

COMPLIANCE SYSTEM



ENHANCING CONTROLS FOR EARLY WARNING

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SUEK runs and develops an effective compliance system aimed at ensuring that the company's activities always comply with applicable laws, internal rules and regulations, external liabilities, compliance principles and standards across all business segments and all jurisdictions.

SUEK's compliance system has been certified according to ISO 19600:2014 (Compliance Management) and ISO 37001:2016 (Anti-Corruption Management). In 2020, SUEK's compliance with these standards were confirmed by an international auditor International Compliance Association (ICA).

COMPLIANCE POLICY CAN BE FOUND ON THE COMPANY'S WEBSITE
[HTTP://WWW.SUEK.COM](http://www.suek.com)

The compliance management system monitors applicable standards and compliance with mandatory requirements in the company's units. It helps promptly identify, prevent and mitigate compliance risks in the following fields:

- Compliance with licence requirements
- Tax compliance
- Anti-monopoly regulation
- Sanctions compliance
- Industrial and occupational safety
- Environmental management
- Corporate ethics
- Combating corruption covenants and trade restrictions

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In 2020, the Board of Directors approved approaches to further developing the control function with a focus on a **system for the early warning and prevention of high-material regulatory risks based on the 'Three Lines of Defence' model**. The objectives in these risk areas are addressed in the context of the following sub-tasks:

Participation in rule setting

Creating a register of mandatory requirements and a unified information centre for tracking planned legislation changes. Synchronising internal corporate processes with the reform of control and supervisory activities in Russia. Ensuring the company's participation in the digitalisation of individual state controls

Compliance control

Taking into account the results of compliance risk monitoring, the status of preventive actions and responses when making business decisions in order to focus attention and resources primarily on more serious and probable risks. Using for this purpose an electronic platform and accumulated historical data on regulatory risk management

Protection against non-compliance consequences

As part of the classic functionality of compliance management, the system should be ready to furnish documentary evidence of the company's adherence to compliance policies and procedures, thereby minimising possible negative consequences in the event of regulatory risk realisation

In 2020, an additional focus was put on ensuring compliance with anti-epidemic regulatory requirements amid the COVID-19 pandemic, in the context of continuing production processes and the need to protect our employees' health as the highest priority.

At the end of 2020, we conducted a new assessment of all compliance risks, possible scenarios of their occurrence, the probability and materiality of each scenario. Taking into account the proactive measures we had already undertaken, no unmanaged high-level compliance threats were identified.

COMPLIANCE WITH ANTI-CORRUPTION LAWS

We fully ensure compliance with international anti-corruption requirements, anti-corruption laws of the Russian Federation and all of the countries where we operate. There is an Anti-Corruption,

In September 2020, SUEK's anti-corruption policy was assigned the highest possible rating in the first national rating compiled by the Russian Union of Industrialists and Entrepreneurs.

SUEK'S ANTI-CORRUPTION POLICY CAN BE FOUND ON THE COMPANY'S WEBSITE
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Bribery and Money Laundering Policy in place at SUEK, in addition to the necessary anti-corruption procedures. The Board of Directors is in general control of the functioning and continuous improvement of the anti-corruption system.

COMPLIANCE HOTLINE

SUEK runs a 24/7 hotline available to all of its employees, business partners and residents from the regions where we operate.

In the reporting year, we analysed more than 200 compliance complaints, made reactive decisions and provided answers and explanations where needed. No human rights violations as defined in the Code of corporate ethics and related to business conduct were identified in the reporting period. There were no cases of repeated complaints due to dissatisfaction with the position communicated on compliance matters.

PROMOTING COMPLIANCE CULTURE

We ensured personnel had the appropriate qualifications to help protect the company from compliance threats throughout the year. New employees receive introductory training, including an explanation of the basic concepts of the compliance system and the company's values. Great emphasis is given to the benefits the compliance system offers

both individual employees and the company as a whole, with examples showing how the system has already proven itself within SUEK.

In the second quarter, due to the risks of COVID-19, we transferred our training programmes to a socially distanced format.

The company maintains its use of effective corporate compliance resources: a compliance portal in the corporate Intranet, compliance columns in the corporate newspaper, compliance stands at production facilities and printed products related to compliance. All resources are regularly updated. Contact information of the compliance department, telephone numbers and the email address of the Compliance Hotline can be found in every material. In addition, the company distributed a special memo among employees explaining the need for and importance of sharing concerns about non-standard work situations.

SUEK extends its corporate values to all of its operations. Since March 2020, **registration on SUEK's trade platform for all potential suppliers¹ is only possible after applicants have confirmed their consent with the updated Compliance Policy.** Companies that aim to become SUEK's counterparties follow a special due diligence procedure undertaken to maintain an appropriate level of compliance for the entire duration of civil law relations.

¹ Excluding cases, when the parties are obliged to conclude an agreement in line with the law.