

EMPOWERING EMPLOYEES TO LEARN AND GROW



Our employees are the foundation for the successful development and functioning of the company.

2020 PRIORITIES

Ensuring efficient and safe work in the context of COVID-19

Updating HR-strategy and implementing initial improvements

Reorganising SUEK's structure in compliance with the new divisional structure promoting staff engagement

Employee integration across new assets

2020 RESULTS

99%

SELF-SUFFICIENCY OF QUALIFIED PERSONNEL

13%

GROUP'S STAFF TURNOVER RATE

OUR REGULATORY FRAMEWORK

International and Russian labour laws

Sectoral and territorial agreements with trade unions

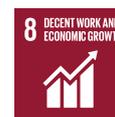
Collective bargaining agreements

SUEK's Corporate Social Policy

SUEK's Code of Corporate Ethics

UN Global Compact

UN SDGs



OUR APPROACH

SUEK strives to create equal and fair working conditions for all employees to maximise their potential regardless of nationality, gender, origin, age, education, social status, religious, political and other beliefs. Our approach is aligned with the UN Sustainable Development Goals. We contribute to improving the quality of life and well-being of people of all ages, providing inclusive and equal quality of education and creating opportunities for lifelong learning, along with achieving gender equality, ensuring full and productive employment and decent working conditions for everyone, without exception.

In 2020, we developed the HR Strategy until 2023 to further transform and upgrade this system. The updated Strategy is more focused on developing a corporate culture that promotes performance, employee engagement and improvement and a safe and inclusive work environment. Highly qualified and motivated employees are the key to success of the entire business, which is why we introduce various tools to search for and hire the best candidates and support their development. We encourage creative and innovative thinking that contributes to a process of continuous improvement.

FOR OUR STANCE ON HUMAN RIGHTS, SEE [HTTP://WWW.SUEK.COM](http://www.suek.com)

FOR OUR UPDATED HR STRATEGY, SEE THE Q&A WITH OUR DIRECTOR OF HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT ON PP. 60-61

OVERVIEW

SUEK is one of the largest employers in the Russian coal and energy industry. As of 31 December 2020, our headcount was 73,382 people.

Despite high competition in the labour market and the increasingly complex demographic situation, the sufficiency of qualified personnel in 2020 stood at 99%.

The Group's staff turnover rate stayed flat year-on-year at 13%.

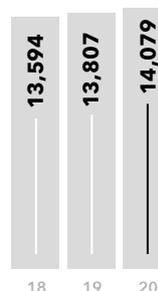
PROMOTING DIVERSITY

The socio-demographic characteristics of our workforce remained unchanged. The number of men continues to exceed significantly the number of women in our workforce. This is largely due to the nature of our production processes and Russian legislation¹ that deters and sometimes limits women's opportunities to work in hazardous working conditions. Despite this, we are always focused on increasing female representation within our company, attracting them to work in service departments and administrative positions.

STAFF RECRUITMENT AND SELECTION

Due to the complexity of production and hiring personnel in the regions, SUEK is constantly improving the methods and channels to select and recruit potential employees in order to maintain a high sufficiency level. In 2020, we updated the Regulations for the selection of personnel, analysed the search channels and selected priority ones.

Hired employees (number)



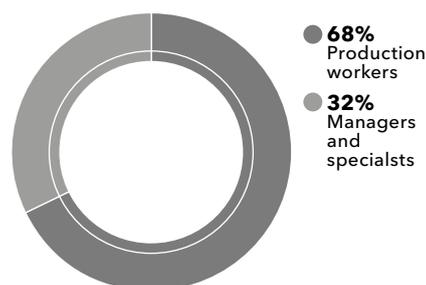
One of them is internal recruitment. To do this, we have automated and systematised the process of exchanging databases of candidates and vacancies between divisions of the company, to reduce the selection period and increase the number of applicants for a job. In 2020, we closed 33% of vacant positions by internal specialists. We also optimised the search for employees in the external market by consolidating the base of recruiting service providers across SUEK.

Despite the pandemic, we did not carry out mass layoffs and as vacancies appeared, we filled them with internal and external candidates. In 2020, we hired 14,079 employees.

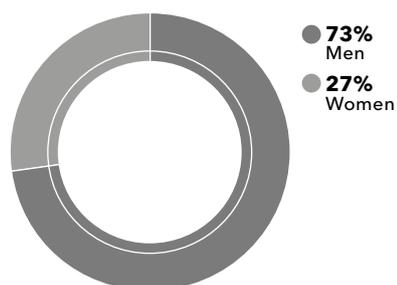
SUEK's assets are located in regions remote from the central part of Russia, therefore, the company predominantly hires personnel from the local population — both managers and specialists. In 2020, this was especially important as there were restrictions on movement between regions due to pandemic.

Composition of employees

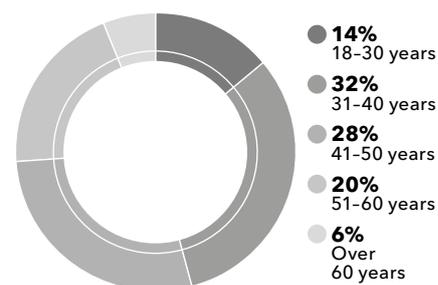
By personnel categories



By gender



By age



¹ In accordance with the Order of the Ministry of Labour and Social Protection of the Russian Federation of 18 July 2019 No. 512n 'Approval of the list of industries, jobs and positions with harmful and/or hazardous working conditions, in which the use of women's labour is limited', women are not allowed to occupy a significant number of underground roles.

STAFF REMUNERATION AND INCENTIVISATION

SUEK aims to maintain an effective remuneration system to hire and retain the necessary qualified staff.

The company regularly monitors local labour markets, analyses best practices in staff remuneration and incentives, as well as the provision of guarantees and other benefits. We frequently take part in salary surveys for companies in the mining, coal and energy sectors and logistics to help us further our understanding of industry trends. By analysing this data, we remain confident that we are offering employees competitive working conditions, and we can plan and adapt our HR management policies to reflect external economic influences.

SUEK's financial incentive system includes a constant and variable part stipulated in collective agreements. The fixed part is paid for the performance of professional duties at the required level. The variable part is an incentive to improve working efficiency and includes economic and production targets as well as ESG-linked KPIs, such as the contribution to certain environmental and social aspects, along with industrial safety performance. In 2020, we began to revise the KPI system taking into account the new Strategy and aim to add goals in the areas of talent management, corporate culture and social policy. Overall SUEK's payment of employees is higher than the average one in regions where we operate.

FOR OUR TOP MANAGEMENT REMUNERATION SYSTEM, SEE P. 119

FOR REGIONAL BENCHMARK OF EMPLOYEES' REMUNERATION, SEE OUR SUSTAINABLE DEVELOPMENT REPORT

>90%

OF EMPLOYEES ARE COVERED BY COLLECTIVE BARGAINING AGREEMENTS

To increase employee engagement and retain qualified employees, we have developed a special bonus system for those participating in long-term strategic projects and operational improvement programmes. This improves cross-functional interaction, expertise exchange and promotes search for innovative solutions. Significant long-term projects and programmes are approved at the Board of Directors level. As of 2020, over 500 employees have taken part in such projects over the entire period of the incentive programme. Also at the facility level, a decision has been made to include short-term and small projects in this programme.

To stimulate innovation, SUEK pays remuneration to employees who obtain and implement patents and introduce cost-saving ideas. The amount of the payment depends on the annual economic effect, which is calculated by SUEK's Financial service, and can reach RUB 1m (~\$13,000).

SOCIAL SUPPORT

Our personnel relations are based on social partnership principles. The benefits package for SUEK's Russian employees is developed based on applicable law, industry agreements with trade unions and collective bargaining agreements. Over 90% of our employees are covered by collective bargaining agreements.

SUEK employees are offered the following social benefits:

- Voluntary medical insurance, including rehabilitation treatment for occupational illness, which covers all employees at our coal and logistic facilities and approximately 80% in the energy business
- Combined insurance for industrial accidents
- Housing for employees invited from another region
- Financial aid for pensioners, parental leave and premium medical treatment, or financial support for the funerals of company employees
- Compensation for children's summer holidays and for medical treatment or rehabilitation
- Sporting and cultural events

FOR INFORMATION ABOUT ADDITIONAL SOCIAL BENEFITS OFFERED TO OUR EMPLOYEES, SEE OUR SUSTAINABLE DEVELOPMENT REPORTS

COOPERATION WITH TRADE UNIONS

At SUEK, we fully recognise our workers' freedom of association and therefore we regard trade unions as key partners in our business with reference to promoting industrial safety culture. The Russian Independent Trade Union of Coal Industry Workers (Rosugleprof), Independent Trade Union of Russian Miners and All-Russian Electric Trade Union are active at the company's facilities.

We consider the opinion of these trade unions when issuing corporate regulatory acts concerning social and labour relations, work safety and remuneration. Representatives of trade union organisations take an active part in setting up the safety management system and assessing the safety of working conditions. We develop work schedules and terms of employment, approve vacation schedules and personnel incentive systems after consulting trade unions.

In 2020, SUEK, together with trade unions, guided by recommendations from Rospotrebnadzor, the Russian consumer rights and human well-being watchdog, and regional authorities, worked out measures to minimise the impact of the COVID-19 pandemic on our staff. Trade union representatives helped disseminate information on preventive measures among employees, checked mandatory mask wearing, the frequency of disinfection and availability of disinfectants in the workplace.

TALENT AND KNOWLEDGE MANAGEMENT

To meet our current and future needs for qualified personnel, we are building a talent pipeline: from attracting, recruiting and adapting to motivation, talent management and training.

SUEK's goal is to have 'the right people in the right positions' today and in the future. In 2020, in order to achieve this goal, we began to develop new approaches to personnel assessment, building career routes, rotations, forming the succession and talent pools.

These approaches are based on the 'talent to value' rule, when a company directly affects operational efficiency through:

- Increasing the speed and quality of appointments, based on employee performance data
- Selecting employees for key position
- Systematically assessing workforces along the entire career path in the company, analysing these results, targeting development at specific tasks and roles, including the rotation mechanism

Managing the planned advancement of employees will assist in building optimal career routes and ensure continuity for key positions.

In the near future, in order to achieve personnel security in key positions, we plan to expand the systematic assessment of personnel at all management levels, introduce a three-level competence development system (managerial, communicative, functional) and systematise the rotation process.

DEVELOPING COMPETENCIES

SUEK's Corporate University, an analytical, methodological and advisory centre for knowledge management and human resources development, provides the core basis for the company's personnel training. A distinctive feature of corporate training programmes is their project component, which enables training participants to use their new knowledge in real life and generate ideas with real economic benefits.

Due to the pandemic, we developed distance learning formats. Most of SUEK's



34 hours

OF TRAINING PER EMPLOYEE ON AVERAGE IN 2020

\$72

PER EMPLOYEE OUR INVESTMENTS IN EDUCATION IN 2020

corporate programmes which are aimed at developing soft skills were transferred online. The corporate programmes were also aimed at developing managerial competencies, mastering lean production principles and effective interaction with their teams.

To form a culture of lifelong learning, we launched educational mailings from the Corporate University and held educational marathons.

The company also began to implement programmes to develop the professional competencies of non-production personnel. In 2020, the pilot was launched for the HR function. In 2021, the programmes will encompass key service functions of the Group.

Our 14 training centres, licensed by Russian state education, continued their work during the year and conducted mandatory and advanced trainings for 37,710 employees.

To support the corporate strategic goal of increasing the level of industrial safety, we have launched an updated series of

training programmes for dedicated employees.

In 2021, we plan to implement programmes aimed at developing the economic competencies for employees of different levels and functional areas, maintaining and transferring internal expertise, including mentoring and internal coaching systems, while expanding distance learning formats.

DEVELOPING YOUNG PROFESSIONALS

We strive to hire young and talented professionals. To this end, SUEK runs the Young Professionals educational programme, including:

- Overseeing specialised classes for high school students dedicated to coal and power industries and logistics
- Cooperating with Russia's vocation-oriented colleges and universities: over 50 students currently participate in SUEK's targeted courses

OUR VALUES

Safety and efficiency
Performance only in safe environment

Stability and development
Stability as a result of continuous development

Professionalism and cooperation
Individual mastership as part of teamwork

Social responsibility
Shared responsibility to society and the world

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SUEK's approach to talent management suggests strong performance compared with local norms and peers. Unlike other coal mining companies that rely heavily on contracted workforces, SUEK's direct employment model ensures that attractive wages and advanced medical benefits are offered to its entire workforce. SUEK has offered free relocation in the past to employees following mine closures, which is rare in the industry, and helps with talent retention. Overall, the company tracks and reports on wide range of indicators for its workforce and diversity, which reveals a strong risk-management approach.

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S&P Global Ratings

- Strengthening interaction with leading specialised universities, developing educational programmes for students and accepting them for internship with the possibility of employment after graduation
- Attracting young specialists to internships at our facilities

SUEK also participates in youth forums, holds professional skills contests, job fairs, and provides vocational guidance for pupils and applicants.

CORPORATE CULTURE AND INTERNAL COMMUNICATIONS

Corporate culture is one of the main tools for building a motivated and committed team. We try to foster innovative thinking, inclusive culture, ethical behaviour and employee engagement.

We maintain an open dialogue with all employees using a system of corporate channels and sources, a hotline and employee opinion polls every two years.

During the pandemic and corporate developments, it was especially important to ensure information transparency and continuity of information flow about events and changes taking place in the company, anti-COVID measures and to provide support to employees. Therefore, in 2020, SUEK's internal communications were focused on developing effective digital formats for communication with employees: advancing corporate social media and online platforms, weekly interactive interviews with our top management, corporate online activities, feedback through our Hotline and StopCoronavirus line. A pilot launch of a consolidated updated corporate portal took place.

We regularly publish employee information materials and conduct seminars on professional ethics, compliance and anti-corruption behaviour, which new employees must undergo.

The company operates a system for compliance with the Code of Corporate Ethics. Its highest collegial body, the Ethics Commission, addresses complex ethical issues of employees.

Almost all requests and issues are considered and resolved by ethics coordinators appointed at each unit, while the rest are referred to the Ethics Commission. In 2020, about 180 requests were received and reviewed through various feedback channels included in the Code compliance system. Most of the issues discussed at the Ethics Commission's meetings were related to social conditions and personal issues of employees.

In 2020, our HR team also sought to boost awareness about SUEK as an employer of choice among young and experienced professionals, aiming to become one of the leaders in the energy sector in terms of employer brand.

EMPLOYEES VOLUNTEERING

We promote a culture of volunteering among our employees.

The decision on the participation in the volunteering programmes is made at the facility level in agreement with the management of the facilities and, the Communications and HR services facilitating the participation. The youth councils of the facilities also provide support and coordination. Support for interregional and federal actions is initiated by the Headquarters.

SUEK provides material and administrative resources, in particular, premises, transport, pays for products, gifts, equipment, etc. transferred for charitable purposes. SUEK equips volunteers with the necessary protective clothing, tools (for example, for cleaning streets, forests) and food.

Volunteering has become especially important amidst COVID-19. Together with members of SUEK youth labour units, our employees have joined the all-Russian #WeTogether initiative. SUEK volunteers have been doing a lot to support doctors and socially vulnerable segments of the population, large families, pensioners. In 2020, the activity of SUEK volunteers was marked by numerous awards, including gratitude, certificates and medals of the President of the Russian Federation.