Delivering high-quality energy

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Delivering high-quality energy</th>
<th>Maintaining a robust balance sheet</th>
<th>Achieving high safety standards</th>
<th>Committed to sustainable development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing on efficient growth</td>
<td>2023 targets: 70% of total production to be hard coal, &gt;65% of hard coal to be washed, 100% heat from co-generating power plants</td>
<td>2023 targets: Net debt / EBITDA ratio at an average of 2.5x throughout the market cycle</td>
<td>2023 targets: Zero industrial accidents, Zero fatalities</td>
<td>2023 targets: 24/7 control of CHPP emissions, 0% of water outflow to be untreated</td>
</tr>
<tr>
<td>Improving operational efficiency and productivity</td>
<td>2023 targets: Improving labour productivity, &gt;80% coverage of own transportation needs, &gt;80% transhipment of own coal exports through SUEK’s ports</td>
<td>2023 targets: Progressive decline in LTIFR aiming to reach zero</td>
<td>2023 targets:</td>
<td>2023 targets:</td>
</tr>
</tbody>
</table>

SUEK Integrated Report 2019
Vision

Already the largest coal producer in Russia and one of the key heat and electricity suppliers, our aim is to be one of the world’s leading energy companies. We will achieve this by expanding our existing mining, processing and power generating assets, investing in new technologies and continuing to develop our logistics and distribution systems. We also aim to reduce our environmental impact and enhance our positive contribution to the social and economic development of the regions where we operate.

SUEK’s SWOT analysis

Strengths
- Position in the lower end of the global coal cost curve due to vertical integration and large-scale investments
- Diversified coal portfolio for all key markets, including high-CV coals
- 30+ years of high-quality low-sulphur coal reserves, efficient mining and washing capacities
- One of the largest global coal sales networks
- Efficient co-generation heat and power generating facilities fuelled by local coal
- Access to funding and prudent financial policy ensuring financial stability
- Effective and transparent ESG programmes

Weaknesses
- Sensitivity of earnings to global coal prices and RUB exchange rate
- Cap on electricity generation output at several assets due to restricted power grids in several regions
- Energy CAPEX dependence on state regulations

Opportunities
- Stable demand for high-CV coals
- New coal applications
- Development of railways to Eastern ports
- New housing and energy-intensive industrial facilities in the regions where we operate
- Transfer to the ‘alternative boiler’ tariff
- New financing opportunities (project and equipment supplier (export) finance)

Threats
- International coal price volatility
- Decrease in output or suspension of energy-intensive industries due to macroeconomic factors
- More stringent CO₂ regulations for power stations
- More stringent ESG requirements from the financial community
- Russian railway infrastructure restrictions

Vision

Already the largest coal producer in Russia and one of the key heat and electricity suppliers, our aim is to be one of the world’s leading energy companies. We will achieve this by expanding our existing mining, processing and power generating assets, investing in new technologies and continuing to develop our logistics and distribution systems. We also aim to reduce our environmental impact and enhance our positive contribution to the social and economic development of the regions where we operate.
**Focusing on efficient growth**

Strengthening our presence in resilient, high-margin international coal markets will help ensure the long-term sustainability of our business. In Russia, we are focused on unlocking synergies between our coal and energy businesses and the co-generation of heat and electricity in order to remain a cost-efficient and responsible energy producer.

**Increasing production of high-quality and high-demand coal products**

- Expanding mines in Buryatia, Khakassia and the Khabarovsk region.
- Building a new washing plant at Tugnuisky, increasing the throughput of the Chegdomyn WP.

**Strengthening our presence in premium coal markets**

- Strengthening our market presence in Japan, South Korea and Southeast Asia’s premium markets.
- Growth in the share of direct sales by developing distribution networks in key sales countries.

**Share of washed hard coal and high-calorific coals in exports**

<table>
<thead>
<tr>
<th></th>
<th>'19</th>
<th>'18</th>
<th>'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>106.2</td>
<td>110.4</td>
<td>107.8</td>
</tr>
<tr>
<td>Hard coal production</td>
<td>66.7</td>
<td>72.1</td>
<td>72.2</td>
</tr>
<tr>
<td>Washed hard coal</td>
<td>40.5</td>
<td>38.3</td>
<td>35.6</td>
</tr>
<tr>
<td>High-calorific coals in exports</td>
<td>62%</td>
<td>59%</td>
<td>58%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>'19</th>
<th>'18</th>
<th>'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>55.1</td>
<td>57.2</td>
<td>56.4</td>
</tr>
<tr>
<td>Share of sales to premium markets</td>
<td>62%</td>
<td>59%</td>
<td>59%</td>
</tr>
</tbody>
</table>

**2019 results**

We continued to develop our assets in Khakassia (Chernogorsky), Buryatia (Tugnuisky and Nikolsky), Khabarovsk region (Pravoberezhny), which led to a 5% year-on-year increase in production at these open-pit mines. Meanwhile, we used the market downturn to upgrade underground mining equipment, which led to a decrease in underground production, leading to a total 7% hard coal production decrease year-on-year.

SUEK launched a second washing plant at Tugnuisky, bringing the share of washed hard coal to 62%.

Sales Southeast Asia increased by 4%, driven mainly by growing exports to Vietnam and Hong Kong.

SUEK stepped up sales to other premium markets, including 1.2 Mt supplied to Mexico.

In the Atlantic, despite a general market decline, shipments to the countries of the Mediterranean basin increased by 1% to 6.5 Mt, mainly due to an increase in shipments to Morocco.

**2023 plans**

- Increasing hard coal to 70% of total production
- Raising the share of washed hard coal to >65%
- Supplying more coal to Japan and South Korea through the promotion of products with a low ash content and higher calorific value.
- Increasing deliveries to core markets (Taiwan, Malaysia, Hong Kong, Mexico).
- Increasing supplies to new markets (Vietnam, Thailand, Pakistan, the Philippines, Sri Lanka and others) to 10% of Asian sales
- Increasing sales to Mediterranean countries from 45% to 55% of sales in the Atlantic region
Increasing output of high-CV products at Tugnuisky

At the Tugnuisky and Nikolsky open-pit mines, we mine coal with a low nitrogen and sulphur content, which makes it especially attractive for Japanese buyers, given the growing demand for high-CV coal in this premium market.

In 2019 we started the trial operation of a second Tugnuisky WP. New wastewater treatment plants are being built for the mine and the washing plant.

Goals
- Increase the total capacity of Tugnuisky and Nikolsky to 15.5 Mt by 2023
- Double the supply of coal from Buryatia to Japan by 2021

Consolidating our position in the Russian thermal coal market
Increasing coal production at Borodinsky in the Krasnoyarsk region to meet growing demand from our power plants.

Consolidating our position in the Russian heat and electricity markets
Consolidating our share in the Siberian heat and electricity market through capacity upgrade and potential M&As.

Coal sales to Russian market, Mt

<table>
<thead>
<tr>
<th></th>
<th>'17</th>
<th>'18</th>
<th>'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>own generation</td>
<td>24.8</td>
<td>30.2</td>
<td>33.7</td>
</tr>
<tr>
<td>other customers</td>
<td>28.6</td>
<td>28.2</td>
<td>26.2</td>
</tr>
<tr>
<td>total</td>
<td>53.4</td>
<td>58.4</td>
<td>59.9</td>
</tr>
</tbody>
</table>

Domestic coal sales grew by 3% thanks to growth in supplies to SGC’s plants.
To meet this rising demand from our CHPPs, we increased production at Borodinsky by 4% to 22.3 Mt.

Heat generation, million Gcal

<table>
<thead>
<tr>
<th></th>
<th>'17</th>
<th>'18</th>
<th>'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>own generation</td>
<td>27.0</td>
<td>46.0</td>
<td>43.5</td>
</tr>
<tr>
<td>other customers</td>
<td>18</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>total</td>
<td>45</td>
<td>74</td>
<td>82</td>
</tr>
</tbody>
</table>

SUEK acquired Refinskaya GRES and agreed on the purchase of the Krasnoyarskaya GRES-2. This will boost SUEK’s total power generating capacity by 46% to 16 GW, which makes us No. 5 electricity producer in Russia.
The transition of Barnaul to the ‘alternative boiler’ tariff was implemented.

Electricity generation, TWh

<table>
<thead>
<tr>
<th></th>
<th>'17</th>
<th>'18</th>
<th>'19</th>
</tr>
</thead>
<tbody>
<tr>
<td>own generation</td>
<td>15</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>other customers</td>
<td>10</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>total</td>
<td>25</td>
<td>30</td>
<td>35</td>
</tr>
</tbody>
</table>

Increasing Russian sales to

>65 Mt

Maximising the share of SUEK’s coal supply to our plants
Consolidating Refinskaya GRES and Krasnoyarskaya GRES-2.
Switching to the ‘alternative boiler’ tariff in and other cities.
Improving operational efficiency and productivity

We always strive to improve operational efficiency and productivity in order to remain competitive in any macroeconomic environment.

Improving the operational efficiency of our coal assets

Continuing to introduce advanced underground mine layouts, increasing the length of longwalls to 350-400 metres.

Optimising the combined operation of excavators and dump trucks to ensure growth in production volumes and investment cost savings.

Improving the operational efficiency of our energy assets

Optimising the operation of power plants to achieve growth in output and save on investment costs.

Increasing the share of co-generation of heat and electricity to optimise the use of production capacities and fuel consumption.

KPIs

<table>
<thead>
<tr>
<th>Productivity of mining unit production personnel, t per man-month</th>
<th>Energy consumption per coal production, kWh/m² of rock mass</th>
<th>Specific fuel consumption, per unit of energy</th>
<th>Share of heat output in co-generation cycle of the total heat output</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>508</td>
<td>2.79</td>
<td>100%</td>
</tr>
<tr>
<td>'18</td>
<td>540</td>
<td>2.50</td>
<td>96%</td>
</tr>
<tr>
<td>'17</td>
<td>535</td>
<td>2.96</td>
<td>95%</td>
</tr>
</tbody>
</table>

2019 results

Productivity of mining personnel decreased in line with lower production. But we upgraded equipment to improve efficiency in future. At the Kirov mine, we commissioned a 350 metres longwall, while another one will be launched in 2020. At the Yalevsky mine, we launched a second longwall 400 metres long.

After optimising loads for our excavator and truck units, we reduced the per 1 m³ energy consumption by 4%.

SUEK was recertified for its compliance with the ISO 50001 Energy Management Systems standards.

2023 plans

Improving labour productivity by refining our incentivisation and training systems, introducing more productive equipment and digital technologies.

100% of heat from co-generation through further replacement of outdated boiler houses in Belovo, Chernogorsk, Krasnoyarsk, Novosibirsk
Developing SUEK’s railcar fleet

In April 2019, SUEK acquired 16,025 higher-capacity railcars

- 5 years old or younger
- 32-year service life and a capacity of up to 77 t
- Lower environmental impact per tonne compared to conventional railcars

Expanding our transhipment capacities

SUEK increased coal transhipment through its own ports to 82%, thereby minimising the use of third-party ports.

Coal shipment through the Vanino Bulk Terminal reached a record 20.5 Mt, benefiting from the completed upgrade of the port.

Murmansk Commercial Seaport transshipped 16.3 Mt of coal and 1.3 Mt of non-coal products.

In Maly Port to increase transhipment capacity up to 4 Mt a year, we completed dredging of the operational waters and approach canal and restored railways.

Developing our railcar fleet

Maintaining the share of railcars under management to cover our needs by 80% or more.

Cooperating with Russian Railways to accelerate the turnover of cars on SUEK routes and increase investment in priority coal transportation areas.

Railcar fleet under management, units, and coverage of transportation needs

<table>
<thead>
<tr>
<th>Year</th>
<th>Railcar fleet</th>
<th>Transportation needs</th>
<th>Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>'17</td>
<td>34,300</td>
<td>42,900</td>
<td>70%</td>
</tr>
<tr>
<td>'18</td>
<td>34,300</td>
<td>42,900</td>
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Transhipment through dedicated ports, Mt and share of volume

<table>
<thead>
<tr>
<th>Year</th>
<th>Transhipment volume</th>
<th>Share of total volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>'17</td>
<td>37.0</td>
<td>77%</td>
</tr>
<tr>
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<td>38.8</td>
<td>80%</td>
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<tr>
<td>'19</td>
<td>40.9</td>
<td>82%</td>
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SUEK purchased more than 16,000 high-capacity railcars bringing the fleet under management to 53,350 units and covering over 80% of the company’s transportation needs.

Developing Murmansk Commercial Seaport to meet our coal transhipment target of 15.5 Mt and attract third-party cargo, including for the development of the Arctic.

Completing the upgrade of Maly Port to boost its capacity to 4 Mt a year.

Covering over 80% of our coal exports with own ports

Covering over 80% of our own transportation needs using railcars under management

This increased SUEK’s fleet under management to 53,350 units. Higher-capacity railcars make up 65% of our managed railcar fleet.

As a result, SUEK has ensured that more than 80% of its railcar needs are covered by its own fleet. The company can minimise its use of third-party railcars and improve the reliability of on-time deliveries to key Asian markets, as well as optimising transportation costs.

Strategic Report

Strategic Report

Transportation costs.

Markets, as well as optimising deliveries to key Asian markets.

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Maintaining a robust balance sheet

SUEK’s goal is to maintain profitability by controlling costs, diversifying cash flows and focusing on premium markets.

Project financing development

In June 2019, SUEK signed an agreement with the Japan Bank for International Cooperation (JBIC) to open an export credit line for the purchase of Japanese mining equipment. A loan of up to $50m has been financed by JBIC and commercial banks. The Japanese state export credit agency, NEXI, provides credit insurance to the extent financed by commercial banks. Project financing enables SUEK to diversify borrowed capital sources and cut rates across the Group’s loan portfolio.

Sustaining profits despite the cyclical nature of the business

Maintaining a conservative financial policy

<table>
<thead>
<tr>
<th>2019 plans</th>
<th>2019 results</th>
<th>2023 plans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPIs</strong></td>
<td><strong>Revenue, $m</strong></td>
<td><strong>EBITDA, $m</strong></td>
</tr>
<tr>
<td>Coal</td>
<td>Energy</td>
<td>Logistics</td>
</tr>
<tr>
<td>'19</td>
<td>5,140</td>
<td>2,189</td>
</tr>
<tr>
<td>'18</td>
<td>6,031</td>
<td>2,130</td>
</tr>
<tr>
<td>'17</td>
<td>5,145</td>
<td>1,695</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>**Cost control and the synergistic effect following the consolidation of the coal and energy businesses helped the company maintain EBITDA at over $2 billion and EBITDA margin at 28%.”</td>
<td><strong>A year-on-year decrease in EBITDA and a temporary increase in debt as a result of major strategic acquisitions in the non-coal mining sectors (rail cars, power stations) pushed the Net debt / EBITDA ratio up to 3.1x.</strong></td>
</tr>
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</table>

2019 plans | 2019 results | 2023 plans |
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<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td><strong>Maintaining profitability through cost control and a focus on premium markets.</strong></td>
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<td><strong>Ensuring a stable positive cash flow.</strong></td>
</tr>
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2019 plans | 2019 results | 2023 plans |
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<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Keeping an optimal Net debt / bank EBITDA ratio within the approved KPI.</strong></td>
<td><strong>A year-on-year decrease in EBITDA and a temporary increase in debt as a result of major strategic acquisitions in the non-coal mining sectors (rail cars, power stations) pushed the Net debt / EBITDA ratio up to 3.1x.</strong></td>
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<td><strong>Optimising borrowing costs</strong></td>
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<td><strong>Ensuring a stable positive cash flow.</strong></td>
</tr>
</tbody>
</table>
Reftinskaya GRES consolidation

In October 2019, SUEK acquired from ENEL one of the largest power plants in Russia, Reftinskaya GRES, located in the Sverdlovsk Region (Urals).

- Installed capacity of 3.8 GW
- 40% of the total electricity supply to the Sverdlovsk region
- Equipped with modern filters that capture 99.9% of ash emissions and an online emissions monitoring system
- 330-metre chimney No. 4 is one of the tallest stacks in the world
  - Audited compliance with ISO 14001:2015 Environmental Management Systems
  - ISO 9001:2015 Quality Management Systems
  - OHSAS 18001:2007 Health and Safety Management Systems

Optimising borrowing costs

Developing a portfolio of financial instruments.

Credit ratings

Moody's  Fitch Ratings  RAEX
Ba2  BB  ruAA-

We continued to diversify our loan portfolio, in particular involving a large number of international banks in our syndicated loan, enabling us to optimise the rate on this instrument.

In light of the favourable domestic market environment, SUEK placed rouble-denominated bonds and reduced the average funding rate of our overall portfolio.

We also expanded our project financing, and in particular entered into transactions with Japanese state export agencies to finance the acquisition of Japanese mining equipment.

Our credit ratings were confirmed with a stable outlook.

Optimal finance costs

2019 results

Thanks to the contribution from the energy business, SUEK was able to partially offset the impact of a significant decrease in global coal prices on the Group’s revenue.

Cost control and the synergistic effect following the consolidation of the coal and energy businesses helped the company maintain EBITDA at over $2 billion and EBITDA margin at 28%.

A year-on-year decrease in EBITDA and a temporary increase in debt as a result of major strategic acquisitions in the non-coal mining sectors (rail cars, power stations) pushed the Net debt / EBITDA ratio up to 3.1x.

The investments planned for 2019 were limited to key projects and the maintenance of our capacities. SUEK’s operating cash flow grew by 7% thanks to our focus on working capital management, which enabled us to maintain our operating cash flow to CAPEX ratio at 2.1x.

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In light of the favourable domestic market environment, SUEK placed rouble-denominated bonds and reduced the average funding rate of our overall portfolio.

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2023 plans

Ensuring a stable positive cash flow. Maintaining Net debt / EBITDA ratio at an average of 2.5x throughout the cycle

Optimal finance costs
Achieving high safety standards

All of SUEK’s facilities comply with advanced international health and industrial safety standards. Our main goals are to reduce injuries and prevent fatalities.

Preventing accidents and fatalities

2019 plans

Promoting a culture of health and safety, including zero tolerance for accidents at all of SUEK’s assets.
Investing in the development of monitoring and warning systems.

2019 results

There were no collective fatalities in 2019. However, despite our efforts, eight individual fatalities occurred in the company.
Based on a detailed analysis of each case, we identified the root causes of these accidents related to the organisation of work processes, the adequacy of the protective equipment and locks.
The company developed comprehensive measures aimed at preventing similar cases in the future.
A complex of operational remote monitoring and control of the safety of production processes was launched, in which information from all subsystems is consolidated and analyzed using special mathematical algorithms in real time.

KPIs

<table>
<thead>
<tr>
<th>LTIFR, ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
</tr>
<tr>
<td>Coal</td>
</tr>
<tr>
<td>Energy</td>
</tr>
</tbody>
</table>

2023 plans

Progressive decline in LTIFR aiming for

Reducing occupational injuries

2019 plans

Progressive development of monitoring and safety systems at particularly hazardous facilities.
Implementing training programmes for personnel to reduce occupational injuries.

2023 plans

0 industrial accidents
0 fatalities

Progressive decline in LTIFR aiming for 0 injuries
Digital technology enhances industrial safety

In the reporting year, SUEK carried out pilot tests of a number of digital safety control solutions at its mining, energy and logistics facilities.

‘Smart helmet’

Equipping a worker’s helmet with digital tools to analyse the location of equipment and people relative to each other, prevent collisions through warning signals, and to urgently call the dispatcher.

‘Smart bracelet’

With similar functions also monitors human health status and vital signs.

‘Video analytics’

At our power plants we have launched video control systems for employees working with high voltage, which allow both remote monitoring of employees’ actions and advice from a supervisor. This allows to reduce the possibility of emergency situations.

‘Georeferencing’

Helps determine the location and control of employees in mines. In 2019, this system was introduced in the logistics segment, which helps determine the location of trackwalkers in remote areas, control their route, call the dispatcher in case of emergency.

Committed to sustainable development

Our goal is to contribute to global energy security through the safe production of coal, heat and electricity, for the benefit of all stakeholders.

Better supplies of heat to the regions where we operate

Reducing accidents and minimising interruptions in case of emergencies on heat networks, connecting new facilities to the company’s heat supply system.

<table>
<thead>
<tr>
<th>KPIs</th>
<th>New facilities connected to SUEK’s heat networks, units</th>
<th>Accident rate across heat networks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘19</td>
<td>506</td>
</tr>
<tr>
<td></td>
<td>‘18</td>
<td>672</td>
</tr>
<tr>
<td></td>
<td>‘17</td>
<td>172</td>
</tr>
</tbody>
</table>

2019 results

- In 2019, we reconstructed 114 km of heat networks
- In 2019, we reconstructed 114 km of new pipelines in the cities of operation

2023 plans

- The progressive replacement and upgrade of heat networks and ensuring their trouble-free operation.

In Novosibirsk, where the heat networks were especially outdated, our investment in the upgrade of heat networks rose by 2.1 times

506 residential, industrial and social facilities were connected to our heat networks, increasing our heat consumers number by 2%
Committed to sustainable development  
(continued)

Reducing adverse environmental impacts

Implementing environmental programmes, including projects to reduce air and water pollution and enhance waste recycling.
Constructing taller stacks and installing filters to reduce emissions at power plants.
Replacing inefficient boiler facilities with CHPPs.
Dust reduction in ports.
Increasing the share of washed coal to minimise emissions during transportation, transhipment and use of coal.

2019 plans

2019 results

KPIs

Air emissions from power facilities (CO, NOx, SO2), kg/kWh

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>0.008</td>
</tr>
<tr>
<td>'18</td>
<td>0.008</td>
</tr>
<tr>
<td>'17</td>
<td>0.008</td>
</tr>
</tbody>
</table>

Suspended and dissolved solids in wastewater, kg per tonne of coal

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>0.18</td>
</tr>
<tr>
<td>'18</td>
<td>0.18</td>
</tr>
<tr>
<td>'17</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Used and recycled waste of total generated waste

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>67%</td>
<td>37%</td>
</tr>
<tr>
<td>'18</td>
<td>73%</td>
<td>19%</td>
</tr>
<tr>
<td>'17</td>
<td>79%</td>
<td>11%</td>
</tr>
</tbody>
</table>

2019 results

A new 275-metre-tall stack construction was completed at Krasnoyarskaya CHPP-1. In 2020, we plan to reconnect boilers to it and demolish another chimney, which will improve the environmental situation in Krasnoyarsk.

Our CHPPs replaced 3 inefficient old boiler houses.

In the Coal Segment we used less overburden for backfilling in 2019 due to smaller worked out areas for reclamation. Our Novosibirskaya CHPP-1 passed all necessary examinations to use ash and slag materials for the restoration of disturbed land. We expect positive outcome for similar requests from Novosibirsk CHPP-2 and CHPP-3, as well as Biyskaya CHPP in 2020.

We continue to process organic waste, rubber products, polymers, rubbers, oil sludge, bitumen, roofing materials, electronic equipment, used oils, medical, wood and other carbon-containing wastes.

At the Murmansk Commercial Seaport, SUEK completed the introduction of a state-of-the-art stationary spraying system and installed Phase 2 dust shields. Besides, the port launched an environmental dispatcher’s office.

2023 plans

100% share of co-generation in heat production

24/7 monitoring of CHPP emissions

0% untreated water outflow
Ensuring the sustainability of communities in the regions where we operate

- Guaranteeing the development and well-being of our employees.
- Delivering a long-term programme for social infrastructure development and support for local communities.
- Cooperating with regional and municipal authorities on projects to develop social infrastructure and support educational institutions.

<table>
<thead>
<tr>
<th>Growth points¹</th>
<th>Employee turnover</th>
<th>International certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>84</td>
<td>ISO 37001</td>
</tr>
<tr>
<td>'18</td>
<td>80</td>
<td>ISO 19600</td>
</tr>
<tr>
<td>'17</td>
<td>78</td>
<td></td>
</tr>
</tbody>
</table>

¹ Growth points are organisations set up as a result of social projects aimed at enhancing living standards in a particular district or town (maternity support centre, music workshop, mini-cinema etc.).

Improving corporate procedures

- Introducing best practices in the corporate culture.

Results

- Secure heat supply to >140,000 people
- 32% fewer breakdowns of heating systems
- Over 9 km of pipelines upgraded

Strategic Report

Transformation of Rubtsovsk heating system

Following the transition of the town of Rubtsovsk to the ‘alternative boiler’ method, SUEK invested about $30m in upgrading local heating system.

- Secure heat supply to >140,000 people
- 32% fewer breakdowns of heating systems
- Over 9 km of pipelines upgraded

The company implemented over 250 social and charitable programmes, with investment amounting to $26m. They resulted in 84 growth points in regions where SUEK operates.

We were able to keep staff turnover at 14% in the Coal Segment and decrease it by 6 p.p. in the Energy Segment, due to the implementation of an effective personnel strategy.

50 employees in the Kuzbass region improved their housing thanks to SUEK’s housing assistance programme.

As part of the company’s staff development, 34% employees received training / retraining / professional development.

Guaranteed the development and well-being of our employees.

Delivering a long-term programme for social infrastructure development and support for local communities.

Cooperating with regional and municipal authorities on projects to develop social infrastructure and support educational institutions.

The compliance of our corporate practices with international standards was confirmed by the following certificates received:
- ISO 19600:2014 Compliance Management
- ISO 37001:2016 Anti-Corruption Management

Vladimir Hlavinka and Michael Baumgärtner joined the Board of Directors, after which the share of independent directors reached 50%.

Qualitative growth of the social component, taking into account the created growth points in regions where we operate.

Providing sufficient qualified personnel to implement strategic goals.

Further introduction of best practices to SUEK’s corporate system

1. Secure heat supply to >140,000 people
2. 32% fewer breakdowns of heating systems
3. Over 9 km of pipelines upgraded