

Board Committees

Strategy Committee



Members of the Committee as at 31 December 2019

ANDREY MELNICHENKO (Chairman)

Klaus-Dieter Beck

Stefan Judisch

Alexander Landia

Vladimir Rashevsky

Areas of responsibility:

The Strategy Committee is responsible for reviewing management's proposals, assessing associated risks and developing recommendations to support the Board's decision-making in the following key areas

- Defining the operating priorities of the company
- Developing the company's overall strategy, strategic plans for business segments and strategies by functional area
- Developing the company's strategies and goals in target markets
- Implementing major investment projects
- Defining the company's operating priorities and evaluating the operational efficiency of management
- Carrying out investment planning, project management and capital management
- Improving key business processes

In 2019, the Strategy Committee's work was focused on the development prospects of the segments and the Group as a whole.

Looking at the trends of the global coal market, the domestic electricity market and analysis of the external environment factors that are significant for SUEK, we updated the company's strategic model by summarising the strategic targets for the divisions, business segments and supporting functions. In particular, we reviewed and adjusted the strategic goals for the next five years in sales and logistics.

Recognising our responsibility as a business to look after the natural environment and communities in which we operate, we carefully assessed any potential social or environmental impact of our strategic decisions.

We evaluated our management's strategic initiatives to develop resource base with consideration for long-term market growth forecasts, and analysed the sustainability of SUEK's mining assets in the context of changes in external parameters. The Committee reviewed the updated key strategic priorities for the coal, energy and logistics assets in Kuzbass, Krasnoyarsk,

Barnaul and other Siberian towns. Committee members reviewed management reports relating to prospective energy-intensive consumption projects in the domestic market.

As part of improving operational efficiency, the Committee evaluated the intermediate results of programmes to increase the efficiency of open-pit mining and advance our drilling and blasting operations, and supported a plan to increase the operational efficiency of SGC's processes.

In the Energy Segment, we reviewed the results of DPM-1 projects and approved key approaches to identifying priority modernisation projects under the DPM-2 programme.

During the year, the Committee traditionally monitored the processes of budgeting, accounting and reporting, and the delivery of investment projects. In view of the market conditions and forecasts from the banking sector and industry analysts, the Committee supervised the refinement of macroeconomic parameters and operating performance targets for strategic and budget planning.

Andrey Melnichenko,
Chairman of the Strategy Committee

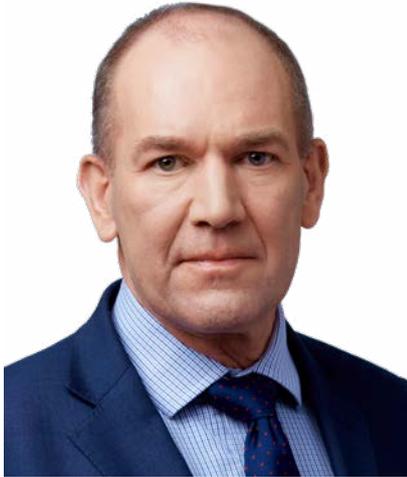
5

in-person meetings
in 2019

3

in-absentia meetings
in 2019

Audit Committee



Members of the Committee
as at 31 December 2019

IAIN MACDONALD (Chairman)

Michael Baumgärtner

Stefan Judisch

Areas of responsibility:

- Ensuring the completeness and accuracy of the published financial statements
- Guiding the development of management reporting with regular reviews of performance reports
- Overseeing the implementation of budget and planning policies and evaluating the effectiveness of budgeting systems
- Evaluating the performance of the external auditor and the effectiveness of the external audit process
- Assessing the effectiveness of the internal control and risk management processes
- Supervising the work of the Internal Audit Service, including quarterly analysis of audit findings and annual analysis of audit effectiveness and follow-ups

As Chairman of the Audit Committee, I worked closely with my colleagues to ensure the efficient work of the Committee. In 2019, we focused on planned matters as well as issues related to the consolidation of the Energy Segment.

In 2019, we monitored various areas of SGC's integration into SUEK: information and documentation, IT strategy, compliance system, and the Internal Audit Service.

During the year, the Committee regularly monitored the functioning of the company's compliance system, paying particular attention to our policy of compliance with applicable sanctions. In general, we believe that the compliance culture and compliance control in the company are at a high level. The Committee supervised a project to extend the common standards of the compliance system to SGC units, as part of the integration process.

An important achievement of the compliance system in 2019 was the certification of SUEK's unified compliance management system with ISO 19600:2014 and the anti-corruption management system with ISO 37001:2016 standards of the International Compliance Association (ICA). We reviewed and closely evaluated the changes made to the company's Anti-Corruption and Compliance Policies. The new versions of these policies reflect changes in a number

of legislative acts of the Russian Federation and provisions of international standards.

The Committee reviewed reports of the Internal Audit Service on a quarterly basis. It approved internal audit plans and the Internal Audit Service budget and held regular meetings with the head of IAS without management being present. Under the supervision of the Committee, as part of SGC consolidation, a unified consolidated Internal Audit Service was established based on common methodology. We prepared and issued recommendations on the content and structure of the Regulation on the Internal Audit Service and SUEK's Internal Audit Policy.

In addition to considering the regular issue of preparing the company's Annual Report, the Committee monitored the preparation status of the Sustainable Development Report for 2018–2019, which is focused on environmental protection and ecology, environmental performance, efficiency, and industrial and labour safety.

The Committee reviewed planned reporting matters (IFRS) and considered regular issues relating to the evaluation of the external auditor's effectiveness, remuneration and independence.

Iain Macdonald,
Chairman of the Audit Committee

5

in-person meetings
in 2019

3

conference calls

Nomination and Compensation Committee



Members of the Committee as at 31 December 2019

ALEXANDER LANDIA (Chairman)

Klaus-Dieter Beck

Vladimir Hlavinka

Areas of responsibility:

- Making recommendations to the Board of Directors regarding HR strategy, nominations and compensation, corporate governance and social policy
- Ensuring the continuity of senior management, developing a succession pool and talent pipeline and designing and assessing programmes for developing managers
- Ensuring compliance with industrial and environmental safety standards at our enterprises; monitoring our system of key performance indicators in this area
- Assessing the compliance of our industrial safety system with regulatory and corporate requirements; assessing the efficiency of controls in this area
- Analysing the causes and consequences of accidents and developing recommendations on their future prevention

As Chairman of the Nomination and Compensation Committee, I focused the Committee's activities on the improvement of labour, industrial and environmental safety. One of the key issues for us was the revision of the Group's HR strategy to support the new Group strategy implementation.

The Committee set the task for top managers to further improve the business process of personnel management while integrating HR functions. We gave recommendations regarding the expanded list of key positions in respect of which the Board of Directors approves recruitment, dismissal and remuneration. We also assessed the current state of the talent pool and took actions aimed at supporting the succession of senior managers. On the Committee's initiative, the company began the development of a single model of managerial competencies across the Group.

We also developed and approved an updated the reporting format for operating indicators of the generating units, based on our guidelines.

We improved the top management incentivisation system, including a review of the approach to its long-term component. New incentive tools are now under development. During the year, we proposed and approved a remuneration programme for achieving mine development targets, which is currently one of SUEK's key tasks. Work continues on testing and adjusting the business' main indicator of economic efficiency, which is used for incentivisation purposes, along

5

in-person meetings in 2019

with a methodology for calculating the parameters of incentivisation systems for individual functions, and we preliminarily reviewed the top managers' progress towards their personal goals for 2019 and set target KPIs for 2020.

We also focused on monitoring the labour and industrial safety system at our mining and generating units. At our Committee meetings we carefully analysed the circumstances surrounding any fatal or severe occupational accidents.

We worked on recruiting for the Board of Directors. In 2019, two highly qualified professionals, Michael Baumgärtner and Vladimir Hlavinka, joined the Board of Directors. Vladimir Hlavinka also joined the Nomination and Compensation Committee.

The Committee approved the company's updated Communications Strategy and defined areas for coordination between SUEK's and SGC's PR services, taking into consideration the specifics of each segment. As part of our activities, the Committee oversees a regular opinion survey of representatives of target stakeholders in the regions where the company operates. We reviewed an employee satisfaction survey and offered recommendations to the management on the inclusion of additional social projects in the 2020 plan.

The Committee supervised the annual assessment of the Board's performance, identifying areas that require further attention, reviewed opportunities for the professional development of Directors. It confirmed the status of the company's Independent Directors.

Alexander Landia,
Chairman of the Nomination and Compensation Committee