

# OUR PEOPLE



Our people are one of our key assets. We constantly strive to create safe working conditions and offer all employees opportunities for professional growth and career advancement.

#### Priorities:

- Efficiently employ the talents and skills of our staff;
- Create good conditions for work and recreation;
- Improve our professional training system and offer people a wider range of career advancement opportunities within the Group;
- Build and promote a corporate culture.

### Overview

The SUEK Group is represented in ten countries and regions in the world and is one of the largest employers within the Russian coal mining industry. In 2015, we had an average annual headcount of 32,124 people, 74% of whom were production workers and 26% were managers, specialists and administration staff.

The socio-demographic characteristics of our workforce remain fairly consistent from year to year. In 2015, the average age of SUEK employees was 40.2 years, while the ratio of men to women remained practically unchanged from 2014, with men making up 75% of our staff and women 25%.

### Remuneration and benefits

SUEK Group monitors trends in the labour market on an ongoing basis, paying particular attention to remuneration and fringe benefits in the regions where we operate. We seek to offer our employees competitive remuneration, rewarding those who achieve high productivity, show initiative and adhere to health and safety requirements.

The company offers an incentive scheme for management staff based on the achievement of individual and Group targets, as well as key performance indicators designed to engage employees with strategic objectives.

The following social package extends to all employees within our Russian business units. It is based on current legislation, industry agreements with trade unions and collective arrangements:

- Voluntary medical insurance;
- Payment upon retirement of 15% of an employee's average salary for each year of employment in the coal industry;
- Payment for travel to holiday resorts for employees and their families;
- Financial aid;
- Supply of coal to miners for domestic heating;
- Compensation for energy and other expenses.

In 2015, total expenditure linked to benefits prescribed in collective arrangements amounted to \$22m.

We also provide non-monetary incentives for our employees. Employees credited with making significant contributions to the development of the Group and the coal industry in general are nominated for state, industry and corporate awards. In addition, every year, on the eve of Coal Miner Day, we hold professional skills competitions, with valuable gifts and cash bonuses for the winners.

### Training and staff development

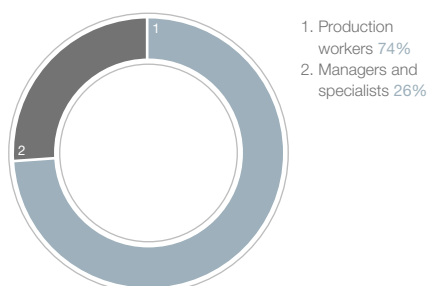
In our approach to professional development, our areas of focus are: professional training, retraining, qualification enhancement, training in new occupations, and training replacements for key positions at different levels.

We currently offer professional training to workers at special training centres and Group facilities. We have 16 dedicated training facilities licensed to offer professional training, retraining and secondary occupation courses, as well as qualifications enhancement courses for all key production roles.

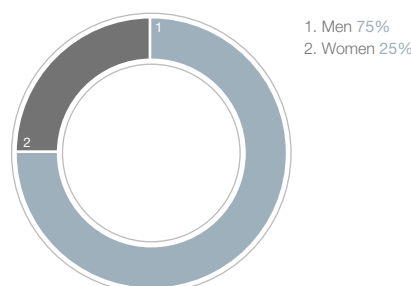
Our training programme for key positions involves a set of core requirements that candidates must meet. For each position, we have developed a list of candidates who are offered training to develop relevant competencies and skills. Our replacement training programme, meanwhile, includes the following positions: Regional Manager, Extraction Company Manager, Technical Manager, Repairs Shop Manager, Production Area Manager, Production Area Mechanic, and Mining Supervisor. In addition, in collaboration with the Saint Petersburg Mining University and the Kemerovo Professional Development Institute, we provide a series of Mining Mastery School courses.

In 2015, we launched a new professional development and HR reserve programme for the position of Senior Company Engineer and Production Director. 30 people took part in the scheme, while 264 people in total received training as part of various HR reserve programmes.

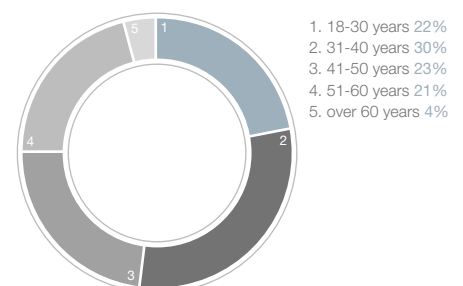
Composition of employees by type



Gender diversity of employees



Composition of employees by age



We also continued to roll out our Locomotive programme that aims to hone the leadership skills of our most talented employees. Participants are selected either during HR reserve programme training or through the recommendations of production facility managers. Every year, 40 people take part in the programme.

#### **Working with young staff**

Across SUEK Group, we aim to nurture and develop talent from an early age. Offering training to students and getting them involved in our projects while they are still studying enables us to locate young talent and facilitate graduate hiring and orientation. As of late 2015, over 400 students from seven universities enrolled in our additional training programme for mining specialists.

Since 2012, we have been involved in the Applied Science Youth Forum Mining School. The Forum is designed to identify the most talented young people and students and engage them with real-world production challenges. In 2015, 166 young specialists took part in the Forum, which received the backing of the Ministry of Energy of the Russian Federation and key universities, as well as leading fuel and energy companies.

Each year, the Forum winners receive training under the Presidential Programme for the Training of Engineers, including additional courses in leading Russian mining universities, learning the basics of lean production through internships at Toyota production facilities, as well as internships at mining companies in Australia. In addition, in 2015 the winners of the Investment Ideas Competition were given the opportunity to take part in the international China Coal and Mining Expo as part of the delegation of the Ministry of Energy of the Russian Federation. We also regularly support the mining categories of the Russian National Fuel and Energy Championships.

All SUEK's production facilities have youth councils and implement programmes for the youth movement members. These measures extend to over 800 members, as well as to all students undergoing additional training offered by the company.

#### **Communications within the company**

Our Group-wide internal communications system consists of tools for encouraging employee engagement and motivation. We inform personnel of company developments via bulletin boards at production sites, brochures, the information portal, our monthly corporate newspaper and reference meetings with production site management and senior management.

As part of our efforts to develop our internal communications, in 2015 we revised our Corporate Ethics Code. We updated our main objectives and corporate values, and added new recommendations regarding how employees should behave at work.

At all operational sites, ethics coordinators will ensure the Code is adhered to across the Group. These coordinators will undergo special training in communication, conflict resolution and complaints management. Workers can submit complaints via a multi-channel telephone line accessible via a single number, and through an anonymous online submission form hosted on the corporate portal. Employees can also use special mail boxes at production sites or speak directly to their ethics coordinator.

In 2016 and beyond, the approved Corporate Ethics Code and compliance system will serve as a key platform for communicating with personnel and other relevant parties.

FOR MORE INFORMATION  
ABOUT SUEK'S VALUES  
SEE PAGES 10-13.



#### **Project management system improvements**

As part of our efforts to improve project management in 2015, we refined our general incentive scheme to encourage greater employee engagement with projects across the Group. In addition to long-term strategic projects, the scheme now extends to other programmes aimed at achieving significant operating improvements, increasing business process efficiency and driving business development. The new project management incentive scheme will help to ensure project team stability and sustainability.

In 2015, there were 387 participants in the long-term projects incentive scheme, including specialists and managerial staff. We anticipate that, due to the introduction of the new scheme and the implementation of new projects, significantly more employees will take part in the incentives programme in the future.