Integrated Annual Report 2022

About this report

Integrated Annual Report 2022

Since 2021, instead of issuing standalone Sustainability and Annual Reports, we have published an Integrated Annual Report containing all the relevant disclosures. When disclosing information, we aim to address various stakeholder information needs and demonstrate how Polymetal creates sustainable value over time (read more on page 44).

Reporting scope and boundaries

This report covers Polymetal International plc's policies, business approach, strategic decisions and performance across its operations. The reporting scope aligns with our financial statement and includes our subsidiaries, associates and joint ventures. It presents information for the reporting period from 1 January to 31 December 2022 and provides comparative data for previous years. To read more about our significant subsidiaries refer to page 176. Sustainability-related information is limited for assets that are not yet operating due to the early stage of data collection procedures integration or the immateriality of such data.

Reporting standards

This report is prepared in accordance with the UK Code, the FCA's Disclosure Guidance and Transparency Rules sourcebook and the FCA's Listing Rules (as applicable), as well as with the Global Reporting Initiative (GRI) Standards, the Metals & Mining Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB) and the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We inform our reporting process by using the International Integrated Reporting Council's (IIRC) International <IR> Framework and are committed to continuously improving the adoption of integrated thinking and reporting.

External assurance

We remain committed to transparent and verifiable information disclosure. The financial statements were prepared in compliance with the applicable laws and International Financial Reporting Standards (IFRS) as adopted by the UK and as issued by the International Accounting Standards Board (IASB), and were audited jointly by MHA MacIntyre Hudson (an independent member of Baker Tilly International Limited) as Group auditor and AO Business Solutions and Technologies as component auditor. Ernst & Young Advisory LLP (EY) provided limited assurance over sustainability-related information prepared in accordance with the GRI Standards and SASB's Metals & Mining Sustainability Accounting Standard, as well as over climate-related information disclosed in accordance with the TCFD.

For more information, visit our website:

polymetalinternational.com

Polymetal International plc is a leading precious metals mining group, operating in Kazakhstan and Russia. A major employer in its regions of operation, Polymetal is one of the most sustainable and responsibility-driven companies in the sector.

Retaining a leading industry position

Polymetal's commitment to innovation and sustainability has enabled it to adapt and retain its position as a pre-eminent precious metals group. In addition to its investments in ten gold and silver mines in Kazakhstan and Russia, it has made good progress with its two development projects, which will help underpin the future benefits for its stakeholders.

Polymetal today

Top 10
world gold producer

Top 10
world silver producer

Premium LSE
+AIX and MOEX listing

10 operations
across 2 countries

Leader
in refractory ore processing

2
development projects

Our asset base

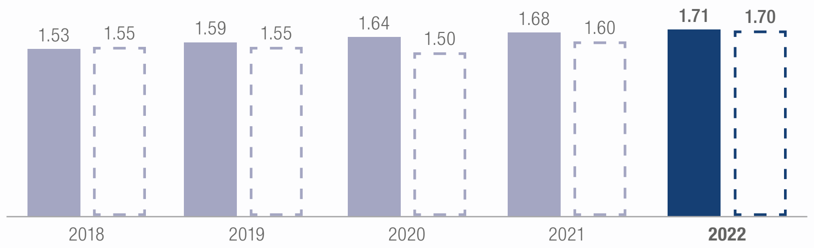
Ore Reserves

27.3 Moz of GE
average grade 3.6 g/t

Additional resources

25.8 Moz of GE
average grade 4.5 g/t

Production[1]
(GE Koz)



1 Based on 80:1 Au/Ag conversion ratio and excluding base metals. Comparative data for prior years restated accordingly (120:1 Au/Ag conversion ratio was used previously).

Sustainability

0
Fatalities
(2021: one contractor fatality)

21%
female employees
(no change)

91%
Water recycled and reused
(+1 p.p.)

-30%
targeted reduction in GHG intensity by 2030
(baseline 2019, Scope 1 and 2)

-15%
reduction in GHG intensity
(baseline 2019, Scope 1 and 2)

vigeoeiris
ESG performance rating:
67/100 (advanced),
rank in sector: **2/41**

Sustainability Award
Bronze Class 2022
S&P Global
S&P Global Bronze Class Sustainability Award

FTSE4Good
Overall Score:
4.4/5.0

SUSTAINALYTICS
RATED
ESG Risk Rating:
22.4 (Medium Risk)

Key financial figures

$2,801m
Revenue
(-3%)

$942/GE oz
Total cash cost
(+29%)

$1,017m
Adjusted EBITDA[1]
(-31%)

$440m
Underlying net profit[1]
(-52%)

What distinguishes Polymetal

1	**Focus on high-grade assets** Read more on pages 8, 30-43, 220-227	Return on investment in the precious metals industry is driven on grades and mining conditions. We achieve better returns and lower risks from our project portfolio by setting appropriate thresholds on head grades and largely focusing on open-pit mines.
2	**Leading competence in treatment of refractory ores** Read more on pages 13, 17, 21, 22, 36, 117	Polymetal has been developing refractory ore deposits since 2007. Our pressure oxidation (POX) processing hub in Amursk, which is now undergoing a major expansion through the construction of Amursk POX-2 facility, was key to extracting value from Albazino, Mayskoye, and, more recently, Kyzyl and Nezhda. Moreover, as more and more gold resources globally tend to be refractory, our technological expertise in environmentally friendly refractory ore processing will be a key strategic advantage, including being in the market buying third-party feedstock.
3	**Strong capital discipline** Read more on pages 12, 17, 19, 22, 84-95, 109	We engender a strong focus on capital discipline throughout the business; maximising risk-adjusted return on capital is our priority in all investment decisions. By prioritising high-return investments, we have created a resilient business that generates significant capital return across cycles and acts as a platform for sustainable growth.
4	**Commitment to sustainability** Read more on pages 8, 13, 17, 18, 21, 22, 27, 44, 130	Maintaining high standards of ESG is one of our strategic pillars. We ensure this through impact assessment and responsible capital allocation, which means investing in green and more efficient technologies, delivering tangible socio-economic value to communities and creating safe and inclusive workplaces.
5	**Investing in exploration** Read more on pages 21, 22, 30-43, 93	Investment in both greenfield and near-mine exploration provides us with a cost-effective increase in our reserve base and, along with successful acquisitions, is the key source of our long-term growth.
6	**Operational excellence** Read more on pages 12, 14, 22, 28-40	We pride ourselves on our operational excellence and delivering on our promises. Despite challenging trading conditions, we beat our production guidance for the 11th consecutive year.

1 Defined in the Alternative performance measures section on pages 218-219. Reconciliation to IFRS measures on pages 90-91.

Where we operate

Investing in the long term

Alongside our ten operations in Kazakhstan and Russia, we are making good progress on our two major development projects, Amursk POX-2 and Veduga, and continue to invest in brownfield and grassroots exploration. We also have further growth opportunities on the horizon with a feasibility study planned next year for POX-3 in Kazakhstan.

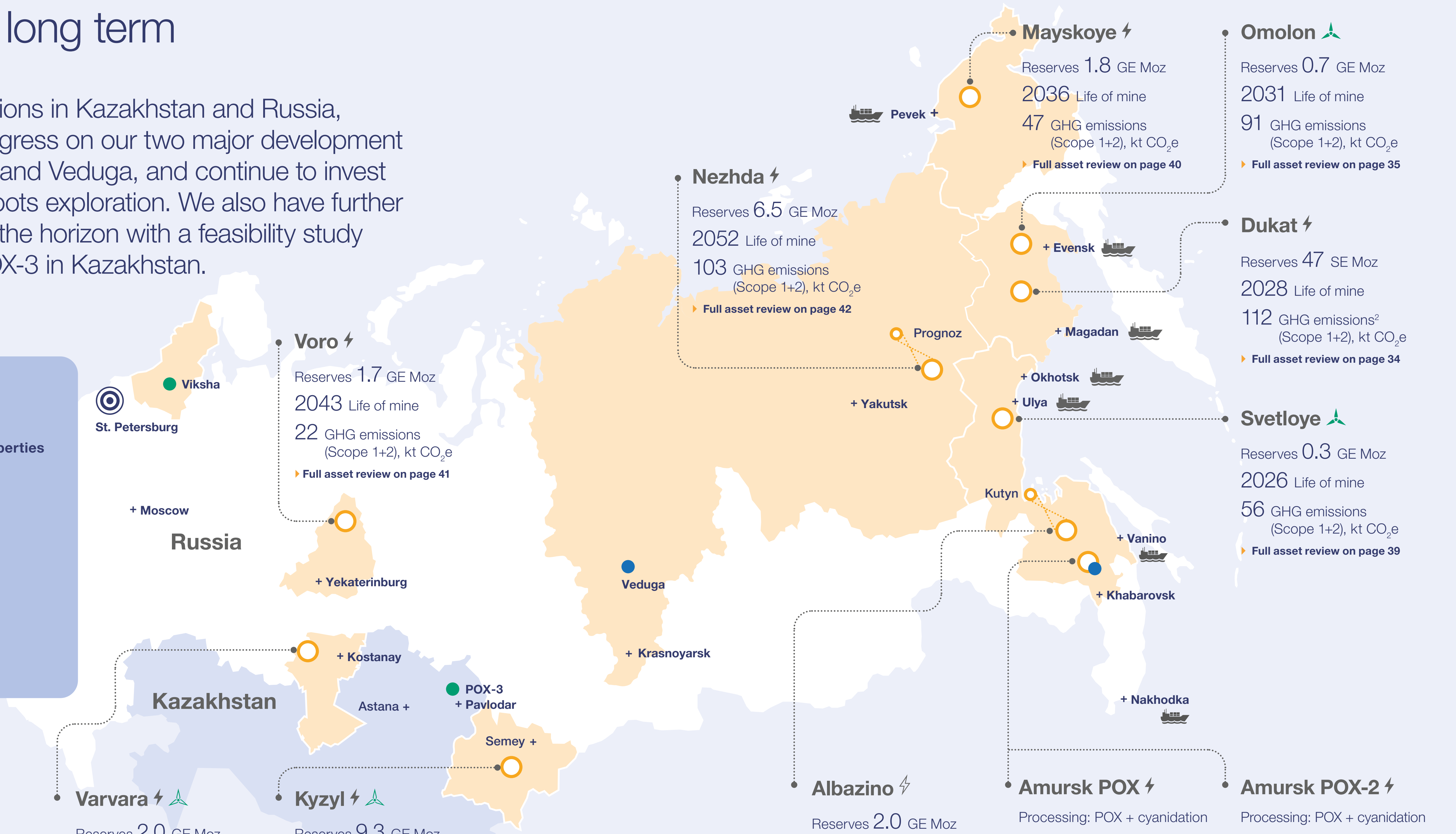
10 operations

190 licensed properties

11 time zones

2 countries

14,694 employees



Mayskoye
Reserves 1.8 GE Moz
2036 Life of mine
47 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 40

Omolon
Reserves 0.7 GE Moz
2031 Life of mine
91 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 35

Nezhda
Reserves 6.5 GE Moz
2052 Life of mine
103 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 42

Dukat
Reserves 47 SE Moz
2028 Life of mine
112 GHG emissions[2] (Scope 1+2), kt CO_2e
Full asset review on page 34

Voro
Reserves 1.7 GE Moz
2043 Life of mine
22 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 41

Svetloye
Reserves 0.3 GE Moz
2026 Life of mine
56 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 39

Varvara
Reserves 2.0 GE Moz
2039 Life of mine
212 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 33

Kyzyl
Reserves 9.3 GE Moz
2050 Life of mine
206 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 32

Albazino
Reserves 2.0 GE Moz
2041 Life of mine
122 GHG emissions (Scope 1+2), kt CO_2e
Full asset review on page 38

Amursk POX
Processing: POX + cyanidation
225 Concentrate capacity (Ktpa)
62 GHG emissions (Scope 1+2), kt Co_2e
Full asset review on page 36

Amursk POX-2
Processing: POX + cyanidation
300 Concentrate capacity (Ktpa)
2024 Launch
Full asset review on page 37

1 Ore Reserves in accordance with the Company's ownership equal to 59.45% comprise 2.4 Moz.
2 Including Primorskoye.

Key:
- Operating mine
- Development projects
- Further growth opportunities
- Competence centre
- City/town
- Sea port
- Grid under construction
- Grid access
- Projected renewable energy sources
- Renewable energy source

Find out more:
- Dry tailings storage facilities projects, read more on page 75
- GHG emissions reduction, read more on pages 13, 21, 45, 62, 72, 74
- Green energy implementation, read more on pages 32, 34, 39, 41, 45, 62, 67, 72, 74
- Biodiversity, read more on pages 45, 60
- Social investments, read more on pages 17, 18, 78, 87

Development projects

Veduga
Ore reserves 4.0 GE Moz
2043 Life of mine
2027 Launch
Full asset review on page 43

Amursk POX-2
300 Concentrate capacity (Ktpa)
2024 Launch
Full asset review on page 37

Further growth opportunities

POX-3
250-300 Concentrate capacity (Ktpa)
2028 Launch
Full asset review on page 37

SINED's statement

Resilience in unprecedented times

Our ultimate goal is still to retain the trust of all our stakeholders by preserving the fundamental value of the business."

Evgueni Konovalenko
Senior Independent Non-Executive Director

2022 was a year that can only be described as unparalleled in the challenges that it brought for the Company and its operating environment. The Russia-Ukraine conflict created geopolitical instability and disruptions in supply chains with the reverberations felt around the globe. Taken together, these factors piled pressure on capital markets and significantly increased volatility and uncertainty for business and financial markets worldwide, but was particularly felt by the metals and mining sector. In the light of these unprecedented challenges, I am pleased to report that Polymetal was able to continue its operations and sales without any significant interruption. The Board and management remain vigilant to addressing any new issues should they emerge.

Strictest compliance

Last year was also unprecedented in terms of the number and range of sanctions that were imposed by various jurisdictions against the Russian Federation and counter-sanctions imposed by the Russian Federation in return. The Company's approach to these impositions have not been taken lightly and has prompted the introduction of additional compliance controls and procedures. The Group complies rigorously with all relevant legislation and has implemented comprehensive measures to observe all applicable sanctions. Notwithstanding the Group's ongoing compliance, the restraints that the sanctions and counter-sanctions measures have placed on the day-to-day functioning of the Group, not only on its interaction with commercial and financing partners but also among its Shareholders and its own subsidiaries, have been, and continue to be, increasingly challenging. The effects of these external measures are to the detriment of the Group's ability to grow, develop and therefore, represent shareholder value. The continuing geopolitical situation and ensuing economic pressure are undoubtedly beyond the Company's control but we are totally committed to meeting all international regulatory requirements and continued compliance with all applicable sanctions and counter-sanctions.

Preserving shareholder value

Against this backdrop, our ultimate goal is still to retain the trust of all our stakeholders by preserving the fundamental value of the business. This intention, however, may not currently seem to be reflected in the Polymetal share price, which remains severely depressed and only a small fraction of where it stood before the start of the conflict.

We continue to evaluate all available options to modify the Group's asset-holding structure in order to maximise shareholder value. As previously announced, this includes, as the preferred option, the potential re-domiciliation of the parent company, Polymetal International plc, into the Astana International Financial Centre (AIFC), a financial hub in Astana, Kazakhstan, taking into account the Group's significant operations and presence in the region, the AIFC legal system, tax regime and the ability to execute such a re-domiciliation. The key objective of any re-domiciliation will be to preserve shareholder value, restore our ability to pay dividends and increase the strategic flexibility to conduct our operations, as well enabling us to pursue different strategic developments for the Kazakhstan and Russian businesses.

The evaluation process is ongoing and management continue to make progress on preparing for such a corporate action. The evaluation of the re-domiciliation process continues and will, in any event, be subject to a number of conditions. No decision has been made and there can therefore be no certainty that the Company will proceed with, or ultimately complete a re-domiciliation.The Company confirms that any actions will be compliant with all applicable international sanctions, counter-sanctions and regulatory requirements and the Company will continue to take into consideration the interests of its stakeholders prior to making a decision.

Further announcements in relation to the Group's efforts to restore shareholder value and modify the Group's asset-holding structure will be made when appropriate.

Decision on dividend

The Board has carefully evaluated the liquidity and solvency of the business in light of multiple external uncertainties. Net debt increased to $2,393 million during the year (31 December 2021: $1,647 million), representing a Net debt/Adjusted EBITDA ratio of 2.35x (2021: 1.13x), significantly above the Group's target leverage ratio of 1.5x. Free cash flow was negative at $445 million.

Taking into account the significant decline in operating cash flows, material limitations on access to capital and the current liquidity and operational challenges facing the business, the Board has decided not to propose 2022 full-year dividend. This will allow the Group to strengthen its balance sheet position and enhance its resilience in a highly uncertain and challenging environment. The Board understands the importance of dividend payments to shareholders and hope that deleveraging and a return to positive free cash flow generation in 2023 will put us in a position to consider resuming dividend payments.

Board composition

Polymetal successfully replaced members who left the Board during 2022. The Board now consists of eight members, six of whom are Independent Non-Executive Directors. We believe that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the business to make a valuable contribution to the Company's development and corporate governance. We are also pleased to have retained a high level of diversity within the Board.

Considering the ongoing evaluation of the available options to modify the Group's asset-holding structure in order to maximise shareholder value, the Board will look to appoint a new Chair once the ongoing work and execution of restoring shareholder value is finalised. This will ensure the forward looking focus of such an appointment will enable us to pursue different strategic developments for the Russian and Kazakhstan businesses.

Wellbeing of our employees and local communities

We are committed to protecting the health and well-being of our employees and local communities.

We believe that it is important, whatever activities we undertake, that we mine responsibly, minimise the inevitable environmental footprint and make a positive contribution to employees, local communities, national and regional governments, and supply chains in the areas where we operate.

I would like to take this opportunity to formally say thank you to all our employees for their resilience and hard work, to local communities for their goodwill, to investors for their continued backing and to my Board colleagues for their unwavering support. 2022 has been a difficult and challenging year for everyone and I look forward to the year ahead with the hope of more settled and certain times.

Evgueni Konovalenko
Senior Independent Non-Executive Director

Solid performance despite severe external pressures

"Against a challenging backdrop, we have once again demonstrated that, with the strength of Polymetal's team and by working together, we can still remain on track."

Vitaly Nesis
Group CEO

2022 unexpectedly placed extraordinary and unprecedented external challenges on Polymetal's operations. In the conditions of unrelenting stress and dramatic volatility, the team demonstrated the resilience of our business by meeting our original production guidance, pushing on with the majority of development projects, and maintaining a solid safety performance.

Operational resilience

The Russia-Ukraine conflict uprooted traditional relationships and ways of doing business for Polymetal, yet we managed to adapt to the new reality.

Many industry participants, suppliers and contractors withdrew from the Russian market. In response, we sourced sufficient inventories and secured both operational consumables and equipment from alternative supply routes, largely in Asia. We also completely reshaped the sales channels for our Russian assets, while ensuring full compliance and delivering near-full reduction in accumulated product stockpiles by the year end.

So far, we have addressed all issues of critical importance for our operations and development projects. Unless there is further substantial tightening of the sanctions regime, supply chain issues are unlikely to affect our production guidance.

Our performance against a challenging backdrop

The Company's gold equivalent production amounted to 1,712 Koz, a year-on-year increase of 2%, and above our pre-conflict production guidance of 1.7 Moz. The first full-year of operations at Nezhda and initial production at Kutyn compensated for declining grades at our mature assets.

Revenue decreased by 3%, mostly due to lower metal prices. Despite the initial gap between production and sales mid-year, caused by the disruption in sales channels, we almost completely closed this gap in Q4 by establishing commercial relationships with new non-sanctioned counterparties. We expect to eliminate any remaining difference during the first half of 2023.

Given accelerated inflationary pressures in the global economy, we are satisfied that the total cash costs at $942/GE oz were within the cost guidance of $900-1,000/GE oz. The year-on-year increase of 29% has obviously left a negative impact on our profitability for 2022. All-in sustaining costs (AISC) were $1,344/GE oz, also within the guidance range of $1,300-1,400/GE oz.

Capital expenditure experienced even greater pressure from the disruptions in the global supply chains and, as a result, total spend for the full year was $794 million, just 2% above the upper end of the guidance range ($725-775 million). Our net debt stood at $2.4 billion, driven mainly by working capital requirements in a difficult sales and procurement environment and inflationary pressures, both in operational and capital expenditure. The net debt/Adjusted EBITDA ratio by the end of the year was 2.35x. We have accrued a very strong cash position of $633 million, which more than covers our short-term refinancing needs.

Despite the challenging backdrop, underlying net earnings were $440 million (2021: $913 million). As a result of a lower Group EBITDA and the increase in real discount rate increase for Russian assets from 8% in 2021 to 14.1% in 2022 driven by increased country risk premium, a total pre-tax impairment charge of $801 million (equivalent to a post-tax amount of $653 million), the Group recorded a net loss for the period of $288 million in 2022, compared to profits of $904 million in 2021.

Safety is our No. 1 priority at all times

We are responsible for the safety at work of more than 14 thousand employees and expect the same approach and standards to be upheld by our contractors. Importantly, for the third year in a row, we had no fatalities among Group employees; in 2022, there were also no fatalities among contractors (2021: 1 fatality). The attention and resources that the Polymetal team has committed to industrial safety is also demonstrated in the improvement in work-related injuries: in 2022, LTIFR decreased by 17% from 0.12 to 0.10, as reported in 2021.

Progress with development projects

Amursk POX-2, currently the key project in our pipeline, saw significant negative impact from sectoral sanctions on imports of specific equipment and materials. Nevertheless, we progressed construction while delaying the target start-up date by six months to Q2 2024. As of 1 January 2023, the overall project completion rate is 83%, engineering and contracting has been completed and the vast majority of equipment is already on site.

The Amursk POX-2 facility will enable us to both confirm our global leadership in pressure-oxidation technology and enable us to treat more than 90% of our refractory flotation material in-house. The resulting decline in operating costs and reduction in working capital requirements are expected to result in significant cash flow tailwinds in both 2024 and 2025.

The POX-3 project, in the feasibility study stage, was mostly targeted at providing adequate capacity to process material from Veduga and to treat refractory concentrates from third parties. Given the reality of sanctions, the Company made the decision to re-site the project to Kazakhstan to cater mostly for concentrate produced at Kyzyl. A prefeasibility study for the facility at the new location will be completed in Q2 2024. Veduga was also delayed with first production now expected in the first half of 2027.

In Q3 2022, 24 months after the Board approved the project and six months ahead of the initial plan, we successfully completed construction and commissioning activities at the Kutyn heap leach facility. Total production by the year end amounted to 52 Koz of gold.

In 2023, we plan to commission and start production at the Voro flotation plant in Q2 and to produce first ore at Prognoz in Q4.

Creating value for stakeholders and contributing to a safer environment remain key priorities. We reduced our GHG emissions intensity by 15% during 2022, compared with our 2019 baseline, and remain on track to achieve our goal of a 30% reduction in GHG emissions intensity by 2030.

Belief in our capabilities

We are living in the world where changes are more rapid than ever and uncertainty is unprecedented. In 2022, once again, the Polymetal team has shown that by working together we are capable of overcoming novel challenges. I want to assure all people who have ties with our company that we will make every effort to continue delivering on our plans and aspirations.

Vitaly Nesis
Group Chief Executive Officer

Stability maintained under extreme external pressures

Operations continued undisrupted

Faced by significant logistical and supply chain challenges during 2022, caused by the Russia-Ukraine conflict, Polymetal’s team once again displayed its resilience and worked together to adapt to the ever-changing situation. Our operations continued uninterrupted and we were able to deliver on our original production guidance and maintain a solid safety performance.

Read more in the Market review on page 20

We consistently deliver a strong operating performance

Under extreme external pressures, beyond our control, we worked hard to maintain our operational stability and achieved a 2% increase in gold equivalent production at 1,712 Koz, which was above our production guidance of 1.7 Moz. Declining grades at our more mature assets were boosted by the results from Nezhda’s first full year of operations and Kutyn’s initial production.

Read more in the Operating review on page 28

Focused on a safety-positive culture

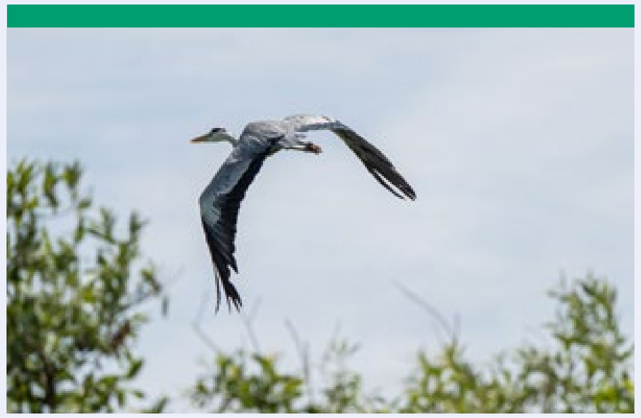
We operate in a high-risk industry and our commitment to the safety at work of our 14,694 employees is paramount. There were no fatalities among Group employees for the third consecutive year and LTIFR decreased by 17% to 0.10, a validation of strong leadership and risk processes, which both promote a zero-harm culture.

Read more in the Sustainability section on page 46

Investing in future growth

Our long-term strategy is to grow the business through our pipeline and exploration projects. We completed the Kutyn heap leach project ahead of schedule, producing 52 Koz of gold in 2022. Production will start at the Voro flotation plant in 2023. First gold production is expected at our major investment, Amursk POX-2, in Q2 2024 and at Veduga in 2027.

Read more in the Operating review on page 31



Sustainability remains key to our operations

We are committed to creating value for all our stakeholders while also taking action to minimise the environmental impacts of our business. Increased renewable energy consumption to 30% and energy-efficiency initiatives, such as heat utilisation systems and solar panels, resulted in a reduction in our GHG emissions intensity in 2022 of 15%, compared with our 2019 baseline.

Read more in the Sustainability section on page 44

Business model

Defining our capabilities for the future

Our business model, based on key competencies and driving sustainable value, has proved its resilience in difficult times and assurance for the future.

Our purpose

Deliver long-term value to all stakeholders through responsible and efficient mining.

Our capitals

Financial

We aim to maintain the liquidity and preserve the Company's balance sheet strength.

Read more on pages 13, 24, 84

Human

14,694 employees; attracting and retaining high-potential employees across Kazakhstan and Russia; nurturing young leaders to manage further growth.

Read more on pages 46, 48, 54, 79

Natural

Portfolio of high-grade reserves; water, energy and fuel to run our operations.

Read more on pages 220, 237, 244

Manufactured

Robust performance of our operating mines by driving continued operating improvement; a strong growth pipeline; continuous extension of life-of-mine by investing in near-mine exploration.

Read more on pages 28-43

Intellectual

Investment in skills and expertise; use of leading technologies in refractory gold processing (POX); selective mining; development of know-how.

Read more on pages 22, 52, 112, 114

Social and relationship

Constructive relationships with local government and communities; transparent and productive dialogue with stakeholders.

Read more on pages 18, 45, 76, 80

Factors determining long-term growth

Market trends and opportunities

Read more on page 20

Risk management and sustainability

Read more on page 96

Governance

Read more on page 111

Our values

Delivering on our promises

Excelling through **teamwork and trust**

Putting **safety** at the heart of our business

Leading through **sustainability and innovation**

Our outputs

Our products

Read more on pages 28-29

1,450 Koz	21 Moz	1,712 Koz
Gold production	Silver production	GE production

Our footprint

Read more on pages 56, 59, 74

1,082 Kt	3,344 th. m^3	15.5 Mt
CO_2e emissions (Scopes 1 and 2)	Fresh water withdrawal	Tailings waste

Our outcomes

For society

Read more on pages 18, 51, 77, 78

$669m	$23.2m	46%
of wages and benefits	of social investments to local communities	of purchases sourced locally

For nature

Read more on pages 58, 61, 72

15%	49%	873 ha
decrease in GHG intensity (Scopes 1 and 2), 2019 baseline	decrease in fresh water withdrawal intensity for ore processing, 2019 baseline	of new forest planted

For business

Read more on pages 22, 38, 42

Nezhda ramp-up	33	Global
and successful Kutyn launch	new licensed properties	leadership in pressure oxidation technology

Responding to our stakeholders

Our licence to operate relies on the goodwill of a diverse range of stakeholders and we engage with them to understand their concerns and, more importantly, to respond proactively. We invite feedback through a number of different channels, which helps us to identify our material impacts and informs our decision-making about future operations.

Factors set out in section 172 of the Companies Act 2006 are considered at Board level and also form part of the Group culture. By following this decision-making process, together with the Company's purpose, vision and values as well as its strategic priorities, the Board aims to ensure that its decisions are fair, consistent and predictable. See more on Board stakeholder engagement on page 123.

Employees

Key topics in 2022

- Health and safety
- Human rights
- Compliance with relevant ESG standards and best practices
- Salaries, benefits and social packages
- Equal career and professional development opportunities
- Working and living conditions
- Internal communication
- Training and professional development

How we engage across the Group

- Employee satisfaction survey
- Worker councils and their representatives
- Internal Hotline, website, intranet and feedback mechanism
- Meetings and face-to-face communication with management
- Performance reviews
- Employee questions to the Group CEO and Board with internally published responses

How we engage at Board level

- Safety and Sustainability Committee reviews overall safety statistics to spot any emerging trends and discuss preventive actions
- Nomination Committee reviews an HR report twice yearly, including employee survey results, and monitors talent management programmes. In 2022, the Board endorsed a new employee mentoring programme
- Remuneration Committee benchmarks overall salary trends and sets remuneration for the executive team, taking into account remuneration practices in the Group
- The Board interacts with Group employees both during Board and Committee meetings, at site trips and by way of regular e-mails
- Board engagement with targeted groups of employees

How we respond

- Ensuring safe working conditions
- Salaries comparable with or above industry levels
- Effective system of personnel development, improving professional and managerial skills
- Providing favourable social and living conditions for employees
- Offering volunteering programmes
- Collaborating with universities to ensure the talent pipeline
- Open dialogue and feedback mechanisms

Read more on page 50

Communities

Key topics in 2022

- Support of local healthcare institutions
- Infrastructure development
- Financial contributions and in-kind donations
- Human rights
- Grievance mechanisms
- Skills development and local employment
- Environmental and health impacts
- Local culture, lifestyle, language and traditions
- Procurement from local businesses

How we engage across the Group

- Grievance mechanisms (telephone, email, etc.)
- Opinion polls and questionnaires
- Public hearings
- In person and online meetings with Company representatives, including annual results meetings and site visits
- Press conferences and Q&As
- Working groups
- Corporate disclosure: website, sustainability reports, media

How we engage at Board level

- Annual review of social engagement with communities
- Review of corporate responsibility, community activities and volunteering programmes
- Social investments included in all strategic presentations
- Review of general approach to social investments

How we respond

- Ongoing dialogue with local communities
- Social investments in the development of territories
- Ensuring the rights of indigenous communities and supporting them to flourish
- Engaging local suppliers in procurement procedures and training

Read more on page 76

Capital providers

Key topics in 2022

- Financial and operational performance and business resilience
- Potential impact of international sanctions on sales and projects development
- Capital allocation and dividends
- Alignment of shareholder and management interests
- Investment projects development
- Mergers and acquisitions
- Refinancing; attracting new long-term financing
- Sustainability performance and climate-change targets
- Health and safety
- Resource base diversification beyond gold and silver

How we engage across the Group

- Integrated Annual Report
- Timely information disclosures via corporate website and accredited news agency websites
- Shareholder meetings with Board and Committee Chairs
- Capital Markets Days and other conferences
- Annual General Meetings
- Quarterly update from the Head of Investor Relations

How we engage at Board level

- Annual General Meetings
- Capital Markets Days and other conferences
- Presentations and conference calls for institutional and individual investors
- Direct communication

How we respond

- Corporate governance system that meets stock exchange requirements
- Financial and operational KPIs
- Transparent Dividend Policy and capital management
- Risk management system
- Financial discipline and sufficient liquidity maintenance

Read more on pages 24, 84

Suppliers, contractors and customers

Key topics in 2022

- Supply chain resilience and transparency
- Compliance with Polymetal's standards and policies, with a focus on safety, environmental stewardship and labour practices
- Financial performance
- Supply chain risks caused by sanctions and logistics issues

How we engage across the Group

- Direct correspondence
- Contractual relationships
- Meetings and training
- Industry conferences and exhibitions

How we engage at Board level

- Supply chain strategy overview
- Regular monitoring of robustness and costs
- Ensuring that suppliers apply the same health, safety and environmental protocols as Polymetal's employees
- Implementation of governance tools in the supply chain
- Supervising the drafting and implementation of procurement policies, the Supplier Code of Conduct and other Group policies
- Monitoring the development of ESG evaluation criteria for suppliers
- Modern Slavery Statement review (including transparency in the supply chain)

How we respond

- Logistics routes optimisation
- Procurement centralisation
- Reconfiguring the pool of potential suppliers for our operations in Russia to ensure the availability of principal consumables and equipment
- Reverse engineering practice for critical inventories
- Full compliance with business ethics standards
- Setting the same safety requirements for contractors as for our employees
- Developing questionnaires to assess suppliers against ESG criteria

Read more on pages 20, 28, 81, 82

Government/local authorities

Key topics in 2022

- Regulatory compliance, including all applicable sanctions and counter-sanctions
- Taxes
- Labour issues
- Health and safety
- Environmental responsibility
- Infrastructure and community development
- Local employment

How we engage across the Group

- Working groups and meetings
- Direct correspondence
- Engaging with external legal advisors
- Industry conferences

How we engage at Board level

- Review of applicable tax regulations in areas of operation
- Implementation of relevant policies, including sanctions policy
- Monitoring the implementation of environmental practices
- Review of social investment programmes

How we respond

- Social partnership agreements
- Ensuring best practice in labour relations, environmental management and safety, and communicating them to the authorities
- Transparent tax payments and disclosure
- The strictest compliance with all applicable sanctions and counter-sanctions

Read more on pages 82, 83

Global and local markets in 2022

Significant volatility in both gold and silver prices, throughout 2022, was due to geopolitical tensions caused by the Russia-Ukraine conflict, worldwide inflation and China's continuing zero-Covid restrictions.

Global trends

Commodity price volatility

Throughout 2022, a combination of geopolitical tension, inflationary fears and a zero-Covid policy in China contributed towards considerable anxiety among international markets, which led to significant volatility in both gold and silver prices. In March, following Russia-Ukraine conflict, LBMA gold and silver prices hit an annual maximum of $2,039/oz and $26.2/oz, respectively. Conversely, the minimum values for metals were reached in the second half of 2022, due to aggressive monetary tightening by various central banks. In September, gold slumped to $1,618/oz, as silver reached the bottom at $17.8/oz. Average 2022 metal prices were $1,800/oz for gold (2021: $1,799/oz) and $21.8/oz for silver (2021: $25.2/oz).

Worldwide inflation

The tightening financial conditions in most regions, Russia-Ukraine conflict and the lingering COVID-19 pandemic all weighed heavily on the global inflation. In addition to demand-pull factors, ongoing geopolitical tension and sanctions on Russia fuel contributed towards elevated energy prices. 2022 global inflation reached 9% (Russia – 12%, Kazakhstan – 20%, United States – 6.5%).

Local currencies

Although economic sanctions were implemented against Russia, the average annual Rouble rate stood firm at 68.6 RUB/$ (2021: 73.7 RUB/$) due to contracted demand for the hard currency, with a slight fall to 70.3 RUB/$ at the end of the year. Consistent geopolitical tension within the CIS region, which strengthened the Dollar, as well as a decline in Kazakhstani oil production, subsequently contributed to a weak average Tenge of 461 KZT/$ (2021: 426 KZT/$), closing the year at 463 KZT/$. Kazakhstan GDP grew 3%, while the Russian economy contracted by 3% on the back of sanction impact.

Implications for Polymetal and responses

Revenue decreased 3% year-on-year to $2,801 million due to lower average gold and silver prices. A surge in global inflation and the Rouble strengthening caused significant pressure on cash costs. TCC were at $942/oz (2021: $730/oz) and capital expenditure was $794 million (2021: $759 million), although TCC and AISC stayed within the Company's guidance, while capital expenditure was slightly higher.

Read more on page 84

Sanction risks

In 2022, a great number of Western sanctions were imposed on Russia, Russian companies, banks and individuals, which affected ongoing business, investment projects, international trade, financing and other areas of business in Russia. Russia, in turn, introduced counter-sanctions, which included restricted capital movements and corporate actions against residents of "unfriendly" jurisdictions.

Implications for Polymetal and responses

The Group adheres strictly to all relevant laws and has implemented comprehensive measures to ensure compliance with all international sanctions and counter-sanctions. While Polymetal believes that targeted sanctions against the Company are unlikely, they cannot be completely ruled out.

Polymetal has announced its intention to re-domicile to a "friendly" jurisdiction in order to enable the Company to undertake business activites such as modifications to the asset-holding structure to ensure distinct ownership between its assets in Kazakhstan and Russia.

Read more on pages 10, 99, 106, 154

Supply chain disruptions

In 2022, the Western countries imposed sanctions against Russia prohibiting the export of industrial goods and technologies.

Implications for Polymetal and responses

The lack of access to consumables, spare parts and equipment has posed a risk to the Company's operations and development projects, including in Kazakhstan. Procurement has been largely adapted to the current environment by replacing sanctioned and self-sanctioned equipment, consumables, and spare parts with alternatives within Russia and from other countries. Most existing contracts with foreign suppliers continue to be honoured, and the Company has accumulated significant reserve stock of critical items.

Read more on pages 12, 81, 101

Sales channels restructuring

As a result of the sanctions imposed against Russian gold, the traditional sales structure was significantly affected. Covid-related restrictions in China also contributed to disruptions in concentrate shipments.

Implications for Polymetal and responses

During the first half of 2022, Polymetal accumulated 130 Koz of GE in gold and silver bullion inventory. The bulk of it was successfully sold during the second half of the year through the newly established, alternative sales channels. This enabled Polymetal to stabilise revenue dynamics and normalise net debt level.

Read more on pages 12, 29, 85, 86

Mining industry trends

Gold and silver demand

In 2022, gold demand increased by 18% to 4,741 tonnes, the strongest in over a decade. Although jewellery consumption decreased by 3% to 2,086 tonnes, investment demand rose 10% to 1,107 tonnes, with a 2% increase in demand for gold bars and coins. ETF holdings fell by a smaller amount compared with 2021 (-110 tonnes vs -189 tonnes). Fear of a global crisis sparked demand from the central banks, hitting the highest level since 1967, totalling 1,136 tonnes compared with 450 tonnes in 2021.

Total annual gold supply increased 2% to 4,755 tonnes, with mine production reaching a four-year high of 3,612 tonnes.

Although 2022 was a turbulent year for silver, advances in technology and green infrastructure, as well as geopolitical tension, kept demand intact. Support also came from investors fearing high inflation, recessionary concerns and buying-on price dips.

The social licence to operate

Mining activities frequently take place in remote locations with limited infrastructure and economic options. Many mining sites are located near populated areas, indigenous communities and environmentally sensitive regions. In order to obtain operating permits and maintain sustainable operations, mining companies must contribute to local communities through job creation, tax payments and environmental responsibility.

Implications for Polymetal and responses

We remain open and transparent with our stakeholders.

The level of public interest in our operations is increasing. Ongoing, rigorous engagement, plus regular feedback, helps us maintain our social licence to operate and reduce risk.

Read more on page 18

Global reserves depletion

The world's major gold miners have seen a decline in their economically minable gold reserves over the past ten years, as exploration budgets continue to shrink. Acquisitions to replenish reserves or bolster production have become the preference of many.

Implications for Polymetal and responses

Polymetal relies on strategic exploration rather than acquisition.

The Company carries out brownfield and grassroots exploration, including joint ventures with junior explorers, and successfully replaces depleted reserves through the addition of new discoveries and reserves at existing mines. We have a pipeline of ambitious exploration projects, which we expect to contribute further to our reserves base and increase life-of-mine.

Read more on pages 30, 220

Reducing environmental impacts

There is an increasing call for companies, particularly those deemed high polluters (like mining), to take action to reduce negative environmental impacts. Carbon footprint, water discharge, biodiversity, reforestation, tailings safety and cyanide management are key focus areas. Stakeholders expect best practice and standards for these as well as ambitious emission and net-zero targets.

Implications for Polymetal and responses

Polymetal remains committed to its environmental and climate strategy.

Greenhouse gas emissions intensity reduced by 15% in 2022, compared with the 2019 baseline, and can be attributed to increasing our renewable energy consumption (30% of total energy consumption) and also to energy efficiency initiatives, such as improving heat utilisation systems and the introduction of solar plants.

In 2022, the share of water we reused and recycled amounted to 91% of the total water consumption at our sites (compared with 90% in 2021). In 2022, fresh water intensity for ore processing decreased by 49% (compared with the 2019 baseline) to 138 m^3/1000 t of ore processed.

Read more on pages 56, 58, 62, 72

Global refractory processing demand

Asia Pacific maintains its status as the largest region in the refractory market. China, however, is actively tightening its environmental regulations and began restricting refractory concentrate imports, which will increase the demand for refractory processing elsewhere.

Implications for Polymetal and responses

Polymetal prioritises refractory gold in its strategy.

Refractory ores make up 74% of Polymetal's ore reserves and are likely to increase. Our Amursk POX plant, Russia's largest (by production), processes refractory concentrates using low-impact environmental technology. Our larger Amursk POX-2 investment will more than double processing capacity and allow processing of double refractory materials, eliminating the dependence on and higher costs of Chinese offtake. We have initiated a feasibility study for a third plant, POX-3, to meet third-party demands and the extension of our own reserve base and would allow to achieve operational independence of the Kazakh operations.

Read more on pages 7, 13, 31, 36

Our strategy

Driven by excellence and responsibility

We are unwavering in our pursuit of growth to create value and accountability for our actions.

Capital allocation
Our strategy is built upon strong capital discipline.
Read more on page 24

Remuneration
The link between performance and remuneration is key.
Read more on page 132

Our strategic priorities

Meaningful organic growth

Build and advance long-term growth pipeline

We want to secure high-quality sources of long-term growth through advancing development projects, investing in our own greenfield exploration programme and extending life-of-mine by investing in near-mine exploration. We are actively looking at targets within the Former Soviet Union where we can create value with our core competencies. This will allow us to generate free cash flow and translate it into significant dividends.

Risks
- Production risk
- Construction and development risks
- Supply chain risk
- Exploration risk

Performance in 2022

1.71 Moz GE
produced in 2022, up 2% year-on-year and in line with original guidance

27.3 GE Moz at 3.6 g/t
Ore reserves at 1 January 2023

Kutyn
First production six months ahead of the original schedule

Nezhda
First full year of operations

Our focus in 2023
- The Company targets stable production and reiterates its current production guidance of 1.7 Moz of GE in 2023.
- Strong contribution from Kutyn, Nezhda and the Voro flotation plant, compensating for the planned grade-driven decrease in production at Dukat, Albazino and Varvara.
- At Prognoz, conventional open-pit mining will commence with the first ore mined in Q4 2023.
- We plan to complete several investment projects at existing operations in 2023, which will help drive cost levels down in 2024. At Mayskoye, the backfill plant construction project will enter full-scale construction in 2023.
- The scope of operational activities and capital project advancement is not expected to change materially.

Global leadership in refractory ore processing

Unlocking the value of refractory reserves

Excelling in environmentally friendly refractory ore processing, we aim to process 100% of the Company's refractory ore in-house.

Risks
- Production risk
- Construction and development risks
- Supply chain risk
- Market risk

Performance in 2022

Amursk POX-2 project is 83% complete
We advanced construction of Amursk POX-2, which will fully de-risk our business model by bringing all concentrate processing in-house and eliminating our dependence on concentrate offtake from Q2 2024. Engineering and contracting has been completed and the vast majority of equipment is already on site.

POX-3
We made a decision to relocate POX-3 from Russia to Kazakhstan due to sanction limitations, found an alternative site and will complete the feasibility study there in 2024. The project will allow for processing own high- and low-carbon concentrate from Kyzyl and third-party gold concentrates.

Our focus in 2023
- Keeping Amursk POX-2 construction on track for launch in 1H 2024. The start-up of the gravity concentrate processing circuit is planned for Q1 2023. This will allow full in-house processing of gravity concentrates from Nezhda.
- Subject to Board approval, the investment decision for POX-3 is expected in Q2 2024, potential start-up in H2 2028 and would enable operational independence of Kazakh operations.

High standards of ESG through impact assessment

Maintain high standards of corporate governance and sustainable development

Maintaining high standards of corporate governance and sustainable development gives us a licence to operate and the much-needed trust of all stakeholders. Health and safety at our operations is a key priority.

Risks
- Health and safety risk
- Environmental risk
- Human capital risk
- Supply chain risk

Performance in 2022

-15%
reduction in GHG intensity (baseline 2019, Scope 1 and 2)

0
fatalities

$23.2m
invested in social projects

External recognition of ESG efforts with high scores from Sustainalytics, FTSE4Good, Vigeo Eiris, ISS ESG Corporate Rating

Our focus in 2023
- Ultimate goal of zero fatalities and LTIFR ≤ 0.2 at all operations.
- Improve equality and diversity, with at least 33% of women in the Talent Pool.
- Follow our 2030 GHG emissions and freshwater intensity reduction trajectories.
- Ensure tailings safety and continuous transition to dry stacking.
- Compliance with global and local best practice.

Maintaining robust liquidity and balance sheet

Strong balance sheet provides resilience to our value creation strategy

We aim to maintain the liquidity and preserve the Company's balance sheet strength which in turn will provide us with flexibility for further growth and resumption of dividend payments.

Risks
- Market risk
- Currency risk
- Liquidity risk

Performance in 2022

$633m
Cash deposited with non-sanctioned financial institutions

2.35x
Net debt/Adjusted EBITDA

5%
The average cost of debt supported by our ability to negotiate competitive margins given the excellent credit history of the Group

Our focus in 2023
- Deleveraging and maintaining a comfortable leverage level of less than 2x Net Debt/ Adjusted EBITDA.
- Return to positive free cash flow generation.
- All of the 2023 debt repayments are well covered by available cash balances.

Capital allocation

Managing working capital management, liquidity and investment

In a highly uncertain and challenging environment, our ultimate goal is to preserve the fundamental value of the business and deliver future dividends to our shareholders.

Our capital allocation priorities

Strong balance sheet and liquidity

We aim to maintain a liquidity and financing structure that will enhance the robustness of our business in the current tough climate.

Dividends

Paying dividends to all shareholders was once formulated as the fundamental mission of the Company and we are working diligently to restore this ability in light of multiple external uncertainties.

Disciplined, strategic growth investments

By prioritising high-return investments that provide development optionality, we have created a successful and resilient business that generates significant capital return across cycles and acts as a platform for sustainable growth.

Strong balance sheet and liquidity

We believe that a strong balance sheet provides resilience to our value-creation strategy. We aim to maintain the liquidity and financing structure that will enhance the robustness of our business in the current tough climate.

We maintain sufficient undrawn credit lines in various currencies, which provide refinancing optionality and a strong cash position in order to maintain operational, stability. We stress test our liquidity through modelling and forecasting different scenarios.

In 2022, Polymetal's leverage increased to 2.35x Net debt/Adjusted EBITDA (2021: 1.13x). Net debt increased by $0.7 billion to $2.4 billion during the year. The increase in net debt was driven by unsold metal inventory accumulation, accelerated purchases of equipment and spares, funding of critically important contractors and suppliers, and upward Dollar re-valuation of Rouble-denominated debt. Notably, despite unprecedented challenges for the Company, in the second half of 2022, net debt decreased by $0.4 billion on the back of strong positive free cash flows from the unwinding of working capital.

Our cash position increased by 52% to $633 million at 31 December 2022, allowing the business to be more sustainable in the challenging macroeconomic environment.

The total debt will mature as follows: 17% in 2023; 24% in 2024; 19% in 2025, 40% in 2026 and beyond. The portion of debt maturing in 2023 is fully covered by available cash balances, while the Company will focus on securing new long-term debt over the course of 2023 to cover the refinancing needs of 2024 and beyond.

Read more on pages 84, 95

Dividends

Paying dividends to all shareholders was once formulated as the fundamental mission of the Company and we are working diligently to restore this ability.

Our Dividend Policy stipulates a minimum 50% pay-out of underlying net earnings, paid each half year (subject to absolute Net debt/ previous 12-months' Adjusted EBITDA ceiling of 2.5x). In addition, the Board has discretion to increase the final dividend for the second half year to a maximum annual pay-out of 100% of free cash flow. In making this decision, the Board considers, among other factors, the macroeconomic outlook, debt position and future investment requirements of the Group.

From free cash flow from 2012 to 2021 totalling $2.7 billion, Polymetal has paid out $2.6 billion in annual dividends to shareholders since the IPO.

In 2022, the Group's free cash flow was negative for the first time since 2011 and amounted to $445 million, while the Group's leverage increased to 2.35x Net Debt/EBITDA, somewhat above the comfort level of 2.0x.

The Board carefully evaluated the liquidity and solvency of the business in light of multiple external uncertainties. Taking into account a significant decline in operating cash flows, challenges in establishing new sales channels faced by the Group in 2022 and the short-term liquidity headwinds, the Board decided to permanently cancel the full-year 2021 dividend. Given the continuing impact of these external uncertainties, the Board will not propose any interim or final 2022 dividends to allow the Group to strengthen its cash position and enhance its resilience in a highly uncertain climate.

Read more on pages 11, 84, 157

Disciplined, strategic growth investments

We ensure that we create long-term strategic value for our shareholders, employees and communities. By prioritising high-return investments that provide development optionality, we have created a successful and resilient business that generates significant capital return across cycles and acts as a platform for sustainable growth.

Our strategy is to operate a portfolio of high-quality and long-life assets that support low-carbon and climate-change-resilient growth, from which we will deliver sustainable shareholder returns. In 2022, we were focused on business continuity and advancement of the key strategic projects.

- We revised the portfolio and execution timeline of growth projects based on the changes in operating environment.
- Amursk POX-2 and other development projects progressed in line with revised schedules. In Q3 2022, we successfully completed the construction and commissioning activities at Kutyn heap leach facility.
- 2023 will be marked by the launch of the Voro flotation plant and start of mining at Prognoz.
- Despite external pressures, we pursue value creation through joint ventures with junior explorers
- We created social value for our employees and communities through social investments.

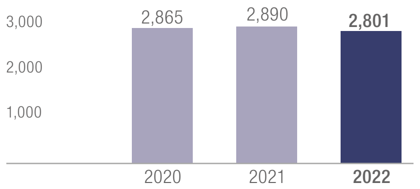
In 2022, capital expenditure was $794 million (2021: $759 million). This comprised $378 million (2021: $418 million) of development capital expenditure, $115 million (2021: $140 million) of stripping and underground development capital expenditure, $275 million (2021: $188 million) of sustaining capital expenditure and $24 million (2021: $12 million) invested in exploration. Much of the year's increases relate to high inflation and continued logistical challenges exerting significant upward pressure on capital expenditure.

Read more on pages 31, 43, 93

Year-on-year performance

Financial

Revenue -3%
($m)



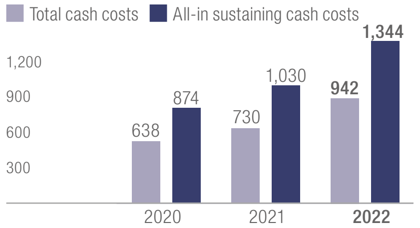
Top-line indicator, heavily dependent on commodity prices but also driven by the delivery of production volumes.

In 2022, revenue decreased by 3% year-on-year to $2,801 million. Despite the initial gap between production and sales in Q2-Q3 2022 caused by disruption in sales channels, the Group almost completely eliminated it in Q4 to a new set of counterparties.

Relevance to strategy

Meaningful organic growth

Total cash costs[1] +29%
All-in sustaining cash costs[1] +30%
($/GE oz)



High-grade, full capacity utilisation and continued operational improvement, as well as foreign exchange rates and oil price are the key drivers behind total cash costs (TCC) per ounce.

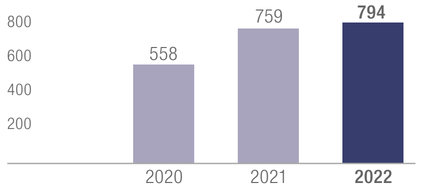
TCC were $942/GE oz, up 29% year-on-year, owing to sharp increase in domestic inflation and escalation of logistical costs, combined with the planned grade declines in ore processed. AISC increased by 31% to $1,344/GE oz, driven by the same factors.

Relevance to strategy

Meaningful organic growth

KPI linked to executive remuneration

Capital expenditure +5%
($m)



Our rigorous approach to all investment decisions ensures tight controls on capital expenditure, boosting the return on capital invested for shareholders and the sustainable development of the business.

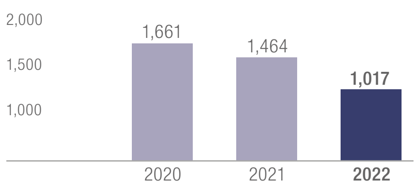
Capital expenditure was $794 million, up 5% year-on-year, reflecting accelerated purchases and contractor advances for ongoing projects (most notably, Amursk POX-2), combined with inflationary and logistical pressures on the sustaining capex.

Relevance to strategy

Global leadership in refractory ore processing

KPI linked to executive remuneration

Adjusted EBITDA[1] -31%
($m)



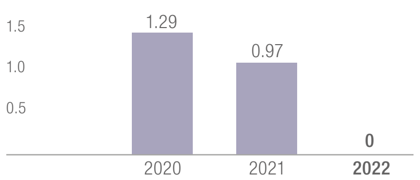
Adjusted EBITDA provides an indicator of our ability to generate operating cash flows from the current business.

In 2022, Adjusted EBITDA decreased by 31% year-on-year to $1,017 million, against a backdrop of higher costs.

Relevance to strategy

Meaningful organic growth

Dividends proposed for the year
($/share)

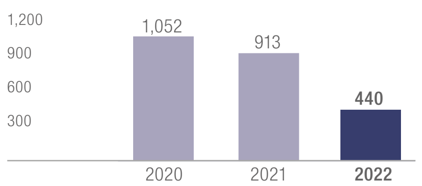


Taking into account the Group's leverage (2.35x Net debt/EBITDA, above the comfortable level of 1.5x), significant level of uncertainty and continuing impact of the external pressures, the Board has decided not to propose any dividend for 2022 in order to allow the Group to enhance its resilience in a highly volatile environment.

Relevance to strategy

Maintaining robust liquidity and balance sheet

Underlying net earnings[1] -52%
($m)



Underlying net income is a comprehensive benchmark of our core profitability, excluding foreign exchange gains/losses, impairments and one-off non-recurring items.

Underlying net earnings in 2022 decreased by 52% to $440 million, reflecting the decrease in operating profit.

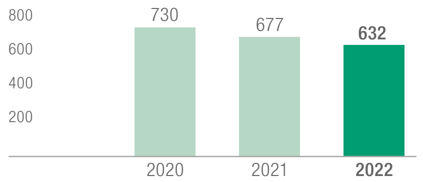
Relevance to strategy

Maintaining robust liquidity and balance sheet

1 Defined in the Alternative performance measures section on pages 218-219. Reconciliation to IFRS measures on pages 90-91.

Sustainability

GHG intensity -15%
(kg/GE oz)



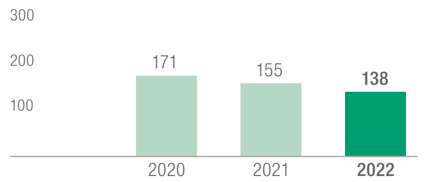
In line with the goals of the Paris Agreement, we seek to decarbonise our operations by switching to low-carbon electricity supplies and mining fleet, generating more solar energy and improving energy efficiency. We aim to reduce our GHG intensity by 30% by 2030 and develop long-term goals further. In 2022, we reduced our GHG intensity (Scope 1 and 2) by 7% year-on-year and by 15% compared with 2019 baseline.

Relevance to strategy

High standards of ESG through impact assessment

KPI linked to executive remuneration

Fresh water withdrawal intensity[2] -11%
(m^3/Kt of processed ore)



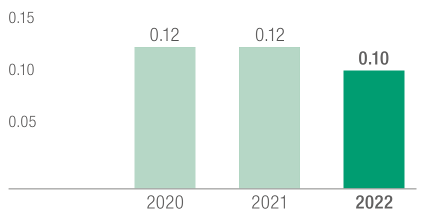
Our approach is to minimise fresh water withdrawal by recycling water at our plants and capturing mine water and storm run-off for further reuse. Alongside monitoring water use volumes, we take full responsibility for the efficient treatment of water that we discharge to local water bodies. In 2022, our freshwater intensity decreased by 11% year-on-year and by 49% compared with 2019 baseline.

Relevance to strategy

High standards of ESG through impact assessment

KPI linked to executive remuneration

Lost time injury frequency rate (LTIFR) -17%

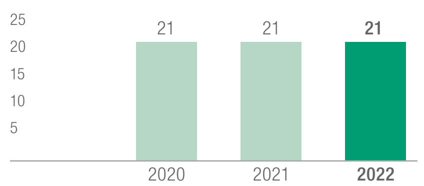


An improvement in the health and safety record at our operations, with a goal of zero fatalities, is a key priority. There were no fatal accidents in 2022. However, lost-time incidents still took place among Polymetal's workforce and contractors. Lost time injury frequency rate (LTIFR) among the Group's employees in 2022 decreased by 17% to 0.10.

Relevance to strategy

High standards of ESG through impact assessment

Share of female employees Stable
(%)



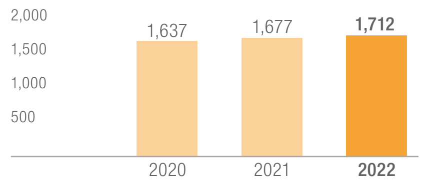
We value a diversity of views and backgrounds among our employees, aiming to attract more women to careers in the male-dominated mining industry. Our diversity action plan sets gender diversity targets for our existing development programmes (such as Talent Pool and Research and Development Conference) and introduces new initiatives to inspire women into leadership roles. In 2022, the proportion of women in our workforce remained at 21% (2021: 21%).

Relevance to strategy

High standards of ESG through impact assessment

Operating

Gold equivalent production[3] +2%
(Koz)



Annual target for gold equivalent (GE) production is an indicator to the market of our confidence in delivering stable and reliable growth.

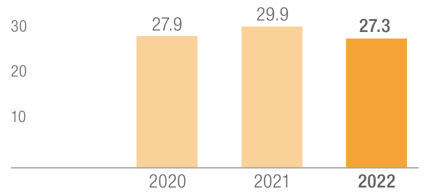
In 2022, gold equivalent output amounted to 1,712 Koz, a 2% increase year-on-year and in line with the original production guidance of 1.7 Moz.

Relevance to strategy

Meaningful organic growth

KPI linked to executive remuneration

Ore reserves -9%
(Moz)



Extending life-of-mine through near-mine exploration and new discoveries from greenfield exploration both contribute to the Company's long-term growth prospects.

In 2022, Group Ore Reserves decreased by 9% to 27.3 Moz of GE, mostly due to mining depletion, partially offset by the successful exploration results at Omolon and Voro hubs. Polymetal GE grades continue to be one of the highest within the sector globally.

Relevance to strategy

Meaningful organic growth

2 Excluding water for non-technological purposes.
3 Based on 80:1 Au/Ag conversion ratio and excluding base metals. Comparative data for previous years restated accordingly (120:1 Au/Ag conversion ratio was used previously).

Delivering on production guidance while maintaining safety standards

Polymetal met the unprecedented circumstances of 2022 head on with uninterrupted operations that enabled the Company to both deliver on its original production guidance and maintain a solid safety performance.

Solid performance despite severe external pressures

In 2022, despite significant logistical and supply chain challenges, operations continued undisrupted. The Company's gold equivalent (GE) production for the year amounted to 1,712 Koz, an increase of 2% over 2021 and in line with the original production guidance of 1.7 Moz. Kazakhstan's GE production declined by 3%, driven by a planned grade decline at Kyzyl. Russian GE production grew by 5%, on the back of the first full year of operations at Nezhda and initial production at Kutyn, compensating for declining grades at mature assets.

Amursk POX-2 and other development projects progressed in line with revised schedules. 2023 will be marked by the launch of Voro flotation plant, the start of mining at Prognoz and the commissioning of the active cyanidation section at Amursk POX-2.

Gold production for the full year was up 2%, while silver output increased by 3%. Gold sales of 1,376 Koz were stable year-on-year, while silver sales were up 6% at 18.5 Moz. The bulk of the accumulated bullion stockpile was successfully sold down in the Middle East and China. Revenue for Q4 2022 was up by 30% year-on-year, the highest quarterly revenue since the Company started. The Company hit the $1 billion mark as Polymetal sold down the metal and concentrate inventory accumulated in the previous quarters. We expect to close the remaining gap between production and sales during the first half of 2023.

No fatal accidents occurred among the Group's employees and contractors in 2022 (2021: Group 0; contractors 1). Lost time injury frequency rate (LTIFR) among the Group's employees decreased by 17% year-on-year to 0.10. Days lost due to work-related injuries (DIS) fell by 42% year-on-year to 877. Wherever possible, Polymetal applies digital technologies to improve the safety of workplaces.

To read more about precautionary and safety procedures at all production sites and offices, please refer to page 46.

Analysis of production results

Mining

Stripping volumes in 2022 grew by 3% to 211.1 Mt of rock moved, driven mostly by stripping at Albaizno and accelerated stripping activities at Omolon. At Albazino, the waste increase was driven by the Farida pit and Kutyn development. At Omolon, waste jumped due to stripping at Burgali open-pit. Open-pit mining commenced at River pit (Varvara). At Mayskoye, open-pit mining has been completed.

Underground development increased by 3% to 98 km (2021: 96 km), mainly due to ramping-up the Ekaterina and Anfisa underground mines at Albazino, as well as underground development at Primorskoye (Dukat hub). Underground mining at Burgali commenced and will replace ore tonnage from the Burgali open-pit.

Total ore mined increased by 24% year-on-year to 19.5 Mt (2021: 15.6 Mt), mainly on the back of ramp up at Nezhda, supported by the Kutyn and Farida development at Albazino, as well as the ongoing Emmy pit development at Svetloye.

Processing

The Group's volume of ore processed increased by 16%, compared with the previous year, to 18.3 Mt (2021: 15.8 Mt), driven mostly by the newly launched Nezhda and Kutyn (Albazino hub). Other mines operated at a stable pace.

The average GE grade in ore processed decreased by 4% year-on-year to 3.6 GE g/t (2021: 3.8 GE g/t), mostly attributable to the planned grade decline towards a reserve average at Kyzyl (GE decreased from 6.2 g/t to 5.5 g/t, but recoveries remained stable despite this), at Dukat (silver grade decrease in ore processed at both flotation and Merrill-Crow circuits) and at Albazino (gold grade in ore processed decreased as the high-grade Anfisa open-pit was fully depleted).

> The commissioning of Kutyn heap leach and full ramp up at Nezhda supported a solid operational performance."

Production and sales

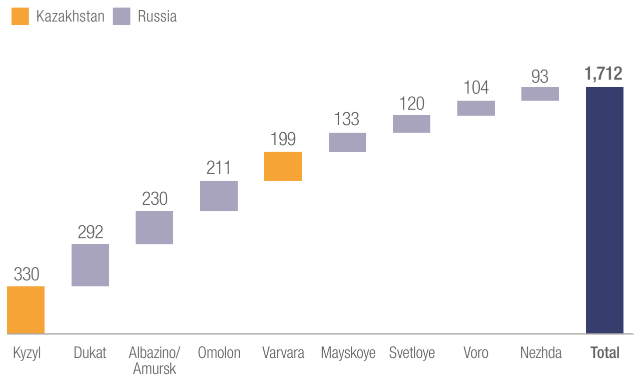
In 2022, Polymetal continued to deliver a solid set of operating results. Production grew by 2% year-on-year to 1,712 Koz GE, in line with the original production guidance of 1.7 Moz.

Kyzyl continues as the largest individual contributor to the Group's overall output: full-year gold production was 330 Koz, an 8% decrease year-on-year on the back of the planned grade decline towards a reserve average. Varvara GE output grew by 7% to reach 211 Koz, driven by the higher Komar ore grade and better recoveries. In total, Kazakh operations delivered 541 GE Koz (32% of the Group's production).

GE production at Dukat remained unchanged at 292 Koz, positively impacted by direct high-grade ore shipments from Primorskoye, compensating for grade declines at other mining areas. At Albazino, the total GE output was down 8% year-on-year to 230 Koz due to the planned depletion of Anfisa open-pit and negative recovery rate dynamics attributable to the increase of share of oxidised ore from Ekaterina mine. This was partially compensated by the contribution from the recently launched Kutyn heap leach, which delivered 52 Koz of gold. At Omolon, GE production was down 8% year-on-year to 199 Koz on the back of a planned grade decline; the Merrill-Crowe circuit at the Kubaka mill remains idle. Gold production at Mayskoye was 14% lower year-on-year at 120 Koz, due to a decrease in grade and recovery stemming from low-grade and highly carbonaceous open-pit ore. In the first full year of operation, Nezhda reached its nameplate capacity and recovery, and delivered total annual production of 133 GE Koz.
GE production at Svetloye decreased by 5% to 104 Koz, mostly due to the negative grade dynamics but partially compensated by Emmy pit development, which drove increases in ore mined and grade processed. Voro GE production was stable at 93 Koz on the back of processing high-grade third-party and Pesherny feedstocks.

Metal sales in 2022 were at 1,622 Koz of GE, a decrease of 1% compared with 2021. The remaining gap between production and sales is expected to close during the first half of 2023. While most of the sales comprised refined metals, we continued to sell concentrates from Dukat (gold/silver), Varvara (gold/copper), Mayskoye (refractory gold), Kyzyl (double refractory gold), Albazino (gold) and Nezhda (gold/silver) to offtakers. Offtake is one of our core competencies: it allows us to maximise our margins and achieve an optimal combination of transportation costs and treatment charges/recoveries.

Gold equivalent production by mine in 2022
(GE Koz)



Key operating highlights

	2022	2021	Change
Waste mined, Mt	**211.1**	**205.9**	**+3%**
Underground development, km	**98.0**	**95.5**	**+3%**
Ore mined, Mt	**19.5**	**15.6**	**+24%**
Open-pit	15.4	11.7	+32%
Underground	4.1	4.0	+3%
Ore processed, Mt	**18.3**	**15.8**	**+16%**
Average grade in ore processed (gold equivalent, g/t)	**3.6**	**3.8**	**-4%**
Production			
Gold, Koz	1,450	1,422	+2%
Silver, Moz	21.0	20.4	+3%
Gold equivalent, Koz	1,712	1,677	+2%
Sales			
Gold, Koz	1,376	1,386	-1%
Silver, Moz	18.5	17.5	+6%
Gold equivalent, Koz[1]	1,622	1,640	-1%
Average headcount	**14,694**	**13,392**	**+10%**
Safety			
LTIFR (Employees)[2]	0.10	0.12	-17%
DIS (Employees)[3]	877	1 516	-42%
Fatalities			
Employees	–	–	NA
Contractors	–	1	NA

1 Based on actual realised prices.
2 LTIFR = lost time injury frequency rate per 200,000 hours worked. Company employees only are taken into account.
3 DIS – days lost due to work-related injuries. Company employees only are taken into account.

Operating review continued

Polymetal did not fully replace its ore depletion and recorded declining ore reserves in 2022. The exploration season was severely affected by the indirect impact of sanctions placed on, amongst other things, imports of diamond drilling spares and materials into Russia. We remain confident in the Group's ability to grow our high-quality reserve base due to several upcoming Ore Reserves revaluations and estimates and expect the resumption of the upward trend in 2023.

2023 targets

In 2023, Polymetal will continue to invest in both near-mine and greenfield exploration projects.

The key objectives are:

- Re-evaluate Ore Reserves at Kyzyl.
- Prepare an initial Ore Reserve estimate at Talgiy (Albazino).
- Prepare an initial Ore Reserve estimate at Pavlov (Voro hub).

Ore Reserves and Mineral Resources structure by metal as at 1 January 2023

	Ore Reserves	Mineral Resources
Gold	90%	91%
Kazakhstan	*46%*	*14%*
Russia	*44%*	*77%*
Silver	10%	9%
Total	**100%**	**100%**

Ore Reserves and Mineral Resources as at 1 January 2023[1]

	Tonnage Mt	Grade GE, g/t	Content GE, Moz
Ore Reserves			
Proved	68.1	2.8	6.0
Probable	165.3	4.0	21.3
Proved+Probable	**233.5**	**3.6**	**27.3**
Mineral Resources			
Measured	26.9	3.6	3.1
Indicated	55.8	4.1	7.3
Measured+Indicated	**82.7**	**3.9**	**10.4**
Inferred	94.1	5.1	15.4
Measured+Indicated+Inferred	**176.8**	**4.5**	**25.8**

Our exploration sites

Exploration areas and volumes (mine site exploration excluded)[2]

	Drilling, km 2022	2021
Russia[3]	223.1	339.6
Kazakhstan[3]	91.1	41.9
Total	**314.2**	**381.5**

In 2022, 314.2 km (including joint ventures) of exploration drilling were completed. As a result of the sanctions imposed on Russia, import of drilling spare parts and materials was restricted, leading to a substantial decrease in drilling activities. Furthermore, as a part of budget optimisation, Joint-venture grassroots exploration in Russia was reduced, contributing to an the overall drop in drilling volumes.

Reserves and resources

In 2022, Group Ore Reserves decreased by 9% year-on-year to 27.3 Moz of gold equivalent (GE), mostly due to mining depletion. This was partially offset by the successful exploration results at Omolon hub (Burgali and Nevenrekan), Pesherny (Voro hub) and initial reserve estimates at Galka and Tamunier (Voro hub). The average grade in Ore Reserves increased by 5% year-on-year and stood at 3.6 g/t of GE. The average life-of-mine stands at 13 years.

Share of Ore Reserves for open-pit mining remained unchanged compared to the previous year at 52%. The share of refractory reserves grew by 3 p.p. year-on-year to 74%.

Mineral Resources (additional to Ore Reserves) grew by 5% year-on-year to 25.8 Moz of GE due to positive revaluation at Kyzyl, Omolon, and Nezhda, as well as initial resource estimates at Kegali and Tumanin (Omolon hub). The average GE grade in Mineral Resources was up 10% year-on-year to 4.5 g/t.

Ore Reserves and Mineral Resources summary[4,5]

	1 January 2023	1 January 2022	Change
Ore Reserves (Proved + Probable), gold equivalent Moz	**27.3**	**29.9**	**-9%**
Gold, Moz	24.7	27.1	-9%
Silver, Moz	211.3	240.2	-12%
Average reserve grade, g/t GE	**3.6**	**3.5**	**+5%**
Ore Reserves per share, GE oz/per share	0.058	0.063	-9%
Mineral Resources (Measured + Indicated + Inferred), gold equivalent Moz	**25.8**	**24.6**	**+5%**
Gold, Moz	23.1	22.3	+4%
Silver, Moz	212.9	195.7	+9%
Average resource grade, g/t GE	**4.5**	**4.1**	**+10%**

Ore Reserves reconciliation

	GE Moz
Ore Reserves, 1 January 2022	29.9
Depletion	-2.1
Revaluation	-0.8
Initial Ore Reserve estimate	+0.2
Change of GE conversion ratio	+0.2
Ore Reserves, 1 January 2023	**27.3**

Outlook for 2023

Safety remains a top priority for Polymetal. We will continue to focus on further improvements in health and safety metrics and maintaining zero fatalities across our operations and among off-site contractors conducting business on behalf of the Group.

In 2023, we expect a stable operating performance. The Company reiterates its current production guidance of 1.7 Moz of GE in 2023. Production will be traditionally skewed towards the second half of the year due to seasonality.

We expect a strong contribution from Kutyn, Nezhda and the Voro flotation plant, compensating for grade-driven decrease in production at Dukat, Albazino and Varvara. We also expect the planned grade decline towards a reserve average at Kyzyl and sustained contributions from other mines.

At the same time, we will focus on advancing our long-term project pipeline. At Amursk POX-2, we plan to commission the intensive cyanidation section, complete the infrastructure, start the cryogenic oxygen plant, complete the installation of processing equipment and pipelines and begin commissioning activities. The project remains on track to be fully commissioned in Q2 2024. Voro flotation plant is nearing completion (above 90% completion rate). Start-up is scheduled for Q2 2023. At Prognoz, conventional open-pit mining will commence with the first ore mined in Q4 2023.

We plan to complete several investment projects at existing operations in 2023, which will help drive cost levels down in 2024. At Mayskoye, the backfill plant construction project will enter full-scale construction in 2023. Commissioning, which will help reduce dilution and thus optimise costs, is scheduled for 2024. Optimisation projects also include implementation of measures aimed at increasing plant capacity at Kyzyl from 2.2 Mtpa to 2.4 Mtpa (water pumps upgrade, automated dispatching system), as well as Hot Cure circuit expansion at Amursk POX for further increase in recovery.

1 Mineral Resources and Ore Reserves in accordance with the JORC Code (2012). Mineral Resources are additional to Ore Reserves. Detailed tables for Mineral Resources and Ore Reserves with a breakdown by deposits and metals are given below. Ore Reserves of rare earths metals are given separately and not included in GE calculation. Mineral Resources of platinum group metals and rare earth metals are given separately and are not included in the calculation of the gold equivalent. Discrepancies in calculations are due to rounding.
2 Discrepancies in calculations are due to rounding.
3 Including JVs with more than 50% share owned by Polymetal.
4 Ore Reserves and Mineral Resources from continuing operations. Base metal are not included in GE calculation as they are insignificant. Ore Reserves of rare earths metals are given separately and not included in GE calculation.
5 Mineral Resources are additional to Ore Reserves. Mineral Resources of platinum group metals and rare earth metals are given separately and are not included in the calculation of GE. Discrepancies in calculations are due to rounding.

Operating assets

Kyzyl

Our major cash flow and production contributor

330 Koz
Payable production (-8%)

$357m
Adjusted EBITDA (-21%)

$602/GE oz
Total cash costs (+26%)

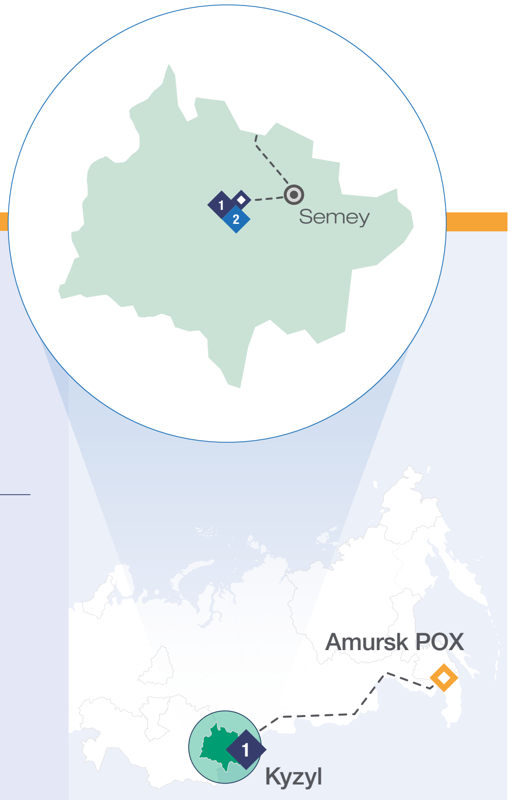
19%
Share in Group's production

Feed sources
Bakyrchik

Processing
Kyzyl (flotation)

Sales/Downstream
Concentrate to Amursk POX
Concentrate to third parties

Key exploration projects in 2022
Bakyrchik flanks



Location: East Kazakhstan Region, Kazakhstan
Managing director: Kenbeyil Isaev
Employees: 1,484
Mining: Open-pit (until 2035) followed by underground
Processing: 2.2 Mtpa flotation + Amursk POX/ concentrate offtake
Production start date: 2018
Life of mine: 2050

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.00	0.08	-100%
Mining			
Waste mined, Mt	83.2	83.0	+0%
Ore mined, Kt	2,223	2,177	+2%
Gold grade, g/t	5.5	6.2	-11%
Processing			
Ore processed, Kt	2,200	2,200	–
Gold grade, g/t	5.5	6.2	-12%
Gold recovery	88.9%	88.6%	+0%
Production			
Gold, Koz	330	360	-8%

Operating results 2022

In 2022, Kyzyl continued to contribute one-third of the Group's EBITDA. Concentrator throughput was stable at the capacity of 2.2 Mtpa. Production at Kyzyl contracted by 8% to 330 Koz due to the planned grade decline towards the reserve average. Gold recovery was stable despite grade decline due to improvements in the flowsheet.

In 2023, the Company plans to implement a series of innovative debottlenecking projects, which will allow it to achieve 2.4 Mtpa throughput and partially compensate for the grade decline.

Innovation and efficiency

- Additional conditioning slurry tanks implemented into the flowsheet
- Recently launched cleaner flotation circuit allowed for a twofold decrease in gold losses to carbon tailings.

Exploration and resources

- In 2022, exploration drilling was carried out at East Bakyrchik and the eastern flank of the Kyzyl shear zone, including the Sarbas and Karmen deposits. An increase in Inferred resources has been achieved by 530 Koz with an average grade of 7.03 g/t and a conversion into the Measured+Indicated category of 87 Koz with a grade of 5.13 g/t
- In 2023, further exploration at Eastern Bakyrchik sites is planned to convert open-pit mineral resources into the Indicated category.

Green highlights

- Purchased more than 30% of electricity from renewable energy sources
- Six electric excavators in operation
- 90% of water used on site is in a closed cycle or treated waste water.

Priorities for 2023

- Increase in throughput to 2.4 Mtpa
- Further expansion of tailings storage facility
- Crushing and flotation automation systems in order to increase recovery.

Varvara

Strong production profile

211 GE Koz
Payable production (+7%)

$177m
Adjusted EBITDA (-1%)

$920/GE oz
Total cash costs (-0%)

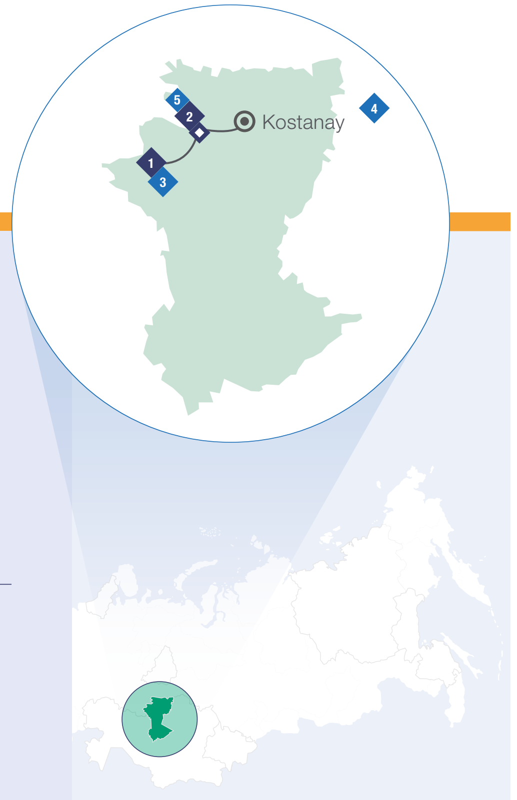
12%
Share in Group's production

Feed sources
Komar
Varvara
Third-parties ore

Processing
Varvara (leaching for gold ore, flotation for copper ore)

Sales/Downstream
Doré bars
Concentrate to third parties

Key exploration projects in 2022
Komar flanks
Baksy
Shekara



Location: Kostanay Region, Kazakhstan
Managing director: Abdurakhman Isaev
Employees: 1,503
Mining: Open-pit
Processing: 3.2 Mtpa leaching for gold ore, 1.0 Mtpa flotation for copper ore
Production start date: 2007 (operated by Polymetal since 2009)
Life of mine: 2039

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.00	0.00	n/a
Mining			
Waste mined, Mt	43.3	42.0	+3%
Ore mined, Kt	3,857	3,624	+6%
Gold grade, g/t	1.6	1.5	+2%
Processing			
Leaching			
Ore processed, Kt	3,199	3,183	+1%
Gold grade, g/t	1.6	1.6	+1%
Gold recovery	90.0%	88.9%	+1%
Flotation			
Ore processed, Kt	752	696	+7%
Gold grade, g/t	2.7	2.6	+4%
Gold recovery	85.9%	85.5%	+1%
Production			
Gold, Koz	211	197	+7%

Operating results 2022

Gold production at the leaching circuit increased by 11% due to larger processing volumes, higher grade in the Komar ore and better recoveries after flowsheet improvements.

Grade processed and recovery at the flotation circuit remained high on the back of the prevailing share of better-quality, third-party ore.

Because of the above, full-year output at Varvara increased by 7% to 211 Koz.

Innovation and efficiency

- Varvara became the first company in Kazakhstan (and third in Polymetal after Voro and Amursk POX) to be certified for full compliance under the International Cyanide Management Code by the International Cyanide Management Institute
- Gold recovery at the leaching circuit grew following the flowsheet improvements.

Exploration

- In 2022, at South Elevator, 7.2 km drilling has been completed (51 drill holes). The extension of the Elevator deposit ores to the south confirmed. The resource potential of the site has been preliminarily assessed
- In 2023, it is planned to draw up a feasibility study and to estimate gold reserves of the South Elevator site.

Green highlights

- A pilot railveyor project (the first one implemented in Eurasia) was commissioned to transport incoming ore from the railway spur to the crusher, thus reducing the GHG emissions and ore transportation costs
- Two electric excavators at Komar mine (in addition to one already in operation) and an electric railveyor at Varvara mine replaced the diesel-fueled fleet in 2022
- Biological recultivation of waste rock dumps using a hydroseeding method was carried out in 2022
- The Company has commenced the engineering for solar power plants.

Priorities for 2023

- Construction of the second stage of tailings dam #2
- Feasibility study for solar power plant by the end of 2023.

Operating assets

Dukat

Operational resilience at Russia's largest primary silver mine

292 Koz
Payable production (+0%)

$175m
Adjusted EBITDA (-31%)

$12.7/SE oz
Total cash costs (+20%)

Share in Group's production

Feed sources
- 1 Lunnoye
- 2 Dukat
- 3 Perevalnoye
- Primorskoye

Processing
- Lunnoye (cyanide leaching and Merrill-Crowe)
- Omsukchan (flotation/gravity)

Sales/Downstream
- Precipitate to Omsukchan
- Ore to third parties (direct shipments)
- Concentrate to third parties

Key exploration projects in 2022
- 4 Primorskoye
- 5 Dukat flanks
- 6 Doroninskoye
- 7 Lunnoye
- 8 Mechta

Town — Road — Sea port

Location: Magadan Region, Russia
Managing director: Dmitry Galtchuk
Employees: 1,716
Mining: Open-pit, underground
Processing: 2.0 Mtpa flotation (Omsukchan) + 477 Ktpa Merrill-Crowe (Lunnoye)
Production start date: 2000
Life of mine: 2028

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.07	0.00	NA
Mining			
Waste mined, Mt	4.1	2.8	+44%
Underground development, km	46.7	44.7	+4%
Ore mined, Kt	2,523	2,615	-3%
Silver grade, g/t	301	266	+13%
Processing			
Omsukchan concentrator			
Ore processed, Kt	2,033	2,055	-1%
Silver grade, g/t	236	266	-11%
Silver recovery	85.7%	86.0%	-0%
Lunnoye plant			
Ore processed, Kt	474	477	-1%
Silver grade, g/t	204	239	-15%
Silver recovery	93.2%	93.1%	+0%
Primorskoye			
Ore shipped, Kt	29.5	–	NA
Gold production, Koz	11	2	+359%
Silver production, Moz	2.7	0.7	+300%
Production			
Gold, Koz	63	56	+13%
Silver, Moz	18.3	18.8	-3%

Operating results 2022

In 2022, the Dukat hub produced 18.3 Moz of silver, down 3% year-on-year. Direct high-grade ore shipments from Primorskoye compensated for grade declines at other mining areas and provided a significant new source of high-grade silver ore for the operation. The Company also started milling Primorskoye ore at the Omsukchan concentrator (without beneficiation) for further sales to offtakers as concentrate.

Waste mined increase is attributable to the mining of crown pillars at the Dukat open-pit.

Innovation and efficiency

- Successful operation of small-scale mining equipment for excavation and stoping
- Ice-rock backfill system implementation.

Exploration and reserves

- At Doroninskaya area, mineral resource estimate amounted to 94.2 Koz of gold and 7,905 Koz of silver.
- 24.8 km drilling was completed at Lunnoye. As results of the revaluation of total mineral resources, gold mineral resources increased by 35.0 Koz GE in 2022.

Green highlights

- Full renovation of wastewater treatment facilities at Dukat and Lunnoye mines
- Up to 95% of purchased electricity from renewable energy sources
- 94% of water used on site is in a closed cycle or treated waste water.

Priorities for 2023

- Further transition to small-scale mining equipment at Dukat
- Completion of dry-stack tailings storage facility at the Omsukchan concentrator
- Direct shipments of ore from Primorskoye.

Omolon

Multiple feed and flexible processing

199 GE Koz
Payable production (-8%)

$138m
Adjusted EBITDA (-29%)

$960/GE oz
Total cash costs (+20%)

Share in Group's production

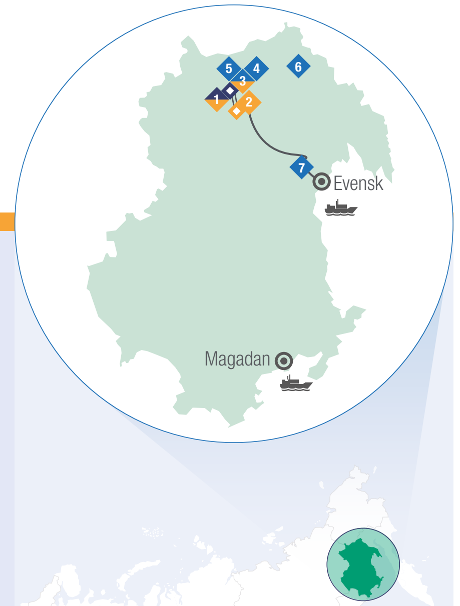
Feed sources
- 1 Birkachan
- 1 Birkachan
- 2 Tsokol
- 3 Burgali

Processing
- Birkachan (heap leach)
- Kubaka (CIL, Merrill-Crowe)

Sales/Downstream
- Precipitate to Kubaka
- Doré bars

Key exploration projects in 2022
- 4 Burgali
- 5 Tumaninskaya
- 6 Kegali
- 7 Nevenrekan

Town — Road



Location: Magadan Region, Russia
Managing director: Samat Kozhakaev
Employees: 1,130
Mining: Open-pit, underground
Processing: 862 Ktpa CIP/ Merrill-Crowe (Kubaka), 1,3 Mtpa heap leach (Birkachan)
Production start date: 2010
Life of mine: 2031

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.18	0.10	+78%
Mining			
Waste mined, Mt	7.7	4.9	+57%
Underground development, km	10.9	11.8	-7%
Ore mined, Kt	628	740	-15%
Gold grade, g/t	6.1	6.6	-7%
Processing			
Kubaka mill			
Ore processed, Kt	860	862	-0%
Gold grade, g/t	6.6	6.7	-1%
Gold recovery	93.9%	94.8%	-1%
Birkachan heap leach			
Ore stacked, Kt	655	851	-23%
Gold grade, g/t	1.1	1.7	-37%
Production			
Gold, Koz	192	201	-4%
Silver, Moz	0.5	1.3	-59%

Operating results 2022

In 2022, gold production was 4% lower year-on-year. Kubaka mill recorded a planned decline in gold grade and production. It processed lower-grade silver ore and, with the Merrill-Crowe circuit remaining idle, silver production was also down.

At the heap leach facility, depletion of the Birckachan heap leach ore reserves resulted in lower grades, while stacking volumes also declined year-on-year due to rehandling of the previously stacked ore.

Underground mining at Burgali commenced and will replace ore tonnage from the Burgali open-pit.

Innovation and efficiency

- Flowsheet improvements at Kubaka stabilised gold recovery
- Achieved design capacity for the dry tailings facility
- Modernisation of the water discharge system at Glavny mine.

Exploration and reserves

- At Burgali, an increase by 219 Koz of GE compared to the last year's estimate. The feasibility study was prepared and the gold reserves of 353 Koz, with an average grade of 9.0 g/t and silver reserves of 1,083 Koz, with an average grade of 27.6 g/t were approved.
- At Nevenrekan, the increase in the mineral resources of gold amounted to 28.6 Koz of GE.
- At Kegali, mineral resources were estimated at 101 Koz of GE with an average grade of 7.9 g/t.

Green highlights

- The 2.5 MWh solar power plant reached planned capacity and now generates 20% of the required electricity for Kubaka mill
- Full transition from wet tailings storage to a safer method of dry stacking completed
- More than 50% of heat consumption comes from a heat recovery system
- 79% of water used on site is in a closed cycle or treated waste water.

Priorities for 2023

- Start of underground mining at Burgali
- Construction of the infrastructure needed to commission Nevenrekan mine.

Operating assets

Amursk POX

Global competence in refractory ore processing

392 Koz
Total gold production through POX (-16%)

191 Kt
Concentrate processed (-11%)

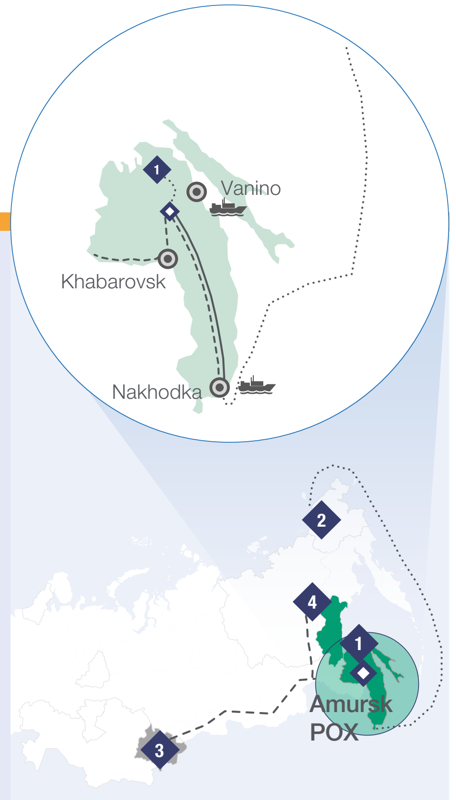
94.8%
POX recovery

Feed sources
1. Albazino
2. Mayskoye
3. Kyzyl
4. Nezhda

Third parties concentrate

Processing
Amursk POX (POX + cyanidation)

Sales/Downstream
Doré bars



Town — Road --- Railway
Sea port ···· Water route

Location: Khabarovsk Region, Russia

Employees: 646

Managing director: Vadim Kipot

Processing: High-temperature POX, intensive cyanidation

Production start date: 2012

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.00	0.43	-100%
Processing			
Concentrate processed, Kt	191	214	-11%
Gold grade, g/t	63.0	72.0	-13%
Gold recovery	94.8%	94.3%	+0%
Production			
Gold, Koz[1]	392	466	-16%

2022 performance

The decrease in annual POX production was due to the decline in grade in the feedstock sourced from Kyzyl and Albazino. The plant continued to process Nezhda's low-carbon gold flotation concentrate with a reasonable average recovery of 95% for the year.

The volume of Albazino concentrate processed was down by 7% at 132 Kt. The average gold grade in concentrate was 39.7 g/t, down 19% year-on-year. Recoveries from Albazino concentrate were stable year-on-year at 96.5%, exceeding the design level.

48 Kt of high-grade low-carbon Kyzyl concentrate was processed during 2022 (2021: 55 Kt), with an increased recovery level of 93.8% (2021: 92.2%).

The operation meets ISO 14001 and 45001 requirements for environmental and safety management.

Innovation and efficiency

- Recovery level increased by 0.5% on the back of slurry conditioning adjustments.

Green highlights

- 85% of heat consumption is from the heat recovery system
- 81% of water used on site is in a closed cycle or treated waste water
- 100% of tailings are now dry-stacked.

Priorities for 2023

- A Hot Cure circuit expansion to further increase POX recovery
- Construction of a two-circuit condensate cooling system
- Processing concentrate from Kyzyl, Albazino and Nezhda with designed recoveries.

1 For information only. Already accounted for in production at operating mines.

Amursk POX-2

Ensuring strategic security by unlocking the value of refractory reserves

600 Koz
Expected annual gold production

300 Ktpa
of refractory concentrates Concentrate capacity

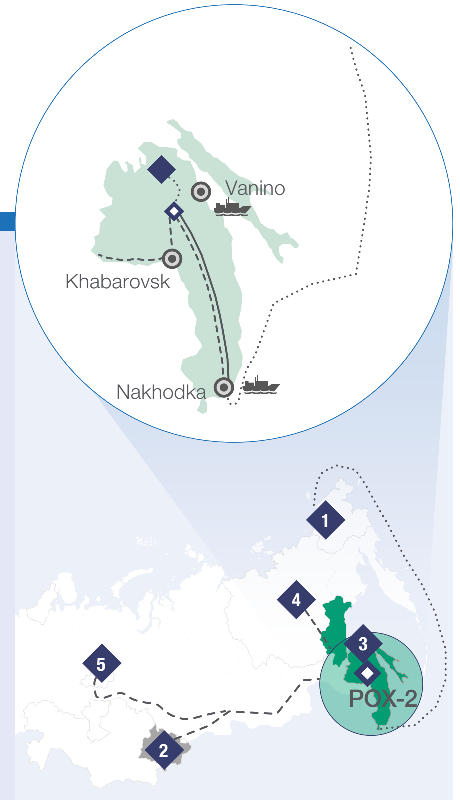
$100-150/oz
cost benefit

Feed sources
1. Mayskoye
2. Kyzyl
3. Albazino
4. Nezhda
5. Voro

Third parties

Processing
Amursk POX-2 (POX + cyanidation)

Sales/Downstream
Doré bars



Town — Road --- Railway
Sea port ···· Water route

Location: Khabarovsk Region, Russia

Processing: High-temperature POX, intensive cyanidation

Production start date: Q1 2024

Full ramp-up: Q2 2024

2022 highlights

The project is now 83% complete. All the construction, in terms of buildings, is already done and internal building works have now commenced. The project remains on track to be fully commissioned in Q2 2024, in line with revised schedule which accounts for new geopolitical complexities.

The installation of cable structures and equipment in the power unit section of the downstream circuit has been completed and voltage was successfully supplied for commissioning the intensive cyanidation section (expected in Q1 2023). The installation of pipelines and connection of technological equipment are nearing completion. The carbon-in-leach (CIL) thermal circuit has been completed and the High Bay heating and ventilation systems are being installed (steam conditioning section). The construction of metal frameworks and concrete works for installing technological equipment in the CIL and High Bay sections continues.

Green highlights

- The environmental footprint of the Company's value chain will decrease significantly because of the substantial reduction in air pollution, water usage and dry stacking of tailings.
- Amursk POX-2 will create 400+ new jobs with a focus on providing local career opportunities for engineers and technical staff, and encouraging young talent.

Priorities for 2023

- Start-up of intensive cyanidation circuit for gravitational concentrates
- Start of cryogenic oxygen plant
- Completion of processing equipment and pipelines installation
- Complete supervised installation/construction of intense cyanidation circuit and commission in first half of 2023 to start processing Nezhda gravity concentrate
- POX mechanical completion and start of commissioning activities.

POX-3

The Company is now evaluating the construction of a new POX facility in Kazakhstan, located in a developed industrial region with good infrastructure and aimed at processing its own high- and low-carbon concentrate from Kyzyl as well as third-party gold concentrates.

The flowsheet is identical to Amursk POX-2 with minor changes based on the results of detailed engineering. Subject to Board approval, the investment decision is expected in Q2 2024 and the potential start-up in the second half of 2028. It will allow for the full operational independence of the Kazkh operations from Russian (inter-company) and Chinese offtake.

Operating assets

Albazino

Successful Kutyn launch

Feed sources
- 1 Albazino
- 2 Kutyn
- Kutyn

Processing
- Albazino (flotation)
- Kutyn (heap leach)

Sales/Downstream
- Concentrate to POX
- Dore bars

Key exploration projects in 2022
- 2 Kutyn
- 3 Urkachik
- 4 Syran

Town — Road — Sea port — Water route

230 GE Koz
Payable production (-8%)

$121m
Adjusted EBITDA (-40%)

$1,079/GE oz
Total cash costs (+34%)

13%
Share in Group's production

Location: Khabarovsk Region, Russia

Managing director: Alexey Sharabarin

Employees: 1,910

Mining: Open-pit, underground

Processing: 1.8 Mtpa flotation + POX and CIL processing at Amursk, 1.3 Mtpa heap leach/Merrill-Crowe at Kutyn

Production start date: 2009

Life of mine: 2041

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.21	0.30	-28%
Mining			
Waste mined, Mt	30.6	23.0	+33%
Underground development, km	19.1	16.9	+13%
Ore mined, Kt	3,849	2,259	+70%
Gold grade, g/t	2.7	3.8	-30%
Albazino concentrator			
Ore processed, Kt	1,843	1,777	+4%
Gold grade, g/t	3.2	4.4	-29%
Gold recovery	86.4%	89.1%	-3%
Kutyn heap leach			
Ore processed, Kt	902	–	NA
Gold grade, g/t	3.9	–	NA
Production			
Gold, Koz	229	248	-8%

Operating results 2022

At Albazino, ore processed at the Albazino concentrator increased by 4% to 1,843 Kt, above nameplate capacity. Full-year production declined by 8% to 229 Koz of gold as the largest high-grade Anfisa open-pit was fully depleted.

This was largely offset due to the contribution from the recently launched Kutyn heap leach, which contributed 52 Koz of gold into the total production. Full heap-leach processing capacity of 1.3 Mtpa of ore will be reached in 2023. Average annual output from 2023 to 2030 will be approximately 100 Koz of gold with an average AISC of approximately $950/oz.

Accelerated development was made possible by effective planning, tight project management and creative approaches to emerging supply chain issues.

Innovation and efficiency

- Construction of a grid power line to the Albazino production site
- Construction of the tailing storage facilities #2.

Exploration and reserves

- At the Talgiy section of the Urkachik area, the JORC-compliant mineral resource estimate was completed and amounted to 958 Koz of gold at an average grade of 3.0 g/t for open-pit and 5.2 g/t for underground.
- At Kutyn, mineral resources increased by 62 Koz and the 112 Koz converted to a higher category.

Green highlights

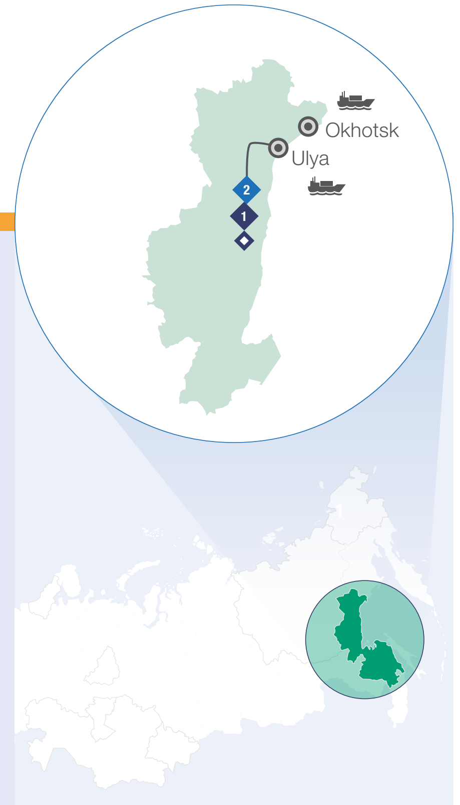
- More than 60% of heat consumption now comes from heat recovery system
- 88% of water used on site is in a closed cycle or treated waste water
- Renovation of collecting ponds to improve the treatment of discharged water in 2022.

Priorities for 2023

- Achieving full heap-leach processing capacity at Kutyn
- Winter road and additional heap-leach pads construction at Kutyn
- Construction of the power line linking Albazino to the grid.

Svetloye

Generation of sustained cash-flow



Feed sources
- 1 Svetloye

Processing
- Svetloye (heap leach)

Sales/Downstream
Dore bars

Key exploration projects in 2022
- 2 Svetloye flanks

Town — Road — Sea port

104 GE Koz
Payable production (-5%)

$76m
Adjusted EBITDA (-45%)

$893/GE oz
Total cash costs (+86%)

6%
Share in Group's production

Location: Khabarovsk Region, Russia

Managing director: Gennady Fukalov

Employees: 641

Mining: Open-pit

Processing: 1.3 Mtpa heap leaching circuit

Production start date: 2016

Life of mine: 2026

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.35	0.16	+119%
Mining			
Waste mined, Mt	6.2	4.6	+38%
Ore mined, Kt	2,542	1,800	+41%
Gold grade, g/t	2.3	2.1	+8%
Processing			
Ore stacked, Kt	1,404	1,404	+0%
Gold grade, g/t	3.1	3.0	+6%
Gold recovery	80.8%	81.2%	-0%
Production			
Gold, Koz	103	109	-5%

Operating results 2022

Gold production contracted by 5% year-on-year driven by grade dynamics during the first nine months of 2022. Ongoing Emmy pit development drove increases in ore mined (up 41% year-on-year) and grade processed (up 6% year-on-year). Ore mining also advanced.

The increase in waste mined is attributable to the development of a new pit, Nadezhda, as well as new pushback (Stage 3) at the Emmy pit.

Innovation and efficiency

- Increased average monthly productivity at the open-pit
- Several technical measures aimed at increasing the productivity of mining dump trucks
- Replacement of the pump equipment aimed at increasing stacking volumes.

Exploration

- In 2022, exploration activities included prospecting, appraisal and core drilling, with 9 km of holes drilled. 21,000 m³ of surface mining was completed.
- In 2023, the plan is to continue prospecting and exploration activities on the flanks of Larisa, Emmy and Yelena ore zones to evaluate previously identified ore zones and to trace gold mineralisation down dip and along the strike.

Green highlights

- 76% of water on site is used in a closed cycle
- More than 6% of electricity generated from renewable energy sources (solar and wind energy)
- Food waste recycling systems.

Priorities for 2023

- Stable production and high grade ore from deep levels of Emmy pit
- New heap-leach pads construction.

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Operating assets

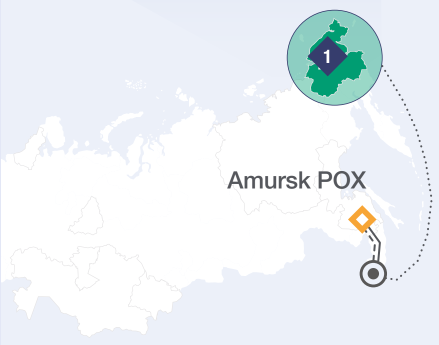
Mayskoye

Long-life high-grade refractory gold mine

Feed sources
- Mayskoye

Processing
- Mayskoye (flotation)

Sales/Downstream
- Concentrate to Amursk POX
- Concentrate to third parties



Town — Road - - - Railway
Sea port ···· Water route

120 GE Koz
Payable production (-14%)

$42m
Adjusted EBITDA (-62%)

$1,343/GE oz
Total cash costs (+38%)

7%
Share in Group's production

Location: Chukotka, Russia
Managing director: Tagir Ibragimov
Employees: 1,004
Mining: Open-pit/underground
Processing: 912 Ktpa flotation, Amursk POX, third-party offtake
Production start date: 2013
Life of mine: 2036

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.22	0.34	-34%
Mining			
Waste mined, Mt	2.6	3.7	-30%
Underground development, km	21.3	19.5	+9%
Ore mined, Kt	839	781	+7%
Gold grade, g/t	5.7	5.7	-0%
Processing			
Ore processed, Kt	925	901	+3%
Gold grade, g/t	5.6	5.7	-2%
Gold recovery	82.8%	86.9%	-4%
Production			
Gold, Koz	120	139	-14%

Operating results 2022

Annual output was 14% lower year-on-year due to decrease in recovery, attributable to higher than expected carbon content with lower sulphide and higher iron grades in the oxide ore. Average grade is roughly stable year-on-year.

Open-pit mining at Mayskoye has been completed.

Innovation and efficiency

- Conveyor system has been fully ramped up. Upon full ramp-up, the project is expected to cut costs (AISC by up to $150/oz). Importantly, it frees up the substantial fleet of underground trucks, which can be used to support other mines in the absence of sanctions-related fleet replacement.

Green highlights

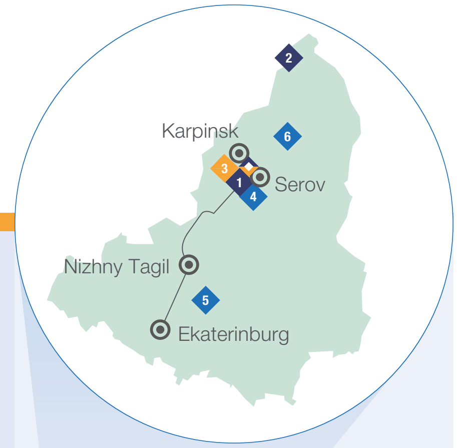
- Launched low-carbon, electricity-powered underground conveyor system for ore transportation and reduced GHG emissions
- Trials of four units of electric underground vehicles (in addition to three operating ones)
- 96% of water used on site is in a closed cycle or treated waste water.

Priorities for 2023

- Higher production and processing high recovery sulphide ores
- Advancing the full-scale construction of the backfill plant: delivering equipment and commodities, starting equipment installation, accessing ore reserves. Commissioning, which will help reduce dilution and thus optimise costs, is scheduled for 2024.

Voro

On track with new flotation circuit



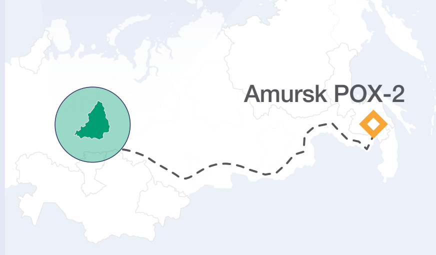
Feed sources
- 1 Voro
- 2 Saum
- Third parties concentrate
- 3 Pesherny

Processing
- Voro (CIL, Merrill-Crowe)
- Voro flotation (flotation/gravity)

Sales/Downstream
- Doré bars
- Concentrate to Amursk POX-2
- Concentrate to third parties

Key exploration projects in 2022
- 4 Andrey
- 5 Aramashevsky
- 6 Maslovsky

Town — Road - - - Railway



93 GE Koz
Payable production (+0%)

$75m
Adjusted EBITDA (-14%)

$918/GE oz
Total cash costs (+23%)

5%
Share in Group's production

Location: Sverdlovsk Region, Russia
Managing director: Boris Balykov
Employees: 952
Mining: Open-pit
Processing: 1.05 Mtpa CIP circuit
Production start date: 2000 (HL), 2005 (CIP)
Life of mine: 2043

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.00	0.00	NA
Mining			
Waste mined, Mt	10.1	9.1	+11%
Ore mined, Kt	330	456	-28%
Gold grade, g/t	4.4	3.8	+14%
Processing			
Ore processed, Kt	1,030	1,049	-2%
Gold grade, g/t	2.6	2.2	+19%
Gold recovery	81.4%	85.0%	-4%
Production			
Gold, Koz	91	91	-0%

Operating results 2022

In 2022, production at Voro was stable at 91 Koz. CIP plant recorded higher grade but lower recoveries due to the processing of transitional ore from Peshernoye.

Mining at Saum was discontinued on the back of deteriorating economics (strong Rouble and higher rail tariffs).

Voro flotation plant is 90% completed. Start-up is expected in Q2 2023 (previous plan was 2027). It will help to bring forward cash flows from high-grade polymetallic deposits, such as Peshernoye, Galka and Saum.

Innovation and efficiency

- At the flotation plant, major processing equipment has been installed and the concentrator building has been fully winterised
- Modernisation of the equipment at the heap leach area in order to increase the productivity for tailings processing from the new plant.

Exploration and resources

- At Andrey deposit, the initial mineral resource estimate amounted to 4.3 Moz of gold with an average grade of 2.0 g/t containing 275 Koz of gold (follow-up appraisal). In 2023, Polymetal will complete a feasibility study according to the Russian GKZ standards along with ore reserves estimate.
- In 2023, at Pavlov deposit, Russian-standard feasibility study will be completed and ore reserves will be reported. The Company also plans to continue prospecting at the flanks.

Green highlights

- Purchased up to 95% of electricity from renewable energy sources
- 99% of water used on site is in a closed cycle or treated waste water
- 100% of tailings are now dry-stacked.

Priorities for 2023

- Flotation plant start-up in Q2 2023 and ramp-up
- Preparation for underground mining at Peshernoye.

Operating assets

Nezhda

Successful ramp-up and first full year of operation

133 GE Koz
Payable production

$38m
Adjusted EBITDA

$1,138/GE oz
Total cash costs

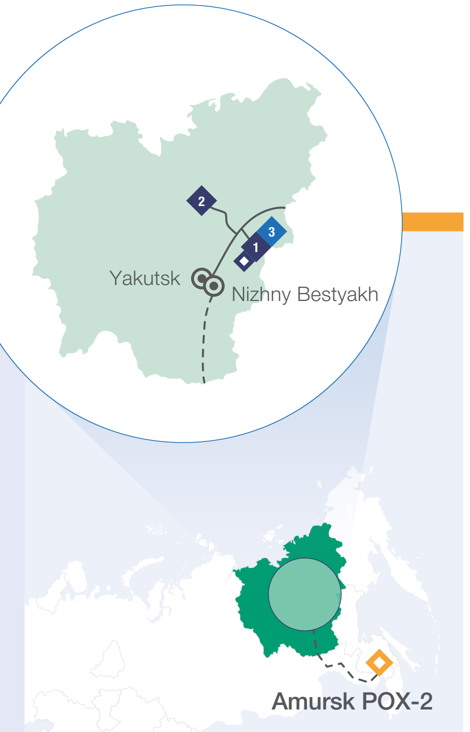
8%
Share in Group's production

Feed sources
1 Nezhda
2 Prognoz

Processing
Nezhda (flotation/gravity)

Sales/Downstream
Amursk POX-2
Concentrate to third parties

Key exploration projects in 2022
3 Nezhda flanks



Town — Road --- Railway

Location: Republic of Sakha (Yakutia), Russia

Managing director: Oleg Pavlov

Employees: 929

Mining: 28 years (18 years of conventional open-pit mining 2019-2036, 10 years of underground mining 2037-2046)

Processing: Flotation/Gravity concentration + offtake/Amursk POX

Production start date: 2021

Life of mine: 2052

Operational highlights

	2022	2021	Change
Safety			
LTIFR	0.00	0.13	-100%
Mining			
Waste mined, Mt	18.1	22.0	-18%
Ore mined, Kt	2,654	1,192	+123%
Gold grade, g/t	3.0	2.2	+35%
Processing			
Ore processed, Kt	2,011	344	NA
Gold grade, g/t	4.0	3.7	+9%
Gold recovery	75.5%	73.0%	+3%
Production			
Gold, Koz	111	20	NA
Silver, Moz	1.8	0.1	NA

2022 performance

In the first full year of operation, Nezhda reached its nameplate capacity and recovery. Total annual production amounted to 111 Koz. The Company expects the output to increase as soon as the gravity concentrate is redirected from Voro and Dukat to the intensive cyanidation section of Amursk POX-2 (launch planned for Q2 2023) and flotation concentrate processed at the Amursk POX-2 after its launch in the first half of 2024. Low-carbon concentrate is currently processed at Amursk POX and high-carbon mostly stockpiled.

The recovery rate at the concentrator is gradually heading towards the design level as the Company implements technological improvements. Grade in ore processed increased according to the mine plan.

Mining activity at the Nezhda open-pit was temporarily suspended from the beginning of December 2022 for four months in order to optimise costs. Sufficient ore stockpiles are available to ensure full productivity at the flotation plant for several months.

Exploration

In 2022, exploration activities were focused on ore zone 3 and Zarechnoye. 1.56 km of core drilling and 16,700 m^3 of tranches were completed. The results confirmed the presence of ore mineralisation in ore zone 3.

Green highlights

- The 110-kV line linking Nezhda mine to the regional grid, powered by a combination of hydro and gas, has been successfully commissioned. The diesel-powered gensets that were previously used have been transferred to stand-by emergency mode
- Sourced energy from the federal power grid to decrease GHG emissions and avoid diesel power generation
- 100% of tailings are now dry-stacked.

Priorities for 2023

- Increase in throughput to 2.2 Mtpa
- Processing Nezhda gravity concentrate at the Amursk POX intense cyanidation circuit
- Construction of the second stage of dry cake storage.

Development assets

Veduga

Production from large high-grade asset due in 2027

200 Koz
Annual gold production

4.0 Moz of gold
Ore Reserves at 3.9 g/t

Development

Veduga project timeline had to be delayed by 12 months with first production now expected in the first half of 2027. This schedule optimisation will reduce capital commitments for 2023 and allow for a thorough selection of processing equipment to ensure full compliance with all applicable sanctions and flexible construction planning.

Veduga is accessible by an all-year road and has direct access to the federal power grid.

Timeline

2023	Completion of re-marketing, advances for long-lead items
2024	Start of construction
2025	Delivery of the main technological equipment. Winterisation of the main concentrator building
2026	Completion of equipment assembling
2027	First production and full ramp up

Exploration

- In 2022, exploration drilling was carried out at the deep horizons of ore body 1 to evaluate its mineralisation potential along the strike and down dip. Total drilling volume amounted to 10.1 km. In 2022, the updated mineral resource estimate recorded an increase of 700 Koz of gold. Exploration activities continues to outline the ore mineralisation down dip.
- In 2023, Polymetal will evaluate reserves from Veduga deep levels and to approve Russian-standard reserves estimate (GKZ).

Green highlights

- Two electric excavators are planned
- 92% of water used is treated waste water.

Priorities for 2023

- Completion of marketing, advances for long-lead items.

Prognoz

First ore to be mined from one of the world's largest and high-grade silver mines in 2023

6.5 Ag Moz
Annual production

125 Moz of silver
Ore Reserves at 460 g/t

Development

The annual mine capacity will amount to 250 Kt of ore with average silver grade of approximately 600 g/t.

Ore will be processed through the 2.2 Mtpa Nezhda concentrator. Silver recovery to high-grade, clean silver-lead concentrate is expected to average 89%. Ore will be trucked by winter road from Prognoz to the Nezhda production site (675 km) using contractors.

Life-of-mine payable silver equivalent (AgEq) in concentrate is expected to comprise 120 Moz. Average annual payable AgEq production in 2023-2041 is estimated at roughly 6.5 Moz with an average AISC of $13.8/AgEq oz.

Timeline

2023	First ore mined. Commissioning of infrastructure object. Construction of winter roads, bridges (Prognoz – Nezhda)
2024	Transportation of ore to Nezhda. First payable production

Exploration

- In 2022, Russian-standard feasibility study for open-pit and underground mining was approved. The reserves were included in the State Reserves Register.
- In 2023, Polymetal plans to explore Atyr-Moginskaya property in order to increase Prognoz mineral resource base.

Green highlights

- 95% of heat consumption comes from heat recovery system.

Priorities for 2023

- First ore mined
- Commissioning of infrastructure objects
- Construction of winter roads, bridges connecting Prognoz and Nezhda.

Sustainability

ESG remains a strategic priority

Maintaining high ESG standards and monitoring our impact on stakeholders is one of Polymetal's strategic priorities. Doing this requires leadership from the very top of the organisation, which is why our sustainability approach and performance are overseen by Board-level Committees, with our Group CEO having ultimate accountability, and ESG-related remuneration KPIs implemented across the Group.

How we manage sustainability

The Board defines business strategy, assesses risks and monitors performance. During the year, our Board conducted several sustainability performance reviews, as well as approved sustainability initiatives and our reporting. The Safety and Sustainability Committee has a mandate to provide support to the Board on a wide range of sustainability issues, such as health and safety, stakeholder engagement, social impact assessment, environmental and climate change risks. It also oversees the implementation of short- and long-term policies and standards, making sure that we work ethically, transparently and responsibly. Read more on the Safety and Sustainability Committee's activity in 2022 on page 130.

Our Remuneration Committee sets the framework and broad remuneration policy for the Chair, Group CEO and the executive management team, as well as monitoring the gender pay gap. The Nomination Committee is responsible for recommending Board and Committee members and ensuring that a balance of skills, knowledge, independence, experience and diversity are reflected.

Our strict approach to sustainability issues is underpinned by ESG remuneration KPIs that cascade down from Group CEO and COO to mine directors, subsidiary directors and their deputies, senior managers, heads of operational units and other levels of employees. In addition to safety KPIs and penalties for work-related fatalities and severe injuries, our ESG scorecard outlines remuneration-linked targets on GHG emissions reduction, tailings management, gender diversity and impact on local communities (read more on page 144).

Our contribution to the UN SDGs

By addressing the UN Sustainable Development Goals (SDGs), we make sure that we contribute to a more sustainable world with every business decision. Our sustainability agenda is built around 12 SDGs that complement and depend on each other.

With our efficient mining operations in remote regions, we stimulate development and economic growth within communities (SDG 8), while ensuring the health and well-being of the people we work with (SDG 3).
We contribute to community development not only through the taxes we pay and the jobs that we create, but also by directly supporting local healthcare (SDG 3) and educational institutions (SDG 4), renovating local infrastructure (SDG 9), making charitable donations (SDG 1) and implementing other projects that our neighbouring communities find most relevant to them. We also contribute to these SDGs by providing our employees with safe working conditions, decent remuneration and professional development.

We oppose any kind of discrimination and particularly aim to eliminate gender stereotypes when it comes to women working in the mining industry (SDG 5).

We do all we can to minimise the impact of mining on natural resources by using these resources efficiently and taking responsibility for environmental risks (SDG 12). This includes reducing fresh water withdrawal and ensuring discharge water quality (SDG 6), managing waste responsibly, reducing land use through applying dry stacking technologies and monitoring biodiversity (SDG 15). We also recognise that mining activities can result in adverse consequences for the climate while, at the same time, they are exposed to climate-related risks. Our climate change targets and risk assessment underpin our commitment to SDG 13.

Finally, SDG 16 and SDG 17 reflect our overall approach to business and stakeholder engagement. We strive to work in an ethical and fair way, and embrace partnerships for positive change.

Relevant SDGs and material issues

See metrics and performance in 2022 for each of the material issues on page 45.

1 NO POVERTY	• Employees • Communities • Supply chain	3 GOOD HEALTH AND WELL-BEING	• Health and safety • Employees • Communities
4 QUALITY EDUCATION	• Employees • Communities	5 GENDER EQUALITY	• Employees • Supply chain
6 CLEAN WATER AND SANITATION	• Water • Communities	8 DECENT WORK AND ECONOMIC GROWTH	• Supply chain • Employees • Communities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Communities • Supply chain	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Water • Waste and pollutants • Biodiversity and lands
13 CLIMATE ACTION	• Climate change	15 LIFE ON LAND	• Biodiversity and lands • Waste and pollutants
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	All	17 PARTNERSHIPS FOR THE GOALS	All

Material issues

We consider sustainability issues at all stages of a mining project, focusing on those that matter most for our Company and stakeholders. These issues inform our ESG agenda and disclosures, and are integrated into our business strategy and risk management procedures. Our materiality determination process involves both external and internal sources:

- Identifying social and environmental impacts in the mining sector described in academic research and market reviews
- Analysing internal and external stakeholders expectations
- Monitoring non-financial reporting standards such as GRI, SASB and TCFD and reviewing peers' reports
- Reviewing our internal risk registers and external global risks reports
- Analysing social, economic and environmental contexts via available sources and tools.

For each issue identified as material, we set measurable targets and report on performance. Our list of material issues remained unchanged in 2022.

Material issues	Targets	Performance in 2022	Status
Health and safety	Ensure zero fatalities	Zero fatalities (2021: 1 contractor fatality)	Target achieved
	Maintain LTIFR below 0.2	LTIFR 0.10 (2021: 0.12)	Target achieved
	Year-on-year decrease in absent days following accidents	43% year-on-year decrease (877 days in 2022 compared with 1,545[1] in 2021)	Target achieved
Employees	Maintain voluntary turnover rate below 10%	8.4% voluntary turnover (2021: 8.2%)	Target achieved
	Improve equality and diversity, including women's representation of 33% in the Talent Pool in 2022	21% women in total workforce (2021: 21%); 35% in Talent Pool (2021: 30%)	Target achieved
	Support labour rights	80% of employees under collective agreements	Target achieved
Climate change	30% decrease in GHG emission intensity per ounce of gold equivalent by 2030 (Scopes 1 and 2, 2019 baseline)	15% decrease (632 kg CO_2e/oz of GE in 2022 compared with 742 kg of CO_2 e/oz of GE 2019)	Future target on track
	35% decrease in absolute GHG emissions by 2030 (Scopes 1 and 2, 2019 baseline)	10% decrease (1,066 Kt CO_2e compared with 1,180 Kt CO_2e by our assets in 2019)[2]	Future target on track
	Achieve 7% of total electricity self-generation from renewable sources by 2025	1.1% (12,072 gigajoules generated)	Future target on track
Water	55% decrease in fresh water withdrawal[3] per tonne of ore processed by 2030 (2019 baseline)	49% decrease (138 m^3/Kt of processed ore in 2022 compared with 268 m^3/Kt of processed ore in 2019)	Future target on track
	Increase share of water recycled/reused	91% of water reused/recycled (2021: 90%)	Target achieved
Waste and pollutants	Increase share of waste reused and recycled by backfilling overburden waste whenever possible	23% of waste reused/recycled (2021: 23%)	Target achieved
	Achieve 50% dry-stack tailings storage of tailing total waste by 2030 (interim target for 2022 – 12%)	28% of tailings dry stacked (2021: 14%[4])	Target achieved
Biodiversity and lands	By 2023 design a framework to evaluate Polymetal's biodiversity footprint	A biodiversity standard is under development	Future target on track
	By 2025 reforest 2,750 ha	873 ha of land reforested	Future target on track
Communities	Ensure zero community conflicts	Zero conflicts	Target achieved
	Ensure positive engagement	839 inquires received and resolved (2021: 613) as well as 173 letters of gratitude	Target achieved
	Maintain the level of financial giving	$23.2m invested in social projects (2021: $20m)	Target achieved
Supply chain	50% share of regional procurement by 2024	46% (Russia: 39%; Kazakhstan: 84%)	Future target on track
	ESG score for key suppliers by 2023	ESG assessment is obligatory for contractors working on our premises and it is voluntary for new suppliers while the suppliers pool undergoes significant changes	Future target on track

Key: Target achieved   Future target on track

1 Data for 2021 was restated due to sick leave extension for one of the injured employees.
2 Metric applies to mines within the reporting scope of the base year, namely Kyzyl, Varvara, Voro, Mayskoye, Omolon, Dukat, Svetloye, Albazino, Amursk POX and Amursk POX-2, and Nezhda.
3 Excluding water for non-technological purposes.
4 Data for 2021 was restated due to the improvement of waste accounting procedures.

Health and safety

Polymetal operates in a high-risk industry. We are responsible for the safety at work of more than 14 thousand employees and expect the same responsible approach from our contractors.

At a glance

17%
decrease in employee LTIFR

100%
operating sites certified to ISO 45001

42%
decrease in days lost due to work-related injuries

Our priorities

- Compliance with the applicable operational health and safety legislation and international standards
- Safety culture based on risk assessment and employee engagement
- Continuous improvement of safety management by applying up-to-date technologies and equipment.

Which guidelines do we follow?

External: UN Global Compact, ISO 45001, EBRD Environmental and Social Policy, Responsible Gold Mining Principles, national occupational safety standards.

Corporate: Health and Safety Policy, Occupational Health and Safety Management System, Code of Conduct.

Our approach

At Polymetal, we believe that all work-related injuries and illnesses are preventable, and ensuring that every person who works for and with Polymetal returns safely from work at the end of the day is our utmost priority. The pillars of our health and safety approach are strong leadership, a zero-harm culture and stringent risk management.

Our CEO, COO, mine directors and other senior managers are personally accountable for safety, with health and safety indicators part of their remuneration-linked KPIs. They can be subject to penalties of up to 50% of their annual bonus for non-safety related KPIs if severe incidents or fatalities occur, whether among contractors or our own employees. In addition, 25% of their annual bonus is linked to the number of days lost due to work-related injuries – a KPI that reflects both the number and the severity of injuries. In addition, we have banned performance-based remuneration for employees involved in hazardous work on site in order to eliminate situations where safety is sacrificed for production results.

Our Occupational Health and Safety Management System is in place across all operating sites and is audited annually for compliance with ISO 45001. It sets rigid standards for risk identification, safety training, equipment maintenance, contractors engagement and emergency preparedness. We aim to apply the same standards to our exploration sites to ensure employee safety from the outset of any project.

Our Group-wide Health and Safety Policy promotes a zero-harm culture that gives employees the right to refuse unsafe work and inform the site management promptly of identified hazards. This enables us to respond appropriately to any concerns or suggestions about operational safety.

Risk assessment and mitigation

Risk assessment is the bedrock of how we manage health and safety. We follow a PDCA (plan-do-check-act) approach by annually reviewing and updating all risks, planning the relevant risk mitigation measures, reviewing their effectiveness and adjusting the action plan as needed. While doing this, we take into account historic data on accidents, lost-time incidents and near misses, along with shift-by-shift risk assessments provided by employees and contractors. Each industrial process and site has its own risk map and mitigation plan, and is subject to regular safety checks. In 2022, we conducted 13,229 safety checks, including 3,894 among our contractors.

If a lost-time accident takes place at our site, we investigate the root causes by applying a 'five whys' approach. We engage authorities and inform the relevant teams of the outcomes. When the accident results in a contractor's injury, we formally request the involved organisation to carry out the investigation with the participation of a Polymetal representative. We also analyse near miss incidents that may not have resulted in a lost-time injury but still represent a potential safety risk, such as vehicle collisions.

Our Health and Safety Action Plan focuses on the risks that have materialised in recent years as well as on other common safety hazards attributed to our industry. Altogether, these form a list of critical safety risks that include as of today:

- jamming by a rotating mechanism
- slipping and tripping while walking
- being hit by an object
- road transportation accidents
- falling rock
- combustion and others.

Based on the list of critical safety risks, we develop an annual action plan. For each risk, operational sites implement mitigation activities covering administrative measures (e.g. assigning a responsible person), risk elimination, engineering improvements (e.g. applying digital technologies), additional training and visualisation. In 2023, we will focus on improving safety at our exploration sites and ensuring that all our facilities – from work camp blocks to plants – are constructed and equipped in compliance with rigid safety standards.

Digitalising safety

We aim to minimise the human factor by applying digital technologies. Positioning systems allow dispatchers see the exact location of each worker in the mine or on the plant and prevent them from entering hazardous areas. Similar dispatching systems are developed for the mining fleet to target road safety, while circular review systems on board vehicles help drivers avoid collisions. In our underground mines, drilling machinery is equipped with sensors that automatically stop drilling if a worker accidentally enters the hazardous area.

To raise the efficiency of the daily risk assessment carried out by workers at the start of each shift, we are also transitioning this process into a digital format. Employees are equipped with dedicated devices with built-in safety checklists, which they can also use to submit information about a near-miss that occurred during the shift. These facilitate the process of risk identification and enable site management to better analyse and improve workplace safety. Our plans for 2023 include extending the use of digital risk assessment and other abovementioned technologies to all operating sites wherever possible.

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Safety performance 2022

There were no fatal accidents in 2022. However, lost-time incidents still took place among Polymetal's workforce and contractors. Most were the result of slipping or tripping while walking or being jammed by a rotating mechanism. In 2022, 13 lost-time incidents were recorded among employees and 12 among contractors. Lost-time injury frequency rate (LTIFR) for 2022 stood at 0.10 for employees (0.12 in 2021) and 0.21 for contractors (0.09 in 2021). Days lost due to work-related employees' injuries for the full year decreased by 43% year-on-year to 877 (1,545 in 2021).

While all of the incidents that took place during the year were classified as minor, we still took responsive measures for each by updating risk maps for relevant facilities, providing additional instructions to employees and encouraging contractors to carry out the investigation if the accident involved a contractor's worker.

Workers engagement and safety culture

The implementation of a 'zero-harm' approach would not have been possible without the engagement of each worker, underpinned by strong leadership and regular safety training.

Our safety communication campaign involves articles and interviews in our corporate newspaper, checklists, videos and visual toolkits. The campaign implies active interaction of employees at all levels across the business in the form of contests, project proposals, non-monetary awards and safety cross-checks between sites – all aimed at eliminating stereotypes about safe work and highlighting the value of human life and health in day-to-day work.

As well as offering mandatory safety training by external accredited training centres, we use an internal virtual learning system, OLYMPOKS. This provides training around industrial processes, energy, environment, transport, fire, civil defence, emergencies and first aid. In the last year, 4,513 people attended mandatory training sessions and 7,821 attended non-mandatory training on safety, provided externally or internally. We strive to equip our employees with sufficient training and tools for continual safety awareness: for example, each site holds daily safety briefings that include quick knowledge tests and Q&As.

When working with our contractors, we highlight safety risks and share our expertise to help them mitigate such risks. We regularly inspect contractor operations, collaborate with them to resolve any issues (e.g. via our health and safety committees) and encourage them to participate in professional contests alongside our employees. We also train contractors on the principles of hazard identification, risk assessment and procedures for ongoing production control and workplace monitoring. The requirement to regularly identify and assess hazards and risks is now part of all agreements with contractors.

Polymetal employees health and safety

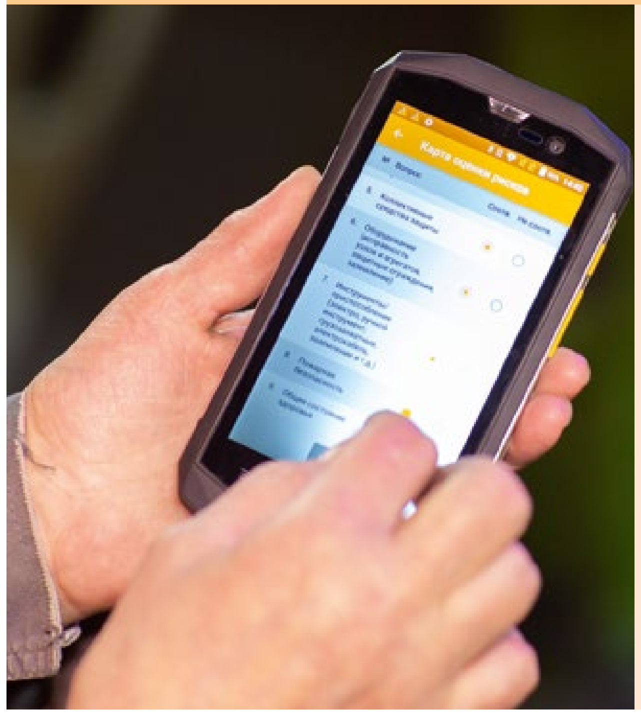
	Units	2022	2021	2020	2019
Injuries, including:	number	13	15	13	20
Fatalities	number	0	0	0	2
Severe injuries	number	0	2	2	3
Minor injuries	number	13	13	11	15
LTIFR[1]	rate	0.10	0.12	0.12	0.19
Days off work following accidents[2]	number	877	1,545	1,583	1,760
Occupational deseases and health difficulties	number	9	5	2	1
Near-misses	number	4,770	4,687	3,653	2,684

Contractor employees safety

	Units	2022	2021	2020	2019
Injuries, including:	number	12	6	12	10
Fatalities	number	0	1	0	1
Severe injuries	number	0	0	0	0
Minor injuries	number	12	5	12	9
LTIFR[1]	rate	0.21	0.09	0.24	0.20

1 Lost-time injury frequency rate per 200,000 hours worked.
2 Data for 2021 was restated due to sick leave extension for one of the injured employees.

Climbing up Hudson's ladder: improving safety culture's maturity



In 2021, we conducted a survey to assess our safety culture against the internationally recognised Hudson's safety maturity model. As a consequence of this, in 2022, we approved a new health and safety communication programme. While the results showed that our safety culture was between the 'Reactive' and 'Calculative' levels (2nd and 3rd levels, respectively), we are now aiming to achieve the 4th level of 'Proactive' by 2025 and have developed a roadmap towards meeting this goal. At this level, each employee is an active contributor to the process of ensuring safety and each manager prioritises safety along with operational results and cost control.

The programme for 2023-2024 includes introducing safety competencies to the job descriptions of all managing personnel and adapting a more systematic approach to dialogue between line managers and employees. Dedicated focus groups will enable discussions around safe behaviour, root-causes of accidents and dominant health and safety risks. This will be complemented with a range of awareness-raising events such as updated induction training, case study competitions and employee guest lecturing on safety in local schools.

Health and well-being

Employee performance and, in turn, corporate productivity both rely on good health and well-being. We aim to support positive occupational health and contribute to wider employee well-being.

Occupational health

In 2022, nine cases of occupational diseases were reported by eight employees at our Mayskoye, Omolon and Dukat mines. All of the employees were involved in underground mining works and have had more than 30 years of experience. Most of the employees with an identified occupational disease decided to leave the Company; one of them was offered another job in less hazardous working conditions. All of the employees will receive appropriate payment from the Social Insurance Fund of the Russian Federation. To avoid such cases occurring again, third-party organisations conduct regular assessments of working conditions at Polymetal sites. Dedicated contractors are responsible for ensuring the highest hygiene standards, while employees receive regular medical check-ups (including daily health checks with an automated health monitoring system) and paid leave for health appointments.

Encouraging well-being

The well-being of our employees is an essential part of our HR strategy. We want our employees not only to be safe but also to benefit from overall physical and mental health. Our private health insurance plans allow employees access to medical help regardless of employee location or grade and also cover employees' children aged below ten years without additional fees. The insurance plan includes health consultations, a second medical opinion, vaccination, emergency hospitalisation and other benefits, with access to online content covering well-being topics such as healthy eating and stress management.

To encourage healthy living, we arrange our own fitness facilities at operational sites and subsidise gym membership for office workers. Additionally, we hold a range of corporate sports events, such as hockey, tennis, volleyball and football tournaments.

Sustainability continued

Employees

Our talented people are central to the success and resilience of our business. Enabling them to grow, while upholding their rights and protecting their well-being, are fundamental priorities.

At a glance

>14,000
employees

78
hours of training per employee per year

21%
female

100%
of operating site employees covered by collective agreements

Our priorities

- Attracting, developing and retaining best talents
- Improving equality and diversity, including women's representation in leadership and Talent Pool
- Ensuring favourable working conditions and supporting labour rights.

Which guidelines do we follow?

External: Universal Declaration of Human Rights, UN Global Compact, ILO Declaration and ILO Conventions, Responsible Gold Mining Principles, National Labour Codes.

Corporate: Code of Conduct, Human Resources Policy, Diversity Policy, Employment and Labour Corporate Standard, Regulation on Social Conditions and Service Quality Control, collective agreements.

Our approach

Attracting and retaining best talents is one of today's challenges in the mining industry. We strive to offer fair and inclusive working environments, competitive salaries and professional development opportunities, while keeping people informed and motivated through dialogue and engagement – particularly during uncertain times.

Polymetal's corporate culture is based on mutual trust and respect, transparency and integrity, as well as an unwavering drive for development and improvement. Training and mentoring programmes are continuously developed and updated to help employees across the Group deepen their expertise in engineering, geology, minerals processing, environmental protection and other fields. We always ensure that frontline workers have access to the same training and engagement tools as employees in corporate offices and are not disadvantaged by the remote location of our mining sites.

Along with talent development, we focus on employee well-being and satisfaction. Our internal communication system enables employees to raise any issues or concerns without retribution and ensures that remedial steps are taken. Complex or Group-wide issues are submitted to a Board-level Committee for resolution.

Our integrity as a business relies on all employees and contract workers complying with our Corporate Code of Conduct, which outlines the ethical behaviours expected of all stakeholders. We take a zero-tolerance approach to any form of discrimination or harassment and promote a culture of equal opportunity. Our commitment to diversity and inclusion is supported by a comprehensive programme that includes training, mentoring, talent attraction and internal communications.

Remuneration and social benefits

We experience greater competition in the labour market and increased demand for mining experts, while also recognising that monetary reward plays a significant role in employee attraction and retention. Consequently, we monitor average salaries across our regions of operation to ensure that Polymetal's salaries are equal to or exceeds them. Our performance-based compensation system ensures fair and equal growth opportunities for employees. For those working in hazardous environments, such as underground operations, the remuneration system takes account of safety before productivity. We annually align wage growth with the inflation rate: the salary increase in 2022 was 9% for employees in Russia and 12% for those in Kazakhstan.

Our base salaries do not differ between men and women who perform the same function. However, there are still variations in the type of work typically performed by male and female employees, resulting in a 2022 gender pay gap[1] of 23% (2021: 22%). To manage this pay gap, we closely monitor the proportion of women at various levels or departments and actively encourage more women step into leadership roles (read more on our gender diversity programme on page 53).

For employees with families, we offer additional payments during the parental leave for up to three years and subsidise nursery fees, after-school activities and holiday camps. We also provide those working in remote locations and their families with a free 'health holiday' every two years. Financial aid is made available for employees in cases of illness or other emergencies, as well as for those applying for mortgages or retiring (see our Employment and Labour Corporate Standard).

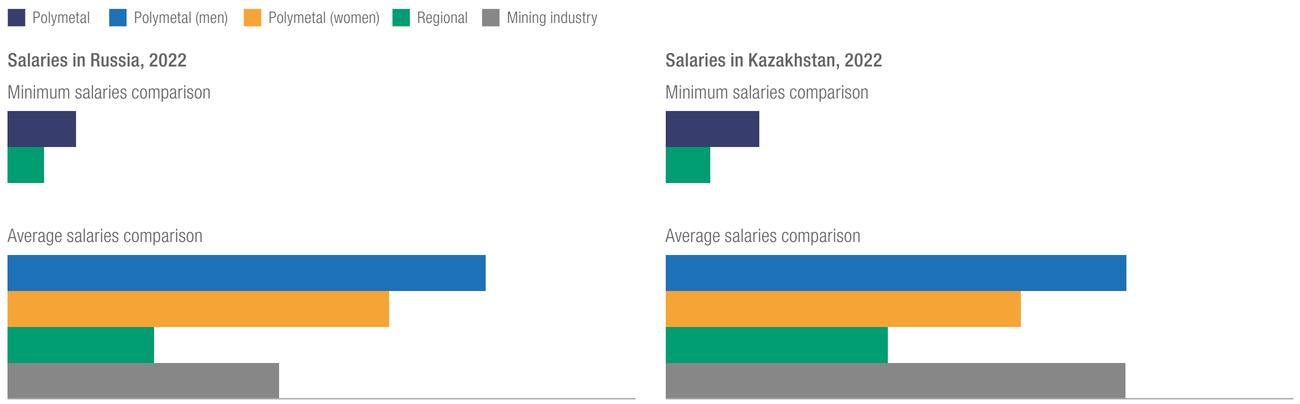
Given that nearly half of our employees work on a fly-in/fly-out basis, we pay particular attention to providing comfortable living conditions, including hygiene, well-being and leisure.

Training and talent development

Re-skilling and upskilling employees while providing each and every one with opportunities to share and implement their ideas helps us fill the talent gaps and keep up with technological changes.

In 2022, we intensified collaboration with higher education institutions and colleges. To feed our talent pipeline, we need to bridge the gap between academic education and our job requirements. We are partnering with top universities in our regions of operation to launch joint educational programmes on digital technologies in mining (read more on local employment programmes in the Communities chapter on page 79).

Polymetal salaries compared to regional wages



Polymetal minimum salaries are 89% higher than the regional minimum in Russia and 110% in Kazakhstan.

1 Measured as average male wage minus average female wage divided by the average female wage.

We leverage our strong in-house expertise in geology, exploration, construction, metal processing, ecology and other aspects of mining by providing employees across the Group with online training and in-person workshops. Our training programme for geologists continues; this covers theory and practice on geochemical modelling, big data analytics, exploration methods, resources classification and ore processing.

A new training programme for our procurement managers has been developed in order to help them purchase goods and services, and arrange logistics in today's highly volatile environment. Another new development is an online training course on mining for non-mining specialists, such as financial and accounting teams. These lectures are included as part of induction training and intended to give attendees a better understanding of the industry.

Alongside hard skills, we also help our employees develop soft skills: an operational management training course based on real-life case studies was launched for line managers. We further enhanced our wider employee programmes and engagement events, such Talent Pool, Best-in-Profession Competition, succession planning, ProgressorLAB and the Research and Development Conference.

Mentoring and succession planning

As well as training programmes, we continue to invest in tools to empower our employees and increase internal mobility. Our Talent Pool is designed to develop future leaders and helps us meet most of our staffing needs internally. Any suitably qualified employee can apply for a vacancy or to join the Talent Pool. A variety of assessment procedures are used to train future leaders, including 360-degree evaluations, assessment centres and competency-based interviews. All participants receive feedback and a personal development plan. In 2022, the Talent Pool consisted of 573 employees and 19% of them gained a promotion. We focused on creating a pool of internal candidates for leadership roles in engineering, construction, mine management and finance.

Succession planning is no less crucial when it comes to senior management positions. We support potential candidates for these roles with a training schedule that includes operational and strategic management, critical thinking, communications and change management.

In 2022, as part of our aim to move from a traditional 'top-down' approach in talent development, we launched a corporate mentorship programme. Like the Talent Pool programme, it enables a better flow of knowledge and expertise within the Company, with mentees communicating with their mentors to discuss their career goals and how they would achieve them.

Sharing knowledge across the Group

Deployment of innovation requires a change in mindset, including active cross-functional collaboration. Our ProgressorLAB initiative brings together talented and creative employees from different Polymetal sites in working groups to problem solve on topics such as geological surveying, engineering, operational efficiency and data analytics. To date, 116 people are registered as participants in ProgressorLAB group projects and 51 people as experts.

All employees have access to the corporate Knowledge Base, which contains practical case studies of investment project implementation, industrial trials results and best operational efficiency solutions as suggested by other employees. This experience exchange helps employees across the Group solve challenging mining, processing, safety and other tasks. Over the last two years, there was a 30% increase in the number of annual user sessions.

Research and Development Conference

Every year, our Research and Development Conference brings together young talent from across the Group to present new ideas for possible implementation in production. Each participant is assigned a mentor to consult before presenting the project to the expert jury at the conference. The projects selected for implementation are those that balance originality with practical applicability and efficiency. These are also included in the Company's Knowledge Base as part of the essential intellectual capital of the Group.

In 2022, the participants presented 50 improvement projects in geology, mining, processing, environmental impact reduction and safety, with a particular focus on innovation and digitalisation. Of these projects, 40% were selected for further development and implementation.

"I was feeling a bit nervous before presenting my project to the jury, but a training session on public speaking on the opening day of the conference was really helpful. I plan to participate in next year's event as well – perhaps as a mentor for someone else," said Ksenia Emelyanova, laboratory assistant at Omolon and originator of one of the winning projects on a new method of sample analysis.

Nourishing competitive culture

Our Best-in-Profession Competition has been running since 2015, with more than 1,000 Group employees taking part annually. The competition helps to award the most skilled employees, drive their motivation, share corporate best practice and promote working professions. In 2022, 1,161 employees and contractors' workers took part in skills competitions.

The Best-in-Profession Competition tests knowledge and practical skills with a particular focus on safety and environmental management. It helps to identify knowledge gaps and develop refresher training plans, especially for safety rules. Polymetal encourages contractors to participate in the skill competitions alongside Company employees to give them an opportunity to get a better feel of the Polymetal's safety culture.

To encourage more employees to compete, the Company is continuously looking for ways to enhance the Best-in-Profession Competition. For example, competitions for geologists and surveyors now include executing tasks using Datamine software.

Diversity and inclusion

We value a diversity of views and backgrounds among our employees, as set out in our Diversity and Inclusion Policy. We do not discriminate on any grounds, be they gender, race, religion, disability or political affiliation. When advertising a role and recruiting candidates, assessors specify qualification requirements and avoid any conscious or unconscious bias when interviewing people. Remuneration decisions are based purely on competence for the role, regardless of any other attribute. We monitor discrimination-related incidents via our feedback systems, such as our Hotline, which enables issues to be raised anonymously to be dealt with by the relevant department (read more on page 81).

In order to eliminate workplace bias, empower diverse teams and attract and retain people with different backgrounds, we have adopted a five-year Diversity and Inclusion Programme, which includes training and engagement activities, diversity metrics and targets, collaboration with educational institutions and ongoing internal communication.

Equality and inclusion issues are raised at each meeting of the Nomination Committee, and diversity-related KPIs have been established for our CEO and other senior leaders.

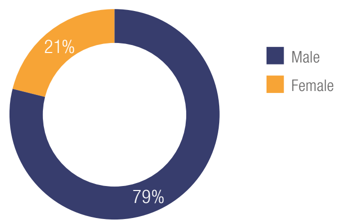
Gender equality

We monitor the proportion of women at each level, in key departments and among the participants in development programmes. While the number of women employed in 2022 remained at 21% of the total workforce (2021: 21%), female representation in the Talent Pool increased to 35% (2021: 30%) and to 34% among participants of the Research and Development Conference (2021: 23%). We also track the gender pay gap and the number of female applicants for our job vacancies.

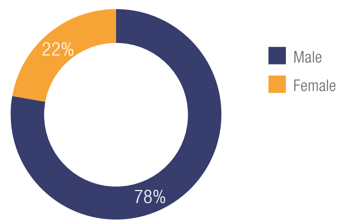
We continue our efforts around equal access to technical education, removing the barriers to career growth and promoting female leadership within and outside the Group. As one of the co-founders of the Women in Mining Russia organisation, we aim to encourage more women to enter our industry and progress to leadership roles. We actively promote this through motivating online workshops, networking with female leaders from peer companies and a cross-industry competition: Talented Women Award. Held for the second consecutive year in 2022, the competition attracted 388 applications from 40 companies within the mining, manufacturing, chemical and oil and gas industries.

Gender diversity by employee level

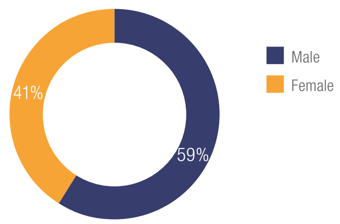
Total workforce



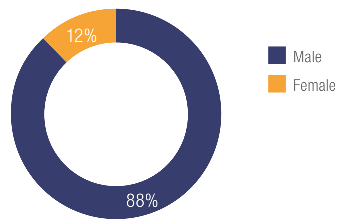
Management



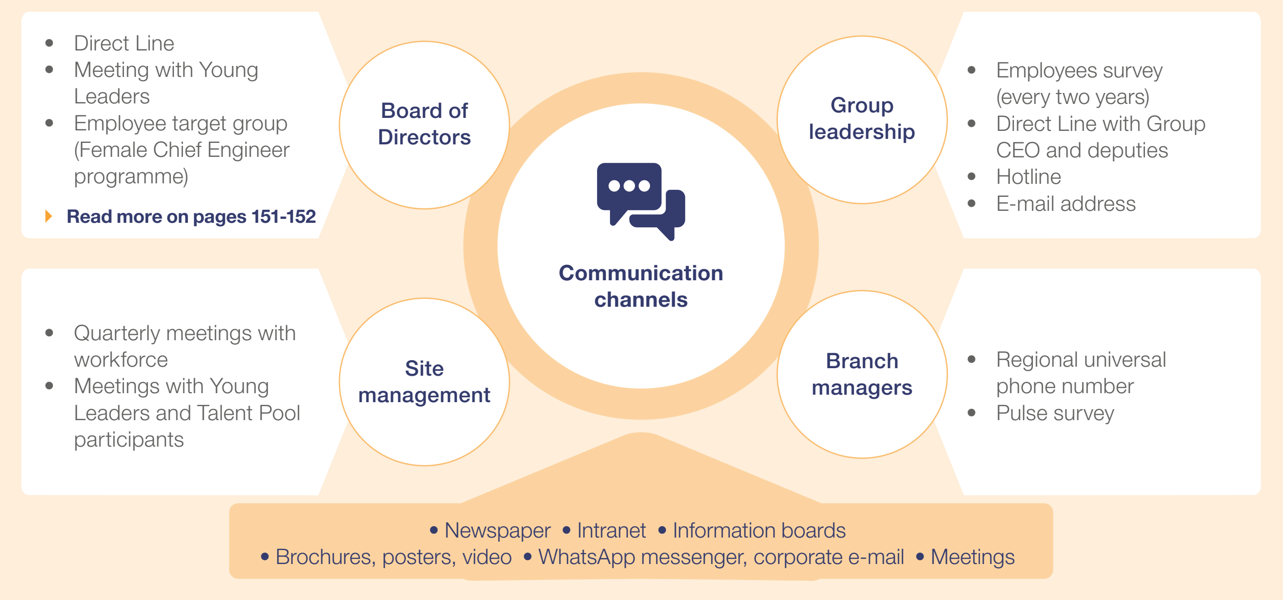
Qualified personnel



Workers



Workforce engagement at various management levels



According to surveys among both our employees and members of Women in Mining Russia, women tend to experience difficulties visualising their future career path and talking about their achievements, despite the high level of professionalism. To overcome this, we encourage our female employees to participate as lecturers at various conferences, thematic forums and as guest lecturers in universities. This has led to recognition in the media with more than 40 expert interviews published in 2022 that featured Polymetal female employees. For 2023, we plan to launch a dedicated section on female leadership within our internal portal in order to enhance networking and educational opportunities.

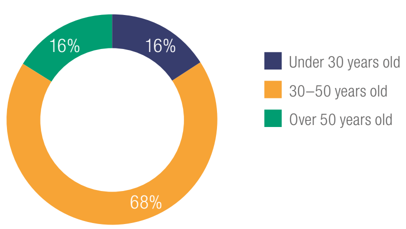
Inclusive environment

We understand that different types of physical and mental disability require a tailored approach to hiring and it is our responsibility to create an inclusive environment for those with special needs. Being an employer of 66 people with disabilities, we collaborate with a specialist recruitment agency that matches candidates with disabilities with employers that provide accessible work places, even in remote regions. In 2022, we developed an interactive online course on inclusion practices to help colleagues build better and more efficient relationships with people with special physical or mental needs, providing an informed definition to disability and warning about the risks of possible bias at work. This has also been added to the induction programme for new employees.

Age diversity

Our workforce is comprised of 16% of those aged 50 and above, who are the major source of expertise and mentorship in many areas. We offer flexible hours and remote work or redirect them from physically demanding jobs towards teaching and mentoring younger colleagues. Our generous corporate medical insurance programme covers all employees and helps them take care of their health.

Employees by age group



Communications and engagement

Our internal feedback system allows us to understand employee concerns and provide a timely response. Employees can send confidential feedback through a variety of channels, including a corporate Hotline (telephone or email – it can be anonymous), messenger app or a meeting with their manager. All employees are made aware of these channels at their induction and they are easy to find within corporate media. In 2022, we received 1,629 enquiries to these channels, with topics raised primarily including living and working conditions, social benefits and remuneration. Each enquiry is investigated and remedied as appropriate. We also conduct a quarterly analysis of all reported issues and share anonymised responses to the most frequent enquiries in our Company newsletter, corporate portal, info-boards and at meetings.

A Group-wide survey is held every two years – the next one is planned for 2023. It aims to assess employee perceptions of our corporate culture, with the results used to continually improve our workplaces in line with our core values. In addition to this, throughout the year, we ask employees for feedback on a variety of issues, from on-site living and leisure facilities to new training programmes.

Another tool that helps us engage employees and provide them opportunities to make a positive impact is corporate volunteering. The volunteering movement has been developing in more than 20 cities in Kazakhstan and Russia and in 2022 it included more than 2,800 Polymetal's employees. We have opened a Volunteer School to educate those interested on the correct and efficient way to organise and participate in volunteering events. Today our volunteers not only participate in projects initiated by the Company, but also launch their own projects aimed at positive social or environmental impact. Read more on our volunteering projects on page 78.

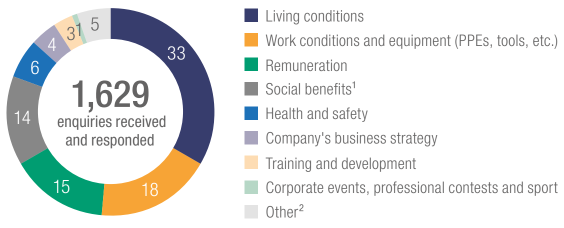
Freedom of association

We acknowledge the right of our employees to join organisations that protect and support their interests. This includes the right to elect representatives in accordance with the laws and practices of the countries where we operate. In 2022, 80% of all employees and 100% of operating site staff were covered by collective bargaining agreements. At each operating site, employees have set up Workers' Councils, with employee representatives elected to the Commissions for Regulation of Social and Labour Relations to facilitate discussion between employees and Polymetal.

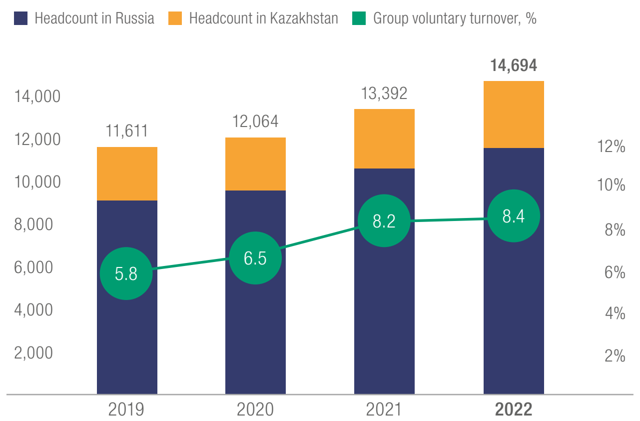
Headcount and turnover

Our average headcount in 2022 increased by 10% to 14,694 employees, with more than half working on a fly-in/fly-out basis at remote sites. Our voluntary turnover rate slightly increased to 8.4% in 2022, compared with 8.2% in 2021. The voluntary turnover within assets in Russia is 9.4% while in Kazakhstan it accounts for 4.6%. The increased turnover in Russia is mainly driven by that of development projects like Veduga and Kutyn, as the teams are often unstable at early stages of a project. We continue to develop digital systems that enable better tracking and analysis of people-related metrics that would, in turn, enable better decision-making about our HR policy.

Topics dominating employee enquiries
(%)



Headcount and turnover



1 Including questions on the private health insurance scheme.
2 Including questions related to relations with other employees and managemens and questions on Covid-19 vaccination.

Environment

As temporary stewards of valuable land, we have the responsibility to do everything within our power to ensure a safe environment for local communities and to conserve natural resources for future generations.

At a glance

91%
of water is reused or recycled

464 ha
of land rehabilitated

28%
of tailings are dry-stacked

Our priorities

- Environmental impact monitoring across all sites with the focus on efficient use of resources
- Achieving a target of 55% decrease in fresh water withdrawal per tonne of ore processed by 2030 (baseline 2019)
- Transition from tailings dams to a safer technology of dry stacking: achieve 50% dry-stack tailings storage by 2030
- Eliminating adverse biodiversity impacts at each stage of the life-of-mine.

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, EBRD Environmental and Social Policy, International Cyanide Management Code, the Global Industry Standard on Tailings Management, Responsible Gold Mining Principles, World Bank Guidelines and Policies, Science Based Targets for Nature, ICMM and IUCN guidelines.

Corporate: Code of Conduct, Environmental Policy, Environmental Management System, Tailings and Hydraulic Facilities Management Policy, Mine Closure Policy.

Our approach

While we understand that the impact of the mining industry on the environment is inevitable, minimising our environmental footprint is one of our strategic goals. We do this through monitoring, efficient resource use and innovation. Our Environmental Policy is implemented on the ground through the Group-level Environmental Management System (EMS) along with specific systems for cyanide, tailings and mine closure management.

The EMS includes rigorous controls to avoid the contamination of water, air and land, as well as adverse impacts on biodiversity and noise pollution. It helps us set targets, consistently measure performance and ensure compliance with national legislation. While acknowledging that certain environmental risks may affect the Company's operational results and reputation, we have developed a rigorous risk assessment system within our EMS. Environmental management plans are annually reviewed at each operating site and prioritise preventative actions over compensatory ones.

We see ourselves as long-term stewards of natural resources and are committed to mitigating environmental risks at each stage of the life-of-mine cycle. At the design stage, all potential environmental concerns are taken into account through the multi-stakeholder procedure of an Environmental Impact Assessment. Once a facility is operational, impacts are monitored by local environmental teams, with environmental compliance subject to regular checks by governmental bodies, our internal audit function and third-party experts. Finally, we plan ahead for mine closure and restoration activities to ensure that our infrastructure does not cause harm to people or the environment after the life-of-mine end.

We recognise the importance of environmental awareness and feedback mechanisms. Each site aims to deliver environmental training annually to at least 25% of its engineering and technical staff, as well as to at least two representatives of contracting organisations. All stakeholders are able to comment on our approach or report concerns or grievances formally and anonymously, through such mechanisms as public hearings and direct mail. All feedback is formally logged and actioned. In 2022, we received 18 enquiries related to our impact on the environment, all of which were resolved.

Environmental expectations also extend to our contractors, particularly those working at our sites. Our contracts stipulate penalties for non-compliance, notably around pollution, packaging, noise and emergency preparedness. Once a supplier is contracted with us, we conduct periodic formal assessments and audits for environmental compliance and best practice. All contractors are inducted into our EMS and are required to demonstrate responsible practices and continual improvement. In 2022, we carried out 264 environmental checks of more than 100 contractor organisations.

Water stewardship

Water is a critical input for our processing activities. Our operating facilities are designed and constantly upgraded to minimise fresh water withdrawal and ensure safe water discharge.

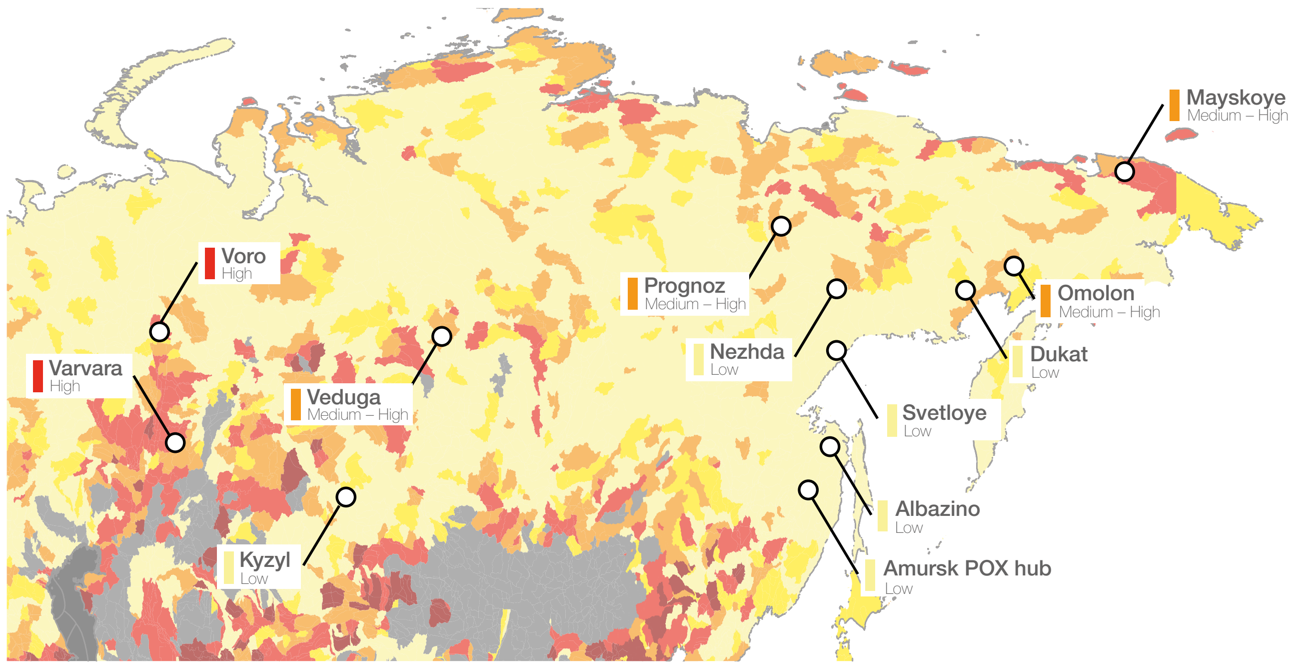
Monitoring water quantity and quality is one of the key areas of our EMS. Climate change and its projected physical impacts on our operations amplify the importance of water risk monitoring. We continuously improve our water efficiency through metering and auditing our water use, while also carefully managing the quality of discharge water.

The majority of the water we use is consumed by our plants during ore processing, with most of it circulating in a closed water cycle. Some operations consume additional water purchased from local utility companies. As a last resort, we utilise local or state authority permits to extract limited quantities from rivers, dams and groundwater aquifers. However, we never withdraw water from surface sources in environmentally sensitive areas or where eco- and bio-services are of great importance to local or indigenous communities. Water usage is monitored via meters or, when not possible, estimations based on operating time of pumps.

As water is a resource we all share, working with the community is central to our approach. We recognise access to safe and clean water as a salient human rights issue. We assess possible water risks in each of our operating regions, with feedback mechanisms to allow people to raise issues without fear of reprisal and with the assurance that their concern will be fully investigated. We also partner with local governments and community organisations to support long-term water security, including funding infrastructure projects.

Water risks are identified and assessed by environmental teams at operating sites as part of our EMS and Climate Change Management System. EMS risks are managed on a one-year time horizon based on historical data around, for example, incidents of pollution or water excess, as well as plant technology data. Medium- and long-term risks, such as flooding or shifts in precipitation, are assessed within our Climate Change Management system, in line with IPCC climate change projections (read more in the Climate Change chapter, page 62). The most salient risks are subject to financial assessment. To assess risks, we use the World Resources Institute (WRI) Aqueduct tool, which evaluates water-related risks at catchment level and identifies potential water-scarce locations.

Baseline water stress[1] in regions of operation according to the World Resources Institute (WRI) Aqueduct tool



Key:

- No data
- Arid or low water use
- Low (<10 %)
- Low – Medium (10–20 %)
- Medium – High (20–40 %)
- High (40–80 %)
- Extremely High (>80 %)
- Operating asset

1 Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies.

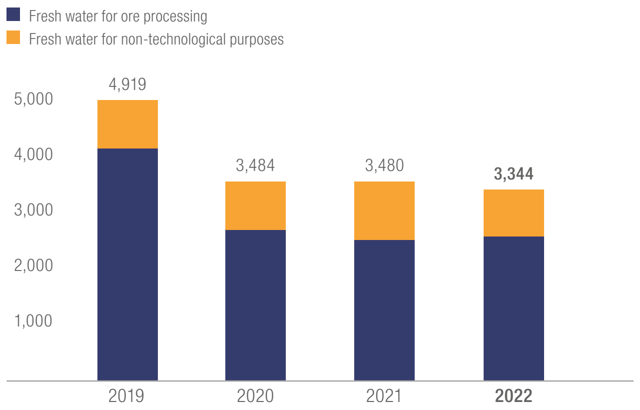
Water stress risk: reducing fresh water use

According to the Aqueduct tool, approximately half of our operating assets are located in areas with water stress classified as low or low-to-medium, while the others are located in high and medium-to-high areas (see the map on page 57). To minimise the impact of water stress on our business and reduce our impact on local ecosystems, we reduce fresh water withdrawals by using water in a closed cycle at flotation plants and capturing waste water that has naturally seeped into our mines and rainwater (e.g. for irrigation to suppress dust). Overall, 91% of our on-site water consumption is via a closed cycle of treated waste water. Closed water cycle systems serve as the blueprint for all our new processing facilities. Our vision is to eliminate fresh water withdrawal for processing in regions of high water stress.

Our water programme is underpinned by an ambitious target to reduce fresh water use for processing per unit of production by 55% by 2030, compared with the 2019 baseline. In 2022, we decreased our fresh water intensity for ore processing by 49%, compared with 2019, to 138 m³/1,000 t.

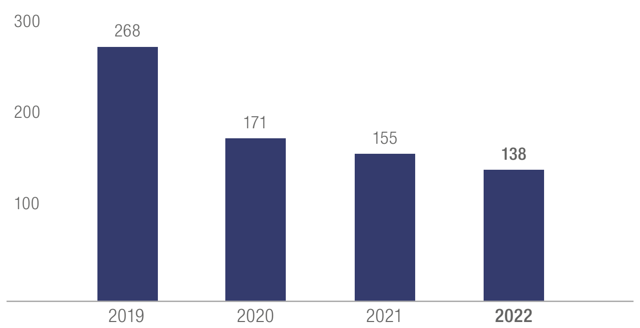
Fresh water withdrawal

(thousand m³)



Fresh water withdrawal for technological purposes

(m³/Kt of processed ore)



Water quality risk: monitoring and treatment

Alongside monitoring water use, we take full responsibility for the effective treatment of the water that we discharge to local water bodies. Untreated water discharge can occur as a result of heavy rainfall or disruption to the waterproofing layer in cake storage, collecting ponds or other facilities. To mitigate this, we monitor the integrity of our facilities and their water levels. We purchase additional pumps if needed and swiftly update emergency response plans where required (read more on tailings facilities safety on page 59). Finally, we look for ways to use excess water in production processes on an ongoing basis. With regard to water treatment, we rigorously ensure all discharge is purified using mechanical, physico-chemical and biological processes. In addition, we monitor the quality of water bodies upstream and downstream to ensure zero contamination. Monitoring includes laboratory testing for nitrites, nitrates, ammonium, heavy metals, salts and cyanides.

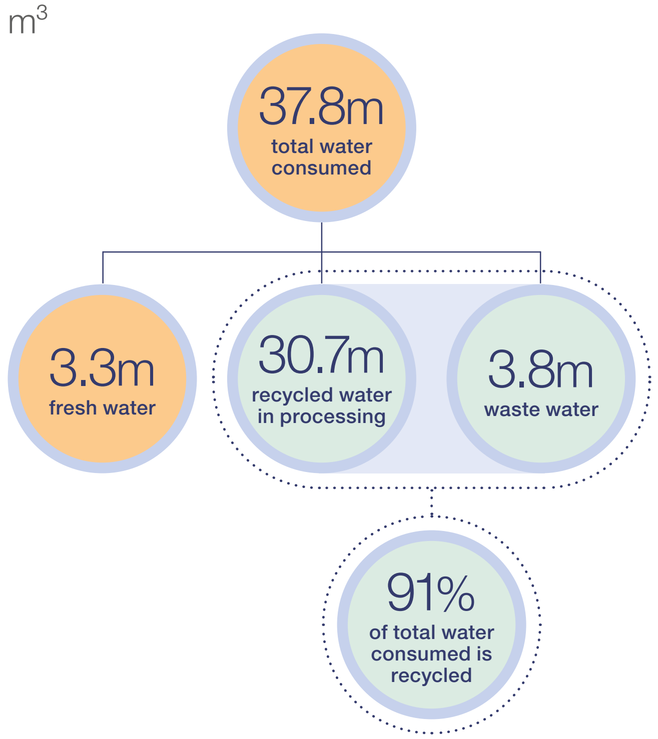
In 2022, we took the following steps to improve our water treatment:

- fully renewed waste-water treatment facilities in Mayskoye, Dukat and Lunnoye mines
- renovated collecting ponds infrastructure at Albazino
- installed treatment facilities at the Kutyn development project
- started the automatisation of discharge monitoring systems at Komarovskoye mine (this will be completed in 2023).

In 2023, new collecting ponds and treatment facilities will be launched at Albazino and Nezhda.

Water use in 2022

m³



Waste management

Waste is an inherent by-product of the entire mining industry, which generates significant quantities of mineral waste, such as overburden rock and tailings, as well as relatively small quantities of non-mineral and hazardous substance waste. With our circular economy mindset, we are committed to minimising the materials we use, reusing and recycling waste, on-site or off-site by accredited organisations.

In 2022, the proportion of waste recycled was 23% (2021: 23%). For the waste we cannot reuse or recycle, we ensure that disposal will not pose a risk to the ecosystem. At all sites, formal measures are in place to ensure the environmentally safe disposal of waste and these are clearly communicated to employees.

Tailings and overburden waste

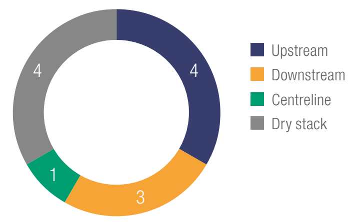
Mineral waste, such as tailings and overburden, comprises more than 99% of our overall waste generated by weight. We store our mineral waste at rock dumps and tailings storage facilities (TSFs – tailings dams and dry stack facilities). Such waste is usually classified as non-hazardous and reused or disposed of at our own sites.

We operate eight tailings dams and four dry stacking facilities in Kazakhstan and Russia, and are carrying out technical closure works at one tailing dam. To minimise their environmental impact, we use protective lining, drainage systems, wastewater treatment plants and water collectors. Each TSF is rigorously monitored and inspected daily, with checks on pipelines, pump stations, water levels and dams. Their current state is reviewed monthly by management, while compliance with safety regulations is regularly checked by government agencies: in 2022, government inspections took place at six different sites in Kazakhstan and Russia. Our studies have confirmed that any emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present.

To further improve tailings safety and minimise the risk of dam failure, we are moving towards dry stack storage methods. After tailings dehumidification, water returns to the production cycle. Our dry cake storage technology excludes affecting ground and surface water, as well as the surrounding area. We currently store 72% in dams and 28% as dry cake, but we are gradually increasing dry stacking as this significantly reduces the risk of water contamination. In 2022, we completed the transition from wet tailings disposal to dry stacking at Omolon, which we began in 2021. Dry stacking is also in place at Amursk POX, Voro and Nezhda, and we plan to start applying this technology at Dukat by 2024. Our target is for 50% of all our tailings to be stored in this way by 2030. We are committed to ensuring the compliance of all our operations with the Global Industry Standard on Tailings Management and, in 2022, we updated our full disclosure on TSFs, which is available on our website.

To reduce mineral waste disposal, we backfill overburden in developed chambers and use it for the construction and maintenance of roads and operating sites. For example, we are planning to use tailings from our Mayskoye processing plant as backfill for underground mines starting from 2024. This will enable the reuse of up to half of the volume of tailing waste generated at the site.

Active tailings storage facilities by type



Non-mineral waste

We take measures to recycle non-mineral waste where possible, including paper, plastic and metal – either at our own sites or by accredited organisations: in 2022, 65% of our non-mineral waste was either recycled or reused. All our production sites are equipped with recycling bins for separate waste collection and, in 2022, we launched food waste recycling at Albazino and Svetloye. The food waste will be recycled into an organic animal feed additive and a soil fertiliser for use in land reclamation. In addition to fostering a circular economy, this reduces GHG emissions and air pollution from solid waste dumps.

To minimise plastic waste, we also now reuse, where possible, the large bags for storing ore concentrate. Non-recyclable solid and industrial wastes are neutralised and stored at our special waste polygons or landfilled by external companies. We employ environmental monitoring at all our special waste polygons to gauge the quality of air, surface and ground waters, and soils.

Air emissions

Many of our core activities generate nitrogen, sulphur oxides and inorganic dust. Our environmental teams continually monitor these gases and particulates to ensure high air quality standards. To minimise the impact of our operations on air quality, we apply irrigation, dust separation and shield technologies. Across our vehicle and mining equipment fleet, we monitor compliance with quality standards and apply cutting-edge technologies. Our boiler houses and processing plants are equipped with industrial air filters that remove particles and gases from the air. We use heat recovery technology to convert wasted heat from diesel generators, thus reducing emissions resulting from fuels (read more on energy efficiency at page 75).

Cyanide management

The handling of cyanide, used as a leaching agent when recovering gold from ore, is rigorously controlled at every step to protect our people and avoid any release into the ecosystem.

Our Cyanide Management System ensures a consistent approach to cyanide handling, procurement, transportation, storage, processing, decommissioning, employee safety, emergency response, training and engaging stakeholders. It is now implemented at all operating sites where cyanide is used. Our approach involves identifying all associated hazards, strictly controlling cyanide levels in our tailings, engaging with third-party cyanide producers and transporters and monitoring air, soil, surface and ground water. We design, construct and monitor tailings dams to avoid cyanide effluent and share all data with public authorities (and other stakeholders on request).

Polymetal is a signatory of the Cyanide Management Code. Our Amursk POX, Voro and, starting from 2022, Varvara operation are fully certified as gold mining companies and, separately, as cyanide transporters.

Environmental compliance

In 2022, government agencies inspected all our operating sites in Kazakhstan and several sites in Russia, including unscheduled onsite audits at Amursk POX and Saum (Voro hub) and online preventive checks at Mayskoye, Albazino and Dukat. In Kazakhstan, all the disclosed non-compliances have been resolved as recommended by the regulator. In Russia, several non-compliances were disclosed at our Saum site, mainly in relation to insufficient environmental monitoring and waste accounting procedures. Following the audit, we appealed against these results by providing the relevant supporting documentation. The audit at Amursk POX highlighted the risk of untreated water discharge during the rainy season and we have committed to installing an additional water collector on site. Total fines amounted to approximately $6,200 and had no significant effect on business.

Biodiversity and land

From the outset of a mining project, we determine biodiversity impacts using an Environmental Impact Assessment that includes engagement with environmental organisations and local communities. We then conduct ongoing, site-specific biodiversity monitoring, which involves studies of flora and fauna near our mining sites, in collaboration with local biodiversity experts. In addition to scientific monitoring, we have developed a framework to promptly report on any cases related to biodiversity, focusing on those that lead to any wildlife harm or mortalities (three such cases took place in 2022).

In accordance with the Science Based Targets for Nature Initial Guidance for Business, we have identified land use change from mining and related infrastructure as the main pressure on biodiversity, water bodies and natural carbon sinks. IUCN Guidelines for Planning and Monitoring Corporate Biodiversity Performance helped us to identify the priorities related to protected areas and species. See how we consider biodiversity impacts at all stages of mine life below.

Protected territories

It is beholden on all mining companies to avoid areas of high biodiversity importance in order to minimise their environmental impact. Polymetal already operates a no-go policy for World Heritage Sites, Ramsar Sites and legally designated protected areas and adjacent territories. Our Committee for Ore Reserves requires each new project to assess its proximity to and potential impact on protected areas before making an investment decision. Currently, the only legally designated protected area that is adjacent to Polymetal's operations is a territory of traditional nature use near our Omolon operation, where we pay increased environmental fees in compliance with the legislation (find out more about our indigenous communities' engagement on page 76).

Protected species

The impact on Red List species, habitats and ecosystems is determined during the Environmental Impact Assessment at the start of each project. When operations begin, the mining site submits an annual biodiversity report, which lists rare, protected and hunted species found at the site and adjacent territory. We have measures in place to protect species at our sites, which span every aspect from project exploration to site closure.

At exploration stage:

- using aerial photography and lighter drilling equipment to reduce physical disturbance of land;
- plugging drill holes to prevent small mammals becoming trapped;
- reclaiming trenches and roads that are no longer needed.

Considering biodiversity at all life-of-mine stages

Exploration	Design and construction	Operation	Mine closure
Polymetal's Committee for Ore Reserves evaluates biodiversity-related risks for each potential site, including proximity to protected areas and migratory routes, presence of protected species and value for Indigenous Minorities of the North.	Environmental Impact Assessment (EIA) is developed in collaboration with scientific organisations in accordance with local legislation, followed by public hearings. EIA is part of the design project, which is approved by state authorities to start construction.	Annual biodiversity management plans specify measures to mitigate the impact and to improve biodiversity monitoring.	Mine-closure plan ensures the environmental safety of mines, buildings, tailing storage and other infrastructure. Rehabilitation solutions include soil placement, planting and offsetting aqua diversity.

At construction stage:

- permitting passage only on designated roads without disturbing additional land.

At operation stage:

- installing animal deterrents at waste polygons, grid lines and tailing storage facilities;
- surrounding open-pits with waste rock walls to prevent animals from falling in;
- reducing light pollution by using lights directed downwards to avoid confusing birds in flights;
- adopting safe-and-clean technologies, such as dry stacking of tailings;
- dust suppression;
- cleaning water protection zones and coastal strips of local water bodies, an employee volunteering initiative;
- installing road signs to warn about wild animals at and outside the site on surrounding territories;
- prohibiting fishing and hunting as well as gathering of Red List plants by employees;
- educating and engaging employees and communities.

At closure stage:

- rehabilitating the land by sowing and planting native grasses and trees;
- ensuring safety and stability of the structures.

In 2022, external experts carried out six biodiversity studies to analyse our impact on species and ecosystems at Veduga, Mayskoye, Nezhda, Kutyn and two sites within our Voro hub. Additionally, in the Khabarovsk region, Polymetal sponsored a scientific expedition to the Bologna Reserve to study the unique population of oriental storks in the Amur Basin. Polymetal's employees participated in the expedition alongside independent biodiversity experts.

Rare and protected species' habitats in areas affected by Polymetal operations

IUCN Red List of Threatened Species	Number of species in the direct impact area (found at the site)	Number of species in the indirect impact area (found up to 1 km away from the site)
Least concern	270	695
Near threatened	7	15
Vulnerable	6	21
Endangered	0	4
Critically endangered	0	5
National Red Lists		
Red Data Book of the Russian Federation	6	52
Red Data Book of Kazakhstan	11	6
Endemic species	1	3

Reforestation

Forests provide homes and food for species, a natural water cycle and serve as carbon capture and storage. Since mining in boreal zones requires felling trees, Polymetal has developed a strategy to compensate for any deforestation. In line with applicable legislations, within three years after disturbing an area of land, we are committed to planting native tree species in an area of equal size in the same region, as selected by the local government.

In 2022, we planted 1.8 million saplings of pine, larch and cedar on almost 900 hectares of land in five regions of Russia. By 2025, we aim to plant at least 2,750 hectares in Russia (predominantly in the Russian Far East region) and Kazakhstan. When carrying out reforestation works, we use saplings that are at least two years old and, for at least three years after planting, we tend the trees to support healthy growth.

Mine closure

Once we have finished working in a particular area, we are committed to comprehensive land rehabilitation, focusing on the reparation of any environmental damage caused by our operations. In 2022, we did not close any mines or plant. Nonetheless, we continued to prepare for the end-of-life at all our sites. Our priority is to reduce social and environmental risks associated with closure or transfer to other organisations for further use. This may involve applying technologies to assess and safeguard a site, as well as raising employee awareness about the importance of responsible mine closure planning.

Green Ideas Contest: implementing the best environmental projects

In 2022, the Company held the second corporate Green Ideas Contest, aimed at selecting the best projects that seek to resolve the most acute environmental problems at our sites or in our regions of operation. It also raises employees' environmental awareness and encourages them to contribute to Polymetal's sustainability strategy. This year we received 150 ideas from employees across all our operations, double the number of entries in the first year.

We select projects with the ambition to transform land and water areas into cultural and environmental spaces and raise the eco-efficiency of our operations. The projects cover not only areas that have been disturbed by Polymetal's operations but also those damaged by the previous owners and acquired by the Company along with mining and construction licences.

The following projects were selected as this year's winners and are now in the process of being implemented:

- Landscaping of the natural spring area located near Zhuravlevka village in Kazakhstan. A landscaping plan was developed for the spring area and the area has been cleared. We are hoping to include the spring on the list of tourist sites in the Beimbet Mailin District. The project will be completed by September 2023.
- Revegetation of disturbed areas at Prognoz (Yakutia). The revegetation project for the disturbed lands at Prognoz featured an experiment conducted by the Company and the Kola Scientific Centre of the Russian Academy of Sciences, which helped to select an approach to revegetation. The third stage of the project is now underway: creating suitable grass turfs using the hydroponic method.
- Automated emission control system to minimise energy use for concentrate drying at the Albazino plant. Data is currently being collected and analysed with plans to launch the system during 2023.

Climate change

Global climate change will require us to be more resilient and forward-thinking. This means innovating in extraction to minimise greenhouse gas (GHG) emissions, while assessing the effects of a changing climate.

At a glance

15%
decrease in GHG emissions intensity compared with 2019

27%
share of heat utilisation systems in total heat consumption

30%
share of renewable electricity in total electricity consumption

Our priorities

- 30% decrease in GHG emission intensity per ounce of gold equivalent by 2030 (Scope 1+2, 2019 baseline)
- 35% decrease in absolute GHG emissions by 2030 (Scope 1+2, 2019 baseline)
- Achieve 7% of total electricity self-generation from renewable sources by 2025
- Develop a Scope 3 target and net-zero approach by the end of 2023.

Which guidelines do we follow?

External: The Paris Agreement, TCFD, GHG Protocol, Science Based Targets initiative, ISO 14001, ISO 50001, EBRD Environmental and Social Policy, Responsible Gold Mining Principles, World Bank Guidelines and Policies.

Corporate: Climate Policy, Climate Management System, Environmental Policy, Environmental Management System, Energy Policy.

Our approach

Climate change calls for global action to minimise the human impact on the climate and to accelerate the transition to a low-carbon economy. We support the initiatives from countries that joined the Paris Agreement to reduce GHG emissions and strive to build a climate resilient strategy for the long-term horizon, and follow our path to carbon neutrality.

Accepting the need to take urgent action to mitigate human-made impacts on the climate, we are committed to reducing our own impact and developing an approach to potential carbon neutrality. However, we believe that decarbonisation is not a goal in itself – it is only one tool in limiting climate change. Therefore, in our strategy, we are focused on those projects that comprehensively reduce our GHG emissions and net impact on water resources and biodiversity.

In 2022, we adhered to our climate targets of reducing our direct and energy-related emissions, and we are gradually implementing our Climate Action Plan. In our Climate Strategy, we give unconditional priority to real decarbonisation projects and state that offsetting is reserved only for hard-to-abate or residual impacts that cannot be avoided at the current level of technological development. Thus, in 2022, we began designing new solar power plants with a total capacity of up to 40 MW and a reforestation project in Kazakhstan. As a part of our Climate Action Plan, these are the next steps towards carbon neutrality and will reduce carbon emissions in Kazakhstan by 20%.

The transition to a low-carbon economy is impossible without close collaboration along the entire value chain. Therefore, we encourage our partners, contractors and suppliers to apply the same strict standards to reduce their carbon footprint as we do ourselves. We have also started a process of implementing additional requirements and conditions in contracts with our offtakers and buyers of the finished product aimed at making the process of climate-related data exchange smoother and more transparent. We are confident that these improvements in our value chain (both upstream and downstream) will enable us to set Scope 3 goals and to develop a detailed net-zero plan by the end of 2023.

Resilience and future-proofing

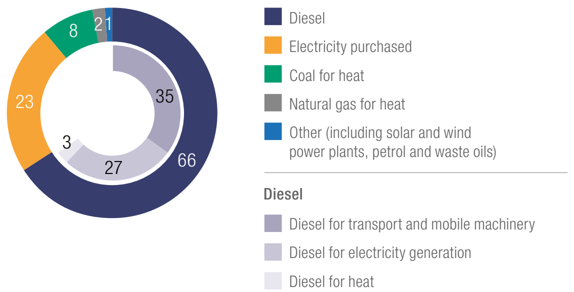
Building long-term resilience is a strategic priority. Many of our assets are located in regions where potential climate change could have a significant impact on our operations. By introducing cutting-edge technologies, adapting to climate risks and gradually reducing our carbon footprint, we both mitigate our impact on the environment and improve our resilience to the threats of climate change.

The changes that are taking place require us to assess and monitor climate-related risks and opportunities thoroughly. Our approach to climate-related risks analysis includes both qualitative and financial assessment of climate risks and opportunities in different horizons and climatic scenarios, and is fully integrated into our Risk Management System. We use climate risk assessments and corresponding metrics when developing existing assets, making strategic decisions on new projects and updating our Climate Action Plan. In 2022, in line with our corporate Climate Management System (CMS), we updated the in-depth assessment of the climate-related risks and opportunities and developed action plans for the key risks of each asset.

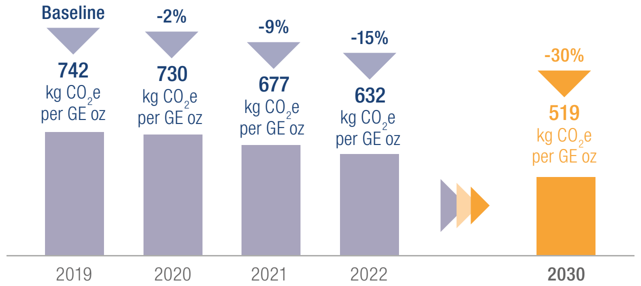
Looking ahead, climate change remains a source of risk but also opportunity. The energy transition and development of renewable energy sources bring decarbonisation potential, as well as opening up prospects for non-ferrous metals markets (namely in technology sectors). We are, therefore, continually expanding the resource base of our operating projects, as well as considering new projects for the development of copper deposits. In the long term, we expect an increase in demand for this metal to underpin capacities of renewable energy sources and energy storage systems.

In summary, our in-depth assessment of climate risks and opportunities, combined with an action plan, ensures that we are moving forward with robustness and confidence.

Energy consumption by source
(% of total consumption)



GHG intensity reduction target
Scope 1 + Scope 2 emissions intensity per GE oz, share of baseline 2019



The Polymetal Climate Strategy

The seriousness of global climate change challenges all those in society to build resilience. To this end, we adapt our strategy by employing advanced technologies and continually improving operational performance. At the same time, evaluating our impact and risk exposure is ongoing.

Often located in remote regions, we operate in five different climatic zones in Russia, including European Russia, Western and Central Siberia, the Far East, Yakutia and Chukotka, and in the northern regions of Kazakhstan. Each of these areas has its own microclimate. In addition, some Russian assets are located in the permafrost region. Since permafrost zones are especially vulnerable to climate change, we pay special attention to the safety of our facilities there and meticulously monitor all soil changes as indicators of potential climatic disturbance to the ground and foundations of our assets.

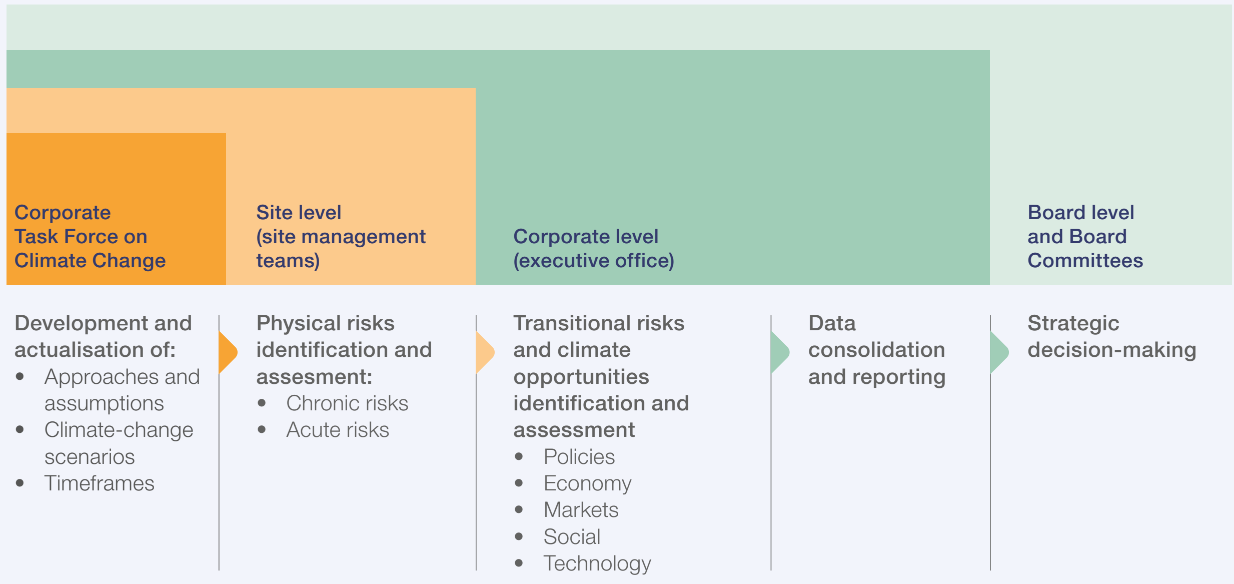
Acknowledging the significant impact of climate change and the volatility of climate factors, we identify, assess and manage climate risks and opportunities on an ongoing basis. Our corporate Climate Management System and Corporate Standard for assessing climate risks and opportunities establish a mandatory assessment of climate risks and opportunities for all of our existing sites and development projects. Every three years, we plan to conduct an in-depth analysis, including the revision of climate scenarios, while monitoring and updating key risks and opportunities is ongoing with twice-yearly reporting.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we conduct scenario analysis for climate-related risks and opportunities. We do so for three climate scenarios, based on the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenario models:

- **Sustainable development scenario:** a fast transition to a low-carbon economy, limiting the global average temperature rise to 1.5°C above pre-industrial levels (Shared Socioeconomic Pathway – SSP1-1.9 model by IPCC and Net Zero Emissions by 2050 Scenario (NZE) by IEA).

1 Specific near-term targets.

Risks and opportunities framework



- **Paris Agreement scenario:** limiting the rise in global average temperature to well below 2°C above pre-industrial levels (SSP1-2.6 model by IPCC and Net Zero Emissions/ Announced Pledges scenarios (NZE / APS) by IEA).
- **Business-as-usual scenario:** a slow transition to a low-carbon economy with the developing countries lagging far behind; the global average temperature rise is well above 2°C relative to pre-industrial levels (SSP2-4.5/ SSP3-7.0/SSP4-8.5 models by IPCC and Stated Policies scenario (STEPS) by IEA).

To ensure a consistent approach, all analysis methods, climate scenarios and assumptions are the same for all assets and are recorded in the Corporate Standard. Responsibility for maintaining the relevance of scenario models sits with the Corporate Task Force on Climate Change, which includes our Group CEO, CSO, COO, CFO and Sustainability, Environmental, Audit and Risks and Corporate Reporting teams.

Assessment of climate risks and opportunities is integrated into our corporate risk management system and covers all levels of management. In line with TCFD guidelines, we consider physical and transitional climate risks, as well as climatic opportunities, across three time horizons:

- Short-term looks up to one year ahead and covers the operational planning and goalsetting phases.
- Medium-term is between one and five years ahead and corresponds to the period of technical and economic modelling.
- Long-term enables us to assess potential climate changes and their impact on assets throughout the entire life cycle.

Physical risks are identified through a bottom-up process by site management teams. This enables us to consider the climatic and technological features of each asset and to develop an optimal set of mitigation measures.

As transitional climatic risks and opportunities have a complex impact on the entire Company, their assessment is carried out at corporate level.

Risk owners assess risks and opportunities by assigning them a probability of occurrence and a potential financial impact. To integrate climate risks with the corporate risk management system, the assessment methodology and thresholds for climate risks are fully consistent with the parameters for corporate risks. Climate-related risks and opportunities identified are consolidated at corporate level, and top risks and opportunities are reported to the Corporate Task Force on Climate Change (from 2023 these reports will be submitted twice a year). A consolidated climate risks report is also shared with the Risk Management Team to communicate the data once a year to the Board of Directors and Board Committees.

Climate-related trends – and the risks and opportunities identified as arising from them – inform our Climate Strategy and Action Plan. This is co-ordinated by the Corporate Task Force on Climate Change and reviewed by the Safety and Sustainability Committee and the Audit and Risk Committee.

Physical risk assessments primarily form the basis of strategic decisions on the development of our sites and increasing their long-term resilience (read more on pages 65-66). Transitional risk assessments are used to assess the Company's exposure to new carbon regulation and to develop a decarbonisation and carbon-neutrality strategy (read more on page 67).

Climatic opportunities are taken into account when assessing the decarbonisation potential of low-carbon technologies, as well as the potential of development projects and new business areas, such as expanding copper production (read more on pages 67-68).

Key climate risks

Evaluation of climate risks is an integral part of our strategy and decision-making across project life cycles, from scoping to operations and reclamation. Acknowledging the importance of such risks and the volatility of climate factors, we have conducted a scenario analysis, which we are integrating into our Climate Management System.

The risk analysis complies with recent TCFD guidance, and includes three climate scenarios that correspond to the baseline goals of the Paris Agreement. The analysis is based on IPCC future-oriented climate models (SSPs). These SSPs address the changes of GHG concentrations in the atmosphere and associated environmental, economic and social changes. For a deeper analysis of transitional risks, our assessment also includes IEA scenario models, which consider strategic shifts in global politics and the economy. Together, these models, alongside academic research, enable us to credibly evaluate potential climate-related impacts on our assets, including physical and transitional risks.

By analysing three scenarios and three time horizons, we deliver a comprehensive assessment of potential impact of climate change. To integrate the results into our risk management system and develop mitigation measures, we align with our Paris Agreement scenario. Our climate goals and action plan are also aligned with this.

In 2022, we updated our climate risk assessment and identified key material risks for each asset and for Polymetal as a whole. The results identified all material climate risks as low or medium. When integrating assessments into our risk management system, climate risk was identified among emerging risks (read the Risk management overview on pages 96-110 and detailed information on material climate-related risks on pages 246-248).

While evaluating the potential impact of climate change on the Group, we also consider the impact on our supply chain. Thus, the climate risks affecting our transport infrastructure and logistics are included in the risk registers of each of the assets (if they were assessed as relevant during the scenario analysis). Such risks include potential disruptions in the supply of goods, materials and equipment due to climatic factors, damage to critical transport infrastructure, bad shipping conditions etc. We are also aware of potential climate risks associated with the exposure of our suppliers' production sites to extreme weather events. To address these risks, and avoid downtime due to potential delays or supply disruptions, there is a reserve stock of goods, materials and spare parts at all our assets . In addition, our Procurement Policy includes procedures that eliminate dependence on a single supplier and guarantee the stability of supply even if climate risks materialise at one of our suppliers.

As of the end of 2022 and in the short term, the current impact of climate-related issues on the financial position of the Company, based on the target scenario, is assessed as insignificant and does not exceed 1% of Adjusted EBITDA[1]. We also do not expect any impairment related to climate risks on our assets. But, taking into account the potential impact of global warming, we continue to monitor our risk exposure. If risk levels rise to high or extreme, they will be reviewed by our Corporate Task Force on Climate Change and the Audit and Risk Committee, following which they may be included in our list of principal risks.

The physical risks associated with the melting of permafrost, as well as the transitional risks associated with national and international carbon regulation, are the most likely to increase in the long term. We are particularly attentive to these risks and we have developed preventive adaptation measures.

Thawing permafrost

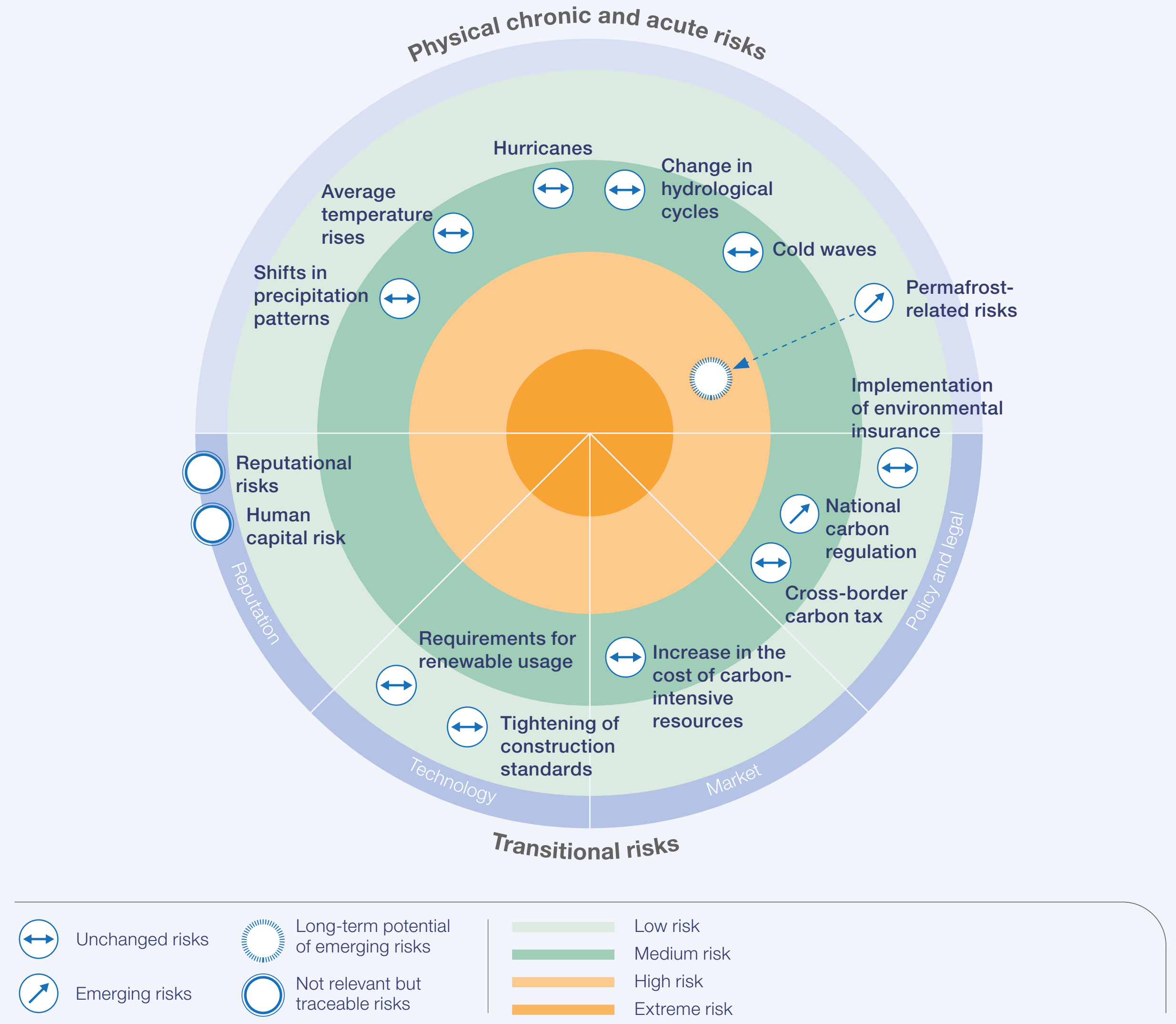
As 45% of Polymetal's total gold and silver Proved and Probable Reserves are situated in permafrost regions of Russia, we consider potential permafrost degradation as one of the most significant climate-related physical risks and pay particular attention to its mitigation. While melting does not directly affect the volume of silver and gold reserves, it can significantly impact mining conditions, logistics and building codes and requirements. For example, destabilised building foundations could result in bearing capacity failure and damaged building structures, unacceptable operating conditions or the complete collapse of buildings and structures, leading to financial and environmental damage and potential injury or loss of life. Other risks to our operations associated with permafrost thawing include the reduced operational time of winter roads and ice crossings, as well as increased water levels during floods or longer flooding seasons.

When assessing permafrost-related risks, we use the results of climate studies and our own observations. Despite the fact that these risks are currently low and our assets are fully resilient to possible negative events in the short and medium terms, scenario analysis showed that, in the long term, permafrost thawing may significantly affect our operations. According to our modelling, damage from geocryological risks could reach 3-5% of Adjusted EBITDA and, in a negative scenario, become a high-level risk. That is why we are already taking preventive measures.

We mitigate permafrost-related risks through regular monitoring and compliance with design, construction and operational regulations. Monitoring includes field observations of foundation soils, the temperature regime inside buildings and building structure movements. Upon detecting any signs of thawing and defects in building structures, we inform all involved parties and take appropriate remedial measures. In 2022, based on a comprehensive inventory of all of our buildings and structures located in the permafrost areas along with information about the parameters of these facilities, as well as operating and soil conditions, we implemented a unified corporate standard for monitoring and controlling the condition of soils and foundations in potentially vulnerable areas of permafrost.

1 Defined in the Alternative performance measures on page 219.

Material climate risks in Paris Agreement Scenario
(medium-term horizon)



The standard includes a geotechnological monitoring system for all buildings, constructions and facilities on permafrost, which is to be applied at all stages of operation (from design and construction to operation and reclamation):

- For each asset in permafrost areas a working group on permafrost issues is to be set up under the leadership of the asset's Chief Engineer.
- The working group develops a register of objects at risk and an appropriate monitoring plan.
- Under this plan, a network of sensors and instruments will monitor the temperature of frozen soils, the depth of seasonal thawing, the dynamics of cryogenic processes, fluctuations in the level of groundwater and changes in their composition.
- This will also cover continuous monitoring of the settlement, rolls and state of operating buildings and structures, preparation of conclusions on the technical condition of the bases and foundations of these and the presentation of engineering solutions and recommendations for their ongoing safe operation.
- A periodic systematisation and analysis of collected data will be undertaken to prevent potential negative phenomena.

Permafrost-related risks assessment is also embedded in our management systems for tailings storage facilities (TSF) and fuel storage facilities:

- All TSFs and fuel storage facilities are designed taking permafrost conditions into consideration.
- We conduct regular external and internal monitoring of these facilities.
- We apply a strict zero-tolerance approach to any regulatory deviations at facilities that are potentially environmentally hazardous.
- The logistics of fuel and lubricants supply are carefully planned to determine optimal minimum storage volumes.
- Emergency drills are carried out for fuel-spill scenarios.

All these measures allow us to adapt to the potential degradation of permafrost and ensure long-term resilience to climate change and key physical climate risks.

Carbon regulation

We believe that the development of carbon markets and the improvement of carbon accounting systems, as well as the promotion of renewable energy, can help mitigate climate change. At the same time, regulatory changes entail certain risks for the business.

The emerging mechanisms for national carbon adjustment and potential cross-border carbon taxes are the key significant transitional risks. In the medium and long term, we expect the introduction of transboundary regulatory controls as well as national carbon regulations.

Kazakhstan and Russia aim to become carbon neutral by 2060: Kazakhstan adopted its decarbonisation strategy in February 2023 and Russia is actively developing a national carbon strategy. We expect that the introduction of carbon regulation at a national level will follow to align with these commitments. Currently our GHG emissions, whether Scope 1, Scope 2 or Scope 3, are not subject to national carbon taxes or quotas. The first taxes and mandatory quotas for the most carbon-intensive industries may be introduced in Kazakhstan and Russia as early as 2025-2026, with all large industrial enterprises covered by 2030.

The implementation of the Carbon Border Adjustment Mechanism (CBAM) by the EU is also a significant medium- and long-term risk. From 2026, EU importers in the most carbon-intensive industries, namely iron and steel, cement, fertiliser, aluminium and electricity generation, will buy carbon certificates corresponding to the carbon price that would have been paid if the goods had been produced under the EU's carbon pricing rules. Despite the fact that the precious metals mining industry does not currently come under the CBAM, it may be incorporated from 2026–2030 and beyond. Moreover, China may introduce a similar carbon tax in the future and is one of our key consumers of concentrate. We closely monitor CBAM and similar international initiatives and will reassess our direct or indirect exposure should further changes be implemented.

According to updated IEA forecasts[1], carbon prices in advanced economies with net-zero pledges will reach \$135-140 per ton of CO_2 by 2030. For emerging markets and developing economies with net-zero pledges, it could be more than \$40. Given our own decarbonisation trajectory, the risks associated with national and cross-border carbon taxes could amount to 3–5% of our Adjusted EBITDA in the long term.

The risks of carbon regulation not only affect existing assets, but also our development projects. When making strategic decisions, we include these risks in economic assessments using an internal carbon price of \$40 per ton of CO_2, which is in line with IEA forecasts and expert estimates for the carbon price level on the Russian and Kazakh future carbon markets. In that way, while approving the development of new projects, the Polymetal Board reviews carbon metrics and potential carbon tax impacts. Carbon taxes and internal carbon prices are also considered for our key green projects, as part of the stress-testing of our long-term Climate Action Plan.

Our main tool for mitigating regulatory risk is transparency in our climate disclosure, as well as adherence to carbon targets. By reducing our emissions and introducing a Climate Action Plan, we mitigate our impact and enhance our resilience to risk. Our Climate Strategy is designed to reduce long-term carbon tax risks by 25–30% by decreasing carbon intensity by 30% by 2030. In addition, our Amursk POX-2 project paves the way for processing larger volumes of refractory ore and replacing concentrate exports (especially in China), which in turn would reduce the impact of transboundary carbon regulations.

Moreover, to build resilience over the 2030–2050 time horizon, we are developing a corporate strategy for carbon neutrality. We had planned to complete this work by the beginning of 2023; however, in 2022, significant changes in economic and political conditions had to be taken into account in our decarbonisation strategy. The Board of Directors therefore decided to postpone the goal for developing a net-zero approach. We now plan to finalise our approach to net zero and publish our long-term climate target in 2023.

Opportunities

Developing our own renewables

Renewable energy sources, such as solar and wind, are one of the most promising ways to reduce risk and costs related to fossil fuels and carbon-intensive electricity consumption.

At our remote sites, we continue to rely on diesel generation, which in 2022 constituted about 27% of our energy consumption. As of 2022, more than 30% of the total gold equivalent was produced at sites without any grid connection (Omolon, Svetloye, Albazino, Kutyn, Lunnoye and Prognoz). This creates a high exposure to diesel price risk, as well as GHG emissions and disruptions to logistics.

We have already had some success in the use of renewable energy at our remote assets. For example, at Omolon and Svetloye, where we have no grid connection and depend on diesel generation only, we operate two solar plants with the total capacity of 3.5 MW. We avoided about 2,300 tonnes of CO_2e emissions by using these renewables in 2022 (2% of Svetloye and Omolon Scope 1 and 2 emissions).

On the other hand, our grid-connected assets are also exposed to risks associated with a high GHG intensity. Our assets in Kazakhstan are fully electrified, but the majority of grid electricity in those regions is coal-generated, which leads to high indirect emissions. To address this, we plan to build two solar power plants at Varvara and Kyzyl with a total solar generation capacity of about 40 MW, which will allow us to reduce our GHG emissions in Kazakhstan by more than 20% (Scope 1 and 2).

By 2028-2030, we aim to have renewable energy plants across at least four sites – Omolon, Svetloye, Varvara and Kyzyl – with a total capacity of up to 45 MW (a total investment up to \$100 million). We plan to achieve a total of 7% of self-generated electricity from renewable sources by 2025 and 10% by 2030. This will reduce the Group's total Scope 1 and 2 emissions by 10%, with estimated annual financial savings of approximately \$8-10 million by 2028–2030 (cost savings from grid energy or fuel for diesel power plants, as well as potential savings in carbon tax if introduced at a national level).

1 Global Energy and Climate Model Documentation. October 2022. International Energy Agency.

Low-carbon transition metals
Demand for metals in energy-transition technologies, such as copper, gold and silver, is likely to rise: the so-called 'green demand'. Wood Mackenzie predicts that, by 2030, there will be a major shortfall in the availability of copper, the base metal used in electric vehicles and wind, solar and battery technologies. Electric vehicles alone are expected to account for 55% of the green demand for copper over the next two decades[1], with the green demand for additional copper estimated at more than 17 Mt per annum by 2040. The price of copper fell to $7,650 per tonne in 2022 (2021: $10,032 per tonne)[2]. However, a growing market deficit – exacerbated by increased growth in the demand for refined copper – is expected to underpin a rebound in the copper price to over $11,000 per tonne within five years in a 1.5°C scenario[3].

At Polymetal, our 2022 copper sales amounted to 3,399 tonnes (2021: some 2,093 tonnes). Our copper reserves and resources are concentrated in several assets: Varvara hub (Kostanay Region, Kazakhstan) and Voro (Sverdlovsk Region, Russia). As at 1 January 2023, Proved and Probable copper reserves were 70.5 Kt, while Measured, Indicated and Inferred resources amounted to 164.8 Kt (Varvara hub, Voro and Novopet project).

Given copper's future potential, we are considering opportunities for expanding our copper production. In 2020-2021, we acquired a 75% interest shares in the Novopet copper project at the prospect area Novopetrovskaya and at the Sagitovskaya licence area in southern Bashkortostan. We expect 100 km of drill holes to be completed in 2023, resulting in a JORC-compliant Mineral Resources estimate.

The estimated annual financial positive impact of these opportunities is up to $11 million by 2027 (assuming that current sales volumes are maintained and the copper price increases from $7,650 per tonne in 2022 to $11,000 in 2027).

Gold is also used in technologies, namely in LEDs, electric vehicles and solar photovoltaic panels (PV). It is estimated that 0.036 mg of gold is required for 100 candela of LED lighting, while an electric vehicle contains 0.16–0.2 mg. Currently, about 310 tonnes or 6.5% of global gold demand is for technologies.[4]

Gold is one of our key mined metals: at the end of 2022, production amounted to 1,450 Koz or 45.1 tonnes, and our Proved and Probable gold reserves are 24,730 Koz or 769 tonnes, while Measured, Indicated and Inferred gold resources were 23,137 Koz or 720 tonnes. With Nezhda now operational and with first gold production expected at Amursk POX-2 in 2024, we expect a significant increase in gold production by 2025-2027, which will help us meet the rising green demand from the technology sector.

Climate governance

Delivering on our strategic sustainability and climate objectives requires leadership from the very top of the organisation. Our approach is therefore overseen by the Board and Board-level Committees, with our Group CEO having ultimate accountability. During the year, our Board conducted several climate performance reviews, tracked our progress towards climate goals and discussed the potential for achieving carbon neutrality.

The Safety and Sustainability Committee has a mandate to provide support to the Board on the Group's safety record, sustainability performance and ethical conduct. The Committee monitors and reviews risks and opportunities related to climate change, and oversees our approach and the implementation of short- and long-term Climate Strategy.

Climate change is a Board-level standing agenda item and it was discussed at nine Board and Committee-level meetings in 2022. Among items covered were Climate Strategy, environmental and climate-related KPI, performance against targets, decarbonisation potential, as well as climate-related risks in line with TCFD and the Paris Agreement.

Climate change, as one of our key strategic issues, falls under the executive responsibility of the Group CEO, who is both a member of the Board and of the Sustainability Committee. In line with the Company's enhanced emphasis on ESG issues, in 2022 we increased the weight of environmental and climate goals in the ESG KPI of the Group CEO to 10% of the total KPI (in 2021, climate and environmental part of the ESG KPI was 5% of the total KPI). For 2022, the Group achieved the climate component of the KPI: reducing the intensity of GHG emissions by 15% compared with 2019, against a target of 10%.

Climate change issues considered on the Board and Committee level

January 2022	Board meeting: 2021 GHG performance and net-zero approach. Audit and Risk Committee meeting: TCFD disclosures review. Remuneration Committee meeting: 2022 KPI targets for top management discussion.
February 2022	Safety and Sustainability Committee meeting: 2021 sustainability and climate performance against targets. 2022 ESG KPI discussion. Remuneration Committee meeting: 2021 KPI results and 2022 KPI targets for top management approval.
May 2022	Board meeting: 2022 sustainability and climate performance. Net-zero target setting progress.
September 2022	Board meeting: approval of non-financial auditor for TCFD-disclosure.
December 2022	Safety and Sustainability Committee meeting: 2022 sustainability and climate performance (preliminary results for 2022). Preliminary discussion of sustainability KPI results for 2022 and KPI targets for 2023-2025. Reforestation projects. Audit and Risk Committee meeting: Climate-related risks review.

1 How much copper will be needed? Wood Mackenzie, Q2 2022.
2 Average annual price of copper (revenue from copper sales to the payable amount of copper in 2021 and 2022, detailed data on page 193).
3 Red metal, green demand: Copper's critical role in achieving net zero. Wood Mackenzie, October 2022.
4 Gold Demand Trends Full Year 2022. World Gold Council, 31 January, 2023.

Our governance framework

The Board
The Board defines business strategy, reviews climate-related risks and opportunities and monitors performance.

Nomination Committee
ensures a balance of skills, knowledge, independence, experience and diversity on the Board and its Committees.

Audit and Risk Committee
helps the Board to monitor the integrity of the Group's financial statements, and reviews the effectiveness of the Group's system of internal controls and risk management systems, including climate risks integration.

Safety and Sustainability Committee
monitors and reviews risks and opportunities related to climate change, and oversees our approach and the implementation of short- and long-term Climate Strategy.

Remuneration Committee
is responsible for the Group Remuneration Policy, and for setting pay levels and bonuses for senior management in line with individual performance. Ensures ESG KPIs are included in remuneration packages.

Group CEO
The Group CEO takes ultimate responsibility for delivering on strategy and operating performance, including climate-related issues.

Corporate Task Force on Climate Change

Chief Sustainability Officer
as head of the Corporate Task Force on Climate Change, coordinates sustainability initiatives and activities to ensure transparency and long-term value for investors and other stakeholders.

Chief Financial Officer
Coordinates issues related to assessment of climate risks and opportunities.

Chief Operating Officer
coordinates the implementation of energy-efficient technologies at operations, accounting and monitoring of the carbon footprint and environmental impact.

Carbon footprint | **Climate-related risks and opportunities** | **Energy efficiency** | **Environmental monitoring**

Heads of Operations
Our operating mines and development properties have heads of Operations, Human Resources, Environment, and Health and Safety, who implement and monitor corporate systems, supported by dedicated HR and engineering teams.

Regional environment managers and environmental teams | **Operations managers** | **Engineering teams** | **Health and Safety managers** | **HR teams and training centres**

To ensure consistent application and measurable results, the climate KPI (through set climate metrics) is cascaded to all relevant employees: Group CEO, COO, mine directors, subsidiary directors and their deputies, senior managers in the management company and heads of the main operational units and their deputies.

The development and implementation of climate-related strategy approaches and measures are the responsibility of the Corporate Task Force on Climate Change (Task Force), which is chaired by the CSO with other members of the senior management team (CFO, COO). The Task Force is an advisory body that oversees the identification, assessment and monitoring of climate risks and opportunities, as well as the implementation of climate goals and the calculation of metrics against them. The Task Force reports annually to the Group CEO on climate risks and opportunities, and also updates the Board and its Committees on a regular basis.

In accordance with our new Climate Management System (CMS), the collection of climate-related metrics is carried out on a monthly basis, and monitoring and updating of information on climate risks and opportunities is carried out twice a year. Members of the Task Force co-ordinate on these works.

Risk management

Risk identification approach

The process of identification, significance and materiality assessment of climate-related risks and opportunities has been driven by our new CMS. This bottom-up process involves site management teams, corporate-level management, the Group CEO and Board, and is controlled by the Task Force.

In order to provide a unified approach to identifying and assessing risks and opportunities, the CMS specifies scenario analysis parameters and assessment methodology in detail. The CMS also contains a detailed and comprehensive register of typical climate risks and opportunities, which will be updated every three years by the Task Force.

Asset-level climate risk assessment is the responsibility of each site's production department, which identifies and assesses physical risks. The assessment process involves functional and operational managers and technical specialists. It begins with an analysis of a typical climate risks register and identification of potentially significant risks based on expert judgement. The expert assessment involves determining the likelihood and potential impact on assets or the environment. Those significant risks with a potential level defined as 'medium' or higher are passed on to the next stage for detailed assessment.

Next, a scenario analysis of the identified significant climate risks is carried out, taking into account historical climate data and predictive climate models. As a result of scenario analysis, an estimate of the likelihood of these risks is obtained to assess potential damage. The financial assessment of the risks includes damage from possible destruction, environmental damage and fines, as well as damage from potential downtime, and is expressed as a ratio to the Company's annual Adjusted EBITDA.

To take account of the climate features and the intensity of climate change in every region of our operations, we have selected sets of meteorological data for each asset, using information from the national meteorological services Roshydromet and Kazhydromet. Using this data, we have developed climate profiles for each asset. A climate profile contains the data on the frequency and severity of extreme natural events, including trends and climate change over the past 20 years. This tool, together with global IPCC research and SSP models, gives us the means to accurately assess the potential climate change and possible risks for each asset. This approach is also applicable to future projects. When assessing the potential for further operations in a new region, an analysis of its climate profile enables us to consider potential climate risks and regional climate features at early stages, significantly increasing the Group's resilience to climate change.

After evaluating the probability and financial impact, the assessed risks are placed on the risk matrix. Risks that fall into the zone of medium impact and above are recognised as material at asset level and a mitigation plan is developed. According to the CMS, monitoring of these risks is carried out continually with reports prepared twice a year. The results of the scenario analysis of physical risks, action plans and risk monitoring reports are submitted by the site management team to the Task Force.

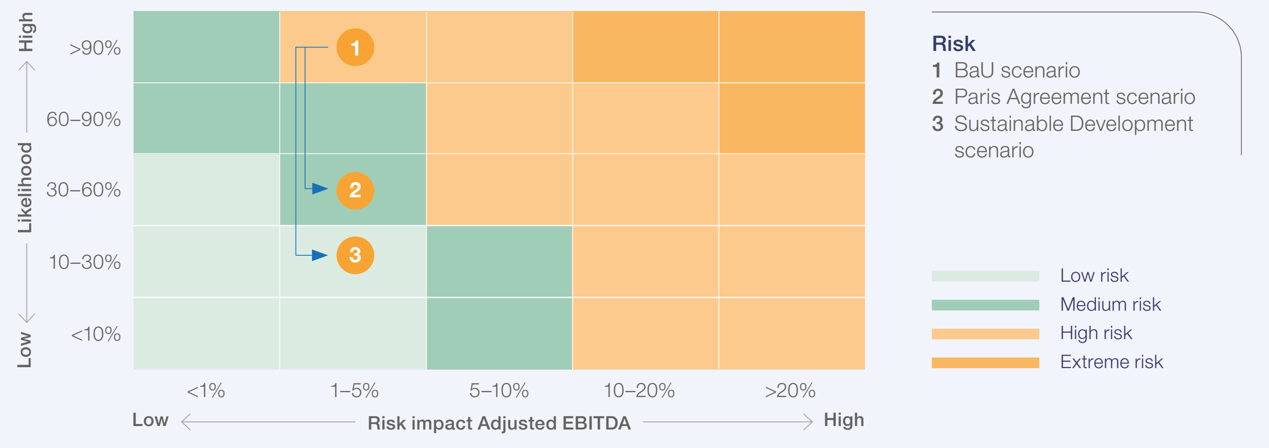
Transitional risk assessment is carried out at corporate level. Responsibility for identifying and assessing risks for each of the recommended TCFD areas is the remit of relevant representatives of corporate management (marketing, logistics, legal, government relations, human resources, social development and other departments). The distribution of responsibility is also embedded in the CMS. Scenario analysis and financial assessment of transitional risks is carried out according to a similar methodology with physical risks. The results of the assessment are also reported to the Task Force.

Since physical risks are associated with long-term climate trends and change little in the short term, such risks will be thoroughly reassessed once every three years. Updating and monitoring of material physical risks are carried out annually. Transitional climate risks are more volatile, so they are fully reassessed annually. However, if any climate risk materialises or a new risk is identified, the Task Force will initiate an extraordinary review of the climate risks list.

The CSO, as head of the Task Force, is responsible for consolidating identified material climate risks and opportunities. An operational report on key climate risks and opportunities is prepared twice a year. The Task Force shares this data with the Corporate Risk Management team at least twice a year, and with the Group CEO, Board of Directors and Board Committees once a year.

Risks of a high or extreme level (in the medium-term horizon of the Paris Agreement scenario) fall under review of the Task Force and Audit and Risk Committee, following which they may be included in the list of principal risks.

Risk matrix and risk level assessment



Risk mitigation

Timely response to potentially high climate risks forms the resilience of our strategy against climate change. Under the CMS, one of the following risk-management strategies should be established for each climate risk deemed to be of medium level or higher:

- Risk avoidance – refusal or termination of the Company's activities at risk
- Risk reduction – implementation of mitigation measures to reduce the likelihood or potential damage from the risk
- Risk transfer – insurance of potential damage
- Risk acceptance – deliberate refusal of any mitigation measures due to their unavailability or economic inexpediency.

These risk management strategies for material climate risks, as well as planning the necessary mitigation measures both at the asset and corporate levels, form our corporate Climate Strategy. In 2022, we updated asset-level adaptation plans and the corporate-level strategic Climate Action Plan to address significant changes in economic and political conditions but, at the same time, to continue pursuing our climate goals and reducing the impact of climate risks on the Company.

The foundations of our Climate Action Plan remain unchanged:

- Transition to low-carbon technologies and grid connection
- Develop our own solar and wind power plants in the regions where we are present (where possible) and ensure the efficient generation of electricity
- Switch to electricity supplies with the lowest available carbon footprint
- Electrification of our mobile fleet
- Continuous work to improve the energy efficiency of all our processes.

We have also adjusted the sequence in which we implement our green projects and are now focused on projects with the highest efficiency and availability of technologies and equipment; in particular, the development of high-capacity energy sources in Kazakhstan. In 2023, we plan to continue implementing our medium-term mitigation plan and to put together a detailed, long-term corporate Climate Strategy for the period after 2030.

Metrics and targets

All of our climate-related metrics and targets cascade throughout our corporate governance framework and are closely linked to our climate actions and risk mitigation efforts. Reducing operational GHG emissions is our key climate indicator and performance against this target is reflected in senior executive remuneration as a climate change component of the ESG KPI for the Group CEO and COO (10% of the total KPI and more than 60% of ESG KPI).

When setting GHG reduction targets, we take into account best practice approaches. While absolute targets are important in the wider context, they do not reflect efficiency improvements. On the other hand, intensity targets help to drive pragmatic reductions but do not necessarily lead to reductions in absolute emissions. Therefore, we set both intensity and absolute targets, with the intensity target being the most important since it reflects operational expansion and contraction, which is significant in our sector as our projects run through a life cycle.

Our key climate-related target is to reduce GHG emission intensity per ounce of gold equivalent by 30% by 2030 (2019 baseline, Scopes 1 and 2) and to reduce absolute GHG emissions by 35% by 2030 (2019 baseline, covering Scopes 1 and 2; applies to mines that were operating in the base year, namely Kyzyl, Varvara, Voro, Mayskoye, Omolon, Dukat, Svetloye, Albazino, Amursk POX and Amursk POX-2, and Nezhda).

Decarbonisation is not only a way for us to reduce the impact of key climate risks, but to make a real contribution in the fight against climate change. To support the sustainable deceleration of warming and stabilisation of global temperatures, we continue to improve our approach to carbon-footprint reduction and are committed to developing long-term goals and achieving carbon neutrality. We also continuously improve the accuracy and transparency of our climate data and, in 2022, continued following the TCFD recommendations and submitted our energy and GHG profile to CDP (which is now available to all subscribers on the CDP platform).

In 2022, we reduced our emission intensity by 15% compared with 2019. This was achieved by increasing our renewable generation (mostly due to our new solar power plant at Omolon), a shift to green-grid energy and implementing energy efficiency initiatives, such as improvements made to heat utilisation systems (including the new heat recovery system at Kutyn). Our 2022 Scope 1 absolute emissions increased compared with 2021, mainly due to the full ramp up of Nezhda and commissioning of the first elements of the Amursk POX-2 project, while Scope 2 absolute emissions decreased as the share of green-energy consumption grew because we switched to renewable energy suppliers.

Emissions from electricity and heat on-site generation, as well as indirect emissions from purchased electricity, account for more than half of our emissions by Scope 1 and 2. Therefore, we also consider energy consumption and energy efficiency metrics as climate-related. Improving our performance in this area, we are increasing the share of purchased clean energy, developing our own renewables and working hard to improve energy efficiency. In this context, we set a goal to achieve a total of 7% of self-generated electricity from renewable sources by 2025 and 10% by 2030. In 2022, we achieved 1.1% of of renewables in self-generated electricity, mostly due to our new solar power plant at Omolon. Our new project for the construction of solar power plants at Varvara and Kyzyl in Kazakhstan, with a total capacity of about 40 MW, will allow us to exceed 10% of renewables in self-generated electricity by 2030.

Since the issues of energy efficiency and stability of clean electricity supply require serious analysis and must be tailored to the specifics of each asset, these goals and related KPIs are cascaded to the heads of the main operational units and their deputies. They are set annually as part of the corporate Remuneration Policy for each asset and division, taking into account current production targets, quality of raw materials, the capabilities of energy suppliers and many other factors. Thus, we manage to achieve a balance of stability and production efficiency, and systematic improvement of the Company's climate profile.

Upstream and downstream GHG emissions (Scope 3) are not as yet included in our current targets. However, as part of our efforts to achieve carbon neutrality, we have requested that key contractors and consumables suppliers provide carbon data so that we can further widen Scope 3 reporting across the most material supply chain categories. We had planned to set a Scope 3 target and develop a net-zero approach by the end of 2022; however, the significant changes in economic and political conditions in 2022 had to be taken into consideration within our decarbonisation strategy. The Board of Directors, therefore, decided to postpone the goal for developing a Scope 3 target and net-zero approach. We now plan to finalise this work and publish our long-term climate targets in 2023.

Climate and environment are complex multi-factorial systems and each aspect of our activity has a direct or indirect impact on them. Given that environment and climate change are intrinsically linked, the issues of water and waste management also need to be considered as climate metrics. We pay special attention to water risks, the safety of tailings and reducing our impact on the ecosystems of the regions where we operate. You can read more about our approaches, policies, goals and relevant metrics in the field of water and waste management on pages 56-61.

Polymetal will finance projects that support low-carbon and climate change-resilient growth, as well as waste efficiency and improved water management. The primary targets are climate impact mitigation, such as increased energy efficiency and use of renewable energy, as well as environmental impact reduction such as reduced waste and emissions.

Key GHG metrics[1]

	Target	2022	2021	2020	2019 (base year)
GHG Scope 1 and Scope 2 emissions (market based)					
Absolute emissions, Kt of CO_2e		1,082	1,135	1,179	1,198
Absolute emissions dynamics, % y-o-2019[2]	-35% by 2030	-10%	-7%	-2%	–
GHG intensity, kg of CO_2e per GE oz[3]		632	677	730	742
GHG intensity dynamics, % y-o-2019	-30% by 2030	-15%	-9%	-2%	–
GHG Scope 3 emissions					
Absolute emissions, Kt of CO_2e		585	546	625	611
Absolute emissions dynamics, % y-o-2019	To be set in 2023	7%	-10%	2%	–

1 According to our Climate Policy, we account for and disclose data on GHG emissions throughout the production chain, as well as the carbon footprint of the product according to our Greenhouse Gas Emissions Accounting Standard, based on the Guidelines for National Greenhouse Gas Inventories (IPCC, 2006) and the following parts of the GHG Protocol: Policy and Action Standard, Scope 2 Guidance, and Technical Guidance for Calculating Scope 3 Emissions.

2 Metric applies to mines within the reporting scope of the base year, namely Kyzyl, Varvara, Voro, Mayskoye, Omolon, Dukat, Svetloye, Albazino, Amursk POX and Amursk POX-2, and Nezhda.

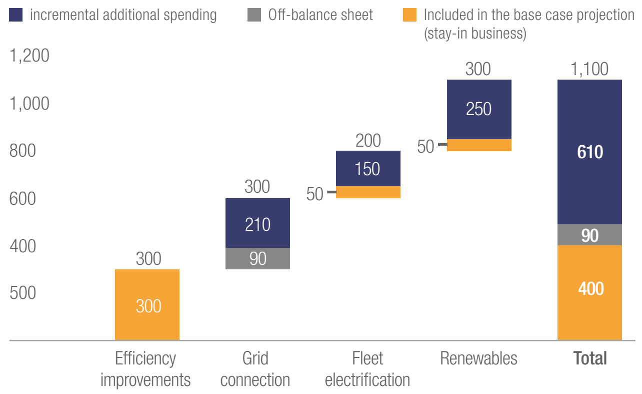
3 Data on oz of gold equivalent used in the GHG emissions intensity calculation is based on 80:1 Au/Ag conversion ratio and excluding base metals. For detailed data on gold equivalent production see page 229.

Key energy metrics

	Target	2022	2021	2020	2019 (base year)
Energy consumption					
Total energy, TJ		10,757	9,953	9,210	9,084
Energy intensity, GJ per Koz of GE		6,283	5,934	5,702	5,627
Energy intensity dynamics, % year-on-year	specific asset-level targets and KPIs	6%	4%	1%	-1%
Energy structure					
Renewable electricity share in self-generation, %	7% by 2025	1.1%	0.4%	0.4%	0.4%
Renewable electricity share in total electricity consumption, %	specific asset-level targets and KPIs	30%	18%	3%	0%
Heat utilisation systems share in total heat consumption, %		27%	25%	24%	24%

Our major green initiatives relate to reducing our carbon footprint and improving energy efficiency by grid connection, electrification of our fleet at certain mines and renewable energy at remote operations. Overall capital expenditure estimate for these climate actions for 2021-2030 is $1,100 million. This green capital expenditure is designed to meet our 2030 climate-related goals and incorporated into our economic models. In so doing, we provide the Company with all the necessary financial and management instruments to implement our Climate Action Plan and maintain strategic resilience in the face of climate change.

Estimated climate-related capital expenditure 2021–2030 ($m)



Recognising the rapid pace of change in carbon regulation, we conduct stress testing of our key climate projects to assess potential risks and opportunities associated with the tightening of national and cross-border carbon regulation. We also constantly monitor developments in national carbon regulation and closely monitor IEA economic and carbon price projections to factor them into our transitional risks assessments and keep up-to-date on the strategic resilience of our projects to transitional risks.

We see green financing as an ideal tool to finance the transition to a low-carbon economy and safer environment. It also ensures responsible financing that aligns capital with the Company's stronger ESG performance, as well as contributing to sustainable development by earmarking the proceeds for green projects and expenditure.

Green financing is a natural extension of the sustainability efforts that are conducted throughout the organisation. More importantly, it is a tool to align the Company's interests and those of society at large by financing further transition to responsible mining. It gives us trusting relationships with our lenders and stakeholders, and pride and commitment among our employees.

To create a standard for green financing that can be used with a number of Polymetal's sources of funding, we have developed a Green Financing Framework. The Framework establishes the terms and conditions for the management of funds and for follow-up and reporting to lenders and investors. Polymetal hopes to continue to broaden its lender base by attracting like-minded creditors who seek to target their funds towards environmentally friendly projects.

Polymetal has set up a dedicated cross-departmental Green Financing Committee to identify and select eligible projects for green financing. These are projects that are aligned with national environmental, technical and legal requirements. The Committee includes representatives from corporate finance, sustainability, operational, energy and environmental, procurement, design, and construction departments, as well as, on a case-by-case basis, the Group's business units.

By the end of 2022, Polymetal's portfolio of sustainability-linked and green financing amounts to $600 million, including the Société Générale green and KPI-linked loans and climate transition loans signed with Raiffeisenbank and UniCredit. Improving the transparency of green finance, we annually publish a Green Loan Reports under the Green Financing Framework. Thus, in the beginning of 2023, we published another **Allocation Report** related to the Société Générale 2020 $125 million green loan, which provides information on the capital expenditure that was allocated to our green and climate-related projects in renewables, fleet electrification and waste and water management.

In 2023, we plan to continue improving the management of climate projects and adjust our internal data management system for current and projected climate actions and mitigation measures, as well as increasing the transparency of the Company's financial climate-related metrics.

Our climate actions

Actions | **Risks mitigated**

Switch from carbon-intensive energy sources

- Risks related to national and cross-border carbon regulation – mitigation by reducing the carbon footprint
- Risks related to the increase in the cost of carbon-intensive resources – mitigation by reducing the consumption of carbon-intensive fuels
- Risks related to shifts in precipitation patterns – mitigation by reducing dependence on fuel supplies

Grid connection:
Nezhda (launched in 2022)
Albazino (2024)
Lunnoye (Dukat hub, projected)

Mobile fleet electrification:
Mayskoye: electric ore-transportation system (Phase 1 – launched in 2022, Phase 2 – to be launched in 2023; underground loaders and trucks (three units – operating, four units – in the process of acceptance)
Varvara: electric ore-transportation system (launched in 2022)
Kyzyl: six electro-hydraulic excavators (operating)
Komar: three electro-hydraulic excavators (operating)
Veduga: two electro-hydraulic excavators (2023–2024)

There are plans to launch up to 70 more electric vehicles from 2025–2030

Electricity consumption is our major energy resource, but only a small number of our remote mines are connected to the regional power grids. We still rely on diesel generation at remote sites, which contributes substantially to Scope 1 GHG emissions. A key priority is to, therefore, reduce our reliance on diesel by connecting to grid electricity sources and building our own renewable energy projects. In 2022, we launched the new grid at Nezhda, reducing our direct GHG emissions by approximately 40%. We are also currently implementing a similar grid connection project at Albazino with the launch expected in 2024 and developing a project to connect Lunnoye (Dukat hub) to grid electricity.

As our mining fleet too contributes significantly to our GHG emissions, we are gradually replacing diesel-based vehicles with electric ones. With the electrification of the mobile fleet, as well as the use of electric-driven ore transportation systems wherever possible, we aim not only to reduce our carbon footprint, but also to improve air quality and reduce noise levels for those working underground or in open-pits.

In 2022, we launched electric ore-transportation systems at Varvara and Mayskoye (Phase 1), and added to the electrical mobile fleet at Mayskoye and Komar. In 2023–2024, we plan to launch the Phase 2 of the electric ore-transportation system at Mayskoye, electro-hydraulic excavators at Veduga and develop a detailed plan for mobile fleet electrification in 2025–2030 and beyond.

Renewable self-generation

- Risks related to national and cross-border carbon regulation – mitigation by reducing the carbon footprint
- Risks related to the increase in the cost of carbon-intensive resources – mitigation by reducing the consumption of carbon-intensive fuels
- Risks related to requirements for renewables usage – mitigation by developing our own renewables
- Physical risks related to logistical disruptions at remote sites – mitigation by reducing dependence on fuel supplies

Svetloye
1 MW solar power plant launched in 2018
2 MW solar power plant, Phase 2 (projected)

Omolon
2.5 MW solar power plant launched in 2021

Varvara
23 MW solar power plant in a complex with a gas power plant (developing, 2025)

Kyzyl
17 MW solar power plant (projected, 2025–2027)

Kutyn
3 MW solar power plant (projected)

Prognoz
1 MW solar power plant (projected).

Renewable energy sources such as solar and wind farms or hydropower plants are some of the most promising means of reducing GHG emissions at remote sites and enhancing resilience to potential disruptions in electricity and fuel supply. The development of these technologies is gradually enabling their use in the regions of the Far North, which experience extreme temperature change and snowfall.

We already use solar and wind energy with our renewable power plants at Svetloye and Omolon and plan to achieve a total of 7% of self-generated electricity from renewable sources by 2025 and 10% by 2030.

Our next step in the development of renewable energy sources is a project to build two solar power plants in Kazakhstan. To ensure a stable level of generation and mitigate daily fluctuations, a gas power plant will be built in addition to the solar plants. The total solar generation capacity of the project will reach 40 MW, which will allow us to reduce GHG emissions in Kazakhstan by more than 20% (Scope 1 and 2).

Water and waste management

- Permafrost-related risks – mitigation by minimising the risk of the possibility of dam failure
- Risks related to average temperature rises and shifts in precipitation patterns – mitigation by reduction of fresh water withdrawal and improving resilience to droughts

Water management:
Reduction of fresh water use by 55% per tonne of ore processed by 2030 (2019 baseline) and increase water recycled/reused

Dry stacking of tailings:
Achieve 50% dry-stack tailings storage by 2030.

We strive to minimise freshwater withdrawal to reduce our impact on local ecosystems and are committed to gradually increasing the share of water reused in our processing by setting a goal to reduce freshwater use by 55% per tonne of ore processed by 2030, compared with 2019 levels (read more on pages 57–58).

Tailing storage facilities (TSF) and dams are also impacted by climate risks. All our TSFs undergo regular audits for compliance with requirements, as well as safety examinations. TSFs are regularly monitored by our on-site environmental and engineering teams, with pipelines, pump stations, water levels and dams inspected daily. We ensure emergency preparedness and response procedures at all stages of TSF life, from design to operation to closure.

Increasingly, we are moving towards safer methods of waste storage, such as dry stack (filtered cake) tailings. Dry tailing storage significantly reduces the possibility of dam failure, drastically lowers the potential damage from such accidents, and eliminates tailings run-off. We plan to extend it to Amursk POX-2 (2024) and Dukat (2024), and build an additional dry stacking facility at Voro (2023). We have also committed to using dry stacking only at all new sites. Read more on pages 59–60 and in our recent **TSF Report**.

Energy efficiency

- Risks related to national and cross-border carbon regulation – mitigation by reducing the carbon footprint
- Risks related to requirements for best available technologies and tightening of construction standards – mitigation by implementing advanced energy efficient technologies
- Risks related to increase in the cost of carbon-intensive resources – mitigation by reducing the consumption of carbon-intensive fuels

All assets:
Low-carbon and renewable energy solutions

Off-grid renewable lighting:
Albazino, Varvara

Heat recovery from diesel electricity generation:
Dukat and Primorskoye, Omolon, Svetloye, Prognoz, Nezhda, Albazino and Kutyn

Heat recovery from the pressure oxidation process:
Amursk POX (operating) and Amursk POX-2 (under construction).

By optimising the energy efficiency of our operations, we decrease emissions while also embracing a low-carbon economy. Our Climate and Energy Management Systems, alongside our Energy Management Policy, include regular energy audits and site-level projects. Each year, we update our Energy Efficiency Programme, which involves monitoring, metering and reduction initiatives, in line with ISO 50001, the international standard for energy management.

Our key areas of focus are:

- Complying with all applicable regulatory requirements
- Actively reducing our carbon footprint or improving energy efficiency through innovation, including low-carbon and renewable energy solutions
- Embedding energy efficiency into new project design, technology updates and in equipment procurement processes
- Engaging employees through establishing and nurturing an energy efficiency culture
- Extending our energy-conscious approach to our suppliers, investors and wider stakeholders.

We deploy heat recovery technology to convert wasted heat from diesel generation and processing plants into electricity and heat for other premises. In 2022, 27% of our total heat needs were met by heat recovery systems, including a new heat recovery system at Kutyn. We also look at digital and AI solutions that can help increase resource efficiency and decrease GHG emissions.

Nature-based projects

- Risks related to national and cross-border carbon regulation – mitigation by reducing the carbon footprint
- Risks related to potential impact on the Company's reputation - mitigation by restoring and improving the environmental situation in the regions where the Company operates

Reforestation:
Russia: more than 2,000 hectares of forest (2023-2025)

Afforestation:
Kazakhstan: 1,500 hectares of new forest (the first phase involves 750 ha, 2024-2025)

Forests are a vital asset in the fight against climate change, as well as being a habitat for wildlife and a source of sustainable livelihoods for many communities. At Polymetal, responsible land-use protocols mean that we only fell trees where absolutely crucial and within local laws.

Our Climate Management standard considers both the loss of absorption after deforestation and the compensatory measures for reforestation, together with the assessment of their absorbing capacity in our carbon footprint.

Adhering to the principles of responsible land use, and in full compliance with national legal norms, we develop, co-ordinate and implement compensatory reforestation. The reforestation plans are updated and expanded annually, and restoration of lost forest areas is carried out in the year following felling.

In 2022, we planted 1.8 million saplings of pine, larch and cedar on almost 900 hectares of land in five regions of Russia. We adjusted our corporate reforestation programme: by 2025, we expect to plant at least 2,000 ha of new forests in the Far East of Russia. We are also developing our pilot afforestation project in Kazakhstan, the first phase of which involves the planting of 750 ha by 2025. The potential absorption capacity of our reforestation and afforestation projects is estimated to be up to 25,000 t CO_2 per annum.

Communities

Our presence has the potential to bring significant economic and social value to communities and countries. We build trusted stakeholder relationships to ensure positive impacts and reduce social risk exposure.

At a glance

$23.2m
of social investments

40
partnership agreements on socio-economic development

839
enquiries received and resolved

Our priorities

- Ensure zero community conflicts
- Ensure positive engagement
- Maintain the level of financial giving.

Which guidelines do we follow?

External: UN Global Compact, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UK Corporate Governance Code, EITI, International Labour Organization Conventions, UK Modern Slavery Act, Responsible Gold Mining Principles, World Bank Guidelines and Policies.

Corporate: Code of Conduct, Supplier Code of Conduct, Anti-Bribery Policy, Human Rights Policy, Social Investment and Donation Policy, Community Engagement Policy, Group Tax Strategy.

Our approach

Supporting local communities is an important part of our social responsibility as a business. We contribute to the development of neighbouring communities through socio-economic partnerships, taxes and job creation. Ongoing and rigorous stakeholder engagement helps us maintain our social licence to operate.

Our Social Investment and Donation Policy aims to improve living standards for local people and facilitate regional economic development. It outlines our transparent approach to community investment and lays out our monitoring procedures and stakeholder engagement.

Taking a holistic view of society is key. Our Communities Engagement Policy ensures that we embrace and empower open dialogue at every site and on every project. It outlines how we identify stakeholders and the mechanisms for effective feedback.

The Polymetal Board of Directors and management team annually appraise targets related to community relations. We apply a dedicated Social Impact Assessment Tool to robustly monitor the outcomes of our community investments.

Engagement

Our diverse engagement channels allow us to maintain dialogue with communities, understand their needs and plan for social projects that are most demanded by stakeholders. We operate a formal feedback mechanism with a guarantee to provide a detailed response to all questions or concerns within 14 days. In addition to providing telephone and e-mail channels, we also hold regular public hearings, site visits and working groups. In 2022, 1,200 people participated in our community polls and we held 36 meetings, 18 site visits and 21 public hearings.

Overall in 2022, we received 839 community enquiries, most of them related to financial aid, improvements to local educational facilities and infrastructure development. We started measuring female participation in our community events and surveys (where gender data is available) and revealed that, in 2022, women represented 63% of community event attendees and survey participants.

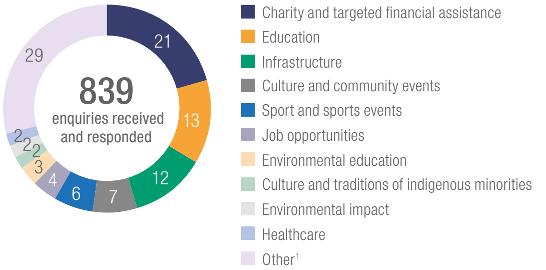
Dzyalbu: ethnic festival of today

In 2016, enthusiasts within the regional Association of Indigenous Minorities and Ethnic Groups of the North put forward a proposal for holding a biennial, ethnic festival in Magadan. Polymetal has long supported festivities devoted to national culture, traditions, history and sports of the Indigenous Minorities of the North (IMN) and became the prime sponsor of the Dzyalbu Festival. Dzyalbu has a range of meanings: friends, fellowship, cousins-in-law, mates, relatives or simply you and me.

The visitors to Dzyalbu Festival are invited to enjoy the arts and craft market, take part in northern multisports competitions (e.g. jumping over sledges, tug of war, lasso throwing), watch dog-sledge racing and listen to famous national bands performing.

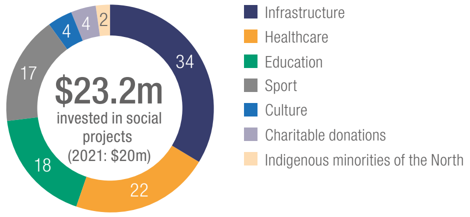
In 2022, over 70 IMN representatives took part in events, with over 500 people attending the festival. Dzyalbu Festival has become a significant inter-regional cultural event, bringing together a significant number of representatives and creative associations of indigenous peoples from different regions, including the Chukchee-Eskimo Ensemble and the Song and Dance Ensemble of the Peoples of the North. Ethnic cultural centres from Chukotka and Kamchatka as well as the Centre for Shor Culture in the Kemerovo Region have participated in the festival.

Community enquiries by topic
(% of total enquiries)



1 Includes other requests for financial and in-kind help.

Community investment by area
(% of total spend)



Indigenous people

We respect the rights of indigenous communities[1] in accordance with recognised principles and norms of international law and national legislation, including human rights law. For more than 20 years, we have developed excellent relationships with representatives of indigenous communities, associations and reindeer-herding teams. Today, this engagement spans five regions in Russia (Chukotka, Magadan, Khabarovsk, Sakha/Yakutia and Sverdlovsk) where we run programmes on preserving culture, language and traditional lifestyles. We also provide in-kind support by delivering food, fuel, construction materials and medicines to remote and indigenous communities and reindeer herders, as well as building and maintaining roads to isolated areas.

Ongoing dialogue is critical and our community engagement system includes regular meetings and consultations with the Indigenous Minorities of the North. Our wider corporate feedback mechanisms are designed to pay attention to enquiries from these groups and to provide a timely answer. In 2022, we did not have any conflicts related to lands or objects that represent historical or cultural value for indigenous communities.

Social investments and impact assessment

We contribute to improving the living conditions in communities through long-term social partnership agreements with local authorities (40 such agreements were active in 2022), as well as by directly financing social projects. We invest in projects that matter most to our stakeholders, based on their input. In 2022, this amounted to $23.2 million, 16% more than in 2021. Our strategic investments target healthcare and active living, education, infrastructure, culture and indigenous communities.

We deploy our Social Impact Assessment Tool to analyse the outcomes of our social projects. In 2022, Polymetal assessed key educational projects, since education is one of the most relevant areas in which the Company makes social investments. During the procedure, we evaluated 11 projects in host regions, which were involved with renovating and equipping educational facilities, long-term education support programme in Amursk, career awareness project for high school students, grants provided to senior school students in Kazakhstan, etc.

1 In reference to our Russia operations (Kazakh legislation does not reference this).

Sustainability continued

Community investment by area (% of total spend)

Area	Number of projects	Funds allocated	Projects
Healthcare	20	$5.15m	• Purchasing an ambulance car for the Bryanka District Hospital, North-Yenisey District, Krasnoyarsk Region, Russia. • Purchasing equipment and furniture for the Outpatient Oncology Clinic, Tomponsky District, Yakutia, Russia. • Purchasing a dental X-ray device and an ultrasound scan device for the Hospital named after Polina Osipenko, District named after Polina Osipenko, Khabarovsk Region, Russia.
Sports	81	$3.9m	• Supporting, financing and helping to arrange and hold more than 35 sports events (Kazakhstan and Russia) • Renovating and equipping more than 15 sports facilities in the regions where we operate. • Building four new outdoor workout areas in host regions in Kazakhstan. • Supporting 22 sports teams, associations and organisations in Kazakhstan and Russia.
Infrastructure	105	$7.8m	• Renovating over ten apartment buildings in Evensk, North-Evensk District, Magadan Region, Russia. • Financing 19 communal service projects in host regions in Russian and Kazakhstan. • Renovating the Central garden square in Amursk, Khabarovsk Territory, Russia. • Implementing 35 landscaping projects in host regions in Kazakhstan and Russia.
Education	158	$4.1m	• Renovating and equipping more than 110 education facilities such as pre-school education, general education and extracurricular centres in Kazakhstan and Russia. • Equipping a robotics room in Tobolsk School, B. Mailin District, Kostanai Region, Kazakhstan. • Supporting 10 environmental awareness projects in Kazakhstan and Russia.
Culture	79	$0.8m	• Renovating and equipping 30 cultural facilities in every host region in Kazakhstan and Russia. • Supporting, financing and helping to hold more than 35 creative and cultural events as well as helping their participants in Kazakhstan and Russia. • Renovating the Inter-settlement Social and Cultural Centre in Chumikan, Tunguro-Chumikan District, Khabarovsk Region, Russia.
Indigenous Minorities of the North	81	$0.5m	• Supporting more than ten indigenous dance and music teams in the Khabarovsk and Magadan Regions and in Yakutia, Russia. Arranging travelling for some of the team to attend the International exhibition 'Treasures of the North 2022'. • Supporting a project for a virtual portal for studying and preserving Evensk culture, crafts, traditions and language in Topolinoye village, Tompon District, Yakut ia, Russia. • Supporting reindeer herders in the Far East.
Charity	107	$1m	• Supporting of ten inclusive projects in Khabarovsk Region, Russia. • Assisting disabled patients at the in-patient clinic in Auezov village, Zharminsky District, East-Kazakhstan Region, Kazakhstan. • Supporting first graders from families struggling with difficult circumstances, elderly people and veterans through annual targeted assistance in every region where we operate.

This year, we also reviewed a project aimed at preserving IMN languages. More than 360 stakeholders from local communities took part in a survey and expert interviews, with the outcomes of our social projects scoring highly. In addition, we received many comments and suggestions on how we can further support education in the host regions. The assessment results and feedback from communities will help optimise Polymetal's social investment strategy.

Corporate volunteering

As a Company, not only do we invest in social projects in regions where we operate, but we also encourage our employees to contribute to thriving communities through a wide range of volunteering programmes. In 2022, around 2,800 employees volunteered for various causes, giving their time to social and environmental campaigns in Kazakhstan and Russia.

Our charity project Mandarin helped make New Year wishes come true for 764 children from single-parent or vulnerable families and elderly people. Before the start of the new school year, employees donated school supplies for 755 children from socially and economically disadvantaged families and supplies for 800 people in nursing homes. In addition to charity projects, our employees have an option to donate blood or to support the National Bone Marrow Registry.

We also continued to support environmental campaigns, including collecting batteries for recycling and voluntarily cleaning local parks and river banks. When organising volunteering events, we often partner with specialist non-profit organisations to make sure that our employees' donations go to those in need.

Providing mental health and leisure facilities for parents

In the remote regions where we operate, it is important that young parents, particularly those in vulnerable social situations, have access to a supportive community, leisure activities and mental health care. With this in mind, assisted by volunteer employees and financial aid from the Company, two important projects were implemented in 2022.

An employee at our Urals operation initiated the Mum's Day Project, which helps families with disabled children socialise by improving both parents' and children's communication skills. Polymetal is funding the club where, each month, families meet with doctors, psychologists, speech therapists and other professionals. It is also a good opportunity for the parents to have some 'me-time' (to attend workshops, sports or creativity events), while volunteers take care of their children (play games, stage shows, arrange sports competition and develop motor skills). In 2022, 52 adults and 63 children participated in at least one of the seven meetings held; 20 Polymetal employees volunteered at the project events.

'The Reboot' is a similar project, which has been implemented in Khabarovsk in collaboration with a charitable organisation. The aim of the project was to re-socialise and provide mental health support to women caring for more than five adopted children (including children with health disabilities). Ten women and their 13 children participated in the project. Trained teachers, psychologists and fitness coaches worked with the women for eight weeks, while professional performers and teachers entertained and gave lessons to the children.

The project gave the participants an opportunity to change their way of life and to 'reboot': to work out, to take mind-set training and art-therapy sessions, and learn how to improve financial awareness. The women took a fresh look at parenting, improved family relations, found hobbies and built a network of mothers with adopted children.

"Such meetings are an enormous support for us and encourage us to take a break from our daily routines. It is very important to have time just for yourself and be inspired by positive emotions so that you have the physical and emotionally resources to care for your children and enjoy your life," said one of the participants.

Local employment and skills development

Wherever we operate, we strive to provide local people with job opportunities. This not only brings more targeted economic value, but it also builds our own workforce capacity in local priorities, cultures and ecosystems, while reducing the financial and environmental burden of fly-in/fly-out employment. In 2022, our local employment rate was 97% for Russia and 96% for Kazakhstan[1].

We work closely with local colleges and institutions to provide training, development and further employment opportunities in our communities. In collaboration with universities, we are developing new joint educational programmes to prepare students for working in the mining industry of the future. In 2022, 359 students joined internships (34% female), and 54 of those who took internship in the last three years went on to employment with us.

Besides working with higher educational institutions, we raise career awareness among local high school students. The Company held more than 60 events in 26 settlements located in our host regions in Kazakhstan and Russia with over 3,500 students taking part.

At these events, future school graduates learn about the Company, its production operations and in-demand mining jobs, as well as about the labour market in general. Our goal is to interest young people in working for Polymetal and to provide information to those who want to join our team in future.

We go above and beyond standard career guidance meetings and organise tours for high school students around our production sites, when we talk about the technologies we use, arrange special quests and quizzes as well as science competitions. This all goes in hand with investing in school renovations, equipment and modernisation of science laboratories and classrooms.

Career guidance is a particularly rewarding area of volunteering. In 2022, more than 150 Polymetal professionals participated in pro-bono projects tutoring teenage students who are considering a career in the mining industry. Our employees talked to them about various mining jobs, shared their own career experiences and answered students' questions to help them choose a future career.

1 Share of employees residing in the country of operation.

Ethical business

Ensuring that we act ethically and responsibly at all organisational levels is crucial for our business strategy. We comply with all applicable regulations and industry best practice and expect a similar approach from our business partners.

At a glance

385
anti-corruption seminars

46%
local procurement

$385m
taxes paid

Our priorities

- Zero-tolerance position in respect of conflicts of interest, bribery, slavery and human trafficking
- The implementation of our Code of Conduct and other policies is regularly monitored by relevant executives and our internal audit function
- Suppliers due diligence and engagement on ESG issues
- Responsible tax policy in compliance with national regulations and international guidelines.

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UK Corporate Governance Code, EITI, International Labour Organisation Conventions, UK Modern Slavery Act, Responsible Gold Mining Principles, OECD and national tax guidelines.

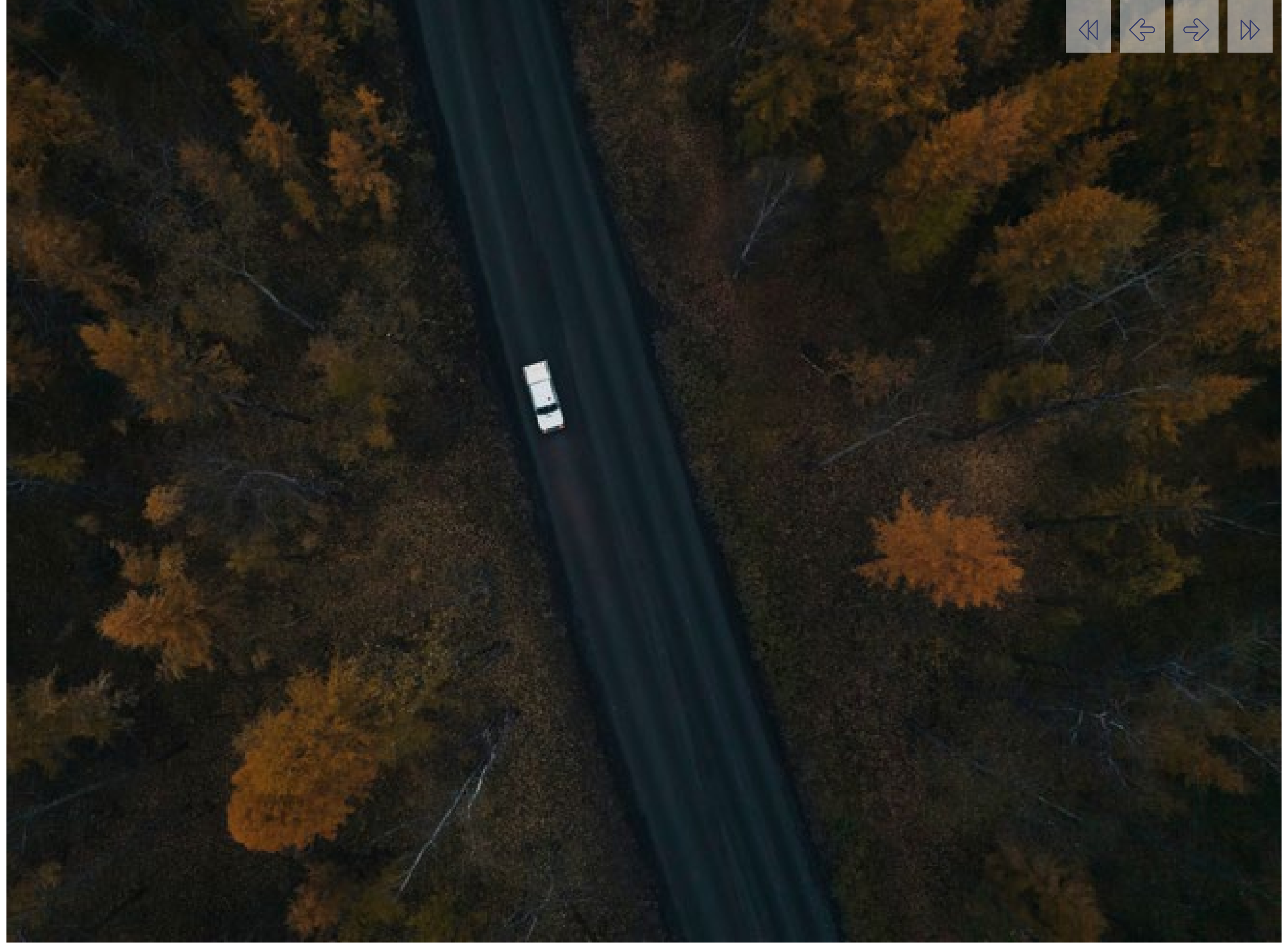
Corporate: Code of Conduct, Supplier Code of Conduct, Procurement Policy, Anti-Bribery Policy, Policy on Disciplinary Action for Violation of Anti-Bribery and Corruption Procedures, Policy on use of agents, representatives, intermediaries and contractors' due diligence, Fair Competition and Anti-Trust Policy, Gifts and Entertainment Policy, Whistleblowing Policy.

Our approach

We are committed to doing business responsibly and expect the same from those who work with us. We believe that our zero tolerance of all kinds of bribery or fraud is crucial for the long-term success of our business and communities. That is why that, as well as complying with all applicable laws and regulations in the countries where we operate, we implement international best practice in our corporate policies and standards.

The Code of Conduct (the Code) is core to our comprehensive approach for ensuring the highest business standards and integrity. Its main goal is to convey our core values and basic ethical principles to all stakeholders. The Code clearly outlines key our zero-tolerance stance on conflicts of interest, bribery, bullying, consumption of alcohol or drugs, and improper use of confidential and insider information, as well as other matters of corporate behaviour. The Code has been approved by the Board of Directors and is regularly reviewed by the appropriate Board Committees, according to their remit, along with monitoring management's reporting. The Code's implementation is constantly monitored by relevant executives and the internal audit function. All employees are required to acknowledge that they have read and understood the Code and to agree to comply with it. The Group undertakes a number of initiatives to enhance awareness on the Code and ethical behaviour. In 2022, we provided appropriate training on human rights, diversity and inclusion practices to our employees. The Code is also supported by our policies, which cover a broad range of issues, including the Supplier Code of Conduct and Anti-Bribery and Corruption policies, Whistleblowing Policy and others. These are all available on the Company's website.

The Company may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution of shareholders passed before the donation is made or the expenditure incurred. No such donations were made in 2022 (2021: none).



Anti-bribery and corruption

Bribery is a criminal offence in the countries in which the Group operates. Corrupt acts expose the Group and its employees to the risk of prosecution, fines and imprisonment, as well as endangering the Company's reputation.

The Anti-Bribery and Corruption Policy extends across all of the Group's business dealings in all countries and territories in which the Group operates and applies to Directors, managers and all employees of the Group, as well as relevant business partners and other relevant individuals and entities. The Policy prohibits the payment, offer or authorisation of bribes, the receipt or acceptance of a bribe or the payment, offer or promise to pay any facilitating payments. The Board attaches the utmost importance to this Policy and applies a zero-tolerance approach to acts of bribery and corruption by any of the Group's employees or by business partners working on the Group's behalf. All policies and procedures on the prevention of bribery and corruption are regularly reviewed by the Audit and Risk Committee.

As part of the implementation of internal procedures to comply with the international anti-corruption standards, the Group has a comprehensive Whistleblowing Policy, which defines the processes in place to communicate, in confidence, concerns about possible improprieties, unethical or illegal activities and ensures that arrangements are in place for the independent investigation of such matters. It is prohibited to retaliate against any individual who has reported possible violations in good faith. Management reports twice yearly to the Audit and Risk Committee on the implementation of policies and procedures within the Group's operations, and any instances of corruption or unethical conduct within the Group. We have not denied any personnel access to the Audit and Risk Committee and have provided protection to whistleblowers from adverse personnel action.

A dedicated confidential Hotline, with details available on the website, allows anyone to anonymously report any violations of applicable laws and regulations. All messages are thoroughly investigated on a confidential basis and without bias. Best efforts are used to uphold anonymity if requested by a whistleblower. In 2022, we received 124 reports to our dedicated confidential Hotline: 22 were validated after a full investigation; all others were found to be either lacking evidence or unrelated to business ethics. As part of raising awareness of bribery and corruption risks and the principles of the Code, in 2022, we delivered 385 seminars to high-risk groups of employees and contractors, attended by more than 22,000 people.

We identified four corruption-related instances during the last year – none of which had any impact on our financial position or operations and none involved public or government involvement. No court cases relating to corruption were brought against Polymetal or any of its employees.

Supply chain stewardship

As a business, we purchase materials, products and services from more than 5,000 diverse suppliers. We encourage these supply chain partners to meet our rigorous sustainability standards. Our Supplier Code of Conduct outlines the sustainability and ethical standards we expect of all supply chain partners. It articulates our criteria around safety, labour relations and wider social, environmental and ethical risks. We ensure that all suppliers are familiar with the Supplier Code.

In 2022, the geopolitical and logistical challenges pushed us into reviewing the pool of potential suppliers for our Russian assets to ensure the continuity of our operations and ability to build long-term partnerships. Read more about how we manage supply chain risks on pages 101.

Supplier due diligence

We select our partners via open tender and our e-procurement system helps enforce our Procurement Policy by applying standards consistently across a large number of contractors. We assess suppliers with standardised scorecards to guarantee objectivity and fairness. Our due diligence process includes:

- Security screening of new and existing suppliers using open sources and conducted by our legal and security services. Suppliers are checked on any controversies, including human trafficking, delays in paying salaries, legal proceedings and community issues. We also request references from the suppliers' customers. We check our current suppliers at least twice a year.
- Applying the SPARK database at registration to assess accountability based on 40 factors, including a Consolidated Risk Indicator, Due Diligence Index, Financial Risk Index and Payment Index.
- A pre-qualification check before an open tender involving a questionnaire that includes information on staff qualifications, regions where the business has a presence and financial capabilities. Only those that have prequalified are allowed to participate in our open tenders.
- Selective site visits ensuring appropriate production processes and labour conditions.

In 2022, we conducted 11,070 security checks of new and existing suppliers for compliance with our business ethics policies (versus 10,798 in 2021). Of these checks, 355 resulted in our refusal to work with the contractor as they were deemed non-compliant with our standards (351 in 2021).

Besides the obligatory checks, we engage with our suppliers to inform them on our ESG policies and expectations: they can be asked to fill in an online self-assessment questionnaire on how they manage ESG issues, such as climate change, equal pay, health and safety and community relations. The information enables us to consider wider ESG criteria when selecting new partners. Our human rights and diversity training materials are available for suppliers as well.

Local procurement

Sourcing products and services locally can bring significant socio-economic benefits to neighbouring communities. It also reduces our own carbon miles and transport costs, while improving operational continuity (particularly in remote locations). In 2022, 39% of our procurement was regional in Russia and 84% in Kazakhstan (2021: 40% and 68%, respectively). By 2024, we plan to ensure that at least 50% of our procurement is regional. We have introduced a location criterion to the list of potential suppliers for sites, which will prioritise procurement of locally produced goods.

Human rights

Whether it is the rights of our colleagues or supplier partners, our communities or contractors, our commitment is consistently clear. Polymetal's approach is aligned with universal principles of human rights. We follow the guidelines of the Universal Declaration of Human Rights, UN Global Compact, ILO Declaration, Responsible Gold Mining Principles and national labour codes. In compliance with the UK Modern Slavery Act 2015, we publish our Modern Slavery Act Transparency Statement annually and outline our steps to protect human rights in our business and supply chains. We pay particular attention to regions where we exist side-by-side with indigenous communities. We did not have any conflicts related to lands or objects that present historical or cultural value for indigenous communities during the year.

We assign qualified personnel in all operational regions with responsibility for internal and external communications on any issues related to human rights, ensuring transparent grievance mechanisms for all our stakeholders. Our last human rights risk assessment across the Group took place in 2021 and none of the risks identified were high or extreme, with the majority showing as low. Having identified issues relating to insufficient awareness of our corporate diversity and inclusion policies, in 2022, we developed a new course on the inclusion of people with special physical needs. We also updated our online course on human rights to include more practical case studies. Both courses are now included in the induction training package for new employees and are also available to representatives of contracting organisations.

Responsible tax policy

Through reporting and paying taxes, we strive to maintain a transparent and responsible attitude towards our social responsibility in the jurisdictions where we have business activities. Total tax payments in 2022 amounted to $385 million (2021: $389 million) and are disclosed in detail in our website's Disclosure centre.

Our contribution goes beyond the taxes we pay. Where we receive an opportunity to carry out regional investment projects through the use of available tax benefits, we engage in economic development in the region, job creation and wide support for local communities. Wherever possible, we seek constructive dialogue on tax matters, with policymakers, industry and business groups, in order to provide meaningful input and contribute to the development of a fair, effective and stable tax system.

Our responsible approach to tax is reflected in the **Group Tax Strategy** and is aimed at insuring we pay all taxes required in a timely manner. Our Group Tax Strategy is designed to maintain the highest standards of compliance with the requirements of applicable tax laws, treaties, regulations and other tax guidance, while providing adequate controls over tax accounting and tax reporting. Management of Group companies is responsible for compliance with the Group Tax Strategy. We operate our Group Tax Strategy in line with our overall business strategy and approach to corporate governance, ethics and risk management.

Our tax strategy is implemented using specific approaches and measures adopted and developed by the Group. These comprise proactive identification, prevention and mitigation of potential risks and lead to accuracy and timeliness in fulfilling our tax obligations. Internal and external audits are effective in ensuring that the Group is able to achieve these goals. Open ongoing communication with the tax authorities also acts as a valuable source of information to the prompt identification of and response to potential risks. We apply the following approaches and measures to ensure that we maintain the highest standards of responsible taxation and tax governance:

Material tax topic	Approach
Organisation of controls	Rigorous tax accounting and reporting processes and controls are implemented to ensure our objectives are met. All material operations are subject to review and approval process from multiple levels of expertise within the Group companies, with supplementary advice from external advisors where deemed necessary. Controls and processes are subject to regular reviews by our internal audit department and are considered by MHA MacIntyre Hudson LLP as Group auditor jointly with AO Business Solutions and Technologies (previously AO Deloitte & Touche CIS) as a component auditor as part of their statutory audit. Based on the results of such reviews, tax controls may be subject to change in order to improve efficiency as required. Each applicable change in the tax law or court practice is tested from the perspective of new controls requirement and the Group reacts correspondingly. The Group's personnel responsible for tax matters are provided with access to various internal and external trainings and seminars in order to improve their tax expertise and skills.
Tax planning	The Group does not operate in tax haven jurisdictions or utilise aggressive tax planning. We make sure that our tax payouts are consistent with genuine commercial activity and that they comply with the laws and regulations of the jurisdictions in which we operate and are consistent with our business strategy.
Approach to tax risk management	The approach of the Group is to interpret the tax legislation consistent with both the spirit and intention of the law. The Group is continuously monitoring its tax strategies and tax structures to comply with the new landscape created by base erosion and profit shifting (BEPS) initiatives, ongoing changes in Russian and Kazakhstan tax legislation and the evolving practice of its application in courts. The Group regularly evaluates its material tax positions, which are also subject to review by the external auditor, to ensure these are adequately reflected in the consolidated financial statements.
Intra-Group transactions	All material intra-Group transactions are subject to transfer pricing control. Our transfer pricing methodology is compliant with OECD and local country guidelines. The Group updates this methodology annually with the assistance of external advisors to ensure that transactions between Group companies are conducted at an arm's length basis. The main goal of our controls is to ensure that income is taxed in and benefits the economy of jurisdiction in which it arises.
Tax incentives	We would typically make use of tax incentives and exemptions where they are intentionally provided by law. To the extent the Group obtains an incentive, it complies fully with the requirements of such incentives (including, for example, the amount of investments into the project). For example, Omolon Gold Mining Company LLC and JSC Magadan Silver are entitled to the decreased statutory income tax and MET rates as residents of the Special Economic Zone of the Russian Far East. In return for obtaining this tax relief, they are obliged to invest 50% of their tax savings each year in the Special Economic Zone Development Programme, amounting to $14 million in 2022 (2021: $20 million).
Relationships with tax authorities and other stakeholders	The Group's approach is to promote transparent relationships with the tax authorities, and to maintain open communication with all relevant tax authorities to ensure that all information reporting required by applicable laws is available on a timely basis. We seek to clarify any uncertain tax positions by requesting rulings or the official position of the Finance Ministry where possible. The Group is an active member of industry associations aimed at contributing to an open and constructive dialogue with government bodies[1]. This enables Group tax executives to be close to changing tax trends. Any queries regarding taxes from the stakeholders are welcome through the contact details on Polymetal's official website. A dedicated confidential hotline, with details available on the website (e-mail or phone – toll-free in Kazakhstan and Russia), allows anyone to anonymously report any concerns about the organisation's integrity in relation to tax. All questions and reports are thoroughly analysed and followed up. Our tax transparency assists us in building trust and strong relationships with the local communities in the regions where we operate.
Transparency and disclosures	The tax transparency landscape has continued to develop in recent years, with new disclosure requirements implemented, including country-by-country reporting, GRI 207 and DAC-6. The Group is compliant with all mandatory disclosures. Where necessary, we engage external advisors to ensure the Group's reporting is sufficient and is compliant with global and local best practices.

1 Including Union of Gold Producers of Russia (UGPR); Chamber of Commerce and Industry of the Russian Federation; Republican Association of Mining and Metallurgical Enterprises (AMME); the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken" and the Russian Union of Industrialists and Entrepreneurs (RSPP).

Financial performance impacted by inflationary and logistical pressures

Financial highlights

- In 2022, revenue decreased by 3%, totalling $2,801 million (2021: $2,890 million), of which $933million (33%) was generated from operations in Kazakhstan and $1,868 million (67%) from operations in the Russian Federation. Average realised gold price decreased by 2% while silver price decreased by 12%, both almost tracking market dynamics. Gold equivalent (GE) production was 1,712 Koz, a 2% increase year-on-year. Gold sales decreased by 1% year-on-year to 1,376 Koz, while silver sales increased by 6% to 18.5 Moz. Disruption in sales channels resulted in a huge gap between production and sales in Q2-Q3 2022, but was largely eliminated in Q4 2022. The remaining gap is expected to close during the course of 1H 2023.
- Group Total Cash Costs (TCC)[1] for 2022 were $942/GE oz and within the Group's guidance of $900-1,000/GE oz, although representing an increase of 29% year-on-year, which was predominantly due to double-digit domestic inflation and the appreciation in the Rouble/Dollar exchange rate. Escalation of logistical costs and sharp increases in the price consumables caused by impositions of sanctions (explosives, equipment spares, cyanide) also impacted the Group's TCC.
- All-in Sustaining Cash Costs (AISC)[1] amounted to $1,344/GE oz, up 31% year-on-year, which was within the Group's guidance of $1,300-1,400/GE and also driven by the same factors as above.
- Adjusted EBITDA[1] was $1,017 million, 31% lower than in 2021, as costs rose and metals prices declined. $478 million (47%) of Group EBITDA originated in Kazakhstan and $539 million (53%) in the Russian Federation. The Adjusted EBITDA margin decreased by 15 percentage points to 36% (2021: 51%).
- Underlying net earnings[2] were $440 million (2021: $913 million). As a result of a lower Group EBITDA and non-cash impairment charges (a post-tax amount of $653 million), the Group recorded a net loss for the period of $288 million in 2022, compared with profits of $904 million in 2021.
- Capital expenditure was $794 million[3], up 5% compared with $759 million in 2021 and 2% above the guidance range of $725-775 million, reflecting accelerated purchases and contractor advances for ongoing projects (most notably, Amursk POX-2), combined with inflationary and logistical pressures on imported equipment, materials and services.
- Net operating cash inflow was $206 million (2021: $1,195 million), on the back of inventories build-up of $473 million. This includes positive cash flow of $337 million from operations in Kazakhstan and negative cash flow of $131 million from operations in the Russian Federation. The Group reported negative free cash flow[1] of $445 million in 2022 (2021: positive $418 million).
- Net debt[1] increased to $2,393 million during the period (31 December 2021: $1,647 million), representing 2.35x of the Adjusted EBITDA (2021: 1.13x). The increase in net debt was driven by the decline in profitability, the persistently high capital intensity of the business and a very significant expansion in working capital.
- The Board has carefully evaluated the liquidity and solvency of the business in light of multiple external uncertainties. Taking into account the Group's leverage (2.35x Net debt/EBITDA, materially above the level of 1.5x target leverage ratio) and the significant level of uncertainty regarding external factors, the Board has decided not to propose any dividend for 2022 in order to allow the Group to maintain strategic and operating flexibility in a highly volatile and uncertain external environment.

1 The financial performance reported by the Group contains certain Alternative Performance Measures (APMs) disclosed to complement measures that are defined or specified under International Financial Reporting Standards (IFRS). For more information on the APMs used by the Group, including justification for their use, please refer to the "Alternative performance measures" section below.
2 Adjusted for the after-tax amount of impairment charges, write-downs of metal inventory, foreign exchange gain and other change in fair value of contingent consideration.
3 On a cash basis, representing cash outflow on purchases of property, plant and equipment in the consolidated statement of cash flows.
4 Totals may not correspond to the sum of the separate figures due to rounding. % changes can be different from zero even when absolute amounts are unchanged because of rounding. Likewise, % changes can be equal to zero when absolute amounts differ due to the same reason. This note applies to all tables in this release.
5 Defined in the "Alternative performance measures" section below.
6 In accordance with IFRS, revenue is presented net of treatment charges which are subtracted in calculating the amount to be invoiced. Average realised prices are calculated as revenue divided by gold and silver volumes sold, excluding effect of treatment charges deductions from revenue.
7 FY 2021: final dividend for FY 2020 paid in 2021 and interim dividend for the 1H 2021 paid in September 2021.
8 FY 2021: interim and final dividend for FY2021.
9 Based on actual realised prices.
10 Excluding effect of treatment charges deductions from revenue.

Key figures[4]

	2022	2021	Change
Revenue, $m	2,801	2,890	-3%
Total cash cost[5], $/GE oz	942	730	+29%
All-in cash cost[5], $/GE oz	1,344	1,030	+31%
Adjusted EBITDA[5], $m	**1,017**	**1,464**	**-31%**
Average realised gold price[6], $/oz	1,764	1,792	-2%
Average realised silver price[6], $/oz	21.9	24.8	-12%
Net (loss)/earnings, $m	(288)	904	n/a
Underlying net earnings[5], $m	440	913	-52%
Return on assets (underlying)[5]	9%	26%	-65%
Return on equity (underlying)[5]	11%	23%	-52%
Basic (loss)/earnings per share, $/share	(0.61)	1.91	n/a
Underlying basic EPS[5], $/share	0.93	1.93	-52%
Dividend declared during the period[7], $/share	**–**	**1.34**	**-100%**
Dividend proposed for the period[8], $/share	**–**	**0.97**	**-100%**
Net debt[5], $m	2,393	1,647	+45%
Net debt/Adjusted EBITDA	2.35	1.13	+109%
Net operating cash flow, $m	206	1,195	-83%
Capital expenditure, $m	794	759	+5%
Free cash flow before acquisitions/ disposals[6], $m	(445)	418	n/a
Free cash flow post-M&A, $m	**(473)**	**407**	**n/a**

Revenue analysis

Sales volumes

		2022	2021	Change
Gold	Koz	1,376	1,386	-1%
Silver	Moz	18.5	17.5	+6%
Gold equivalent sold[9]	**Koz**	**1,622**	**1,640**	**-1%**

Sales by metal

		2022	2021	Change	Volume variance, $m	Price variance, $m
Gold	$m	**2,392**	**2,450**	**-2%**	**(17)**	**(41)**
Average realised price[10]	$/oz	1,764	1,792	-2%		
Average LBMA gold price	$/oz	1,802	1,799	+0%		
Share of revenues		85%	85%			
Silver	$m	**383**	**419**	**-9%**	**25**	**(61)**
Average realised price	$/oz	21.9	24.8	-12%		
Average LBMA silver price	$/oz	21.8	25.0	-13%		
Share of revenues		14%	14%			
Other metals	$m	**26**	**21**	**+24%**		
Share of revenues		1%	1%			
Total revenue	$m	**2,801**	**2,890**	**-3%**	**(41)**	**(48)**

In 2022, revenue was 3% lower year-on-year at $2,801 million on the back of lower average gold and silver prices. GE sales volume remained almost flat year-on-year, in the face of significant challenges and comprehensive sales restructuring. Gold sales decreased marginally by 1% year-on-year. Silver sales increased by 6% due to the contribution of direct high-grade ore shipments from Primorskoye.

Despite the initial gap between production and sales in Q2-Q3 2022 caused by disruption in sales channels, the Group almost completely sold down accumulated metal inventory in Q4 to a new set of counterparties. The remaining gap is expected to close in 1H 2023.

The Group's average realised gold price was $1,764/oz in 2022, down 2% from $1,792/oz in 2021, and 2% below the average market price of $1,802/oz, as sales were skewed towards 2H 2022 with weaker average prices. The Group's average realised silver price was $21.9/oz, lower by 12% year-on-year, in line with the market price of $21.8/oz.

The share of gold sales as a percentage of total revenue remained stable at 85%.

Analysis by segment/operation

Segment	Operation	Revenue, $m 2022	2021	Change	Gold equivalent sold, Koz (silver equivalent for Dukat, Moz) 2022	2021	Change
Kazakhstan	**Kazakhstan**	**933**	**984**	**-5%**	**533**	**561**	**-5%**
	Kyzyl	554	608	-9%	322	350	-8%
	Varvara	379	376	+1%	212	210	+1%
	Russia	**1,868**	**1,906**	**-2%**	**1,089**	**1,079**	**+1%**
Magadan	**Magadan**	**996**	**1,103**	**-10%**	**584**	**632**	**-8%**
	Dukat	465	476	-2%	22.1	19.7	+12%
	Omolon	340	388	-12%	194	216	-10%
	Mayskoye	191	239	-20%	118	141	-16%
Khabarovsk	**Khabarovsk**	**564**	**640**	**-12%**	**322**	**356**	**-9%**
	Albazino/Amursk	395	447	-12%	223	248	-10%
	Svetloye	170	194	-12%	99	108	-8%
Yakutia	**Nezhda**	**130**	**–**	**n/a**	**80**	**–**	**n/a**
Urals	**Voro**	**177**	**163**	**+9%**	**102**	**91**	**+12%**
	Total revenue	**2,801**	**2,890**	**-3%**	**1,622**	**1,640**	**-1%**

The decrease in sales volumes during the period had a negative impact on revenues at all operating mines, except Varvara and Voro. At Dukat, lower silver prices offset higher sales.

Nezhda contributed 80 GE Koz to the total sales, compensating for the decrease at Russian mature mines Omolon, Mayskoye and Amursk.

Cost of sales

$m	2022	2021	Change
Cash operating costs	1,513	1,181	+28%
On-mine costs	741	516	+44%
Smelting costs	567	383	+48%
Purchase of ore and concentrates from third parties	69	130	-47%
Mining tax	136	152	-11%
Costs of production	1,836	1,412	+30%
Depreciation and depletion of operating assets	324	229	+41%
Rehabilitation expenses	(1)	2	n/a
Total change in metal inventories	(152)	(108)	+41%
Increase in metal inventories	(216)	(132)	+64%
Write-down of metal inventories to net realisable value	65	25	+160%
(Reversal)/Write-down of non-metal inventories to net realisable value	–	(1)	-100%
Idle capacities and abnormal production costs	6	3	+100%
Total cost of sales	**1,690**	**1,307**	**+29%**

Cash operating cost structure

	2022 $m	2022 Share	2021 $m	2021 Share
Services	576	38%	399	34%
Consumables and spare parts	438	29%	290	25%
Labour	285	19%	202	17%
Mining tax	136	9%	152	13%
Purchase of ore from third and related parties	69	5%	130	11%
Other expenses	9	1%	8	1%
Total cash operating cost	**1,513**	**100%**	**1,181**	**100%**

The total cost of sales increased by 29% in 2022 to $1,690 million, reflecting a combination of factors throughout the year:

- domestic inflation (12% and 20% year-on-year in Russia and Kazakstan, respectively)
- significant growth of domestic diesel prices
- higher cost of services
- planned decrease of average grade processed
- increase in depreciation charges at all operating mines, except Varvara and Kyzyl
- 7% Rouble appreciation impacting Dollar value of Rouble-denominated operating costs

The cost of services was up 44% year-on-year, caused mostly by higher volume of transportation and drilling and blasting services at Nezhda, Kutyn and Primorskoye, as well as inflation in the sector.

The cost of consumables and spare parts was up 51% compared to 2021, impacted by changes in procurement to maintain supplies of critically important consumables and spares levels as well as significant inflationary pressures, combined with a stronger Rouble.

The cost of labour within cash operating costs was up 41% year-on-year, driven by a 10% increase in average headcount combined with annual salary increases (tracking domestic CPI inflation).

Mining tax decreased by 11% year-on-year to $136 million, mainly impacted by lower silver prices and planned grade decline towards a reserve average at Kyzyl, Albazino and Dukat.

The decrease in purchases of third-party ore and concentrates by 47% was mostly driven by a shift to processing Saum and Peshernoye ore at Voro hub instead of treating third-party material as in 2021.

Depreciation and depletion was $324 million, up 41% year-on-year, with a specific increase attributable to Dukat (expansion of mining at Primorskoye), Nezhda (ramp-up) and Albazino (start of mining at Kutyn). Depreciation costs of $52 million of depreciation cost are included within the total increase in metal inventories (2021: $23 million).

In 2022, a net metal inventory increase of $216 million (2021: $132 million) was recorded (excluding write-downs to net realisable value). The increase was mainly represented by concentrate build-up at Nezhda, Mayskoye, Albazino and Dukat, as well as ore stockpiled at Primorskoye (Dukat), where last shipments of ore in 2022 were canceled due to abnormally cold weather. The Company expects the bulk of this increase to be reversed during the course of 1H 2023.

The Group recognised a $65 million write-down (2021: $25 million) to the net realisable value of heap leach work-in-progress at Omolon, ore at Albazino and Mayskoye, concentrate and low-grade ore at Nezhda (Note 22 on page 202).

General, administrative and selling expenses

$m	2022	2021	Change
Labour	242	171	+42%
Depreciation	15	10	+50%
Share based compensation	13	16	-19%
Services	10	8	+25%
Other	30	21	+43%
Total general, administrative and selling expenses	**311**	**226**	**+38%**

General, administrative and selling expenses (SGA) increased by 38% year-on-year to $311 million in 2022 (2021: $226 million), mainly due to higher labour costs driven by domestic inflation, Rouble appreciation and intense competition for qualified personnel, as well as increased headcount at the newly launched Nezhda and Kutyn sites and for Amursk POX-2 and Prognoz development projects.

Other operating expenses

$m	2022	2021	Change
Exploration expenses	62	72	-14%
Social payments	44	28	+57%
Provision for investment in Special Economic Zones	14	20	-30%
Taxes, other than income tax	15	11	+36%
Additional tax charges/fines/penalties	2	(1)	n/a
Change in estimate of environmental obligations	(2)	2	n/a
Other expenses	7	17	-58%
Total other operating expenses	**142**	**149**	**-5%**

Other operating expenses decreased to $142 million in 2022 (2021: $149 million) mainly due to the reduction in exploration costs and decrease in provision for investment in Special Economic Zones, partially offset by the increase in social payments, notably to Kazakhstan fund “Qazaqstan halkyna” addressing health, education and assistance to socially vulnerable groups.

Total cash costs

In 2022, TCC were $942/GE oz, up 29% year-on-year. A sharp increase in domestic inflation and escalation of logistical costs, combined with the planned grades decline in ore processed at Albazino and Kyzyl, and appreciation in the Rouble/Dollar exchange rate, had an overall negative impact on cost levels.

Total cash costs by segment/operation

$/GE oz

		Cash cost per GE ounce, $/oz			Gold equivalent sold, Koz silver for Dukat, Moz)		
Segment	Operation	2022	2021	Change	2022	2021	Change
Kazakhstan	**Kazakhstan**	728	643	+13%	533	561	-5%
	Kyzyl	602	477	+26%	322	350	-8%
	Varvara	920	920	+0%	212	210	+1%
	Russia	1,046	776	+35%	1,089	1,079	+1%
Magadan	**Magadan**	1,070	819	+31%	584	632	-8%
	Dukat (SE oz)[1]	12.7	10.6	+20%	22.1	19.7	+12%
	Omolon	960	798	+20%	194	216	-10%
	Mayskoye	1,343	969	+38%	118	141	-16%
Khabarovsk	**Khabarovsk**	1,022	707	+45%	322	356	-9%
	Svetloye	893	481	+86%	99	108	-8%
	Albazino/Amursk	1,079	804	+34%	223	248	-10%
Yakutia	**Nezhda**	1,138	n/a	n/a	80	n/a	n/a
Urals	**Voro**	918	747	+23%	102	91	+12%
	Total Group TCC	942	730	+29%	1,622	1,640	-1%

Kazakhstan

- Kyzyl's total cash costs were at $602/GE oz, significantly below the Group's average level, albeit up 26% year-on-year, because of a planned gradual grade decline towards the open-pit reserve average (12% decrease in 2022) and an 8% decrease in sales volumes.
- At Varvara, TCC were stable year-on-year at $920/GE oz, on the back of the prevailing share of better quality third-party ore processed at the flotation circuit, while gold recovery at the leaching circuit grew following flowsheet improvements. Inflationary pressures were offset by Kazakhstani Tenge depreciation.

Russia

- Dukat's total cash costs per silver equivalent ounce sold (SE oz) increased by 20% year-on-year to $12.7/SE oz[1]. The cost increase is attributable to the planned decrease in silver grade in ore processed, combined with domestic inflation.
- At Omolon, TCC amounted to $960/GE oz, an increase of 20% year-on-year, on the back of lower sales (10% decrease year-on-year), also impacted by a planned grade decline at the Kubaka mill. At the heap leach facility, stacking volumes decreased due to rehandling of the previously stacked ore, while grade was lower in line with the mine plan due to the depletion of the Birkachan heap leach ore reserves.
- At Mayskoye, TCC were $1,343/GE oz, a 38% increase year-on-year, on the back of moderate decline of gold grade in ore processed, combined with lower sales. Costs were additionally affected by a significantly Rouble/Dollar exchange rate during the sales period (August-November 2022), with an average rate of 60.5 RUB/$, compared with the FY 2022 level of 68.6 RUB/$ and FY 2021 level of 73.6 RUB/$.
- At Svetloye, TCC amounted to $893/GE oz, up 86% year-on-year, mostly driven by the end of tax incentives period for mineral extraction tax, combined with the effect of inflationary pressures and stronger Rouble, as the vast majority of sales took place from July to November 2022 (average rate of 60 RUB/$).
- At Albazino, TCC amounted to $1,079/GE oz, up 34% year-on-year. Mining at the largest high-grade Anfisa open-pit has been completed, which resulted in a planned 29% decline in gold grade processed.
- At Voro, TCC were $918/GE oz, up 23% year-on-year, mainly due to the treatment of high cost Peshernoye ore and higher cost of processing the historical pile at the heap leach facility.
- TCC at the newly launched Nezhda mine were $1,138/GE oz. The Company expects the output to increase and costs to optimise as soon as the gravity concentrate is processed at the intensive cyanidation section of Amursk POX-2 (launch planned for Q2 2023) and flotation concentrate is processed at Amursk POX-2 after its launch in 1H 2024. Currently low-carbon concentrate is processed at Amursk POX, while high-carbon is mostly stockpiled.

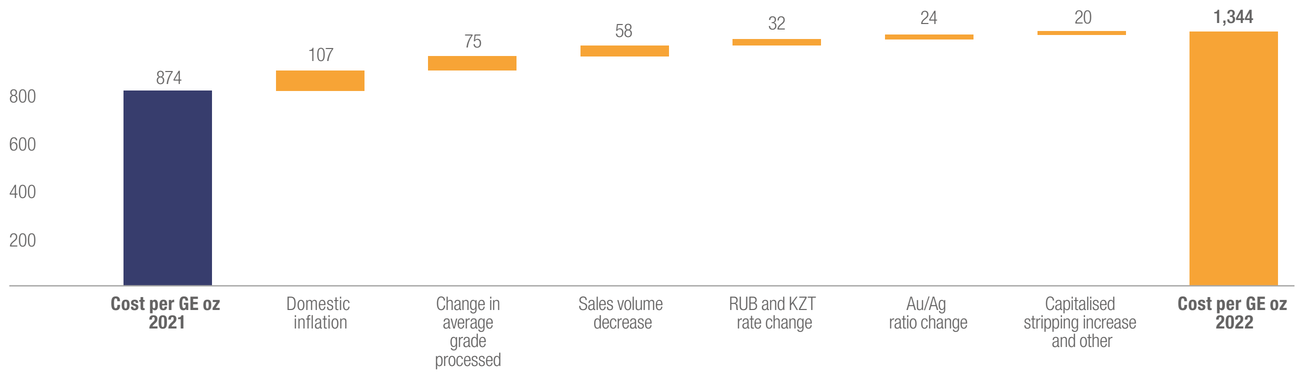
1 Dukat's TCC per gold equivalent were $1,021/GE oz (2021: $762/GE oz) and were included in the Group TCC calculation.
2 AISC comprise total cash costs, all selling, general and administrative expenses for operating mines and head office not included in TCC (mainly represented by head office SGA), other expenses (excluding write-offs and non-cash items, in line with the methodology used for calculation of Adjusted EBITDA), and current period capex for operating mines (i.e. excluding new project capital expenditure (development capital), but including all exploration expenditure (both expensed and capitalised in the period) and minor brownfield expansions). For more information refer to the Alternative performance measures section below.

All-in sustaining and all-in cash costs

All-in sustaining cash costs[2] amounted to $1,344/GE oz, up 31% year-on-year, broadly in line with TCC dynamics, coupled with inflationary pressure and accelerated procurement of equipment and critical spare parts to build up safety stocks.

Reconciliation of AISC movements

(AISC, $/oz)



All-in sustaining cash costs by segment/operation

$/GE oz

Segment	Operation	2022	2021	Change
Kazakhstan	**Kazakhstan**	968	817	+19%
	Kyzyl	852	640	+33%
	Varvara	1,144	1,110	+3%
	Russia	1,387	1,024	+35%
Magadan	**Magadan**	1,376	1,073	+28%
	Dukat (SE oz)	15.8	13.6	+16%
	Omolon	1,279	1,053	+21%
	Mayskoye	1,743	1,287	+35%
Khabarovsk	**Khabarovsk**	1,347	963	+40%
	Albazino/Amursk	1,091	656	+66%
	Svetloye	1,461	1,097	+33%
Yakutia	**Nezhda**	1,758	n/a	n/a
Urals	**Voro**	1,282	925	+39%
	Total Group AISC	1,344	1,030	+31%

All-in sustaining cash costs by operation:

- AISC at all operating mines generally followed TCC dynamics, and were additionally affected by the acceleration of capital allocation for sustaining capital expenditure.
- At Voro, AISC were $1,282/GE oz, up 39% year-on-year, on the back of scheduled initial costs of the flotation circuit.
- At Nezhda, AISC were elevated due to high levels of sustaining capital expenditure in the first year of operation, including increased capital stripping and completion of several infrastructural projects in 2022, including successful commissioning of the 110-kV line linking Nezhda mine to the regional grid, powered by a combination of hydro and gas.

Reconciliation of all-in costs

	Total, $m 2022	Total, $m 2021	Change	$/GE oz 2022	$/GE oz 2021	Change
Cost of sales, excluding depreciation, depletion and write-down of inventory to net realisable value (Note 7 on page 194)	1,357	1,077	+26%	837	657	+27%
Adjusted for:						
Idle capacities	(6)	(3)	+125%	(4)	(2)	+100%
Treatment charges deductions reclassification to cost of sales	60	48	+25%	37	29	+28%
SGA expenses, excluding depreciation, amortization and share based compensation (Note 7 on page 194)	133	92	+45%	82	56	+46%
Adjusted for:						
SGA expenses of development projects	(16)	(15)	+9%	(10)	(9)	+11%
Total cash costs	**1,528**	**1,198**	**+28%**	**942**	**730**	**+29%**
SGA expenses for Corporate and other segment and other operating expenses	271	217	+25%	167	132	+27%
Capital expenditure excluding development projects	275	188	+46%	170	115	+48%
Exploration expenditure (capitalised)	15	10	+50%	9	6	+50%
Capitalised stripping	92	74	+24%	57	45	+27%
All-in sustaining cash costs	**2,181**	**1,688**	**+29%**	**1,344**	**1,030**	**+30%**
Finance costs (net)	111	59	+88%	68	36	+89%
Capitalised interest	35	13	+181%	22	8	+175%
Income tax (benefit)/expense	(44)	257	n/a	(27)	157	n/a
After-tax all-in cash costs	**2,284**	**2,016**	**+13%**	**1,409**	**1,229**	**+15%**
Capital expenditure for development projects	422	556	-24%	261	339	-23%
SGA and other expenses for development assets	40	42	-5%	25	26	-4%
All-in costs	**2,746**	**2,615**	**+5%**	**1,694**	**1,595**	**+6%**

Impairment charges

In accordance with IAS 36 requirements, Polymetal conducts impairment tests for its goodwill, property, plant and equipment, other non-current assets and inventories at each reporting date. Following a real discount rate increase for Russian assets from 8% in 2021 to 14.1% in 2022, driven by increased country risk premium, a total pre-tax impairment charge of $801 million (equivalent to a post-tax amount of $653 million) has been recorded in the consolidated financial statements at 31 December 2022. This is a result of impairment tests for Nezhda-Prognoz, Veduga and Kutyn, the newest assets in the portfolio with the highest carrying values. Investment of $24 million in associate Tomtor was also provided for, as the project was suspended indefinitely (see Note 17 on page 199). The other assets in the portfolio have sufficient headroom of their fair values over carrying values and were not impaired.

($m)	Nezhda-Prognoz	Veduga	Kutyn	Total
Impairment charge	694	95	12	**801**
Residual value of the asset	650	106	237	**993**

Adjusted EBITDA[1] and EBITDA margin

$m	2022	2021	Change
(Loss)/profit for the year	(288)	904	n/a
Finance cost (net)[2]	111	59	+88%
Income tax (benefit)/expense	(44)	257	n/a
Depreciation and depletion	282	214	+32%
EBITDA	**61**	**1,434**	**-96%**
Net foreign exchange loss/(gain)	32	(5)	n/a
Impairment of non-current assets	801	–	n/a
Impairment of investment in associate	24	–	n/a
Loss/(gain) on disposal of subsidiaries, net	2	(3)	n/a
Share based compensation	13	16	-19%
Change in fair value of contingent consideration liability	20	(4)	n/a
Write-down of metal inventories to net realisable value	65	27	+139%
Adjusted EBITDA	**1,017**	**1,464**	**-31%**
Adjusted EBITDA margin	36%	51%	-15%
Adjusted EBITDA per GE oz	628	893	-30%

Adjusted EBITDA by segment/operation

Segment	Operation	2022	2021	Change
Kazakhstan	**Kazakhstan**	**539**	**630**	**-14%**
	Kyzyl	361	452	-20%
	Varvara	177	178	-0%
	Russia	**664**	**983**	**-32%**
Magadan	**Magadan**	**353**	**558**	**-37%**
	Dukat	174	253	-31%
	Omolon	138	196	-30%
	Mayskoye	41	109	-63%
Khabarovsk	**Khabarovsk**	**197**	**339**	**-42%**
	Albazino/Amursk	122	202	-40%
	Svetloye	76	137	-45%
Yakutia	**Nezhda**	**38**	**–**	**n/a**
Urals	**Voro**	**75**	**86**	**-13%**
Corporate and other and intersegment operations		(186)	(149)	+25%
	Total Group Adjusted EBITDA	**1,017**	**1,464**	**-31%**

In 2022, Adjusted EBITDA decreased by 31% year-on-year to $1,017 million, with an Adjusted EBITDA margin of 36% (2021: 51%), driven by the cost dynamics described above combined with revenue decrease due to lower sales volumes.

1 Adjusted EBITDA is a key measure of the Group's operating performance and cash generation capacity (excluding impact of financing, depreciation and tax) and a key industry benchmark allowing peer comparison. Adjusted EBITDA also excludes the impact of certain accounting adjustments (mainly non-cash items) that can mask underlying changes in core operating performance. The Group defines Adjusted EBITDA (a non-IFRS measure) as profit for the period adjusted for depreciation and amortisation, write-downs and reversals of inventory to net realisable value, share-based compensation expenses, gains and losses on disposal or revaluation of investments in subsidiaries, joint ventures and associates, rehabilitation expenses, bad debt allowance, foreign exchange gains or losses, changes in fair value of contingent consideration, finance income, finance costs, income tax expense and other tax exposures accrued within other operating expenses. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.

2 Net of finance income.

Other income statement items

Polymetal recorded a net foreign exchange loss in 2022 of $32 million compared to an exchange gain of $5 million in 2021, mostly attributable to the revaluation of the Dollar-denominated borrowings of Russian operating companies, the functional currency of which is the Russian Rouble. This was partially offset by a foreign exchange loss on intercompany loans with different functional currencies in lending and borrowing subsidiaries.

The Group does not use any hedging instruments for managing foreign exchange risk, other than a natural hedge arising from the fact that the majority of the Group's revenue is denominated or calculated in Dollars.

Income tax benefit for 2022 was $44 million compared to $257 million expense in 2021, reflecting the increase in deferred income tax credit resulting from a deferred tax benefit of $149 million for the property, plant and equipment impairment. For details refer to Note 16 on page 196.

Net earnings, earnings per share and dividends

The Group recorded a net loss of $288 million in 2022, compared with income of $904 million in 2021, mainly due to the significant impairment recorded in 2022. The underlying net earnings attributable to shareholders of the parent company were $440 million, compared to $913 million in 2021.

Reconciliation of underlying net earnings[1]

$m	2022	2021	Change
(Loss)/profit for the financial period attributable to shareholders of the parent company	(288)	904	n/a
Write-down of metal inventory to net realisable value	65	25	+161%
Foreign exchange loss/(gain)	32	(5)	n/a
Change in fair value of contingent consideration liability	20	(4)	n/a
Loss on disposal of subsidiaries, net	2	(3)	n/a
Impairment of non-current assets	801	–	n/a
Impairment of investment in associate	24	–	n/a
Tax effect	(216)	(4)	n/a
Underlying net earnings	**440**	**913**	**-52%**

Basic loss per share was $0.61 compared to $1.91 earnings per share in 2021. Underlying basic EPS[2] was $0.93, compared to $1.93 in 2021.

Capital expenditure[3]

$m	Sustaining	Development	Stripping and underground development	Exploration	Total 2022	Total 2021
Development projects	**–**	**319**	**12**	**2**	**334**	**283**
Amursk POX-2 (incl. POX-3)	–	207	–	–	207	177
Prognoz	–	55	–	–	55	11
Voro flotation	–	42	–	–	42	52
Veduga	–	14	12	2	28	43
Operating assets	**343**	**–**	**103**	**15**	**461**	**475**
Kutyn	–	67	11	–	78	83
Kyzyl	28	–	34	–	62	50
Nezhda	38	–	13	–	51	129
Albazino/Amursk	35	–	2	4	41	51
Omolon	21	–	18	1	41	28
Voro	22	–	17	2	41	10
Dukat	42	–	(1)	–	41	38
Mayskoye	41	–	–	–	41	36
Varvara	36	–	3	–	39	35
Svetloye	11	–	5	–	16	13
Corporate and other	2	–	–	7	9	2
Total capital expenditure	**343**	**319**	**115**	**17**	**794**	**759**

In 2022, total capital expenditure was $794 million[4], up 5% year-on-year, and 2% above the guidance range of $725-775 million, reflecting accelerated purchases and contractor advances for ongoing projects (most notably, Amursk POX-2) in order to secure the project completion, combined with inflationary and logistical pressures on the sustaining capital expenditure. This was partially offset by the shrinking investment scope and revision of the execution timeline for Veduga, as well as a number of other smaller scale projects. Capital expenditure excluding capitalised stripping costs was $679 million in 2022 (2021: $619 million).

1 Underlying net earnings represent net profit for the year excluding the impact of key items that can mask underlying changes in core performance.
2 Underlying basic EPS are calculated based on underlying net earnings.
3 On a cash basis.
4 On accrual basis, capital expenditure was $883 million in 2022 (2021: $870 million).

The major capital expenditure items in 2022 were as follows:

Development projects

- Capital expenditure at the Amursk POX-2 development project was $207 million. This mainly covered of completion of concentrates pulp blending vessels, intensive cyanidation reactor, slurry cooling section, CIL thermal circuit and steam conditioning section. Significant prepayments were made to equipment suppliers and key contractors to ensure project completion according to plan. The plant start-up is expected in Q2 2024 according to the revised schedule.
- Capital expenditure at Prognoz of $55 million was mainly related to mining fleet purchases, spare parts and consumables purchases as well as a significant infrastructure upgrade.
- The Voro flotation plant construction (capital expenditure of $42 million) is above 90% complete. Start-up is targeted for Q2 2023.

Sustaining capital expenditure at operating assets

- Kutyn heap leach project ($67 million invested in 2022) successfully started production six months ahead of the initial plan.
- At Dukat, capital expenditure of $42 million mainly related to the mining fleet upgrade, engineering and procurement for the transition of the Omsukchan concentrator to dry-stack tailings as well as full renovation of wastewater treatment facilities at Dukat and Lunnoye mines.
- Capital expenditure at Mayskoye of $41 million, mainly related to construction of infrastructure, needed to commission the ore transportation conveyor and backfill plant. The conveyor has been fully ramped up.
- An investment of $38 million was made at Nezhda, which includes the construction of boiler house and water collection facilities. The 110-kV line linking Nezhda mine to the regional grid, powered by a combination of hydro and gas, has been successfully commissioned.
- At Varvara, capital expenditure of $36 million mainly related to the second stage of tailings storage facility and the pilot railveyor project to transport incoming ore from the railway spur to the crusher, reducing greenhouse gas emissions and ore transportation costs, as well as two electric excavators at Komar mine.
- Capital expenditure at Albazino of $35 million mostly related to mining fleet replacement, decarbonisation of the heat supply and construction of roads to satellite deposits. Construction of the power line linking Albazino to the grid commenced and commissioning is expected in Q2 2025.
- At Kyzyl, capital expenditure in 2022 comprised $28 million, mainly related to fleet renewal, improvements in the flowsheet and renovation and expansion of tailings storage facility. Additional conditioning slurry tanks were implemented into the flowsheet. The recently launched cleaner flotation circuit allowed for a twofold decrease in gold losses to carbon tailings.
- At Voro and Omolon, capital expenditure of $22 million and $21 million respectively, mainly related to mining fleet purchases and the construction of wastewater treatment facilities.

Exploration and stripping

- The Group continues to invest in standalone exploration projects. Capital expenditure for exploration in 2022 was $17 million (2021: $12 million).
- Capitalised stripping and underground development costs totalled $115 million in 2022 (2021: $140 million). These are attributable to operations where 2022 stripping ratios exceeded their life-of-mine averages during the period, in particular: Kyzyl ($34 million), Omolon ($18 million), Voro ($17 million), Nezhda ($13 million), Veduga ($12 million) and Kutyn ($11 million).

Cash flows

$m	2022	2021	Change
Operating cash flows before changes in working capital	679	1,192	-43%
Changes in working capital	(473)	3	n/a
Total operating cash flows	**206**	**1,195**	**-83%**
Capital expenditure	(794)	(759)	+5%
Net cash inflow on asset acquisitions	123	(5)	n/a
Other	(8)	(24)	-67%
Investing cash flows	**(679)**	**(788)**	**-14%**
Financing cash flows			
Net changes in borrowings	838	276	+204%
Dividends paid	–	(635)	-100%
Acquisition of non-controlling interest	(24)	–	n/a
Proceeds from royalty arrangement	–	20	n/a
Contingent consideration paid	(27)	(33)	-18%
Total financing cash flows	**787**	**(372)**	**n/a**
Net increase in cash and cash equivalents	**314**	**35**	**+797%**
Cash and cash equivalents at the beginning of the year	417	386	+8%
Effect of foreign exchange rate changes on cash and cash equivalents	(98)	(4)	n/a
Cash and cash equivalents at the end of the year	**633**	**417**	**+52%**

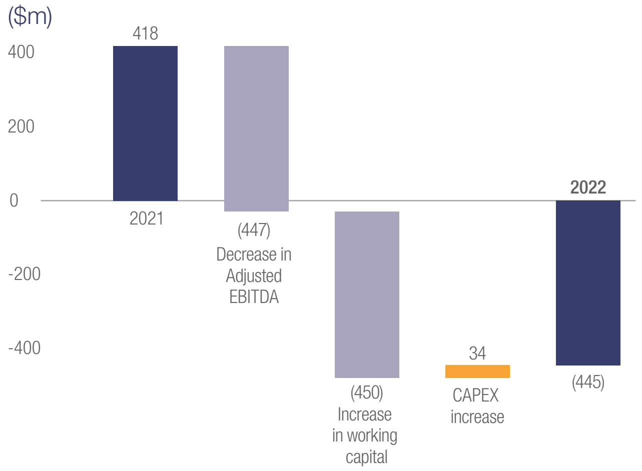
Total operating cash flows in 2022 decreased sharply year-on-year. Operating cash flows before changes in working capital dropped by 43% year-on-year to $679 million, as a result of a decrease in adjusted EBITDA, additionally impacted by the twofold increase in interest paid in the period. Net operating cash inflow was $206 million, compared to $1,195 million inflow in 2021, affected by a surge in working capital.

Investment cash outflows totalling $679 million, down 14% year-on-year, were mainly represented by capital expenditure (up 5% year-on-year at $794 million) offset by cash inflows on acquisitions. Cash inflows on acquisitions comprise a cash consideration of $27 million paid for the Galka deposit and cash acquired as a result of consolidation of 100% interest in the Albazino power line. As a result of the latter transaction the Group assumed debt of $161 million and acquired corresponding cash balances of $150 million. Cash acquired is presented within investing activities as net cash inflow on acquisitions, with no effect on the Group's net debt.

A gross borrowings increase of $838 million is mostly driven by financing of the Group's short-term working capital requirements.

The Group has $633 million in cash deposited with non-sanctioned financial institutions, up 52% compared to 2021.

Reconciliation of free cash flow movements 2021–2022 ($m)



Balance sheet, liquidity and funding

NET DEBT	31 Dec 2022	31 Dec 2021	Change
Short-term debt and current portion of long-term debt	514	446	+15%
Long-term debt	2,512	1,618	+55%
Gross debt	**3,026**	**2,064**	**+47%**
Less: cash and cash equivalents	633	417	+52%
Net debt	**2,393**	**1,647**	**+45%**
Net debt / Adjusted EBITDA	**2.35x**	**1.13x**	**+109%**

The Group's net debt increased to $2,393 million as of 31 December 2022, representing a Net debt/Adjusted EBITDA ratio of 2.35x. The increase in net debt was driven by a surge in working capital and upward Dollar re-valuation of Rouble-denominated debt driven by significant Rouble strengthening at 31 December 2022 compared with the prior period.

The proportion of long-term borrowings of total borrowings was 83% as at 31 December 2022 (78% as at 31 December 2021). All of the 2023 debt repayments are well covered by available cash balances of $633 million.

The average cost of debt increased, but remained relatively low at 5.08% in 2022 (2021: 2.9%) supported by our ability to negotiate competitive margins given the excellent credit history of the Group. Lending in Russia is available in Roubles, Renminbi and Dollar, although the availability of Dollar loans has decreased significantly due to sanctions and Central Bank pressure on financial institutions.

2023 outlook

The Group reiterates its current production guidance of 1.7 Moz of GE for FY 2023. Production will be weighted towards 2H 2023 due to seasonality.

Polymetal expects its costs to be in the range of $950-1,000/GE oz for TCC and $1,300-1,400/GE oz for AISC[1]. A minor year-on-year increase is mostly due to expected domestic inflation and royalty increase in Kazakhstan.

Capital expenditure is expected to be approximately $700-750 million. Major investment projects include Amursk POX-2, Albazino power line, Voro flotation and Prognoz.

The Group currently forecasts positive free cash flow in 2023.

1 Based on 65 RUB/USD, 450 KZT/USD rates, 7% inflation in Russia and 9% in Kazakhstan.

Managing risks effectively

Our risk management framework was designed to enable us to achieve our strategic objectives and create sustainable value. It has also proved its resilience during the uncertainties and ongoing challenges triggered by sanctions imposed on Russia by the West.

Our approach

Meticulous risk management is a vital component of our overall business model, helping Polymetal minimise the risks for all its stakeholders while delivering on its strategic objectives and creating sustainable value. We constantly monitor macroeconomic and market volatilities, production risks, environmental issues, the geopolitical situation and local regulatory developments in order to assess the impact on our risk profile, and we have appropriate risk mitigation strategies and preventive controls in place.

The Company's approach to risk management is also embedded in our corporate culture. The need for a proactive approach towards risks within day-to-day operations is essential for safeguarding delivery on our strategic objectives. The risk awareness culture complements the rigorous risk management processes and procedures.

We continuously monitor and refine our risk management practices and internal control systems to meet the changing requirements of the business. These systems incorporate international best practice and adjustments to the UK Code 2018, and comply with the COSO ERM 2017 framework. Our compliance controls are aimed at minimising risks and preventing legal non-compliance. They are also aligned with Polymetal's Code of Conduct.

Our approach to assessing long-term viability, taking account of the potential impact of the principal risks, is set out on pages 153–154.

Risk management framework

Top down	Governance and oversight at corporate level	**The Board** • Is responsible for the Group's overall approach to risk management and internal control • Sets the tone on risk aware culture • Defines risk appetite and approves risk management policies and related internal controls • Carries out a robust assessment of the Group's emerging and principal risks • Monitors the Group's risk management and internal control systems and reviews their effectiveness • Ensures sound internal and external information and communication processes.
	Assist the Board by monitoring principal risks and procedures	**The Board Committees** • The Audit and Risk Committee reviews the adequacy and effectiveness of the Group's internal control and risk management processes, considers the policies and overall process for identifying and assessing business risks and managing their impact on the Group, develops and oversees implementation of risk management strategies and makes recommendations to the Board • The Safety and Sustainability Committee measures the impact of the Company's initiatives and relevant exposures, and liaises with the Audit and Risk Committee in monitoring sustainability risks. **Further information on the Board and its Committees is given in the Governance section on pages 112–152.**
	Implementing the Board's policies on risk management and internal control	**Executive management** • Maintains risk appetite and risk management within its remit, including monitoring principal risks • Ensures internal responsibilities and accountabilities are clearly established, understood and embedded at all levels of the Group to provide risk-aware decision-making • Ensures risk-based planning and monitoring • Is responsible for decisions on and implementation of the risk response. **Functional and operational managers** • Have overall responsibility for leading and supporting risk management within their business activities, escalating issues when appropriate • Have direct responsibility for the risk management processes, including relevant mitigation activities and monitoring.
Bottom up	Support and assurance	**Risk and compliance function** • Promotes risk management and related controls integration within the Group's day-to-day business processes • Facilitates the development of a risk-aware culture • Co-ordinates and supports Group-level risk management activity and reporting • Maintains and regularly updates the Group's principal risks register • Regularly reports to the Audit and Risk Committee and, as appropriate, to the Board. **Internal audit function** • Provides independent and objective assurance of the effectiveness of the risk management framework • Monitors the risk management process and mitigation tools and actions • Plans and executes assurance activities to ensure that there are policies and procedures in place to support the effectiveness of the Group's internal control system and maintains the Risk Assurance Map • Regularly reports to the Audit and Risk Committee and, as appropriate, to the Board. **Further information on the internal audit function is given on page 127.**

Risk management process

Governance and culture

We have focused on maintaining a robust risk awareness culture to promote effective risk management across all business units. The Group's operating structure is consistent with the nature, size and geographic spread of the business.

It ensures management's responsibility for the development and implementation of risk management practices and risk-aware decision-making by all business units within the Group and facilitates effective risk management in achieving the Group's strategy and business objectives.

Strategy and objective-setting

The risk management framework is geared towards successful and sustainable achievement of the Group's strategic objectives. The Group's strategy is risk-based and the risk management framework is aligned with our values, business goals and objectives. Risk assessment forms an integral part of management and planning for the whole Group.

Risk appetite, risk tolerance and key risk indicators

The risk appetite is defined as the nature and extent of risk the Group is willing to accept in relation to the pursuit of its objectives. The risk appetite of the Group is considered in relation to the principal risks and their impact on the ability to meet strategic objectives. The Board assesses the risk appetite, which is set to balance opportunities for business development and growth in principal areas, whilst maintaining the Group's reputation and taking into account stakeholders' interests.

The Board periodically revises the Group's risk appetite and risk tolerance levels of principal risks, based on the Group's external and internal context analysis. The Group has a zero-tolerance approach to the following risks: fatalities; corruption; disclosure of commercial secrets; accidents at construction; severe violation of human rights and freedoms. In addition Polymetal Intenational commits to the zero-tolerance to the breach of applicable sanctions.

We implement key risk indicators (KRIs) for the Group's principal risks, which assist in identifying whether it is operating within or outside its risk appetite. KRIs set the control values and provide the data for proactive monitoring of the Group's risk performance. Deviation may signal risk realisation and identify whether further action is required.

Risk analysis and management

We identify and assess risks at the earliest possible stage and implement an appropriate risk response and internal controls in advance. Our risk management procedures are designed to delegate the responsibility for risk identification while avoiding gaps and duplications. They are embedded into accounting and documentation systems to identify potential risk triggers.

Risk identification comprises not only single, mutually exclusive risks, but also multiple, linked and correlated risks. Once identified, potential risk factors are assessed to consider quantitative and qualitative impacts, and the likelihood of an event (see the table on page 71). Together these create a risk profile.

When the appropriate ranking has been identified, a response to each risk is developed and implemented, with responsibilities and timelines are assigned.

Management assesses the effects of a risk's likelihood and impact, as well as the costs and benefits of possible mitigating actions to bring the risk within acceptable tolerance levels. Risk matrices and assurance maps are used to record, prioritise and track each risk through the risk management process. Risk owners take responsibility for risks, including controlling or mitigating them at all levels and across individual business units.

The Board carries out a robust assessment of the Group's principal risks, evaluating the potential impact on our business model, operations, performance, stakeholders, our values and solvency or liquidity. There is a particular focus on environmental and social impacts within the communities where we operate that is regularly discussed at joint meetings of the Audit and Risk and Safety and Sustainability Committees to ensure that our risk management processes cover all aspects of safety and sustainability. The Audit and Risk Committee also reviews the Group's overall risk profile three times a year.

When identifying and assessing risks, the Group also draws up a watch list of emerging risks, whose potential impact is not clear at the present time. Emerging risks are properly identified and monitored within the risk management process. The Board and management review emerging risks as appropriate and at least annually.

To read more about emerging risks, see page 110.

Review and revision

Risk review and monitoring is performed at all stages of the risk analysis and risk management process and contributes to ensuring that the Group identifies and assesses changes that may substantially affect its strategy and business objectives.

This subsequently identifies new risks and applies necessary and timely measures, while at the same time evaluating the effectiveness of existing risk analysis and risk management processes. The internal audit function provides independent and objective assurance of the effectiveness of the risk management framework and monitors risk mitigation actions.

Communication and reporting

Ongoing risk communication and reporting processes are embedded in Polymetal's business operations. Risk analysis outcomes are generated through the electronic documentation management system and distributed, as appropriate. Risk and internal control reports are regularly reviewed by the Audit and Risk Committee. Relevant risk-related issues are also discussed by other Board Committees and at Board meetings. Various communication channels are implemented and used within and outside the Group to obtain and share appropriate information flows from both internal and external sources on a continuous basis.

Risk and compliance and internal audit functions provide appropriate support and consultation on risk management issues. Appropriate induction and ongoing training is also provided to encourage desired behaviours and responsible risk taking, as well as enhancing risk-awareness in required areas. Training is tailored as appropriate for the role, responsibilities, location and risks of the individual employee or executive manager.

2022 developments and overview of principal risks

The risk overview below shows the residual level to which the Company is exposed once preventive controls and mitigation measures have been applied to the principal risks.

Risk overview

Operational risks
1 Production
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3 Supply chain[1]
4 Exploration

Sustainability risks
5 Health and safety
6 Environmental[1]
7 Human capital

Political and regulatory risk
8 Legal and compliance[1]
9 Political[1]
10 Taxation

Financial risks
11 Market[1]
12 Currency[1]
13 Liquidity[1]

Current emerging risks
Climate change
Resource nationalism
Cybersecurity

1 This risk was considered as part of the viability assessment as detailed on pages 153–154.

Read more on the next pages.

2022 – No change
2022 – Decreased
New principal risk
Some evidence of risk realisation
2022 – Increased
Emerging risks
Strong evidence of risk realisation

Low risk
Medium risk
High risk
Extreme risk

Approach to risk assessment

Principal risks
- Could seriously affect and prevent the Group from delivering its strategic objectives
- Oversight by the Board and Board's Committees
- Owned by the Executive Management
- Assessed and monitored at a Group level

- Identified and assessed through applying impact and likelihood a 5x5 scoring scale based on the financial indicators (% Adjusted EBITDA) and non-financial consequences (safety, environmental, regulatory and reputational) along with the likelihood criteria (from rare to almost certain)
- Defined risk appetite and tolerance vary depending on the risk type
- Risk response and mitigating controls are subject to internal audit review and monitoring

Functional and operational risks
- Owned by functional and operational management
- Assessed and monitored at the level of business unit, site or function. Escalated to the Executive Management where appropriate

Sanctions implications

During 2022, none of the Group's entities nor its significant shareholders have been subject to the US, UK and EU sanctions. However, constantly changing legislation and the high level of uncertainty triggered by the conflict in Ukraine has affected the Group's business processes to varying degrees given the correlation of different risk factors. International sanctions and counter-sanctions had pervasive impacts across a range of principal risks. In particular, they led to a temporary bullion inventory accumulation across the Group's mines located in Russia and complications within supply chain operations. This forced the Group to revise its business priorities, including delivering on development project schedules and budgets.

For the purpose of addressing sanctions-related restrictions, the Company reacted quickly and applied appropriate mitigation measures. This allowed the Group to establish new sales channels, secure the procurement of operational consumables and equipment, and carry out mid-term development projects in line with revised schedules.

Potential sanctions and regulatory developments are constantly monitored. The Board of Directors receives appropriate updates on a timely basis. We disclosed the effects that sanctions have had on individual risks within our principal risks register; the details along with mitigating actions are set out in the table on pages 100–109.

Principal risks and uncertainties

The Group's principal risks and related preventive controls and mitigation strategies are set out below. Principal risks and risk factors are assessed by the Board based on a detailed understanding of the Company, its markets and the legal, social, political, economic, technological, environmental and cultural environments in which we operate, including a robust consideration of the likelihood of the occurrence and potential consequences of risk events.

In 2022, we validated the continued importance of our 13 principal risks. We have also disclosed the implications for and impact on several principal risks caused by the international sanctions.

The principal risks are those that we believe could seriously affect and prevent the Group from delivering its strategic objectives. A number of principal risks, such as risks related to the operation of tailings storage facilities and risks related to slope wall or underground mine failure could have dramatic consequences for the Group's prospects. Nevertheless, these risks are highly unlikely. We treat these risks with the highest priority and focus on the development and implementation of relevant preventive controls and measures to mitigate the inherent level of these risks when ensuring the Company's viability. Appropriate criteria have been included to the incentive metrics of our Remuneration Policy. To read more about ESG metrics, see page 144.

Risk key

Risk level	Risk exposure trend	Link to strategy	
Low	2022 – No change	Meaningful organic growth	Global leadership in refractory ore processing
Medium	New principal risk	Maintaining robust liquidity and balance sheet	High standards of ESG through impact assessment
High	2022 – Increased		
Extreme	2022 – Decreased		

The order in which the risks are presented is not relevant to their significance.

Operational risks

1. Production risk

Risk level: High | Risk exposure trend: 2022 – No change | Link to strategy: Meaningful organic growth; Global leadership in refractory ore processing

Risk description and potential effect

The key risks that may adversely affect the Group's ability to deliver on its production plans are:

- Stability of open-pits and underground mines
- Complex geotechnical conditions
- Lack of quality ore feed for processing plants
- Inability to achieve planned recoveries
- Lack of design and permit documentation
- Reduced volumes of concentrate sales (for detailed data on this risk see page 28).

Other risks include:

- The failure of our contractors to meet required performance and deadlines, as well as to provide sufficient quality of works
- Lack of key materials
- The failure of the supply chain to procure complex logistics to remote locations.

Preventive control and mitigation

We continuously monitor the progress of our production plans, identify and assess relevant production risks at our operations, develop and implement risk management measures in a timely manner, specifically:

- Proven procedures to develop and approve mining plans
- Continuous tracking of key materials, monitoring and prompt analysis of how our contractors complete their tasks, as well as proactively developing alternative options
- Geomechanical surveys for open-pit and pit-wall stability, control system for underground mining, including Ground Penetrating Radars (GPRs) and drones (UAVs) used for surveys and slope analysis, and online monitoring of pit-wall stability and prompt wall stabilisation
- Flood management measures to prevent spring floods
- Detailed geomechanical modelling to process data on grade control and production drilling
- Monthly mine-to-model reconciliations to achieve higher grades and minimise dilution losses
- Geotechnical mapping based on results of exploration, grade control sampling and in-fill drilling
- Lab tests to optimise ore and concentrate processing parameters.

Principal areas of focus in 2022

In the context of pressures caused by international sanctions, the Company faced difficulties that directly or indirectly affected production processes. In the first instance, mines experienced difficulties with the supply of goods and materials, mining equipment and maintenance of Western equipment owing to the withdrawal of foreign key suppliers and manufacturing companies from the Russian market. However, by engaging alternative suppliers of mining equipment, the Company managed to avoid interruptions in the production process and maintain the pace of production operations. This was also facilitated by the implementation of an accelerated mining equipment programme, including the use of dismantled equipment as spare parts for current machinery.

In 2022, in the face of high uncertainty, the Company was able to ensure stable work at all mines across the portfolio and met its production guidance. At Kutyn, production started ahead of the previously announced target date and production ramped up at Nezhda.

2. Construction and development risks

Risk level: High | Risk exposure trend: 2022 – No change | Link to strategy: Meaningful organic growth; Global leadership in refractory ore processing

Risk description and potential effect

Inability to achieve target return on capital for large investment projects, such as building new mines and processing facilities or extension/refurbishment of existing operating mines, due to:

- Capital expenditure overruns and failure to meet construction deadlines (including due to changes in macroeconomic conditions)
- Delay in commissioning
- Failure to comply with design solutions during construction
- Inability to achieve design parameters
- Inability to perform construction works or to commission a construction object.

Preventive control and mitigation

Approval of investment projects is subject to materiality criteria, including mandatory approval by the Board, which ensures that potential new assets fit the Company's strategic goals. The Company uses global best practice in project management. Project Committees, including the Company executive team, make key financial, technological and organisational decisions when considering new projects. The Board regularly reviews progress on key projects, including completion scorecards and key project milestones and risks.

Cross-functional project teams include professionals from head office, regional operations, Polymetal Engineering and Polymetal Trading. This enables us to apply accumulated collective experience in exploration, design and commissioning of mining and processing operations. Our engineering professionals supervise full observance of design parameters during construction. The Company has a proven procedure for obtaining permitting documents. To ensure the resilient performance of the engineering teams, Polymetal implements a professional assessment, development and motivation programme.

JORC-compliant Ore Reserves estimates for new development assets are assured by external experts and validate all critical feasibility study assumptions.

Principal areas of focus in 2022

To meet all project construction schedules, the Group regularly evaluates risks, including those related to sanctions restrictions, and implements appropriate mitigation measures. These measures mainly concern procuring key equipment and spare parts from alternative suppliers and engaging alternative contractors.

In 2022, despite the pressures caused by international sanctions and supply difficulties, Polymetal successfully launched gold production at Kutyn. The start-up was ahead of the previously announced target date.

The Company revised the construction schedule for Amursk POX-2 by six months: full commissioning is expected in Q2 2024. The Company is confident in the feasibility of the current plan and continues to implement a range of risk mitigation measures, which mainly relate to logistical challenges.

Early-stage projects (including Veduga and Maminskoye) have been delayed by one year. This will reduce short-term capital commitments and allow for a thorough selection of processing equipment to ensure full compliance with all applicable sanctions and flexible construction planning. The POX-3 project has been suspended indefinitely with studies under way to potentially re-site the facility in Kazakhstan.

3. Supply chain risk

Risk level: High | Risk exposure trend: 2022 – No change | Link to strategy: Meaningful organic growth; Global leadership in refractory ore processing

Risk description and potential effect

Supply change failure could adversely affect the Company's business processes. In view of the macroeconomic context and industry-wide uncertainty, maintaining resilient supply chains is a vital component in ensuring the Company's sustainable performance. Supply chain risk also correlates with principal risks such as market, construction and development, production, political and with emerging climate change risk. Disruption or restrictions to supply chain operations could negatively impact operational procurement, concentrate transportation and planned delivery of construction and development projects.

Preventive and mitigation measures

In order to maintain the operation of a resilient supply chain, the Company has implemented a range of preventive controls and mitigation measures to address the volatile environment, including:

- Advanced planning and ongoing reviewing (e.g. tracking all shipments, infrastructure outages and inclement weather, monitoring possible sanction-related restrictions)
- Agile stock allocations and creating safety stocks for key inventory groups
- Reservation of production capacities on the n-Tier suppliers level and shift to substitute items where the risk of supply chain interruption is high
- Calculating multiple shipment scenarios for critical items along with a focus on local contractors and using our own containers in the shipment turnover
- Proactive order placing for consumed materials
- Implementation of immediate reporting mechanisms, including inventory and suppliers risk assessment on an ongoing basis
- Monitoring all sanctions and restrictions, and maintaining the sanctions register
- Development of a strategy and plan for alternative substitution of inventory and equipment.

Principal areas of focus in 2022

During the reporting year, we focused on adapting our supply chains to sanctions restrictions and implementing measures to replace sanctioned equipment and consumables with comparable products, mainly from Asia and Russia. We proactively managed production demand and stocks of critical consumables and spares to optimise the number of order placements and ensure on-time inventory and equipment delivery to operations.

Polymetal responded by both increasing the procurement of equipment and spares, and reinforcing its relationships with critically important contractors and suppliers through advance payments. This allowed us to significantly reduce the risk of supply disruption caused by the impact of international sanctions and counter-sanctions on procurement and logistics.

There were no interruptions in the production and delivery of development projects caused by sanctions restrictions to the supply chain. Despite the logistical challenges triggered by the geopolitical and macroeconomic situation, we managed to respond promptly and effectively to any emerging issues. Contingency planning has been in place to ensure supply chain resilience, including the selection of key equipment suppliers. In addition, re-engineering practice for critical inventories of existing production processes was introduced.

Operational risks continued

4. Exploration risk

Risk level: High Risk exposure trend: 2022 – Increased
Link to strategy: Meaningful organic growth

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2022
Failure to discover new reserves of sufficient magnitude or confirm existing reserves is an inherent risk for the mining industry: • Tectonic fractures and rock-fracture zones may affect the stability of the rock mass • Change in the form and dip angles of ore bodies may affect the development method and result in an increase in the amount of planned mining works • Underestimation and overestimation of Mineral Resources may affect the accuracy of production planning and mining efficiency • Failure to take assays and handle samples correctly may lead to incorrect analysis results and errors in estimates of mineral resources • Ineffective use of available resources and/or failure to meet targets could adversely affect the Company's future performance • Improper approval of new Ore Reserves may result in the Company's inability to benefit from exploration results • Postponement or suspension of exploration projects could have a significant impact on the proper replenishment of the mineral resource base.	The Group's Chief Geologist and engineering teams have a strong track record of successful greenfield and brownfield exploration, leading to the subsequent development of exploration fields for commercial production. The advancement of exploration projects is subject to rigorous reviews through pre-established project stage gates that are linked to estimates of the resource potential to be commercially developed. We have a mine-to-model reconciliation procedure in place to compare the actual amount of ore mined with mineral resource estimates. Quality assurance and quality control procedures provide control of works performed through control tests and measurements. The procedures also provide for an expert review of technologies applied. The Company has a system to control filing of documents with the state authorities that enables strict control over the time and quality of the documentation filed. Polymetal runs programmes to train and develop relevant personnel and gives priority to introducing new exploration technologies to accelerate exploration and improve its productivity and efficiency.	In 2022, due to the challenging geopolitical situation, Polymetal postponed a range of exploration projects as a result of a revised financing programme and business prioritisation. The Company focused on the most significant projects. In 2022, Group Ore Reserves decreased by 9% to 27.3 Moz of GE, mostly due to mining depletion. This was partially offset by the successful exploration results at Omolon hub (Burgali and Nevenrekan), Pesherny (Voro hub), as well as initial reserve estimates at Galka and Tamunier (Voro hub). Despite a 50% reduction in greenfield exploration budgets owing to geopolitical factors, Polymetal is still evaluating investment opportunities and partnering with junior exploration companies. In 2022, the Company held its fifth competition for junior exploration companies as part of a programme to explore prospective areas and advance its long-term growth pipeline. The average grade in Ore Reserves continues to be one of the highest within the sector globally at 3.6 g/t of GE.

Sustainability risks

5. Health and safety risk

Risk level: High Risk exposure trend: 2022 – No change
Link to strategy: High standards of ESG through impact assessment

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2022
The Group operates potentially hazardous sites such as open-pit and underground mines, exploration sites, processing facilities and explosive storage facilities. Working on the production sites may pose a risk for our employees and contractors due to various hazards and harmful factors.	Our approach to health and safety is about a zero-harm culture. Safety responsibility comes from the top: our Group CEO and COO, alongside the HSE Director, are formally committed to personal accountability with health and safety indicators making up a material part of their annual bonus KPIs. They can be subject to penalties of up to 50% of their annual bonus earned for non-safety-related KPIs if severe incidents or fatalities occur. Each key process and location has its own risk map and mitigation plan. We develop an annual action plan for key risk areas and implement mitigation activities across key areas covering five main directions of impact: administration, risk elimination, engineering improvements, training and visualisation. This includes health and fatigue monitoring, upgrading safety equipment, route optimisation, regular road safety inspections and improving work and rest conditions. An internal audit of the efficiency of health and safety management is performed. Our Occupational Health and Safety Management System is audited annually for compliance with ISO 45001.	In 2022, there were no fatal accidents among Polymetal employees and contractors. LTIFR among the Group's employees for 2022 stood at 0.10 (0.12 in 2021). Polymetal regularly trains not only employees but also contractors on the principles of hazards identification, risk assessment and procedures for ongoing production control and workplace monitoring. The requirement to regularly identify and assess hazards and risks is included in all agreements with contractors. To enhance safety risk management, the Company continues to introduce smart technologies, such as underground mine worker positioning systems and electric voltage and collision warning systems. In 2022, based on a complex analysis of the health and safety risks and the efficiency of the preventive control and risk mitigation measures, the Group assessed the health and safety risk as "high". External auditors confirmed the compliance of our Occupational Health and Safety Management System with ISO 45001 with no adverse audit reports.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2022 – No change
- New principal risk
- 2022 – Increased
- 2022 – Decreased

Link to strategy
- Meaningful organic growth
- Maintaining robust liquidity and balance sheet
- Global leadership in refractory ore processing
- High standards of ESG through impact assessment

The order in which the risks are presented is not relevant to their significance.

Sustainability risks continued

6. Environmental risk

Risk level: — Risk exposure trend: ↔
Link to strategy:

Risk description and potential effect

By the nature of its production processes, the Company has an impact on the environment. The main environmental risks are emissions (emissions and discharges) of pollutants, incidents at tailings storage facilities, explosives storage and water treatment facilities. Environmental risk factors include natural ones: climatic, atmospheric, hydrogeological, geological, etc.

Environmental risk realisation may lead to financial expenses, such as fines and penalties, excess payments, environmental restoration costs and statutory liability, and an increase in social and environmental tension.

Preventive control and mitigation

We ensure that all environmental concerns are taken into account and properly addressed during the design, construction, operation and closure stages of mines and processing facilities. We are engaged in multifaceted measures to both mitigate environmental risks and, where possible, to improve ecological conditions around our sites along with continuous monitoring of our activities. This includes the following:

- The Company's Environmental Management System is certified for compliance with ISO 14001 at all operating sites.[1] The Company confirms compliance with the requirements of the standard each year through an environmental impact assessment reviewed by the regulator.
- Each operation regularly identifies and assesses environmental risks with consolidated data analysed to evaluate the level of the Company's principal environmental risk. This includes monitoring changes in environmental laws, standards and best practice, as well as environmental monitoring.
- The Company continuously reduces its fresh water use and monitors discharge water quality to minimise its impact on local water bodies.
- Each new project is assessed for its proximity and potential impact on key biodiversity areas before making an investment decision. Periodic biodiversity monitoring is used to track our impact on species around existing sites.
- Each tailings storage facility (TSF) is rigorously monitored and inspected to ensure ongoing control. External experts with appropriate global experience are engaged to undertake regular, independent safety reviews of our TSFs. Our studies confirm that an emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present. To further improve tailings safety, the Company is shifting its operations to dry-stacking technology.
- The Company implements a Cyanide Management System to identify and minimise the risks of potential negative effects of cyanide on the environment and the health of employees.

For a description of emerging climate-change risks, refer to page 110.

Principal areas of focus in 2022

We have rigorous controls in place to ensure that we meet our environmental targets related to water use, waste and biodiversity (read more on page 45).

In 2022, we continued to focus on our material environmental issues:

- Actions were taken to reduce the consumption of fresh water for process needs, alongside the modernisation of water treatment facilities at Mayskoye and Dukat and reconstruction of collecting ponds at Albazino.
- No emergencies occurred at Polymetal's TSFs during 2022. (More information about all our hydraulic structures is included in the updated Tailing Storage Facility Management Report published in 2022 on our **website**).
- Varvara has become the first company in Kazakhstan (and third in Polymetal) to be certified in full compliance under the International Cyanide Management Code by the International Cyanide Management Institute (ICMI).

The Group continually evaluates whether the current measures are sufficient and effective, develops action plans, and reviews and implements procedures that expose any deviations at every stage of an operation's life-cycle. In addition, our environmental teams at each site promptly deal with any community enquiries regarding environmental impact of production on local ecosystems.

1 Except for Nezhda where the EMS was implemented in line with the standard but has not yet been certified as the operation was only launched in the end of 2021.

Sustainability risks continued

7. Human capital risk

Risk level: — Risk exposure trend: ↔
Link to strategy:

Risk description and potential effect

Attraction and retention of qualified personnel is essential to ensure Company's performance.

Volatile external environment posed by the impact of the geopolitical situation complicates the existing human resources processes.

Inability to retain key personnel or to recruit new personnel and insufficient qualification of employees can affect operations, culture and environment where business can thrive.

Preventive control and mitigation

Our corporate culture is crucial for delivering the long-term success of the Company and the Board appreciates our employees playing a key role in this process. We aim to provide a comfortable and effective working environment, as well as training or further education and other opportunities for our employees.

The main principles and approaches to human resources strategy implementation are based on international best practice, generally recognised principles and rules of domestic and international law, as stated in our Human Resources Policy, Diversity and Inclusion Policy, and Human Rights Policy.

The Group has an internal communications system enabling it to independently monitor employee satisfaction. There are direct lines to the Group CEO and departmental heads. Employee satisfaction surveys are conducted on a regular basis with a summary provided to the Nomination Committee.

Our Remuneration Policy is aimed at achieving results, motivating and retaining all levels of personnel, prioritising functional areas and staff shortages in the labour market. We have incentive programmes to help retain key employees and offer a competitive remuneration package and benefits, including annual indexation of the base salary against inflation for all employees. The Company maintains a Talent Pool of high-potential professionals, nurturing young leaders to manage further growth.

Principal areas of focus in 2022

Since the beginning of the geopolitical conflict, the Company has taken all possible measures to ensure employees' well-being and maintain their productivity. Prompt feedback channels were constantly maintained. The Company considers the retention of employees, including key professionals, to be of paramount importance and implements all available measures to maintain staffing levels at its offices and operations. Such measures include the formation of internal and external pools and additional professional training for employees.

Using a variety of communication channels, we continued with arrangements for employees from every subsidiary to put questions to the Company's management on a wide range of topics.

We also provided appropriate training on human rights, diversity and inclusion practices to our employees.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2022 – No change
- New principal risk
- 2022 – Increased
- 2022 – Decreased

Link to strategy
- Meaningful organic growth
- Maintaining robust liquidity and balance sheet
- Global leadership in refractory ore processing
- High standards of ESG through impact assessment

The order in which the risks are presented is not relevant to their significance.

Risk management continued

Political and regulatory risks

8. Legal and compliance risk

Risk level:
Risk exposure trend:
Link to strategy:

Risk description and potential effect

With operations in developing countries, such as Kazakhstan and Russia, the Company is exposed to the risk of adverse legislative changes that may potentially affect its business activities.

The most sensitive areas are the regulation of foreign investment in the development of mineral resources at so-called strategic deposits, private property, environmental protection and taxation.

In recent years, the governments of Kazakhstan and Russia have become more consistent when introducing new regulations and taxes, demonstrating an awareness of investment climate issues.

Non-compliance with regulatory requirements and guidance may cause sanctions, loss of licences for mineral properties and penalties, and may also affect the reputation of the Group.

The consistent imposition of international sanctions and counter-sanctions complicates compliance with legal and regulatory requirements.

Preventive control and mitigation

We have a successful track record of operating in Russian and Kazakhstan jurisdictions. The Group has implemented monitoring and compliance-control procedures related to applicable laws, regulatory requirements and guidance, corporate governance standards and the Group's internal policies and procedures. A number of control procedures are considered by the external auditor as part of their statutory audit. Implementation of appropriate policies and procedures is also the target of the internal audit function.

We follow a risk-based approach when considering potential corporate transactions and maintain comprehensive procedures to ensure appropriate corporate practices, Including timely monitoring of sanctions legislation in co-operation with legal advisers. We strive to create a more favourable regulatory environment by being a member of various voluntary non-governmental organisations in Kazakhstan and Russia.

Polymetal also holds membership in mining associations in Kazakhstan and Russia.

Principal areas of focus in 2022

In 2022, the Company maintained its overall approach, which is aimed at ongoing monitoring and enhancement of compliance processes. These included a comprehensive analysis and revision of existing policies and procedures, development and implementation of new guidelines, and the introduction and maintenance of appropriate controls, including on international sanctions regulations and counter-sanctions.

Legal and compliance risk was upgraded from medium to high due to the complex regulation on international sanctions and Russian counter-sanctions. In particular, Russia has adopted its own set of counter-sanctions measures including sanctioning persons and entities within so-called "unfriendly" countries. Specifically, on 7 March 2022 Jersey was included on the "Unfriendly Countries List" under Russian law. The severity of the counter-sanctions against entities incorporated in Unfriendly Jurisdictions are significant and significantly limit the Company's present ability to perform any type of corporate restructuring, as are the penalties for breach.

9. Political risk

Risk level:
Risk exposure trend:
Link to strategy:

Risk description and potential effect

Operating in Kazakhstan and Russia involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest.

Financial and economic international sanctions and counter-sanctions as well as the high level of geopolitical tensions and macroeconomic uncertainty affected the Group's business processes to varying degrees, given the correlation of different risk factors as a part of the Group's principal risks profile and, in particular, reflected on the Company's share price, supply chain and sales channels operation, capital flows and ability of the Group to secure external financing.

Preventive control and mitigation

The Group actively monitors political developments on an ongoing basis. However, the geopolitical and macroeconomic situation is out of management's control.

The Company has implemented appropriate policies and procedures for sanctions compliance within the Group, which are now an integral part of our risk management process.

Proactive engagement with existing and potential lenders and diversification of lending counterparties enables the Company to maintain larger cash balances and extend maturities on existing borrowings.

The Company has progressed the evaluation of a potential re-domiciliation of the parent company, Polymetal International plc, to a jurisdiction deemed to be "friendly" by the Russian Federation, a move which could unblock the ability to execute further corporate actions.

Principal areas of focus in 2022

During 2022, none of the Group's entities nor its significant shareholders were subject to the US, UK and EU sanctions. Polymetal also believes that targeted sanctions on the Company remain unlikely.

However, international sanctions and counter-sanctions had pervasive impacts across a range of principal risks, including supply chain, production, construction and development, legal and compliance, market and liquidity.

For the purpose of addressing sanction-related restrictions, the Company reacted promptly and applied appropriate mitigation measures. This allowed the Group to achieve its production targets, establish new sales channels, secure the procurement of operational consumables and equipment, carry out mid-term development projects in line with revised schedules, diversify its debt portfolio and ensure sufficient liquidity.

The scope and impact of any new sanctions (and any counter-sanctions) is yet unknown. However, they might further affect the macroeconomic situation in Russia and, consequently, mining companies.

Potential sanctions and regulatory developments are constantly monitored. The Board of Directors receives appropriate updates on a timely basis.

Political and regulatory risks continued

10. Taxation risk

Risk level:
Risk exposure trend:
Link to strategy:

Risk description and potential effect

Russian and Kazakhstan tax laws are subject to frequent changes and allow for varying interpretations.

As a result, the Group management's interpretation of the tax laws applicable to the Group's operations and activities may be challenged by relevant tax authorities.

The Group continues to monitor the progress on the OECD's Base Erosion and Profit Shifting (BEPS) action plan, including the global corporate taxation system reform relating to the income of multinational enterprises, in order to assess its impact and, if necessary, adapt it in all countries in which the Group operates.

The Group carries out its activities in several jurisdictions and this gives rise to complex rules of transfer pricing that are linked with uncertainty and subjectivity.

Preventive control and mitigation

Our approach includes constant monitoring and analysis of changes in Russian, Kazakhstan and international tax laws, law-enforcement practice and recommendations of supervisory authorities.

The Group takes due account of current court practice and applies appropriate methodological guidance and administrative controls. The Group reviews existing controls for their sufficiency and adapts them if necessary.

In order to enhance methodological and administrative control over tax management, the Group introduced a transfer pricing methodology, which complies with the requirements of OECD and local standards. The Group updates the procedure each year to ensure that operations between Group companies are based on commercial terms.

To date, the Group is not aware of any significant outstanding tax claims, which could lead to additional taxes accrued in the future (beyond amounts already booked or disclosed in the Group's financial statements). The Group applies a conservative approach to provisions for probable tax liabilities.

Principal areas of focus in 2022

There were no changes in tax legislation in the countries where the Group operates during the reporting period that could lead to significant change in the tax burden for the Group in 2022.

At the same time, significant amendments to Kazakhstan's tax legislation were adopted in 2022 and came into force on 1 January 2023. The key change for the Group is a 50% increase in the MET rate for exchange-traded metals. A further update in the Kazakhstan Tax Code is also planned for 2023.

However, a more difficult geopolitical situation in 2023 could potentially lead to a number of measures aimed at tightening fiscal policies in Russia and to an increase in the tax burden. No specific initiatives have been released yet.

The Group does not currently have any information, other than the above, on any specific changes in tax laws that might lead to a significant increase in the Group's tax burden.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2022 – No change
- New principal risk
- 2022 – Increased
- 2022 – Decreased

Link to strategy
- Meaningful organic growth
- Maintaining robust liquidity and balance sheet
- Global leadership in refractory ore processing
- High standards of ESG through impact assessment

The order in which the risks are presented is not relevant to their significance.

Financial risks

11. Market risk

Risk level: — Risk exposure trend: Link to strategy:

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2022
Gold and silver price volatility may result in material and adverse movements in the Company's operating results, revenues and cash flows. It also poses a significant impact on consistent cash flow generation at operating mines. Market risks also include the possible inability to sell a significant amount of concentrate and bullion due to the sanctions restrictions and, as a result, the disruption of existing sales channels.	The Company has developed and, to the extent necessary, implemented procedures to ensure consistent cash flow generation at operating mines: • Redistribution of ore feedstock between the deposits within a hub to achieve higher margins due to better grade profile, better logistics or less expensive mining methods • Deferring the start of production while continuing ore stacking to achieve better cost profiles due to the positive effects of scale • Asset-level cost-cutting • Adjustment of short-, medium- and long-term life-of-mine plans at least annually to reflect updated commodity prices. Stress testing for conservative price assumptions is performed to ensure the resilience of operating mines in a stress scenario and continued value creation. Emergency response plans have been developed.	In 2022, metal prices experienced volatility due to various factors. Our stress testing factored, in particular, the adverse changes in market prices of gold and silver to ensure the resilience of our operating mines in severe stress scenarios. Revenue decreased by 3% to $2.8 billion. The decline is attributable to inventory accumulation as well as lower metal prices. The possible inability to sell bullion and concentrate has been recognised as a new component within market risk owing to the sanctions restrictions. The Company mitigated the risk through ramping up the export of gold and silver bullions and concentrates to various Asian markets, based on a market price that allowed the temporary gap to close between production and sales, and improve free cash flow generation. In October 2021, China introduced new standard updates to existing regulations relating to impurities of arsenic in imported gold concentrates. Non-compliance leads to 13% VAT on exported concentrate. Polymetal will be exposed to this new regulation until Amursk POX-2 reaches its design capacity. Until then, the Company will take appropriate mitigation measures to manage arsenic content in concentrates by controlling production processes that include the separation of ore based on its quality and physical blend with cleaner concentrates. In China, logistic conditions improved, with the easing of Covid and transport restrictions, and enabled the Company to export concentrate to the country without interruption.

12. Currency risk

Risk level: — Risk exposure trend: Link to strategy:

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2022
The Group's revenues and the majority of its borrowings are denominated in Dollars, while the majority of the Group's operating costs are denominated in Russian Roubles and Kazakh Tenge. As a result, changes in exchange rates affect financial results and performance. Growth of consumable prices and inflation, due to stable metal prices and appreciation of the functional currencies against the Dollar, may lead to an adverse impact on our operations in Kazakhstan and Russia, resulting in higher Dollar values of local currency-denominated operating costs and lower margins.	Natural hedging is used to reduce currency risk exposure: the Group maintains a significant part of its loan portfolio in Dollars, balancing financial cash flows from revenue denominated in Dollars. Budget is planned based on the inflation risk. Flexible budgeting is used to monitor the effect of exchange rate fluctuations on the Group's financial results. The Group has determined critical exchange rate levels for its operations and is monitoring risk against these levels.	In 2022, the Russian Rouble experienced significant volatility strengthening by 5% year-to-date to 70.3 RUB/$ as at 31 December 2022 (74.3 RUB/$ as at 31 December 2021), negatively affecting the US Dollar value of Rouble-denominated debt. The average exchange rate in 2022 was at 68.6 RUB/$, also negatively impacting Rouble-denominated costs (see page 84 for details). As at 31 December 2022, 64% of the Group's total debt was denominated in US Dollars, 28% in Russian Rouble and 7% in Chinese Renminbi. Dollar re-valuation of Rouble-denominated debt driven by a strong Rouble had a negative impact on the total level of net debt. We continuously monitor and report on financial impacts resulting from foreign currency movements.

Financial risks continued

13. Liquidity risk

Risk level: — Risk exposure trend: Link to strategy:

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2022
The inability to raise sufficient funds to meet current operating or ongoing financial needs or to develop new projects and growth. Insufficient cash and available facilities to fund current operating or ongoing financial needs or to develop new projects and growth. Inadequate cash management in terms of cash flow forecast, available resources and future requirements. Funding costs may rise on the back of inflationary pressure and the possibility of more restricted access to funding.	To manage the liquidity risk, the Group: • Controls its leverage and financial covenants as well as the liquidity cushion • Monitors and controls cash expenditure at all stages of a deposit development, from the choice of a project to its operation, in order to ensure stable cash flow from operations • Refinances its debt in advance to avoid large bullet repayments and minimise the risk of refinancing in future • Monitors the macroeconomic situation in terms of availability of borrowings • Ensures that a significant amount of cash and undrawn facilities are available at any given time.	As of December 2022, the Group's total net debt increased by 31% to $2.4 billion (representing 2.35x of the Adjusted EBITDA) driven by accelerated purchases of equipment and spares, funding of critically important contractors and suppliers, upward Dollar re-valuation of Rouble-denominated debt, as well as an accumulation of unsold metal inventory. In 2022, the risk exposure was relatively higher than in 2021: the Group was operating in an elevated macro and geopolitical environment and faced restricted access to funding as a result of the introduction of sanctions against the largest financial institutions in Russia, which also resulted in an increased average cost of funding. Throughout the year, Polymetal took decisive action (including postponing early-stage development projects, reducing capital costs, and not paying out regular dividends) to increase liquidity and underpin the strength of the balance sheet, positioning the business to navigate the challenging environment and supporting long-term value creation. Despite the weak macroeconomic environment during 2022, the Group generated cash flow from operations of $206 million in 2022 and successfully refinanced its short-term debt. As of December 2022, the amount of short-term debt was $0.5 billion, while the Group held $0.6 billion in cash and $0.35 billion in undrawn credit limits (31 December 2021: $417 million and $2.3 billion respectively). The Group remains committed to a prudent capital allocation and investment discipline and will continue to manage the liquidity risk by maintaining access to a number of sources of funding that are sufficient to meet anticipated funding requirements.

Risk key

Risk level	Risk exposure trend	Link to strategy	
Low	2022 – No change	Meaningful organic growth	Global leadership in refractory ore processing
Medium	New principal risk	Maintaining robust liquidity and balance sheet	High standards of ESG through impact assessment
High	2022 – Increased		
Extreme	2022 – Decreased		

The order in which the risks are presented is not relevant to their significance.

Emerging risks

In addition to the currently identified risks, the Company has a process of identifying and addressing emerging risks. Emerging risks are defined as risks or combination of risks whose potential impact is not clear at the present time but may develop to become a principal risk in future, as well as circumstances or trends that could significantly impact the Company's financial strength, competitive position or reputation within the next five years and have a long-term impact for several years. While the emerging risks tend to be characterised by potentially unknown and far-reaching impacts on industry and external environment in general, emerging risks are particularly important in the context of the Company's strategic planning. Accordingly, we identify the critical assumptions in strategic plans that could be impacted by these emerging risks.

Emerging risks description and their potential impact on the Group

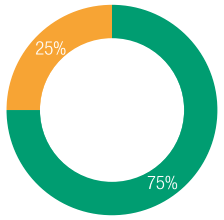
Climate change	We recognise that global climate change represents both risks and opportunities for our business. Climate-related risks include physical risks (e.g. potential damage induced by shifts in precipitations, hurricanes, permafrost degradation, etc.) and transitional risks (such as carbon taxation/quotas, additional environment-related regulatory requirements, increased costs of fossil fuel and potential negative perception of carbon-intensive industries/companies by the Company's stakeholders etc.). The Company has adopted a Climate Change Strategy, which includes a comprehensive assessment of climate change risks and opportunities, and mitigation/adaptation plans, as well as setting targets and taking specific steps to improve our resilience to climate change. See details in the Climate Change section on pages 65-72. We have also disclosed climate-related data in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Read more on pages 257. The processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management. In particular, this includes a range of criteria to consider a climate-related risk as a component of the existing principal risk or to introduce a new one provided certain conditions are met. In addition to the direct impact of climate risks on our operations and assets, we are also aware of the potential climate risks associated with our supply chain (both upstream and downstream). In response to these threats, we analyse and mitigate risks associated with our transport infrastructure. In addition, as part of our procurement strategy, we consider potential negative climate factors and work to adapt to them as part of our supply chain management.
Resource nationalism	This is the attempt by host states to assert greater control over natural resources in their territory by restricting extractive industries through a variety of methods, including limitation of foreign investment in the sector, stricter procedures for grant of licences, expropriation/nationalisation of mining assets, limitation or export duties for bullion/concentrate export sales and/or additional taxation on the mining sector. Historically, both Kazakhstan and Russia have maintained a safe and predictable investment climate for the hard rock mining industry. The Group actively engages with governmental and local authorities in its regions of operation in order to monitor and address any potential issues.
Cybersecurity	Cybersecurity risks for the Group are mainly represented by risks of unauthorised access to confidential information, bank accounts etc. as well as potential interference in automated management systems of technological processes, corporate networks, power supply control systems and convergence of corporate and technological networks (within any process). These risks are considered to be limited in the context of the Company's current IT architecture and information security systems. However, maintaining resilience to cybersecurity threats is a priority for the Group. The Group's strategy provides for cybersecurity risk management in accordance with the ISO/IEC 27000 series of standards and compliance with requirements of applicable legislation. We constantly monitor current systems, control measures and monitoring procedures, and implement stage-by-stage preparation for obtaining a certificate of compliance with the ISO/IEC 27001 standard. 2022 was an unprecedented year in terms of cyber-attacks on the corporate infrastructure. Most of the cyber-attacks were aimed at destroying software and disabling equipment. They did not result in downtime of critical business processes, due to a proactive approach to building an information security system. In 2022, Russia tightened regulations related to the safety of personal data. Core measures have been implemented in all our operations (being personal data operators). The Group uses an information technology management platform based on the COBIT package (Control Objectives for Information and Related Technology), which provides a complete set of high-level requirements for effective control of each IT process. The Group carefully monitors emerging information security threats and the management of network and information flows and implements effective protection. All breaches of Information Security Policies and incidents are immediately identified and eliminated. The corporate infrastructure is automatically scanned (critical assets are scanned first). Basic protection instruments response adequately preventing adverse consequences. Remote access to working facilities is arranged in accordance with high cybersecurity standards. The processes for providing and disabling access to resources have been additionally secured and automated. In order to minimise risks related to the engagement of contractors (third parties), model contracts have been amended to include relevant procedures for safe information exchange and Information Security Policies have been reviewed and updated in all operations. We raise our employees' awareness of information security and cyber hygiene via the internal corporate network, regular newsletters, employee training and extensive training for targeted groups within the Talent Pool.

Governance

Committed to the highest standards

The Directors are committed to maintaining the highest standards of corporate governance. As a premium UK-listed company, Polymetal International is largely compliant with the UK Corporate Governance Code (the UK Code) — published in July 2018. As well as complying with the UK Code, the Company has complied with all applicable regulations of the Astana International Exchange (AIX) Markets Listing Rules, the Moscow Stock Exchange and Russian securities laws.

Board independence



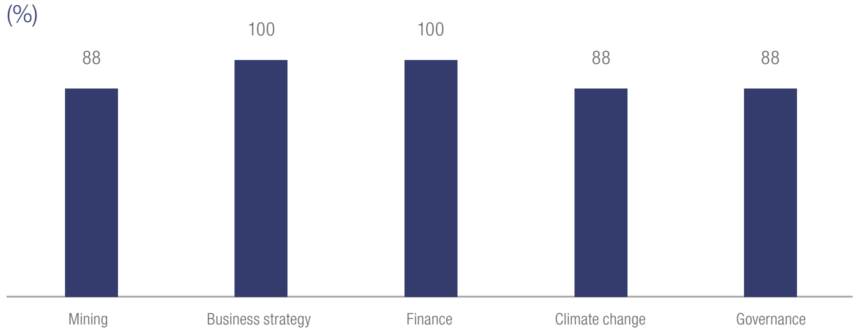
Independent Directors
Non-independent Directors

13%
ethnic minority Directors[1]

25%
women Directors

1 Although Kazakh-born, Janat Berdalina identifies with her Central Asian heritage.

Board skills
(%)



Vitaly Nesis S
Group Chief Executive Officer

Appointed: 2003.
Previous experience: Member of JSC Polymetal Board, 2004–2012. CEO of Vostsibugol, 2002–2003. Strategic Development Director at the Ulyanovsk Automobile Plant in 2000. McKinsey in Moscow, 1999–2000. Merrill Lynch in New York, 1997–1999.
Qualifications: BA in Economics from Yale University. MA in Mining Economics from St. Petersburg Mining Institute.

Konstantin Yanakov
Non-Executive Director

Appointed: 29 September 2011.
Previous experience: Member of JSC Polymetal's Board of Directors, 2008–2012; member of its Audit Committee. Various positions at MDM Bank. CFO of JSC Polymetal until 2004. Board Member at Piraeus Bank, Inbank, Greek Organisation of Football Prognostics, and Tiscali. Supervisory Board Member of Rigensis Bank.
Qualifications: MBA from the London Business School. PhD in Economics from Russian State University of Management. Degree in Global Economics from the Government of Russia's Finance Academy.
Other roles: Board Member of the East Mining Company.

Key
Committee Chair
A Audit and Risk Committee
N Nomination Committee
R Remuneration Committee
S Safety and Sustainability Committee

Evgueni Konovalenko N A R
Senior Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Has extensive experience in investment banking: since 2005 held various executive positions in Renaissance Capital, including Managing Director, Head of International Equities and FICC Sales. Prior to joining Renaissance Capital, he worked at UBS, London at Structured Products Group and at Merrill Lynch, New York in Mergers and Acquisitions Group.
Qualifications: BA in Economics from Columbia College of Columbia University, NY, US. MBA from Solvay Business School, University Libre de Bruxelles (ULB), Brussels, Belgium.

Steven Dashevsky A S
Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Investment professional with more than 20 years' experience in financial markets. Since 1998, has held various senior management positions in leading financial services firms including Aton Capital, UniCredit Securities, Kola Capital LLP. Non-executive Director of Integra Group, 2012-2013.
Qualifications: Graduated from Baruch College of The City University of New York (Finance and Investments). Chartered Financial Analyst (CFA)
Other roles: Chief Executive Officer and Chief Investment Officer of D&P Advisors LLP (UK).

Pascale Jeannin Perez N S
Independent Non-Executive Director

Appointed: 1 December 2022.
Previous experience: Has over 35 years of experience in leadership roles in mining, energy and environmental industries. Previously served as a Director at DYD International Holding, shareholder of a significant gold project in Ivory coast, was Chairman and CEO of Derichebourg Polyurbaine Group. Special adviser to High Power Exploration Inc (HPX).
Qualifications: École Normale, degree in Economics from University of Montpellier.
Other roles: Founder and CEO of International Services Corporation. Government adviser to the Republic of Liberia. Shareholder and Member of the Board of Imperator Resources (former Ivanhoe Gabon).

Paul Ostling R A N
Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Seasoned executive with a more than 40 years' experience. In a career spanning 30 years with EY, he was one of the architects of EY's businesses in Russia and Eastern Europe from 1991 and, ultimately, as the Global Executive Partner (1994-2003) and Global COO (2003-2007). After leaving EY in 2007, he served on a number of Boards of Directors and ran several companies. Senior Independent Non-Executive Director Chair Audit Committee, Chair of Remuneration and Positions Committee of Uralkali, 2011-2022. Chair of Board of Directors of JKX Oil & Gas PLC, 2015-2018.
Qualifications: Graduated from Fordham University School of Law. BS in Mathematics and Philosophy from Fordham University. Qualified Financial Expert under SEC, LSE and EU Regulations. Member of the American Bar Association, New York State Bar Association, Association of the Bar of the City of New York.
Other roles: Member of Business Council for International Understanding (BCIU). Dean's Planning Council, Fordham University School of Law.

Janat Berdalina S R N
Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Audit, reporting, tax and management consulting professional. She was a Co-shareholder, Managing Partner and President of KPMG in Kazakhstan and Central Asia as well as a Board Member of KPMG in the CIS for more than a decade. Janat also held Independent Director positions at several Kazakh entities, including Kazakhstan Stock Exchange, National Agency for Technological Development, KazTransGas, Kazpost. She was an executive at the Foreign Investors' Council in Kazakhstan and actively participated in the development of the Tax Code and the Law on Auditing in the country.
Qualifications: Executive MBA from Ecole Nationale des Ponts et Chaussees, France. Degree in Economics from the Academy of Management, Almaty, Kazakhstan. Degree in International Business from Bristol University, UK. Honorary Auditor of the Republic of Kazakhstan.
Other roles: Chair of the Board of Trustees 'Almaty Management University' (AlmaU) Partner of Arizona State University, Arizona US.

Richard Sharko A
Independent Non-Executive Director

Appointed: 1 December 2022.
Previous experience: Has over 39 years of global experience in audit, financial accounting and risk management. He was a partner at PwC for 25 years, leading teams in various regional offices in Europe and Russia, and engaging with local and multinational clients. He was also on the regional management board and governance board as well as on the Global Board of PwC, April 2009-2013. Additionally, he was a Board Member on the International Auditing and Assurance Standards Board, New York, January 2015-December 2020.
Qualifications: Bachelor of Science in Accounting, Loyola Marymount University, Los Angeles, CA. Certified Public Accountant (Retired), State of California, US.
Other roles: Board member, Audit Committee Chair and Risk Committee member of the bank holding company, Agri Europe Cyprus Ltd, January 2022-present.

Delivering exemplary leadership

Vitaly Nesis
Group Chief Executive Officer

Appointed: 2003.
Previous experience: Member of JSC Polymetal Board, 2004–2012. CEO of Vostsibugol, 2002–2003. Strategic Development Director at the Ulyanovsk Automobile Plant in 2000. McKinsey in Moscow, 1999–2000. Merrill Lynch in New York, 1997–1999.
Qualifications: BA in Economics from Yale University. MA in Mining Economics from St. Petersburg Mining Institute.

Vitaly Savchenko
Chief Operating Officer

Appointed: 2009.
Experience: Previous roles in Polymetal: Director of the Production Department, 2007–2009, senior production and technical positions since 2004. Chief Underground Mine Engineer at Priargunskoye Mining and Chemical Company as well as various managing positions at the mine, 1994–2003. Recipient of second- and third-category Miner's Glory Medal.
Qualifications: Degree with Honours in Underground Mineral Mining engineering, Kyrgyz Mining Institute. MBA from the UK's Open University Business School.

Daria Goncharova
Chief Sustainability Officer

Appointed: 2015.
Experience: Previous roles in Polymetal: corporate finance and investor relations team, 2010–2013. Business development at GiproShakht Severstal, 2008–2009.
Qualifications: Graduate of St. Petersburg's Russian Presidential Academy of National Economy and Public Administration. Master's in Green Management, Energy and Corporate Social Responsibility from Bocconi University, Milan.

Maxim Nazimok
Chief Financial Officer

Appointed: 2017.
Experience: Previous roles in Polymetal: Finance Director, 2015–2016; Chief Financial Controller, 2011–2015. Deputy Chief Financial Officer at Nomos Bank in 2010–2011; Director of Business Planning and Analysis from 2009. Head of Management and IFRS Reporting at MDM Bank, 2008–2009. Various financial positions at PricewaterhouseCoopers, 2003–2008.
Qualifications: BA in Economics from St. Petersburg State University. Graduated with distinction from the Executive MBA-Global Programme at London Business School and Columbia Business School. Fellow member of ACCA.

Pavel Danilin
Deputy CEO, Strategic Development

Appointed: 2009.
Experience: Previous roles in Polymetal: Director of Corporate Finance and Investor Relations, Head of Corporate Finance. Head of Corporate Finance at CJSC ICT, 2002–2003. Deputy Head of Currency Department and Head of Financial Resources Department at the Kaliningrad branch of Bank Petrocommerce, 1998–2001.
Qualifications: MBA from the University of California at Berkeley, Haas School of Business. Degree in Economics and Management, Kaliningrad State Technical University.

Eugenia Onuschenko
Director, Corporate Finance

Appointed: 2009.
Experience: Previous roles in Polymetal: Head of the Bank Financing department, Head of Corporate Finance and Investor Relations, 2008–2009. Ernst & Young, transaction advisory services.
Qualifications: Graduate of St. Petersburg State University of Economics and Finance. Bachelor's degree in Economics and Management from Grenoble University Pierre-Mendes, France.

Sergey Trushin
Deputy CEO, Mineral Resources

Appointed: 2010.
Experience: Previous roles in Polymetal: Chief Geologist at the Khabarovsk Exploration Company, 2008–2010. Chief Geologist at Albazino Resources 2006–2008 and various positions at Albazino Resources since 1998. Geologist with Dalnevostochnie Resources, 1991. Geologist with the Production Geological Association 'Dalgeology' and the Nizhne-Amursk exploration expedition in the preceding six years.
Qualifications: Degree in Geological Surveying and Mining Engineering Exploration from the Novocherkassk State Polytechnic Institute.

Roman Shestakov
Deputy CEO, Project Development and Construction

Appointed: 2009.
Experience: Previous roles in Polymetal: Chief Engineer at Gold of Northern Urals, 2007–2009. Pit superintendent, 2006–2007. Mine superintendent at the Okhotsk Mining and Exploration Company, 2004–2005. Mining engineer in the Production and Technical Department of JSC Polymetal Management in the preceding two years.
Qualifications: Honours degree in Open-pit Mining from the Mining Department of St. Petersburg State Mining Institute. MBA from the UK's Open University Business School.

Valery Tsyplakov
Managing Director, Polymetal Engineering

Appointed: 2004.
Experience: Previous roles in Polymetal: Deputy General Director for Mineral Resources, Design and Technology and senior roles in Production and Technology, and Technological Research Departments, 2000–2004. Department Head at the Soviet Union Research Institute of Aeronautical Automation. Prior to this, a quest scientist at Aarhus University's Physics Institute (Denmark). Research Fellow in the Plasma Physics Department of the Moscow Physics and Engineering Institute. Professional of the Institute of Materials, Minerals & Mining (London).
Qualifications: Degree in Experimental Nuclear Physics, Moscow Physics and Engineering Institute. PhD in Physics and Mathematics.

Igor Kapshuk
Chief Legal Officer

Appointed: 2015.
Experience: Previous roles in Polymetal: Head of the Legal Department from 2005 and Deputy Head from 2003. Deputy General Counsel, Head of the Department for Legal Matters and Head of Claims Department at the branch of Siberia Energy Coal Company and at Vostsibugol (Irkutsk), 2001–2003. Legal advisor in various companies, 1994–2001.
Qualifications: Degree from the Law School of Irkutsk State University.

Tania Tchedaeva
Director, Corporate Governance and Company Secretary

Appointed: 2011.
Experience: Company Secretary at Orsu Metals Corporation, 2008–2011. Various positions in Oriel Resources plc, 2004–2008.
Qualifications: MSc in Finance from London Business School, 2008. Fellow of ICSA: The Governance Institute. Degree in Translation and Interpretation from Moscow State Linguistic University.

Evgeny Vrublevskiy
Director of PMTL Holding Ltd, Head of Treasury

Appointed: 2015.
Experience: Treasury Manager at UFG Asset Management, 2014– 2015. Treasury Manager at Inteco Group, 2012–2014. Head of Settlements at UniCredit Securities, 2008–2012. Various positions with Uralsib Capital in Moscow, 2005–2008.
Qualifications: BA in Management from Moscow State Mining University. MA in Economics from Witte University Moscow. Certified Treasury Professional (CTP) designation awarded by the Association for Financial Professionals (AFP). Advanced Certificate from Cyprus Securities and Exchange Commission.

> New Directors have undergone an enhanced induction programme to ensure their understanding of the Company and its business."
>
> **Evgueni Konovalenko**
> Senior Independent Director

Board meeting attendance

Board member	Board meetings
Vitaly Nesis	15/15
Konstantin Yanakov	14/15
Evgueni Konovalenko[1]	11/11
Janat Berdalina[1]	8/11
Paul Ostling[1]	11/11
Steven Dashevsky[1]	11/11
Pascale Jeannin Perez[2]	1/1
Richard Sharko[2]	1/1
Riccardo Orcel[3]	6/6
Giacomo Baizini[4]	10/11
Ian Cockerill[5]	3/3
Tracey Kerr[6]	3/3
Ollie Oliveira[6]	3/3
Italia Boninelli[6]	3/3
Victor Flores[6]	3/3
Andrea Abt[6]	3/3

1 Member from 17 March 2022.
2 Member from 1 December 2022.
3 Chair from 21 March to 28 September 2022.
4 Member until 28 September 2022.
5 Chair until 7 March 2022.
6 Member until 7 March 2022.

Further business was approved by the Board on one occasion. Several informal meetings were held to facilitate the induction of the new Board members.

Role and structure of the Board

As of the date of this report, the Company's Board comprises one Executive Director and seven Non-Executive Directors. Six members of the Board are Independent Non-Executive Directors.

The Company's corporate governance framework safeguards against any conflict of interest, including the complete independence of the Audit and Risk, Nomination and Remuneration Committees and disclosure of any related party transactions in the financial statements, as well as preventing any individual from having unfettered powers of decision-making.

The Board has determined that Evgueni Konovalenko, Janat Berdalina, Paul Ostling, Steven Dashevsky, Pascale Jeannin Perez and Richard Sharko are Independent Non-Executive Directors. The Company at present has not appointed a Chair of the Board.

The Company considers that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. All Directors have access to the advice and services of the Company Secretary and are able to take independent professional advice, if necessary, at the Company's expense.

Board site visits

Annual site visits greatly improve the Board's understanding of Polymetal's operations and organisation, and are an invaluable contribution to the Board's evaluation of the Group's business plan and strategy. They also provide the Board with an opportunity to talk with local senior management and employees about the experience of working for Polymetal.

In 2022, the Board took the opportunity to visit the Kyzyl operation. The Board was given an in-depth analysis of the project, met with key employees and visited the mine.

Training

Polymetal invests significant amounts of time and money into training employees, but it is as important that Directors continue to develop and refresh their understanding of the Group's activities. Every year, as part of the site trip, the Board meets local management at operations and Directors familiarise themselves with the technology used, logistics, health and safety standards and supplier management. The Board is kept informed of relevant developments within the Company by way of monthly management reports, including comprehensive information on operating and financial performance and the progress of capital projects.

It is also essential that the Directors regularly refresh and update their skills and knowledge with both external and internal training as appropriate. Members of the Board individually attend seminars, conferences and training events to keep up-to-date with developments in key areas. Board meetings include presentations from Group experts to ensure that the Directors have access to the wealth of knowledge within the Company, as well as presentations from external providers.

Board areas of focus in 2022 and link to strategy

Global leadership in refractory ore processing

- Operational update
- Quarterly and annual production results
- Price assumptions for Reserve and Resource estimates
- Mineral Resources and Ore Reserves update
- Productivity increase and cost reduction initiatives
- Supply chain: resilience, cost management and increasing efficiency
- Concentrate sales update (Nezhda, Primorskoye)

Significant organic growth

- Production and Investment Plan 2023
- Amursk POX-2 project update
- POX-3 developments
- Capital projects review, including completion progress as per schedules
- Novopetrovskoye update
- Tomtor update
- Galka update
- Svetloye strategic opportunities
- Smaller projects update (Kutyn, Northern Urals, Prognoz)

Maintaining robust liquidity and balance sheet

- Strategy review
- Approval of preliminary and annual financial results
- Annual review of effectiveness of the Company's risk management and control systems and risk tolerance review
- Capital allocation (including Dividend Policy review, Hedging Policy review) processing
- Budget, including use of the free cash flow
- Capital projects review, including approved expenditure levels, completion progress as per schedules, latest forecast costs to completion
- Macro update (Russia, Kazakhstan): inflation, logistics, personnel
- Analysis of Polymetal investor positioning
- Commercial strategy

High standards of ESG through impact assessment

- Net Zero Strategic Framework and target setting, including Scope 3 targets and reduction plan
- Biodiversity Strategic Framework
- Sanctions compliance
- Integrated Annual Report review and approval
- Modern Slavery Statement review
- Chair, Executive and Independent Non-Executive Directors' fee review
- Independent Non-Executive Directors' succession planning, appointment of Directors
- Directors' appointment and re-appointment at the AGM and composition of Board Committees
- Convening the AGM, approval of shareholder materials
- Directors' disclosure of interest
- Review of schedule of matters reserved for the Board and terms of reference of Committees
- Directors and Officers liability insurance renewal

Statement of compliance with the UK Corporate Governance Code

The Directors are committed to maintaining high standards of corporate governance. As a premium UK-listed company, during the year ended 31 December 2022, Polymetal International was required to comply with the UK Corporate Governance Code (the UK Code) – available through the UK Financial Reporting Council's website – or, where the provisions of the UK Code have not been complied with, to provide appropriate explanations. Throughout 2022, the Company was largely in compliance with all provisions of the UK Code. Detailed information about how Polymetal applies principles of the UK Code and areas of non-compliance are available below and in the Corporate Governance section on the Company's **website**.

As well as complying with the UK Code and London Stock Exchange listing rules, the Company has complied with respective laws and regulations in relation to its listing on the Moscow Stock Exchange and Astana International Exchange where applicable.

How we apply the UK Code

Section 1: Board leadership and company purpose

A A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. **B** The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture. **C** The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed. **D** In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties. **E** The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.	Polymetal's Board is in charge of ensuring the long-term success of the Company. To achieve this, it holds regular strategic sessions to discuss the current state of affairs and future developments. As part of every strategic decision, the impact on all stakeholders is reviewed thoroughly. Further information on Board topics is discussed on page 117, and on stakeholder engagement on page 123. Workforce engagement is set up by way of Board engagement with the targeted employee groups. More information on page 54. The Board has regular discussions on Polymetal's purpose, value and culture, and ensures that these align with the Group strategy. Further information on purpose and value is available on page 16. As part of the annual budgeting process and in further discussions throughout the year about development projects, the Board ensures that capital allocation is aligned with the Group's objectives. Further information is available on pages 10, 24. To ensure effective controls are in place, management is held to account by the Audit and Risk Committee. Information on risks and controls is available on page 96. The Board ensures ongoing dialogue with all its stakeholders. More information is available on pages 117, 123.

Section 2: Division of responsibilities

F The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information. **G** The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business. **H** Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. **I** The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Company seeks a new Chair. The SID Mr Konovalenko ensures that Board meetings are held in a constructive manner and that all Directors have a chance to express their opinion. There is mutual dialogue and the Independent Non-Executive Directors have regular meetings without management present. There is an ongoing improvement programme for Group employees to ensure the consistency of all papers provided to the Board. Information about the Board Directors and their roles is available on page 112. All Directors have sufficient time to devote to the business of Polymetal. Please refer to page 122 for further information. The broad experience of all Directors ensures constructive challenge, strategic guidance and specialist advice. The Board has a rolling plan to review all of the Group's key policies and ensure that they are in line with the Company's objectives. All polices are available on Polymetal's website. Areas of non-compliance: • For part of the year, the position of Board Chair was vacant. • For ten days during 2022, the Board did not have a majority of Independent Non-Executive Directors. • For ten days during 2022, the Nomination Committee did not have a sufficient number of Independent Non-Executive Directors. No meetings took place during this period.

Section 3: Composition, succession and evaluation

J Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths. **K** The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed. **L** Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	Due to geopolitical reasons, the majority of the Board stepped down in early 2022. New Board members were promptly appointed using various recruitment methods. The Board will continue developing a revised succession plan, including the search for a new Board Chair. Directors continue to be selected from a wide pool of candidates. Because of the major changes to the membership of the Board during 2022, the focus was on bringing new Directors up to speed through an enhanced induction programme. The Nomination Committee evaluates the succession needs of the Company. In 2022, the Board, all its Committees and individual Directors participated in an annual internal Board evaluation to provide feedback on the operation of the Board. Results of such evaluation are thoroughly analysed, discussed by the Board and reflected in the Board work programme for the following year. Read more on page 122. Areas of non-compliance: • Polymetal undertakes an externally facilitated Board evaluation every three years and the next external evaluation was due to take place in 2022. However, given the changes to the Board, it was considered prudent to postpone the external evaluation until 2023 when the new Board has had more time to settle into its work.

Section 4: Audit, risk and internal control

M The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements. **N** The board should present a fair, balanced and understandable assessment of the company's position and prospects. **O** The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.	The Company has a strong and highly regarded internal audit department. Comprehensive information about the work of the internal audit department is available on page 127. In addition, the Audit and Risk Committee regularly reviews the work of the external auditors. An in-depth session is held annually following completion of the annual audit. This includes separate meetings with the external auditors, finance department and internal audit department. The Group's Integrated Annual Report is reviewed in detail by the Board. The Board reviews in detail the Company's financial statements. The process of achieving fair, balanced and understandable assessment is described on page 124. The Group's Audit and Risk Committee has three sessions specifically dedicated to risks. Principal risks are outlined on page 98. Areas of non-compliance: • For ten days during 2022, the Audit Committee did not have a sufficient number of Independent Non-Executive Directors. No meetings took place during this period.

Section 5: Remuneration

P Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. **Q** A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome. **R** Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	The Remuneration Committee of the Board reviews the KPIs of the Group CEO and senior management annually to ensure remuneration is aligned with the Company's purpose and values. KPIs are aimed at achieving long-term success and, in 2019, an ESG KPI was introduced to promote long-term sustainable success. From 2022, an ESG metric with a weighting of 20% will also be added to PSP vesting conditions. Further information is available on pages 144, 148. There is a robust and transparent process for developing executive remuneration. The Directors' Remuneration Policy is approved every three years by shareholders and will be put forward to shareholders for approval at the 2023 AGM. Please refer to page 148 for more information. The Remuneration Policy for executives and management is consistent with that of the Group CEO to ensure strategic objectives are aligned. No Director is involved in deciding their own remuneration outcomes. The Remuneration Committee consists of Independent Non-Executive Directors, who apply the Remuneration Policy prudently and have discretion over bonuses and awards. Further information is available on page 132. Areas of non-compliance: • For ten days during 2022, the Remuneration Committee did not have a sufficient number of Independent Non-Executive Directors. No meetings took place during this period. • The Chair of the Remuneration Committee did not serve on the Committee for 12 months prior to his appointment due to succession process.

Our governance framework

The Board
The Board defines business strategy, assesses risks and monitors performance.

Audit and Risk Committee
helps the Board to monitor the integrity of the Group's financial statements; reviews the effectiveness of the Group's system of internal controls and risk management systems; and oversees the TCFD assurance process.

Further details on page 124

Nomination Committee
monitors the balance of skills, knowledge, independence, experience and diversity on the Board and its Committees and ensures orderly succession to both Board and management positions.

Further details on page 150

Safety and Sustainability Committee
monitors the Group's social, ethical, environmental and safety performance, and oversees all sustainable development issues on behalf of the Board.

Further details on page 130

Remuneration Committee
is responsible for Group Remuneration Policy, and setting pay levels and bonuses for senior management in line with individual performance. It ensures safety and sustainability KPIs are included in remuneration packages.

Further details on page 132

Group CEO
The Group CEO takes ultimate responsibility for delivering on strategy and operating performance.
See biographies on page 112

Senior management
Our senior management team provides leadership in specific areas of responsibility
See biographies on page 114

<<<< ESG is integrated into every aspect of governance >>>>

Finance
- Ensure effective reporting processes
- Monitor annual budgets for ESG activities
- Ensure funds to develop new projects (including green and sustainability-linked financing)

Exploration/mineral resources
- Enable long-term economic growth through greenfield and brownfield exploration
- Comply with safety and environmental standards at exploration sites

Development/construction
- Use global best practice in design and commission of mining and processing operations
- Increase supply chain efficiency through linking production demand with inventory levels

Operations
- Ensure consistent work at all our mines and production facilities
- Set safety and environmental targets and monitor performance
- Increase resource efficiency and decrease carbon footprint

Marketing/sales
- Work closely with offtakers and buyers of the finished product to ensure liquidity and uninterrupted sales
- Introduce ESG clauses in contracts

Communication and PR
- Identify and engage with the majority of external stakeholders, including government and regional authorities, local communities, suppliers and NGOs
- Foster engagement with employees

HR
- Attract and retain talent by providing decent terms of employment
- Ensure employee training and development
- Provide fair and inclusive work environment and deliver on diversity targets

Legal
- Implement monitoring and compliance-control procedures related to the provisions of applicable laws and requirements, including sanctions
- Ensure implementation of recommendations of regulators, corporate governance standards and the Group's internal policies and procedures

Heads of Operations
At our operating mines and development properties implement and monitor corporate systems, supported by dedicated teams.

Roles of the Chair, Group CEO and Senior Independent Director

The Board has approved the division of responsibilities between the Chair and the Group CEO, and defined the role of the Senior Independent Director.

Chair

The Company seeks a new Chair. The Chair reports to the Board and is responsible for the leadership and overall effectiveness of the Board and for setting the Board's agenda.

Chair's responsibilities include:
- Effective running of the Board
- Ensuring that there is appropriate delegation of authority to Executive Management
- Promoting a culture of openness and debate between the Executive and Non-Executive Directors
- Ensuring that the Directors receive accurate, timely and clear information
- Ensuring that the views of the shareholders are communicated to the Board as a whole.

Group CEO
Vitaly Nesis

The Group CEO exercises his role through his Executive and/or Director positions in the Group sub-holding companies. He reports to the Board directly and upholds the Group's responsibilities to its shareholders, customers, employees and other stakeholders.

The Group CEO's responsibilities include:
- Developing Group strategy, including communicating annual plans and commercial objectives to the Board
- Identifying and executing strategic opportunities
- Reviewing the operational performance and strategic direction of the Group
- Making recommendations on remuneration policies, terms of employment and effective succession planning for senior employees
- Ensuring effective communication with shareholders and that appropriate, timely and accurate information is disclosed to the market, with issues escalated promptly to the Board.

Independent Non-Executive Directors
Janat Berdalina
Steven Dashevsky
Pascale Jeannin Perez
Paul Ostling
Richard Sharko

The Independent Non-Executive Directors are determined to be independent in character and judgement, and free from relationships or circumstances that may affect or could appear to affect their judgement. Their role is to challenge the strategy and scrutinise the performance of management in meeting agreed goals and objectives, to monitor the reporting of the Company's performance, to review the integrity of financial information and ensure that internal financial controls and risk management systems are robust and defensible. They determine the appropriate level of remuneration for the Group CEO and have a primary role in appointing and, when necessary, removing him.

Non-Executive Director
Konstantin Yanakov

Mr Yanakov is a Non-Independent Non-Executive Director, who is a representative of Powerboom Investments Limited. Mr Nesis is the brother of the beneficial owner of Powerboom Investments Limited.

Save for the potential conflicts inherent in these relationships, there are no potential conflicts of interest between the duties owed by the Directors or senior management to the Company and their private interests or other duties.

Senior Independent Director
Evgueni Konovalenko

The Senior Independent Director (SID) makes himself available to all shareholders in order to hear their views and help develop a balanced understanding of their issues and concerns. The Board is regularly updated on shareholders' opinions following meetings with the Directors and management.

SID's responsibilities include:
- Being available to major shareholders in order to listen to their views and help develop a balanced understanding of their issues and concerns
- Acting as an intermediary for the other Directors if necessary.

Separate meetings are held between the Non-Executive Directors without the Group CEO being present; between the Independent Non-Executive Directors without the other Non-Executive Director being present. This includes both formal and informal meetings.

Board induction programme for the new Board members

A tailored induction programme was implemented for the Board members, who joined the Board during the last year, to enable their participation in Board discussions with a sound understanding of the Group's long-term strategy, business model, operations and governance structure. A site visit to Kyzyl took place in September 2022; the majority of technical meetings were held online.

Topic	Meetings held/online presentations where applicable
Finance	Meeting with Group CFO, Head of IFRS Reporting, Head of Internal Audit, Head of Corporate Finance, Head of Tax, Head of Budgeting
Operations, H&S	Meeting with Group COO, Deputy CEO (Mineral Resources), Deputy CEO (Construction and Development), Head of H&S Department
Engineering	Presentation from the Head of Engineering Department, Head of Laboratories, Head of the Project Department
Human capital	Meeting with the HR Department
Sustainability and environment	Meeting with Chief Sustainability Officer
Supply chain	Presentation from the Head of Polymetal Trading House
Culture	Series of lunches and dinners with Group CEO and top management
Governance	One-on-one meetings with all Directors, meeting with Company Secretary
Shareholders	Meeting with shareholders as part of the Board engagement programme

Induction

To provide a thorough induction to new Board members, they are granted access to the induction 'dataroom' with information about the Company. Upon appointment, all Directors gain electronic access to the materials of all previous Board and Committee meetings, Group policies, results of Board evaluations, D&O insurance policy and financial and production results. They are updated on corporate governance rules and practices. New Directors familiarise themselves with the arrangements for Board and Committee meetings and site visits, along with existing remuneration and compensation procedures, meeting schedules and external training options. Induction meetings are arranged to give new Directors the opportunity to discuss appropriate issues with fellow Directors, the Group CEO and executive team.

Board evaluation

In accordance with the UK Code, the next externally facilitated evaluation was expected to take place by the end of 2022. However, given the changes to the Board, it was considered prudent to postpone the external evaluation until 2023 when the new Board has had more time to settle into its work. In 2022, the Board conducted internal Board and Committee evaluations, which included questionnaires filled in by Directors. General outcomes were circulated via the Company Secretary. The individual Committees conducted follow-up sessions and had subsequent discussions with the Nomination Committee to ensure the completeness of the reviews. Finally, the Board reviewed management's response to the results of the Board evaluation. The results of the Board evaluation and follow-up topics were included in the revised Board and Committee work plans for 2023.

The top Board priorities for 2023 were identified as:

- Corporate strategy:
  - Re-domiciliation and potential modification of the Company's asset-holding structure in order to maximise shareholder value
  - Attraction of new institutional/financial partners with a more diversified geogrpahy
  - Geography business mix, portfolio management
  - Strengthening balance sheet
  - Dividend Policy
- Operations:
  - Profitability and production growth
  - Operational challenges especially in view of various restrictions (i.e. sales distribution, distortion in the supply chain, construction of new sites)
- Governance:
  - Board composition
  - How to maintain and/or enhance oversight effectiveness of the Board
  - Ensure environmental, social, and governance (ESG) matters are standing items on the Board agenda
  - Sustainability of exploration operations and production
  - Sanctions impact and compliance, including impact on financing
  - Geopolitical and market risks analysis.

Areas for Board development included:

- Improved communication between the Board and management
- Regular and timely updates with sufficient time to review materials
- Further familiarisation with the business and various corporate and operational details
- Additional function-specific, in-depth sessions.

Detailed information of the Audit and Risk Committee's review is available on page 129.

In accordance with corporate governance requirements, the most recent externally facilitated evaluation was undertaken in 2019 by Fidelio Partners, an independent Board Development and Executive Search consultancy, who also conducted Polymetal's 2016 evaluation. Fidelio's relationship with Polymetal focused only on Board effectiveness; Fidelio did not provide recruitment, search or other advisory services and it has no connections with Polymetal or individual Directors. Fidelio highlighted several forward-looking themes. These have provided a focal point for the Board for the development of implementation plans.

Board's stakeholder engagement

Shareholders

We have a structured approach to our shareholder engagement, which includes market updates, meetings, roadshows, shareholder consultations and General Meetings. We ensure that shareholders' interests are considered as part of our Board decision-making process. The main trend for this year was an increase in communication with retail investors, both quantitatively and qualitatively.

Investor meetings

Despite geopolitical uncertainty, we remained committed to proactive shareholder and investor engagement. The Company remained open and transparent, and continued its reporting and communications with stakeholders in the usual, regular manner, alongside additional business updates about the current state of the Company. In 2022, there was a significant shift in the shareholder base towards retail with investor attention becoming more intense. We received more calls and letters, communicated on forums and, at the same time, dealt with questions from investors that were both insightful and profound. Responding to this increased demand, Polymetal organised its first virtual retail investors webinar with more than 100 retail investors participating; the Company also held over 150 online and personal meetings with institutional investors.

Capital Markets Days

In April 2022, Polymetal held a hybrid Capital Market Day in London. Senior management presented updates on Polymetal's strategy and mid-term growth outlook in the constantly changing political and economic environment. The presentation covered current operations, the impact of sanctions and reviewed Polymetal's key development projects: a video on progress to date and drone footage of major projects was shown to investors.

Annual General Meeting

- At the AGM, the Board communicates directly with shareholders about the business and they, in return, have an opportunity to meet and pose questions to the Directors in attendance.
- The AGM is held in London to facilitate easier participation by shareholders. The Board Chair and Chairs of all Board Committees make themselves available to answer any questions that shareholders may have.
- The Integrated Annual Report and Notice of the AGM are made available – in printed form and on our website – at least 20 working days before the AGM to ensure that shareholders have time to consider them in detail.
- The AGM voting results are reported via the London Stock Exchange and on our website.

Shareholder engagement

In addition to investor meetings attended by Board Chair and some Directors, separate engagement is arranged with our key shareholders to discuss various areas of corporate governance. In 2022, we listened to shareholders' views on the changes to the registration structure of the Company and mid-term outlook. Additional work on restructuring is being carried out in response to the feedback.

Board Chair, Senior Independent Director and Committee Chairs

At the 2023 AGM, the revised Remuneration Policy will be put to shareholders for approval. Shareholder consultation took place ahead of the AGM with top shareholders contacted by letter explaining the rationale behind the revised Remuneration Policy.

The Committee regularly consults with the Company's major shareholders, and sought their feedback on the amendments to the revised Directors' Remuneration Policy. The shareholder consultation period started in January 2023 on the changes to the implementation of the Remuneration Policy for 2023 (annual bonus metrics) and proposed amendment to the Remuneration Policy (addition of ESG metrics to the LTIP). The Company Secretary responded to several e-mails clarifying details for shareholders. The proposals received overall positive feedback and support.

All Committee Chairs offer themselves for shareholder meetings on a regular basis.

Shareholder engagement outcomes

As a result of shareholders' feedback, we further enhanced disclosure, particularly focusing on providing comprehensible and thorough feedback on the current state of the Company and the corporate strategic initiatives. We sought to remain committed to such matters as proactive shareholder and investor engagement, transparency of governance, safety, ethics and environment with our policies and protocols that govern our day-to-day operations. We regularly publish detailed updates and FAQs in response to an increased volume of inquiries from retail and institutional shareholders.

Employees

A formalised approach to workforce engagement is a requirement of the UK Code.

Polymetal has in place a comprehensive engagement system with its employees – one of the largest stakeholder groups. It takes account of the Group's wide geographic spread and often extremely remote locations and includes Direct Lines to the Group CEO and departmental heads, large-scale employee engagement surveys once every two years, regular pulse surveys on particular topics, dedicated meetings with employees as well as direct Board engagement.

The Directors' Direct Line is included in the circle of continuous feedback for our employees and comprises: collecting questions from the employees; distributing them between Directors; providing feedback directly to employees and publishing responses on information boards, the intranet and in the corporate newspaper. Matters that require managerial input are directed to the relevant departments. Further information on employee engagement is available on page 54.

In addition, Directors meet with groups of employees during Board meetings and site trips, including informal engagement.

Employee engagement outcomes

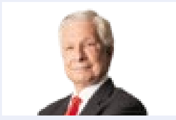
A constructive feedback process allows employees to engage directly with Directors so that they are made aware of any concerns among the workforce. During the reporting period, there were no complaints or grievances relating to discrimination or violation of human rights. The results of both Directors and managerial engagement are disseminated to employees via the intranet and a summary provided to the Nomination Committee.

> The Group's liquidity position and historical ability to withstand global economic turbulence has been reinforced."

Steven Dashevsky
Chair, Audit and Risk Committee

Audit and Risk Committee

Steven Dashevsky



Paul Ostling

Evgueni Konovalenko

Rich Sharko

Meeting attendance

Steven Dashevsky[1]	8/8	Giacomo Baizini[5]	8/9
Paul Ostling[2]	8/8	Ollie Oliveira[6]	3/3
Evgueni Konovalenko[3]	1/1	Victor Flores[6]	3/3
Rich Sharko[4]	1/1	Tracey Kerr[6]	3/3
		Andrea Abt[6]	3/3

1 Member from 25 April 2022, Chair from 9 November 2022.
2 From 25 April 2022.
3 From 9 November 2022.
4 From 1 December 2022.
5 Until 28 September 2022.
6 Until 7 March 2022.

Three meetings took place with external and internal auditors without the management present.

The Audit and Risk Committee is an independent body, consisting only of Independent Non-Executive Directors with relevant skills and experience in financial reporting and risk management.

The Committee is attended (by invitation) on a regular basis by the Board Chair, CFO, Company Secretary, Head of Financial Control, Head of Reporting, Head of Internal Audit, heads of legal and security departments and the statutory auditor.

The Board considers that the composition and work of the Audit and Risk Committee complies with the requirements of the UK Code.

For further detail on biographies and Board experience: pages 112-113.

Fair, balanced and understandable

The Board and the Audit and Risk Committee are satisfied that the Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee ensured that the Company has applied the following robust process:

- Clear instructions and a timeline are provided to all participants in the annual reporting process. All regulatory requirements and best practice recommendations are monitored and communicated to the participants on an ongoing basis.
- Members of all Board Committees review the relevant sections of the Annual Report to ensure that the key messages and information disclosed are aligned with the Company's strategy and performance, and are consistent with their understanding of the Company's business.
- The Committee, management and external auditors hold an early-warning conference call to review critical accounting judgements and estimates and to discuss any significant issues related to the consolidated financial statements in advance.
- The Committee reviews the disclosure of Alternative Performance Measures (APMs) to ensure appropriate prominence of APMs and IFRS measures and their presentation throughout the Annual Report. A guide to APMs can be found in the "Alternative performance measures" section on pages 218–219.
- The Committee reviews the Annual Report and financial statements – including significant accounting issues explained in the notes to the consolidated financial statements, based on its knowledge, discussions, management papers or other interactions with management, as well as the conclusions of external auditors – and recommends them to the Board for approval.
- In mid-March, the preliminary financial statements are approved by the Board for release to the London Stock Exchange to ensure timely disclosure of financial information.
- In late March, the Annual Report is approved by the Board for publication on the Company's website and circulation to its shareholders.

	Key responsibilities	Focus during 2022
Integrity of financial statements	• Monitoring the integrity of the Group's consolidated financial statements • Reviewing financial statements, including the consistency of accounting policies across the Group, the methods used to account for significant transactions, the reasonableness of significant estimates and judgements and the clarity and completeness of disclosure	• Approved the budget for 2022 • Reviewed and recommended for approval of financial and risk information included in the Integrated Annual Report 2021 and Polymetal's half-yearly results for the six months ended 30 June 2022 • Supervised preparation of the longer-term viability statement and the going concern assessment • Reviewed major assumptions/risks discussion for annual financials (goodwill, property plant and equipment and Exploration and Evaluation (E&E) asset impairment, NRV testing of metal inventories, significant transactions, valuation of contingent consideration assets and liabilities, changes in accounting policy) • Reviewed all information in the Integrated Annual Report and considered its accuracy/consistency with the financial statements • Deep dive into significant regulatory developments (BEIS White Paper developments and audit reform status) • Overview of corporate transactions for 2022 • Reviewed approach to discount rate calculations and application • Reviewed TCFD assurance status
Internal controls and risk management	• Reviewing the effectiveness of the Group's system of internal controls and risk management and ensuring shareholders' interests are properly protected • Monitoring and reviewing the effectiveness of the Group's internal audit	• Reviewed the critical risks and exposures, including significant judgements, findings, impairments and tax risks; discussed emerging risks • Reviewed legal compliance report, recent tax judgements and other potential exposures • Reviewed security department's incident reports, including whistleblowing and reports to the external hotline • Reviewed reporting from internal auditors on key controls and approved internal audit plan • Performed an in-depth review of several subsidiaries: Nezhda, Kyzyl, Omolon • Performed deep dive on cybersecurity risks • Monitored the effectiveness of internal audit • Reviewed approach to hedging and interest swaps • Approved significant transactions
External auditor	• Making recommendations to the Board on the appointment or removal of the Group's external auditor • Reviewing the effectiveness of the external audit process • Reviewing the independence and objectivity of the external auditor and the appropriateness of the provision of any non-audit services	• Organised tender for the appointment of the new statutory auditor • Approved the terms of external audit engagement (including scope) and the Group's external audit plan • Reviewed audit planning report for 2022 year end • Reviewed the actual external audit fee in 2022 and compared with the authorised amount • Reviewed the independence and effectiveness of the external auditor • Reviewed non-audit services (including interim review and TCFD reporting)
Policies and procedures	• Reviewing the Group's policies and procedures for preventing and detecting bribery and fraud, and the systems and controls in place to ensure that the Group complies with relevant regulatory and legal requirements	• Supervised compliance with the Company's Anti-Bribery and Corruption, Whistleblowing, Treasury and other policies and procedures • Compliance with sanctions • Reviewed approach to related and connected party transactions • Performed accounting policies review (IFRS 15 Contracts with Customers, IFRS 16 Leases, IAS 16 Property, Plant and Equipment, IFRS 3 Business Combinations) • Performed an internal evaluation of the Committee and reviewed terms of reference • Reviewed the work plan for 2023

The principles and provisions

In the reporting period, all members of the Committee had financial experience and competence relevant to the sector in which the Company operates: Messrs Ostling and Sharko have competence in accounting and Messrs Dashevsky and Konovalenko have competence in finance. Detailed information on the experience, skills and qualifications of all Committee members can be found on pages 112-113. Mr Dashevsky is also a member of the Safety and Sustainability Committee, which ensures continuity between the workings of both Committees.

Ultimate responsibility for reviewing and approving the interim and annual financial statements remains with the Board. The Board considers that the Audit and Risk Committee complies with the provisions of the UK Code, FRC Guidance on Audit Committees and Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Committee gives due consideration to applicable laws and regulations and the requirements of the Listing Rules.

Significant issues related to the financial statements

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. During the year, the Committee has focused in particular on the key issues and areas of judgement listed below as being business-sensitive. The Committee has also reviewed detailed external auditor reports outlining audit work performed and any issues identified in respect of key judgements (see the independent auditor's report on pages 162-171).

Significant issues addressed by the Committee	How the Committee addressed the issues
Accounting Policy The Committee co-ordinates with the management team, independent auditor and internal auditors to monitor the choice of accounting policies and principles and ensure compliance with laws and regulations. The Committee considers and discusses with management any significant changes to accounting policies, estimates and judgements that management has identified.	The Committee reviewed management's analysis of IFRS 15 Contracts with Customers requirements, the existing accounting policy, the amendments to pricing that varies based on future market prices and subsequent adjustments (pricing and metal content) recognised within the revenue. The Committee examined the comprehensive analysis of Nezhda power line lease agreement, which falls under IFRS 16 Leases. Right-of-use asset of $118 million was recognised in July 2022. Significant corporate transactions were also reviewed. They represent asset acquisitions in accordance with IFRS 3 Business Combinations. The details are set out in Note 4 on page 190. The Committee is satisfied that the Group's accounting policy is acceptable under the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
Impairment of cash-generating units and development assets On a semi-annual basis, management performs a review of the asset portfolio of operating mines and mines under construction for indicators of impairment in accordance with IAS 36 Impairment of Assets. The Group also assesses the recoverability of exploration and evaluation assets based on the future success of exploration activities under the provisions of IFRS 6 Exploration for and Evaluation of Mineral Resources. Recoverability of E&E assets is dependent on the expected future success of exploration activities. The evaluation of the future prospects of E&E assets requires significant judgement. IFRS 6 requires an assessment of impairment indicators whereby facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. When such facts and circumstances exist, an entity is required to measure, present and disclose any impairment loss in accordance with IAS 36.	The Committee examined the comprehensive analysis prepared by management for the Group's current mine performance against expectations, changes in mineral reserves and resources, life-of-mine plans and exploration results, changes in the market and the economic and legal environment in which the Group operates that are usually not within its control and are expected to affect the recoverable amount of CGUs. Following a real discount rate increase for Russian assets from 8% in 2021 to 14.1% in 2022, driven by increased country risk premium, a total pre-tax impairment charge of $801 million (equivalent to a post-tax amount of $653 million) was recorded at 31 December 2022 in respect of Nezhda, Prognoz, Veduga and Kutyn, the newest assets in the portfolio with highest carrying values. See Note 17 on page 199. The other assets in the portfolio have sufficient headroom of their fair values over carrying values and were not impaired.
Tax exposures The Group is subject to domestic and international income tax and mining taxes in the Russian Federation and Kazakhstan. Judgement is required in determining the tax due when dealing with different tax legislation. In 2022 and 2021 no individual significant exposures were identified as probable and therefore provided for. Management has identified a total exposure in respect of contingent liabilities (covering taxes and related interest and penalties) of approximately $122 million being uncertain tax positions (31 December 2021: $157 million) which relate to income tax Note 16 on page 196.	The Committee received updates on the status and progress of tax audits and evaluated management's assessment of various tax risks and appropriateness of provisions recorded and contingent liability disclosures made in the financial statements, where applicable. The review did not identify any concerns with the Group's tax compliance and relevant disclosure in the financial statements. See Note 12 on page 195 and Note 16 on page 196.
Longer-term viability statement The viability statement, scenario analysis process and key risks factored into the analysis are presented on pages 153–154.	The Committee exercised oversight of the viability statement development process, including assessment of the Group's prospects made by management, the time horizon over which the assessment was made, the basis of preparation and the results of risk-scenario analysis. Additionally, the Committee challenged how the risk of operating disruptions due to the realisation of critical risks had been modelled in a stress scenario.
Going concern basis in preparing the financial statements The Directors are required to include a statement confirming that they have a reasonable expectation that the Company will remain solvent and be able to meet its liabilities over a period of 12 months from the signing of the financial statements (i.e. that the Company is a 'going concern').	The Committee considered the Group's liquidity and solvency risk, and mitigating actions that management may undertake to ensure that the Group has access to sufficient funds to meet its obligations and continue in operation. The Committee took into consideration the potential impact of the sanctions against Russia, the potential implications for the Group's supply chain, inventory management, purchase and sales logistics and access to capital and any contingency plans that would address such consequences and limit any business disruption. Based on the analysis performed, the Committee has concluded that the Group will be able to continue as a going concern for at least 12 months from the date of signing of the financial statements.
Climate change resilience and TCFD Climate-related risks scenario analysis and key risks factored into the analysis are presented on pages 62, 251.	The Committee concluded that the scenario analysis, time horizon and assumptions used were sufficiently severe and feasible, including those related to the potential impact of climate change on the Group's financial and operating performance and future prospects, and aligned well with the Group's budgeting and forecasting processes, strategy and business model.

Internal controls and risk management

Risk management

Given the escalation in Ukraine, the Audit and Risk Committee continued to review management's analysis of the Group's exposure to the internationally imposed and potential sanctions and its resilience over the period of the going concern and longer-term viability. The Group's liquidity position and historical ability to withstand global economic turbulence has also been considered. With contingency planning in place to ensure business continuity, including establishing new sales channels, engaging new suppliers and contractors, liquidity management and debt portfolio diversification, the Group was able to mitigate the exposure and ensure sufficient resilience.

The Committee considered whether the description of strategy, business model, principal risks and uncertainties and future plans were consistent with the understanding of the Board, and whether the controls over the consistency and accuracy of the information presented in the Integrated Annual Report are fair and robust. Given the escalation of geopolitical tensions and consequent economic and financial sanctions imposed, the Committee considered whether the potential risks to the business were appropriately and adequately analysed and reported.

Risk management approach and risk assessment is the responsibility of the Board and is integral to the achievement of the Group's strategic objectives. The Board is satisfied that there is an ongoing process, which was operational during the year and up to the date of approval of the Integrated Annual Report, for identifying, evaluating and managing the principal and emerging risks faced by the Group, as described on page 97.

The Board takes account of material changes and trends in the risk profile, including robust assessment of the Company's emerging risks, and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives. The Group's Risk Management Policy and the internal guidelines of key business processes ensure that the procedures are embedded in all of Polymetal's systems and processes, and that the Company's responses to risk remain current and dynamic.

The Group enforces a responsible risk-awareness business culture throughout all Group entities to identify, assess and mitigate principal risks and to keep residual risk at an acceptable level. The Audit and Risk Committee assists the Board with its assessment of the Group's principal risks and its review of the effectiveness of the risk management process. During its meetings throughout the year, the Committee reviews the reports on Group-level risk profiles and controls that are in place.

The Group has implemented enterprise and operational policies and controls to manage risks that may affect the achievement of the Group's strategic objectives. Transaction-level internal controls are designed to enhance the value of operational-level objectives and accountability of new projects and initiatives.

In conducting its annual review of the effectiveness of risk management and the internal control system (including financial, operating and compliance controls), the Board and Committee consider the key findings from the ongoing monitoring and reporting processes, management representations and independent assurance reports. Management provides a timely response to issues raised by internal audit. Where possible, the issues are resolved within one reporting period.

Further details of the Group's Risk Management Framework and risk governance are provided on pages 96–99.

Internal audit (IA)

The IA Department supports the Board, through the Audit and Risk Committee, in evaluating the Company's and the Group's governance framework. It also aims to raise levels of understanding and awareness of risk and control throughout the Group.

Internal auditors maintain organisational independence from Group management by reporting to the Audit and Risk Committee on substantive matters and to the Group CEO for administrative purposes; the internal auditors additionally report their findings to the members of the Group's executive management. Any potential conflicts of interest should be disclosed by the internal auditors as they arise; internal auditors are not allowed to audit areas where they have held operational roles in the previous 12 months.

Assessing the effectiveness of internal audit

The IA Department's annual work plan is approved by the Audit and Risk Committee. It is based on a risk tolerance evaluation that ensures the achievement of the Group's operating objectives and focuses on the principal risks of the Group's risk profile. The head of IA reports to the Board through the Audit and Risk Committee. The KPIs of the head of IA are completion of work in accordance with the approved plan, quality of audits and the number of follow-up audits, where agreed recommendations have been implemented.

In addition to the Audit and Risk Committee assessment, the internal auditors use an annual self-certification process, which requires managers throughout the Group to personally confirm the testing of internal controls and compliance with Group policies within their business or function, as well as the steps taken to address actual or potential issues that are identified. The results of self-certification as well as management response thereto are provided to the Committee along with other reports on the IA activities.

The IA Department also performs periodic external certification. The most recent was performed by EY and results were presented to the Audit and Risk Committee in December 2021. EY confirmed that the IA function generally conforms with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors, and applies the Code of Ethics, issued by the Institute of Internal Auditors.

Internal control framework and activities

The management structure of the Group and internal policies and procedures are aimed at maintaining a robust control framework within the Group to encourage the achievement of strategic objectives within set risk tolerance levels. This framework includes:

- An appropriate tone set from the top (Board level), aimed at building the appropriate control environment and ethical climate
- Management support of a comprehensive risk management system (for more detail refer to pages 96–97)
- Strong segregation of duties including internal controls over sensitive transactions
- Specific control activities implemented at all levels of the Group
- A periodic review of the effectiveness of internal controls.

The governance framework reflects the specific structure and management of the Group, where authority and control are delegated by the Board to different levels, from senior management to the managers of the Group's operating entities, and then cascaded down to business and project managers as appropriate. Within this framework, authority is delegated with clearly prescribed limits and decisions are escalated where either project size or risk profile require a higher level of authority. In addition to controls operating at transaction level (production, exploration, construction, procurement), the control framework also includes a set of general procedures for transaction approval, financial accounting, reporting and budgeting.

The Board confirms that the actions it considers necessary have been or are being taken to remedy any failings or weaknesses in the Group's system of internal controls. Based on the results of the review of risk management and internal control activities undertaken by the Board and the Audit and Risk Committee, the Board considers that the risk management and internal control systems are in accordance with the relevant principles and provisions of the UK Code and other applicable guidance.

The Group's Risk Management Framework is considered effective if it complies with the following parameters:

- A special audit procedure proves that all elements of the Risk Management Framework are consistent with the COSO components and are in line with the Group's Risk Management Policy
- At least 75% of the Risk Management Framework's elements are assessed as 'Strong' or 'Good'
- Management's reports on internal controls demonstrate that there are no weaknesses in the controls and Risk Management Framework which might have significant consequences for the Group
- Internal audits carried out in accordance with the approved internal audit plan have revealed no weaknesses in the controls and Risk Management Framework which might have significant consequences for the Group.

If one or more of the Risk Management Framework elements are found to be inadequate, or there is direct evidence of the ineffectiveness of the Risk Management Framework, the head of IA function informs the executive management, and reports to the Audit and Risk Committee and the Board of Directors, asappropriate. No such reports were made in 2022.

External auditor

External auditor appointment and audit tender

Deloitte LLP stepped down as Group auditor in April 2022, following the announcement on 7 March 2022 that Deloitte's Russian and Belarus firms would separate from the global network of member firms of which Deloitte LLP is a part. They concluded that they would not be able to carry out an audit of the Company given that the majority of its assets and operations are in Russia.

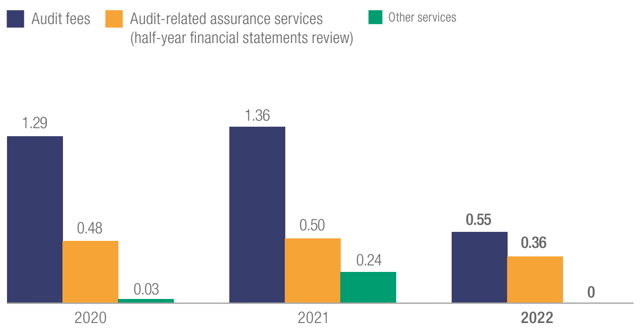
The Audit and Risk Committee held a competitive tender process in compliance with the Competition and Markets Authority regulations, applicable regulatory requirements and Financial Reporting Council guidance. As a result of an evaluation of the tender participants, engaging MHA MacIntyre Hudson (an independent member of Baker Tilly International Limited) as the Group auditor, with JSC Business Solutions and Technologies (previously Deloitte CIS) as the component auditor, was considered the preferred option and recommended by the Audit and Risk Committee for approval by the Board. MHA MacIntyre Hudson will act until the conclusion of the 2023 AGM, when the Group auditor will be proposed to shareholders for appointment by ordinary resolution.

The new Group auditor's initial engagement was the review of the 1H 2022 interim financial statements, published on 22 September 2022 and, thereafter, the annual audit for the year ending 31 December 2022.

The Company has analysed its legal position and has concluded that the appointment of MHA MacIntyre Hudson is not contradictory to any applicable sanctions. The Company is not an entity or a body established in Russia and does not consider itself to be an entity owned by or acting on behalf or at the direction of a 'person connected with Russia'.

The Company is in compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation Order 2014.

Statutory auditor's fees
($m)



Fees payable to the auditor for 2022 exclude any fees payable to the overseas component auditors, as they do not meet the definition of the auditor's associates.

Non-audit services by the external auditors

Polymetal's Policy on Independence and Provision of Non-Audit Services is based on the provisions of the Revised Ethical Standard, issued by the UK Financial Reporting Council, that became mandatory for Polymetal from 15 March 2020.

The Audit and Risk Committee monitors the Company's relationship with its external auditor in relation to the provision of non-audit services to ensure that auditor objectivity and independence are safeguarded. The external auditors are engaged in permitted non-audit services only, subject to the prohibited non-audit services for public interest entities, as provided in the Revised Ethical Standard. The 70% cap on non-audit fees remains applicable to certain services provided by the external auditor. The extent and nature of non-audit services performed by the external auditor in 2022 is disclosed in Note 14 on page 196.

Pre-approval thresholds are in place for the provision of permitted non-audit services by the external auditor. Non-audit services are approved by management (if below \$5,000), by the Chair of the Audit and Risk Committee (if between \$5,000 and \$20,000), and by the Audit and Risk Committee (if above \$20,000).

Further information is available in the Policy on Independence and Provision of Non-Audit Services on the Company's website.

No non-audit fees were incurred in 2022.

The Audit and Risk Committee has considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2022 and concluded that the nature and extent of non-audit services provided do not present a threat to the external auditor's objectivity or independence.

Audit quality

Auditor independence

Each year, the auditors are required to confirm in writing to the Committee that they have complied with the independence rules of their profession and regulations governing independence, and that they have complied with the requirements of the Company's policy on the provision of non-audit services. The external auditor is required to maintain appropriate records to provide reasonable assurance that its independence from the Company is not impaired.

Review of the effectiveness of the external audit process and audit quality

The Audit and Risk Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality, which focuses on the following areas:

- The audit partner, with particular focus on the lead audit engagement partner
- The audit team
- Planning and scope of the audit and identification of areas of audit risk
- Execution of the audit
- The role of management in an effective audit process
- Communications by the auditor with the Audit and Risk Committee, and how the auditor supports the work of the Audit and Risk Committee
- How the audit contributes insights and adds value
- The independence and objectivity of the audit firm and the quality of the formal audit report to shareholders.

An auditor assessment is completed annually by each member of the Audit and Risk Committee and by the CFO by way of formal meetings and questionnaires. Feedback is also sought from the Group CEO, other members of the finance team, divisional management and the head of IA. The feedback from this process is considered by the Audit and Risk Committee, and is provided both to the auditor and to management. Action plans arising are also reviewed by the Committee.

The effectiveness of management in the external audit process is assessed principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements, management's approach to the value of the independent audit, the booking of audit adjustments arising (if any) and the timely provision of draft public documents for review by the auditor and the Audit and Risk Committee.

Committee evaluation

In 2022, the Committee carried out a comprehensive self-evaluation of its performance. Members of the Committee, CFO and members of the finance team completed a thorough assessment questionnaire on the work of the Audit and Risk Committee and other related issues, including external audit and the quality, experience and expertise of the internal auditors.

Based on the assessment results, the areas that needed attention were aggregated and incorporated into the 2023 Committee work plan. All comments received were considered minor and the areas for further focus included:

Areas of improvement:

- induction and ongoing training
- better awareness of the Group policies, ensuring the appropriate tone from the top and that policies reflects the Company's values established by the Board and
- clear succession plan for future Committee membership.

Additional deep-dive sessions (including by external providers) were proposed on:

- cyber and information management
- requirements for the ongoing operational resilience and
- internal controls over financial reporting and plans to include a readiness assessment.

Work with external auditor:

- review of the report on the audit firm's own internal quality control procedures
- review of the audit representation letters before signature by management and
- what actions the auditor has taken to address any matters identified for improvement.

Safety and Sustainability Committee report

> We remain committed to our safety policy and sustainability priorities despite challenging times."

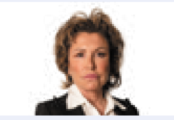
Janat Berdalina
Chair, Safety and Sustainability Committee

Safety and Sustainability Committee

Janat Berdalina

Vitaly Nesis

Steven Dashevsky



Pascale Jeannin Perez

Meeting attendance

Janat Berdalina[1]	1/1	Tracey Kerr[3]	2/2
Vitaly Nesis	3/3	Ian Cockerill[3]	2/2
Steven Dashevsky[1]	1/1	Victor Flores[3]	2/2
Pascale Jeannin Perez[2]	1/1		

1 From 22 March 2022.
2 From 1 December 2022.
3 Until 7 March 2022.

The Safety and Sustainability Committee comprises four Directors. The Committee members' experience includes a wide range of sustainability issues, such as health and safety, operational risk management, environment, energy management and climate change, including:

- Policy
- Carbon emissions reduction targets
- Climate risk management and adaptation
- Climate-related projects and relative funds
- TCFD disclosure and sustainability reporting.

Members of the Safety and Sustainability Committee attend those sections of Audit and Risk Committee meetings dealing with risk.

For further details of biographies and Board experience, see pages 112-113.

Safety competence and management

The Safety and Sustainability Committee oversees the implementation of the Group's 'zero-harm' approach, which is aimed at achieving the goal of zero fatalities and continuous reduction of frequency and severity of lost-time injuries. This includes improvements in risk management procedures, the application of digital technologies and promoting a safety culture. The Committee annually reviews critical safety risks, evaluates the effectiveness of safety measures and monitors the investigation of work-related incidents involving our employees or those of contractors operating at our sites. This robust approach resulted in zero fatalities and the decrease of LTIFR to 0.10 per 200,000 hours worked in 2022 (2021: 0.12).

Overseeing climate strategy

In 2022, Polymetal published its second climate-change disclosure as a part of the Integrated Annual Report. In the report, Polymetal commits to targets based on the Paris Agreement principles (in line with a trajectory of 'much lower than 2°C'). To achieve these goals, we have developed a comprehensive programme that includes a wide range of projects and allocated sufficient funds to implementation. We are yet to set a net zero target that fully covers all categories of direct and energy-related indirect emissions, as well as to set Scope 3 specific target, and intend to continue working towards full coverage of Scope 3 emissions in order to align to the Paris Agreement. The report also contains information on specific projects to reduce carbon footprint at our mines, climate scenarios and its approach to managing climate-related risks and opportunities (including governance and strategy features). The qualitative and quantitative data disclosed in the report has been prepared in accordance with the recommendations of the Financial Services Board's Task Force on Climate-related Financial Disclosures (TCFD) and accompanies our annual submissions under the Carbon Disclosure Project (CDP).

The Climate Change Policy, approved in 2021, introduces an approach for evaluating the impact caused by the changing climate on the Group's operations, cutting greenhouse gas emissions and improving energy efficiency wherever the Group operates, taking account of good international practice and the goals of the Paris Agreement.

TCFD disclosure

This Integrated Annual Report contains full disclosure under the TCFD requirements. The report follows the recommendations of the disclosures under four pillars: governance, strategy, risk management and metrics and targets. The Safety and Sustainability Committee, jointly with the Audit and Risk Committee, closely supervised preparation of the report. Full information on our approach to managing climate-related risk and opportunity, and guidance on where to find disclosures aligned to the Financial Stability Board's TCFD recommendations are available in the Task Force on Climate-related Financial Disclosure section on pages 62, 251.

	Key responsibilities	Focus during 2022
Health & Safety	• Receives reports from management on significant safety, health and sustainability issues • Oversees management's interaction with regulatory authorities on safety, health and sustainability matters • Reviews and monitors the safety, health and sustainability performance of the Group • Considers whether an independent audit of processes is appropriate and reviews audit results and findings on health, safety and sustainability, the action plans pursuant to the findings and the result of investigations into significant events	• Health and safety (H&S) work plan for 2022, key risks assessment • H&S report for 2022 • Safety incidents and accidents • Safety deep dives: – Roll-out of safety culture among contractors – Road accidents at winter roads (including contractors), Yakutsk branch. – Technology and innovation for safety
Sustainability	• Oversees the Company's overall approach to sustainability, including the establishment and periodic review of the safety, health and sustainability strategy and policies • Receives regular updates from management regarding compliance with safety, health and environmental legislation and internal targets; commitment to the principles of the International Council on Mining and Metals and the UN Global Compact regarding sustainable development and the policies and systems in place to monitor such compliance	• Review of the sustainability-related disclosures in the Integrated Annual Report 2021 • Carbon accounting system review and improvement • Approach to climate strategy: climate risks and their management, carbon footprint and ways of reducing it • Discussion of preliminary sustainability results for 2022 and targets for 2023-2025 • Reforestation • Mine closure costs
Ethical conduct	• Ensures that the Company consistently exhibits and promotes ethical, transparent and responsible behaviour, engages with key stakeholders and communities, and contributes to the development and growth of healthy and sustainable communities • Monitors the effectiveness of the safety, health and sustainability policies, systems, risk management programmes and processes in place • Liaises with the Audit and Risk Committee and internal audit function, oversees the implementation of the safety, health and sustainability risk management and internal control procedures • Reviews the benchmarking of the policies, systems and monitoring processes	• Modern Slavery Statement and implementation of the Modern Slavery Policy • Group policies review and recommendation for Board approval • Review of the Committee's performance and its terms of reference • Review of the work plan for 2023

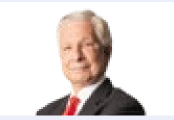
ESG remuneration components

In line with the Company's enhanced emphasis on ESG, the KPI structure for the Group CEO includes a 15% ESG KPI. The sustainability/ESG KPI is defined each year by the Safety and Sustainability Committee in line with the Group's long-term targets and is based on a comprehensive scorecard.

To ensure consistent application and measurable results, the ESG KPI cascades down to all relevant employees: Group CEO, COO, mine directors, subsidiary directors and their deputies, senior managers in the management company and heads of the main operational units and their deputies. Further information is available in the Remuneration Report on pages 132-149.

> We believe that remuneration should be a fair reflection of the Company's performance while aligning with our stakeholders' interests."
>
> **Paul Ostling**
> Chair, Remuneration Committee

Remuneration Committee


Paul Ostling


Evgueni Konovalenko


Janat Berdalina

Meeting attendance

Paul Ostling[1]	2/2	Ollie Oliveira[3]	2/2
Evgueni Konovalenko[2]	2/2	Andrea Abt[4]	2/2
Janat Berdalina[2]	2/2	Italia Boninelli[4]	2/2

1 Chair from 19 March 2022.
2 Member from 19 March 2022.
3 Chair until 7 March 2022.
4 Member until 7 March 2022.

The Remuneration Committee comprises three Independent Non-Executive Directors who have no personal financial interest in the matters to be decided, other than as a shareholder (where applicable). The Committee is chaired by Mr Ostling and its other members are Mr Konovalenko and Ms Berdalina.

The Board considers that the composition and work of the Remuneration Committee complies with the requirements of the UK Code.

For further detail on biographies and Board experience: pages 112-113.

The main features of Polymetal's remuneration philosophy

Polymetal's Remuneration Policy sets out to achieve the following:

- Structured towards long-term corporate performance, taking into consideration the interests of all of our stakeholders as a whole.
- Attracts and fairly rewards high-calibre directors and executives in respect of the responsibilities undertaken and comparable pay levels.
- Incentivises management to maximise the value of Polymetal and align the interests of executives with those of shareholders.

The Remuneration Committee believes that the current pay structure for executive management is well aligned to the strategy of maintaining stakeholder value through growth and cash flow generation alongside a culture with high standards of corporate governance and sustainable development for the following reasons:

- There is a good balance between fixed and variable pay. Variable pay represents more than 50% of the total remuneration package for the Group CEO.
- The KPIs used are tailored to the strategic objectives and corporate culture.
- The KPIs currently used for variable pay can be objectively measured and are within management's control. Use of directly controllable KPIs ensures not only strategic alignment, but also reinforces the motivational impact of annual bonus targets.
- Deferral of 50% of the annual bonus ensures that short-term annual targets are not achieved at the expense of long-term shareholder value creation.

Finally, the long-term incentive plan provides a further significant incentive to execute the strategy of long-term value creation. It only generates significant payouts if Polymetal excels among its peers on delivering TSR by combining growth and dividends. This also enables management to participate in the share price and dividend upside, and strengthens alignment between management and shareholders' interests.

Proportionate remuneration

The Remuneration Committee pays particular attention to ensuring that there are no windfall gains that award failure, are not appropriate and do not reflect the underlying performance of the Group. During times of high share price volatility, it is especially important to ensure that there controls in place and apply discretion where necessary. Caps are applied to short-term and long-term remuneration to reduce the risk of potential excessive gains, and malus and clawback provisions are in place. The Committee has discretion to vary the proportion of awards. The following measures are used:

- Annual bonus: there is a cap on the overall maximum bonus outcome – 120% of base salary.
- Performance Share Plan (PSP): vesting is based on a GHG emissions intensity metric (20% weighting) and relative TSR (80% weighting), measured over four years against the constituents of the FTSE Gold Mines Index. Peers are ranked and the Company's position determines vesting. No award will vest if absolute TSR is negative, regardless of relative performance.
- PSP: the value that can be received in the year of vesting is limited to twice the face value of the award on grant. Any gains above this will be forfeited before the start of the one-year holding period.

	Key responsibilities	Focus during 2022
Remuneration Policy	• Determining, within agreed terms of reference, the remuneration of the Chair and specific remuneration packages for the Group CEO, the Company Secretary and members of senior management, including any pension rights and compensation payments	• Approach to remuneration: executive remuneration strategy and structure • Change to the Remuneration Policy to be voted on by shareholders at the 2023 AGM • Annual review of the Board Chair's fee • Performance Share Plan (PSP) update and scheme analysis
Remuneration of executive management	• Making recommendations to the Board on the Group's policy on the remuneration of executive management • Formulating suitable performance criteria for the performance-based pay of executive management • Reviewing and overseeing all aspects of any executive share scheme operated by or to be established by the Company	• Approval of bonuses and deferred shares issued to the Group CEO and senior management; confirmation that there was no malus or clawback • General employee remuneration update
Governance and employee benefit structures	• Having a duty of care to keep abreast of and act upon changes in law, regulations and other published guidelines or recommendations regarding the remuneration of directors of listed companies, including formation and operation of share schemes • Considering and making recommendations to the Board concerning disclosure of details of remuneration packages and structures, in addition to those required by law or regulations • Reviewing and advising the Board on any major changes in employee benefit structures throughout the Company or the Group	• Final approval of the Remuneration Report for 2021 • Remuneration governance update, feedback from shareholders on Remuneration Committee matters • Employee remuneration review • Analysis of labour remuneration conditions • Review of the Committee's terms of reference • Internal evaluation • Reimbursement Policy review • Review of the work plan for 2023

Proposed amendments to the Remuneration Policy

We last put our Directors' Remuneration Policy forward for shareholder approval in April 2020; therefore, the revised Policy will be put forward for shareholder approval at the forthcoming AGM. The Remuneration Committee has given significant thought to the relevance and applicability of the existing Policy and potential changes to the Policy in the context of the challenging global environment and technical implications that have arisen. We consulted with shareholders and proxy advisors about the proposals during January 2023 and no significant concerns were raised.

Our approach to share-based payments for the Executive Director

Overall, we believe our Policy works well without the need for major change. The Remuneration Committee believes that the current pay structure for executive management is well aligned to the strategy of maintaining stakeholder value through growth and cash flow generation, alongside a culture with high standards of corporate governance and sustainable development.

This is achieved, in part, through the use of share-based payments for our Executive Director (CEO). The current Policy includes shares as part of the deferred bonus award, whereby 50% of any annual bonus is deferred into shares and vests annually over the following three years in equal instalments, and as part of our PSP, with an annual grant level of 125% of salary. Additionally, we operate using market- leading shareholding guidelines, with the Group CEO required to hold 500% of salary in shares.

During the last year, one technical implication has arisen in respect of our Policy. Polymetal is currently restricted from issuing new shares to Russian residents, which significantly limited our ability to operate our Policy as intended for the Group CEO and for some employees.

While we believe that the current Policy previously worked well, with these restrictions in place, we believe that two actions are required in order to ensure that the Policy continues to work for both shareholders and the Group CEO:

- **Where it is not possible or practicable to award our deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards.**
- **The existing Policy allows for the Group CEO to receive a PSP award up to a maximum of 150% of salary, with a default grant level of 125% of salary. For the period where we cannot grant shares, we intend to make no PSP awards to the Group CEO.**

The proposed actions are intended to operate as a temporary solution until such time as restrictions are lifted. At that point, we intend to revert to the approach set out in the current Policy.

While we recognise there is a risk that the proposed actions above appear to significantly reduce the alignment of the Group CEO's pay with the shareholder experience, the Group CEO already has a shareholding of 1,814% of salary. This is significantly above the shareholding requirement of 500% of salary, maintaining a strong alignment with our shareholders.

In addition, it should be noted that during the period when PSP of 125% of salary is not granted, the overall package received by the Group CEO will be substantially reduced. While the maximum bonus opportunity is, and will remain at, 120% of salary, no further incentives will be available to the Group CEO while the above restrictions are in place. This is significantly below the overall pay opportunity available within equivalent companies.

The action of not granting any PSP awards while the restrictions are in place requires no changes to the Policy. Under the current wording for the Deferred Bonus in the Policy, however, the proposed approach would not be possible. We will, therefore, make a minor amendment to the Policy to enable a cash award to be made, as set out above. This will be put to shareholder vote as part of the Policy renewal at the 2023 AGM.

Changes to the Board Chair fee

We are additionally proposing a reduction in the fee for the Board Chair for 2023 from the current level of $500,000 to $350,000. The current fee level was set in 2020, in line with the median of the FTSE 100 companies at that time. During 2022, in considering our remuneration arrangements for the upcoming year, a decision was taken to reduce the fee. While the scope and demands of the role have not changed, the reduced fee of $350,000 more appropriately reflects the current size of the business.

Remuneration Policy alignment with the UK Code

When determining executive remuneration policy, the Committee is addressing the following principles as set out in the revised UK Code:

UK Code principle	How it is addressed
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	• The Group CEO interests are aligned with those of our shareholders and the Company's long-term objectives. 50% of the bonuses awarded each year to the Group CEO will be deferred into either shares in the Company (or cash, where it is not possible or practicable to award our deferred bonus in shares[1]) through the Deferred Share Awards (DSA) over a period of three years and malus provisions apply to the unvested awards. • The PSP provides an additional focus for key employees of the Group about long-term performance. The Committee has the flexibility to set the PSP metrics each year with at least 75% of the award being based on financial metrics. Under the current structure, 80% of the PSP is measured based on above median relative TSR, underpinned by positive absolute shareholder returns, and therefore fully aligned with sustainable shareholder-value creation. Starting from 2022, a GHG emissions intensity metric with a weighting of 20% was added to PSP vesting conditions. The ESG metric is subject to an additional underpin of zero incidents at tailing storage facilities and zero conflicts with local communities during the four-year performance period. • A vesting period of four years under the PSP, over which malus and clawback conditions apply to the unvested awards, with an additional post-vest holding period of one year (resulting in a total term of five years) ensures that management focuses on the long-term interests of the Company and of its stakeholders. • The minimum shareholding requirement for the Group CEO is 500% of base. The retention of the full shareholding is required for two years post-cessation of employment. Lock-up at the broker level to ensure compliance.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The general structure of the Directors' Remuneration Policy is simple and straightforward, including three main elements: • Fixed: base salary (any increase is typically in line with the wider workforce) and pension contributions (do not exceed the mandatory defined contribution to the statutory pension fund, in line with the wider workforce). • Short-term: annual bonus based on achievement of financial and non-financial KPIs. KPIs for the senior executives' team mirror those of the Group CEO where applicable and include directly controllable metrics. • Long-term incentive plan: provides a further significant incentive to execute the strategy of long-term value creation. DSA (50% of the Group CEO's bonus based on annual KPIs is deferred into shares or cash[2] released in equal instalments over three years) and PSP (based on relative and absolute TSR and ESG metrics over a vesting period of four years, followed by an additional post-vest holding period of one year).
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	• The Committee can use discretion in particular circumstances to override excessive outcomes. • The Remuneration Policy is aligned with the Group's risk management assessment process. • Caps are applied to short-term and long-term remuneration to reduce the risk of potential excessive gains, as well as malus and clawback provisions.
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	• The scenario analysis on page 138 provides estimates of the minimum target and maximum opportunity for the Group CEO remuneration. • In addition, the effect of future share price increases on the LTIP outcome is illustrated on page 138.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	• Performance-related pay makes up a significant proportion of the remuneration package (54% and 69% of total remuneration for target and maximum performance scenarios, respectively), with an appropriate balance between the reward for short- and long-term performance. • The drivers of variable pay (KPIs) are stretching, well-aligned with the Company's strategic and operational objectives and cascade throughout the organisation in a way that ensures our employees' pay is aligned to Polymetal's performance and to the wider principles of the policy. • Performance targets for all incentive plans are reviewed annually and, where appropriate, are typically set at a level that is in line with the Company's plans and budget.
Alignment to culture Incentive schemes should drive behaviours consistent with the Company's purpose, values and strategy.	• The KPIs used are tailored to the strategic objectives and corporate culture. • The management KPIs include significant weighting towards sustainability metrics, with the Group CEO's component purposefully focused on ESG. More than 70 different ESG KPIs are individually applied throughout the Group to the employees most able to make a difference.

1 As set out in the revised Remuneration Policy, subject to shareholder approval at the 2023 AGM, refer to page 148 for details.
2 As set out in the revised Remuneration Policy, where it is not possible or practicable to award deferred bonus in shares (subject to shareholder approval at the 2023 AGM, refer to page 148 for details).

Directors' Remuneration Policy

Summary table

At the forthcoming AGM, the Committee will be requesting shareholder approval of the following Remuneration Policy to cover a period of three years. The Policy will apply from the date of approval. No changes to the previous policy have been made, other than where indicated earlier in this report on page 133.

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Executive Director – Group CEO			
Base salary To attract and retain high-calibre executives	The Committee reviews the base salary on an annual basis and, when setting base salary for the following year, takes into account general economic and market conditions, underlying Group performance, the level of increases made across the Group as a whole, the remuneration of executives in similar positions in companies of a similar size and global mining peers, and individual performance.	Over the policy period, the base salary for the Group CEO will be set at an appropriate level within the peer group and will increase in line with base salary increases for the wider workforce, except where a change in the scope of the role occurs. The annual base salary for the reporting year and the current year is set out in the Annual Report on Remuneration and on page 148.	Not applicable.
Pension To provide funding for retirement	The Group does not fund any pension contributions or retirement benefits, except contributions to the mandatory pension fund of the Russian Federation, as required by Russian law. The Group pays defined contributions to the mandatory pension fund. This permits retiring employees to receive a defined monthly pension for life from the statutory pension fund.	Pension contribution does not exceed the mandatory contribution made to the pension fund of the Russian Federation. Currently 10% of total pay.	Not applicable.
Benefits	The Group does not provide any benefits for its Group CEO.	Not applicable.	Not applicable.
Annual bonus To focus on achieving annual performance goals, which are based on the Group's KPIs and strategy	The annual bonus result is determined by the Committee after the year end, based on performance against defined targets. Annual bonuses are paid three months after the end of the financial year to which they relate. 50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares, which are released annually to the employee over the next three years in equal instalments through the DSA plan. Where it is not possible or practicable to award the deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards. Clawback and malus conditions apply to the DSA. No clawback is applied to the cash part of the annual bonus, as this provision would contradict the labour law of the Russian Federation. Details of the DSA are set out on the next page.	Target bonus opportunity – 100% of base salary. Maximum bonus opportunity – 120% of base salary. For the Group CEO the H&S metric applies as a multiplier to the whole bonus: • 0 fatalities or severe cases: 1.2x multiplier; • more than 0 fatalities or severe cases, but fewer than 3 fatalities or 6 severe cases: multiplier between 0.5x and 1x; • 3 fatalities or 6 severe cases: 0.5x multiplier. The Committee has discretion to vary the list and weighting of performance metrics over the life of this Remuneration Policy. In addition, the Committee has discretion to vary performance metrics part-way through a year if there is a significant event, which causes the Committee to believe that the original performance metrics are no longer appropriate.	The annual bonus is earned based on the achievement of a mix of financial and non-financial measures over the financial year. For 2022, performance metrics (as described in detail on page 144) and associated weightings for each were: KPI / Weight / Maximum % Production / 20% / Max achievement 150% (weighted – 30% of base salary) Total cash cost / 20% / Max achievement 150% (weighted – 30% of base salary) Completion of new projects on time and within budget / 25% / Max achievement 110% (weighted – 27.5% of base salary) Health and safety / 20% / Max achievement 100% (weighted – 25% of base salary) ESG / 15% / Max achievement 150% (weighted – 15% of base salary) Total before cap on maximum bonus / 100% / 127.5% There is a cap on the overall maximum bonus outcome – 120% of base salary. Total / 100% / 120% of base salary No discretion was used in 2022. Details of the metrics distribution for 2022 are available on page 144.

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Long-Term Incentive Plan (LTIP)			
Deferred Share Awards plan (DSA) Deferral to encourage retention and alignment with shareholders' interests	50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares, which are released annually to the employee over the next three years in equal instalments. Where it is not possible or practicable to award our deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards. Clawback and malus provisions apply for the unvested portion of the DSA; the Remuneration Committee may, at any time up to and including vesting, reduce the number of shares that vest, should it consider that misconduct or fraud, material misstatement of accounts, corporate failure, serious reputational damage, or failure of risk management occurs. Dividend equivalents will be received on vested shares, reflecting the value of dividends that have been paid during the period from the grant date to the vesting date.	Not applicable.	Entitlement to this deferred component is subject to continued employment over the deferral period. In normal circumstances, DSAs will continue until the normal time of vesting upon cessation of employment due to death, injury, ill-health, disability, redundancy, retirement, or any other circumstance which the Committee determines (Good Leaver Circumstances). Alternatively, the Board may determine that DSAs will vest immediately. In both circumstances there would be no pro-rating of the DSAs for the time from the award date until cessation of employment or for performance. The DSA would lapse under other circumstances. No performance conditions apply to the DSA shares as they have been subject to fulfilment of annual KPIs.
Performance Share Plan (PSP) To provide long-term alignment with shareholders' interests by delivering sustainable above-market shareholder returns	Under the PSP, annual rolling conditional share awards are made with a four-year vesting period and an additional mandatory holding period of one year following vesting. Stretch performance targets reward participants for delivering positive absolute and superior relative TSR performance against global peers over the performance period. Clawback and malus provisions apply for the unvested portion of the PSP, whereby the Remuneration Committee may, at any time up to and including vesting, reduce the number of shares that vest, should it consider that misconduct or fraud, material misstatement of accounts, corporate failure, serious reputational damage, or failure of risk management occurs. At the Board's absolute discretion, a clawback provision could be applied in relation to vested shares. Retesting of the performance conditions in future years is not allowed under any circumstances. For the period where we cannot grant shares, we intend to make no PSP awards to the Executive.	Maximum grant permitted under the plan rules is 150% of salary per annum. Default grant level is expected to be 125% of base salary. The value that can be received in the year of vesting will be limited to twice the face value of the award on grant. Any gains above this will be forfeit before the start of the one-year holding period. In certain exceptional circumstances, the Remuneration Committee will be able to use discretion to disapply the cap. Outstanding award during 2019 had a default grant level of 150% of salary. Dividend equivalents will be received on vested shares, reflecting the value of dividends that have been paid during the period from the grant date to the vesting date.	The Committee has the flexibility to set the PSP metrics each year, with at least 75% of the award being based on financial metrics. Starting from 2022[1], vesting will be based on the following metrics: (1) Relative TSR (80% weighting), measured over four years against the constituents of the FTSE Gold Mines Index and also on the Company's absolute TSR. Peers are ranked and the Company's position determines vesting: • 0% vests for below median performance • 20% vests at median performance • 100% vests at upper quintile performance and above • Vesting occurs on a linear basis between median and upper quintile performance. No award will vest if absolute TSR is negative, regardless of relative performance. (2) GHG emissions intensity metric (20% weighting). This metric is subject to an additional underpin of zero incidents at tailing storage facilities and zero conflicts with local communities during the four-year performance period. The Committee may substitute, vary or waive the performance targets if an event occurs which causes the Committee to consider that the target is no longer appropriate. The Committee has discretion to vary the proportion of awards that vest to ensure that the outcomes are fair and appropriate, and reflect the underlying performance of the Group.

1 Prior to 2022, PSP vesting was solely based on TSR metric (100% weighting).

Use of discretion for LTIP programme (DSA and PSP)

When setting forward-looking targets, it is not always possible to predict the outcomes, especially with the quickly changing market environment and the volatility of our sector. The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award payable is appropriate. The Committee will make adjustments to retain the original intent and challenge of the performance measure in the event of, for example, corporate transactions, significant commodity, share price or other macroeconomic volatility or changes to accounting standards. If any discretion is exercised, the rationale will be fully disclosed in the subsequent Annual Report on Remuneration. For the period where we cannot grant shares, we intend to make no PSP awards to the Executive Director.

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Long-Term Incentive Plan (LTIP) continued			
Minimum shareholding requirements To strengthen alignment between the interests of the Executive Director and those of shareholders	Unvested shares under the PSP or DSA are not taken into account when calculating progress towards the minimum shareholding requirements. For the purposes of determining whether the requirements have been met, the share price is measured at the end of each financial year[2]. Post vesting and tax, all shares acquired under PSP and DSA awards must be retained until the shareholding requirement is met.	The minimum shareholding requirement for the Group CEO is 500% of base salary. The retention of the full shareholding is required for two years post-cessation of employment, with lock-up at the broker level to ensure compliance.	Not applicable.
Non-Executive Directors			
Fees for Non-Executive Directors To attract and retain high-calibre Non-Executive Directors	The fees of Independent Non-Executive Directors are set by reference to those paid by companies of a similar size. Fees are set to reflect the responsibilities and time spent by Non-Executive Directors on the affairs of the Company. No fees are paid to Non-Independent, Non-Executive Directors. Non-Executive Directors are not eligible to receive benefits and do not participate in incentive or pension plans. The following fees are paid in addition to the Non-Executive Director base fee: Committee Chair's fee; Senior Independent Director fee; Committee membership fee; and Board, Committee and General Shareholder Meeting attendance fees. The Remuneration Committee determines the framework and broad policy for the remuneration of the Board Chair for approval by the Board. The remuneration of Non-Executive Directors is a matter for the Board Chair and the Executive members of the Board, i.e. the Group CEO. Directors do not participate in discussions relating to their own fees.	Fees are reviewed, but not necessarily increased, on an annual basis. Any increase in Non-Executive Directors' fees will normally be in line with market levels for similar roles in UK-listed companies, except where a change in the scope of the role occurs. Current fee levels are set out in the Annual Report on Remuneration on page 149.	Not applicable.

2 Shares are valued for these purposes at the average price for the 90-day period ending 31 December of the financial year.

Performance measures and targets

The Committee selected the performance conditions indicated in the policy table because they are central to the Company's overall strategy, and include the key metrics used under the annual bonus and LTIP by the Group CEO to oversee the operation of the business.

Performance targets for all of our incentive plans are reviewed annually and, where appropriate, are typically set at a level that is in line with the Company's plans and budget.

Illustration of application of the Remuneration Policy

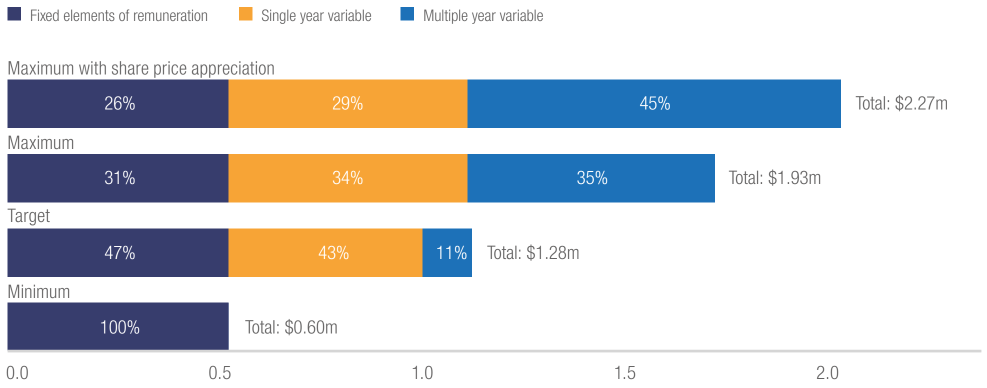
The composition and structure of the remuneration package for the Group CEO under four performance scenarios (minimum performance, target performance, maximum performance and maximum with share price appreciation) are set out in the chart below.

This chart shows that the proportion of remuneration delivered through short-term and long-term incentive schemes is in line with our Remuneration Policy and changes significantly across the three performance scenarios. As such, the package promotes the achievement of both short-term and long-term performance targets and drives the alignment of the Group CEO's interests with the interests of shareholders.

Note:

Scenario values are translated at the budgeted exchange rate of 65 RUB/$.

Application of remuneration policy



	Minimum	Target	Maximum	Maximum with share price appreciation
Fixed elements	Base salary and pension	Base salary and pension	Base salary and pension	Base salary and pension
Single year variable	Performance against quantitative KPIs is below budget. Non-achievement of qualitative or non-financial KPIs. 0% pay-out.	Performance against quantitative KPIs is at budgeted levels. Full achievement of non-financial KPIs. 100% of base salary pay-out (83.3% of maximum opportunity). Includes DSA awards.	Performance against quantitative KPIs is above budgeted levels. Full achievement of non-financial KPIs. 120% of base salary pay-out (100% of maximum opportunity). Includes DSA awards.	Performance against quantitative KPIs is above budgeted levels. Full achievement of non-financial KPIs. 120% of base salary pay-out (100% of maximum opportunity). Includes DSA awards.
Multiple year variable	Share price performance is below the median of FTSE Gold Mines Index constituents. No shares vest.	Scenario is based on 125% policy awards. Share price performance is at median of FTSE Gold Mines Index constituents. Shares equivalent to 25% of base salary vest under the PSP (20% of total shares available).	Share price performance is in the top quintile of FTSE Gold Mines Index constituents. Shares equivalent to 125% of base salary vest under the PSP (100% of total shares available).	Share price performance is in the top quintile of FTSE Gold Mines Index constituents. Shares equivalent to 125% of base salary vest under the PSP (100% of total shares available). Share price appreciation of 50% has been assumed.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay a competitive overall package, as appropriate, to attract and motivate the right talent for the role. If an executive is promoted to the Board from within the Company, any pre-existing awards or benefits that were made available to them prior to becoming a Director (and not in anticipation of an imminent promotion to the Board) will be retained and allowed to vest or be provided under the original terms.

The following table sets out the various components that would be considered for inclusion in the remuneration package for the appointment of an Executive Director. Any new Director's remuneration package would include the same elements, set at a level consistent with the scope of the role (at a level not exceeding that of the Group CEO as set out in the Remuneration Policy table), and be subject to the same constraints as those of existing Executive Directors performing similar roles, as shown below.

Area	Policy and operation
Base salary and benefits	The base salary level will be set by taking into account the experience of the individual and the salaries paid in comparable companies. Depending on the circumstances of any particular appointment, the Committee may choose to set the base salary below market median and increase the amount paid over a period of time to achieve alignment with market levels for the role (with reference to the experience and performance of the individual), subject to the Company's ability to pay. In line with the Remuneration Policy, as set out in the Directors' Remuneration Policy table, no benefits will be provided to recruited Directors.
Pension	Pension contributions will be limited to the mandatory contributions required by Cypriot/Russian/Kazakh or any other applicable law, as set out in the Directors' Remuneration Policy table.
Annual bonus	The Executive Director will be eligible to participate in the annual bonus scheme as set out in the Directors' Remuneration Policy table. The maximum annual opportunity is 120% of base salary. 50% of any bonus is deferred into shares under the DSA, subject to legal limitations, as set out in the Directors' Remuneration Policy table.
Long-term incentives	The Executive Director will be eligible to participate in the PSP part of the LTIP at the Remuneration Committee's discretion and in line with the details set out in the Directors' Remuneration Policy table (subject to legal limitations). The maximum annual grant permitted under the scheme rules is 150% of base salary and the normal grant level is up to 125% of base salary. Performance measures would apply, as set out in the Directors' Remuneration Policy table.
Replacement awards	The Committee will seek to structure any replacement awards so that overall they are no more generous in terms of quantum or timing than the awards to be forfeited as a consequence of the individual joining the Company. In determining the quantum and structure of any replacement awards, the Committee will seek to replicate the fair value and, as far as practicable, the timing, form and performance requirements of the forfeited remuneration. The maximum value of replacement awards is capped at 50% of the individual's base salary and at least 50% of any replacement award should be delivered in the Company's shares.
Other	Should relocation of a newly recruited Executive Director be required, reasonable costs associated with this relocation will be met by the Company. Such relocation support may include, but not be limited to, payment of legal fees, removal costs, temporary accommodation/hotel costs, a contribution to stamp duty and replacement of non-transferable household items. In addition, and in appropriate circumstances, the Committee may grant additional support in relation to the payment of school fees and the provision of tax advice. The Company will reimburse the Executive Director for all reasonable expenses which they may incur while carrying out executive duties.

Remuneration Committee report continued

Policy on payment for loss of office

The Committee's approach when considering payments in the event of termination is to take into account individual circumstances, including the reason for termination, contractual obligations of both parties, and applicable share plan and pension scheme rules (including any relevant performance conditions).

Vitaly Nesis is an Executive Director of Polymetal International plc and Group CEO of JSC Polymetal, a 100% subsidiary of the Group, incorporated in Russia. Further details are set out in the current Directors' service contracts section on page 142.

The table below summarises the key elements of the Executive Director policy on payment for loss of office.

Area	Policy and operation
Notice period	**Polymetal International** Six months from Company Six months from Director **JSC Polymetal** With immediate effect from Company One month from Director
Compensation for loss of office in service contracts	No entitlement in respect of directorship of Polymetal International. Up to three times average monthly salary in respect of directorship of JSC Polymetal in accordance with provisions of the labour law of the Russian Federation.
Treatment of annual bonus awards	Where an Executive Director's employment is terminated after the end of the performance year, but before the payment of the annual bonus is made, the Executive may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct. Where an Executive Director's employment is terminated during a performance year, a pro-rated annual bonus award for the period worked in that performance year may be payable, subject to an assessment based on performance achieved over the period.
Treatment of unvested DSAs under plan rules	In normal circumstances, DSAs will continue until the normal time of vesting upon cessation of employment in Good Leaver Circumstances. Alternatively, the Board may determine that DSAs will vest immediately. In both circumstances, for the DSA already granted, there would be no pro-rating for time from the award date until cessation of employment or for performance.
Treatment of unvested PSP awards under plan rules	Any outstanding award will lapse at cessation of employment with the Group, unless the cessation is due to Good Leaver Circumstances, in which case the award will usually vest as normal in accordance with the terms of the award. Alternatively, the Committee may determine that the award will vest immediately. The Committee will determine the proportion of the award that will vest, taking into account (where relevant) the extent to which the performance conditions have been met or are likely to be met at the end of the performance period, and any other factors the Committee may consider relevant. The number of shares will also be pro-rated down to reflect the reduced service period.
Post-cessation shareholding requirement	The Executive Director is to retain a minimum shareholding requirement (500% of base salary or actual shareholding if lower) for two years post-cessation of employment. Shares must be kept with a broker who can implement blocks on trades.
Exercise of discretion	Any discretion available in determining the treatment of incentives upon termination of employment is intended only to be relied upon to provide flexibility in unusual circumstances. The Committee's determination will take into account the particular circumstances of the Director's departure and the recent performance of the Group.
Corporate event	In relation to PSP awards, in the event that the Company's shares cease to trade on the London Stock Exchange or any other recognised stock exchange (delisting) or the Directors of the Company pass a resolution to the effect that delisting is imminent or where the Board determines that a 'significant event' has occurred, which may be a demerger, winding-up or compulsory acquisition of the Company, or any other event as determined by the Board, at the discretion of the Board and, where applicable, with the consent of the acquiring company, PSP awards will not vest but will be exchanged for new PSP awards. In the event that the PSP awards are exchanged for new PSP awards: • The award date of the new PSP award shall be deemed to be the same as the award date of the original PSP award • The new PSP award will be in respect of shares in a company determined by the Board which may include any acquiring company • The new PSP award must be equivalent to the PSP award and will vest at the same time and in the same manner as the PSP award. Where relevant, either the vesting of the new PSP award must be subject to any performance conditions which are, so far as possible, equivalent to any conditions applying to the PSP award, or no performance conditions will apply but the value of shares comprised in the new PSP award shall be the value of the number of shares which would have vested under the PSP award if they had not been exchanged for new PSP awards. DSAs shall vest immediately and shall not be pro-rated for time or performance if any of the events referred to above occur.

Remuneration Policy for other employees

The Remuneration Policy for other members of the executive team and broader management team within the Group is consistent in both structure and KPIs to that of the Group CEO. While the value of remuneration will vary throughout the Group, depending upon the individual's role, significance to the business and the level of responsibility, the remuneration of all senior executives consists of a base salary, an annual bonus and participation in the LTIP (the PSP and DSA).

The KPI structure for all of our senior managers and key employees is tailored to individual responsibilities and performance. To reflect the aim of zero fatalities, the bonus calculation system for the Group CEO, some senior managers and mine management has a major focus on health and safety KPIs, adjusting bonus outcomes on all KPIs in the case of fatalities. We aim to ensure the corporate cohesiveness of the team as well as to support individual success and development.

Operation of the DSA programme for the most senior employees mirrors the Executive Director's arrangement set out in the policy table, where 50% of the annual bonus is deferred into shares (if technically practicable, refer to page 136 for details) and released annually to the employees over a period of three years.

The Remuneration Policy for the wider group of employees is aimed at aligning pay with the achievement of targeted results for each employee. The Company's policy on fair pay provides for the payment of additional remuneration for employees living in difficult climatic locations and the delivery of appropriate levels of pay for different levels of work. The bonus component of remuneration for mid-level management and operational staff is measured based upon the achievement of production targets, increasing output, the level of justified cost savings, health and safety records and ESG metrics. In terms of pension arrangements, the Company applies a consistent approach for the Group CEO and other employees, and adheres to the mandatory pension contributions required under applicable laws.

Polymetal is firmly committed to acknowledging and rewarding employees' hard work and achievements. To help us attract and retain the best candidates, we offer a competitive remuneration package and benefits, which exceed regional averages in our areas of operation.

We also aim to provide a pleasant and effective working environment as well as training or further education and other opportunities for our employees.

Salaries are considered for annual increases based on the Company's performance results, inflation rates and the competitive level of salaries versus the wider market. In 2022, a 9% increase in compensation was made to the Group CEO in line with the workforce, representing an annual scheduled inflation-based increase. Effective from 1 April 2023, a 6% increase will be made in Russia and 9% in Kazakhstan, in line with anticipated inflation, for all personnel.

Employees up to three levels below the Board (approximately 850 employees throughout the Group) are eligible to participate in the PSP at the discretion of the Remuneration Committee. The PSP policy default grant level is 125% of base salary for all the participants, including the Group CEO.

Top-down approach to remuneration structure within the Group

Employee level	Number of employees	Maximum bonus percentage of salary	Proportion of bonus deferred into shares (DSA)	Normal LTIP award grant
Group CEO	1	120%	50%	125%
Executive Committee	7	125%	50%	125%
Mine managing directors and senior executives	15	125%	50%	125%
Top management/support roles	20	60-100%	50%	125%
Senior managers and key personnel[1]	959	30-60%	n/a	125%
Other employees	13,870	10-30%	n/a	n/a

Statement of consideration of employment conditions elsewhere in the Group

In setting the Remuneration Policy for the Group CEO, the Committee takes into account a range of factors, including remuneration packages and overall base salary increases awarded to the wider employee population during the year.

The Committee did not formally consult with the employees when reviewing the Policy; however, it considered feedback through our formalised workforce engagement programme with the Board and the Group senior management. A dedicated page is set up on the intranet to communicate to Group employees how executive remuneration aligns with the wider Company pay policy.

1 PSP participants from the pool of senior managers and key personnel are recommended by the Company and approved by the Board. Being granted options in one year does not necessarily mean they will be granted in the following year.

Annual Report on Remuneration

Current Directors' service contracts

Group CEO

The table below highlights key elements of the service contract of the Group CEO with JSC Polymetal, the Russian holding company of the Group where he holds the CEO position:

Date of contract	1 September 2018
Expiry of term	31 August 2023
Payment in lieu of notice	None
Pension	None, except for defined contributions to the mandatory pension fund of the Russian Federation

At expiration of the previous five-year employment contract, on 31 August 2018, JSC Polymetal, a 100% indirect subsidiary of the Company incorporated in Russia, entered into an employment contract with Mr Nesis as its Group CEO. The contract was renewed on the same terms for a further period of five years.

Under the terms of the contract, the Group CEO undertakes to perform general management of JSC Polymetal and arrange for its commercial, economic, social and other activities with a view to providing for JSC Polymetal's further development. The employment contract does not contain any specific grounds for early termination. The contract can be terminated at any time on one month's notice by Mr Nesis and with immediate effect by JSC Polymetal in accordance with Russian labour and civil law. This could result in compensation of three average monthly salaries.

Mr Nesis entered into an appointment letter (as amended) with the Company in relation to his appointment as an Executive Director. This appointment took effect on 29 September 2011 and was conditional on admission of shares to trading on the London Stock Exchange. Mr Nesis does not receive any fees in respect of his appointment as a Director of Polymetal International plc but is entitled to reimbursement of his reasonable expenses incurred in relation to carrying out his duties as a Director. The appointment of Mr Nesis as a Director may be terminated at any time in accordance with the Articles of Association and he is subject to annual re-election at the Annual General Meeting of shareholders. Mr Nesis can terminate his appointment as a Director on six months' notice. He is not entitled to receive any compensation in respect of his role as Director on termination of this appointment.

The full terms and conditions of appointment are available for inspection at the Company's registered office in Jersey and its office in Cyprus.

Non-Executive Directors

Non-Executive Directors do not have service contracts and the terms of their appointment are set out in letters of appointment. The appointment of any Non-Executive Director may be terminated at any time in accordance with the Articles of Association and they are subject to annual re-election at the Annual General Meeting of shareholders. The appointment of each Non-Executive Director may be terminated by either party on one month's notice. A Non-Executive Director is not entitled to receive any compensation on termination of their appointment. Each Non-Executive Director is subject to confidentiality restrictions without limitation in time.

The full terms and conditions of appointment of all of the Directors are available for inspection at the Company's registered office in Jersey and its office in Cyprus.

Dates of contract or appointment for Non-executive Directors are set out in the table below:

Director	Date of appointment	Notice period
Evgueni Konovalenko	17 March 2022	1 month
Steven Dashevsky	17 March 2022	1 month
Paul Ostling	17 March 2022	1 month
Janat Berdalina	17 March 2022	1 month
Richard Sharko	1 December 2022	1 month
Pascale Jeannin Perez	1 December 2022	1 month
Konstantin Yanakov	29 September 2011	1 month

Single total figure of remuneration (audited)

Summary

From 1 April 2022, the approved salary increase for the Group CEO was 9%, which is in line with the average increase for the rest of our workforce.

As a result of the performance of the Company and achieving the set KPIs, as presented on page 144, the Group CEO received a bonus of 98% of maximum opportunity for the year (which constitutes 120% of his base salary or $592,693), with 50% of bonus deferred into shares vesting over a period of the next three years under the terms of the DSA[1].

No discretion has been used in respect of Non-Executive and Executive Directors' remuneration throughout the reporting period. The Group CEO is the only executive member of the Board.

1 According to the revised Policy (subject to shareholder approval at 2023 AGM), where it is not possible or practicable to award the deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards.

Group CEO

The table below sets out the 2022 remuneration for the Group CEO. CEO remuneration comprises the remuneration received in his capacity as the Group CEO of Polymetal International and in his capacity as the CEO of JSC Polymetal. The Group CEO's remuneration is denominated in Russian Roubles and converted to Dollars for presentation purposes[2].

	$	
	2022	2021
Base salary	502,967	419,472
Taxable benefits	–	–
Annual bonus[3]	592,693	291,054
Long-term incentive plans[4]	–	1,045,265
Pension	55,777	46,707
Total	**1,151,437**	**1,802,498**

Non-Executive Directors fees

Details of total fees paid to Non-Executive Directors and the Board Chair during 2022 and 2021 are set out in the table below.

Non-Executive Directors do not receive performance-related pay.

	Total fees, $	
Name	**2022**	2021
Andrea Abt	28,050	170,797
Victor Flores	28,050	173,000
Italia Boninelli	25,667	140,000
Ian Cockerill	97,533	544,000
Ollie Oliveira	36,117	201,000
Giacomo Baizini	197,337	198,000
Tracey Kerr	29,150	179,000
Riccardo Orcel	334,666	
Paul Ostling	231,129	
Evgueni Konovalenko	232,027	
Steven Dashevsky	216,602	
Janat Berdalina	188,118	
Richard Sharko	19,667	
Pascale Jeannin Perez	24,750	
Total Non-Executive Directors fees	**1,688,902**	**1,605,797**

2 The amounts are translated at the average rates of the Russian Rouble to the Dollar for 2022 and 2021, respectively.
3 50% of the bonus received in 2022 will be deferred into 118,231 shares on 16 March 2023 at $2.69 (RUB 172) per share (using the average price for the 90-day period ending 31 December 2022). In line with the policy disclosed on page 136, deferred shares will be released in equal tranches over a period of three years in March 2024, March 2025 and March 2026 and are not subject to further performance conditions. Where it is not possible or practicable to award the deferred bonus in shares, awards will instead be made in cash, refer to page 133.
4 In 2022, further to the vesting of the PSP awards made in 2018, vesting criteria has not been met. No shares under the PSP were issued to Mr Nesis. Further details on PSP vesting are provided on page 145.

Single total figure of remuneration – Additional information (audited)

Annual bonus targets and outcomes

The targets for annual bonus measures and performance against these targets are set out below:

Measures	Link to strategy	Weight	Threshold	Target	Maximum	2022 outcome	Achievement
Achieving production budget, Koz	Global leadership in refractory ore processing	20%	1,497	1,663	1,746	1,712	26%
Total cash costs per ounce of gold equivalent produced, $/oz	Global leadership in refractory ore processing	20%	1,051	955	907	942	23%
Completion of new projects, including:	Meaningful organic growth Maintaining robust liquidity and balance sheet	25%					11%
On time		12.5%	1 point	10 points	10 points	8.7 points	11%
Within budgets (capital expenditure for investment projects, $m)		12.5%	321	292	277	331	0%
Disability	High standards of ESG through impact assessment	20%	1% decrease year-on-year	>10% decrease year-on-year	>10% decrease year-on-year	42% decrease year-on-year	20%
Sustainability, including:	High standards of ESG through impact assessment	15%					21%
Environment • Decarbonisation • Reduction of fresh water use • Increased share of dry stacked tailings		10%	• Decrease GHG emissions intensity per oz GE (Scopes 1 and 2) by 10% compared with 2019 baseline year. • Achieve 42% reduction of fresh water withdrawal for technological purposes m^3/Kt of processed ore compared with 2019 • Achieve 12% dry stacked tailings of total tailings disposed during the reporting year			• GHG emissions intensity per oz GE (Scopes 1 and 2) decreased by 15% compared with 2019 baseline year, see page 62 • Fresh water withdrawal for technological purposes decreased by 49% compared with 2019, see page 58 • Share of dry-stack tailings achieved 28% of total tailings disposed during the reporting year, see pages 56	15%
Personnel • Retention and gender diversity		3%	• Achieve 33% women in the Talent Pool			• Share of women in the Talent Pool achieved 35%, see page 53	4%
Social partnership in host regions • Career guidance for locals (with focus on girls)		2%	• Launching career guidance programme in all regions of operation • Ensuring that one-third of the total number of schoolchildren participating are girls • Involving the Company's female employees in career guidance lectures (development of female leadership and role models)			• Career guidance programme in host regions has been successfully launched, see page 79 • 43% of the total number of schoolchildren participating are girls • 92 of the Company's female employees participated in career guidance lectures	2%
Total achievement before penalty factor		100%					**100%**
Penalty factor for fatal/severe cases				n/a	n/a	0 fatalities and 0 severe cases	+20%
Final achievement for the year							**120%**

For the Group CEO, a multiplier of 1.2x is applied to the whole bonus provided that there are no fatalities or severe cases during the period. This resulted in the Group CEO receiving a bonus of 98% of maximum opportunity for the year (which constitutes 120% of his base salary or $592,693).

Deferred Share Awards Plan (audited)

DSA deferred shares granted in 2022

50% of annual bonus for 2021 was deferred into 8,130 shares on 2 March 2022 at $18.22 (RUB 1,322) per share (using the average price for the 90-day period ending 31 December 2021). In line with the policy disclosed on page 136, deferred shares will be released, if technically possible and practicable, in equal tranches over a period of three years in March 2023, March 2024 and March 2025 and are not subject to further performance conditions.

Recipient	Deferred shares under	Date of grant	End of deferral period	Shares granted	Share price period	Share price, $	Face value, $
Group CEO	DSA grant 2022	2 March 2022	March 2025	8,130	Average price for the 90-day period ending 31 December 2021	18.22	148,129

DSA deferred shares vested in 2022

In accordance with the policy, part of the award of deferred shares under the DSA, which was granted in March 2019, March 2020 and March 2021, was expected to vest in March 2022 and to be transferred to the Group CEO, totalling 10,723 shares (including an additional 1,132 share awards for dividend equivalents). Due to inability to issue shares to the Group CEO these shares were deferred until it becomes possible to issue the shares.

DSA deferred shares grant proposed for 2023

In addition, further to the bonus approval for the year ended 31 December 2022, the Group CEO will receive a deferred bonus award under the terms of the DSA (50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares) in March 2023. Under the normal circumstances, share awards would vest annually over the next three years in equal instalments (in March 2024, 2025 and 2026), subject to continued service in the Group. Under the terms of the DSA, dividend equivalents will be received on vested shares reflecting the value of the dividends which have been paid during the period from the grant date to the vesting date. Dividend equivalents will also be paid as shares.

Summary of DSA deferred shares outstanding as of 15 March 2023

Name	Position	Year of grant	Number of deferred shares granted	Number of shares vested and to be allotted in 2022, but deferred[2]	Additional share awards for dividend equivalents	Total number of shares vested under DSA grant	Outstanding shares under DSA grant
Vitaly Nesis	Group CEO	2019	12,369	4,123	687	8,246	4,810
		2020	7,228	2,409	248	2,409	5,067
		2021	9,177	3,059	196	–	9,373
		2022	8,130	–	–	–	8,130
		Total	**36,904**	**9,591**	**1,132**	**10,655**	**27,381**

Performance Share Plan (audited)

PSP award made in 2022

Due to external conditions, no conditional awards were made to Mr Nesis in 2022.

PSP award vested in 2022

Due to external conditions, no conditional awards were vested to Mr Nesis in 2022.

Summary of PSP share options outstanding as of 15 March 2023

Name	Position	Year of grant/ Year of vesting	Number of PSP share awards granted	PSP awards release in 2022	Number of PSP shares vested (see above)	Outstanding shares under PSP grant
Vitaly Nesis	Group CEO	2018/2022	55,570	55,570	–	–
		2019/2023	60,740	–	–	60,740
		2020/2024	34,983	–	–	34,983
		2021/2025	20,683	–	–	20,683
		2022/2026	–[3]	–	–	–
Total number of share options outstanding under the PSP			**171,976**	**–**	**–**	**116,406**

2 Due to inability to issue shares to the Group CEO, these shares were deferred until this becomes possible.
3 No PSP share awards were granted to the Group CEO due to the current issues with the Policy as outlined above.

Other scheme interests awarded during the financial year

No other share awards were made to the Group CEO in 2022.

Total pension entitlements (audited)

Save for the Group's defined contributions to the mandatory pension fund of the Russian Federation during the financial year ended 31 December 2022, no amounts were set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors and senior management. This is in line with the rest of the Russian-based workforce.

Loss of office payments or payments to past Directors (audited)

No loss-of-office payments or payments to past Directors were made in the year under review.

Directors' shareholdings (audited)

The Group CEO is required to retain a shareholding equal to five times his base salary, i.e. 933,901 shares. As of 15 March 2023, the Group CEO achieved his minimum shareholding requirement.

For the purposes of determining whether the requirements have been met, the share price is measured at the end of each financial year. Shares are valued for these purposes at the average price for the 90-day period ending 31 December 2022 of $2.69 per share translated at the closing exchange rate of the Dollar to the Russian Rouble as at 31 December 2022.

Shares that count towards shareholding requirements include unrestricted shares. The table below sets out the number of shares held, or potentially held, by Directors. For details of outstanding conditional share awards held by the Group CEO at 31 December 2022, refer to page 145.

		Shares held			Options held			
Director	Shareholding requirement (% of salary)	Owned outright	Unvested (subject to performance conditions)	Unvested (not subject to performance conditions)	Vested but unexercised	Exercised in year	Current shareholding (% of salary)	Guideline met
Vitaly Nesis	500%	3,387,400	–	–	–	–	1,814%	yes
Ian Cockerill[1]		33,466	–	–	–	–	–	N/A
Ollie Oliveira[2]		24,300	–	–	–	–	–	N/A
Konstantin Yanakov		2,421	–	–	–	–	–	N/A
Andrea Abt		1,500	–	–	–	–	–	N/A
Italia Boninelli[3]		1,460	–	–	–	–	–	N/A

Ten-year Group CEO remuneration

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Group CEO total remuneration ($)	1,151,437	1,802,498	1,765,488	920,868	1,024,523	726,928	496,411	511,665	907,790	1,081,572
Annual bonus – % of maximum	98%	58%	92%	41%	49%	44%	40%	33%	90%	88%
LTIP award – % of maximum	0%	87%	76%	27%	33%	–	–	–	–	–

Percentage change in Group CEO's remuneration

The table below shows the percentage change in the Group CEO total remuneration from 2021 to 2022, compared to the average change for all Group employees. To ensure the comparability of this figure, and to minimise distortions, the all-employee average remuneration figure is based on full-time permanent employees.

	Base salary		Annual bonus		
	$	Local currency	$	Local currency	Taxable benefits
Group CEO	20%	11%	104%	89%	n/a
Average employee	22%	14%	40%	30%	n/a

1 As at resignation date.
2 Shares are held by a person closely associated with Mr Oliveira, as at resignation date.
3 Shares are held by a person closely associated with Ms Boninelli, as at resignation date.

Group CEO to employee pay ratio

The UK regulations on CEO pay ratio disclosure do not apply to Polymetal as the Group has fewer than 250 UK employees, but we support the move to transparency of remuneration levels across the wider workforce and we have therefore chosen to voluntarily publish our median CEO pay ratio. The use of a pay ratio, and how it moves over time, is intended to help the stakeholders to make a balanced evaluation of how pay arrangements are delivered across the whole employee population.

A significant proportion of the Group CEO's remuneration package is performance-related and dependent on the achievement of financial and non-financial KPIs, as well as being dependent on LTIP outcomes based on Polymetal TSR performance. Therefore, the ratio could range significantly from year to year. The Committee will continue to take into account factors such as internal relativities and ratios when considering executive pay.

The table provides the pay ratio of the Group CEO's total remuneration to the equivalent pay for the lower quartile, median and upper quartile of Group employees (calculated on a full-time basis). The Group CEO remuneration is the total single figure remuneration for 2022 contained on page 143.

Year	Method	25th percentile	Median	75th percentile
2022	Option A	67	43	29
2021	Option A	123	75	49

Remuneration data, $	2022	2021
Group CEO single total figure of remuneration	1,151,437	1,802,498
Average Group employee remuneration	36,377	32,495
Group CEO pay to Group average employee ratio	32:1	55:1
Median Group employee remuneration	26,853	24,095
Group CEO pay to Group median employee ratio	43:1	75:1

Advisors

PricewaterhouseCoopers LLP (PwC) provided Polymetal with information and support in relation to general remuneration matters and implementation of the Company's remuneration policy. PwC is a member of the Remuneration Consultants' Group (RCG) and a signatory of the RCG Voluntary Code of Practice, and incorporates the principles of the Voluntary Code of Practice into its engagement. No other services were provided by PwC during 2022 other than external assurance services for the Company's Annual Report and tax advisory. Fees paid to PwC in relation to remuneration services provided to the Committee in 2022 totalled $13,031 (2021: $16,752), with fees quoted in advance and based on the level of complexity of the work undertaken.

PwC was selected in 2013, after submitting a proposal to management, to carry out benchmarking as part of a competitive process, the results of which were presented to the Remuneration Committee for approval.

During its work in 2022, the Committee was aided by the Group CEO, SID and senior finance and human resources executives of the Company.

Statement of consideration of shareholders' views

The Committee regularly consults with the Company's major shareholders, and sought their feedback on the amendments to the revised Directors' Remuneration Policy. The shareholder consultation period started in January 2023 on the changes to the implementation of the Remuneration Policy for 2023 (annual bonus metrics) and proposed amendment to the Remuneration Policy (addition of ESG metrics to the LTIP). The Company Secretary responded to several e-mails to clarify details for shareholders. Overall, their proposals received positive feedback and support.

Shareholder support for the Remuneration Policy and 2021 Directors' Remuneration Committee Report

The Company received shareholder approval of its Remuneration Policy at the AGM on 27 April 2020 to cover a period of three years. The policy applied from the date of approval. The Directors' annual Remuneration Committee Report was put to an advisory shareholder vote at the 2022 AGM of the Company. The table below shows full details of the voting outcomes.

	Votes for	Votes against	Votes withheld
Remuneration Policy (at the 2020 AGM)	352,776,157 (99.90%)	350,983 (0.10%)	1,519,513
2021 Remuneration Committee report (at the 2022 AGM)	133,449,786 (89.55%)	15,572,678 (10.45%)	236,706

Implementation of the Remuneration Policy in 2023

In 2023, subject to shareholder approval of the Directors' Remuneration Policy at the 2023 AGM, the Committee intends to implement the Remuneration Policy for Executive and Non-Executive Directors as follows:

Group CEO

Base salary

In accordance with the policy, the Group CEO's salary will be increased (in Roubles) by 6% in line with the rest of the workforce. Base salary for the Group CEO for 2023 and 2022 is set out below:

	2023 salary	2022 salary	Change[1]
Group CEO	RUB 35,632,800	RUB 33,137,400	+7%
	$506,597	$441,832	+15%

Base salary for 2023 is translated at the exchange rate of 70.34 Roubles to the Dollar as at 31 December 2022.

Pension and benefits

No pension or benefits plans are in place for 2023, except for the defined pension contributions to the mandatory pension fund of the Russian Federation.

Annual bonus

The prospective targets for annual bonus measures are considered commercially sensitive by the Board, particularly in the gold mining industry, because of the sensitivity of information that their disclosure may provide to the Company's competitors, given that these are largely based outside the UK and hence are not subject to the same reporting requirements as the Company. Targets and outcomes will be disclosed retrospectively at the end of the performance year.

Long-Term Incentive Plan (Deferred Share Awards Plan and Performance Share Plan)

Deferred Share Awards Plan

The Committee intends to defer annual bonus awards earned for the 2022 performance period in line with the policy disclosed on page 136.

Performance Share Plan

As disclosed on page 133, it is currently impartible to make an award under the PSP due to the external conditions. It is the Group's intention to return to a normal operation of PSP as soon as the technically possible.

Starting from 2022, a GHG emissions intensity metric with a weighting of 20% is added to PSP vesting conditions. The remaining 80% of the LTIP will be measured based on relative TSR performance against the FTSE Gold Mining Index, in line with the current ranking approach of peers.

Vesting conditions starting from 2022:

Metric	Weight	Criteria	Pay-out
Absolute and relative TSR	80%	Relative TSR measured over four years against the constituents of the FTSE Gold Mines Index and also on the Company's absolute TSR[2] Below median performance Median performance Upper quintile performance and above	 0% 20% 100%
GHG emissions intensity metric	20%	GHG intensity reduction vs the trajectory set out in the Company's Climate Change Report in April 2021[3] 2% below In line 2% above	 0% 50% 100%
Total vesting achievement	**100%**		

1 The change is due to the salary increase from April 2022, the annual base salary amount has been pro-rated accordingly. Amount in Dollar has been additionally impacted by Rouble/Dollar exchange rate.
2 Straight-line vesting will occur between median and upper quintile performance. No award will vest for performance below median, or if the Company's absolute TSR performance is negative, regardless of relative performance.
3 GHG emissions intensity metric will be subject to an additional underpin of zero incidents at tailing storage facilities and zero conflicts with local communities during the four-year performance period. The Remuneration Committee has discretion to reduce the vesting of the ESG metric to nil, depending on the magnitude of the incident.

Non-Executive Directors

In 2023, we propose reducing the Chairman's fee to $350,000, from the current level of $500,000. The current fee level was set in 2020, in line with the median of the FTSE 100 companies at that time. During 2022, in considering our remuneration arrangements for the upcoming year, it was decided that this fee be reduced to $350,000. Whilst the scope and demands of the role have not changed, the reduced fee more appropriately reflects the current market capitalisation of the business.

Fees, $	2023	2022
Independent Board Chair fee	350,000	500,000
Independent Non-Executive Director basic fee	127,000	127,000
Additional fees:		
Senior Independent Director	25,000	25,000
Audit and Risk Committee Chair	38,000	38,000
Remuneration Committee Chair	19,000	19,000
Safety and Sustainability Committee Chair	19,000	19,000
Nomination Committee Chair	19,000	19,000
Committee membership fee (not payable to the Committee Chair)	13,000	13,000
Board and Committee meeting attendance fee	4,000	4,000

Approval

This report was approved by the Board of Directors and signed on its behalf by

Paul Ostling
Chair, Remuneration Committee

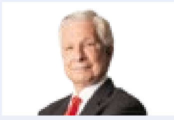
> While recruitment to the Board of Directors has been a key focus this year, promoting diversity across the Group remains central to our remit."

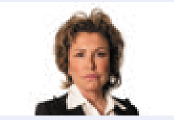
Evgueni Konovalenko
Chair, Nomination Committee

Nomination Committee


Evgueni Konovalenko


Janat Berdalina


Paul Ostling


Pascale Jeannin Perez

The Nomination Committee comprises four Independent Non-Executive Directors, who have no personal financial interest in the matters to be decided, other than as a shareholder (where applicable).

The Board considers that the composition and work of the Nomination Committee complies with the requirements of the UK Code.

For further detail on biographies and Board experience: pages 112-113.

Meeting attendance

Evgueni Konovalenko[1]	1/1	Riccardo Orcel[4]	0/0
Janat Berdalina[2]	1/1	Giacomo Baizini[5]	0/1
Paul Ostling[2]	1/1	Ian Cockerill[6]	1/1
Pascale Jeannin Perez[3]	1/1	Ollie Oliveira[6]	1/1

1 From 22 March 2022.
2 From 9 November 2022.
3 From 1 December 2022.
4 From 22 March until 28 September 2022.
5 Until 28 September 2022.
6 Until 7 March 2022.

Board succession

In 2022, because of the Russia-Ukraine conflict, the majority of the Independent Non-Executive Directors (INEDs) stepped down from the Polymetal Board of Directors, resulting in the immediate need to recruit new Board members. The search was successful with five new Directors appointed in March; in September, two Directors stepped down; two new appointments were made in December. As at 31 December 2022, this resulted in an eight-person Board comprising six Independent Non-Executive Directors, one Executive Director and one Non-Executive Director. The search for a new Chair of the Board is ongoing and will continue into 2023.

While we are still evaluating the options available that will enable us to modify the Group's asset-holding structure and maximise shareholder value, the Board believes that the appointment of a new Chair should be postponed. Once the preferred option has been finalised, we can then turn our attention to such an appointment as we look to the future and the strategic development of the businesses Kazakhstan and in Russia.

Taking into consideration the major changes to the Board, an enhanced induction programme was introduced, with further details provided on page 122. The main focus of the programme has been to bring Directors up to speed as soon as practicably possible in order to enable them to provide the Company with strong leadership during this turbulent year.

Despite the significant changeover in Directors, the Board members continue to bring to the table a combination of the skills required to cover all of Polymetal's strategic objectives, including business strategy, finance, mining and sustainability, investment banking and governance.

The Committee continues to review the non-executive needs of the Board to ensure a balance of skills, diversity and experience as well as compliance with various regulatory requirements.

	Key responsibilities	Focus during 2022
Board structure review and evaluation	• Leads a formal, rigorous and transparent process for Board appointments • Regularly reviews the Board structure, size and composition, and makes recommendations to the Board about any changes • Makes recommendations to the Board about the Directors' re-appointment at the end of their term of office • Reviews the results of the Board performance evaluation that relate to the composition of the Board and individual Directors	• Reviewed requirements of Independent Non-Executive Director succession • Conducted interviews with Board candidates • Reviewed the time required from Non-Executive Directors • Continued to review the skills and experience of the Board, term limits of Directors, concept of independence • Reviewed the structure, size and composition of all Committees, including skills, knowledge, experience and diversity and made recommendations to the Board about changes • Made recommendations to the Board about the re-election of Directors at the AGM • Supervised the tailored induction process • Led review of the internal evaluation of the Board and all Committees
Leadership and conflicts of interest	• Keeps both executive and non-executive leadership needs of the Group under review • Requires Directors and proposed appointees to the Board to disclose any conflict of interest or significant commitments, with an indication of the time involved • Requires Directors to apply for approval before undertaking additional external appointments	• Kept the executive leadership needs of the Group under review in order to ensure the continued ability of the Group to compete effectively in the marketplace • Continued succession discussions at executive level, including support in developing a diverse pipeline • Reviewed the report on the development of participants in the Young Leaders Programme • Oversaw Talent Pool development, including the Research and Development Conference • Analysed the HR system, including attraction, development and retention
Diversity and governance	• Leads on diversity and provides a statement of the Board's policy on diversity, including gender and ethnicity, any measurable objectives that it has set for implementing the policy and progress on achieving objectives • Focuses on the Company's approach to succession and planning, and how both support developing a diverse pipeline • Reviews the Company's gender balance within the Group leadership team	• Reviewed HR reports, including headcount, costs, diversity, professional development, employment culture, approach to the learning process and training benchmarking information • Discussed diversity highlights, including the policy on diversity and inclusion, how it had been implemented and progress on achieving objectives • Performed internal evaluation of the Committee • Reviewed the Committee's terms of reference • Reviewed the work plan for 2023

Executive succession

The Nomination Committee continues to pay close attention to the matter of executive succession. As part of the induction process, the Committee had a session on the current status of the executive management. While there are no current concerns about the need for immediate executive succession, contingency planning is essential. The Committee reviews plans annually to ensure uninterrupted business operations. This includes development programmes for the Company's most senior managers, which provide both exceptional opportunities for nominated employees to broaden the scope of their work and future proofing for the Company.

In 2023, the Committee will continue monitoring the executive succession programmes with a particular focus on replenishing the pipeline. Mining is not excluded from the severe staff shortages experienced across all industries globally. The Nomination Committee continues to monitor the human capital development programmes, starting from grassroots initiatives in schools, continuing through apprenticeship programmes, professional colleges and close co-operation with universities and paying attention to attracting and retaining young professionals. The Board believes that a successful executive succession programme starts with the ability to develop professionals within the Company.

The Young Leaders Programme

Our Young Leaders Programme is now well established and ongoing. This programme helps to evaluate the Talent Pool and tailors training for the future senior management needs of the Group. Within the programme, regular meetings take place between Young Leaders and Board members, which enable the Board to challenge and debate with the Young Leaders, who in turn have an opportunity to ask questions and interact directly with the Board. Training is provided on both general governance topics and general presentation skills. 35% of those taking part in the Young Leaders are female.

The Board monitors progress of the previous years' cohorts. Graduates of the programme participated in training programmes, received promotions and were rotated to a different area of operation to expand their experience.

In 2022, the Board facilitated the first mentoring programme with Young Leaders to encourage their professional development. Mentoring is provided by the Group's top management.

Diversity

Board diversity

We continue to focus on diversity. Ensuring we have sufficient gender, cultural, ethnic and experiential diversity is critical if we are to avoid 'Group think'. We have a 25% female representation on our Board and our ethnic spread is incredibly diverse. Our Board comprises people with a wide range of experience and skills from very different backgrounds. In 2022, we appointed Janat Berdalina, a Kazakh, who identifies herself with and has evident heritage from Central Asia. The level of female representation is below that recommended by the FTSE Women Leaders Review; however, the Nomination Committee is committed to adding at least one additional female member to the Polymetal Board of Directors.

Board Diversity Policy – objectives and progress against targets

Polymetal's Diversity and Inclusion Policy includes a section on Board diversity. The key objective of this is to ensure a fair and unbiased process when recruiting new Board members. Board diversity is addressed as part of the Board succession programme as detailed below.

Objective	Progress
Consider candidates with little or no previous Board experience in public companies for appointment as Non-Executive Directors.	During 2022, two female Directors were appointed: Janat Berdalina and Pascale Jeannin Perez; neither had any previous significant Board appointments.
Ensure that females form at least one-third of the Board.	25% of the Board members are female. Succession process is ongoing.
Ensure that at least one Director is from an ethnic minority background.	One Director is from an ethnic minority background.
Work with recruitment consultancies that have signed up to the Voluntary Code of Conduct for Executive Search Firms.	There is an ongoing review of the search firm currently engaged with the expectation that consultants should be signatories to the Voluntary Code of Conduct on gender diversity and best practice.
Ensure that a diverse executive pipeline is developed within the Group.	At Nomination Committee meetings, the Directors consider diversity and inclusion within the Group and there is an enhanced focus on diversity within talent development programmes.

Polymetal is committed to the principles of non-discrimination, inclusion and diversity for both the Board and its employees. All have equal opportunities regardless of gender, age, race, nationality, language, origin, wealth, residence, religion and other beliefs, social or other personal circumstances. The Company's Code of Conduct and Diversity and Inclusion Policy outline the principles and approach to diversity and prohibits any discrimination. Regular compliance monitoring is undertaken by the HR department to ensure that our internal procedures are implemented throughout all Group companies. No instances of discrimination were reported in 2022. The Group is in full compliance with all local legislation in the countries where it operates that prohibit any discrimination in payment and promotion.

As of the date of this report, the Executive Committee of the Company comprised 35% females.

Gender pay

The Nomination and Remuneration Committees undertook an in-depth review of the employee gender pay gap and continue to review it annually. They concluded that, while there is no gender pay gap for the same positions, the gender imbalance within the mining industry, in general, impacts the gender pay ratio in Polymetal: in 2022, this was 1.23 (2021: 1.22). The Board determined that in order to narrow the gender pay gap, Polymetal needs to continue improving its talent pipeline.

Diversity in the wider workforce

Following the Board discussions, the Group HR department identified the following priority areas for 2023:

- Immersive programmes for employees and heads of structural subdivisions
- Targeted/themed courses for female employees and students of flagship universities
- Developing a pool of female representatives, role models
- Inviting female change agents to participate in external stakeholder engagement
- Promoting a female image in the industry: communication, engagement, leadership, recognition
- Implementing tailored programmes for women at different levels within the Company.

The Group is focused on attracting, retaining and promoting women in professions traditionally dominated by men: production, processing, metallurgy, geology, construction and procurement. It is also essential to create a pipeline of candidates deemed capable of achieving senior management positions in such roles as mine surveyor/geologist and specialists in production or mine planning. As part of this, in 2021, we introduced a new Female Chief Engineer programme and the first appointment of a Female Chief Engineer is expected in 2024. Mentoring options with the Board are being considered. Following the success of the inaugural Female Senior Engineer Programme, the Company preparations for the second group of females to start the training is in hand. Further information is available on pages 53-54.

Looking to the future, it is vital that women are also represented at a more junior level and we have made significant improvements in the gender balance of our Talent Pool; more than tripling the share of women over the past five years from 10% in 2017 to 35% in 2022. At least one-third of the participants in our Young Leaders Programme are now women. The Board also closely monitors senior management succession programmes to ensure that there is a balanced Talent Pool within 3-7 years skills range from the top roles.

We believe that increasing female representation will benefit the Group and we actively endorse female participation in Polymetal's management. We acknowledge that reducing the gender imbalance, and with it the gender pay gap, is a long-term goal and we will continue to focus on inclusivity and diversity in order to enable our employees to fulfil their potential.

Further information on workforce diversity is available on page 54.

Going concern and longer-term viability

Going concern

In assessing its going concern status, the Group has taken account of its principal risks and uncertainties, financial position (including significant inflationary and logistical pressures), sources of cash generation, anticipated future trading performance, its borrowings and other available credit facilities from non-sanctioned banks, and its forecast compliance with covenants on those borrowings, and its capital expenditure commitments and plans. In the going concern assessment, the Group also considered the restrictions for moving cash between jurisdictions and assessed the ability to meet liabilities within each of the individual jurisdictions, whilst maintaining compliance with sanctions and counter sanctions.

At the reporting date, the Group holds $350 million of undrawn credit facilities with non-sanctioned banks and $633 million of cash, which is considered to be adequate to meet the Group's financial obligations as they fall due over the next 12 months ($514 million of short-term borrowings is due for repayment in the next 12 months). All of the 2023 repayments are well covered by available cash balances. No borrowing covenant requirements are forecast to be breached.

As referred to in Note 33 on page 213, at the reporting date the cash balances include $118 million of cash and cash equivalents held in Russia, that are subject to certain legal restrictions and are therefore not available for general use of the Company (but fully available for use by its Russian subsidiaries). The Group determined that these restrictions would not have any material effect on the Group's liquidity position and its ability to finance its obligations.

The Group has taken legal advice on the implications of the sanctions to date as part of this assessment. None of the Group's entities, nor its significant shareholders are currently subject to any specific sanctions.

Longer-term viability

Based on key drivers and measures of success used within the business, the Board has assessed the prospects of the Group, taking account of the potential impact of the principal risks to the Group's business model and ability to deliver its strategy, including solvency and liquidity risks during the lookout period.

Despite the impact of the Russia-Ukraine conflict leading to increased geopolitical tensions and sanctions imposed by the global community on certain Russian companies and individuals, Polymetal's strategy for value creation remains unchanged.

Assessment of prospects

Management has considered the Group's long-term prospects aligned to the sustainability of the business model (detailed on pages 16-17) and covering a period of the average of Polymetal's life-of-mine of 16 years, primarily with reference to the results of the Board-approved strategy (detailed on pages 22-23). Management has also considered the Group's current financial position, including the level of cash as at 31 December 2022, and the Group's historical ability to generate free cash flow, as well as the contingency planning in place to restructure the debt portfolio and minimise exposure to liquidity risk.

The overall macroeconomic situation is expected to remain supportive for gold and silver as commodities, due to their role as safe haven assets against the backdrop of political and economic uncertainties. Consideration of Russian focused sanctions and the associated risks is set out in a separate section below.

The strategic planning process is undertaken annually and includes analyses of Polymetal's current position, growth projects pipeline, cash flow, climate change risks and opportunities, capital allocation principles and returns to shareholders. Accordingly, and considering global prospects for gold and gold price, history of exploration success and ability to buy mineral properties at attractive terms, the Board believes the prospects for the Group in the long term remain good.

Viability lookout period

The period over which the Board considers it possible to form a reasonable expectation as to the Group's viability, based on the stress testing and scenario planning process employed by the Group, is the three-year period to December 2025. This is within the Group's routine medium-term forecasting covering the next three years, performed on the annual basis, and covering strategic and investment planning. The Board is confident the Group's scenario planning is focused primarily on plausible changes in external factors, providing a reasonable degree of confidence whilst still providing an appropriate longer-term outlook.

Principal risks

The Board has continued to place appropriate emphasis on risk management in 2022, taking into account material macroeconomic conditions and geopolitical challenges, including sanctions as a result of the Russia-Ukraine conflict, and considering the Group's resilience to changes in the external business environment.

The detailed assessment of the principal risks and uncertainties facing the Group is set out on pages 98-110 of this Integrated Annual Report.

The corporate planning process is underpinned by detailed life-of-mine plans and overlaid with scenario stress testing.

The stress tests are designed to evaluate the resilience of the Group to the potential impact of principal risks and the availability and effectiveness of the mitigating actions that could be taken to avoid or reduce the impact of the underlying risks. In considering the likely effectiveness of such actions, the conclusions of the Board's regular monitoring and review of risk and internal control systems, as discussed on pages 96-97, are taken into account.

Key assumptions

The key assumptions underpinning the Board's assessment of longer-term viability include gold and silver prices, production and sales volumes, foreign exchange rates and the ability to roll forward borrowing facilities as they fall due in the ordinary course of business. These assumptions are consistent with those used for business planning purposes, and also for the assessment of impairment indicators and the recoverability of ore stockpiles and heap leach work in progress.

Assessment of viability

In order to assess the resilience of the Group to threats to its viability posed by principal risks in severe but plausible scenarios, the model was subjected to stress analysis together with an assessment of potential mitigating actions. The most significant risks in terms of their potential financial impact were modelled together as a single stress scenario to understand their combined financial impact.

Scenario	Principal risks factored	Assumptions
Macroeconomic stress	• Market • Currency • Cash and liquidity • Supply chain • Political • Construction and development	• Conservative gold and silver price assumptions 5% below than budgeted • 10% Rouble and Tenge strengthening against Dollar • Capital expenditure overrun for development projects: 10% for Amursk POX-2 and 20% for Veduga

The resulting impact on key metrics was considered with particular focus on solvency measures including debt headroom and covenants. Under the macroeconomic stress scenario, there are no financial covenant breaches forecast. Under stress scenario assumptions mentioned above, only limited mitigating actions are required to maintain liquidity and covenant compliance, including the refinancing of existing facilities as they mature.

Going concern and longer-term viability continued

Sanctions

Consistent with the approach taken by the Group to assess going concern described on page 153, the Directors also assessed the resilience of the Group's longer-term viability in light of the sanctions imposed on certain Russian institutions and individuals by the global community in 2022, along with the possibility of further sanctions and Russian counter-sanctions that could potentially impact the Group in the future.

This included taking external legal advice on the implications of the sanctions to date as part of this assessment. It has been assumed that the cash flows generated will be available for use in the business.

As such these do not represent the Group's 'best estimate' forecast, but were considered in the Group's assessment of going concern, reflecting the current evolving circumstances and the most significant and plausible potential risks identified at the date of approving the Integrated Annual Report and Accounts.

The results of the macroeconomic stress scenario indicated that the Group would be able to withstand the adverse impact of the principal sanctions related risks occurring over the longer-term horizon of the three-year period.

Management also performed 'break-even' sensitivity analysis for the viability period. The Group's viability is not sensitive to available borrowings, assuming revenue and operating cash inflows are realised as forecast per the base case and no dividends are paid.

In assessing the prospects of the Group, the Directors noted that such an assessment in light of existing and potential new sanctions in the future introduces further uncertainty that increases over time and accordingly that future outcomes cannot be guaranteed or predicted with certainty.

Nevertheless the Group considers that the gold and silver metal that it continues to mine will remain sought after and valuable global commodities, for which there will be continued high demand, particularly during times of macroeconomic and political volatility and uncertainty. Therefore, while there is heightened uncertainty in the viability lookout period in particular in respect of possible as yet unknown sanctions, there is an expectation that the Group will continue to be able to access markets for its products.

Liquidity and solvency

The Group is considered to be viable if its financial covenants are maintained within prescribed limits, and if there is available free cash flow and debt facilities to fund operations. The sources of funding available to the Group are set out in Note 24 to the consolidated financial statements. Our base case projections demonstrate that the Group should be able to operate within the currently available debt facilities and comply with all related covenants during the lookout period. The undrawn facilities of $0.5 billion as at 31 December 2022 have an average period of maturity of three years. Under reasonably possible downside assumptions mentioned above, only limited mitigating actions are required to maintain liquidity and covenant compliance, including the refinancing of existing facilities as they mature.

Taking into account the significant level of uncertainty regarding external factors, the models do not assume any dividend payments for both base and stress cases.

Expectation

The Board confirms that taking into account the Group's current position and based upon the robust assessment of the principal risks facing the Group, together with available mitigating actions, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 December 2025.

Directors' report

The Directors submit the Integrated Annual Report of Polymetal International plc together with the audited financial statements of Polymetal International plc for the year ended 31 December 2022.

Corporate governance

Refer to pages 116–123 for a description of the Group's corporate governance structure and policies.

Financial and business reporting

The Board believes that the disclosures set out in the Strategic Report on pages 04–43 of this Integrated Annual Report provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Environmental reporting

Information on the annual quantity of emissions from activities for which the Company is responsible as well as a ratio which expresses Polymetal's annual emissions in relation to a quantifiable factor associated with the Company's activities (GHG emissions intensity (Scope 1+2), t of CO_2e per Kt of ore processed) is available in the Sustainability section on pages 44–83 of this Integrated Annual Report. The Board believes that due to the importance of these metrics being put into context, this is the most appropriate section for disclosure.

Auditors

Each of the persons who is a Director at the date of approval of this Integrated Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware
- The Director has taken all steps that they ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

MHA MacIntyre Hudson (an independent member of Baker Tilly International Limited) as Group auditor and AO Business Solutions and Technologies as component auditor have audited financial statements. The Audit and Risk Committee reviews both the level of the audit fee and the level and nature of non-audit fees as part of its review of the adequacy and objectivity of the audit process.

Directors

The Directors, their status and Board Committee memberships are set out on pages 112-113, 121 of the Report.

Re-election policies

In accordance with the UK Code, all Directors are subject to annual re-election. Full terms and conditions of the appointment of non-executive Directors are available for inspection at the Company's registered office.

The Directors' biographical details are set out on pages 112–113. Following their performance evaluations, the Board and the SINED consider that each of the Directors standing for election or re-election will continue to be an effective contributor to the Group's success and demonstrates commitment to their role.

Appointment and replacement of Directors

The Board may appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director and, in either case, whether or not for a fixed term. Irrespective of the terms of his or her appointment, a Director so appointed shall hold office only until the next AGM. If not re-appointed at such AGM, they shall vacate office at its conclusion.

The Company may, by ordinary resolution, remove any Director from office (notwithstanding any provision of the Company's Articles or of any agreement between the Company and such Director, but without prejudice to any claim that they may have for damages for breach of any such agreement). No special notice needs to be given of any resolution to remove a Director and no Director proposed to be removed has any special right to protest against his or her removal. The Company may, by ordinary resolution, appoint another person in place of a Director removed from office.

Directors' interests

Directors' interests are disclosed in annual declarations and the Company Secretary is notified promptly of any changes to those interests. Before each Board meeting, independent non-executive Directors reconfirm their independence and all Directors disclose whether they hold any interests in any matters to be reviewed at the Board meeting. Information on Directors' interests in shares of the Company is set out in the Remuneration Report on page 146.

Directors' indemnities

To the extent permitted by the Companies (Jersey) Law 1991, the Company has indemnified every Director and other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) out of the assets of the Company against any liability incurred by them for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. This provision does not affect any indemnity to which a Director or officer is otherwise entitled.

Board and Committee terms of reference

The schedule of matters reserved to the Board and terms of reference for all Board Committees can be found in the Corporate Governance section on the Company's **website**. Terms of reference are reviewed at least annually.

Business ethics and anti-bribery policies and procedures

Refer to pages 81 for a description of the Group's business ethics and anti-bribery policies and procedures.

Political donations

The Company may not make a political donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution of shareholders passed before the donation is made or the expenditure incurred. No such donations were made in 2022 (2021: none).

Capital structure

The structure of the Company's share capital is detailed in Note 30 to the financial statements. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both regulated by the Articles of the Company and applicable legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights.

The Articles of the Company can be altered by a special resolution of the Company. A resolution is a special resolution when it is passed by three-quarters of the members who (being entitled to do so) vote in person, or by proxy, at a General Meeting of the Company. Pursuant to the Company's Articles, the Directors have the power to allot Equity Securities (as defined in the Articles).

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements and employees' share plans. None of these is considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid. Substantial shareholdings in the Company are disclosed on page 264.

Details of employee option schemes are set out in the Remuneration Report on page 141. There were no acquisitions of the Company's own shares in 2022.

At the AGM of the Company held in 2022, the power to allot Equity Securities (as defined in the Articles) was renewed up to an aggregate number of 157,875,413 ordinary shares, provided that the Directors' power in respect of such an amount may only be used in connection with a pre-emptive issue (as defined in the Articles).

The Directors are further empowered pursuant to Article 10.4 of the Company's Articles to allot Equity Securities for cash as if Article 11 of the Articles (Pre-emptive rights) did not apply and for the purposes of paragraph (b) of Article 10.4 of the Articles, the Non Pre-emptive Shares (as defined in the Articles) are an aggregate number of up to 23,681,312 ordinary shares. The Directors are empowered to allot an additional 23,681,312 Equity Securities for cash as if Article 11 of the Articles (Pre-emptive rights) did not apply and for the purposes of paragraph (b) of Article 10.4 of the Articles. This additional authority can be used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction that the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-emption Group.

The authorities above will, unless previously revoked or varied, expire at the conclusion of the Company's next AGM (or, if earlier, at the close of business on the date which is 15 months after the date of the resolution which granted them, being 25 July 2023).

Pursuant to Article 57 of the Companies (Jersey) Law 1991, the Company is authorised to make market purchases of ordinary shares of the Company, provided that:

- The maximum number of ordinary shares to be purchased is 47,362,624 ordinary shares
- The minimum price (excluding expenses) which may be paid for each ordinary share is 1 penny
- The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
  - An amount equal to 105% of the average of the middle market quotations of an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased
  - An amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System

Pursuant to Article 58A of the Companies (Jersey) Law 1991, the Company may hold as treasury shares any ordinary shares purchased pursuant to the authority conferred in this resolution. This authority will expire at the conclusion of the Company's next AGM or 18 months from the date of the passing of this resolution, being 25 October 2023 (whichever is earlier).

Approval of share issues, consideration for which does not exceed $25 million, is delegated to any Director holding any executive office.

Exchange Offer

Further to the Exchange Offer[1] announced on 22 September 2022 and as approved by Shareholders at the General Meeting on 12 October 2022, the Company repurchased 39,070,838 ordinary shares on 9 December 2022 in consideration for the issuance of certificated shares, on a one-for-one basis. The certificated shares enjoy the same rights and ISIN as, and be fungible with, the ordinary shares in all respects. Following the repurchase of the exchanged shares and the issuance of the corresponding certificated share, the total number of voting rights in the Company remained unchanged and is 473,626,239 ordinary shares of no par value, each carrying one vote. As a result of the Exchange Offer, the Company holds 39,070,838 ordinary shares in treasury, which do not enjoy any voting or economic rights.

1 The invitation by the Company to Eligible Shareholders to offer to exchange Eligible Shares for Certificated Shares on the terms and subject to the conditions set out in the Shareholder Circular dated 22 December 2022.

Total Issued Share Capital

As of 15 March 2023, the total issued share capital of the Company comprises 512,697,077 ordinary shares of no par value. During the year, the Company issued 39,070,838 shares; the Group and its subsidiaries held 39,070,838 treasury shares (31 December 2021: no shares). The total number of voting rights in the Company is 473,626,239 Ordinary Shares of no par value, each carrying one vote (31 December 2021: 473,626,239 shares). During the year, the Company issued no shares.

Dividends

The Board has carefully evaluated the liquidity and solvency of the business in light of multiple external uncertainties. Taking into account the Group's leverage (2.35x Net Debt/EBITDA, materially above the level of 1.5x previously deemed comfortable) and significant level of uncertainty regarding external factors, the Board has decided not to propose any dividend for 2022 in order to allow the Group to maintain strategic and operating flexibility in a highly volatile and stressful environment.

Annual General Meeting

Notice of AGM and Form of Proxy will be sent out in due course.

Having taken all matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the Integrated Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Evgueni Konovalenko
Senior Independent Non-Executive Director
15 March 2023

Directors' responsibility statement

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted for use in the UK (IFRS). The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'.

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance and
- make an assessment of the Company's ability to continue in operation and meet its liabilities as they fall due over a reasonably reliable lookout period, which the Directors have determined to be three years.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK and Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the Companies (Jersey) Law 1991 and International Financial Reporting Standards as adopted for use in the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report, which is incorporated into the strategic report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,

Evgueni Konovalenko
Senior Independent Non-Executive Director

Vitaly Nesis
Group Chief Executive Officer
15 March 2023

Financial statements

mha MACINTYRE HUDSON

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to UK legal, professional and regulatory responsibilities and reporting obligations to the members of Polymetal International plc. For the purposes of the table on pages 164 to 166 that sets out the key audit matters and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The Group financial statements, as defined below, consolidate the accounts of Polymetal International plc and its subsidiaries (the "Group"). The relevant legislation governing the Group is Companies (Jersey) Law, 1991.

Opinion

We have audited the financial statements of Polymetal International plc for the year ended 31 December 2022.

The financial statements that we have audited comprise:

- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Statement of Financial Position
- the Consolidated Statement of Changes in Equity
- the Consolidated Statement of Cash Flows
- Notes 1 to 34 to the consolidated financial statements, including significant accounting policies

The financial reporting framework that has been applied in the preparation of the group's financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the United Kingdom ('UK') and as issued.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance Companies (Jersey) Law, 1991.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

mha MACINTYRE HUDSON

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

- The consideration of inherent risks to the Group's operations and specifically their business model, including their consideration of the impact of sanctions and counter sanctions as detailed in the key audit matter titled "The impact of Sanctions and Counter sanctions" below.
- The evaluation of how those risks might impact on the available financial resources.
- Where additional resources may be required, the reasonableness and practicality of the assumptions made by the Directors when assessing the probability and likelihood of those resources becoming available.
- Liquidity considerations including examination of cash flow projections at Group level.
- The evaluation of the base case scenarios and stress scenarios, in respect of the Group, and the respective sensitivities and rationale.
- Viability assessments at Group level, including consideration of reserve levels and business plans.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the company's financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Scope	Our audit was scoped by obtaining an understanding of the Group, its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement. We, and our component auditors acting on specific group instructions, undertook full scope audits on the complete financial information of 5 components; Albazino, Dukat, Kyzyl, Omolon, and Vavara, specified audit procedures on particular aspects and balances on another 13 components; Amikan, Amursk, Corporate and other, Komar, K-PM, Kutyn, Mayskoye, Nezhda, Primorskoye, Prognoz, Saum, Svetloye, and Voro.		
First-year audit transition	We developed a detailed audit transition plan, designed to deliver an effective transition from the Group's predecessor auditor, Deloitte LLP ("Deloitte"). Our audit planning and transition commenced in July 2022, following our appointment. Our transition activities included (but were not limited to) meeting relevant partners and senior staff from Deloitte, reviewing the Audit Committee meeting minutes and reviewing Deloitte's 2021 audit working papers. Our transition focused on obtaining an understanding of the Group's system of internal control, evaluating the Group's accounting policies and areas of accounting judgement, and meeting with management and the component auditor.		
Materiality	**2022**	**2021**	
Group	US$45.5m	US$47m	5% of the 2-year rolling average of profit before tax adjusted for impairments and net foreign exchange losses (2021: 4% profit before tax adjusted for net foreign exchange gain and net gains on disposal of subsidiaries)
Key audit matters			
	• Impairment of the Nezhda-Prognoz cash generating unit (CGU) • The impact of sanctions and counter sanctions		

MHA MACINTYRE HUDSON

MHA MACINTYRE HUDSON

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of Nezhda – Prognoz CGU

Key audit matter description	At 31 December 2022 the Group reported an impairment of US$694 million (2021: US$nil million) to the Nezhda-Prognoz CGU in note 17. The value of the Group's mining operations is particularly sensitive to forecast long-term gold price, planned mining operations including the timing of capital expenditure, forecast reserves and foreign exchange rates and may also be impacted by the implications of the situation in Ukraine and sanctions being imposed on certain Russian institutions by the US, the UK and the EU. There is also a risk that impairment indicators exist that require management to undertake an impairment review of the Group's assets. The Nezhda-Prognoz CGU impairment assessment is inherently sensitive to plausible changes in certain economic and operational key input assumptions which incurred in the period ended 31 December 2022, which could increase or reduce the CGU's recoverable value estimate. Key recoverable value input assumptions include the long-term gold and silver prices, the discount rate and the projected operating costs.
How the scope of our audit responded to the key audit matter	We have performed the following procedures in our consideration of impairment indicators for all identified CGUs, as well as their subsequent impairment: • Documented our understanding of the controls relevant to the identification of impairment indicators and valuation of recoverable amount for relevant CGUs; • Evaluated the design and determined the implementation of key internal controls around the significant risk of valuation of impairment; • Reviewed and challenged management's accounting paper which sets out management's consideration of impairment indicators. Where appropriate analysis of indicators is lacking, we sought additional explanations and clarifications from management; • Challenged managements' impairment assessment methodology, production profile, capital and operating costs (including transport costs); • We engaged the support of an expert to consider the reasonableness of the discount rate assumptions; • Challenged management's selection of macroeconomic inputs and determination of the discount rate to be applied to the forecast cash flows and evaluated the sensitivity of discount rate and other assumptions; • Reviewed management's disclosures in the financial statements including sensitivities presented to determine if reasonable and relevant and the accuracy of their financial impact; and • Evaluated the governance process, observing that the Audit & Risk Committee were briefed by management at their meetings where the inputs to the impairment model were discussed and approved.
Key observations	The discount rate was an area of particular judgement by management and us given the sensitivity of the recoverable amount to small changes in the rate. We are satisfied the impairment of the Nezhda-Prognoz CGU is reasonable and recognised in accordance with IAS36 and disclosures thereon in note 17.

The impact of sanctions and counter sanctions

Key audit matter description	The conflict between Russia and Ukraine has led to Western nations imposing a range of sanctions. In response to these sanctions the Russian government has issued counter sanctions. Both the sanctions and counter sanctions are detailed, complex and can require significant judgement in assessing whether the businesses operations and financing arrangements comply. Non-compliance with sanctions would have a pervasive impact on the group operations and going concern assessment. Compliance with sanctions is therefore considered a significant risk. The entity may be knowingly or unknowingly in breach of prohibitions in different jurisdictions. A breach of sanctions could have an impact on the operations of the group and or result in significant financial penalties. The western sanctions and countersanctions include a set of wide-ranging and complex prohibitions, which are difficult to interpret and include general anti-avoidance measures. The Group engaged legal experts to provide legal advice in accordance with management's risk assessment of operations and specific transactions. None of the Group's entities, its directors nor its significant shareholders are currently subject to any specific sanctions.
How the scope of our audit responded to the key audit matter	We have performed the following procedures in respect to management's consideration of sanction and counter sanctions: • Reviewed and challenged management's consideration of sanctions and counter sanctions including internal controls introduced for the identification and prevention of breaches; • We reviewed the legal advice obtained by management in respect of sanctions compliance and internal controls; • We engaged the support of legal experts to consider management's consideration of relevant sanctions and the appropriateness of management's legal advice in respect of key judgements identified; • Corroborated key facts identified during management's assessments; • Reviewed management's assessment of the impact of compliance with sanctions and counter sanctions on the intergroup cash flows during the period and the ability of the group to service its liabilities within individual jurisdictions and the potential related impact on going concern; • We challenged management's conclusions in respect of compliance with sanctions and counter sanctions; and • We evaluated the governance process including, the implementation of the group's sanctions compliance policy and seek confirmation that the board is not aware of a breach of sanctions or counter sanctions due in the period.
Key observations	Based on the procedures performed, we have not identified evidence of instances of a breach in sanctions or counter sanctions during the period or facts or circumstances affecting the group's ability to service its liabilities within individual jurisdictions without breaching sanctions or counter sanctions.

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Our application of materiality

Our definition of materiality considers the value of error or omission on the financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Materiality in respect of the Group was set at US$45.5m (2021: US$47m) which was determined on the basis of 5% of a 2-year rolling average of profit before tax adjusted for impairments and net foreign exchange losses (2021: 4% of profit before tax adjusted for net foreign exchange gains). Profit before tax adjusted for impairments and net foreign exchange losses was deemed to be the appropriate benchmark for the calculation of materiality as this is a key area of the financial statements because this is the metric by which the performance and risk exposure of the Group is principally assessed by management and investors. In our opinion this is therefore the benchmark with which the users of the financial statements are principally concerned.

Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Performance materiality for the Group was set at US$27.5m (2021: US$32.9m) which represents 60% (2021: 70%) of the materiality level.

The determination of performance materiality reflects our assessment of the risk of undetected errors existing, the nature of the systems and controls and the level of misstatements arising in previous audits.

We agreed to report any corrected or uncorrected adjustments exceeding US$2.275m (2021: US$2.35m) to the Audit & Risk Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

Overview of the scope of the Group audits

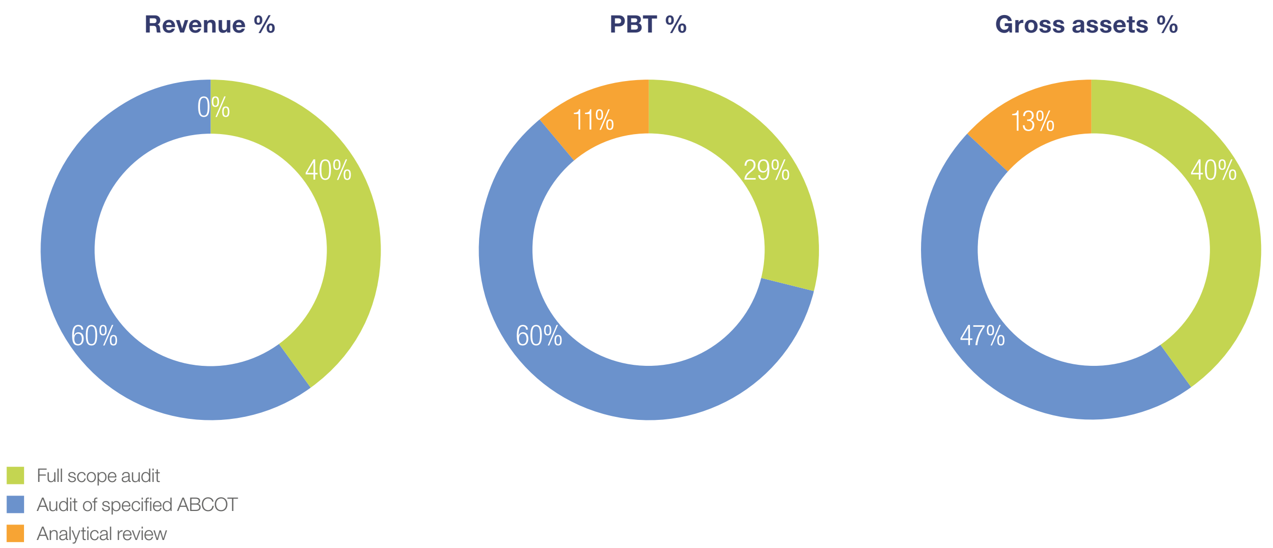
Our assessment of audit risk, evaluation of materiality and our determination of performance materiality sets our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. This assessment takes into account the size, risk profile, organisation / distribution and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the consolidated financial statements, and to ensure we had adequate quantitative and qualitative coverage of significant accounts in the consolidated financial statements, of the 18 reporting components of the group, we identified 5 components in Russia and Kazakhstan which represent the principal business units within the Group.

Full scope audits - Of the 18 components selected, full scope audits of the complete financial information of 5 components; Albazino, Dukat, Kyzyl, Omolon, Varvara were undertaken, these entities were selected based upon their size or risk characteristics.

Specified procedures – Specified procedures were undertaken on 13 components; Amikan, Amursk, Corporate and other, Komar, K-PM, Kutyn, Mayskoye, Nezdha, Primorskye, Prognoz, Saum, Svetloye, and Voro. Our audit work was executed at levels of materiality applicable to each component which were between US$1.8m and US$18.6m.

Our audit scoping coverage for the key balances is summarised in the charts below.



ABCOT – Account Balance and Classes of Transactions

The group audit team led and directed the audit work performed by the component auditors in Russia through a combination of group planning meetings and calls, provision of group instructions (including detailed supplemental procedures), review and challenge of related component interoffice reporting and of findings from their working papers and interaction on audit and accounting matters which arose, this included assessing the appropriateness of conclusions and consistency between reported findings and work performed.

mha MACINTYRE HUDSON

The control environment

We evaluated the design and implementation of those internal controls of the Group, which are relevant to our audit, such as those relating to the financial reporting cycle. We also tested operating effectiveness and placed reliance on controls over metal inventories and revenue.

Our IT audit specialist engaged with the component teams' internal IT audit specialists to get an understanding of the general IT environment and test general IT controls and these were found to be operating effectively.

Climate-related risks

In planning our audit and gaining an understanding of the Group, we considered the potential impact of climate-related risks on the business and its financial statements. We obtained management's climate-related risk assessment, along with relevant documentation and reports relating to management's assessment and held discussions with management to understand its process for identifying and assessing the related risks.

We engaged internal specialists to assess and challenge, amongst other factors, the related risks and benchmarks identified by management, the nature of the Group's business activities, its processes and the geographic distribution of its activities.

We critically reviewed management's assessment and challenged the assumptions and disclosures underlying its assessment. We made enquiries to understand the extent of the potential impact of climate change risks on the Group's financial statements. This has included a review of the Group's climate change strategy, critical accounting estimates and judgements, and the effect on the MHA audit approach. We also considered the ongoing viability of the business in respect both to direct climate risks and changes in legislation as nations grapple with their commitments to reduce emissions.

Reporting on other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 153;
- Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 153;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 153;
- Directors' statement on fair, balanced and understandable set out on page 158;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 110;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 126; and
- Section describing the work of the Audit & Risk Committee set out on pages 126.

Matters on which we are required to report by exception

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Identifying and assessing potential risks arising from irregularities, including fraud

The extent of the procedures undertaken to identify and assess the risks of material misstatement in respect of irregularities, including fraud, included the following:

- We considered the nature of the industry and sector, the control environment, business performance including remuneration policies . From our sector experience and through discussion with directors, we obtained an understanding of the legal and regulatory frameworks applicable to the Group focusing on laws and regulations that could reasonably be expected to have a material impact on the financial statements.
- We considered the result of our enquiries of management and the Audit & Risk Committee about their own identification and assessment of the risk and irregularities;
- We considered any matters identified on review of the Group's documentation of their policies and procedures relating to;
  - identifying, evaluating and complying with the laws and regulations, including sanctions and counters sanction as referred to in our key audit matters and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had any knowledge of actual or suspected fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included utilising the spectrum of inherent risk and an evaluation of the risk of management override of controls; and
- As a result of these procedure we determined that the principal risks were management bias in accounting estimates, particularly in determining impairment of mining operations, and the potential for a breach of sanctions and/or counter sanctions related to the Russia and Ukraine conflict. The group engagement team shared this risk assessment with the Component Auditors of Significant Subsidiaries so that they could include appropriate audit procedures in response to such risks in their work.

mha MACINTYRE HUDSON

Audit response to risks identified

As a result of the above, we identified the impairment assessment of Nezhda-Prognoz CGU as a key audit matter. The key audit matter section of our report explains the matter in more detail and the specific procedures we performed in response.

We also identified the impact of sanctions and counter sanctions as a key audit matter. The key audit matter section of our report explains the matter in more detail and the specific procedures we performed in response.

In addition to the above, audit procedures performed by the engagement team in connection with the risks identified included:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations expected to have a direct impact on the financial statements;
- testing journal entries, including those processed late for financial statements preparation, those posted by infrequent or unexpected users, those posted to unusual account combinations;
- evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
- enquiry of management around actual and potential litigation and claims;
- challenging the assumptions and judgements made by management in its significant accounting estimates; and
- obtaining confirmations from third parties to confirm existence of a sample of transactions and balances.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including experts, and the component auditors and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Other requirements

We were appointed by the Audit & Risk Committee on 1 July 2022. This being the first year of engagement.

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Group or the Parent Company, and we remain independent of the Group and the Parent Company in conducting our audit.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991 Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

R Shaunak

Rakesh Shaunak FCA

for and on behalf of MHA MacIntyre Hudson*, Recognised Auditor

London, United Kingdom

15 March 2023

**MHA MacIntyre Hudson is a trading name of MacIntyre Hudson LLP*

Consolidated income statement

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Revenue	6	2,801	2,890
Cost of sales	7	(1,690)	(1,307)
Gross profit		**1,111**	**1,583**
General, administrative and selling expenses	11	(311)	(226)
Other operating expenses, net	12	(142)	(149)
Impairment of non-current assets	17	(801)	–
Impairment of investment in associate	21	(24)	–
Operating (loss)/profit		**(167)**	**1,208**
Foreign exchange (loss)/gain, net		(32)	5
(Loss)/gain on disposal of subsidiaries, net	4	(2)	3
Change in fair value of financial instruments	28	(20)	4
Finance expenses	15	(119)	(66)
Finance income		8	7
(Loss)/profit before income tax		**(332)**	**1,161**
Income tax	16	44	(257)
(Loss)/profit for the year		**(288)**	**904**
(Loss)/profit for the financial year attributable to:			
Equity shareholders of the Parent		(288)	904
		(288)	**904**
(Loss)/earnings per share ($)			
Basic	30	(0.61)	1.91
Diluted	30	(0.61)	1.88

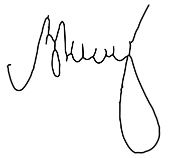
Consolidated statement of comprehensive income

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
(Loss)/profit for the year		**(288)**	**904**
Other comprehensive income, net of income tax		**338**	**(42)**
Items that may be reclassified to profit or loss			
Fair value gain arising on hedging instruments during the year	28	16	–
Exchange differences on translating foreign operations		365	(36)
Currency exchange differences on intercompany loans forming net investment in foreign operations, net of income tax		(43)	(6)
Total comprehensive income for the year		**50**	**862**
Total comprehensive income for the year attributable to:			
Equity shareholders of the Parent		50	862
		50	**862**

Consolidated statement of financial position

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Assets			
Property, plant and equipment	18	3,392	3,314
Right-of-use assets	19	131	33
Goodwill	20	14	14
Investments in associates and joint ventures	21	13	28
Non-current accounts receivable	23	31	28
Other non-current financial assets	23	24	29
Deferred tax asset	16	142	67
Non-current inventories	22	133	96
Total non-current assets		**3,880**	**3,609**
Current inventories	22	1,057	781
Prepayments to suppliers		185	119
Income tax prepaid		64	11
VAT receivable		148	123
Trade and other receivables	23	103	79
Other financial assets at FVTPL	23	10	12
Cash and cash equivalents	33	633	417
Total current assets		**2,200**	**1,542**
Total assets		**6,080**	**5,151**
Liabilities and shareholders' equity			
Accounts payable and accrued liabilities	26	(264)	(223)
Current borrowings	24	(514)	(446)
Advances received		(6)	(134)
Income tax payable		(11)	(21)
Other taxes payable		(68)	(54)
Current portion of contingent consideration liability	33	(9)	(31)
Current lease liabilities	33	(25)	(7)
Total current liabilities		**(897)**	**(916)**
Non-current borrowings	24	(2,512)	(1,618)
Contingent and deferred consideration liabilities	33	(112)	(111)
Deferred tax liability	16	(107)	(206)
Environmental obligations	25	(76)	(50)
Non-current lease liabilities	33	(106)	(29)
Other non-current liabilities	26	(28)	(18)
Total non-current liabilities		**(2,941)**	**(2,032)**
Total liabilities		**(3,838)**	**(2,948)**
Net assets		**2,242**	**2,203**
Stated capital account	30	2,450	2,450
Share-based compensation reserve	31	35	31
Cash flow hedging reserve	28	16	–
Translation reserve		(1,543)	(1,865)
Retained earnings		1,284	1,587
Total equity		**2,242**	**2,203**
Total liabilities and shareholders' equity		**(6,080)**	**(5,151)**

Notes on pages 176 to 215 form part of these financial statements. These financial statements are approved and authorised for issue by the Board of Directors on 15 March 2023 and signed on its behalf by:



Vitaly Nesis
Group Chief Executive

Evgueni Konovalenko
Senior Independent Non-Executive Director

Consolidated statement of cash flows

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Net cash generated by operating activities	33	**206**	1,195
Cash flows from investing activities			
Purchases of property, plant and equipment	18	(794)	(759)
Net cash inflow/(outflow) on asset acquisitions[1]	4	123	(5)
Proceeds from disposal of subsidiaries	4	5	2
Investments in associates	21	(7)	(3)
Acquisition of shares held at FVTPL		–	(5)
Loans advanced		(12)	(36)
Repayment of loans provided		3	18
Contingent consideration received		3	–
Net cash used in investing activities		**(679)**	(788)
Cash flows from financing activities			
Borrowings obtained	33	3,885	3,360
Repayments of borrowings	33	(3,029)	(3,080)
Repayments of principal under lease liabilities	33	(18)	(4)
Dividends paid	30	–	(635)
Acquisition of non-controlling interest	4	(24)	–
Proceeds from royalty arrangement	33	–	20
Contingent consideration paid	33	(27)	(33)
Net cash from/(used in) financing activities		**787**	(372)
Net increase in cash and cash equivalents		314	35
Cash and cash equivalents at the beginning of the year	33	417	386
Effect of foreign exchange rate changes on cash and cash equivalents		(98)	(4)
Cash and cash equivalents at the end of the financial year	33	**633**	417

1 Cash inflow on acquisitions comprises cash consideration of $27 million paid for Galka deposit and cash acquired as a result of consolidation of 100% interest in Albazino Power Line (Note 4). As a result of later transaction the Group assumed debt of $161 million and acquired corresponding cash balances of $150 million.

Consolidated statement of changes in equity

	Note	Stated capital account $m	Share-based compensation reserve $m	Cash flow hedging reserve $m	Translation reserve $m	Retained earnings $m	Total equity $m
Balance at 1 January 2021		2,434	31	–	(1,823)	1,318	1,960
Profit for the year		–	–	–	–	904	904
Other comprehensive income, net of income tax		–	–		(42)	–	(42)
Total comprehensive income		–	–	–	(42)	904	862
Share-based compensation	31	–	16	–	–	–	16
Shares allotted to employees	31	16	(16)	–	–	–	–
Dividends	30	–	–	–	–	(635)	(635)
Balance at 31 December 2021		2,450	31	–	(1,865)	1,587	2,203
Loss for the year		–	–	–	–	(288)	(288)
Other comprehensive income, net of income tax		–	–	16	322	–	338
Total comprehensive income		–	–	16	322	(288)	50
Share-based compensation	31	–	13	–	–	–	13
Own share exchanged in the year	30	–	–	–	–	–	–
Transfer to retained earnings	31	–	(9)	–	–	9	–
Consolidation of non-controlling interest	4	–	–	–	–	(24)	(24)
Balance at 31 December 2022		2,450	35	16	(1,543)	1,284	2,242

1. General

Corporate information

Polymetal Group (the Group) is a leading gold and silver mining group with operations in Kazakhstan and Russia.

Polymetal International plc (the Company) is the ultimate parent entity of Polymetal Group. The Company was incorporated in 2010 as a public limited company under Companies (Jersey) Law 1991 and has its place of business in Cyprus. Its shares are listed on the London and Moscow stock exchanges and Astana International Exchange.

Significant subsidiaries

As of 31 December 2022 the Company held the following significant mining and production subsidiaries:

				Effective interest held, %	
Name of subsidiary	Deposits and production facilities	Segment	Country of incorporation	**31 December 2022**	31 December 2021
Bakyrchik Mining Venture LLC	Kyzyl	Kazakhstan	Kazakhstan	100	100
Varvarinskoye JSC	Varvara	Kazakhstan	Kazakhstan	100	100
Komarovskoye Mining Company LLC	Komar	Kazakhstan	Kazakhstan	100	100
Gold of Northern Urals JSC	Voro	Ural	Russia	100	100
	Pesherny				
Svetloye LLC	Svetloye	Khabarovsk	Russia	100	100
Magadan Silver JSC	Dukat	Magadan	Russia	100	100
	Lunnoe				
	Perevalnoye				
Mayskoye Gold Mining Company LLC	Mayskoye	Magadan	Russia	100	100
Omolon Gold Mining Company LLC	Birkachan	Magadan	Russia	100	100
	Tsokol				
	Burgali				
Albazino Resources Ltd	Albazino	Khabarovsk	Russia	100	100
Amur Hydrometallurgical Plant LLC	Amursk POX	Khabarovsk	Russia	100	100
South-Verkhoyansk Mining Company JSC	Nezhda	Yakutia	Russia	100	100
Prognoz Silver LLC	Prognoz	Yakutia	Russia	100	100
GRK Amikan LLC	Veduga	Khabarovsk	Russia	100	100

Going concern

In assessing its going concern status, the Group has taken account of its principal risks and uncertainties, financial position (including significant inflationary and logistical pressures), sources of cash generation, anticipated future trading performance, its borrowings and other available credit facilities from non-sanctioned banks, and its forecast compliance with covenants on those borrowings, and its capital expenditure commitments and plans. In the going concern assessment, the Group also considered the restrictions for moving cash between jurisdictions and assessed the ability to meet jurisdictional liabilities.

At the reporting date, the Group holds $350 million of undrawn credit facilities with non-sanctioned banks and $633 million of cash, which is considered to be adequate to meet the Group's financial obligations as they fall due over the next 12 months ($514 million of short-term borrowings is due for repayment in the next 12 months). All of the 2023 repayments are well covered by available cash balances. No borrowing covenant requirements are forecast to be breached.

At the reporting date the cash balances include $118 million of cash and cash equivalents held in Russia, that are subject to certain legal restrictions and are therefore not available for general use of the Company (but fully available for use by its Russian subsidiaries). The Group determined that these restrictions would not have any material effect on the Group's liquidity position and its ability to finance its obligations.

The Group has taken legal advice on the implications of the sanctions to date as part of this assessment. None of the Group's entities, nor its significant shareholders are currently subject to any specific sanctions.

The Board is therefore satisfied that the Group's forecasts and projections, including the stress scenario, show that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of this report and that it is appropriate to adopt the going concern basis in preparing the year-end financial statements.

Basis of presentation

The Group's annual consolidated financial statements for the year ended 31 December 2022 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the United Kingdom ('UK'), provisions of the Companies (Jersey) Law 1991, and the Disclosure and Transparency Rules of the Financial Conduct Authority. The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value as of end of the reporting period and share-based payments which are recognised at fair value as of the measurement date.

The following accounting policies have been applied in preparing the consolidated financial statements for the year ended 31 December 2022.

New standards adopted by the Group

- Amendments to IFRS 9 *Financial Instruments*, IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IFRS 16 *Leases*, esulting from Annual Improvements to IFRS Standards 2018-2020, effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* resulting the costs to include when assessing whether a contract is onerous, effective for annual periods beginning on or after 1 January 2022.
- Reference to the Conceptual Framework (Amendments to IFRS 3 *Business Combinations*), effective for annual periods beginning on or after 1 January 2022. The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The Group has early adopted for the annual period beginning 1 January 2021 the amendments to IAS 16 *Property, Plant and Equipment*. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use, effective for annual periods beginning on or after 1 January 2022 with early application permitted. These amendments did not have a material impact on these consolidated financial statements.

New accounting standards issued but not yet effective

The following amendments to the accounting standards were in issue but not yet effective as of date of these consolidated financial statements:

- Amendments to IAS 1 *Presentation of Financial Statements* regarding the classification of liabilities as current and non-current, effective for annual periods beginning on or after 1 January 2023;
- IFRS 17 *Insurance Contracts*, effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 1 and IFRS Practice Statement 2 requiring that an entity discloses its material accounting policies, instead of its significant accounting policies, effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 8 replacing the definition of a change in accounting estimates with a definition of accounting estimates, effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 12 clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, effective for annual period beginning on or after 1 January 2023 with earlier application permitted; and
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* regarding the sale or contribution of assets between an investor and its associate or joint venture, the effective date of the amendments has yet to be set. However, earlier application of the amendments is permitted.

The Group has determined these standards and interpretations are unlikely to have a material impact on its consolidated financial statements or are not applicable to the Group.

2. Significant accounting policies

Basis of consolidation

Subsidiaries

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Changes to the Group's ownership interests that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss from the disposal is calculated as the difference between 1) the aggregated fair value of the consideration received and the fair value of any retained interest and 2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests.

2. Significant accounting policies continued

Business combinations

IFRS 3 *Business Combinations* applies to a transaction or other event that meets the definition of a business combination. When acquiring new entities or assets, the Group applies judgement to assess whether the assets acquired and liabilities assumed constitute an integrated set of activities, whether the integrated set is capable of being conducted and managed as a business by a market participant, and thus whether the transaction constitutes a business combination, using the guidance provided in the standard. Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated income statement as incurred. Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Where applicable, the consideration for the acquisition may include an asset or liability resulting from a contingent consideration arrangement. Contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Subsequent changes in such fair values are adjusted against the cost of acquisition retrospectively with the corresponding adjustment against goodwill where they qualify as measurement period adjustments. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed at the acquisition date. The measurement period may not exceed one year from the effective date of the acquisition. The subsequent accounting for contingent consideration that does not qualify for as a measurement period adjustment is based on how the contingent consideration is classified. Contingent consideration that is classified as equity is not subsequently remeasured. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments* with the corresponding amount being recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the consolidated income statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in equity are reclassified to profit or loss, where such treatment would be appropriate if that interest was disposed of.

Goodwill and goodwill impairment

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the consolidated income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

In 2022 the recoverable amount of the relevant cash-generating units was determined based on value in use calculation. Value in use is based on the application of the Discounted Cash Flow Method (DCF) using post-tax cash flows to the life of mine models based on proved and probable ore reserves and certain resources where a relevant resource-to-reserve conversion ratio can be reasonably applied.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit or loss from disposal.

Acquisition of mining licenses

The acquisition of mining licenses is often affected through a non-operating corporate entity. As these entities do not represent a business, it is considered that the transactions generally do not meet the definition of a business combination and, accordingly, the transaction is usually accounted for as the acquisition of an asset. The net assets acquired are accounted for at cost. Where asset acquisition is achieved in stages net assets acquired are accounted for as the sum of cost of the original interest acquired and the cost of additional interest acquired.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence constitutes the power to participate in the financial and operating policy decisions of the investee but does not extend to a control or joint control over the enactment of those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

A joint arrangement is defined as an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to its interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses.

A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement and is accounted for using the equity accounting method.

When entering in a new joint arrangement, the Group applies judgement to assess whether the parties that have joint control over the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement (joint operation) or rights to the net assets of the arrangement (joint venture), using the guidance provided in the standard. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances.

Equity method of accounting

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investee. When the Group's share of the losses of an associate or a joint venture exceeds the Group's interest in that entity, the Group ceases to recognise its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an investee at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 28 *Investments in Associates and Joint Ventures* (IAS 28) are applied to determine whether any indicators that the interest in an associate or a joint venture may be impaired. Where an indicator of impairment exists or the carrying value of the asset contains goodwill with an indefinite useful life, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single cash generating unit through the comparison of its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36.

When a Group entity transacts with its investees, profits and losses resulting from the transactions with the investee are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or the joint venture that are not related to the Group.

2. Significant accounting policies continued

Functional and presentation currency

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all Russian entities the functional currency is the Russian Rouble (RUB). The functional currency of the Group's entities located and operating in Kazakhstan (Varvarinskoye JSC, Bakyrchik Mining Venture LLC, Inter Gold Capital LLC, Komarovskoye Mining Company LLC) is the Kazakh Tenge (KZT). The functional currency of the parent company Polymetal International plc and its intermediate holding companies is US Dollar.

The Group has chosen to present its consolidated financial statements in US Dollar ($), as management believes it is the most useful presentation currency for international users of the consolidated financial statements of the Group as it is a common presentation currency in the mining industry. The translation of the financial statements of the Group entities from their functional currencies to the presentation currency is performed as follows:

- all assets and liabilities are translated at closing exchange rates at each reporting period end date;
- all income and expenses are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of such transactions;
- resulting exchange differences are recognised in other comprehensive income and presented as movements relating to the effect of translation to the Group's presentation currency within the Translation reserve in equity; and
- in the consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated using exchange rates prevalent at those respective dates. All cash flows in the period are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of transaction.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences reattributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

The Group translates its income and expenses in presentation currency on a monthly basis at monthly average rate. During the years ended 31 December 2022 and 31 December 2021 exchange rates used in the preparation of the consolidated financial statements were as follows:

	Russian Rouble/ US Dollar	Kazakh Tenge/ US Dollar
31 December 2022		
Year ended	70.34	462.65
Average	68.55	460.85
Maximum monthly rate	104.08	499.75
Minimum monthly rate	57.27	431.82
31 December 2021		
Year ended	74.29	431.67
Average	73.65	426.03
Maximum monthly rate	76.10	434.34
Minimum monthly rate	71.50	418.71

The Russian Rouble and Kazakh Tenge are not freely convertible currencies outside the Russian Federation, and Kazakhstan, accordingly, any translation of Russian Rouble and Kazakh Tenge denominated assets and liabilities into US Dollar for the purpose of the presentation of consolidated financial statements does not imply that the Group could or will in the future realise or settle in US Dollars the translated values of these assets and liabilities.

The amounts reported are rounded to the nearest million, unless overwise stated.

Foreign currency transactions

Transactions in currencies other than an entity's functional currencies (foreign currencies) are recorded at the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing on the date on which the most recent fair value was determined. Exchange differences arising from changes in exchange rates are recognised in the consolidated income statement. Exchange differences generated by monetary items that forms part of the intragroup net investment in the foreign operation are recognised in the consolidated financial statements within foreign currency translation reserve.

Property, plant and equipment

Mining assets

Mining assets include the cost of acquiring and developing mining assets and mineral rights. Mining assets are depreciated to their residual values using the unit-of-production method based on proven and probable ore reserves according to the JORC Code, which is the basis on which the Group's mine plans are prepared. Changes in proven and probable reserves are dealt with prospectively. Depreciation is charged on new mining ventures from the date that the mining asset is capable of commercial production. In respect of those mining assets whose useful lives are expected to be less than the life of the mine, depreciation over the period of the asset's useful life is applied.

Mineral rights for the assets under development are included within Exploration and development. When a production phase is started, mineral rights are transferred into Mining assets and are depreciated as described below.

Capital construction-in-progress

Capital construction-in-progress assets are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs are expensed as incurred until such time as the Group determines that reasonable prospects exist for the eventual economic extraction of minerals, which is supported by management's decision to prepare the mineral resource estimation for the relevant field. Mineral resource estimation prepared in accordance with JORC is subsequently published on the Group's website.

Exploration assets representing mineral rights which were acquired as a result of a business combination or an asset acquisition in accordance with IFRS 3 *Business Combinations*, are recognised as a result of the purchase price allocation where appropriate; and are carried at deemed cost, being fair value as at the date of acquisition or at cost where a transaction is classified as an asset acquisition. No changes were made to this part of the Group's policy.

In accordance with IFRS 6 *Exploration for and evaluation of mineral resources*, the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licenses in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised.

Development assets

Exploration and evaluation expenditure are transferred to development assets when commercially-viable reserves are identified, so that the entity first establishes proved and probable reserves in accordance with the JORC Code and a respective mining plan and model are prepared and approved. At the time of reclassification to development assets, exploration and evaluation assets are assessed for impairment based on the economic models prepared.

The costs to remove any overburden and other waste materials to initially expose the ore body, referred to as stripping costs, are capitalised as a part of development assets when these costs are incurred.

Non-mining assets

Non-mining assets are depreciated to their residual values on a straight-line basis over their estimated useful lives. When parts of an item of property, plant and equipment are considered to have different useful lives, they are accounted for and depreciated separately. Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Estimated useful lives are as set out below:

Machinery and equipment	5–20 years
Transportation and other assets	3–10 years

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the asset's carrying amount at the date. The gain or loss arising is recognised in the consolidated income statement.

2. Significant accounting policies continued

Stripping costs

During the production phase of a mine when the benefit from the stripping activity is the improved access to a component of the ore body in future periods, the stripping costs in excess of the average ore to waste ratio for the life of mine of that component are recognised as a non-current asset. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit-of-production method) over the expected useful life of the identified component of the ore body made accessible as a result of the stripping activity.

Estimated ore reserves

Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits. The Group's reserves are estimated in accordance with JORC Code.

Leases

The group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognised a rights-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less), leases of low value assets and leases for the purposes of mining and exploration activities, which fall out of the IFRS 16 scope. For these leases, the Group recognises the leases payments as operating expenses on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability based on the effective interest method and by reducing the carrying amount to reflect the lease payments made. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses and are presented as a separate line in the consolidated financial statements.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset or using the unit-of-production method based on proven and probable ore reserves according to the JORC Code, where it is applicable.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described below.

Impairment of property, plant and equipment

An impairment review of property, plant and equipment is carried out when there is an indication that those assets have suffered an impairment loss or there are impairment reversal indicators. If any such indication exists, the carrying amount of the asset is compared to the estimated recoverable amount of the asset in order to determine the extent of the impairment loss or its reversal (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

A CGU is defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Assets are combined into a CGU consisting of the assets for which it is impossible to estimate the recoverable amount individually, which is the case when:

- the asset does not generate cash inflows that are largely independent of those from other assets; and
- the asset's value in use cannot be estimated to be close to its fair value less costs of disposal (which is the case when the future cash flows from continuing use of the asset cannot be estimated to be negligible).

Recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on the application of the Discounted Cash Flow Method (DCF) using post-tax cash flows and post-tax discount rate. The DCF method is applied to the development of proved and probable reserves and certain resources where a relevant resource-to-reserve conversion ratio can be reasonably applied.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods. Impairment loss may be subsequently reversed if there has been a significant change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

A reversal of an impairment loss is recognised in the consolidated income statement immediately.

Inventories

Metal inventories

Inventories including refined metals, metals in concentrate and in process, Doré and ore stockpiles are stated at the lower of production cost and net realisable value. Production cost is determined as the sum of the applicable expenditure incurred directly or indirectly in bringing inventories to their existing condition and location. Work in-process, metal concentrate, Doré and refined metal are valued at the average total production costs at each asset's relevant stage of production (i.e. the costs are allocated proportionally to unified metal where unified metal is calculated based on prevailing market metal prices). Ore stockpiles are valued at the average cost of mining that ore. Where ore stockpiles and work in-process are not expected to be processed within 12 months, those inventories are classified as non-current.

Net realisable value represents the estimated selling price for that product based on forward metal prices for inventories which are expected to be realised within 12 months, and the flat long-term metal prices for non-current inventories, less estimated costs to complete production and selling costs.

Consumables and spare parts

Consumables and spare parts are stated at the lower of cost or net realisable value. Cost is determined on the weighted average moving cost. The portion of consumables and spare parts not reasonably expected to be used within one year is classified as a long-term asset in the Group's consolidated balance sheet. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

Trade receivables without provisional pricing that do not have a significant financing component (determined in accordance with IFRS 15 *Revenue from Contracts with Customers*) are not initially measured at fair value, rather they are initially measured at their transaction price.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Trade receivables without provisional pricing that do not contain provisional price features, loans and other receivables are held to collect the contractual cash flows and therefore are carried at amortised cost adjusted for any loss allowance. The loss allowance is calculated in accordance with the impairment of financial assets policy described below.

Trade receivables arising from the sales of copper, gold and silver concentrate with provisional pricing features are exposed to future movements in market prices as described below and therefore contain an embedded derivative. IFRS 9 does not require that embedded derivatives are separated; instead, the contractual cash flows of the financial asset are assessed in their entirety. Trade receivables from sales of copper, gold and silver concentrates have contractual cash flow characteristics that are not solely payments of principal and interest, and are therefore measured at fair value through profit or loss in accordance with IFRS 9 and do not fall under the expected credit losses model (ECL) described below.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. Significant accounting policies continued

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade and other receivables and contract assets, except for trade accounts receivable with provisional pricing. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are initially classified and subsequently measured at amortised cost or FVTPL.

A financial liability is classified as and measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

A derivative is defined as a financial instrument or other contract within the scope of IFRS 9 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Inclusion of the term 'non-financial variable specific to a party to the contract' is limited to excluding insurance contracts from the definition of a derivative;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

Borrowings, representing financial contracts for unconditional repayment of principal and interest under a loan agreement, and other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Supplier financing or reverse factoring arrangements, where a financial institution agrees to pay amounts an entity owes to the entity's suppliers and the entity agrees to pay the financial institution at a date later than suppliers are paid, are classified as borrowings when it is determined that the terms and/or nature of the related balance account, such as accounts payable or advances to suppliers, are substantially changed by the arrangement and therefore represents a financing transaction.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated income statement.

Cash flow hedges

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Change in the fair value of derivatives designated as a cash flow hedge is initially recognised in the consolidated statement of comprehensive income and accumulated in the cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated income statement when it occurs.

If the hedging instrument expires or is terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss recognised directly in other comprehensive income transferred to the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities of three months or fewer, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Environmental obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of mining assets. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value using a risk-free rate applicable to the future cash flows, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the consolidated income statement over the life of the operation, through the depreciation of the asset in the cost of sales line and the unwinding of the discount on the provision in the finance costs line. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the consolidated income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the consolidated income statement.

The provision for closure cost obligations is remeasured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes to the risk free interest rate.

Employee benefit obligations

Remuneration paid to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. The Group pays mandatory contributions to the state social funds, including the Pension Fund of the Russian Federation and Kazakhstan, which are expensed as incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes are computed in accordance with the laws of countries where the Group operates.

2. Significant accounting policies continued

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future (judged to be one year). Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future (judged to be one year).

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Recognition of current and deferred tax

Current and deferred tax is recognised in the consolidated income statement, except when they relate to items that are recognised in the consolidated statement of comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in consolidated statement of comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Uncertain tax positions

Provision for uncertain tax positions is recognised within current tax when management determines that it is probable that a payment will be made to the tax authority. For such tax positions the amount of the probable ultimate settlement with the related tax authority is recorded. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognised, the Group discloses tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Total exposures identified as of 31 December 2022 are disclosed in Note 27.

Mining tax

Mining tax includes royalties payable in Russian Federation and Kazakhstan. Mining tax in Russian Federation and Kazakhstan is calculated based on the value of the precious metals extracted in the period. This value is usually determined based on the realised selling price of precious metals or, in case if there were no sales during the period, cost of production of metals extracted (Russian Federation) or the average market price (Kazakhstan) during the reporting period. Mining tax is charged to cost of production and absorbed into metal inventories (Note 7).

Revenue recognition

The Group has three major streams: the sale of gold and silver bullions; sale of copper, gold and silver concentrate; and sale of Doré. Revenue is measured at the fair value of consideration to which the entity expects to be entitled in a contract with a customer in exchange for transferring promised goods, excluding amounts collected on behalf of third parties, such as value added tax (VAT). Group recognises revenue when it transfers control of a product or service to a customer.

Sale of gold and silver bullion

Metal sales includes sales of refined gold and silver, which are generally physically delivered to customers in the period in which they are produced, with their sales price based on prevailing spot market metal prices.

Revenue from metal sales is recognized when control over the metal is transferred to the customer, which generally occurs when the refined gold and silver has been accepted by the customer. Once the customer has accepted the metals, the significant risks and rewards of ownership have typically been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the metals.

Sales of copper, gold and silver concentrate

The Group sells copper, gold and silver concentrate under pricing arrangements whereby the final price is determined by the quoted market prices in a period subsequent to the date of sale. These quotation periods differ from 1 to 4 months, depending on the specific terms of the relevant agreement.

For shipments under the Incoterms Cost, Insurance and Freight (CIF) and Cost and Freight (CFR), control passes to the customer and the revenue is recorded at the time of loading, whilst for shipments under the Incoterms Delivery at Place (DAP) and Delivery at Terminal (DAT), control passes when the goods are delivered at an agreed destination. The proportion of concentrate sold on CIF or CFR Incoterms is insignificant, and therefore no separate material performance obligations for freight and insurance services are recognised.

Revenue is initially recognised based on Polymetal's estimate of copper, gold and silver content in the concentrate and using the forward London Bullion Market Association (LBMA) or London Metal Exchange (LME) price, adjusted for the specific terms of the relevant agreement, including refining and treatment charges which are subtracted in calculating the provisional amount to be invoiced.

Subsequent adjustments to pricing during the quotation period is not considered to be variable consideration under IFRS 15, as the Group's performance obligation has been satisfied at the point of delivery. Trade receivables arising from the sales of copper, gold and silver concentrate with provisional pricing features are accounted for under IFRS 9 *Financial Instruments* as described above. The provisionally priced accounts receivable, outstanding as of each reporting date, are marked to market using the forward price for the quotation period under the relevant agreement with mark-to-market adjustments recognised within revenue.

Doré

Doré sales arrangements are similar to the copper, gold and silver concentrate pricing arrangements described above, with shorter quotational periods of up to 14 days.

Share-based compensation

The Group applies IFRS 2 *Share-based Payments* to account for share-based compensation. IFRS 2 requires companies to recognise compensation costs for share-based payments to employees based on the grant-date fair value of the award.

The fair value of the awards granted under Performance Share Plan (PSP) (as defined in the Remuneration report) is estimated using a Monte-Carlo model valuation (see Note 31).

The fair value of the awards granted is recognised as a general, administrative and selling expense over the vesting period with a corresponding increase in the share-based compensation reserve. Upon the exercise of the awards the amounts recognised within the share-based compensation reserve are transferred to stated capital account.

Earnings per share

Earnings per share calculations are based on the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the treasury stock method, whereby the proceeds from the potential exercise of dilutive stock options with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period.

3. Critical accounting judgements and key sources of estimation uncertainty

In the course of preparing the financial statements, management necessarily makes judgements and estimates that can have a significant impact on those financial statements. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in the future periods affected. The judgements involving a higher degree of estimation or complexity are set out below.

Critical accounting judgements

The following are the critical accounting judgements (apart from judgements involving estimation which are dealt with separately below), made during the year that had the most significant effect on the amounts recognised in the financial statements.

Determination of CGUs and Indicators of Impairment

The Group considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired. The external sources of information the Group considers include changes in the market, economic and legal environment in which the Group operates, that are usually not within its control, and are expected to affect the recoverable amount of CGUs. Internal sources of information include the manner in which mining properties, plant and equipment are being used or are expected to be used; and indicators of the economic performance of the assets, historical exploration and operating results. The primary external factors considered are changes in spot and forecast metal prices, market rates of returns that inform discount rates, and changes in laws and regulations. The primary internal factors considered are the Group's current mine performance against expectations, changes in mineral reserves and resources, life of mine plans and exploration results.

Impairment charges are assessed at the CGU level. Significant management judgement is applied in determining the Group's CGUs, particularly when assets relate to integrated operations, and where changes in CGU determinations could impact the impairment recorded.

CGUs identified by the Group generally represent production facilities with the related satellite deposits. Nezhda and Prognoz represent relatively adjacent mining operations in Yakutia, Russia (noting the 675km distance between the mines), which are now planned to share the existing Nezhda concentrator processing facilities. Management judge the Nezhda and Prognoz mines are interdependent, such that the lowest level of identifiable cash inflows that are largely independent of other assets is both mines on a combined basis. The two operations are therefore assessed for impairment as a single CGU.

3. Critical accounting judgements and key sources of estimation uncertainty continued

Accounting for acquisitions

To determine the appropriate accounting approach to be followed for an acquisition transaction, the Group applies judgement to assess whether the acquisition is of a business, and therefore within scope of IFRS 3 *Business Combinations*, or is of a group of assets that do not constitute a business and is therefore outside scope of IFRS 3. In making this determination, management evaluates the inputs, processes and outputs of the asset or entity acquired. Judgement is used to determine whether an integrated set of activities and assets is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The acquisitions of subsidiaries during the reporting year have been assessed as asset acquisitions.

Use of estimates

The preparation of financial statements requires the Group to make estimates and assumptions that affect the amounts of the assets and liabilities recognised, amounts of revenue and expenses reported, and contingent liabilities disclosed, as of the reporting date. The determination of estimates is based on current and expected economic conditions, as well as historical data and statistical and mathematical methods as appropriate.

Key sources of estimation uncertainty

Key sources of estimation uncertainty reflect those sources of estimation uncertainty which may have a possible material impact of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. They include: cash flow projections for impairment testing and impairment reversal, valuation of contingent consideration assets and liabilities and calculation of net realisable value of stockpiles and work-in progress, mineral reserves and resources assessment and life of mine plans, useful lives of production and other assets, environmental provision and recoverability of deferred tax assets.

DCF models are developed for the purposes of impairment testing, valuation of contingent consideration assets and liabilities, calculation of net realisable value of metal inventories and assessment of the recoveraly of deferred tax assets. Expected future cash flows used in DCF models are inherently uncertain and could change over time. They are affected by a number of factors including ore reserves, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

- Ore reserves and mineral resources – Recoverable reserves and resources are based on the proven and probable reserves and resources in existence. Reserves and resources are incorporated in projected cash flows based on ore reserve statements and exploration and evaluation work undertaken by appropriately qualified persons (see below). Mineral resources, adjusted by certain conversion ratios, are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to ore reserves.
- Commodity prices - Commodity prices are based on latest internal forecasts, benchmarked against external sources of information. Polymetal currently uses flat real long-term gold and silver prices of $1,800 per ounce for 2023, $1,700 per ounce from 2024 (2021: $1,800 for 2022 and $1,500 from 2023) and $20 per ounce for 2023, $21 per ounce from 2024 (2021: $22 for 2022 and $20 from 2023), respectively.
- Foreign exchange rates – Foreign exchange rates are based on observable spot rates, or on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation, as appropriate. The RUB/$ exchange rates are estimated at 65 RUB/$ for 2023, at 73 RUB/$ for 2024 and 75 RUB/$ from 2025 (2021: flat long-term rate of 72 RUB/$). The KZT/$ exchange rate are estimated at 450 KZT/$ for 2023, at 502 KZT/$ from 2024 (2021: 420 KZT/$), respectively.
- Discount rates – The Group used a post-tax real discount rate of 14.1% for Russia assets and 9% for Kazakhstan (2021: 8.0% both for Russian and Kazakhstan). Post-tax cash flow projections used in the value in use impairment models are discounted based on this rate. In 2022 the separate discount rates were estimated to avoid averaging, as Kazakhstan and Russia are expected to have different country risks, considering the sharp drop in Russian credit rating and the effect of the sanctions in place.
- Operating costs, capital expenditure and other operating factors - Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.

Sensitivity analysis

Impairment charges of $801 million for property, plant and equipment was recognised during the year ended 31 December 2022 (Note 17). The recoverable amounts were estimated based on a value in use calculation.

The Group has two CGUs to which goodwill was allocated, being Mayskoye ($11 million) and Dukat ($3 million). No impairment charge for goodwill was recognised during the year ended 31 December 2022 (Note 20).

The impairment assessment is inherently sensitive to plausible changes in certain economic and operational key input assumptions within the next financial year, which could increase or reduce the CGU's recoverable value estimate.

The management has performed an analysis as to whether a reasonably possible adverse change to any of the key assumptions would lead to impairment.

The following scenarios were considered as reasonably possible and were used for this sensitivity analysis:

- 10% simultaneous decrease in gold and silver prices over the life of mine;
- 10% appreciation in RUB/$ exchange rates;
- 10% increase in operating expenses over the life of mine; and
- 1% increase in the discount rate applied.

Each of the sensitivities above has been determined by assuming that the relevant key assumption moves in isolation, and without regard to potential mine plan changes and other management decisions which would be taken to respond to adverse changes in existing management projections.

The table below summarises the outcomes of the isolated scenarios described above. As a result if each isolated scenario the Group would recognise an additional impairment for each CGU as specified by the table below. Certain scenarios would result in impairment of goodwill, allocated to Dukat, and further impairment of non-current assets.

Scenario	Nezhda-Prognoz $m	Veduga $m	Dukat $m
Decrease in gold and silver prices	258	101	76
Appreciation of RUB/$ exchange rate	159	54	50
Increase in operating expenses	136	46	43
Increase in discount rate	41	35	–

No additional charges would be recognised for Kutyn CGU under all scenarios. No scenarios would result in impairment of Mayskoye CGU, including goodwill.

No sensitivity analysis was performed for investments in associates, as investment in Tomtor was fully provided for, due to suspension (Note 21) and the remaining investments are not considered material.

The sensitivities of contingent consideration liabilities measured at FVTPL ($36 million at 31 December 2022; $63 million at 31 December 2021) and inventories held at net realisable value ($95 million at 31 December 2022; $49 million at 31 December 2021) to a reasonably possible change in key assumptions described above are not considered material.

Recoverability of deferred tax assets

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised (Note 16). This review takes into account the factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, as described above. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected.

Deferred tax assets arising from tax losses carried forward, as well as applicable tax legislation, are described in Note 16. It is not practical to show the likely impact on the deferred tax balances of changes in corporate parameters because of number of legal entities with tax losses available and the different tax attributes applicable to each entity.

Climate change

We have assessed and set out the Group's climate risks and opportunities as part of our commitment to climate disclosure within the Strategic Report. Mitigation and adaptation measures that may be required in the future to combat the physical and transition risks of climate change could also have potential implications for the Group's financial statements. This would be the case where assets and liabilities are measured based on an estimate of future cash flows.

In preparing the Group's financial statements, climate-related strategic decisions have impacted the following:

- Our decarbonisation and clean energy initiatives considered and approved by the Board were included in future cash flow projections, underpinned by estimates for recoverable amounts of property, plant and equipment, as deemed relevant.
- The provision for mine closure costs impacted by climate risks and opportunities is set out in Note 25 to the financial statements.

We have adopted both mitigation and adaptation measures within our climate management system. We focus on renewable energy, carbon-intensive fuel replacement and innovative technologies to both mitigate climate change impacts and to reduce our carbon footprint. The adaptation measures we use are based on climate models, which inform the design, construction, operation and closure of our mining assets.

Significant judgements and key estimates made by the Group may be impacted in the future by changes to our climate change strategy or in global commitments to decarbonisation. This could, in turn, result in material changes to the financial results and the carrying values of certain assets and liabilities in future reporting periods. As at the reporting date, the Group believes that there is no material impact on balance sheet carrying values of assets or liabilities.

Environmental obligations

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group's provision for future decommissioning and land restoration cost ($76 million at 31 December 2022; $54 million at 31 December 2021) represents management's best estimate of the present value of the future cash outflows required to settle the liability which reflects estimates of future costs, inflation, movements in foreign exchange rates and assumptions of risks associated with the future cash outflows; and the applicable interest rate for discounting the future cash outflows. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

4. Acquisitions and disposals

Galkinskoye acquisition

On 10 March 2022, the Group acquired 100% of shares of PSU-Holding JSC, a parent company of PSU LLC, which owns the license of Galka gold-sulfide ore deposit. Total cash consideration comprised $27 million.

Transaction represents an asset acquisition in accordance with IFRS 3 *Business Combinations*, as the acquired company did not have any substantive processes that have the ability to contribute to the creation of outputs. The consideration paid was mainly attributable to the acquired mineral rights of $29 million and other current liabilities of $2 million.

Albazino power line acquisition

In December 2021, the Group entered into a preliminary lease agreement to lease on pre-agreed terms the grid power line from Gorin to the Albazino production site. The power line was planned to be built, owned and operated by AEK LLC, an independent grid management company. The construction is funded by the 8-year senior loan and 8-year subordinated loan facility, while Polymetal provided guarantees to the lenders in connection to the senior loan and lease payments to AEK.

In 2022 Polymetal made the decision to consolidate 100% of the project entity in order to take full control of the project. The acquisition was completed by 28 June 2022 for total consideration of 10 thousand RUB (approximating $177), representing the nominal share capital of the entity. The Group determined that it represents an asset acquisition in accordance with IFRS 3 *Business Combinations*, as the acquired company did not have any substantive processes that have the ability to contribute to the creation of outputs. Assets and liabilities acquired are detailed as follows:

	$m
Assets acquired and liabilities recognised at the date of acquisition	
Capital construction in progress	19
Cash and cash equivalents	150
Other current assets	(8)
Borrowings	(161)
Fair value of the net assets acquired	**–**
Cash and cash equivalents acquired	**150**

Acquisition of non-controlling interest in Novopetrovskoye LLC

On 22 March 2022, following completion of the initial JORC-compliant Mineral Resource estimate, the Group increased its interest in Novopetrovskoye LLC from 75% to 100%. The Group purchased the additional 25% from an unrelated party for a consideration of $24 million, payable in cash. The Group has previously determined that Novopetrovskoye LLC meets the definition of a subsidiary and therefore it was consolidated from the date of the 75% share acquisition. The increase in interest in the entity was recognised as an acquisition of the non-controlling interest and recognised within equity. As of 31 December 2021 Novopetrovskoye did not give rise to a significant non-controlling interest to be presented within equity, income statement and statement of comprehensive income.

Disposal of Tarutinskoye

In December 2022, the Group sold its 100% interest in a minor subsidiary Tatutinskoye to the third party for total cash consideration $7 million. Assets and liabilities disposed of comprised mineral rights of $9 million and the intercompany debt of $10 million, which was assigned to the buyer as a part of transaction. As a result the Group recognised loss on disposal of subsidiary of $2 million. Cash consideration of $5 million was received in December 2022, which the remaining amount payable in equal installments on first and second anniversary of the disposal.

5. Segment information

The Group has identified five reportable segments:

- Kazakhstan (Varvara, Komar, Kyzyl);
- Magadan (Omolon, Dukat, Mayskoye);
- Ural (Voro);
- Khabarovsk (Amursk POX, Albazino, Svetloye, Veduga, Kutyn);
- Yakutia (Nezhda, Prognoz).

Reportable segments are determined based on the Group's internal management reports, which are separated based on the Group's geographical structure. Minor companies and activities (management, purchasing and other companies) which do not meet the reportable segment criteria are disclosed within «Corporate and other» segment. Each segment is engaged in gold, silver or copper mining and related activities, including exploration, extraction, processing and reclamation. The Group's reportable segments are based in the Russian Federation and Kazakhstan.

The measure which management and the Chief Operating Decision Maker (the CODM) use to evaluate the performance of the Group is segment Adjusted EBITDA, which is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 218.

Revenue shown as "Corporate and other" comprises, principally, intersegment revenue relating to the supply of inventories, spare parts and fixed assets, and rendering management services to the Group's production entities. The Group recognises Revenue and related Cost of sales in the segment where the source ore was mined, regardless of whether it was processed on behalf of that segment at production facilities related to another hub, Revenue and Cost of sales of the production entities are reported net of any intersegmental Revenue and Cost of sales related to the intercompany sales of ore and concentrates, as well as intercompany smelting services, as this presentation is more meaningful from a management and forecasting perspective.

Business segment current assets and liabilities, other than current inventory, are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements. The segment adjusted EBITDA reconciles to the profit before income tax as follows:

		Russia							
Year ended 31 December 2022 ($m)	Kazakhstan	Magadan	Khabarovsk	Ural	Yakutia	Total	Total reportable segments	Corporate and other	**Total**
Revenue from external customers	933	996	565	177	130	1,868	2,801	–	2,801
Cost of sales, excluding depreciation, depletion and write-down of inventory to net realisable value	340	549	306	85	75	1,015	1,355	–	1,355
Cost of sales	415	690	380	93	112	1,275	1,690	–	1,690
Depreciation included in Cost of sales	(75)	(103)	(62)	(9)	(23)	(197)	(272)	–	(272)
Write-down of metal inventory to net realisable value	–	(38)	(13)	–	(14)	(65)	(65)	–	(65)
Reversal of previous write-down of non-metal inventory to net realisable value	–	1	–	–	–	1	1	–	1
Rehabilitation expenses	–	(1)	1	1	–	1	1	–	1
General, administrative and selling expenses, excluding depreciation, amortisation and share-based compensation	27	44	38	11	16	109	136	152	288
General, administrative and selling expenses	29	45	39	12	16	112	141	170	311
Depreciation included in SGA	(2)	(1)	(1)	(1)	–	(3)	(5)	(5)	(10)
Share-based compensation	–	–	–	–	–	–	–	(13)	(13)
Other operating expenses excluding additional tax charges	26	48	23	6	8	85	111	30	141
Other operating expenses, net	28	48	22	6	8	84	112	30	142
Bad debt and expected credit loss allowance	–	–	–	1	–	1	1	–	1
Additional tax charges/fines/penalties	(2)	–	1	(1)	–	–	(2)	–	(2)
Share of loss of associates and joint ventures	–	–	–	–	–	–	–	–	–
Adjusted EBITDA	**540**	**355**	**198**	**75**	**31**	**659**	**1,199**	**(182)**	**1,017**
Depreciation expense	77	104	63	10	23	200	277	5	282
Rehabilitation expenses	–	1	(1)	(1)	–	(1)	(1)	–	(1)
Write-down of non-metal inventory to net realisable value	–	(1)	–	–	–	(1)	(1)	–	(1)
Write-down of metal inventory to net realisable value	–	38	13	–	14	65	65	–	65
Impairment of non-current assets	–	–	106	–	695	801	801	–	801
Impairment of investment in associate	–	–	–	–	–	–	–	24	24
Share-based compensation	–	–	–	–	–	–	–	13	13
Bad debt and expected credit loss allowance	–	–	–	(1)	–	(1)	(1)	–	(1)
Additional tax charges/fines/penalties	2	–	(1)	1	–	–	2	–	2
Operating loss	**461**	**213**	**18**	**66**	**(701)**	**(404)**	**57**	**(224)**	**(167)**
Foreign exchange gain/(loss), net									(32)
Loss on disposal of subsidiaries, net									(2)
Change in fair value of financial instruments									(20)
Finance expenses									(119)
Finance income									8
Loss before tax									**(332)**
Income tax									44
Loss for the year									**(288)**
Current metal inventories	111	264	182	25	123	594	705	–	705
Current non-metal inventories	46	132	90	14	28	264	310	42	352
Non-current segment assets:									
Property, plant and equipment, net	696	413	1,358	306	540	2,617	3,313	79	3,392
Goodwill	–	14	–	–	–	14	14	–	14
Non-current inventory	34	33	52	3	11	99	133	–	133
Investments in associates	–	–	–	–	–	–	–	13	13
Total segment assets	**887**	**856**	**1,682**	**348**	**702**	**3,588**	**4,475**	**134**	**4,609**
Additions to non-current assets:									
Property, plant and equipment	108	135	436	86	107	764	872	11	883
Acquisition of subsidiaries	–	–	19	29	–	48	48	1	49

5. Segment information continued

Year ended 31 December 2021 ($m)	Kazakhstan	Russia: Magadan	Khabarovsk	Ural	Yakutia	Total	Total reportable segments	Corporate and other	Total
Revenue from external customers	983	1,103	641	163	–	1,907	2,890	–	2,890
Cost of sales, excluding depreciation, depletion and write-down of inventory to net realisable value	318	456	238	63	–	757	1,075	–	1,075
Cost of sales	396	550	292	69	–	911	1,307	–	1,307
Depreciation included in Cost of sales	(78)	(74)	(48)	(6)	–	(128)	(206)	–	(206)
Write-down of metal inventory to net realisable value	–	(20)	(5)	–	–	(25)	(25)	–	(25)
Reversal of previous write-down of non-metal inventory to net realisable value	–	–	1	–	–	1	1	–	1
Rehabilitation expenses	–	–	(2)	–	–	(2)	(2)	–	(2)
General, administrative and selling expenses, excluding depreciation, amortisation and share-based compensation	23	33	29	7	11	80	103	99	202
General, administrative and selling expenses	25	34	30	7	11	82	107	119	226
Depreciation included in SGA	(2)	(1)	(1)	–	–	(2)	(4)	(4)	(8)
Share-based compensation	–	–	–	–	–	–	–	(16)	(16)
Other operating expenses excluding additional tax charges	12	56	35	7	7	105	117	32	149
Other operating expenses, net	13	57	33	7	7	104	117	32	149
Bad debt and expected credit loss allowance	–	(1)	–	–	–	(1)	(1)	–	(1)
Additional tax charges/fines/penalties	(1)	–	2	–	–	2	1	–	1
Share of loss of associates and joint ventures	–	–	–	–	–	–	–	–	–
Adjusted EBITDA	**630**	**558**	**339**	**86**	**(18)**	**965**	**1,595**	**(131)**	**1,464**
Depreciation expense	80	75	49	6	–	130	210	4	214
Rehabilitation expenses	–	–	2	–	–	2	2	–	2
Write-down of non-metal inventory to net realisable value	–	–	(1)	–	–	(1)	(1)	–	(1)
Write-down of metal inventory to net realisable value	–	20	5	–	–	25	25	–	25
Share-based compensation	–	–	–	–	–	–	–	16	16
Bad debt and expected credit loss allowance	–	1	–	–	–	1	1	–	1
Additional tax charges/fines/penalties	1	–	(2)	–	–	(2)	(1)	–	(1)
Operating profit	**549**	**462**	**286**	**80**	**(18)**	**810**	**1,359**	**(151)**	**1,208**
Foreign exchange gain/(loss), net									5
Gain on disposal of subsidiaries, net									3
Change in fair value of financial instruments									4
Finance expenses									(66)
Finance income									7
Profit before tax									**1,161**
Income tax									(257)
Profit for the year									**904**
Current metal inventories	108	228	117	50	50	445	553	–	553
Current non-metal inventories	35	92	50	8	17	167	202	26	228
Non-current segment assets:									
Property, plant and equipment, net	728	376	1,045	126	938	2,485	3,213	101	3,314
Goodwill	–	14	–	–	–	14	14	–	14
Non-current inventory	30	25	38	2	1	66	96	–	96
Investments in associates	–	–	–	–	–	–	–	28	28
Total segment assets	**901**	**735**	**1,250**	**186**	**1,006**	**3,177**	**4,078**	**155**	**4,233**
Additions to non-current assets:									
Property, plant and equipment	93	117	437	67	152	773	866	5	871
Acquisition of subsidiaries	–	–	–	–	–	–	–	16	16

6. Revenue

	Year ended 31 December 2022: Volume shipped (unaudited)	Volume payable (unaudited)	Average price ($ per oz/t payable) (unaudited)	$m
Gold (thousand ounces)	1,408	1,376	1,738	2,392
Silver (thousand ounces)	18,973	18,542	20.7	383
Copper (tonnes)	3,810	3,399	7,650	26
Total				**2,801**

	Year ended 31 December 2021: Volume shipped (unaudited)	Volume payable (unaudited)	Average price ($ per oz/t payable) (unaudited)	$m
Gold (thousand ounces)	1,421	1,386	1,768	2,450
Silver (thousand ounces)	17,860	17,482	24.0	419
Copper (tonnes)	2,403	2,093	10,032	21
Total				**2,890**

Geographical analysis of revenue by destination is presented below:

	Year ended 31 December 2022 $m	31 December 2021 $m
Sales to Kazakhstan	1,205	1,008
Sales to Asia	1,284	490
Sales within the Russian Federation	296	1,271
Sales to Europe	16	121
Total	**2,801**	**2,890**

Included in revenues for the year ended 31 December 2021 are revenues which arose from the sales to the Group's largest customers, whose contribution to the Group's revenue presented 10% or more of the total revenue. In 2022 revenues from such customers amounted to $754 million, $446 million, $452 million and $233 million respectively (2021: $833 million, $638 million, $369 million and $279, respectively).

Presented below is an analysis per revenue streams as described in Note 2 Significant accounting policies:

	Year ended 31 December 2022 $m	31 December 2021 $m
Bullions	1,104	1,341
Concentrate	915	897
Dore	754	652
Ore	28	–
Total	**2,801**	**2,890**

7. Cost of sales

	Year ended 31 December 2022 $m	31 December 2021 $m
Cash operating costs		
On-mine costs (Note 8)	741	516
Smelting costs (Note 9)	567	383
Purchase of ore and concentrates from third parties	69	130
Mining tax	136	152
Total cash operating costs	**1,513**	**1,181**
Depreciation and depletion of operating assets (Note 10)	324	229
Rehabilitation expenses (Note 25)	(1)	2
Total costs of production	**1,836**	**1,412**
Increase in metal inventories	(216)	(132)
Write-down of inventories to net realisable value (Note 22)	64	24
Idle capacities and abnormal production costs	6	3
Total	**1,690**	**1,307**

8. On-mine costs

	Year ended 31 December 2022 $m	31 December 2021 $m
Services	363	254
Labour	175	130
Consumables and spare parts	196	126
Other expenses	7	6
Total (Note 7)	**741**	**516**

9. Smelting costs

	Year ended 31 December 2022 $m	31 December 2021 $m
Consumables and spare parts	242	164
Services	213	145
Labour	110	72
Other expenses	2	2
Total (Note 7)	**567**	**383**

10. Depletion and depreciation of operating assets

	Year ended 31 December 2022 $m	31 December 2021 $m
On-mine	228	161
Smelting	96	68
Total in cost of production (Note 7)	**324**	**229**
Less: absorbed into metal inventories	(52)	(23)
Depreciation included in cost of sales	**272**	**206**

Depreciation of operating assets excludes depreciation relating to non-operating assets (included in general, administrative and selling expenses) and depreciation related to assets employed in development projects where the charge is capitalised. Depreciation expense, which is excluded from the Group's calculation of Adjusted EBITDA (see Note 5), also excludes amounts absorbed into unsold metal inventory balances.

11. General, administrative and selling expenses

	Year ended 31 December 2022 $m	31 December 2021 $m
Labour	243	171
Share-based compensation (Note 31)	13	16
Depreciation	10	8
Services	15	10
Other	30	21
Total	**311**	**226**
including		
Mine site expenses	141	107
Corporate head office expenses	170	119
Total	**311**	**226**

12. Other operating expenses, net

	Year ended 31 December 2022 $m	31 December 2021 $m
Exploration expenses	62	72
Social payments	44	28
Expenses related to the investment in Special Economic Zone	14	20
Taxes, other than income tax	15	11
Additional tax charges/fines/penalties	2	(1)
Change in estimate of environmental obligations	(2)	2
Other expenses	7	17
Total	**142**	**149**

For the operations held in the Special Economic Zone of the Russian Far East, Omolon Gold Mining Company LLC and Magadan Silver JSC are entitled to the decreased statutory income tax rate of 17%, as well as decreased mining tax rate (paying 60% of standard mining tax rates). In return for obtaining this tax relief the members of the regional free Economic Zone are obliged to invest 50% of their tax savings each year in the Special Economic Zone Development Programme, amounting to $14 million in 2022 (2021: $20 million).

Operating cash flow spent on exploration activities amounts to $61 million (2021: $71 million).

13. Employee costs

	Year ended 31 December 2022 $m	31 December 2021 $m
Wages and salaries	500	366
Social security costs	115	89
Share-based compensation (Note 31)	13	16
Total employee costs	**628**	**471**
Reconciliation:		
Less: employee costs capitalised	(64)	(64)
Less: employee costs absorbed into unsold metal inventory balances	(24)	(13)
Employee costs included in costs of sales	**540**	**394**

The weighted average number of employees during the year ended 31 December 2022 was 14,455 (year ended 31 December 2021: 13,589).

Compensation of key management personnel is disclosed within Note 32.

14. Auditor's remuneration

	Year ended 31 December 2022 $m	31 December 2021 $m
Fees payable to the auditor and their associates for the audit of the Company's Annual Report		
United Kingdom	0.49	0.56
Overseas	–	0.76
Audit of the Company's subsidiaries	0.07	0.07
Total audit fees	**0.55**	**1.39**
Audit-related assurance services (half-year financial statements review)	0.36	0.50
Total audit and half-year review fees	**0.91**	**1.89**
Other services	–	0.34
Total non-audit fees	**–**	**0.34**
Total fees	**0.91**	**2.23**
Non-audit fees as % of audit and half-year review fees	**0%**	**18%**

Fees payable to the auditor for 2022 exclude any fees payable to the overseas component auditors, as they do not meet the definition of the auditor's associates.

15. Finance expenses

	Year ended 31 December 2022 $m	31 December 2021 $m
Interest expense on borrowings	94	51
Unwinding of discount on lease liabilities (Note 7, 33)	7	3
Unwinding of discount on environmental obligations (Note 25)	8	4
Unwinding of discount on contingent consideration liability (Note 33)	10	8
Total	**119**	**66**

During the year ended 31 December 2022 interest expense on borrowings excludes borrowing costs capitalised in the cost of qualifying assets of $35 million (2021: $13 million). These amounts were calculated based on the Group's general borrowing pool and by applying an effective interest rate of 4.53% (2021: 2.91%) to cumulative expenditure on such assets.

16. Income tax

The amount of income tax expense for the years ended 31 December 2022 and 31 December 2021 recognised in profit and loss was as follows:

	Year ended 31 December 2022 $m	31 December 2021 $m
Current income taxes	164	261
Deferred income taxes	(208)	(4)
Total	**(44)**	**257**

Increased deferred income tax credit resulted from deferred tax benefit of $149 million related to impairment of non-current assets (Note 17).

A reconciliation between the reported amounts of income tax expense attributable to income before income tax is as follows:

	Year ended 31 December 2022 $m	31 December 2021 $m
Profit before income tax	(332)	**1,161**
Theoretical income tax expense at the tax rate of 20%	(66)	232
Effect of Special Economic Zone and Regional Investment project decreased tax rates	19	(33)
Tax effect of WHT on intercompany dividends	(15)	33
Non-taxable net foreign exchange gains	(25)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(9)	5
Change in unrecognised deferred taxes	14	3
Non-deductible interest expense	6	10
Other non-taxable income and non-deductible expenses	27	10
Adjustments in respect of prior periods	5	(3)
Total income tax expense	**(44)**	**257**

The actual tax expense differs from the amount which would have been determined by applying the statutory rate of 20% for the Russian Federation and Kazakhstan to profit before income tax as a result of the application of relevant jurisdictional tax regulations, which disallow certain deductions which are included in the determination of accounting profit. These deductions include social related expenditure and other non-production costs, certain general and administrative expenses, financing expenses, foreign exchange related and other costs.

Additionally, the Group has a number of tax concessions, the most significant of which are detailed below.

Omolon Gold Mining Company LLC and Magadan Silver JSC are entitled to the decreased statutory income tax rate of 17% for the operations held in the Special Economic Zone of the Russian Far East, the rate of 17% was used in calculation of income tax provision and deferred tax positions for those entities. Amursk Hydrometallurgical Plant LLC is entitled to an income tax rate of 0% in 2022, a tax rate of 13% during 2023-2027. South-Verkhoyansk Mining Company JSC received tax relief as a Regional Investment Project and is entitled to the statutory income tax rate of 10% for 5 first years and 13.5% for 2 years from the date of eligibility.

Following an agreement reached by the Finance Ministers from the G7 in July 2021 backing the creation of a global minimum corporate tax rate of least 15%, over 140 countries and jurisdictions have agreed to the OECD/G20 Inclusive Framework on BEPS, also referred to as BEPS 2.0, including Russia and Kazakhstan. The new framework aims to ensure that large multinational enterprises pay a fair share of tax wherever they operate and to set a global minimum tax rate. Earliest possible implementation is on 1 January 2023 and it is expected that implementation in key countries will commence soon. Neither Russia or Kazakhstan have yet announced any details regarding the adjustment of their local tax legislation. We are monitoring information in this regard.

Based on the current understanding of the anticipated changes to the global tax landscape as a result of implementation of BEPS 2.0 rules, the Group is assessing the impact of these rules on its future tax obligations once adjustments are made to relevant local tax legislation. The Group's future effective tax rate is expected to continue to exceed the minimum rate of 15% and not significantly increase by virtue of these new rules.

Tax exposures related to the income tax

In 2022 and 2021 no individual material exposures were identified as probable and therefore provided for. Management has identified a total exposure in respect of contingent liabilities (Note 27) (covering taxes and related interest and penalties) of approximately $122 million being uncertain tax positions (31 December 2021: $157 million) which relate to income tax. This is connected largely to the more assertive position of the Russian tax authorities in their interpretation of tax legislation in several recent court cases for other taxpayers.

Fiscal periods remain open to review by the tax authorities in respect of taxes for the three and five calendar years preceding the year of tax review for Kazakhstan and Russia respectively. In case of Regional Investment Project in Russia fiscal period remains open to review for five years as well. While the Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above facts may create additional financial risks for the Group.

Management does not anticipate a significant risk of material changes in estimates in these matters in the next financial year.

Income tax amounts included in other comprehensive income

An analysis of tax by individual item presented in the consolidated statement of comprehensive income is presented below:

	Year ended 31 December 2022 $m	31 December 2021 $m
Net foreign exchange gains/(losses) on net investment in foreign operation		
Current tax expense	5	2
Deferred tax expense	–	–
Total income tax recognised in other comprehensive income	**5**	**2**

Current and deferred tax assets recognised within other comprehensive income relate to the tax losses originated by foreign currency exchange losses, allowable for tax purposes and generated by monetary items that form part of the intragroup net investment in the foreign operation. These foreign currency exchange losses are recognised in the consolidated financial statements within the foreign currency translation reserve.

Deferred taxation

Deferred taxation is attributable to the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the reporting period.

	Mineral rights $m	Exploration in progress $m	Trade and other payables $m	Environmental obligation $m	Tax losses $m	Unremmited earnings $m	Other $m	Total $m
At 1 January 2021	(189)	(42)	18	8	81	(15)	(7)	(146)
Charge to income statement	2	(24)	–	3	19	(7)	11	4
Exchange differences	3	–	–	–	–	–	–	3
At 31 December 2021	(184)	(66)	18	11	100	(22)	4	(139)
Charge to income statement	88	12	(40)	1	103	22	22	208
Exchange differences	(22)	(9)	2	–	3	–	(8)	(34)
At 31 December 2022	(118)	(63)	(20)	12	206	–	18	35

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following analysis shows deferred tax balances presented for financial reporting purposes:

	Year ended 31 December 2022 $m	31 December 2021 $m
Deferred tax liabilities	(107)	(206)
Deferred tax assets	142	67
Total	35	(139)

The Group believes that recoverability of the recognised deferred tax asset (DTA) of $206 million at 31 December 2022 (2021: $100 million), which is related to the tax losses carried forward, is more likely than not based upon expectations of future taxable income in the Russian Federation and Kazakhstan.

In accordance with Russian Federation tax law regarding loss carryforwards, loss carryforwards are limited to 50% of taxable profit in tax years through to 2024. From 2025 the limitation will expire and it will be possible to fully utilise loss carryforwards against the corporate tax base in a given year and losses incurred from 2007 can be carried forward for an indefinite period until fully utilised.

Tax losses carried forward represent amounts available for offset against future taxable income generated predominantly by Polymetal JSC and JSC South-Verkhoyansk Mining Company. Each legal entity within the Group represents a separate tax-paying component for income tax purposes. The tax losses of one entity cannot be used to reduce taxable income of other entities of the Group.

Losses incurred in certain taxable entities in recent years have created a history of losses as of 31 December 2022. The Group has concluded that there is sufficient evidence to overcome the recent history of losses based on forecasts of sufficient taxable income in the carry-forward period.

The Group's estimate of future taxable income is based on established proven and probable reserves which can be economically developed. The related detailed mine plans and forecasts provide sufficient supporting evidence that the Group will generate taxable earnings to be able to fully realise its net DTA even under various stressed scenarios. The amount of the DTA considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced due to delays in production start dates, decreases in ore reserve estimates, increases in environmental obligations, or reductions in precious metal prices.

No deferred tax asset has been recognised in respect of $95 million (2021: $84 million) of losses as it is not considered probable that there will be future taxable profits against which the losses can be utilised.

In 2022 the Group paid withholding income tax of $7 million (2021: $25 million) related to intercompany dividends, which were remitted during the year. As of 31 December 2022 the Group did not recognise any deferred tax liability (31 December 2021: $22 million) for the undistributed retained earnings of certain of the Group subsidiaries, which are expected to be remitted from these subsidiaries in foreseeable future (judged to be one year). No deferred tax liabilities for taxes that would be payable on the unremitted earnings of the Group subsidiaries is recognised where the Group determines that the undistributed profit of its subsidiaries will not be distributed in the foreseeable future (judged to be one year). The temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognised, amount to $4.1 billion (2021: $3.2 billion).

17. Impairment of non-current assets

During the year ended 31 December 2022, due to the appreciation of Russian Rouble against Dollar resulting in the increased carrying value of non-current assets, as well as a post tax real discount rate increase, the Group carried out an impairment review of its property, plant and equipment. As a result of this review, total impairment loss of $801 million was recognised, which comprised the following:

	Nezhda-Prognoz $m	Kutyn $m	Veduga $m	Total $m
Property, plant and equipment				
Development assets	315	2	13	330
Mining assets	341	7	64	412
Capital construction in-progress	36	3	18	57
Non-mining assets	2	–	–	2
Total PPE	694	12	95	801

Nezhda-Prognoz CGU relates to Yakutia reporting segment, while Kutyn and Veduga CGUs are included in Khabarovsk reporting segment (Note 5).

After the related tax credit of $149 million, the post-tax impairment charge amounts to $652 million.

The recoverable amount of the relevant cash-generating units is determined based on a value in use calculation, which represent Level 3 fair value measurement in accordance with IFRS 13. The impairment testing procedure, related assumptions and sensitivities are described in detail in Note 2 and Note 3 "Use of estimates" section above.

18. Property, plant and equipment

	Development assets $m	Exploration and evaluation assets $m	Mining assets $m	Non-mining assets $m	Capital construction in-progress $m	Total $m
Cost						
Balance at 1 January 2021	418	62	2,801	65	543	3,889
Additions	65	14	305	10	477	871
Transfers	(98)	(11)	343	1	(235)	–
Change in environmental obligations (Note 25)	–	–	2	–	1	3
Acquisitions	–	16	–	–	–	16
Eliminated on disposal of subsidiaries	–	(6)	–	–	–	(6)
Disposals and write-offs including fully depreciated mines	–	–	(64)	(1)	–	(65)
Translation to presentation currency	(1)	(1)	(44)	(1)	(3)	(50)
Balance at 31 December 2021	384	74	3,343	74	783	4,658
Additions	65	19	255	11	533	883
Transfers	(13)	–	245	2	(234)	–
Change in environmental obligations (Note 25)	–	–	12	–	8	20
Acquisitions (Note 4)	29	1	–	–	19	49
Eliminated on disposal of subsidiaries (Note 4)	–	(8)	(10)	–	–	(18)
Disposals and write-offs including fully depreciated mines	–	–	(152)	–	(1)	(153)
Translation to presentation currency	35	(1)	50	6	39	129
Balance at 31 December 2022	500	85	3,743	93	1,147	5,568

18. Property, plant and equipment continued

	Development assets $m	Exploration and evaluation assets $m	Mining assets $m	Non-mining assets $m	Capital construction in-progress $m	Total $m
Accumulated depreciation, amortisation						
Balance at 1 January 2021	**–**	**–**	**(1,118)**	**(33)**	**–**	**(1,151)**
Charge for the period	–	–	(260)	(7)	–	(267)
Disposals and write-offs including fully depreciated mines	–	–	59	–	–	59
Translation to presentation currency	–	–	15	–	–	15
Balance at 31 December 2021	**–**	**–**	**(1,304)**	**(40)**	**–**	**(1,344)**
Charge for the period	–	–	(345)	(9)	–	(354)
Eliminated on disposal of subsidiaries (Note 4)	–	–	10	–	–	10
Impairment recognised during period (Note 17)	(334)	(2)	(418)	(4)	(43)	(801)
Disposals and write-offs including fully depreciated mines	–	–	148	–	–	148
Translation to presentation currency	82	–	75	–	8	165
Balance at 31 December 2022	**(252)**	**(2)**	**(1,834)**	**(53)**	**(35)**	**(2,176)**
Net book value						
31 December 2021	**384**	**74**	**2,039**	**34**	**783**	**3,314**
31 December 2022	**248**	**83**	**1,909**	**40**	**1,112**	**3,392**

Mining assets, exploration and development assets at 31 December 2022 included mineral rights with a net book value which amounted to $713 million (31December 2021: $1,016 million) and capitalised stripping costs with a net book value of $277 million (31 December 2021: $249 million). Mineral rights of the Group comprise assets acquired upon acquisition of subsidiaries. As of 31 December 2022 capital construction in progress includes prepayments made for equipment and construction works amounting to $210 million (2021: $162 million).

Included within the $153 million of assets disposed of and written off were fully depreciated items of $121 million (year ended 31 December 2021: $65 million and $19 million, respectively).

No property, plant and equipment was pledged as collateral at 31 December 2022 or at 31 December 2021.

19. Leases

Movements of the right-of-use assets for the year ended 31 December 2022 are as follow:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Right-of-use assets		
At 1 January	**33**	**32**
Additions	122	9
Depreciation charge for the period	(8)	(6)
Disposals	(1)	(4)
Accumulated depreciation of assets disposed	1	1
Translation to presentation currency	(16)	1
At 31 December	**131**	**33**

The leases of the Group are represented by the office leases and the lease of the overhead power line, supplying electricity to the the Nezhda production site, which commenced in July 2022. The Group has a right to acquire the power line after the end of the lease term.

Movements of the lease liabilities for the year ended 31 December 2022 are detailed in Note 33. Maturity analysis of lease liabilities is presented in Note 29. The Group's lease commitments related to the variable lease payments are disclosed in Note 27.

The Group excluded the following lease agreements from the right-of-use assets and lease liabilities and recognises the lease payments associated with those leases as expenses on a straight-line basis over the lease term:

- Lease agreements with variable payments;
- Lease agreements of land plots to explore for or use minerals and similar non-generative resources;
- Short-term lease agreements that expire within 12 months from the date of initial application;
- Lease agreements of low value assets (of $5,000 or less).

Amounts recognised in profit and loss for the year ended 31 December 2022 are as follows:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Expenses related to lease exemptions	(5)	(3)
Unwinding of discount on lease liabilities	(7)	(3)
Depreciation of right-of-use assets	(8)	(6)
Total lease expenses	**(20)**	**(12)**

20. Goodwill

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Mayskoye	11	11
Dukat	3	3
Total	**14**	**14**

There were no significant movements in goodwill during years ended 31 December 2022 and 2021.

The recoverable amount of the relevant cash-generating units is determined based on a value in use calculation. The impairment testing procedure, related assumptions and sensitivities are described in detail in Note 2 and Note 3 "Use of estimates" section above.

21. Investments in associates and joint ventures

	31 December 2022 Voting power %	31 December 2022 Carrying Value $m	31 December 2021 Voting power %	31 December 2021 Carrying Value $m
Interests in associates and joint ventures				
Tomtor (ThreeArc Mining Ltd)	9.1	–	9.1	20
Individually immaterial investments		6		4
Total		**6**		**24**
Loans forming part of net investment in joint ventures				
Individually immaterial investments		7		4
Total		**7**		**4**
Total investments in associates and joint ventures		**13**		**28**

Movement during the reporting periods was as follows:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
At 1 January	**28**	**24**
Impairment recognised	(24)	–
Acquisitions	3	1
Consolidated as subsidiaries	–	(1)
Loans advanced forming part of net investment	4	4
Currency translation adjustment	2	–
Total at 31 December	**13**	**28**

21. Investments in associates and joint ventures continued

Tomtor (ThreeArc Mining Ltd)

ThreeArc owns 100% Tomtor niobium and rare-earth metals exploration project (Tomtor). The project is comprised of the Tomtor open-pit deposit and the Krasnokamensk Hydrometallurgical Facility which was planned to be built near the town of Krasnokamensk.

The Group determined that it exercised significant influence over the investee through participation in policy and decision-making processes, and therefore ThreeArc constituted an associate under IAS 28 *Investments in Associates and Joint Ventures*. The investment was accounted for using the equity method.

During the year ended 31 December 2022 the project was suspended at an early development stage, and, therefore the investment in Tomtor was fully provided for, resulting in impairment loss of $24 million recognised within income statement. During the year ended 31 December 2022, no significant share of profit/(loss) from Tomtor was recognised by the Group.

Summarised financial position of the investments

The Group holds a number of individually immaterial investments in joint arrangements to explore and develop several deposit in Kazakhstan and Russia. The following table summarises the aggregate financial position of the investments on a 100% basis. The summarised financial information below represents amounts in the associate's consolidated financial statements prepared in accordance with IFRS, adjusted for fair value adjustments at acquisition and differences in accounting policies. As of 31 December 2022, consistent with as of 31 December 2021, none of the entities held any significant cash balances and did not record any significant amounts of revenue or expenses, depreciation and amortisation, interest income and expenses, income tax.

	31 December 2022	31 December 2021	
	Non-significant investments $m	Tomtor $m	Non-significant investments $m
Non-current assets	13	307	10
Current assets	5	3	3
Non-current liabilities	(5)	(91)	(5)
Current liabilities	(1)	(1)	–
Net assets	12	218	8

22. Inventories

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Inventories expected to be recovered after twelve months		
Ore stock piles	89	70
Copper, gold and silver concentrate	10	–
Consumables and spare parts	34	26
Total non-current inventories	**133**	**96**
Inventories expected to be recovered in the next twelve months		
Copper, gold and silver concentrate	287	182
Ore stock piles	229	221
Work in-process	111	115
Doré	55	26
Metal for refining	20	9
Refined metals	3	–
Total current metal inventories	**705**	**553**
Consumables and spare parts	352	228
Total current inventories	**1,057**	**781**

Write-downs of metal inventories to net realisable value

The Group recognised the following write-downs and reversals to net realisable value of its metal inventories:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Ore stock piles	(28)	(28)
Ore in heap leach piles	(31)	3
Copper, gold and silver concentrate	(6)	–
Total	**(65)**	**(25)**

The key assumptions used as of 31 December 2022 in determining net realisable value of inventories (including the commodity price assumptions for long-term stockpiles) are described in Note 3 "Use of estimates" section. For short-term metal inventories, applicable quoted forward prices as of 31 December 2022 were used: gold and silver prices of $1,874 per ounce (2021: $1,836) and $24.6 per ounce (2021: $23.5), respectively.

During the year ended 31 December 2022 the Group recognised a reversal of previous write-down of consumables and spare parts inventory of $1 million (year ended 31 December 2021: reversal of $1 million).

The amount of inventories held at net realisable value at 31 December 2022 is $95 million (31 December 2021: $49 million).

23. Accounts receivable and other financial assets

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Non-current accounts receivable		
Loans provided to third parties	15	12
Other long-term assets	16	16
Total	**31**	**28**
Other non-current financial assets		
Interest rate swaps (Note 28)	16	–
Contingent consideration receivable	8	29
Total	**24**	**29**
Trade and other receivables		
Receivables from provisional copper, gold and silver concentrate sales	54	44
Other receivables	46	32
Short-term loans provided	8	7
Less: Impairment allowance for doubtful debts	(5)	(4)
Total	**103**	**79**
Other financial assets at FVTPL		
Short-term contingent consideration receivable	9	7
Shares held at FVTPL	1	5
Total	**10**	**12**

The average credit period on sales of copper, gold and silver concentrate at 31 December 2022 was 20 days (2021: 18 days). No interest is charged on trade receivables. The Group's doubtful debt relates to its non-trade receivables, which are fully impaired.

Contingent consideration receivable are classified as Group's Level 3 financial assets as detailed in Note 28.

24. Borrowings

	Actual interest rate at			31 December 2022			31 December 2021		
	Type of rate	31 Dec 2022	31 Dec 2021	**Current $m**	**Non-current $m**	**Total $m**	Current $m	Non-current $m	Total $m
Secured loans from third parties									
Dollar denominated	fixed	2.68%	3.04%	33	158	191	100	191	291
Total secured loans from third parties				**33**	**158**	**191**	**100**	**191**	**291**
Unsecured loans from third parties									
Dollar denominated	floating	5.69%	1.35%	149	339	488	298	378	676
Dollar denominated	fixed	3.75%	3.52%	43	1,206	1,249	2	948	950
Euro denominated	floating	0.98%	0.45%	2	19	21	–	24	24
Euro denominated	fixed	n/a	0.60%	–	–	–	2	–	2
RUB denominated	floating	9.35%	n/a	132	518	650			–
RUB denominated	fixed	8.03%	6.67%	3	202	205	44	77	121
CNY denominated	fixed	5.99%	n/a	83	–	83	–	–	–
CNY denominated	floating	3.50%	n/a	69	70	139	–	–	–
Total unsecured loans from third parties				**481**	**2,354**	**2,835**	**346**	**1,427**	**1,773**
Total loans from third parties				**514**	**2,512**	**3,026**	**446**	**1,618**	**2,064**

Bank loans

The Group has a number of borrowing arrangements with various lenders. These borrowings consist of unsecured and secured loans and credit facilities as detailed above. Where security is provided it is in form of a pledge of revenue from certain sales agreements.

Movements in borrowings are presented in Note 33. The Group complied with its debt covenants throughout 2022 and 2021.

The table below summarises maturities of borrowings:

	Year ended	
	31 December 2022 $m	31 December 2021 $m
31 December 2022	–	446
31 December 2023	514	177
31 December 2024	737	372
31 December 2025	561	220
31 December 2026	411	390
31 December 2027	459	170
31 December 2028	164	139
31 December 2029	168	139
31 December 2030	8	8
31 December 2031	2	3
31 December 2032	2	–
Total	3,026	2,064

25. Environmental obligations

	Year ended	
	31 December 2022 $m	31 December 2021 $m
Opening balance	**54**	**44**
Change in estimate of environmental obligations (Note 12)	(2)	2
Decommissioning liabilities recognised as increase in Property plant and equipment (Note 18)	20	3
Rehabilitation expenses (Note 7)	(1)	2
Effect of unwinding of discount (Note 15)	8	4
Translation effect	(3)	(1)
Closing balance	**76**	**54**
Less current portion of environmental obligations (Note 26)	–	(4)
Total non-current environmental obligation	**76**	**50**

The principal assumptions are related to Russian Rouble and Kazakh Tenge projected cash flows. The assumptions used for the estimation of environmental obligations were as follows:

	2022	2021
Discount rates	7.25%-13.61%	8.18%-10.03%
Inflation rates	4%-14%	2.4%-8%
Expected mine closure dates	1-30 years	1-30 years

The discount rates applied are based on the applicable government bond rates in Kazakhstan and Russia. The expected mine closure dates are consistent with life of mine models and applicable mining licence requirements.

26. Payables and accrued liabilities

	Year ended	
	31 December 2022 $m	31 December 2021 $m
Non-current liabilities		
Long-term royalties payable (Note 33)	19	16
Other non-current liabilities	9	2
Total non-current liabilities	**28**	**18**
Current liabilities		
Trade payables	150	121
Accrued liabilities	69	50
Short-term royalties payable (Note 33)	5	5
Current portion of environmental obligations (Note 25)	–	4
Labour liabilities	19	17
Payables related to investment in Special Economic Zone (Note 12)	13	19
Other payables	8	7
Total current liabilities	**264**	**223**

In 2022 the average credit period for payables was 34 days (2021: 30 days). There was no interest charged on the outstanding trade and other payables balance during the credit period. The Group has financial risk management policies in place, which include budgeting and analysis of cash flows and payment schedules to ensure that all amounts payable are settled within the credit period.

27. Commitments and contingencies

Commitments

Capital commitments

The Group's contractual expenditure commitments as of 31 December 2022 amounted to $279 million (2021: $270 million).

Nezhda power line

In June 2020, the Group entered into a preliminary lease agreement to lease on pre-agreed terms the single-circuit 110 kV grid power line running from Khandyga to the Nezhda production site and the related substation. Construction was completed and state registration was completed in July 2022, which was determined as a commencement date of the lease (Note 19).

The Group's lease commitments related to the variable lease payments, representing reimbursement of maintenance costs are estimated at $36 million (undiscounted), which will be expensed as incurred.

Forward sale commitments

The Group has certain physical gold and silver forward sale commitments which are priced at the prevailing market price, calculated with reference to the LBMA or LME gold and silver price, which are accounted for as executory contracts as the Group expects to, and has historically, physically delivered into these contracts.

Contingent liabilities

Taxation

Russian and Kazakhstan tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transaction and activity of the companies of the Group may be challenged by the relevant regional and federal authorities and as a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the tax authorities in respect of taxes for three and five calendar years preceding the year of review for Kazakhstan and Russia respectively. Under certain circumstances reviews may cover longer periods.

Management has identified a total exposure (covering taxes and related interest and penalties) of $125 million in respect of contingent liabilities (2021: $157 million), mainly related to income tax as described in Note 16.

28. Financial instruments

Major categories of financial instruments

	Year ended 31 December 2022 $m	31 December 2021 $m
Financial assets		
Derivatives designated in hedge relationships		
Interest rate swaps	16	–
Financial assets at FVTPL		
Receivables from provisional copper, gold and silver concentrate sales (Note 23)	54	44
Contingent consideration receivable (Note 23)	17	36
Shares held at FVTPL (Note 23)	1	5
Financial assets at amortised cost, including cash and cash equivalents		
Cash and cash equivalents (Note 33)	633	417
Other receivables (Note 23)	49	35
Non-current loans and receivables (Note 23)	15	12
Total financial assets	**785**	**549**
Financial liabilities		
Financial liabilities at FVTPL		
Contingent consideration liability (Note 33)	36	63
Royalty payable (Note 33)	24	21
Financial liabilities at amortised cost		
Borrowings (Note 24)	3,026	2,064
Deferred consideration (Note 33)	85	79
Trade and other payables (Note 26)	171	147
Total financial liabilities	**3,342**	**2,374**

The Group's principal financial liabilities comprise borrowings, derivatives, trade and other payables. The Group has various financial assets such as accounts receivable, loans advanced and cash and cash equivalents.

Trade and other payables exclude employee benefits and social security.

Interest expense, calculated using effective interest method, arising on financial liabilities at amortised costs is disclosed in Note 33.

The main risks arising from the Group's financial instruments are foreign currency and commodity price risk, interest rate, credit and liquidity risks.

At the end of the reporting period, there are no significant concentrations of credit risk for receivables at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such receivables.

Presented below is a summary of the Group's accounts receivable with embedded derivative recorded on the consolidated balance sheet at fair value.

As of 31 December 2022, accounts receivable with embedded derivatives recognised at fair value amounted to $54 million (31 December 2021: $44 million) and represented receivables from provisional metal concentrate sales. In 2022 gain recognised on revaluation of these instruments approximates to $17 million (2021: nil) and is recorded within revenue.

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2022 and 31 December 2021, the Group held the following financial instruments:

	31 December 2022			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Receivables from provisional copper, gold and silver concentrate sales (Note 23)	–	54	–	**54**
Contingent consideration receivable (Note 23)	–	–	17	**17**
Shares held at FVTPL (Note 23)	1	–	–	**1**
Royalty liabilities payable (Note 33)			(24)	**(24)**
Contingent consideration liability (Note 33)	–	–	(36)	**(36)**
Total	**1**	**54**	**(43)**	**12**

	31 December 2021			
	Level 1 $m	Level 2 $m	Level 3 $m	**Total $m**
Receivables from provisional copper, gold and silver concentrate sales (Note 23)	–	44	–	**44**
Contingent consideration receivable (Note 23)	–	–	29	**29**
Shares held at FVTPL (Note 23)	5	–	–	**5**
Royalty liabilities payable (Note 33)			(21)	**(21)**
Contingent consideration liability (Note 33)	–	–	(63)	**(63)**
Total	**5**	**44**	**(55)**	**(6)**

During the reporting year, there were no transfers between Level 1 and Level 2.

The Group recognised the following gains and loss from revaluation of its Level 3 financial instruments:

	Year ended 31 December 2022 $m	31 December 2021 $m
Gain on contingent consideration receivable revaluation	17	1
Gain/(loss) on contingent consideration payable revaluation (Note 33)	(3)	4
Change in fair value of shares held at FVTPL	4	–
Gain/(loss) on royalty payable revaluation (Note 33)	2	(1)
Total change in fair value of financial instruments	**20**	**4**

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and short-term debt recorded at amortised cost approximate to their fair values because of the short maturities of these instruments. The estimated fair value of the Group's debt, calculated using the market interest rate available to the Group as of 31 December 2022, is $2,615 million (2021: $1,849 million), and the carrying value as of 31 December 2022 is $3,026 million (2021: $2,064 million) (see Note 24).

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28. Financial instruments continued

As of 31 December 2022 the Group held several interest rate swap contracts, recognised within non-current accounts receivables and other financial instruments in the amount of $16 million (31 December 2021: nil). All interest rate swap contracts to pay fixed and receive floating interest payments are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. As of 31 December 2022 it was determined that there is no hedge ineffectiveness identified and therefore change of fair value was recognised within other comprehensive income.

Receivables from provisional copper, gold and silver concentrate sales

The fair value of receivables arising from copper, gold and silver concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted forward price from the exchange that is the principal active market for the particular metal. As such, these receivables are classified within Level 2 of the fair value hierarchy.

Valuation methodologies used in the measurement of fair value for Level 3 financial assets and financial liabilities

The main level 3 inputs used by the Group in measuring the fair value of contingent consideration assets and liabilities, represented by various royalties and net smelter returns (NSR), are derived and evaluated as follows:

- The relevant valuation model simulates expected production of metals at respective mines and are based on life of mine models prepared using applicable ore reserves and mineral resource estimations;
- Commodity prices – Commodity prices are based on latest internal forecasts, benchmarked against external sources of information. The prices applied are consistent with those described in Note 3.
- Discount rates – The Group used a post-tax real discount rate of 14.1% (2021: 8.0%) as described in Note 3. For the Monte-Carlo modelling, where inflation is incorporated into volatility estimation, a nominal discount rate of 16% (2021: 10.7%) is applied.
- Where the percentage of net smelter return (NSR) or royalty receivable or payable depends on commodity prices or foreign exchange rates reaching certain levels, the Group applies the Monte-Carlo modelling to incorporate the volatility measure into the valuation, which is applied to the prevailing market prices/rates as of the valuation date. The Monte-Carlo modelling is applied to Prognoz (NSR) contingent considerations payable and all contingent considerations receivable.

The key assumptions used in the Monte-Carlo calculations are set out below:

	Price as of valuation date per ounce/tonne, $US	Volatility, %	Constant correlation to gold, %
Gold	1,812	13.65%-14.58%	n/a
Silver	23.945	27.18%-28.25%	80.43%
Copper	8,387	24.97%	62.77%
Zinc	3,025	29.73%	54.09%
RUB rate	70.3375	19%-20.98%	50.8%-63.69%

The Directors consider that a reasonably possible change in a valuation assumption would not have a material impact on the consolidated financial statements for contingent considerations receivables and payable.

29. Risk management activities

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to provide value to stakeholders by maintaining an optimal short-term and long-term capital structure, reducing cost of capital, and to safeguard the ability to support the operating requirements on an ongoing basis, continuing the exploration and development activities.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 24 offset by cash and cash equivalents and bank balances as detailed in Note 33) and equity of the Group comprising the Stated Capital account, reserves and retained earnings.

The Group's committed borrowings are subject to certain financial covenants. Compliance with covenants is reviewed on a semi-annual basis and the Group's Board is satisfied with forecast compliance with covenants on those borrowings.

The Group's Board reviews the capital structure of the Group on a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Foreign currency and commodity price risk

In the normal course of business the Group enters into transactions for the sale of its commodities, denominated in Dollars. In addition, the Group has assets and liabilities in a number of different currencies (primarily Russian Rouble and Kazakh Tenge). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

The Group does not currently use derivative instruments to hedge its exposure to foreign currency risk.

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than functional currencies of the individual Group entities at 31 December 2022 and 31 December 2021 were as follows:

	Assets		Liabilities	
	31 December 2022 $m	31 December 2021 $m	**31 December 2022 $m**	31 December 2021 $m
Dollar	272	391	1,417	498
CNY	–	–	224	–
Euro	–	–	10	12
Total	272	391	1,651	510

Dollar denominated assets and liabilities disclosed above exclude balances outstanding held in Polymetal International plc and its intermediate holding companies, where the functional currency is Dollar ($) as described in Note 2.

Currency risk is monitored on a monthly basis by performing a sensitivity analysis of foreign currency positions in order to verify that potential losses are at an acceptable level.

The table below details the Group's sensitivity to changes in exchange rates by 10% which is the sensitivity rate used by the Group for internal analysis. The analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loans is in a currency other than of the lender or the borrower.

	Year ended	
	31 December 2022 $m	31 December 2021 $m
Profit or loss		
RUB to Dollar	(31)	3
KZT to Dollar	(84)	(13)
RUB to CNY	(22)	–
Other comprehensive income or loss		
RUB to Dollar	35	37
KZT to Dollar	(35)	(37)

Provisionally priced sales

Under a long-established practice prevalent in the industry, copper, gold and silver concentrate sales are provisionally priced at the time of shipment. The provisional prices are finalised in a contractually specified future period (generally one to three months) primarily based on quoted LBMA or LME prices. Sales subject to final pricing are have quotation periods from 1 to 4 months.

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2022 would have decreased/increased by $7 million (2021: $4 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's floating interest rate borrowings is USD Libor and SOFR as a benchmark. USD LIBOR is expected to be replaced by alternative risk-free rates as part of inter-bank offer rate (IBOR) reform. The Group is continuing to monitor the market and assessing the potential changes in order to effectively transition to alternative risk-free rates.

29. Risk management activities continued

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash and cash equivalents and loans and receivables.

Trade accounts receivable at 31 December 2022 and 31 December 2021 are represented by provisional copper, gold and silver concentrate sales transactions. A significant portion of the Group's trade accounts receivable is due from reputable export trading companies. With regard to other loans and receivables the procedures of accepting a new customer include checks by a security department and responsible on-site management for business reputation, licences and certification, creditworthiness and liquidity. Generally, the Group does not require any collateral to be pledged in connection with its investments in the above financial instruments. Credit limits for the Group as a whole are not set up.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The major financial assets at the balance sheet date other than trade accounts receivable presented in Note 33 are cash and cash equivalents at 31 December 2022 of $633 million (2021: $417 million).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due.

The Group's liquidity position is carefully monitored and managed. The Group manages liquidity risk by maintaining detailed budgeting, cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

During the year ended 31 December 2022 certain restrictions were imposed the by the Russian government on remittance of the dividends from the entities, registered in Russian Federation and controlled by "unfriendly" jurisdictions, which include Jersey where the Company is incorporated. The Group determined that these restrictions would not have any material effect on the Group's liquidity position and its ability to finance its obligations. Such unremitted accumulated retained earnings based on local accounting standards approximate to $3.8 billion (2021: $3.4 billion).

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Presented below is the maturity profile of the Group's financial liabilities as of 31 December 2022 and 31 December 2021:

	31 December 2022				
	Less than 3 months $m	3–12 months $m	1–5 years $m	More than 5 years $m	Total $m
Borrowings (Note 24)	14	664	2,487	366	3,531
Accounts payable and accrued expenses (Note 26)	149	22	–	–	171
Contigent consideration liabilities (Note 28, 33)	6	4	124	15	149
Royalty payable (Note 33)	–	5	16	–	21
Lease liabilities (Note 19)	8	23	87	43	161
Total	**177**	**718**	**2,714**	**424**	**4,033**

	31 December 2021				
	Less than 3 months $m	3–12 months $m	1–5 years $m	More than 5 years $m	Total $m
Borrowings (Note 24)	308	194	1,301	491	2,294
Accounts payable and accrued expenses (Note 26)	137	10	–	–	147
Contigent consideration liabilities (Note 28, 33)	9	23	112	17	161
Royalty payable (Note 33)	1	4	18	4	27
Lease liabilities (Note 19)	2	5	28	14	49
Total	**457**	**236**	**1,459**	**526**	**2,678**

30. Stated capital account and retained earnings

The movements in the Stated Capital account in the year were as follows:

	Stated capital account no. of shares	Stated capital account $m	Treasury shares no. of shares
Balance at 31 December 2020	**471,818,000**	**2,434**	**–**
Issue of shares in accordance with DSA and LTIP plans	1,808,239	16	–
Balance at 31 December 2021	**473,626,239**	**2,450**	**–**
Own shares exchanged during period	(39,070,838)	–	39,070,838
Own certificated shares issued in exchange	39,070,838	–	–
Balance at 31 December 2022	**473,626,239**	**2,450**	**39,070,838**

On 3 June 2022, the EU imposed sanctions on the National Settlement Depository ("NSD"), which effectively blocked the operations between Euroclear and NSD. Euroclear is the operator of CREST, the relevant system for paperless settlement of share transfers and the holding of shares in uncertificated form. As a result of the sanctions, shareholders who hold their shares through NSD (which the Company estimates to be, in aggregate, approximately 22% of the Company's issued share capital), had been unable to receive dividends and/or take part in any corporate actions of the Company.

On 22 September 2022, the Board announced its intention to conduct an exchange offer. The exchange offer invited shareholders whose rights have been affected by the sanctions imposed on NSD, subject to fulfilling eligibility criteria, to tender such shares for exchange in consideration for the issuance of a certificated share, on a one-for-one basis.

Eligible shareholders who successfully participated in the exchange offer regained the enjoyment of their rights in the Company, albeit where such rights are evidenced in certificated form. The certificated shares have the same rights and ISIN as, and are fungible with, the Ordinary Shares in all respects.

As of 31 December 2022, 39,070,838 Ordinary Shares (the "First Exchanged Shares") have been repurchased by the Company in connection with the Exchange Offer, in consideration for the issuance of 39,070,838 Ordinary Shares (the "First Certificated Shares")

The transaction represents an exchange of Ordinary Shares in the Company for Certificated Shares in connection with the Company's Exchange Offer. The exchange of shares did not give rise to any cash settlement and hence does not give rise to any financial liability. The shares were exchanged at par, on a one-for-one basis and does not affect the Company's net asset and resources position or capital structure.

As of 31 December 2022 the total number of voting rights in the Company is 473,626,239 Ordinary Shares of no par value, each carrying one vote (31 December 2021: 473,626,239). As of 31 December 2022 the Company holdsthe First Exchanged Shares in treasury and such shares do not enjoy any voting or economic rights (31 December 2021: none).

The shares exchanged during the year ended 31 December 2022 relate to the significant shareholder of the Group and therefore an exchange of 39,070,838 ordinary shares represents a transaction with the related party.

Weighted average number of shares: Diluted earnings per share

Both basic and diluted earnings per share were calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of outstanding common shares before/after dilution respectively. The calculation of the weighted average number of outstanding common shares after dilution is as follows:

	Year ended	
	31 December 2022	31 December 2021
Weighted average number of outstanding common shares	473,626,239	473,048,821
Dilutive effect of share appreciation plan	–	6,809,043
Weighted average number of outstanding common shares after dilution	**473,626,239**	**479,857,864**

There were no adjustments required to earnings for the purposes of calculating the diluted earnings per share during the year ended 31 December 2022 (year ended 31 December 2021: nil).

No outstanding Long-Term Incentive Plan (LTIP) awards issued under 2019-2021 tranches represent dilutive potential ordinary shares with respect to earnings per share from continuing operations as these are out of money as of the reporting date (31 December: 2019 – 2021 tranches were dilutive).

Dividends

During the year ended 31 December 2022 the Group did not recognise or pay any dividends (2021: dividends of $635 million were deducted from equity and paid). Final dividend for 2021, declared in March 2022, was later rescinded by the Board due to changes in operating conditions and therefore was not deducted from equity during reporting period. No final dividend was proposed in relation to the reporting period.

31. Share-based payments

For the year ended 31 December 2022, share-based compensation in the amount of $13 million (2021: $16 million) was recognised in general, administrative and selling expenses in the consolidated income statement (Note 11). As of 31 December 2022 total accumulated share-based compensation reserve amounts to $35 million (2021: $31 million) with movements presented in statement of changes in equity.

During the year ended 31 December 2022 no shares were released and issued in accordance with management bonus plan deferral award and the long-term incentive plan (2021: 1,808,239 shares in accordance with management bonus plan deferral award and the long-term incentive plan). The LTIP tranche, granted in 2018 lapsed during the year ended 31 December 2022 and accordingly, the related balance of $9 million in the share-based payment reserve was transferred into retained earnings.

As of the reporting date the unrecognised share-based compensation expense related to non-vested equity-settled stock appreciated rights is detailed as follows:

	31 December 2022			31 December 2021	
	Number of option granted shares	Expected amortisation period years	Unrecognised share-based compensation expense $m	Expected amortisation period years	Unrecognised share-based compensation expense $m
Tranche 2018	2,549,754	–	–	0.3	1
Tranche 2019	2,831,753	0.3	1	1.3	4
Tranche 2020	2,497,292	1.3	8	2.3	14
Tranche 2021	1,732,722	2.3	7	3.3	11
Total			**16**		**30**

The assumptions used in the calculation and fair value of one award, calculated based on those assumptions, are set in the table below:

	Tranche 2019	Tranche 2020	Tranche 2021
Risk free rate	2.32%	0.35%	0.61%
Expected volatility	33.87%	35.59%	35.36%
Constant correlation	39.54%	44.31%	40.78%
Expected life, years	4	4	4
Share price at the date of grant (USD)	11.0	20.6	19.8
Fair value of one award (USD)	4.3	9.4	7.1

Dividend yield is not incorporated into the calculation of the fair value of the awards, as Dividend equivalents will be received on vested shares, reflecting the value of dividends, which have been paid during the period from the grant date to the vesting date.

32. Related parties

Related parties are considered to include shareholders, affiliates, associates, joint ventures and entities under common ownership and control with the Group and members of key management personnel.

During the period ended 31 December 2022 transactions with the related parties represented by equity method investments comprise by miscellaneous purchases of $0.7 million (period ended 31 December 2021: $1.4 million) and various sales to the related parties of $0.5 million (period ended 31 December 2021: $0.7 million).

Outstanding balances with related parties as of 31 December 2022 are represented by accounts receivable of $1.2 million (31 December 2021: $0.3 million) to equity method investments.

Loans provided to equity method investments, classified as loans forming part of net investment in joint ventures, are presented in Note 21.

The exchange of the ordinary shares under the exchange offer during the year ended 31 December 2022 is described in Note 30.

The remuneration of directors and other members of key management personnel during the periods was as follows:

	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Share-based payments	1	2
Short-term benefits of board members	3	2
Short-term employee benefits	6	3
Total	**10**	**7**

33. Supplementary cash flow information

	Note	Year ended 31 December 2022 $m	Year ended 31 December 2021 $m
Profit before tax		(332)	1,161
Adjustments for:			
Depreciation and depletion recognised in the statement of comprehensive income	5	282	214
Write-down of inventories to net realisable value	22	64	24
Share-based compensation	11, 31	13	16
Finance expenses	15	119	66
Finance income		(8)	(7)
Change in fair value of financial instruments	28	20	(4)
Foreign exchange (loss)/gain, net		32	(5)
Impairment of non-current assets	17	801	-
Impairment of investment in associate	21	24	-
(Loss)/gain on disposal of subsidiaries, net	4	2	(3)
Other non-cash expenses		12	10
		1,029	**1,472**
Movements in working capital			
Change in inventories		(269)	(123)
Change in VAT receivable		(15)	3
Change in trade and other receivables		(18)	(10)
Change in prepayments to suppliers		(31)	(15)
Change in trade and other payables		(29)	1
Change in prepayments received		(134)	127
Change in other taxes payable		23	20
Cash generated from operations		**556**	**1,475**
Interest paid		(123)	(60)
Interest received		7	6
Income tax paid		(234)	(226)
Net cash generated by operating activities		**206**	**1,195**

As a result of consolidation of 100% interest in Albazino power line (Note 4) the Group assumed debt of $161 million and acquired corresponding cash balances of $150 million. Cash acquired is presented within investing activities as net cash inflow on acquisitions.

There were no significant non-cash transactions during the year ended 31 December 2022, other than in respect of share-based payments and exchange of the ordinary shares under the exchange offer (Note 30) (2021: drawdowns under factoring arrangements of $48 million and share-based compensation of $16 million).

Cash outflows related to capitalised exploration amounted to $15 million for the year ended 31 December 2021 (2021: $12 million). During the year ended 31 December 2022, the capital expenditure related to the new projects, increasing the Group's operating capacity amounts to $208 million (2021: $556 million).

Cash and cash equivalents

		31 December 2022 $m	31 December 2021 $m
Bank deposits	– USD	468	224
	– other currencies	90	58
Current bank accounts	– USD	68	131
	– other currencies	7	4
Total		**633**	**417**

At the reporting date the cash balances include $118 million of cash and cash equivalents held in Russia, that are subject to certain legal restrictions and are therefore not available for general use of the Company (but fully available for use by its Russian subsidiaries).
The Group determined that these restrictions would not have any material effect on the Group's liquidity position and its ability to finance its obligations.

Bank deposits as of 31 December 2022 are mainly presented by the Dollar deposits, bearing an average interest rate of 3.9% per annum (2021: Dollar deposits, bearing an average interest rate of 0.2% per annum).

33. Supplementary cash flow information continued

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Year ended 31 December 2022				
	Borrowings $m	Contingent consideration payable at fair value $m	Deferred consideration payable at amortised cost $m	Royalty payable $m	Lease liabilities $m
1 January	2,064	63	79	21	36
Cash inflow	3,885	–	–	–	–
Cash outlow	(3,029)	(27)	–	–	(18)
Changes from financing cash flows	**856**	**(27)**	**–**	**–**	**(18)**
Additions as a result of acquisitions	161	–	–	–	–
Change in fair value, included in profit or loss	–	(3)	–	3	–
Unwind of discount	–	3	6	–	7
Arrangement fee amortisation	1	–	–	–	–
New leases	–	–	–	–	123
Lease termination	–	–	–	–	(1)
Net foreign exchange losses	(19)	–	–	(2)	–
Exchange differences on translating foreign operations	(37)	–	–	2	(16)
Other changes	**106**	**–**	**6**	**3**	**113**
31 December	**3,026**	**36**	**85**	**24**	**131**
Less current portion	(33)	(9)	–	(5)	(25)
Total non-current liabilities at 31 December	**2,993**	**27**	**85**	**19**	**106**

	31 December 2021				
	Borrowings $m	Contingent consideration payable at fair value $m	Deferred consideration payable at amortised cost $m	Royalty payable $m	Lease liabilities $m
1 January	1,737	87	74	–	33
Cash inflow	3,360	–	–	20	–
Cash outlow	(3,080)	(33)	–	–	(7)
Changes from financing cash flows	**280**	**(33)**	**–**	**20**	**(7)**
Additions as a result of acquisitions	–	10	–	–	–
Factoring arrangement	48	–	–	–	–
Change in fair value, included in profit or loss	–	(4)	–	1	–
Unwind of discount	–	3	5	–	3
Arrangement fee amortisation	–	–	–	–	–
New leases	–	–	–	–	9
Lease termination	–	–	–	–	(3)
Net foreign exchange losses	6	–	–	–	–
Exchange differences on translating foreign operations	(7)	–	–	–	1
Other changes	**47**	**9**	**5**	**1**	**10**
31 December	**2,064**	**63**	**79**	**21**	**36**
Less current portion	(446)	(31)	–	(5)	(7)
Total non-current liabilities	**1,618**	**32**	**79**	**16**	**29**

34. Subsequent events

There were no subsequent events.

Appendices

Alternative performance measures

Introduction

The financial performance reported by the Group contains certain Alternative Performance Measures (APMs), disclosed to complement measures that are defined or specified under International Financial Reporting Standards (IFRS). APMs should be considered in addition to, and not as a substitute for, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide the readers with valuable information and an improved understanding of the underlying performance of the business.

APMs are not uniformly defined by all companies, including those within the Group's industry. Therefore, the APMs used by the Group may not be comparable to similar measures and disclosures made by other companies.

Purpose

APMs used by the Group represent financial KPIs for clarifying the financial performance of the Company and measuring it against strategic objectives, given the following background:

- Widely used by the investor and analyst community in the mining sector and, together with IFRS measures, provide a holistic view of the Company
- Applied by investors to assess earnings quality, facilitate period-to-period trend analysis and forecasting of future earnings, and understand performance through eyes of management
- Highlight key value drivers within the business that may not be obvious in the financial statements
- Ensure comparability of information between reporting periods and operating segments by adjusting for uncontrollable or one-off factors which impact upon IFRS measures
- Used internally by management to assess the financial performance of the Group and its operating segments
- Used in the Group's Dividend Policy
- Certain APMs are used in setting Directors' and management's remuneration.

APMs and justification for their use

Group APM	Closest equivalent IFRS measure	Adjustments made to IFRS measure	Rationale for adjustments
Underlying net earnings	• Profit/(loss) for the financial period attributable to equity shareholders of the Company	• Write-down of metal inventory to net realisable value (post-tax) • Write-down of development and exploration assets (post-tax) • Foreign exchange (gain)/loss (post-tax) • Change in fair value of contingent consideration liability (post-tax) • Gains/losses on acquisition, revaluation and disposals of interests in subsidiaries, associates and joint ventures (post-tax)	• Excludes the impact of key significant one-off non-recurring items and significant non-cash items (other than depreciation) that can mask underlying changes in core performance
Underlying earnings per share	• Earnings per share	• Underlying net earnings (as defined above) • Weighted average number of outstanding common shares	• Excludes the impact of key significant one-off non-recurring items and significant non-cash items (other than depreciation) that can mask underlying changes in core performance
Underlying return on equity	• No equivalent	• Underlying net earnings (as defined above)[1] • Average equity at the beginning and the end of reporting year, adjusted for translation reserve	• The most important metric for evaluating the Company's profitability • Measures the efficiency with which a company generates income using the funds that shareholders have invested
Underlying return on assets	• No equivalent	• Underlying net earnings (as defined above)[1] before interest and tax • Average total assets at the beginning and the end of reporting year	• A financial ratio that shows the percentage of profit a company earns in relation to its overall resources
Adjusted EBITDA	• Profit/(loss) before income tax	• Finance cost (net) • Depreciation and depletion • Write-down of metal and non-metal inventory to net realisable value • Write-down of development and exploration assets • Impairment/reversal of previously recognised impairment of operating assets • Share-based compensation • Bad debt allowance • Net foreign exchange gain/losses • Change in fair value of contingent consideration liability • Rehabilitation costs • Additional mining taxes, VAT, penalties and accrued interest • Gains/losses on acquisition, revaluation and disposals of interests in subsidiaries, associates and joint ventures	• Excludes the impact of certain non-cash elements, either recurring or non-recurring, that can mask underlying changes in core operating performance, to be a proxy for operating cash flow generation
Net debt	• Net total of current and non-current borrowings[2] • Cash and cash equivalents	• Not applicable	• Measures the Group's net indebtedness that provides an indicator of the overall balance sheet strength • Used by creditors in bank covenants
Net debt/ Adjusted EBITDA ratio	• No equivalent	• Not applicable	• Used by creditors, credit rating agencies and other stakeholders
Free cash flow	• Cash flows from operating activity less cash flow from investing activities	• Excluding acquisition costs in business combinations and investments in associates and joint ventures • Excluding loans forming part of net investment in joint ventures • Excluding proceeds from disposal of subsidiaries	• Reflects cash generating from operations after meeting existing capital expenditure commitments • Measures the success of the Company in turning profit into cash through the strong management of working capital and capital expenditure
Free cash flow post M&A	• Cash flows from operating activity less cash flow from investing activities	• Not applicable	• Free cash flow including cash used in/ received from acquisition/disposal of assets and joint ventures • Reflects cash generation to finance returns to shareholders after meeting existing capital expenditure commitments and financing growth opportunities
Total cash costs (TCC)	• Total cash operating costs • General, administrative & selling expenses	• Depreciation expense • Rehabilitation expenses • Write-down of inventory to net realisable value • Intersegment unrealised profit elimination • Idle capacities and abnormal production costs • Exclude Corporate and Other segment and development assets • Reclassification of treatment charges deductions to cost of sales	• Calculated according to common mining industry practice using the provisions of Gold Institute Production Cost Standard • Gives a picture of the Company's current ability to extract its resources at a reasonable cost and generate earnings and cash flows for use in investing and other activities
All-in sustaining cash costs (AISC)	• Total cash operating costs • General, administrative & selling expenses	• AISC is based on total cash costs, and adds items relevant to sustaining production such as other operating expenses, corporate level SG&A, and capital expenditure and exploration at existing operations (excluding growth capital) After tax, all-in cash costs include additional adjustments for net finance cost, capitalised interest and income tax expense All-in costs include additional adjustments on that for development capital	• Includes the components identified in World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure • Provides investors with better visibility into the true cost of production

1 Annualised basis for half-year results.
2 Excluding lease liabilities and royalty payments.

Reserves and Resources

Ore Reserves as at 1 January 2023[1]

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Proved													
Standalone mines	9,270						5.6	1,660	–	–	–	–	1,660
Kyzyl[2]	5,790	6.0	–	–	–	–	6.0	1,112	–	–	–	–	1,112
Mayskoye	2,100	6.8	–	–	–	–	6.8	456	–	–	–	–	456
Svetloye	1,380	2.1	–	–	–	–	2.1	92	–	–	–	–	92
Nezhda hub	14,570						3.8	1,660	12,914	–	–	–	1,770
Nezhda[3]	14,570	3.5	28	–	–	–	3.8	1,660	12,914	–	–	–	1,770
Prognoz	–	–	–	–	–	–	–	–	–	–	–	–	–
Albazino hub	8,290						2.9	760	–	–	–	–	760
Albazino	3,630	2.6	–	–	–	–	2.6	308	–	–	–	–	308
Kutyn	4,660	3.0	–	–	–	–	3.0	453	–	–	–	–	453
Dukat hub	3,870						3.8	79	29,971	–	9.6	10.4	469
Dukat	2,590	0.4	179	–	–	–	2.7	29	14,927	–	–	–	223
Lunnoye	650	1.5	195	–	–	–	4.0	31	4,099	–	–	–	85
Perevalnoye	510	–	384	–	1.89	2.05	5.1	–	6,234	–	9.6	10.4	83
Primorskoye	120	5.4	1,327	–	–	–	22.0	19	4,711	–	–	–	78
Varvara hub	22,760						0.9	680	–	31.6	–	–	680
Varvara[4]	15,230	0.8	–	0.43	–	–	0.8	400	–	31.6	–	–	400
Komar	3,980	1.2	–	–	–	–	1.2	156	–	–	–	–	156
Elevator[5]	3,550	1.1	–	–	–	–	1.1	124	–	–	–	–	124
Omolon hub	1,380						3.9	170	393	–	–	–	174
Birkachan	1,030	3.2	7	–	–	–	3.3	108	217	–	–	–	110
Tsokol Kubaka	170	3.3	6	–	–	–	3.4	18	33	–	–	–	18
Burgali	180	7.7	25	–	–	–	8.0	44	143	–	–	–	46
Nevenrekan	–	–	–	–	–	–	–	–	–	–	–	–	–
Voro hub	6,880						1.9	416	1,160	4.8	17.4	–	424
Voro	5,690	1.4	3	–	–	–	1.5	264	555	–	–	–	268
Maminskoye[5]	370	2.3	–	–	–	–	2.3	27	–	–	–	–	27
Saum	150	2.1	46	1.59	1.82	–	2.6	10	226	2.4	2.8	–	12
Pesherny	570	5.5	–	–	–	–	5.5	102	–	–	–	–	102
Galka[6]	100	4.1	118	2.37	14.7	–	4.9	13	380	2.4	14.7	–	16
Tamunier[6]	–	–	–	–	–	–	–	–	–	–	–	–	–
Development and exploration projects	1,100						3.0	106	–	–	–	–	106
Veduga[7]	1,100	3.0	–	–	–		3.0	106	–	–	–	–	106
Total Proved	68,120						2.8	5,532	44,438	36.4	27.0	10.4	6,045
Probable													
Standalone mines	58,360						5.2	9,749	–	–	–	–	9,749
Kyzyl[2]	50,440	5.1	–	–	–	–	5.1	8,216	–	–	–	–	8,216
Mayskoye	5,640	7.2	–	–	–	–	7.2	1,297	–	–	–	–	1,297
Svetloye	2,280	3.2	–	–	–	–	3.2	235	–	–	–	–	235
Nezhda hub	34,440						4.3	2,936	138,132	–	–	120.2	4,715
Nezhda[3]	25,990	3.5	16	–	–	–	3.6	2,936	13,072	–	–	–	3,048
Prognoz	8,450	–	460	–	–	1.42	6.1	–	125,060	–	–	120.2	1,667
Albazino hub	9,510						4.0	1,231	–	–	–	–	1,231
Albazino	5,910	4.4	–	–	–	–	4.4	839	–	–	–	–	839
Kutyn	3,600	3.4	–	–	–	–	3.4	392	–	–	–	–	392
Dukat hub	2,840						3.0	55	16,812	–	0.7	0.7	274
Dukat	2,080	0.3	192	–	–	–	2.8	23	12,878	–	–	–	190
Lunnoye	630	1.5	164	–	–	–	3.6	30	3,331	–	–	–	74
Perevalnoye	120	–	76	–	0.58	0.61	1.0	–	294	–	0.7	0.7	4
Primorskoye	10	9.0	1,578	–	–	–	30.1	2	310	–	–	–	6
Varvara hub	27,000						1.5	1,287	–	9.0	–	–	1,287
Varvara[4]	3,810	1.2	–	0.61	–	–	1.2	150	–	9.0	–	–	150
Komar	15,870	1.6	–	–	–	–	1.6	840	–	–	–	–	840
Elevator[5]	7,320	1.3	–	–	–	–	1.3	297	–	–	–	–	297
Omolon hub	1,650						9.2	401	9,469	–	–	–	486
Birkachan	400	5.8	9	–	–	–	5.9	74	114	–	–	–	76
Tsokol Kubaka	–	–	–	–	–	–	–	–	–	–	–	–	–
Burgali	700	9.2	19	–	–	–	9.4	206	425	–	–	–	210
Nevenrekan	550	6.9	507	–	–	–	11.4	121	8,931	–	–	–	201
Voro hub	13,690						2.9	1,239	2,495	25.1	77.2	–	1,258
Voro	180	4.2	10	–	–	–	4.2	24	55	–	–	–	24
Maminskoye[5]	9,930	2.5	–	–	–	–	2.5	788	–	–	–	–	788
Saum	500	2.0	46	2.91	4.74	–	2.4	31	744	14.5	23.7	–	38
Pesherny	1,980	4.4	–	–	–	–	4.4	283	–	–	–	–	283
Galka[6]	570	2.5	84	1.84	9.29	–	3.1	47	1,558	10.6	53.5	–	58
Tamunier[6]	530	3.9	8	–	–	–	3.9	65	138	–	–	–	67
Development and exploration projects	17,850						4.0	2,301	–	–	–	–	2,301
Veduga[7]	17,850	4.0	–	–	–	–	4.0	2,301	–	–	–	–	2,301
Total Probable	165,340						4.0	19,198	166,909	34.1	77.9	121.0	21,301
Proved+Probable													
Standalone mines	67,630						5.2	11,409	–	–	–	–	11,409
Kyzyl[2]	56,230	5.2	–	–	–	–	5.2	9,329	–	–	–	–	9,329
Mayskoye	7,740	7.0	–	–	–	–	7.0	1,753	–	–	–	–	1,753
Svetloye	3,660	2.8	–	–	–	–	2.8	328	–	–	–	–	328
Nezhda hub	49,010						4.1	4,596	151,046	–	–	120.2	6,486
Nezhda[3]	40,560	3.5	20	–	–	–	3.7	4,596	25,986	–	–	–	4,818
Prognoz	8,450	–	460	–	–	1.42	6.1	–	125,060	–	–	120.2	1,667
Albazino hub	17,800						3.5	1,991	–	–	–	–	1,991
Albazino	9,540	3.7	–	–	–	–	3.7	1,147	–	–	–	–	1,147
Kutyn	8,260	3.2	–	–	–	–	3.2	844	–	–	–	–	844
Dukat hub	6,710						3.4	134	46,783	–	10.3	11.1	743
Dukat	4,670	0.3	185	–	–	–	2.8	52	27,805	–	–	–	413
Lunnoye	1,280	1.5	180	–	–	–	3.8	61	7,429	–	–	–	159
Perevalnoye	630	–	325	–	1.64	1.78	4.3	–	6,528	–	10.3	11.1	87
Primorskoye	130	5.6	1,3	–	–	–	22.5	21	5,020	–	–	–	84
Varvara hub	49,760						1.2	1,967	–	40.6	–	–	1,967
Varvara[4]	19,040	0.9	–	0.46	–	–	0.9	551	–	40.6	–	–	551
Komar	19,850	1.6	–	–	–	–	1.6	996	–	–	–	–	996
Elevator[5]	10,870	1.2	–	–	–	–	1.2	421	–	–	–	–	421
Omolon hub	3,030						6.8	571	9,862	–	–	–	661
Birkachan	1,430	4.0	7	–	–	–	4.0	182	331	–	–	–	186
Tsokol Kubaka	170	3.3	6	–	–	–	3.4	18	33	–	–	–	18
Burgali	880	8.9	20	–	–	–	9.1	250	568	–	–	–	256
Nevenrekan	550	6.8	505	–	–	–	11.3	121	8,931	–	–	–	201
Voro hub	20,570						2.5	1,655	3,655	29.9	94.7	–	1,683
Voro	5,870	1.5	3	–	–	–	1.6	288	610	–	–	–	292
Maminskoye[5]	10,300	2.5	–	–	–	–	2.5	815	–	–	–	–	815
Saum	650	2.0	46	2.60	4.06	–	2.4	42	969	16.9	26.5	–	50
Pesherny	2,550	4.7	–	–	–	–	4.7	385	–	–	–	–	385
Galka[6]	670	2.8	89	1.91	10.0	–	3.4	60	1,938	12.9	68.2	–	74
Tamunier[6]	530	3.9	8	–	–	–	3.9	65	138	–	–	–	67
Development and exploration projects	18,950						3.9	2,407	–	–	–	–	2,407
Veduga[7]	18,950	3.9	–	–	–		3.9	2,407	–	–	–		2,407
Total Proved+Probable	233,460						3.6	24,730	211,347	70.5	104.9	131.3	27,346

1 Ore Reserves are reported in accordance with the JORC Code (2012). Gold equivalent (GE) is calculated based on gold and silver only. Discrepancies in calculations are due to rounding.
2 Revised estimate of Ore Reserves for Bakyrchik (Zone 1) open-pit/underground was performed by Polymetal as at 1 January 2023. Initial estimate for East Bakyrchik (Zone 2) was performed as at 1 April 2020. Price: Au = $1,200/oz. Revised estimate was not performed.
3 Revised Ore Reserves estimate for open-pit was prepared by Polymetal as at 1 January 2023. Previous estimate for underground Ore Reserves was prepared by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
4 Copper grade is indicated only for High Grade Copper Ore Reserves. Reserves of high grade ore are 7.4 Mt of the Proved category and 1.5 Mt of the Probable category.
5 Previous estimate prepared by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
6 Initial estimate was prepared by Polymetal as at 1 January 2023.
7 Previous estimate prepared by CSA as at 1 February 2021. Revised estimate was not performed due to lack of material changes. Ore Reserves are presented in accordance with the Company's ownership equal to 59.4%.

Reserves and Resources continued

Mineral Resources as at 1 January 2023[1]

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Measured													
Standalone mines	**5,820**						**6.2**	**1,158**	**–**	**–**	**–**	**–**	**1,158**
Kyzyl[2]	100	2.4	–	–	–	–	2.4	8	–	–	–	–	8
Mayskoye	3,130	10.7	–	–	–	–	10.7	1,071					1,071
Svetloye	2,590	1.0	–	–	–	–	1.0	79	–	–	–	–	79
Nezhda hub	**2,810**						**2.8**	**248**	**939**	**–**	**–**	**–**	**256**
Nezhda[3]	2,810	2.8	10	–	–	–	2.8	248	939	–	–	–	256
Albazino hub	**6,030**						**3.4**	**650**	**–**	**–**	**–**	**–**	**650**
Albazino	4,170	3.2	–	–	–	–	3.2	423	–	–	–	–	423
Talgiy	700	4.1	–	–	–	–	4.1	93	–	–	–	–	93
Kutyn	1,160	3.6	–	–	–	–	3.6	133	–	–	–	–	133
Dukat hub	**3,150**						**6.4**	**106**	**41,803**	**–**	**1.8**	**2.0**	**651**
Dukat	1,990	0.8	420	–	–	–	6.3	53	26,884	–	–	–	402
Lunnoye	1,050	1.5	377	–	–	–	6.4	50	12,720	–	–	–	217
Perevalnoye	80	–	439	–	2.21	2.39	5.9	–	1,155	–	1.8	2.0	15
Primorskoye	30	5.0	1,428	–	–	–	23.5	4	1,045	–	–	–	17
Varvara hub	**5,770**						**0.9**	**169**	**–**	**3.0**	**–**	**–**	**169**
Varvara[4]	5,220	0.8	–	0.49	–	–	0.8	133	–	3.0	–	–	133
Komar	470	2.2	–	–	–	–	2.2	33	–	–	–	–	33
Elevator[5]	80	1.2	–	–	–	–	1.2	3	–	–	–	–	3
Omolon hub	**2,450**						**2.1**	**164**	**475**	**–**	**–**	**–**	**169**
Birkachan	2,060	1.8	6	–	–	–	1.9	120	389	–	–	–	125
Tsokol Kubaka	130	7.0	8	–	–	–	7.1	31	37	–	–	–	31
Burgali	260	1.6	6	–	–	–	1.6	13	49	–	–	–	13
Voro hub	**620**						**1.0**	**18**	**75**	**0.4**	**0.7**	**–**	**19**
Voro	500	0.7	2	–	–	–	0.7	11	31	–	–	–	12
Maminskoye[7]	60	1.7	–	–	–	–	1.7	4	–	–	–	–	4
Saum	30	1.8	43	1.2	2.3	–	2.1	2	44	0.4	0.7	–	2
Pesherny	30	1.5	–	–	–	–	1.5	1	–	–	–	–	1
Development and exploration projects	**290**						**0.9**	**8**	**–**	**–**	**–**	**–**	**8**
Veduga[8]	290	0.9	–	–	–	–	0.9	8	–	–	–	–	8
Total Measured	**26,940**						**3.6**	**2,521**	**43,292**	**3.3**	**2.5**	**2.0**	**3,080**
Indicated													
Standalone mines	**10,050**						**4.7**	**1,508**	**–**	**–**	**–**	**–**	**1,508**
Kyzyl[2]	7,240	4.1	–	–	–	–	4.1	950	–	–	–	–	950
Mayskoye	2,350	6.7	–	–	–	–	6.7	510	–	–	–	–	510
Svetloye	460	3.2	–	–	–	–	3.2	48	–	–	–	–	48
Nezhda hub	**9,300**						**5.2**	**824**	**56,198**	**–**	**–**	**30.9**	**1,558**
Nezhda[3]	7,120	3.6	14	–	–	–	3.7	824	3,157	–	–	–	851
Prognoz	2,180	–	757	–	–	1.42	10.1	–	53,041	–	–	30.9	707
Albazino hub	**12,530**						**4.1**	**1,668**	**–**	**–**	**–**	**–**	**1,668**
Albazino	4,230	4.8	–	–	–	–	4.8	654	–	–	–	–	654
Talgiy	6,800	3.5	–	–	–	–	3.5	756	–	–	–	–	756
Kutyn	1,500	5.3	–	–	–	–	5.3	257	–	–	–	–	257
Dukat hub	**1,460**						**6.3**	**61**	**18,014**	**–**	**1.1**	**1.1**	**297**
Dukat	930	0.6	339	–	–	–	5.0	19	10,164	–	–	–	151
Lunnoye	410	2.2	290	–	–	–	6.0	28	3,717	–	–	–	77
Perevalnoye	50	–	310	–	2.30	2.42	4.1	–	471	–	1.1	1.1	6
Primorskoye	70	6.8	1,692	–	–	–	29.3	15	3,662	–	–	–	63
Varvara hub	**8,510**						**1.6**	**441**	**–**	**3.9**	**–**	**–**	**441**
Varvara[4]	2,190	1.4	–	0.57	–	–	1.4	96	–	3.9	–	–	96
Komar	5,090	1.8	–	–	–	–	1.8	291	–	–	–	–	291
Elevator[5]	1,230	1.4	–	–	–	–	1.4	55	–	–	–	–	55
Omolon hub	**1,540**						**5.5**	**248**	**1,993**	**–**	**–**	**–**	**270**
Birkachan	1,020	3.8	9	–	–	–	3.9	123	302	–	–	–	127
Burgali	190	7.3	17	–	–	–	7.5	44	104	–	–	–	45
Nevenrekan	50	6.0	352	–	–	–	9.2	11	613	–	–	–	16
Kegali[6]	60	9.2	231	–	–	–	12.1	19	470	–	–	–	25
Tumaninskoe[6]	220	7.1	70	–	–	–	8.0	52	504	–	–	–	58
Voro hub	**6,460**						**2.6**	**540**	**337**	**1.6**	**5.7**	**–**	**544**
Maminskoye[7]	2,400	2.1	–	–	–	–	2.1	159	–	–	–	–	159
Saum	60	1.7	47	1.65	4.60	–	2.0	3	85	0.9	2.6	–	4
Pesherny	110	4.4	–	–	–	–	4.4	16	–	–	–	–	16
Galka	40	2.4	71	1.76	7.86	–	2.9	3	89	0.7	3.1	–	4
Tamunier	50	3.1	9	–	–	–	3.2	5	15	–	–	–	6
Pavlov	3,800	2.9	1	–	–	–	2.9	354	148	–	–	–	356
Development and exploration projects	**5,900**						**5.6**	**979**	**9,323**	**138.2**	**254.2**	**–**	**1,064**
Veduga[8]	880	2.8	–	–	–	–	2.8	79	–	–	–	–	79
Novopetrovsky[9]	5,020	5.6	58	2.75	5.07	–	6.1	900	9,323	138.2	254.2	–	985
Total Indicated	**55,750**						**4.1**	**6,269**	**85,865**	**143.8**	**261.0**	**32.1**	**7,349**
Measured+Indicated													
Standalone mines	**15,870**						**5.2**	**2,666**	**–**	**–**	**–**	**–**	**2,666**
Kyzyl[2]	7,340	4.1	–	–	–	–	4.1	957	–	–	–	–	957
Mayskoye	5,480	9.0	–	–	–	–	9.0	1,581	–	–	–	–	1,581
Svetloye	3,050	1.3	–	–	–	–	1.3	127	–	–	–	–	127
Nezhda hub	**12,110**						**4.7**	**1,071**	**57,137**	**–**	**–**	**30.9**	**1,814**
Nezhda[3]	9,930	3.4	13	–	–	–	3.5	1,071	4,096	–	–	–	1,106
Prognoz	2,180	–	757	–	–	1.42	10.1	–	53,041	–	–	30.9	707.2
Albazino hub	**18,560**						**3.9**	**2,317**	**–**	**–**	**–**	**–**	**2,317**
Albazino	8,400	4.0	–	–	–	–	4.0	1,077	–	–	–	–	1,077
Talgiy	7,500	3.5	–	–	–	–	3.5	850	–	–	–	–	850
Kutyn	2,660	4.6	–	–	–	–	4.6	391	–	–	–	–	391
Dukat hub	**4,610**						**6.4**	**167**	**59,817**	**–**	**2.9**	**3.1**	**948**
Dukat	2,920	0.8	394	–	–	–	5.9	72	37,048	–	–	–	553
Lunnoye	1,460	1.7	353	–	–	–	6.3	77	16,437	–	–	–	293
Perevalnoye	130	–	392	–	2.24	2.40	5.2	–	1,626	–	2.9	3.1	22
Primorskoye	100	6.3	1,625	–	–	–	27.8	18	4,706	–	–	–	81
Varvara hub	**14,280**						**1.3**	**610**	**–**	**6.9**	**–**	**–**	**610**
Varvara[4]	7,410	1.0	–	0.53	–	–	1.0	228	–	6.9	–	–	228
Komar	5,560	1.8	–	–	–	–	1.8	324	–	–	–	–	324
Elevator[5]	1,310	1.4	–	–	–	–	1.4	58	–	–	–	–	58
Omolon hub	**3,990**						**3.4**	**412**	**2,468**	**–**	**–**	**–**	**439**
Birkachan	3,080	2.5	7	–	–	–	2.5	244	691	–	–	–	252
Tsokol Kubaka	130	7.0	8	–	–	–	7.1	31	37	–	–	–	31
Burgali	450	4.0	11	–	–	–	4.1	57	153	–	–	–	58
Nevenrekan	50	6.0	352	–	–	–	9.2	11	613	–	–	–	16
Kegali[6]	60	9.2	231	–	–	–	12.1	19	470	–	–	–	25
Tumaninskoe[6]	220	7.1	70	–	–	–	8.0	52	504	–	–	–	58
Voro hub	**7,080**						**2.5**	**559**	**412**	**2.0**	**6.5**	**–**	**562**
Voro	500	0.7	2	–	–	–	0.7	11	31	–	–	–	12
Maminskoye[7]	2,460	2.0	–	–	–	–	2.0	162	–	–	–	–	162
Saum	90	1.7	46	1.48	3.77	–	2.0	5	130	1.3	3.3	–	6
Pesherny	140	3.8	–	–	–	–	3.8	17	–	–	–	–	17
Shalkinskoe	40	2.4	71	1.76	7.86	–	2.9	3	89	0.7	3.1	–	4
Tamunier	50	3.1	9	–	–	–	3.2	5	15	–	–	–	6
Pavlov	3,800	2.9	1	–	–	–	2.9	354	148	–	–	–	356

Reserves and Resources continued

Mineral Resources as at 1 January 2023[1] continued

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Development and exploration projects	6,190						5.4	988	9,323	138.2	254.2	–	1,072
Veduga[8]	1,170	2.3	–	–	–	–	2.3	87	–	–	–	–	87
Novopetrovsky[9]	5,020	5.6	58	2.75	5.07	–	6.1	900	9,323	138.2	254.2	–	985
Total Measured+Indicated	82,690						3.9	8,790	129,157	147.1	263.5	34.0	10,429
Inferred													
Standalone mines	15,390						6.0	2,975	–	–	–	–	2,975
Kyzyl[2]	9,500	4.1	–	–	–	–	4.1	1,262	–	–	–	–	1,262
Mayskoye	5,790	9.1	–	–	–	–	9.1	1,701	–	–	–	–	1,701
Svetloye	100	3.6	–	–	–	–	3.6	11	–	–	–	–	11
Nezhda hub	49,060						5.3	7,700	50,764	–	–	29.6	8,302
Nezhda	47,360	5.1	10	–	–	–	5.1	7,700	15,634	–	–	–	7,833
Prognoz	1,700	–	647	–	–	1.75	8.6	–	35,130	–	–	29.6	468
Albazino hub	6,690						5.4	1,165	–	–	–	–	1,165
Albazino	4,170	5.8	–	–	–	–	5.8	783	–	–	–	–	783
Talgiy	600	5.7	–	–	–	–	5.7	110	–	–	–	–	110
Kutyn	1,920	4.4	–	–	–	–	4.4	272	–	–	–	–	272
Dukat hub	2,220						6.1	57	29,180	–	2.4	0.3	437
Dukat	1,570	0.8	433	–	–	–	6.4	40	21,823	–	–	–	323
Lunnoye	570	1.0	365	–	–	–	5.8	17	6,594	–	–	–	104
Perevalnoye	80	–	306	–	3.07	0.36	4.1	–	763	–	2.4	0.3	10
Varvara hub	6,550						1.8	387	–	2.8	–	–	387
Varvara[4]	1,250	1.8	–	0.67	–	–	1.8	71	–	2.8	–	–	71
Komar	1,900	2.2	–	–	–	–	2.2	134	–	–	–	–	134
Elevator[5]	3400	1.7	–	–	–	–	1.7	182	–	–	–	–	182
Omolon hub	1,270						12.0	463	2,429	–	–	–	489
Birkachan	400	9.8	13	–	–	–	9.9	124	170	–	–	–	126
Burgali	450	16.2	27	–	–	–	16.4	234	386	–	–	–	238
Nevenrekan	60	9.4	459	–	–	–	13.5	20	969	–	–	–	29
Kegali[6]	330	6.3	73	–	–	–	7.2	67	788	–	–	–	77
Tumaninskoe[6]	30	17.8	116	–	–	–	19.2	18	117	–	–	–	19
Voro hub	5,900						2.7	496	711	0.5	2.2	–	504
Maminskoye[7]	730	3.7	–	–	–	–	3.7	86	–	–	–	–	86
Pesherny	120	5.7	–	–	–	–	5.7	22	–	–	–	–	22
Galka	140	2.5	83	2.73	10.8	–	3.4	11	363	0.5	2.2	–	15
Tamunier	10	2.6	25	–	–	–	2.8	1	11	–	–	–	1
Pavlov	3,130	2.1	1	–	–	–	2.1	214	84	–	–	–	215
Andrei	1,770	2.9	4	–	–	–	2.9	162	252	–	–	–	165
Development and exploration projects	6,990						4.9	1,105	666	14.4	19.0	–	1,111
Veduga[8]	6,600	4.9	–	–	–	–	4.9	1,033	–	–	–	–	1,033
Novopetrovsky[9]	390	5.8	53	3.69	4.87	–	6.2	72	666	14.4	19.0	–	78
Total Inferred	94,070						5.1	14,347	83,751	17.7	23.5	29.8	15,369

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Measured+Indicated+Inferred													
Standalone mines	31,260						5.6	5,641	–	–	–	–	5,641
Kyzyl[2]	16,840	4.1	–	–	–	–	4.1	2,220	–	–	–	–	2,220
Mayskoye	11,270	9.1	–	–	–	–	9.1	3,282	–	–	–	–	3,282
Svetloye	3,150	1.4	–	–	–	–	1.4	139	–	–	–	–	139
Nezhda hub	61,170						5.1	8,771	107,901	–	–	60.5	10,116
Nezhda[3]	57,290	4.8	11	–	–	–	4.9	8,771	19,729	–	–	–	8,940
Prognoz	3,880	–	709	–	–	1.56	9.5	–	88,172	–	–	60.5	1,176
Albazino hub	25,250						4.3	3,482	–	–	–	–	3,482
Albazino	12,570	4.6	–	–	–	–	4.6	1,859	–	–	–	–	1,859
Talgiy	8,100	3.7	–	–	–	–	3.7	960	–	–	–	–	960
Kutyn	4,580	4.5	–	–	–	–	4.5	663	–	–	–	–	663
Dukat hub	6,830						6.3	224	88,997	–	5.3	6.2	1,386
Dukat	4,490	0.8	408	–	–	–	6.1	111	58,870	–	–	–	876
Lunnoye	2,030	1.5	356	–	–	–	6.1	95	23,031	–	–	–	398
Perevalnoye	210	–	360	–	2.55	2.99	4.8	–	2,389	–	5.3	6.2	32
Primorskoye	100	6.3	1,625	–	–	–	27.8	18	4,706	–	–	–	81
Varvara hub	20,830						1.5	997	–	9.7	–	–	997
Varvara[4]	8,660	1.1	–	0.57	–	–	1.1	299	–	9.7	–	–	299
Komar	7,460	1.9	–	–	–	–	1.9	458	–	–	–	–	458
Elevator[5]	4710	1.6	–	–	–	–	1.6	240	–	–	–	–	240
Omolon hub	5,260						5.5	875	4,898	–	–	–	928
Birkachan	3,480	3.3	8	–	–	–	3.4	368	861	–	–	–	378
Tsokol Kubaka	130	7.0	8	–	–	–	7.1	31	37	–	–	–	31
Burgali	900	10.2	19	–	–	–	10.4	290	540	–	–	–	296
Nevenrekan	110	7.9	410	–	–	–	11.6	30	1,581	–	–	–	45
Kegali[6]	390	6.7	98	–	–	–	7.9	86	1,258	–	–	–	101
Tumaninskoe[6]	250	8.4	76	–	–	–	9.4	69	622	–	–	–	77
Voro hub	12,980						2.6	1,055	1,123	2.6	8.6	–	1,067
Voro	500	0.7	2	–	–	–	0.7	11	31	–	–	–	12
Maminskoye[7]	3,190	2.4	–	–	–	–	2.4	249	–	–	–	–	249
Saum	90	1.7	46	1.48	3.77	–	2.0	5	130	1.3	3.3	–	6
Pesherny	260	4.7	–	–	–	–	4.7	39	–	–	–	–	39
Galka	180	2.5	81	2.08	8.86	–	3.3	14	451	1.2	5.3	–	18
Tamunier	60	3.0	12	–	–	–	3.1	7	27	–	–	–	7
Pavlov	6,930	2.6	1	–	–	–	2.6	568	232	–	–	–	571
Andrei	1,770	2.9	4	–	–	–	2.9	162	252	–	–	–	165
Development and exploration projects	13,180						5.2	2,092	9,989	152.6	273.2	–	2,183
Veduga[8]	7,770	4.5	–	–	–	–	4.5	1,120	–	–	–	–	1,120
Novopetrovskiy[9]	5,410	5.6	57	2.82	5.05	–	6.1	973	9,989	152.6	273.2	–	1,063
Measured+Indicated+Inferred	176,760						4.5	23,137	212,908	164.8	287.1	66.7	25,798

1 Mineral Resources are reported in accordance with the JORC Code (2012). Gold equivalent (GE) is calculated based on gold and silver only. Mineral Resources are additional to Ore Reserves. Discrepancies in calculations are due to rounding.
2 Mineral Resources estimate for Bakyrchik (Zone 1) open-pit/underground mine was revised by Polymetal as at 1 January 2023. Mineral Resources estimate for Gluboky Log (Zone 2) was prepared by Polymetal as at 1 April 2020. Price: Au = $1,200/oz. Revised estimate was not performed due to lack of material changes. Mineral Resources estimate for Bolshevik was prepared by Polymetal as at 1 January 2019. Price: Au = $1,200/oz. Revised estimate was not performed due to lack of material changes.
3 Mineral Resources estimate for open-pit mining was revised by Polymetal as at 1 January 2023. Mineral Resources estimate for underground mining was not revised as compared to the estimate performed as at 1 January 2022 due to the lack of material changes. Initial Mineral Resource estimate for underground mining (ore zone 32) was performed as at 1 January 2023.
4 Cu grade estimate is presented for rock and powder ore with high Cu grade only (total Mineral Resources of rock and powder ore with high Cu grade are 1.5 and 0.2 Mt of ore respectively).
5 Estimate was performed by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
6 Initial estimate was prepared by Polymetal as at 1 January 2023.
7 Mineral Resources estimate was performed by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
8 Mineral Resources estimate was performed by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes. Mineral Resources are presented in accordance with the Company's ownership equal to 59.45%.
9 Average Cu grade only accounts for tonnage of copper-zinc ore of 4.8 Mt. Average Zn grade only accounts for tonnage of copper-zinc and zinc ore of 4.8 Mt and 0.29 Mt respectively. Average Ag grade only accounts for tonnage of copper-zinc ore and gold sulphide ore of 4.8 Mt and 0.35 Mt respectively.

Reserves and Resources continued

PGM Mineral Resources as at 1 January 2023[1]

	Tonnage	Grade				Content			
	Mt	Pd g/t	Pt g/t	Au g/t	Cu %	Pd, Moz	Pt, Moz	Au Moz	Cu Kt
Measured	6.8	0.2	0.3	0.7	0.11	0.0	0.1	0.2	7.2
Indicated	140.6	0.1	0.3	0.7	0.10	0.6	1.1	3.1	142.2
Total Measured+Indicated	**147.3**	**0.1**	**0.3**	**0.7**	**0.10**	**0.7**	**1.2**	**3.3**	**149.5**
Inferred	9.2	0.1	0.2	0.7	0.09	0.0	0.1	0.2	8.2
Measured+Indicated+Inferred	**156.5**	**0.1**	**0.3**	**0.7**	**0.10**	**0.7**	**1.3**	**3.5**	**157.7**

Tomtor Rare Earth Metals Mineral Resources as at 1 January 2023[2]

	Tonnage	Grade, %				Content, Kt			
			REO				REO[4]		
	Mt	Nb_2O_5[3]	NdPr oxides	Other REO	Total REO	Nb_2O_5	NdPr oxides[5]	Other REO[6]	Total REO
Stage 1	0.6	6.7	2.5	10.7	13.2	43	15.7	67.9	84
Stage 2	0.4	5.0	3.1	13.6	16.7	20	12.2	55.1	67
Total Probable	**1.0**	**6.0**	**2.8**	**11.7**	**14.5**	**63**	**27.8**	**123.1**	**151**

Additional Tomtor Rare Earth Metals Mineral Resources as at 1 January 2023[7]

	Tonnage	Grade, %				Content, Kt			
			REO				REO[4]		
	Mt	Nb_2O_5[3]	NdPr oxides	Other REO	Total REO	Nb_2O_5	NdPr oxides[5]	Other REO[6]	Total REO
Indicated	0.01	5.9	2.4	10.9	13.3	0.4	0.1	0.6	0.7
Inferred	0.1	4.7	2.8	12.5	15.3	6.2	3.6	16.4	20.0
Indicated+Inferred	**0.1**	**4.8**	**2.8**	**12.4**	**15.2**	**6.5**	**3.7**	**17.0**	**20.7**

Investment in associate Tomtor was also provided for, as the project was suspended. Please refer to Note 17 on page 199.

1 Mineral Resources are reported in accordance with the JORC Code (2012). Discrepancies in calculations are due to rounding. Estimate was prepared by Polymetal as at 1 January 2021. Price for Pd = $1,500/oz, Pt = $800/oz, Au = $1,200/oz, and Cu = $6,000/t.
2 Ore Reserves are presented in accordance with the JORC Code (2012). Estimate prepared by SRK as at 31 December 2019, using the following prices: $34.2/kg of Nb_2O_5, $48.5/kg of Pr_6O_{11}, $48.5/kg of Nd_2O_3, $20.80/kg of carbonate concentrate of medium and heavy rare earths (Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y) and at 7.8% Nb_2O_5 Equivalent cut-off grade. Mineral Resources are presented in accordance with the Company's ownership equal to 9.09%. All discrepancies in calculations are due to rounding.
3 Nb_2O_5 – Niobium oxide
4 REO – rare earth oxides.
5 NdPr oxides – Pr_6O_{11} (t)+ Nd_2O_3(t).
6 The metal of the remaining rare earth oxides is calculated by the formula: Others = La_2O_3 (t) + Ce_2O_3(t) +Sm_2O_3(t) + Eu_2O_3(t) + Gd_2O_3(t) + Tb_2O_3(t) + Dy_2O_3(t) + Ho_2O_3(t) + Er_2O_3(t) + Tm_2O_3(t) + Yb_2O_3(t) + Lu_2O_3(t) + Y_2O_3(t).
7 Mineral Resources are additional to Ore Reserves. Additional Mineral Resources are presented in accordance with the JORC Code (2012).Estimate prepared by SRK as at 31 December 2019 using the following prices: $23.9/kg of Nb_2O_5, $53.5/kg of Pr_6O_{11}, $48.5/kg of Nd_2O_3, $20.80/kg of carbonate concentrate of medium and heavy rare earths (Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y) and at 7.8% Nb_2O_5 Eq cut-off grade. Additional Mineral Resources are presented in accordance with the Company's ownership equal to 9.09%. All discrepancies in calculations are due to rounding.

This estimate was prepared by employees of JSC Polymetal Management Company and JSC Polymetal Engineering, led by Mr Valery Egorov, who assumes overall responsibility for the Mineral Resources and Ore Reserves Report.

Mr Egorov is employed full-time as the Technical Director of Bakyrchik Mining Venture LLC and has more than 16 years' experience in gold, silver and polymetallic mining. He is a Member of the Institute of Materials, Minerals & Mining (MIMMM), London, and a Competent Person under the JORC Code.

Listed below are other Competent Persons employed by the Company that are responsible for relevant research on which the Mineral Resources and Ore Reserves estimate for the Kazakhstan operations (Kyzyl and deposits of Varvara hub) is based:

- Ore Reserves – Valery Egorov, Technical Director of Bakyrchik Mining Venture LLC, MIMMM, with more than 16 years' relevant experience;
- Geology and Mineral Resources – Victor Pchelka, Deputy Director for Mining Operations of the Mineral Resources Department of Polymetal Eurasia LLC, MIMMM, PONEN, with 36 years' relevant experience.

Listed below are other Competent Persons employed by the Company that are responsible for relevant research on which the Mineral Resources and Ore Reserves estimate for the other Company's operations is based:

- Ore Reserves – Victor Batalov, Head of Mineral Resources Estimate Section of Polymetal Management, AusIMM, with more than 20 years' relevant experience;
- Geology and Mineral Resources – Roman Govorukha, Head of Mining Geology Department, JSC Polymetal Management Company, AusIMM, with 22 years' relevant experience.

All the above mentioned Competent Persons have sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

All Competent Persons have given their consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Metals prices used in estimating Mineral Resources and Ore Reserves are listed below (unless otherwise indicated in the footnotes of the above tables):

Au = $1,500/oz;
Ag = $20.0/oz;
Cu = $7,500/t;
Zn = $2,200/t;
Pb = $2,000/t.

All metals presented in the tables of Mineral Resources and Ore Reserves were used in Mineral Resources and Ore Reserves estimates. The gold equivalent as of 01.01.2023 includes only gold and silver. Data on conversion ratios into gold equivalent are given on the next page.

Gold equivalent conversion ratios

Silver to gold equivalent conversion ratio

Metal to gold equivalent conversion ratio: GE=Me/k

Where Me is the evaluated metal content (silver g/t)

Where k is the metal to gold equivalent conversion rate that is calculated considering the difference in metals value issuing the following formula:

For silver: k= ((Au price/31.1035 – (Au price /31.1035 – Treatment charge Au)*(Royalty Au)/100 – (Treatment charge Au))*(Recovery Au)) / ((Ag price/31.1035 - (Ag price/31.1035 – Treatment charge Ag)*(Royalty Ag)/100 – (Treatment charge Ag))*(Recovery Ag)), where Royalty is the mineral extraction tax at applicable rate, recovery – the life-of-mine expected recovery of the respective metal in the processing technology applied.

Silver to gold equivalent conversion ratios

Deposit	Ore processing technology	k Ag
Dukat	Conventional flotation	77
Lunnoye	Cyanidation+Merrill Crowe process	76
Doroninskoye	Cyanidation+Merrill Crowe process	162
Perevalnoye	Conventional flotation	75
Primorskoye	Rich ore to offtakers	75
	Cyanidation+Merrill Crowe process	125
Birkachan	Cyanidation carbon-in-pulp	92
	Heap leaching+carbon-in-column	77
Tsokol Kubaka	Cyanidation carbon-in-pulp	85
Burgali	Cyanidation carbon-in-pulp	94
Kegali	Cyanidation+Merrill Crowe process	81
Tumaninskoye	Cyanidation carbon-in-pulp	83
Nevenrekan	Cyanidation+Merrill Crowe process	112
Voro primary ore (stockpiles)	Cyanidation carbon-in-pulp	124
Voro primary run-of-mine unpayable ore (stockpiles)	Cyanidation carbon-in-pulp	95
Tamunier	Conventional flotation	102
Pavlovskoye primary ore	Cyanidation carbon-in-pulp	76
Pavlovskoye oxidised ore	Heap leaching+carbon-in-column	91
	Cyanidation carbon-in-pulp	82
Andrei East (primary ore)	Cyanidation carbon-in-pulp	88
Andrei West (primary ore)	Cyanidation carbon-in-pulp	60
Andrei East (oxidised ore)	Heap leaching+carbon-in-column	161
	Cyanidation carbon-in-pulp	120
Andrei West (oxidised ore)	Heap leaching+carbon-in-column	115
	Cyanidation carbon-in-pulp	97
Saum	Cu-Zn primary ore: conventional flotation	109
Prognoz	Conventional flotation	75
Novopet	Cu-Zn and Zn ore: conventional flotation	112
	Au-S: gravity concentration	96
Galka	Cu-Zn ore: conventional flotation	139
	Au-S: gravity concentration	88

Group production statistics

Consolidated highlights

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Waste mined, Kt	126,696	158,560	166,805	205,888	211,127
Underground development, m	130,000	105,819	90,011	95,549	97,997
Ore mined, Kt	13,979	17,224	15,386	15,647	19,456
Open-pit	9,319	13,022	11,221	11,686	15,388
Underground	4,660	4,202	4,166	3,962	4,068
Ore processed, Kt	15,162	15,024	15,447	15,799	18,289
Gold grade processed, g/t	3.1	3.4	3.5	3.2	3.1
Silver grade processed, g/t	60	52	44	45	39
GE grade processed, g/t	3.6	3.8	4.1	3.8	3.6
Total Production					
Gold, Koz	1,216	1,316	1,402	1,422	1,450
Silver, Moz	25.3	21.6	18.8	20.4	21.0
Copper, t	3,875	2,452	1,544	1,901	1,664
Zinc, Kt	5.4	1.0	2.3	–	2.9
Plumbum, Kt		7.2	5.1	–	5.0
Gold equivalent, Koz based on 80:1 Ag/Au ratio, excluding base metals	**1,532**	**1,586**	**1,637**	**1,677**	**1,712**
Gold equivalent, Koz based on 120:1 Ag/Au ratio, excluding base metals	1,427	1,496	1,559	1,592	1,625
Gold equivalent production by mine, GE Koz					
Kyzyl	96	343	382	360	330
Dukat	306	287	275	291	292
Albazino/Amursk	308	241	261	249	230
Mayskoye	117	129	139	139	120
Omolon	195	205	213	217	199
Voro	107	107	89	93	93
Varvara	130	137	159	198	211
Svetloye	136	134	120	109	104
Nezhda				21	133
Okhotsk	104	–	–	–	–
Kapan	33	3	–	–	–
Total	**1,532**	**1,585**	**1,637**	**1,677**	**1,712**

Financial highlights

	FY 2017	FY 2018	FY 2019	FY 2020[1]	FY 2021	FY 2022
Revenue, $m	1,815	1,882	2,241	2,865	2,890	2,801
Adjusted EBITDA, $m[2]	745	780	1,075	1,661	1,464	1,017
Adjusted EBITDA margin, %	41%	41%	48%	58%	51%	36%
Average realised gold price, $/oz[3]	1,247	1,253	1,411	1,797	1,792	1,764
Average LBMA closing gold price, $/oz	1,258	1,269	1,393	1,771	1,799	1,802
Average realised silver price, $/oz[3]	16.1	14.8	16.5	20.9	24.8	21.9
Average LBMA closing silver price, $/oz	17.0	15.7	16.2	20.5	25.0	21.8
Total cash costs, $/GE oz[2]	658	649	655	638	730	942
All-in sustaining costs, $/GE oz[2]	893	861	866	874	1,030	1,344
Net earnings/(loss), $m	354	355	483	1,066	904	(288)
Underlying net earnings, $m[2]	376	447	586	1,052	913	440
Underlying EPS, $/share[2]	0.88	1.00	1.25	2.23	1.93	0.93
Dividends declared during the period, $/share[4]	0.32	0.47	0.51	1.02	1.34	–
Dividend proposed for the period, $/share[5]	0.44	0.48	0.82	1.29	0.97	–
Operating cash flow, $m	533	513	696	1,166	1,195	206
Capital expenditure, $m	383	344	436	558	759	794
Free cash flow (pre M&A), $m[2]	143	176	256	610	418	(445)
Free cash flow (post M&A), $m[2]	56	134	299	603	407	(473)

1 Restated due to a voluntary change in accounting policy. Starting from 1 January 2021, exploration and evaluation (E&E) expenses costs are capitalised into assets only when mineral resources are published; and before that are expensed as incurred. Previously capitalised E&E assets with no mineral resource estimates were written off via retrospective adjustments to the 2020 income statement and balance sheet amounts brought forward.
2 Refer to "Alternative Performance Measures" section for definition and details.
3 In accordance with IFRS, revenue is presented net of treatment charges which are subtracted in calculating the amount to be invoiced. Average realised prices are calculated as revenue divided by gold and silver volumes sold, excluding effect of treatment charges deductions from revenue.
4 Based on declaration date.
5 Dividend proposed for the FY include interim, final and special dividend paid for the financial year.

Source: Consolidated audited IFRS financial statements for the years ended 31 December 2022, 2021, 2020, 2019, 2018.

Non-financial information statement

The following information is provided in compliance with the Non-Financial Reporting Directive requirements. The table below sets out where relevant information can be found in this Integrated Annual Report. More detailed information is available on the Company's website: www.polymetalinternational.com.

Reporting requirement	Policy and standards	Relevant information
Business model	The International Integrated Reporting <IR> Framework	Business model, pages 16-17; Strategy, pages 22-23.
Universal matters	UN Global Compact EBRD Environmental and Social Policy Responsible Gold Mining Principles Code of Conduct	Our contribution to the UN SDGs, page 44; Our material issues, page 45.
Environmental matters	Environmental Policy Code of Conduct Climate Change Policy Tailings and Water Storage Facilities Management Policy Energy Policy Mine Closure Policy Acid Rock Drainage Management Standard ISO 14001 ISO 15001	Climate change, pages 62-75; Environment, pages 56-61; Environmental risk, page 104; Full Disclosure on Tailings Storage Facilities 2022, available on the website.
Employees	ILO conventions, national labour codes Code of Conduct ISO 45001 Employment and Labour Standard Health and Safety Policy Diversity and Inclusion Policy Collective agreements	Employees, pages 50-56; Health and safety, pages 46-49; Human capital risk, page 105; Health and safety risk, page 103.
Human rights	Universal Declaration on Human Rights The UN Guiding Principles on Business and Human Rights Human Rights Policy Modern Slavery Act Statement Code of Conduct Supplier Code of Conduct	Human rights, page 82; Modern Slavery Act Transparency Statement 2021, available on the website; Supply chain stewardship, pages 81-82.
Social matters	Community Engagement Policy Political and Charitable Donations Policy Procurement Policy	Communities, pages 76-79.
Anti-corruption and anti-bribery	Code of Conduct Anti-Bribery and Corruption Policy Supplier Code of Conduct Gifts and Entertainment Policy Policy on Use of Agents, Representatives, Intermediaries and Contractors' Due Diligence Whistleblowing Policy Policy on Disciplinary Action for Violation of Anti-Bribery and Corruption Procedures	Anti-bribery and corruption, page 81.
Principal risks and impact from business activity	Risk Management Policy	Risk management, pages 96-110.
Non-financial key performance indicators	GRI SASB TCFD	Key performance indicators, page 26; Sustainability data, pages 234-250.

Independent practitioner's assurance report

Building a better working world

To the Shareholders, Management and Stakeholders of Polymetal International plc.

Scope

We have been engaged by Polymetal International plc (hereinafter "the Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, (hereinafter "the Engagement") for information in the field of sustainability (hereinafter "Sustainability Information" or "Subject Matter") disclosed in the Company's Integrated Annual Report (hereinafter "the Report") for 2022 (hereinafter "the Reporting Period"). The Subject Matter is disclosed in the following sections of the Report:

- Sustainability section of the Report, pages 44-83,
- Sustainability highlights on "At a glance" spread of the Report, page 6,
- Stakeholder engagement, pages 18-19,
- Sustainability-related figures in all spreads of the Integrated Annual Report, including Key Performance Indicators related to sustainability, page 27,
- Green highlights in Operating review, pages 32-43,
- Safety & Sustainability Committee report, pages 130-131,
- Safety and sustainability-related remuneration KPIs in the Remuneration Committee report, page 144,
- Sustainability data section in appendix, pages 234-250,
- GRI Index and relevant sections of the Report which the GRI Index refers to, pages 252-257,
- SASB content index and relevant sections of the Report which the SASB Index refers to, pages 258–259,
- TCFD content index and relevant sections of the Report which the TCFD Index refers to, page 251.

Other than as described in the preceding paragraph, which sets out the scope of our Engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on that information. Also, we did not perform any assurance procedures regarding forward-looking statements on performance, events, or planned activities of the Company.

Applicable criteria

In preparing the Sustainability Information in the Report the Company applied:

- Global Reporting Initiative Sustainability Reporting Standards 2021 (hereinafter "the GRI Standards"),
- Metals & Mining Sustainability Accounting Standards by the Sustainability Accounting Standards Board (hereinafter "the SASB Standards"),
- The recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (hereinafter "the TCFD Recommendations")

as set forth in section "About the Report" on the page 4 of the Report (hereinafter "the Criteria").

The Company's responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the Sustainability Information in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Sustainability Information, such that it is free from material misstatement, whether due to fraud or error.

Practitioner's responsibilities

Our responsibility is to express a conclusion on the presentation of the Sustainability Information based on the evidence we have obtained.

We conducted our limited assurance Engagement in accordance with the International Standard for Assurance Engagements (revised) "International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000") and the terms of reference for this Engagement as agreed with Company on November 18, 2022. ISAE 3000 requires we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

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Our Independence and Quality Control

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Description of procedures performed

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Subject Matter and related information, applying analytical and other appropriate procedures. The procedures we performed were based on our professional judgement and included the steps outlined below:

- Interviewed the representatives of the Company's corporate-level and site-level management and specialists responsible for the Company's sustainability and climate policies, activities, performance and relevant reporting data,
- Performed analysis of the relevant internal methodologies and guidelines, key documents related to the Company's sustainability policies, activities, performance and relevant reporting data,
- Obtained understanding of the processes used to prepare the Sustainability Information of the Company, including management's processes to identify the Company's material climate-related risks and opportunities,
- Benchmarked the Report against sustainability reports of selected international mining and gold mining peers of the Company to determine sector-specific sustainability and climate issues raised by stakeholders,
- Reviewed a selection of corporate and external media publications with respect to the Company's sustainability policies, activities, events, and performance within the reporting period,
- Conducted analysis of material sustainability issues identified by the Company,
- Identified sustainability issues material for the Company based on the procedures described above and analysis of their presentation in the Report,
- Reviewed data samples on key sustainability and climate indicators including production, health and safety, GHG emissions (Scope 1, 2, and 3), water and energy resources management, environmental protection, compliance, personnel management, and social activities for the reporting period, to assess whether the Company has properly collected, prepared, collated and reported these data appropriately,
- On a sample basis collected evidence substantiating other qualitative and quantitative information included in the Subject Matter,
- Visited the Company's production facilities of Bakyrchik Mining Venture LLP (Kazakhstan) to interview executives responsible for production and finance, human resources, environmental protection, health and safety, charitable and social activities, and gather evidence supporting the Sustainability Information in the Report regarding sustainability policies, activities and events in reporting period,
- Reviewed the Subject Matter to understand how the Company's material climate-related risks and opportunities identified by the Company are reflected in the qualitative disclosures of the Subject Matter, as well as for consistency of the Sustainability Information with the TCFD Recommendations,
- Performed walkthrough of Company's processes related to its climate scenario analysis considering the Company's inputs, key assumptions, and consistency with the TCFD Recommendations,
- Reviewed physical and transition climate-related risks affecting the Company's assets and operations based on risk exposure modeling, using EY climate tools and benchmark analysis of major gold mining companies in terms of their climate risk disclosures and associated impact on operations,
- On a sample basis, based on professional judgement, agreed statements within the disclosures to source information to check the accuracy and reasonableness of these. We also assessed that the sample gave appropriate coverage across governance, strategy, risk management and metrics & targets sections of the disclosure of the TCFD Recommendations.

We also performed such other procedures as we considered necessary in the circumstances.

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Limitations to the procedures performed

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Certain matters may not be identified during a limited assurance engagement which may be identified during a reasonable assurance engagement.

A limited assurance engagement in accordance with ISAE3000 in particular does not contemplate testing internal controls, assessing control risk or other procedures ordinarily performed during a reasonable assurance engagement. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. The TCFD disclosure includes climate-related scenario analysis that is subject to inherent uncertainties given incomplete and evolving scientific and socio-economic knowledge about the possible impact, timing, and likelihood of physical and transition climate-related risks.

Notwithstanding this context in which our assurance conclusion is given, the scenario analysis was performed by the Company to assess the possible impact of the climate-related risks in relation to the Company's business. EY did not re-perform an assessment of the physical and transition risks used in the preparation and application of the scenario analysis, and did not perform an assessment of the underlying IT systems used in their generation.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Information has not been prepared and represented fairly, in all material respects, in accordance with the Criteria.

Ernst & Young Advisory LLP

Almaty

March 15, 2023

Sustainability data

Health and safety

Polymetal employees health and safety

	Units	2022	2021	2020	2019
Injuries, including:	number	13	15	13	20
Fatalities	number	0	0	0	2
Severe injuries	number	0	2	2	3
Minor injuries	number	13	13	11	15
LTIFR[1]	rate	0.10	0.12	0.12	0.19
Days off work following accidents[2]	number	877	1,545	1,583	1,760
Occupational deseases and health difficulties	number	9	5	2	1
Near-misses	number	4,770	4,687	3,653	2,684

Contractor employees safety

	Units	2022	2021	2020	2019
Injuries, including:	number	12	6	12	10
Fatalities	number	0	1	0	1
Severe injuries	number	0	0	0	0
Minor injuries	number	12	5	12	9
LTIFR[1]	rate	0.21	0.09	0.24	0.20

Polymetal employees safety in 2022: site level

	LTIFR	Fatalities	Severe injuries	Minor injuries
Kyzyl	0.00	0	0	0
Varvara	0.00	0	0	0
Komar mine (part of Varvara hub)	0.00	0	0	0
Voro	0.00	0	0	0
Mayskoye	0.22	0	0	2
Omolon	0.18	0	0	2
Dukat	0.07	0	0	1
Svetloye	0.35	0	0	2
Albazino	0.16	0	0	2
Kutyn (part of Albazino hub)	0.33	0	0	2
Amursk POX	0.00	0	0	0
Nezhda	0.00	0	0	0
Prognoz	0.50	0	0	1
Veduga	0.32	0	0	1
Primorskoye	0.00	0	0	0
Total	**0.10**	**0**	**0**	**13**

1 Lost-time injury frequency rate per 200,000 hours worked.
2 Data for 2021 was restated due to sick leave extension for one of the injured employees.

People

Headcount and turnover

	Units	2022	2021	2020	2019
Employees					
Average headcount	number	**14,694**	**13,392**	**12,065**	**11,611**
Headcount as of 31 December	number	15,160	14,281	12,679	11,819
Contractors working on Polymetals's territories (average headcount)	number	6,078	7,082	5,277	5,336
New employee hires during the reporting period	number	4,584	4,722	3,156	N/A
Female	number	988	962	662	N/A
Male	number	3,596	3,760	2,494	N/A
Voluntary turnover[3]	%	**8.4**	**8.2**	**6.5**	**5.8**
Female	%	7.1	8.2	5.8	6.9
Male	%	8.7	8.2	6.7	5.5
Involuntary turnover[4]	%	0.9	0.3	N/A	N/A
Other turnover[5]	%	14.3	14.2	N/A	N/A

Workforce diversity

	Units	2022	2021	2020	2019
Gender					
Percentage of female employees	%	**21**	**21**	**21**	**21**
Percentage of female managers[6]	%	22	22	22	22
Percentage of female qualified personnel[7]	%	41	40	40	39
Percentage of female workers[8]	%	12	11	11	12
Gender pay gap[9]	%	23	22	25	30
Taken parental leave, including:	number	131	149	118	150
Female employees on parental leave	number	120	139	111	146
Male employees on parental leave	number	11	10	7	4
Return to work and retention rates after parental leave	%	100	100	100	100
Age					
Employees under 30 years old, including:	number	2,365	2,366	2,092	2,083
Female	number	567	552	500	468
Male	number	1,798	1,814	1,592	1,615
Percentage of employees under 30 years old	%	**16**	**17**	**16**	**18**
Employees 30-50 years old, including:	number	10,297	9,617	8,579	7,815
Female	number	2,256	2,065	1,840	1,677
Male	number	8,041	7,552	6,739	6,138
Percentage of employees 30-50 years old	%	**68**	**67**	**68**	**66**
Over 50 years old, including:	number	2,498	2,298	2,006	1,918
Female	number	603	554	480	448
Male	number	1,895	1,744	1,526	1,470
Percentage of employees over 50 years old	%	**16**	**16**	**16**	**16**
Disability					
Disabled personnel	number	66	30	30	23

Collective agreements

	Units	2022	2021	2020	2019
Percentage of employees at operating sites covered by collective bargaining agreements	%	100	100	100	100
Percentage of employees covered by collective bargaining agreements	%	80	83	83	86

3 Includes only employees that left the Company voluntarily due to dissatisfaction with their job.
4 Includes employees that were dismissed.
5 Includes employees that left the Company due to other reasons such as relocation, retirement or enrollement to an educational institution.
6 Managers – employees who hold positions as heads of business units: directors, chiefs of divisions, managers, experts or supervisors, etc.; chief specialists, for example, chief accountant, chief dispatcher, chief engineer, chief mechanic, chief metallurgist, chief geologist; and deputies to these positions.
7 Qualified personnel – employees engaged in engineering and technical works or finance, such as accountants, geologists, dispatchers, engineers, inspectors, mechanics, quantity surveyors, editors, economists, energy specialists, legal advisors, etc., and assistants to these positions. It also covers office workers in accounting and control and maintenance positions who are not engaged in manual labour.
8 Workers include personnel who are directly engaged in the process of value creation, as well as those engaged in repair, moving goods, transporting passengers, providing material services, and so on.
9 Calculated as average remuneration for men minus average remuneration for women divided by average renumeration for women.

People continued

Employees by type of employment contract in 2022

	Female	Male	Total	Share in total workforce
Employment contract type				
Indefinite term employment contract	2,897	10,832	13,729	93%
Fixed-term employment contract	237	729	966	7%
Employment status				
Full-time	3,057	11,438	14,495	99%
Part-time	77	122	199	1%

Employee training

	Units	2022	2021	2020	2019
Trained personnel	number	9,237	7,396	7,593	10,453
Average number of training hours per employee (per year)[1]	number	**78**	**49**	**79**	**N/A**
By gender					
Female	number	47	36	58	N/A
Male	number	86	53	83	N/A
By employee level					
Managers	number	101	54	116	N/A
Qualified personnel	number	72	68	81	N/A
Workers	number	73	38	66	N/A
Average number of mandatory training hours per year[2]	number	22	17	32	N/A
Average number of non-mandatory training hours per year	number	56	32	47	N/A
Total investments in training	$ thousand	1,458	1,129	1,131	1,215
Annual investments in training per employee	$	99	84	94	105
Female	$	126	97	98	N/A
Male	$	92	81	82	N/A

1 The new methodology has been applied since 2021 to ensure better alignment with the GRI-404. Data for 2020 has been restated accordingly for comparative purposes. Data for 2019 calculated using the old methodology is considered to be unrepresentative.
2 Manadory training mostly refers to safety training.

Water

Water use

	Units	2022	2021	2020	2019
Fresh water withdrawal, including:	thousand m³	3,344	3,480	3,484	4,919
Ground water	thousand m³	1,756	1,452	1,285	1,695
Surface water	thousand m³	845	1,028	1,467	2,236
External water supply	thousand m³	743	1,000	732	988
Water reused and recycled, including:	thousand m³	34,442	31,636	29,606	32,276
Recycled water	thousand m³	30,691	27,743	26,965	28,222
Waste water	thousand m³	3,751	3,893	2,641	4,053
Total water use	thousand m³	**37,786**	**35,116**	**33,090**	**37,194**
Share of water recycled and reused	%	91	90	89	87
Fresh water use intensity	m³/ Kt of processed ore	183	220	226	327
Fresh water use for processing intensity[4]	m³/ Kt of processed ore	**138**	**155**	**171**	**268**

Water consumption in 2022: site level

	Total water consumption thousand m³	Fresh water withdrawal thousand m³	Water reused and recycled thousand m³	Share of water recycled and reused %	Fresh water use for processing intensity[4] m³/ Kt of processed ore
Kyzyl	5,796	587	5,209	90	227
Varvara	6,454	689	5,765	89	166
Komar mine (part of Varvara hub)	128	13	115	89	N/A
Voro	7,103	48	7,054	99	0
Mayskoye	2,266	98	2,168	96	6
Omolon	1,580	328	1,252	79	139
Dukat	6,236	363	5,873	94	103
Svetloye	417	99	318	76	39
Albazino	2,837	348	2,489	88	87
Kutyn (part of Albazino hub)	953	48	905	95	N/A
Amursk POX	1,389	268	1,121	81	N/A
Nezhda	2,548	420	2,128	84	157
Prognoz	15	15	0	0	N/A
Veduga	48	4	44	92	N/A
Primorskoye	16	15	1	6	N/A
Total	**37,786**	**3,344**	**34,442**	**91**	**138**

Water discharge

	Units	2022	2021	2020	2019
Watercourses	thousand m³	8,452	7,756	10,128	10,757
Collecting ponds	thousand m³	1,131	1,443	1,864	857
Landscape	thousand m³	0	0	0	0
Sewage	thousand m³	184	354	375	297
Total water discharge	**thousand m³**	**9,767**	**9,553**	**12,367**	**11,910**

Water discharge in 2022: site level

	Watercourses thousand m³	Collecting ponds thousand m³	Landscape thousand m³	Sewage thousand m³
Kyzyl	0	58	0	83
Varvara	0	612	0	0
Komar mine (part of Varvara hub)	990	0	0	11
Voro	875	0	0	6
Mayskoye	114	149	0	0
Omolon	2,632	22	0	0
Dukat	1,884	241	0	66
Svetloye	434	41	0	0
Albazino	1,439	0	0	0
Kutyn (part of Albazino hub)	0	0	0	0
Amursk POX	21	0	0	15
Nezhda	46	0	0	0
Prognoz	11	0	0	0
Veduga	0	5	0	2
Primorskoye	5	3	0	0
Total	**8,452**	**1,131**	**0**	**184**

4 Does not include water used for non-technological purposes.

Consumables and waste

Principal consumables

	Units	2022	2021	2020	2019
Lime	t	73,036	70,968	77,081	71,899
Cement and concrete	t	61,987	43,593	48,464	34,846
Quicklime	t	43,044	37,216	32,148	28,217
Grinding body	t	19,027	17,272	17,016	17,360
Sodium cyanide	t	9,522	8,498	8,132	8,202
Flotation reagents	t	6,995	6,201	5,383	4,193
Soda	t	6,039	6,827	5,844	8,723
Ammonium nitrate	t	5,070	3,877	2,805	
Granulite	t	4,576	5,416	5,488	2,772
Perhydrol	t	4,059	5469	6227	5496

Waste generation and management

	Units	2022	2021	2020	2019
Total waste	t	228,292,508	210,621,211	181,959,017	155,923,761
By composition					
Waste rock	t	212,735,776	196,841,661	169,287,548	143,439,734
Tailings, including[1]	t	15,539,024	13,751,596	12,627,995	12,469,214
Dry tailings	t	4,350,152	1,954,736	1,348,599	1,212,822
Wet tailings	t	11,188,872	11,796,860	11,279,395	11,256,392
Share of dry stacked tailings	%	28	14	11	10
Other waste (metal, plastic, paper, etc.)	t	17,708	27,954	43,474	14,813
By waste hazard classification					
Non-hazardous	t	222,261,930	210,080,143	181,951,432	155,918,075
Hazardous[2]	t	6,030,579	8,502	7,585	5,686
By treatment					
Waste disposed	t	180,668,648	159,015,806	141,217,837	134,518,857
Non-hazardous	t	174,643,303	159,013,768	141,215,474	134,514,807
Hazardous	t	6,025,346	2,039	2,363	4,050
Waste diverted from disposal, including:		54,440,601	48,573,139	31,621,854	21,705,608
Waste reused and recycled	t	54,440,005	48,571,506	31,621,525	21,705,334
Non-hazardous	t	54,437,436	48,566,649	31,616,846	21,703,421
Hazardous	t	2,569	4,858	4,679	1,913
Waste neutralised	t	595	1,633	330	274
Non-hazardous	t	190	62	43	26
Hazardous	t	406	1,571	286	248
Percentage of waste reused of total waste generated	%	23	23	17	14
Percentage of mineral waste reused of total waste generated	%	23	N/A	N/A	N/A
Percentage of non-mineral waste reused of total waste generated	%	65	N/A	N/A	N/A

1 Data for 2021 was restated due to the improvements of waste accounting procedures.
2 Increase in 2022 is explained by the regulatory changes of tailings waste classification.

Waste management in onsite/offsite breakdown in 2022

	Units	Onsite	Offsite	Total
Waste diverted from disposal, including:	t	54,435,600	5,001	54,440,601
Non-hazardous waste	t	54,434,415	3,210	54,437,626
Waste reused and recycled	t	54,434,415	3,021	54,437,436
Waste neutralised	t	0	190	190
Hazardous waste	t	1,184	1,791	2,975
Waste reused and recycled	t	1,014	1,555	2,569
Waste neutralised	t	170	235	406
Waste disposed	t	180,667,724	924	180,668,648
Non-hazardous waste	t	174,642,763	540	174,643,303
Hazardous waste	t	6,024,961	384	6,025,346

Share of waste reused and recycled in 2022: site level

	Total waste generated t	Share of waste reused and recycled %
Kyzyl	85,851,654	1
Varvara	7,407,027	42
Komar mine (part of Varvara hub)	38,524,371	24
Voro	10,807,911	14
Mayskoye	4,093,253	41
Omolon	9,476,108	85
Dukat	7,660,898	65
Svetloye	5,836,551	48
Albazino	22,196,413	30
Kutyn (part of Albazino hub)	10,671,071	34
Amursk POX	326,107	0
Nezhda	19,870,680	23
Prognoz	15	100
Veduga	5,504,390	100
Primorskoye	66,061	100
Total	228,292,508	23

Air quality

Air pollutant emissions

	Units	2022	2021	2020	2019
Sulphur dioxide (SO_2)	t	1,151	1,064	847	954
Oxides of nitrogen (Nox)	t	4,232	3,472	2,789	2,532
Carbon monoxide	t	3,951	3,455	2,798	2,818
Solid particles	t	7,465	5,703	2,946	4,773
Ozone depleting (CFC-11 equivalents) substances emitted	t	0	0	0	0
VOCs	t	1,335	1,194	1,004	1,081
Mercury (Hg)	t	0	0	0	0
Lead (Pb)	t	5	5.12	0.17	0.27

Air pollutant emissions in 2022: site level

	Units	Sulphur dioxide (SO_2)	Oxides of nitrogen (Nox)	Carbon monoxide	Solid particles	Ozone depleting (CFC-11 equivalents) substances emitted	VOCs	Lead (Pb)
Kyzyl	t	70	277	134	661	0	50	0
Varvara	t	0	28	7	1,126	0	0	0
Komar mine (part of Varvara hub)	t	0	96	38	337	0	3	0
Voro	t	22	241	211	912	0	53	0
Mayskoye	t	49	336	301	426	0	82	0
Omolon	t	236	840	753	487	0	174	0
Dukat	t	149	370	542	456	0	84	0
Svetloye	t	127	209	274	273	0	45	0
Albazino	t	218	709	583	600	0	600	0
Kutyn (part of Albazino hub)	t	49	261	248	863	0	41	0
Amursk POX	t	4	45	31	28	0	7	0
Nezhda	t	202	648	683	603	0	147	5
Prognoz	t	5	26	21	2	0	10	0
Veduga	t	4	72	59	671	0	16	0
Primorskoye	t	14	76	65	19	0	18	0
Total	**t**	**1,151**	**4,232**	**3,951**	**7,465**	**0**	**1,330**	**5**

Lands and biodiversity

Land use

	Units	2022	2021	2020	2019
Total managed land area	hectares	33,887	32,634	25,952	19,153
Land disturbed during year	hectares	1,676	882	1,329	601
Land rehabilitated during year	hectares	464	290	1,404	136
Total land disturbed and not yet rehabilitated	hectares	13,895	12,315	11,838	11,376

Land use: site level, 2022

	Units	Land disturbed during year	Land rehabilitated during year
Kyzyl	hectares	93	0
Varvara	hectares	356	0
Komar mine (part of Varvara hub)	hectares	84	0
Voro	hectares	73	0
Mayskoye	hectares	5	0
Omolon	hectares	258	88
Dukat	hectares	224	97
Svetloye	hectares	2	33
Albazino	hectares	148	53
Kutyn (part of Albazino hub)	hectares	102	0
Amursk POX	hectares	34	0
Nezhda	hectares	60	79
Prognoz	hectares	2	0
Veduga	hectares	229	113
Primorskoye	hectares	8	0
Total	**hectares**	**1,676**	**464**

Rare and protected species' habitats in areas affected by Polymetal operations

	Number of species in the direct impact area (found at the site)	Number of species in the indirect impact area (found up to 1 km away from the site)
Least concern	270	695
Near threatened	7	15
Vulnerable	6	21
Endangered	0	4
Critically endangered	0	5
National Red Lists		
Red Data Book of the Russian Federation	6	52
Red Data Book of Kazakhstan	11	6
Endemic species	1	3

Environmental expenditure

Total environmental expenditure

	Units	2022	2021	2020	2019
Overall expenditure, including:	$ thousand	**46,649**	**46,102**	**27,853**	**35,021**
Water	$ thousand	21,325	2,719	2,847	19,583
Land[1]	$ thousand	4,866	17,132	16,798	8,121
Waste	$ thousand	11,448	23,810	5,226	4,576
Air quality	$ thousand	7,419	1,359	2,103	2,117
Other[2]	$ thousand	1,589	1082	879	624

Environmental expenditure by type in 2022 (operational/capital)

	Units	Operational	Capital	Share of operational expenditure in total	Share of capital expenditure in total
Overall expenditure, including:	$ thousand	**11,742**	**34,907**	**25%**	**75%**
Water	$ thousand	2,386	18,940	11%	89%
Land[1]	$ thousand	1,002	3,864	21%	79%
Waste management	$ thousand	4,538	6,910	40%	60%
Air quality	$ thousand	2,226	5,194	30%	70%
Other[2]	$ thousand	1,589	0	100%	0%

1 Including rehabilitation activities.
2 Including scientific research, biodiversity protection and noise pollution.

GHG emissions

GHG emissions: trailing three-year data

	Units	2022	2021	2020	2019
Scope 1 (direct emissions), including:	t of CO_2e	**751,486**	**682,645**	**612,669**	**613,717**
Combustion of fuels in stationary sources, including:	t of CO_2e	338,252	302,564	283,912	287,144
Organisation-owned stationary sources	t of CO_2e	337,977	301,983	283,415	286,799
Controlled contractor stationary sources	t of CO_2e	275	581	497	345
Combustion of fuels in mobile combustion sources, including:	t of CO_2e	411,951	378,885	327,785	325,719
Organisation-owned mobile sources	t of CO_2e	290,343	281,235	254,679	248,718
Controlled contractor mobile sources	t of CO_2e	121,608	97,650	73,106	77,001
Emissions resulting from the waste processing	t of CO_2e	1,283	1,196	972	854
Scope 2 (energy indirect emissions):					
Location based	t of CO_2e	551,952	612,590	593,143	584,706
Market based[3]	t of CO_2e	330,897	452,692	565,924	584,706
Total Scope 1 + Scope 2 (market based)	t of CO_2e	**1,082,383**	**1,135,337**	**1,178,593**	**1,198,423**
Scope 3 (other indirect emissions), including:	t of CO_2e	**585,496**	**546,159**	**625,265**	**610,635**
Upstream	t of CO_2e	**494,797**	**471,097**	**536,510**	**511,321**
Fuel and energy-related activities (not included in Scopes 1 or 2)	t of CO_2e	224,272	184,767	192,419	192,517
Purchased goods	t of CO_2e	158,991	171,284	222,498	204,701
Capital goods	t of CO_2e	167	260	108	64
Upstream transportation and distribution	t of CO_2e	94,100	97,643	110,205	99,360
Business travel	t of CO_2e	968	1,445	2,668	4,135
Employee commuting	t of CO_2e	16,299	15,698	8,612	10,544
Downstream	t of CO_2e	**90,699**	**75,062**	**88,755**	**99,314**
Downstream transportation and distribution	t of CO_2e	42,287	35,573	44,437	40,887
Processing of sold products	t of CO_2e	48,412	39,489	44,318	58,427
GHG intensity (Scope 1 + Scope 2)	kg of CO_2e per oz of GE	632	677	730	742

GHG emissions in 2022 (Scope 1 and Scope 2): site level

	Units	Scope 1	Scope 2[4]
Kyzyl	t of CO_2e	132,528	73,208
Varvara	t of CO_2e	13,892	125,725
Komar mine (part of Varvara hub)	t of CO_2e	54,807	17,114
Voro	t of CO_2e	19,771	2,254
Mayskoye	t of CO_2e	35,923	11,454
Omolon	t of CO_2e	91,127	0
Dukat	t of CO_2e	94,672	11,684
Primorskoye (part of Dukat hub)	t of CO_2e	5,661	0
Svetloye	t of CO_2e	55,963	177
Albazino	t of CO_2e	121,454	143
Kutyn (part of Albazino hub)	t of CO_2e	29,119	5
Amursk POX	t of CO_2e	2,330	63,463
Nezhda	t of CO_2e	80,244	22,823
Prognoz	t of CO_2e	4,061	0
Veduga	t of CO_2e	9,934	2,847

3 We continue a transition to a market-based method for calculating indirect emissions and we disclose data based on both market and location based methods strictly according to GHG Protocol guidance. Since the contractual information and residual mix totals are not available for the base year (2019), location-based results for this period has been used as a proxy for marketbased method. For 2020–2022 data emissions from non-renewable grid energy are calculated using the location-based method and grid average emission factors.
4 Kyzyl, Varvara, Komar mine, Voro, Dukat, Mayskoye and Nezhda are calculated taking into account data on current structure of grid energy mix. Since the contractual information and residual mix totals are not available for the other grid connected sites, location-based results for these sites has been used as a proxy for market-based method.

Energy

Energy consumption by source

	Units	2022	2021	2020	2019
Diesel, including:	GJ	7,061,250	6,568,300	5,972,101	5,832,685
Diesel for transport and mobile machinery	GJ	3,799,044	3,704,632	3,353,157	3,236,542
Diesel for electricity generation	GJ	2,929,821	2,570,299	2,331,857	2,299,403
Diesel for heat	GJ	332,385	293,368	287,087	296,740
Electricity purchased	GJ	2,522,532	2,318,344	2,236,462	2,161,367
Coal for heat	GJ	904,217	830,873	786,144	856,644
Natural gas for heat	GJ	163,033	150,825	145,662	167,911
Petrol	GJ	62,040	54,541	49,701	36,836
Waste oils	GJ	31,736	26,695	16,776	24,688
Renewable sources (solar/wind self-generation)	GJ	12,073	3,899	3,586	3,824
Total energy	GJ	**10,756,881**	**9,953,476**	**9,210,433**	**9,083,956**
Energy intensity	GJ per Koz of GE	6,283	5,934	5,702	5,627
Energy intensity dynamics	% year-on-year	6%	4%	1%	-1%

Energy consumption by source in 2022: site level

GJ

	Diesel for transport and mobile machinery	Diesel for electricity generation	Diesel for heat	Electricity purchased	Coal for heat	Natural gas for heat	Petrol	Waste oils	Renewable sources (solar/wind self-generation)
Kyzyl	1,465,247	181	63,053	393,888	78,850	0	6,017	0	0
Varvara	161,060	698	0	579,713	0	0	9,716	0	19
Komar mine (part of Varvara hub)	633,452	809	0	69,256	0	6,153	3,607	0	0
Voro	19,329	262	0	231,757	0	140,380	6,133	0	0
Mayskoye	171,001	4,787	45,537	301,579	178,794	0	4,331	3,676	0
Omolon	187,565	737,527	35,903	0	69,197	0	4,994	5,601	8,543
Dukat	190,725	404,123	33,456	431,155	276,026	0	10,780	6,724	0
Primorskoye (part of Dukat hub)	17,474	46,210	1,086	0	0	0	539	0	1
Svetloye	166,703	133,790	12,268	922	223,407	0	1,535	2,233	3,374
Albazino	403,288	1,007,194	80,222	746	0	0	4,923	10,314	136
Kutyn (part of Albazino hub)	42,076	92,339	15,029	28	18,322	0	2,496	0	0
Amursk POX	7,256	0	0	330,728	0	16,500	1,024	0	0
Nezhda	271,129	469,552	44,165	152,438	59,621	0	3,144	2,969	0
Prognoz	14,423	31,088	0	0	0	0	456	219	0
Veduga	48,316	1,261	1,666	30,322	0	0	2,345	0	0
Total energy	**3,799,044**	**2,929,821**	**332,385**	**2,522,532**	**904,217**	**163,033**	**62,040**	**31,736**	**12,073**

Electricity and heat consumption by source

	Units	2022	2021	2020	2019
Electricity consumption, including:	GJ	**3,664,374**	**3,325,659**	**3,154,215**	**3,066,154**
Self-generated non-renewable electricity (diesel)	GJ	1,129,769	1,003,416	914,166	900,962
Self-generated renewable electricity (solar & wind)	GJ	12,073	3,899	3,586	3,824
Purchased non-renewable electricity		1,427,556	1,728,421	2,130,843	2,161,367
Purchased renewable electricity	GJ	824,778	589,923	105,620	0
Purchased electricity from nuclear power plants[1]	GJ	270,198	0	0	0
Heat consumption, including:	GJ	**1,949,157**	**1,744,709**	**1,628,330**	**1,773,696**
Self-generated heat (fossil fuels)	GJ	1,431,370	1,301,761	1,235,669	1,345,984
Heat utilisation systems:	GJ	517,787	442,948	392,660	427,713
– from diesel power stations	GJ	424,506	334,248	280,951	264,999
– from POX	GJ	93,281	108,700	111,709	162,713
Renewable electricity share in total electricity consumption	%	30%	18%	3%	0%
Renewable electricity share in self-generation	%	1,1%	0,4%	0,4%	0,4%
Heat utilisation systems share in total heat consumption	%	27%	25%	24%	24%

Electricity and heat consumption by source in 2022: site level

GJ

	Electricity consumption					Heat consumption		
	Self-generated non-renewable electricity (diesel)	Self-generated renewable electricity (solar & wind)	Purchased non-renewable electricity	Purchased renewable electricity	Purchased electricity from nuclear power plants	Self-generated heat (fossil fuels)	Heat utilisation from diesel power stations	Heat utilisation from POX
Kyzyl	0	0	267,834	126,054	0	141,903	0	0
Varvara	0	19	500,673	79,039	0	0	0	0
Komar mine (part of Varvara hub)	38	0	62,612	6,644	0	6,153	0	0
Voro	25	0	24,003	207,755	0	140,380	0	0
Mayskoye	1,140	0	31,381	0	270,198	228,007	0	0
Omolon	284,263	8,543	0	0	0	110,702	116,644	0
Dukat	148,916	0	25,869	405,286	0	316,205	31,728	0
Primorskoye (part of Dukat hub)	16,889	1	0	0	0	1,086	2,387	0
Svetloye	49,752	3,374	922	0	0	237,908	34,696	0
Albazino	405,204	136	746	0	0	90,536	171,836	0
Kutyn (part of Albazino hub)	33,131	0	28	0	0	33,351	18,023	0
Amursk POX	0	0	330,728	0	0	16,500	0	93,281
Nezhda	178,892	0	152,438	0	0	106,755	45,078	0
Prognoz	11,130	0	0	0	0	218	4,114	0
Veduga	389	0	30,322	0	0	1,666	0	0
Total energy	**1,129,769**	**12,073**	**1,427,556**	**824,778**	**270,198**	**1,431,370**	**424,506**	**93,281**

Sustainability data continued

Key material climate-related risks

Risk key

Risk impact		Likelihood		Risk level (according to risk-matrix for Paris Agreement Scenario and mid-term horizon)
R1 Insignificant	Less than 1% Adjusted EBITDA[1]	L1 Rare	Less than 10%	Low
R2 Minor	1–5% Adjusted EBITDA	L2 Unlikely	10–30%	Medium
R3 Moderate	5–10% Adjusted EBITDA	L3 Possible	30–60%	High
R4 Major	10–20% Adjusted EBITDA	L4 Likely	60–90%	Extreme
R5 Catastrophic	More than 20% Adjusted EBITDA	L5 Almost certain	More than 90%	

Risk factor	Risk description	Business-as-Usual scenario			Paris Agreement scenario			Sustainable Development scenario		
		Short-term	Mid-term	Long-term	Short-term	Mid-term[2]	Long-term	Short-term	Mid-term	Long-term
1. Physical climate-related risks										
Acute risks										
Permafrost-related risks (thermokarst and permafrost melting)	The thawing of permafrost is considered one of the most critical risks due to its potential impact on our physical infrastructure. Destabilised building foundations could result in bearing capacity failure and damaged building structures, unacceptable operating conditions or the complete collapse of buildings and structures, leading to economic and environmental damage and potential injury or loss of life. The most exposed assets are Nezhda, Mayskoye, Dukat and Omolon.	R1 L1	R2 L3	R2 L5	R1 L1	R2 L2	R2 L5	R1 L1	R2 L2	R2 L5
Cold waves	Extreme and severe cold waves can lead to an increase in fuel consumption for mobile fleet and power generators to ensure optimal working conditions, and can cause downtime. The most exposed assets are Dukat, Varvara and Kyzyl.	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5
Hurricanes	Hurricanes can cause damage to power lines, supply disruptions and downtime. The most exposed asset is Varvara, Svetloye and Kyzyl.	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5
Extreme snowfalls	Extreme precipitations can isolate our remote assets, cause damage to power lines, supply disruptions and downtime. The most exposed assets are Dukat, Omolon and Kyzyl.	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5
1. Physical climate-related risks continued										
Acute risks										
Change in hydrological cycles (floods)	Seasonal or extreme rainfall flooding can destroy berths and disrupt supply chains. As a result, there may be delays in the supply of consumables and products, food and employees by water. The most exposed assets are Albazino and Svetloye.	R1 L4	R1 L4	R1 L5	R1 L4	R1 L4	R1 L4	R1 L4	R1 L4	R1 L4
Chronic risks										
Average temperature rises	An increase in average annual temperatures can lead to drought and a lack of water resources for production processes. The most exposed asset is Dukat.	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5	R1 L5
2. Transitional climate-related risks										
Policy and legal risks										
Cross-border carbon tax	There are long-term risks of the spread of CBAM and similar international carbon regulation to the metal and mining industry and our export products.	R2 L1	R2 L1	R2 L3	R2 L1	R2 L3	R3 L5	R2 L1	R2 L4	R3 L5
National carbon regulation	Carbon regulation in Kazakhstan and Russia is actively developing. As of 2022, there are no carbon taxation or quotas in the countries where we operate. However, in the medium term, there are risks of the introduction of such systems for carbon-intensive industries and for all industrial enterprises in the long term.	R1 L1	R1 L3	R1 L4	R1 L1	R2 L4	R2 L4	R1 L1	R2 L5	R3 L5
Implementation of environmental insurance	In the event of the introduction of compulsory insurance for environmental risks, an increase in insurance rates and additional costs is possible.	R1 L1	R1 L1	R1 L1	R1 L1	R1 L1	R1 L3	R1 L1	R1 L1	R1 L4

Sustainability data continued

Key material climate-related risks continued

Risk factor	Risk description	Business-as-Usual scenario			Paris Agreement scenario			Sustainable Development scenario		
		Short-term	Mid-term	Long-term	Short-term	Mid-term[2]	Long-term	Short-term	Mid-term	Long-term
2. Transitional climate-related risks continued										
Market risks										
Increase in the cost of carbon-intensive resources	The introduction of carbon regulation and changes in the structure of global energy generation could lead to an increase in the cost of carbon-intensive energy resources, such as fossil fuels.	R1 L1	R1 L3	R1 L4	R1 L1	R1 L4	R1 L4	R1 L1	R1 L5	R1 L5
Technology risks										
Requirements for renewables usage	Mandatory use of the best available technologies and renewable energy sources may require additional capital investments for technical re-equipment.	R1 L1	R1 L1	R1 L2	R1 L1	R1 L2	R1 L3	R1 L1	R1 L2	R1 L4
Tightening of construction standards	The tightening of building codes and standards may lead to an additional increase in capital expenditure in development projects.	R2 L1	R2 L1	R2 L2	R2 L1	R2 L2	R2 L3	R2 L1	R2 L2	R2 L4
Reputation risks										
Reputational risks	No material risks identified									
Human capital risk	No material risks identified									

Communities investment and engagement

Community investment

	Units	2022	2021	2020	2019
Sport	$ thousand	3,869	4,981	2,282	6,234
Healthcare	$ thousand	5,158	5,695	9,177	249
Education	$ thousand	4,101	3,074	2,751	1,889
Culture and art	$ thousand	856	880	847	1,201
Infrastructure of social importance	$ thousand	7,786	4,439	2,194	3,470
IMN support	$ thousand	488	419	315	334
Charitable donations	$ thousand	967	477	331	1,772
Total community investment	$ thousand	**23,226**	**19,966**	**17,897**	**15,148**
Number of partnership agreements	number	40	37	33	33
Total value of financial contributions to political parties, politicians, and political action Committees	$ thousand	0	0	0	0

Stakeholder engagement

	Units	2022	2021	2020	2019
Employees enquiries	number	1,629	1,773	1,092	1,149
Response rate	%	100	100	100	100
Communities enquiries	number	839	613	572	588
Response rate	%	100	100	100	100
Stakeholder meetings, including:	number	80	59	44	77
Public hearings and community meetings	number	57	37	38	49
Site visits by external stakeholders	number	18	7	5	22
Other	number	5	15	1	6

Compliance and business ethics

Compliance and product responsibility

	Units	2022	2021	2020	2019
Signficant fines	$ thousand	0	0	0	0
Non-monetary sanctions	$ thousand	0	0	0	0
Cases brought	number	0	0	0	0
Environmental fines	$ thousand	6.2	5.7	0.3	1.5
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	$ thousand	0	0	0	0
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	$ thousand	0	0	0	0
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	$ thousand	0	0	0	0

Business ethics

	Units	2022	2021	2020	2019
Code of conduct violations[1]	number	1,105	1,013	792	451
Cases of corruption[2]	number	4	4	8	17
Prevented loss	$ thousand	0	0	18,712	307

1 In 2022, 94% related to alcohol and drug use. All employees and contract workers identified were dismissed with no right to return. Contractors involved were required to pay penalties.

2 Acts of corruption did not involve public or government officials.

Sustainability data continued

Value distribution

Value generated and distributed

	Units	2022	2021	2020	2019
Revenue	$m	2,801	2,890	2,865	2,246
Cash operating costs (excluding depreciation, labour costs and mining tax)	$m	1,695	722	780	845
Wages and salaries; other payments and benefits for employees	$m	625	471	394	397
Payments to capital providers	$m	116	54	67	75
Payments to shareholders	$m	0	635	481	240
Taxes (excluding payroll taxes included in labour costs)	$m				
Income tax	$m	-32	257	275	107
Taxes, other than income tax	$m	15	11	15	11
Mining tax	$m	136	152	142	115
Social payments	$m	44	28	28	24
Undistributed economic value retained	$m	202	560	683	432

Salient human rights risks

Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
• Limitations in access to resources (water, electricity, etc.), particularly among indigenous communities • Forced resettlement • Poor accessibility of grievance mechanisms"	• Injuries and fatalities • Occupational diseases • Road hazards • Poor awareness of employees of health and safety measures	• Water availability and safety • Climate change risk for future generations • Hazardous waste • Shared resources	• Unfavourable working conditions • Forced or child labour • Violation of collective bargaining agreements	• Excessive force by security guards • Violation of privacy rights	• Discrimination based on gender, race, skin colour, religion, nationality, social origin or political opinions	• Bribery and corruption • Human rights violation by contractors and suppliers
Policies and standards						
• Community Engagement Policy • Political and Charitable Donations Policy	• Health and Safety Policy • ISO 45001	• Environment Policy • Tailings and Water Storage Facilities Management Policy • Mine Closure Policy • Acid Rock Drainage Management Corporate Standard • ISO 14011 • Cyanide Code	• Employment and Labour Standard • Modern Slavery Act Transparency Statement	• The Security Force Management Standard • Privacy Notice	• Diversity and Inclusion Policy • Human Resources Policy	• Supplier Code of Conduct • Procurement Policy • Anti-Bribery and Corruption Policy • Gifts and Entertainment Policy • Whistleblower Policy
Read more on how we mitigate this risk on pages 76–79	Read more on how we mitigate this risk on pages 46–49	Read more on how we mitigate this risk on pages 56–61	Read more on how we mitigate this risk on pages 50–55	Read more on how we mitigate this risk on our **website**	Read more on how we mitigate this risk on pages 53–54	Read more on how we mitigate this risk on pages 81–82

TCFD, GRI and SASB content indices

TCFD Content Index

In accordance with the FCA's listing rule for premium listed commercial companies LR 9.8.6R(8), the Company made disclosures consistent with the TCFD's recommendations and recommended disclosures in this Integrated Annual Report. We transparently publish our approach to managing climate-related risk and opportunity, not only in this report but also in our Climate Change Report, CDP Climate Response and on our website. Below is a guidance on where to find disclosures aligned to the Financial Stability Board's TCFD recommendations.

Governance Disclose the organisation's governance around climate-related risks and opportunities.	
a) Describe the Board's oversight of climate-related risks and opportunities.	Integrated Annual Report 2022: • Corporate governance section, pages 111–152. • Climate change section, pages 62–73.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Integrated Annual Report 2022, pages 65–70.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Integrated Annual Report 2022, pages 65–68 and Sustainability data, pages 246–248.
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Integrated Annual Report 2022, pages 63–68 and Sustainability data, pages 246–248.
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Integrated Annual Report 2022, pages 62–68 and Sustainability data, pages 246–248.
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Integrated Annual Report 2022: • Risks and risk management section, pages 96–99 and 110 • Climate change section, pages 66–75.
b) Describe the organisation's processes for managing climate-related risks.	Integrated Annual Report 2022: • Risks and risk management section, pages 96–99 and 110 • Climate change section, pages 66–75.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Integrated Annual Report 2022: • Risks and risk management section, pages 96–99 and 110 • Climate change section, pages 66–75.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Integrated Annual Report 2022, pages 71–73.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Integrated Annual Report 2022, pages 71–73 and Sustainability data, pages 243–248.
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Integrated Annual Report 2022, pages 45, 62–63 and 71–73.

GRI content index

Polymetal International plc has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2022.

GRI Standard	Disclosure	Location	Comments and omissions
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021	2-1 Organizational details	At a glance, pages 6–7	
	2-2 Entities included in the organization's sustainability reporting	Where we operate, pages 8–9; Notes to the consolidated financial statements. Significant subsidiaries, page 176	
	2-3 Reporting period, frequency and contact point	1 January 2022 – 31 December 2022 (annual reporting cycle); Contacts, page 265	
	2-4 Restatements of information	In the footnotes of the report	
	2-5 External assurance	About this report. External assurance, page 4	
	2-6 Activities, value chain and other business relationships	At a glance pages 6–7; Where we operate, pages 8–9; Business model, pages 16–17; Stakeholder engagement pages 18-19	
	2-7 Employees	Employees, page 50	
	2-8 Workers who are not employees	Sustainability data. People, page 241	
	2-9 Governance structure and composition	Corporate governance, pages 116–123	
	2-10 Nomination and selection of the highest governance body	Nomination Committee report, pages 150-152	
	2-11 Chair of the highest governance body	Our governance framework, page 120	
	2-12 Role of the highest governance body in overseeing the management of impacts	Roles of the Chair, Group CEO and Senior Independent Director, page 121; Corporate governance. Board leadership and company purpose, page 118	
	2-13 Delegation of responsibility for managing impacts	Our governance framework, page 120	
	2-14 Role of the highest governance body in sustainability reporting	Board areas of focus in 2022 and link to strategy, page 117	
	2-15 Conflicts of interest	Corporate governance, page 116; Nomination Committee Report, pages 150–153	
	2-16 Communication of critical concerns	Stakeholder engagement, pages 18-19, 249; Employees. Communications and engagement, page 54; Communities. Engagement, page 76; Ethical business. Anti-bribery and corruption, page 81	
	2-17 Collective knowledge of the highest governance body	Corporate governance. Board evaluation, page 122	
	2-18 Evaluation of the performance of the highest governance body	Corporate governance. Section 3: Composition, succession and evaluation, page 119	
	2-19 Remuneration policies	Remuneration Committee report, pages 132–149	
	2-20 Process to determine remuneration	Remuneration Committee report, pages 132–149	
	2-21 Annual total compensation ratio	Remuneration Committee report, Group CEO to employee pay ratio, page 147	
	2-22 Statement on sustainable development strategy	Sustainability, pages 44–45	
	2-23 Policy commitments	Sustainability. Which guidelines do we follow? pages 46, 50, 56, 62, 76, 80	
	2-24 Embedding policy commitments	Corporate governance, pages 116–123; Audit and Risk Committee report, pages 124–129	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	Sustainability, pages 44–45; Safety and Sustainability Committee report, pages 130–131	
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder engagement, pages 18–19	
	2-27 Compliance with laws and regulations	Risk management. Legal and complance risk, page 106; Ethical business, pages 80–83; Sustainability data. Compliance and business ethics, page 249	
	2-28 Membership associations	At a glance, pages 6–7; Risk management. Legal and compliance risk, page 106; Sustainability, Which guidelines do we follow? pages 46, 50, 56, 62, 76, 80; Ethical business. Responsible tax policy, pages 82-83	
	2-29 Approach to stakeholder engagement	Stakeholder engagement, pages 18–19; Employees. Communications and engagement, page 54; Communities. Engagement, page 76; Corporate governance. Board's stakeholder engagement, page 123	
	2-30 Collective bargaining agreements	Employees. Freedom of association, page 55	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability. Material issues, pages 44–45	
	3-2 List of material topics	Sustainability. Material issues, pages 44–45	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Value distribution, page 248	
	201-2 Financial implications and other risks and opportunities due to climate change	Climate change, pages 62–75; Key material climate-related risks, pages 246–248	
	201-3 Defined benefit plan obligations and other retirement plans	Employees. Remuneration and social benefits, page 51	
	201-4 Financial assistance received from government	Ethical business. Responsible tax policy ("Tax incentives"), pages 82–83	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Employees. Remuneration and social benefits, page 51	
	202-2 Proportion of senior management hired from the local community	Proportion of managers of local nationality – 94% for male and 99% for female	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Communities. Social investments and impact assessment, page 77	
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Ethical business. Supply chain stewardship, page 81	
	204-1 Proportion of spending on local suppliers	Ethical business. Local procurement, page 82; Ethical business.Supply chain stewardship, pages 81–82	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	We have zero tolerance to corruption risks, operate a Hot line for reporting corruption concerns and assess all suppliers for anti-corruption principles (see pages 81–82); See also our Anti-Bribery and Corruption Policy approved by the Board of Directors of Polymetal International plc on 11 December 2019 and available on the website	
	205-2 Communication and training about anti-corruption policies and procedures	Ethical business. Anti-bribery and corruption, page 81	
	205-3 Confirmed incidents of corruption and actions taken	Ethical business. Anti-bribery and corruption, page 81	

TCFD, GRI and SASB content indices continued

GRI content index continued

GRI Standard	Disclosure	Location	Comments and omissions
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Zero	
GRI 207: Tax 2019	207-1 Approach to tax	Ethical business. Responsible tax policy, pages 82-83; Group Tax Strategy approved by the Board of Directors of Polymetal International plc on 25 August 2020 and available on the website	
	207-2 Tax governance, control, and risk management	Risks management. Principal risks and uncertainties, pages 100-109; Ethical business. Responsible tax policy, pages 82-83; Group Tax Strategy approved by the Board of Directors of Polymetal International plc on 25 August 2020 and available on the website; Independent auditor's report, pages 231–233	
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholders engagement, pages 76–77; Ethical business. Anti-bribery and corruption, page 81; Ethical business. Responsible tax policy, pages 82–83	
	207-4 Country-by-country reporting	Operating review, pages 28–43; Financial statements, pages 172–215	Reporting requirements b.iv-b.ix disclosed on Group consolidated level due to confidentiality reasons
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainability data, Consumables and waste, pages 238	
	301-2 Recycled input materials used	Environment. Waste management, page 59	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Climate change. Energy consumption by source, page 63; Sustainability data, Energy, pages 244–245	
	302-3 Energy intensity	Sustainability data, Energy, page 244	
	302-4 Reduction of energy consumption	Climate change. Opportunities, pages 67–68; Climate change. Our climate actions, page 74–75	
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Environment. Water stewardship, page 57–58	
	303-1 Interactions with water as a shared resource	Environment. Water stewardship, page 57–58	
	303-2 Management of water discharge-related impacts	Environment. Water quality risks: monitoring and treatment, page 58	
	303-3 Water withdrawal	Environment. Fresh water withdrawal, page 58	
	303-4 Water discharge	Sustainability data. Water, page 237	
	303-5 Water consumption	Environment. Water use in 2022, page 58; Sustainability data. Water, page 237	
GRI 304: Biodiversity 2016	3-3 Management of material topics	Environment. Biodiversity and land, pages 60–61	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment. Biodiversity and land. Protected territories, page 60	
	304-2 Significant impacts of activities, products and services on biodiversity	Environment. Biodiversity and land, pages 60-61	
	304-3 Habitats protected or restored	Environment. Biodiversity and land. Protected territorie, page 60	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment. Biodiversity and land. Protected species, pages 60–61	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 305: Emissions 2016	3-3 Management of material topics	Climate change. Our approach, page 62; Climate change. Climate governance, pages 68–70	
	305-1 Direct (Scope 1) GHG emissions	Climate change, pages 62–75; Sustainability data. GHG emissions, page 243	
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change, pages 62–75; Sustainability data. GHG emissions, page 243	
	305-3 Other indirect (Scope 3) GHG emissions	Climate change, pages 62–75; Sustainability data. GHG emissions, page 243	
	305-4 GHG emissions intensity	Climate change, pages 62–75; Sustainability data. GHG emissions, page 243	
	305-5 Reduction of GHG emissions	Climate Change. Our climate actions, page 74–75	
	305-6 Emissions of ozone-depleting substances (ODS)	Zero	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Sustainability data. Air quality, page 240	
GRI 306: Waste 2020	3-3 Management of material topics	Environment. Waste managment, page 59	
	306-1 Waste generation and significant waste-related impacts	Environment. Waste managment, page 59	
	306-2 Management of significant waste-related impacts	Environment. Waste managment, page 59	
GRI 306: Waste 2020	306-3 Waste generated	Sustainability data. Consumables and waste, page 238	
	306-4 Waste diverted from disposal	Sustainability data. Consumables and waste, page 238	
	306-5 Waste directed to disposal	Sustainability data. Consumables and waste, page 238	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	In 2022, we carried out 264 environmental checks of more than 100 contractor organisations, with no violations resulting in a significant financial impact on the business.	
	308-2 Negative environmental impacts in the supply chain and actions taken	Environment. Our approach, pages 56–57; Environment. Cyanide management, page 60	
GRI 401: Employment 2016	3-3 Management of material topics	Employees. Our appproach, page 50	
	401-1 New employee hires and employee turnover	Employees. Headcount and turnover, page 55; Sustainability data. People, page 235	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	No such benefits	
	401-3 Parental leave	Sustainability data. People, page 235	
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	The Company fully complies with the legislation regarding timely notification of employees about possible operational changes. See also Employment and Labour Corporate Standard available on the website.	

TCFD, GRI and SASB content indices continued

GRI content index continued

GRI Standard	Disclosure	Location	Comments and omissions
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Health and safety. Our approach, pages 46–49	
	403-1 Occupational health and safety management system	Health and safety, page 46–49	
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety. Risk assessment and mitigation, pages 46–47	
	403-3 Occupational health services	Health and safety. Health and wellbeing, page 49	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety. Health and wellbeing, page 49	
	403-5 Worker training on occupational health and safety	Health and safety. Health and wellbeing, page 49	
	403-6 Promotion of worker health	Health and safety. Health and wellbeing, page 49	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety, pages 46–49; isk management. Health and safety risk, page 103	
	403-8 Workers covered by an occupational health and safety management system	Health and safety. Health and wellbeing, page 49	
	403-9 Work-related injuries	Health and safety. Safety performance 2022, page 48; Sustainability data. Health and safety, page 234	
	403-10 Work-related ill health	Health and safety. Occupational health, page 49; Sustainability data. Health and safety, page 234	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability data. People, page 235	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees. Training and talent development, page 51	
	404-3 Percentage of employees receiving regular performance and career development reviews	4% (read more on Integrated Annual Report 2021 – Employees. Mentoring and succession planning, page 52)	
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Employees. Diversity and inclusion, page 53	
	405-1 Diversity of governance bodies and employees	Nomination Committee report. Diversity, page 152; Employees. Diversity and inclusion, page 53	
	405-2 Ratio of basic salary and remuneration of women to men	Employees. Polymetal salaries compared to regional wages, page 51	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero incidents	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employees. Freedom of association, page 55	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Zero operations and suppliers	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero operations and suppliers	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	All security personnel is outsoursed and receives training on the human rights principles under relevant national regulation	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Zero	
GRI 413: Local Communities 2016	3-3 Management of material topics	Communities. Our appproach, page 76	
	413-1 Operations with local community engagement, impact assessments, and development programs	Where we operate, pages 8–9; Communities, pages 76–79	
	413-2 Operations with significant actual and potential negative impacts on local communities	Zero operations	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Ethical business. Supplier due diligence, page 82	The number of suppliers' checks is disclosed without breakdown into new and existing suppliers due to the inapplicability of such breakdown for the Company as the due diligence process is applied to all suppliers irrespective of whether they are old or new (see page 82).
	414-2 Negative social impacts in the supply chain and actions taken	Ethical business. Supplier due diligence, page 82	
GRI 415: Public Policy 2016	415-1 Political contributions	Zero	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero	

SASB Content Index

Topic	SASB code	Accounting metric	Data and references
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions	751,486 tonnes CO_2e
		Percentage covered under emissions-limiting regulations	No GHG emission-limiting regulations are imposed in Russia or Kazakhstan
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate Change, pages 62–75
Air Quality	Air Quality EM-MM-120a.1	Air emissions of the following pollutants:	
		(1) CO	3,951 tonnes
		(2) NOx (excluding N_2O)	4,232 tonnes
		(3) Sox	1,151 tonnes
		(4) particulate matter (PM_{10})	7,465 tonnes
		(5) mercury (Hg)	Zero
		(6) lead (Pb)	5.16 tonnes
		(7) volatile organic compounds (VOCs)	1,335 tonnes
Energy Management	EM-MM-130a.1	(1) Total energy consumed	10,756,881 GJ
		(2) percentage grid electricity	23%
		(3) percentage renewable	7.8% in total energy consumption, including purchsed energy; 1.1% in self-generated electricity
Water Management	EM-MM-140a.1	Total fresh water withdrawn	3,344 thousand m^3
		Total fresh water consumed	3,344 thousand m^3 (see our total water consumption structure at page 58)
		Percentage of each in regions with High or Extremely High Baseline Water Stress	22% of fresh water withdrawan. Voro and Varvara (including Komar mine) are located in high water-stress risk areas, according to the World Resources Institute (WRI) Aqueduct tool
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	In 2022, government agencies revealed four minor incidents of non-compliance related to discharge water quality monitoring and water infrustructure at Komar mine, Saum and Amursk POX. All these non-compliances are either resolved or in process of being resolved.
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated	17,708 tonnes
	EM-MM-150a.5	Total weight of tailings produced	15,539,024 tonnes
	EM-MM-150a.6	Total weight of waste rock generated	212,735,776 tonnes
	EM-MM-150a.7	Total weight of hazardous waste generated	6,030,579 tonnes (includes 6,027,094 tonnes of tailings waste generated by Varvara and Kyzyl sites and classified as hazardous according to the current regulation in Kazakhstan)
	EM-MM-150a.8	Total weight of hazardous waste recycled	2,569 tonnes
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	Zero
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Environment. Waste management, page 59
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Environment. Biodiversity and lands, pages 60–61
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:	
		(1) predicted to occur	14% of total ore processed (Dukat mine)
		(2) actively mitigated	14% of total ore processed (Dukat mine)
		(3) under treatment or remediation	14% of total ore processed (Dukat mine)
	EM-MM-160a.3	Percentage of:	
		(1) proved reserves in or near sites with protected conservation status or endangered species habitat	43% of proved reserves (includes reserves in or one kilometre away from protected conservation status or endangered species habitat)
		(2) probable reserves in or near sites with protected conservation status or endangered species habitat	61% of probable reserves (includes reserves in or one kilometre away from protected conservation status or endangered species habitat)

Topic	SASB code	Accounting metric	Data and references
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of:	
		(1) proved reserves in or near areas of conflict	Zero
		(2) probable reserves in or near areas of conflict	Zero
	EM-MM-210a.2	Percentage of:	
		(1) proved reserves in or near indigenous land	2% (our Omolon operation is situated near a territory of traditional nature use, where we pay increased environmental fees to compensate indigenous communities)
		(2) probable reserves in or near indigenous land	1% (our Omolon operation is situated near a territory of traditional nature use, where we pay increased environmental fees to compensate indigenous communities)
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Ethical business. Human rights, page 82; Sustainability data. Salient human rights risks, page 256
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Ethical business. Human rights, page 82; Communities. Engagement, pages 76–77
	EM-MM-210b.2	Number and duration of non-technical delays	Zero
Labor Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	80% of all employees and 100% of operating site staff are covered by collective bargaining agreements
	EM-MM-310a.2	Number and duration of strikes and lockouts	Zero
Workforce Health & Safety	EM-MM-320a.1	(1) MSHA all-incidence rate	LTIFR (employees): 0.10; LTIFR (contractors): 0.21
		(2) fatality rate	Fitalities (employees): 0; Fitalities (contractors): 0
		(3) near miss frequency rate (NMFR)	Near-misses (employees): 4,770
		average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	4,513 employees attended mandatory training sessions and 7,821 attended non-mandatory training on safety. Each contractor working at any of Polymetal's sites is required to undergo safety training before starting work.
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Ethical business. Anti-bribery and corruption, page 81
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in the Corruption Perception Index	Zero
Tailings Storage Facilities Management	EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Disclosed in our **Management of Tailings Storage Facilities Report** published in June 2022 on our website
	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Environment, Tailings and overburden waste, page 59
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Disclosed in our **Management of Tailings Storage Facilities Report** published in June 2022 on our website
Activity Metric	EM-MM-000.A	Production of:	
		(1) metal ores	Ore processed: 18.3 Mt
		(2) finished metal products	Gold: 1,450 Koz; Silver: 21.0 Moz; Total production (gold equivalent[1]): 1,712 Koz
Activity Metric	EM-MM-000.B	Total number of employees, percentage contractors	Average headcount of employees: 14,694; Average headcount of contractors: 6,078

1 Based on 80:1 Au/Ag conversion ratio and excluding base metals.

Glossary

Abbreviations and units of measurement

AGM	Annual General Meeting
CIS	Commonwealth of Independent States
E&E	Exploration and evaluation assets
EITI	Extractive Industries Transparency Initiative
GE	gold equivalent
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IMN	Indigenous Minorities of the North
JORC	Australasian Joint Ore Reserves Committee
JSC	joint stock company
LBMA	London Bullion Market Association
LGIM	Legal and General Investment Management Ltd
LTIP	Long-Term Incentive Programme
N/A	not applicable
OHSAS	Occupational Health And Safety Assessment Series
PdE	palladium equivalent
PGM	platinum group metal
PIRC	Pensions & Investment Research Consultants Ltd
POX	pressure oxidation
PPE	personal protective equipment
SE	silver equivalent
TUC	Trades Union Congress
UDHR	Universal Declaration of Human Rights
CO_2e	CO_2 equivalent
g/t	gram per tonne
GJ	gigajoules
km	kilometres
Koz	thousand ounces
Kt	thousand tonnes
Ktpa	thousand tonnes per annum
m	metres
Moz	million ounces
Mt	million tonnes
Mtpa	million tonnes per annum
MWh	megawatt hour
Oz or oz	troy ounce (31.1035 g)
p.p.	percentage points
t	tonne (1,000 kg)
TJ	terajoule
tpd	tonnes per day

Technical terms

Assay
A chemical test performed on a sample of any material to determine the amount of valuable metals contained in the sample

Ag
Silver

Au
Gold

Base Erosion and Profit Shifting (BEPS)
OECD/G20 project to set up an international framework to combat tax avoidance by multinational enterprises using base erosion and profit shifting tools

Carbon-in-leach or CIL
A technological operation in which slurry containing gold and silver is leached by cyanide in the presence of activated carbon. Gold is adsorbed onto activated carbon in parallel with leaching

Carbon-in-pulp or CIP
A technological operation in which slurry containing gold and silver is leached by cyanide initially without and subsequently in the presence of activated carbon. Gold adsorption onto carbon starts only after preliminary leaching

Compound annual growth rate (CAGR)
The rate of return required for an investment to grow from its opening balance to its ending balance, assuming the reinvestment of profits at the end of each year during this period

Concentrate
A semi-finished product of mineral processing (flotation or gravity separation) containing significantly more value per unit of weight than ore and subject to further processing for the production of metals or other substances in final useful form

Cu
Copper

Cut-off grade
The minimum grade at which mineralised material can be economically mined and processed (used in the calculation of ore reserves) leaching with cyanide as the leaching agent

Debottlenecking
The process of identifying specific areas and/or equipment at our mining facilities that limit production flow and optimising them to increase the overall capacity

Diamond drilling
Recovers mineral samples from depth or from within areas that are harder to drill by cutting a long cylindrical core 2cm or more in diameter

Dilution
The share (percentage) of material below the cut-off grade that is extracted together and irretrievably mixed with ore during mining. All other things being equal, higher dilution leads to lower grade in ore mined

Doré
One of the traditional end-products of a gold/silver mine; an alloy containing 90% in sum of gold and silver as well as 10% of impurities

Dry tailings
A method of tailings storage in the form of a filtered wet (saturated) and dry (unsaturated) cake that can no longer be transported by pipeline due to its low-moisture content. Significantly reduces the possibility of dam failure, lowers the potential damage from such an accident and eliminates tailings run-off

Exchange traded fund (ETF)
A type of pooled investment security that operates much like a mutual fund. ETFs track a particular index, sector, commodity, or other asset

Exploration
Activity ultimately aimed at discovery of ore reserves for exploitation. Consists of sample collection and analysis, including reconnaissance, geophysical and geochemical surveys, trenching, drilling, etc.

Five-whys method
Iterative interrogative technique used to explore the cause-and-effect relationships underlying a particular problem

Flotation
A technological operation in which ore-bearing minerals are separated from gangue minerals in the slurry based on variance in the interaction of different minerals with water. Particles of valuable concentrate are carried upwards with froth and collected for further processing

Grade
The relative amount of metal in ore, expressed as grams per tonne for precious metals and as a percentage for most other metals

GRI
Global Reporting Initiative (GRI) is the independent, international organisation that works with businesses, investors, policymakers, civil society, labour organisations and other experts to develop sustainability reporting standards and promote their use by organisations around the world

Head grade
The grade of ore coming into a processing plant

Heap leach
A technological operation in which crushed material is laid on a sloping, impervious pad where it is leached by a cyanide solution to dissolve gold and/or silver. Metals are subsequently recovered from pregnant leach solution by CIC or the Merrill-Crowe process

Indicated resource
That part of a resource for which tonnage, grade and content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed

Inferred resource
That part of a resource for which tonnage, grade and content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, which may be limited or of uncertain quality and reliability

In-fill drilling
A conventional method of detailed exploration on an already defined resource or reserve, consisting of drilling on a denser grid to allow more precise estimation of ore body parameters and location

Internal rate of return (IRR)
The interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero and is used to evaluate the attractiveness of a project or investment

JORC-compliant
Exploration results, mineral resources and ore reserves are all reported according to the mining industry's JORC Code, managed by the Australasian Joint Ore Reserves Committee

Leaching
The process of dissolving mineral values from solid into the liquid phase of slurry

Life-of-mine
The length of time during which it is anticipated ore reserves will be extracted

Measured resource
That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity

Merrill-Crowe process
A technological operation for extraction of gold and/or silver after cyanide leaching. In the first step, slurry containing gold and/or silver is separated into liquid and solid phases by washing the solids off in counter current decantation thickeners. In the second step, pregnant leach solution (liquid phase of slurry) is filtered to remove impurities and de-aerated. Finally, gold and silver are deposited onto the solid bed of claylike material where they replace the zinc particles that pass into a solution. Merrill-Crowe is preferentially used for silver-rich ores

Mill
A mineral processing plant

Mineralisation
A rock containing valuable components, not necessarily in the quantities sufficient for economically justifiable extraction. Consists of ore minerals and gangue

Minerals extraction tax (MET)
Tax base established as the value of extracted minerals or as a multiple of the quantity of extracted minerals and a certain solid tax rate subject to a coefficient

Net realisable value (NRV)
Valuation method, common in inventory accounting, that considers the total amount of money an asset might generate upon its sale, less a reasonable estimate of the costs, fees, and taxes associated with that sale or disposal

Offtake agreement
A contract between Polymetal and a purchaser to buy a specified amount of future production

Open-pittable
Amenable for economically feasible mining by open-pit methods

Open-pit mine
A mine that is entirely on the surface. Also referred to as open-cut or open-cast mine

Ore
The part of mineralisation that can be mined and processed profitably

Ore body
A spatially compact and geometrically connected location of ore

Ore mined
Ore extracted from the ground for further processing

Ore processed
Ore subjected to treatment in a mineral processing plant

Ore stacked
The ore stacked for heap leach operations

Overburden
This is the material that sits above an ore body, such as the rock and soil, during exploration

Oxidised ore
Ore in which both ore minerals and gangue are fully or partially oxidised thus impacting its physical and chemical properties and influencing the choice of a processing technology

Pd
Palladium

POX or pressure oxidation
A technological operation in which slurry is subjected to high pressure and high temperature in an autoclave with the goal of destroying the sulphide particles enveloping gold particles and making slurry amenable to cyanide leaching

Precipitate
The semi-finished product of mineral processing by the Merrill-Crowe process, normally containing very high concentrations of silver and/or gold

Preg-robbing
A characteristic of gold-bearing ore denoting the presence of organic carbon matter, which may lead to lower recovery in conventional cyanide leaching. Lower recovery is due to losses of gold absorbed into the above-mentioned organic carbon instead of absorbing into man-made carbon introduced to the slurry in CIP or CIL

Primary ore
Unoxidised ore

Probable reserves
The economically mineable part of an indicated (and in some cases measured) resource, which has a lower level of confidence than proved reserves but is of sufficient quality to serve as the basis for a decision on the development of the deposit

Production
The amount of pure precious metals produced following processing, measured in thousands of ounces for gold, millions of ounces for silver and tonnes for copper

Proved reserves
The economically mineable part of a measured resource, which represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proved reserves are not achievable in some deposits

Pt
Platinum

Reclamation
The restoration of a site after mining or exploration activity has been completed

Recovery or recovery rate
The percentage of valuable metal in the ore that is recovered by metallurgical treatment in the final or semi-finished product

Refractory
A characteristic of gold-bearing ore denoting the impossibility of recovering gold from it by conventional cyanide leaching

Reserves
The economically mineable part of a measured and/or indicated mineral resource. It takes into account mining dilution and losses. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate, at the time of reporting, that extraction could reasonably be justified. Reserves are subdivided in order of increasing confidence into probable reserves and proved reserves

Resources
A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of resources are known, estimated or interpreted from specific geological evidence and knowledge. Resources are sub-divided in order of increasing geological confidence, into inferred, indicated and measured categories

SAG mill
A semi-autogenous grinding mill, generally used as a primary or first stage grinding solution

SASB
The Sustainability Accounting Standards Board (SASB) was founded as a nonprofit organization in 2011 to help businesses and investors develop a common language about the financial impacts of sustainability. It merged with the International Integrated Reporting Council (IIRC) into the Value Reporting Foundation in 2021. SASB Standards guide the disclosure of financially material sustainability information by companies to their investors

Step-out exploration drilling
Holes drilled to intersect a mineralisation horizon or structure along strike or down dip

Stope
A large underground excavation entirely within an ore body, a unit of ore extraction

Stripping
The mining of waste in an open-pit mine

Tailings
Part of the original feed of a mineral processing plant that is considered devoid of value after processing

TCFD
Task Force on Climate-Related Financial Disclosures. Organisation with the goal of developing a set of voluntary climate-related financial risk disclosures. These disclosures would ideally be adopted by companies which would help inform investors and other members of the public about the risks they face related to climate change

Underground development
Excavation which is carried out to access ore and prepare it for extraction (mining)

Waste
Barren rock that must be mined and removed to access ore in a mine

Shareholder information

As of 15 March 2023, the total issued share capital of the Company comprised 512,697,077 ordinary shares of no par value. The Company holds 39,070,838 shares in treasury. The total number of voting rights in the Company is 473,626,239 Ordinary Shares of no par value, each carrying one vote.

Substantial shareholdings as at 15 March 2023

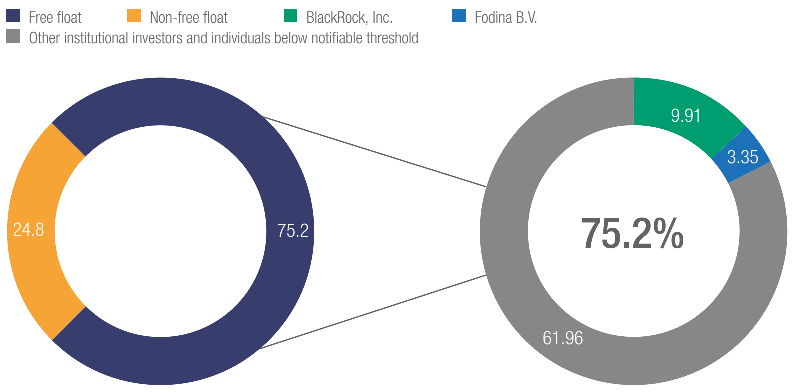
In accordance with the FCA's Disclosure and Transparency Rules (DTR 5), as at 15 March 2023 the Company received notification of the following material interests in voting rights over the Company's issued ordinary share capital (including qualifying financial instruments):

Full name of shareholder	Details of person subject to the notification obligation	Total number of voting rights	% of voting rights
ICT Holding Ltd, Powerboom Investments Limited and Boompower Holding Limited	Alexander Nesis	113,174,748	23.99%
BlackRock, Inc.	BlackRock, Inc.	46,950,805	9.91%
Fodina B.V.	Renáta Kellnerová	15,846,598	3.35%

Free float

Based on free float restrictions adopted by FTSE Russell[1], the Company does not include ICT Holding Ltd, Powerboom Investments Limited and Boompower Holding Limited's shares as well as shares owned by management and directors into free float. Hence, the free float as at 15 March 2023 equals 75.2% and includes the following shareholdings:

Free float
(%)



1 https://research.ftserussell.com/products/downloads/Free_Float_Restrictions.pdf?_ga=2.22689659.1315808839.1614166515-716764096.1614166515

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