

## Global Code of Conduct and Corporate Ethics

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St. Gallen 2017

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**Introduction and  
statement from the  
Chairman**

SUEK AG (hereinafter referred to as SUEK) is a Swiss commodity trader and marketer of hard coal produced by Russia largest and leading coal producer SUEK Group. Apart from hard coal SUEK is also involved in global trade of other energy related products. SUEK supplies its products to international market worldwide and is represented in many major coal-oriented jurisdictions through its own net of offices. As a Swiss based commodity trader SUEK has its own unique business model that allows the company to transport and deliver its product to the customers in any part of the world. Such business model allows SUEK to gain value at each stage of the commodity chain. High standards of corporate and business ethics are core value of business strategy of SUEK as multinational company. We streamline these standards throughout the wide net of our offices to each employee working in SUEK and we are committed to maintain those standards as a matter of priority to us.

SUEK is a subsidiary of SUEK LTD and is important business unit of the SUEK Group. The Group`s basic principles and standards of conduct and corporate ethics are also supported by SUEK and defined in this Code of Conduct and Corporate Ethics (the “Code”). The Code is the basis for all our policies, guidelines and procedures.

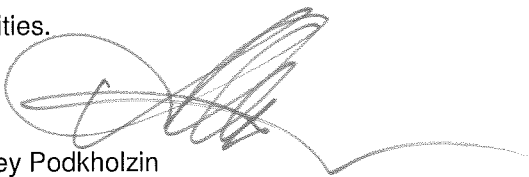
In this Code the Board of Directors set out the principles and practices that define our ethical standards and the way we do business.

SUEK’s Code is the guide that helps to perform our work in the best way, to interact successfully with each other and to make the right decisions in challenging situations. At the same time it describes the main ethic, environmental and social standards to be adhered to by all SUEK’s employees, officers and top management.

The Code covers our dealings with stakeholders, clients, counterparties, shareholders, regulators and business partners.

All our employees regardless of the position and location follow and obey SUEK's Code in their daily activities. Not knowing the Code is no excuse for violating it. An employee is understood here as any director or employee, including term/seasonal/seconded/part time workers, trainees etc., of any of SUEK's offices, including offices of a subsidiary or a branch of SUEK.

We appreciate our reputation and expect that our business partners will share our vision and principals in their everyday activities.



Alexey Podkholzin  
Chairman of the Board of Directors

## **Our Values**

### **Efficiency**

#### *Our principles:*

The aim of our activity is a high efficiency in resolution of business tasks solution.

All of us constantly work for the highest possible result. It's a key to our success.

#### *Our expectations:*

Ensuring that we have sufficient people with the necessary skills and commitment to meet our operational requirements is fundamental to effective and sustainable development of our company. We prefer and value the interests of our common goal.

In order to maximize the benefits of our business tasks we use the instruments of labor and our working time rationally. Moreover we foster the atmosphere of respect to the deadlines, plans and agreements that plead to efficient work and minimization of production costs.

## **Professionalism and Cooperation**

### *Our principles:*

We are continuously developing, learning new skills to maintain the high quality of our business and products.

We trust each other and are always ready to help.

We treat everyone with respect and it's a basic rule for our communication.

We always try to find the best solution from any dispute. We are always open for dialogue.

We strictly follow all applicable legislation and regulations, ethical business standards and human rights.

We value and respect the unique contribution that everyone of us brings to the company.

We forbid any form of discrimination on the basis of gender, race, age, religion or any other prejudice.

### *Our expectations:*

The personal engagement to results and development of professional skills are the foundation of qualified business and task solution.

The usage of the company's resources for his/her own profit is not acceptable in our company. No one must use their position for such purposes.

During the implementation of any business task the interests of the company shall prevail. We are obliged to perform our duties with due skill, honesty, in time and fully - these are our standards of doing business and collaborating with colleagues.

We believe that a good collaboration between colleagues means a harmonious and qualified team work helping company to achieve the highest results. Adherence to the chain of command in the company, timely and accurate performance of his/her obligations confirms the high level of the management's professionalism and efficiency. No one has the right to doubt the labor discipline.

We promote the dialogue and employee's participation in discussions regarding the business process. We believe that data and relevant information exchange in the company is the best way to ensure effective and professional result of business while at the

same time we always comply with dealing with confidential information.

## **Stability and Evolution**

### *Our principles:*

We always strive to develop and expand our business.

Looking forward, we establish long-term relationships with our business partners.

SUEK values projects where new and efficient ideas and technologies are realized.

In our business we combine the careful attitude to the traditions and new technologies.

### *Our expectations:*

We believe that the Company's stability consists of due fulfillment of the responsibilities it has undertaken as well as high productivity levels and qualified services to its customers. We attain our aims.

To maintain the quality of our business activity we strive to introduce new technologies and best business practices.

We seek long-term relationships in employment and believe that we are the reliable partner who abides by the rules and agreements we implement.

We respect and cooperate with those business partners who form honest relationships in business, safety and ethics compliance. We have to be sure that our business partners do not violate local or international laws.

We expect our employees to realize that premature decisions can lead to big risks ranging from loss of business activity to collapse of deal. That is why it is so important for all of us to estimate the impact of each decision on related processes and to prevent the possible risks for all business activity.

Development is a process of permanent search of new ideas, solutions, technologies, which improve the efficiency of our business. Even if actual models of business show good results we don't want to stop. Our self-development should be continuous. We understand that our future result depends on our ability to react to market challenges.

## **Social responsibility**

### *Our principles:*

We support social initiatives and programs in the regions of our presence worldwide.

We support charity projects and donations in the regions of our presence and those places where production of our source is taking place.

We believe that our social activity is important for the people around us.

### *Our expectations:*

A social responsibility means our care for the society and environment, an ability to provide the regions of our presence and people with necessary resources, our care for ecology and well-being of future generations. Such activity is an integral part of our business.

We care about reputation of the company and we expect that all of us should remember that our company will be judged by our behavior and even out of duty we should maintain the company's reputation.

We understand that permanent and stable development and improving living standards is the basis for future successful business activity. That is why we implement social programs in different directions such as support of children's institutions, small business, culture, assistance for disabled persons. Our rule is – to be not indifferent and take an active part and support the charitable projects outside of work.

Choosing the business partner we expect him to comply with all our applicable health and safety requirements. Our rule is to avoid business relationships with those who chooses the materials and equipment threatening to the safety and who places its benefit above life and health of its collaborators.

## **Health and Safety**

### *Our principles:*

We understand that the best result could be achieved only in safety atmosphere for all our people. That is why it's our preference to create safety workplaces for our employees and to protect the health and well-being of all of them.

*Our expectations:*

All our people have to operate safely and securely.

In cases of real security threats we must inform our direct supervisor or other responsible manager about that and stop work either own or others' until the hazard is eliminated.

We should not remain in the work in cases of poor health. It can be dangerous as for us so for our colleagues.

Indiscretion and adventurous actions can prove costly. We must be vigilant, disciplined, and always looking out for one another. We could not ignore possible risks including safety violation of our colleagues.

Our primary responsibility is to inform our direct supervisor or other responsible manager about security threats and explain to our colleague the potential negative effects of their actions. Such willingness will help to prevent incidents but not to rectify the consequences.

We should support any efforts to create a safe work environment through the implementation of efficient control.



## **Our Rules**

### **Laws, rules and regulations**

Laws, rules and regulations, as well as SUEK's policies, guidelines and procedures are the key bases that allow us to function in a manner that is safe, fair and profitable in the places where we live, work and do business.

### **Cross-border business**

We are working worldwide and we obey all applicable laws, rules and regulations – both at home and abroad. If we are selling to, buying from, visiting or dealing with clients from outside our home country, it is our job to understand what rules, laws or policies apply and follow them.

All transactions, especially those crossing borders may be subject to national and international customs, trade and/or export control regulations. We are committed to complying with all customs, trade and export control regulations, taking into consideration potential conflicting regulations among the countries in which we operate.

### **Fair dealing and fair competition**

We act fairly, honestly and in good faith towards everyone we deal with. We succeed by outperforming our competitors fairly and honestly. We don't stretch, distort or try to hide the facts or the truth, nor do we use information we are not meant to have, to gain an unfair advantage over competitors, as well as by resorting to unfair or underhand tactics.

### **Conflict of interests**

SUEK expects all of its employees to take a conscientious attitude towards the performance of their respective job duties and prohibits the derivation of personal gain from the positions occupied thereby. This means that business decisions should be made free from any conflict of interest. They should also appear impartial. We must make our decisions based on sound business

reasoning.

### **Gifts and entertainment**

Accepting or giving any gift or entertainment that is more than a routine amenity can appear to be an attempt to influence the recipient into favouring a particular business partner. Therefore, accepting or receiving such gifts as well as giving gifts is in general prohibited, except as described below.

- a) Meals, accommodations and entertainment: Employees may accept and grant meals, refreshments, travel arrangements or accommodations or entertainment, provided that the expense (1) is of reasonable value, (2) is offered in the course of a meeting or other occasion, the purpose of which is to hold bona fide business discussions or to foster better business relations;
- b) Gifts: Gifts may be accepted or given if protocol, courtesy or other special circumstances exist, such as in connection with an international business transaction, when it may be customary and lawful for gifts to be given or accepted.
- c) Promotional premiums and discounts: Employees may accept promotional premiums and discounts offered by transportation companies, hotels, auto rental agencies and restaurants, based on membership in bonus programs for individuals and offered to travellers generally.

### **Providing gifts to Public Officials**

Under certain circumstances, SUEK may provide gifts to public officials. Such gifts must always be in strict compliance with the laws concerned, Company policies and values. We must seek guidance from Compliance Officer before committing to provide any gifts to public officials.

### **Controlled Substances and Alcohol**

The Company prohibits the use, possession, distribution, purchase or sale of controlled substances and alcohol on its premises while conducting business for the Company or while operating Company equipment. Controlled substances include: Illegal drugs and narcotics, prescription drugs obtained or used without a legal prescription, other unlawful substances or materials.

In certain circumstances, such as official Company events, use of alcohol may be authorized as long as permission is received in advance from management.

### **Harassment and violence**

SUEK's Code is to promote and maintain a work environment in which all employees and customers are treated with respect and decency. No form of discrimination, disrespectful, threatening or violent conduct (sexual or non-sexual) by or toward any employee or customer will be tolerated. Sexual and non-sexual harassment is prohibited.

### **Preventing and fighting crime**

We have zero tolerance for corruption or any kind of bribery. Our duty is to combat money laundering, corruption and terrorist financing – including imposing global sanctions in line with our policy.

All SUEK's employees must be alerted to and report any knowledge or information they have about employment-related conduct, that they reasonably believe to be a crime, a violation of laws, rules or regulations or any other conduct that might affect SUEK's reputation.

## **Fraud**

Fraud engaging in any scheme to defraud anyone - of money, property or honest services - violates Company policy and applicable law and carries severe penalties. Those consequences apply to any dishonest or fraudulent activities, including misusing or stealing Company assets or falsifying a travel and entertainment expense report, among other violations. The Company relies on its internal controls and the personal integrity of all its employees and directors to protect Company assets against damage, theft and other unauthorized use.

## **Data protection**

SUEK's information assets are vital resources. They include both the Company's paper and electronic records and also the systems that store, process or transmit Company information. We treat confidential information as such and do not disclose any non-public information concerning our clients, our company or any of our employees unless required to do so by the applicable law.

## **Violating the Code**

### **Responsibility**

Anyone who violates the Code will face serious consequences – from reprimands and warnings to demotions, pecuniary claims or dismissal. That includes not only the person who broke the rules, but also their line manager and anyone who knew about it but did not report it. We assess whether any violations of this Code have occurred and, if so, which disciplinary measures are appropriate.

## **Upholding the Code**

### **Changes to the Code**

The Code defines the way we do business. It is reviewed regularly to make sure it is consistent with the rest of our policies, as well as the laws concerned. Specific policies and regulations are and will be adopted within SUEK and its subsidiaries/branches in order to regulate in details each of the above rules.

## **Trainings**

All relevant SUEK's employees have to participate in regular and appropriate trainings. Newly hired employees will receive such trainings as part of their induction. Records of all completed training sessions undertaken by employees are maintained by the appropriate Compliance or Human Resources contact.

## **Speak-Up Hotline**

Reputation is our valuable asset. It is our policy that we immediately report any potential violations of laws, rules, regulations or this Code to our line manager or local compliance officer, as well as, where appropriate, directly to the corresponding higher level within SUEK. We can also report them confidentially through the SUEK's Speak-Up Hotline channels.

The reporting Employee is fully protected against any form of reprisal unless he/she acted maliciously or in bad faith. If requested, the Employee's anonymity will be protected to the extent reasonably practicable.

The Speak-Up Hotline receives initial reports of potential misconduct from employees and counterparties. All queries raised through Speak-Up Hotline channels are reviewed and assessed promptly. Your identity will only be shared where it is necessary to do so in order to address the concern or is required by the applicable law. If you raise an issue you must do so in good faith. Abuse of these channels is not acceptable.

For raising any concerns use one of these Speak-Up Hotline channels:

e-mail: [compliance@suekag.com](mailto:compliance@suekag.com)

intranet form: [www.suekag.com/](http://www.suekag.com/)

mail address: Vadianstrasse 59, St. Gallen, 9000, Switzerland