

Approved by the Board of Directors of the  
OJSC "Siberian Coal Energy Company" on  
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## SUEK JSC Coal Production Quality Policy

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## 1. INTRODUCTION

Coal production quality policy of SUEK JSC establishes the general intentions and scope of work, defined by the Management of the Company, particularly to answer the Clients' declared demands to coal production.

To fulfill the contract obligations is the primary responsibility of SUEK JSC before the Client, meant to build up competitive potential and long-term financial stability of SUEK JSC.

## 2. APPLICATION AREA

This Policy covers the activity of SUEK LLC, connected with production management, enrichment and sale of coal products, purchased from extracting enterprises.

The provisions of this Policy are liable to observance in SUEK LLC and its structural subdivisions since the date of its introduction.

## 3. THE QUALITY GOALS OF SUEK LLC

The goals of SUEK LLC concerning the quality of coal products are as follows:

- 1 To provide the market with the necessary volume, quality, price and supply frequency of coal products
- 2 To reduce the rate of product failures, discovered by the consumer, as well as the amount of complaints from such consumers

3 To increase satisfaction and loyalty of the consumers to the coal products of the Company

## 4. THE PRINCIPLES OF COAL PRODUCTION QUALITY POLICY

LLC "Siberian Coal Energy Company" (SUEK LLC) is the largest coal producer in Russia and the only Russian coal company to be the member of the Big Eight of world coal market by volumes of coal sale.

LLC SUEK is the company of dynamic growth. Its activity is completely focused on coal production in full compliance with the requests and demands of the consumers.

The main goals of the Company are 1) to reach the world standard levels in productivity, labor safety and environmental protection, and 2) to become a corporation with the highest development indices.

To achieve these goals the Company implements the Quality Management System integrated with the systems of ecological management and of professional health and safety.

The successful activity of the Company depends on the competitiveness of the output products, the development of the mutually beneficial relations with the consumers and strict observance of all the declared demands to the quality of the output products.

The Company constantly improves its activity to ensure the growth of the output product quality by increasing effectiveness of all processes on all levels of the Company in their effective interaction.

The relations of the Company with the suppliers of coal products are built up with consideration of the demands of our consumers.

The Management of the Company undertakes to observe this Policy, to develop the Quality Management System in accordance with the world standard demands ISO 9001:2000 and to intermittently improve its activity using full potential of all employees of SUEK LLC.

## 5. INTERESTED PARTIES

The Parties interested in observance of Coal Production Quality Policy are:

- Consumers of the products - interested in guaranteed fulfillment of obligations under the supply contract;
- Employees of the Company - interested in guaranteed fulfillment of obligations

- within the framework of labor contract, motivation and professional growth;
- Shareholders and potential investors - interested in guaranteed stability of income from investments made;
  - Suppliers - interested in guaranteed fulfillment of obligations under the supply contract, as well as setting up long-term business relations and receipt of preferences;
  - Federal, regional and local state authorities - interested that SUEK LLC shall transfer monetary means to the corresponding budgets, endow the development of the regions, create additional positions of employment.

## 6. DOCUMENTATION

The documents supporting the observance of this Policy are:

- Standard ISO 9001:2000 "Quality Management Systems. Demands";
- Standards of SUEK LLC;
- Organization and order documents of SUEK LLC ;
- Project documentation;
- Conditions of contracts with suppliers and consumers concerning service and product quality demands and terms of deal;
- Production plans and schedules, as well as reports on their performance;
- Other regulatory backgrounds concerning coal product quality, effective in coal industry.

## 7. RISK MANAGEMENT

The active stand of the Management of the Company concerning risk management issues, relating to secured guarantees to fulfill the obligations before the consumers, is realized by:

- Timely recognition of amendments in regulatory backgrounds relating to conformity with the quality demands and to the management of mailing of external documentation, containing such demands;
- Elaboration and realization of measures of interaction with the consumer, including evaluation of consumers' satisfaction, swift reaction to the changing requirements, complaints and claims of the consumers;
- Upgrade qualifications for the Company's employees;

- Application of mechanisms to prevent repetitive failures in product supply (fulfillment of shipping schedule) by means of evaluation of a repetitive failure risk;
- Application of mechanisms of supply failure prevention by means of preliminary evaluation of a failure risk and by realization of measures to prevent such failures;
- Elaboration and realization of measures of planning and monitoring of actual performance indicators, analysis of reasons of failure to perform production programs and prevention of repetitive failures;
- Analysis of Quality and Risk Management System performance by the top management of the Company.

## 8. STRATEGIC INITIATIVES

To reach the stated objectives SUEK LLC intends to:

- Plan its further development with consideration of constant improvement of its activity, i.e. to decrease the waste resulting from the failures to supply the consumers with products, detection of consumers' requirements and swift reaction to changes in such requirements;
- Perfect the quality control systems, meant for use in coal extraction and refining, mining and overburden works
- Ensure the unification of certification, accreditation and attestation systems;
- Regularly hold attestation of employees of quality control technical service and chemical coal laboratories;
- Improve the design and implement new technologies of complex extraction of output product from coals and tailing from their enrichment;
- Use mechanisms of optimization production planning and sale of coal products;
- Widely practice mechanisms of risk management concerning failures and discrepancies in products supply to the consumer;
- Perform search for resources suppliers and service contractors in accordance with their ability to steadily ship the products, meeting the requirements of SUEK LLC;
- Hold independent auditing of Quality Management System (including internal audit and audit, performed by the third party), ensure corporative and production control of conformity with the legislation demands and internal conditions of standards and norms of the Company
- Perform projecting and construction of new enterprises and quality control, enrichment, transportation and coal blending systems, reconstruction of operating ones on the basis of preferable use of the best existing technologies to achieve top performance, decrease the volumes of waists, increase the stability of production process and output quality;
- Introduce effective coal enrichment technologies and obtain premium quality coal products in accordance with the requirements of world market of fuel and power resources;
- Enhance product storage and transportation safety;

- Develop, implement, scale and maintain the Quality Management System of coal production in conformity with the demands of standard ISO 9001:2000.

## ATTACHMENT 1

**Terms and abbreviations in use** - This Policy applies to the terminology of standard ISO 9001:2000 “Quality management systems. General provisions and Vocabulary”.

**Quality** - Extent to which the complex of proper characteristics conforms with the demands (2)

**Demand** - Need or expectation, that is declared, usually presupposed or is obligatory

NOTE 1: “Usually presupposed” means that such is the generally accepted practice of the organization, its consumers (10) and other interested parties (12), when such needs or expectations are assumed.

**Satisfaction of the consumers** - Consumers’ perception of the extent to which their demands (2) are fulfilled

NOTE 1: Complaints from the consumers are the general indicator of low satisfaction level, but their absence doesn’t necessarily denote high satisfaction of the consumers.

NOTE 2: Even if the demands of the consumers were coordinated and completed, it doesn’t necessarily ensure high satisfaction of the consumers.

**Quality Management System** - Management system for regulation and management of the organization concerning the quality (1)

**Quality policy** - General intentions and scope of work of the organization concerning quality (1), officially declared by the top management (7)

**Quality goals** - Things to aspire to and to achieve in the area of quality (1)

**Top Management (Management)** - A person or a group of employees, directing the activity and managing the organization on the top level.

**Quality management** - Coordinated activities aimed at regulation and management of the organization concerning the quality (1)

**Efficiency** - The extent to which the planned activities are fulfilled and the planned results are achieved.

**Consumer** - An organization or a person, receiving the products (14)

EXAMPLES. A client, a customer, a final user, a retailer, a beneficiary or a buyer.

NOTE. The consumer can be either internal or external in relation to the organization.

**Supplier** - An organization or a person, providing the products (14)

EXAMPLES. A producer, a wholesaler, a retail enterprise or vendor, service executor, information provider.

NOTE 1. The supplier can be either internal or external in relation to the organization.

NOTE 2. In contract the supplier is often referred to as "The Contractor".

**Interested party** - A person or a group of persons, interested in activity or success of the organization

**Process** - Complex of interconnected and interacting types of activity, that reforms in- and output

**Products** - The result of the process (13)

NOTE 1. There are 4 general categories of products:

- services (e.g. transportation);
- software (e.g. a computer program, a vocabulary);
- equipment (e.g. an engine component);
- process materials (e.g. oil filling).

**Conformity** - Completion of the demands (2)



## ATTACHMENT 2

### **Normative references**

- [1] ISO 9000:2005 Quality management systems. General provisions and Vocabulary
- [2] ISO 9001:2000 Quality management systems. Demands
- [3] OHSAS 18001:2007 Professional health and safety management systems. Demands
- [4] ISO 14001:2004 Ecological management systems. Demands and directions for use