real time analyses and monitors the indicators of all subsystems of mine safety control. Control is implemented at the levels of a production unit, regional production association, and the head office. It is possible to transmit consolidated information about safety parameters to state supervisory bodies. The main task of ISRCS is to predict and prevent the development of a dangerous industrial situation. The system makes it possible to recognise threats at an early stage and promptly take preventive measures. In 2020, SUEK plans to introduce the remote control system at all of the company's mines. Investment in the project is 142.5 million roubles. We also plan to develop ISRCS pilot projects for open-pit mining enterprises and coal processing plants.

Emergency response preparedness

All of SUEK's coal mining and energy enterprises that are classified as hazardous production facilities have developed and are constantly updating action plans for accident localisation and recovery, and they have concluded agreements with emergency rescue teams. All company employees are instructed on how to act in emergency situations. Belovskaya GRES, Tom-Usinskaya GRES, Minusinskaya CHPP, Abakanskaya CHPP, Krasnoyarskaya CHPP-1, Krasnoyarskaya CHPP-3, and Nazarovskaya GRES, due to their distance from the fire brigades of the Ministry of Emergency Situations, have concluded fire safety agreements with fire-alert teams. Novosibirskaya CHPP-5 has its own fire brigade.

Auxiliary mine rescue teams have been formed at coal mining enterprises. They include 1,864 employees empowered to perform mine rescue operations with the assignment of the status "rescuer". In 2019, the company completed the first stage of training for employees under the First Aid programme at coal segment enterprises. Over the course of four years, 938 medical workers and members of the auxiliary mine rescue teams were trained. In the next stage, instructors from among the members of the auxiliary mine rescue teams will be trained.

In 2018–2019, 200 complex, command-and-staff, tactical and special exercises and on-site trainings took place at coal segment enterprises with the participation of employees and representatives of the Ministry of Emergency Situations and control and supervisory bodies. At least four trainings are held annually at each generating facility of the company: one plant-wide and three departmental.

In 2018, the Ruban mine rescue team won silver medals at the International Mines Rescue Competition (IMRC).



Safety in the energy segment

The main risks associated with the process of production and transmission of electric and thermal energy, as well as with the repair and installation of equipment for power facilities, are:

- generation of a potentially explosive coal dust mixture in the coal pulverising units of TPP boilers
- depressurisation of equipment operating under significant overpressure of the heat carrier
- an employee falling from height during repair work
- electric shock

Key measures to minimise these risks include:

- continuous monitoring of hazardous situations;
- monitoring of compliance with correct operation of power plants by employees
- monitoring of compliance with the procedure for employees to be allowed to perform repair and installation work
- programmes to improve the level of industrial safety

The enterprises have a fire safety improvement programme in place. From 2016 to 2019, improved fire alarm and automatic fire fighting systems were installed as part of the programme; additional fire protection systems for personnel were installed. Fire-retardant coatings were applied to electric power cables; fire prevention systems were installed on the coal pulverising equipment of boilers.

Digitalisation

The introduction of digital technologies allows SUEK to more effectively identify, prevent and mitigate safety risks and, in particular, minimise the impact of the human factor on safety.

The main areas of digitalisation in SUEK safe production:

- safety control systems: multifunctional enterprise safety systems, personnel location and health monitoring; driver fatigue monitoring, etc.
- system for recording regulations and forming shift tasks
- mathematical and 3D-modelling of mines, diagrams of their water supply and ventilation
- training: computer simulators for mining and conveyor equipment
- computer systems for evaluation of impact zones in emergency situations

Digitalisation of training



Diesel locomotive simulator

Virtual Mine training complex





In 2019, a number of digital solutions were piloted at SUEK logistics enterprises. At the Murmansk Commercial Seaport, thermal imaging cameras were installed on loaders to help the operator see what is happening in the blind spots at the rear in any weather and in any light. The processor unit processes the video stream and transmits the image to the monitor, the human figure is framed and an audio signal is sent. The image analysis module is based on the most advanced human recognition algorithm today, Perimeter Defender. The system is installed and operating in test mode on Volvo and Liebherr loaders.



The ports conducted pilot tests of "Smart Helmets" – equipping the worker's helmet with digital tools to analyse the location of equipment and people relative to each other, prevent collisions due to alarm signals, quickly call the dispatcher, and monitor the use of PPE.

At the Chernogorsky open-pit in Khakassia, an optical system for monitoring the alertness of mining truck drivers was tested. Sensors installed in the cab at the driver's eye level make it possible to:

- determine the location and speed of the vehicle
- constantly monitor the driver's condition in real time and analyse their condition for any monitoring period
- notify the driver with a sound and light signal if they deviate from the specified driving parameters (distraction from the road, drowsiness, talking on a mobile phone/walkie-talkie, etc.)

The system helps prevent incidents caused by driver fatigue and distraction. In 2020, 45 such systems are planned for implementation on 45 haul trucks of enterprises in Khakassia and Buryatia.

SAFE WORKING CONDITIONS AND HEALTH PROTECTION

SUEK's programmes to protect the health of employees are aimed at ensuring safe working conditions and promoting employee health, taking into account industrial and individual risks.

Health protection

Special assessment of working conditions (SAWC) in the workplace

Identification of harmful and dangerous factors, assessment of workplaces, development of measures to reduce their impact on health

Protecting employees from the negative impact of the production environment

Ensuring emergency tolerance and aerological and dust safety
 Provision of personal protective equipment
 Development of safety culture and training in the field of industrial safety and labour protection

Occupational medicine

Occupational health
 Development of measures to maintain and improve health
 Preventive care and healthy lifestyle promotion



Working conditions and cooperation with trade unions

A special assessment of working conditions and assurance that workplaces comply with labour protection regulations was carried out for 100% of SUEK's workplaces. When changing working conditions at existing workplaces or if new workplaces appear, an unscheduled assessment is carried out.

In terms of assessing the safety of working conditions, SUEK actively cooperates with trade unions. Every six months, enterprise managers report on the implementation of Comprehensive Plans for labour protection and sanitary measures and improving working conditions. The company ensures direct access to the enterprises by technical labour inspectors of Rosugleprof and public inspectors of the Federal Service for Ecological, Technical, Technological and Nuclear Supervision (Rostekhnadzor) to monitor and check the state of industrial safety and labour protection. At enterprises, public control over the observance of the legal rights and interests of employees regarding working conditions and labour protection at workplaces is carried out by authorised persons for labour and environmental protection as well as representatives of the primary trade union in labour protection committees (commissions). Representatives of Rosugleprof also conduct joint inspections with Rostekhnadzor. Violations identified during inspections are documented by reports and must be eliminated.

ROSUGLEPROF ASSESSES WORKING CONDITIONS AT SUEK

In 2019, SUEK enterprises in the Krasnoyarsk Territory passed an unscheduled inspection of compliance with industrial safety and labour protection rules as well as labour rights on safety with the participation of Rosugleprof's regional technical labour inspector. Experts checked documentation and equipment and interviewed all groups of employees. Rosugleprof representatives highly rated SUEK's efforts to create conditions for the safe work of its staff. As Marina Spevakina, chief technical labour inspector of Rosugleprof's Krasnoyarsk territorial organisation, said, "SUEK is always distinguished by socially-oriented approaches. For example, the company entered into an agreement with Rosugleprof's Krasnoyarsk organisation to conduct trade union control and supervision. SUEK's distinguishing feature is the rapid adoption of managerial decisions: all of our recommendations regarding additional safety measures for certain works were implemented literally the next day. I believe that the main goal to get positive results in protecting the labour rights and legal interests of employees and improve working conditions and labour protection in SUEK has been achieved."

"SUEK always listens to our recommendations and implements them in enterprises. Based on the results of our visits to enterprises in 2018 and 2019, we are satisfied with the social and living conditions of SUEK employees, the company's efforts to ensure safe working conditions, and SUEK's response to employee requests".

Alexander Teppe, Chairman of the Khakass Territorial Trade Union Organisation of the Russian Independent Union of Coal Industry Workers:

Provision of personal protective equipment

The work clothes and personal protective equipment (PPE) of our employees are developed taking into account the specifics of each type of production activity. The company defines standard requirements for personal protective equipment, which cover its protective properties, comfort, ease of use and durability. At the coal segment enterprises, personal accounting of the need for PPE is automated; the enterprises implemented incoming quality control of work clothes and personal protective equipment for compliance with corporate standards. In 2019, the energy segment enterprises were added to the ERP accounting system. The enterprises organised and conducted testing of new PPE.



During the reporting period, the Borodinsky mechanical repair plant implemented a pilot project for automated issuance of PPE through vending machines integrated with accounting systems. This allowed us to switch from paper to digital accounting of PPE.

Occupational medicine

Since 2010, we have carried out a comprehensive programme called Health at coal mining enterprises that is aimed at all-round maintenance and promotion of our employees' health. It includes identification of the factors for occupational diseases in the early stages, their prevention and the provision of medical services based on a personal approach to an individual's health. The programme operates through SUEK's medical services, which are equipped with the latest medical equipment.

Main activities of SUEK medical services:

- emergency medical care
- medical clearance to work
- prevention of occupational diseases
- medical prevention: regular medical examination of employees, annual flu vaccination, urgent examinations to prevent diabetes, cancer, HIV infection
- treatment and rehabilitation
- occupational health and industrial sanitation
- promotion of a healthy lifestyle, projects to combat smoking and obesity, employee involvement in physical activities and sports
- development of individual recommendations for employee health maintenance based on scientific research
- participation in a special assessment of working conditions

> 3,000 employees quit smoking after participating in the Anti-Nicotine programme for 2018–2019.

Hearing loss accounts for 33.1% of occupational diseases in mining professions. To prevent it, we have developed and implemented a treatment and prevention programme, including drug therapy and physiotherapy. To prevent respiratory diseases, musculoskeletal diseases, and vibration white finger, our enterprises offer post-shift rehabilitation (inhalations, whirlpool baths, treatment on David physical therapy equipment). In the reporting period, we began to implement a programme to reduce the risk of eye injuries and improve the quality of life of employees with vision problems. It was implemented at SUEK's Krasnoyarsk enterprises.

In 2018–2019, a number of major investment projects in occupational medicine were implemented at a total cost of 256 million roubles:

- 130 pre-shift medical check-ups were put into operation
- modular health centres were installed at the Vostochny and Vostochno-Beisky open-pits
- technological equipment of dining rooms and other rooms of administrative complexes was updated in accordance with the recommendations of hygienists
- sporting grounds were equipped with simulators
- equipment in sanatoriums, medical units, and the sports and recreation centre for SUEK-Khakassia LLC employees was modernised
- medical examinations department and the branch of the sanatorium in Kuzbass were equipped
- David physical therapy equipment at the Kharanorsky open-pit and an ambulance at the Apsatsky open-pit were purchased

For employees of our coal enterprises who eat at the workplace, we have developed a healthy diet programme based on an individual approach. Advice on nutrition and physical activity is given after analysing a person's genetic predisposition to certain illnesses. The programme covers not only those with a cafeteria within walking distance, but also employees involved in production kilometres away from the meal station. In 2018, due to continuous production, a nighttime meals programme was developed. Its menu includes foods that prevent one from falling asleep and increase the accuracy of movements.

All SUEK energy segment enterprises have health centres. The main areas of their activities are pre-shift medical examinations, first aid, and preventive health measures.

To protect employees and their families from Covid-19, in March and April 2020 the company took a number of measures in accordance with the recommendations of the Government of the Russian Federation and local health authorities. These included daily temperature measurements for all employees, equipping enterprises with additional disinfection, hygiene and protection facilities, and two-week quarantine with the possibility of remote work (if applicable) for workers who arrived from countries with a high risk of infection. In April, all employees who could perform their tasks remotely started working from home for the duration of the lockdown in their region.

SUPPLY CHAIN RESPONSIBILITY

SUEK's safety standards apply to contractors involved in the company's operations.

Our contractors must comply with internal corporate requirements

- The contractor must have permits for performing relevant types of work.
- The contractor must have the necessary number of qualified and trained personnel.
- The contractor must have the necessary management structures and staff for industrial safety and labour protection issues.
- The contractor's personnel must be provided with the necessary certified personal protective equipment, workwear and footwear in accordance with SUEK's corporate requirements.
- The contractor's personnel must be provided with a sufficient number of serviceable, certified, and verified/tested tools and devices.

Compliance with corporate safety standards is one of the most important criteria for choosing a counterparty. The requirements for compliance with industrial safety and labour protection standards are enshrined in contracts with contractors. Permission to work is granted only after the contractor's employees have passed an introductory briefing and familiarised themselves with the risk assessment of the zones in which they will work. The contractor's personnel are included in the corporate training system on industrial safety and labour protection. SUEK's occupational safety specialists constantly monitor the contractor's compliance with safety standards and, in case of violations, stop work until they are eliminated.

In 2018, a special unit for working with contractors was created at SUEK's energy segment enterprises. Its task is to monitor compliance with safety requirements, conduct behavioural audits in the workplace, and assess and eliminate risks. This work supports the implementation of the standard "Contractor management. Industrial safety" adopted at SUEK's energy segment enterprises.



ENVIRONMENTAL PERFORMANCE: SAFETY AND EFFICIENCY

Improving SUEK's environmental safety, 2018–2019

Our goals

- Participate in combating climate change
- Minimise environmental risks, increase the environmental safety of our activities
- Use resources rationally
- Improve the quality of life of people living in the territories of SUEK's presence
- Conserve biodiversity.

Relevance to the UN Sustainable Development Goals



Results 2018–2019

- SUEK's environmental management system complies with the requirements of international standard ISO 14001:2015.
- The company's mining enterprises were evaluated for compliance with the requirements of the Bettercoal Code in the field of environmental protection and energy management.
- A large-scale programme is being implemented to reduce the negative impact on water resources. Thanks to the development of the treatment facilities at coal enterprises, it is planned to achieve a significant reduction in the volume of pollutants in wastewater by 2024.
- SUEK ports received the highest certificates of compliance with the Clean Port environmental standard of the Clean Seas Foundation. The Vanino Bulk Terminal passed an independent audit of the environmental safety management system of the Nomura Research Institute, Ltd. (Japan).
- Developed by SUEK experts, technologies for dust suppression at ports are included in the updated information and technical guide on best available technologies (BAT) "Reducing pollutant emissions and discharge during storage and warehousing of goods (cargo)".
- SUEK signed a four-party agreement with the Ministry of Natural Resources of the Russian Federation, Rosprirodnadzor, and the government of the Krasnoyarsk Territory, in accordance with which it launched a programme to reduce emissions at its generating enterprises in the Krasnoyarsk Territory. As part of this work, modernisation of CHPP-1 in Krasnoyarsk began and seven boiler houses in the city were transferred to heat supply by SUEK CHPPs.
- Direct greenhouse gas emissions in the energy segment decreased by 6% compared to 2017.
- 8.2 million m³ of methane was recovered in the reporting period.
- A project on production of ash and slag materials from ash and slag waste of hazard class V and their use in the restoration of disturbed lands was launched at generating enterprises. In 2019, all bottom ash materials produced from the waste of CHPP-1 in Krasnoyarsk were used to reclaim the depleted quarry in the Beryozovsky District.
- Specific electricity consumption at coal enterprises decreased by 6% in 2019 compared to 2017.
- Heat production in cogeneration mode helps to save 32% of fuel compared to separate generation of electricity and heat.
- The company released 1.6 million juveniles of various fish species into the water bodies of the regions where it operates.
- **SUEK investments in environmental protection in the reporting period amounted to more than 7.4 billion roubles:** 4,282.9 million roubles in 2018 and 3,120.3 million roubles in 2019.

By providing people with affordable energy, we strive to efficiently and carefully use natural resources and minimise the negative impact on the environment. We implement the best available environmental safety technologies, improve management in this sphere, and use innovative technologies in the field of coal mining and processing and energy production. We consider investments in environmental protection as investments in the long-term competitiveness of the company and as a contribution to achieving the UN Sustainable Development Goals.



OUR APPROACH

SUEK's environmental policy is developed with consideration for the requirements of the environmental legislation of the Russian Federation and international law. When planning and carrying out production activities, we are guided by the "precautionary principle": if an activity may pose a threat to human health or the environment, precautionary measures must be taken even if some cause and effect relationships cannot be fully established. This principle is realised in the process of environmental risk management as part of SUEK's integrated risk management system.

SUEK's main principles and obligations in environmental management are also enshrined in the special compliance regulation for licensed types of activities in the field of natural resource management and are reflected in SUEK's Compliance Policy. Compliance with environmental requirements is included as a prerequisite in contracts with SUEK's contractors, and compliance is constantly monitored.

Main principles of SUEK's Environmental Policy⁴⁹

Improving the environmental safety of economic activities

Gradually reducing the negative anthropogenic impact on the environment (taking into account a reduction in relative indicators for the volume of pollutants in emissions and discharges, reduction of waste)



Improving the efficiency of our use of natural resources and energy sources

Transparency of environmental policy and reporting, interaction with stakeholders

Consolidation of the energy segment in 2018 allowed us to extend a unified system of environmental safety control to all stages of the operational cycle, from coal mining to energy production. As part of integration management, SUEK's Board of Directors pays particular attention to the development of a unified environmental policy that will ensure transparent reporting and compliance with corporate environmental standards in all areas of SUEK's business activities.

SUEK's Environmental Policy and Compliance Policy serve as the basis for the implementation of a set of environmental objectives, including:

- compliance with environmental regulations
- development of an integrated environmental management system in accordance with international standard ISO 14001
- implementation of programmes to improve environmental safety and protection, including projects for:
 - responsible use of natural resources
 - lower atmospheric air pollution
 - wastewater treatment and responsible water consumption
 - utilisation of by-products
 - efficient waste management
 - land reclamation and biodiversity conservation

Environmental measures are being implemented as part of SUEK's Environmental Strategy until 2023, which is focused on the goals and objectives of the Russian Federation's Environmental Safety Strategy until 2025. Implementation of the strategy is controlled by the Board of Directors.

⁴⁹ the environmental policy can be found on www.suek.ru.

The company's position on climate change

At the UN Climate Conference in December 2015, delegations from 197 countries, including Russia, supported a global agreement aimed at reducing greenhouse gas emissions in order to combat climate change. Russia announced its commitment to limit anthropogenic greenhouse gas emissions by 2030 to 70–75% compared to emission levels in 1990. On 21 September 2019, the Russian government signed Decree No. 1228 "On the adoption of the Paris Climate Agreement". The document "Strategy for the long-term development of the Russian Federation with a low level of greenhouse gas emissions until 2050" is being developed. It should be noted that Russia has already reduced emissions more than any other country – by 49% (taking into account the absorption capacity of the country's vast forest areas) – and has already exceeded its obligations. The Russian coal industry and coal energy have helped by reducing emissions by 50% compared to 1990.

We understand that coal mining and coal power generation are associated with greenhouse gas emissions, and we are aware of our responsibility to future generations. As one of the largest coal producers, we also understand our responsibility to meet the energy needs of humanity. We are convinced that climate problems should be addressed as part of a comprehensive scientific approach to ensure the sustainable development of the planet, including economic development and improvement of the lives of billions of people in developing countries, taking into account the necessary joint measures to adapt to climate change.

We believe that coal – the most common and cheapest fuel on the planet – will be needed for a long time to meet the growing demand for energy. According to the base forecast of the International Energy Agency, global energy demand will increase by one-third by 2040⁵⁰. Experts attribute the satisfaction of this demand to the use of a set of energy sources, including both renewable sources and traditional fossil fuels. According to the International Energy Agency, coal will comprise about 30% of total energy generation by 2035. This means that the coal industry must meet the growing demand for affordable and reliable energy and at the same time contribute to solving environmental problems and combating climate change.

In this regard, the key challenge is searching for technologies to meet the growing demand for coal while reducing emissions. Today, one of the main solutions that is part of industry practice is the construction of more efficient coal plants. An increase in efficiency by 1% can reduce CO₂ emissions by 2–3%. The proliferation of power plants with combined heat and power generation (cogeneration) significantly reduces the fuel consumption of power plants, thereby reducing the amount of emissions. Carbon capture and storage technologies are being developed.

The main areas of SUEK's work in this area include:

- development and implementation of innovative technologies that reduce emissions at SUEK enterprises
- coal washing in accordance with the technological requirements of next generation power plants that reduce emissions when using it
- promotion of cogeneration and development of our own cogeneration plants
- intersectoral collaboration to achieve emission reduction goals in our industry and the country as a whole



⁵⁰ World Energy Outlook 2017, International Energy Agency, IEA/OECD, 2017, <https://www.iea.org/weo2017/>.

Environmental management structure



Interaction and collaboration



Personnel

Development of a corporate system for environmental education and professional development of employees. Content and formats are updated in accordance with business objectives and changing environmental requirements



Government

Participation in the work of the Technical Committee for Standardisation "Best Available Technologies" under Rosstandart, a working group on analysis of the state of environmental safety in the coal industry under the Ministry of Energy, the Chamber of Commerce and Industry of the Russian Federation, etc.



Business partners, including the international business community

Participation in the work of the Russian Union of Industrialists and Entrepreneurs and international initiatives aimed at preventing climate change and preserving biological diversity, including in the non-profit partnership "National Carbon Agreement", the project "Challenges of biodiversity conservation in the policy and programmes for developing the Russian energy sector"



The public and the expert community

Commission for development of the real economy of the Civic Chamber

By creating production facilities and technologies that are subject to state environmental expert review, the company performs an environmental impact assessment (EIA) within which public hearings are organised. SUEK informs stakeholders about planned projects and their potential impact on the environment. Based on the suggestions and comments received, the company adjusts the planning documents.

In 2018 and 2019, the EIA procedure was passed by sets of technical documentation for obtaining the product "Bottom ash material" developed by SUEK enterprises as part of a project to re-use bottom ash of cogeneration plants.

In 2019, the EIA procedure was passed by sets of the project documentation "Project for development of the Nikolsky coal deposit with a production capacity of 15 million tonnes of coal per year", "Construction of combined treatment facilities for quarry waters of the Olon-Shibirsky and Nikolsky deposits for Razrez Tugnuisky JSC", and the supporting materials for comprehensive ecological permits for the Kirov mine of SUEK-Kuzbass JSC.

CONTROL SYSTEM

SUEK has an environmental management system that meets the requirements of international standard ISO 14001:2015⁵¹. The following enterprises have passed appropriate certification:

- SUEK-Khakassia LLC: Chernogorsky open-pit and its coal-washing plant
- Razrez Vostochno-Beisky LLC
- SUEK-Krasnoyarsk JSC: SUEK-Krasnoyarsk JSC branch – Shchadov Borodinsky open-pit
- SUEK-Kuzbass JSC: Kirov mine and its coal-washing plant and Zarechny open-pit
- MMTP JSC
- Maly Port Stevedoring Company, LLC
- Krasnoyarskaya CHPP-1 JSC
- Yeniseyskaya TGK (TGK-13) JSC: Krasnoyarskaya CHPP-2 branch, Krasnoyarskaya CHPP-3 branch

In 2019, a supervisory audit was performed at energy enterprises in the Krasnoyarsk Territory, and a recertification audit was performed at Murmansk Commercial Seaport JSC and the listed coal mining enterprises of the Krasnoyarsk Territory, the Republic of Khakassia and the Kemerovo Region.

In 2018, the company's coal mining enterprises were evaluated for compliance with the requirements of the Bettercoal Code. Experts noted the company's best practices in the following areas:

- Effective water treatment using modern modular treatment systems.
- Energy management, implementation of a comprehensive energy efficiency programme aimed at reducing energy consumption.
- Setting goals in the field of environmental protection and natural resource management.
- Reducing the generation of hazard class I-related waste by eliminating mercury-containing lamps.
- Planning activities for reclamation of land disturbed by mining operations that exceed Russian legal requirements.

In 2018, SUEK ports underwent an independent audit of the environmental safety management system. Nomura Research Institute, Ltd. (NRI) in conjunction with Idemitsu Kosan Co., Ltd. (Idemitsu) conducted an analysis of environmental protection measures and tools at the Vanino Bulk Terminal through benchmarking with Japanese coal terminals. As part of the audit, environmental experts collected data on the state of port equipment and coal transshipment technologies. They concluded that the Vanino Bulk Terminal uses all the best and available technological solutions, as well as global practices that make it possible to effectively process and export coal in difficult climatic conditions. The results of the study were presented at the Eastern Economic Forum, which took place in Vladivostok on 11–13 September 2018.

The Clean Seas Foundation, which developed the Clean Port environmental standard, conducted certification audits of three SUEK ports. The standard is included in the voluntary certification system and is registered in the corresponding Unified Register of the Federal Agency for Technical Regulation and Metrology of the Russian Federation (Rosstandart). Clean Port allows one to assess the ecological safety level of the terminal based on analysis of many years of experience, requirements of environmental legislation, and best international practices for the application of best available technology aimed at reducing dusting. As part of the voluntary certification, audits were performed for: permits and approvals, environmental management system, storm water control systems, environmental protection equipment and equipment for handling production and consumption waste, monitoring and industrial environmental control, and environmental investment programmes over the past five years in all three ports. Based on the results of the audit, Maly Port was awarded a gold certificate, while the Murmansk Seaport and the Vanino Bulk Terminal were awarded platinum certificates of compliance with the Clean Port standard.



⁵¹ Adopted in the Russian Federation as the government standard GOST R ISO 14001–2015 "Environmental Management Systems".

AIR RESOURCE PROTECTION

Coal mine methane utilisation

Mine degassing work, which is carried out to increase production safety, is accompanied by methane emissions. This gas makes up the majority of total emissions of pollutants from SUEK coal mining enterprises (91%). The remainder of the atmospheric emissions from coal production are CO_x, NO_x, and SO₂, the amounts of which are below the limits established by Russian legislation.

More efficient shaft outgassing inevitably results in greater methane emissions. Other factors that impact emission volume include production output dynamics and geological features. We utilise pumped mine gas to reduce emissions. As part of our efforts to reduce the environmental impact on the atmosphere and carry out the Paris Agreement, we use coal mine methane for energy production. The Kirov and Komsomolets mines of SUEK-Kuzbass JSC have facilities that capture coal mine methane and use it to generate electricity and thermal energy.

We also pay special attention to the development of high-calorific deposits and the washing of coal in order to minimise emissions of dust and greenhouse gases during the transportation and burning of our coal.

In the reporting period, SUEK utilised about **8.3 million m³** of methane, including:

	2018, million m ³	2019, million m ³
when generating electricity	1,613	1,908
when burning in a boiler house	1,121	0,318
when flaring	1,418	1,931

Reducing dust emissions at coal enterprises

Dust emissions accompany open-pit mining and logistics. Dust is generated during drilling, blasting and excavating operations, transportation of rock mass, dumping, and coal storage.

The key measures to reduce dusting in open-pit coal mines are:

- Spraying of coal massif, coal faces, intra-port roads and other dusty surfaces. In 2019, stationary and mobile dust suppression systems were commissioned at the Borodinsky open-pit, and two mobile dust suppression systems were commissioned at Uralugol JSC.
- Dust-collecting units that are installed at drilling rigs, rotary excavators and belt conveyors.
- Specialised sweepers at coal-washing plants.
- Fog cannons. In 2018, this cannon was commissioned at the Tugnuisky open-pit.



SUEK is carrying out a large-scale programme to reduce dust emissions in ports. The company, together with leading Russian design institutes, analysed the global practice on protection against dusting during coal transshipment in seaports. Based on this analysis, an Environmental Action Plan was created that takes into account the specifics of each of the three terminals of the company.

Using the example of the 15 largest ports in the world with a total cargo turnover of more than 600 million tonnes of coal, a list of the best available technologies and an action plan for dust suppression and minimisation of dust formation were developed, which makes it possible to reduce the environmental load to the level of the best global standards. The list includes: technological measures, including the rational placement of equipment and the selection of the optimal technological mode for overloads; covering technological equipment and places of high dust formation; coal moistening; planting greenery at the terminal; mechanical cleaning of the territory, roadways and mechanisms. A comprehensive dust suppression system consisting of stationary and mobile cannons with a “winter package”, vacuum units, automatic irrigation of intra-port roads, and protected telescopic conveyors are being implemented in the ports.

Developed by SUEK experts, the best available technologies for dust suppression at ports are included in the updated information and technical guide on best available technologies (BAT) “Reducing pollutant emissions and discharge during storage and warehousing of goods (cargo)”. In 2019, the updated guide ITS 46–2019 with the inclusion of a section on reducing pollutant emissions during coal transshipment in seaports was approved by the order of Rosstandart.

During the reporting period, design and research work on the construction of dust and wind shields continued at the Vanino Bulk Terminal. In addition to the dust suppression systems on two stacker reclaimers already in operation, another system was installed on the third stacker reclaimer⁵². To improve dust suppression in winter, equipment was purchased for the rapid assembly of a mobile snow generator. In addition to the six existing systems, a new dust suppression system with improved nozzles has been introduced along the perimeter of the storage areas. In 2019, reconstruction of the treatment facilities of the terminal’s production area began. At Murmansk Commercial Seaport, the construction of dust and wind shields with a height of 20 m and a total length of 2.5 km began. A vacuum unit, a stationary dust suppression system, and mobile fog-forming all-weather cannons were commissioned at Maly Port.

⁵² A stacker reclaimer is a specialised transshipment complex that unloads coal onto dumps and feeds it to belt conveyors for loading onto ships.

In 2019, the boundaries of the sanitary protection zone of the Vanino Bulk Terminal and the Murmansk Commercial Seaport were established. Maly Port received approval from the Expert Commission of the State Environmental Review of TMU Rosprirodnadzor to carry out economic activities in inland waters and territorial waters.

In 2019, the second stage of creating dust and wind shields was completed at the Murmansk Commercial Seaport. The project, which received approval from the state review, was created on the basis of the best practices of international stevedoring companies and has no analogues in Russian ports. The length of the first stage of shields is 568 metres. During the second and third stages, another 1,336 metres will be built. The erection of shields is part of a large-scale environmental programme implemented by MMTP JSC with a total funding of more than 3 billion roubles. As part of this programme, treatment facilities have been built in the port, a dust suppression system is being introduced, and programmes for improvement and landscaping of Murmansk are being implemented.

In 2019, an environmental dispatching office was built in the port. Environmental specialists monitor a number of parameters online and, if necessary, quickly correct deviations from the norms. The system provides forecasting for three days and allows one to adjust the work with consideration for weather conditions, taking measures to prevent emissions in advance.

Reducing emissions at energy enterprises

Emissions of SO₂ and NO_x oxides and particulate matter account for the majority of emissions at generation facilities. Key technologies for reducing emissions are the introduction of advanced technologies for burning coal and the use of electrostatic precipitators and cyclone collectors, which capture up to 99% of fly ash.

In the reporting period, the Barnaulskaya CHPP-2 completed the modernisation of flue gas purification systems, which increased the degree of their purification to 98%. At Kemerovskaya GRES, repair of electrostatic precipitators increased their efficiency. In 2019, at Biyskaya CHPP, an electrostatic precipitator at boiler unit TPE-430/A No.14 was replaced. The installation of a new set of equipment for the 4th generation electrostatic precipitator will reduce the residual dust content of emissions and increase the degree of purification of flue gases to 99%.

Co-generation of heat and electricity at our plants allows us to significantly increase the efficiency of capacity utilisation, save fuel resources, optimise costs, and reduce air emissions and water consumption per unit of energy produced due to the increased efficiency of the plants. To improve the environmental situation in the cities of presence, the company is replacing environmentally unfriendly boiler houses and transferring their load to heat and power plants that can produce both heat and electricity and are equipped with efficient flue gas purification equipment. In 2018–2019, the company replaced seven boiler houses in Krasnoyarsk and three in Abakan.

In June 2019, the company signed an agreement on cooperation between the Ministry of Natural Resources and Ecology of the Russian Federation, the Federal Service for Supervision of Natural Resources (Rosprirodnadzor), the Administration of the Kemerovo Region and SUEK as part of implementation of a comprehensive plan of measures to reduce emissions of atmospheric pollutants in Novokuznetsk. In accordance with the agreement, in 2019 Kuznetskaya CHPP JSC repaired the ash collectors and pulverising equipment.

In 2018, SUEK participated in the federal Clean Air project in Krasnoyarsk, a city with a high level of air pollution. Many factors contribute to this pollution level: emissions from industrial enterprises, emissions from motor vehicles, emissions from coal-fired boiler houses of small and medium-sized businesses, and furnace heating in the private sector. The situation is aggravated by the natural and climatic features of the territory (its topography, meteorological conditions) that determine the dispersing ability of the atmosphere and the Yenisei River, which is not frozen in the cold season. A complex problem required a complex solution. By order of the president of the Russian Federation, in 2018 a plan was developed to improve the environmental situation in the city.

Dmitry Starodubtsev, Head of the Environmental Protection Department of the Krasnoyarsk branch of SGC:

— In 2019, SUEK signed a four-party agreement with the Ministry of Natural Resources of the Russian Federation, Rosprirodnadzor, and the government of the Krasnoyarsk Territory, affirming the obligations and activities of the company, which should contribute to the overall reduction of emissions.

— What is included in this programme and how will the city benefit from it?

— The most significant event is the modernisation of the Krasnoyarskaya CHPP-1. Instead of three old chimneys, the location of which did not allow us to upgrade the existing ash collectors, one modern chimney and 14 modern electrostatic precipitators will be built. The height of the new chimney is 275 metres, which is much higher than a water vapour cloud, which prevents urban emissions from low sources from dispersing. The chimney will begin operations in June 2020 and all precipitators will be commissioned before the end of 2024. According to our estimates, this will reduce emissions by 7,000 tonnes per year.

The second event is the replacement of 35 inefficient boiler houses in Krasnoyarsk with CHPP capacities. Due to the low chimneys and, often, the complete absence of ash collectors, boiler house emissions are dispersed within the city. According to our estimates, their closure and replacement with heat supply from the CHPP will reduce emissions by 10,800 tonnes per year.

— Has their replacement already started?

— Yes, the customers of seven boiler houses have already been transferred to the heat supply of Krasnoyarskaya CHPP-1, CHPP-2 and CHPP-3. To balance the heat load, we will modernise CHPP-3. A new power-generating unit will be built there by 2025.

Also, under the agreement, industrial emission control sensors will be installed. They will provide online information on emissions of our CHPPs to everyone. And another activity that we have already completed is the installation of two automatic stations for monitoring the state of atmospheric air in the zone of influence of CHPP-1 and CHPP-2. The stations track and transmit to the territorial monitoring system data similar to information from other stations owned by the government.

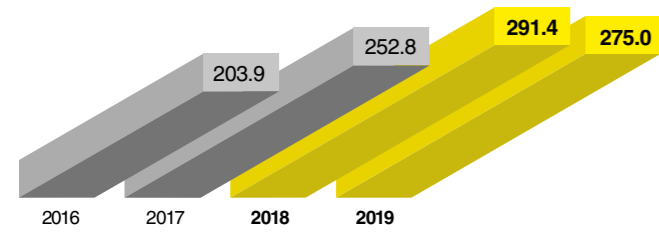
— How does the company interact with residents and interested organisations in the implementation of this project?

— SUEK representatives take an active part in the work of the Public Council under the Governor of the Krasnoyarsk Territory. Members of this council include representatives of public organisations, supervisory bodies, the scientific community and concerned residents of the city. All important issues, including environmental programmes, are discussed at general meetings, which result in decisions that take into account the views of all parties. Moreover, SUEK is a member of the working group established to execute the orders of President of the Russian Federation Vladimir Putin. Stakeholders also attend the meetings of these groups. We also interact with local contractors, as we will involve them in the construction and modernisation of CHPP-1 and CHPP-3.

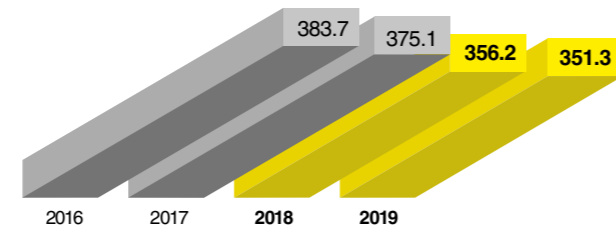
SUEK ENVIRONMENTAL MODERNISATION PROGRAMME IN KRASNOYARSK

2018–2024	2018–2024	2020–2021	2020–2024
Contribution to the federal Clean Air programme			
<p>Replacement of 35 environmentally harmful and inefficient boiler houses: replacement of heating systems and transfer of heat load to the city's CHPP</p> <p>The chimney's height ensures efficient dispersion of emissions above the water vapour cloud over the city</p>	<p>Construction of a 275-metre high chimney. Switching of boiler units to the new chimney</p>	<p>Demolition of old chimneys</p>	<p>Construction and installation of 14 electrostatic precipitators</p>
<p>Reduction of CHPP-1 gross emissions, tonnes/year</p>	<p>Expected reductions in concentrations</p> <p>NO₂ 0.12</p> <p>SO₂ 0.09</p> <p>Dust (ash) 0.16</p>	<p>>99% of particulate removal</p>	
		<p>Collected ash – ash and slag waste – will be processed into ash and slag materials used for land reclamation</p>	<p>The operation of electrostatic precipitators reduces particulate emissions, which make up more than 30% of all CHPP emissions</p>
<p>Smokeless fuel briquettes – a SUEK development – reduce private sector emissions</p>		<p>The "Green Squad" annually performs activities to beautify, clean and improve Krasnoyarsk</p>	

Gross emissions, coal segment, thousand tonnes⁵³



Gross emissions, energy segment, thousand tonnes



Gross emissions by substance type, coal segment, thousand tonnes

	2016	2017	2018	2019
Total	203.9	252.8	291.36	274.96
including CO	7.5	7.5	9.0	9
NO _x	4.0	3.8	5.1	7.3
SO ₂	1.6	1.7	1.9	2
solids	8.5	5.9	8.1	8.6
volatile organic compounds (VOC), total	1.4	1.9	2.1	2.5
methane	180.6	231.8	264.9	245.2
other	0.2	0.05	0.04	0.3

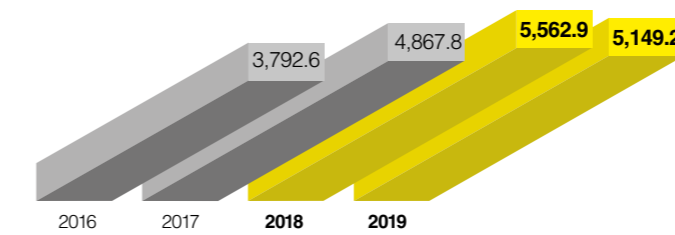
Gross emissions by substance type, energy segment, thousand tonnes

	2016	2017	2018	2019
Total	383.72	375.14	356.19	351.25
including CO	19.27	17.90	15.47	15.65
NO _x	115.98	114.23	107.72	106.46
SO ₂	162.56	158.42	150.69	146.91
solids	85.74	84.48	82.13	79.30
VOC, total	0.08	0.19	0.18	0.25
methane	0.03	0.03	0.03	0.03
other gases and liquids	0.06	0.0005	0.002	0.001

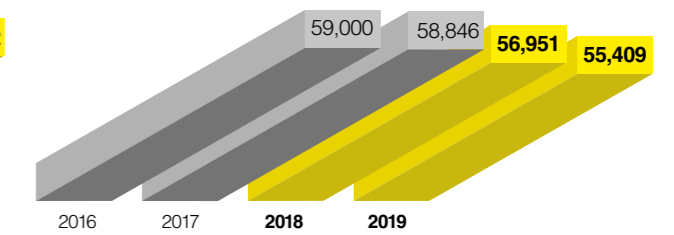
Specific pollutant emissions

	2016	2017	2018	2019 ⁵⁴
Pollutant emissions per tonne of coal, (CO, NO _x , SO ₂), kg/tonne	0.12	0.12	0.14	0.17
Pollutant emissions per unit of energy (CO, NO _x , SO ₂), kg/kWh	0.008	0.008	0.008	0.008 ⁵⁵

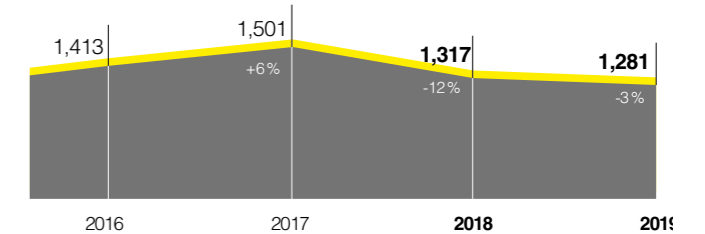
Direct greenhouse gas emissions, coal segment, thousand tonnes CO₂ equivalent



Direct greenhouse gas emission, energy segment, thousand tonnes CO₂ equivalent⁵⁶



Specific greenhouse gas emissions, energy sector, kg CO₂ equiv./Gcal



⁵³ The data for the coal segment here and elsewhere includes the summarised indicators of SUEK's coal mining and logistics enterprises

⁵⁴ In 2019, specific pollutant emissions per tonne of coal increased due to a decrease in production, as well as the receipt of new permits for pollutant emissions by Zarechny open-pit and Urgalugol JSC.

⁵⁵ The level of pollutant emissions per unit of energy remained stable. Fluctuations occurred within values that are not reflected within the dimension used

⁵⁶ SUEK has no indirect greenhouse gas emissions in the energy segment. The calculation of direct greenhouse gas emissions was carried out in accordance with Order of the Ministry of Natural Resources of Russia No. 300 dated 30 June 2015 "On approval of methodological guidelines and instructions for quantifying the volume of greenhouse gas emissions by organisations engaged in economic and other activities in the Russian Federation"

WATER RESOURCE PROTECTION

The company's water intake does not have a significant impact on water sources. SUEK does not take water from vulnerable or state-protected sources, or from those of particular importance to local communities or to biodiversity.

At SUEK's **energy facilities**, water is mainly used for cooling equipment, which does not affect the quality of water. In the reporting period, the company's enterprises continued to reduce water consumption from surface and underground sources for production needs, increased the amount of water recycling, and continued to create closed-loop water production cycles without discharging wastewater into water bodies. The discharge of wastewater into surface waters at the Kemerovskaya and Kuznetskaya CHPPs was eliminated.

In 2018–2019, as part of the regional project on environmental rehabilitation of the Abakan canal of the Yenisei River, SUEK developed design and estimate documentation for the facility,

"Removing algae from the Abakan canal of the Yenisei River." In July 2019, the project documentation was transferred into the ownership of the Krasnoyarsk Territory free of charge.

At SUEK's **coal segment** enterprises, most of the wastewater discharged is natural water (with quality indicators typical for the region's groundwater) collected during the development of deposits. We are developing a wastewater treatment system to minimise the impact on water resources. SUEK enterprises have installed treatment equipment and use various methods for treatment of industrial (including mine, quarry) and domestic wastewater. Part of the treated water is used by enterprises for their own production needs.



In 2018–2019, we continued to implement a large-scale programme to reduce the impact on water resources and develop treatment facilities.

Kemerovo Region:

- treatment facilities at the Ruban mine were upgraded
- mine water treatment facilities were built at the Yalovsky mine
- mine water treatment facilities were built at the Kirov mine
- reconstruction of mine water treatment facilities at the Taldinskaya-Zapadnaya 1 mine is underway
- construction of the mine water treatment facilities of the November 7th mine, as well as domestic wastewater treatment facilities of the Yalovsky mine and Taldinskaya-Zapadnaya 1 mine continued

Primorye Territory:

- settling ponds were built to treat quarry waters of the Pavlovsky open-pit

Republic of Khakassia:

- an evaporation pond was built at the Chernogorsky open pit
- treatment facilities for quarry waters at the Vostochno-Beisky open-pit were put into trial operation

Zabaikalye Territory:

- facilities for the treatment of domestic wastewater from the Kharanorsky open-pit were commissioned
- domestic wastewater treatment facilities of Vostochny open-pit were put into operation

Khabarovsk Territory:

- construction of treatment facilities for quarry waters of the Pravoberezhny open-pit continued
- in addition, surface wastewater treatment facilities of the Chegdomyn processing plant were put into operation

Republic of Buryatia:

- construction of treatment facilities for quarry waters of the Olon-Shibirsky deposit of Razrez Tugnuisky JSC continued

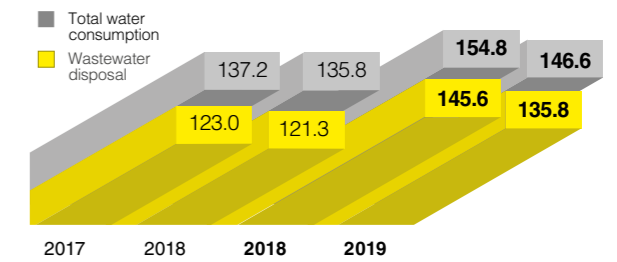
Krasnoyarsk Territory:

- construction of treatment facilities for quarry waters of Razrez Berezovsky JSC continued

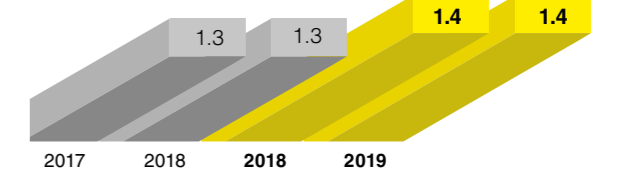
During the reporting period, we continued to study the possibilities of using of the best available technology to reduce the impact on water resources and obtain additional economic effects. For example, we are exploring the possibility of maximising the use of treated mine/quarry/household waters for the needs of enterprises: about 60% of the treated quarry water of the Tugnuisky and Nikolsky open-pits is planned to be used for dust suppression and production needs of the Tugnuiskaya coal-washing plant.

⁵⁷ The data for the coal segment here and elsewhere includes the summarised indicators of SUEK's coal mining and logistics enterprises.

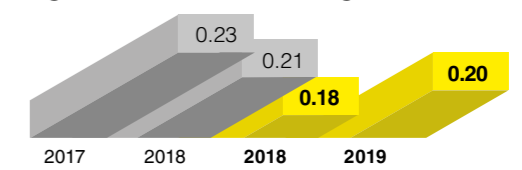
Water resource management, coal segment⁵⁷, million m³



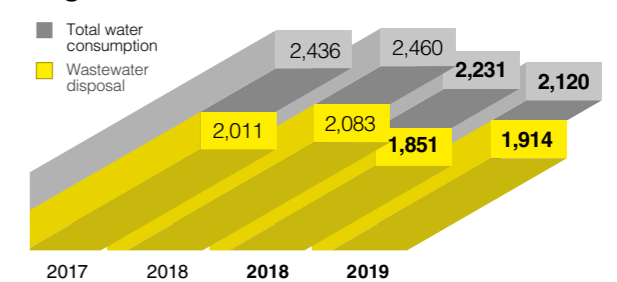
Water consumption per tonne of coal mined, m³/tonne



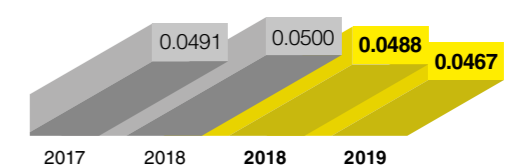
Content of pollutants in wastewater, kg/tonne of coal mining



Water resource management, energy segment, million m³



Water consumption per unit of electricity, m³/kWh



WASTE MANAGEMENT

Waste of five hazard classes is generated during production activities at SUEK's **coal mining enterprises**. Over 99% of all waste belongs to hazard class V (almost non-hazardous) – overburden and host rocks. Enterprises put this into productive use and utilise it in reclaiming land disturbed by mining operations. The rest of the waste (1%) (conveyor belts, ferrous scrap) is transferred to specialised organisations for processing.

In 2018, in order to reduce waste sent for disposal, enterprises of the Zabaikalye Territory purchased equipment to process organic waste, industrial rubber goods, polymers, rubbers, oil sludge, bitumen, roofing material, electronic equipment, used oils, and medical, wood and other carbon-containing waste.

In Khakassia, the tyre processing plant continued to operate. Worn tyres of mining trucks are recycled into new products: tiles for safety coating of sports fields and crumb rubber for road construction.

At **generating enterprises**, most of the waste from burning coal is bottom ash waste⁵⁸ of hazard class V. Traditionally, this waste was disposed of in specially equipped hydraulic structures (ash dumps), ensuring that bottom ash waste has no impact on the environment. In the reporting period, the company began the implementation of a large-scale project to re-use bottom ash waste.

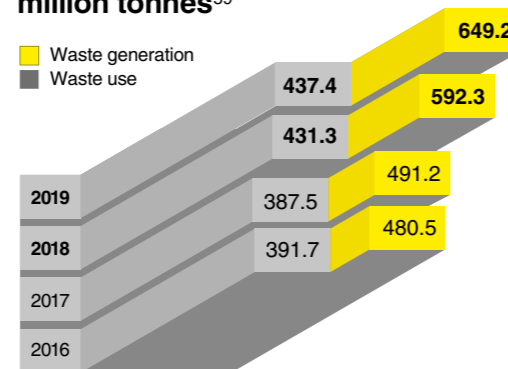
SUEK developed a solution and documentation for the production of bottom ash materials from this type of waste. The documentation underwent a government environmental expert review and was approved. Bottom ash materials can be used to restore disturbed lands with possible further transfer of reclaimed land into productive use for an organisation or territory.

Since 2018, these projects have been implemented in Novokuznetsk, Novosibirsk, Krasnoyarsk, Abakan, and Minusinsk. The solution brings not only environmental but also economic benefits to the regions: as a result of reclamation, previously unclaimed land can be used for residential/industrial development, recreational areas, etc. For Krasnoyarsk, the project is particularly important because after installing 14 electrostatic precipitators at CHPP-1, the amount of ash will increase. In 2019, all bottom ash materials produced from the waste of this plant were used to reclaim the depleted quarry in the Beryozovsky District.

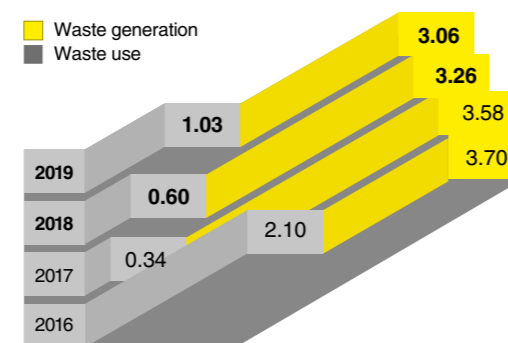
The company is exploring the possibility of using bottom ash waste for the vertical planning of disturbed lands and in road construction. Belovskaya GRES (Kemerovo Region) has a plant for processing light fraction of fly ash into aluminosilicate microspheres. SUEK specialists are members of an interdepartmental working group to develop legislative regulation of the re-use of bottom ash waste from coal CHPPs in the Siberian Federal District, as well as members of regional working groups to address the challenges associated with re-use of bottom ash waste in the Kemerovo and Novosibirsk Regions, Republic of Khakassia, and Krasnoyarsk Territory.

The total volume of possible production of bottom ash materials at SUEK is estimated as 3.2 million tonnes per year, which is 90% of the total amount of waste generated.

Waste management, coal segment, million tonnes⁵⁹



Waste management, energy segment, million tonnes



⁵⁸ Bottom ash waste is the mineral part of burnt coal. It belongs to the lowest hazard class and can be used for production and economic activities in various industries. In global practice, there are three areas of use of bottom ash waste: as raw materials for the extraction of valuable components, as raw materials for the production of building materials and as non-metallic building material, in particular used for reclamation.

⁵⁹ The data for the coal segment here and elsewhere includes the summarised indicators of SUEK's coal mining and logistics enterprises.

LAND RECLAMATION

Development of deposits is associated with land disturbance. Due to the increase in production capacity, the rate of land disturbance during coal mining activities exceeds the rate of reclamation. We strive to reduce this gap by implementing large-scale land reclamation projects and reducing the amount of developed space and the area of external dumps when developing deposits. Overburden resulting from coal mining is used for backfilling, filling sinkholes,

and reclaiming land disturbed by mining operations in accordance with the approved technical projects for deposit development (this includes projects to restore the terrain and top soil and plant greenery). Together with the Research Institute of Agricultural Problems of Khakassia, the company has been implementing a unique long-term land reclamation project with the goal of preparing forest reclamation recommendations.

Land reclamation, ha⁶⁰

Coal segment	2016	2017	2018	2019
Disturbed during the year	907	937.5	2,812.5	1,741.9
Reclaimed during the year	397	384.6	211.8	551.8
Energy segment				
Disturbed during the year	0.0	0.0	0.0	0.0
Reclaimed during the year		103.9	11.9	0.0

⁶⁰ The data for the coal segment includes the indicators for SUEK's coal mining enterprises. The activities of logistics enterprises do not lead to land disturbance. Disturbed lands are reclaimed according to the reclamation schedule provided for by the field development project and reclaimed as mining operations are completed.



BIODIVERSITY CONSERVATION

The areas in which SUEK's production assets are located and the adjacent land do not belong to nature reserve areas, including those protected by UNESCO and the Ramsar Convention. No rare or endangered species of animals, plants or fungi are located there. At the same time, we take care to maintain biodiversity in the territories where we work and live.

In order to restore aquatic biological resources, the company regularly releases various types of fish into water bodies. In the reporting period, SUEK released:

- 650,000 juvenile peled and 1,600 juvenile nelma into the Tom River of the Tomsk Region and the Novosibirsk reservoir
- 78,600 juvenile peled into the Ivan Lake of the Zabaikalye Territory
- 20,200 juvenile grass carp and 57,800 juvenile silver carp into the Belovskoe reservoir
- 430,800 juvenile common carp into the Ob River and the pond of the Tugnuisky open-pit
- 300,000 juvenile muksun into the Novosibirsk reservoir
- 16,000 juvenile common carp into the Abramovka River and Lake Khanka, Primorye Territory
- 3,800 juvenile Siberian sturgeon into the Yenisei River

At the company's power facilities, construction of fish protection structures at the Kemerovskaya GRES, Kemerovskaya CHPP, and Kuznetskaya CHPP was completed. SUEK supports a number of reserves and implements environmental projects together with stakeholders in the regions of its presence.⁶¹

>14,500
trees

were planted by employees of SUEK-Kuzbass JSC enterprises in 2019 as part of the campaign "All-Russian Forest Planting Day". In Krasnoyarsk, SUEK employees planted 500 large trees and shrubs.



ENERGY CONSUMPTION AND ENERGY EFFICIENCY

The company's growing energy consumption in recent years (in particular, electricity and motor fuel, which are the most important types of energy resources for us) is due to steady growth in production. At the same time, we are reducing the intensity of manual labour, which leads to an increase in power loading of production, and therefore an increase in energy consumption. In order to minimise the environmental impact of these processes, we are implementing a programme to save energy and increase the energy efficiency of production in conjunction with the government programme on energy efficiency and energy development.

Key documents defining the activities of SUEK coal mining and washing enterprises in this area:

- SUEK energy policy
- A set of methodical documents for the Energy Management System in accordance with the requirements of ISO 50001:2018
- Energy Efficiency Strategy of SUEK JSC until 2021

Achieving the goals of the energy policy is ensured through:

- development, implementation and continuous improvement of the energy management system;
- implementation and improvement of the planning process for fuel and energy resources
- optimisation of power consumption during peak hours;
- identification and elimination of unreasonable costs for fuel and energy resources, and optimisation of the operating modes of technological and energy equipment
- ensuring the involvement, motivation and awareness of personnel within the energy management system;
- project development taking into account the principle of energy efficiency and focus on improving energy performance
- investment in the development and implementation of energy-efficient technologies and the purchase of energy-efficient equipment and services
- development of systems and methods for monitoring, recording, and analysing fuel and energy resource consumption

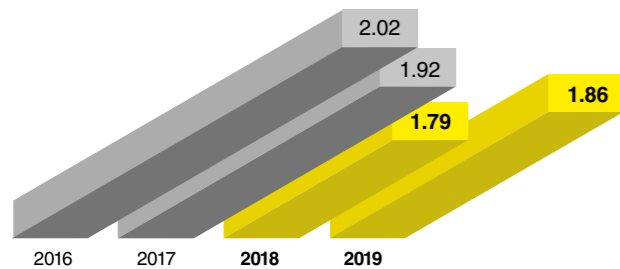
⁶¹ For more details, see the chapter "SUEK and the regions: partnership for sustainable development".

Coal segment

SUEK develops the energy efficiency management system in accordance with the requirements of international standard ISO 50001 “Energy Management System” and the national standard GOST R ISO 50001:2012 “Energy Management System”. During the reporting period, the company passed certification of coal segment enterprises for compliance with the requirements of international standard ISO 50001:2018. A diagnostic audit of the system was carried out by the Federal State Budgetary Institution “Russian Energy Agency” of the Ministry of Energy of the Russian Federation, and a certification audit was performed by TÜV AUSTRIA CERT GMBH. The following companies were certified: SUEK-Kuzbass JSC, Sib-Damel LLC, Razrez Tugnuisky JSC, Tugnuiskaya Coal-Preparation Plant LLC, SUEK-Khakassia LLC, Razrez Vostochno-Beisky LLC, Razrez Izykhsy JSC, Chernogorsky RMZ JSC, Urgalugol JSC, SUEK-Krasnoyarsk JSC, Razrez Berezovsky JSC, Razrez Nazarovsky JSC, Borodinsky RMZ LLC, Nazarovskoe GMNU LLC, Razrez Kharanorsky JSC, Razrez Vostochny LLC, Chernovsky RMZ LLC, Primorskugol LLC.

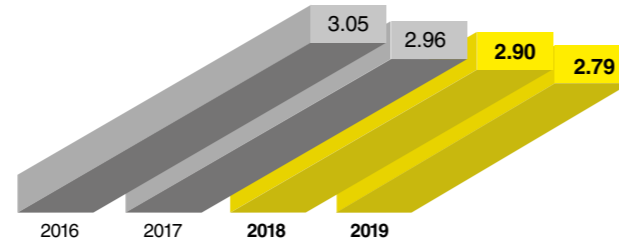
The total amount of energy consumed in 2019 amounted to 1.069 million tonnes of fuel oil equivalent (21.181 petajoules), of which 54% accounted for open-pit mining, 33% for underground mining, and 13% for auxiliary enterprises. The relative energy intensity to the volume of work performed in 2019 decreased by 3% from 2017, which allowed us to reduce energy consumption by 35,000 tonnes of fuel oil equivalent (1.03 petajoules).

Specific energy consumption per rock mass, tonnes of fuel oil⁶² equivalent/thousand m³



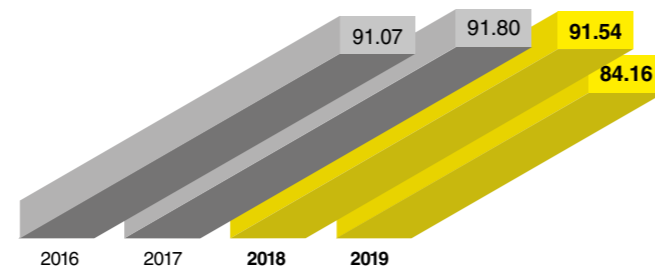
Total electricity consumption in 2019 amounted to 1.568 billion kWh. In 2019 the specific electricity consumption per 1 m³ of processed rock mass decreased by 6% compared to the previous reporting period (2017). The reduction was achieved due to a set of measures, such as the commissioning of new modern energy-efficient equipment, updating of electric drives of excavators and auxiliary equipment, updating of distribution substations, etc. As a result, **the absolute volume of electricity consumption was reduced by 95.177 million kWh, which resulted in an economic effect of 247.5 million roubles.**

Specific electricity consumption, kWh/m³



Total diesel consumption in 2019 amounted to 281,000 tonnes. The main customers of diesel fuel are dump trucks, which account for 58% of the company's total consumption. In 2019, the specific diesel fuel consumption for dump trucks for cargo turnover of g/tonnes·km decreased by 8% compared to the previous reporting period. As a result of the reduction in specific consumption, the absolute volume of diesel fuel consumption was reduced by 13,800 tonnes, which resulted in an economic effect of 680.8 million roubles.

Specific diesel fuel consumption for dump trucks for cargo turnover of g/tonnes·km



⁶² The increase in specific energy consumption for rock mass in 2019 compared to 2018 is associated with a change in production conditions – an increase in the transportation range of rock mass and an increase in energy consumption by auxiliary equipment (drainage, conveyor transport, ventilation).

Energy segment

The decrease in specific diesel fuel consumption was the result of a set of measures aimed at improving energy efficiency. These include equipping with modern dispatching systems, ensuring the optimal condition of the roadbed, setting up internal combustion engines, increasing the utilisation rate of load capacity, reducing idle runs and hot downtime, increasing the professionalism of dump truck and bulldozer operators, ensuring optimal tyre pressure, optimising technological processes, including the use of fuel tankers, etc.

Some of the activities that have made a significant contribution to the overall reduction in energy consumption include:

- Modernisation of walking excavator 20/90 No. 41 of the Tugnuisky open-pit with the use of switched reluctance motors produced by SUEK. This reduced the excavator's specific energy consumption by 46% and saved 2.8 million kWh.
- Modernisation of walking excavator 20/90 No. 49 of the Chernogorsky open-pit with the installation of a modern energy-efficient digital control system for modern vector-inductor drives. This improved the excavator's performance and efficiency of use. Specific electricity consumption decreased from 1.66 kWh/m³ to 0.98 kWh/m³.

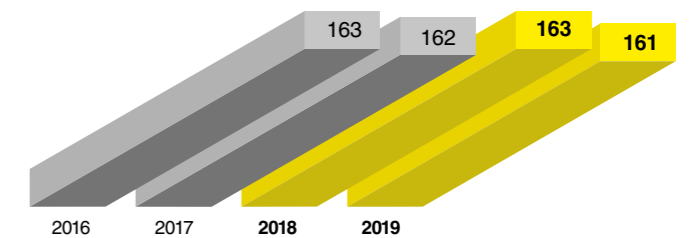
In 2019, we started developing and implementing a comprehensive energy conservation programme for our **logistics assets**. Its main areas were the optimisation of tugs in merchant marine, special, and motor-and-tractor equipment, the use of locomotives, improvement in the energy efficiency of buildings, infrastructure and heat generation facilities, and improvement in the technical condition of track facilities.

Employees of logistics assets received training in energy conservation, which included topics relevant to these areas.

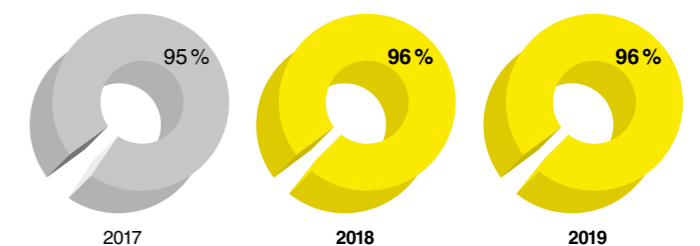
In the energy segment, the main contribution to energy conservation is made by cogeneration, which helps to save 32% of fuel compared to separate generation of electricity and heat. All generating plants annually develop and implement a programme to improve energy conservation and energy efficiency. The main goals are:

- improving the efficiency and reliability of equipment
- reducing heat energy losses
- reducing electricity consumption for their own needs
- saving fuel and energy resources

Specific fuel consumption for heat production, kilograms of fuel/Gcal



Share of heat production in cogeneration mode, %



SUEK AND THE REGIONS: PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT



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SOCIAL PROJECTS FOR COMMUNITIES		144

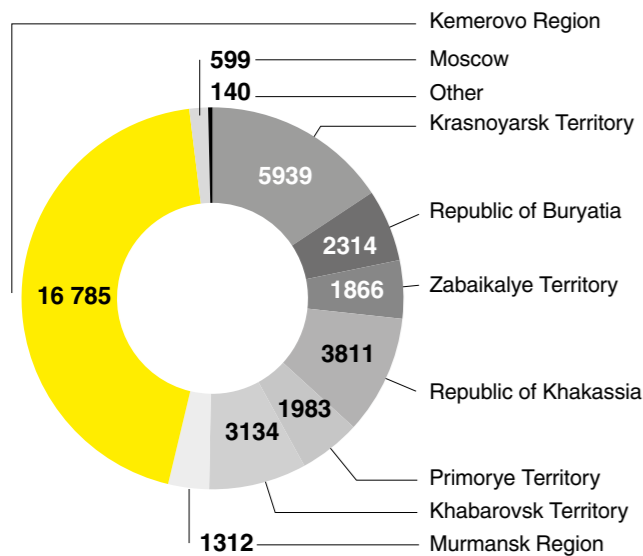
We believe that SUEK's success largely depends on sustainable development of the regions where we work. People who are happy with their life conditions and prospects for the healthy and prosperous future of their families, people who trust the company and are engaged in our business and social initiatives are a strong driver of our long-term competitiveness.

We partner with communities, trade unions, NGOs and state authorities to develop and implement our social programmes. These respectful and mutually beneficial partnerships allow us to more accurately target our programmes to the needs of the communities, evaluate their outcomes and increase their effectiveness.

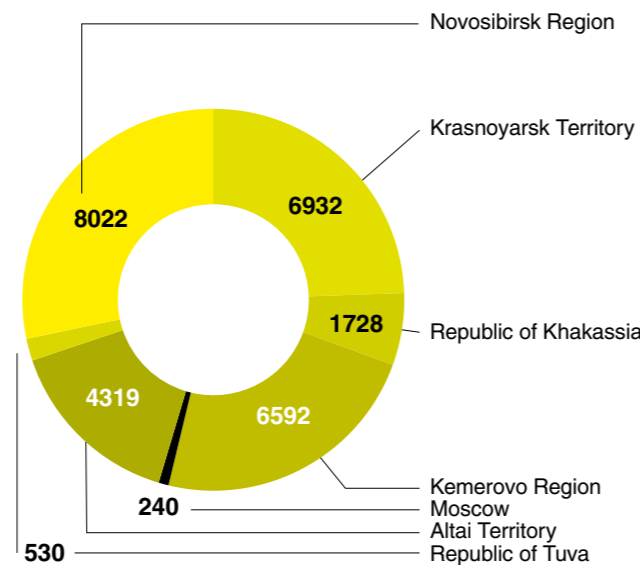
Our social programmes are aligned to the core issues material for the communities, including support of social infrastructure, healthcare and education, culture and sports, and nature preservation. We measure the success of our social initiatives by their reach and by their input in the creation of wider opportunities for the development of human capabilities. We work with our communities and outside experts in monitoring and assessing the value of our contribution to the sustainable development of the regions.

SUEK's social strategy aims to promote development potential among local communities. By investing in programmes for education and healthcare, culture and sports, and social initiatives of local communities, we invest in the future of the regions and the future of our company, as well as make our contribution to the implementation of the principles of the UN Global Compact and the UN Sustainable Development Goals. SUEK's social programmes management is based on international standards and best international and Russian practices.

Distribution of SUEK personnel by region in the coal segment in 2019, persons⁶³



Distribution of SUEK personnel by region in the energy segment in 2019, persons



⁶³ The distribution shows the number of employees working at SUEK's coal mining and logistics assets. The "Other" column includes the regions of the Russian Federation where the company's sales offices are located.

Community investment dashboard 2018–2019

Our goals

- Increasing people's satisfaction with the quality of life through support projects in areas such as improving housing conditions, the development of education, sports, health and culture, and environmental protection.
- Development of cooperation with regional administrations in the implementation of projects for socio-economic development of the territories of presence, including improving the efficiency of planning and implementing development plans for single-industry towns.
- Supporting the younger generation and attracting young people to work in the energy sector.
- Improving the effectiveness of social programmes through the introduction of modern social technologies and best international practices, the development of partnerships with authorities and local communities, and the development of initiatives of local residents.

Relevance to the UN Sustainable Development Goals



Key indicators

- More than 66,000 jobs in SUEK and 10,000 in contracting organisations.
- More than 79 billion roubles contributed to the federal and local budgets of Russia.
- 78.8 billion roubles paid to local suppliers.
- 4.063 billion roubles invested in social programmes.
- More than 250 social and charitable projects implemented in 11 regions⁶⁴. In addition to the direct participants and beneficiaries of the projects, all residents of the territories of presence are beneficiaries to some extent.
- SUEK's model of budgeting for social programmes and the framework for regular comprehensive assessment of programmes were recognised as an example of the best industry practices based on the results of a comparative assessment of social investment management conducted by PricewaterhouseCoopers experts.
- In the reporting period, the company was recognised as a leader in the most respected competitions and ratings, such as the RSPP contest "Leaders of Russian business: dynamics and responsibility", the ranking of the Donors Forum "Leaders of corporate charity", sustainable development indices of the RSPP (2018, 2019), as well as a laureate of industry awards established by the Ministry of Energy of the Russian Federation and other important competitions⁶⁵.

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social and charitable projects
implemented in 11 regions

⁶⁴ Excluding Reftinskaya GRES.

⁶⁵ The entire list of awards received by the company for the reporting period is presented in the Annex "Public Recognition" to the report

OUR APPROACH

SUEK's social activities are regulated by the company's Code of Corporate Ethics and the Social Policy, which take into account the principles of the UN Global Compact and the Social Charter of Russian Business, as well as the international standard ISO 26000 (Guidelines on Social Responsibility)⁶⁶. The company's social investment priorities

are consistent with the UN Sustainable Development Goals. SUEK's social activities are implemented on the basis of the principles of consistency, openness and transparency, social partnership and innovation.



SUEK social investments: creating value for all stakeholders



⁶⁶ Adopted in Russia as GOST R ISO 26000 -2012.



Community investment framework

Our strategic social investment framework is based on the shared value approach and mutually beneficial cooperation of all interested parties in moving towards the sustainable development goals.

- We develop social programmes based on thorough analysis of the development challenges the territories face and of the needs of local communities.
- The priority focus of our social investments is the development of the human potential of the regions.
- In the development and implementation of social programmes, we rely on the synergy of interests and resources of business, territories and local communities.
- We actively involve local communities in the identification and creation of new opportunities for the social development of territories and the realisation of their own potential.

SUEK community investment framework



One of our key tasks as a social investor is to foster the potential of local communities for sustainable development by investing in the infrastructure and knowledge needed to solve urgent problems and to attract the necessary resources for development. We develop and implement our social programmes in close cooperation with stakeholders: regional and municipal administrations, public organisations,

and local residents. Stakeholder involvement is essential for achieving positive change. The implementation of the world's best practices, the development of our own evidence-based methods and the exchange of experience with other companies leading in corporate community investment also contribute to the effectiveness of our programmes.

Partnership and on-going meaningful dialogue with stakeholders allow us to more accurately adjust our social programmes to the needs of regional development and improve the efficiency of our investments. The areas of partnership are determined by the objectives of territorial social development and the strategic objectives of SUEK. For example, the SUEK Youth Work Teams project is being implemented jointly with local labour and employment agencies and administrations. The School Ahead of Changes project and other educational projects are being implemented in collaboration with education departments, schools and municipal support structures for small business. The School of Digital

Technology project has been launched in conjunction with Plekhanov Russian University of Economics and the Expert Council of the State Duma of the Russian Federation on the digital economy. Partners in the ecological project Zubochistka are administrations of the Kemerovo Region and the Mezhdurechensk city district, as well as the Council of Working Youth of Kuzbass; employees of large companies and universities of the region took part in the project. When planning and implementing our social programmes we also build on the input from our employees and trade unions⁶⁷. SUEK supports volunteer initiatives proposed by our employees based on their understanding of local needs.

⁶⁷ For more information on our cooperation with trade unions see the chapters "Social performance: empowering our people" and "Industrial safety and labour protection"

MANAGEMENT TOOLS AND SOLUTIONS

The main tools for the implementation of the company's social policy are the non-profit organisation SUEK to THE REGIONS Fund for Socio-Economic Support of Regions and the SGC – Warming Hearts charity foundation. Social activities cover all territories where SUEK has a presence.

Social management organisational structure



Social programmes are planned taking into account the results of monitoring of the social situation, indicators of territorial development, and satisfaction and needs of the local community. For this, sociological studies, cluster surveys, and

feedback on the results of projects and events are used. On-going stakeholder engagement provides for a quick response to new challenges and allows us to identify the new areas of programme development. Regular auditing of implemented social programmes allows us to ensure that the results are consistent with our strategy. The effectiveness of the social projects is regularly evaluated by corporate and independent experts based on quantitative and qualitative indicators. Those involved in the assessment include experts from PricewaterhouseCoopers, the RSPP, and the Public Opinion Foundation. This assessment helps us consistently improve the quality of planning and the effectiveness of our projects.

Evaluation tools include:

- sociological surveys
- working meetings of project expert groups
- focus groups with representatives of local and regional administrations, public associations and non-profit organisations
- expert surveys
- analysis of surveys of event participants
- discussion of the results of programmes at public events with the participation of stakeholders

Quantitative parameters:

- number of events held, number of participants
- number of beneficiaries⁶⁸
- funds raised for the implementation of the company's social programmes
- partners engaged
- number of "growth points"⁶⁹ created as a result of SUEK's social activities
- media coverage

Qualitative parameters:

- increased effectiveness of public-private partnerships, closer interaction between business and the non-profit sector in solving social problems
- sustainability of previously implemented social projects
- favourable conditions for interaction with the authorities and the public
- strengthening SUEK's reputation as a sustainable and socially responsible company

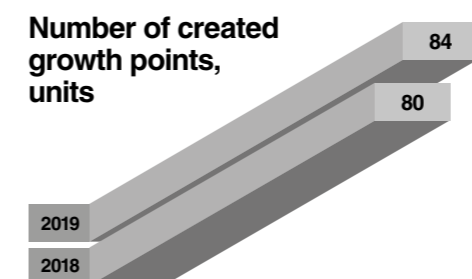
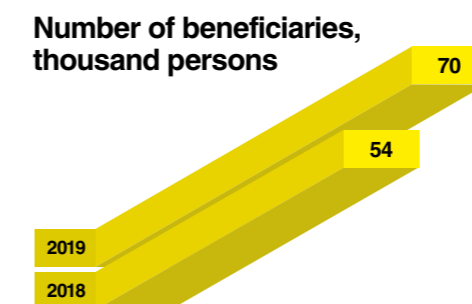
⁶⁸ Beneficiaries are residents of the territories who have directly benefited from the results of completed projects (taking into account existing projects of previous periods). At the same time, the effects of our social programmes reach to some extent all residents of the regions where SUEK operates.

⁶⁹ A "Growth Point" is an institution or organisation created as a result of a social project that contributes to improving the quality of life in the territories (maternity support centre, music studio, mini-cinema, etc.)

Consistent work to improve the efficiency of the company's investments in social programmes allows us to achieve greater results with less investment. The main drivers for increasing efficiency were cooperation with authorities and local communities, attracting a wide range of stakeholders to support programmes, including businesses and public organisations, and developing the initiatives of local residents. Joint activity to solve socially significant problems makes it possible not only to effectively achieve significant results, but also serves to develop the infrastructure of social ties – an important factor in the sustainable development of the regions.

Social investments by SUEK amounted to 2,378 million roubles in 2018 and 1,685 million roubles in 2019. Consolidation of the coal and energy segments, the enterprises of which are partly located in the same regions, allowed us to achieve a synergistic effect: optimising the size of investments while maintaining or increasing their effectiveness in the regions.

Programme performance



An important indicator of the success of SUEK's social programmes is the opinion of external experts. In the reporting period, the company won a number of highly respected social investment competitions, including:

- in the category "For Contribution to the Social Development of Territories" of the RSPP contest "Leaders of Russian Business: Dynamics and Responsibility"
- in the ranking "Leaders of Corporate Charity" for 2018, as well as in the categories "The Best Programme (Project). That Discloses the Policies and Principles of Corporate Social Investment in the Territories" and "Informational Openness of Charitable Activities" of this competition
- the company also became one of the leaders in the sustainable development, corporate responsibility and reporting indexes of the RSPP: the Responsibility and Openness index (2018, 2019), the Sustainable Development Vector index (2018, 2019), and the Sustainability Ranking 100 by Expert Magazine
- SUEK was recognised as the winner of the competition of the Ministry of Energy of the Russian Federation for the best socially-oriented company in the energy sector in several categories: "Development of the labour and personal potential of employees", "Best non-public, non-financial report of an energy sector company" (2019) and "Promotion of the practice of charitable activities of citizens and organisations" (2018, 2019)⁷⁰

⁷⁰ The list of awards received by the company for the reporting period is presented in the Annex "Public Recognition" to the report.

SOCIAL PROJECTS FOR COMMUNITIES

SUEK's social investment portfolio covers the main components of the "quality of life" concept. The priority areas for social investment are determined taking into account the assessment of the social situation in the regions.

In the reporting period, the main areas of social investment were:

- improvement of the territories of operation – city beautification and development of infrastructure
- development of education and the promotion of personal growth of youth
- development of local communities and fostering social activity of the population
- upgrading healthcare
- promoting sports and healthy lifestyles
- support of culture
- care for veterans and children, promotion of historic heritage among youth
- environmental stewardship
- charity and assistance to disadvantaged social groups

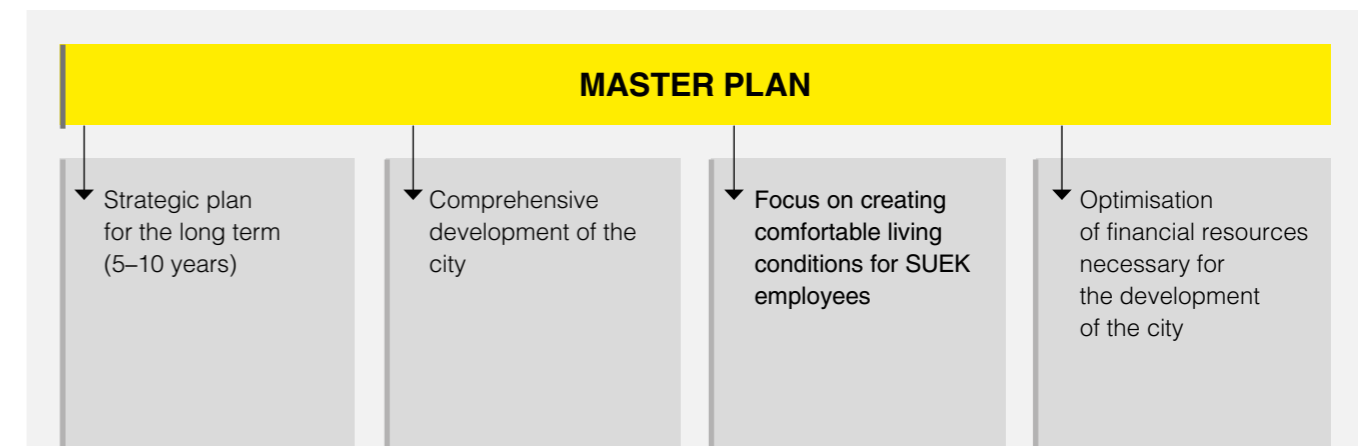
We carry out long-term programmes within these areas, and a number of new programmes were also launched in the reporting period.



Territories improvement, infrastructure development

One of the most important areas of SUEK's cooperation with the regions is the design and implementation of modern tools for the development of single-industry towns in which SUEK coal enterprises operate. Together with municipal administrations, we form and update strategic master plans that involve upgrading infrastructure, creating new jobs and providing citizens with additional goods and services. Well-designed master plans allow us to attract federal funds

and, thus, more effectively and on a larger scale solve urban development problems. These documents ensure systematic work to create a comfortable, safe and pleasant social environment in the cities where SUEK operates, serve as a platform for an integrated approach to the development of settlements and involve the local community in the development process.



Development of a master plan → Implementation of a master plan

- | | |
|--|--|
| <ul style="list-style-type: none"> • Analysis of problem areas in the urban environment • Definition of city development priorities • Preparation of development concepts for key urban areas • Valuation of key urban projects • Proposals for implementation and financing mechanisms | <ul style="list-style-type: none"> • Development of design estimates • Work with regional authorities • Preparation of applications for participation in state support programmes • Monitoring and control of implementation |
|--|--|

Urban environment development areas

- | | |
|--|--|
| <ul style="list-style-type: none"> • Public spaces • Courtyard areas • Housing renewal • Sport • Healthcare | <ul style="list-style-type: none"> • Culture and leisure • Trade and entrepreneurship • Roads and transport • Housing and communal services • Other |
|--|--|



With the support of SUEK, master plans have been prepared and are being implemented in Chegdomyn, Chernogorsk, Borodino, Nazarovo, Sagan-Nur and Leninsk-Kuznetsky. Federal funds were attracted to develop the social infrastructure of these settlements. Under the master plans, in particular, a swimming pool was built in Chegdomyn, the Chegdomyn-Novy Urgal road was repaired, a sports complex in Chernogorsk was renovated, and the central city square, Ugolshchik Recreation Centre's park, and green spaces in Borodino were improved. Construction of the Cultural Development Centre with an area of more than 2,100 square metres began in the village of Sagan-Nur.

SUEK helps local communities to present their initiatives at the all-Russian competition of the best projects for creating a comfortable urban environment in small towns and historical settlements. The competition is held annually by the Russian Ministry of Construction as part of the national project "Housing and Urban Environment". Not only dedicated experts and authorities take part in the planning and creation of a comfortable environment, but also ordinary citizens. This approach makes it possible to bring urban planning closer to the real needs of local residents and involve the population and businesses in the improvement processes.

In 2018–2019, the company organised public hearings on the improvement of territories in Leninsk-Kuznetsky and Chernogorsk, as well as urban forums in Borodino, Nazarovo, Sharypovo. According to their results, preliminary design projects for the improvement of selected territories were approved.

SUEK co-organised the strategic session "Single-Industry Towns 2024: National Projects" held in 2019 in Novokuznetsk, Kemerovo Region.

The priorities of the May decree of the President of the Russian Federation and national projects were the topics of six focus groups that discussed the tools of territorial planning – a strategy and a master plan, the involvement of citizens in solving the problems of single-industry towns, digital economy, the Smart City project, support for individual entrepreneurial initiative, ecology, and demography. The session was attended by over 250 representatives from 46 single-industry towns of 17 regions of the Russian Federation, including the heads of single-industry towns of the Siberian Federal District, Sverdlovsk Region, Buryatia, Yakutia, and Tatarstan, the heads of large investment companies, and representatives of small and medium-sized businesses and public and youth organisations. As noted by the governor of the Kemerovo Region, Sergey Tsivilev, the programme for the development of single-industry towns is a driver of economic growth in Kuzbass and one of the leading programmes in the region's development strategy up to 2035. Strategic sessions and round tables devoted to the development of single-industry towns are annually held in the Kemerovo Region with the support of SUEK. They discuss pressing problems of single-industry territories and ways to solve them.

Development of education

SUEK's educational projects are aimed at increasing the level of knowledge among children and youth and at developing their initiative, leadership skills, and innovative and entrepreneurial mindset. This is served by implementation of modern standards in the education system and by the introduction of an end-to-end method for training engineering and technical personnel.

Interregional interactive physics and mathematics competition

The project is aimed at supporting gifted children and creating a pool of potential SUEK employees from among the winners. The competition has been held since 2017 in all regions of our presence. It is based on game scenarios related to the coal mining industry. Participants are invited, for example, to develop their own coal mining company, become the best coal supplier, build the most technologically advanced mine, and improve safety. Winners are invited to specialised SUEK shifts at the Sirius Educational Centre.

SUEK shifts at the Sirius Educational Centre

The Sirius Educational Centre in Sochi is engaged in the development and professional support of gifted children. In 2018–2019, in partnership with SUEK, the Centre conducted three specialised shifts: in physics, mathematics, and chess. The participants included the winners of the subject Olympiads and promising young chess players, participants of the SUEK programme "Chess to Mining Regions". The schoolchildren received in-depth knowledge in their subjects and created their own projects in the field of technology. Sirius organised a professional development programme for teachers from the regions where the company operates.

>1,900 schoolchildren from 8 regions of SUEK's presence took part in 2018–2019 in the interregional interactive physics and mathematics competition

136 schoolchildren took part in SUEK sessions at the Sirius Educational Centre in 2018–2019

In 2019, the company organised the series of seminars "New Educational Technologies: the School Ahead of Changes", for personnel of educational institutions in the regions where we operate. These seminars are part of a long-term programme for the development of preschool, general and vocational education

in SUEK territories⁷¹. The training ended with an exam: the teachers from regional kindergartens and schools organised a festival titled "Technofest" in order to demonstrate new training and educational formats introduced into the educational process.

⁷¹ Additional information on the development of the system of preschool, general and vocational education in SUEK territories is presented in the "Social performance: empowering our people" section of this report, as well as in SUEK's Sustainability Report for 2016–2017, sections "Social performance: empowering our people" and "SUEK and the regions: partnership for sustainable development".

SUEK classes

Specialised “mining” classes in secondary schools in the regions where the company operates are part of the comprehensive SUEK programme for career guidance and training⁷². Classes are formed with the support of the Institute of Mining, Geology and Geotechnology, Siberian Federal University, Kuzbass State Technical University, Far Eastern Federal University and provide in-depth study of exact sciences and a special course “Introduction to energy”. Classrooms are supplied with advanced interactive and laboratory equipment. Seminars and lectures are regularly conducted by university professors. SUEK class participants take tours to coal plants and meet with advanced workers and production veterans. An important development of an educational and vocational guidance project is the experience of the Borodino open-pit, where, since 2018, high school students, while still in school, have been learning professions that are in demand in the mining industry at the enterprise’s training centre.

In the reporting period, there were 12 SUEK classes in the regions of operation, with 2,600 students enrolled. In 2018–2019, 87.5% of SUEK class graduates chose technical specialties.

2,600 schoolchildren
attend 12 SUEK classes
in the mining regions



SUEK children's technology parks. Digital world

The project is aimed at creating a sustainable multi-level system of extracurricular work with children, based on public-private partnership and allowing the identification and development of technical talents in children. In 2018, the Digital World team board game for schoolchildren was developed. The game allows them to study various technologies: quantum, robotics, virtual reality, etc. The project is being implemented jointly with the Plekhanov Russian University of Economics and the Expert Council of the State Duma of the Russian Federation on the digital economy.

School of Digital Technology

In 2018, SUEK, together with the Plekhanov Russian University of Economics, Expert Council of the State Duma on digital economy and blockchain technologies, and the Ministry of Digital Development of the Russian Federation, developed the “School of Digital Technology” educational complex. The goal of the project is to develop the potential of schoolchildren in the engineering and technical field and to expand opportunities for mastering modern technologies. Interactive multimedia courses using augmented reality technologies, located on the unique educational blockchain platform of the Plekhanov Russian University of Economics, can be taken by any student from the regions where SUEK operates. The modular programme covers the most current areas of technology use: urban studies, cryptoeconomics, robotics, digital government and others.

"Scientists of the Future"

A series of educational projects implemented since 2018 in Krasnoyarsk and Nazarovo by the Newton Park Interactive Museum of Science with the support of SUEK is aimed at increasing the motivation for learning and the intellectual potential of schoolchildren in these cities, improving the social and educational environment of the city and creating a system of social mobility for gifted children. Among the projects of “Scientists of the Future” are field-intensive sessions on urban farming and the creation of smart greenhouses, the creation of individual robotics and programming projects, a summer science school where children in a team of scientists program and launch a high-altitude balloon, a series of demonstration classes in physics, etc.



"Young Leader"

The project is aimed at developing initiative and leadership skills among young people. Classes include training sessions, business games, project workshops, and practical training in three main areas: social and entrepreneurial, social and research projects. In 2018–2019, students from 28 schools, lyceums and vocational schools from 20 settlements in seven regions of the company's presence took part in the project.

36 projects
addressing issues relevant for
territories were developed by
the participants of the “Young
Leader” project in 2019

In 2019 with the support of SUEK, School No. 53 in Barnaul created an engineering and technological complex – an Educational Engineering Centre with specialised laboratories where children can study mathematics, physics, chemistry, biology, and computer science in depth and conduct scientific experiments. Here children are engaged in robotics and 3D-modelling, learn about modern professions and production features, and implement their scientific ideas.

The educational projects of the reporting period also included:

- **“New Educational Technologies: from Kindergarten to School”** — the introduction of innovative methods to improve the system of municipal preschool and school education.
- **“Entrepreneurship Marathons”** — game-based training of children in social interaction, problem solving, teamwork and leadership skills.
- **“Formula of the Future”** interregional competition for secondary school teachers in the regions with SUEK presence, aimed at identifying and developing teachers introducing innovative educational products.
- **“Summer Scientific School”** — an educational programme for schoolchildren in the regions of presence, aimed at studying the basics of scientific activity and conducting their own research.

>2,000 teachers, schoolchildren and pre-schoolers, as well as their families, took part in the technological thinking development programmes

In 2019, in the city of Kaltan, Kemerovo Region, the first school museum in the south of the region dedicated to geology, mineralogy and natural resources was opened with the support of SUEK.

⁷² Additional information on SUEK’s training system is presented in the “Social Performance: Empowering Our People” section of this report, as well as in SUEK’s Sustainability Report for 2016–2017.

Sports and healthy lifestyle

The company pays special attention to the development of sports and the promotion of healthy lifestyles among its employees and the populations of the regions of operation.

"Chess to Mining Regions"

The project aims to promote chess in the mining regions, develop the intellectual potential of schoolchildren, and improve the skills of young chess players. The company supports the teaching of chess in secondary schools and the organisation of chess tournaments for children and adults and chess festivals with the participation of grandmasters. Secondary schools that introduce chess to the training system receive equipment and methodical literature, master classes are held for them, and experienced coaches are involved. In the implementation of the project, SUEK cooperates with the FIDE representative office in Russia, represented by its operator, the foundation for support of the introduction of chess primary education "Chess in School".

Equipped chess classes have been opened in 16 educational institutions in the territories where SUEK operates. In 2018–2019, chess shifts were held at the Sirius Centre, as well as the Shakhtar Rook festival, the SUEK Chess Hopes children's tournament, and the Open Chess Festival dedicated to the Decade of Childhood in Russia and held at the 15th Krasnoyarsk Economic Forum.



>4,700 children are reached by the project "Chess to Mining Regions"

In May 2019, the project "Chess to Mining Regions" won the 6th All-Russian competition "Creating the Future" for the best corporate practices in the social and humanitarian sphere in the category "High Start". The competition was held by the Ministry of Education and Science of the Russian Federation.

In 2018, on the eve of the 2018 FIFA World Cup, master classes from leading coaches of the FC CSKA Academy for young athletes were held in five cities where SUEK operates. The project, implemented by SUEK and Vnesheconombank, became part of the "Comprehensive development of single-industry towns" programme. Its objective is to give impetus to the development of physical education and sports in small towns. Master classes were attended by more than a 1,000 young athletes from Amur and Kemerovo Regions, the Primorye Territory, the Republic of Sakha (Yakutia), as well as single-industry towns of the Krasnoyarsk Territory: Zheleznogorsk, Zelenogorsk, Lesosibirsk and Borodino. Training seminars were held for coaches from single-industry towns.

SUEK continued to support regional competitions in various sports and update infrastructure and equipment for youth sports schools and clubs. The supported projects in 2018–2019 included:

- regional children's sports festival "Eyes on the Victory Banner!" in Kiselevsk (Kemerovo Region)
- regional volleyball tournament "Spring Drops"
- boxing championship and tournament in the Krasnoyarsk Territory
- charity volleyball tournament among teams of enterprises, organisations and institutions of the Kuzbass Youth Council
- ice hockey tournament in Leninsk-Kuznetsky (Kemerovo Region)
- regional cross-country skiing competitions dedicated to the 75th anniversary of the Kemerovo Region
- construction of multifunctional sports grounds in the villages of Dubinino and Novoshakhtinsky
- creation of a sports base in Sharypovo for competitions of various levels and training of local sports teams
- overhaul of the sports and recreation centre in the town of Drovyanaya and other projects

1,000 young athletes from three SUEK regions participated in the "Eyes on the Victory Banner!" festivals in 2018–2019

Healthcare

One of the most important tasks in improving the quality of life in the regions of operation is the development of the healthcare system. SUEK helps equip regional medical institutions with the latest technology and equipment, helps improve the quality of medical services through the introduction of modern organisational and economic mechanisms, implements projects for the treatment and rehabilitation of children from mining regions and coal industry veterans, and develops rehabilitation programmes for children with disabilities.

Treatment and rehabilitation of children and veterans from mining regions

SUEK regularly sends company employees who need consultations with leading specialists, their children, and orphans from the regions of operation for treatment and rehabilitation to the medical institutions of the Administrative Directorate of the President of the Russian Federation in the Moscow Region – the Polyana Rehabilitation Department of the Children's Medical Centre FSBI and Clinic No. 5 of the Administrative Directorate of the President of the Russian Federation. These institutions are equipped with state of the art equipment and offer a wide range of rehabilitation and development programmes. In 2018, children from families injured in a fire in the "Zimnyaya Vishnya" shopping centre of Kemerovo visited one of the rehabilitation shifts for children from the regions of SUEK presence in Polyany.

"Our health: new approaches to healthcare organisation"

SUEK is implementing a programme for advanced training of doctors from mining regions and improvement of local health facilities in cooperation with medical institutions of the Administrative Directorate of the President of the Russian Federation. During the reporting period, therapists, cardiologists, neurologists, occupational therapists, physiotherapists, and obstetrician-gynaecologists from eight regions of company operation undertook an internship at Moscow Clinic No. 5 of the Administrative Directorate of the President of the Russian Federation. A scientific and practical conference, "Multidisciplinary approach in outpatient practice", was also organised for the specialists.

352 children and SUEK employees were treated in leading medical institutions of the Administrative Directorate of the President of the Russian Federation



"Dream Ski"

This unique therapeutic sports programme effectively helps children and adults with cerebral palsy, autism, Down syndrome, and vision or hearing impairment. The programme partners are:

- Dream Ski, Sergey Belogolovtsev's rehabilitation programme to help people with cerebral palsy and other health problems (Moscow)
- Administration of the constituent entities of the Russian Federation
- Municipalities, social protection and rehabilitation centres of the territories
- Ski Federation of the Kemerovo Region
- Provincial centre for snowboarding and alpine skiing (Kemerovo Region)
- Main directorate for physical culture, sports and tourism of the Krasnoyarsk city administration (Krassport)
- Shield Krasnoyarsk regional public organisation for the support of disabled children (Krasnoyarsk Territory)
- Solnechny sports complex (Krasnoyarsk Territory)
- Angel Children of Murman regional public organisation for disabled children and their parents (Murmansk Region)
- Lights of Murmansk country recreation and tourism centre

Thanks to alpine skiing, roller skating, team games, and other types of adapted physical activity, motor skills are restored, physical coordination is significantly improved, and children are actively socialised and integrated into society. Classes help to speed up the treatment, rehabilitation and socialisation process. During the reporting period, children from Kiselevsk (Kemerovo Region) and the Zabaikalye Territory joined the programme. In total, about 800 children took part in the programme during the reporting period. The project is the winner of the 5th All-Russian competition of mass media, press services of energy companies and regional administrations of MediaTEK in the category "Social and Environmental Initiative".

In 2018, SUEK, together with the "Dream Ski" programme and the "Gift to the Angel" foundation, launched a new project for children with cerebral palsy on the basis of the "Polyany" Federal State Budgetary Institution "Children's Medical Centre" of the Administrative Directorate of the President of the Russian Federation. The rehabilitation course combines the "Dream Ski" project's methods for people with health problems, the methods of Polyany Rehabilitation Centre, and the adaptive physical education of the "Gift to the Angel" charity foundation. The combination of multidirectional methods helps to achieve maximum results in a short period of time.



"Dream Ski": a chance for Vitaly

"I'm so happy!" – these were Vitaly's first words, which he said after skiing downhill by himself for the first time. Before that, Vitaly Afanasyev had not spoken for fifteen years. He was five when doctors diagnosed him with autism. He was considered to have a learning disability, and only his grandmother, who had been raising him since his birth, believed in him and stubbornly looked for an opportunity to help.

Three years ago, Vitaly became one of the first participants of the unique rehabilitation programme "Dream Ski" in Kuzbass. This therapeutic sports programme gives children who were previously considered incurable a chance.

"When we first started skiing with Vitaly, every time we took the lift up, I would tell him 'Let's go!' At first, he wouldn't say anything and communicated only with gestures. on the third day, he was already repeating after me," recalls coach Grigory Matveev about his first lesson with his student.

It turned out that the "learning disabled" child could actually be taught. His grandmother and others note that his speech has become deliberate and more complex, while his facial expressions are more developed. Regular exercises and communication with people interested in him gave Vitaly powerful motivation and resources for development. In 2018, he won a prize in the 4th Annual Start of Dreams All-Russian Downhill Skiing Competition for people with disabilities. Today Vitaly Afanasyev is 18, and he dreams of becoming a Paralympic athlete.

For parents of more than 300 Kuzbass children, Dream Ski has become a real chance to receive the necessary rehabilitation assistance for their children. They note that after skiing, their children's posture and coordination improved, joint mobility increased, spastic symptoms decreased, and they became more resistant to colds and more self-confident.

Cultural life, creative potential

To make the cultural life of mining towns richer and more vibrant, SUEK implements projects aimed at developing the creative potential of talented children and organises tours of popular Russian theatres in the regions where the company operates. For example, the leading Moscow theatres performed in the Krasnoyarsk Territory and Kemerovo and Murmansk Regions. Actors from the Chekhov Moscow Art Theatre and the Sovremennik Theatre performed for labour veterans, miners, their families, and local residents. More than 2,500 people attended the events.

"Little Stars of SUEK"

The "Little Stars of SUEK" interregional competition provides an opportunity for children aged 6 to 18 years from the regions where the company operates to show their skills in singing, music and choreography. In 2018, the project was held for the first time as part of the All-Russian Children's Art Festival.

>10,000 children
took part in the "Little Stars of SUEK"
interregional competition

The "Little Stars of SUEK" project won the 5th All-Russian competition for the best practices of employers in human capabilities and skills development "Creating the Future". It also became a winner of the largest communications award in Eastern Europe, Eventiada IPRA Golden World Awards in 2018.



Street Art Week

For the fourth year, SUEK has supported the international "Street Art Week" festival in Novokuznetsk. The goal of the project is the development of the urban environment and the popularisation of street art. In 2019, more than ten new art objects appeared in Novokuznetsk, and artists from Germany, Kazakhstan, Kyrgyzstan and Russia took part in the festival. The festival programme included a number of creative events, including a street dance championship and graffiti and breakdance workshops.

The following events were also supported by SUEK:

- 3rd festival-competition of children and youth creativity "Talents to the Top" established by the company and the Department of Culture and National Policy of the Kemerovo Region
- "Pristine Russia" photography exhibition as part of the 29th World Winter Universiade
- "People of Coal" photography exhibition by the famous industrial photographer Maxim Marmur, dedicated to the profession of miners
- "Sea. Port. Far East" Exhibition at the State Central Museum of Contemporary History of Russia in Moscow
- "Detalizatsiya" street art festival in Kemerovo
- "Live Sound" performance and workshops by actors Pavel Levkin and Sergey Garmash
- "Cultural Seasons" in Barnaul — open lectures on art, workshops and meetings with artists
- participation of the classical brass band "Rhythm Band" from Barnaul in a music competition in France
- "White Fair" in Krasnoyarsk — New Year's entertainment programme for citizens

Environmental stewardship

SUEK supports initiatives aimed at landscaping the territories of the company's operation, educational projects that promote respect for the environment, and volunteer actions.

Support for the federal environmental campaign "Water of Russia"

The all-Russian campaign "Water of Russia" has been held since 2014, bringing together hundreds of thousands of volunteers across the country to clean up reservoirs and coastal areas and improve recreation areas around them. During the reporting period, employees of the company and SUEK Youth Work Teams from the cities of Sharypovo, Nazarovo and Borodino took part in the campaign.



SGC Green Squad

The environmental project operates in all regions where SUEK energy establishments are located. The company's volunteers conduct eco-marathons — they take part in landscaping public urban spaces, organise the collection of garbage and used batteries for recycling, and clean the area of garbage.

4,500 trees
were planted in Krasnoyarsk during
five years of work of the SGC Green
Squad

Zubochistka Environmental Marathon

More than a hundred young people annually go along the routes of the tourist region Podnebesnye Zubya, adjacent to the Kuznetsk Alatau State Nature Reserve in Kemerovo Region. They clean the area of garbage left by tourists. The participants in the eco-marathon are delegations of working youth from ten large companies and organisations that are part of the Kuzbass Working Youth Council. Last year, the Kuzbass Youth Work Teams of SUEK joined them. In May 2019, the project won the Grand Prize of the 6th All-Russian competition for the best practices of employers in the social and humanitarian sphere "Creating the Future" in the category "Corporate Tourism". The project is also the winner of the most prestigious competition in the fuel and energy sector: the 5th All-Russian competition of mass media, press services of energy companies and regional administrations of MediaTEK in the category "Environmental Initiative".

Other projects supported by SUEK include: beautification of the Miners' Glory Alley in Nazarovo; Eco Camp training for children in Krasnoyarsk; work of the Amur Tiger non-profit organisation and the Land of the Leopard National Park.

Development of social and entrepreneurial activity of people

Social entrepreneurship plays an increasingly prominent role in the development of regions. SUEK supports the development of social entrepreneurship in the territories of its operation. We pay special attention to the training and support of entrepreneurs, which allows us to implement truly sustainable, successful projects, including in single-industry territories.

School of Social Entrepreneurship

The goal of the programme, which operates in six regions with SUEK presence, is to develop the business initiative of the population and business entities and create new social infrastructure facilities and workplaces. The programme includes training seminars, grants for starting businesses, and methodical and expert support for emergent entrepreneurs starting with project design. Students are taught to identify the most pressing problems of the territory, to attract resources to solve them, and to find partners and like-minded people. Social design skills help them to successfully participate in local, regional and federal competitions. For graduates of the school, leading Russian business coaches conduct seminars on the development and improvement of business sustainability.

Every year, there is a competition called "Creation", the winners of which receive grants for the implementation of projects. The main evaluation criteria are the potential for independent development of the project and the ability to achieve a real social effect for local residents.

50 projects
are implemented annually by
students of the School of Social
Entrepreneurship

Support for public initiatives


A new programme, launched in 2019, is aimed at achieving a synergy of public initiatives and government and business resources for the development of territories. To discuss public initiatives and promote the development, adjustment and implementation of territorial development programmes, SUEK supported the creation and implementation of a modern IT platform "Active Region", where representatives of local communities, administrations, and businesses interact. Initiative groups from Leninsk-Kuznetsky (Kemerovo Region), Chernogorsk (Republic of Khakassia), Chegdomyn (Khabarovsk Territory), Borodino (Krasnoyarsk Territory) and Sagan-Nur (Republic of Buryatia) were formed and trained in social technologies.

>50,000 residents
of mining towns and villages have
become beneficiaries of these
projects



SUEK Youth Work Teams

Since 2005, SUEK has been providing seasonal employment for teenagers aged 14–17. Over 15 years, from the career guidance project for high school students in mining towns, the youth work teams have grown into a large-scale programme of youth social activity. Today, schoolchildren participating in this project improve the courtyards and streets of their native cities and towns, help veterans and disabled people, participate in charity events and environmental initiatives, and are engaged in social design. In summer, they receive a salary, and the rest of the time they work as volunteers. The programme is being implemented in partnership with labour and employment agencies and municipal authorities. In 2019, the most active participants had the opportunity to attend Youth Day of the Russian Energy Week forum.

>17,000 
schoolchildren became members of SUEK Youth Work Teams over the five years of the programme



Marina Smirnova, Deputy General Director for Relations and Communications at SUEK-Krasnoyarsk JSC: “We encourage the volunteer ideas of our employees.”

2018 was declared the year of the volunteer in Russia. During the year, SUEK implemented a wide range of volunteer initiatives in all regions of its presence. Most of the events took place in the Krasnoyarsk Territory. The company joined the Council for the Development of Volunteering Activities in the Krasnoyarsk Territory, which was formed on behalf of the President of Russia to consolidate the work of organisations and public authorities in the development of volunteering activities.

— **Marina Mikhailovna, one of SUEK's areas of social activity is the development of volunteering activities in local communities. How long have you been developing this initiative?**

— The development of volunteering activities began with the SUEK Youth Work Teams, a project for summer employment of high school students. It was created in the Krasnoyarsk Territory 15 years ago. Five years later, the project expanded beyond the region and the summer season. Today it unites more than 16,000 high school students from Murmansk to Vladivostok. And the young volunteers do good deeds throughout the year. They help veterans, go to orphanages and hospitals, organise holidays for disadvantaged children.

— **Over the years, we've expanded our work with volunteers and are constantly looking for new formats to attract local residents as volunteers for various events.**

— **We strive to involve our employees and the residents of our regions in creating positive change and improving the quality of life in the mining regions.**

— In 2018, we opened Volunteer Year with volunteer forums organised in our mining towns – Borodino, Nazarovo, Sharypovo. Their goal was to attract as many people as possible who are willing and able to be involved in volunteering. The forums held master classes in various subjects and people were given volunteer books. At the end of the year, we summed up the results and gave awards to activists. A lot was done during the year. More than 300 campaigns and projects were implemented, 5,000 regional residents in 23 settlements of the territory joined the efforts, and 170,000 local residents became beneficiaries. We're very grateful to our volunteers.

— **Are there SUEK employees among the volunteers in the regions?**

— Our employees participate in environmental campaigns, landscaping, work with veterans, etc. If we're needed, we'll be there. We work together with "silver volunteers" – veterans of our enterprises – and the youth councils that every SUEK enterprise has. Our youth are activists who work on a permanent basis, and they are joined by volunteers from local communities and public organisations. For example, in Nazarovo there is a permanent project of the Hour of Work Youth Council. In 2018, it was shortlisted for the "Champions of Good Deeds" national award for contribution to the development of corporate volunteering activities. As part of this project, we help elderly people, send them holiday greetings and involve them in social activities. The project is supported by the city council of veterans, the Palace of Culture teams, SUEK Youth Work Teams, and the city's social protection department. We work as a large team.

— **You mentioned "silver volunteers". Is this a separate area of volunteer work?**

— Pensioners and veterans of our enterprises are very active and enthusiastic. In each of our mining towns in the territory there is a People's University, a community of pensioners and veterans, where they can communicate, create projects together and learn different things. All of our "silver volunteers" make a great contribution to the efforts of the volunteer movement.

— **How are areas of the corporate volunteer programme formed?**

— All of our social work and volunteering as part of it is systematic and based on research and analysis of the situation in the town and region. Since we work very closely with towns, we know the target audience, their problems and needs. We also focus on the volunteer work in the whole territory.

— **Do employees come to you with initiatives?**

— Of course. We're always happy to consider their ideas. Together we think and plan how to implement these ideas professionally and to a high standard.

— **Do you train your volunteers, especially youth council activists, to carry out these activities?**

— If necessary, we arrange training. In particular, during the Volunteer Year, we held master classes, brainstorming sessions, invited specialists to explain the unique aspects of working with a particular target audience.

Care for veterans and promoting historic heritage among youth

SUEK supports initiatives aimed at preserving historical memory and fostering patriotism among young people. The company provides financial assistance to municipalities and public organisations for veterans to celebrate Victory Day. SUEK Youth Work Teams participate in all-Russian and regional campaigns. With the support of the company, holiday and leisure events for the elderly are held in the regions of operation. Veterans are supported in all regions with a SUEK presence.

Projects to support veterans in 2018–2019 included:

- organisation of a meet-the-artist event in Borodino with Ksenia Lavrova-Glinka, an actress from the Chekhov Moscow Art Theatre, dedicated to Victory Day
- support for festive and leisure activities in the Krasnoyarsk Territory – the celebration of Victory Day, International Day of Older Persons, a collective trip to the suburban recreation centre "Buzim", holding themed nights, etc.
- organisation of the "Super Star" regional competition of the elderly generation and the city sports contest for older people "Sport prolongs our lives" in Borodino
- personal greetings to veterans on Victory Day
- Victory Day concert for veterans and home front workers in Novosibirsk



Charity, assistance to disadvantaged social groups and protection of children

- Since 2013, SUEK has supported the treatment and rehabilitation of children with severe illnesses. The company cooperates with the Russian charity foundations Rusfond, "Podari Zhizn", the Hospice Charity Fund "Vera", "Schastlivoe Detstvo" and others. During the reporting period, dozens of children received recommended high-tech treatment under joint programmes with Rusfond, "Kommersant" publishing house and the "Podari Zhizn" foundation. In 2018, together with the "Podari Zhizn" foundation, the World Children's Winners Games were held among children who beat cancer. 32 teams from Russian regions attended the 9th Games in Moscow.
- In 2018, SUEK assisted in the purchase of ophthalmological equipment for a kindergarten in Belov, and also supported the festival of the Krasnoyarsk regional public organisation for support for the disabled "From heart to heart" with the participation of about 400 children.
- The company supported the organisation of 15 humour competition games and implemented the project "Accompanied educational and training accommodation for young disabled people with mental disorders and autism spectrum disorder".
- SUEK implemented projects for children – "Support the child", "Gifted children of Altai", "No to child tuberculosis!", "Gift of Santa Claus" in the Altai Territory.
- As part of the "Help me get ready for school" campaign, the company assisted in preparing children from families in difficult life situations for the school year.
- SUEK supported the Sledge Hockey project for children with disabilities jointly with the Open Hearts public organisation.
- SUEK repaired and equipped a sports and games hall for orphans and children without parental care at the Kansk orphanage, created a photography school for children with disabilities in Kemerovo and implemented other projects aimed at improving the lives of children.

The full list of institutions and projects that the company provided assistance to in 2018–2019 is presented in Annex 1 to the report.

PUBLIC RECOGNITION OF SUEK ACTIVITIES

2018

- Competition of the Russian Union of Industrialists and Entrepreneurs “Leaders of Russian Business: Dynamics and Responsibility”. SUEK was the winner of the grand prize in the category “For contribution to the social development of territories”.
- First place among Russian companies in the ranking “Leaders of corporate charity” (a joint project of the international audit and consulting firms of PricewaterhouseCoopers, Vedomosti newspaper, and the Donors Forum aimed at supporting, developing and promoting corporate charity ideas). The company was also recognised as the winner in the following categories: “The best programme (project) that reveals the policies and principles of corporate social investment in the territories” and “Transparency of charitable activities”.
- The 5th annual competition for the best practices of employers in human capabilities and skills development “Creating the Future”, which is held by the Association of Citizens and Organisations for the Promotion of Corporate Education (MAKO) and the Ministry of Education and Science of the Russian Federation. The “SUEK Corporate University project” won in the “Business partner” category. The “Little Stars of SUEK” project won in the “Art workshop” category.
- SUEK is one of the leaders in the sustainable development, corporate responsibility and reporting indexes of the RSPP: the Responsibility and Openness index and the Sustainable Development Vector index.
- The Ministry of Energy of the Russian Federation recognised SUEK as the best socially-oriented company in the energy sector in 2018. The company also received special recognition in the fuel and energy industry based on the results of social work.
- During the All-Russian Labour Protection Week 2018, SUEK received a number of awards, including the grand prize in the competition for the best innovative solution in workplace engineering “Health and Safety”.
- SUEK won the “Regional development. The best for Russia” award in the category “Contribution to the preservation of Russia’s natural and cultural heritage”.
- “KonTEKst” competition – a project dedicated to the 70th anniversary of Miner’s Day – winner in the category “Image projects”.
- The film “The Limits of Perfection” won a gold prize at the Cannes Corporate Media & TV Awards, one of the world’s most prestigious corporate film festivals.
- “MediaTEK-2018” contest of the Ministry of Energy of the Russian Federation. The comprehensive project dedicated to the 70th anniversary of Miner’s Day was the first in the category “Popularisation of professions in the fuel and energy industry”.
- The catalogue of the “People of Coal” exhibition was one of the winners of the “Society of Typographic Arts 100” competition in the United States. Every year, the jury of this prestigious competition selects one hundred of the world’s best projects in the field of typography and communication design.
- The environmental project “Zubochistka”, implemented in Kuzbass, was recognised as the winner of the ECO BEST AWARD 2018 in the category “Best social environmental project”.
- The “Little Stars of SUEK” project won the biggest communications award in Eastern Europe, the Eventiada IPRA Golden World Awards in the category “Best corporate social responsibility project”.

2019

- SUEK strengthens its position as one of the leaders in the sustainable development, corporate responsibility and reporting indexes of the RSPP: the Responsibility and Openness index and the Sustainable Development Vector index.
- Competition for the best socially-oriented company in the energy sector in 2019 of the Ministry of Energy of the Russian Federation. SUEK is the winner of the competition in several categories for large companies: “Development of labour and personal potential of employees”, “Promotion of the development of charitable activities of citizens and organisations”, “Best non-public non-financial report of an energy sector company”. SUEK also received special recognition in the fuel and energy industry and a diploma for the active implementation of social policy.
- All-Russian competition “Leaders of Russian business: momentum, responsibility, sustainability”. SUEK won the competition in the category “For high-quality reporting in the field of sustainable development”.
- “Best social projects of Russia.” SUEK won in the category “Support for gifted children and youth” for the project “Chess to Mining Regions”.
- As part of the St. Petersburg International Economic Forum, the winners of the 6th All-Russian Competition for the Best Practices of Employers in the Social and Humanitarian sphere “Creating the Future” were awarded in St. Petersburg. SUEK won in several categories. The grand prize in the category “Corporate tourism” was awarded to the “Zubochistka” project and first place in the category “High start” was given to the project “Chess to Mining Regions”.
- SUEK-Krasnoyarsk JSC became the winner of the all-Russian award in the field of ecology and resource conservation “ECO BEST AWARD 2019”. The Siberian Briquette smokeless fuel received a high rating from the expert community and a first-degree diploma in the category “Innovation of the year”.
- 26th International Exhibition “Coal of Russia and Mining”. Grand prize in three categories and first place in the “Best Exhibit” competition.
- 11th International Mine Rescue Competition. The auxiliary mine rescue team of the Ruban mine won silver awards.
- “KonTEKst” competition – the “Chess to Mining Regions” project won in the category “Best social projects of fuel and energy companies”.
- All-Russian contest “MediaTEK-2018”. The “Zubochistka” environmental marathon won in the category “Environmental initiative”. “Dream Ski” project was the winner in the category “Social and environmental initiative”. SUEK also won the competition for large-scale social and environmental activities carried out jointly with the leadership of the Krasnoyarsk Territory.
- Crystal Pyramid Award. SUEK was the winner in the category “Corporate social responsibility” for the “SUEK Youth Work Teams” project and received the grand prize for the best corporate university.
- The company took 4th place in the sustainability ranking of the Expert RA rating agency.
- SUEK’s social programmes are included in the collection of the best projects “Charity and Social Investment Practices of Companies” of the Donors Forum and the RSPP Corporate Practice Library.

ANNEX 1.

SUEK SUSTAINABILITY INDICATORS⁷³

To the chapter “Social performance: empowering our people”

Number and composition of employees⁷⁴

COAL SEGMENT	2016	2017	2018	2019
Average number of employees — total, persons	33,439	33,583	34,830	37,882
Staff size at the end of the period — total, persons	34,389	35,021	36,660	39,484
men	25,865	26,343	27,707	29,888
women	8,524	8,678	8,953	9,596
workers	25,077	25,421	26,617	28,667
Managers and specialists	9,312	9,600	10,043	10,817
under 20 years old	117	133	79	93
20–30 years	7,039	6,775	7,006	7,278
31–40 years	10,753	11,331	12,131	13,342
41–50 years	8,403	8,891	9,547	10,514
51–60 years	6,813	6,497	6,394	6,547
over 60 years	1,264	1,394	1,503	1,710
Average age of employees, years	40.2	40.3	40.6	40.7
Full-time employees, persons	32,131	32,725	34,031	36,872
Part-time employees, persons	2,258	2,296	2,629	2,612
Permanent employment, persons	31,803	32,392	34,231	36,711
Temporary contracts, persons.	2,586	2,629	2,429	2,773

⁷³ The energy segment has been included in the reporting perimeter of SUEK JSC since 2018. However, where possible, data for 2016–2017 are included as contextual information for data of the reporting period.

⁷⁴ Hereinafter, information on the coal segment includes data on the logistics segment

ENERGY SEGMENT	2016	2017	2018	2019
Average number of employees — total, persons	19,839	19,765	29,008⁸⁰	28,363
Staff size at the end of the period — total, persons	19,919	20,153	28,580	29,414
men	-	-	19,847	21,177
women	-	-	8,733	8,237
workers	-	-	17,112	18,887
Managers and specialists	-	-	11,468	10,527
under 20 years old	6	23	51	48
20–30 years	3,230	2,896	3,850	3,608
31–40 years	5,241	5,559	8,188	8,403
41–50 years	5,321	5,538	7,863	8,184
51–60 years	4,794	4,765	6,686	6,832
over 60 years	1,327	1,372	1,942	2,339
Average age of employees, years	41.6	42.9	42.9	43.4
Full-time employees, persons	-	-	28,556	29,394
Part-time employees, persons	-	-	24	20
Permanent employment, persons	-	-	27,229	28,526
Temporary contracts, persons.	-	-	1,351	888

⁷⁵ The increase in the average staff size is due to the acquisition of new assets: Biyskenergo JSC, BiyskenergoTeploTranzit JSC, SIBEKO JSC.

Average number of employees by region

COAL SEGMENT	2016	2017	2018	2019
Total	33,439	33,583	34,830	37,882
Krasnoyarsk Territory	5,464	5,277	5,453	5,939
Republic of Buryatia	2,067	2,102	2,178	2,314
Zabaikalye Territory	1,465	1,603	1,736	1,866
Republic of Khakassia	3,159	3,308	3,232	3,811
Primorye Territory	1,766	1,617	1,940	1,983
Khabarovsk Territory	2,987	3,045	3,081	3,134
Kemerovo Region	14,537	14,610	15,228	16,785
Moscow	444	500	548	599
Murmansk Region	1,330	1,299	1,303	1,312
Other	221	222	132	140

ENERGY SEGMENT	2016	2017	2018	2019
Total	19,839	19,765	29,008	28,363
Krasnoyarsk Territory	7,501	7,387	7,453	6,932
Republic of Khakassia	1,679	1,679	1,644	1,728
Kemerovo Region	6,996	6,718	6,594	6,592
Moscow	232	251	257	240
Altai Territory	2,927	3,222	4,569	4,319
Tyva Republic	505	508	514	530
Novosibirsk Region			7,978	8,022

Staff turnover⁷⁶

COAL SEGMENT	2016	2017	2018	2019
Employees who left — total, people	7,514	7,949	7,715	7,293
due to downsizing	-	-	194	33
at their own will	4,205	4,497	4,391	4,746
at the administration's initiative	354	292	108	353
Of those who left at their own will and at the administration's initiative, including:				
men	3,734	3,913	3,768	4,305
women	825	876	731	794
under 20 years old	-	-	42	64
20–30 years	-	-	1,335	1,536
31–40 years	-	-	1,695	1,890
41–50 years	-	-	920	1,026
51–60 years	-	-	408	461
over 60 years	-	-	99	122
Turnover rate⁷⁷, %				
total	13.6	14.3	14.3	14.4
men	14.5	15.1	15.6	15.6
women	10.7	11.3	10.1	10.2

ENERGY SEGMENT	2016	2017	2018	2019
Employees who left — total, people	4,516	3,438	7,149	4,734
due to downsizing	161	59	176	45
at their own will	3,044	2,188	4,120	3,336
at the administration's initiative	308	79	1456	418
Turnover rate⁷⁷, %				
total	16.90	11.47	19.22	13.24
total	22.76	17.39	24.64	16.69

⁷⁶ The turnover rate is calculated using the following formula: number of people who left this group of personnel during the reporting period at their own will and at the initiative of the administration / average number of employees during the reporting period * 100 %.

⁷⁷ The turnover rate is calculated using the following formula: number of people who left this group of personnel during the reporting period at their own will and at the initiative of the administration / average number of employees during the reporting period * 100 %.

Payroll and social benefits, million roubles⁷⁸

COAL SEGMENT	2016	2017	2018	2019
Total	19,064	20,894	25,349	29,398
Payroll	18,579	20,334	24,693	28,741
Social benefits	485	561	656	657

ENERGY SEGMENT	2016	2017	2018	2019
Total	-	-	16,953	18,242
Payroll	-	-	16,837	18,115
Social benefits	-	-	116	127

Comparison of the average salary of SUEK employees to the average salary in the regions of presence⁷⁹

COAL SEGMENT	2016	2017	2018	2019
Average salary of employees, roubles	50,279	54,915	58,857	62,332
including for all enterprises of the company in regions of the Russian Federation:				
Krasnoyarsk Territory	42,745	48,365	52,480	56,245
Republic of Buryatia	55,189	59,841	62,815	66,953
Zabaikalye Territory	55,024	60,491	63,752	70,002
Republic of Khakassia	47,857	52,077	57,984	58,224
Primorye Territory	49,518	57,273	57,419	60,458
Khabarovsk Territory	55,294	61,133	64,953	69,785
Kemerovo Region	51,535	55,179	59,261	62,562
Average salary in the region, roubles				
Krasnoyarsk Territory	38,474	41,117	45,635	48,725
Republic of Buryatia	29,969	32,237	36,047	38,845
Zabaikalye Territory	32,654	34,848	40,740	43,974
Republic of Khakassia	32,515	33,978	37,874	39,661
Primorye Territory	35,677	38,045	42,199	45,075
Khabarovsk Territory	40,109	42,465	47,153	50,228
Kemerovo Region	30,115	32,648	38,023	41,530

ENERGY SEGMENT	2016	2017	2018	2019
Average salary of employees, roubles	44,013	46,148	48,368	50,654
including for all enterprises of the company in regions of the Russian Federation:				
Krasnoyarsk Territory	45,896	48,012	52,215	56,402
Republic of Khakassia	44,989	47,637	50,391	50,989
Altai Territory	33,018	34,396	38,080	39,031
Tyva Republic	40,092	41,017	43,429	41,934
Kemerovo Region	48,100	51,481	51,057	51,251
Novosibirsk Region			48,242	49,813
Average salary in the region, roubles				
Krasnoyarsk Territory	38,474	41,117	45,635	48,725
Republic of Khakassia	32,515	33,978	37,874	39,661
Altai Territory	21,202	22,743	25,532	26,434
Tyva Republic	29,828	31,251	35,584	39,043
Kemerovo Region	30,115	32,648	38,023	41,530
Novosibirsk Region	32,287	30,151	35,288	37,014

⁷⁸ Excluding social costs.⁷⁹ The average salary in the regions is given in accordance with the data of the Federal State Statistics Service. The salary for 2019 is given for October.**Staff training**

COAL SEGMENT	2016	2017	2018	2019
Trained – total, persons.⁸⁰	37,596	33,280	37,140	37,667
managers and specialists	5,818	5,032	6,004	6,643
production workers	31,778	28,248	31,136	31,024
men	34,766	30,190	34,435	33,160
women	2,830	3,090	2,705	4,507
of them by type of training:				
training, retraining, training in secondary professions	2,073	2,533	5,435	6,558
advanced training	4,670	4,050	3,681	5,864
training in accordance with the requirements of labour protection, industrial safety	30,817	26,697	28,024	25,245
of them by training site:				
trained in training centres (schools)	16,756	18,395	20,393	27,414
at the enterprise (outside training centres)	2,929	2,459	10,418	2,499
in third-party organisations	17,911	12,426	6,329	7,754
Total duration of training – total, hours	1,377,125	1,442,478	1,455,609	1,468,511
managers and specialists	220,817	211,448	282,807	321,865
production workers	1,156,308	1,231,030	1,172,802	1,146,646
men	1,278,812	1,304,568	1,279,068	1,246,811
women	98,313	137,910	176,541	221,700
Hours spent per trainee	36.6	43.3	39.2	39.0

ENERGY SEGMENT	2016	2017	2018	2019
Trained – total, persons	19,811	26,538	25,588	34,288
managers and specialists	8,566	10,911	10,761	11,471
production workers	11,245	15,627	14,827	22,817
men	17,010	23,009	22,143	29,920
women	2,801	3,529	3,445	4,368
of them by type of training:				
training, retraining, training in secondary professions	2,908	3,927	3,746	2,217
advanced training	3,209	4,770	6,019	8,273
training in accordance with the requirements of labour protection, industrial safety	13,694	17,841	15,823	23,798
of them by training site:				
trained in training centres (schools)	6,794	12,038	11,511	12,831
at the enterprise (outside training centres)	5,678	6,323	4,876	11,409
in third-party organisations	7,339	8,177	9,201	10,048
Total duration of training – total, hours	672,235	913,491	849,637	1,018,179
managers and specialists	314,895	402,899	388,265	386,475
production workers	357,340	510,592	461,372	631,704
men	558,518	783,789	738,481	893,548
women	113,717	129,702	111,156	124,631
Hours spent per trainee	33.9	34.4	33.2	29.7

⁸⁰ Hereinafter, in training indicators, the term "person who completed training" means the completion of one educational programme or course by one person.

List of universities and colleges with cooperation agreements:

- **Polzunov Altai State Technical University**
- Belovsky Polytechnic College
- Far Eastern Federal University
- Far Eastern Energy College
- Kemerovo Municipal Construction College
- Kiselevsky Mining College
- Kuzbass State Technical University
- Leninsk-Kuznetsky Mining College
- Nazarovsky Power Engineering College
- MISiS National University of Science and Technology
- Tomsk Polytechnic University
- National Mineral Resources University
- Novosibirsk State University of Architecture and Civil Engineering
- Novosibirsk State Technical University
- Novosibirsk Industrial Energy College
- Novosibirsk Chemical Engineering Technical School named after D.I. Mendeleev
- Novosibirsk Electromechanical College
- Primorsky Multidisciplinary College
- Prokopyevsk Mining and Technical College
- Uchprofstroy Vocational School No. 24
- Saint Petersburg Mining University
- Siberian Polytechnic College
- Siberian Federal University
- Siberian State Industrial University
- Tom-Usinsk Energy Transportation College
- Katanov Khakass State Institute
- Khakass Technical Institute – a branch of the Siberian Federal University
- Chernogorsk Mining College

To the chapter “Economic sustainability and efficiency”

SUEK supplier categories

Coal segment, %	2018	2019
Contractor	53	56
Intermediary	34	30
Authorised dealer	8	8
Product manufacturer	5	6
Energy segment, %	2018	2019
Contractor	79.5	76.9
Supplier	20.5	23.1

To the chapter “Industrial safety and labour protection”

The structure for financing industrial safety and labour protection activities by region in 2019⁸¹

Coal assets, million roubles	
Republic of Khakassia	252.5
Primorye Territory	44.2
Zabaikalye Territory	112.2
Republic of Buryatia	154.1
Krasnoyarsk Territory	558.5
Kemerovo Region	1,920.6
Khabarovsk Territory	856.2
Energy assets, million roubles	
Krasnoyarsk Territory	50.4
Republic of Khakassia	71.5
Altai Territory	239.5
Tyva Republic	6.4
Kemerovo Region	308.9
Novosibirsk Region	592.6

⁸¹ The amount of investment in a particular region is determined by the scale and level of risks of the industries operating there.

Data on workplace injuries in accordance with internationally accepted indicators

	2016	2017	2018	2019
FIFR (fatal injury frequency rates), number of fatal accidents per 1 million hours worked				
Coal mining	0.06	0.06	0.08	0.07
Logistics	0	0	0.17	0
Energy	0.07	0.07	0.02	0.08
Lost time injury frequency rates (LTIFR), number of persons injured in industrial accidents per 1 million hours worked				
Coal mining	0.97	0.92	0.72	0.74
Including:				
Coal, open-pit mining	0.64	0.36	0.67	0.38
Coal, underground mining	1.33	1.15	1.61	1.74
Coal, auxiliary plants	1.01	1.28	0.32	0.55
Logistics	1.20	1.72	1.02	0.51
Energy	0.47	0.57	0.29	0.24
Lost time injury severity rates (LTISR), number of days of disability per 1 million hours worked				
Coal mining	148.6	123.5	96.7	118.8
Logistics	53.2	87.1	25.4	16.2
Energy	31.9	46.6	26.8	18.9
Data on workplace injuries in accordance with Russian indicators⁸²				
Coal segment				
Injury frequency rate per 1 million tonnes of output ⁸³	0.47	0.43	0.34	0.40
Injury frequency rate per 1,000 employees	1.69	1.68	1.27	1.20
Fatality frequency rate per 1 million tonnes of output ⁸⁴	0.03	0.03	0.04	0.04
Energy segment				
Injury frequency rate per 1,000 employees	0.68	1.05	0.52	0.42

⁸² All workplace injury indicators accepted in the Russian Federation are calculated based on industrial accidents recognised in the organisation.

– Injury frequency rate per 1 million tonnes of output — the number of all persons injured in accidents based on 1 million tonnes of output.

– Injury frequency rate per 1,000 employees — the number of all persons injured in accidents based on 1,000 employees.

– Fatality frequency rate per 1 million tonnes of output — the number of all persons fatally injured in accidents based on 1 million tonnes of output

⁸³ Injury frequency rate per 1 million tonnes of output is calculated for the coal assets PRODUCTION division.

⁸⁴ Fatality frequency rate per 1 million tonnes of output is calculated for the coal assets PRODUCTION division.

To the chapter "Environmental performance: safety and efficiency"

Environmental costs, coal segment⁸⁵

	2016	2017	2018	2019
Current expenses, million roubles	1,073.72	2,491.2	2,556.09	3,618.1
Capital expenditures for environmental protection	605.61	1,252.43	1,263	2,728.22

Environmental costs, energy segment

	2016	2017	2018	2019
Current expenses, million roubles	937.875	2,253.679	934.301	786.277
Capital expenditures for environmental protection	679.632	1,405.752	341.439	352,645

⁸⁵ Hereinafter, the coal segment data combines the indicators of SUEK's coal mining and logistics enterprises.

Total water consumption and discharges, coal segment

	2016	2017	2018	2019
Total water consumption, million m³	137.2	135.8	154.8	146.6
Transferred to other customers (without use), million m ³	121.9	122.6	138.3	132.0
Wastewater disposal, million m³	123.0	121.3	145.6	135.8
including contaminated, without cleaning	43.5	34.2	29.2	25.9
insufficiently cleaned	63.2	70.8	70.4	59.0
sufficiently clean	3.9	3.8	5.9	0
sufficiently cleaned	2.8	3.3	26.1	40.0
Transferred to other customers (after use)	1.2	1.2	1.1	1.05
Content of pollutants in wastewater, tonnes:	23,821.00	23,102.09	20,477.75	21,285.79
Suspended matter	1,165.00	1,220.36	1,022.63	1,583.52
Oil products	3.40	3.68	4.11	4.59
Total biochemical oxygen demand	323.00	220.51	321.59	990.16
Dry residue	13,194.00	13,571.62	9,293.89	9,985.6
Iron	24.60	22.69	24.29	21.38
Nitrates	366.00	282.47	464.28	421.63
Sulphates	5,880.00	4,995.03	6,342.34	4,946.83
Chlorides	1,527.00	1,548.31	1,745.23	2,014.41
Other	1,339.00	1,237.42	1,259.39	1,317.67

Land use and reclamation, coal segment⁸⁶

	2016	2017	2018	2019
Disturbed lands, ha				
at the start of year	18,112.00	18,666.52	19,645.15	20,427
at the end of year	18,621.00	19,261.08	22,245.82	21,430
Reclaimed during the year	397.00	384.60	211.84	551.79

⁸⁶ The difference between the size of damaged land at the end of the previous year and at the beginning of the following year is linked to the acquisition of companies using damaged land throughout the year.

Total water consumption and discharge, energy segment

	2016	2017	2018	2019
Total water consumption, million m³	2,436	2,460.4	2,231.4	2,119.8
including from underground sources	17.5	12.6	12.4	16
from surface sources	2,174.9	2,209	2,009.6	1,860.1
received from other organisations	243.6	238.8	209.5	243.7
Transferred to other customers (without use)	252.7	227.8	202.4	238
Water consumption in recirculated water systems, million m ³	3,198.8	3,008.7	2,848.9	2,905.6
Water consumption in water recycling systems, million m ³	99.2	122.7	118.6	127.1
Wastewater disposal, million m³	2,011.2	2,083.2	1,850.5	1,914.3
including contaminated, without cleaning	25	6.74	2.5	2.2
sufficiently clean	1,970	1,826.2	1,805.6	1,862.2
Transferred to other customers (after use)	16.3	11.05	9.54	8.83
Content of pollutants in wastewater, tonnes:	—	15,915.09	13,839.80	17,916.02
Suspended matter	—	3,932.95	3,046.23	4,352.96
Oil products	—	5.64	3.13	1.99
Total biochemical oxygen demand	—	44.14	49.87	276.29
Dry residue	—	6,605.50	6,014.56	9,936.98
Iron	—	4.18	2.68	4.53
Nitrates	—	52.53	19.77	40.05
Sulphates	—	3,236.85	2,935.17	2,806.73
Chlorides	—	944.14	423.50	558.09
Other	—	1,089.15	1,344.89	1,559.23

Land use and reclamation, energy segment

	2016	2017	2018	2019
Disturbed lands, ha				
at the start of year	2,671.5	2,671.5	2,567.6	2,555.7
at the end of year	2,671.5	2,567.6	2,555.7	2,555.7
Reclaimed during the year	0.0000	103.9	11.9	0.0000

Waste management, coal segment

	2016	2017	2018	2019
Waste generation, thousand tonnes	480,465.4	491,154.3	592,338.5	649,219.9
including hazard class 1	0.005	0.006	0.005	0.006
hazard class 2	0.024	0.023	0.039	0.042
hazard class 3	1.3	1.7	1.7	3.4
hazard class 4	7.9	7.6	7.1	13.1
hazard class 5	480,456.2	491,145.0	592,329.6	649,214.2
Waste from other organisations	4836.5	4856.1	4170.5	4163.1
Waste use (including transfer for use to other organisations), thousand tonnes	391,712.6	387,477.6	431,313.4	437,407.8
including hazard class 1	0	0	0	0
hazard class 2	0.013	0.011	0.032	0.025
hazard class 3	0.9	0.9	1.3	1.9
hazard class 4	1.4	2.7	2.5	4.9
hazard class 5	391,710.4	387,474.1	431,309.5	437,401.5
Waste neutralisation and disposal (including transfer for neutralisation and disposal to other organisations), thousand tonnes	1.0	0.7	0.9	0.7
including hazard class 1	0.0046	0.005	0.005	0.005
hazard class 2	0.0192	0.003	0.002	0.006
hazard class 3	0.4	0.5	0.4	0.4
hazard class 4	0.6	0.2	0.3	0.2
hazard class 5	0.0064	0.003	0.212	0.04
Presence of waste at the end of the year, thousand tonnes	1,169,865.4	1,107,011.7	1,258,263.9	1,130,840.4
including hazard class 1	0.0005	0.0000	0.0003	0.0000
hazard class 2	0.001109	0.005	0.004	0.009
hazard class 3	0.2	0.4	0.3	0.3
hazard class 4	3.1	0.7	1.4	1.6
hazard class 5	1,169,862.1	1,107,010.6	1,258,262.3	1,130,838.5

Waste management, energy segment

	2016	2017	2018	2019
Waste generation, thousand tonnes	3,701.3	3,580.4	3,259.3	3,063.6
including hazard class 1	0.02	0.02	0.02	0.07
hazard class 2	0.00	0.00	0.01	0.00
hazard class 3	0.49	0.54	0.59	0.55
hazard class 4	15.24	21.80	21.05	14.26
hazard class 5	3,685.5	3,558.1	3,237.6	3,048.7
Waste from other organisations	0.00	0.03	0.07	0.00
Waste use	2,103.3	342.7	607.6	1,026.7
including hazard class 1	0.00	0.00	0.00	0.00
hazard class 2	0.00	0.01	0.01	0.00
hazard class 3	0.29	0.32	4.75	0.30
hazard class 4	0.11	1.37	39.72	0.30
hazard class 5	2,103	3401	563.1	1,026.4
Waste neutralisation and disposal (including transfer for neutralisation and disposal to other organisations), thousand tonnes	1,123	513	90	228.7
including hazard class 1	0.21	0.01	0.02	0.03
hazard class 2	0.00	0.00	0.00	0.00
hazard class 3	0.25	0.25	0.13	0.24
hazard class 4	195.34	19.68	20.28	9.59
hazard class 5	923.41	493.03	69.66	218.91
Presence at the end of the year, thousand tonnes	157,621.8	127,502.5	126,461.4	133,555.7
including hazard class 1	0.00	0.00	0.00	0.00
hazard class 2	0.00	0.00	0.00	0.00
hazard class 3	0.08	0.03	0.14	0.09
hazard class 4	23.13	4318.18	23.19	25.66
hazard class 5	157,598.6	123,184.3	126,526.7	133,529.9

To the chapter "SUEK and the regions: partnership for sustainable development"

Register of institutions and organisations which received financial assistance as part of SUEK's social investments in 2018–2019

Name of organisation, institution	Project
FINANCIAL SUPPORT FOR EDUCATIONAL INSTITUTIONS	
Kemerovo Region	
Secondary School No. 2	Purchase of laptops and headphones to equip the computer class
Secondary School No. 1	Purchase of summer uniforms (with stripes and chevrons) for schoolchildren
Prokopyevsky municipal district	"First of September for every student" campaign
Basic School Cafeteria municipal budgetary institution	Catering as part of the Ticket to the Future festival
School No. 17	Purchase of furniture
Krasnoyarsk Territory	
Borodino	Purchase of valuable prizes for the winners of the Teacher of the Year-2018 professional skills contest; organisation of the "Lermontov as an Artist" exhibition in the city library
Nazarovo District	Awarding the top graduates, identifying and supporting talented, active teachers
Secondary School No. 16 in Krasnoyarsk, School No. 12 in Sharypovo, School No. 12 in Dubinino	Development of facilities
Belosnezhka Kindergarten No. 1, Sharypovo	Equipping the SUEK laboratory for preschoolers
Union of Trustees of SibGAU charitable foundation, Krasnoyarsk	Organisation and holding of the national student Olympiad on advertising and public relations as part of the 17th national festival "PR and Advertising Week on the Yenisei"
Zabaikalye Territory	
Raduga Kindergarten	Purchase of furniture
Petushok Kindergarten	Repairs
Krasnokamensk Industrial and Technological College	Provision of a grant
Kharanorsk School No. 40	Purchase of uniforms for Youth Army cadets
Novocharsk Art School	Purchase of tickets for a trip to China for a vocal ensemble
Novocharsk School No. 2	Purchase of a projector
School No. 44 in Chita	Purchase of uniforms for Youth Army cadets
Chitaugol LLC, primary trade union organisation of the Russian Independent Union of Coal Industry Workers (Rosugleprof)	Equipping for a chess class, classroom repairs, purchase of office equipment for Drovyaninsk Secondary School
Republic of Khakassia	
Izykh School	Support for creating a robotics club
Svetlyachok Kindergarten	Purchase of a swing
Primorye Territory	
School No. 20 in Vrangal	"Get a first-grader to school" campaign, provision of school equipment

Name of organisation, institution	Project
Special boarding school for orphaned children in Nakhodka	Purchase and installation of doors
Kindergartens No. 15, 65	Development of facilities
Art School No. 5 in Vrangal	Purchase of musical instruments
Murmansk Region	
Secondary School No. 8 in Murmansk	Opening of the first transport and logistics class, repair of premises, purchase of interactive whiteboards
Murmansk regional centre for social assistance to families and children	"Help a child get to school" campaign
Kindergarten No. 2	Replacement of windows
Kindergarten No. 79	Manufacture and installation of recreational grounds and a playground for young children
Grammar School No. 61	Replacement of window units in the small gymnasium, the locker room, and the school library
SUPPORT FOR YOUTH SPORTS, FUNDING FOR CONSTRUCTION AND REPAIR IN SPORTS INSTITUTIONS, PURCHASE OF SPORTS EQUIPMENT	
Kemerovo Region	
Zvezdny sports centre in Polysaev, children's and youth sports school in Leninsk-Kuznetsky	Purchase and repair of training equipment
Boxing federation	Organisation and holding of the Siberian Federal District junior boxing tournament for young men born in 2002–2003, three ice hockey tournaments and four football tournaments
Municipal Autonomous Institution of Additional Education "House of Tourism and Excursions for Children and Youth", Kiselevsk	Holding of the 7th tourist jamboree "Mining Trails - 2018" in Kiselevsk
"Happiness for Children" charitable foundation	Meals for children during the final stage of the school sports contest
Leninsk-Kuznetsky territorial organisation of the Independent Miners' Union	Organisation and holding of three ice hockey tournaments and four football tournaments
Primorye Territory	
Novoshakhtinsky urban settlement	Support for the final stage of installation of multipurpose sporting grounds
United Primary Public Trade Union Organisation of Coal Miners in Novoshakhtinsky	Organisation of accommodation for schoolchildren of the Mikhailovsky District of the Primorye Territory at the schoolchildren's championship in Vladivostok; participation of children in chess championship in the Primorye Territory
Far Eastern branch of the Grandmaster sports club	Payment for a youth sports team to travel to the open championship in Khabarovsk
WARRIOR martial arts club, Ocean Football Club, Nakhodka Sailing Federation in Lipovetskoe	Purchase of sports equipment, uniforms, and other equipment
Ocean Youth Sports School	Assistance in the delivery of football turf
Krasnoyarsk Territory	
Biathlon Academy regional sports centre	Organisation and holding of interregional biathlon competitions

Name of organisation, institution	Project
Basketball federation of the city of Krasnoyarsk	Organisation and holding of city competitions, financing for facilities
Forum Centre for Youth Initiatives	Organisation of the 4th national aggressive inline skating tournament "RED Jam" in Krasnoyarsk
Yenisei STM sports school of the Olympic rugby reserve	Holding of the Open Regional Rugby Tournament with prizes from SUEK-Krasnoyarsk JSC
Biathlon Union of the Krasnoyarsk Territory	Organisation and holding of summer biathlon competitions
World of Opportunities Charitable Foundation for the Development of Education, Culture and Sports	Organisation of a 400 km cold water swim from Abakan to Krasnoyarsk for world champions
Krasnoyarsk chess federation	Development and popularisation of chess in the city of Krasnoyarsk
Nazarovo orphanage	Organisation and holding of footgolf competitions and ice hockey competitions in felt boots involving the orphanage's children and the SUEK class from School No. 7 in Nazarovo
Endurance Races non-governmental organisation	Holding endurance races as part of Miner's Day celebrations
Centre for Technical Creativity	Financing of travel for young chess players to compete at the Siberian Federal District championship
Billiards federation	Awarding of medal winners of the Dynamic Pyramid Open Billiards Championship of the city of Krasnoyarsk for children
Judo Sports Club in Nazarovo, Cross-Country Skiing Federation of the Krasnoyarsk Territory, the city of Sharypovo, Sports Centre in Sharypovo, Krasnoyarsk Tourist and Sports Centre	Purchase of sports equipment, uniforms
City of Sharypovo	Construction of a jogging track around the sports field
School No. 12 in Sharypovo, Sharypovo Cadet School	Organisation of an indoor football tournament among neighbourhood teams in Dubinino
Razrez Borodinsky, primary trade union organisation of the Russian Independent Union of Coal Industry Workers	Events of the car racing club. Events of the motor racing club. Events of the karate club. Purchase of equipment for the Shakhtar ice hockey team in Borodino. Events of the children's football club.
World of Opportunities Charitable Foundation for the Development of Education, Culture and Sports	Organisation of a 400 km cold water swim from Abakan to Krasnoyarsk for world champions
Zabaikalye Territory	
Kalarsky District Youth Sports School	Support for participation in mini-basketball competitions in Chita
Sports school of the Olympic boxing reserve of the Zabaikalye Territory	Support for a boxing tournament
Borzinsky Centre for Youth Creativity and Sports	Support for the volleyball team's participation in the territorial championship
Borzinsky Information Centre autonomous institution (Daurskaya Nov newspaper)	Assisting in the preparation and holding of the 59th traditional track-and-field relay
Chitaugol LLC, primary trade union organisation of the Russian Independent Union of Coal Industry Workers (Rosugleprof)	Purchase of sports equipment and holding of volleyball competitions for the sports and recreation centre in Drovyanaya

Name of organisation, institution	Project
Republic of Khakassia	
Hand-to-hand fighting federation of the Republic of Khakassia	Assistance in holding the republic's open hand-to-hand fighting championship, purchase of sports equipment
Judo federation of the Republic of Khakassia	Organisation of the Chernogorsk team's trip to training camps as part of the Russian national team and participation in national competitions and the Judo European Cup
Sambo federation of the Republic of Khakassia	Assistance in participation in training camps in Abakan and the Siberian Federal District championship, qualifying competitions for the Russian Cup, Cup of Siberia Open All-Russian Tournament
Basketball federation of the Republic of Khakassia	Organisation of a trip to the semifinals and final of the Russian Basketball Championship in Yekaterinburg
District youth sports school	Financing the Altai region team's participation in the semifinals of the Volleyball Junior Championship of the Siberian Federal District for young men born in 2002–2003
Shakhtar Stadium	Holding of the kyokushin championship in the city of Chernogorsk
Mixed Martial Arts Federation of the Republic of Khakassia	Participation in the mixed martial arts championship of the Republic of Khakassia
Murmansk Region	
Murman Ice Hockey Club	Financial support
Cross Country Skiing Federation	Support for the 85th "Prazdnik Severa" (winter sports event)
Severny Veterok school	Holding of the Murmansk region run bike racing championship
Olympic Council of the Murmansk Region	Holding of track and field competitions named after Larisa Kruglova
Secondary School No. 7	Financial assistance for Crystal Cup, a traditional tournament of the dance sport club
Youth Sports School No. 10	Financial assistance for participation in a football tournament in St. Petersburg
State Regional Unitary Enterprise "Training and Sports Centre"	Organisation and holding of a hockey tournament for the Ice Palace prize for children born in 2009–2010
Sports School of the Olympic Reserve No. 4	Purchase of bandy hockey uniforms for the Stroitel youth team
FINANCIAL SUPPORT FOR HEALTH CARE INSTITUTIONS, PURCHASE OF MODERN MEDICAL EQUIPMENT	
Kemerovo Region	
State Autonomous Health Care Institution of the Kemerovo Region "Regional Clinical Centre for Miners Health"	Purchase of medicine and medical supplies for children in need of expensive treatment
Polysaevoy City Hospital	Purchase of an OM-09 surgical microscope with accessories
Miners Health Centre Charity Fund	Construction of indoor parking spaces for ambulances of the Polysaevoy City Hospital
Primorye Territory	
Nakhodka City Hospital	Assistance in purchasing air conditioners for delivery rooms

Name of organisation, institution	Project
Krasnoyarsk Territory	
Nazarovo District Hospital, Krasnoyarsk Regional Hospital for Veterans of War	Purchase of equipment
Zabaikalye Territory	
Borzya Central District Hospital	Financing of office repairs
Drovyanskaya District Clinic	Purchase of a cardiograph, glucose meter, and test strips
Republic of Khakassia	
Chernogorsk Municipal Hospital, Regional Clinical Hospital	Purchase of medical equipment
Murmansk Region	
Gift of Life Foundation	Purchase of accompanying therapy medicines for children with hematologic disorders
FINANCIAL SUPPORT FOR CULTURAL INSTITUTIONS, HOLDING OF NATIONAL, REGIONAL, PROFESSIONAL AND OTHER HOLIDAYS	
Kemerovo Region	
NATE PRAZDNIK Event Agency	Financing of the New Year's festivities for children from Kuzbass educational institutions
Konfetny Dvor ("Candy Yard") Trading House	Financing of the production and delivery of gifts for children from Kuzbass social institutions
Muharram local Muslim organisation	Holding of the Sabantuy holiday
Palace of Culture and Art in Leninsk-Kuznetsky	Provision of grants to creative teams participating in a charity concert
Central Palace of Culture in Leninsk-Kuznetsky	Organisation of fireworks on 9 May 2018 in the town square
City Youth Centre in Polysaev	Participation of the SHOCK city team in the semifinals of the National Junior League
Primorye Territory	
I.V. Kutenkova	Holding of festive evenings with coal industry veterans of the city of Partizansk
United Primary Public Trade Union Organisation of Coal Miners in Novoshakhtinsky	Formation of the prize fund for the regional tournament dedicated to the 75th anniversary of Primorskugol LLC
Artyom Miners Union (an association of coal industry veterans in the city of Artyom)	Earmarked donation for a gala event dedicated to Miner's Day
Shibaeva	Financing of the design of the museum of miner's glory and WWII participants in Partizansk
House of Culture in Vrangl	Assistance in organising the celebration of the 74th anniversary of the Great Victory, purchase of ballet barres, participation of the Elegia group in a festival in China
Nakhodka	City Day celebrations
Regional Association of Dancers	Support for the organisation of an acrobatic rock 'n' roll festival

Name of organisation, institution	Project
Krasnoyarsk Territory	
Military Brotherhood, a local NGO for veterans of the Afghanistan war, other local wars and emergency situations of the city of Sharypovo and Sharypovsky District	Organisation of the Linevsky Bereg original song festival
Ugolshchik City Palace of Culture in Borodino	Organisation and holding of City Day events
Kindness non-profit veterans charitable foundation in Krasnoyarsk	Financing of Victory Day events
Local residents	Organisation and holding of Miner's Day events in Nazarovo and Sharypovo, Village Day in Dubinino
Vympel-Garant Krasnoyarsk regional non-governmental foundation for veterans and employees of special purpose units and special services	Organising and holding of a photo exhibition
Soglasie foundation for promoting the development of civilian society in Krasnoyarsk	Installation of the monument to the Hero of the Soviet Union D.D. Martynov
Krasnoyarsk Diocese of the Russian Orthodox Church, Achinsk	Financing of events dedicated to the Feast of Exaltation of the Precious and Life-Giving Cross
Department of Culture of Nazarovo	Donation of "Pristine Russia" photographs to the Energetik Cultural and Leisure Association in Nazarovo
Local history museum in Sharypovo	Transfer of "Pristine Russia" photographs for the organisation of the exhibition
Borodino	Improvement of the Memorial Square for the 70th anniversary of victory in WWII "Enduring Act of Courage", construction of an ice village on the city square for New Year's celebrations
Houses of Culture in Goryachegorsk	Donation of coal for heating
Zabaikalye Territory	
Chitaugol LLC, primary trade union organisation of the Russian Independent Union of Coal Industry Workers (Rosugleprof)	Assistance in carrying out celebrations of Children's Day, Mother's Day, Health Worker Day, repair work in the Palaces of Culture in Drovyanskaya and Tataurova
MIR Cultural and Leisure Centre in the Chernovsky District	Repair work, purchase of sound, lighting and multimedia equipment
Republic of Khakassia	
Ust-Abakansky District	Financing of the renovation of the Gagarin Recreation Centre
Khakassia regional branch of the Union of Journalists of Russia	Assistance in holding the contest "Let's go, Khakassia", participation in the international forum of the Union of Journalists of Russia "All Russia"
Tashtypsky District	Financing of events dedicated to the 95th anniversary of the Tashtypsky District
Murmansk Region	
Council of veterans of the Leninsky District of Murmansk	Financial assistance for holding events
Nadezhda social and charitable club	Purchase of a washing machine
All-Russian Association of the Blind	Charitable assistance

Name of organisation, institution	Project
ASSISTANCE IN CONSTRUCTION AND RECONSTRUCTION OF RELIGIOUS AND ETHNOCULTURAL SITES	
Kemerovo Region	
Orthodox Parish of the Church of St. Seraphim of Sarov, Polysaev, Kemerovo Diocese of the Russian Orthodox Church	Purchase of icons
Orthodox Parish of the Church of the Resurrection	Construction of the St. Matrona of Moscow Church
Podnebesnye Zubya municipal unitary enterprise	Repair of the Elevation of the Holy Cross chapel, Kuznetsk Alatau
Primorye Territory	
Parish of the Church of the Protection of the Mother of God in the village of Pokrovka, Oktyabrsky District, Primorye Territory	Charitable assistance for restoration work in the church and preparation for winter
Zabaikalye Territory	
Dashi Choipelling Tsugolsky Buddhist Datsan	Donation of coal for heating
Convent, church in Ulety, church in Gornyy	Donation of coal for heating
Republic of Khakassia	
Orthodox Parish of the Church of the Nine Martyrs of Cyzicus in Chernogorsk	Charitable assistance
ASSISTANCE to VETERANS, DISABLED PEOPLE, PENSIONERS, LARGE AND LOW-INCOME FAMILIES AND THEIR PUBLIC ASSOCIATIONS	
Kemerovo Region	
Local history museum in Leninsk-Kuznetsky	Holding of meetings with pensioners of liquidated companies and on the occasion of the 73rd and 74th anniversaries of victory in WWII ("Front Light")
Centre of Social Services for the Population, Polysaev	Charitable assistance to low-income families and pensioners of the Polysaevsky urban district as part of the "Don't Leave in Need" marathon
Prokopyevsky District	Implementation of activities as part of charitable assistance to pensioners, WWII participants, home front workers, labour veterans/coal workers
Primorye Territory	
Mining Union of Artyom	Ordering of baseball caps, flags, balloons for veterans
Nakhodka City Council of Veterans	Assistance in purchasing medicine on the occasion of Victory Day
Albatross Nakhodka Social and Rehabilitation Centre for Minors	Purchase of a metal fence for a playground
Krasnoyarsk Territory	
Local residents of Borodino	Purchase of vouchers for health resort treatment in the Ugolshchik medical unit for public sector pensioners. Purchase of gifts for children from low-income families for the New Year. Purchase of school supplies as part of the "Help me go to school" campaign
Shield Krasnoyarsk regional public organisation for the support of disabled children	Catering on the ship as part of the Yenisei River tour for children with disabilities

Name of organisation, institution	Project
Krasnoyarsk Territorial Organisation of the Russian Independent Union of Coal Industry Workers	Purchase of gifts for students at the Nazarovo orphanage and the Borodino orphanage as part of the project "Journey of Father Frost"
Krasnoyarsk Public Charity Regional Fund for Social Support of Veterans and Special Services Officers (Special Services Fund)	Social support for military personnel and veterans of the Federal Security Service of Russia of the Krasnoyarsk Territory
Veterans council of the Shchadov Borodinsky open-pit	Event financing
Veterans of Razrez Nazarovsky JSC	Payments and delivery of food baskets to WWII participants for Victory Day. Payments to pensioners of the open-pit/home front workers for Victory Day. At-home greetings to veterans for Defender of the Fatherland Day. Housecleaning services for veterans of the Nazarovsky open-pit
Council of veterans of the city	At-home greetings to veterans and a concert in the Veterans House, holding of the "200 roses for veterans" campaign in Nazarovo
Shaggy Happiness animal shelter	Provision of food and care products
Veterans of Razrez Nazarovsky JSC	"Home without loneliness" campaign, delivery of subsidised coal, delivery of TV sets, organisation of Miner's Day celebrations for veterans of the open-pit
Sharypovsky Social Assistance Centre for Families and Children	Financing of the "Help me go to school" campaign, delivery of New Year's gifts to disadvantaged children, visit to the swimming pool for children with disabilities on Children's Day
Pensioners of the public sector in Borodino	Purchase of vouchers for health resort treatment in the Ugolshchik medical unit
"For Equal Rights" Local Public Organisation for Disabled People of Sharypovo and Sharypovsky District	Implementation of the "Hippotherapy and therapeutic horse riding" project, acquisition of construction materials and equipment for wheelchairs and locker rooms
Zabaikalye Territory	
Primary organisation of the society for people with disabilities in Sherlovogorskoe	Assistance in holding a regional sports competition for people with disabilities
Chitaugol LLC, primary trade union organisation of the Russian Independent Union of Coal Industry Workers (Rosugleprof)	Delivery of New Year's gifts to disadvantaged children (Tataurovskaya school)
Republic of Khakassia	
Chernogorsk City Council of War and Labour Veterans	Free subscription for veterans to the newspaper Chernogosky Rabochy
"All-Russian Society for the Blind" Khakass Republican Organisation	Social support and protection of citizens, including improving the financial situation of the poor, social rehabilitation of the unemployed and disabled
"Veteran" Khakass Republican Public Organisation for State Security	Promotion of activities in education, science, culture and art, spiritual development of the individual, including the protection and proper maintenance of buildings, facilities and territories of historical and cultural significance and burial sites
"Kind Heart of Khakassia" Khakassia Regional Public Organisation	Charitable assistance

Name of organisation, institution	Project
SUPPORT OF INITIATIVES FOR PRESERVATION OF NATIONAL CULTURES, PROGRAMMES AND EVENTS AIMED AT PROMOTING SPIRITUAL DEVELOPMENT OF PEOPLE	
Primorye Territory	
Primorsky Regional Puppet Theatre	Performances for children from remedial schools, orphanages and low-income families
Mining Union of Artyom	Support for the publication of the historical album "Shine, mining star. History of the coal industry of Artyom"
Krasnoyarsk Territory	
Orthodox Parish of the Protection Church in Nazarovo	Donation of coal for heating the church and the Sunday school
Orthodox Parish of St. Nicholas Church in the village of Parnaya, Sharypovsky District	Donation of coal for heating
Kansk Diocese of the Russian Orthodox Church	Donation of coal for heating the Holy Trinity Cathedral
Zabaikalye Territory	
Chitaugol LLC, primary trade union organisation of the Russian Independent Union of Coal Industry Workers (Rosugleprof)	Payment for tickets for the Chita Academy of Culture's choir to travel to Krasnoyarsk to participate in the national choral competition. Gifts for the anniversary of the "Island of Russia" ensemble (15 years). Restoration of the monument to the 100th anniversary of the Ingodinsky uprising
Republic of Khakassia	
Constellation Children's Theatre Centre	Organisation of the children's trip to an international festival in Moscow, St Petersburg, Krasnoyarsk
Izykh village council	Creation of a monument to home front workers and improvement of the adjacent territory in the park of the village of Izykhskie Kopi

ANNEX 2.

APPLICATION OF GRI REPORTING PRINCIPLES

GRI principles	Compliance with the principles in this report
Stakeholder engagement	The list of key stakeholders is provided in the company's Code of Corporate Conduct. Identification and determination of the forms of interaction with them was based on the scale of mutual influence and mutual dependence, opportunities and prospects for interaction, as well as consideration for the specific interests of each group. The report provides information on the practice of interaction with each of these parties and the key results of interaction with them.
Sustainable development context	We report on the results of our activities in the context of our strategic priorities and priorities for the sustainable development of society, including regional development priorities.
Importance	We have developed a process for identifying priority topics that allows us to identify the range of issues to report on based on the significance of specific economic, social and environmental issues for us and our stakeholders. We also take into account global and industry trends in corporate social responsibility and sustainable development. Information requests from stakeholders are provided using the corporate communications system, during a special survey of external and internal stakeholders, as well as during special events dedicated to the discussion of relevant topics and opportunities for constructive interaction. Feedback, sociological research, and media publications were also taken into account.
Completeness	The report reflects all the material topics within the reporting period (two calendar years). The report includes all organisational units directly controlled by SUEK.
Balance	The report provides information on both our achievements and the current tasks we are working on.
Comparability	Comparability of data between reporting periods is ensured through our audited financial statements and management reporting over a number of years. The ability to compare against the results of other Russian and international companies is ensured by the use of standard GRI reporting components and the Russian non-financial reporting system "RSPP Basic Performance Indicators". The report also contains information on its boundaries.
Accuracy	The report uses a set of standard reporting components that complies with the recommendations of the GRI Standards (Core option). Descriptive information reflects specific situations and illustrates the main points of the report.

GRI principles	Compliance with the principles in this report
Timeliness	We publish sustainability reports every two years. The main contents of the report are the most significant areas and results of activity for the reporting period, including data current at the time of the report. Information on priority topics is also published in the Annual Report.
Clarity	The report is structured in accordance with the main standard blocks of content in order to facilitate the search for required information. The report includes the GRI Index. If special terms are used, their meaning is explained in the footnotes. The report is published in Russian and English and can be found on our corporate website.
Reliability	The reliability of the data published in the report is ensured during the collection and consolidation of information by using standard procedures. Quantitative indicators are consolidated on the basis of our information systems and are collected by special request during the preparation of the report. These requests reflect the requirements of the GRI Standards. Deviations from the GRI Protocols are due to the specifics of the country's state statistics system and the specifics of corporate management information. In case of such deviations, we indicate the corresponding indicator as partially disclosed in the index of standard reporting components. The report was approved by our functional divisions and the SUEK Internal Control and Audit Service. The report includes audited financial statements. To ensure the reliability of information, we consider it important to use an external audit. The auditor is asked to express an opinion on the quality of the data, the importance of the issues covered, and the compliance of the disclosure with the recommendations of the GRI Standards.

Boundaries of the report’s material topics

Material topics	Boundaries of material topics: SUEK value chain				
	Mining	Washing	Logistics	Sales	Power generation
A1. Financial stability and the company's development potential	+	+	+	+	+
A2. Industrial safety and emergency preparedness	+	+	+		+
A3. Product quality and manufacture of high-value products	+	+	+	+	+
A4. Operational efficiency	+	+	+	+	+
A5. Company's environmental footprint, including reducing greenhouse gas emissions	+	+	+		+
A6. Corporate governance and risk management	+	+	+	+	+
A7. Interaction on business ethics issues	+	+	+	+	+
A8. Remuneration and social support for employees	+	+	+	+	+
A9. HR policy and labour relations	+	+	+	+	+
A10. Staff training, including for new specialities	+	+	+	+	+
A11. Company's contribution to development of urban infrastructure	+	+	+	+	+
A12. Company's contribution to development of local communities	+	+	+	+	+
A13. Supplier requirements and support for local suppliers	+	+	+		+
A14. Contribution to socio-economic development of the regions	+	+	+	+	+

Boundaries of material topics outside SUEK:

+ — direct impact, ○ — indirect impact

Material topics	Material topics							
	Production efficiency	Shareholders and investors	Customers	Government and local authorities	Suppliers, contractors, business partners	Trade unions	Local communities in the regions of company presence	Non-profit and non-governmental organisations
A1. Financial stability and the company's development potential	+	○	○	+	+	○	○	
A2. Industrial safety and emergency preparedness	○	○	+	○+	+	+	○	
A3. Product quality and manufacture of high-value products	○	+	○	○+	○	○	○	
A4. Operational efficiency	+	○	○	○	+	○	○	
A5. Company's environmental footprint, including reducing greenhouse gas emissions	○	○	+	○	○	+	○	
A6. Corporate governance and risk management	+	○	○	+	+	○	○	
A7. Interaction on business ethics issues	+	+	○	+	+	○	○	
A8. Remuneration and social support for employees	○	○	+	○	+	○+	○	
A9. HR policy and labour relations	○	○	○	○	+	○	○	
A10. Staff training, including for new specialities	○	○	○	○	+	○+	○	
A11. Company's contribution to development of urban infrastructure	○	○	+	○	+	+	○	
A12. Company's contribution to development of local communities	○	○	+	○	+	+	○	
A13. Supplier requirements and support for local suppliers	○	○	+	+	○	+	○	
A14. Contribution to socio-economic development of the regions	○	○	+	○	+	+	○	

ANNEX 4. TABLE OF REPORT COMPLIANCE WITH REPORTING STANDARDS. GRI CONTENT INDEX

In accordance with the GRI Standards (Core option), the report focuses on topics that are most significant for the company and its stakeholders determined during the materiality assessment process⁸⁸. The table includes a GRI content index, as well as “Basic Performance Indicators” developed by RSPP for use in corporate non-financial reports.

Degree of disclosure:

■ — full disclosure of the indicator □ — partial disclosure of the indicator ○ — exclusion of the indicator

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
GRI 101. Foundation (2016): basic reporting principles				
	Disclosure: Annex 2. Application of GRI reporting principles, 200–201	■		
COMMON STANDARD REPORTING COMPONENTS				
GRI 102: General disclosures (2016). Organisational profile				
102-1	Name of the organisation	About the report, 4	■	
102-2	Activities, brands, products, and services	SUEK: Sustainable development and value creation, 21–23	■	
102-3	Location of headquarters		■	SUEK JSC headquarters are located at: 53/7 Dubininskaya St., Moscow, 115054
102-4	Location of operations	SUEK: Sustainable development and value creation, 21	■	
102-5	Ownership and legal form		■	SUEK Joint-Stock Company
102-6	Markets served	SUEK: Sustainable development and value creation, 21–23 Economic sustainability and efficiency, 68–69	■	
102-7	Scale of the organisation	SUEK: Sustainable development and value creation, 19–23	■	
102-8	Information on employees and other workers	Social performance: empowering our people, 79–80 Annex 1. SUEK Sustainability Indicators, 170–173	■	

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
102-9	Supply chain	Business model for sustainable development, 23 Economic sustainability and efficiency, 77–78 Annex 1. SUEK Sustainability Indicators, 177	■	
102-10	Significant changes to the organisation and its supply chain		■	The Siberian Generating Company joined SUEK JSC in September 2018 and Refinskaya GRES joined in October 2019. This asset's sustainable development indicators will be included in SUEK's next sustainability report.
102-11	Precautionary principle or approach	Environmental performance: safety and efficiency, 118–119	■	
102-12	External initiatives	Corporate governance, 47 Industrial safety and labour protection, 105 Environmental performance: safety and efficiency, 123 SUEK and the regions: partnership for sustainable development, 164–167 SUEK 2019 Annual Report, pp. 4–5, 96, 101	■	1.1
102-13	Membership of associations	Stakeholder engagement, 61	■	SUEK is a member of the following organisations: • Russian Union of Industrialists and Entrepreneurs • RAND corporation • Clean Coal Association • All-Russia Industrial Association of Employers of the Coal Industry • Russian Managers Association • Russian-German Chamber of Commerce • Bettercoal • World Energy Council • Ad Hoc Council (European Government Council for Business Relations)
102-14	Statement from senior decision-maker	Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–18	■	

⁸⁸ See the chapter “About the report” and Annex 3 of this report

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
102-15 Key impacts, risks, and opportunities	Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–18 SUEK: Sustainable development and value creation, 23–29 Corporate governance, 49–52, 56–62 Economic sustainability and efficiency, 63–65 Social performance: empowering our people, 81 Industrial safety and labour protection, 97–98 Environmental performance: safety and efficiency, 118–119, 120–121 SUEK and the regions: partnership for sustainable development, 145–146 SUEK 2019 Annual Report, 8–11, 16–21, 22–33, 34–43, 44–47	■		
102-16 Values, principles, standards, and norms of behaviour	Corporate governance, 44–46	■		
102-17 Mechanisms for advice and concerns about ethics	Corporate governance, 45–48 Social performance: empowering our people, 94–95	■		
102-18 Governance structure	Corporate governance, 36–40	■		
102-19 Delegating authority	Corporate governance, 37–38, 43	■		
102-20 Executive-level responsibility for economic, environmental and social topics	Social performance: empowering our people, 83 Industrial safety and labour protection, 100 Environmental performance: safety and efficiency, 121 SUEK and the regions: partnership for sustainable development, 148–149	■		
102-22 Composition of the highest governance body and its committees	Corporate governance, 37–40 SUEK 2019 Annual Report, 108–111	■	3.1.12	
102-23 Chair of the highest governance body	The chairman of the highest governance body is not an executive director	■		
102-24 Nominating and selecting the highest governance body	Corporate governance, 36–40 SUEK 2019 Annual Report, 108–111	■		
102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate governance, 36–38, 43 Social performance: empowering our people, 83 Industrial safety and labour protection, 100 Environmental performance: safety and efficiency, 121 SUEK and the regions: partnership for sustainable development, 148–150	■		

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
102-27 Collective knowledge of highest governance body	Corporate governance, 40–42, Industrial safety and labour protection, 99	■		
102-28 Evaluating the highest governance body's performance	SUEK 2019 Annual Report, 104–121	■		
102-29 Identifying and managing economic, environmental, and social impacts	Corporate governance, 41–43 SUEK 2019 Annual Report, 104–121	■		
102-30 Effectiveness of risk management processes	Corporate governance, 49–50 SUEK 2019 Annual Report, 34–43	■		
102-31 Review of economic, environmental, and social topics	Corporate governance, 41–43 SUEK 2019 Annual Report, 113–115	■		Issues of economic, environmental and social impact, risks and opportunities are considered at each meeting of the Board of Directors and its committees during the year in accordance with the approved agenda. In particular, industrial and environmental safety and labour protection issues at the company's enterprises are considered at each meeting of the Board of Directors and the Nomination and Compensation Committee.
102-32 Highest governance body's role in sustainability reporting		■		The report is approved by the Audit Committee of SUEK's Board of Directors. Chairman of the Committee is Iain Macdonald
102-33 Communicating critical concerns	Corporate governance, 40 Industrial safety and labour protection, 99 SUEK 2019 Annual Report, 35–37, 110–114	■		
102-34 Nature and total number of critical concerns	Corporate governance, 40 Industrial safety and labour protection, 99 SUEK 2019 Annual Report, 35–37, 110–114	■		
102-35 Remuneration policies	Corporate governance, 41 SUEK 2019 Annual Report, 111	■		
102-36 Process for determining remuneration	Corporate governance, 41 SUEK 2019 Annual Report, 111	■		
GRI 102: General disclosures (2016). Stakeholder engagement				
102-40 List of stakeholder groups	Corporate governance, 54	■		
102-41 Collective bargaining agreements	Social performance: empowering our people, 88	■	3.1.4	
102-42 Identifying and selecting stakeholders	Corporate governance, 52	■		
102-43 Approach to stakeholder engagement	Corporate governance, 54–62	■		

GRI indicator	Page No. In this Sustainability Report/Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
102-44 Key topics and concerns raised	Corporate governance, 56–62 Annex 3. Materials topics and report boundaries, 203, 204–207	■		See also: Economic stability and efficiency, 76 Social performance: empowering our people, 96 Environmental performance: safety and efficiency, 122–123 SUEK and the regions: partnership for sustainable development, 149–151.
GRI 102: General disclosures (2016). Reporting practice				
102-45 Entities included in the consolidated financial statements	SUEK 2019 Annual Report, 158–159	■		
102-46 Defining report content and topic boundaries	About the report, 4–6 Annex 3. Materials topics and report boundaries, 203–204	■		
102-47 List of material topics	About the report, 5–6 Annex 3. Materials topics and report boundaries, 202–203	■		
102-48 Restatements of information		■		The report does not contain any restatements of the information provided in previous reports
102-49 Changes in reporting	About the report, 4 Annex 3. Materials topics and report boundaries, 202–207	■		
102-50 Reporting period	2018–2019	■		
102-51 Date of most recent report	May 2017	■		
102-52 Reporting cycle	Two calendar years	■		
102-53 Contact point for questions regarding the report		■		Alexey Naumenko, Deputy Director for Communications, Naumenkooa@suek.ru Yulia Kulikova, head of the HR Department (regional HR issues), Kulikovaya@suek.ru
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	■		
102-55 GRI content index	Annex 4. Table of report compliance with reporting standards, 208–239	■		
102-56 External assurance	About the report, 4 Annex 5. Independent assurance certificate, 242	■		Independent auditor's report – see Annex 5 to this Report. The auditor – Bureau Veritas Certification Rus JSC – is an independent professional organisation with proven competence. The auditor did not participate in the preparation of the Report and has no commercial interests in the company's activities, except for the assurance services provided.

GRI indicator	Page No. In this Sustainability Report/Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
GRI 103. Management approach (2016)				
103-1 Explanation of the material topic and its boundary	About the report, 5–6 Annex 3. Materials topics and report boundaries, 203–208 (list and boundaries of topics) Topic A1: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, SUEK: Sustainable development and value creation, 23–26 Topic A2: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, Industrial safety and labour protection, 97 Topic A3: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, Economic sustainability and efficiency, 74–76 Topic A4: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, SUEK: Sustainable development and value creation, 23–26; 2019 Annual Report, 47 Topic A5: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, Industrial safety and labour protection, 117 Topic A6: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, Corporate governance, 36 Topic A7: Corporate governance, 44–46 Topic A8: Social performance: empowering our people, 80–83, 85–87 Topic A9: Social performance: empowering our people, 80–83, 94 Topic A10: Social performance: empowering our people, 90–93 Topic A11: SUEK and the regions: partnership for sustainable development, 144, 146, 149–151 Topic A12: SUEK and the regions: partnership for sustainable development, 144–147, 149–150 Topic A13: Economic sustainability and efficiency, 77–78, Industrial safety and labour protection, 116–117 Topic A14: Statement from the Chairman of the Board of Directors and CEO of SUEK, 16–19, SUEK and the regions: partnership for sustainable development 145, 148 For a brief description of the topics, see also the 2019 Annual Report, 46–47	■		

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
103-2 The management approach and its components	<p>Topic A1: SUEK: Sustainable development and value creation, 23–27, Corporate governance, 36–41, 2019 Annual Report, 118–119</p> <p>Topic A2: Industrial safety and labour protection, 97–100</p> <p>Topic A3: Economic sustainability and efficiency, 74–76</p> <p>Topic A4: Sustainable development and value creation, 23–27, Corporate governance, 36–41</p> <p>Topic A5: Environmental performance: safety and efficiency, 118–124</p> <p>Topic A6: Corporate governance, 36–41, 49–52</p> <p>Topic A7: Corporate governance, 44–49</p> <p>Topic A8: Social performance: empowering our people, 79–83, 85–87</p> <p>Topic A9: Social performance: empowering our people, 79–82, 85–87</p> <p>Topic A10: Social performance: empowering our people, 79–82, 90–93</p> <p>Topic A11: SUEK and the regions: partnership for sustainable development, 144–152</p> <p>Topic A12: SUEK and the regions: partnership for sustainable development, 144–152</p> <p>Topic A13: Economic sustainability and efficiency, 77–78, Industrial safety and labour protection, 116–117</p> <p>Topic A14: SUEK and the regions: partnership for sustainable development, 144–152</p>	■		
103-3 Evaluation of the management approach				
MATERIAL TOPICS				
GRI 201: Economic performance (2016) – topics A1, A3, A4, A8, A11, A13, A14				
201-1 Direct economic value generated and distributed	<p>SUEK: Sustainable development and value creation, 28</p> <p>Economic sustainability and efficiency, 63–64</p> <p>SUEK and the regions: partnership for sustainable development, 150</p> <p>Annex 1. SUEK Sustainability Indicators, 173</p> <p>SUEK 2018 Annual Report, pp. 4–5, 78–83, 127–158</p> <p>SUEK 2019 Annual Report, pp. 2–3, 12–13, 56–59, 122–159</p>	■	1.2, 1.3 1.4, 1.6 1.7	
201-2 Financial implications and other risks and opportunities due to climate change	<p>SUEK: Sustainable development and value creation, 30–31</p> <p>Environmental performance: safety and efficiency, 120–121</p>	■		
201-3 Defined benefit plan obligations and other retirement plans	SUEK 2019 Annual Report, 136	■		

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
201-4 Financial assistance received from government		■		During the reporting period the company did not receive any financial assistance from the government
GRI 202: Market presence (2016) – topic A8				
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Annex 1. SUEK Sustainability Indicators, 174–175	■		The ratio of the average level of wages in key regions of the organisation's activity is given in accordance with the methodology adopted by the company.
GRI 203. Indirect economic impacts (2016) – topics A11, A12, A13, A14				
203-1 Infrastructure investments and services supported	SUEK and the regions: partnership for sustainable development, 144–148, 152–167	■		
203-2 Significant indirect economic impacts	<p>SUEK: Sustainable development and value creation, 27–28</p> <p>SUEK and the regions: partnership for sustainable development, 152–167</p>	■		
GRI 204. Procurement practices (2016) – topic A13				
204-1 Proportion of spending on local suppliers		■		The proportion of the company's spending on local suppliers was 26.9% in 2018 and 27.6% in 2019.
GRI 205: Anti-corruption (2016) – topics A6, A7, A13				
205-2 Communication and training about anti-corruption policies and procedures	Corporate governance, 47–49	■		
205-3 Confirmed incidents of corruption and actions taken		■		During the reporting period, no cases of corruption were detected.
GRI 206. Anti-competitive behaviour (2016) – topic A6				
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		■		In 2018–2019, antimonopoly authorities did not take any legal actions in connection with the violation of antimonopoly legislation by SUEK JSC.
GRI 302. Energy (2016) – topics A4, A5				
302-1 Energy consumption within the organisation	Environmental performance: safety and efficiency, 138–142	■	2.2	
302-2 Energy consumption outside of the organisation		○		The indicator is excluded, since no accounting is kept due to the lack of legal requirements.
302-3 Energy intensity	Environmental performance: safety and efficiency, 138–142	■	2.2.1	
302-4 Reduction of energy consumption	Environmental performance: safety and efficiency, 138–142	■		
GRI 303 Water (2016) – topic A5				
303-1 Water withdrawal by source	Annex 1. SUEK Sustainability Indicators, 181–182	■	2.3	

GRI indicator	Page No. In this Sustainability Report/Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
303-2 Water sources significantly affected by withdrawal of water		■		SUEK's water intake does not have a significant impact on water sources. The company does not take water from vulnerable or state-protected sources, or from those of particular importance to local communities or to biodiversity.
303-3 Water recycled and reused	Annex 1. SUEK Sustainability Indicators, 181–182	□	2.4	
GRI 304. Biodiversity (2016) – topic A5				
304-1 Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas		■		The company has no production sites in protected natural areas, in federal and regional level reserves or in territories adjacent to them. Rare, endangered species of animals, plants and fungi have not been identified. However, when planning business activities, SUEK JSC carefully assesses potential environmental risks and seeks to avoid serious or irreversible environmental damage.
304-2 Significant impacts of activities, products, and services on biodiversity		■		
304-3 Habitats protected or restored	Environmental performance: safety and efficiency, 137–138	■		
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		■		At SUEK's production assets and adjacent areas, rare, endangered species of animals, plants and fungi have not been identified.
GRI 305. Emissions (2016) – topic A5				
305-1 Direct (Scope 1) GHG emissions	Environmental performance: safety and efficiency, 131	■		
305-5 Reduction of GHG emissions	Environmental performance: safety and efficiency, 125, 128–130	■		
305-6 Emissions of ozone-depleting substances (ODS)	Environmental performance: safety and efficiency, 130	■		
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Environmental performance: safety and efficiency, 130	■		
GRI 306. Effluents and waste (2016) – topic A5				
306-1 Water discharge by quality and destination	Environmental performance: safety and efficiency, 134 Annex 1. SUEK Sustainability Indicators, 181–182	■	2.7 2.7.2	
306-2 Waste by type and disposal method	Annex 1. SUEK Sustainability Indicators, 183–186 Sustainability Report for 2016–2017, pp. 132 (recycling methods used by the company)	■	2.8	

GRI indicator	Page No. In this Sustainability Report/Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
306-4 Transport of hazardous waste		■		The company does not transport, import, export or process waste that is hazardous under Annexes I, II, III and VIII to the Basel Convention
306-5 Water bodies affected by water discharges and/or runoff		■		The company does not significantly impact water bodies and related habitats
GRI 401. Employment (2016) – topic A7				
401-1 New employee hires and employee turnover	Social performance: empowering our people, 84 Annex 1. Sustainability Indicators, 172–173	□	3.1.1 3.1.2 3.1.3	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social performance: empowering our people, 87	■		SUEK provides a unified benefits package for employees of all mining enterprises
GRI 402. Labour/management relations – topic A9				
The minimum notice period for significant changes in the organisation's activities, and whether it is specified in the collective agreement		■		The company follows the Labour Code of the Russian Federation, which defines the minimum notice period regarding significant changes in the organisation's activities (no later than two months before the start of the relevant activities, and in case of a decision to reduce the number of workers or staff that may lead to mass layoffs – no later than three months before the start of the relevant activities).
GRI 403. Occupational health and safety (2016) – topic A2				
403-1 Workers representation in formal joint management-worker health and safety committees	Social performance: empowering our people, 88–89 Industrial safety and labour protection, 113–114	■		
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Industrial safety and labour protection, 102–103 Annex 1. Sustainability Indicators, 179–180	■	3.1.5 3.1.6 3.1.7 3.1.8	
403-4 Health and safety topics covered in formal agreements with trade unions	Social performance: empowering our people, 88–89 Industrial safety and labour protection, 113–114	■		
GRI 404. Training and education (2016) – topic A10				
404-1 Average hours of training per year per employee	Social performance: empowering our people, 91	■	3.1.10	
404-2 Programmes for upgrading employee skills and transition assistance programmes	Social performance: empowering our people, 91–93			
404-3 Percentage of employees receiving regular performance and career development reviews	Social performance: empowering our people, 94	■		Performance reviews are carried out for a number of categories of management positions in the SUEK JSC corporate centre and mining enterprises. The career development review is meant for employees participating in the company's candidate pool programme.

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
GRI 405. Diversity and equal opportunity (2016) – topics A8, A9				
405-1 Diversity of governance bodies and employees	Corporate governance, 39 Social performance: empowering our people, 80	■		
405-2 Ratio of basic salary and remuneration of women to men	Corporate governance, 46–47	■		The company has set the same base salary for men and women
GRI 406 Non-discrimination	Corporate governance, 46–47 Social performance: empowering our people, 82	■		In 2018–2019, there were no cases of discrimination and human rights violations in the company.
GRI 407. Freedom of association and collective bargaining (2016) – topic A9				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		■	3.2.1	During the reporting period none were revealed.
GRI 413. Local communities (2016) – topic A12				
413-1 The company's activities in the field of local community engagement, local community impact assessment, local community development programmes	SUEK and the regions: partnership for sustainable development, 144–145, 148–149, 150–151, 153	■	3.3.3	Local community engagement programmes are implemented at all enterprises of the company. In addition to specifying the location in the Report, see pages 151–166 for a description of the programmes. The issues of environmental impact and local community engagement are covered in the chapter "Environmental performance: safety and efficiency"
413-2 Operations with significant actual and potential negative impacts on local communities	Environmental performance: safety and efficiency, 117–143, 180–187	■		Coal mining and washing operations are associated with the risk of environmental damage, including the emission of pollutants into the atmosphere, emission of coal dust, pollution of land and water resources, and noise pollution. The company implements programmes to minimise this risk and protect the environment. The company's environmental impact indicators and the results of its environmental programmes are given in the chapter "Environmental performance: safety and efficiency" of this report.

GRI indicator	Page No. In this Sustainability Report/ Annual Report	Degree of disclosure	RSPP indicator No.	Comments/Excluded information
GRI 414. Supplier social assessment (2016) – topic A13				
414-1 New suppliers that were screened using social criteria	Economic sustainability and efficiency, 76–77	□		All of SUEK's requirements in the field of industrial safety, labour protection, and environmental safety apply to 100% of contractors and are set in the contracts between the parties. Compliance with these requirements is monitored throughout the entire period of cooperation.

ANNEX 5. INDEPENDENT ASSURANCE OF NON-FINANCIAL REPORTING



INDEPENDENT ASSURANCE OF NON-FINANCIAL REPORTING

Addressed to the Siberian Coal Energy Company and its stakeholders.

Introduction

This audit assurance relates to the "Improving Sustainability" report on sustainable development of the SUEK Group for 2018-2019 (hereinafter referred to as the Report). The SUEK Group (hereinafter referred to as the Company) is solely responsible for the preparation of the Report and the information provided in it. This responsibility includes: developing, implementing and maintaining up-to-date corporate management and control systems for collecting, consolidating, evaluating and including reliable information in the Report; selecting and applying appropriate reporting principles and using appropriate methods for calculating and reporting quantitative and qualitative information on sustainable development.

Bureau Veritas Certification Rus JSC, within the framework of the terms of reference agreed with the Company, is responsible for the results of the Report's assurance only to the Company and does not accept responsibility to any party for other assessments, opinions or judgements, as well as decisions made, postponed or withdrawn on the basis of this assurance. Audit assurance cannot be used as the basis for interpreting the overall performance of the SUEK Group, except for areas covered by the scope of assurance.

Scope of assurance

Assurance of the Report was performed based on the methodology of the AA1000 Assurance Standard (AA1000AS) Rev. 2008 and an audit of non-financial reporting under International Standard on Assurance Engagements (ISAE) 3000.

During this work, the following tasks were set and completed:

1. Assess the extent to which the Company has implemented the principles for defining the content and ensuring the quality of the Report set out in GRI 101 "Foundation", GRI 102 "General Disclosures", and GRI 103 "Management Approach". The reporting information was prepared with the Core option.
2. Conduct a sample assessment of the following: a) the information contained in the Report, in relation to all identified material aspects of the activity, is reliable and adequately reflects the policies, events and results of the Company's sustainable development activities during 2018-2019; b) the degree of disclosure and the procedure for calculating the indicators presented by the Company comply with the requirements of GRI Standards series 200 (Economic Standards), 300 (Environmental Standards) and 400 (Social Standards).
3. Assess the interaction with stakeholders during the preparation of the Report for compliance with the requirements of the AA1000 Stakeholder Engagement Standard (AA1000SES) Rev. 2015 of AccountAbility, a global organisation for research, consulting and standardisation in corporate social responsibility and sustainable development, including goals, objectives, areas of interaction, the procedure for planning, organising and implementing interaction, as well as reporting on the results of interaction.
4. Provide recommendations for further improvement of the Company's public reporting.



Type and level of assurance

Assurance of the Report is based on the following provisions of the AA1000AS standard:

- type of assurance - 2 (“Type 2 - AccountAbility Principles and Performance Information”), which provides an assessment of the degree of compliance with the reporting principles in conjunction with an assessment of the reliability of performance indicators and data (statements) included in the Report;
- level of assurance - “moderate”.

Assurance methodology and scope of work

The adequacy of a number of statements and data presented in the Report was verified on a sample basis using the procedures and guidelines of Bureau Veritas Certification Rus JSC for assurance of reporting in the field of sustainable development.

Assurance was carried out in a difficult epidemiological situation due to the spread of coronavirus (COVID-19), which significantly restricted the Assurance Officer's ability to visit the Company's production sites and headquarters. Based on this, the following methods for verifying the information presented in the Report were used during the assurance process:

- Remote interview with the Company's responsible personnel using information and communications technologies (ICT) to learn how the Company accounts for key aspects of corporate social responsibility when forming a long-term business development strategy and how these aspects are integrated into the Company's business activity system.
- Verification of the achievement of the corporate social responsibility goals for 2018-2019 set by the Company in the reports from previous periods.
- Verification of the Company's interaction with stakeholders during the reporting period in order to assess the criteria and procedures for selecting significant economic, social and environmental aspects to be included in the Report.
- Analysis of the sampling of media information and Internet resources with reference to the Company's assurance activities, as well as third parties' published statements describing the Company's commitment to corporate social responsibility values as an evidence base for verifying the validity of statements in the Report.
- Review of the preliminary version of the Report in order to identify possible inaccuracies, contradictions, inadequately disclosed information and unfounded assertions.
- Information requests to the Company clarifying certain provisions of the Report.
- Assessment of the comparability of information published in the Report with the information provided on the corporate website and other Internet resources of the Company.
- Comparative analysis (benchmarking) of the Report with sustainable development reports of select domestic and foreign mining companies – PJSC MMC Norilsk Nickel 2019, Coal India Limited 2017-18, BHP's Sustainability Report 2019 – in order to identify possible areas for improvement.
- Assessment of the Report's availability to all stakeholders and the effectiveness of the established feedback mechanism in order to verify the Company's response to comments and requests from stakeholders.

When preparing the assurance, in addition to the Report's information, information published on the Company's corporate website <http://www.suek.ru/about-us/>, websites of its regional offices <http://www.suek-khakasia.ru/>, <http://suek-krasnoyarsk.ru/>, <http://suek-kuzbass.ru/>, <http://www.portmurmansk.ru/>, materials from various federal, regional and local publications (Rossiyskaya Gazeta, Moskovsky Komsomolets, Argumenty i Fakty, RIA Novosti, RIA Chita, and others), and information on the official websites of the regions where the Company operates (<https://r-19.ru/>, <https://gov-murman.ru/>, <http://abakan.city>, <http://www.kemerovo.ru/>, <http://www.krskstate.ru/>) were taken into account.



In addition, during work on the Report, the Assurance Officer used the provisions of a number of foundational international documents, such as the Resolution adopted at the 70th session by the UN General Assembly on 25 September 2015 “Transforming our world: the 2030 agenda for sustainable development”, Resolution No. 62/196 adopted at the 62nd session of the UN General Assembly on 19 December 2007 “Sustainable mountain development”, materials of the 19th session of the UN Commission on Sustainable Development as of 2-13 May 2011 “Alternative strategies and possible measures to accelerate the implementation of decisions: mining industry”, as well as GRI informational and methodological documents on the topic “Sustainability and reporting trends in 2025” (May 2015).

The data collected during the work allows us to draw conclusions on the “moderate” level of assurance in relation to the information presented in the Report with a high degree of reliability and with acceptable risk based on criteria of relevance, completeness, reliability, independence and accessibility for understanding by the Company and its stakeholders.

The assurance process started before the full version of the Report was officially published on the Company's corporate website. We were not able to verify that the final version of the Report was published on the SUEK Group's corporate website due to the fact that the date of signing this assurance was earlier than the planned date of the Report's publication on the Company's website.

Boundaries and limitations of assurance

- Assurance is limited to the time frame of the reporting period (01/01/2018 - 31/12/2019)
- Assurance was not performed for qualitative and quantitative information that goes beyond the time frame of the current reporting cycle (2018-2019).
- Assurance was not performed for financial indicators verified by other independent audit organisations.
- Assurance did not apply to the Company's opinions, assumptions, wishes or intentions to take any action in the future.

Grounds for our opinion

Assurance of the Report was based on analysis of the Company's summary information on corporate social responsibility and other data from available sources using analytical confirmation methods. The assurance takes into account the industry specifics of the Company's activities. Sample verification of information in the Report carried out within the “moderate” level of assurance provides a lower level of assurance guarantees than a complete verification of all data without exception (“top” level). With regard to the quantitative indicators included in the Report, the work performed cannot be considered exhaustive for identifying all possible inaccuracies. At the same time, despite the objective limitations on visiting the Company, the information collected by the Assurance Officer during the work is a sufficient basis to form our conclusions with the accepted “moderate” level of assurance regarding the degree to which the Company implements the principles for determining the content and quality of the report, as well as quality of disclosure of sustainable development performance indicators in accordance with the AA1000AS standard and the requirements of GRI standards for social reporting.

Consistency of the Report with the principles for determining the content of the GRI Standards Report in the field of sustainable development

Stakeholder engagement



The SUEK Group has a long-standing practice of stakeholder engagement and revision of their list within each social reporting cycle. The main principles for building relationships with stakeholders are defined in SUEK's Code of Corporate Ethics and Information Policy.

During the reporting period, the Company identified 8 key groups of stakeholders based on the degree of influence that they are able to exert on the Company's performance as well as the impact that the Company's activities have on their well-being. Stakeholders are actively involved in the process of developing and implementing criteria to determine the relevance and significance of material issues. A map of topics that are most important for the Company's key stakeholder groups is maintained. A systematic and balanced approach is provided to the consideration of significant aspects and issues identified in the course of stakeholder engagement, as well as to the identification of ways and means to solve them.

The list of topics that reflect SUEK's impact on the economy, environment, society and stakeholders and on which the Company considers it appropriate to engage with stakeholders is presented in the Report and justified. The Report demonstrates responsiveness to significant interests and concerns raised by stakeholders.

The means and formats of stakeholder engagement and communication are determined, documented and confirmed by the Assurance Officer. These include: reports, including this Report, informational messages, press releases, interviews, negotiations, participation in exhibitions and forums, bilateral visits, meetings, public reception offices, the Company's corporate newspaper and website, audits and verification, as well as other open access mechanisms.

Stakeholder engagement processes used to make decisions during the preparation of the Report are consistent with the scope and boundaries of the Report. The Company's information openness is demonstrated by the placement of social and annual Reports from previous years on the website so that stakeholders can prepare feedback and comments on the disclosure of key aspects of corporate social responsibility in real time.

At the moment, we are not aware of areas that could have been, but were not, disclosed in the Report and in which the Company would have been unable to respond to reasonable requests from stakeholders.



Context of sustainable development

The SUEK Group demonstrates an understanding of the concept of corporate social responsibility and sustainable development and uses objective information when disclosing various economic, environmental and social topics in the Report.

The Company reflects the actual and expected contribution to changes in economic, environmental and social conditions, development processes, and trends at the local, regional and, to some extent, global levels.

The Report reflects the impact of sustainable development topics on the long-term development of the Company, its risks and opportunities, and the adoption of strategic and operational decisions.

Materiality

The Report is a balanced and reasoned presentation of information about the economic, social and environmental aspects of the Company's activities that are significant to stakeholders.

When determining materiality, the Company uses a combination of internal and external factors, including such basic factors as the mission and competitive strategy of SUEK, expectations and concerns expressed by stakeholders, and the organisation's impact on processes throughout the value chain.

For the 2018-2019 reporting period, the Company highlights 14 significant aspects (topics) of its activities, which are summarised in a prioritisation matrix. In forming the list of aspects, the main external and internal conditions of activity, risks, key success factors, as well as legislative and regulatory acts, voluntary agreements and initiatives of strategic importance for SUEK and its stakeholders are taken into account. The boundaries of the Report's material topics within the SUEK value chain (production, washing, logistics, product sales, etc.) as well as outside the Company are defined. The principle of materiality in the Report is applied not only when determining aspects to include in the Report, but also when selecting indicators.

Based on analysis of the Report's data and conducted interviews, there is no significant aspect of corporate social responsibility that would be omitted or unreasonably excluded from the reporting.

Completeness

The Report discloses important information of the reporting period based on the principles of materiality, the context of sustainable development, and stakeholder engagement. The Report presents three main metrics – the scope, boundaries and time frame of reporting – and covers all organisational units that meet the criteria for direct control or significant influence of the Company. Information that may affect assessments or decision-making by stakeholders is included in the Report. The information provided in the Report is based on a long-term development strategy and business plans that reflect the possible nature, scale and areas of impact. Uncertainty factors of forecast estimates are taken into account. The valuation methods and assumptions underlying them are sufficiently disclosed. The presentation of information is adequate from the point of view of the intended users of the Report.



Consistency of the Report with the principles of quality assurance of the GRI Standards Report in the field of sustainable development

Balance

The Report reflects not only the positive results of the Company's activities in the reporting period, but also, in part, unresolved issues. This provides a reasoned and comprehensive assessment of the effectiveness of its activities in sustainable development. Instances of the exclusion of significant information that could have a misleading influence on the decisions or judgements of stakeholders were not identified in the Report.

Comparability

The data and indicators included in the Report are prepared using universal GRI methodology. Information on the Report's outline and important changes (internal and external boundaries of aspects, scope) is provided. The Report's structure has continuity over several consecutive reporting periods. In the summary tables of the Report, a large amount of data on standard reporting elements (key indicators of sustainable development) is provided for the last 4 years. This allows stakeholders to evaluate the Company's performance in sustainable development in the trends of reporting periods, as well as provide analytical comparison with relevant indicators on the economic, environmental and social performance of domestic and foreign coal companies.

Accuracy

The Report contains data that has been calculated or is subject to continuous monitoring. The methods used by the Company for collecting, summarising and analysing information are verified and generally provide the required accuracy of indicators. Qualitative information is set forth clearly and with the necessary detail. The margin of error in the initial data used for the preparation of the Report is within acceptable limits and does not affect the decision-making by stakeholders in relation to the Company.

Timeliness

The Report was prepared in accordance with corporate plans for preparing annual reports within a reasonable time at the end of the reporting period, which ensures that stakeholders make informed decisions. The Report contains clear information about the reporting period and the release date of the previous sustainable development report.

Clarity

The Report contains sufficient information for stakeholders, but at the same time avoids excessive details. It is made in an understandable form, and it is accurate, objective, informative and balanced in content to the necessary extent. Report navigation is convenient and allows you to quickly find the required information. The text part is accompanied by graphs and diagrams, which positively affects the overall perception of the reporting information. The format for presenting information and data in the Report allows stakeholders to identify trends in changes in the Company's performance indicators, its achievements and unresolved problems in the context of the economic, environmental and social components of sustainable development.



Reliability

The Company's processes for collecting, consolidating, processing, analysing and documenting information used in the preparation of the Report ensure the proper quality of decision-making and disclosure of significant aspects and the Company's performance indicators in sustainable development. We are not aware of any information on the results of operations that is not supported in the Report by certificates, nor any facts that could significantly affect the reliability of the data and indicators included in the Report and that cause risks for users of the Report.

Assessment of the completeness of disclosure and reliability of indicators for compliance with the requirements of GRI standards

- The Report contains information on standard reporting elements (general and specific), including information on management approaches and performance indicators in accordance with the Core option of Report preparation.
- The Company has identified performance indicators related to material aspects. Performance indicators were disclosed on the basis of the provisions set forth in the GRI Standards series 200 (Economic Standards), 300 (Environmental Standards) and 400 (Social Standards).
- The table of compliance with the standard reporting elements provided in the Report objectively reflects the actual level of information disclosure and provides a prompt search for the required data.

Evaluating stakeholder engagement in accordance with the requirements of the AA1000 Stakeholder Engagement Standard 2015

The public reporting process complies with the recommendations of the AA1000SES standard. The Company continues to support a stakeholder identification methodology based on a multi-criteria approach using the criteria of dependence, responsibility, degree of influence, etc. The process of stakeholder engagement in the preparation of corporate reporting is planned in advance. The responsibilities and authorities of the Company's management and employees in matters of stakeholder engagement are defined, and the necessary resources are allocated. Priorities and best methods of stakeholder engagement are defined on the basis of annual monitoring and updating of key interests, needs and expectations of stakeholders. The effectiveness of stakeholder engagement is evaluated.



Final provisions

Based on the accepted assurance methodology and taking into account the amount of work performed, it seems possible to draw the following conclusions about the Report as a whole:

- The information included in the Report describes the strategy, business practices and results of the SUEK Group's activities in the field of sustainable development and corporate social responsibility, and it contains information about management systems that ensure the realisation of the Company's goals in this area.
- The Report is based on the requirements, guidelines and recommendations of the GRI Standards and corresponds to the Core disclosure option, which ensures that the information is comparable with data from other companies in the industry within the country and abroad.
- The Report objectively reflects the Company's key events and performance indicators during the reporting period, as well as its development trends from the perspective of corporate social responsibility.
- The results of the SUEK Group's activities in sustainable development achieved during the reporting period ensure that it fulfils its strategic goal to maintain financial and economic stability and a high level of social protection of the workforce in accordance with corporate social standards.
- The Company continues to increase the information transparency of its activities in corporate social responsibility. Qualitative statements are consistent with the quantitative information contained in the Report and other data from available information sources.
- During the reporting period, the Company continued to improve and strengthen its corporate social responsibility strategy. Corporate social responsibility is considered by the Company to be a tool for implementing a sustainable development strategy aimed at minimising non-financial risks.
- The Company has implemented effective management systems to identify significant economic, social and environmental aspects of sustainable development, plan, manage and improve the related processes, determine the expectations of stakeholders regarding material aspects and promptly respond to them in the course of operational activities.
- The Company's top management demonstrates its commitment to corporate social responsibility and is directly involved in the Report preparation process.
- Individual inaccuracies, incorrect references and discrepancies in quantitative data identified on a sample basis during the review of the preliminary version of the Report are not crucial, do not generally distort the information provided in the Report, do not significantly affect the ability of stakeholders to draw relevant conclusions regarding the Company's performance, and were eliminated by the Company during work on the final version of the Report.

Recommendations for preparing corporate public non-financial reporting for future periods taking into account the best international practices

The Company has been working with Bureau Veritas Certification Rus JSC for several years to prepare limited level assurance for its sustainability reports. Based on the systematisation of long-term observations and evaluation of the strengths of the Report and the Company's commitment to the principles of responsible business practices, below are some recommendations for improving corporate public non-financial reporting that do not affect our opinion above.

- Formation, together with stakeholders, of a system of sustainable development indicators that reflect the specifics of the coal industry, including taking into account the ongoing GRI work on the development of the Oil, Gas, and Coal Sector Standard.
- Further disclosure of the procedure for managing material aspects (topics) of the Report in the context of: adopted management methods (policies, procedures, projects, goals and objectives,



responsibility and authority, etc.), performance evaluation mechanisms (internal and external audits, results of measurements and observations, feedback/opinions of stakeholders, etc.), conclusions based on the results of the reporting period and areas of adjusting management methods in future reports.

- Reflection in future reports of stakeholder opinions and comments on the reporting process based on the feedback received. More complete disclosure of information on the impact of stakeholder opinions on improving management practices.
- Maintaining the adopted procedure for disclosure of sustainable development information based on the principle of: “goals and objectives set in the reports from previous periods - information on the progress of achieving goals and completing tasks in the reporting period - goals and objectives for the next year - strategic goals for several years ahead.”
- Ensuring continuity of formal attributes (structure, content) of social reports, allowing stakeholders to track the areas of the corporate social policy chosen by the Company and properly assess the implementation of their obligations (statements, intentions, events, programmes, plans) in real time.

Statement of Bureau Veritas Certification Rus JSC on independence, impartiality and competence

- Bureau Veritas is an independent professional international company that has been specialising for more than 180 years in providing services in the field of accredited certification of various management systems (in particular, quality management systems, professional health and safety, environmental protection, etc.). It is an accredited assurance service provider of AccountAbility, a global organisation for research, consulting and standardisation in corporate social responsibility and sustainable development.
- Bureau Veritas Certification Rus JSC officially declares that this Assurance is an independent assessment of a third-party auditor. Bureau Veritas Certification Rus JSC did not participate in the preparation of the Report and has no commercial interests in the Company's activities, except for the assurance services provided.
- The auditors of Bureau Veritas Certification Rus JSC involved in the assurance work have the necessary level of competence, have many years of experience in assurance of public non-financial reporting, have knowledge of the economic, environmental and social aspects of companies in various industry sectors and apply our internal procedures and best international practices.



Assurance Officer
Bureau Veritas Certification Rus JSC

Lead Auditor, Ph.D. in Economics
IRCA No. 01191213

/Signature/

V.G. Mityashin

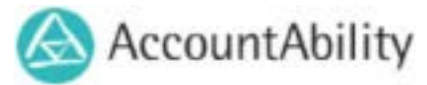
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ANNEX 6. CERTIFICATE OF PUBLIC ASSURANCE OF THE REPORT BY THE RSPP BOARD FOR NON-FINANCIAL REPORTING



GLOSSARY

Bulk terminal	Complex of onshore facilities and equipment for loading and unloading bulk carriers (i.e., ships generally carrying bulk loads)
Smokeless briquettes	Fuel briquettes from brown coal coke breeze. Compared to traditional brown coal, smokeless fuel has higher consumer characteristics: increased calorific value, reduced consumption when used in household stoves and boiler houses compared to brown coal, as well as high eco-friendliness and absence of smoke when burning
Hydraulic fracturing of a coal seam	In the coal mining industry, hydraulic fracturing means the creation of a highly conductive crack in a coal seam by injecting a fluid into it under pressure
Co-generation	Simultaneous generation of heat and energy from one volume of fuel
RSPP indexes	Indexes of the Russian Union of Industrialists and Entrepreneurs (RSPP) related to sustainable development: "Responsibility and Openness" (index of a company's disclosure related to sustainable development) and "Sustainable Development Vector" (index of the performance of companies in this area)
Coal calorific value	Indicator reflecting the amount of energy released during the combustion of one kilogram of coal
Collective bargaining agreement	Legal act regulating social and labour relations of an individual entrepreneur or within an organisation and concluded by employees and an employer acting through their representatives
Compliance	Conformity of an organisation's activities to government requirements, legal regulations, applicable rules, guidelines and standards, including internal corporate policies and procedures, as well as ethical business practices
Corporate charity	Voluntary and gratuitous transfer of property by the company to citizens or legal entities, including money, as well as free provision of work, services and other support
Coal longwall face	Underground mine opening where coal is mined
Metallurgical coal	General term related to various grades of coking coal, as well as soft coking coal
Local communities	Individuals and population groups living in a certain territory and sharing common interests
Social package	Package of benefits, compensation, extra payments, services (legally established and additional) that an employer provides to employees in addition to wages

SUEK social investments	Investments in solving the most important social development problems in the regions of the company's presence: support for social infrastructure, healthcare and education, culture and sports, environmental protection, development of entrepreneurial and social initiatives of local communities
GRI standards	Sustainable development reporting standards established by the Global Reporting Initiative (GRI)
Installed capacity	Total nominal active power of generating facilities
Sustainable development	Development that meets the needs of the present generation without undermining the ability to meet the needs of future generations (World Commission on Environment and Development, 1987)
Sludge	Waste from the engineering of a mining product
UN Sustainable Development Goals (SDGs)	The Sustainable Development Goals adopted on 25 September 2015 by the UN member countries as part of the 2030 Agenda for Sustainable Development, aimed at conserving the planet's natural resources and ensuring the well-being of people
Steam coal	One of the main fuel types used to generate electricity
Bettercoal	An international association of European coal consumers and a global non-profit organisation dedicated to promoting corporate social responsibility in the coal supply chain, including social, environmental and ethical practices
ERP system	Enterprise resource planning. Information management system for managing production, labour resources, and finances and assets, aimed at optimising enterprise resources
ESG factors	Environmental, social and governance factors of business sustainability
GRI	Global Reporting Initiative. A global reporting initiative and an international independent organisation that develops sustainable development reporting standards
HELE	High efficiency, low emissions. Technologies that enable coal plants to generate more electricity while consuming less coal through the use of new generation technology and materials. HELE power plants operate at higher temperatures and pressures for quicker conversion of water to steam. This greatly improves the efficiency of boilers and turbines, which in turn saves fuel and reduces CO ₂ emissions
Vision Zero	A global initiative of the International Social Security Association (ISSA) to achieve zero injuries at businesses

ACRONYMS AND ABBREVIATIONS

HSB	Hot standby functionality. The HSB complex is designed for reliable and continuous power supply to consumers due to hot standby functionality in the event of emergency and abnormal modes in the supply networks
AMRT	Auxiliary mine rescue teams
GW	Gigawatt
Gcal	Gigacalorie
GRES	This abbreviation, which survives from the time of the Soviet Union's electrification project, means "state district power plant". In the modern sense, GRES is a powerful thermal power plant that primarily generates electricity
DPM	Capacity supply agreement
HCS	Housing and communal services
ESW	Engineering worker
kW·h	Kilowatt hour
kcal	Kilocalorie
CSR	Corporate social responsibility
MW	Megawatt
MW·h	Megawatt hour
IFRS	International Financial Reporting Standards
R&D	Research and development
NPO	Non-profit organisation
HPS	Hazardous production situations
QCD	Quality Control Department
HSE	Industrial safety and labour protection
SPIEF	St. Petersburg International Economic Forum
Rostekhnadzor	Federal Service for Ecological, Technological and Nuclear Supervision
Rostrud	Federal Service for Labour and Employment
RSPP	Russian Union of Industrialists and Entrepreneurs
PPE	Personal protective equipment

FEC	Fuel and energy complex
TPP	Thermal power plant
CHPP	Combined heat power plant
s.f.	Standard fuel
FIDE	Fédération Internationale des Échecs, FIDE. In English, the International Chess Federation
SDGs	Sustainable development goals
EBITDA	Earnings before interest, tax, depreciation and amortisation
ISO	International Organisation for Standardisation
HR	Human resources
LTIFR	Lost time injury frequency rate
NFC	Near field communications
OHSAS	Occupational Health and Safety Assessment Scheme

CONTACTS AND FEEDBACK

Dear readers,

Thank you for your attention and interest in the SUEK Sustainability Report.

We would appreciate your feedback. Your assessment and suggestions regarding disclosure help us improve the quality of non-financial reporting and the overall performance of the company.

To express your opinion or ask questions, you can contact us in any convenient way.

All feedback and questions will be taken into consideration when preparing the next SUEK Sustainability Report.

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