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KYZYL PROJECT

STAKEHOLDER ENGAGEMENT PLAN

OCTOBER 2016

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KYZYL PROJECT

STAKEHOLDER ENGAGEMENT PLAN

October 2016

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APPENDIX A: Public consultation on the draft ESIA report – December 2015

ACRONYMS

Bakyrchik Mining Venture LLP (BMV)
Community Liaison Officer (CLO)
European Bank for Reconstruction and Development (EBRD)
European Bank for Reconstruction and Development Performance Requirements (EBRD PR)
Environmental and Social Impact Assessment (ESIA)
Equator Principals Financial Institutions (EPFI)
Feasibility Study (FS)
Informed Consultation and Participation (ICP)
International Finance Corporation (IFC)
International Finance Corporation Performance Standards (IFC PS)
Memorandum of Understanding MoU
Non-Governmental Organization (NGO)
Project Affected Persons (PAP)
Republic of Kazakhstan (RoK)
Stakeholder Engagement Plan (SEP)
Tailings Storage Facility (TSF)
Wardell Armstrong International (WAI)

1 INTRODUCTION AND BACKGROUND

Wardell Armstrong International (“WAI”) was commissioned by Polymetal JSC (“PM”) to undertake an Environmental and Social Impact Assessment (“ESIA”) of the Kyzyl Gold Project (“the Project”) in Auezov, East Kazakhstan. The ESIA and accompanying Non-Technical Summary (“NTS”) were publically disclosed in December 2015.

PM seeks financing from the European Bank for Reconstruction and Development (“EBRD”) and this Supplementary Environmental & Social Report (“SESR”) has been prepared following discussions with PM and EBRD to bring the ESIA, and other environmental and social documentation, and the Project in line with the environmental and social requirements of the EBRD. These requirements are the Performance Requirements (PRs), which for part of the EBRD’s Environmental and Social Policy of May 2014.

In this context, the ESIA should be seen as the primary document with the SESR comprising supplementary information, with its chapters referring back to the ESIA when relevant. This report, together with the ESIA and its supporting documents, together form the ESIA disclosure package which is now disclosed for a minimum of 60 days in line with the EBRD’s Public Information Policy (2014) before the Project is presented to the EBRD’s Board of Directors for approval. A new Non-Technical Summary has also been compiled to succinctly communicate the key findings of the ESIA and the SESR.

This Stakeholder Engagement Plan (SEP) has been developed by WAI with input from Polymetal and EBRD. The purpose of the SEP is to guide stakeholder consultations and communications during the period of the main ESIA studies, through the EBRD disclosure period and, further, throughout the life of the Project, including post-ESIA and mine closure. The SEP will be updated on a regular basis by Polymetal, not less than annually, providing a roadmap for engagement in monitoring the effectiveness of impact mitigation measures. This SEP has been developed to meet EBRD requirements.

The SEP outlines how stakeholders will be informed of the impact assessment process and its various stages, including how they may be engaged in data collection, impact assessment and developing strategies for impact management and monitoring. During the upcoming construction and operation phases, stakeholder engagement activities will focus on keeping stakeholders informed about the project activities and to engage them in terms of monitoring and impact management.

1.1 Points of Contact

Stakeholders are invited to review and provide feedback on this SEP. Polymetal will make this document available in paper copies at all their stakeholder meetings (to be arranged) and throughout the EBRD disclosure process (see also Section 6). It will be available in Russian and Kazakh. All comments and questions are welcome and should be sent to the following contact:

Askerkanov Beibit Askerkanuly, Public Relations Specialist
OS@bgp.polymetal.ru bodies. 8 (72347) -55-3-97 (vn.109)

Residents have the opportunity to write appeals and requests and submit them to the feedback boxes. They are located in front of the entrance to the territory of BHP Ltd (PPC №1) and within the buildings of the Akimats of Auezov village and Shalabai village. The Akimat of Auezov can be reached at:

E-mail: Akimat.auezov@mail.ru
Mail: Mira, 90 "B"
Telephone: (72 347) -55-3-57

Polymetal's in-house Public Relations Specialist (hereafter referred to as the Community Liaison Officer or "CLO"), Almira Timberbekova, in conjunction with the Environmental Department and maternity leave cover Askerkanov Beibit Askerkanuly (Public Relations Specialist), carry out periodic community consultation and public hearings and maintains a database of relevant stakeholders. Stakeholders are advised to address general inquires to the CLO or her maternity leave cover, who are primarily responsible for documenting issues, concerns and questions and acts as the first point of contact.

1.2 Project History and Definitions

The Bakyrchik Gold Project involves specifically identified physical elements, aspects and facilities that may generate adverse environmental and social impacts on project- affected communities. On this basis, a consultation process has been on-going for decades; however, communication increased since 2010, when a community engagement and sustainable development plan was developed by BMV in consultation with a wide range of local and regional stakeholders. For the purpose of an internationally compliant ESIA, BMV will use this SEP to guide future engagement activities with stakeholders. Consultation has gradually improved and increased during the various phases of the Project development, which has been particularly important given the length of time period that the Project has been on care and maintenance.

Stakeholder engagement is essential to identify Project risks and impacts, accounting for concerns raised by the Project-Affected People (PAP) and other stakeholders. For the purpose of the SEP, PAPs are defined as individuals most likely to observe changes from environmental and social impacts of the project. BMV considers that the majority of these individuals will reside in the settlements closest to the mine and its associated facilities, mainly in Auezov (adjacent to site, including Solnyechni settlement), Shalabay (6 km from site). The ESIA will provide more explicit details on how impacts may affect different settlements and individuals.

Polymetal and BMV representatives have been and are carrying out regular meetings with the PAPs and other stakeholders to explain the project information, answer questions and listen to comments and suggestions. In addition to meetings with affected individuals, BMV has identified community

leaders and members of formal and informal existing decision-making mechanisms. Staff have collected comments and questions from these leaders and use the information in project development. BMV considers that the full disclosure of information is an important means to manage Project risks.

Consultation involves two-way communication between the Company and the Project's stakeholders. Effective consultation provides opportunities for Polymetal and BMV to learn from the experience, knowledge, and concerns of stakeholders, as well as to manage their expectations by clarifying the extent of its responsibilities and resources so that misunderstandings and unrealistic demands can be avoided. For the consultation process to be effective, Project information needs to be disclosed and explained to the stakeholders, and sufficient time should be allocated for them to consider the issues. Consultation should be inclusive of various segments of the potentially affected communities, including both women and men; and accessible to the disadvantaged and vulnerable groups within the community.

2 RELEVANT LEGISLATION, POLICIES AND GUIDELINES

2.1 Republic of Kazakhstan Legislation

OVOS legislation stipulates requirements in terms of stakeholder engagement. Information disclosure and dissemination are part Kazakh legal regulations, as well as public consultation. BMV keeps records of all Public Hearings. The following legislative acts relate to public participation in decision making within Kazakhstan:

1. Environmental Code of the Republic Kazakhstan. No. 212-III of 09.01.2007 (amended on 17.07.2009);
2. Instruction of Environmental Impact Assessment Conduction of Proposed EIA. Other Activities during Development of Pre-planning, Planning, Pre-design and Design Documentation, approved by Order of Minister of Environmental Protection of the Republic of Kazakhstan No.204-p of 28.06.2007;
3. Rules on Public Hearing Conduction, approved by Order of Minister of Environmental Protection of the Republic of Kazakhstan No.135-p of 07.05.2007;
4. Rules on Access to Environmental Information Relevant to Environmental Impact Assessment (EIA) Procedure and Decision-Making Process on Proposed Economical and Other Activities, approved by Order of Minister of Environmental Protection of the Republic of Kazakhstan No.233-p of 25.07.2007; and
5. Rules on Conduction of Public Hearing while Considering Application for Approval or Change of Tariffs (Prices, Rates) of Entities which are Natural Monopolies. Approved by Decree of the Republic of Kazakhstan Government No. 376 of 21.04.2003.

As such, the current legislative system provides guidelines for public consultation and participation in decision-making, although the scale of such activities is dependent on the type and scale of the proposed project and degree of public interest.

Kazakhstan is aligned with the key requirements for the European Union having ratified the Aarhus Convention on the Access to Environmental Information and Public Participation in Environmental Decision Making. The Aarhus Convention was ratified in January 2002 and focuses on three key areas:

- Access to information: ensures that the public can have a system whereby one can request and receive information, thus allowing for informed participation;
- Public participation: provides for public participation early in decision-making on activities that can have significant environmental impact; and
- Access to justice: ensures that the public has legal mechanisms available to review potential violations of access to information and public participation provisions.

The Aarhus Convention differs from international standards on the basis that responsibility for disclosure, participation and access to justice resides with the host government and not the Project sponsor. However, government representatives can only fulfil the requirements of the Convention if a project sponsor has fully disclosed all information relating to environmental and social impacts. Requirements for Aarhus will be met and exceeded through the implementation of international standards.

2.2 Polymetal Community Policy

BMV recognises corporate social responsibility as one of its highest corporate priorities and is committed to long-term development in the affected communities and wider area, helping raise living standards and supporting economic, environmental, and social balance through its initiatives. At present, BMV (Polymetal) Community Policy is outlined in the Community Engagement and Sustainable Development Plan, which was developed in September 2010.

The Company realises that it is operating in environments with unique cultures, lifestyles and heritage and thus manages community relationships based on respect for these communities, with full transparency and openness in communication.

2.3 International Standards

The EBRD Performance Requirements (EBRD PRs), in particular PR10 Information Disclosure and Stakeholder Engagement, are regarded as the benchmark for international accepted practice.

2.3.1 EBRD PR10 on Information Disclosure and Stakeholder Engagement

'Good practice' relating to EBRD PRs requires that the project proposers (Polymetal) develop positive relationships with stakeholders and build a consensus through mutual trust and respect to ensure early, timely and regular communication with local community and stakeholders. This requires a commitment to increasing the involvement and participation of stakeholders in a project. This will be done through disseminating information widely amongst stakeholders in a transparent manner and providing stakeholders with regular opportunities to discuss aspects of a project, including time to ask

questions and obtain information as the Project is developed through construction and into the operational phase. This includes establishing a formalised grievance procedure, which is currently operating in an efficient manner, but will require regular review to ensure that it is maintained.

EBRD PR10 necessitates identification of all project stakeholders in the process of developing and implementing a SEP. Its objectives are to:

- Outline a systematic approach to stakeholder engagement that will help clients build and maintain a constructive relationship with their stakeholders, in particular the directly affected communities;
- Promote improved environmental and social performance of clients through effective engagement with the project's stakeholders;
- Promote and provide means for adequate engagement with affected communities throughout the project cycle on issues that could potentially affect them and to ensure that meaningful environmental and social information is disclosed to the project's stakeholders; and
- Ensure that grievances from affected communities and other stakeholders are responded to and managed appropriately.

Full compliance with Kazakh national requirements will be fulfilled through the implementation of the EBRD requirements, as well as the organization of public hearings as required per the EIA (OVOS) law.

3 OVERVIEW OF PREVIOUS STAKEHOLDER ENGAGEMENT

This section aims to provide a brief overview of previous stakeholder engagement, as well as highlight some of the key issues, concerns and questions that have been raised during this consultation.

3.1 Information Disclosed

BMV has sought to provide stakeholders with information on a regular basis prior to formal public consultation activities. Key disclosure events include the following reports and information provided during the EIA and ESIA preparation:

- Public hearing on Bakyrchik OVOS Report submitted in 2011;
- Public consultation events for ERM ESIA submitted in 2011; and
- Presentation of the scoping study results and introduction to the concept of the ESIA, undertaken by WAI and BMV between May 27-30 2013 (Auezov on 27th May 2013; Shalabay on 27th May 2013; individual meetings with stakeholders on May 28th 2013; 29th May meetings in Kalbatau; 31st May meeting with UNICEF). Refer to Appendix 1 of the Scoping Study for further information on these meetings.

The documents used in the events listed above consist of preliminary Project information as part of the initial design and permitting phases to expand the existing mine development. It is being gradually

updated as the ESIA and FS advance. Full information on the Project design, impacts and mitigation measures will be presented in the ESIA, with disclosure expected in 2015.

Copies of all documents can be viewed and obtained through:

- BMV offices in Bakyrchik and Almaty; and
- From the CLO.

Stakeholders should note that potential impacts and mitigation measures have changed as the project design and impact assessment has developed and evolved. This has been particularly pertinent given the revised Project scope and subsequent need to update the existing ESIA. These changes will be identified in the ESIA document, with implementation and management plans attached to the ESIA which will be regularly updated.

3.2 Stakeholder Engagement Activities to Date

Stakeholder engagement for the Bakyrchik Project has been ongoing for many decades, but has been progressively formalised since 2010. Formal impact assessment related consultations at Bakyrchik were carried out as part of the ESIA process in 2011 and included minuted meetings held at Auezov and Charsk. Periodic community engagement events are currently held with Auezov residents, which focus mainly on environmental monitoring as well as any impacts identified by BMV. These are usually held monthly, unless specific grievances or issues require more frequent discussions with residents. In addition to formal meetings and hearings, the CLO, who is a well-networked resident of Auezov, carries out regular informal meetings and discussions with individuals and groups of individuals. These engagement mechanisms are not currently guided by a single stakeholder engagement plan or any other document, and tend to be governed by the specialist's own initiative and time constraints.

Consultation and engagement for the scoping study by WAI based on the revised Project layout (May 2013) included:

- Open room sessions (Auezov and Shalabay);
- Formal public hearings (Auezov and Shalabay); and
- Semi-structured interviews with a range of wider stakeholder representatives including: local Akims of Auezov and Shalabay, Council of War Veterans, Auezov Council of Youth, Shalabay Council of War Veterans, Head of Women's Council (Shalabay), Head of Youth Council "Keleshek – the Future" (Shalabay), Zharminskiy Regional Maslikhat, Business, Agriculture and Veterinary Department of Zharmynsky Region, and UNICEF Kazakhstan.

Table 4.1 below provides an overview of key engagement activities with stakeholders leading up to the Scoping Study report in 2013:

Table 4.1: Stakeholder Engagement and Consultation Activities

Date	Community	Consultation Activity
01/02/11	Charsk – BMV (General Director, Sustainability Advisor, ERM) and community members, military and representatives from the Akimat (approximately 17 people)	Introduction of the Project plans, environmental and social mitigation measures, and approach to local employment.
02/02/11	Auezov – BMV (General Director, Sustainability Advisor, ERM) and community members (approximately 29 people who did not work for BMV)	Introduction of the Project plans, environmental and social mitigation measures, and approach to local employment.
02/02/11	Auezov – BMV (General Director, Sustainability Advisor, ERM) and community members (approximately 50 people)	Introduction of the Project plans, environmental and social mitigation measures, and approach to local employment.
10/02/11	Shalobay – BMV (General Director, Sustainability Advisor, ERM) and community members (approximately 50 people)	Introduction of the Project plans, environmental and social mitigation measures, and approach to local employment.
May 2013	WAI, MBV, Community members and groups, undertaken by WAI and BMV between May 27-30 2013 (Auezov on 27 th May 2013; Shalobay on 27 th May 2013; individual meetings with stakeholders on May 28 th 2013; 29 th May meetings in Kalbatau; 31 st May meeting with UNICEF). Refer to Appendix 1 of the scoping study for further information on these meetings.	Presentation of findings of the scoping study and to introduce the concept of the ESIA.

Consultation and engagement for the social portion of the ESIA was conducted by WAI on a site visit in June-July 2015, including meetings in Auezov as well as surrounding communities as well as on the Oblast-level in Ust-Kamenogorsk. Specifically, the following stakeholders were interviewed:

- East Kazakhstan regional (oblast)-level in Ust-Kamenogorsk:
 - Representatives of the oblast Akimat’s Entrepreneurship Office;
 - Representatives of the Environmental Department of East Kazakhstan Oblast;
 - Representatives of the regional Cultural Heritage Department;
- Zharminsky District (rayon)-level in Kalbatau:
 - Head of Kalbatau Hospital;
 - Chief Economist for the district;
 - Coordinator for the district-level Akimat;
 - Archaeological expedition to view pre-Bronze Age stone carvings;
- Auezov village (local)-level stakeholders:
 - Town Akim;
 - Representatives of Auezov Mosque, including the imam;
 - Shopkeepers from a range of shops and supermarkets;
 - Chefs and representatives of local restaurants and cafes;
 - Village elders;
 - Fishermen fishing in local rivers and lakes;
 - Herders responsible for local livestock;
 - Head Librarian;
 - Representatives of the Women’s Union;

- Head Teacher at the local school;
- Police officer;
- Residents displaced as a result of the Project;
- Residents of Auezov and the satellite hamlet of Solnyechni, including through a structured household survey;
- Range of private and industrial water users;
- Shalabay village (local)-level stakeholders:
 - Town Associate Akim;
 - Shopkeepers from a supermarket;
 - Leadership of Shalabay LLP, large-scale farm and major local-level employer;
 - Head Teacher at the local school;
 - Workers at Shalabay train station, set to serve the Project;
 - Range of private and industrial water users;
 - Residents of Shalabay, including through a structured household survey;
- Zhanaaul village (local)-level stakeholders:
 - Villagers on a hunting and fishing expedition;
 - Local farmers;
 - Private and agricultural water users;
- Polymetal and BMV employees:
 - Head of Project/General Director;
 - Chief of Security;
 - Health and Safety Officer;
 - Legal Office representatives;
 - HR Department representatives;
 - Environmental Department representatives;
 - Head of Production and Technical Department;
 - Community Liaison Officer;
 - Land Use and Subsoil Team representatives.

Polymetal held a public hearing in August 2014 under the theme, 'Preliminary evaluation of the impact on the environment' (preOVOS phase), developed based on the outcome of the Feasibility Study (TEO) of mining parameters at the Kyzyl deposit. The TEO and preOVOS report included decisions relating to mining (open pit and underground), infrastructure, and ore processing.

In July 2015, a public hearing was held regarding the OVOS entitled 'Assessment of the Impact on the Environment', which was written in accordance with RoK legislation. The OVOS passed through a series of public consultations.

In December 2015, a public hearing was held, led by WAI and Polymetal, regarding the ESIA findings (see Appendix A for details about the meeting). Minutes of this meeting and all public hearings are publically available and can be provided on request to BMV. The company has also developed and is using a stakeholder engagement log that keeps track of all meetings with stakeholders at all levels:

information or project meetings, public meetings etc. This stakeholder management system allows a formal recording of all meetings, demonstrating frequency of interaction with stakeholders and having records of the participants and questions or issues raised by specific people. The documentation will help BMV to accumulate a “Questions and answers” report that will summarise questions raised and the Company’s responses.

Polymetal’s procedures for major public hearings include:

- Advertising in the local media about how public hearings are conducted in both Kazakh and Russian, as well as posting of information on Internet websites of local executive bodies. Comments and questions can be submitted alongside each post;
- Preparing, publishing, and presenting the content of the OVOS on the website of the local administrative bodies. Comments and questions can be submitted alongside each post;
- If necessary, making edits on proposals and comments as a result of the public hearings; and
- Covering the final protocol and results of hearings in the OVOS itself.

3.3 Key Stakeholder Issues

Below is a summary of the most common stakeholder issues raised in engagement with local people and other stakeholders. The responses provided are listed in meetings minutes or were provided during WAI’s interviews conducted during the site visit. During the scoping study, stakeholders who were consulted stressed the need to reduce adverse environmental impacts of project construction, operation and closure as much as possible. Transparency and social responsibility were cited as key priorities for Polymetal’s and BMV’s operation by many stakeholders. BMV’s community investment and local infrastructure contributions are well received by local communities. The scoping study identified positive feedback from stakeholders regarding the development of the Project and all stakeholders contacted showed their interest and willingness to participate in further events, and confirmed that they would like to receive project updates. Key stakeholder concerns are listed in Table 4.2 below:

Table 4.2: Stakeholder Concerns Regarding Project Development

Air Quality

General concerns relating to increased air emissions.

Water

If the water balance and quality are adversely affected will this restrict water availability in general? This specifically related to the availability of water relating to industrial water abstraction from the Kyzyl Su River.

Biodiversity

General concerns relating to the protection of flora and fauna.

Soils

Concerns relating to adverse impacts on soil quality.

Cyanide management

Human health concerns and soil quality concerns around the use of cyanide.

Health

Concerns relating to health protection measures for adjacent communities. This included questions on arsenic emissions.

Community Development

BMV have been asked how they will support the community, including questions on financing community development programmes to remove rubbish and/or finance the ambulance.

Economic viability of the Project

Local people have previously questioned the economic feasibility of the Project if the gold price fell. Local people asked about tax revenue generated from the Project and who will finance the Project.

Processing methods

Previous attempts to re-open the mine have failed and local people questioned the processing methods used in the past and proposed future methods.

Pasture Land

Concerns have been raised about to the availability of pasture land for local herders relating to land take by the mine (and particularly around the TSF), in the context of sparse pasture lands.

Use of local resources and employment

Local people questioned employment and training opportunities given the scope of the new Project and how they could apply for roles created.

4 SOCIAL INVESTMENT AND STAKEHOLDER ENGAGEMENT

BMV and Polymetal policy outlines its aims to support community-based projects that make a difference in a sustainable way without creating dependency. This has been done to date through the use of impact benefit agreements between BMV and local communities. The Project operator's policy is now focusing community development efforts on Auezov, which is the settlement adjacent to the mine. BMV has supported a range of programmes through a combination of mandatory licence requirements and on a voluntary basis. BMV provides a number of key services to Auezov residents through a fully functional 'Services Department' which is responsible for civic infrastructure both for the mine site and Auezov municipality. This includes the provision of purified drinking water, heating, electric power reticulation, and sewage treatment. This is based on BMV's service agreement with oblast authorities. Tariffs are calculated by BMV and approved by the Natural Monopoly Regulation (AREM). Residents' feedback regarding BMV's provision of municipal services is mostly positive, although some concerns are reported about having to pay for services that were previously free, such as water for some vegetable gardens.

BMV has an existing memorandum of understanding (MoU) with the Akimat in Auezov. The MoU covers recruitment and retrenchment related commitments and BMV's contributions to community development projects. It also includes reference to a grievance mechanism through which both BMV and the Akimats can raise issues and concerns. In 2014, MV allocated over 18 million KZT within the framework of the MoU.

BMV has supported a number of community and social development activities, including Social and Economic Cooperation Memorandums with Zharminsky District signed by several enterprises in February 2015.

- Assistance in constructing the new community landfill;
- Continuation and support of social services, improvement of childhood protection system in rural areas of the region, Lekoteka social programme in the town;
- Purchasing sports equipment for Bakyrchik public school (basketball, soccer and volleyball balls);
- Clearing snow on the main roads of the town and the road to Bakyrchik public school when required;
- Providing financial assistance in the organisation of social activities, holidays and events to the Akimat;
- Providing fuel to the local hospital in Auezov;
- Purchasing lights in the town;
- Purchase and install playgrounds in the yards of buildings 4, 5, 6 and 8, 9, 10, 11 of Block A;
- Provide free potable water, sewage, electricity and heating for the mosque;
- Provide dust suppression of the central roads within the town upon request;
- Purchase and subscribe to the local newspaper in order to contribute it to the needy pensioners, low-income families and WWII veterans of the town;
- Install the lights for buildings 4, 5, 6 and 8, 9, 10, 11 of Block A;

- Provide fuel for educational and sporting trips for the school students on the basis of applications provided to the Company in advance;
- Provide fuel for participation in sports and cultural events on the basis of applications and written confirmation provided in advance;
- Provide financial support to purchase furniture and essential equipment for the baby room in the local hospital;
- Purchase New Year sweets for town children from birth to 18 years old;
- Provide repairs to the toilet facilities in Arman Youth Centre; and
- Provide tree plants for Bakyrchik graduate students (33 people) to be planted in the town.

The MoU also specifies the accounting mechanism required on the part of recipients, in order to comply with national laws and international best practice with respect to voiding fraud and bribery.

5 PROJECT STAKEHOLDERS

Stakeholders are individuals, groups and organisations whose interests or rights may be affected by a proposed project, or who may have an ability to influence decisions concerning the siting, construction and operations of the project. Key stakeholders are those directly impacted (either positively or negatively) by the Project.

Stakeholders are recorded in a stakeholder register in the following categories:

- Government authorities at the national, regional and local levels. This includes the Ministry of Environmental Protection (State expertise responsible for environmental permits, exercising State control); the Oblast Akim; the district (Raion) Akim; and the local Akims;
- Multi-national and international organizations (i.e., United Nations, World Bank Group, EBRD, European Union, bilateral donors, etc.);
- Non-commercial, non-governmental and public organisations at the international, national, regional and local levels, including organised community-based organisations or interest groups (i.e., labour, youth, religious, businesses, environmental, etc.). At site this includes the Council of Veterans, Council of Women, Keleshek, Council of Youth, Council of Aksakals, Mosque in Shalabay, UNICEF, BOTA Foundation;
- Project-affected communities, including individual residents as well as non-organised groups with particular areas of interest or that may be vulnerable (i.e., elderly, people with disabilities, ethnic minorities, herders etc.);
- Commercial organizations and business associations;
- Project employees; and
- Media – at a local, Raion level, Oblast and National level.

A stakeholder register and database are regularly updated to demonstrate the continuous efforts made to inform stakeholders about project developments. This register forms part of a stakeholder management system to record the frequency of interaction, as well as to manage and document

issues, questions and concerns about the project. These issues are analysed and addressed as soon as possible through face-to-face meetings.

Any information on additional stakeholders (individuals or groups) that may have an interest in BMV's activities should be provided to the BMV staff. BMV will add stakeholders to the database, and, if requested, will include these stakeholders in future efforts to disclose public information about the project. The staff will also document issues, concerns and questions and ensure all questions are addressed in the final ESIA documents.

To identify stakeholders for this project, a map of the Project environment indicating communities and social infrastructure in the vicinity of the project site was combined with findings from the scoping study to identify local and directly-impacted stakeholders. Based on this assessment, the villages that were identified as potentially impacted communities include Auezov (including Solnyechni village), Shalabay (including Zhanaaul village), Charsk and herders.

In addition to monthly meetings held within these communities, the BMV CLO regularly visits nearby communities to follow up on any issues raised, organise public events and meet with Akims or other community members. Stakeholder analysis is a dynamic and on-going process and will continue to be updated by the CLO as the understanding of stakeholders increases and as the relationship between stakeholders and the project develops and changes. The CLO will update and keep track of the stakeholder log, stakeholder register and the database on issues, concerns and questions. Record management within the stakeholder management system is undertaken to protect personal privacy and confidentiality considerations. At present, the CLO is keeping brief minutes of the meetings and they compile minutes from meetings in Kazakh and detailed minutes of all public hearings (OVOS). ESIA progress discussions were also recorded to capture key topics of discussions, remarks and suggestions, including a public consultation meeting held in December 2015 where WAI presented the ESIA alongside Polymetal representatives to an audience from the local communities.

6 INFORMATION DISCLOSURE FOR EBRD

As a Category A Project, EBRD require evidence of participatory engagement (meetings) to complete ESIA process and inform the 60 day disclosure period. Therefore, in addition to updating this chapter, to ensure conformance with PR10 and the accompanying SEP (MP10), there is a requirement for Polymetal to:

- Update and complement the ESIA work where gaps are identified in the analysis, through supplementary studies, these have been reported in the SESR;
- Update the SEP and Non-Technical Summary (NTS), to take account of the requirements of PR10 and supplementary information within the SEP;
- Translate the ESIA package, including supplementary documents and the SESR, into Kazakh.¹ All Environmental and Social information relating to the Project should be available in Kazakh, Russian and English.

¹ Appendices may be translated into Kazakh in response to requirements

- Disclose the current ESIA, the supplementary documents, management and mitigation plans, SEP, and NTS in English, Russian and Kazakh on the EBRD website in its London headquarters and in the Kazakhstan EBRD Resident Office, the client's (Polymetal's) website and locally in various locations for a minimum of 60 calendar days prior to consideration of the Project by EBRD's Board of Directors;
- Where new developments have occurred since the December ESIA was released, there will be a need for further meetings to update stakeholders; and,
- Recipient stakeholder groups should acknowledge potential Project Affected Parties, including those who took voluntary resettlement to Ust-Kamenogorsk.

Engagement relating to the ESIA process is currently underway until the ESIA and associated management plans are approved for implementation in the construction and operation phases in compliance with EBRD PRs. In this context, the CLO and Akimat information boards are essential in the stakeholder engagement and disclosure process, providing easy access to updated information for residents in potentially affected communities.

The ESIA stakeholder engagement is a flexible process to accommodate issues raised by concerned individuals or groups throughout the ESIA process. These will be managed by BMV with the support of WAI as the independent international consultant completing the ESIA. The events will take place as a series of meetings in nearby communities, at venues selected by BMV and/or requested by key stakeholders. Transport to all the events will also be provided by BMV, as required.

The CLO will disseminate the planned programme for disclosure meetings in the project-affected communities via a range of communication methods. This will incorporate all identified stakeholders, including seasonal herders who use the site of the proposed TSF. Advertisements for consultation events will be provided in Kazakh and Russian and placed in an appropriate venue in each community (such as the administration buildings and local notice boards).

In addition to the events described above, the following ongoing methods will be continued throughout the ESIA process:

- Grievance mechanism;
- Akimat message Boards; and
- Media advertisements.

The final 2015 ESIA was disclosed to members of the local community through a public consultation session, which took place in December 2015 in Auezov. At the meeting, a WAI technical specialist presented the ESIA's major findings and Polymetal staff were present to answer any questions from the audience. Copies of the Non-Technical Summary report were made available to the audience.

6.1 Engagement during Construction and Operations

Engagement related to the construction and operation process is aimed at maintaining links with all stakeholders to ensure that impact mitigation is implemented as planned. The frequency of

stakeholder engagement will diminish as the project transitions from care and maintenance to construction to operations, but key methods such as the maintenance of the grievance mechanism will be used to identify and solve any impacts or problems that were not foreseen by the ESIA and associated management planning process.

The construction and operations phase is the longest stage of the project and will continue for the life of the mine. The SEP will be updated periodically and upon major project changes to reflect engagement activities that may be required during the life of the project.

Proposed key methods of engagement for construction and operations include:

- **Public Hearings**
Formal public hearings will be held as required by Kazakh regulations. As with public hearings during the ESIA process, all events will be announced at least four weeks prior to the event to ensure interested stakeholders have time to plan for the meetings.
- **Project / Information Meetings**
Project and information meetings will continue during construction and operations, but no formal schedule is foreseen at this time. BMV will continue to monitor the results of these meetings and include all issues, concerns and questions in periodic environmental and social reporting. Disclosure of this reporting will be done at least annually.
- **Annual Updates**
In addition to the more common Project and information meetings related to development of the project, BMV will hold at least one formal annual update for the four communities nearest to the Project site. Annual updates will be linked to the disclosure of all relevant environmental and social performance reports.
- **Grievance mechanism**
The grievance mechanism will be a key engagement method promoted during construction and operation. While BMV, contractors and partners will be guided by environmental and social management plans, it is likely that issues will arise. The grievance mechanism is the tool through which managers will identify and resolve unforeseen impacts and problems.

In addition to the key methods described above, the following on-going activities will be continued throughout the construction and operations process:

- Message boards; and
- Media advertisements.

6.2 Information Disclosure

The following protocol has been agreed between Polymetal and the EBRD:

The hearings (“Information sessions”) are to be in an open/free format. In other words, they are for the public to become familiar with all materials (ESIA and SESR), if they wish to do so. For that purpose, Polymetal will set up 3 information sessions (Auezov, Shalabay, Ust-Kamenogorsk). These sessions will

be open 3 hours in one calendar day, in accordance with the ESIA and SESR disclosure schedule. The sessions can be held by Polymetal employees, so external consultants are not necessary. Printed versions of the ESIA and SESR will be made available in addition to general information regarding the project (general plan, layout plan). Information will also be available electronically on the official website for the Akimat area and the Polymetal website (by the time an announcement is made in the press). An announcement with the locations and opening times for the information sessions will be made in the local press (2 sources) 14 days prior to the sessions. Additional invitations will be sent to the Akimats of Auezov and Shalabay villages. Any questions and answers that are received electronically, or through our representatives during the information sessions, will be recorded and included in the report.

Each session should start with a short presentation about the project, the ESIA and supplementary ESIA and the findings thereof. This can be presented by a company representative and supported by a PowerPoint presentation or similar. This can then be followed by a Question and Answer session. The full length of each session will depend on the number of questions.

At least one copy each of the full ESIA (2013 ESIA and supplementary ESIA report) should be available in Russian and in Kazakh. Multi copies of the Non-Technical Summary should be available in Russian and Kazakh for people to take away with them. The number depends on prior experience with meetings in the area but at least 10 Russian and 10 Kazakh copies will be made available.

The presentations will be in Russian but Kazakh speaking translators will be available. Public information sessions should be held midway through the 60-day disclosure period, with a response period for questions received by email/letter/phone set at 14 days.

The full package of ESIA documents including NTS, ESIA, SESR, SEP, ESAP, ESMMP, will be made available on the websites of the local Akimats, Polymetal and EBRD. English, Russian and Kazakh versions should be on the Polymetal and EBRD sites. Only Russian and Kazakh versions are needed for the Akimat site.

6.3 Engagement during Decommissioning and Closure

The objective of stakeholder engagement during the decommissioning and closure phase is to reduce environmental and community impacts related to closure. No specific details of the frequency and schedule are possible now, but such details would be added during the periodic revision of the SEP and when the decommissioning schedule is established.

General community meetings will be held at least two years before the decommissioning of operations to present the closure plan. Comments and suggestions from the stakeholders will be heard and where possible included in the final mine closure and rehabilitation plan.

The final closure plan should be presented to the Kazakh government prior to the actual closure as required by the subsoil-use contract. The procedures required by law for the decommissioning and closure of an industrial enterprise are dictated by the Law on Subsoil Use and the Environmental Code. The Company will be required to establish and submit a mine closure plan to the State authorities no later than two years after signing the mining contract. To meet international standards, the closure plan should be developed to integrate the views of local people, with dialogue to communicate the agreed closure plan to stakeholders.

7 GRIEVANCE MECHANISM

The purpose of the grievance mechanism is to demonstrate responsiveness to stakeholder complaints and ensure stakeholder engagement throughout the project. All stakeholders are encouraged to submit written grievances to the CLO and should be reassured that submissions will not be used in any way to intimidate those submitting the complaints.

BMV has instituted a basic grievance mechanism, consisting of well-signposted grievance boxes in Auezov, Shalabay and Solnyechni. According to the CLO, the boxes are regularly serviced, and there is a policy guiding the escalation or redress processes of any grievance. The procedure outlined below will be used to ensure the grievance mechanism is in line with international requirements.

The following questions explain the grievance mechanism:

What is a “grievance”? – A grievance is a concern or complaint raised by an individual or group affected by the BMV’s operations. Both concerns and complaints can result from either real or perceived impacts of a company’s operations, and may be filed in the same manner and handled with the same procedure.

What is the grievance and submission mechanism? – An official procedure through which communities and individuals affected by BMV’s activities can formally communicate their specific concerns and grievances to the company and facilitate resolutions that are mutually acceptable by the parties and within a reasonable timeframe. The grievance procedure will be used by anyone without any concern or fear of retribution.

A grievance is not:

- A question, suggestion or general comment on the company or project; and/or
- An appeal or request for assistance.

This feedback is relevant to the Company and will be recorded as well, but such information will not be recorded as a “grievance”.

Who in BMV should I approach to submit a concern or grievance? Within BMV and BMV's management structure, the CLO is the member of staff responsible for coordination of stakeholder engagement activities and the management of the grievance procedure. Grievances may be submitted in writing directly or in writing through the CLO (Almira Timerbekova almirat@bgs.polymetal.ru and Askerkanov Beibit Askerkanuly, Public Relations Specialist) and through the grievance boxes in all communities. In the latter case they will be referred to the CLO and kept confidential.

Important details:

1. All formal grievances will receive a formal written reply within 10 working days, where the Company will state the date of the solution. The final response will provide additional information or, if appropriate, further instructions on proposed measures to resolve the issues;
2. All grievances will be documented. The importance of documenting all grievances is to make sure problems are accurately understood and handled appropriately;
3. Written submissions will not be used in any way against the person or organisation submitting the complaint;
4. The names of persons submitting a grievance will be kept confidential;
5. Grievances received anonymously will be treated as comments or issues and recorded separately, but no formal response will be issued; and
6. The company will make concerted efforts to resolve grievances amicably; yet, if a grievance cannot be resolved, BMV will seek to involve other external experts, neutral parties or local and regional authorities, as necessary.

Written grievances may be submitted with the form on the following page or by including the following information in a letter or e-mail:

- Name (optional);
- Organisation and position, if relevant;
- Address;
- Telephone/fax and e-mail;
- Most effective means to send a response; and
- Details of the grievance (any important details; date of the incident, location, etc.)

BMV – Grievance Submission Form

Details of the grievance (any important details; date of incident, location, etc.):

Personal details – all optional

Name			
Organisation/Position			
Address:		Telephone/Fax:	
		E-mail:	
Most effective means to send a response:			

8 MONITORING AND EVALUATION

The stakeholder engagement activities will be periodically evaluated by the senior management of BMV, assisted by the CLO. The following indicators will be used for evaluation:

- Level of understanding of the Project by stakeholders;
- Annual grievances received and how they have been addressed; and
- Level of involvement of affected people in committees and joint activities and in the Project itself.

In order to measure these indicators the following data will be used:

- Issues and management responses linked to minutes of meetings;
- Monthly reports;
- Feedback from primary stakeholder groups (through interviews with sample of affected people); and
- Grievance register.

These evaluation reports will be presented to the BMV Management. A summary of the results will be provided for the annual report. A three-yearly evaluation should be conducted by an independent consultant using a perception survey, which uses the same set of questions over time to achieve continuity. Analysis of the survey will be presented to the BMV management. The first survey will be conducted before major construction work to provide a baseline for community perceptions.

9 REPORTING

The CLO will prepare brief monthly reports which include:

- Activities conducted during each month;
- Public outreach activities (meetings with stakeholders and newsletters);
- Entries to the grievance register;
- Progress on partnership and other social projects;
- New stakeholder groups (where relevant); and
- Plans for the next month and longer term plans.

Within the community development programmes, all partnership Agreements with collaborative organisations requires regular review and updates.

Monthly reports will be used to develop annual reports reviewed by senior managers at BMV.

10 STAFFING AND RESPONSIBILITIES

The CLO (Public Relations Specialist); Almira Timerbekova, reports to the BMV General Director and is supported by the senior management. At present, Mrs Timebekova is on maternity leave and cover is provided by Askerkanov Beibit Askerkanuly, Public Relations Specialist. At BMV the CLO role is to serve as local liaison manager with the following key functions:

- Engage with the larger community: organize public events and meetings, disseminate public information;
- Collect feedback from community members (concerns, issues, questions), register them and convey to BMV Senior Managers;
- Draft articles or stories from community members for use in Newsletters or public sites;
- Work closely with BMV partner organisations to track progress of social programmes, attend and monitor project activities; and
- Participate in different surveys: training, data collection and data capture.

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your earth our world



APPENDIX A PUBLIC CONSULTATION ON THE DRAFT ESIA REPORT – DECEMBER 2015

A public consultation hearing was held on 3 December 2015 in Auezov on the subject of the draft ESIA report and Non-Technical Summary (NTS). The event, which took place in the hall of Auezov's school, was widely advertised across the company and the local communities of Auezov and Shalabay. The NTS was made publicly available on the local Akimat's website¹ 20 days in advance of the event.

Speakers at the event were the mine's General Director Yuri Ovchinnikov, the Akim of Auezov Mr Bakhytbek Amirgazinovich Amirgazin, and Senior Environmental & Social Specialist at Wardell Armstrong International Dr Edvard Glücksman. 67 residents of Auezov and Shalabay were registered in attendance, and were encourage to fill out feedback forms, which they received upon arrival to the school. Extensive minutes were recorded at the meeting (Appendix 8.1) and the entire session was filmed and photographed.

After a brief introduction from Mr Amirgazin, Mr Ovchinnikov addressed the hearing by providing an update on mine operations as well as Polymetal's development of local community projects. Dr Glücksman subsequently gave a 35-minute presentation, accompanied by slides, aimed at summarising the ESIA's findings, as described in the NTS, across each of the environmental and social facets covered by the report.

Formal presentations were followed by a question and answer session lasting roughly an hour, where a total of 8 questions and comments were shared by local residents. Of these, one of the comments presented was negative towards the project's development, where the resident expressed distrust towards the operation in general and the ESIA process more specifically. An older man, he explained that he had seen too many companies come and go at the site, always promising a new beginning at the mine but without subsequent development.

5 of the 7 comments that followed, including twice by the same woman, directly or indirectly expressed gratitude and hope that the Project's development proceeds smoothly, especially because of its potential to generate jobs for local people. Questions and comments asked by men and women of working age as well as retirees, including one by Auezov village 'veteran', part of the influential group of village elders. Each concern was addressed directly by the panel, with Yuri Ovchinnikov providing a response for every question from Polymetal's perspective.

The themes of the questions were the Project's creation of local jobs, expressions of gratitude to the Project developers for their efforts and the hope that they offer, the nature of blasting operations and in particular to make sure housing will not be damaged, the location of the explosives store, and plans for the construction of a sports hall in Auezov village.

¹ <http://www.garma.vko.gov.kz/ru/hearings.htm> 13 November 2015

Apart from answering yes/no questions (Table 1), six of the citizens attending the public consultation left written comments on feedback forms, which they were encouraged to fill out at the end of the session. Feedback answers are shown in Table 2.

Table 1: Feedback from those in Attendance at the Draft ESIA Public Consultation Event in Auezov On 3 December 2015.		
Number of Responses Received in Parentheses out of 67 Total in Attendance.		
	% Yes	% No
Are you satisfied with the venue? (50)	96	4
Did you get an idea of the projected enterprise? (50)	94	6
Did you get an idea of the current state of the environment in the area of business? (50)	92	8
You were given an opportunity to ask you a question? (50)	94	6
You got satisfactory answers to their questions? (47)	94	6
Are you satisfied with the way the whole hearing was held? (50)	92	8
Are you satisfied with the public hearings conducted by Polymetal to date? (49)	98	2
Do you know how to contact with suggestions or complaints in the future? (48)	98	2
Is it possible, in your opinion, something to improve such events in the future? (39)	77	23

Table 2: Written Comments (Modified for Clarity) on the Feedback Forms
The hearing was held at a high level and in an accessible manner. It is desirable for such hearings to be held again in future, so the public has accurate and timely information from the source.
Everything was wonderful and perfectly run.
No comments here. I believe that the ongoing work will positively affect villagers. I would also like to see our first villagers employed. I wish Polymetal success!
No comments. I wish the 'Kyzyl' Project success!
The Project is very important for jobs in the village. We are looking forward to the Project's launch. We would like to express our gratitude to the leadership of Polymetal for the activities they organise.
Three questions: 1. If you plan to use underground mining in the future, why are you flooding the mine? 2. Will there still be a career for herders? 3. What will happen to the people whose houses you have to demolish? Will they move to the city?



Photograph 1: General Layout of the ESIA Public Consultation Event in Auezov, Showing the Panellists and Speakers, Slideshow Presentation, Cameraman, and Local Residents in Attendance



Photograph 2: Local Residents and Representatives of Polymetal and Wardell Armstrong International in Attendance at the ESIA Public Consultation Event at Auezov School



Photograph 3: Sitting Alongside Other Panellists, the Akim of Auezov Addresses the Audience at the ESIA Public Consultation Event at Auezov School



Photograph 4: Audience Member Contributes During the Question and Answer Session of the ESIA Public Consultation Event at Auezov School



Photograph 5: Audience Member Contributes During the Question and Answer Session of the ESIA Public Consultation Event at Auezov School



Photograph 6: Local Residents Fill out Feedback Forms after the ESIA Public Consultation Event at Auezov School