

ENHANCING COMPETITIVE ADVANTAGE, ENSURING SUSTAINABILITY



At SUEK, we recognise the importance of corporate governance to ensure effective and sustainable business performance.



In 2017, due to the positive coal market environment, the Board reviewed a number of strategic initiatives in order to enhance the company's competitive advantage and ensure its long-term sustainability.

SUEK's management and the Strategy Committee reviewed the middle-term and long-term forecast and updated the company's ten-year consolidated strategy. The following principles remain at the core of our updated strategy and investment policy: developing a high-quality coal portfolio and optimal distribution to meet growing demand from our key markets; enhancing our productivity and the environmental safety of our production and transportation activities; maintaining a robust balance sheet and conservative financial policy.

In addition, in response to the growing focus of the international community to environmental issues and changes in Russian legislation, the Board approved a new environmental strategy, determining the key priority areas for reducing SUEK's environmental impact.

Although the pricing environment remained favourable during 2017, we continued to strictly control expenses, maintaining operational efficiency and developing our own logistics capacity and sales network.

We also continued work to improve our corporate governance system. In accordance with decisions taken by the Board of Directors in 2016, in mid-2017 we completed the development of a new compliance management system. This system is intended to help us identify, locate and solve problems within the business to comply with best practice and legislation in all countries where we operate.

In 2017, the composition of our Board of Directors did not change. The Board still consists primarily of independent directors and is well balanced and experienced. I would like to thank all our Board members for their professionalism and valuable contribution to the company's progress in 2017, and I look forward to a productive year ahead.

ALEXANDER LANDIA,
CHAIRMAN OF THE BOARD OF DIRECTORS