

Approved by the Board of Directors of the  
OJSC "Siberian Coal Energy Company" on  
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# CORPORATE SOCIAL POLICY OF OJSC "SUEK"

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## INTRODUCTION

OJSC “Siberian Coal Energy Company” (OJSC “SUEK”) – the largest Russian coal company implementing significant strategic investments in the power energy system. The mission adopted by the Company – “a reliable power supplier for its clients improving living conditions for future generations”. The Company sets a target for itself to become the leading national vertically-integrated energy company, a world class corporation.

The OJSC “SUEK”’s priority commitment is social factors of competitiveness stability and it considers social responsibility as one of the key principles of its activity. The corporate Social Policy of the Company is aimed at formation of a favorable social environment for realization of strategic targets of the Company, creation of conditions for harmonic and coordinated work of the collective, professional growth and improvement of life quality for employees of the Company, constructive cooperation with the state and society for resolution of social tasks.

## 1. GENERAL PROVISIONS

1.1. The corporate Social Policy of OJSC “SUEK” (hereinafter referred to as the “Policy”) represents a public document of the Company determining the principles, basic directions and priorities of management of relations between the Company and society, interaction with social groups, level and quality of life of which are associated with activity of the Company.

1.2. The Policy has been developed in accordance with effective legislation of the Russian Federation and takes into consideration advanced international experience of corporate management. The Policy complies with the constitutive and other regulatory documents of OJSC “SUEK”.

1.3. This Policy represents an instrument of strategic management of social factors of stable competitiveness of the Company, optimization of the Company’s contribution into resolution of tasks of national social and economic development and development of presence regions of the Company, enforcement of the Company’s reputation.

1.4. The Policy is based upon perceptions on social role and obligations of the Company arising from the Mission and strategy of the Company, ethical principles and corporate values reflected in the Code of Business Conduct of personnel of OJSC “SUEK”, standard of corporate social responsibility recognized by Russian and international business community.

## 2. AREA OF APPLICATION AND INTERACTION WITH CONCERNED PARTIES

2.1. The corporate Social Policy of OJSC “SUEK” represents a general platform ensuring unity of approaches to management of a set of social aspects in the Company’s activity and contains basic provisions which are specified in detail in documents regulating the following:

- personnel management
- management of regional social programs of the Company

- management of internal and external communications
- labor protection and industrial safety
- environmental protection

Provisions of the Policy shall apply to all branches, subsidiaries and affiliates and shall be taken into consideration in relations of the Company with domestic and foreign suppliers and purchasers.

2.2. The scale of the Company's operation is determined by the extent of its influence on the society. The Company's activity concerns interests of a wide range of concerned parties including the following:

- personnel of the Company,
- federal, regional and local state authorities and management bodies,
- local communities,
- trade unions,
- business partners of OJSC "SUEK",
- shareholders and investors,
- business and expert community.

The Company maintains a dialogue and establishes cooperation with concerned parties on the basis of principles of mutual respect and business partnership, fair fulfillment of assumed obligations.

### 3. DOCUMENTS REGULATING TARGETS AND MECHANISMS OF REALIZATION OF SOCIAL POLICY

The Company has created a base of documents determining targets and mechanisms of realization of the main directions of the social policy: policies by directions of activity, provisions, corporate procedures and standards, perspective programs of events. Corporate documents have been developed according to effective legislation, the Articles of Association of OJSC "SUEK" using norms of international law and reflect strategic priorities of the Company and provisions of the corporate Social Policy. The number of documents stipulating financial obligations of the Company also include agreements developed within the framework of the dialogue with trade union organizations and state authorities determining mutual obligations of the parties including agreements concluded at the federal level, bilateral agreements, collective contracts, agreements for social and economic cooperation with regional Administrations.

### 4. PRINCIPLES OF CORPORATE SOCIAL POLICY

4.1. For the Company not only results matter but also methods of achievement thereof. The key principle of the corporate social policy of OJSC "SUEK" is the **principle of social responsibility** providing that the Company shall:

- form its strategy taking into account interests of the company as a whole;
- observe legislation;
- follow generally accepted moral and ethical norms;
- respect human rights;

- try to ensure in its activity the balance of interests of interested parties – shareholders, personnel, consumers; other social groups which are in this or that way associated with the Company’s activity;
- to take into consideration interests of future generations aiming at the maximum careful use of natural resources and improvement of population living conditions;
- to consistently work on ensuring of safety and protection of health of the Company’s personnel.

Observance of the social responsibility principle ensures stable long-term business development, reduces social, political, environmental and reputational risks.

4.2. The Social Policy of OJSC “SUEK” is also based upon the following principles:

- **Strategic and economic justification** – resolution of social issues shall be consistent with strategic priorities of the Company, shall be considered in the context of improvement of its competitiveness and shall be ensured by financial results of the Company’s activity;
- **Consistency** – resolution of social issues is integrated into the Company management system at the strategic level and the current activity management system, in particular, into the system of adoption of investment solutions, risk management system;
- **Addressness and flexibility** – accounting of real needs of interested parties, differentiated approach depending on specific conditions while following basic principles of the general corporate Social Policy;
- **Activity** – the Company actively promotes up-to-date approaches to resolution of social objectives in a regular dialogue with state authorities, trade unions, social organizations;
- **Efficiency** – the Company uses up-to-date technologies of social management taking into account the best world and Russian practice;
- **Fairness** – an objective assessment of professional qualities, consideration for fair and efficient labor, significant contribution into implementation of the Company’s strategy;
- **Honesty** – the Company shall not give any promises which can not be fulfilled by it;
- **Cooperation** – the Company aims at union of efforts of all concerned parties for work over resolution of social tasks in cooperation with state authorities, trade unions, social organizations;
- **Transparency** – targets of the social policy of the Company, the system for management of implementation thereof and achieved results shall be covered by public corporate documents and in the system of corporate means of information;
- **Mitigation of social and reputation risks** – The Company shall take into account social consequences of all corporate and production-technical transformations carried out by it, support them with programs mitigating their social risks.

## 5. PRIMARY DIRECTIONS AND PRIORITIES OF THE SOCIAL POLICY

### 5.1. INTERNAL SOCIAL POLICY

#### Primary directions:

- Labor protection and industrial safety;
- Development of personnel potential;
- Labor remuneration and employees motivation management;
- Personnel training and development;
- Cooperation with trade unions;

- Development of corporate culture and corporate values.

Priorities of the internal social policy:

- High management competences and qualification of personnel;
- Efficient use of labor resources;
- Improvement of systems of basic consideration and stimulation, motivation of employees;
- Achievement of world standards in the area of labor protection and industrial safety;
- Increase in life quality of personnel, creation of favorable conditions for labor and rest, social support of unemployed pensioners of the Company;
- Creation of a thorough system for training, promotion, development and assessment of personnel;
- Development of a dynamic corporate culture permitting employees to efficiently interact according to principles expressed in values of the company and accelerating integration of new assets and employees.
- Provision of an optimal age and professional composition in labor collectives of the Company;
- Formation of social partnership relations, mutual responsibility and confidence;
- Loyalty of personnel, stable and positive social environment;
- Modernization of social technologies and compliance with the level of a world class company.

5.2. EXTERNAL SOCIAL POLICY

Primary directions:

- Interaction with state authorities, trade unions, social organizations;
- Responsible fulfillment of tax obligations before budgets of all levels;
- Development and implementation of purposeful social programs and projects directed at provision of social-economic and cultural development of territories of strategic interests of OJSC "SUEK" in cooperation with authorities and community of regions, municipal formations;
- Mitigation of unfavorable social consequences of the Company restructuring and modernization of production associated with release of employees;
- Communication support of the development strategy of the Company;
- Communication support of social programs of the Company;
- Implementation of corporate programs in the charity area;
- Regular monitoring of results of implementation of external social policy of the Company, audit of efficiency of corporate communications.

Priorities of external social policy:

- Creation of a favorable social climate for efficient development of the Company;
- Cooperation with state authorities as regard to matters associated with development of the coal industry, energy system, industrial safety, labor protection and environmental protection;
- Provision of a stable social environment and improvement of the quality of life of residents of mining cities and villages in the regions of presence of the Company;
- Participation together with regional administrations in implementation of national projects in the area of improvement of living conditions, development of education, healthcare and culture in the regions of presence of the Company;
- Improvement of attractiveness of the territories of activity of Company for youth, attraction of youth into the industry;

- Formation of a stable positive reputation of the Company, strengthening of its brand;
- Enforcement of reputation of OJSC "SUEK" in the internal and international markets as a socially responsible company;
- Optimization of the Company's investments into resolution of social problems of regions on the basis of up-to-date social technologies, coordination of the Company's actions and those of regional Administrations for fulfillment of social programs, attraction for participation into modern social programs of social organizations, business districts, assistance in improvement of efficiency of local authorities.

### 5.3. ENVIRONMENTAL POLICY

#### Primary directions

- Execution of the main and auxiliary production processes in accordance with requirements of federal, regional and local environmental legislation using norms of international law and the best practices of other companies;
- Provision of by-stage reduction of negative influence of business and other activity on environment on the basis of use of the best existing technologies taking into account economic and social factors;
- Development and implementation of long-term economic programs and current environmental activities taking into account financial possibilities of the Company;
- Participation in regional environmental programs
- Implementation of international norms of environmental management.

#### Priorities of the environmental policy

- Compliance of production activity of the Company with requirements of Russian environmental legislation;
- Achievement of world standards in the area of environmental safety;
- Accounting of environmental particularities of the regions of presence of the Company within the framework of planning of its activity;
- Rational use of natural resources transferred to the Company for use;
- Reduction of unfavorable impact of the Company's operation on environment and mitigation of the risk of technogenic accidents;
- Continuous improvement of processes of management of environmental activity of enterprises on the basis of implementation of the international standard ISO 14001:2004;
- Extension of the environment quality monitoring in the area of production operation of the Company;
- Execution of an independent environmental audit, corporate and production environmental control over observance of requirements of legislation and implementation of activities associated with environmental protection, rational use and restoration of natural resources;
- Adequate and timely responding in case of occurrence of emergency situations;
- Initiative environmental reporting.

## 6. MANAGEMENT OF IMPLEMENTATION OF THE SOCIAL POLICY

6.1. The Company shall build the system of management in the area of social policy orienting towards world standards and the best international experience in this area.

6.2. The Company considers necessary to ensure continuous improvement of the Social Policy and provides for the possibility of its update in accordance with dynamics of targets and objectives of the Company, dynamics of development of the Company.

6.3. The corporate Social Policy and strategic target social programs shall be approved by the Board of Directors of the Company. The Board of Directors shall regularly control consistency and efficiency of implementation of the Social Policy.

6.4. Development and review of the Social Policy, supervision over observance thereof, adoption of resolutions on matters of the Social Policy and monitoring of efficiency of implementation thereof are included into the competence of the Committee for personnel and considerations of the Board of Directors.

6.5. Management of currency activities for implementation of the Social Policy shall be exercised by the General Director and the Executive Committee of OJSC "SUEK". Primary objectives of management of current activities for implementation of the Social Policy – formation of the general concept of management of programs and activities in the area of the Social Policy, coordination in the scale of the Company of planning and implementation thereof, assessment of activity of functional management responsible for specific directions of the Social Policy.

6.6. For ensuring consistent and coordinated work for implementation of objectives of the Social Policy requiring cooperation of various subdivisions of the Company the Company has formed a multi-functional Working Group.

6.7. The Company aims to ensure efficiency of management of implementation of the Social Policy implementing instruments of strategic management in this area – target social programs as well as mechanisms for management of social investments – such as the Foundation "SUEK for regions" which allow for optimization of investments of the Company and provision of a platform for cooperation with a wide range of concerned parties.

6.8. The Company shall on a regular basis disclose to concerned parties and wide public results of implementation of the Social Policy. This information shall be published in a consolidated form in Social reports which shall be prepared on an annual basis taking into consideration international standards of social reporting. Social aspects of activity of the Company shall be also covered by corporate information media – in the Internet site of the Company, in corporate periodicals.