

DRIVING SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



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Responsible approach

In Russia, 2017 was declared the Year of Ecology. SUEK's Board of Directors considers environmental protection to be integral to the successful implementation of the company's overall strategy. Its importance only increases in the face of the ongoing pressure being exerted on the industry.

The environmental programmes we implement across our units meet the most stringent global standards. As one of the largest coal mining companies in the world, SUEK uses the latest technology in all areas of operations, which not only enables us to achieve high business performance, but also helps to reduce our impact on the environment. For example, over the past five years, the company has managed to increase coal washing by 80%, which means we deliver high-margin products, accompanied by a significant reduction of emissions during coal transportation and usage.



The utilisation of methane rose by 25% over five years, which provides energy savings and ensures we emit less greenhouse gas into the atmosphere.

Our commitment to advanced methods of environmental protection is not only an important part of our responsibility towards society and future generations, but also reflects our care for our employees and their families.

Out of recognition and respect for the dedicated work of our employees, we will continue to adhere to the highest standards in our efforts to protect their interests, providing them with favourable working and living conditions.

The company's activities to improve industrial safety, labour productivity, and our engagement in staff development, as well as social and charitable projects, are among the most advanced. Through our efforts and activities in these areas, we are committed to improving the quality of life of people in the regions where we operate.

As part of these commitments, our new five-year strategy is designed to support SUEK's leadership in social and environmental responsibility. In particular, we plan to invest \$173m in measures to improve environmental protection.

Improving positions

In general, the company's strategy is aimed at ensuring stable leadership in the international coal industry by enhancing our competitiveness as a worldwide supplier, providing access to the cheapest and most affordable energy, and by seeking global growth opportunities. So we will continue to build relationships with key foreign partners, search for new assets that allow synergy with SUEK's core business, and explore opportunities associated with advanced coal processing technologies.

SUEK's strategy assumes a growth of our coal production around 130 million tonnes by 2022, and a potential increase in export sales. Such performance will only be possible through the coordination and dedication of all SUEK units involved in export-quality coal production and washing, loading and transportation, supply chain, and sales services.

In the years ahead, we intend to significantly increase our coal washing volumes – from 42 million tonnes in 2017 to around 58 million tonnes by 2022. Another key aspect of our production strategy is the development of our auxiliary businesses, with a view to improving their productivity and initiating production of new product types.

We have therefore developed an ambitious investment programme, with almost \$3bn planned for the next five years. Approximately half of this money will be spent on improving operational efficiency and industrial safety, as well as upgrading our washing facilities. We will invest heavily in projects aimed at developing our production, washing and port assets, while also purchasing additional higher-capacity railcars and implementing our environmental strategy. In addition, we will continue to improve our production and business processes in order to reduce operating costs and capital expenditure.

Another strategic priority is to ensure effective long-term financing through stable access to debt markets. To this end, we are systematically expanding our presence in global capital markets and diverse geographical regions.

Changing perceptions

As a company, we are determined to change perceptions of the coal industry and coal power generation sector by active participation in discussion and implementation of environmental policy measures, both in Russia and abroad. We are against rash and hasty initiatives that undermine the contribution of the coal mining industry, and neglect the efficiency of the measures that we and our industrial peers have adopted to reduce our environmental impact. Such initiatives, if implemented, may lead to social instability in the world's coal mining regions and restrict access to electricity for millions of people.

Looking ahead, we will maintain our position on these issues, relying on facts, as well as credible forecasts and expert scientific studies. We believe that, together with other market participants, through openness and willingness to discuss issues of public concern, we can dispel the myths and misconceptions about the coal mining industry. We will also make every effort to minimise our impact on the environment by introducing the most advanced scientific and technological innovations.

ALEXANDER LANDIA,
CHAIRMAN OF THE BOARD
OF DIRECTORS

OUR SUSTAINABILITY APPROACH

We are aware of our impact on the environment and communities and we know our core responsibilities are to look after our colleagues and the communities in which we operate and to bring warmth and light into people's homes.

Our strategic priorities in sustainable development:

- Improvement of our occupational health and safety system;
- Development of employees;
- Careful utilisation of natural resources and the use of technologies that minimise the negative environmental impact of production;
- Quality of life improvements for our employees, their families and community members;
- Development of the regions in which we operate.

Our management approach takes account of the Sustainable Development Goals (SDGs) that have been set by the UN to end poverty, protect the environment and ensure prosperity for all.

Our key global impact comes through the production and distribution of coal, a major source of affordable, scalable and efficient energy for the urbanising world. Coal is used by many industries and helps to drive economic growth, improve living standards and achieve energy security worldwide.

On a national scale, SUEK's activities have a significant impact on the operation of the Russian energy sector, as well as on the development of related industries.

SUEK plays an important role in the lives of over 33,500 employees, their families and community members. We do this by providing decent jobs, investing in people and developing the economic, social and educational infrastructure of the regions where we operate. We also contribute to social welfare by paying taxes at different levels.

We continue to invest in large-scale programmes that help to improve resource efficiency, reduce waste and prevent pollution.

To ensure our strategies and sustainability objectives are effective and aligned, we interact with regional and state authorities, and non-governmental organisations on a regular basis. We are also involved in international initiatives, such as UNDP and Clean Coal Technology Centre projects.



MORE INFORMATION ON OUR SUSTAINABLE DEVELOPMENT POLICIES AND COMMITMENTS CAN BE FOUND ON OUR WEBSITE: WWW.SUEK.COM