

APPROVED
by a decision by the Board of Directors
of SUEK JSC
(Minutes No. 39 dated 27.04. 2019)

Internal Control Rules
to Prevent, Identify and Counter Misuse of Insider Information and (or) Manipulation
of the Market
of “Siberian Coal Energy Company”, a Joint Stock Company

The Russian Federation, Moscow 2019

TABLE OF CONTENTS

- 1. General Provisions**
- 2. Terms and Definitions**
- 3. Ban on Use of Insider Information**
- 4. Procedure for Accessing Insider Information**
- 5. Rules for Maintaining Confidentiality of Insider Information**
- 6. Official Who Controls Compliance with Requirements of Laws on Insider Information**
- 7. Liability**
- 8. Final Provisions**

1. General Provisions

11. The Rules for Internal Control to Prevent, Identify and Counter Misuse of Insider Information and (or) Manipulation of the Market of SUEK JSC (hereinafter the “Company” and the “Internal Control Rules”) have been prepared in accordance with applicable laws of the Russian Federation, the Federal Law “On Countering Misuse of Insider Information and Manipulation of the Market and on Making Modifications in Certain Legislative Instruments of the Russian Federation” (hereinafter the “Law”), the Charter of SUEK JSC (hereinafter the “Charter”) and other internal documents of the Company.
12. The Internal Control Rules have been prepared in place of “Regulations on Insider Information of SUEK JSC” approved by a decision by the Board of Directors of SUEK JSC (minutes No. 168 dated 26.07.2011).
13. The Internal Control Rules have been prepared for:
 - ensuring fair pricing of securities;
 - equal treatment of and enhanced trust from investors;
 - protecting rights and legitimate interests of shareholders and persons who enter into securities transactions;
 - the Company’s economic security;
 - control over insiders’ operations by way of restriction of use and disposal of insider information;
 - setting general standards of protection of details that constitute insider information;
 - and providing information on sanctions imposed for breaches of requirements stipulated by the Internal Control Rules.
14. The Internal Control Rules govern relationships between the Company and its insiders and between the Company and persons for whom the Company is an insider.
15. The Internal Control Rules include, among other things, a procedure for accessing the Company’s insider information and rules for maintaining confidentiality thereof and controlling compliance with requirements of the Law and regulations adopted by the Bank of Russian in accordance with the Law.

2. Terms and Definitions

21. **Insider information** means accurate and specific information that was never disseminated (including information that constitutes a commercial, official, banking secret or a communication secret (namely information about postal remittances) and other secrets protected by law) and whose dissemination may materially affect prices of financial instruments, foreign currencies and (or) goods (including information concerning one or more issuers of issue-grade securities, one or more managing companies that manage investment funds, unit investment funds and private pension funds or one or more financial instrument(s), foreign currency(ies) and (or) goods).

The list of the Company’s insider information shall be approved by a decision by the Company’s Board of Directors.

The following is not insider information:

- information that became available to an indefinite range of persons, among other things, as a result of being disseminated; and
- studies, projections and estimates concerning financial instruments, foreign currencies and (or) goods and recommendations and (or) proposals on transactions with financial instruments, foreign currencies and (or) goods as prepared on the basis of public information.

The **Issuer** means an entity wherein the Company has the right to dispose directly or indirectly (through controlled persons) of at least 25 per cent of votes in the supreme managing body or wherein the Company, by virtue of holding shares in the registered capital, has access to insider information pursuant to federal laws, constituent documents or internal documents, in cases where:

- the entity’s financial instruments are admitted to organized trading in the territory of the Russian Federation, or
- a request to admit the entity’s financial instruments and (or) goods to organized trading has been submitted.

22. An **insider** means a person who has the right to access the Company’s insider information pursuant to a law, other regulatory or legal instrument or a job description or internal document of the Company and pursuant to an agreement with the Company.

The following persons have access to the Company’s insider information:

- members of the Company’s Board of Directors (supervisory board), members of the Company’s collegiate executive body, the person performing functions of the Company’s single-member executive

body (including a managing entity, manager or temporary single-member executive body) and members of the Company's internal audit commission; and

– individuals who have access to the Company's insider information pursuant to employment and (or) civil law agreements with the Company.

23. Information submission means actions taken for receipt by a definite range of persons of information in accordance with securities laws of the Russian Federation.

24. Information dissemination means actions:

- taken for receipt of information by or delivery of information to an indefinite range of persons, among other things, by disclosure in accordance with securities laws of the Russian Federation;
- related to publishing information in mass media, including digital ones, and in information and telecommunication networks access to which is not limited to a definite range of persons (including the Internet); and (or)
- related to information dissemination through digital and information and telecommunication networks access to which is not limited to a definite range of persons (including the Internet).

25. Goods mean objects, except for securities, that are admitted to organized trading in the territory of the Russian Federation or in whose respect a request for admission to organized trading has been submitted.

26. A financial instrument means a security or derivative.

27. A derivative means a contract, except for a repurchase one, that stipulates one or more of the following obligations:

- the obligation of a party(ies) to the contract to pay, from time to time or as a lumpsum, amounts of money, including payments upon demands made by the other party, depending on variations in prices of goods, securities, the exchange rate of the respective currency, the size of interest rates, inflation rates, values calculated on the basis of prices of derivatives, values of indicators that constitute official statistical information, values of physical, biological and (or) chemical indicators of the state of the environment, on occurrence of a circumstance that evidences non-fulfilment or improper fulfilment by one or more entities, States or municipal formations of their obligations (except for a suretyship agreement and insurance agreement), or another circumstance stipulated by legislation or by regulations issued by the Central Bank of the Russian Federation and in whose respect it is unknown whether it will occur or not, and on a variation of values that are calculated on the basis of one or the aggregate of several indicators specified in this clause. Such a contract may also stipulate the obligation of a party(ies) to the contract to deliver securities, goods or a currency(ies) to the other party or the obligation to enter into a derivative contract;
- parties' (a party's) obligation to buy or sell, on terms and conditions stipulated in entering into the contract, upon a demand made by the other party, securities, a currency(ies) or goods or enter into a derivative contract; and (or) a party's obligation to deliver title to securities, a currency(ies) or goods to the other party no earlier than on the third day after the contract date, the other party's obligation to accept and pay for the said property and a wording to the effect that this is a derivative contract.

28. Manipulation of the market means wilful acts described in laws of the Russian Federation on countering misuse of insider information and manipulation of the market or in regulations by the Bank of Russia, as a result of which acts the price(s) of, demand for, supply of or amount of trading in a financial instrument, foreign currency and (or) goods has (have) deviated, or has (have) been maintained at a level materially different, from that which would have existed in the absence of such acts.

3. Ban on Use of Insider Information

3.1. Insider information may not be used:

- for transactions with financial instruments, foreign currencies and (or) goods which the insider information concerns, implemented at the person's own expense or at the expense of a third party, except for transactions implemented as part of meeting a mature obligation to buy or sell financial instruments, foreign currencies and (or) goods if such an obligation emerged as a result of a transaction entered into before the person became aware of the insider information;
- for being delivered to another person, except for cases where such information is delivered to a person included in the list of insiders, in pursuance of obligations stipulated by federal laws or in pursuance of work duties or an agreement; or
- by way of giving recommendations to third parties or obligating or otherwise inducing them to buy or sell financial instruments, foreign currencies or goods.

3.2. Any acts that the Law classifies as manipulation of the market are prohibited.

3.3. Any person who has committed misuse of insider information and (or) manipulation of the market will be

held liable in accordance with laws of the Russian Federation.

4. Procedure for Accessing Insider Information

- 41.** In order to protect the Company's information that, in accordance with requirements of the Law, is classified as insider information and eliminate any probability of its misuse or dissemination, such information shall be governed by a special procedure for access,.
- 42.** The below procedure shall be binding upon all persons who are covered by the Internal Control Rules and have access to the Company's insider information.
- 43.** In entering into employment or civil law agreements that provide for the right of the Company's counterparty under the agreement to access the Company's insider information, such an agreement shall include a condition as to non-disclosure, and a ban on misuse, of insider information. The counterparty shall be informed of requirements of the Law, regulations by the Bank of Russia adopted in accordance therewith, liability for misuse of insider information and of the fact that (s)he (it) will be included into the list of insiders.
- 44.** It is the CEO who shall be responsible for confidentiality of insider information in the Company. Control over compliance with requirements of the Internal Control Rules and inhouse regulations adopted in accordance therewith shall be exercised by the official who controls compliance with requirements of laws on insider information.
- 45.** In becoming familiar with insider information, the person shall maintain its confidentiality.
- 46.** The Company shall establish necessary organizational and technical conditions to enable persons who have access to insider information to maintain the stipulated degree of its confidentiality.
- 47.** To prevent economic damage to the Company, persons processing insider information are to comply with the following binding rules:
 - they are to process only those documents to which they have access by virtue of their work duties and the task entrusted to them;
 - they are not to disclose insider information, deliver it to third parties or use it to their own advantage;
 - in working with specific media on which insider information is stored, they are to eliminate any probability that other employees of the Company, including those who have access to documents and details containing insider information but in other operating areas, may become aware of the insider information;
 - in leaving the premises, they are not to leave documents that contain the Company's insider information on desks;
 - they are to stringently observe the procedure for safekeeping of documents that contain insider information;
 - they are to destroy all rough copies after producing a document, are to timely destroy all documents which are not to be stored and which may contain insider information and are to delete all insider information which is not to be stored and is recorded on digital media;
 - they are to forthwith notify the official who controls compliance with requirements of laws on insider information about instances of loss, shortage of, or discovery of changes in, documents or discovery of unrecorded documents that contain insider information or ID cards and keys to the premises;
 - they are to forthwith notify the official who controls compliance with requirements of laws on insider information about instances of potential or actual disclosure of insider information;
 - they are to forthwith produce for an inspection to their immediate supervisor and (or) the official who controls compliance with requirements of laws on insider information all available documents that contain insider information and are to give explanations about breaches in the stipulated procedure for working with information storage media and about instances of loss of or shortage of the respective documents;
 - they are to inform, on their own initiative, their immediate supervisor and (or) the official who controls compliance with requirements of laws on insider information about circumstances that are conducive to or may result in disclosure;
 - in preparing documents and in business correspondence, they are to use minimal, truly necessary details that contain insider information;
 - no video or audio recording or taking photos of meetings on issues that contain insider information shall take place unless authorized by the official who controls compliance with requirements of laws on insider information.
- 48.** The procedure and timeframes for disclosure of insider information, whose list is approved by a

regulation issued by the Bank of Russia, shall be stipulated by regulations by the Bank of Russia.

5. Rules for Maintaining Confidentiality of Insider Information

- 5.1.** Rules for protecting such information include making arrangements for control over insider information, limiting the range of persons who have access to insider information, detecting instances of use of such information, and liability for misuse thereof.
- 5.2.** The Company shall allocate work duties in a manner that would minimize the probability of use of insider information, eliminate a conflict of interest (a conflict between property and other interests of the Company and (or) those of its employees and (or) counterparties, which may result in adverse consequences for the Company and (or) its counterparties) and conditions conducive to emergence thereof and eliminate offences, crimes and other illegitimate acts in the course of financial and economic operations and other transactions.
- 5.3.** The Company shall timely identify and control areas of possible use of insider information, a potential conflict of interest, and systematic inspections of whether persons having access to insider information and other employees of the Company comply with their work duties, in order to eliminate any probability that they might conceal illegitimate acts.
- 5.4.** The Company shall take necessary measures to improve control over insider information in order to maintain its efficient operations with due regard to changes in internal and external factors that affect the Company's operations.
- 5.5.** The Company shall maintain necessary organizational and technical conditions to enable persons who have access to insider information to maintain the stipulated degree of its confidentiality.

6. Official Who Controls Compliance with Requirements of Laws on Insider Information

- 6.1.** It is the Head of the Corporate Legal Operations Department and Corporate Secretary of the Company who shall be the official who controls compliance with requirements of laws on insider information.
- 6.2.** In order to control compliance with requirements of the Law and regulations on insider information adopted in accordance therewith, Head of the Corporate Legal Operations Department and Corporate Secretary of the Company shall have the following functions:
 - to control compliance with the procedure for use of insider information;
 - to collect and record notices from the Company's insiders in cases where those receive information that constitutes the Company's insider information or where those deliver insider information to third parties;
 - to collect and record information on instances of potential or actual disclosure of insider information. To communicate this information to the Company's CEO and Board of Directors;
 - to collect and systematize notices received by the Company as to transactions with the Issuer's securities as entered into by the Company's insiders and as to entry into derivative contracts. To prepare reports on the basis of received information and submit such reports to the Company's CEO and Board of Directors;
 - to maintain the list of the Company's insiders and submit it, within timeframes and in accordance with the procedure stipulated by the Law and applicable legislation, to the trade organizer through which transactions with financial instruments, foreign currencies and (or) goods of the Issuer are entered into, upon the trade organizer's demand, or to the Bank of Russia on the latter's demand; and
 - to notify the Company's insiders, within timeframes and in accordance with the procedure stipulated by the Law and applicable legislation, that they have been included into or excluded from the list of insiders.
- 6.3.** Within 3 (Three) business days after receiving information on misuse of insider information the official who controls compliance with requirements of laws on insider information will cause the Company's CEO to consider disciplinary, civil law and (or) administrative sanctions against the wrongdoer and, if there are attributes of an offence or crime, consider turning to law enforcement agencies.

7. Liability

- 7.1.** Any person who has committed misuse of insider information and (or) manipulation of the market will be held liable in accordance with laws of the Russian Federation.
No person who has disseminated false information will be held liable for manipulation of the market if (s)he did not know and was not supposed to know that the disseminated information was false one.

- 7.2.** A person who has used insider information will not be held liable for misuse of insider information if (s)he did not know and was not supposed to know that this was insider information.

8. Final Provisions

- 8.1.** These Internal Control Rules shall be approved by a decision by the Company's Board of Directors and may be supplemented and (or) modified as decided by the Company's Board of Directors.
- 8.2.** Issues not governed by these Internal Control Rules shall be governed by laws of the Russian Federation, the Company's Charter, decisions by the Board of Directors and the Company's internal documents. If as a result of changes in laws and regulations of the Russian Federation or the Company's Charter certain articles of these Internal Control Rules conflict with such laws, regulations and (or) the Charter, these articles will become null and void and the Company will be guided by laws and sublaws of the Russian Federation and provisions of the Company's Charter until the Internal Control Rules have been respectively modified.