
JSC SUEK

Corporate Policy

Compliance Policy

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Moscow

Document Details

- 1 For the purpose of implementing JSC SUEK Board of Directors' decision (Meeting minutes dated No. 80 dated 10 September 2021)
- 2 Introduced to REPLACE Compliance Policy S0-P-09, Ver. 2.0 approved by JSC SUEK Board of Directors (minutes No. 49 dated 29 October 2019) and enforced by Order No. 100-od dated 11 November 2019.

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Compliance Policy

1. Purpose and scope

- 1.1.** This Compliance Policy (hereinafter - Policy) of ‘Siberian Coal Energy Company’ Joint Stock Company (hereinafter - Company, JSC SUEK) will establish the main objectives and principles of the Company with regard to compliance and will define the main application areas and priorities of the compliance management system. It also enacts a uniform approach to managing compliance risks.

The Policy designed to ensure compliance with mandatory requirements, prevention of compliance risks associated with the Company’s business and development of the compliance culture.

- 1.2.** The Policy applies to all the Company’s employees, both full-time and part-time, regardless of their position, length of service or other working conditions.
- 1.3.** The Company adopts internal regulations governing compliance risk management when performing operations in certain areas of business.

All the Company’s organizational, administrative or internal regulations may not contravene the Policy.

- 1.4.** The Policy is a public document to be communicated to all employees of the Company and to be provided without restriction to all stakeholders. It is published in internal and external information sources of the Company.
- 1.5.** The Policy update frequency will be three years.

2. Terms and definitions

- 2.1. Top Management** is the sole executive body of the Company;
- 2.2. SUEK Group** refers to the Company and legal entities (JSC SUEK Companies) with financial results consolidated in the Company IFRS statements;
- 2.3. Stakeholders** refer to the persons or entities who can affect a certain decision or operation of the Company during the compliance process or can be or believe to be affected in connection with the compliance-related decisions or activities of the Company, including external stakeholders (shareholders, investors, counterparties, competitors, consumers, authorities, public associations, the state and other public-law institutions) and internal stakeholders (governing body, top management, employees);
- 2.4. Covenant restrictions (covenants)** refer to the obligations (set of obligations) assumed by the Company under various financing contracts (agreements);
- 2.5. Company, JSC SUEK** refers to ‘Siberian Coal Energy Company’ Joint Stock Company;
- 2.6. JSC SUEK Companies** refers to legal entities established in accordance with the Law of the Russian Federation with regard to which the Company, by virtue of its dominant stake in authorized capital of such companies, or under a mutual agreement, or otherwise, can determine decisions made by such legal entities;

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2.7. Compliance department refers to the Company organizational unit that ensures the functioning of the compliance management system;

2.8. IFRS reporting refers to the Company consolidated financial statements compiled in accordance with the International Financial Reporting Standards;

2.9. Mandatory requirements refer to the requirements:

- contained in regulations associated with the Company's business, specifically the requirements prescribed by the Constitution of the Russian Federation, federal laws, Treaty on the Eurasian Economic Union, acts constituting the law of the Eurasian Economic Union, provisions of international treaties to which Russian Federation is a party, decrees of the President of the Russian Federation, regulations of the Russian Government and federal executive authorities, regulations of the Russian Federation regions, municipal regulations, and regulations of public corporations (where established by federal laws);
- establishing permit regimes for the Company (in the form of licensing, accreditation, certification, inclusion in the register, attestation, expert evaluation, approval, opinions and other permits).

For the purpose of the Policy, mandatory requirements also include:

- requirements established by decisions of international organizations, decisions of interstate bodies founded by foreign states and/or of authorities of foreign states if such decisions are binding on the Company pursuant to the international treaty of the Russian Federation, location of the SUEK Group members in the jurisdiction of the corresponding foreign state or covenant restrictions applying to the Company or SUEK Group;
- covenant restrictions (covenants);

2.10. Authorities refer to the federal and regional governmental authorities and other public organizations of the Russian Federation, as well as authorities and other public organizations of a foreign state having jurisdiction over the Company's business;

2.11. Applicable sanctions refer to the economic (financial) restrictions (bans or restrictions on transactions, deals and other activities with certain persons or entities, goods, work, services, or bans or restrictions on business operations or transactions on certain territories) enacted by resolutions of the UN Security Council and/or governmental authorities of the Russian Federation, as well as any such measures enforced by resolutions of interstate bodies founded by foreign states and/or governmental authorities in foreign states, provided that such resolutions are binding on the Company pursuant to the international treaty of the Russian Federation, location of the SUEK Group members in the jurisdiction of the corresponding foreign state or covenant restrictions applying to the Company or SUEK Group;

2.12. Employee refers to an individual who is in an employment relationship with the Company;

2.13. Risk of violation of mandatory requirements (compliance risk) refers to the risk arising from violation (failure to comply, non-observance or undue performance) by the

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Company of mandatory requirements, which may result in the application of measures of responsibility to the Company under the regulations and/or contracts (agreements) entered into by the Company, damage to the business reputation of the Company, imposition of applicable sanctions on the Company, either criminal or administrative prosecution against employees;

2.14. Governing body refers to the Board of Directors of the Company;

2.15. Compliance management system refers to a set of legal and organizational measures prescribed by the Policy and designed to ensure compliance of Company operations with mandatory requirements and to prevent the Company from violating the mandatory requirements;

2.16. Chief Compliance Officer refers to an employee who has been delegated the authority to support and control the operation of the compliance management system;

2.17. Compliance risk management refers to a set of coordinated actions (measures, management decisions) aimed at preventing or mitigating compliance risks, reducing the probability of negative implications from such risks, and minimising their impact on the goals pursued by the Company.

3. Principles of the compliance management system

3.1. The Company proceeds from the inadmissibility of violations of mandatory requirements and take all measures within the Company's control to ensure such compliance, particularly through the operation of the compliance management system.

3.2. Compliance is a part of the Company's corporate values and culture.

The Company and governing bodies of the Company:

- express their official position to the authorities, counterparties, consumers, employees and other stakeholders that compliance and inadmissibility of any violations are a 'business-as-usual' practice for the Company during its operation is to observe the mandatory requirements and to avoid their violations;
- express their official position that the Company will take all measures within the Company's control to ensure continuous operation of the compliance management system in the Company;
- expect the employees to perform their labor function and supervisors' instructions in compliance with mandatory requirements as a must for the proper performance of the labor function.

3.3. Principles governing the relations with stakeholders:

- adherence to high business standards, best practices of business ethics established in Russia and internationally;
- sustainability of the Company's production, economic and financial capability within the framework of responsible partnership with the government and other stakeholders;
- inadmissibility of making use of civil rights for anticompetitive practices or taking advantage of a dominant position on the market, as well as other abuse of rights;
- openness in relations and communications with stakeholders ;

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- inadmissibility of any agreements or actions where such agreements, actions or their outcome do not comply with mandatory requirements;
 - continuous improvement of the compliance management system.
- 3.4.** The Company adheres to international standards:
- when the relevant international standard is applicable in the relevant territory;
 - when compliance with the relevant international standard by the Company is prescribed by covenants or an obligation voluntarily assumed by the Company and if its requirements do not contradict the laws and regulations of the state in which jurisdiction the Company operates.
- 3.5.** The Company observes all human and civil rights and freedoms guaranteed by the Constitution of the Russian Federation and rules of international law (including the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights, UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas), and proceeds from:
- each individual's right for fair and appropriate working conditions, equality of civil, economic and social rights and freedoms for men and women;
 - inadmissibility of any social, environmental and human rights risks including operations in conflict-affected and high-risk areas for the proper observance of human rights, or the supply of minerals from these areas, inadmissibility of exploration and mining operations at UNESCO World Heritage sites and in areas protected by the International Union for Conservation of Nature, and within or in close proximity to other protected natural areas if any such operations are non-compliant with mandatory requirements; need to address to the consequences of an adverse human rights;
 - commitment to assess the risks of actual and potential impact of the Company's operations on human rights (including the risk of minerals supply from conflict-affected and high-risk areas), incorporate the results of such assessment and take follow-up action, monitor the corresponding adjustments and publicly disclose information on impact mitigation.

4. Compliance goals and objectives.

- 4.1.** The Company's compliance goals:
- ensure absolute compliance by employees with mandatory requirements in the performance of their labor functions;
 - prevent and mitigate compliance risks;
 - keep high business reputation and corporate culture of the Company.
- 4.2.** The Company's objectives:
- implement the compliance management system in the Company and ensure its uninterrupted, efficient and ongoing operation in accordance with the uniform approach defined in the Policy;
 - ensure constant improvement of the compliance management system in accordance with the mandatory requirements and applicable international laws, needs and expectations of stakeholders;

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- ensure the key role of the Company's managers at all levels in the formation of establishing a rigorous compliance culture and preventing violation of mandatory requirements;
- ensure the independence of the Chief Compliance Officer delegated the authority to organize the compliance management system;
- ensure the involvement of all the employees whose actions are associated with compliance risks in the activities aimed at preventing the violations of mandatory requirements, and ensure personal responsibility of employees for compliance;
- ensure compliance monitoring and supervision in the Company;
- ensure external and internal communications on all compliance-related matters with all stakeholders;
- ensure that all records of compliance-related activities in the Company are kept;
- ensure that any instance of non-compliance is recorded, reported to the corresponding management level (if necessary, including top management and governing body) and reviewed;
- effectively liaise with the authorities on compliance matters.

4.3. Compliance goals and objectives are achieved under the procedure established by top management.

5. Priority areas of the compliance management system

5.1. The Company defines the following priority areas of the compliance management system (risk areas):

- 1) Anti-corruption compliance;
- 2) Competition (antitrust) compliance;
- 3) Security compliance (physical, economic and informational);
- 4) Compliance with covenants;
- 5) Occupational safety compliance;
- 6) Tax compliance;
- 7) Compliance with subsoil use and protection, license and other requirements for obtaining special permits, as well as mandatory requirements on land and other property relations (subsoil use and license compliance);
- 8) Compliance with mandatory requirements on personal data protection;
- 9) Compliance with mandatory requirements on industrial safety (including construction) at hazardous facilities, fire safety and protection of population and territories from emergencies (industrial safety compliance);
- 10) Sanctions compliance;
- 11) Compliance with mandatory requirements on environmental protection (environmental compliance);
- 12) Corporate conduct (corporate ethics).

5.2. The Company identifies priority areas of the compliance management system to ensure maximum control significant compliance risks, ensuring absolute compliance in other risk areas.

6. Uniform approach to compliance risk management

6.1. The Company's uniform approach to compliance risk management consists of:

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- constant monitoring (assessment) of compliance risks;
- obligatory appointment of compliance risk owners and the degree of compliance risk management centralization (level of management decision making on the corresponding compliance risks);
- identification of steps (tools) for managing compliance risks, scope and scale of the required measures to manage compliance risks, depending on the degree of compliance risk management centralization and the need to achieve maximum compliance control;
- constant control of compliance risk management;
- obligatory participation of the Chief Compliance Officer in the discussion of strategic decisions on compliance risks to ensure their early detection and prevention;
- obligatory participation of top management and the governing body in making decisions on measures to prevent and reduce (minimize) significant compliance risks;
- accurate and true reporting on compliance risk management in the form of consolidated data on the system condition within the divisions, including information on all compliance risks known to the owner, each compliance risk owner, risk management actions in place, achievement of compliance risk prevention or mitigation plans, their relevance and how their execution agrees with the expected results.

6.2. The risk areas are divided into:

- Centralized risk areas with a single owner, i.e. a unit within the Corporate Center of the Company, that ensures the decision making on managing risks in the corresponding risk area concerning all the divisions of the Company and all legal entities within the Group;
- Decentralized risk areas where compliance procedures are carried out by the divisions, with no single owner assigned in the Corporate Center.

If necessary the most significant compliance risk of any risk area can be solved by a specially created collegial advisory body specially created by the top management, and also by the governing body.

6.3. The Company's compliance management system includes the following **measures intended to mitigate the compliance risks**:

- compliance risk assessment, developing and taking risk prevention (mitigation) actions;
- training employees on compliance;
- defining compliance duties of employees and incorporating such duties into the labor contracts or job descriptions;
- cooperation with the authorities on compliance matters;
- preventive measures;
- promotion of compliance;
- whistleblowing system ("hotline") and record-keeping system;
- control over operation of the compliance system;
- automation and synchronization of specific compliance risk management processes.

6.4. The **mandatory compliance and law enforcement practice** is continuously monitored and based on the research and analysis of:

- regulations and draft regulations establishing mandatory requirements ;
- applicable case laws and authority decisions.

6.5. Evaluation of **compliance risks** should ensure that:

- the compliance risks are timely and fully identified;

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- the compliance risks will likelihood are described, analyzed and prioritized ;
- measures are taken to prevent or mitigate the risks.

Compliance risk management is carried out in accordance with a methodology determined by the top management to ensure maximum compliance control.

- 6.6.** Uniform approach for training Company employees on compliance and systematic verification of their knowledge are established by top management.
- 6.7.** Using both incentives and disciplinary actions the Company encourages compliance to induce the employees to comply with the mandatory requirements.

The Company officially declares that it will not pardon any actions (inaction) of the employees, resulting in non-compliance.

Compliance is the responsibility of each employee, regardless of his/her position. Delegating compliance responsibilities to a Chief Compliance Officer does not relieve other employees of the responsibility for complying with the mandatory requirements.

The Company's managers at all levels have to lead by example and actively assist in the implementation of the Policy.

The actions or inaction of the employee that results in the Company's non-compliance, despite imposing the disciplinary and other statutory sanction may give cause to:

- send the employee for compliance retraining or additional training, and/or check the employee's compliance knowledge, and/or
- transfer of an employee to another job or position under the legislation, and/or
- take other actions intended to prevent the repeated non-compliance by the employee.

The Company may incentivize its employees as provided by the legislation and the Company's internal regulations for the active assistance of putting in place and operating the compliance management system.

The Company declares that no employee shall be subject to disciplinary sanction for refusing to do anything that constitute or may constitute non-compliance, if the employee gives prior notice to the Company.

- 6.8. The measures the Company takes to exercise control** over the operation of the compliance management system:

- creating and operating the compliance whistleblowing system("hotline");
- conducting compliance audits in the Company and exercising control over the implementation of compliance risk prevention (mitigation) plans and conducting investigations for the purposes of verifying the information on the Company's (or its employees') non-compliance and taking measures to remove such threats;
- dealing with non-compliance events, working out and taking corrective measures;
- constant monitoring and record-keeping of the compliance management system and regularly assessing the degree to which the compliance management system has reached its goals and objectives and other measures.

- 6.9. The compliance whistleblowing system** includes:

- creation of administrative and technical conditions of operating such a system, including the terms of anonymity, confidentiality, terms of protection of personal data, trade secrets, etc.;

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- methods on how whistleblower reports are recorded, processed, investigated and documented;
- smart workflows allowing to track, manage and monitor whistleblower reports on an ongoing-basis;
- the measures to enhance a speak-up culture with multiply intake channels with full language capability demonstrating to actual and potential whistleblowers, that their actions are not retaliatory;
- the measures to ensure full anonymity, in all cases when whistleblower does not wish to disclose his/her personal details;
- real-time visibility of efficient case management (to include investigations and feedback processes);
- the process of consideration of revealed non-compliance events (cases of violation) by a competent bodies of the Company.

The Company shall keep records by keeping and maintaining, in working order, the records of the Company's compliance efforts.

7. Responsibilities and powers

- 7.1.** The governing body and top management are responsible for the Company complies with the mandatory requirements.

The Chief Compliance Officer is given the authority to ensure and control of the operation of the compliance system for the following purposes:

- to ensure that the compliance system conforms with the Policy;
- to inform the governing body and top management about the operation of the compliance system.

- 7.2.** The top management shall:

7.2.1. ensure that the Company's internal regulations are developed and approved to implement the Policy;

7.2.2. take all necessary measures in order for the Company to comply with the mandatory requirements;

7.2.3. set out the responsibilities, determine the scope of powers of the divisions and officers for compliance purposes, and ensure that such responsibilities and powers are duly documented and communicated by the Company to the appropriate divisions and officers.

7.2.4. appoint and expressly support the Chief Compliance Officer, by way of:

- vesting all necessary powers onto such an officer to enable him/her to act on his/her own and independently, including to ensure that he/she can, independently of all other officers of the Company, obtain information on the affairs of the Company, assess the functioning of the Company's compliance system and notify the assessment results to the top management and governing body;
- granting the Chief Compliance Officer direct access to:
 - top management and governing body;

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- Company’s officers responsible for the management decision-making on the matters of compliance risks for early detection and prevention purposes;
- all business units and levels of management of the Company;
- all information and data that may be necessary to enable the Chief Compliance Officer to exercise his/her powers;
- provide the Chief Compliance Officer with sufficient and adequate resources to ensure that the compliance system operates seamlessly and is constantly improved, including creating the compliance department.

7.2.5. ensure the creation and functioning of a collegial advisory body to consider significant compliance risks and to develop measures to prevent and minimize them. Significant compliance risk that affects the achievement of the Company's strategic goals must be referred to the governing body by the top management. The composition and the work procedure of the collegial advisory body, the procedure for escalating compliance risk issues within the Company's management system is determined by the top management.

Escalation levels of compliance risks:

Company management level	Type of compliance risk
Division	Ongoing compliance risk
Single owner or division providing operational level expert support	Compliance risk, the management of which requires expert support
Collegial advisory body and governing body	Significant compliance risk

7.2.6. ensure that reliable and objective record-keeping systems for assessing the functioning of compliance system are in place.

7.2.7. ensure that the assessment of the functioning of compliance system is conducted regularly.

7.3. The division shall ensure that:

- the compliance risks to which the Company is exposed to are identified and communicated to the Chief Compliance Officer;
- the compliance risks to which the Company is exposed to are properly managed;
- it cooperates with the Chief Compliance Officer on the matters of compliance risk management and assists the Chief Compliance Officer in the exercise of his/her functions to ensure the operation of the compliance system..
- The head of the division organizes the fulfillment by the Company of the mandatory requirements in the area of competence of the division he/she heads, and is personal responsible for the Company to take all necessary measures to comply with the mandatory requirements.

7.4. The Chief Compliance Officer shall be given the authority to ensure and control of the operation of the compliance system.

The powers of the Chief Compliance Officer shall be determined by the top management and shall include, among others:

- developing the Company’s internal regulations aimed at setting up the compliance management system;

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- ensuring that the internal regulations on the compliance risk mitigation plans are duly implemented;
- maintaining transparency in cooperation with the stakeholders on the matters of the compliance system;
- providing the methodological support to the division on the matters of compliance risk management;
- training for employees on the functioning of the compliance system;
- making proposals to the top management that it is necessary to amend the Policy, and to take organizational measures to ensure that the compliance system operates properly;
- ensuring that the compliance whistleblowing system (“hotline”) and record-keeping system for assessment the functioning of compliance system are up and running;
- provision of a reporting system on the status of the compliance system;
- ensuring that the compliance system is monitored and controlled;
- ensuring that the mechanism of communicating the significant events of non-compliance to the top management and governing body, as well as the mechanism of communicating all dissents of the compliance risk owners and officers responsible for the management decision-making on the matters of respective compliance risks to the top management and the governing body are in place;
- arranging the cooperation between the Company and authorities on the matters of mandatory requirements and compliance system.

8. Employees’ awareness of the Policy

All employees hired before the Policy's effective date shall be made aware of the Policy.

All newly hired persons shall be made aware of the Policy before signing the labor contract.

9. Policy approval and amendment procedure

According to the Company’s Charter, this Policy shall be subject to approval by the Company Board of Directors. This Policy can be amended and supplemented by resolution of the Company Board of Directors.

10. Regulatory references

10.1. This Policy contains references to the following internal regulations of the Company:

- Company’s Charter;
- Other internal regulations/DocsVision catalogues.

10.2. This Policy refers to external regulatory documents listed below:

- Constitution of the Russian Federation;
- Universal Declaration of Human Rights;
- International Covenant on Civil and Political Rights;
- International Covenant on Economic, Social and Cultural Rights;
- UN Guiding Principles on Business and Human Rights

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- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Treaty on the Eurasian Economic Union of 29 May 2014;
- International Standard ISO 37301:2021 Compliance Management Systems — Requirements with Guidance for Use;
- International Standard ISO 37001:2016 Anti-Bribery Management Systems — Requirements with Guidance for Use;
- DIRECTIVE (EU) 2019/1937 of the European Parliament and of the council on the protection of persons who report breaches of union law;
- Other external regulatory documents.