

COMMUNITIES

Social activities are an integral part of SUEK's strategy. We implement various programmes focused on the development of the regions where we operate, with a view to improving the living standards of our employees, their families and local communities, and enabling open dialogue with all stakeholders.

We coordinate our actions with regional governments and engage with non-profit organisations and the business community.



Swimming pool in the town of Sagan-nur in Buryatia



OUR PRIORITIES:

Create a favourable and stable social environment in the regions where we operate;

Together with regional governments, improve housing facilities and develop education, sports, medical care and culture for the inhabitants of mining cities and towns;

Increase awareness among young people of coal mining as a career opportunity;

Improve the efficiency of the company's community investments by implementing modern technologies and approaches in the social sphere.



The village of Kirba near Vostochno-Beisky open pit in Khakasia



Our approach

Our social strategy is aimed at capacity building, that enables further development of local infrastructure and knowledge. We firmly believe that the development of human capital is the basic pre-condition for the sustainable development of regions and territories.

Our Corporate Social Policy is based on international standards including the UN Global Compact, the Social Charter of Russian Business, the ISO 26000 Standard and recommendations of the Global Reporting Initiative.

Overview

SUEK's social and charitable programmes can be divided into the following categories:

- Education;
- Sports and healthy lifestyle;
- Medical care;
- Urban land and infrastructure development;
- Leisure, culture and fulfilment of creative potential;
- Development of local community members' social and business skills;
- Affordable housing and public utilities;
- Improving local self-governance;
- Environment;
- Charity and assistance to vulnerable social groups.

SUEK implements community development programmes at all its key facilities. Overall, in 2016 SUEK implemented 150 social and charitable projects. The amount spent on community investment totalled \$15m.

SUEK to the Regions, a non-profit charitable organisation, is the main tool for implementing the company's social policy at regional level. The fund enables our regional teams to develop programmes based on the needs of individual communities.

Planning and assessment of social programmes

The planning and execution of our social programmes is based on our analysis of the social environment in each region where we operate, while their implementation is assessed by independent and corporate experts. Regional and local community development is monitored using integrated social research, cluster polls and feedback on activity outcomes.

Most of the company's social programmes are long term. We test each programme in one or two of the regions, and disseminate successful models to other regions. This networked project format allows us to optimise budget, maintain created new social organisations to and raise federal and regional funds for community development.

We regularly assess the efficiency of our social investments based on quantitative and qualitative measures.

Quantitative measures:

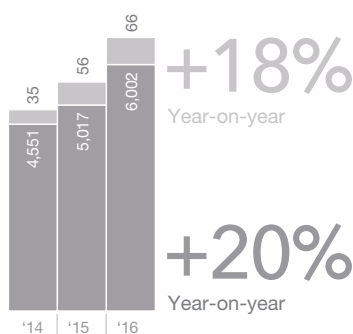
- Number of new organisations contributing to community development created as a result of the company's social activities;
- Amount of funds raised from various sources;
- Number of beneficiaries;
- Number of events held.

Qualitative measures:

- Increased efficiency of public-private partnership programmes;
- Sustainability of previously implemented social projects (a project continues to run independently, raising funds from various sources, with no financial support from the company);
- Favourable conditions for interaction with state authorities, the public and other stakeholders;
- Enhancement of SUEK's reputation as a socially responsible company.

During the reporting period, 12 programmes were assessed for efficiency.

Social investment performance indicators



- Number of created new organisations contributing to community development
- Number of direct participants in these programmes

Assessment of community investment programme efficiency

	2016	2015	2014
Number of programmes assessed for efficiency	12	10	9
Number of participants within these programmes	6,002	5,017	4,551
Number of created new organisations contributing to community development	66	56	35

Economic Camp for schoolchildren

SUEK's 'Economic Camp' programme for schoolchildren aims to develop initiative and entrepreneurial spirit among young people, and to help schoolchildren achieve a sense of professional identity. By creating a talent pool across the regions where we operate, the programme stimulates a desire for knowledge and helps young people develop self-study skills. It also supports teenagers from dysfunctional families. In 2016, 32 students from grades 8 to 11 attended the 'Economic Camp'. The students learned skills which are essential for finding a job and establishing oneself in adult life. Through business games and project competitions, they gained new knowledge in important areas such as the development of leadership skills, the ability to work as a team, time planning, project planning and information processing. They also acquired a range of useful contacts and interpersonal communication skills.

Efficiency assessments of the programmes we implement show that the social investment principle (i.e. when we fund programmes with the potential for development and measurable outcomes, rather than individual social projects) is the most effective tool for tackling regional socio-economic problems, for the following reasons:

- Development of small and medium-sized businesses allows the local population to purchase goods and services in their local area, creates new jobs and reduces the outflow of funds from the region;
- Development and execution of social programmes enables us to engage local communities and finance to help tackle current problems and create new organisations for social infrastructure;
- Development of small businesses and the non-commercial sector increases several times the efficiency of community-based real estate and infrastructure facilities;
- Targeted increases in the skills of community workers enable us to attract significant budgets and state funds for infrastructure development in a more efficient manner.

Key programmes in 2016

Urban land improvement and infrastructure development

In 2016, for the sixth consecutive year, we held our inter-regional urban land development competition called 'Comfortable Living Environment'. Taking place in every region in Russia where we operate, its objective is to identify and support the best ideas for creating comfortable living environments. It also aims to engage non-profit organisations and citizens' action groups in local urban land development.

FOR MORE INFORMATION ABOUT THE COMPETITION, SEE PAGE 41.



Development of social and business skills and activities

Our 'School of Social Entrepreneurship' programme focuses on tackling regional social problems by supporting enterprising individuals who want to start their own business. In 2016, participants implemented over 50 social and business projects, which included setting up new social infrastructure facilities in education, medical care, culture, sports, youth development and personal services.

Our 'Future of the Community – Future of SUEK' programme aims to develop public social initiatives in education, youth and child development, and maternal support. Helping to identify enterprising (and primarily young) individuals, the programme includes training workshops on social design, as well as an inter-regional social project competition. By engaging young people, non-profit organisations and other groups, we have established a mechanism for disseminating social design experience and skills among different communities. This has particularly improved the quantity and quality of the social project proposals submitted to our annual 'Comfortable Living Environment' competition.

Since 2005, we have implemented the 'SUEK's Work Teams' programme, which aims to support teenagers during their summer vacations. The project's main objectives are to prevent infringements of the law by minors, to support lower-income and multi-child families, provide professional guidance to teenagers, promote mining as a career and improve the condition of mining towns. In 2016, 2,113 teenagers enrolled on the programme. They helped with urban land development, tree planting, providing assistance to organisations, veterans and the disabled, looking after monuments, and restoring and installing architectural landscape features. They also became acquainted with production practices at SUEK facilities. As part of the programme, our regional offices held charity fairs whose proceeds went towards the Kommersant Publishers' 'Rusfond' and the 'Land of the Leopard' national park in Primorye.

SUEK's 'Young Leaders Course' focuses on developing young people's leadership and entrepreneurial skills and design experience. Based on acquired knowledge and skills, in 2016 the young participants identified social issues and developed appropriate projects under three categories: social entrepreneurship, social design, and inventive and investigative thinking. Projects designed by the participants will be implemented in the regions where SUEK operates.

FOR MORE INFORMATION ABOUT THE COMPANY'S STRATEGY AND KPIS, SEE PAGES 34-41.



The 'Leadership and Entrepreneurial Skills Training' programme focuses on developing a system of general and vocational training throughout the regions, in line with modern educational standards. In 2016, we held four training workshops for the staff of general and vocational educational institutions and departments from Khabarovsk, Khakasia, Krasnoyarsk, Primorye, Buryatia and Kemerovo. Since May 2016, the teachers trained as part of the programme have been developing and running entrepreneurship marathons among schoolchildren on 'Carbon gold for the 21st century'. These events cover about 2,000 students from 15 schools and colleges.

Education

SUEK's 'Our New Kindergarten' programme focuses on introducing innovative types of education and childrearing in line with current educational standards to kindergartens in the regions where SUEK operates. In 2016, we held training workshops for heads of kindergartens from Krasnoyarsk, Khakasia and Kemerovo. The new educational methods enable communities to achieve a new level of developmental progress and help to better prepare children for school.

Sports and healthy lifestyle

Each year, we hold the 'Children's Olympic Games' to promote sport and healthy lifestyles among teenagers, with a view to identifying promising athletes and bringing our employees' children together. In April 2016, 150 athletes took part in the Games, held in the town of Nazarovo in Krasnoyarsk region. Aged 13 to 16, the athletes came from mining towns located in Krasnoyarsk, Kemerovo and Khakasia regions. They competed in eight sports overall: darts, chess, draughts, volleyball, basketball, football, table tennis and a relay race.

In December, we held the 'SUEK Winter Olympics' in the city of Leninsk-Kuznetsky (Kemerovo region). The competition, which celebrated the company's 15th anniversary, hosted nine children's teams from all the regions, with each team competing in six sports: an individual ski race, a skiing medley relay, athletics, winter mini-football, tug-of-war and a 'winter fun' relay race. Evgeny Ustyugov, a two-time Olympic biathlon champion, attended the event as a guest of honour.

In January 2016, we launched 'Dream Ski', a programme which aims to help rehabilitate children and adults with various disorders. With SUEK's support, activities took place at the Tashtagol downhill skiing and snowboarding centre in the Kemerovo region. In February, during the Krasnoyarsk Economic Forum, we launched a second 'Dream Ski' site at the Bobrov Log centre in Krasnoyarsk. During the year, over 200 children from Kemerovo and Krasnoyarsk attended the rehabilitation programme, which is also supported by the Civic Chamber of the Russian Federation.

In March, we initiated a programme called 'Chess to Mining Regions', which is designed to promote chess in mining towns and improve the skills of young chess players. This programme was followed in June by our first interregional children's chess competition, 'Chess Hopes of SUEK', which was held in Krasnoyarsk. Young chess players representing the top six coal-mining regions of Russia – Krasnoyarsk, Khabarovsk, Zabaikalye, Primorye, Kemerovo and Khakasia – were given the opportunity to compete against Anatoly Karpov, the 12th World Chess Champion.

Leisure, culture and fulfilling creative potential

Our annual 'Children's Art Festival', also called 'Little Stars', targets young artistic talent among the 6-18 age group in the Krasnoyarsk region. The festival encompasses three categories: vocal music, instrumental music and choreography. Since the start of the programme in 2013, the number of participants has doubled. In 2016, 2,000 talented youngsters and about 300 performance groups took part in the festival.

Since 2007, we have been organising tours by Moscow theatre companies throughout the regions where we operate. Over the years, with SUEK's support, more than 10,000 residents of Kuzbass and Krasnoyarsk have watched charitable performances. At the end of each performance, actors meet with our employees and sometimes visit our mines.

Medical care

In cooperation with the Department of Presidential Affairs of Russia, SUEK has been organising medical treatment and healthcare since 2009 for the company's employees and children from mining regions. All treatment is provided at the Rehabilitation Centre of the Department of Presidential Affairs, a modern multi-disciplinary facility practising cutting-edge medical science. In 2016, over 180 children from eight Russian regions received high-quality medical diagnostics and a range of health services. In addition, over 40 SUEK employees received expert medical assistance at the Centre. We also launched a programme called 'Telemedicine', with pilot projects in Sagan-Nur township in Buryatia and Chegdomyn township in the Khabarovsk region. These are aimed at providing medical counselling services to local residents at leading medical centres and facilities.

Since 2013, the company has also been providing assistance for the medical treatment and rehabilitation of children with disabling conditions such as cancer, cerebral palsy and musculoskeletal system disorders. This programme is underpinned by cooperation with several Russian charitable funds: Rusfond (Kommersant Publishers), Gift of Life, and the Union of Charitable Organisations of Russia. During the year, we also provided financial support to regional charity funds, such as Shield and Happy Childhood, which support disabled children.