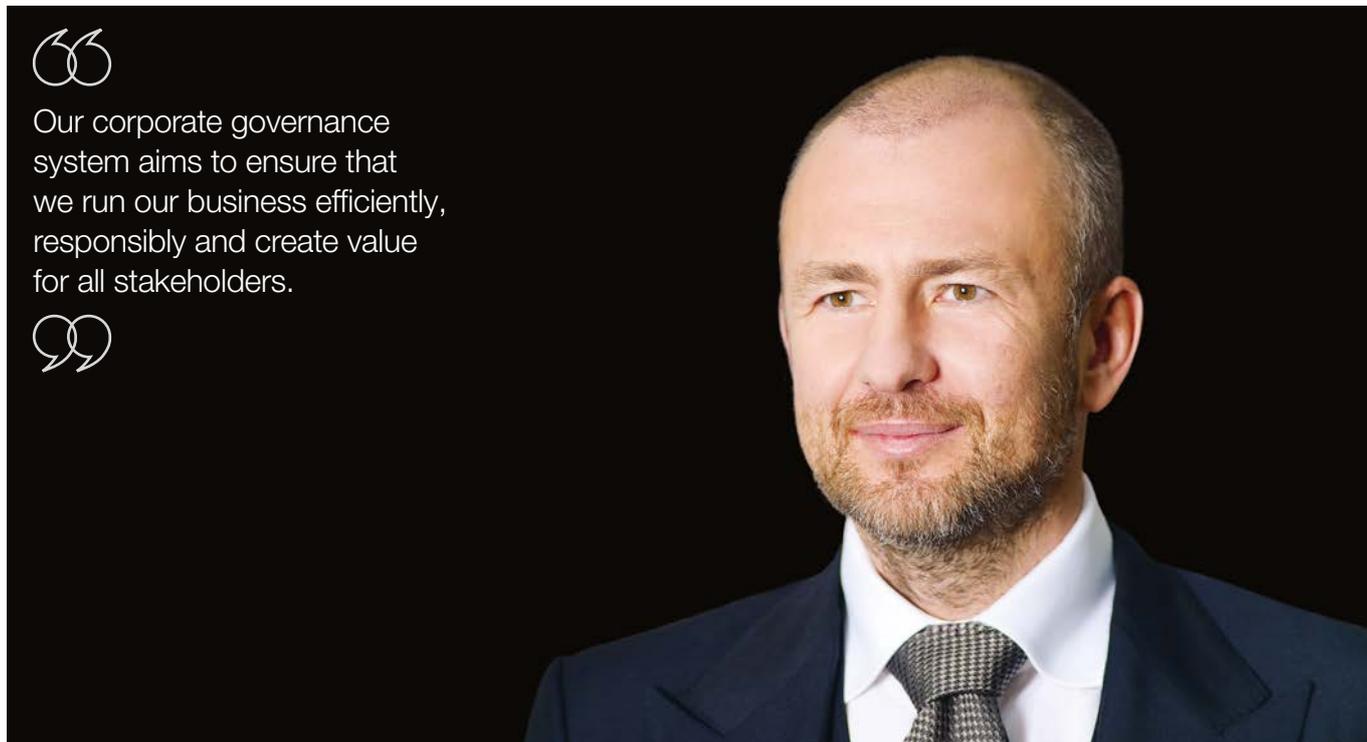


# CHAIRMAN'S INTRODUCTION



Our corporate governance system aims to ensure that we run our business efficiently, responsibly and create value for all stakeholders.



At SUEK, we recognise the importance of corporate governance in helping to ensure that we run our business efficiently, and in a way that is effective, fair and transparent. In our corporate governance structures and systems, we comply with applicable legislation and are committed to international best practice.

Our system of corporate governance is underpinned by a set of principles that enable us to:

- ensure the fair treatment of our shareholders, including the legal recognition and protection of their rights;
- maintain an efficient system of internal control and audit;
- ensure our financial reporting is comprehensive and transparent by providing stakeholders with the information they need in an accurate and accessible format;
- make sure our business adheres to rigorous ethical standards; and
- provide a decent working environment for employees and address their issues and concerns.

On 15 April 2015, as part of our commitment to continual improvement and evolution in this area, we restructured the Group's governance system and revised the company's Board of Directors. The Board was joined by members of the Board of JSC SUEK and three new directors: Iain Macdonald, Christakis Santis and Stefan Judisch.

Our new Board of Directors consists primarily of independent directors and is very balanced and experienced. Collectively, our Board members have a wealth of expertise in mining, energy and finance, enabling them to provide expert strategic leadership in all matters relating to the governance of the Group.

In line with best practice, we regularly refresh and rotate our governance structures and Board membership: new directors join the Board, replacing long-standing members. This approach brings fresh management perspective and experience to the company, while also helping to maintain business stability and leadership continuity. As part of this process, at the beginning of 2016 Richard Sheath, Jaroslav Mil and Kent Potter left

the Group. I would like to thank them for their many years of dedication as independent directors, and for their valuable contribution to the company's work.

I would like to welcome two new independent directors – Natalia Izosimova and Olga Vysotskaya, who joined the Board in April 2016. I am sure their expertise and fresh outlook on SUEK's strategy will help us to improve and develop our business further. In addition, the inclusion of Natalia and Olga will help to improve the gender balance within the Board, reinforcing our commitment to workforce equality and diversity at all levels of the company.

ANDREY MELNICHENKO  
CHAIRMAN OF THE BOARD  
OF DIRECTORS

BIOGRAPHICAL DETAILS OF THE MEMBERS OF THE BOARD OF DIRECTORS ARE AVAILABLE ON PAGES 84-87.



## Overview

SUEK PLC is the holding company of SUEK Group, a vertically integrated coal business, with mining and logistics assets in Russia and a worldwide distribution network. SUEK PLC is headquartered in Cyprus.

SUEK PLC's main functions include:

- Operating as an investment holding company by managing its shareholdings in subsidiaries;
- Overseeing the activities of its subsidiaries;
- Making the final decision on large-scale investment projects;
- Managing the Group's treasury activities;
- Setting long-term strategic and business targets;
- Preparing SUEK PLC's standalone and consolidated financial statements in accordance with IFRS.

## Governing bodies

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

### General Meeting of Shareholders

The General Meeting of Shareholders is SUEK PLC's highest governing body. It makes decisions on the most important issues relating to our business, including: amendments to the Charter; reorganisation of the Group; the increase or decrease of authorised capital; the distribution of profit; and the selection of members of the Board of Directors and external auditors.

In the reporting period, the General Meeting of Shareholders approved a new version of the Charter and changed the composition of the Board. As part of the Annual General Meeting, the company's shareholders approved the 2014 Annual Report and financial statements, elected members of the Board of Directors, and re-appointed JSC KPMG as SUEK PLC's external auditor for 2015.

### Board of Directors

The Board of Directors is responsible for the general governance of the Group, in accordance with the Cyprus Companies Law. The Board's main objectives are to ensure effective governance, utilise the company's strategic capabilities, foster long-term sustainable development and increase the value of the Group's assets. It also protects the legitimate interests of

shareholders and ensures the disclosure of accurate company information.

As a result of the restructuring of the Group's governance system in April 2015, the company's Board of Directors was joined by members of the Board of JSC SUEK. The Board therefore maintained continuity of management and retained a clear overview of JSC SUEK, ensuring that all decisions can be made from an informed and objective basis. Andrey Melnichenko has served as the Chairman of the Board since April 2015. During the reporting period, members of the Board did not own any shares in SUEK PLC. As of 31 December 2015, the Board of Directors comprised the following 11 members: Klaus-Dieter Beck, Stefan Judisch, Alexander Landia, Iain Macdonald, Andrey Melnichenko, Jaroslav Mil, Nicholas Page, Kent Potter, Vladimir Rashevsky, Christakis Santis and Richard Sheath.

As of 31 December 2015, eight out of ten Board directors, excluding the Chairman, were independent non-executive directors (verified by the decision of the Board of Directors). The criteria that independent directors must satisfy are defined in the Regulation on the Board of Directors and comply with the recommendations of the UK Corporate Governance Code. Each year, Board members are elected for the

period up until the next Annual General Meeting, with the possibility of re-election.

Board members regularly communicate with the management teams of JSC SUEK and SUEK AG. Between meetings, non-executive directors receive monthly management reports, notifications about significant events and coal mining industry overviews.

Members of the Board regularly consult industry experts and visit production sites. During these visits directors can personally evaluate the state of our assets, communicate with production managers and assess our corporate culture and safety systems first hand.

Members of the Board have access to information on the activities of all Board committees and can attend any committee meeting at any time. Directors often exercise this right, meaning that, typically, reviews of complex issues are attended by the majority of Board members, with relevant members of the management team also taking part.

SUEK PLC's Corporate Secretary is a Cyprus law firm. All operational work with directors is discharged through the Corporate Secretary's deputies. Papers are prepared in two languages, Russian and English.

### Participation of directors in SUEK PLC Board meetings in 2015 (from 15 April until 31 December 2015)

Director	Board meetings	Audit Committee	Nomination and Compensation Committee	Strategy Committee
Total number of meetings	6 <sup>1</sup>	7 <sup>2</sup>	5	5
Klaus-Dieter Beck	6	–	5	5
Alexander Landia	6	–	5	5
Iain Macdonald	6	7	–	–
Jaroslav Mil	6	–	5	–
Andrey Melnichenko	6	–	–	5
Nicholas Page	6	–	–	–
Kent Potter	6	7	–	–
Vladimir Rashevsky	6	–	–	5
Christakis Santis	6	–	–	–
Richard Sheath	6	7	–	–
Stefan Judisch	5 <sup>3</sup>	–	–	4 <sup>3</sup>

1. Including five in-person meetings and one meeting through conference call

2. Including six in-person meetings and one meeting through conference call

3. Stefan Judisch became a member of the Board on 22 June 2015

### Board meetings

The Board's schedule and work plan are approved for the following year with adjustments every six months. In 2015, the Board of Directors held 12 in-person meetings, including one conference call, and three in-absentia meetings. All in-person meetings benefited from full attendance, while the conference call meeting was attended by the majority of members.

For the periods during the year between scheduled Board meetings, the Board authorised Christakis Santis to make decisions relating to company's activities that fall within the Board's remit and expertise, subject to a number of restrictions on transactions.

In the event that a Board meeting could not be held due to time constraints, up until 15 April 2015 the company was able to call upon the Standing Committee of the Board. During the year, the Standing Committee held four in-person meetings and made decisions relating to the competence of the Board.

### Board effectiveness and evaluation

The Board's effectiveness is assessed on a regular basis. In 2015, the annual assessment was overseen by the Nomination and Compensation Committee and took the form of a questionnaire where each director assessed various aspects of the Board's activity.

The directors expressed their general approval regarding the effectiveness of the Board, but also suggested specific improvements. In particular, they identified areas of focus, specified their expectations of the management, and discussed professional growth opportunities for directors. It was noted that the Board still needed to address several important issues, including governance structure, talent pool development and top management continuity.

### Board report

Alongside regular issues such as revision of strategy, budget and investment planning, setting objectives for top managers and assessing their accomplishment, in 2015 the Board's work included the review of strategic initiatives and the approval of major transactions.

Supporting the function of the Group's core financing centre, Board members analysed the business's short and long-term financing to ensure the overall debt portfolio remains manageable. Board members also considered other matters that require shareholder approval in accordance with the statutes of the company's subsidiaries.

In light of the volatile market situation, the Board focused on maintaining business stability and responding effectively to changes in the economic environment. Board members supported management proposals to reduce the impact of negative market conditions. These measures included stringent investment discipline, further improvement of operational efficiency, the reduction of production and general costs, and the development of logistics and sales networks.

Production safety issues remained a top priority for the Board. Safety performance, causes of incidents, production stoppages and accidents were reviewed in detail, as were those actions taken to prevent similar incidents in the future.

In 2015, the Board focused on reviewing both the overall corporate strategy and various 'segmental strategies'. It updated its consolidated ten-year strategy and approved a plan of sales reorganisation as part of the development of SUEK's governance system. It also specified key tasks within segmental strategies and set priorities for the second phase of the company's IT strategy.

During the year, Independent Non-Executive Director Klaus-Dieter Beck and two independent technical experts carried out an in-depth examination of the Kuzbass mines. The aim of this process was to evaluate management production and investment decisions relating to low-profit enterprises within the Group. The Board reviewed the results of the examination and issued relevant recommendations to the management.

During the year, the Board oversaw the restructuring of the Group, including liquidations, buyback of shares and changes in the legal structure of a number of Group companies.

The Board of Directors also reformed the project component of the Group's management incentive system. With a view to improving the overall management incentive programme, a long-term component was added, based on the fulfilment of key strategic objectives that are not formalised as projects. In addition, the Board assessed whether top managers fulfilled their 2015 objectives in line with the Group's strategic priorities.

### Board remuneration

The remuneration paid to Board members is based on the performance of their general functions, as well as on membership and chairmanship of the Board Committees. Members of the Board of Directors also receive reimbursement of all reasonable expenses incurred in relation to their work as directors.

### **On-site Board meetings**

In 2015, Board members met with managers at a number of production units. The aim of the meetings was to understand better the challenges these units face and the progress being made in introducing new production methods and safety standards.

In September 2015, directors visited SUEK's mining and service units in Khakasia, and held a Board meeting on site. They saw how the unit's development strategy was being implemented and visited the Chernogorsky washing plant and other facilities.

During the on-site meeting, members of the Board spoke with regional managers. They heard first-hand about operational issues affecting the production unit and congratulated the managers on their record production achievements. They discussed plans for developing the production facilities and infrastructure, including ways to enhance operational efficiency.

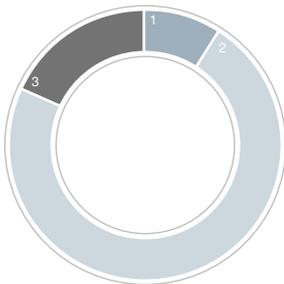
These trips help the Board assess opportunities to implement advanced international technologies and understand the issues arising from the regulatory environment and specifics of the Russian coal industry.

# BOARD OF DIRECTORS OF SUEK PLC

(as at 31 December 2015)

SUEK's Board of Directors is balanced and experienced, providing leadership to the Group and guidance for its long-term success.

## Board composition as at 31 December 2015



- 1. Chairman 1
- 2. Independent Directors 8
- 3. Non-independent Directors 2

## Board experience as at 31 December 2015

International operations	11
Mining	6
Energy	8
Finance	9



ANDREY MELNICHENKO, 44

CHAIRMAN  
NON-EXECUTIVE DIRECTOR



### Education and qualifications

Andrey studied physics at the Lomonosov Moscow State University and graduated from the Plekhanov Russian Academy of Economics, majoring in finance and credit.

### Career

Over the past 20 years, Andrey has co-founded a number of successful Russian corporations including one of Russia's largest private banks – MDM-Bank, fertiliser producer EuroChem, SUEK Group, Siberian Generating Company (SGK) and TMK. He is the main beneficiary of EuroChem, SUEK and SGK. Andrey chairs the Board of Directors of SUEK PLC and SGK. He sits on the Board of the Russian Union of Industrialists and Entrepreneurs.

Andrey was a member of the Board of JSC SUEK from March 2004 to April 2015. Between June 2007 and April 2015, he was Chairman of the Board of Directors of JSC EuroChem. From April 2015 he has been a member of the Board and the Chairman of the Strategy Committee of Eurochem Group AG.

### Appointment to the Board

Andrey was appointed to the Board of SUEK PLC in April 2015.



VLADIMIR RASHEVSKY, 42

EXECUTIVE DIRECTOR,  
CHIEF EXECUTIVE OFFICER,  
JSC SUEK



### Education and qualifications

Vladimir graduated from the Finance Academy under the Government of the Russian Federation, majoring in Global Economics. He holds a Candidate's Degree in Economic Science.

### Career

Vladimir began his career in 1992, holding various positions in banking, including Vice-Chairman of the Management Board of Avtobank. In 2000, he joined MDM bank where he was appointed Deputy Chairman of the Management Board. In December 2001, he became Chairman of the Management Board. In 2004, he became President of JSC SUEK, and was appointed CEO of the company at the end of that year. In 2011, Vladimir was appointed to the Board of Directors of JSC SUEK.

Vladimir is a member of the Board of Directors of Interregional Distributive Grid Company of Siberia.

In 2015, Vladimir was awarded the 'Best Executive' at the TOP 1,000 Russian Managers Awards organised by the Association of Managers, Kommersant and Business Russia.

### Appointment to the Board

Vladimir was appointed to the Board of SUEK PLC in April 2015.



ALEXANDER LANDIA, 53

NON-EXECUTIVE DIRECTOR



### Education and qualifications

Alexander graduated from Tbilisi State University with honours, and has a Candidate's Degree (PhD) in Mathematics from the Institute of Mathematics of the National Academy of Sciences of Belarus.

### Career

Between 1993 and 2001, Alexander was employed by Dresdner Bank in Frankfurt, the last position he held there being First Vice President Oil & Gas Global Debt. Until 2004, he was General Director of Accenture Russia and was subsequently appointed Global Gas Lead Partner. Between 2006 and 2010, he chaired the Board of Directors of JSC SUEK and in 2007 received the 'Chairman of the Year' award from the Russian Association of Independent Directors. In 2011-2015, he was Chairman of the Nomination and Compensation Committee and a member of the Strategy Committee of the Board of Directors of JSC SUEK.

In 2013-2015, Alexander was a Board member of JSC EuroChem. Since April 2015 he has been Chairman of the Board and a member of the Strategy Committee of the Board of Directors of EuroChem Group AG.

Alexander is a member of the Board of Directors of Lambert Energy Advisory (UK) and Barloworld (South Africa). He is a founder and Director of Access Oil and Gas (UK) and co-founder and Managing Director of Bernotat & Cie (Germany). He is a member of the Supervisory Board of The Mobility House AG (Switzerland).

### Appointment to the Board

Alexander was appointed to the Board of SUEK PLC in April 2015.

## Key to committee membership

- S Strategy Committee
- N Nomination and Compensation Committee
- A Audit Committee
- Committee's Chairman
- Committee member joined in 2016
- Committee Chairman from 2016



**KLAUS-DIETER BECK, 61**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

N S

**Education and qualifications**  
Klaus-Dieter holds a PhD and an MSc in Mining Engineering from Rheinisch-Westfälische Technische Hochschule in Aachen, Germany.

### Career

Klaus-Dieter joined RAG (Germany) in 1981 and worked in a variety of technical and operational roles. He became Chief Engineer of the company's subsidiary RAG Niederrhein in Germany, and between 1996 and 1998 was General Manager of Friedrich-Heinrich/Rheinland mine. He then joined RAG's Riverton Coal subsidiary in the US, and between 2004 and 2007 served as Senior Vice President Planning, Engineering & General Equipment Management at Foundation Coal Holdings (formerly RAG's US coal business).

Klaus-Dieter was Chairman and CEO of the Czech coal producer OKD between 2007 and 2012, during which period he was also an Executive Director of NWR NV. He was a Non-executive Director of NWR until March 2013. Between 2012 and 2015, Klaus-Dieter was a member of the Board of Directors of JSC SUEK. He has served as a member of the Supervisory Board of TUEV-Nord/Hannover in Germany since 2008.

### Appointment to the Board

Klaus-Dieter was appointed to the Board of SUEK PLC in April 2015.



**STEFAN JUDISCH, 57**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

S

**Education and qualifications**  
Stefan received a degree in Business Administration in Frankfurt.

### Career

Throughout his professional life Stefan has been involved in commodity trading and risk management activities, predominantly focused on energy related commodities and non-ferrous metals.

Stefan began his career in 1981 at Metallgesellschaft's central controlling department in Frankfurt. While with Metallgesellschaft, he worked in London, New York and Hamburg where he served as CEO of the company's non-ferrous metal trading and brokerage subsidiary.

In 1992, he was hired by the Swiss bank UBS to develop their commodity trading business. Following the deregulation of Germany's electricity market in 1999, he moved to German utility RWE. Stefan helped to build RWE's global energy and commodity trading and wholesale supply business over a period of 16 years. He retired as the company's CEO in February 2015.

Stefan is a Non-executive Director of Trimet SE – the largest aluminium producer in Germany.

### Appointment to the Board

Stefan was appointed to the Board of SUEK PLC in June 2015.



**IAIN MACDONALD, 58**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

A A<sup>1</sup>

**Education and qualifications**  
Iain holds a BSc from University College London, and attended the Programme for Management Development at Harvard Business School.

### Career

Iain joined BP in 1979 as a chemical engineer. Over a 30-year career there, he progressed through a variety of technical, operational, marketing and business management roles before moving into finance management during his last 10 years with the company. He was Head of Planning for the Group, then Group Controller, finally becoming Deputy Group CFO, in charge of the integrated finance function. He was a member of the Board of TNK-BP, and a BP Pension Trustee. In 2010, Iain retired from BP and took up a position as CFO of Fairfield Energy Ltd, an independent North Sea oil and gas producer. He remained in charge of finance at Fairfield until the end of 2014.

Iain is currently a non-executive director of Skills for Health Ltd, and in 2016 he was also appointed a non-executive director of Premier Oil plc.

### Appointment to the Board

Iain was appointed to the Board of SUEK PLC in April 2015.



**CHRISTAKIS SANTIS, 62**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Education and qualifications**  
Christakis holds a BSc, Economics (Hons) from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

### Career

Christakis' career includes 35 years working for PwC in Cyprus and the UK. He was a Partner in the Cyprus firm from 1987 to 2013, and from 2002 to 2011 he was a member of its Management Team and Executive Board. In June 2011, he was elected Chairman of the company's first Oversight Board, a post he held until his retirement in December 2013.

He has acted as lead engagement partner of audits of major local and international groups and has advised companies on mergers and acquisitions, share valuations and due diligence performance.

Christakis is now a Non-executive Director of Amathina Luxury Hotels Limited, and the Cyprus companies of East Capital Explorer AB and Cypcodirect Limited. He is also involved in charitable activities and is a board member of The Cyprus Association of Cancer Patients and Friends.

### Appointment to the Board

Christakis was appointed to the Board of SUEK PLC in April 2015.

1. In February 2016, Iain Macdonald became Chairman of the Audit Committee.



NICHOLAS PAGE, 48  
NON-EXECUTIVE DIRECTOR

A<sup>1</sup>

#### Education and qualifications

Nicholas holds a BEng (Hons) from Loughborough University and has been awarded FCA status by the Institute of Chartered Accountants of England and Wales (ICAEW).

#### Career

His career includes nearly 25 years working for PwC in the UK and Russia. He was a Partner in the UK firm from 2003 to 2014, and from 2013 to 2014 was a member of the PwC Central and Eastern European (CEE) Management Board and the CEE-UK Development Committee. At PwC, Nicholas specialised in advice to financial institutions, financial sponsors and multinational companies in relation to domestic and cross-border M&As, IPOs and restructuring.

In 2014, Nicholas joined the Board of JSC SUEK. In April 2015, he joined the Board of Directors of Eurochem Group AG, and became a member of that company's Audit Committee in December 2015.

He is a member of the non-executive Strategic Advisory Board of the School of Business & Economics at Loughborough University in the UK.

#### Appointment to the Board

Nicholas was appointed to the Board of SUEK PLC in January 2015.



RICHARD SHEATH, 53  
INDEPENDENT NON-EXECUTIVE DIRECTOR

A

#### Education and qualifications

Richard holds a BA (Hons) from the University of York and an MBA from City University (London).

#### Career

Richard has extensive experience of internal control, risk management and reporting. He is a Director and co-founder of Independent Audit Limited, a consultancy specialising in corporate governance. He advises boards of major companies in the UK and overseas on all aspects of governance, with a particular focus on audit and risk committees, risk governance, control culture and corporate reporting.

Richard was formerly a Partner in the risk management consulting practice of PwC and spent six years with the firm in Russia. He began his career with the Bank of England and HM Treasury. In 2012-2015, Richard was a member of the JSC SUEK Board of Directors.

#### Appointment to the Board

Richard was appointed to the Board of SUEK PLC in April 2015 and served until 31 January 2016.



JAROSLAV MIL, 57  
INDEPENDENT NON-EXECUTIVE DIRECTOR

N

#### Education and qualifications

Jaroslav holds an MSc in Economics and Management from the Czech Technical University in Prague and an MBA from Sheffield Business School.

#### Career

Jaroslav was previously CEO and Chairman of Czech energy group CEZ, leading the company through an organisational restructuring and international expansion programme. He was formerly President of the Confederation of Industry of the Czech Republic, Vice President of BUSINESSEUROPE, and served on the Board of EURELECTRIC.

Jaroslav is a member of the Czech Government Council for Energy and Mineral Resources Strategy and advises the energy regulatory body of the Czech Republic.

Jaroslav is a Managing Director of Augustin IDC and a member of the senior expert group of European Capital Partners Investments (ECPI). He is also Vice President of the Board of Trustees of the Czech Technical University in Prague.

Jaroslav was a member of the Board of Slovenske elektrarne, part of the ENEL Group, and was CEO and Chairman of Elektrarny Opatovice, the largest independent power generator in the Czech Republic.

In 2013, Jaroslav was appointed to the Board of JSC SUEK.

#### Appointment to the Board

Jaroslav was appointed to the Board of SUEK PLC in April 2015 and served until 31 December 2015.



KENT POTTER, 69  
INDEPENDENT NON-EXECUTIVE DIRECTOR

A

#### Education and qualifications

Kent holds a BS in Engineering and an MBA from the University of California, Berkeley

#### Career

A former US Army officer, Kent joined Chevron in 1974 and during a 27-year career with the company he held financial management positions, including CFO of Chevron's North Sea operations, CFO of Tengizchevroil in Kazakhstan and CFO of Chevron Overseas Petroleum. He was appointed Senior Vice President and CFO of Chevron Phillips Chemical Company (CPChem) and, whilst serving as a member of CPChem's Board, he helped direct the merger and integration of Chevron and Phillips' worldwide chemical operations.

In 2003, Kent was appointed CFO of TNK-BP. Most recently, he served as executive Vice President and CFO of Lyondell Basell. He has previously held directorships at Black Beauty Coal Company and Texas Petrochemical Company.

In September 2013 Kent was appointed to the JSC SUEK Board and was a member of the Audit Committee of JSC SUEK.

Kent was an Independent Director of JSC EuroChem where he chaired the Audit Committee of the Board of Directors from 2014 to 2015. Since April 2015, he has been a member of the Board of Directors and Chairman of the Audit Committee of EuroChem Group AG.

#### Appointment to the Board

Kent was appointed to the Board of SUEK PLC in April 2015 and served until 18 April 2016.

1. Nicholas Page became a member of the Audit Committee in March 2016.

## Directors joined in 2016

In April 2016, two new independent directors – Natalia Izosimova and Olga Vysotskaya – joined the Board, replacing long-standing members – Richard Sheath, Jaroslav Mil and Kent Potter.

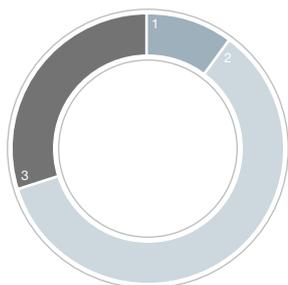


**NATALIA IZOSIMOVA, 58**  
INDEPENDENT NON-EXECUTIVE DIRECTOR



**OLGA VYSOTSKAYA, 55**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

### Board composition as at 29 April 2016



1. Chairman 1
2. Independent Directors 6
3. Non-independent Directors 3

### Board experience as at 29 April 2016

International operations	10
Mining	7
Energy	8
Finance	8

**N**

#### Education and qualifications

Natalia graduated from Moscow State Pedagogical University, and holds a Master's degree in English and German. Natalia also holds an Advanced Diploma from the Oxford School for Coaching and Mentoring and is a member of the European Mentoring and Coaching Council.

#### Career

Natalia joined McKinsey in 1994, where her roles included Head of Professional Development in Eastern Europe, covering Moscow, Warsaw, Budapest and Prague. In 2005 she joined System Capital Management in Ukraine as Head of HR, becoming Director for Corporate Restructuring later that year. Between 2007 and 2013, she served as Managing Director of the Foundation of Effective Governance in Ukraine. Natalia launched her own consultancy business in January 2014 where she worked with companies to implement and develop corporate governance systems, and streamline and improve core managerial processes, as well as HR and communications strategies.

Between 2007 and 2013, Natalia was an Independent Director of DTEK and Metinvest, where she chaired the Remuneration Committees. She was also an Independent Director and Head of the Remuneration Committee at FESCO between 2014 and 2016, and started her role as an Independent Director at Promsvyazbank in March 2016.

#### Appointment to the Board

Natalia was appointed to the Board of Directors of SUEK PLC in April 2016.

**A**

#### Education and qualifications

Olga graduated with Honours in Economics and Mathematics from St. Petersburg State University. She also holds a degree in Mathematical Cybernetics and has completed MBA programmes in Bristol and Paris. She is a Certified Public Accountant (State of Maine, USA) and holds a Diploma in Directorship from the Institute of Directors, UK. She is the first internationally certified independent director in Russia.

#### Career

Olga has held prominent roles with KPMG, PwC and Deloitte & Touche. The experience gained there, and in companies including YUKOS, KIT Finance, EMAliance and the Baltika Brewery PLC, has given her significant experience in areas including corporate governance, strategy planning, internal and external auditing and risk management.

Olga has been a member of the Russian Federation Independent Directors' Association since 2002. Between 2013 and 2015, she was an Independent Non-executive Director and Audit Committee Chair at NefteTransService. She has held the same positions at INK-Capital since 2014.

#### Appointment to the Board

Olga was appointed to the Board of SUEK PLC in April 2016.

# BOARD COMMITTEES

## Strategy Committee

### Members of the Committee

as at 31 December 2015



ANDREY MELNICHENKO, CHAIRMAN



KLAUS-DIETER BECK



VLADIMIR RASHEVSKY



ALEXANDER LANDIA



STEFAN JUDISCH

#### Areas of responsibility:

The Strategy Committee is responsible for reviewing management's proposals, assessing associated risks and developing recommendations to support the Board's decision-making in the following key areas:

- Defining the operating priorities of the Group;
- Developing the Group's overall strategy, strategic plans for business segments, and strategies by functional area;
- Developing the Group's strategies and goals in target markets;
- Implementing major investment projects;
- Defining the Group's operating priorities and evaluating the operational efficiency of management;
- Carrying out investment planning, project management and capital management;
- Improving key business processes.

#### Activity in 2015

During 2015, the Committee:

- Responded to difficult prevailing market conditions and adverse changes in the economic environment by reviewing the Group's strategy for the next ten years and addressing specific strategic objectives by segment and area. The following strategies were reviewed: sales, logistics, the Kuzbass and Khakasia mines, the development of the Tugnuisky open pit and the Urgal mines.
- Paid special attention to factors designed to maintain the stability of the company's business and increase its competitiveness. Among these were investment initiatives that remain attractive despite current macro-economic conditions. Following an analysis of those mines that deliver insufficient profitability, the Committee adopted action plans for their future operation.
- Focused on improvements to the strategic planning process, reaching agreements on the key areas for development in budgeting, accounting, reporting and in the investment process.
- Finalised the methodology for assessing the effectiveness of investment projects; this makes it possible to consider all aspects of various types of project, taking into account the project stage as well as each particular division's specific activities and their associated risks.
- Approved SUEK's Management Development Programme, measures to improve business processes and the introduction of project management. As such, approved plans for improving sales, logistics, procurement and supply management as part of SUEK's Management Development Programme.
- Approved the energy efficiency programme as a means of improving the operating efficiency of mines.

**5**  
in-person  
meetings  
in 2015

FOR BIOGRAPHICAL DETAILS OF MEMBERS OF THE STRATEGY COMMITTEE SEE PAGES 84-85.



FOR INFORMATION ON STRATEGY COMMITTEE MEETING ATTENDANCE SEE PAGE 82.



## Nomination and Compensation Committee

### Members of the Committee

as at 31 December 2015



ALEXANDER LANDIA, CHAIRMAN



KLAUS-DIETER BECK



JAROSLAV MIL

### Member joined in 2016



NATALIA IZOSIMOVA

#### Areas of responsibility:

- Making recommendations to the Board of Directors regarding HR strategy, nominations and compensation, corporate governance and social policy;
- Ensuring senior management continuity and developing a succession pool and talent pipeline; designing and assessing programmes to develop managers;
- Ensuring compliance with industrial and environmental safety standards at our enterprises; monitoring our system of key performance indicators in this area;
- Assessing the compliance of our industrial safety system with regulatory and corporate requirements; assessing the efficiency of controls in this area;
- Analysing the causes and consequences of emergencies and development of recommendations on their prevention in future.

### Activity in 2015

During 2015, the Committee:

- Reviewed the management of human resources in 2014-2015, with a focus on appropriate staff resourcing at production units, especially in operations located in remote areas with adverse climate conditions.
- Monitored measures to improve industrial and occupational safety, in some cases with the involvement of the Internal Audit Department; supported tasks assigned to the company's HSE division; and reviewed proposals for the prevention of accidents.
- Approved standards for production employees' clothing and personal protective equipment, with a view to ensuring safe working conditions and reducing operating costs; the standards were developed in line with Russian and international HSE best practices.
- Assessed the current state of human resource capacity; developed measures to support management continuity at various levels, and discussed plans for developing the required skillsets and approaches for nominations to cross-functional positions.
- Initiated the assessment of the existing long-term management motivation system, and made proposals for its reformation.
- Reviewed employee motivation programmes in relation to important projects, in particular, supported the motivation system related to the programme for developing ancillary enterprises; specified parameters for improving the efficiency of opencast equipment; assessed the payment schemes linked to the current motivation programmes.
- Assessed the target management model as part of the reformation of the Company's management structure, focusing on the division of responsibility and authority between various functional units as well as adoption deadlines.
- Revised the Code of Corporate Conduct in conjunction with the Audit Committee.
- Assessed the performance of managers in 2015 and approved new performance targets for 2016.
- Supervised an annual assessment of the Board's performance, identifying areas that require further attention; reviewed the possibilities for professional development of directors.
- Reviewed and made recommendations on current methods for introducing new directors into the business, the rules and practices adopted by governing bodies and the specifics of production processes at SUEK's production units.

**5**  
in-person  
meetings  
in 2015

FOR BIOGRAPHICAL DETAILS OF MEMBERS OF THE NOMINATION AND COMPENSATION COMMITTEE SEE PAGES 84-85.



FOR INFORMATION ON NOMINATION AND COMPENSATION COMMITTEE MEETING ATTENDANCE SEE PAGE 82.



## Audit Committee

### Members of the Committee

as at 31 December 2015



RICHARD SHEATH, CHAIRMAN



IAIN MACDONALD<sup>1</sup>



KENT POTTER

### Members joined in 2016



NICHOLAS PAGE



OLGA VYSOTSKAYA

### Areas of responsibility:

- Ensuring the completeness and accuracy of the published financial statements;
- Guiding the development of management reporting with regular review of performance reports;
- Overseeing the implementation of budget planning policies and evaluating the effectiveness of budgeting systems;
- Evaluating the performance of the external auditor and the effectiveness of the external audit process;
- Assessing the effectiveness of internal control and risk management;
- Supervising the work of the Internal Audit Department (IAD), including the quarterly analysis of audit findings and annual analysis of audit effectiveness.

### Activity in 2015

- Supervision of the development of a new management reporting format.
- Review of changes in methodology for the budgeting process.
- Evaluation of the external auditor's performance, remuneration and independence, and control over compliance with the non-auditing services policy; the Committee held meetings with the auditor's representatives without the management team being present.
- Consideration of the financial reporting risks including a detailed review of the valuation of mineral rights.
- Review of financial reporting disclosures, and further development of the annual and corporate social responsibility reports.
- Consideration of the level of development of the risk management system, target approaches to the Group's risk mitigation and evaluation of risk management effectiveness, including a review of approaches to information security risk management.
- Discussion of changes to the Code of Ethics including oversight of the development of a statement of values to help define the standards of business conduct for employees and the plans for implementing a programme aimed at embedding these values across the business.
- Supervision of the implementation of the second stage of the IT strategy including the supporting organisational and project governance structure and the operational management procedures for developing and implementing a new ERP system.
- Monitoring of anti-corruption and fraud investigation measures and actions taken.
- Review of the IAD audit plan for 2015, taking into account the risks in the company's operating environment and processes; approval of the IAD budget and quarterly review of audit reports and management follow-up.
- Assessment of the IAD's effectiveness, conducted in part by surveying different levels of management to assess numerous factors including the appropriateness of audit coverage, the relevance and accuracy of its work and findings, and the nature of the interaction with the management team.
- Meeting the Head of the IAD without management present on a regular basis including regular separate sessions with the Committee Chairman.

**7** in-person meetings in 2015

**2** conference calls in 2015

1. In February 2016, Iain Macdonald became Chairman of the Audit Committee.

FOR BIOGRAPHICAL DETAILS OF MEMBERS OF THE AUDIT COMMITTEE SEE PAGES 84-85.



FOR INFORMATION ON AUDIT COMMITTEE MEETING ATTENDANCE SEE PAGE 82



# EXECUTIVE MANAGEMENT OF THE GROUP



VLADIMIR RASHEVSKY, 42  
CHIEF EXECUTIVE OFFICER,  
JSC SUEK



ALEXEY PODKHOLZIN, 42  
CHIEF EXECUTIVE OFFICER,  
SUEK PLC



ALEXANDER LAVROV, 41  
CHIEF FINANCIAL OFFICER,  
SUEK PLC



VLADIMIR ARTEMIEV, 50  
CHIEF OPERATIONS OFFICER,  
JSC SUEK

FOR BIOGRAPHY  
SEE PAGE 84



#### Education and qualifications

Alexey received a law degree at Lomonosov Moscow State University in 1996.

#### Career

Alexey joined SUEK Group in 2006. In 2009, he was appointed the Deputy General Counsel of JSC SUEK, responsible for legal support of the company's international affairs, M&A and financing. Before joining JSC SUEK, Alexey worked for a large oil company as head of its contracts department and acted as General Counsel in several Russian industrial companies.

Alexey was appointed Chief Executive Officer of SUEK PLC in March 2015.

#### Education and qualifications

Alexander graduated with honours from the Moscow State University of Economics, Statistics and Informatics where he studied Information Systems in Economics (specialising in banking).

#### Career

Alexander joined SUEK Group in 2001. From 2008 to 2014, he headed SUEK's treasury.

At present, Alexander is in charge of corporate finance and treasury at SUEK PLC.

#### Education and qualifications

Vladimir graduated from Novocherkassk Polytechnic Institute as a mining engineer and has a PhD in Engineering Science.

#### Career

Vladimir worked for Gukovugol Industrial Association for over 15 years, beginning his career as an Overman at the Zapadnaya underground mine. In 1998, he was appointed General Director of Gukovugol, a position which he held for four years. In 2002, he was appointed Head of the Coal Industry Department at the Russian Ministry of Energy and in 2004 was appointed Head of the Mines Inspectorate for the Federal Administration of Environmental, Technological and Nuclear Supervision (Rostekhnadzor). In 2006, he became JSC SUEK's Chief Operations Officer. Vladimir was appointed to the Management Board of JSC SUEK in January 2007.

He has been awarded the Order of Courage in recognition of a mine rescue operation and holds all three degrees of the Miner's Glory medal.



IGOR GRIBANOVSKY, 43  
CHIEF COMMERCIAL OFFICER,  
JSC SUEK

#### Education and qualifications

Igor graduated from the Moscow State Institute of Steel and Alloys, where he studied Metal Forming. His postgraduate studies were at the Faculty of Economics of Lomonosov Moscow State University, where he majored in Public-sector Economics.

#### Career

Between 1996 and 2001, Igor worked at the Moscow office of the Japanese Nichimen Corporation in its Department of Coal and Metals. From 2001 to 2005, he headed the export divisions of Vostsibugol, Rosuglesbyt and SUEK.

In 2005, he was appointed Managing Director of SUEK AG. In 2007, he was appointed Chief Commercial Officer of JSC SUEK. Igor was appointed to the Management Board of JSC SUEK in January 2007.



KUZMA MARCHUK, 42  
CHIEF FINANCIAL OFFICER,  
JSC SUEK

#### Education and qualifications

Kuzma graduated in 1995 from Plekhanov Russian Academy of Economics, where he studied Foreign Affairs of Enterprises and Organisations. The following year he graduated from Lomonosov Moscow State University's Department of Physics.

#### Career

Between 1995 and 1997, Kuzma held several financial positions in Deloitte & Touche, Rosexpertiza and Norilsk Nickel. In 1997, he joined the Protek Group and in 1998 he was appointed Chief Financial Officer and a member of the Board.

Between 2004 and 2010, Kuzma was Chief Financial Officer and, from 2007, a member of the Board of Directors at Uralkali, a potash mining company. He was responsible for the initial public offering (IPO) of Uralkali on the London Stock Exchange in 2007 and for the sale of Uralkali to a group of strategic investors in 2010.

Kuzma joined JSC SUEK as Chief Financial Officer in 2011. Kuzma was appointed to the Management Board of JSC SUEK in December 2011.



VLADIMIR TUZOV, 39  
CHIEF STRATEGY OFFICER,  
JSC SUEK

#### Education and qualifications

Vladimir graduated from Bauman Moscow State Technical University, majoring in Biomedical Engineering. He holds a Master's degree in Industrial Management from Ecole Centrale Paris and an MBA from Wharton Business School (University of Pennsylvania).

#### Career

Vladimir began his career in 2001 as a production planning engineer for Pechiney, an aluminium company in France. Over the next five years he held various managerial roles in production, marketing, and supply chain management for non-ferrous and ferrous metallurgical companies in France, Russia, Guinea and Ukraine.

Between 2007 and 2013, Vladimir worked for The Boston Consulting Group (BCG) in Russia and the US. At BCG, he provided consultancy services to financial institutions, heavy industry, mining, automotive and processing companies.

From 2013 until 2015, Vladimir worked at pulp and paper company Ilim Group as deputy CEO for Strategy and Product Management, and served on the Board of Directors of Ilim Gofra.

In August 2015, Vladimir joined SUEK as Chief Strategy Officer.



DENIS ILATOVSKY, 44  
DIRECTOR OF LOGISTICS,  
JSC SUEK

#### Education and qualifications

Denis graduated from the Moscow State Institute of Steel and Alloys in 1994. He also obtained an Executive MBA from Antwerp Management School, Belgium, and from the Institute of Business Studies in 2011.

#### Career

Denis began working for the MAIR Industrial Group in 1994 and in 1996 was appointed Export Director. In 2000, he worked as General Director of Saratov Metalware factory. In 2002, he was appointed Vice President of the Group, where he was responsible for investments, IT and logistics.

From 2008, Denis worked for United Metallurgical Company (OMK), where he was simultaneously General Director of the Baltic Metallurgical Terminal (Ust-Luga) and Director of Logistics of OMK.

In 2012, Denis joined JSC SUEK as Director of Logistics.



**DMITRY SYROMYATNIKOV, 49**  
DIRECTOR OF HR AND ADMINISTRATION, JSC SUEK

**Education and qualifications**

Dmitry graduated from Saint Petersburg State Pediatric Medical University. In 2005, he attended a Human Resources Management course in the Management Centre Europe (MCE), Belgium.

**Career**

In his early career, Dmitry spent more than six years working as a doctor. Between 1997 and 2004, he worked for Bristol-Myers Squibb, a US pharmaceutical company, where he started as a Medical Representative and then held the positions of Regional Manager, Training Manager and Sales Efficiency Manager.

In 2004, Dmitry joined the Russian Aluminium and Magnesium Institute as HR Director. In 2005, he was transferred to the RUSAL Management Company, where he worked in a number of roles including Head of Recruitment and Director of Compensations. From 2007 to 2008 and 2012 to 2014, Dmitry was HR and PR Director at Kirovsky Zavod. From April 2008 to February 2012, he was Director of HR and Administration at JSC SUEK, a role he returned to in September 2014.



**SERGEI GRIGORIEV, 59**  
PUBLIC RELATIONS AND COMMUNICATIONS DIRECTOR, JSC SUEK

**Education and qualifications**

Sergei is a graduate of the Institute of Asian and African Countries at Lomonosov Moscow State University. He holds a Master of Public Administration (MPA) degree from Harvard's John F. Kennedy School of Government.

**Career**

Sergei's early career was spent with the Soviet Union Association of Friendship Societies. From 1984 to 1990, he worked for the International Department of the Central Committee of the Communist Party, subsequently joining the USSR President's Press Office. He was later a political consultant and commentator. His roles also included advisor to the Chairman of the All-Russian State Television and Broadcasting Company and, in 2001, Chief of Staff of the Department of Presidential Affairs of the Russian Federation.

Between 2004 and 2006, Sergei was Vice President of the National Reserve Bank. He was then appointed Deputy General Director of the National Reserve Corporation. Sergei was appointed Public Relations and Communications Director at JSC SUEK in February 2007.

In 2014, he was elected to the Civic Chamber of the Russian Federation and then appointed Chairman of the Commission on Development of the Real Sector of the Economy of the Civic Chamber of the Russian Federation.



**ALEXANDER REDKIN, 54**  
GENERAL COUNSEL, JSC SUEK

**Education and qualifications**

Alexander graduated from the Saratov Law Institute in 1986.

**Career**

Between 1986 and 2001, Alexander worked in the Public Prosecution Department. He subsequently joined SIDANCO – TNK-BP Management, where he held several positions including General Counsel of SIDANCO's branch in Saratov and Head of Legal Department.

Alexander joined JSC SUEK in 2005, initially as Deputy General Counsel, and then was appointed General Counsel in January 2008.



**IRINA ZAYTSEVA, 39**  
PROCUREMENT DIRECTOR, JSC SUEK

**Education and qualifications**

Irina graduated from Perm State University, Faculty of Law in 1998 and from the National Research University Higher School of Economics, Moscow, in 2001.

**Career**

Between 2002 and 2011, Irina worked at Uralkali, a potash mining company, where she held a number of senior positions including Director of Inventory and Logistics.

Irina was appointed Procurement Director of JSC SUEK in May 2011.



ALEXANDER DOLGOPOLOV, 36  
CHIEF AUDIT EXECUTIVE, JSC SUEK

**Education and qualifications**

Alexander graduated from the Moscow State Institute of International Relations (MGIMO), where he studied International Economic Relations. He is a member of the Institute of Internal Auditors (IIA, US).

**Career**

From 2000 to 2005, Alexander worked as Assistant Manager in the Energy and Mining Department at PwC.

In 2005, he joined JSC SUEK as Head of the Audit Department and was subsequently appointed Chief Audit Executive in May 2011.



ANDREY MIRONOV, 50  
GENERAL AFFAIRS DIRECTOR,  
JSC SUEK

**Education and qualifications**

Andrey is a graduate of the Leningrad Higher Military Commanders' Training School, the Academy of Federal Security Service and the Academy of National Economy.

**Career**

Andrey spent the early part of his career in the Federal Security Service. In 2007, he began work in the oil industry as security director. He began his career at JSC SUEK in 2011 when he was appointed General Affairs Deputy Director and was promoted to General Affairs Director in July 2012.



YURI FILIPPOV, 38  
CHIEF EXECUTIVE OFFICER,  
SUEK AG

**Education and qualifications**

Yuri graduated from the Faculty of Economics of Lomonosov Moscow State University where he majored in Accounting and Auditing.

**Career**

Between 1999 and 2003, Yuri worked in the sales department of an export division of Kuzbassrazrezugol. After a one year break, he returned to the coal mining industry as a lead manager in SUEK's sales department.

In 2005, he continued with SUEK AG as a lead trader for the Atlantic region. In March 2007, he was appointed CEO of the company.