

CORPORATE GOVERNANCE SYSTEM

SUEK's corporate governance system is designed to ensure we carry out effective, responsible business, and create value for all of our stakeholders.

This system is underpinned by the following principles:

- Treating all shareholders equally, recognising and protecting their rights
- Ensuring that our strategic and operational management and internal control and audit mechanisms are as efficient as possible
- Ensuring transparent information and financial disclosure by providing stakeholders with accurate information in convenient formats
- Adhering to rigorous and ethical standards in all business activities
- Providing a decent, safe and healthy working environment for all of our employees

The key internal documents relating to corporate governance at SUEK are our Charter, Regulations on the Board of Directors and Committees, Regulation on Preparing, Convening and Holding the General Meeting of Shareholders, SUEK's Corporate Governance Code and Code of Corporate Ethics.

THESE DOCUMENTS CAN BE FOUND ON THE COMPANY'S WEBSITE, WWW.SUEK.COM

When developing our system of corporate governance, we are guided by the Corporate Governance Code as recommended by the Bank of Russia, along with international best practices. So far, the following is in place:

- The positions of Board Chairman and CEO are separate, and the Board is chaired by an independent director
- The Board has a Strategy Committee, Audit Committee, Nomination and Compensation Committee and HSE Committee¹, all of which include Independent and Non-Executive Directors with relevant experience
- When making decisions, Board members avoid potential conflicts of interest
- Both the status of Independent Director and the number of such directors are monitored and confirmed by the Board of Directors
- The Board's work is self-assessed on an annual basis

SUEK's governing bodies are the General Meeting of Shareholders, the Board of Directors and the CEO.

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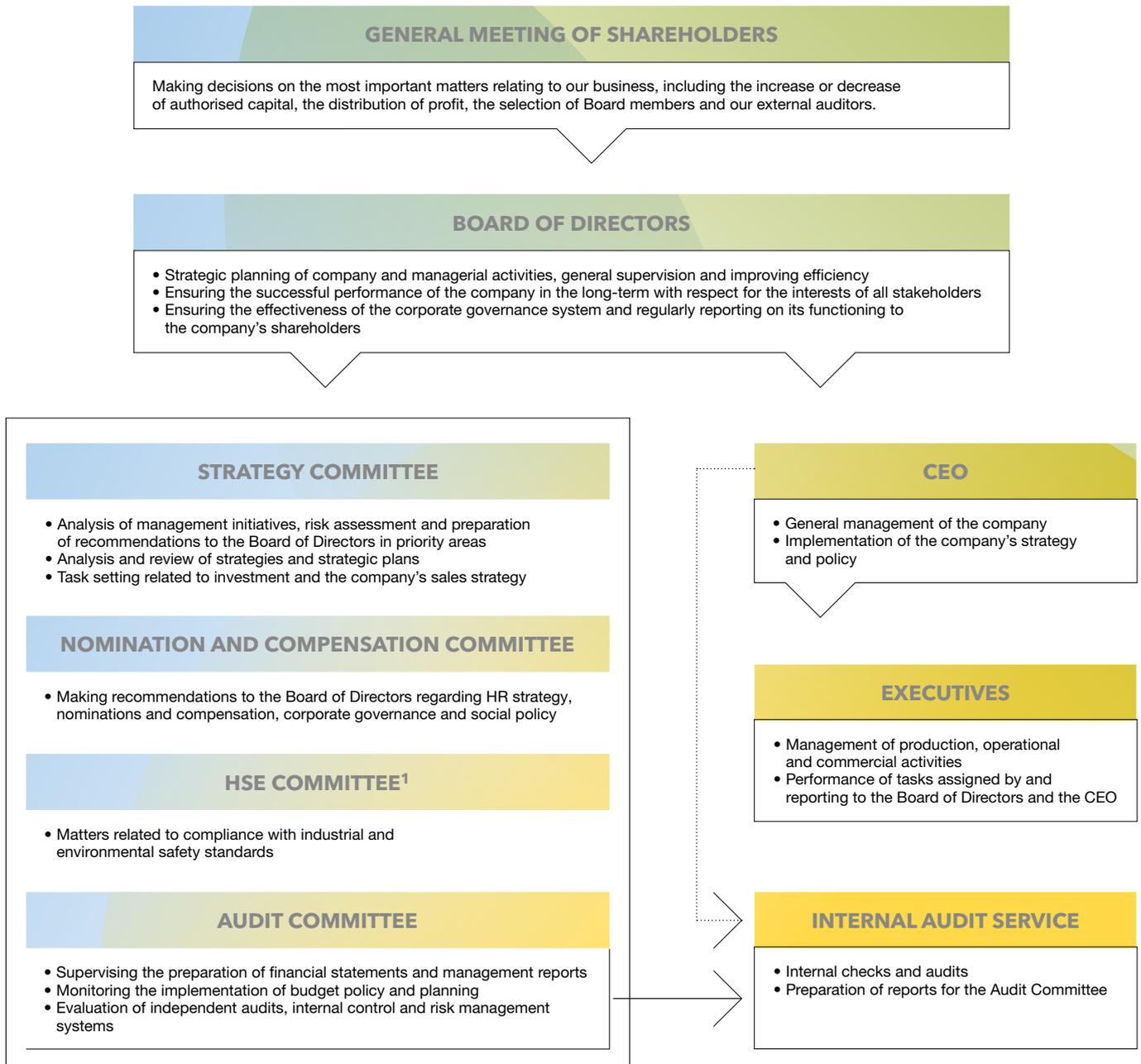
SUEK has approved all the necessary policies and procedures, in line with global practices, and has an extensive code of conduct, which addresses all key governance aspects.

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S&P Global Ratings

¹ Approved and began work on 24 February 2021.

CORPORATE GOVERNANCE STRUCTURE



¹ Approved and began work on 24 February 2021.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the highest governing body of the company. In 2020, the Annual General Meeting of Shareholders elected the members of the Board of Directors,

approved the 2019 Annual Report and financial statements while KPMG as SUEK's external auditor for 2020 was re-appointed. In addition, it approved the company's Charter and the revised

Regulation on Board Remuneration. For the first time in eight years, the General Meeting decided to pay dividends totalling RUB 7.5bn (\$103m).

BOARD OF DIRECTORS' REPORT

COMPOSITION

The Board of Directors ensures effective company management and long-term business success. The Board of Directors has four committees intended to support it and improve the quality of decision-making at Board level:

- Strategy Committee
- Audit Committee
- Nomination and Compensation Committee
- HSE Committee¹

SUEK regularly rotates its Board of Directors. In 2020, Alexander Landia, Klaus-Dieter Beck and Iain Macdonald left SUEK. Stefan Judisch moved to an executive position and retired from the Board of Directors in June, returning to the Board in February 2021. At the same time, the Board welcomed Samir Brikho, an expert in the field of power engineering and energy, who was elected Chairman of the Board of Directors, Juerg Seiler with significant experience in finance and Mikhail Kuznetsov, experienced in public administration and energy.

As at 31 December 2020, there were four Independent Directors: Samir Brikho, Michael Baumgärtner, Juerg Seiler and Vladimir Hlavinka. Their independence was confirmed by the Board's resolution of 15 December 2020. All Board members are Non-Executive Directors as at 31 December 2020.

SELECTION AND NOMINATION POLICY

The Nomination and Compensation Committee oversees the selection and nomination of new Board members, ensures that it is well-balanced and that the competencies of Directors support the company's strategic objectives. Board members are elected for the period until the next Annual General Meeting, with the possibility of re-election.

Candidates for the Board are directors who have knowledge of the coal mining sector, electricity and heat generation industries; they should also be highly proficient in finance, investment, risk and strategic management.

When determining the status of Independent Directors, the Board is guided by the Corporate Governance Code, recommended by the Bank of Russia, and the Order of the Federal Property Management Agency 'On approval of methodological recommendations for organising the work of the board of directors in a joint stock company'. Independent Directors are not affiliated to:

- SUEK
- SUEK's substantial shareholder
- SUEK's substantial counterparty or competitor
- State or municipality

Status of Board members as at 31 December 2020

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NON-EXECUTIVE DIRECTORS, including

4

INDEPENDENT DIRECTORS

INDUCTION AND FAMILIARISATION PROCEDURE

Upon election, the Corporate Secretary familiarises Directors with the company's activities and policies. Directors get full access to an updated database of documents containing all materials from previous meetings, minutes and resolutions of the Board of Directors and Committees, alongside internal documents of the company. For a deeper understanding of individual topics, they meet with top managers who provide more detailed information on a given work area.

¹ Approved and began work on 24 February 2021.