



**POLYMETAL**  
INTERNATIONAL PLC

# ENSURING **A SUSTAINABLE FUTURE**

**Polymetal International plc**  
Sustainability Report 2015



# ENSURING A SUSTAINABLE FUTURE

At Polymetal, we are committed to delivering sustainable value for all our stakeholders. For us, this means generating returns for our shareholders while fulfilling our responsibilities to society and the environment. By balancing our commercial interests with those of local communities and natural habitats, we are working to ensure a sustainable future.

At the heart of our business ethos and operations we have developed long-term commitments to safety, efficiency, community engagement and environmental protection. We also help to deliver economic development and prosperity in the regions where we operate. In this way, we aim to ensure that our actions today do not compromise our ability to operate tomorrow, paving the way for the long-term success and sustainability of our business.

GRI G4-18

## About this report

With this, our fifth Group-wide sustainability report, we are shifting to an annual reporting model and using Global Reporting Initiative (GRI) G4 guidelines for a second time. These developments are a clear sign of our ambition to enhance our reporting performance.

As in 2013/14, this report covers all of our wholly-owned operating mines and sites as well as our headquarters in St. Petersburg and other projects in Russia, Kazakhstan and Armenia.

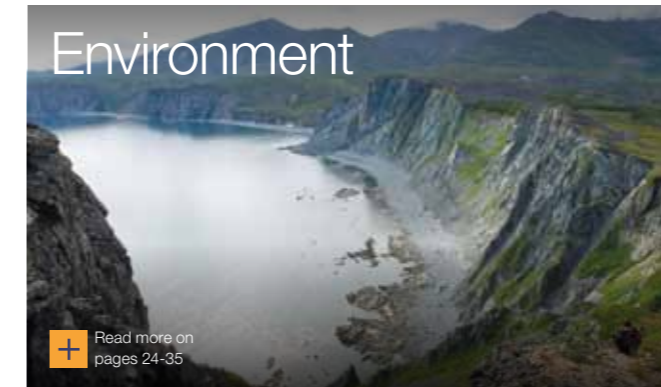
This year we are following the GRI G4 Sustainability Reporting Guidelines. Ensuring we focus on those issues that are most 'material', or relevant, to our stakeholders, these guidelines are designed to provide a clear view of our Group-wide sustainability performance.

We first adopted GRI G4 guidelines in 2014, and following the publication of our 2013/14 report we received confirmation that our materiality disclosures were aligned with G4 requirements. This year, in addition to using the GRI Materiality Disclosures Service, our report is externally assured by PwC, with a view to further enhancing the credibility of our reporting processes and outputs (see page 66).

While G4 alignment enables us to communicate our disclosures in a globally-accepted form, PwC's assurance confirms the accuracy of our data relating to the Company's most critical economic, social and environmental impacts.

In combination, these two developments are intended to help us increase levels of stakeholder trust and understanding. They also reflect the improvements we have made internally, with the creation of a new Safety and Sustainability Committee, the strengthening of the role of Chief Sustainability Officer, and the development of new sustainability initiatives and targets.

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# Embedding sustainability throughout our business



I am very pleased to have become the Chair of Polymetal's newly-formed Board Safety and Sustainability Committee, while also being fully aware of the responsibility that comes with this position. The creation of this committee reflects Polymetal's ongoing commitment to becoming an industry leader in sustainability.

Across our operations, we are dedicated to creating and maintaining a safe working environment for our people. However 2015 was a challenging year for Polymetal in this area. I would like to offer my heartfelt condolences to the families, friends and colleagues of our six fellow workers who were fatally injured during the year. This is a heavy loss for the whole Group, and we will forever honour the memory of these workers and their contribution to Polymetal.

Clearly we have work to do to improve safety, and the main role of the Committee is to scrutinise the Group's safety record, as well as its environmental and social performance and ethical conduct. It also oversees all issues relating to sustainable development on behalf of the Polymetal Board, while ensuring that our efforts to create economic, social and environmental value are balanced.

Pursuing our commercial and operational goals responsibly, we look to make a positive impact on society and on the environment – and to deliver shared and sustainable value to all our stakeholders.

By its very nature, mining is widely perceived to be a high-impact industry which has the potential to affect local communities and the environment. Widely dispersed across Russia and the CIS, we operate highly complex processes in remote areas where climatic conditions are often extreme and infrastructure is virtually non-existent. As a result, we work hard to maintain high standards of employee safety, community partnership and environmental stewardship through the development of robust management systems and initiatives. We also contribute to local and regional development through substantial tax payments, infrastructure investment and social projects, helping to stimulate local economies, regenerate urban and rural areas and improve social resilience.

The launch of the Safety and Sustainability Committee is a clear sign of our commitment to systems and processes that will enhance our overall sustainability performance. During 2015, we continued our strong focus on safety, health and the environment, reinforcing efforts to achieve zero harm while maintaining operational excellence. We also renewed our focus on economic sustainability, working to ensure that, through in-house exploration and acquisition of new assets, we can continue to do business for many years by replenishing our reserves.

One of our key priorities is to continuously redefine what sustainability means to Polymetal as a company and to each of our stakeholders. In 2015, we continued to engage with our stakeholders in order to better understand their needs and opinions; we reviewed the channels and platforms we use to communicate about sustainability, and assessed the targets, measures and messages that are most relevant to each group. We worked hard to identify areas where we can make improvements, and will continue to do so by committing resources and investment going forward.

**Leonard Homeniuk**  
Chair of the Polymetal Safety and Sustainability Committee

## Awards for Excellence

During 2015, we received numerous awards and citations. These include:

### Awards

**Best social partner** award from the Magadan government.

Our 'Healthy Environment' programme was ranked in the **Top 5 Best Projects** by People Investor.

### Achievements

Polymetal was included in international sustainability indices: **FTSE4Good** and **Euronext Vigeo 70 Emerging Markets**.

Our senior managers were ranked top in the **Best Managers** lists compiled by different agencies.

We were included in the **Top 10 for the best corporate communications and relations** in Russia by TOP-COMM 2015.

### Honours

**19 of our employees** received honorary diplomas, certificates and Miner's Glory Awards from various Government Ministries in Russia and Kazakhstan, including the Ministry of Industry and Trade, the Ministry of Natural Resources and Environment and the Ministry of Energy.

### Letters of gratitude

We received **55 letters** of gratitude from local community groups, NGOs, IMN groups and local authorities in the regions where we operate.



# Firmly focused on ensuring a sustainable future



**Health and safety lie at the heart of our commitment to sustainability, and this year we further increased our focus in this area across the Group. We also introduced measures to reduce our carbon emissions and engaged with global discussions on carbon management and the environment, while continuing our community support and engagement initiatives in the regions where we operate.**

## Health and Safety

It is with great sadness and regret that we have to report the tragic death of six of our colleagues in 2015. We care deeply about all our employees, and this loss of life has caused acute distress to everyone at Polymetal. Of these fatalities, five occurred at underground operations and one was the result of a road accident. We have conducted investigations to determine the specific causes of these tragic events and have taken steps to ensure they do not occur again in the future.

We will not spare any effort, and will continue to commit management resources and investment, to make sure that Polymetal creates a safe operating environment for workers throughout the Group.

During the year we also conducted our own internal investigations. This process involved evaluating all possible health and safety risks, from technological and technical issues through to employees' psychological and emotional influences.

As part of this process, we began a three stage external audit of our Health and Safety Management System. Four of our production facilities were audited in 2015.

## Carbon management

In December 2015 in Paris, the 21st Session of the Conference of the Parties to the United Nations, known as COP21, reached a landmark agreement on action and commitment on global warming. The Conference reaffirmed the goal of limiting global temperature increase well below 2 degrees Celsius, and encouraged efforts to limit the increase to 1.5 degrees.

In Russia, Polymetal participated in a range of discussions on carbon management throughout 2015. Following these discussions, we adopted a new policy aimed at managing our carbon emissions in order to improve our overall impact on the global environment, society and economy, and reasserted our commitment to reducing the carbon emissions arising from company activities.

We also took part in CDP's global reporting and disclosure programme, submitting information on our energy use and greenhouse gas emissions. Our engagement with CDP reflects our continuing commitment to transparent reporting processes, and our efforts were recognised when we placed second among all Russian participants for reporting and performance in 2015. Additionally, we enhanced data collection processes across the Group, with safety and environmental figures now included in our corporate ERP system.

## Community engagement

We carried out a wide range of community engagement initiatives and consultations during the year, continuing to invest in and support local education, health, culture and infrastructure.

In Kazakhstan, for example, we achieved encouraging and tangible results, with all information and correspondence documented in compliance with global best practice.

At our flagship Kyzyl project in East Kazakhstan, we completed a full-scale environmental and social impact assessment (ESIA). The purpose of the ESIA is to outline priorities and benchmark the project so that we can address environmental and social impacts in line with international best practice, such as the World Bank Environmental Health and Safety Guidelines. In 2015, we identified key project stakeholders as part of our local social engagement plan. This plan outlines how we will communicate with project stakeholders in Kyzyl who are impacted at different project stages, from construction and operation through to post-mining rehabilitation. In parallel with this assessment, we provided community support, educational opportunities and financial aid to the people of Kyzyl. We are rolling out similar activities in Varvara, our other asset in Kazakhstan, and are also planning to do so in all other regions where we operate.

## Accolades and achievements

We are pleased that the strong progress we have made in recent years in sustainability has been reflected in growing external recognition. Our key achievements in 2015 were our inclusion in international sustainability indices, including FTSE4Good and the Vigeo 70 emerging markets index, and the success of our eco-project Healthy Environment, which ranked among the top five social projects at the annual Russian People Investor Contest (see pages 60-61).

## New locations

In 2015 Polymetal acquired a 100% stake in the company which currently owns the Lichkvaz licence in Armenia, extending the geographical reach of our operations. This move provides a stepping stone into a new jurisdiction for Polymetal, and in 2016 we aim to expand this high-grade project through exploration and site development in Armenia, while adhering strictly to our sustainability principles.

## Looking ahead

Looking ahead, we have set ourselves some ambitious targets and goals to help keep our sustainability initiatives on track. In 2016, we plan to:

- further promote safe behaviour, reduce the level of the most significant risks and continue the external audit of our Health and Safety Management System;
- develop and implement a community policy to consolidate all standalone regional programmes and initiatives;
- launch biodiversity offset programmes and reporting;
- heighten our focus on the prevention of environmental accidents and review and improve our efforts in this area;
- formalise our approach to carbon management in a dedicated carbon management policy document;
- develop our new human rights policy;
- implement supply chain management policy; and
- develop new in-house training centres and courses to support talent pool promotions.

Building on the good work we have undertaken across the Group, these plans are intended to ensure we maintain momentum as we continue to embed sustainability across our operations and engage with the highest levels of international best practice.

**Vitaly Nesis**  
Group CEO

# A dynamic business based on quality and performance

Polymetal International plc is a leading precious metals mining group operating in Russia, Kazakhstan and Armenia. Listed on the London Stock Exchange, Polymetal has a portfolio of seven productive gold and silver mines, an impressive pipeline of future growth projects, and is a major employer in the regions where it operates.

Sustainability is a vital component of our business strategy. For us, it represents an investment in society and the environment, as well as in the long-term future of our Company.

## Key facts

Operating assets	7
Employees	9,238
Community investment (US\$)	3.6m
Environmental incidents	0
GE production	1.27 Moz
Sales revenue (US\$)	1,441m

## Our values

<b>Dialogue</b> We promote stakeholder dialogue based on openness, honesty and transparency.
<b>Compliance</b> We meet all legal obligations at local, national and international levels.
<b>Ethical conduct</b> We expect employees, contractors and business partners to display the highest standards of ethical conduct, with zero tolerance for corruption, bribery and fraud.
<b>Fairness</b> We show fairness, equality and respect to our employees and local communities.
<b>Stewardship</b> We work to protect the environment, maximise the health, safety and well-being of employees, and respect the rights of all constituents affected by our operations.
<b>Effectiveness</b> We aim to be effective in everything that we do.

## Our strategy

<b>Key goals – combining growth and dividend</b> Pay significant and sustainable dividends through the cycle Continue to grow our business without diluting its quality
<b>Strategic objectives to achieve key goals</b> Ensure robust operating performance and financial performance at existing mines Deliver medium-term growth through building and ramping up Kyzyl Opportunistically pursue high-optionality M&A targets, combined with own exploration Maintain high standards of corporate governance and sustainable development

## 2015 sustainability highlights

The Safety and Sustainability Committee was established	Staff turnover rate declined by 28%	FTSE4Good index inclusion and Vigeo 70 Emerging Markets index inclusion
ESIA completed at Kyzyl	Eco-project 'Healthy Environment' was ranked in the 5 top social projects by People Investor	
Safety system certification was launched		

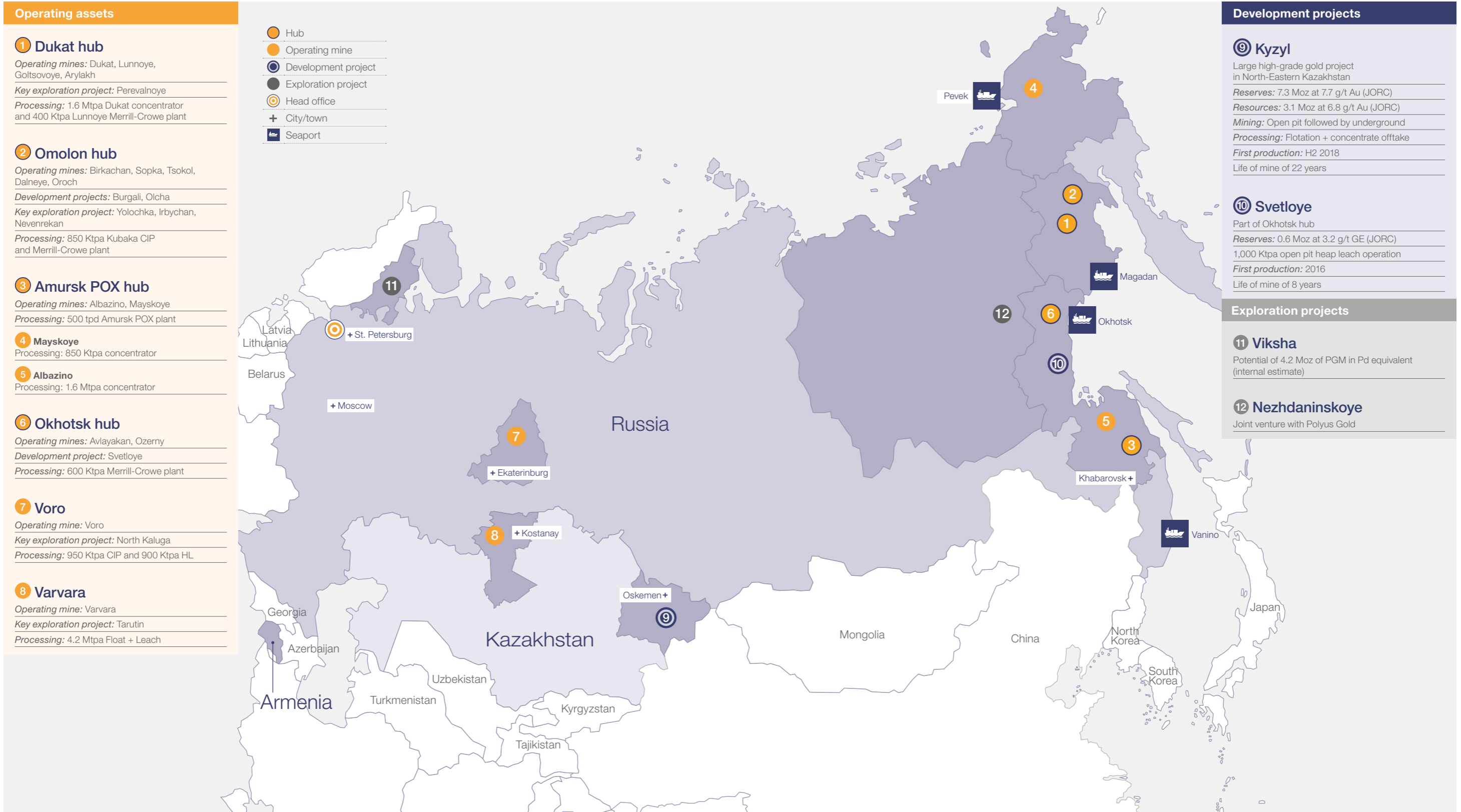
## Performance

Goals	2015 outcomes
<b>Economic</b>	
<b>Ensure financial stability and shareholder returns</b>	<ul style="list-style-type: none"> <li>Generated a healthy free cash flow of US\$263 million; coupled with a strong balance sheet this translated into cash returns for our investors</li> </ul>
<b>Pursue further growth opportunities</b>	<ul style="list-style-type: none"> <li>Acquired Primorskoye, a silver/gold site 215 km from our Omsukchan concentrator</li> <li>Increased our interest in Lichkvaz and began initial exploration drilling</li> <li>Entered a new joint venture with Polyus Gold at Nezhdaninskoye, the fourth largest gold deposit in Russia based on GKZ resources</li> </ul>
<b>Maintain excellent working relationships with suppliers</b>	<ul style="list-style-type: none"> <li>Worked with large, global manufacturers who operate to the highest international standards on services, employment, quality and environment and local suppliers who provide relevant legal and financial documentation. Around 48% of our supplier purchases come from within the regions where we operate.</li> </ul>
<b>Environment</b>	
<b>Reduce our environmental footprint</b>	<ul style="list-style-type: none"> <li>Invested US\$5.1 million in environmental protection – 36% on protection of water resources, 54% on land reclamation and 9% on the reduction and purification of air emissions</li> </ul>
<b>Social</b>	
<b>Embed robust safety procedures and safeguard employee well-being</b>	<ul style="list-style-type: none"> <li>Strengthened safety procedures, especially those aiming to prevent the risk of rock mass fall in underground mines</li> <li>Established a dedicated Safety and Sustainability Committee</li> <li>Began an in-depth review of the safety and environmental management systems</li> <li>Developed measures and incentives for better safety performance</li> <li>Implemented safety monitoring and control software</li> <li>Involved contractors in risk management and health and safety control procedures</li> </ul>
<b>Build a motivated, loyal and capable workforce</b>	<ul style="list-style-type: none"> <li>Reduced turnover by 28%, from 11.4% to 8.3%</li> <li>Promoted internal employee mobility and achieved high job satisfaction levels across the business – on average over 65% in all areas</li> <li>Invested US\$678,000 in professional training, and as a result 88% of our employees received development training</li> </ul>
<b>Maintain strong links and relationships in the regions where we operate</b>	<ul style="list-style-type: none"> <li>Developed community cooperation agreements – 21 agreements in 2015 compared to 18 in 2014</li> <li>Invested US\$3.6 million in social and support and territorial development programmes, including US\$1.2 million on 30 health and education projects, US\$200,000 on infrastructure programmes, US\$1.3 million on sports and healthy well-being initiatives, US\$735,000 on cultural activities and US\$108,000 on support projects for indigenous people.</li> </ul>

# Bringing significant investment to remote locations

GRI G4-17

GRI G4-17





# Robust business model delivering value to all stakeholders

## Our capital

### Financial

Strong balance sheet and a large portfolio of available undrawn credit facilities; access to international equity markets and use of shares as acquisition currency.

### Intellectual

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

### Business

Key competencies in refractory gold concentrate trading; sustainable relationships with suppliers and contractors.

### Human

Attracting and retaining high-potential employees across Russia and Kazakhstan; nurturing young leaders to manage further growth.

### Social

Mitigating the impact of our licence to operate; fostering and maintaining good relations with local governments and communities.

### Natural

Unparalleled portfolio of high-grade reserves ensuring robust cost and operating performance through the cycle; water, energy and fuel to run our operations.

## Mining cycle



### Exploration

We replenish reserves through active brownfield and greenfield exploration and have a robust evaluation system to select high-quality assets for further development.



### Development

We have a track record of delivery on time and within budget, including growth projects in challenging locations without access to infrastructure.



### Mining ore

We have a strong skill set in selective open-pit and underground mining, incorporating global best practices and robust grade and dilution control.



### Logistics/transporting ore

In the remote regions of our operation, we have acquired vital skills for inbound logistics of consumables, and outbound transportation of ores and concentrates to make the best use of our hub strategy.



### Processing

We employ both conventional (such as flotation or heap leaching) and leading (such as POX) processing technologies that maximise recoveries at our plants.



### Selling concentrate

We were the first company in Russia to start selling refractory gold concentrates to off-takers in Asia and have transformed this into a competitive advantage.



### Selling bars

We sell gold and silver bars, mainly to Russian commercial banks.



### Mining closure and rehabilitation

We manage the end-of-mine life responsibly, maintaining high standards of environmental compliance during the closure/rehabilitation process.

## What makes us different

### Investing in exploration

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.

### Hub-based system

Our centralised hub-based system handles ores from different sources, achieving economies of scale by minimising processing and logistics costs, as well as capital spending per ounce. This facilitates production at otherwise-uneconomical medium- and small-sized near-plant deposits.

### Focus on high-grade assets

Return on investment in the precious metals industry is reliant 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.

### Strong capital discipline

We engender a strong focus on capital discipline throughout the business; maximising risk-adjusted return on capital is our priority in all investment decisions. We do not retain excess cash and return free cash flow to shareholders through substantial dividend payments while retaining a safe leverage level.

### Exemplary governance

We believe that good corporate governance is key to the ongoing success of the business and value creation for our shareholders. We are compliant with all regulatory requirements and adopt best practice in nurturing sustainable relationships with all our stakeholders in government, industry and the communities in which we operate.

### Operational excellence

We pride ourselves on our operational excellence and delivering on our promises to shareholders. Despite difficult trading conditions, we beat our production guidance for the fourth consecutive year. Our gold equivalent production for 2015 was 1.27 Moz, exceeding the original production guidance for the year by 4%.

## Value creation for stakeholders

### Shareholders

We deliver on our promises while providing a sustainable dividend stream and future growth through quality assets.

### Other capital providers

We have an excellent credit history and strong partnerships within financial markets.

### Employees

We provide remuneration that is above the regional average and comfortable working conditions, along with career development opportunities.

### Communities

We invest in our local communities, providing employment opportunities and improving infrastructure, and engage with them to achieve their support for the projects that we undertake.

### Government

We contribute to the national wealth and are a significant tax payer in the regions of operation, supporting local governments' social projects.

### Suppliers

We provide fair terms and are developing long-term partnerships, while ensuring suppliers' integrity and ESG compliance.

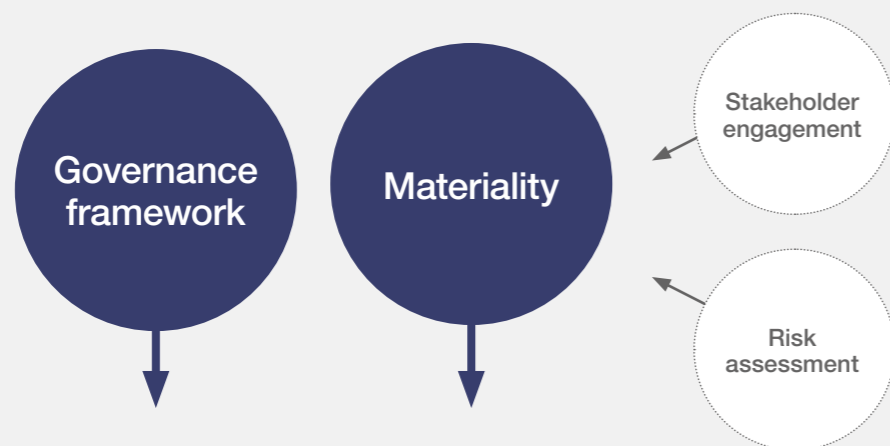
# Developing business over the long term

GRI G4-18; G4-26

**Sustainability forms a core part of our overall business strategy. Shaping our interactions with society and the environment, it is essential to our licence to operate and long-term future as an organisation.**

Our approach to sustainability is built upon regular consultation with stakeholders, the identification of material issues, rigorous risk management and the observance of international standards and best practice.

## Identifying focus areas



## Sustainability focus areas

- Improving our health and safety system through more sophisticated visualisation, risk management systems and more rigorous monitoring within the Company and with our supplier network (see Safety section).
- Maintaining positive working relationships with local government, NGOs and communities by enhancing our partnership agreements and increasing the effectiveness of our investments (see Economic and Communities sections).
- Attracting and retaining more high-quality people and improving the quality and terms of their employment (see Employees section).
- Further developing our certified environmental management system and embedding the system into production operations (see Environment section).
- Enhancing the rigour and transparency of our communications with suppliers, subcontractors and partners (see Overview).
- Water and energy efficiency programmes.

GRI G4-18; G4-26

## Standards, codes and compacts

Our sustainability strategy is designed to meet the principles of the UN Global Compact, a voluntary international standard which Polymetal first signed up to in 2009. For the past six years we have complied with the Compact's ten principles in relation to human rights, labour, environment and anti-corruption. We also participate in the UN Global Compact Network Russia. These standards, along with our corporate values of dialogue, compliance, ethical conduct, fairness, stewardship and effectiveness, help to inform our sustainability policies and management systems. We define these policies at Group level and implement them via our head office and subsidiaries. We also ensure that, through regular monitoring and auditing, we benchmark our performance against the most up-to-date regulatory requirements.

## Stakeholder engagement and materiality

It is essential that our sustainability programmes and initiatives address those issues that are most relevant, or 'material', to our stakeholders. For this reason, we adhere closely to the principles of stakeholder inclusiveness and materiality that form a core part of the Global Reporting Initiative's (GRI) prioritisation guidelines. In order to identify the stakeholders on which we have the greatest impact, we regularly conduct stakeholder mapping exercises (see pages 20-21 for more information).

Once we have identified these core groups, we engage with them and record all issues and concerns they raise. This process gives us insight into the issues that matter most to our stakeholders and ensures that we incorporate their ideas and opinions into our decision making. To reinforce these efforts, each year we conduct an in-depth materiality analysis to identify the key 'Aspects' we need to tackle in our sustainability initiatives and reports (see page 22 for more information).

## Sustainability risk management

Risk management is another key component of our approach to sustainability. Drawing on our engagement and dialogue with stakeholders, we work hard to identify, manage and mitigate the sustainability risks Polymetal faces. Responsibility for this process lies with the Board's Audit and Risk Committee and Safety and Sustainability Committee (see pages 14-17 for more information).

## Focus areas

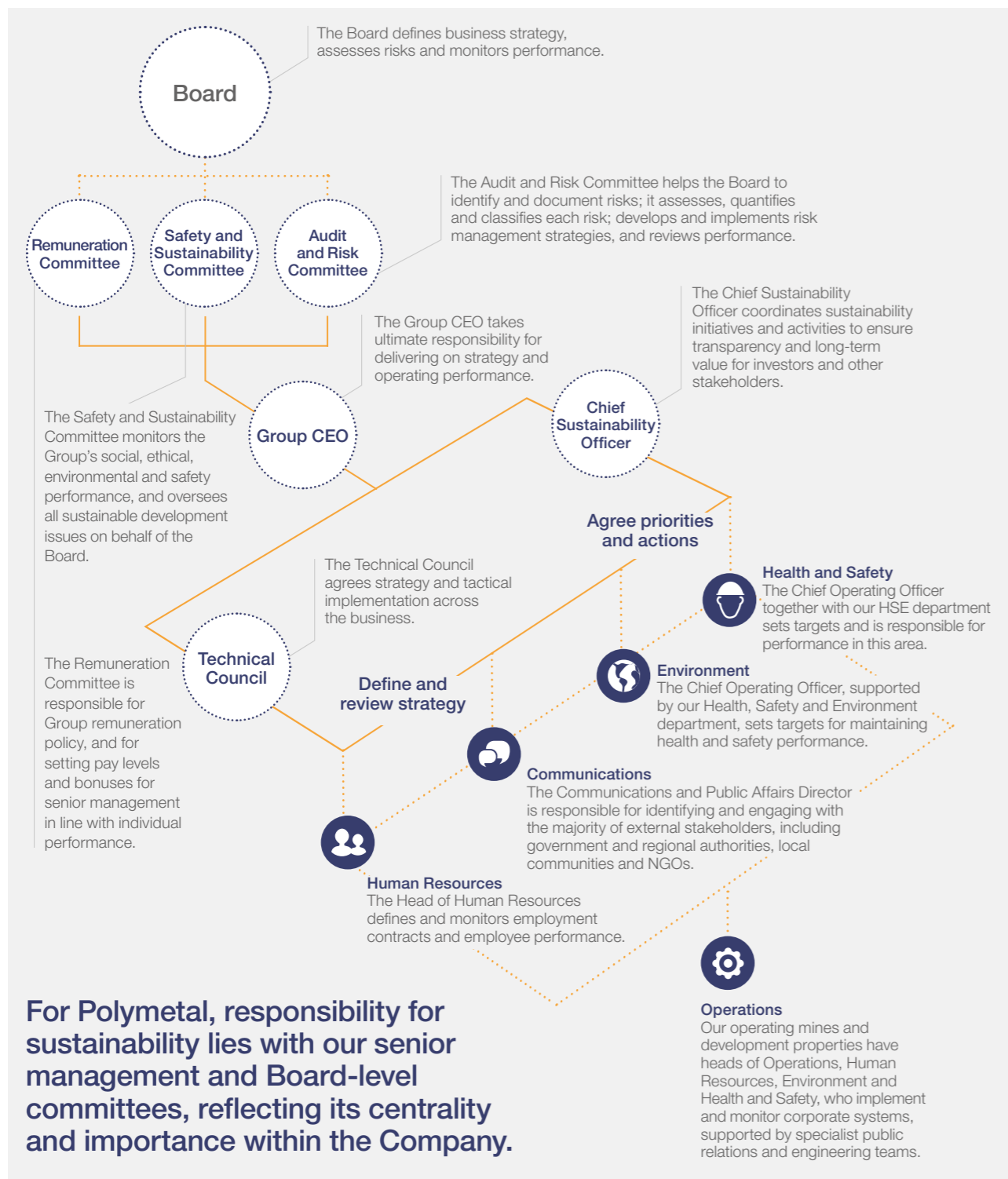
As part of our approach to sustainability, we have used our materiality analysis and stakeholder engagement processes to define six core focus areas. These focus areas, within which we organise our sustainability activities and initiatives, are set out on the previous page.

### Internal and external standards and policies

Internal standards and policies	LSE and MOEX listing requirements	Management system standards	Sustainability standards
Code of Conduct	UK Corporate Governance Code	ISO 14001:2001	UN Global Compact
Environmental Management Policy		OHSAS 18001	National Labour Codes
Human Resources policies		ILO-OSH 2001	
Safety and Sustainability Committee terms of reference		Community Relationship Management System	GRI G4 Sustainability Reporting Guidelines 'in accordance' option Core
Sustainability values			
Health and Safety Policy			
Policy on Social Investment			
Employee development and training standard			



# Driving sustainability from the top



## Sustainability leadership

At Polymetal, our Board of Directors has ultimate responsibility for sustainability leadership. The Group CEO, Vitaly Nesis, oversees all management processes and ensures we have the necessary structures and systems in place. Mr Nesis and the Board are responsible for making any changes required to ensure we retain our sustainability focus and achieve our objectives in this area.

As a whole, the Board plays an active role in shaping all strategies and targets around our social, economic and environmental impacts. At each Board meeting, health, safety and environmental performance reviews take priority over all quarterly operational data. The Board also reviews and signs off our sustainability reports before they are published.

In 2015, to support the Group CEO and Board's sustainability leadership, we established the Polymetal Safety and Sustainability Committee. With a remit to monitor the Group's safety record, social performance and ethical conduct, the Committee oversees all sustainable development issues on behalf of the Polymetal Board. It also works to ensure that our efforts to create economic, social and environmental value are balanced and impactful, and helps the Audit and Risk Committee to identify, manage and mitigate the sustainability risks we face. The formation of the Safety and Sustainability Committee is a clear sign of our commitment to improve our overall sustainability performance. See page 16 for more information about the Safety and Sustainability Committee.

We also have a Technical Council which meets each month to assess Polymetal's progress against its sustainability targets and priorities. Across the Group, all heads of department report to the Technical Council, which provides a platform for senior management dialogue on issues such as health and safety, employees, environmental management and community outreach.

## Board composition

Polymetal acts in full compliance with the UK Code of Corporate Governance, including the composition of the Board and the election of its members. Under the stipulations of the Code, all our Board members must be re-elected annually, while shareholders can appoint or remove individual Board Directors.

The Polymetal Board is made up of the non-executive Chairman, Group CEO and seven non-executive directors. Four of the seven non-executive directors are independent. The Chairman and non-executive directors assess the Company's management and performance, review financial information and monitor internal risk management procedures and controls. The interests of Directors are disclosed on an annual basis and any changes to those interests are made known to the Company Secretary.

All current Board Directors were appointed in September 2011 except for Ms Coignard, who joined in July 2014. At the time of this report's publication, 22% of our Board members are women; three Directors represent significant Company shareholders.

Additional information on our Board is included in the Governance section of our Annual Report.

## Board of Directors



- Chairman**  
Bobby Godsell <sup>N</sup>
- Group CEO**  
Vitaly Nesis <sup>S</sup>
- Non-executive Directors**  
Konstantin Yanakov  
Jean-Pascal Duvieusart  
Marina Grönberg <sup>S</sup>
- Independent non-executive Directors**  
Christine Coignard <sup>A R N</sup>  
Russel Skirrow <sup>A S</sup>  
Jonathan Best <sup>A R</sup>  
Leonard Homeniuk <sup>R N S</sup>

- Committees**
- <sup>A</sup> Audit and Risk Committee
  - <sup>R</sup> Remuneration Committee
  - <sup>N</sup> Nomination Committee
  - <sup>S</sup> Safety and Sustainability Committee

[+](#) Read more in our Annual Report 2015 pages 60-91

# Implementing robust systems and processes

## Enhancing our sustainability performance

One of the Safety and Sustainability Committee's key priorities is to scrutinise the Group's safety record, systems and programmes. Under the Committee's guidance, in 2015 we continued our strong focus on safety, health and the environment, reinforcing efforts to achieve zero harm while maintaining operational excellence. We also renewed our focus on economic sustainability, working to ensure that, through in-house exploration and acquisition of new assets, we can continue to do business for many years by replenishing our reserves.

The responsibilities of the Safety and Sustainability Committee include advising the Polymetal Board on matters of due diligence and compliance in their approach to sustainability, and conducting regular reviews of the Company's sustainability policies and strategies. It also works to ensure that the Company engages key stakeholders and contributes, where possible, to the development of healthy and sustainable communities in the regions where it operates. In addition, members of the Committee regularly liaise with the Audit and Risk Committee on matters relating to the Group's risk management and internal control.

Full terms of reference relating to the Safety and Sustainability Committee are available on the Company's website: [www.polymetalinternational.com](http://www.polymetalinternational.com).

In 2015, there were three meetings of the Safety and Sustainability Committee. During these meetings, the Committee:

- reviewed the six fatalities that occurred across the Group, analysing the causes and response measures;
- reviewed the Company's sustainability strategy and reporting gaps;
- approved the Company's annual sustainability reporting;
- approved the external audit of the 2015 sustainability report;
- analysed the Company's incentive system to ensure unsafe and unethical behaviour is not encouraged in any way;
- assessed the focus on risk within briefings and training;
- organised a management visit to a competitor's mine to share sustainability knowledge and experience;
- assessed geotechnical situational awareness within standard safety procedures; and
- reviewed emergency preparedness at tailings facilities.

The Safety and Sustainability Committee remains firmly focused on achieving zero harm and creating a safe and enabling working environment for our employees across the Group.

## Ensuring a balance of skills

Our Nomination Committee is responsible for making recommendations regarding the composition of the Board and its committees. In advance of any appointment, the Nomination Committee considers the balance of the Board in terms of knowledge, skills, independence, experience and diversity. Based on this assessment, it then makes recommendations regarding specific roles and capabilities required, also taking into account the challenges and opportunities facing the Company.

Regularly reviewing leadership needs and priorities, the Nomination Committee works to ensure the continued ability of the Group to compete effectively in the marketplace. It also evaluates the Board's performance and considers whether or not non-executive Directors are spending enough time discharging their duties.

Full terms of reference relating to the Nomination Committee are available on the Company's website: [www.polymetalinternational.com](http://www.polymetalinternational.com).

In 2015, there were two meetings of the Nomination Committee. During these meetings, the Committee continued to discuss the issue of succession planning within the Company and the development of the Young Leaders Programme. This programme aims to evaluate the Group's talent pool and pipeline and devise training to meet Polymetal's future management needs. During the year, young leaders met with Board members to discuss opportunities for training and progression.

## Aligning remuneration to performance

The Polymetal remuneration policy helps to incentivise, motivate and retain our staff at senior management level. The Remuneration Committee is responsible for Group remuneration policy, and for setting pay levels and bonuses for senior management in line with individual performance. With sustainable shareholder value creation as its guiding principle, the Remuneration Committee works to ensure that Directors are fairly rewarded for responsibilities they successfully undertake, and benchmarks salary levels annually against industry peers listed on the London Stock Exchange. It also sets the executive remuneration strategy, which is designed to enable the Company to attract and retain the talent it needs to deliver long-term value to our shareholders and other stakeholders.

In addition, the Remuneration Committee sets pay levels and bonuses in line with our overall health and safety performance. Following the fatalities in 2015, we have significantly increased the focus on safety KPIs within senior management remuneration. This includes remuneration for the Group CEO and the Managing Director of Operations.

We have been fully compliant with new remuneration disclosure requirements since they were introduced in 2013.

Shareholders are given the opportunity to discuss and vote on remuneration policy every three years. The current remuneration policy was approved by shareholders at the 2014 AGM. It is expected to cover a period of three years from that date.

Polymetal continues to comply fully with remuneration disclosure requirements and the Company's remuneration report was approved, with 99.32% of votes cast in favour, at the AGM held in May 2015.

We ensure that salary increases are consistent across all levels of the Company. Additional information on management remuneration is included in our Annual Report.

## Managing our risks

Risk management is another vital part of our sustainability programme. We are committed to minimising risks and threats to our people, communities and the environment, and to the long-term success and sustainability of Polymetal as an organisation.

Our risk management system supports our strategic goals while identifying, assessing and mitigating our business and sustainability risks as shown in the diagram. As described in the table on the next page, our Board of Directors takes responsibility for the monitoring and control of risk management efficiency, while the identification of business risks is overseen by our Group CEO and Technical Council.

The Board's Audit and Risk Committee sets the agenda for the Group's risk management policies and procedures and is responsible for reviewing their effectiveness. It helps the Board to identify, quantify and classify the risks we face, while also developing and implementing risk management strategies.

These processes are also aided and informed by our interaction with government agencies, employees, local communities, NGOs, the financial community, our suppliers and our customers.





# Ongoing management of sustainability risks

## Risk management responsibilities

<b>Board of Directors, Audit and Risk Committee of the Board</b>	Monitor and control risk management efficiency, approve risk management policies and guidelines, review risk management strategy and risk reports, take responsibility for key risk identification
<b>Group CEO and Technical Council</b>	Identify risks to the business and associated management operations
<b>Internal Audit Department</b>	Define and monitor the risk management process and mitigation tools and actions, prepare risk reports
<b>Operational Managers</b>	Identify and evaluate everyday risks and report them, implement risk mitigation programmes

## Key sustainability risks

Across our operations we have identified a number of sustainability risks. These include:

Employees	Community	Environment	Economic
The Company may fail to recruit and retain enough talented people to maintain operational integrity	Our operations may cause potential harm to local communities	The Company's management systems may not negate or reduce harmful spillages or releases into the environment, which may also harm employees and others living in the vicinity	The title to mineral rights may be challenged and the purchase of land may be opposed locally, thereby preventing or curtailing their use by the Company. Failure to secure such additional reserves will lead to a long-term reduction in output
The Company's health and safety systems may not protect employees from harm	Community members may oppose new mining construction projects or mine expansions	The Company may fail to comply with environmental laws and regulations	Severe weather and climate conditions may disrupt ongoing operations
Unforeseen emergencies may impact the health and safety of employees	The Company may fail to demonstrate shared value and deliver on commitments	Issues may arise relating to management, biodiversity and planning for mine closure	Access to and security of affordable energy may become restricted
Labour relations may become strained over wages and benefits		Company emissions may contribute to severe weather conditions and global warming	Ineffective use of materials and energy may lead to unwanted financial cost/inefficiency
			The Company may fail to adequately manage third party suppliers, leading to financial inefficiency in the supply chain, delays and disruption

## Code of conduct

Board members approved Polymetal's Code of Conduct, which was formally adopted in December 2011. The Code serves as a statement of principles and expectations that guide ethical behaviour across the Company. As such, it is communicated to all employees, who must comply with its strictures and associated policies.

The Code covers employees' conduct towards colleagues and customers, business partners, state authorities and society, with a focus on equality, health and safety, government and community relations, environmental protection, transparency, competition and data protection. It also sets out our zero tolerance approach to drug use, conflicts of interest, bribery and bullying. Employees can access all documents and policies associated with the Code through the Company's central information system.

## Managing and monitoring behaviour

We are committed to systematically monitoring all commercial actions and decisions taken across the Company. Responsibility for this process lies with our Internal Audit Department (IAD). The head of IAD reports to our Group CEO and to the Board of Directors (through the Audit and Risk Committee).

Each year, the IAD operates under the auspices of an annual work plan approved by the Audit and Risk Committee. Conducting random audits of stocks and assets such as fuel and equipment, the IAD assesses building and assembly contracts and reviews decisions that relate to major construction projects.

Additionally, since 2011 we have been holding regular training sessions on bribery and corruption. In 2015, we conducted these sessions at each of our operating sites. More information on our anti-corruption policy and practices can be found on pages 38-39.

# Enabling in-depth stakeholder dialogue and consultation

GRI G4-24, G4-25, G4-26; G4-27

## Investors and shareholders



### Why they are important to us

As a company, Polymetal exists to create sustainable value for shareholders. In turn, our shareholders and investors provide us with the capital we need to develop and expand our operations.

### Who is responsible within Polymetal

- Board
- Group CEO
- Chief Sustainability Officer
- IR team

### Channels of engagement

- AGM/GM
- Annual and Sustainability Reports
- Investor conferences and one-to-one meetings
- Presentations/conference calls
- Site visits
- Direct correspondence

### Material issues

- Financial, operational and sustainability performance
- Dividends
- Regulation, economics and politics
- Mergers and acquisitions
- Labour
- Health and safety
- Compliance with international environmental standards

[+ Read more in our Annual Report 2015](#)

## Employees



Our people are one of our core strengths and assets; the success of our business depends upon their expertise, dedication and skill.

We hire the most talented staff and invest significantly in their training and development.

- Group CEO
- Chief Financial Officer
- Human Resources team
- Health and safety team
- Communications team
- Operations directors and chief engineers

- Employee opinion polls and questionnaires
- Workers' councils
- Internal hotline, website, suggestion boxes and grievance mechanisms
- Meetings and face-to-face communication with management
- Performance reviews
- Annual direct line with the Group CEO

- Wages, benefits and social packages
- Working and living conditions
- Health and safety
- Career progression and opportunities
- Social needs
- Training, development and education

[+ Read more in the Employee section of this report](#)

We are committed to regular, meaningful and transparent stakeholder engagement. Using a range of communications channels, we encourage open and honest dialogue with our stakeholders, building a clear understanding of the issues that matter to them and how we can address them.

GRI G4-24, G4-25, G4-26; G4-27

## Suppliers and contractors



Our suppliers and contractors make a significant contribution to our business. We build stable, long-term relationships with them, enabling us to achieve mutually beneficial terms of contract and uninterrupted supply.

In collaboration with our contract partners, we work to ensure compliance with environmental and safety standards across the Polymetal supply chain.

- All operational departments
- Legal team
- Polymetal Trading and procurement teams within operations

- Direct correspondence
- Contractual relationships
- Meetings
- Compliance with Polymetal's requirements (for example, health and safety)

- Contract specifications
- Tenders
- Account management relationships
- Health and safety
- Regulation

[+ Read more in the Economic section of this report](#)

## Government and industry authorities



We maintain good relations with the national and local governments under whose jurisdictions we operate.

We abide by all laws and regulations that apply to our business, and we enter into open and transparent dialogue with industry authorities. In particular, we engage with authorities on issues relating to improvements in mining legislation.

- Group CEO
- Managing directors at our operations
- GR team
- Communications team
- Legal team

- Working groups
- Meetings
- Direct correspondence
- Industry conferences

- Regulatory compliance
- Taxes
- Labour issues
- Health and safety
- Environmental protection
- Infrastructure and local development

[+ Read more on pages 26-27, 41, 46, 54-59 of this report](#)

## Communities and NGOs



Polymetal depends upon communities and NGOs for its licence to operate in specific localities and regions.

We work with these stakeholders to create mutually beneficial conditions. We also respect the rights of local and indigenous communities and invest in those areas that are important to them.

- Communications team

- Opinion polls and questionnaires
- Public and face-to-face meetings
- Communication with Company managers
- Press conferences
- Working groups (for NGOs)
- Grievance mechanisms
- Email and telephone helplines

- Investment
- Employment
- Infrastructure development
- Environmental and health impacts
- Local culture, lifestyle, language and traditions

[+ Read more in the Communities section of this report](#)



# Focusing on material issues

GRI G4-18, G4-19, G4-20, G4-21, G4-23

As part of our efforts to address sustainability issues that matter most to our business and our stakeholders, and as part of our commitment to the GRI G4 reporting process, in 2014 we conducted a full-scale materiality assessment.

The assessment was conducted by a working group of Polymetal's managers who are responsible for those areas of activity that correlate with relevant GRI reporting Categories and Aspects.<sup>1</sup> Firstly, the working group devised a questionnaire to elicit stakeholders' opinions on these Aspects and their degree of importance (low, medium or high). From the results of the questionnaire, the working group then created a list of Aspects for inclusion in the 2013/14 Sustainability Report.

The working group also analysed our interaction with various stakeholders on certain issues, while the Company's management reviewed the selected Aspects. From these assessments, we were able to establish final materiality scores for all Aspects and issues, which were then approved by the Group CEO. The results of this process are presented in the table opposite. For the purposes of this report, we cover all Aspects listed in the dark grey zone.

All Aspects covered in the report are material for all entities within the organisation. There is no specific limitation regarding Aspect Boundary within the organisation.

The materiality matrix identifies five material issues for management and reporting which are applied to our partners, contractors and suppliers. We do not deem issues that fall outside of the material zone to be unimportant – some of these aspects are not relevant as Polymetal operates in countries where issues covered by GRI G4 are already regulated by national legislation and we address these issues by complying fully with all regulations in our countries of operation.

## Identifying material issues

### Economic

- 01. Economic performance ✓
- 02. Market presence ✓
- 03. Indirect economic impact ✓
- 04. Procurement practices ✓

### Environmental

- 05. Materials ✓
- 06. Energy ✓
- 07. Water ✓
- 08. Biodiversity ✓
- 09. Emissions ✓
- 10. Effluents and waste ✓
- 11. Products and services ✓
- 12. Environmental compliance ✓
- 13. Transport ✓
- 14. Overall (environment protection investments) ✓
- 15. Supplier environmental assessment ✓
- 16. Environmental grievance mechanisms ✓

### Society

- 17. Local communities ✓
- 18. Anti-corruption ✓
- 19. Public policy ✓
- 20. Anti-competitive behaviour ✓
- 21. Compliance ✓
- 22. Supplier assessment for impact on society ✓
- 23. Grievance mechanisms for impacts on society ✓

### Mining and metals

- 24. Emergency preparedness ✓
- 25. Artisanal and small-scale mining\* ✓
- 26. Resettlement ✓
- 27. Closure planning ✓
- 28. Material stewardship ✓

### Labour practices and decent work

- 29. Employment ✓
- 30. Labour/management relations ✓
- 31. Occupational health and safety ✓
- 32. Training and education ✓
- 33. Diversity and equal opportunity ✓
- 34. Equal remuneration for women and men ✓
- 35. Supplier assessment for labour practices ✓
- 36. Labour practices grievance mechanisms ✓

### Human rights

- 37. Investment\* ✓
- 38. Non-discrimination ✓
- 39. Freedom of association and collective bargaining ✓
- 40. Child labour\* ✓
- 41. Forced or compulsory labour ✓
- 42. Security practices\* ✓
- 43. Indigenous rights ✓
- 44. Assessment ✓
- 45. Supplier human rights assessment ✓
- 46. Human rights grievance mechanisms ✓

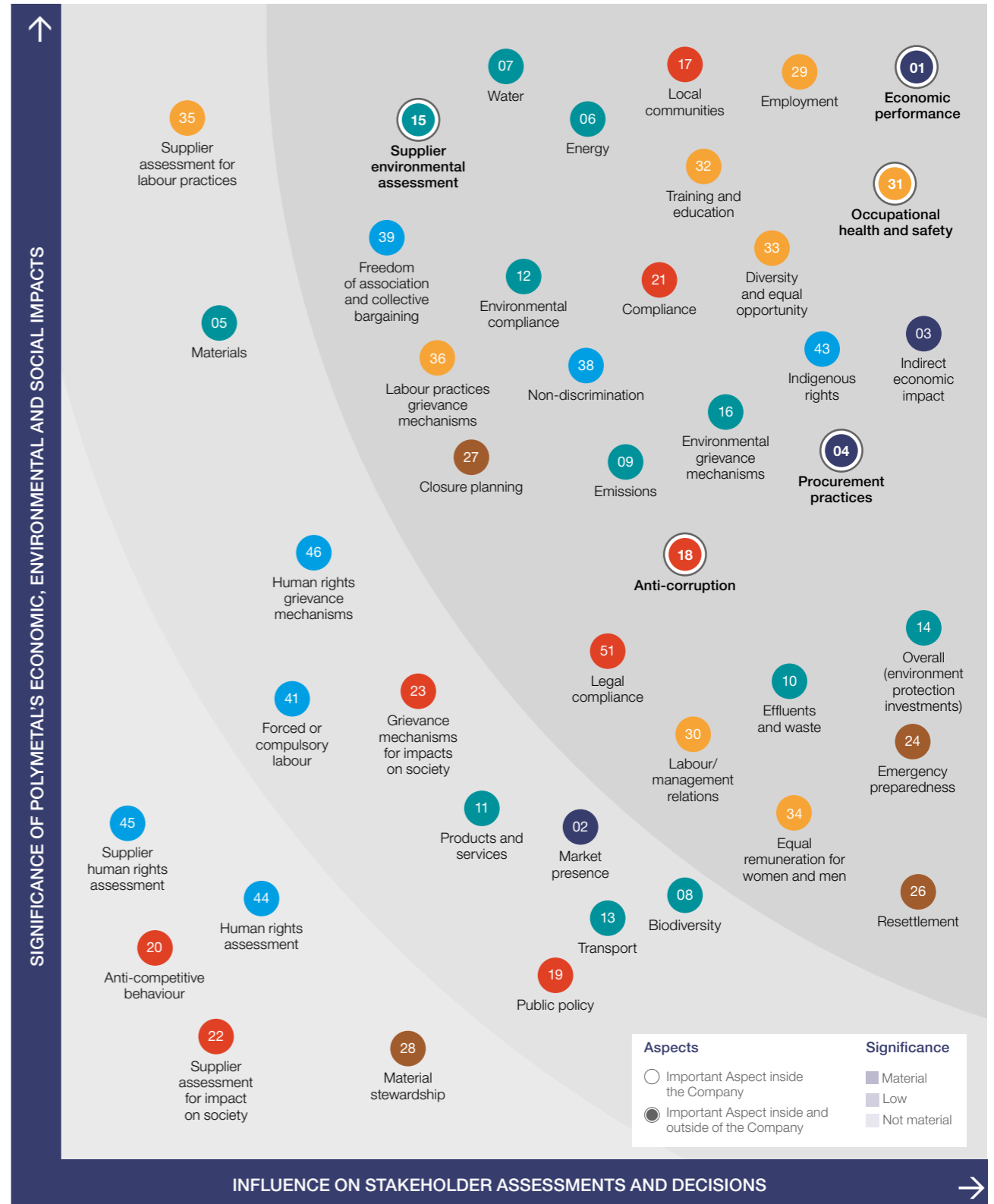
### Product responsibility

- 47. Customer health and safety\* ✓
- 48. Product and service labelling\* ✓
- 49. Marketing communications\* ✓
- 50. Customer privacy\* ✓
- 51. Legal compliance ✓

<sup>1</sup>The GRI defines relevant Aspects as those that 'may reasonably be considered important for reflecting an organisation's economic, environmental and social impacts, or influencing the decisions of stakeholders'. 'Materiality' is the threshold 'at which Aspects become sufficiently important that they should be reported' (source: <https://g4.globalreporting.org/how-you-should-report/reporting-principles/principles-for-defining-report-content/materiality/Pages/default.aspx>).

✓ Aspects material to Polymetal  
 ✓ Important Aspects inside and outside the Company  
 \* Indicators not applicable to Polymetal

GRI G4-18, G4-19, G4-20, G4-21, G4-23

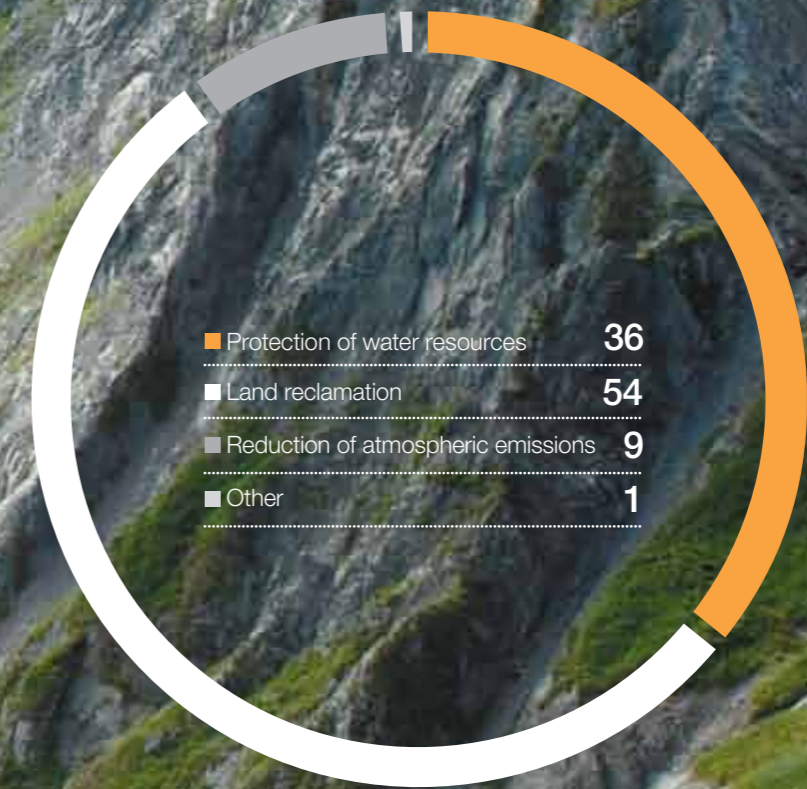




# Minimising our environmental footprint

Through innovation and continuous improvement, we aim to achieve greater efficiencies across our business and minimise the impact of our operations, putting environmental sustainability at the heart of everything we do.

Breakdown of our environmental investments in 2015 (%)



GRI G4-24



## Who is responsible?

- Group CEO, Chief Operating Officer, HSE Director, Head of Environment, regional environmental managers, managing directors, chief engineers and heads of environmental departments at our operations



## What guidelines do we follow?

- UN Global Compact, Group Code of Conduct, Group Environmental Management Policy, ISO 14001:2001



## Stakeholders

- Employees, national government, local government, specialist government agencies, local communities, indigenous peoples groups and other NGOs



## Priorities

- Maintain ISO 14001 at all production sites and head office; engage with government programmes and environmental legislation initiatives; adopt most recent waste utilisation technologies; develop detailed management standards, including a carbon management policy



## Material Aspects

- Materials
- Energy
- Water
- Biodiversity
- GHG and other emissions assessment
- Land reclamation
- Effluents and waste
- Supplier environmental assessment
- Environmental grievance mechanisms



# Focusing on continuous improvement and best practice

GRI G4-26; G4-27

As our business grows, we are committed to balancing our commercial interests and operational goals with the need to protect the natural environment. To this end, we manage and mitigate our risks and conduct our business in an environmentally responsible way.

## Our approach

Our approach to environmental sustainability is shaped by our firm belief that we have a responsibility to make the world a better place. Therefore, we aim to tread lightly in our operations and deliver environmental progress through rigorous control and process management.

Of course, as with all mining companies, our work involves a number of environmental risks. For example, we carry out highly complex processes which generate large volumes of emissions and waste materials. We also use certain toxic substances, such as cyanide, and oversee operations in remote rural locations which can impact the natural environment.

To ensure we are able to manage and mitigate these risks, we have developed a Group-wide environmental management system (EMS) which adheres to national and international standards. The EMS is planned and coordinated by our Chief Operating Officer (COO) from our Russian headquarters in St. Petersburg. It is overseen by dedicated environmental teams who now report directly to our Environment Department, which is responsible for collating and managing all Group-wide sustainability data. In turn, the Head of the Environment Department reports directly to the COO, our Group CEO and Chief Sustainability Officer. The system is based on international best practice and complies with relevant legislation, with a core focus on driving resource and energy efficiency across the business, preventing pollution, engaging employees with environmental issues and using modern equipment and technologies.

As a result of our work in this area, and following a certification audit by an independent environmental assurance agency, in 2015 we initiated a three-year transition programme designed to achieve compliance with the revised ISO 14001:2015 standard. This programme will enable us to ensure that our EMS is compatible with key trends, such as increased focus on leadership and strategic planning processes.

ISO 14001 is the principal international standard specifying requirements for the formulation and maintenance of an EMS. First achieved by Polymetal in 2013, our renewal of ISO 14001 certification demonstrates our ongoing commitment to robust environmental management and compliance. In 2016, we plan to extend the ISO 14001 certification audit to all our production sites and head office, covering governance and production processes. We will also continue to conduct internal reviews of our EMS systems and processes.

The Polymetal EMS is underpinned by our environmental policy, which can be viewed at [www.polymetalinternational.com](http://www.polymetalinternational.com). This policy shapes all our environmental activities, focusing on continuous improvement, risk reduction, the use of best practice, compliance and the management of key environmental issues, including incident and emergency control and the use of environmentally friendly materials. Across the Polymetal Group, each of our production sites has its own environmental team. The role of these teams is to help run and monitor the EMS and provide performance reports to the Group each quarter. As part of this process, the teams collect surface water, ground water and air quality samples, which are then analysed at internationally-certified laboratories. Additionally, our in-house engineering company, Polymetal Engineering, works to ensure that all ecological aspects are taken into account during the design, construction and operation of our mines and processing facilities.

## Auditing and compliance

Across the Group we conduct regular auditing and monitoring activities, which are incorporated into the Polymetal EMS. In addition to complying with relevant legislation and ISO 14001, we undergo audits by authorities such as the Russian Federal Service for Supervision of Natural Resource Usage. We also use audits conducted by external service providers to enhance our internal environmental performance. In 2015, we continued our excellent compliance record in relation to environmental laws and regulations, receiving no significant fines or nonmonetary sanctions for breaches or infringements. Historically, we had no major environmental incidents and there were no spills or leakages in 2015.

## Supplier environmental assessment

In our contractual agreements with suppliers, we insist on compliance with all applicable laws and regulations. We ensure our suppliers meet their requirements around issues like noise and pollution, and we ask equipment suppliers to provide technical guarantees that their hardware operates within established limits. In addition, our Supply Chain Management Department (Polymetal Trading) is developing a new supplier assessment programme which will enable us to conduct formal supplier assessments and audits for environmental compliance and best practice. This programme will be implemented in 2016.

## Environmental grievance mechanisms

We enable our stakeholders to articulate their concerns and share their grievances by complying with rigorous environmental impact assessment procedures, including public hearings and other mechanisms. At each of our sites we document comments from the public in a log book, and deliver a range of engagement activities to elicit stakeholders' opinions and feedback. In 2015, we received no new complaints or grievances about our environmental impacts.

GRI G4-26; G4-27

## Environmental training

Training is critical to ensure our staff are up-to-speed with key environmental issues and developments. Each year, we supplement our professional development programmes with site visits and conferences. Our environmental managers attend the annual All-Russian Industrial Ecologists' Seminar for an update on environmental legislation, and our Human Resources department reviews national and international environmental training opportunities. In particular, we encourage participation in courses focused on environmental management systems, water quality assessment, hazardous waste, environmental security and land reclamation.

In 2015, executive environmental personnel across the Group received formal training in environmental audit. All those who passed the end-of-course exams received certificates and began implementing best practice at their sites, while also disseminating key knowledge and learning among their teams.

## Investment in environmental protection

During 2015, our overall investment in environmental protection was US\$5.1 million<sup>1</sup>, a slight increase from US\$4.9 million in 2014. Of this total, 36% went into the protection of water resources, 54% into land reclamation, and 9% into the reduction and purification of atmospheric emissions.

These amounts also reflect the quarterly payments we make to governments in the regions where we operate for the negative environmental impact caused by our business. These payments are governed by environmental law and are defined by audits conducted at our sites by specialised government agencies.

## Kyzyl environmental and social impact assessment

In 2015, two top international consultants completed a detailed review of the social and environmental issues linked to the Kyzyl gold project in East Kazakhstan. Based on this review, a formal environmental and social impact assessment (ESIA) report, along with a project feasibility study, was issued, outlining priority action areas and benchmarking the project. Following detailed analysis of the management plan's findings, in 2016 we will propose best practice recommendations and solutions at Kyzyl and other production sites. These recommendations will help us address all social and environmental impacts in line with international best practice, namely the International Finance Corporation Performance Standards and World Bank Environmental Health and Safety Guidelines. For instance, looking ahead we will participate in Local Authority meetings on land distribution for grazing. We will also help resettled people find employment, providing education and training where necessary, and work to improve local noise management procedures.

<sup>1</sup> Including payments for environment protection services provided by third parties.

As a Company we recognise the increasing importance of stakeholder engagement in ESIA projects. We are committed to improving the quality of our ESIA assessments and building community support by involving local individuals and communities in associated decision making and consultation. To achieve this, during 2015 we:

- analysed baseline data on environmental and social impacts;
- analysed soil and water samples as part of a traffic review and community study;
- carried out assessments of GHG emissions, noise and hydrogeological modelling; and
- conducted a number of public hearings.

## Biodiversity management

We are committed to treading lightly in the regions where we operate and work hard to minimise our impact on local biodiversity. To this end, as a matter of policy we do not operate in or adjacent to protected or vulnerable areas. We also respect, and will not encroach upon, land that has particular value – natural, historical or cultural – for Indigenous Minorities of the North (IMN).

Due to the extreme northern location of the majority of our sites, where the surrounding territory is low in conservational value, there are no significant biodiversity impacts linked to our operations. However, some of our sites are situated in the forest and tundra areas of Russia's Far East, which provide natural habitats for various rare and endangered species of plant and animal. Some of our mineral fields are located in such areas, which means we have to be mindful of the following potential impacts:

- temporary extraction of land for mining and construction of facilities;
- temporary change in conditions necessary to support flora and fauna; and
- temporary change in conditions necessary to support invertebrates.

To mitigate these impacts, we have developed a robust biodiversity protection scheme focusing on sustaining local fish populations. This also involves the creation of buffer zones to keep extraction, transport and construction activity away from vulnerable areas, as well as baseline predevelopment monitoring.

In addition, we insist that all site staff, including contractors, take part in environmental, health and safety awareness training to ensure they understand their responsibilities to protect local fauna and flora. We also engage in comprehensive land rehabilitation once we have finished working in a particular area, focusing on the reparation of any environmental damage that our operations may have caused.

# Progressing our environmental programmes

GRI G4-22

## Performance

During 2015, we made excellent progress in our environmental management programmes and initiatives.

Our major achievements in this period include the authorisation of all environmental control and accounting processes, and their transfer to Group-wide software; the completion of the ESIA in Kyzyl, with recommendations being rolled out across the project and other production sites; the training of our executive environmental personnel in environmental audit; and the complex auditing of our Omolon site by state environment and technology agencies, with no violations recorded.



<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

Read more about our performance in each of these areas on the following pages.

GRI G4-22

## Water

Across our operations we withdraw and use significant volumes of water. All water is re-used, treated and discharged as effluent to surface water. Alternatively it can be treated and stored in tailings dams. We use water meters, flow meters and indirect measuring to capture all water consumption and discharge data.

Each year, local and state authorities consent to our withdrawal of water from a wide range of sources near to our operating sites. As our operations are dispersed across a wide geographical area, we are able to use water without over-exploiting any one single source. Our usage always remains within acceptable limits, and we take very little (less than 10%) from surface water bodies such as rivers or springs, with approximately 80% of our water sources located underground. Furthermore, we avoid withdrawing from surface sources in environmentally sensitive areas, and those found in areas where water is of great importance to local or indigenous communities.

In each of our sites, we are committed to reducing the amount of water we use per unit of output. We also aim to minimise the volume and impact of the liquids we discharge into watercourses, while ensuring the safety and sustainability of our tailings dams.

In 2015 Polymetal started operating new facilities, which resulted in the increase of the total amount of water used across our operations by 23%.

Over 2015, the volume of water re-used by all Group companies has averaged 65% of the total withdrawn. In accordance with Russian and Kazakh environmental legislation, we treat and discharge the remaining volumes to surface water. The quality of this discharge water complies with target indicators, and we have all the necessary discharge permits and agreements in place.

### Total water withdrawn by source<sup>1</sup> (thousand cubic metres per annum)

	2015	2014	2013
<b>Total water withdrawn by source</b>	<b>11,713</b>	<b>12,246</b>	<b>8,297</b>
Surface water	2,479	2,915	2,750
Ground water	9,235	9,331	5,547

### Percentage and total volume of water recycled<sup>1</sup> and reused (% and thousand cubic metres per annum)

	2015	2014	2013
Water recycled and reused	7,670	6,482	4,029
Percentage of water withdrawal – recycled and reused (%)	65.5	53	49

### Total water discharged by the Company's operations<sup>1</sup> (thousand cubic metres per annum)

	2015	2014	2013
<b>Total water discharge</b>	<b>7,486</b>	<b>7,203</b>	<b>4,616</b>

<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

## Materials, waste and tailings

In our production processes, we use large quantities of ore and energy. During 2015, we mined 12,679 Kt of ore and processed 10,821 Kt. We also generate specific waste materials. In 2015, our total operations generated 69,900 Kt of production and consumption waste, compared to 81,141 Kt in 2013 and 79,435 Kt in 2014.

At our processing facilities we consume a range of materials, with associated economic and environmental impacts. In order to minimise such impacts, we drive efficiency in material use and closely monitor costs across all our production processes. Once the ore is processed, our final products include Doré bars, zinc precipitate, and flotation and gravity concentrates.

The table on page 30 sets out the quantities of basic consumable materials used Group-wide across our production sites. Materials used for maintenance or the construction of processing facilities have not been included.

All the materials listed in the table are purchased from our contractors – see page 64 for more on our procurement policies and practices. Gold concentrate is one of our final products and we use big bags with a working load of 1.5-16 tonnes to pack and ship concentrate.

### Overburden and tailings

Overburden and tailings are the most significant waste streams associated with our operations, accounting for more than 99% of the total volume. Overburden is the material that is extracted to uncover ore deposits, while tailings is a by-product of ore processing.

In 2015, we produced a total of 59.3 million tonnes of overburden and 10.5 tonnes of tailings.

### Recycled materials

Our aim, wherever we can, is to recycle the waste we generate. The proportion of recycled materials used across our operations as a percentage of total waste produced slightly decreased from 19.9% in 2014 to 18.6% in 2015.

### Waste management

Across the Polymetal Group, we are firmly committed to the responsible management of waste materials. To this end, we have developed systems and procedures that enable us to maximise the amounts we recycle and minimise our negative environmental impacts.



# Managing water use and energy consumption responsibly

GRI G4-22

Regarding the treatment of overburden, tailings and other waste materials, our audit teams carry out regular internal checks and assess our levels of compliance with national and regional standards. In addition, government agencies conduct regular environmental performance spot-checks at our facilities.

As part of our approach to waste management, we reuse the production and consumption waste we generate within our own production processes, outsource them to external companies, and dispose of them in our own waste facilities. In the tables on this page, we show the amount of production and consumption waste.

Russian and Kazakh environmental legislation sets out strict requirements for the prevention of soil and water contamination. Our tailings storage facilities have been built in full compliance with these requirements, and also take into account detailed engineering and geological studies. For example, the underlying geology for each storage facility must demonstrate minimal surface or ground water filtration rates. In addition, we use waterproof polythene screens linked to highly advanced drainage systems, which prevents contamination of the surrounding area by holding waste material in place.

### Cyanide and hazardous waste management

Our production methods involve several harmful consumables. Among these the largest is cyanide, which generates hazardous waste components during the recovery of gold from the ore we process. In 2015, we used 8.5 thousand tonnes of cyanide, compared to 7.5 thousand tonnes in 2014. Within our process, cyanide can also exist as a chemical compound found in gas, water and solids, which we later purify.

We are rigorous in our handling, management and monitoring of cyanide due to its hazardous potential. Our approach to this material involves:

- identifying all associated hazards;
- strictly controlling all cyanide levels in our tailings;
- monitoring air, soil, surface and ground waters;
- providing environmental monitoring results to public authorities; and
- delivering environmental protection measures, including the design, construction and monitoring of tailings dams, and the monitoring of water sources and quality, riverbed changes and associated drainage.

Furthermore, to ensure there is no waste element, we always use 100% of the volumes of cyanide we purchase. We also take a rigorous approach to the transportation of hazardous materials, and in 2015 we did not transport, import or export any waste deemed hazardous under the terms of the Basel Convention 2, Annex I, II, III and VIII.

### Materials<sup>1,2</sup> (t)

	2015	2014	Change, %
Quicklime	21,718	18,553	17%
Grinding balls	15,303	16,033	-5%
Sodium cyanide	8,495	7,497	13%
Concrete	7,479	12,350	-39%
Perhydrate	6,870	5,590	23%
Collectors	1,823	–	NA
Soda	1,093	1,388	21%
Frothers	790	36	2093%
Caustic soda	621	815	-24%
Flocculants	513	462	11%
Butyl xanthate	505	721	-30%
Sulphate of copper	460	797	-42%
Zinc powder	359	303	18%
Acetate or lead nitrate	275	255	8%
Magnesium sulfate	269	40	572%
Perlite, diatomaceous earth	233	228	2%
Activated carbon	154	285	-46%
Hydrochloric acid	98	97	2%
Hex	33	15	117%
Sulfamic acid	18	56	-67%
Chlorinated lime	21	87	76%

<sup>1</sup> Used for processing, excluding mining.

<sup>2</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

### Total waste generated 2013-2015 (Kt)

	2015	2014	2013
<b>Total waste generated</b>	<b>69,878</b>	<b>79,411</b>	<b>81,118</b>
– transferred and neutralised	16	18	19
– disposed	56,836	63,624	60,288
– reused	13,026	15,779	20,811
Reused of total waste (%)	19	20	26

### Overburden and tailings (Kt)

	2015	2014	2013
Overburden	59,338	67,944	71,404
Tailings	10,495	10,707	8,925

### Waste management (Kt)<sup>1</sup>

	2015	2014	2013
Hazardous waste	15	17	17
Non-hazardous waste	69,843	79,356	81,060

<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

GRI G4-22

### Energy

The very nature of our work means that our operations involve significant energy use. Due to the wide geographical spread of our business, our facilities are also often situated in remote locations, where extreme weather and limited grid power combine to make us dependent upon diesel as a fuel source. Along with the gas we procure from third-party suppliers, this diesel accounts for the bulk of our total direct energy consumption – primarily for heating, powering equipment and vehicles.

### In-house electricity generation

To ensure energy security for our operations, we also use coal mined at our production sites as an internal energy source, as well as company-owned diesel generators. In 2015, in-house power generation accounted for 34% MWh of our total electric power consumption. Our existing power generation capacity includes:

- stationary diesel power plants – increase of 2.8% in 2015 compared to 2014;
- mobile diesel power units – increase of 9% in 2015 compared to 2014.

In 2016, we plan to increase power generation capacity by 29% by:

- commissioning two new stationary diesel power plants and increase aggregated capacity by 19%;
- commissioning six new mobile diesel power units and increase aggregated capacity by 6%;
- revamping a diesel generator unit within the in-house stationary power plant.

### Energy consumption<sup>1</sup> (thousand gigajoules)

	2015	2014	2013
<b>Direct</b>			
Diesel (transport and mobile machinery)	1,875	1,268	2,687
Diesel power plants	2,177	2,093	2,106
Electricity generated	822	774	735
Heat generated	558	455	559
Coal	613	414	371
Natural gas	180	227	243
Petrol for transport	41	36	32
<b>Total</b>	<b>6,264</b>	<b>5,267</b>	<b>6,734</b>
<b>Indirect</b>			
Purchased electricity	1,618	1,580	1,489

<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

### Energy intensity

	2015	2014	2013
Energy intensity (GJ per Kt of ore processed)	728	791	765
Ore processed (Kt)	10,821	11,300	10,749

### Energy efficiency

In addition to expanding and maintaining our operational power infrastructure, we are committed to achieving energy efficiency and savings wherever we can. As part of this commitment, we are also pursuing strategic options for renewable energy usage.

Balancing our energy requirements with the need for efficiency is, of course, a challenge. However, as part of our overall commitment to sustainability we engage in a range of measures designed to improve our efficiency performance.

For example, we:

- carefully plan the amount of power resources we need to achieve operational reliability and effectiveness;
- provide our operations with the requisite amount of fuel within a set period of time;
- monitor power supply and consumption against approved budgets and energy efficiency targets;
- conduct regular energy efficiency audits across our operations; and
- appoint external agencies to inspect our operations and resolve power supply issues.

In 2015 we continued to refurbish our main power infrastructure and install new equipment to help improve our operational efficiencies. For example, we:

- refurbished the Kubaka plant heating system, connecting the Merrill-Crowe heat line to the stationary diesel plant's heat utilisation system; this development resulted in the decommissioning of a 2 MW modular boiler, saving 198 tonnes of diesel fuel during the winter season
- developed upgrade plans for 2016, including the improvement and implementation of Automated Power Consumption Management Systems at the Lunnoye and Kubaka plant energy complexes.

In addition to these measures, we have:

- installed Digital Control Systems (DCS) and Automated Metering Systems (AMS) so we can manage operational processes online;
- created optimal power backup systems;
- introduced energy efficiency indicators to key stages of production, such as mining, processing, transportation, storage and power generation; and
- started to use electric underground equipment.

# Driving efficiency and improving environmental performance

## Alternative energy sources

We are committed to assessing options for deriving energy from alternative sources. During 2015, we conducted a feasibility assessment into the use of a heat pump station for the generation of heat and the production of fuel and lubricants. We also assessed the potential for using an organic Rankine cycle to generate power from low-grade heat sources at the Amursk POX plant.

## Energy savings

In support of our sustainability commitments, across our sites we have implemented a range of energy saving initiatives. These include:

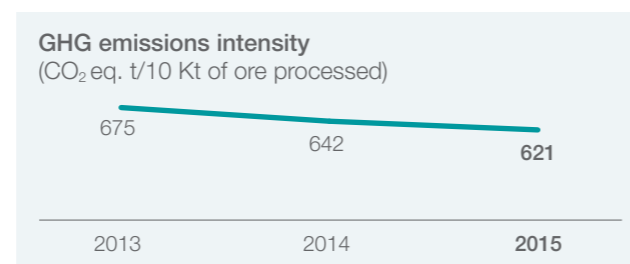
- conducting feasibility studies for a range of new energy products and technologies;
- introducing fuel and energy resource metering;
- using heat from compressors to warm production buildings;
- transitioning to electric underground equipment at Mayskoye;
- installing frequency control drives and soft starters;
- installing LED lighting;
- conducting annual competitions for best ideas for energy saving; and
- introducing Group-wide energy audits on a five-year basis.

## Greenhouse gas emissions

Heat and electricity from our diesel generators, as well as our mining fleet operations, produce greenhouse gas (GHG) emissions. The burning of natural gas and coal and the use of landfill also contribute to our GHG output.

We measure and monitor our CO<sub>2</sub> emissions using established international methodology. In 2015, direct CO<sub>2</sub> emissions linked to our operations amounted to 244 Kt compared to 304 Kt in 2014 and 327 Kt in 2013. We set out the indirect emissions and other pollutants released during production in the table opposite.

Between 2012 and 2014 we saw an increase in pollutant emissions as a result of the expansion of our mining activities and energy usage. However, during 2015 Polymetal emitted no ozone depleting substances and our organisational efficiency improved overall. In order to minimise future emissions, we will continue to ensure that our vehicles and mining equipment are modern and compliant with European quality standards, and feature the most up-to-date technology.



## Greenhouse gas emissions<sup>1</sup> (Kt)

	2015	2014	2013
<b>Total GHG emissions</b>	<b>672</b>	<b>725</b>	<b>725</b>
– direct GHG emissions <sup>2</sup>	244	304	327
– indirect GHG emissions <sup>3</sup>	428	420	398

	2015	2014	2013
GHG emissions intensity (CO <sub>2</sub> eq. t/10 Kt of ore processed)	621	642	675
GHG emissions intensity (CO <sub>2</sub> eq. t/Koz GE)	480	507	566

## Other pollutants (t)

	2015	2014	2013
Sulphur dioxide (SO <sub>x</sub> ) <sup>4</sup>	614	304	276
NO <sub>x</sub> , (Nitrogen oxide + dioxide)	1,361	1,493	1,358
Inorganic dust (solid particles)	4,619	4,125	3,750
Carbon monoxide (CO)	1,823	1,852	1,684

<sup>1</sup> From 30 June 2015, the Group began calculating GHG emissions according to the guidance approved by the Ministry of Natural Resources of the Russian Federation by the order N300 from 30.06.2015.

<sup>2</sup> Direct emissions include: CO<sub>2</sub>-equivalent emissions produced by combustion of fuel (diesel fuel, petrol, gas, coal) and use of electric power when operating own power-generating facilities, automobile transport, and main and auxiliary mining equipment.

<sup>3</sup> Indirect emissions include: CO<sub>2</sub>-equivalent emissions that relate to the generation of power purchased (imported) by the Company's operations.

<sup>4</sup> The increase of SO<sub>x</sub> emissions in 2015 is due to growth of heat energy generation and volumes of coal used.

## GRI G4-22

## Planning for mine closures

Mine closure planning forms an integral part of the development of all our mines and projects. As all sites will eventually exploit their mineral resource and ore reserves, it is essential that we plan responsibly for the end of each mine's operational life. For this reason, as soon as we begin developing a project we undertake an in-depth assessment of potential closure liabilities.

Our long-term remediation obligations include:

- meeting decommissioning and restoration liabilities in compliance with the regulatory requirements of the countries where we operate;
- meeting suspension or abandonment costs; these are covered by the Company or, in the case of joint ventures, by Polymetal and its partners, with legal and rehabilitation costs proportional to the share of ownership and determined by relevant national laws; and
- carrying out geological, surveying and repair works to ensure that, once a mine is suspended or abandoned, underground operations, drilling sites and buildings are not hazardous or dangerous, and environmental rehabilitation is also undertaken.

## Disturbed and rehabilitated land<sup>1</sup> (hectares)

	2015	2014	2013
<b>Amount of leased and owned land, total</b>	<b>14,543</b>	<b>12,343</b>	<b>11,762</b>
Land disturbed as of 1 January	8,971	8,136 <sup>1</sup>	7,411
Land newly disturbed for the year	1,078	803	744
Land newly rehabilitated for the year	1,519	(42)	(18)
Remaining disturbed and not yet rehabilitated land as of 31 December	8,530	8,897	8,136

<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

## Progress against goals within our action plan 2015-2017

Our action plan for 2013-2017 is geared towards the continuous improvement of our environmental footprint. Our action plan targets, and the progress we have made against them, are set out below:

We said...	We did...
We would rehabilitate the pits in the Ozerny area.	Completed reclamation.
We would reconstruct the dump facility for solid domestic and industrial waste in Lunnoye.	Began reconstruction works, due to be completed in 2016.
We would increase throughput of the emergency and storm wastewater purification station at Vorot.	Completed feasibility studies and estimations to define methods for throughput increases.
We would construct a sewage collector linking the Amursk POX plant to a mechanical sewage purification station.	Developed, constructed and launched the sewage collector.
We would recycle industrial waste in Mayskoye.	Received licence for recycling, with operations due to start in 2016.

## Plans for 2016 and beyond

Looking ahead, we plan to:

- Complete the reconstruction of the dump facility for solid domestic and industrial waste in Lunnoye;
- Start the recycling of industrial waste in Mayskoye;
- Carry out external audits and stability assessments of tailings dams, and deliver project updates;
- Obtain approval for our carbon management policy;
- Launch a biodiversity offset assessment programme at one of our production sites, and expand to other sites if successful.



# Land reclamation at Kubaka



## In 2015, the reclamation of Kubaka plant's tailings pit and surrounding land entered its final phase.

Polymetal inherited the 90 hectare site in the Kolyma Region from a Canadian mining company, whose early efforts at environmental restoration were never completed.

With about 15 hectares in urgent need of large-scale landscaping works, in 2014 Polymetal began to prepare the land for reclamation, focusing on a return to healthy forest area and fertile soil conditions.

In 2015 the Kubaka plant team accelerated the restoration project, calling in geo-botanic specialists to assess the site and identify grass and plant varieties that might thrive there.

Our teams worked alongside staff from the Northern Institute of Biological Issues, developing regeneration plans which balanced the interests of both miners and scientists. These plans were awarded a grant from the regional innovation contest, which enabled our teams to progress with the grassing of the site.

As part of these efforts, scientists tested more than 10 high-quality native plants at Kubaka, drawing on the expertise of the Yakut Research Institute to assess seed resistance under deep frost conditions. They then planted the most robust varieties, using a hydro-seeder formerly belonging to the previous owner, together with annual oats to help protect the young seedlings from direct sunlight and wind.

In June 2015, the first of the new grasses appeared, confirming the success and sustainability of the methods used at Kubaka. The new grass marks the beginning of the final

phase of reclamation, which in due course will see the former tailings pit and site – a territory equivalent in size to 140 football pitches – given over to rich Kolyma flora and natural landscape. In autumn 2016, our scientific teams will analyse the health and condition of the new grasses and plants, using Kubaka as a template for future reclamation projects at other depleted Kolyma mining sites.

*"After 20 years of ecological stagnation, this was the first reclamation project of its kind in the Kolyma Region. With very thin fertile soil layers up here in the North, we required a lot of expertise and innovation in order to re-establish conditions that would be good for vegetation. But we did it, and Kubaka – once a lunar landscape – is now a beacon of environmental restoration."*

**Anatoly Moskalev**  
Environmental Engineer,  
Omolon Hub

# Air clean-up at Voro

**In 2015, we installed a new generation 'gas wet cleaning system' at our Voro CIP (carbon-in-pulp) plant. Designed to remove dust and harmful gases from industrial emissions, the new system delivers air cleaning efficiency of 90%, and will help to enhance the overall environmental performance of the site.**

At the heart of the new system are Vorteks Multi-Cyclone Scrubbers, manufactured in Novosibirsk (Russia), which employ state-of-the-art dispersed Vorteks technology. Polymetal has planned for the installation of five units at the Voro plant, with a view to replacing old and highly inefficient ion exchange filters that have been in operation since the site first came into commission.

Following a period of intensive pilot testing and assessment, two wet cleaning units were installed in the plant's hydrometallurgy area. Three more units will be purchased and installed in 2016, as the Voro plant commits to clean up its act on air emissions and provide healthier and more environmentally friendly working conditions.

*"The main advantage of the new units, compared to the old frame ion exchange filters, is the efficiency of dust and trace gas removal from the flue gases. The Vorteks scrubbers can operate at much higher dust loads and do not require filter regeneration or replacement. The air going through the Vorteks filters is cleaned of dust and gases and then released into the atmosphere. Based on the performance so far, we may well look into rolling out these units across other sites within the Group."*

**Elvira Bas**  
Environmental and Industrial Sanitation Manager





# Committing to our people, committing to our future

The training, development and well-being of our employees is of paramount importance. Each year, we invest heavily in these areas as part of our commitment to our people and the long-term future of our company.

GRI G4-24



## Who is responsible?

- Group CEO, HR Director and his team, internal communications department, managing directors and HR teams at our operations



## What guidelines do we follow?

- UN Global Compact, Group Code of Conduct, National Labour Code, Standard Regulation on Social Conditions and Service Quality Control, Human Resources policies, Collective Agreements



## Stakeholders

- Employees, specialised agencies, suppliers



## Priorities

- Develop Human Rights policy; recruit and retain engaged and motivated employees and interns, develop career pathways, improve communications with employees, enhance training programmes



## Material Aspects

- Employment
- Labour/management relations
- Training and education
- Diversity and equal opportunities
- Equal remuneration for women and men
- Labour practices and grievance mechanisms
- Occupational health and safety
- Non-discrimination
- Freedom of association and collective bargaining
- Human rights



# Maintaining a fair and inclusive environment

GRI G4-26

Building a motivated, loyal and capable workforce is critical to the expansion of our business. Every year we work to develop our employees' skills and knowledge and enhance our leadership capabilities, creating the human capital we need to sustain our operations long into the future. We are also committed to making Polymetal a highly attractive place to work; to this end, we offer equal terms of recruitment and employment and pay competitive salaries that benchmark well within the industry.

## Our approach

Our approach to human resources involves creating a fair and inclusive environment, which will enable us to attract and retain the best people. By rewarding good performance, developing talent and protecting health and safety, we aim to create an environment in which our people feel supported, listened to and looked after. In return, we expect all employees to sign up to our Company Code of Conduct.

Our Code of Conduct is underpinned by a range of policies, covering equality, professional development, appraisal, training, resources and skills, organisational design, productivity, and motivation and reward.

It also sets out our positioning on issues like bullying and harassment, bribery, drugs, entertainment and gifts, government relations, anti-trust and anti-competition laws, community relations, insider dealing, data protection, transparency and disclosure, and environmental protection.

By ensuring our employees comply with our policies and strictures on these issues, and by listening and responding to their concerns, we are building a company culture based on mutual understanding, respect and trust.

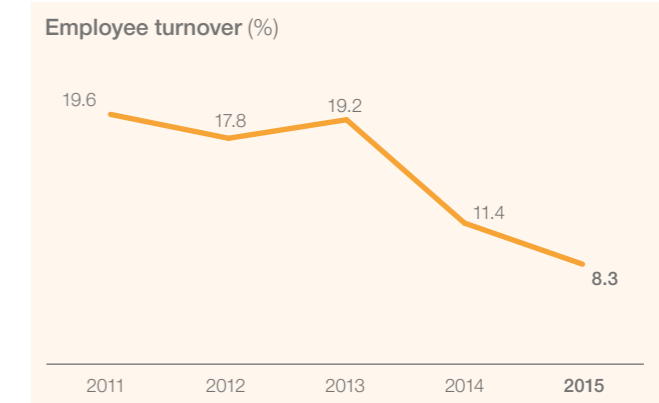
## Headcount and turnover

At 31 December 2015, we employed 9,238 people compared to 9,180 in 2014 across the Group's research, development, design, exploration, production, logistics and management activities. This increase in headcount was a result of new project works getting underway at our Kyzyl and Svetloye sites. Due to the demanding nature of the work and our remote site locations, the majority of our people work on a 'fly-in/fly-out' basis. Each year, on average around 51% of our total headcount is made up of shift workers.

Over the last six years, we have been steadily reducing our average employee turnover rate (including fly-in/fly-out operations). In 2011 this rate was 19.6%, compared to 17.8% in 2012, 18.5% in 2013 and 11.4% in 2014. In 2015, we reduced our turnover rate further to 8.3%. This achievement is partly attributable to the complex macroeconomic environment which has impacted labour markets. However, our efforts to promote internal employee mobility have also made a key contribution, as have our employee training and development programmes and the favourable working conditions we have created.

Established in 2014, the Polymetal Human Resources Committee is responsible for planning staff rotations and filling key positions internally. The Committee plays a vital role in helping to reduce employee turnover, and in 2015 it reviewed a Group-wide employee job satisfaction survey. Measuring satisfaction levels with, inter alia, compensation, labour conditions, living conditions, organisational processes and corporate culture, the survey returned an overall a Job Descriptive Index (JDI) of 72%, up from 65% in 2013.

The results show high satisfaction levels across the business – on average over 65% in all areas, and rising to 78% against working environment criteria. Providing a comprehensive view of core aspects of our culture and operations, the survey sample comprised 3,400 employees across 13 production sites. Along with positive feedback, the survey also captured issues and concerns which we will address in 2016.



## Employment policies

Our main employment objectives have been defined in line with the UN Global Compact and International Labour Organisation Principles. They are primarily focused on building an employee base that is fully aligned to our organisational goals, and providing incentives and conditions that promote and protect personal safety. We are also committed to the continuous improvement of employee skills and capabilities to ensure we have the right people in place to drive and grow our operations.

In support of our employment objectives, we have developed a range of policies and procedures which are coordinated by our Group Head of Human Resources at our Russian headquarters in St. Petersburg. Our Human Resources Committee and operating subsidiary managing directors implement these policies in collaboration with relevant HR teams. The policies cover:

### Workforce diversity and discrimination

Deeply committed to equal opportunities and terms of employment, we actively recruit people on merit and do not discriminate on any grounds, including gender, race, skin colour, religion, nationality, social origin and political opinions. One of our core focus areas is creating conditions which promote the inclusion of women in our workforce and leadership teams. In addition, we are fully compliant with national and international standards relating to staff and management quality, ensuring that we provide a working environment built upon fairness and respect.

In 2015, there were no reported cases of discrimination within the Group.

### Anti-corruption

We work hard to raise awareness of corruption and its potential impact on our business. Across the Group, we have implemented a range of measures intended to help prevent corruption and fraud among our employees, contractors and suppliers.

We continued our training curriculum on all aspects of corruption in 2015. We held 62 seminars on anti-corruption measures, which were attended by 1,000 Polymetal employees, including all regional managing directors.

During the year, the instances of corruption identified within our business were limited to minor fraud relating to purchasing, equipment inventory, supplier lobbying and the quality of materials and equipment. Three managers were sanctioned for fraudulent activities and 11 managers were dismissed. None of these cases had a material impact on our operations or financial position, and no court cases relating to corruption were brought against the Company or any of our employees.

### Motivation

Polymetal is deeply committed to motivating and engaging its workforce. We work to enhance our employees' commitment and performance by inspiring them and recognising their achievements. Competitive salaries, output-linked remuneration, effective feedback and good social benefits all serve as key motivation measures.

### Induction

All new Polymetal employees are immersed in our Company codes of conduct and culture. The successful integration of new employees helps us to ensure that our values are shared and our mission and vision are upheld.

### Training and education

Each year we make significant investment in our employees' capabilities and skills. Through training and development, we enhance employees' performance and ensure they can meet the Company's commercial and operational objectives. At the same time, we support our people in their career development and advancement.

### Employee appraisal

We conduct employee appraisals and assessments against performance targets, delivering constructive feedback to help maximise effectiveness for the benefit of the individual and the organisation as a whole.

### Organisational design

Operational and organisational efficiency form a core part of our commitment to sustainability. To help achieve efficiency at all levels, we have streamlined roles across our operating companies, centralised our management functions, and where fitting implemented rotating schedules.

### Headcount

Across our operations, we aim to achieve sustainable cost reduction by automating inefficient manual processes. Through the use of cutting-edge automation technology, we are able to reduce costs without necessarily reducing employee headcount as employees are typically allocated to new projects across the Group.

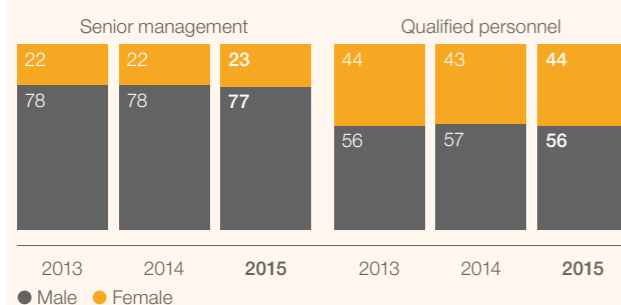
# A highly attractive place to work

## Diversity

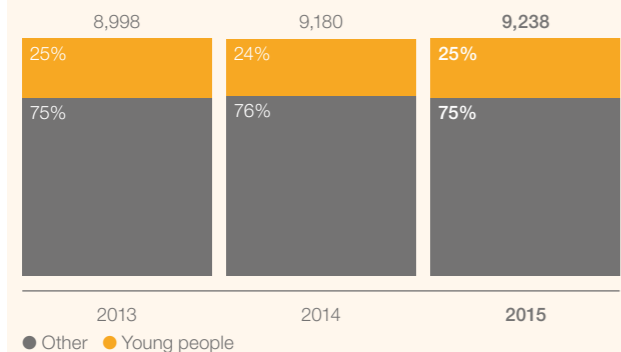
In 2015, women occupied 23% of our senior management roles, compared to 22% in 2014, and represented 44% of our qualified personnel. Women also made up 22% of our Board and 23% of our total workforce.

We have also been working with 12 universities and five technical colleges to enable internships, placements and other opportunities for young people. During 2015, people under 30 accounted for 25% of our workforce.

Gender composition (%)\*



People under 30 in total headcount\*



## Salaries and benefits

We are firmly committed to acknowledging and rewarding employees' hard work and achievements. To help us attract and retain the best candidates, we offer competitive salaries and benefits which exceed regional averages in our areas of operation. Our long-term incentive programme, meanwhile, links directly to share price performance.

The Polymetal pay structure is built around a base salary. Our operational staff receive a time-paid salary based on the number of hours worked and the amount of work completed, plus monthly and annual bonuses. Our policies and procedures in these areas are fully compliant with, and indeed exceed, all legal requirements in Russia and Kazakhstan.

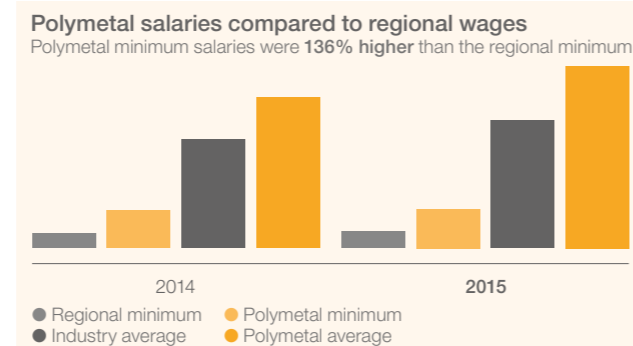
In addition, we provide annual bonuses for selected professional employees. These bonuses are linked to targets based on Company KPIs. We have also developed a range of social support and compensation measures, including:

- financial aid for those experiencing difficult life circumstances;
- partial sponsorship of a kindergarten, afterschool activities and a holiday camp;
- compensation of travel costs for those travelling to remote sites from other regions;
- reimbursement of holiday travel costs for all family members for those working in remote locations once every two years;
- housing support; and
- covering interest payments on employee mortgages.

In 2015, we maintained our reputation as a progressive and attractive employer in the regions where we operate. For the eighth time we were awarded an Attractive Employer Award, which demonstrates the trust with which candidates view Polymetal, and confirms our credentials as a promising company with a stable market position.

During the year we sustained stable wage growth in line with inflation. We also continued to meet our commitments to improving working and living conditions for employees, particularly those engaged in shift work in remote locations. Our main efforts in this area included infrastructure improvement and development at Varvara, Omolon and Lunnoye. At Varvara, we built a new dormitory for 60 employees and renovated the canteen facilities; and at the Omolon facilities we installed saunas and built a new gym; while at Lunnoye (Dukat hub) we renovated an entire housing estate for duty personnel.

Additionally, at Albazino we began constructing a large dormitory for 100 people and in Mayskoye we completed a new gym, recreation room and dormitory.



GRI G4-27

## Training and development

We are continuously working to enhance the skills and capabilities of our people, and each year we invest in Group-wide training and development programmes. These programmes have been structured to help build the workforce we require to meet our Company objectives over the long term, and to provide opportunities for our employees to progress and develop in their careers.

Our comprehensive training programme, which covers general operational and technical aspects of our business, is delivered as part of an employee appraisal system. This system is designed to measure each individual employee's development and structure their career progression. Each time someone joins Polymetal, we conduct a preliminary appraisal which helps to shape and inform a detailed training plan.

For general managers and technical specialists, we provide rigorous external training via our network of corporate training centres. We have also created the Polymetal Talent Pool with a view to developing the next generation of skilled managers. In addition, in order to expand their professional horizons and developmental stimuli, we give key employees the opportunity to attend training sessions held by other international mining companies.

For the past six years, we have offered a distance learning programme for pre-certification training in industrial and occupational safety. This system complements the work of our training centres and on-site teaching facilities; it aims to enhance productivity and effectiveness, and is of particular benefit to employees in remote locations.

### Training in 2015

*In-house and external training*  
In 2015, we invested US\$678 thousand in professional training across all areas of the business, which amounts to \$149 per trained employee for the year. In total, more than 8,000 employees (88% of our headcount) received some form of professional development training; In 2015, the number of employees trained in-house increased by 53%. The average number of hours of training received by both male and female employees was 63, while managers and qualified employees received 35 and 54 hours respectively.

### Talent pool

All employees enrolled in the Polymetal Talent Pool continued to receive targeted assessments based on their professional merits, as well as individual development plans designed to meet their training requirements. Talent Pool candidates received training on effective communications and conflict management, and seven of these candidates were promoted to key positions within the company. 16% of our internal

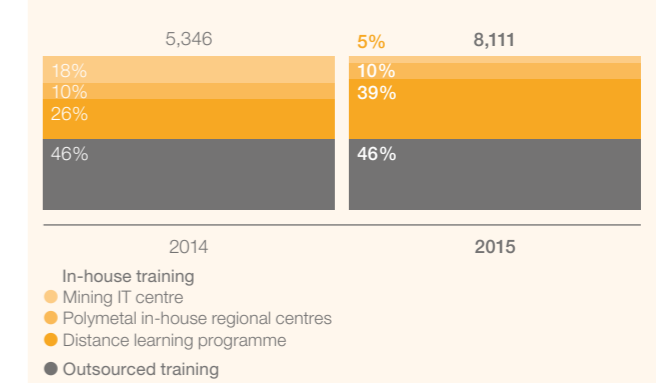
recruitment needs were met by Talent Pool candidates, 68% by other in-house promotions, and 16% through external recruitment. In total, we filled 37 of 44 top-level posts through in-house resource allocation.

### Programmes for young people

We also rolled out an activities schedule designed to prepare our younger employees for the leadership challenges of the future. In 2015, these activities focused on management skills development, including effective HR management, change management and decision making. In 2016, we will be focusing on professional skills development in relation to occupational health and safety, production control, construction, mine planning and business ethics.

In keeping with past years, in 2015 we held a scientific and industrial conference for young professionals. Taking place in three regions simultaneously – Magadan, Amursk and Kostanay – the conference attracted 32 participants, compared to 16 in 2014. During the conference sessions, young professionals were able to discuss their research interests and explore career development opportunities. We also held a contest for best project proposal, the winners of which will be presented at the International Forum of Young Scientists at the Mining University of St. Petersburg in April 2016.

Training (number of employees trained)



## Employee relations

As part of our commitment to progressive employment practices, we support our employees' rights to freedom of association and collective agreements. In 2015, 100% of our employees were covered by collective bargaining agreements at our operating sites in Russia and Kazakhstan. At each site, we have established Labour Relations Commissions (LRCs) which enable discussions on work-related issues to take place between our employees and the Company. We have also created Workers' Councils and devised a system of formal feedback sessions. We provide employees with an opportunity to communicate queries or concerns to senior management via their line managers, meetings, suggestion boxes, email or telephone. In 2015, 814 enquiries were received, all of which were responded to.



# Enhancing employee opportunities

We have an excellent track record in regulating employee relations. Our experience in this area is framed by a system of social partnership based on the following principles:

- equality of the parties;
- consideration of mutual interests when developing, adopting and implementing decisions relating to Polymetal's operations;
- strict compliance with local social and labour regulations;
- constructive dialogue between social partners on all social and labour issues;
- zero tolerance on any form of slavery and human trafficking.

**Changes to key employment terms and notice periods**  
In support of these social partnership principles, changes in working conditions and other significant events are communicated to employees in a timely and appropriate way.

The amount of notice given to employees for changes to key employment terms is covered by collective agreements and complies with appropriate legislation in the country of employment.

In the Russian Federation, the notice period for changes in employment terms due to organisational change; changes to operational working conditions; changes in, or introduction or review of worktime standards; or upcoming dismissal due to Company liquidation is two months before changes come into effect. In the Republic of Kazakhstan, the notice period for these changes is one month.

## Progress against goals within our action plan 2015

We said...	We did...
We would enhance the efficiency of training received by employees in the Talent Pool.	Provided a new management course for the Talent Pool employees; delivered an internal communications course for young leaders in the Khabarovsk Region.
We would expand training programmes and course diversity across the Company's training centres, and select external training providers more carefully.	Increased the share of in-house training for 53% of staff; achieved ratio of internal to external training of 54% to 46%, primarily due to expansion of internal corporate courses, which allowed the Company's training centres to compete with external providers.
We would continue our collaboration with leading universities to attract talented young students to the Company via targeted internships.	Continued to cooperate with leading universities and technical colleges to attract talented students; in 2015 we employed 18% of the students who undertook internships at Polymetal. We also developed and launched our Quick Start programme, which aims to attract talented students graduating in economics and provide financial and economic managers with the necessary competencies to work in the Company; two candidates have been selected to date.
We would develop training for specific roles where 'skills bottlenecks' have been identified, e.g. Processing Plant Superintendent, Chief Engineer and Maintenance Superintendent.	Developed and implemented training programmes for technicians and engineers working at plants, as well as for managers and key technical workers.
We would further develop employee feedback via new channels with a view to improving our Internal Corporate Portal.	Increased promotion of the feedback channels and boosted awareness.
We would maintain existing levels of employee turnover.	Reduced turnover by 28%, from 11.4% to 8.3%.

## Plans for 2016 and beyond

Looking ahead, our key objectives for 2016 and beyond are as follows:

- promote safe behaviours and risk assessments to help decrease LTIFR;
- keep our turnover rate level at less than 10%;
- develop our young leaders' skills according to our new programmes implemented in 2015;
- conduct targeted training for engineers;
- launch new courses at our Mining IT centre;
- launch a new training centre in our regional Khabarovsk subsidiary;
- conduct targeted training for employees involved in underground mining;
- progress 30% of our interns to full-time employment.

# The Polymetal Self-nomination Programme

## In 2015, we introduced a new employee development scheme called the Self-nomination Programme.

Comprising an innovative online platform, the Self-nomination Programme aims to offer all employees equal opportunities for development and progression within the Company, while enabling us to locate potential future leaders and ambitious and resourceful young specialists.

Hosted on the Company's corporate web-portal, the new programme encourages young members of staff to put forward their ideas, achievements and credentials and make a case for accelerating their professional development. Some of those

selected are then invited to take part in a focused research and production programme.

Since March 2015, 14 people have applied through the portal to participate in the research and production programme, while 24 have applied for Self-nomination membership with 6 employees accepted. The programme will continue in 2016 and beyond, with a view to expediting the search for new talent within the Company and developing a pipeline of expertise and capabilities for the future.

*"I nominated myself for the Self-nomination Programme because I wanted to achieve a broader overview of the Company and apply my knowledge and skills to enhancing Polymetal's mining and technological mapping capabilities. I wanted to work with various deposits, including platinum group metals, and following my Self-nomination application I was promoted to Head of Mineralogy at Varvara. It's a dream come true. The Self-nomination Programme is a wonderful scheme and I urge other employees to get involved."*

**Nadezhda Guseva**  
Head of Mineralogy at Varvara, and former Deputy Head of Mayskoye Lab

- Overview
- Environment
- Employees
- Communities
- Economic
- Appendices



# Putting health and safety first

Keeping our employees safe and well is a key priority for Polymetal. Our people are our greatest asset, and maintaining their health and well-being is critical to our future success and sustainability. We are committed to creating safe working environments across our operations and meeting stringent health and safety standards.

GRI G4-24

Overview

Environment

Employees

Communities

Economic

Appendices



## Who is responsible?

- Group CEO, Chief Operating Officer, HSE Director, Head of Health and Safety, managing directors, chief engineers and health and safety managers at our operations, HR department



## What guidelines do we follow?

- UN Global Compact, Group Code of Conduct, Health and Safety Policy, OHSAS 18001, ILO-OSH 2001 and management systems relating to labour protection, adhering to national occupational safety standards



## Stakeholders

- Employees, specialised government agencies, independent auditors



## Priorities

- To achieve zero harm, reduce and effectively manage risks, and maintain a safe working environment for all employees; promote safe conduct; prevent workplace accidents and work-related illnesses; comply with relevant regulations and standards and embed responsible safety behaviour across every aspect of our operations



## Material Aspects

- Types of injury
- Rates of injury
- Occupational diseases
- Lost days and absenteeism
- Total number of work-related accidents
- Risk assessment and management
- Emergency preparedness



# Strengthening safe practices

GRI G4-26

Mining is, inevitably, a dangerous operation. Our employees work in remote locations and environments where rigorous safety processes can be difficult to uphold. However, it is our responsibility to embed robust procedures across our organisation and safeguard employees' well-being. In recent years we have renewed our focus on health and safety performance, and we are improving the ways in which we engage our people with key issues and embed the right attitudes and behaviours internally. This is a journey of continual improvement and reassessment; we are committed to achieving a zero harm culture in which everyone takes responsibility both for individual and collective safety.

## Approach

Our employees' well-being is paramount and shapes our approach to health and safety. To this end, we consistently look to improve the systems we have in place to ensure our employees are protected.

Since 1998, our underground mining operations have expanded from two projects to nine, with the potential to increase further. Group-wide, we operate 120 production sites and processes, comprising open-pit and underground mines, geological exploration sites, explosives depots and ore processing facilities. There are risks associated with each site, and in Russia and Kazakhstan alone 93 of Polymetal's production facilities have been classified as 'hazardous'. As a result, it is imperative that we promote excellent safety behaviours and create a culture that will ensure our people – and our contractors – operate in safe environments.

Our overall approach in this area is driven by the Company's Health and Safety Policy (implemented in 2013 and updated in 2014) and underpinned by our Occupational Health and Safety Management System (OHSMS). The Policy is available on the Company website, [www.polymetalinternational.com](http://www.polymetalinternational.com), and is well-communicated to all employees and other stakeholders.

We comply fully with health and safety legislation in the states and regions where we work, as well as meeting all relevant international requirements. Additionally, our OHSMS is based on the most up-to-date health and safety standards, including ILO-OSH 2001, OHSAS 18001 and GOST R 12.0.007-2009.

All facilities across our operations are fully insured. Our health and safety programme is structured to enable us to detect, assess and mitigate production risks; safeguard employee health and workplace safety; ensure equipment, buildings and other structures are used safely; and ensure that supervision measures are carefully controlled and internal audits are conducted effectively.

During 2015, our health and safety focus areas were:

- identification and management of underground mining risks;
- automation of production control and workplace conditions;
- further development of individual risk assessment; and
- a continued analysis of our health and safety programme, in order to address the recent deterioration of performance (see page 47).

## Risk assessment

Risk assessment and management form the foundation of our approach to health and safety. Each year, we identify and assess risks across the Group and create risk maps for all our working processes and locations. We then devise high-level plans and programmes to help us reduce these risks.

Within all our operations, we follow a shift-by-shift risk assessment (SRA) model, the aim of which is to enhance employee awareness of workplace dangers; identify and manage risks promptly; and control the accuracy of our risk assessments. SRA is implemented most rigorously in hazardous operational areas, for example automobile transport, mines, and plant and power supply.

## Risk management focus areas

In our approach to risk management, our underground mining projects are a key area of focus. In recent years the intensity and scope of our underground work has increased.

As such, we need to eliminate the risk of rock falls impacting employees. To supplement our risk assessments, we have implemented a mentoring system whereby experienced workers can observe and evaluate colleagues' activities, and share best practice with new employees. To ensure that all safety rules and technological processes are understood, we have intensified safety training, with 8,087 people trained in 2015.

We are also working to ensure that each employee works in accordance with our SRA system.

SRA forms part of an extensive feedback system which provides employees with the opportunity to contribute to risk management across Polymetal. The Company also provides employees with a 'map of personal safety activities' to follow at all times.

Each year, the Company enacts qualitative risk assessments linked to the likelihood and potential consequences of a hazardous event. We then inform employees of these results through a range of communications channels, such as information boards, leaflets, seminars and meetings.

GRI G4-22

In 2015, we identified falling rock as the greatest potential hazard at our sites, with other potential risks including mining equipment damage, road transportation accidents, and building or equipment fires.

## Performance

### Workplace accidents

It is with deep regret that we report that during 2015 there were six fatalities across the Group. Five of these fatalities were at underground operations and the sixth occurred as a result of a road accident. We offer our sincere condolences to the families and friends of those colleagues who lost their lives; we are deeply distressed by their deaths and would like to pay tribute to their dedication and hard work. We are of course covering any related costs and delivering ongoing financial support to the families of the deceased.

Our employees' health and safety is our greatest priority. Our zero harm culture reflects our belief that any fatality, accident or injury within our operations is wholly unacceptable. Over the past few years we have increased our focus on reducing workplace risks and improving the health and safety performance of our employees and contractors. We are extremely troubled to have suffered these fatalities in 2015 and we will continue to prioritise our health and safety activities to prevent further loss of life in the future. In 2016, we aim to return to our previous record of zero fatalities across all sites and operations.

During 2015 there were also 10 non-fatal accidents in total across the Polymetal Group. Of these, two were severe accidents and eight were minor. Again, these injuries contravene our commitment to health and safety and cause us considerable concern. We continue to dedicate significant resources and implement additional measures to safeguard our employees from future injury.

## Health and safety performance

### Company statistics

	2015	2014
Total accidents	16	11
– fatal	6	3
Incidents	0	1
Occurrences	36	25
LTIFR <sup>1</sup>	0.22	0.13

### Contractor statistics

	2015	2014
Total accidents	4	9
– fatal	3	1
Incidents	0	0
Occurrences	16	13
LTIFR <sup>1</sup>	0.12	0.25

### Definition of health and safety terms

**Accident:** an unfortunate event that occurs in the course of work, on the way to or from work, or in a Company vehicle, which leads to mental or physical harm.

**Incident:** an event that gives rise to an accident, or has the potential to lead to an accident (for example, an unexpected explosion and/or the release of dangerous substances).

**Occurrence:** a failure, near miss or dangerous event.

**LTIFR:** Lost Time Injury Frequency Rate per 200,000 hours worked.

<sup>1</sup> Any restatement and variances are due to changes in methodology: we now use 200,000 man-hours rather than one million man-hours for the calculation of LTIFR.

## Analysis and response

To help us understand weaknesses in our safety performance, we implement ongoing analysis of our processes and procedures, and conduct specific investigation and analysis of all workplace accidents.

Of the fatalities that occurred during 2015, three were the result of rock mass fall in underground mines, two involved machinery and one resulted from a road accident. The fatalities due to rock mass fall occurred on 11 February 2015 in the Lunnoye underground mine, on 6 September 2015 in the Mayskoye underground mine, and on 10 October 2015 in the Avlayakan underground mine. On 3 May 2015, a drift miner was fatally injured when replacing a drill bit in the Goltsovoye underground mine, and on 7 September 2015 a blastman suffered fatal injuries in an accident with a charging machine at Mayskoye. On 30 March 2015, a truck driver was fatally injured following a road accident at Lunnoye.

To ensure the events that contributed to these fatalities cannot be repeated, we developed and applied the '5 Whys' principle to conduct our own internal examinations, separate to ongoing investigations by state authorities. Our process involved evaluating all possible health and safety risks, from technological and technical liabilities through to employees' psychological and emotional influences.

After thorough research and analysis, we have drawn comprehensive conclusions and are implementing measures to ensure that factors that could cause such fatalities again are taken into account and addressed. We have informed all employees and contractors of our findings and incorporated these new measures into our Company safety action plan. In addition, we will execute all actions recommended by state authorities, following completion of their investigations.

# Applying rigorous assessment to improve health and safety performance

To enhance personal safety and risk awareness across our operating mines, we have put in place a number of processes to help identify issues and devise corrective and preventative measures. Polymetal continuously monitors employees' disciplinary procedures and reviews the safety performance of the technical staff at the most problematic operations.

Although our Lost Time Injury Frequency Rate (LTIFR) increased 69% during the year, the reduction of our LTIFR and attainment of a zero Fatal Injury Frequency Rate (FIFR) remain critical KPIs. Achieving these objectives is our foremost priority, and we are working to improve our performance in these areas in the future.

### New system implementation and actions

As part of a Group-wide response to these fatalities, in 2015 Polymetal took immediate action to tighten safety procedures. We launched pilot projects to test a more protective underground development system, and increased and upgraded our mining fleet. To counter persistent geotechnical problems with ore stability, we also accelerated a planned transition from drift-and-fill mining to sublevel open stoping with backfill at Mayskoye. This will ensure employees are not exposed to rock falls in the partially broken slopes, as all development and production drilling will be done from waste openings. The Company also significantly increased the weighting of safety KPIs for senior management remuneration, including the Group CEO and operations managing directors.

As a consequence of fatalities and injuries during between 2013 and 2015, we continue to refine our existing OHSMS. This system is currently undergoing a three-stage external audit, for which we hired the external assurance agency Bureau Veritas. Covering a three-year period, the first stage was completed in 2015, when four production sites were audited. During 2016-2017, four more subsidiaries will be audited randomly each year to evaluate the efficacy of our system.

Following preliminary findings, in 2015 we implemented a number of new safety initiatives, including:

- reinforcing transport speed control and safety monitoring;
- changing the incentive system where it has led to unsafe conduct for the jobs affected by certain risks (drifters, supporters and blasters);
- reviewing training programmes with a focus on key risks;
- visualising risks, consequences and personnel conduct in specific situations;
- improving the quality of safety checks and increasing the number of checks by independent external auditors;
- ensuring the geotechnological conditions assessment and management loop function effectively; and
- expanding and upgrading our geotechnical capabilities.

We also automated data and safety reports delivered by ERP software. Information is now available in a unified, searchable database and processes can be overseen online. This improves workplace safety and reduces time spent waiting for information, performance indicators or reports. This new system serves to simplify tracking and management; eliminate manual processes; improve operational efficiencies; minimise emergency response times; ensure proper review of new materials; and reduce safety and compliance risks.

In addition, we launched a system to scan shift-by-shift risk assessment cards. This enables us to collect information and implement a system to detect data automatically, categorise risks, respond to urgent cases and analyse dynamics.

### Emergency preparedness

An important aspect of our health and safety programme is ensuring preparedness for any emergency that may jeopardise the well-being of our employees.

Each year, we perform simulated emergency events and deliver training at least annually within each of our 93 hazardous production facilities. Within the most high-risk sites, we conduct more frequent emergency preparation sessions, sometimes on a monthly basis.

In our processes to ensure emergency preparedness, we comply with the requirements and legal obligations of the countries in which we operate. In addition, each Polymetal facility possesses Accident Prevention plans, developed collaboratively with local emergency authorities. We also train our in-house rescuers and have contracted professional companies who specialise in life-saving services and accident prevention.

To maintain our emergency preparedness we:

- continuously enhance our OHSMS implemented across all our operations;
- ensure our operations possess full licensing for relevant safety activities;
- enact safety audits across all buildings, constructions and technical facilities used in hazardous activity; and
- sign mandatory liability insurance agreements to indemnify harm caused by potential accidents in hazardous production facilities.

To identify potential accidents that could adversely impact the environment we:

- prepare the list of relevant accidents;
- ensure that our hazardous facilities are included in the official state register;
- prepare emergency response plans; and
- provide insurance for hazardous industrial facilities.

We analyse the following:

- historic accidents that have negatively impacted the environment;
- audits and inspection results and reports, environmental impact assessments, project safety examinations and hazardous production facilities inspections;
- audit reports of state controlling bodies; and
- environmental monitoring data.

### How we ensure emergency preparedness

Our emergency preparedness and response procedure (part of the Environmental Management System), comprises three stages and has been in effect since 25 December 2014).

#### The design stage ensures:

- design standards' compliance, pilot launches and testing;
- independent project expertise; and
- permission for operation and maintenance.

#### The operation stage ensures:

- the compliance of design during operation;
- personnel training and obtaining licence to operate;
- operational control;
- environmental monitoring and comprehensive inspections under the chief engineer's supervision;
- environmental safety compliance by suppliers and contractors; and
- training during simulated emergency events.

#### The emergency response and investigation stage involves:

- assigning responsibilities in case of emergency;
- ensuring financial provisions are available to compensate negative impact; and
- amending designs where applicable.

### Responsive measures for the increased number of fatal occupational injuries in 2015

Organisational	Technical	Motivational
<ul style="list-style-type: none"> <li>• Development of safety culture training</li> <li>• Review of the extreme risks list</li> <li>• An additional external audit of OHSMS</li> </ul>	<ul style="list-style-type: none"> <li>• Underground mining technology optimisation</li> <li>• The purchase of mining equipment, which reduces the use of manual labour</li> <li>• Reinforcement of transport speed controls and safety monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Development of an individual risk assessment system</li> <li>• Development of a risk visualisation system</li> <li>• Shaping and promoting the Company's 'Golden rules for safety'</li> </ul>



# Ensuring safe procedures and systems throughout our operations

GRI G4-26; G4-27

## Employee engagement and training

Training and engaging employees is critical to establishing safe practices. Polymetal's human resources system has defined procedures for recruiting and assigning employees with specific skills, and providing training to develop employees' skills. We also clarify competence requirements for each relevant job description.

Training needs are identified by the heads of business units. At the expense of the Company, specialists are comprehensively trained in occupational health, and industrial, electric and fire security. They also receive refresher training and undergo special-purpose training.

In 2015 Polymetal's employees attended the following safety courses:

- Introductory safety courses: 1,974 employees (24%)
- Specialised training in internal environmental audit and environmental safety training: 1,764 employees (22%)
- Work safety and industrial safety courses, also related to hazardous production risks: 1,741 employees (22%)
- Other training and development courses: 2,608 employees (32%)

We actively engage and motivate employees in safety matters. This can include contests to improve safety or rewards for zero occurrences and incidents in departments. We also publish the safety chart (or 'safety barometer') in our corporate newspaper, on information desks and portals.

## Occupational diseases

Each year, all our employees undergo at least one medical check to evaluate their health and well-being. We also have a team of in-house medical professionals who monitor employee health on an ongoing basis and respond to any related issues as and when they arise. In certain cases, our medical team will advise a specific course of treatment or time away from work if necessary.

As in the previous three years, there were no cases of occupational diseases recorded in 2015.

## Progress against goals in 2015

In our 2013/14 Sustainability Report, we set our health and safety priorities for 2015-17.

We said...	We did...
We would focus on the risk of rock mass fall in underground environments.	Integrated geomechanical assessment into the daily routine of miners. Introduced additional machinery for auxiliary underground activities. Developed procedures for the regular updates of support designs.
We would promote safe conduct culture.	Developed a formal procedure to inform employees about hazards, risks, consequences and mitigation measures. Utilised feedback from employees under the shift-by-shift risk assessment system to better analyse and eliminate hazardous conditions. Visualised dangerous elements of work to form a physiological barrier before entering the risk zone.
We would automate safety control.	Implemented the safety monitoring and control software. Employed the incidents pyramid to identify priorities of risk management.
We would cooperate with contractors.	Involved contractors in risk management and assessment. Equipped vehicles with speed control devices. Conducted joint meetings and events on health and safety analysis and control.

## Health and Safety objectives 2016-2017

### OHSMS audit

To ensure we have a rigorous and robust OHSMS in place, certified in excellence by a three-stage external audit by Bureau Veritas.

### Rock fall risk isolation

To isolate the risk of rock fall in underground environments, and to prevent injuries caused by this risk.

### Safety behaviour

To create conditions for our employees that promote safe behaviour, and to ensure each employee works in accordance with our shift-by-shift risk assessment system.

### Employee locating and tracking

Locating and tracking people and objects is crucial for underground working conditions. We are keeping on top of safety by applying the technology to locate workers in emergency situations.

### Risk assessment analysis

To rigorously analyse monthly risks assessments (MRA) results and devise appropriate and impactful measures in response to any inefficiencies or weak points revealed.

### Risk reduction

To reduce the level of the most significant risks that cause injuries, and to ensure that monthly injury rates are reduced by 10% against average quarterly indicators from the same period.

### Extending Occupational Health and Safety Management System

To continue extending our OHSMS to all production processes and work performed by Polymetal employees and by contractors on our premises.

# Creating a positive legacy for local people and communities

As part of our commitment to sustainability, we work closely with local people in the regions where we operate. Our aim is to ensure that our activities have a positive impact on local communities, and through a range of initiatives we build strong relationships and support local development.

GRI G4-24



## Who is responsible?

- Group CEO, PR Director, Technical Council, subsidiary managing directors working with heads of Finance, Communications



## What guidelines do we follow?

- UN Global Compact, Group Code of Conduct, Policy on Social Investment, Community Relationship Management System



## Stakeholders

- Employees, national government, local government, specialist government agencies, local communities, indigenous peoples' groups and other NGOs



## Priorities

- Expand the range of community partnership agreements, improve the quality of life for communities, improve communication and cooperation with communities, promote sports and cultural activities



## Material Aspects

- Local communities
- Public policy
- Investment
- Development and impact of infrastructure investments
- Formal agreements with indigenous people and local communities
- Grievance mechanisms for impacts on society
- Rights of indigenous people
- Resettlement



# Providing meaningful investment and engagement

GRI G4-26; G4-27

Our interactions with local people and communities are numerous and varied. Across all our sites and facilities, we provide employment opportunities and use local services to help generate supply and demand. In addition, we invest in local education, health, culture and infrastructure, putting community interests at the centre of our local activities.

We have also developed rigorous measures designed to mitigate the negative impacts of our operations, such as the generation of waste materials and emissions. Each year, we exceed our regulatory obligations in an effort to ensure that local communities and environments are not affected by these aspects of our business.

## Our approach

As a mining company, our licence to operate depends upon the goodwill, trust and understanding of local communities and authorities. Building strong links and relationships in the regions where we operate is a core part of our corporate ethos and commitment to sustainability, and each year we oversee a range of communication and engagement initiatives.

Our operational activities cover a vast geographical area, encompassing the Chukotka Autonomous Territory, Khabarovsk Territory, Magadan Region, Yakutia, Sverdlovsk Region, Kazakhstan and Armenia. Each year, the scope of our operations expands, which means our local community interactions are becoming increasingly diverse.

Our approach to community relations in these areas is underpinned by our belief that, as our operations increase, so do our responsibilities and commitments to the people whose lives we impact. As part of our work in this area, we adhere to relevant international standards and conventions, for example the UN Declaration on the Rights of Indigenous Peoples and the UN Global Impact.

We have also developed and improved our in-house standards and policies in line with international best practice. For example, we currently have a successful Community Relationship Management System functioning at all our subsidiaries, helping to ensure regular interaction with the public and providing communities with current, relevant and comprehensive information on the Company's activities. A corresponding community policy is being developed for sign-off in 2016, while our Corporate Code of Conduct guides our employees' conduct towards their colleagues and customers, business partners, state authorities and society as a whole. In addition, for the past eight years we have been developing a Group-wide communication system, which includes a range of procedures to help us assess the needs of local people and capture their ideas and opinions.

Ultimately, our aim is to balance our commercial priorities with the interests and needs of local communities. To achieve this balance, we have developed community cooperation agreements in most of the areas where we operate. In 2015, we had 21 of these agreements in place, compared to 18 in 2014. We also make regular social investments, develop industries to help stimulate local economies, and enhance and expand local infrastructure. We also pay taxes regionally, commission local professionals to help tackle urgent social issues, and regularly use regional resources and services.

Internally, we ensure all investments are rigorously managed by following the principles set out in our Community Relationship Management System, which comprises our Corporate Code, our Social and Charitable Investments Policy, our Public Corporate Regulation and other key procedures. These policies enable us to promote transparency by offering public access to information, and cover activities such as the development of Company operations, enabling dialogue as part of impact assessments, and the mandatory consultation of local people.

## Regional teams

Across our operations, we have dedicated teams overseeing our community investment and engagement programmes. Working to ensure regular cooperation with community groups, these teams submit social investment proposals internally and coordinate and monitor feedback.

Each time we invest in a new mining site or project, it is the responsibility of our corporate office to assess the effect our activities may have at local and regional level. Our teams work to determine the indirect economic impacts and, based on these evaluations, develop long-term mitigation strategies. We also engage with local communities, institutions, authorities and organisations to ensure we can deliver our work and programmes in a way that delivers maximum value to local people.

## Investing in communities

The effective management of social investment is critical to sustainable development. In our social investment activities, which extend to all territories in which we operate, we use industry benchmarks and standards to assess our progress and performance. We have expanded the scope of our social investments, injecting US\$28 million into local projects between 2010 and 2015. In 2015, we invested US\$3.6 million on social support and territorial development programmes. While this is less than the amount invested in 2014 in US dollar terms (US\$5 million in 2014), it is higher year-on-year in Russian and Kazakh currencies due to devaluation.

GRI G4-26; G4-27

## Our social investment priorities

Each year, we determine our investment flows through open and honest dialogue with community stakeholders. Fundamental to this process is the rigorous assessment of local community issues, concerns and requirements. Once we have defined their needs, we then work closely with local people to understand how social investment could be used to change their lives for the better. Through close collaboration, we define the most urgent local issues and discuss the extent of the support required to address them.

The Polymetal Board of Directors and management teams review our annual community investments and associated targets. They base their decisions on the perceived potential of a project to deliver meaningful change to local people and communities, focusing in particular on:

- healthcare and education;
- infrastructure;
- sport and lifestyle;
- culture and creative potential;
- Indigenous Minorities of the North (IMN); and
- environmental protection.

Investments are separated into in-kind and commercial donations. In 2015, our in-kind investments included:

- humanitarian aid to reindeer herders, with donations including food, fuel, lubricants, firewood, gas stoves and medicines;
- delivery of food and medicine to remote communities and indigenous minorities in the Magadan, Khabarovsk and Chukotka territories; and
- construction and maintenance of roads in remote areas.

## Community engagement

Polymetal has been consistently and systematically building its relationships with stakeholders since 2008. Our Community Relationship Management System enables regular and comprehensive analysis of community needs, requirements and suggestions; feedback mechanisms whereby stakeholders can relay queries or concerns; and regular community meetings and polls. These measures help us to identify our key corporate responsibility goals and objectives for each region, pursue the most efficient social policy and regularly assess our social performance.

We believe strongly in public access to information, and we use local media outlets and public communications boards to inform local communities about our activities and operations. We also enable people to contact us directly by phone or email to discuss local issues, and in remote areas of Russia and Kazakhstan we regularly organise field trips and face-to-face consultations. In this way, we are able to react swiftly to local community concerns and ensure our efforts continue to be targeted, relevant and impactful.

In 2015, we received over 100 enquiries from local communities, mostly relating to employment opportunities, development plans, impacts on quality of life, and requests for support for cultural, sporting and environmental initiatives. During the year, we convened 26 meetings, public gatherings and hearings for local community members and indigenous people. In addition, we undertook 13 site visits for members of the public and community representatives.

## Feedback mechanisms

In keeping with our social commitments, we ensure that we are always open and responsive to stakeholders' inquiries, questions and concerns. We believe it is important that all stakeholders, not just direct beneficiaries, have access to Company information and are regularly consulted on our activities.

Our stakeholder feedback mechanisms allow for the efficient planning of developments across all our territories, and for the inclusion of stakeholder consultation within this process. We aim to incorporate local community requests and requirements at all stages of planning and development. We are also always looking for more practical ways of engaging with communities in remote areas that take into consideration local traditions and ways of life.

The feedback mechanism enables us to:

- identify community requirements and gather information on community needs and social situations;
- monitor and file all inquiries received;
- deliver prompt responses to all stakeholder questions and queries;
- inform the public about the Company's activities on a regular basis; and
- receive assessment of our social performance, and plan and approve our social investment priorities based on local requirements and in collaboration with local communities.

# Ensuring quality of life for local people

GRI G4-27

## Community needs assessment

To ensure the successful management of our social investments, designated departments at each of our operations regularly collect data relating to our social projects. They also evaluate the social and economic performance of implemented programmes; set social performance review meetings, and conduct community polls for social project evaluation. All of these mechanisms allow the Company to respond flexibly to changing situations, adjust investments, and eliminate any possibility of funds being inappropriately diverted. They also provide local communities with the opportunity to participate directly in the formation of social programmes and control their efficacy.

In all territories, we identify the recipients of Polymetal social investment funds by monitoring current situations and cooperating with local administrations. We also assess their needs through community consultation, drawing on the opinions, ideas and aspirations of local people, including members of community organisations and associations in remote settlements and ethnic villages.

In 2015 we conducted community polls in nine districts. These polls enabled us to capture local opinion and aggregate suggestions for future socio-economic cooperation programmes. During the year, they also helped us to assess other community needs, including increased access to information on the Company's long-term development plans and environmental impacts. Based on the poll results, we have developed a range of community engagement and social programmes for 2016.

## Impact assessment

Each year we commit significant resources to assessing the indirect impacts of our business on local communities. We collaborate with regional administrations and organisations to monitor the progress of individual projects and assess our social and economic impacts. This collaborative approach ensures our assessments draw on local insight and understanding, and means we can respond flexibly to changes in local need and adjust investments accordingly.

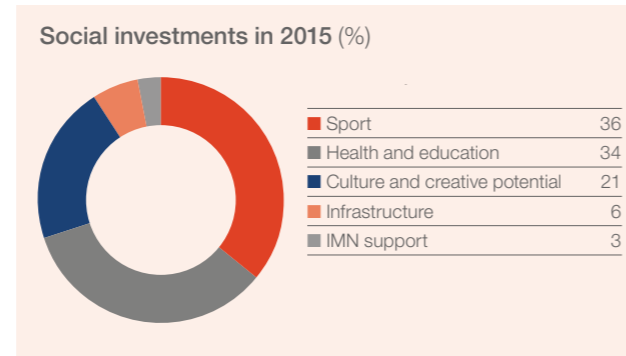
During 2015, our assessments showed no negative repercussions from our operations, while the positive impacts arising from our work included:

- tax payments;
- support of infrastructure and auxiliary industries;
- environmental protection and ecological projects;
- regional population increase due to spread of industry;
- local employment opportunities; and
- social investment and community support.

## Community feedback

In 2015, Polymetal and its regional subsidiaries received over 55 letters from community groups expressing gratitude for our efforts and initiatives. These letters came from a range of stakeholders, including local communities, who thanked us for providing medical care for children and assistance to vulnerable people, and for taking an active part in addressing social issues.

## Key performance and investment areas



## Health and education

The quality of life of local communities depends upon access to healthcare and education. Indeed, health and education are vital issues which underpin sustainable development at local, regional and national level. As such, they are major social investment priorities for Polymetal.

During 2015, we implemented over 30 projects designed to facilitate and support healthcare and education. These projects included 18 renovations of healthcare and educational institutions and the purchasing of equipment for six hospitals. In total, we invested over US \$1.2 million in this area in 2015.

In health, our aim is to deliver high-quality medical aid, healthcare and disease prevention, with a core focus on remote and underdeveloped regions. During 2015, we:

- provided necessary medical equipment for the local hospitals at Dukat and Okhotsk;
- provided funding for dental equipment at hospitals in Omsukchan, Kherpuchi and Taran;
- funded repair works at hospital buildings and purchased new medical equipment in Auezov town, Kazakhstan;
- purchased an ambulance for Taran district hospital; and
- delivered an all-terrain ambulance to help reindeer herders and residents of remote settlements access a local hospital in the Magadan Region.

In education, we commit considerable funds to the renovation and improvement of educational buildings and facilities and provide educational opportunities.

During 2015, we:

- funded building renovations in nine schools and eight kindergartens; and
- provided educational grants for four school graduates at Kazakhstan and continued to fund university programmes for 18 students.

## Infrastructure

As part of our commitment to local communities, we also invest heavily in local and regional infrastructure. By carrying out repairs and improvements to bridges, roads and built environments, we create employment opportunities and contribute to the socio-economic development of villages and towns. In 2015, we invested US\$200 thousand in infrastructure projects, including:

- continued investment in the Well-Lit Village Programme in Khabarovsk Territory, which aims to improve public lighting in remote villages;
- investment in the gas distribution network in Vorontsovka village, Sverdlovsk Region;
- renovation of the water supply system in Zharma district, Kazakhstan; and
- road maintenance, including the financing and construction of winter roads in remote regions, enabling the free movement of people, food and medical supplies.

## Sport and lifestyle

Another key aspect of our social investment programme is the promotion of health and well-being through sport and lifestyle initiatives. Our primary focus in this area is supporting mass sporting events and youth sports projects. In 2015, we invested over US\$1.3 million on such schemes.

Specifically, we:

- helped to overhaul and equip the wrestling hall at a children's sports centre;
- financed the purchase of a boxing ring for a local boxing school in Taran district, Kazakhstan, which is attended by more than 50 children. The ring can also be used for regional competitions;
- continued to support four bandy teams;
- conducted a complete renovation of a school's sports hall and changing rooms in Khabarovsk Territory;

- supported the 'Leather Ball' football tournament in Magadan, plus two mini-football tournaments in the Khabarovsk Territory. In total, the three competitions attracted over 2,500 young participants; and
- held a volleyball tournament in Chukotka for our employees and communities, as well as competitions for the Polymetal Go Game Cup in the Khabarovsk, Magadan and Sverdlovsk regions.

## Culture and creative potential

For many years Polymetal has supported cultural activities and helped local people explore and protect their identity. We work to preserve local history, traditions and ways of life, and support a range of schemes designed to promote local arts and crafts. Each year, we provide financial support for ethnographic museums, indigenous language programmes and music groups. In 2015, we invested US\$735 thousand in such cultural initiatives. Specifically, we:

- funded six renovation projects at cultural centres and offices;
- purchased equipment for a children's art school in the Amursk Region;
- provided funding for more than 20 artistic, cultural and educational events and competitions for talented young people;
- organised a holiday camp project called 'Kids of Amursk: Life and Art' in the Amursk Region, designed to facilitate a cross-generational exchange of art, ideas and identity for IMN children; and
- continued to provide support to IMN folk singing and dancing ensembles.

## Indigenous Minorities of the North (IMN)

As part of our commitment to local communities, we engage in a range of support programmes aimed at enhancing living standards for indigenous people in Chukotka, the Magadan Region and Khabarovsk Territory. We develop these programmes with indigenous community members, ensuring our work truly addresses IMN issues, needs and expectations. In particular, we focus on enabling IMN integration into modern life while protecting their cultural identity and heritage. For example, we promote employment opportunities and protect employment rights among indigenous people and other local communities.

We also work in consultation with the Association of Indigenous Peoples, as well as spiritual leaders, social leaders, local authorities, veterans' groups and other organisations focused on cultural protection. Each year, we hold meetings with these stakeholders to assess local needs and devise plans for social development and investment.



# Fulfilling our promises to communities

GRI G4-27

To date, Polymetal has established nine cooperation agreements and programmes with indigenous communities located in the areas where we operate. So far, our operations have not adversely affected traditional land, monuments, protected areas or cultural sites in any way, and we aim to ensure that our presence continues to enhance quality of life for IMN communities long into the future.

In 2015, we invested US\$108 thousand in support projects for indigenous people. Specifically, we:

- began renovating staging posts for reindeer breeders in the Magadan Region;
- acquired two snowmobiles to support indigenous peoples' traditional activities in the Magadan Region;
- continued to assist reindeer herding groups by purchasing and delivering fuel, medicines and food; and
- continued to assist in the organisation of annual awards for the promotion of national languages and traditional herding activities among young people in Chukotka and Khabarovsk Territory.

In 2015, our protection of indigenous peoples' rights continued to underpin our commitment to building trust and understanding with local community groups. Similarly, our compliance with the UN Global Compact and UN Declaration on the Rights of Indigenous People reinforced our efforts in this area. During the year, there were no recorded violations of the rights of minority groups. We also received no complaints relating to land tenure or use. In addition, we continued to inform IMN groups of our plans, activities and operations during meetings and via mass media, and answered all IMN queries and requests for essential goods and fuel.

### Resettlement

In 2015, we negotiated a land acquisition and resettlement agreement with 26 households in a small residential area in Kyzyl. Landowners were offered the choice between a land-for-land replacement and cash compensation, and in each case opted for cash compensation. As part of this process, we took particular care to identify and provide additional assistance to vulnerable households. In 2016, we will look closely at how these resettlements were conducted and retrospectively integrate any necessary measures or improvements. We will also build these measures and observations into an ongoing livelihood monitoring programme, which in turn will help to create direct and indirect employment opportunities for local people.

### Environmental protection

Over the years, Polymetal has created a strong culture of environmental protection and responsibility. During 2015, we carried out a range of activities to help raise awareness of ecological issues and safeguard the natural environment. These included:

- enhancing our 'Healthy Environment' programme in the Khabarovsk Region (see case study on pages 60-61);
- purchasing equipment and tools for the children's eco-tourism association Eturs in the Khabarovsk Territory;
- acquiring laboratory equipment for schools in the Khabarovsk and Magadan regions;
- supporting voluntary works and tree planting in collaboration with employees and local people;
- organising stakeholder visits to our production facilities and environmental laboratories; and
- continuing to support the Children's Environmental School squads.

### Tax payments

The timely payment of local, regional and national taxes is another of our major contributions to social development and sustainability. Over the last five years (2010-2014), Polymetal has paid US\$1.27 billion in taxes, and in 2015 our tax payments across the Group amounted to US\$172 million.

In the reporting year Polymetal did not incur any significant fines or non-monetary sanctions for non-compliance with laws and regulations.

### Progress against goals in 2015

In our 2013/14 Sustainability Report, we set our community priorities for 2015-2016.

We said...	We did...
We would identify additional stakeholders, establish stakeholder relations and assess stakeholder needs.	Held public meetings and visits to our sites for local people and public associations in our new territories in the Urals and Kazakhstan. Implemented a feedback mechanism for external parties in our new territories; installed information desks and feedback mail boxes for stakeholders. Conducted two surveys in our new regions and organised a poll on our social investment proposals. Developed local community engagement programmes and planned initiatives for 2016 based on poll results.
We would develop social partnership programmes, sign cooperation agreements and implement social projects in our new territories.	Developed social partnership programmes for 2015-2016 in line with local requirements. Signed three cooperation agreements in the Urals and in Kazakhstan. Completed all social projects for 2015, with results reported during public meetings and via local media.
We would enhance the quality of our monitoring of social programmes.	Doubled the number of people surveyed in our social project assessments from 276 in 2014 to 568 in 2015. Received quality assessments from local people relating to each of our social projects.
We would develop and regulate additional methods of needs assessment for vulnerable groups, including IMN.	Conducted five additional meetings with residents in remote areas and IMN. Enhanced our methods of communication with local communities by organising regular employee visits to remote areas and launching additional phone lines. Signed an additional partnership agreement aimed to support IMN. Conducted a survey on preferred focus areas and channels of feedback across eight regions. Used the survey to determine local community and IMN needs, and included these needs in our social support and donation plans for 2016.
We would build on past success in the implementation of environmental and social projects, drawing on our people's experience from all areas of the business.	Analysed the most successful projects and applied our experience to the development of further work. Identified the needs and potential of people in the regions where we operate, and made a precise and effective plan to implement our projects in other regions in 2016. Organised 21 events as a part of our Healthy Environment project, with participation from our employees and local communities.

### Plans for 2016 and beyond

Looking ahead our objectives for 2016 and beyond are as follows:

- develop, sign and implement a comprehensive community policy;
- identify any additional stakeholders, establish stakeholder relations, and assess stakeholder needs;
- implement a stakeholder feedback system and carry out regular surveys in our new business areas;
- increase the efficiency of social investments by engaging local communities in cooperative projects and social partnership programmes;
- enhance the quality of our social programme monitoring. In 2016, we intend to hold six meetings with local residents in our new business regions and receive their feedback on implemented social programmes;
- extend the coverage of our social project assessment to 650 people;
- expand our Healthy Environment project to four new areas and involve 4,500 people; and
- develop the quality and scope of our stakeholder engagement by improving our corporate website.



# Top five spot for Polymetal community engagement programme



**In 2015, Polymetal's 'Healthy Environment' community engagement programme was among the top five projects entered for the annual Russian People Investor Contest.**

The project, rolled out in the town of Amursk in the Khabarovsk Region, encourages local people to develop, plan and implement events and activities aimed at enhancing environmental awareness and responsibility. From landscape gardening to litter collection and playground rehabilitation, local residents developed a range of project ideas designed to improve quality of life by creating a healthy local environment, with the winners receiving financial support to put their plans into action. Other initiatives included developing a map of ecological hazards to help plan municipal clean-up days, an environmental photo contest, a recycling carnival show, and planting over a thousand trees in the town.

In 2012 Polymetal analysed the letters sent to its PR department and discovered there were many local people in the communities where we operate who were asking the Company to support events aimed at helping the environment. Their suggestions were combined and developed further into the 'Healthy Environment' programme.

Impressed by the scope, scale and creativity of the programme, the Russian People Investor jury cited Polymetal among the best five projects submitted for the 2015 contest. Building on the success of 'Healthy Environment' in Amursk, the programme will be rolled out in other regions in 2016.

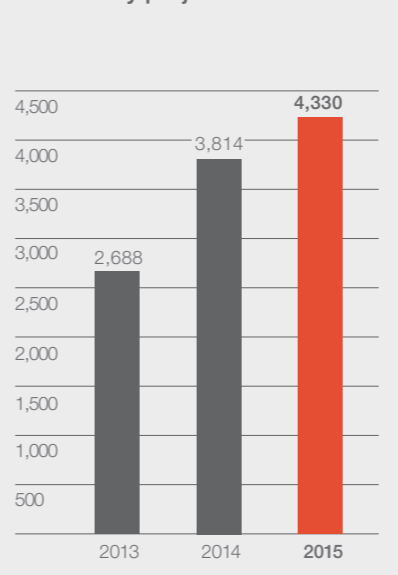
Over 40 events have been held since 'Healthy Environment' was launched. The programme has grown in reach and impact each year – the number of people has almost doubled, from 2,688 in the first year, to 4,330 in 2015, with the proportion of children and young people participating increasing from 83% to 87%. Since the programme started, the events have generated over 70 media articles and videos within the Khabarovsk Region.

*"We are working together to make life better. People remove garbage, plant trees and come to explore the natural world around them."*

**Natalia Surkova**  
Project Coordinator and PR professional, Polymetal



**Number of participants in community projects events**



- Overview
- Environment
- Employees
- Communities
- Economic
- Appendices



# Delivering strong and sustainable economic performance

The long-term sustainability of our business depends upon economic success. Each year, we work to generate profits and deliver strong financial performance, thereby safeguarding the future of the Company.

GRI G4-24



## Who is responsible?

- Group CEO, Technical Council, subsidiary managing directors working with heads of Finance, Communications, Operations, HR



## What guidelines do we follow?

- UN Global Compact, UK Corporate Governance Code, Group Code of Conduct



## Stakeholders

- Employees, national government, local government, specialist government agencies, local communities, indigenous peoples' groups and other NGOs, suppliers and contractors



## Priorities

- Increase community investments, maintain all relevant tax payments, create shareholder value



## Material Aspects

- Economic performance
- Market presence
- Procurement practices
- Indirect economic impact
- Product responsibility



# Contributing to regional economic growth and development

GRI G4-22; G4-26; G4-27

As a progressive modern Company, our aim is to deliver sustainable value to our stakeholders. We also have a major positive impact on the economic development of the regions where we operate, helping to improve living standards through our investment in local communities, facilities and infrastructure.

## Our approach

Our business model is predicated upon the delivery of long-term value for shareholders, employees, partners and other stakeholders. To deliver value, we provide social investment, create employment opportunities and stimulate economic development. We also invest in upgrades and improvements across our operations, and contribute to regional economic progress through the payment of national and local taxes.

## Tax payments

Our Group makes a direct positive impact to local communities through the payment of taxes to Russian and Kazakh state and local authorities. In 2015 our tax payments across the Group amounted to US\$172 million compared to US\$213 million in 2014. These payments include mandatory contributions to state social funds, including Pension Funds of the Russian Federation and Kazakhstan.

## Local employment

By actively recruiting from local communities, we create in-country employment opportunities at our major operational sites. In turn, these opportunities help to create local value and improve people's lives. In 2015, 94.9% of our employees were local nationals (Russian and Kazakh, depending on the location of the site), which is higher than in 2014.

## Social investments

We are committed to making meaningful social investments in the regions where we operate. Read more on pages 54-59.

## Procurement

We help to stimulate regional and national supply chains through the procurement of local goods and services.

Our specialised company, Polymetal Trading, provides purchasing, supply, logistical and maintenance services to each of the Polymetal Group's production companies. It is also responsible for our procurement policies and practices.

At each site, we separate our supply chain expenses into capital expenditure and operating costs. Our capital expenditure suppliers – for example those providing plant infrastructure material and equipment – are often large, global manufacturers, which means we can reduce risk and cost and secure beneficial terms of delivery.

Our internal policy on supplier estimations enables us to rigorously assess product quality and commercial terms and conditions. We also insist that our suppliers provide relevant legal and financial documentation. In addition, we check all

references and conduct site visits for smaller suppliers when necessary.

Due to the geographical remoteness of our sites and their extreme climactic conditions, our relations with regional suppliers are vital for the Company. On average, around 48% of our supplier purchases come from within the regions in which we operate.

We have a greater choice and diversity of suppliers in more developed regions, such as Khabarovsk and the Urals. In the more remote regions, such as the Omolon, Okhotsk and Amursk hubs, all equipment is delivered by sea during the navigation season, and we are dependent on regional suppliers. In the geographically remote Magadan Region, building strong supply chain relationships is critical, due to the limited transport options available. At Mayskoye we achieved a 34% share of local suppliers in 2015, the highest since operations began there in 2011.

In this way, each of our operations has adopted its own approach to procurement. We engage local and regional suppliers wherever possible, although specific site requirements mean goods and services are sometimes procured centrally. The complexity of our business processes and equipment needs also means that supplier options may be limited, particularly in remote areas where there may only be one supplier for the services and materials we need. In these instances, we often combine components from different suppliers to broaden our options and optimise our procurement budget. We also use Trading Platforms software to enable us to find the best supplier solutions and alternatives.

## Product responsibility

Since 1998, we have not received any significant fines for non-compliance with laws and regulations relating to the use and provision of products and services.

## Financial highlights<sup>1</sup> (US\$m)

	2015	2014
Revenue	1,441	1,690
Cash operating costs (excluding depreciation, labour costs and mining tax)	405	587
Wages and salaries; other payments and benefits for employees	203	248
Payments to capital providers	56	39
Payments to shareholders	216	173
Taxes (excluding payroll taxes included in labour costs)		
– Income tax and excess profit tax	55	72
– Taxes, other than income tax	12	22
– Mining tax	97	110
– Social payments	8	9
Undistributed economic value retained	390	430

<sup>1</sup> Any restatements and variances are due to changes in methodology and ensure consistent estimation across current and previous year values.

# The transformation of Okhotsk seaport

**In 2013, Polymetal leased five shipping terminals at Okhotsk seaport on the Pacific coast in the Russian Far East. At the time, the terminals were out of commission and in urgent need of renovation, repair and investment. With a project budget of US\$4.7 million, Polymetal set about a major overhaul of the port's infrastructure.**

Three years on, and the Okhotsk seaport has been transformed. Fully equipped with complex and modern port facilities, Okhotsk is now capable of receiving more than 200,000 tonnes of cargo per year. Installing cutting-edge crane runways, cranes, slopes, and berthing hardware, Polymetal was also able to load and transport cargo and heavy mining equipment to the Svetloye deposit. Shiploads can be processed quickly and efficiently, and food products and consumable goods can be regularly received by the local people of the North.

Meeting the production needs of the Company, and significantly enhancing the surrounding area, the rehabilitation of the Okhotsk seaport will be delivering sustainable value for many years to come.

*"This port is a wonderful legacy. When Polymetal first came here, the port was in a very sad condition. Now the site is ready and we can load and unload ships quickly, with around 3,000 tonnes handled per day. We're happy and proud because it is such a visible, tangible achievement."*

**Aleksander Goroditskiy**  
Deputy managing director for capital construction of the Okhotsk hub

Okhotsk port new capacity  
**200 Ktpa**



# Independent Limited Assurance Report to the Shareholders of Polymetal International plc



## Introduction

We have been engaged by management of Polymetal International plc (hereinafter – the Company) to provide limited assurance<sup>1</sup> on the Selected Information described below and included in the Sustainability Report for the year ended 31 December 2015 (hereinafter – the Sustainability Report).

## Selected Information

We assessed the qualitative and quantitative information that is disclosed in the Sustainability Report and included in the Tables of the Global Reporting Initiative for standard disclosures in environmental, workforce, safety and socio-economic areas in the reporting scope of the Sustainability Report (hereinafter – the Selected Information). The scope of our assurance procedures was limited to Selected Information for year ended 31 December 2015.

## Reporting Criteria

We assessed the Selected Information using the Global Reporting Initiative Sustainability Reporting Framework, including version G4 of the Sustainability Reporting Guidelines (hereinafter – GRI G4). We believe that these reporting criteria are appropriate given the purpose of our limited assurance engagement.

## Responsibilities of Polymetal International plc

Management of the Company is responsible for:

- designing, implementing and maintaining internal systems, processes and controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective reporting criteria for preparing the Selected Information;
- measuring the Company's performance based on the reporting criteria; and
- accuracy, completeness and fair presentation of the Selected Information.

## Our Responsibilities

Our responsibility is to form an independent conclusion, based on our limited assurance procedures, on whether anything has come to our attention to indicate that the Selected Information is not stated, in all material respects, in accordance with the reporting criteria.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance engagements other than audits or reviews of historical financial information*. This standard requires that we comply with ethical requirements to plan and perform the assurance engagement to obtain limited assurance on the Selected Information.

This report, including our conclusions, has been prepared solely for management of the Company to assist management in reporting on the Company's sustainability performance and activities. We permit this report to be disclosed in the Company's Sustainability Report, to enable management to show that as part of their governance responsibilities they have obtained an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than management of the Company for our work or this report except where terms are expressly agreed and our prior consent in writing is obtained.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Work Done

Our procedures included:

- enquiries of the Company's management;
- interviews of personnel responsible for sustainability reporting and data collection (interviews were held in St. Petersburg);
- analysis of the relevant policies and basic reporting principles and gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- limited substantive testing of the Selected Information on a selective basis to verify that data had been appropriately measured, recorded, collated and reported; and
- reviewing the Selected Information for compliance of the disclosures with the requirements of GRI G4.

## Reporting and Measurement Methodologies

There are no globally recognised and established practices for evaluating and measuring the Selected Information. The range of different, but acceptable, techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The reporting criteria used as a basis of the Company's sustainability reporting should therefore be read in conjunction with the Selected Information and associated statements reported on the Company's website<sup>2</sup>.

## Limited Assurance Conclusion

As a result of our procedures:

- nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2015 has not been prepared, in all material respects, in accordance with the requirements of GRI G4; and**
- nothing has come to our attention that causes us to believe that the Selected Information does not meet the Core requirements in accordance with the Guidelines GRI G4.**

*AO PricewaterhouseCoopers Audit*

**AO PricewaterhouseCoopers Audit**  
Moscow, Russia  
13 April 2016

<sup>1</sup> Assurance, defined by the International Auditing and Assurance Standards Board (IAASB), gives the user confidence about the subject matter assessed against the reporting criteria. Limited assurance gives less in confidence than reasonable assurance, as a limited assurance engagement is substantially less in scope in relation to both the assessment of risks of material misstatement and the procedures performed in response to the assessed risks. The term 'assurance' hereafter is not used as defined in the Federal Law 307-FZ of 30.12.2008 'On Auditing Activities' (edition of 28.12.2010).

<sup>2</sup> The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.



All indicators included in the appendix 'GRI G4 Content Index' have undergone external certification by an independent auditor (see the Independent Limited Assurance Report on the previous page)

## GRI G4 General standard disclosures

General standard disclosures		Scope*	Pages/notes
<b>Strategy and Analysis</b>			
G4-1	Statement from the most senior decision-maker	1	p. 2-5
G4-2	Provide a description of key impacts, risks, and opportunities	1	p. 7, 11, 17-18
<b>Organisation Profile</b>			
G4-3	Report the name of the organisation	1	Cover
G4-4	Report the primary brands, products, and services	1	p. 6-7
G4-5	Report the location of the organisation's headquarters	1	p. 8-9
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	1	Inside front cover, p. 8-9, 22
G4-7	Report the nature of ownership and legal form	1	Annual Report, p. 178
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	1	p. 8-9, 20-21
G4-9	Report the scale of the organisation	1, 8, 9	p. 6-9
G4-10	Report the total number of employees by employment contract and gender	9	p. 6, 38, 40
G4-11	Report the percentage of total employees covered by collective bargaining agreements	7	p. 41
G4-12	Describe the organisation's supply chain	3	p. 10
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	1	p. 5, 4-16
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	1	p. 49
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	2	Inside front cover, p. 13, 25, 37, 45, 53, 63
G4-16	List membership of associations (such as industry associations) and national or international advocacy organisations	3	p. 57-58
<b>Identified Material Aspects and Boundaries</b>			
G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents	5	p. 8-9, 72
G4-17a	List all entities included in the organisation's consolidated financial statements or equivalent documents		p. 8-9, 72
G4-17b	Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report		p. 8-9, 72
G4-18	Explain the process for defining the report content and the Aspect Boundaries	5	Inside front cover, p. 12-13, 22-23
G4-18a	Explain the process for defining the report content		Inside front cover
G4-18a	Explain the process for defining the Aspect Boundaries		p. 12-13, 22-23
G4-18b	Explain how the organisation has implemented the Reporting Principles for Defining Report Content		p. 22
G4-19	List all the material Aspects identified in the process for defining report content	5	p. 22-23
G4-19a	List all the material Aspects identified in the process for defining report content		p. 22-23

\* See Reportable segments on page 72.

GRI G4 General standard disclosures continued

General standard disclosures	Scope*	Pages/notes
<b>G4-20</b> Report the material Aspect Boundary within the organisation	5	p. 22-23, 72
G4-20a For each material Aspect, report whether the Aspect is material within the organisation		p. 23
G4-20a If the Aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches (if applicable): - The list of entities or groups of entities included in G4-17 for which the Aspect is not material or - The list of entities or groups of entities included in G4-17 for which the Aspect is material		p. 23. The Scope column in the GRI G4 Content Index refers to the entities for which a certain aspect is material or not material. These entities are shown in the table on page 72.
G4-20a Report any specific limitation regarding the Aspect Boundary within the organisation		p. 23, 72
<b>G4-21</b> Report the material Aspect Boundary outside the organisation	5	p. 22-23
G4-21a For each material Aspect, report whether the Aspect is material outside of the organisation		p. 22-23
G4-21a If the Aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the Aspect is material (optional)		p. 22
G4-21a If the Aspect is material outside of the organisation describe the geographical location where the Aspect is material for the entities identified (if applicable)		p. 22
G4-21a Report any specific limitation regarding the Aspect Boundary outside the organisation		p. 22
<b>G4-22</b> Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	5	In the footnotes on p. 28, 29, 30, 31, 33, 47, 64
G4-22a Report the effect of any restatements of information provided in previous reports		In the footnotes on p. 28, 29, 30, 31, 33, 47, 64
G4-22a Report the reasons for such restatements		In the footnotes on p. 28, 29, 30, 31, 33, 47, 64
<b>G4-23</b> Report significant changes from previous reporting periods in the scope and Aspect Boundaries	5	p. 22-23
G4-23a Report significant changes from previous reporting periods in the Scope		p. 22-23
G4-23a Report significant changes from previous reporting periods in the Aspect Boundaries		p. 22-23
<b>Stakeholder Engagement</b>		
<b>G4-24</b> Provide a list of stakeholder groups engaged by the organisation	1	p. 20-21, 24, 36, 44, 52, 62
G4-24a Provide a list of stakeholder groups engaged by the organisation		p. 20-21, 24, 36, 44, 52, 62
<b>G4-25</b> Report the basis for identification and selection of stakeholders with whom to engage	1	p. 20-21
G4-25a Report the basis for identification of stakeholders with whom to engage		p. 20-21
G4-25a Report the basis for selection of stakeholders with whom to engage		p. 20-21
<b>G4-26</b> Report the organisation's approach to stakeholder engagement	1	p. 12-13, 20-21, 26, 27, 38, 46, 50, 54-55, 64
G4-26a Report the organisation's approach to stakeholder engagement (if applicable)		p. 12-13, 20-21, 26, 27, 38, 46, 50, 54-55, 64
G4-26a Report the frequency of stakeholder engagement by type		p. 20-21, 26, 27, 38, 46, 50, 54-55, 64
G4-26a Report the frequency of stakeholder engagement by stakeholder group		p. 20-21, 26, 27, 38, 46, 50, 54-55, 64
G4-26a Indicate whether any of the engagement was undertaken specifically as part of the report preparation process		No specific engagement was undertaken
<b>G4-27</b> Report key topics and concerns that have been raised through stakeholder engagement	1	p. 20-21, 26-27, 41, 50, 54-55, 56, 58, 64
G4-27a Report key topics and concerns that have been raised through stakeholder engagement		p. 20-21, 26-27, 41, 50, 54-55, 56, 58, 64
G4-27a Report how the organisation has responded to those key topics and concerns (if applicable)		p. 26-27, 41, 50, 54-55, 56, 58, 64
G4-27a Report how the organisation has responded to those key topics and concerns through its reporting		p. 26-27, 41, 50, 54-55, 58, 64
G4-27a Report the stakeholder groups that raised each of the key topics and concerns		p. 20-21, 26-27, 41, 50, 54-55, 56, 58, 64

\* See Reportable segments on page 72.

General standard disclosures	Scope*	Pages/notes
<b>Report Profile</b>		
<b>G4-28</b> Reporting period (such as fiscal or calendar year) for information provided	1	Inside front cover
<b>G4-29</b> Date of most recent previous report (if any)	1	April 2015
<b>G4-30</b> Reporting cycle (annual, biennial etc.)	1	Inside front cover
<b>G4-31</b> Provide the contact point for questions regarding the report or its contents	1	sustainability@polymetalinternational.com
<b>G4-32</b> GRI content index	1	p. 67
<b>G4-33</b> External assurance	1	p. 66
<b>Governance</b>		
<b>G4-34</b> Report the governance structure of the organisation	5	p. 14-15
<b>G4-35</b> Process for delegating authority	5	p. 14-19
<b>G4-36</b> Executive-level positions	5	p. 14, 18, 19, 25, 37, 45, 53, 63
<b>G4-37</b> Consultation between stakeholders and the highest governance body	5	p. 20
<b>G4-38</b> Composition of the highest governance body	5	p. 15
<b>G4-39</b> Report whether the Chair of the highest governance body is also an executive officer	5	p. 15
<b>G4-40</b> Nomination and selection processes for the highest governance body and its committees	5	p. 15-16
<b>G4-42</b> Highest governance body's role in setting purpose, values, and strategy	5	p. 15-19, 26
<b>G4-45</b> Highest governance body's role in the identification and management of risks	5	p. 15-19
<b>G4-49</b> Highest governance body's role in evaluating economic, environmental and social performance	5	p. 14-19
<b>G4-51</b> Remuneration policies for the highest governance body and senior executives	5	p. 16-17
<b>Ethics and Integrity</b>		
<b>G4-56</b> Organisation's values, principles, standards, and norms of behaviour	1	p. 6, 12-13, 19
<b>G4-58</b> Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	1	p. 19, 39, 41-42, 54-56

GRI G4 Specific standard disclosures

Category	GRI G4 Code	Topic	Scope*	Pages/notes
<b>Economic</b>				
Economic performance	<b>G4-DMA</b>	Disclosures on Management Approach	2	p. 64
	<b>G4-EC1</b>	Direct economic value generated and distributed	2	p. 64
Market presence	<b>G4-DMA</b>	Disclosures on Management Approach	2	p. 38, 54, 64
	<b>G4-EC5</b>	Ratios of standard entry level wage to local minimum wage at significant locations of operation	2	p. 40
	<b>G4-EC6</b>	Employees hired from the local community at significant locations of operation	1	p. 64
Indirect economic impacts	<b>G4-DMA</b>	Disclosures on Management Approach	1	p. 54, 64
	<b>G4-EC7</b>	Development and impact of infrastructure investments	10	p. 57, 64, 65
Procurement practices	<b>G4-DMA</b>	Disclosures on Management Approach	3	p. 54, 64
	<b>G4-EC9</b>	Policy, practices, and proportion of spending on local suppliers at significant locations of operation	3	p. 64
<b>Environment</b>				
Materials	<b>G4-DMA</b>	Disclosures on Management Approach	2	p. 26, 29-30
	<b>G4-EN1</b>	Materials used by weight or volume	2	p. 29-30
	<b>G4-EN2</b>	Percentage of materials used that are recycled input materials	2	p. 29
Energy	<b>G4-DMA</b>	Disclosures on Management Approach	1	p. 26, 31-32
	<b>G4-EN3</b>	Energy consumption within the organisation	1	p. 31

\* See Reportable segments on page 72.



GRI G4 Specific standard disclosures continued

Category	GRI G4 Code	Topic	Scope*	Pages/notes	
	G4-EN5	Energy intensity	1	p. 31	
	G4-EN6	Reduction of energy consumption	1	p. 31-32	
	G4-EN7	Reductions in energy requirements of products and services	1	p. 31-32	
Water	G4-DMA	Disclosures on Management Approach	2	p. 26, 29	
	G4-EN8	Total water withdrawal by source	2	p. 29	
	G4-EN9	Water sources significantly affected by withdrawal of water	2	p. 29	
	G4-EN10	Percentage and total volume of water recycled and reused	2	p. 29	
Biodiversity	G4-DMA	Disclosures on Management Approach	4	p. 26, 27, 33	
	G4-EN11	Operations in protected areas or areas of high biodiversity	4	p. 27	
	G4-EN12	Significant impacts on biodiversity	4	p. 27	
	G4-MM1	Amount of land disturbed or rehabilitated	4	p. 33, 34	
Emissions	G4-DMA	Disclosures on Management Approach	2	p. 26, 32	
	G4-EN15	Direct greenhouse gas (GHG) emissions	2	p. 32	
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions	2	p. 32	
	G4-EN17	Other indirect greenhouse gas (GHG) emissions	2	p. 32	
	G4-EN18	Greenhouse gas (GHG) emissions intensity	2	p. 32	
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	2	p. 32	
	G4-EN21	NOx, SOx, and other significant air emissions	2	p. 32	
	Effluents and waste	G4-DMA	Disclosures on Management Approach	2	p. 26, 29, 30
		G4-EN22	Total water discharge	2	p. 29
G4-EN23		Total weight of waste by type and disposal method	2	p. 29-30	
G4-EN24		Total number and volume of significant spills	1	p. 26	
G4-EN25		Weight of transported, imported, exported, or treated waste deemed hazardous	1	p. 30	
Environmental compliance	G4-MM3	Total amounts of overburden, rock, tailings, and sludges	2	p. 29-30	
	G4-DMA	Disclosures on Management Approach	1	p. 26	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance	1	p. 26	
	G4-DMA	Disclosures on Management Approach	2	p. 26	
Overall	G4-EN31	Environmental protection expenditures and investments	2	p. 27	
	G4-DMA	Disclosures on Management Approach	1	p. 26	
Supplier environmental assessment	G4-EN32	New suppliers that were screened using environmental criteria	1	p. 26	
	G4-DMA	Disclosures on Management Approach	1	p. 26	
Environmental grievance mechanisms	G4-EN34	Number of grievances about environmental impacts	1	p. 26	
	G4-DMA	Disclosures on Management Approach	1	p. 26	
<b>Social</b>					
<b>Labour Practices and Decent Work</b>					
Employment	G4-DMA	Disclosures on Management Approach	1	p. 38-39	
	G4-LA1	Total number and rate of employee turnover	11, 2	p. 38-39	
Labour/management relations	G4-DMA	Disclosures on Management Approach	2	p. 38-39, 41-42	
	G4-MM4	Number of strikes and lock-outs exceeding one week's duration	1	The Company had no lockouts or strikes in 2015	
	G4-LA4	Minimum notice periods regarding operational changes	1	p. 42	
Occupational health and safety	G4-DMA	Disclosures on Management Approach	1	p. 46, 47-49	
	G4-LA6	Rates of injury, occupational diseases, lost days, and number of work-related fatalities	12	p. 47-50	

\* See Reportable segments on page 72.

Category	GRI G4 Code	Topic	Scope*	Pages/notes
Training and education	G4-DMA	Disclosures on Management Approach	1	p. 38-39, 41, 50
	G4-LA9	Average hours of training by subject	13	p. 41
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	13	p. 41, 43
Diversity and equal opportunity	G4-DMA	Disclosures on Management Approach	1	p. 38
	G4-LA12	Composition of governance bodies and breakdown of employees	11	p. 40
Labour practices grievance mechanisms	G4-DMA	Disclosures on Management Approach	15	p. 38, 41
	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved	14	p. 41-42
<b>Human Rights and Policies</b>				
Non-discrimination	G4-DMA	Disclosures on Management Approach	1	p. 38
	G4-HR3	Total number of incidents of discrimination and corrective actions taken	1	p. 38
Freedom of association and collective bargaining	G4-DMA	Disclosures on Management Approach	1	p. 41
	G4-HR4	Freedom of association and collective bargaining	1	p. 41
Indigenous rights	G4-DMA	Disclosures on Management Approach	1	p. 54, 57
	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples	1	p. 58
	G4-MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and formal agreements made	1	p. 58
<b>Society</b>				
Local communities	G4-DMA	Disclosures on Management Approach	15	p. 54, 55
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	1	p. 54-56
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	12	p. 56
Anti-corruption	G4-DMA	Disclosures on Management Approach	1	p. 19, 38
	G4-SO4	Communication and training on anti-corruption policies and procedures	11	p. 19, 38
	G4-SO5	Confirmed incidents of corruption and actions taken	1	p. 39
Compliance	G4-DMA	Disclosures on Management Approach	1	p. 54
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions	1	p. 58, 38
Grievance mechanisms for impacts on society	G4-DMA	Disclosures on Management Approach	1	p. 54, 55, 56
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	1	p. 55, 56
Resettlement	G4-DMA	Disclosures on Management Approach	1	p. 54, 55, 56
	G4-MM9	Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process	1	p. 58
Closure planning	G4-DMA	Disclosures on Management Approach	4	p. 26, 54
	G4-MM10	Number and percentage of operations with closure plans	5	p. 33
<b>Product Responsibility</b>				
Compliance	G4-DMA	Disclosures on Management Approach	1	p. 64
	G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	1	p. 64

\* See Reportable segments on page 72.

GRI G4-17; G4-20

Reportable segments

Reportable segment	Company name	Scopes														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Voro	CJSC Gold of Northern Urals															
Okhotsk operations	Okhotskaya Mining and Exploration Company LLC															
Okhotsk operations	Svetloye LLC															
Dukat	CJSC Magadan Silver															
Omolon	Omolon Gold Mining Company LLC															
Varvara	JSC Varvarinskoye															
Amursk-Albazino	Albazino Resources Ltd															
Amursk-Albazino	Amur Hydrometallurgical Plant LLC															
Mayskoye	Mayskoye Gold Mining Company LLC															
Kyzyl	Bakyrchik Mining Venture LLP															
Kyzyl	JSC Inter Gold Capital															
	Other*															
Omolon	Polymetal Underground Development LLC															
Viksha	Industria LLC															
Varvara	Vostochniy Basis LLC															
Voro	Maminskaya Mining Company LLC															
Voro	Bureau LLC															
Svetlobor	JSC Urals – PGM															
Lichkvaz	CJSC LV Gold Mining															
Okhotsk operations	Kutyn Mining and Geological Company LLC															

\* JSC Polymetal Engineering, JSC Polymetal Management, Polymetal Trading and their subsidiaries.  
Note: a shaded box indicates that the reportable segment is included in the relevant Scope.

Abbreviations

<b>CIS</b>	Commonwealth of Independent States
<b>eq</b>	equivalent
<b>GE</b>	gold equivalent
<b>IMN</b>	Indigenous Minorities of the North
<b>JORC</b>	Australasian Joint Ore Reserves Committee
<b>JSC</b>	joint stock company
<b>NGO</b>	non-governmental organisation
<b>PGM</b>	platinum group metal
<b>POX</b>	pressure oxidation
<b>SE</b>	silver equivalent

Units of measurement

<b>g/t</b>	gram per tonne
<b>GJ</b>	gigajoules
<b>km</b>	kilometres
<b>Koz</b>	thousand ounces
<b>Kt</b>	thousand tonnes
<b>Ktpa</b>	thousand tonnes per annum
<b>m</b>	metres
<b>Moz</b>	million ounces
<b>Mt</b>	million tonnes
<b>Mtpa</b>	million tonnes per annum
<b>MWh</b>	megawatt-hour
<b>Oz or oz</b>	troy ounce (31.1035 g)
<b>t</b>	tonne (1,000 kg)
<b>tpd</b>	tonnes per day



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**Polymetal International plc**

The Esplanade

St Helier

Jersey JE4 9WG

Channel Islands

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