



SUEK's corporate governance system is designed to ensure we run an effective and responsible business that creates value for all stakeholders. Our corporate governance system is underpinned by the following principles:

- Treating all shareholders equally, recognising and protecting their rights
- Ensuring the efficiency of our strategic and operational management and internal control and audit mechanisms
- Ensuring the company's informational and financial transparency by providing stakeholders with accurate information in convenient formats
- Adhering to rigorous ethical business standards
- Providing decent, safe and healthy working environments for our employees

The key internal documents relating to corporate governance at SUEK are our Charter, Regulation on the Board of Directors, Regulation on the Management Board, Corporate Governance Code and SUEK's Code of Corporate Ethics. The procedure for preparing, convening and holding the General Meeting of Shareholders is also governed by relevant regulations.



THESE DOCUMENTS CAN BE FOUND ON THE COMPANY'S WEBSITE WWW.SUEK.COM

In developing our corporate governance system, we are guided by the provisions of the Corporate Governance Code recommended by the Bank of Russia, as well as by the best international practices. The company has adopted a set of recognised international approaches:

- The positions of Board Chairman and CEO are separate
- The Board includes the Strategy Committee, the Audit Committee and the Nomination and Compensation Committee, all of which include Independent and Non-Executive Directors with relevant experience
- When making decisions, Board members avoid potential conflicts of interest
- The status of Independent Director and the number of independent directors is monitored and confirmed by the Board of Directors
- The Board's work is assessed on an annual basis

Governing bodies

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

Key activities in 2018

General Meeting of Shareholders

In 2018, the General Meeting of Shareholders approved new versions of internal documents, regulating the activities of our governing bodies' activities. It also authorised major transactions and elected the members of the Board of Directors. At the Annual General Meeting of Shareholders, the 2017 Annual Report and financial statements were approved, and KPMG was re-appointed as SUEK's external auditor for 2018.

Board of Directors

The Board of Directors is a key element of our corporate governance system. The Board's authority to ensure the efficient management of the company is confirmed by legislation of the Russian Federation and internal company documents.

The Board of Directors runs three Committees:

- Strategy Committee
- Audit Committee
- Nomination and Compensation Committee

The activities of all Committees are aimed at improving the efficiency and quality of decisions made by the Board of Directors.

Composition of the Board of Directors

To ensure the Board of Directors is efficient, its highly qualified members take individual responsibility and overall accountability for all decisions made by the Board. The composition of the Board of Directors is balanced and complies with all applicable shareholder requirements. The Directors have significant experience in mining, energy and finance, equipping them to offer valuable strategic leadership and support the company in solving any issues.

In compliance with best international practices, SUEK undertakes active succession management of the composition of the Board of Directors. A partial change in the composition of the Board brings new experience to the company, and guarantees the stability of our business and the continuity of management. In September 2018, Kuzma Marchuk and Olga Vysotskaya left the company. At the same time, a Non-Executive Director, Tom Cairns, who is experienced in finance and investment, joined the Board.

Starting from 10 September 2018, our Board of Directors consists of eight people. Three Directors are Independent: Klaus-Dieter Beck, Natalia Izosimova and Iain Macdonald (their independence has been confirmed by the Board). Four Board members are Non-Executive Directors: Tom Cairns, Stefan Judisch, Alexander Landia and Andrey Melnichenko. The Board also includes SUEK's CEO, Vladimir Rashevsky. Alexander Landia serves as the Chairman of the Board.

Selection and nomination policy

The Nomination and Compensation Committee oversees the selection and nomination of new Board members and ensures the Board remains well balanced with Directors whose competences complement the company's strategic objectives.

Candidates for the Board are directors with knowledge of the mining sector or the energy industries; they should also be highly proficient in finance, investment and risk management.

The criteria that Independent Directors must satisfy are defined in SUEK's Corporate Governance Code and comply with the Corporate Governance Code recommended by the Bank of Russia. Board members are elected for the period up until the next Annual General Meeting, with the possibility of re-election. The Nomination and Compensation Committee evaluates the compliance of prospective Board members with the independence criteria.