



**POLYMETAL**  
INTERNATIONAL PLC



# Integrating

**SUSTAINABILITY THROUGHOUT**

Polymetal International plc  
Sustainability Report 2018

# Welcome

## TO OUR SUSTAINABILITY REPORT 2018

This report covers Polymetal International's Group-wide policies and activities at all our operations. It presents information on our performance for the reporting period 1 January 2018 to 31 December 2018, and provides comparative data for previous years.

The report follows Global Reporting Initiative (GRI) Sustainability Reporting Standards. PwC has assured the performance data relating to our most material economic, social and environmental impacts.

You can read more at [www.polymetalinternational.com](http://www.polymetalinternational.com). Please do get in touch at [sustainability@polymetalinternational.com](mailto:sustainability@polymetalinternational.com) if you would like further information or to provide any feedback. We look forward to hearing from you.

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## Group CEO's introduction

We believe responsible and efficient mining can be a force for good for society. We aspire to meet this challenge and to continue to be a responsible and efficient company, ensuring our business delivers benefits for all our stakeholders.

### Successful year

2018 has been a successful year for Polymetal. We have achieved our goals on production. We launched our flagship Kyzyl mine and advanced our project pipeline, while continuing to deliver shareholder value through dividends. The reporting year saw equally important achievements in sustainable development and excellent progress in integrating sustainability throughout our business.

In 2018, we were pleased to become the first and only Russian company to join the Dow Jones Sustainability Index. Our FTSE4Good ESG rating has improved and we are now among the 7% most highly ranked listed companies in the sector. The Company was ranked 1st among its 47 peers worldwide in diversified metals, by independent ESG research and ratings firm Sustainalytics. We have also become a top responder to the Carbon Disclosure Project among Russian companies.

### Safety first, always

Safety continues to be our number one priority. We are pleased that our Lost Time Injury Frequency Rate decreased this year among employees by 40%. However, we deeply regret the loss of one colleague in March 2018. We will continue to do everything possible to return to our previous record of zero fatalities across all our operations. Strategically, we will invest in further developing our Health and Safety and Critical Risks Management programmes, and focusing on root causes of accidents.

### Investing for a sustainable future

In environmental stewardship, we continue to focus on zero-harm principles when designing and operating our mines. We have taken our first steps to introducing renewable energy, especially in the regions that have no access to the electricity grid.

Increasingly, we're shifting towards safer methods of waste storage, such as the dry stack tailings management system. This significantly improves protection against the risk of dam failure, and eliminates tailings runout. This has been implemented at Amursk POX, and we will further decrease Polymetal's tailings footprint by implementing the system at Omolon, Nezhda, Prognoz and Amursk POX-2.

POX 2 will incorporate several important design features that will minimise environmental impact and mitigate against related risks. It will also expand the scope of our existing social partnership agreements, create more than 400 new permanent jobs, and generate approximately \$20 million per year in taxes for all levels of government.

### Going forward

In 2019, we will continue focusing on high-grade deposits to decrease our environmental footprint, being stable economically and a socially responsible company, and engaging with stakeholders and being responsive to their needs. I look forward to reporting back to you on our progress next year.

Vitaly Nesis, Group CEO



HOLISTIC APPROACH TO

# sustainability

## How we integrated sustainability in 2018

In the past year, we worked hard to integrate sustainability throughout Polymetal's business functions and processes. This means our people understand the importance of our most material issues, and it means working transparently and sharing best practices, particularly with our supply chain.

We have strong accountability systems in place, with Board oversight, clear policies, and regular performance reports.

As a result of our efforts, in 2018 we were recognised by Robeco SAM as an Industry Mover, were the first Russian company to join the Dow Jones Sustainability Index, and signed our first sustainability-linked loan agreement.

By integrating sustainability, we are improving our business resilience, making it more robust for the future.

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## Recognition of our work



1st and only  
Russian member



FTSE4Good

in top 7% of companies in sector

4.4/5.0 ESG score

5/5 in Governance



ESG rating BBB



Leader

1st among 47 peers worldwide

85/100 ESG score

# PRIORITISING health & safety

Nothing is more important to our business than the safety of the people who work for us and with us. This applies in all our locations, and at every level of the business.

HEALTH & SAFETY  
Page 32

## Approach

We are committed to achieving a zero-incident work environment and feel this is realistically achievable.

Safety in our industry is an absolute priority. Our work is geographically dispersed, working conditions vary, and our people work in a number of different – and often dangerous – fields.

To ensure people's safety, there are three central points to our approach – leadership, culture and risk management. All are essential to maintaining our industry-leading record.

We work hard to ensure our compliance with external certification is reaffirmed each year for our Occupational Health and Safety Management System (OHSMS). In 2018, we switched from OHSAS 18001 standard to ISO 45001.

## Highlights

**Zero harm**  
number one priority

**-40%**  
LTIFR y-o-y

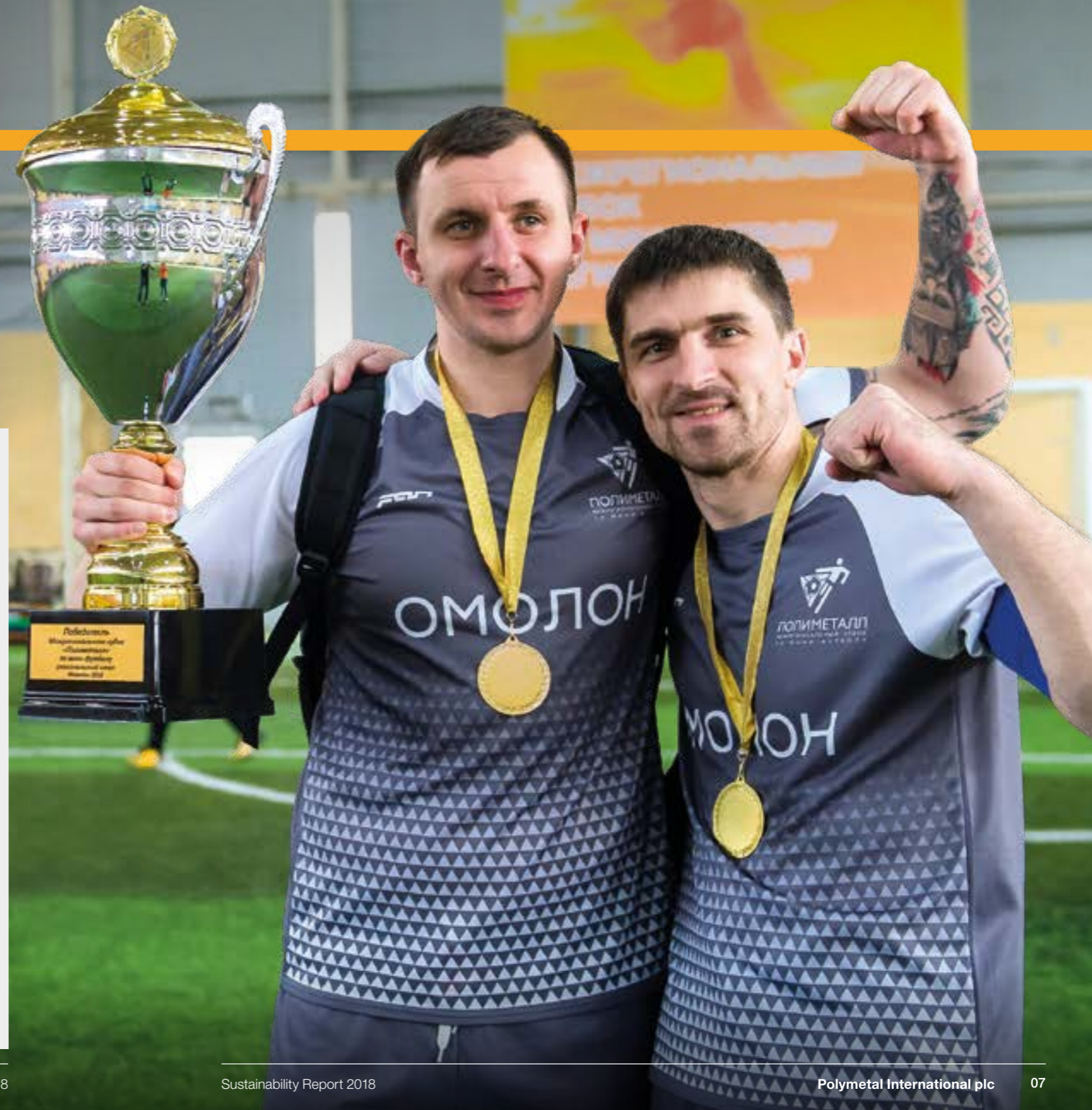
## Sustainable development goals



# CHAMPIONING OUR employees

Polymetal's success, year after year, is fundamentally down to one thing – our employees. We strive to support everyone who works with us, and to develop talent for the future.

EMPLOYEES  
Page 38



## Approach

We want to attract the best people. And it's just as important to ensure they are motivated to stay and bring their commitment to work with them every day.

We strive to create a fair and inclusive environment, pay competitive salaries, offer equal employment terms, and reward performance. We believe businesses do best when they reflect the diverse nature of society, and prohibit discrimination on any basis.

Through training, and skills and leadership development, we are developing our managers and business leaders of the future. This is also important on a personal level, because our employees want to continually learn and progress.

## Highlights

**5.8%**  
employee turnover

**12,140**  
employees

**20%**  
female employees

**1st**  
female mine managing director

**49**  
hours of training per employee

## Sustainable development goals



# PROTECTING THE environment

As a business, we want to have a positive impact on the environment. That means doing everything we can to prevent environmental incidents, protect natural resources, and use more renewable energy.

ENVIRONMENT  
Page 46

## Approach

The mining industry impacts the environment and natural resources like land, air and water. Our stakeholders expect us to protect these resources, and we also place high demands on ourselves.

Our corporate policies focus on reducing risks, compliance, best practice and continuous improvement. These are supported by our Environmental Management System (EMS), which was created to minimise and offset environmental impact and protect biodiversity and human health.

Our EMS helps us identify environmental risks and opportunities, driving resource and energy efficiency across the business. We use modern, efficient equipment and technologies to minimise pollution, and all our production sites are certified for compliance with ISO 14001.

## Sustainable development goals



## Highlights

**2**  
pilot projects on renewable energy  
(wind and solar)

Climate system development

**-7%**  
GHG emissions intensity reduction

**83%**  
of water recycled


**27%**  
waste reused (excluding Kyzyl)

**2**  
mines underwent Cyanide Code audits



# SUPPORTING COMMUNITY development

Partnering with our local communities is central to our business success. We improve livelihoods through employment, supporting local suppliers, contributing to local and national economies, and making social investments.

 SOCIO-ECONOMIC DEVELOPMENT  
Page 56

## Approach

We want to have a positive impact on all our local communities and economies. This reinforces our success, as it helps to protect our reputation and keep our operations running smoothly. Our focus on having a positive impact also helps ensure that all our sites respect human rights and the local environment.

Building long-term, strong and trusted relationships with our local stakeholders has been central to our business success. We do this through proactive, regular engagement, listening to feedback and acting on it. We also employ local people and choose local suppliers wherever possible.

Ultimately, our goal is to ensure that our success is reflected in the local economies and societies wherever we operate.

## Highlights

**\$10m**  
community investments

**\$181m**  
taxes paid to governments

**178**  
anti-corruption training sessions including  
our supply chain

**96%**  
local employees

## Sustainable development goals



# BUILDING OPPORTUNITIES THROUGH innovations

Investing in research and development today will ensure the success of Polymetal International tomorrow. By continually innovating, we will further strengthen our business in areas like efficiency, environmental performance and, most importantly, safety.

We continually seek to improve our operations. Our research and development department tests and then integrates the best innovations into our production processes. Since 2012, our Continuous Improvement System has helped foster a culture of operational efficiency to help lower our environmental impact.

## Airborne magnetic surveys

In 2016, we started using airborne magnetic surveys in exploration in the Karelia Region. These surveys are less labour-intensive than traditional surveying and allow us to better protect forest resources. In addition, they enable us to generate a database of key site parameters, which helps us explore even more efficiently.

From 2016 to 2018, we invested more than \$400,000 in airborne magnetic surveys, and we surveyed more than 400 km<sup>2</sup> in 2018.

## Increasing digitalisation at Varvara

Our Varvara mine has been introducing digital technologies for years. An Automated Dispatch System (ADS) has been operating here since 2011, and we introduced a visualisation system in 2018.

The ADS provides real-time tracking of all relevant pit information, with four high-definition video cameras surveilling all production areas. This helps prevent equipment downtime and production losses.

We also use a satellite bucket positioning system in the pit. This enables shovel operators to more accurately follow the mining model developed by our Mine Planning Department, helping reduce mining losses and dilution.

In 2019, we will conduct pilot tests on decreasing energy consumption and increasing motor capacity. The pilot has shown that installation of new hardware and software will save 20–25% of power.

## Sustainable development goals





# At a glance

Polymetal International plc is a leading precious metals mining group, operating in Russia and Kazakhstan. We strive to be a sustainable and responsible company. What does this mean? As well as being a major employer in the region, it means we focus on minimising our environmental impact, and maximising our positive impact on local communities and the people with whom we work.

## GEOGRAPHY

**17**

territories of community engagement

**7**

time zones



## ENVIRONMENT

**0**

major environment incidents

**\$20m**

environmental investments

**1st**

miner in Russia generating renewable energy



## OPERATIONS

**9**

operating mines

**9**

processing plants

**3**

growth projects



## COMMUNITIES

**\$10m**

community investment

**96%**

of our employees come from the countries of operation

**87%**

local suppliers in Kazakhstan



## KEY FIGURES

Produced in 2018

**1.6 Moz**

of gold

**\$1,882m**

generated revenue



## PEOPLE

**12,140**

employees

**40%**

of qualified personnel are women

**5.8%**

staff turnover



## Our values



### STEWARDSHIP

We work to protect the environment, maximise the health, safety and well-being of employees, and respect the rights of all stakeholders affected by our operations.



### FAIRNESS

We show fairness, equality and respect to our employees and local communities.



### ETHICAL CONDUCT

We expect employees, contractors and business partners to display the highest standards of ethical conduct, with zero tolerance for corruption, bribery and fraud.



### DIALOGUE

We promote stakeholder dialogue based on openness, honesty and transparency.



### COMPLIANCE

We meet all legal obligations at local, national and international levels.



### EFFECTIVENESS

We aim to be effective in everything that we do.

## Our strategic focus areas

Our approach to sustainability is based on complying with international standards and best practice, rigorous risk management, regular consultation with all our stakeholders, and responding to the most material issues for our business.

### 1 Improving health and safety for our employees and contractors

HEALTH AND SAFETY  
Page 32

### 2 Maintaining positive working relationships with local government, NGOs and the communities where we operate

SOCIO-ECONOMIC DEVELOPMENT  
Page 56

### 3 Attracting and retaining more high-quality people, creating an even better place to work

EMPLOYEES  
Page 38

### 4 Continuously upgrading our technologies and approach to environmental protection

ENVIRONMENT  
Page 46

### 5 Enhancing transparency in our communications with suppliers, contractors and partners

OVERVIEW  
Page 22, 26

EMPLOYEES  
Page 39

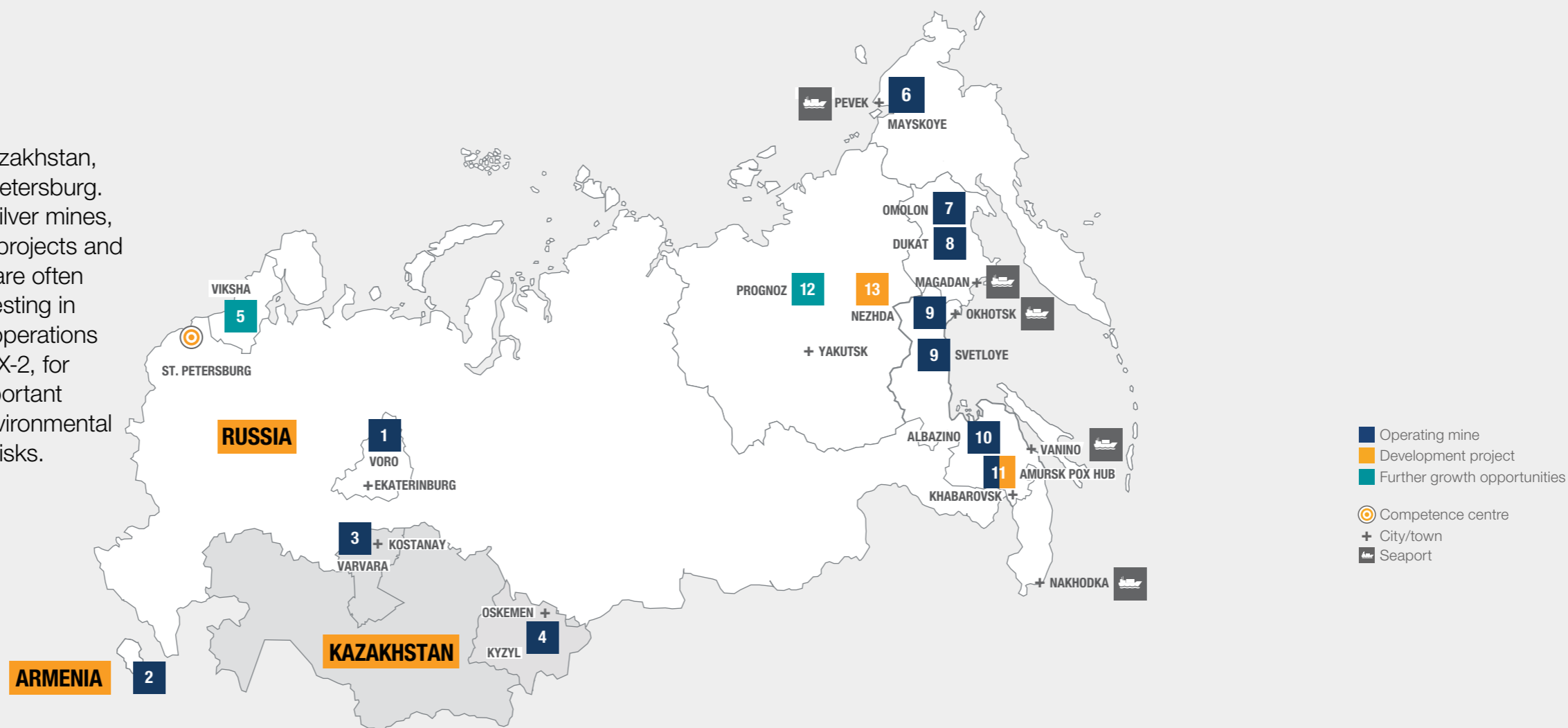
SOCIO-ECONOMIC DEVELOPMENT  
Page 62

### 6 Further developing water and energy efficiency programmes

ENVIRONMENT  
Page 46

# Where we operate

Our operations are in Russia and Kazakhstan, with a centre of competence in St. Petersburg. We have nine operational gold and silver mines, as well as three major development projects and further growth opportunities, which are often located in remote regions. We're investing in sustainability across all our existing operations and new developments. Amursk POX-2, for example, will incorporate several important design features that will minimise environmental impact and mitigate against related risks.



Asset and 2018 highlight	Personnel	Of which female	GHG	Social projects	Environmental projects
<b>1 VORO</b>	795	26%	49Kt	<ul style="list-style-type: none"> <li>Upgraded sport and wellness centre</li> </ul>	<ul style="list-style-type: none"> <li>Water: installed additional purification facility for pit waters</li> </ul>
<b>2 KAPAN<sup>1</sup></b>	937	16%	17Kt	<ul style="list-style-type: none"> <li>Constructed kindergarten</li> </ul>	<ul style="list-style-type: none"> <li>Water: used underground water at the plant, the rest is purified through a new facility</li> </ul>
<small>1 Sold in 2019.</small>					
<b>3 VARVARA</b>	1,237	19%	143Kt	<ul style="list-style-type: none"> <li>Supported programme for children's football</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity: protected birds from electricity wires, reused 250 tonnes of waste ore for construction</li> </ul>
<b>4 KYZYL</b>	969	17%	72Kt	<ul style="list-style-type: none"> <li>Completed landscaping in the village</li> </ul>	<ul style="list-style-type: none"> <li>Water and air: installed biological wastewater treatment and efficient irrigation systems in the areas of dust emission</li> </ul>
<b>6 MAYSKOYE</b>	1,023	13%	95Kt	<ul style="list-style-type: none"> <li>Upgraded kindergarten playground</li> </ul>	<ul style="list-style-type: none"> <li>Energy: switched to LED lighting, which contains no harmful mercury and uses less energy</li> </ul>

Asset and 2018 highlight	Personnel	Of which female	GHG	Social projects	Environmental projects
<b>7 OMOLON</b>	1,054	11%	72Kt	<ul style="list-style-type: none"> <li>Focused support programmes for indigenous peoples and reindeer herding</li> </ul>	<ul style="list-style-type: none"> <li>Rainwater projects: collected rainwater at landfills to prevent pollution of surrounding area, used pit waters for stockpiles dust suppression</li> </ul>
<b>8 DUKAT</b>	1,916	20%	203Kt	<ul style="list-style-type: none"> <li>Renovated educational institutions in all districts</li> </ul>	<ul style="list-style-type: none"> <li>Air emissions: upgraded two purification facilities for gas emissions</li> </ul>
<b>9 OKHOTSK<sup>2</sup>+ SVETLOYE</b>	1,239	17%	48Kt	<ul style="list-style-type: none"> <li>Constructed auto road in a local village</li> </ul>	<ul style="list-style-type: none"> <li>Launched solar farm and wind turbine, installed rainwater recycling facility, remediated vegetation on disturbed land</li> </ul>
<small>2 Sold in 2018.</small>					
<b>10 ALBAZINO</b> <b>11 AMURSK POX HUB</b>	1,632	17%	131Kt	<ul style="list-style-type: none"> <li>Renovated local sport school</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity: released 1,090 young sturgeons into the Amur river, installed freshwater intake end-of-pipe fish screen, introduced bird scarers at tailing dams</li> </ul>

# Our business model

Our strong financial discipline underpins our holistic approach to building a sustainable future. This will continue to strengthen our business going forwards, and deliver value for all our stakeholders.

## Our capitals

### 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.

### HUMAN

12,140 employees; attracting and retaining high-potential employees across Russia and Kazakhstan, nurturing young leaders to manage further growth.

### NATURAL

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

### BUSINESS

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

### INTELLECTUAL

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

### SOCIAL AND RELATIONSHIPS

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

## What makes us different

### 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.

### 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.

### 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 are recognised as sustainability leaders in the countries in which we operate, adopting best practice in nurturing relationships with all our stakeholders in government, industry and the communities.

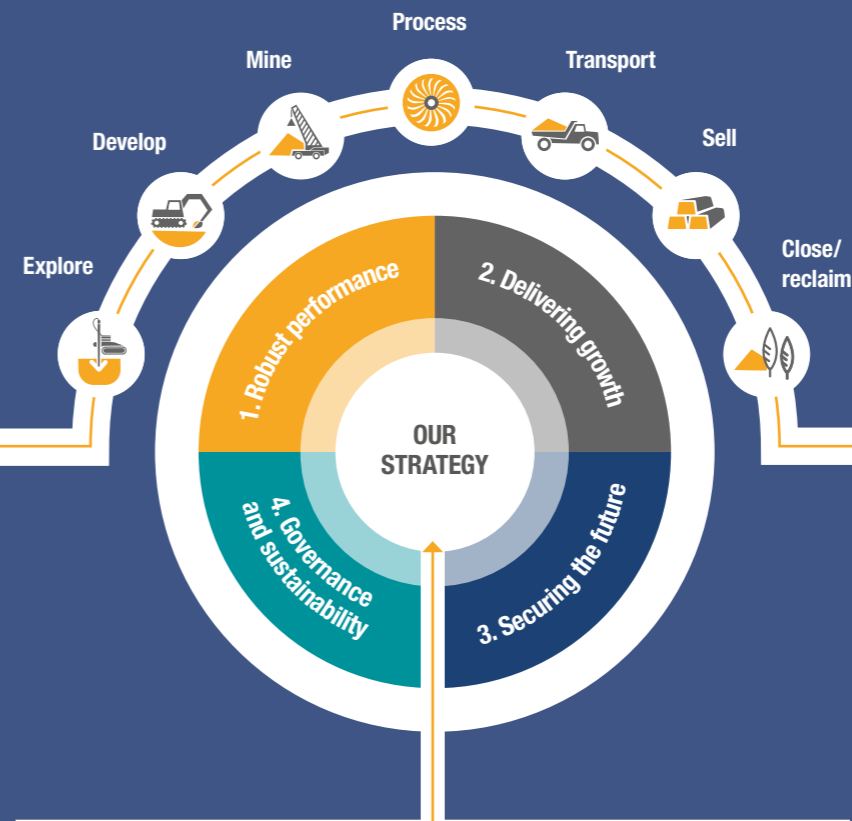
### INVESTING IN EXPLORATION

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.

### 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 seventh consecutive year.

## How we create value



### Risk management

We have in place a robust risk management system, which is designed to mitigate potential risks to the sustainability and success of the business.

**RISK MANAGEMENT**  
Page 24

### Governance

We are committed to maintaining world-class ethical standards and behaviour across every aspect of our business.

**GOVERNANCE**  
Page 22

## Shared value

### SHAREHOLDERS

We deliver a sustainable dividend stream.

**\$223m**  
proposed for 2018

### EMPLOYEES

We provide competitive remuneration, which is above the regional average, and comfortable working conditions, as well as motivating career development opportunities.

**\$1.5m**  
invested in professional training

### LOCAL 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.

**\$10m**  
invested in social projects

### OTHER CAPITAL PROVIDERS

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

**4.19%**  
average cost of debt in 2018

### SUPPLIERS

We provide fair terms and have established long-term and mutually beneficial partnerships, while ensuring suppliers' integrity and ESG compliance.

**3,000**  
potential contractors audited for ethical principles and anti-corruption policies

### STATE AUTHORITIES

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

**\$181m**  
taxes paid

# Safety and Sustainability Committee

## Chair's statement



Our corporate culture is pivotal to delivering the long-term success of the Company.

**Tracey Kerr**  
Chair of the Safety and Sustainability Committee



### TOPICS REVIEWED IN 2017-2018

- Circumstances of all accidents that took place
- H&S plan implementation and impact on overall safety
- Sustainability strategy, progress and plans;
- Use of renewable energy
- Tailing storage facilities audit results
- Modern Slavery
- Sustainability reports
- Joint meeting with the Audit and Risk Committees on significant risks and internal audit results

### Dear stakeholders

Since becoming a Board Director in January 2018, bringing 30 years' experience in the international mining industry, I have been extremely impressed with Polymetal's absolute focus on safety and sustainability. Quite rightly, keeping people safe comes first, in everything we do. Environmental sustainability also plays a huge role in the Company, benefiting our business, local communities and our planet.

### A year of firsts

I'm delighted to have joined Polymetal's Board at such a historic time in the Company's history. 2018 is the year Polymetal became the first Russian company to join the Dow Jones Sustainability Index, and Polymetal was also ranked first among its 47 peers worldwide by independent ESG research and ratings firm Sustainalytics.

Polymetal's long-standing good record on safety and sustainability was instrumental to both of these achievements, and I congratulate my predecessor, Len Homeniuk, and all the employees at Polymetal. It's because of their hard work and dedication that we were able to achieve these 'firsts'.

I'm proud to now lead the Company's Safety and Sustainability Committee and to work towards building on this excellent record going forwards. Our role is to monitor the social, ethical, environmental and safety performance, and oversee all sustainable development issues on behalf of the Board.

Our ultimate vision is to grow the Company while positively impacting the people who work with us, the communities where we operate, as well as the environment.

### For us, safety must come first

Safety for all the people who work at, or with, Polymetal is our absolute priority. Since we switched to our Critical Risks Management (CRM) system, we learned how to manage and respond to our critical risks, with particular focus on rock mass falls and fires. In 2018, we had no serious accidents related to rock mass falls. During 2018, we also identified critical risks in the areas of transport safety and contractor safety. So, in the last quarter of 2018, we conducted inspections to investigate causes and plan response measures accordingly.

Our safety strategic goals for 2019 are as follows:

- Zero fatalities
- Effective operation of our CRM system; and
- Personnel engagement and development of a strong safety culture

To achieve this, we have developed a plan of action:

- Further development of our geomechanical control system;
- Increased focus on critical risks
- Implementation of our programmes to improve transport/road traffic safety and contractor safety
- Development of safety leadership behaviours
- Implementation of our communications programme aimed at improving our safety culture

In 2019 we will focus on embedding a culture of leading by example (from middle manager to the Board), increasing employee engagement and promoting a safety-first approach.

### How we raised standards in 2018

In the past year, the Safety and Sustainability Committee has looked at several issues to raise standards even further. These include investigating the circumstances surrounding all accidents that have taken place, no matter how small, as well as monitoring how effectively our Health and Safety Plan is being implemented, and its impact on overall safety performance.

We examined our Sustainability Strategy progress and plans, with in-depth reviews of the Company's use of renewable energy, and the results of our tailing storage facilities audit. We also looked at our approach to prevent modern slavery and how we are reporting on sustainability, and we held a joint meeting with the Audit and Risk Committees on significant risks and internal audit results.

### Continued focus on governance

Strong governance and an efficient sustainability governance framework are essential to achieve our safety and sustainability vision. We have a comprehensive plan of action for the coming year, including carrying out in-depth reviews of the safety and sustainability plans of each of our operations.

We will engage more with our stakeholders on our safety and sustainability progress and plans and will conduct a survey on materiality to discover which issues matter most to them. In 2018, we held an Environmental, Social and Governance (ESG) day in November, as well as face-to-face meetings throughout the year. We are also planning to increase engagement between our Board members and Polymetal employees.

2018 has been a successful year, but that will not make us complacent, as we strive to achieve more 'firsts' in 2019.

### RESPONSIBILITY AT ALL LEVELS

#### Board of Directors

- Control of the financial and economic activities
- Risk management
- Enforcement of the shareholders' rights

#### Company as a whole

- Elaboration of a common strategy and tactics
- Control at all levels

#### Operations

- Elaboration of a local strategy
- Environment protection
- Labour safety

#### Employees

- Consolidation of goals
- Allocation of functional duties
- Timely result

#### Me

- Personal health
- Level of professional knowledge and qualifications
- Compliance with safety requirements

## Polymetal's corporate culture

Our Company's purpose, values and strategy underpin our culture, which is recognised and supported by the Board. All Directors are expected to act with integrity, lead by example and promote our ethical culture throughout the business.

### What is our corporate culture?

**Our focus on safety and sustainability** – This is our absolute priority. Responsibility and accountability are key to ensuring strong governance and ethics, from the Board of Directors to the Group as a whole, down to individual subsidiaries and to the employees.

**Our people** – We believe our success is due to our people, with employees taking pride in and responsibility for their work. In 2018, the rate of absenteeism was 0.012. We all have a vital role to play in reinforcing our corporate values, both at work and in our everyday lives.

**Our innovation** – We think creatively and are not afraid of turning challenging situations to our advantage in order to progress towards our goals. Over the last three years, our employees have suggested more than 275 improvement proposals, and 165 of them have been implemented, which has helped us save more than \$20 million.

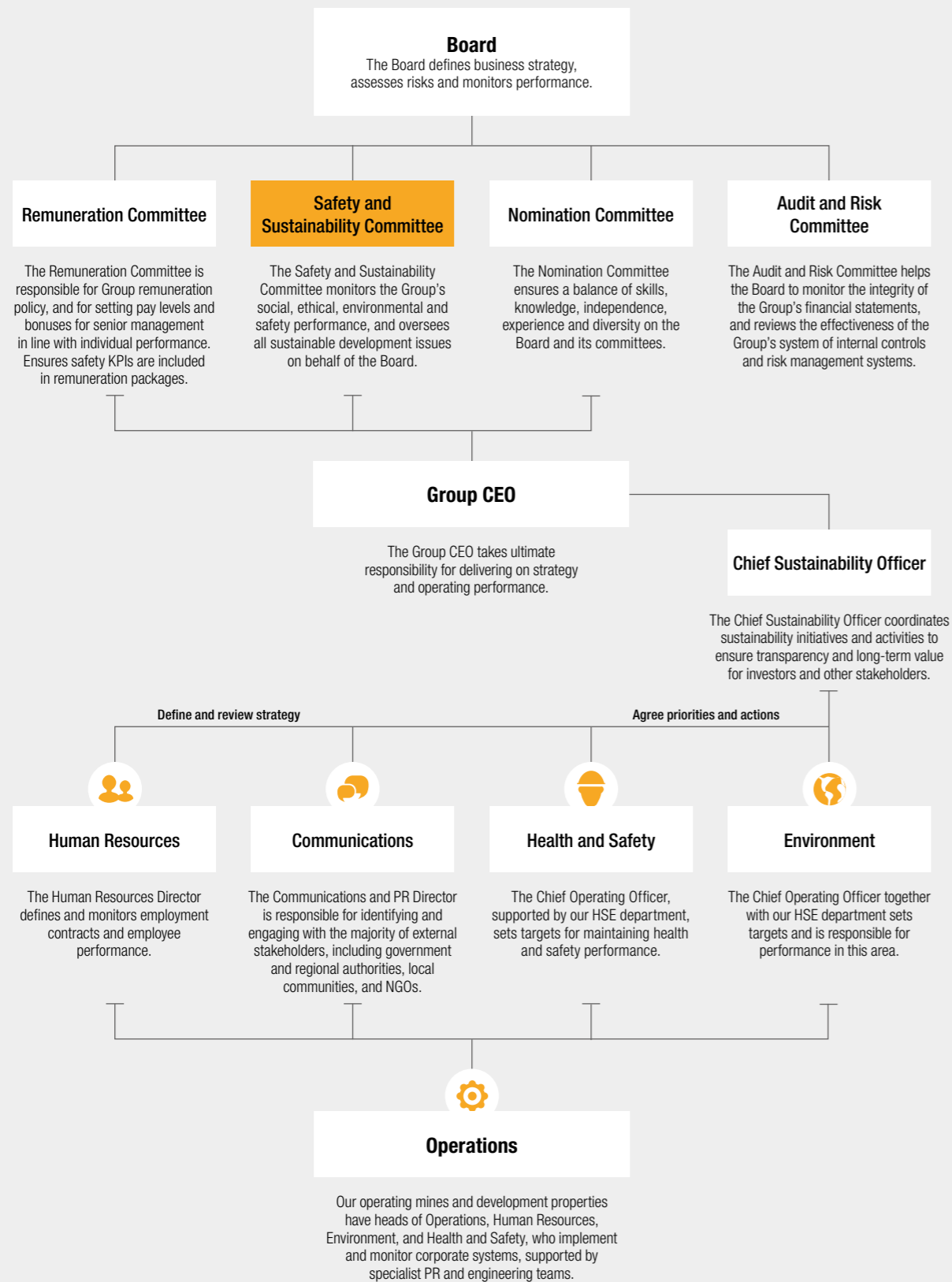
**Our learning** – We encourage continuous learning and self-development among all our employees. This is critical to improving skills, motivating employees and ensuring our ongoing success. Given our vast geography, we've developed distance learning to complement our training centres and facilities. In 2018, we provided over 20,000 training sessions for our employees (2017: 14,974), investing \$1.5 million.

As a result of this corporate culture, we're proud that employees value working with us: employee turnover is low at 5.8% (2017: 5.4%). In an employee survey, 82% said they were satisfied working at Polymetal.



# How we manage sustainability

## Governance framework



## Our sustainability leaders

Polymetal's senior management and Board-level committees take responsibility for the Company's sustainability policies, programme and progress. This reflects the importance given to the subject across our entire operations.

Overall responsibility rests with our Board of Directors. Vitaly Nesis, our Group CEO, oversees local management decisions and processes. During the year, our Board conducts several sustainability performance reviews, approves sustainability strategy initiatives and has final sign-off on our sustainability reports.

The Company fully complies with the UK Corporate Governance Code. As of this report's publishing date, our Board is made up of a non-executive Chair, one executive Director and seven non-executive Directors. Excluding the Chair, five members of the Board are independent non-executive Directors. As part of our Board succession programme, Messrs Godsell and Best will not be offering themselves for re-election at the upcoming AGM. The new Board Chair will be nominated subject to AGM approval and will be considered independent on his appointment. The Chair and non-executive Directors evaluate the Company's management and performance, review financial information and monitor internal risk management procedures and controls. Directors disclose any interests they have each year, and the Company Secretary is alerted to any changes to these interests. We have included additional information on our Board in the Governance section of our Annual Report.

### Safety and Sustainability Committee Overseeing our approach to sustainability

We established our Safety and Sustainability Committee back in 2015. The goal of the committee is to provide support to the Board on the Group's safety record, sustainability performance and ethical conduct. It oversees Polymetal's approach and implementation of our short and long-term policies and standards. The Committee also makes sure that we work ethically, transparently and responsibly, engaging with key stakeholders and local communities.

On safety, this year the Committee oversaw the implementation of major improvements to risk management procedures, evaluated the impact of our initiatives, and worked with the Audit and Risk Committee to identify, manage and prevent sustainability risks (see page 24).

Our Safety and Sustainability Committee met three times in 2018. Meetings covered: safety performance analysis of incidents and risk assessment; safety plan implementation; deep-dive analysis of H&S risks: rock fall, transport and flame burns; the H&S report for 2018 and team work plan for 2019; Critical Risk Management System focus in 2019 and safety plan; sustainability strategy and gap analysis, progress and plans and priority projects for 2019–2020 including key focus areas; review of the Company's first Modern Slavery Act Statement and recommendation for Board approval; review of the Tailings Management and H&S Policies and recommendation for Board approval; and review of the implementation report on Human Rights and Carbon Policies.

### Remuneration Committee Taking into account safety performance

Our Remuneration Committee sets the framework and broad remuneration policy for the positions of Chair, Group CEO and the executive management team. Its guiding principle is sustainable shareholder value creation, taking into account interests of all stakeholders.

The Committee ensures that senior managers and Directors are compensated fairly for their work, with pay levels and bonuses set in line with the Company's overall health and safety performance. Senior management remuneration – including that of the Group CEO and COO – takes into account safety key performance indicators. This is also reflected in our remuneration structure throughout the Group, and reflects the importance we place on safety.

### Nomination Committee Evaluating leadership skills

Polymetal's Nomination Committee has responsibility for recommending the makeup of our Board and its committees. Its role is to ensure that a balance of skills, knowledge, independence, experience and diversity are reflected. This helps sustain and develop our healthy corporate culture. The Committee regularly reviews executive leadership needs and priorities, assesses performance of the Board and non-executive Directors, and ensures our continued success in the marketplace.

### Audit and Risk Committee Minimising risks

The Audit and Risk Committee is independent and consists of non-executive Directors who are highly experienced in financial reporting and risk management. The Committee, as well as Polymetal's overall approach to governance, promotes discipline across the Group. The Committee's work ensures consistent quality in reporting, internal control and risk management processes, and transparency of the Company's financial statements.

## How we manage sustainability continued

### Minimising risk

We have developed our Risk Management System (RMS) to help minimise risks across the business, help us achieve our strategic objectives, and create sustainable value for our stakeholders. We look at potential risks to our employees, as well as local residents and the environment. We do this by regularly and accurately identifying risks and taking steps to mitigate them.

Our robust risk management framework takes into account sustainability matters, ensuring that risks are appropriately identified, assessed against tolerance levels and managed Group-wide. Our risk management is supported by a bottom-up approach and reviewed from the top down.

This ensures all employees are engaged in the process, while our Board and executive management ensure alignment with our Company strategy.

Polymetal's management is collectively responsible for identifying business risks. It is the job of the Board to then monitor these risks and make sure they are effectively mitigated. The Audit and Risk Committee develops risk management strategies and oversees their implementation. Finally, stakeholders feedback on these strategies through engagement activities – involving government agencies, employees, local communities, NGOs, and the financial community, as well as our suppliers and customers.

### Risk management responsibilities

BOARD OF DIRECTORS, AUDIT AND RISK COMMITTEE OF THE BOARD	GROUP CEO	INTERNAL AUDIT DEPARTMENT	OPERATIONAL MANAGERS
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	Identify risks to the business and associated management operations	Define and monitor the risk management process and mitigation tools and actions, prepare risk reports	Identify and evaluate everyday risks and report them, implement risk mitigation programmes

### Our key sustainability risks

Managing sustainability risks is part of our overall RMS. Our priority is to identify and mitigate our most critical risks, which include safety and environmental risks.

ENVIRONMENTAL RISKS	SAFETY RISKS	SOCIAL RISKS	ECONOMIC RISKS
Environmental risks include technological risks (exceeding emissions, contamination, spillages or releases into the environment, and fails in processes); natural risks (temperature change, floods, storms); and regulatory risks (compliance and changes to regulations, complying with regulatory bodies, over-limit penalties, violation of waste disposal rules, and non-compliance with other conditions).  For more information, see Environment.	Our goal is for zero fatalities and we work hard to reduce injuries. Through risk assessment cards, we continually estimate risks and record measures taken by management to manage them. Polymetal has a dedicated in-house Audit Department to monitor safety. This has been certified as compliant with international standards by external independent auditors.  For more information, see Health and Safety.	Management of social risks is important. These include risks related to communities, employees and supply chains. Building positive relationships with local residents and groups is critical for our licence to operate when implementing large-scale investment projects. We need to demonstrate shared value and deliver on our commitments.  For more information, see Socio-Economic Development.	We depend on suppliers and contractors, who can delay deliveries of essential components and affect production terms. We have developed measures to respond to these risks.  For more information, see Socio-Economic Development.

You can also read more about our risk factors and management approach in our Annual Report 2018.

### Sustainable Development Goals (SDGs)

The United Nations' Sustainable Development Goals aim to tackle the world's biggest challenges. 17 Goals, comprising 169 targets, were established in 2016 and expected to be achieved by 2030. The Goals call upon every part of society – from governments to organisations, businesses and citizens – to play a part in achieving them.

We are playing our part and have identified 73 targets that are relevant to our business and to which we can contribute. We have aligned our sustainability focus

to the SDGs. We have identified risks that relate to achieving the Goals and incorporated them into our risk management system. We have also evaluated our impact on these target areas, and are working to maximise our positive, and minimise any negative, impact. Finally, we have set targets to measure our progress. See more on pages 30 and 31.

Some of the ways in which Polymetal is contributing to tackling the Sustainable Development Goals are outlined below.

### MOST RELEVANT



#### Quality Education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

We believe that the key to healthier communities and economic growth is education. Wherever we operate, access to education is a top priority for local communities and governments. For over 20 years, we have partnered a number of educational initiatives – for example, partnering with colleges and universities, investing in local school infrastructure, and providing training and career development opportunities for our employees, increasing access to education for thousands of people.



#### Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We have a positive socio-economic impact on the communities and countries where we operate. For example, we improve lives through local employment opportunities, buying services and goods from local businesses, paying local taxes, and partnering with local organisations and local government on community issues.



#### Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable

We contribute, through income tax, to public infrastructure projects, helping to make communities more sustainable. To have the greatest impact, we consult with local stakeholders to find out about their top priority needs. Wherever we operate a mine, we also identify and manage any social, environmental and economic impacts of our work, to strengthen local communities.



#### Life on Land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

The mining industry has an impact on the physical environment. We strongly believe in environmental stewardship based on diligent planning, careful implementation and thorough assessment. Our culture is to continually seek to do better, and this drives our commitment to responsible mining, complying with all legal requirements wherever we work.



#### Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

At Polymetal, all of our interactions, by all of our people, must be conducted with integrity, in an ethical manner. Accountability is crucial, and we fundamentally oppose bribery or corruption of any kind. We believe that bribery and corruption are not only bad for business, but also have a negative impact on the whole of society. Furthermore, we strive to ensure that bribery and corruption have no place in our value chain, and work with suppliers and contractors, as well as our employees, to ensure honest conduct.

# Chief Sustainability Officer's summary



As a result of integrating sustainability throughout our business, we're now eligible for green financing and have signed our first sustainability-linked loan.

**Daria Goncharova**  
Chief Sustainability Officer



## FOCUS DURING 2019

- Safety
- Climate change system implementation
- Target-setting and long-term plan
- Social impact measurement
- Supply chain management

## Dear stakeholders

I am pleased to present Polymetal's Sustainability Report 2018, a year in which we've achieved a lot across every area of sustainability, creating value for all stakeholders. As a result of integrating sustainability throughout our business, we're now eligible for green financing and have signed our first sustainability-linked loan.

Safety is an absolute priority and we're committed to achieving a zero-incident work environment. In 2018, we upgraded from the OHSAS 18001 to the ISO 45001 standard and saw a 40% decrease in our year-on-year LTIFR, with zero injuries in Q4.

Looking after employees is important to attract – and retain – the best people. We believe businesses do best when employees are diverse. In 2018, 20% of our employees were female and we appointed our first female managing director at Svetloye. We also continued to focus on employee training, providing an average of 49 hours of training per employee.

We recognise potential risks relating to human rights and corruption. In addition to our existing Code of Conduct, Supplier Code of Conduct and Human Rights Policy, we're further developing our due diligence process. In 2018, we conducted 178 anti-corruption training sessions, including with contractors, and we published our first public statement in compliance with the UK Modern Slavery Act. By 2021, we will implement a group-wide supply chain risk assessment system and further engage our partners on these issues.

On energy and climate change, we've launched pilot solar and wind energy projects. These are helping us explore how we can further minimise our carbon footprint, despite challenging locations, lack of infrastructure and grid power access. We also decreased our GHG emissions intensity by 7% as a result of our group-wide energy efficiency programme. This is part of our newly implemented Energy Management System.

Building long-term, strong and trusted relationships with our local stakeholders has been central to our business success. We do this through proactive, regular engagement, listening to feedback and acting on it. This year, we continued to contribute to local communities and economies in all regions of operation. We do this through sourcing from local suppliers, social and infrastructure investments, and providing local employment opportunities and employee benefits. In 2018, for example, we signed a partnership agreement with the Yakutia region, confirming our commitment to employing locals.

We also contribute to national economies and welcome fiscal transparency. In 2018, we published our second report on payments to governments, as required by UK regulations. We also support the EITI standard in Kazakhstan.

This report sets out how we are strengthening our business through sustainability innovation, often leading the way in our industry. It details our achievements in 2018 and our plans for 2019. Please do not hesitate to get in touch if you have any questions.

## Sustainability highlights

**1st**  
IN RUSSIA TO ENTER DJSI



**INDUSTRY MOVER AWARD**



**1st**  
IN CIS TO SIGN SUSTAINABILITY LINKED LOAN



- Embedded sustainability in our supply chain
- Audited two mines and supply chains against Cyanide Code standards



**Human rights training and first Modern Slavery Act statement**



**Improved H&S risks management and decreased LTIFR by 40%**



**Signed partnership agreement with Yakutia region with intention to employ locals**



**Launched pilot projects on solar and wind energy resources**











# Stakeholder engagement

Engagement is important to update stakeholders on our priorities and progress, and to hear their views. It's also a key aspect of sustainability reporting. We report according to the GRI Standards: Core option. As part of this, we ask stakeholders about the issues they care about most.

We identify a range of social, economic and environmental issues that are important to our stakeholders and our business. We also analyse industry and societal trends, investor and ESG analyst requests, peer companies, community grievances, risks identified, and issues reported to our Board. When reporting on our most material issues, we look at our full value-chain impacts.

Each topic is assessed on a matrix, reflecting its impact on stakeholder perceptions, as well as its socio-economic, environmental, or business impact. We then prioritise and group the issues in terms of low, medium, and high importance.





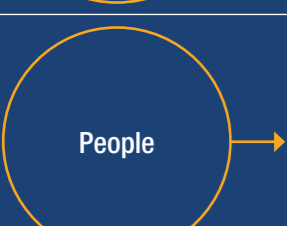
Ten issues of high priority were identified through our most recent poll. We report on high- and medium-priority issues, and partially report on low-priority issues, in accordance with reporting requirements and audience expectations.






Stakeholders	Why they are important to us	Channels of engagement	Material issues
	 <p>As a company, Polymetal exists to create sustainable value for shareholders.</p> <p>In turn, our shareholders and investors provide us with the capital we need to develop and expand our operations.</p>	<ul style="list-style-type: none"> <li>• AGM/GM</li> <li>• Annual and Sustainability Reports</li> <li>• Investor conferences and one-to-one meetings</li> <li>• Presentations/conference calls</li> <li>• Site visits</li> <li>• Direct correspondence</li> <li>• ESG day</li> </ul>	<ul style="list-style-type: none"> <li>• Financial, operational and sustainability performance</li> <li>• Dividends</li> <li>• Regulation, economics and politics</li> <li>• Mergers and acquisitions</li> <li>• Compliance with relevant ESG standards</li> <li>• Health and safety</li> </ul>
	 <p>Our people are one of our core strengths and assets; the success of our business depends upon their expertise, dedication and skill.</p> <p>We hire the most talented staff and invest significantly in their training and development. We also work hard to provide a safe environment for them.</p>	<ul style="list-style-type: none"> <li>• Employee opinion polls and questionnaires</li> <li>• Workers' councils</li> <li>• Internal hotline, website, suggestion boxes and grievance mechanisms</li> <li>• Meetings and face-to-face communication with management</li> <li>• Performance reviews</li> <li>• Annual direct line with the Group CEO</li> <li>• Annual direct line with the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Wages, benefits and social packages</li> <li>• Working and living conditions</li> <li>• Health and safety</li> <li>• Career progression and opportunities</li> <li>• Social needs</li> <li>• Training, development and education</li> </ul>
	 <p>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.</p> <p>In collaboration with our contract partners, we work to ensure compliance with ethical, environmental and safety standards across the Polymetal supply chain.</p>	<ul style="list-style-type: none"> <li>• Direct correspondence</li> <li>• Contractual relationships</li> <li>• Meetings and trainings</li> <li>• Compliance audits with Polymetal's requirements with focus on safety</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Open and fair relations</li> <li>• Health and safety</li> <li>• Full compliance</li> <li>• Impact on environment, human rights and society</li> </ul>
	 <p>We maintain good relations with the national and local governments in the jurisdictions in which we operate.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Working groups</li> <li>• Meetings</li> <li>• Direct correspondence</li> <li>• Industry conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Taxes</li> <li>• Labour issues</li> <li>• Health and safety</li> <li>• Environmental responsibility</li> <li>• Infrastructure and local development</li> <li>• Local employment</li> </ul>
	 <p>Polymetal depends upon communities and NGOs for its licence to operate in specific localities and regions.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Opinion polls and questionnaires</li> <li>• Public and face-to-face meetings</li> <li>• Communication with Company managers</li> <li>• Press conferences</li> <li>• Working groups (for NGOs)</li> <li>• Grievance mechanisms</li> <li>• Email and telephone</li> </ul>	<ul style="list-style-type: none"> <li>• Investment</li> <li>• Employment</li> <li>• Infrastructure development</li> <li>• Environmental and health impacts</li> <li>• Local culture, lifestyle, language and traditions</li> </ul>



# Material issues and priorities

The following table outlines our top ten material issues of high priority, how each issue fits into our sustainability priorities, and our progress in 2018.

Material aspects	Sustainability priorities	Progress in 2018
	<ul style="list-style-type: none"> <li>Support local and national economies through tax transparency, hiring local employees and using local suppliers</li> </ul>	<ul style="list-style-type: none"> <li>\$181m taxes paid</li> <li>49% of local suppliers in Russia and 87% in Kazakhstan</li> <li>3,000 suppliers audited</li> </ul> <a href="#">READ MORE Page 61</a>
	<ul style="list-style-type: none"> <li>Zero fatalities</li> <li>Continuous 10% LTIFR reduction compared to previous periods</li> </ul>	<ul style="list-style-type: none"> <li>1 fatality</li> <li>-40% LTIFR</li> </ul> <a href="#">READ MORE Page 33</a>
	<ul style="list-style-type: none"> <li>No community conflicts</li> <li>Good relationships</li> <li>Support local populations</li> </ul>	<ul style="list-style-type: none"> <li>Zero conflicts</li> <li>153 letters of gratitude</li> </ul> <a href="#">READ MORE Pages 59, 61</a>
	<ul style="list-style-type: none"> <li>Full compliance and zero penalties</li> </ul>	<ul style="list-style-type: none"> <li>\$4,323 in fines for 10 minor cases of environmental non-compliance</li> </ul> <a href="#">READ MORE Page 47</a>
	<ul style="list-style-type: none"> <li>Low turnover rate</li> <li>Equality and diversity</li> </ul>	<ul style="list-style-type: none"> <li>5.8% employee turnover</li> <li>Zero reportable strikes and lockouts</li> </ul> <a href="#">READ MORE Page 39</a>

Material aspects	Sustainability priorities	Progress in 2018
	<ul style="list-style-type: none"> <li>Reduce water consumption and water discharge by at least 1%</li> </ul>	<ul style="list-style-type: none"> <li>54% reduction in fresh water withdrawal compared to 2016</li> <li>9% reduction in water disposal compared to 2016</li> <li>83% of water reused/recycled</li> </ul> <a href="#">READ MORE Page 48</a>
	<ul style="list-style-type: none"> <li>No major or catastrophic environmental incidents</li> <li>Reuse at least 20% of annual volumes of overburden/waste rock</li> <li>Reduce direct impacts on biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Zero environmental incidents</li> <li>27% of waste reused at sites included in target scope (16% of waste reused across all production sites including our newly launched Kyzyl mine, which has large volumes of stripping and therefore waste produced)</li> <li>12 programmes on biodiversity</li> </ul> <a href="#">READ MORE Page 47</a>
	<ul style="list-style-type: none"> <li>Decrease GHG emissions by at least 1%</li> </ul>	<ul style="list-style-type: none"> <li>7% reduction in GHG emissions intensity</li> </ul> <a href="#">READ MORE Page 52</a>
	<ul style="list-style-type: none"> <li>Ongoing engagement with partners and interested stakeholders on responsible supply chain</li> </ul>	<ul style="list-style-type: none"> <li>All suppliers are obliged to sign Suppliers Code of Conduct as a part of new contracts</li> <li>Suppliers grievance mechanism is available online</li> </ul> <a href="#">READ MORE Page 61</a>
	<ul style="list-style-type: none"> <li>Zero corruption cases</li> </ul>	<ul style="list-style-type: none"> <li>5,000 people trained</li> <li>Prevented damage of \$596,000</li> </ul> <a href="#">READ MORE Page 26, 62</a>

# Health and safety



When we say that safety is our top priority, it applies to every department and every employee, regardless of position. We want all our people to understand that we do not risk life and health for the sake of implementing our production plans. If an employee thinks the workplace is unsafe, then he or she should immediately stop working. Short-term production plans can be adjusted – people are more important.

**Vitaly Savchenko**  
Chief Operating Officer



## WHAT GUIDELINES DO WE FOLLOW?

**International:** UN Global Compact, ISO 45001, OHSAS 18001, EBRD Environmental and Social Policy, Cyanide Code

**Corporate:** Code of Conduct, Health and Safety Policy, Corporate Occupational Health and Safety Management System, and national occupational safety standards

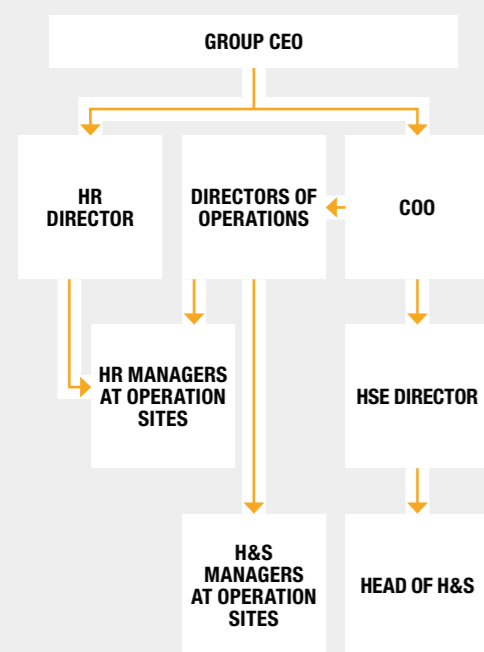
## TOPICS DISCLOSED

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

## PRIORITIES

- Achieve zero fatalities and continuously improve LTIFR
- Reduce and effectively manage critical 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
- Embed responsible safety behaviour across every aspect of our operations

## WHO IS RESPONSIBLE?



## Our safety first approach

Our aim is for a zero-harm work culture. We invest heavily in proactively identifying and mitigating risks, providing safety training for our employees, and maintaining the most stringent international health and safety standards.

Because our work is geographically dispersed, working conditions vary, and our people work in a number of different – and often dangerous – fields, we need a holistic approach to safety. Three points are central to our safety practices: leadership, culture and risk management. All are essential to maintaining our strong track record.

Firstly, safety leadership must come from the very top. 2018 saw a step-change improvement in safety leadership and engagement through our safety communication programme. As a result, the quality of employee interactions greatly improved and we received positive feedback from all employee groups.

Secondly, we work hard to create a ‘zero harm’ mindset and culture. This means every employee taking personal responsibility not only for their own safety, but also for that of the people around them. We continually promote safety behaviours to ensure all our people and contractors work in a safe environment.

Thirdly, risk management is – and must stay – at the very heart of our approach. Each year, we identify and assess H&S risks across the Group and create risk maps for all our working processes and locations. We then develop detailed programmes to help us reduce these risks. We comply fully with Health and Safety (H&S) legislation wherever we operate, and strive to meet all relevant international requirements. We communicate our Health and Safety Policy (available at [www.polymetalinternational.com](http://www.polymetalinternational.com)) to our employees and stakeholders through information boards, our internal newspaper, and weekly Safety Day meetings. We work hard to ensure that our compliance with external certification is reaffirmed each year for our Occupational Health and Safety Management System (OHSMS). In 2018, we switched from OHSAS 18001 standard to ISO 45001.

Our OHSMS guides us in detecting, assessing and mitigating risks, safeguarding employee health and workplace safety, and making sure equipment, buildings and other structures are used safely. It also ensures that supervision measures are carefully controlled, and that we conduct internal audits effectively. Additionally, we conduct monthly meetings of the Employee Council at our operations, where management discuss production and H&S issues together with workers. All corporate H&S priorities, procedures and management processes are part of collective agreements.

## How we manage risks

We recognise risks associated with each of our sites. Individual units across our production facilities, plants and mines that have been classified as ‘hazardous’ are fully insured. That is why our primary focus is on reducing the level of the most significant risks at our operations. We carry out an annual qualitative hazardous risk assessment, and inform employees of the results through a range of communication channels.

Under our Critical Risks Management (CRM) system, we identified critical risks for 2019. While the greatest hazards at our sites are from falling rock and road transportation accidents, we have seen reduced exposure in the past year from these categories. Other risks include release of energy, slipping and tripping, gas poisoning, burns by fire, electricity, and flying objects.

To reduce the potential impact of critical risks at all our operations, our CRM includes developing a health and safety action plan for all critical risks (see Safety plan implementation below). And to raise employee awareness of workplace dangers, manage risks promptly, and control the accuracy of our risk assessments, we follow a shift-by-shift risk assessment (SBS) model. We implement SBS most rigorously in hazardous operational areas, for example automobile transport, mines, and plant and power supply.

## New safety hotline to report hazards promptly

In the underground mining industry, we know that some safety incidents could be avoided if potential risks are reported on time. Since January 2018, our new safety hotline has been operating across all our sites so that employees can provide early warnings if they see any hazard. Our office in St. Petersburg and all subsidiaries provide support for the system and regularly assess messages to understand the risks that line managers must address every day. There is clearly a need for this – during the first two months alone, the hotline received 109 calls.

“Through the hotline, all employees have been given an opportunity to report any safety concerns in order to eliminate hazards in the shortest possible time,” explains Petr Ageev, HSE Manager, Polymetal Management Company in Magadan. “Any hazard can be quickly remediated, and so accidents can be prevented.”

## Safety

### Strong performance

Over the past few years, our underground mining operations have increased, with more complex and challenging geomechanical conditions. Despite more employees working in these conditions, and the increased number of production sites, we are encouraged that our Lost Time Injury Frequency Rate (LTIFR) has declined to 0.09 in 2018 from 0.15 in 2017. The level of exposure to risks has also decreased, showing that our safety efforts are having a positive impact.

Our CRM system detected an increase in the number of near-miss occurrences. This demonstrates that our employees are getting better at recognising and reporting their workplace conditions, as well as situations that could potentially lead to serious incidents.

The overall number of fatalities in our operations has again reduced by 50% in the past year. However, we are deeply concerned by the loss of one colleague in March 2018, Arthur Martirosyan, due to poisoning by a dangerous gas. At only 24 years of age, Arthur had been with us for three years and we pay sincere tribute to his hard work during that time. We will do everything possible to return to our previous record of zero fatalities across all our operations.

As a response, we have reviewed our internal safety guidelines and procedures regarding access for working in underground confined spaces and provided more gas analysers for our underground mines to ensure no further faults. We are helping our employees to better identify risks and effectively prevent any incidents in the future.

In 2018, there were also 10 other accidents in total across the Group. This compares to 14 accidents in 2017, and 15 in 2016. In addition, contractors had 15 accidents. Our goal is for a zero-harm work culture and we will implement additional measures and devote significant resources to do all we can to prevent future accidents.

### Analysis and response

Whenever there is a workplace accident, we investigate and analyse what happened to help us understand any weaknesses in our safety operations. We apply the '5 Whys' principle to internal investigations, which we undertake in addition to investigations by state authorities. This process involves assessing all possible H&S risks – from technological and technical liabilities to employees' psychological and emotional influences.

After thorough research and analysis, we draw comprehensive conclusions and implement measures to help prevent reoccurrence. We inform all employees and contractors of our findings, and incorporate new measures into our H&S action plan. In addition, we implement all recommendations by state authorities. (See our SWOT diagram analysing accidents in 2018 on the opposite page.)

By implementing our H&S action plan, we have been able to successfully transfer to our new CRM system. Overall, this new system has reduced injury risk and we hope it will prevent a repeat of past accidents in the future.

### Safety plan implementation

To reduce the potential impact of critical risks at all our operations, our CRM includes a health and safety action plan for all critical risks. For each risk, our frontline team members must ensure that controls are in place before starting a job.

In 2018, we continued updating geomechanical models for use in mining works design, completing models for Kyzyl and Albazino. We implemented our interlock and equipment isolation procedure across all divisions. Finally, we installed additional lighting or special mirrors for areas with limited visibility for personnel.

### SWOT ANALYSIS OF SAFETY AT POLYMETAL

#### Strengths

- Main focus on safety
- The safety message (policy and goals) is communicated well to all employees
- Good 'vertical' and 'horizontal' relationships
- Positive dynamics due to ongoing efforts to improve safety

#### Opportunities

- High level of positive feedback among all employees
- Positive trends at mines with best safety dynamics can be spread to all others
- Automation and new safety tools usage can improve safety performance

#### Weaknesses

- High level of risk occurrence and one case of fatality is still evident
- Some divisions still lag behind overall safety dynamics
- Insufficient acceptance of personal responsibility for safety

#### Threats

- Increasing volumes of underground mining with higher risks
- Shift and growth of risk management problem areas to new assets
- New safety approaches will make new demands on staff competencies and skills



### Engaging and training employees on safety

Training and engaging employees and contractors is essential to achieving our zero-harm goal. Polymetal's Human Resources Management System sets out our procedures for recruitment and assigning employees with specific skills, as well as for providing training. We clarify competence requirements for each relevant job description, and heads of business units identify training needs. We provide training in occupational health, and industrial, electric and fire safety. We also provide refresher training, as well as training for specific purposes.

In 2018, our employees and contractors attended refresher safety courses, and those involved in dangerous works underwent mandatory safety training. To motivate employees about the importance of safety, we hold contests and reward departments that achieve zero occurrences and incidents. We also publish our 'safety barometer' in our corporate newspaper, and on information desks and portals. Moreover, we conducted more than 8,000 safety checks including 1,337 among our contractors.

### Improving production processes – learning from our colleagues

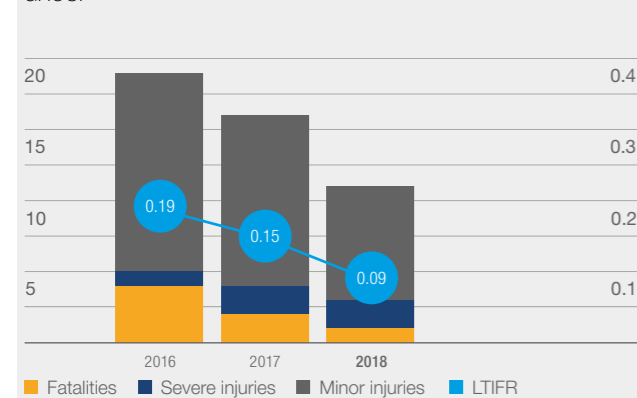
Seeing the success of cable anchors in use at our operations in other regions, our Albazino miners decided to follow suit. There, cable anchors are now used to support underground mines, improving the safety of underground mining. Anchor bolts hold the rock mass, so they also prevent waste from mixing with ore. Using this method, four stopes have been successfully mined out in only eight to 12 days. The most important thing is that the wall is stable and the waste rock does not fall into the stope. The cable bracing helps minimise dilution.



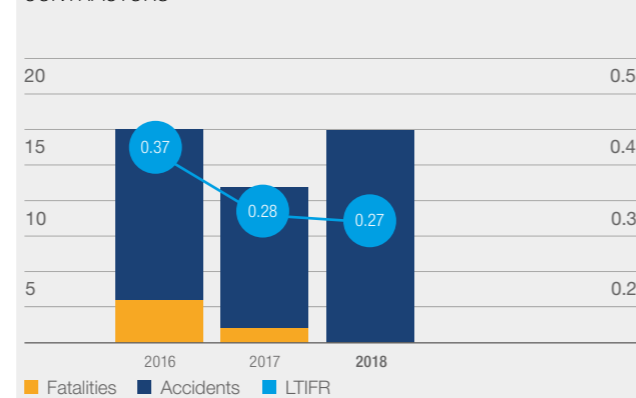
### Occupational diseases

In 2018, three cases of occupational diseases were recorded at the Dukat mine: one employee got silicosis and hearing loss, second employee got silicosis. Both employees had around 20 years' experience working in hazardous underground mining conditions including chemicals, cold climate, noise, vibration, dust and hard physical work. Following these cases, both decided to leave their jobs.

### HEALTH AND SAFETY PERFORMANCE GROUP



### CONTRACTORS





### Locating each and every underground worker

We're using technology to improve safety in our underground mining operations.

In 2018, for example, we implemented a radius-scan positioning system at our Dukat mine. Now fully operational, through a simple screen, the dispatcher can see the location of every single miner in the underground mine. The technology was tested at coal mines in the Kuznetsk Basin in Russia. Sensors are arranged throughout the stall inside the underground mine. Red lights in each adit transmit signals showing the location of any people.

"Safety comes first for us at our production site," explains our mining dispatcher, Svetlana Tagieva. "Using the system, we can effectively account for every single person in our underground operations." Mikhail Egorov, Managing Director of the operation, added, "All the Company's mines have been equipped with these systems."

In addition, at Dukat, five loaders and a dump truck have been equipped with a software package that provides remote monitoring of the equipment condition and operating parameters. This is part of a pilot project, which is helping to assess machine safety and productivity. The software shows up all operating errors and inappropriate actions on the part of the operator during the shift. This information can then be used to identify safety risks and maintenance requirements.

"This pilot enables me to monitor key operating parameters of the Dukat equipment from my work station in Omsukchan," says Sergey Pavlov, Chief Mechanic. "For the time being, six machines are sharing this information. However, we are planning to incorporate all other equipment into the system."

### Our progress in 2018

PLANS FOR 2018	STATUS	PROGRESS
We would pay extra attention to working areas with critical risks.	■ On track	While the greatest hazards at our sites are from falling rock and road transportation accidents, we have seen reduced exposure in the past year from these categories.
We would ensure a safer environment at our newly acquired mines.	■ On track	We certified new mines in accordance with ISO 45001.
We would develop our Geomechanical Management System.	■ On track	We are updating geomechanical models for use in mining works design. We have completed our Kyzyl and Albazino models.
We would adjust OHSMS with respect to risk assessment improvement at auxiliary departments.	■ Delivered	We implemented SBS most rigorously in hazardous operational areas, for example automobile transport, mines, and plant and power supply.
We would further enhance safety training, behaviours and a safety mindset in all employees and contractors.	■ Delivered	We experienced a step-change improvement in safety leadership and engagement through our safety communication programme. As a result, the quality of employee interactions greatly improved, and we received positive feedback among all employee groups.

### Plans for 2019

We will be working on decreasing the number of incidents and promoting additional safety measures, with a focus on transport safety. Priorities include:

- Providing a daily assessment of rock mass stability in underground and open-pit mining
- Effectively controlling the speed limits
- Using more equipment at mining operations in order to remove personnel from the risk zones
- Isolating spaces for working with and storing flammable and explosive substances, avoiding use of open flames
- Continuously applying tools for the observation and modelling of rock stability
- Ensuring safety at pedestrian walkways, landing areas for transport, workplaces and stairways
- Reducing the number of road accidents by 10%, for both Polymetal and our contractors
- Communicating our safety programme effectively
- Maintaining the safe condition of roads
- Certifying OHSMS against ISO 45001

# Employees

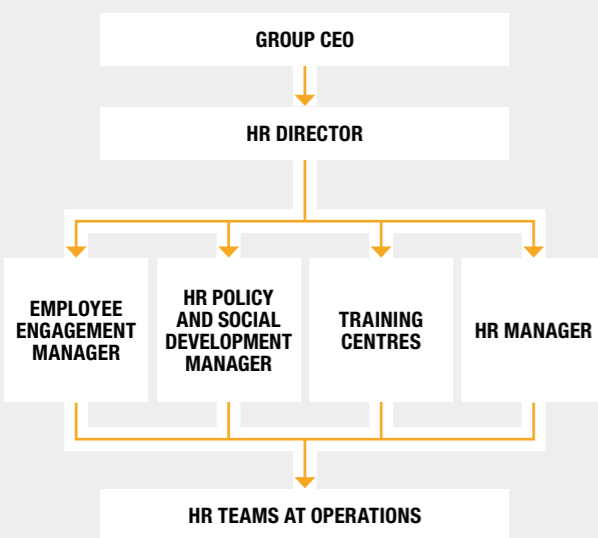


Our success each year is down to our employees. This year, we have particularly focused on developing talent, meeting international standards and supporting gender diversity. If you work at Polymetal and are talented, nothing should hold you back from fulfilling your potential.

**Dmitry Razumov**  
Deputy CEO, Human Resources



## WHO IS RESPONSIBLE?



## WHAT GUIDELINES DO WE FOLLOW?

**International:** UNDHR, UN Global Compact, ILO, national labour codes

**Corporate:** Human Rights Policy, Code of Conduct, Employment and labour standard, Human Resources management policy, Diversity policy, Standard Regulation on Social Conditions and Service Quality Control, collective agreements, Recruitment Standard

## TOPICS DISCLOSED

- Employment and social benefits
- Training and education
- Diversity and equal opportunities
- Equal remuneration for women and men
- Labour practices and grievance mechanisms
- Freedom of association and collective bargaining
- Occupational health and safety
- Human rights
- Mine closure

## PRIORITIES

- Provide safe environment and equal opportunities
- Ensure equal remuneration
- Promote diversity
- Ensure protection of human rights
- Recruit and retain engaged and motivated employees and interns
- Develop career pathways
- Improve communications with employees
- Enhance training programmes

## Our approach

We want to attract the best people. And it's just as important to ensure they are motivated to stay and bring their commitment to work with them every day. So we strive to create a fair and inclusive environment, pay competitive salaries that benchmark well within the industry, offer equal terms of employment, and reward performance. Through training, and skills and leadership development, we are creating our business leaders of the future.

We believe that businesses do best when they reflect the diverse nature of society, and prohibit discrimination on any basis. Our Company has zero tolerance for sexual, racial, or any form of workplace harassment. Across the Group, we protect fundamental human rights, treating people fairly, with dignity and respect.

We comply with the UN's Global Compact and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. This involves paying our people a fair wage and supporting their job security and development within the Company. It also means upholding their rights to collective representation, freedom of association and a safe work environment.

## Business ethics

All employees must comply with our Corporate Code of Conduct. The Code offers guidance on ethical behaviour – towards colleagues, customers, business partners, state authorities and society. It covers numerous subjects such as 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. The Code is supported by our policies, which cover a similarly broad range of issues.

In 2018, there were 374 recorded violations of the Code; 96% of these were related to consumption of alcohol or drugs. The employees identified were dismissed, and employees of our contractors were removed from our operations with no right to return. We also made claims to those contractors, who were required to pay a penalty pursuant to the agreements in force.

## Labour rights and equal opportunities

Polymetal recognises the importance of preventing human trafficking and modern slavery. We also engage with stakeholders to promote human rights, and seek to influence partners, contractors and suppliers. We do this through our Suppliers Code of Conduct to ensure rigorous high standards.

At our operations, we have processes in place to ensure that we do not employ any underage or forced labour, and no incidents of these were reported in 2018. We are committed to equal opportunities and terms of employment, and recruit people based on merit. We won't discriminate

on any grounds, including gender, race, skin colour, religion, nationality, social origin or political opinions.

We work hard to ensure a healthy and safe environment for employees and address any AIDS/HIV-related problems in a responsible manner. We do not allow discrimination or infringing the rights of candidates or employees with AIDS/HIV.

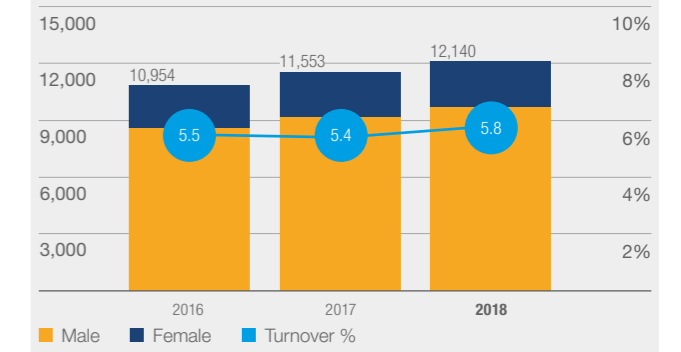
We also fully comply with international and government policies on employing people with disabilities. This includes striving to create adequate working conditions for any employee who becomes disabled during their time working at Polymetal, especially if it's as a result of an industrial accident. We help them to perform their job functions, as far as is reasonable and practicable, with due regard for their interests and the Company's interests. In 2018, we employed 11 people with disabilities or health conditions, and no cases of discrimination were reported within the Group.

## Headcount and turnover

In 2018, we employed 12,140 people compared to 11,553 in 2017. 93% of our personnel are employed on a permanent basis.

Each year on average approximately half of our employees work shifts on a fly-in/fly-out basis rather than permanently relocating, because of the demanding nature of the work and our remote site locations.

## HEADCOUNT AND TURNOVER



## Targeted employment

We want to attract talented young students to join our Group. So we collaborate with recruitment websites to promote the Company, as well as with leading universities and technical colleges, whose students apply for internships. In 2018, 170 students undertook internships at Polymetal (including 44 female students), and we subsequently employed 19% of the interns.

## Diversity

Mining has traditionally been made up of a predominantly male workforce. However, in recent years there has been a growing proportion of women in the industry. We actively promote the inclusion of women in our workforce and leadership teams. We have established a range of diversity targets, and diversity is discussed at every meeting of our Nomination Committee, across all our operations.

We have procedures in place to prevent gender discrimination when recruiting. For each open position, we must specify qualification requirements, carry out interviews to assess competencies, and use a pool of assessors to ensure non-biased selection of candidates.

In 2018, women represented 20% of our total workforce, 22% of our management roles, and 18% of our Board. For the first time, we appointed a female managing director at our Svetloye mine.

## Diversity and Human Rights Training

In November 2018, we launched an interactive course to increase understanding of diversity issues and human rights. The course is mandatory for all managers and focus groups engaged in working with external stakeholders (including security services) who deal directly with these issues.

FEMALE	TOTAL WORKFORCE	MALE
20%	TOTAL WORKFORCE	80%
22%	MID-LEVEL MANAGEMENT	78%
40%	QUALIFIED EMPLOYEES	60%
12%	WORKERS	88%

**Mid-level management** includes employees who hold positions as heads of business units: directors, chiefs of divisions, managers, experts or supervisors, etc.; chief specialists, for example, chief accountant, chief dispatcher, chief engineer, chief mechanic, chief metallurgist, chief geologist; and deputies to these positions.

**Qualified personnel** are employees who are engaged in engineering and technical, economic, and other such positions. In particular accountants, geologists, dispatchers, engineers, inspectors, mechanics, quantity surveyors, editors, economists, energy specialists, legal advisors, etc., and assistants to these positions. It also covers office workers in accounting and control and maintenance positions, who are not engaged in manual labour, including clerks, concierge staff, controllers and secretaries.

**Workers** include personnel who are directly engaged in the process of value creation, as well as those engaged in repair, moving goods, transporting passengers, providing material services, and so on.

## Human capital development

Group-wide training and development are critical to improving skills, keeping employees motivated and ensuring the future success of the Company.

We go beyond mandatory compliance and induction training. From the moment people join Polymetal, employees are appraised and a personal training programme is agreed, including general operational and technical training. At each subsequent appraisal, we agree further training – both professional and managerial – through our network of corporate training centres and guest trainers.

Our training takes several forms. Employees can receive on-the-job training at one or different operations. They can receive training from visiting leading companies using innovative technologies or upgrading systems. We also host teams of other mining and engineering companies at some of our training, which helps to broaden horizons. Our in-house consultants and experts teach about our Company best practices, and we also use third-party training providers to develop leadership and professional skills.

Distance-learning training complements the work of our training centres and on-site training facilities. This increases productivity and efficiency and helps us provide training to employees in remote locations. In 2018, we developed new distance-learning training courses, and we will continue to develop these further in 2019. Overall in 2018, we invested \$1.5 million in personnel training.

## Professional development programmes

We offer a series of programmes, which enable our employees to progress in the Company.

### Best-in-profession contest

In addition to remuneration, we believe it's important to invest in rewarding employees. Every year, for example, we hold 'Best in profession' competitions and award ceremonies. These are an important tool for identifying, encouraging and motivating employees with leadership potential, contributing to skills development and the dissemination of best practices. They also help increase the profile of particular trades, promote our workplace culture and professional pride, and recognise employees and creativity. The competitions test theory as well as practical skills.

Each year, we hold around 20 professional competitions at our sites. In 2018, 1,819 people took part (including 182 women). In addition to traditional competitions (for geologists and mineral surveyors, assayers, drivers, and open-pit workers), we introduced competitions for welders, mineralogists and scalars.

### Encouraging continuous improvement

As a company, we never stand still and continually master new technologies and innovations. Likewise, we encourage our employees to think out of the box when doing their job, in order to find opportunities for improvement. To this end, we organise discussion platforms like roundtables, training workshops and forums of thinkers.

We regularly receive proposals with ideas for improvement and select the best ones, awarding the best innovator from each region every year. Winners receive valuable prizes, such as a trip to the FIA Formula One World Championships in Sochi.

Over the last three years, our employees have suggested more than 275 improvement proposals, and 165 of them have been implemented, which has helped us save more than \$20 million.

### 360 Degrees assessment and Talent Pool

To help develop our employees, we created 360 Degrees, our annual evaluation programme. This helps identify any skills gaps in professional development, as well as candidates for our Talent Pool – a select group of employees with the greatest potential to become the next generation of skilled managers at Polymetal. In addition, employees can nominate themselves for the Talent Pool through our corporate web portal.

In 2018, we continued to provide all employees in our Talent Pool with personalised targets, assessments and development plans. As a result of comprehensive training, we were able to promote nine Talent Pool employees to key positions within the Company.

### Training for the future – programmes for young people

We conduct training for recent graduates of, and trainees in, key mine planning software used at our operations. Every year, we also support children of our employees to study at university to help them acquire a profession that will be useful to the Company in the future.

In 2018, we provided training for those with high potential to prepare them for leadership challenges of the future. This included training on subjects such as occupational health and safety, production control, construction, mine planning, and labour relations.

### Annual scientific and industrial conference for young professionals

We held conferences for 51 young professionals including geologists, miners and processing engineers, and the 15 best professionals (including three females) received an award. As a result, seven participants (including four females) were included in our Talent Pool and will follow a career development plan.

## Expanding training for remote employees

In 2018, Polymetal's Mining Information Technologies Centre (CMIT) greatly expanded our online training capabilities. With more electronic textbooks, more of our training is now accessible to employees in even the most remote regions where Polymetal operates.

Every student has the opportunity to communicate directly with a CMIT consultant. Students can ask questions and receive answers by telephone. Following tests, the consultant organises a feedback session and offers follow-up suggestions and recommendations.

"About 400 people took face-to-face and remote training courses in 2017, while over 1,500 applied for training in 2018," said Konstantin Bortsov, Head of the CMIT. "Of all of our students, last year about 30% took a remote training course, and this year that percentage increased to 60%. Increasing remote access is having an impact on training for the whole Company."



### TRAINING PER PERSON

# 49 hours



## Employees continued

### Adherence to best practice

#### Polymetal best practices to avoid discrimination

Polymetal best practices to avoid discrimination	Job description preparation	Practices we try to eliminate
Qualification requirements in job description prevent gender discrimination	<b>Job description preparation</b>	Use of too detailed requirements in the request, which reduces the number of potential candidates
Use of all available sources to search for and select candidates based on request requirements	<b>Search and selection</b>	Reject candidates at the CV review stage on the basis of superficial review and personal perception of the HR manager
Interview to assess competencies conducted by several managers with results-based assessment	<b>Candidate assessment</b>	Interview without checking competence, by a narrow group of managers and with no results-based assessment

### Encouraging professional excellence

In 2018 we recognised and rewarded many exceptional employees across the business. For example, Julia Melnikova, power dispatcher at our Komar mine, participated in the Best in Profession contest in 2018. Despite it being her first entry, she came away with the first prize.

Julia is the only woman to work in the Komar energy service. The fact that her competitors were experienced electricians did not stop her. In fact, she was the only competitor who correctly answered all 25 questions in the profession and industrial safety contest.

Meanwhile, at the WorldSkills Hi-Tech Eurasian Competition 2018, 77 professionals from 11 countries competed to demonstrate vocational skills in high-tech industries. Among the competitors were employees from Polymetal's Kazakh operations, who represented the Kazakh team. Viktor Reydikh, Equipment Mechanic at Varvara, came away with the second prize in Industrial Mechanics and Assembly.

When it comes to operational excellence, Polymetal has been encouraging employees to come up with ideas for many years. In 2018, winners who contributed the best ideas were awarded various prizes, with the grand prize being a trip to the FIA Formula One World Championship in Sochi. Alexander Korneev, Polymetal's Omsukchan concentrator instrumentation manager, was named the top contributor for operational excellence at our Magadan operations. Alexander has been working on improving our automation process over the past eight years.

In the winter of 2017, he suggested an idea to improve efficiency of the drying ovens, reducing fuel consumption for drying silver concentrate. The result was a reduction in fuel use from 10kg to 5–6kg per tonne of finished product.



### Labour practices

#### Competitive salaries and benefits

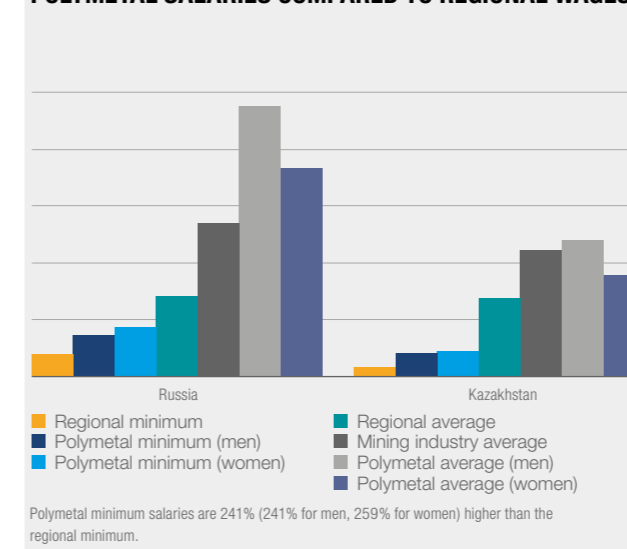
We ensure that employees are fairly compensated based on merit. Our salaries are competitive, we offer benefits that exceed regional averages in our areas of operation, and our long-term incentives programme is linked to relative share price performance (see our Remuneration Report for more details at [www.polymetalinternational.com](http://www.polymetalinternational.com)). It is critical that we provide appropriate remuneration to attract, retain and motivate the right calibre of employee in the regions in which we operate.

We implement a remuneration framework that is designed to reward our employees on the basis of their performance, giving equal emphasis to delivery and behaviour through short-term incentives. Operational workers receive a time-paid salary, which is set according to the number of hours worked and the amount of work completed. We also award performance-based monthly and annual bonuses, and in 2018 we continued to sustain stable wage growth in line with inflation.

#### Equal pay

We ensure equality in pay and provide equal levels of remuneration for positions with the same competence requirements for both male and female employees. Within the Group, the difference in remuneration ratio for men and women is 1.32. At Polymetal, women are well represented in senior positions, with the biggest share of female managers in administrative, social and communication professions, although the number of female seniors is much lower in operations, construction and geology due to the challenging nature of the work.

#### POLYMETAL SALARIES COMPARED TO REGIONAL WAGES



### Social support

As well as paying fairly, we provide social support to our employees.

For those in need, we offer financial aid. We provide housing support and cover interest payments on eligible employee mortgages. We subsidise kindergarten, after-school activities and a holiday camp for the children of our employees. We also pay holiday trip costs to health resorts once every two years for employees working in remote locations and their families. For retiring employees, we provide additional severance pay, and for parents we offer parental leave with a paid period of up to three years. In 2018, 175 people took maternity (97%) and paternity (3%) leave.

### Improving working and living conditions

We strive to create good social and living conditions for our employees. This not only impacts our work environment, but supports our people's health and well-being, and improves productivity and employee motivation.

To measure employee satisfaction, we conduct a survey every two years, which helps to identify any areas for improvement. In 2017, over 6,000 people through approximately 50 focus groups were asked to assess working conditions, occupational safety, labour remuneration, social conditions, team communication and the corporate environment. The survey also revealed potential areas for improvement.

As a result, in 2018 we implemented 300 corrective actions to introduce changes aimed at improving working and living conditions for employees, particularly those engaged in shift work in remote locations. Our efforts included infrastructure development at our mines. See our map on page 16 for further details.

### Mayskoye employees head to the gym!

Our team at the Mayskoye gold mine wanted to create new fitness opportunities for employees at the camp. So we bought new, state-of-the-art fitness equipment, including a Smith machine and three incline bench press machines.

"Now we have two separate zones: a strength zone and a zone for cardio," says Natalia Gilimkhanova, Administrative Service Manager. "We hope our workers will enjoy using the new equipment in our renovated gym."

We've received positive feedback from employees there. Anton Luchkin, Mayskoye Services Purchase and Control Department Manager, noted the "Excellent machines. It is so good to see that the Company takes care of its workers. Sport is important for healthy living, especially in our environment."

## Employees continued

### Regulated and fair employee relations

We have an excellent track record in regulating employee relations based on equality, consideration of mutual interests, strict compliance with local social and labour regulations, and constructive dialogue between partners on all social and labour issues.

We acknowledge the right of our employees to join organisations focused on protecting and supporting their interests. And we support the right of employees to elect their representatives, in accordance with the laws and practices of the countries where we operate.

We also protect our employees' rights to freedom of association and collective agreements. We understand the importance of collective agreements in defining contractual terms of employment and in regulating relations between Polymetal's management and employee representatives. In addition, we strive to create the necessary conditions to help employee representatives conduct their activities.

At each site, employees have set up Workers' Councils to represent their interests. Employee representatives have also been elected to Commissions for Regulation of Social and Labour Relations to facilitate discussions between employees and the Company.

In 2018, 89% of all our employees worldwide and 100% of personnel at our operating sites were covered by collective bargaining agreements.

### Internal communications

Our internal communication systems enable employees to engage with each other, at all levels. For example, employees can contact their manager directly through meetings or an electronic system.

All issues raised by employees are considered and investigated promptly, involving dedicated experts and, if necessary, site management. They are regularly analysed to identify potential risks and so we can take adequate remediation measures. The most complex, or Group-wide issues, are submitted to a special committee. The employee is always notified of progress and resolution, and a dedicated manager ensures that all issues or queries are resolved.

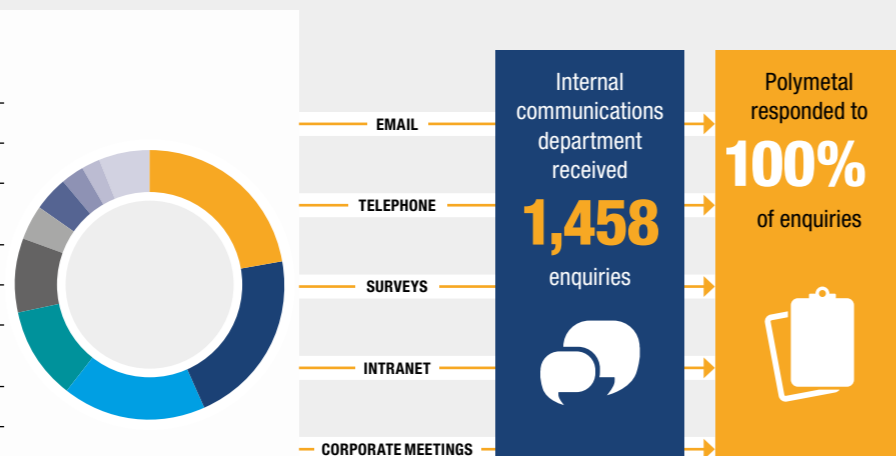
We are proud of our frequent and efficient internal communications. In 2018, we received 1,458 enquiries (1,001 in 2017). So far, we have responded to 100% of these, mostly at meetings and through our hotline. In 2019, we aim to organise our first direct communication session between the Board of Directors and our employees, to further enhance employee engagement.

### PROPORTION OF ENQUIRIES BY TOPIC

%

#### Enquiries from employees

Social benefits	22
Living conditions	21
Remuneration	17
Labour practices and working conditions	11
Production processes	9
Health and safety	4
Employees and management relations	4
Training and development	3
Corporate events, professional contests and sport	2
Other	6



## Our progress in 2018

PLANS FOR 2018	STATUS	PROGRESS
We would attract and motivate young specialists through targeted actions, career development programmes and training.	On track	We trained a group of five intern-students from the Mining University. They completed our professional competence management development programme, studied standards and policies, and were employed at different Polymetal sites.
We would implement our geological engineering education programme (covering rock mass stability and identifying safety risks) at our mining operations.	Delivered	We ensured our professional development programme covers identifying hazards and risks related to rock mass stability. We implemented this for technical and engineering employees and representatives of labour protection and industrial safety services. We ensured these issues are covered by our existing training for operations staff.
We would increase the amount of in-house training provided.	Delivered	We slightly decreased the amount of internal training by 1% compared to 2017 due to intensive induction trainings at our newly launched project Kyzyl.
We would develop e-learning.	Delivered	We introduced five new e-courses at our CMIT. We also implemented a new e-learning system for employees, which includes multimedia materials for occupational health and safety training.
We will continue to automate our HR processes in order to improve the quality of analytics, staff training and development processes.	Delivered	We launched software at all our production sites and training centres which will help us to better plan courses for our employees.
We will evolve our approach to diversity and prepare an action plan to introduce our updated policy.	On track	We have established a range of diversity targets.

### Plans for 2019

- We will develop direct communication between management and employees, and enhance frequency and effectiveness of communications.
- We will engage young employees using motivation, targeted events, career development programmes and training.
- We will continue our training programme on geomechanics (rock mass stability) in mining operations, especially on identifying safety risks.
- We will implement our HSE communications programme, addressing key issues of safety leadership and culture.



# Environment

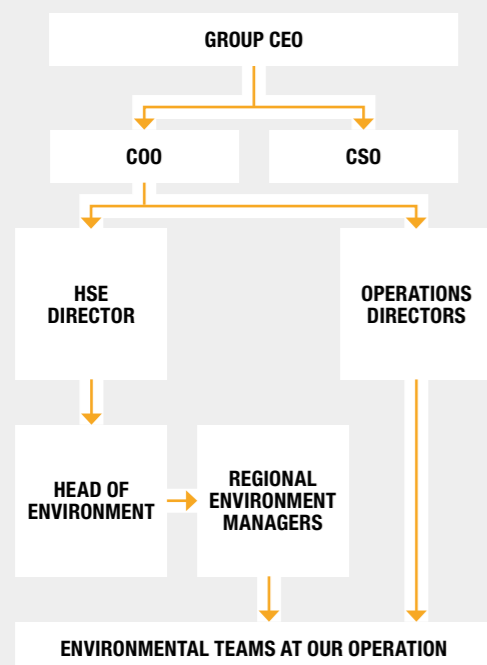


Protecting natural resources, moving towards renewable energy and preventing environmental incidents all serve to minimise our environmental impact, and improve efficiencies across the business.

**Andrey Savchenko**  
HSE Director



## WHO IS RESPONSIBLE?



## WHAT GUIDELINES DO WE FOLLOW?

**International:** UN Global Compact, ISO 14001, ISO 15001, EBRD Environmental and Social Policy, Cyanide Code

**Corporate:** Code of Conduct, Environmental Policy, Carbon Management Policy, Energy Policy, Tailings and hydraulic facilities management policy, Mine closure policy

## TOPICS DISCLOSED

- Tailings management and emergency preparedness
- Energy and carbon emissions
- Water
- Air emissions
- Biodiversity
- Land reclamation
- Effluents and waste
- Supplier environmental assessment
- Environmental grievance mechanisms

## PRIORITIES

- Maintain legal and ISO compliance
- Ensure tailing dams safety
- Assess climate risks and opportunities
- Expand application of Cyanide Management Code guidelines at all relevant operations
- Implement detailed management standards, including tailing storage facilities management, cyanide management, mine closure, climate strategy and carbon footprint management

## Our approach

To manage a sustainable business, we need to be mindful of our environmental responsibility. The systems we have in place have been created to offset any environmental impact and protect biodiversity and human health. We are continually learning, and adapt our systems as a result. We ensure that environmental considerations are taken into account when designing, constructing and operating our mines and processing facilities.

The work of the mining industry involves a number of environmental risks. So our corporate policies focus on reducing risks, compliance, best practice and continuous improvement. They also cover the management of key environmental issues, including incident and emergency control and the use of environmentally friendly materials. In 2018, we updated our Environmental Policy and approved a new Energy Policy and Tailings and Hydraulic Facilities Management Policy.

Our Group-wide Environmental Management System (EMS) helps us to identify environmental risks and opportunities, driving resource and energy efficiency across the business. We use modern, efficient equipment and technologies to minimise pollution, and all our production sites are certified for compliance with ISO 14001.

We also engage our employees on environmental issues, and training is an essential part of this. We encourage our environmental teams to participate in courses on topics such as environmental management, water quality assessment, hazardous waste, environmental security and land reclamation.

## Auditing and compliance

We focus on improving controls to prevent potential environmental incidents, and on integrating environmental consciousness into our core business processes. We comply with all relevant legislation and are regularly audited by state authorities. We also hire external service providers to further improve our environmental performance.

In 2018, eight of our mines were inspected 12 times by government commissions, and minor cases of non-compliance with environmental regulations were revealed at our Voro and Varvara mines. This related to errors in documents for waste treatment, which resulted in a fine of \$4,323. We corrected documents after the inspection and will ensure mistakes will not be repeated.

We received no other significant fines or non-monetary sanctions for breaches or infringements. Since Polymetal was founded, we are extremely proud to have had no major or catastrophic environmental incidents.

## Engaging with our stakeholders

### Suppliers and contractors

We work with our suppliers and contractors to control and minimise risks externally. In addition, we carry out selective formal assessments and audits for environmental compliance and best practice.

For suppliers, we integrate the environmental requirements into our Supplier Code of Conduct. Our contractual agreements stipulate the need for compliance with applicable laws and regulations, our EMS, and all requirements surrounding issues like packaging, noise, pollution and emergency preparedness. Equipment suppliers must provide guarantees that their hardware operates within established limits.

We explain the EMS environmental procedures to our contractors and require them to be responsible for environmental safety and avoiding significant environmental impact. Our contractors must continually work to improve their environmental risk management, as well as their Environment, Health and Safety performance. In 2018, we audited 285 contractors, with no significant violations revealed.

### Environmental grievance mechanism

Our stakeholders are able to express any concerns or grievances they may have through our rigorous environmental impact assessment procedures, for example public hearings and other mechanisms. At all of our sites, we make a record of feedback received from the public in a log book. We also organise a range of engagement activities to listen to stakeholder comments. In 2018, we received 14 enquiries about the environmental impacts of our development projects, which were resolved by providing additional information about our approach to environmental responsibility.



**ENVIRONMENTAL INVESTMENTS 2018**  
(%)

**\$20m**

**ENVIRONMENTAL INVESTMENTS**

Waste	38%
Air and climate	22%
Water	12%
Land	11%
Other	17%



**Environmental protection**

During 2018, our overall investment in environmental protection was \$19.9 million, down from \$24.8 million in 2017, as we have completed reconstruction of tailing facilities at Mayskoye and Albazino and launched the Kyzyl project. Our investments include construction of environmental facilities at our development projects and upgrading existing facilities at operating mines. Above that, we also make quarterly payments to governments through environmental taxation in the regions where we operate, to offset any negative environmental impact caused by our business. These are governed by environmental law and defined by audits conducted at our sites by government agencies.

**Water**

**Focus on water**

One of the key issues that stakeholders talk to us about is the future availability of water. Their concern over security of supply comes as a result of demographics and climate change. 2018 was the Year of Water for Polymetal, with a major focus on water resource management. We use water for industrial use, drinking and irrigation, and focus strongly on efficient water management. Our processing plants consume the most amount of water during ore processing.

We take water quality and security seriously, continually monitoring any impacts of our work on surface and ground water, and taking action to minimise negative impacts where necessary. We work in partnership with local governments and stakeholders to protect water security in the communities where we operate, often providing water and infrastructure through our operations.

We have improved our metering and recording procedures, audited water sources, and reviewed our water balance scheme. We have also implemented projects, including constructing or updating water facilities at our production sites and nearest settlements for communities.

**Water consumption**

Our production sites are generally situated in regions where there is sufficient water supply. Despite this, we use a closed water supply system. This means we work to use only recycled purified water from the tailings dam and our sediment ponds. As well as minimising offtake of fresh water, this also means that we reduce the risk of releasing unsafe water into the surrounding area.

Water quality is checked for compliance with relevant requirements before discharge. Discharged water then passes through sewage treatment plants and is cleaned by various mechanical, physico-chemical and biological processes. In addition, water measurement is carried out by meters, flowmeters, and by indirect estimation when using meters is not possible.

Every year, local and state authorities grant us permission to withdraw water. Due to the fact that our operations are spread geographically across a wide area, we do not over-exploit any single source, and we ensure that at all times our water use stays within permitted limits. We do not withdraw water from surface sources in environmentally sensitive areas, or where water is of great importance to local or indigenous communities.

We actively source water for our operations. For example, we take water that naturally seeps down and collects in our underground mines. We use this water underground, and we also pump it to the surface to be used in our gold processing operations. When extra water is needed, we may purchase it from utility suppliers. As a last resort, we are also allowed a certain level of take-off from rivers, dams, and groundwater aquifers.

**Water projects 2018**

During the year, we implemented several projects. For example, at Kapan<sup>1</sup> we carried out a project for waste water from an underground mine to be used in technological processes at the plant (see infographic below). This involved upgrading mine water treatment facilities and our water supply system, replacing fresh water in the process circuit with treated discharge water.

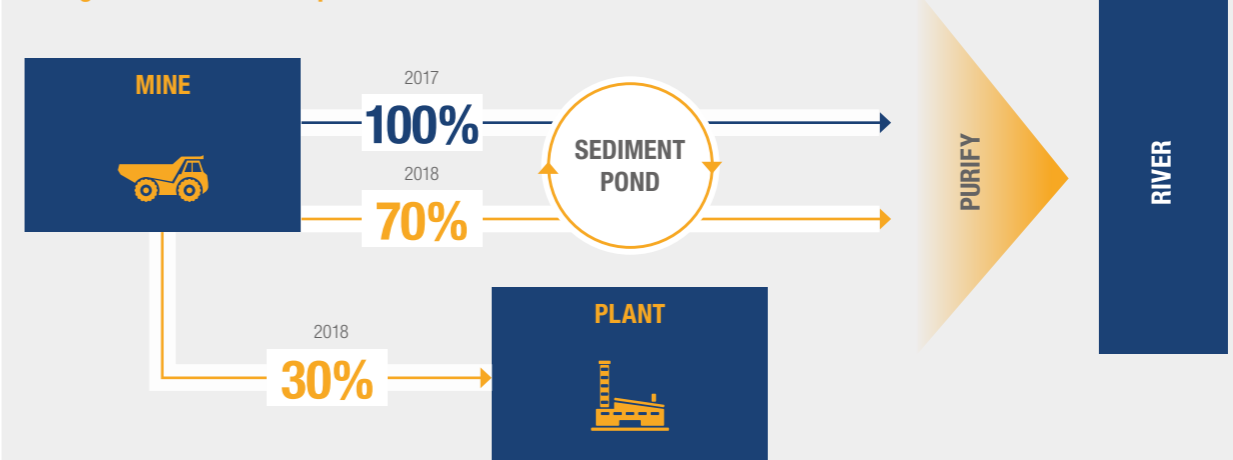
At Omolon, our work involved open-pit de-watering and a water supply project at our Birkachan mine. This included using pit water for shotcrete production and replenishing recycled water at our Birkachan ore stockpile, instead of using fresh water. It also included upgrading pit water from our settling pond.

At Amursk, our Process Water Cycle project involved replacing around 40,000 m<sup>3</sup> of fresh water for the process water recycle system with storm water from our retention pond. We also constructed a water diversion collector.

At Dukat, we introduced a truck washing system using recycled water. At Kyzyl, we installed a facility for mine waters to be used in processing at the plant. And at Albazino, we cleaned storm waters with phytoremediation technology, using living plants to clean up pit water. Finally, at our Varvara plant we optimised water recycling, achieving our target on recycled water consumption by the flotation circuit.

<sup>1</sup> Sold in Q1 2019.

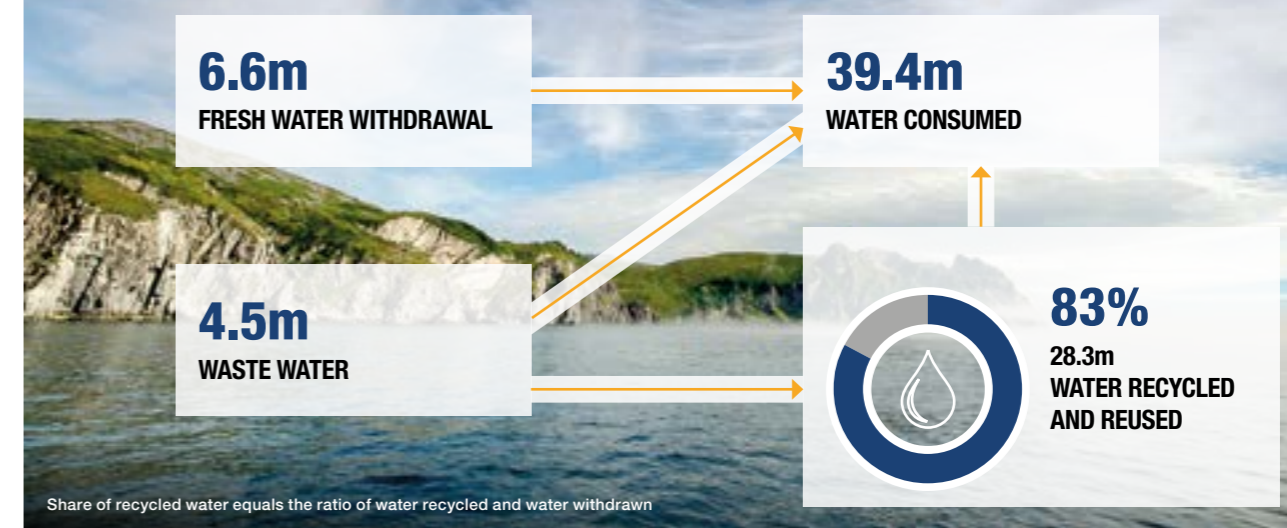
**MINE WASTE WATER IN TECHNOLOGICAL PROCESSES AT THE PLANT**  
Change in water treatment processes from 2017 to 2018



**WATER**

(CUBIC METRES)

**TARGET 2020: CONTINUOUSLY REDUCE WATER CONSUMPTION AND WATER DISCHARGE BY EFFECTIVELY USING WATER RESOURCES**



## Waste

The mining industry generates significant quantities of mineral waste. It also produces some non-mineral and hazardous substance waste. Both have an impact on land by causing the establishment of tailings dams and waste rock dumps. If these aren't managed effectively, they can also pollute water.

In our operations, we use large quantities of ore and energy to produce products such as Doré bars, zinc precipitate, and flotation and gravity concentrates. Overburden and tailings are the most significant waste streams associated with our processes, accounting for more than 99% of the total waste volume. Overburden is the material that is extracted to uncover ore deposits, while tailings are a by-product of ore processing.

### Minimising our use of materials and waste

We are committed to responsibly managing our waste materials. In order to do this, we focus on efficient use of materials. We identify those in our operational processes that have the biggest impact – such as explosives, drilling parts and mill balls for grinding – and strive to reduce volumes of these materials without impacting quality. Our audit teams carry out regular internal checks and assess our compliance with national and regional standards, and government agencies conduct regular environmental performance spot-checks at our facilities.

We now operate nine tailings dams, and in 2018 there were no significant or major environmental accidents involving tailings facilities at our operations. During the year, we mined 14 Kt of ore and 127 Mt of waste, processed 15.2 Kt of ore, and generated 139 Mt of waste. (While this is an increase compared to 2017, when we generated 128 Mt of waste, the volume of our mining has increased.)

### Reusing and recycling our waste

We aim for a circular economy, reusing waste generated wherever we can within our operations. Our systems and procedures enable us to maximise the amounts we recycle and minimise waste to landfill. In 2017, we set a target to reuse at least 20% of total waste generated at our operations during the year, and in 2018 we were able to reuse 27% for the sites included in target scope. However, due to large volumes of stripping and therefore waste produced at our newly launched mine Kyzyl, the total reuse share was 16% across all of Polymetal's mines.

Where we can't use waste materials in our own operations, we find uses for them outside of Polymetal. For example, we have contracts with waste recycling companies to provide them with waste for incineration and energy production. And where we can't recycle or reuse materials, we dispose of them at our own waste facilities or outsource waste disposal to external companies. In 2018, we disposed of 117 Mt of waste.

### Tailings storage facilities

In the countries where we operate, environmental legislation sets out strict requirements to prevent soil and water contamination. All our tailings storage facilities (TSF) undergo regular audits for compliance with these requirements as well as safety examinations. TSFs are also regularly monitored by our on-site environmental and engineering teams, with daily observation of pipelines, pump stations, water levels and the dam body itself. We ensure emergency preparedness and response procedures at all stages of TSF life, from design to operation to closure.

In 2018, we developed a corporate TSF management system, which allows us to enhance control, prevent accidents and prepare emergency response plans. We thereby eliminate causes of dam failure, such as poor management and readiness for heavy precipitation, which often increase the probability of accidents. We now operate nine tailings dams, and in 2018 there were no environmental accidents involving tailings facilities at our operations.



The employment of a dry stack tailings management system at our Amursk POX demonstrated a tangible approach to sustainable water management. It offers a number of advantages over other surface tailings storage options, and is a significant safety improvement, eliminating the risk of dam failure and tailings runouts. We are now switching to dry storage at Omolon and will use this technology at the new operations of Nezhda, Prognoz and POX-2, decreasing Polymetal's tailings footprint.

### Cyanide management

Our operations involve several hazardous consumables, the largest of which is cyanide. For example, when recovering gold from the ore we process, cyanide produces hazardous waste. Cyanide can also exist as a chemical compound found in gas, water and solids, which we later purify.

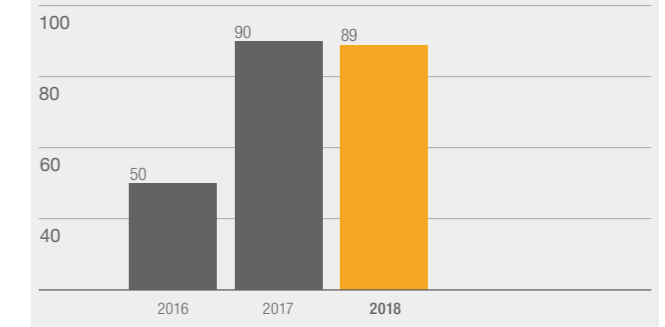
Due to its hazardous potential, we are extremely careful when handling, managing and monitoring cyanide at all times. Our approach involves identifying all associated hazards, strictly controlling cyanide levels in our tailings, and monitoring air, soil, surface and ground waters. We share environmental monitoring results with public authorities. We also implement environmental protection measures, such as designing, constructing and monitoring tailings dams, and monitoring water sources and quality, riverbed changes, and associated drainage.

Having signed up to the International Cyanide Management Code in 2016, in 2018 we conducted audits to check compliance with standards set by the Code. We tested compliance at our Amursk POX plant and Voro mine, including our supply chains by sea, rail and road. We are expecting to receive certification in 1H 2019, confirming that Amursk and Voro are fully compliant.

We always use 100% of the volumes of cyanide we purchase, and take a cautious approach to transporting hazardous materials. In 2018, we used 9.5 thousand tonnes of cyanide in our operations. We did not transport, import or export any waste deemed hazardous under the terms of the Base

Convention 2, Annex I, II, III and VIII. In total, we produced 15.6 Kt of hazardous waste, compared to 13.5 Kt in 2017.

### WASTE INTENSITY (TONNES OF WASTE PER OUNCE OF GE)



The waste intensity increase is associated with the start of operations at Kyzyl. This resulted in a growth in stripping volumes and therefore a one-off increase in waste rock.

## Energy and carbon management

### Climate change

Climate change is an issue that might affect our business and create both opportunities and challenges. We strive to provide a comprehensive response to these challenges. In 2018, we started to develop our Climate Management System, which comprises three aspects:

- greenhouse gas (GHG) management;
- climate-related risks and opportunities assessment;
- carbon footprint management.

We plan to implement all three aspects of the new system in 2019.

### Focus on recycling

A pilot project for collecting used batteries is our first phase towards separate waste collections at Auezov Village and our Bakyrchik mine.

Denis Nekrylov, Chief Geologist of the mine, commented: "The Company has made a formal waste list. A decision was made: everything that can be recycled – paper, carton, glass, plastic and, of course, batteries – shall not be thrown in the garbage dump."

We've established 21 recycling drop-off points on the mine site and in camps.

We expanded this practice to our Mayskoye and Pevck camps, where it has been welcomed by residents.



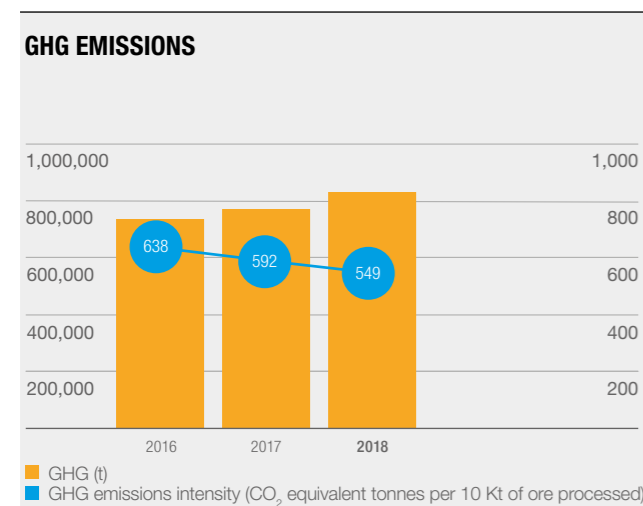
## Environment continued

The transition to a low-carbon economy, and its associated public policy developments, represents opportunities as well as risks for our Company. Finding renewable energy sources is a priority if we are to lower our GHG emissions and manage carbon emissions (see our Carbon Management Policy).

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

To effectively manage our GHG emissions, we conduct an inventory assessment each year and report both direct and indirect emissions. In 2018, we introduced a number of measures to reduce GHG emissions, including converting all lighting to LED, which consumes less electricity, and equipping diesel-powered generators with a heat recovery system.

When implementing GHG emissions reduction projects, we also reduced our sulphur emissions coming from diesel burn. In addition, we measure, monitor and report our CO<sub>2</sub> emissions using an established international methodology.



### Our energy supply

To run our operations, we use electricity (32% purchased), diesel fuel, natural gas and coal (used for heating industrial and service facilities). Diesel accounts for 46% of our total energy consumption and is used for mobile mining equipment, heating and processing operations. We use our own electricity generators to ensure security of supply (15% generated), due to the remoteness of our sites from industrial centres and centralised power supplies.

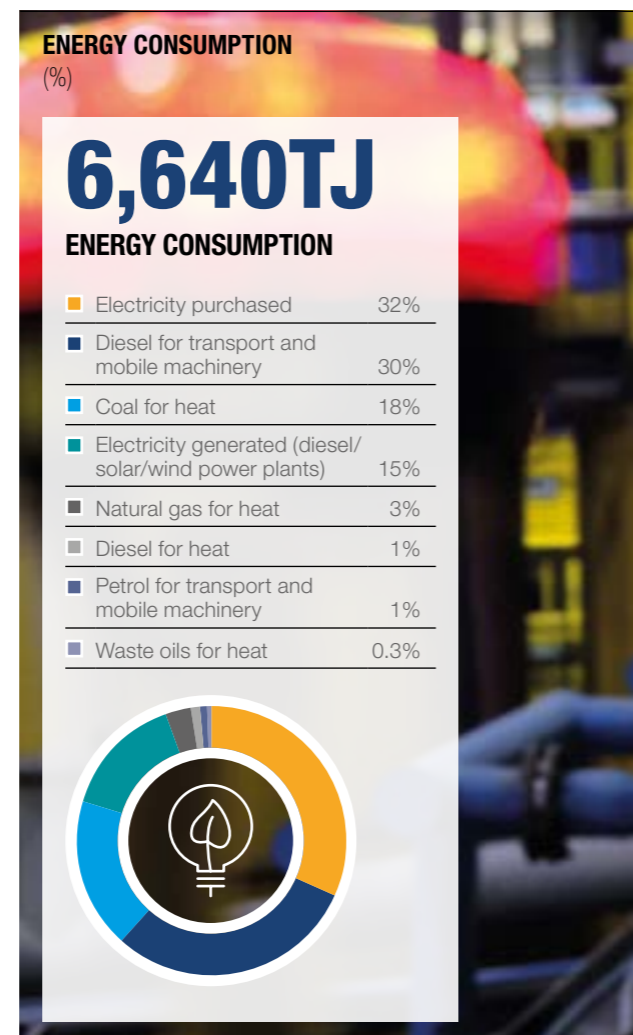
In 2018, our diesel consumption slightly decreased because our Kyzyl plant in Kazakhstan connected to the grid. In total, we consumed 6,640 TJ across all our sites, compared with 7,010 TJ in 2017.

### Energy efficiency

We want to decrease the amount of energy used in our operations, and this is a key focus for our business. We are increasing energy efficiency through our Energy Management System (EMS), which has been introduced across all our operations, in accordance with International Standard ISO 50001.

In 2018, we also worked on implementing our site action plans, which were developed following independent audits in 2018. Our goal is to reduce energy consumption, ensure efficient use of energy resources, and implement energy-efficient equipment and technologies.

We are carefully and effectively planning our energy resources, and improving energy metering and recording to ensure we meet energy efficiency targets at each site. When developing projects and modernising equipment, only energy-efficient equipment is used. For example, frequency converters have been installed on our main technological equipment.



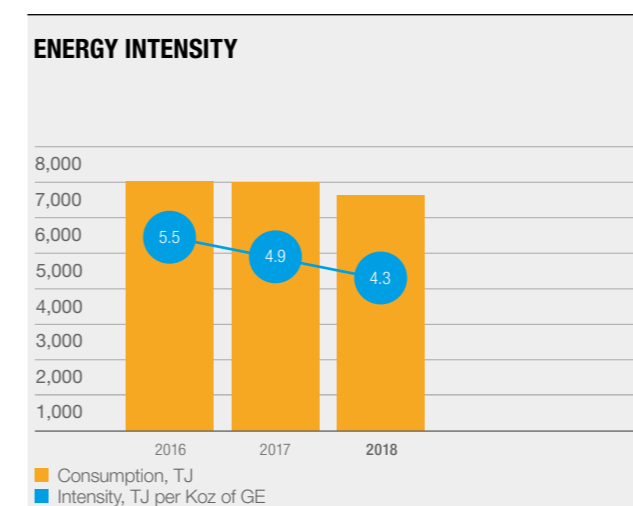
We also continued to upgrade and install new cogeneration systems for diesel power plants at sites with their own power generation. These systems supply the required amount of heat for our operations without additional heating equipment (e.g. boiler plants).

In 2018, energy audits showed that our Energy Efficiency Programme has been successful in decreasing energy consumption. We successfully reduced energy used in ore processing by 0.4%.

### Renewable energy generation

At the same time as decreasing our energy use, we want to increase our use of renewable energy. In 2018, we implemented two pilot projects: a solar power plant with a capacity of 1 MW at our Svetloye field; and a wind turbine for 100 kW at the seaport of Unchi. As a result, we expect to generate 1,500 kW\*h of environmentally friendly electricity each year, equivalent to saving 250 tonnes of diesel or 640 tonnes of GHG.

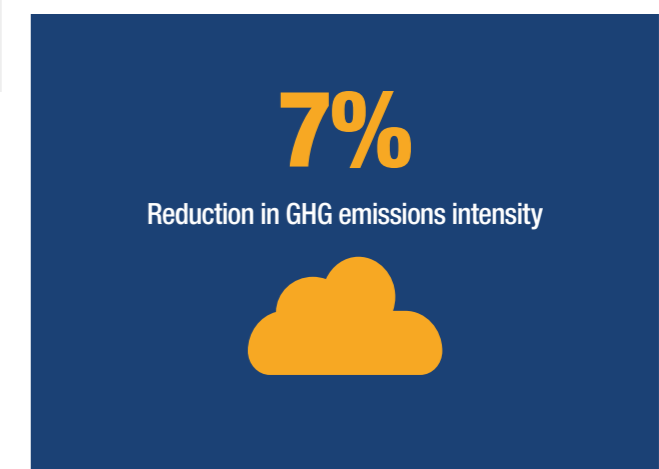
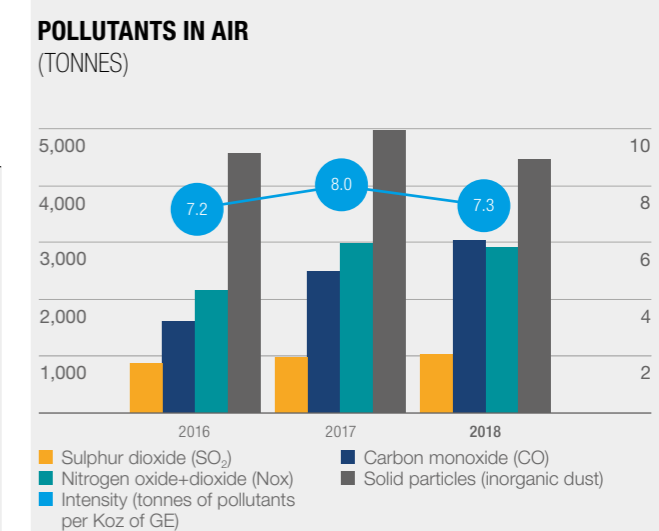
In 2019, we will conduct a second feasibility study into the use of alternative energy sources at other Company sites.



## Air quality

Many of our core activities, such as stripping, mined waste storage, ore processing and energy use, generate air emissions. These include carbon dioxide, nitrogen, sulphur oxides and inorganic dust. To reduce dust emissions, we now use irrigation systems in open areas together with dust separation equipment and shields.

Between 2015 and 2018, we saw an increase in pollutant emissions as a result of the expansion of our mining activities and energy use. 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.



### Planning for mine closures and land rehabilitation

It is well known that open-pit mining distorts the natural landscape. While this is less significant when it comes to underground mining, infrastructure such as tailings storage facilities, waste dumps, process plants and roads do have an impact. So we view plant decommissioning and land restoration as key priorities. All sites will eventually deplete their mineral resource and ore reserves, and it is essential that we plan responsibly for the end of each mine's operational life.

We begin by relocating workers to our other mines.

This is generally easy to do, given the fly-in/fly-out nature of many operations. Our long-term remediation obligations include fulfilling decommissioning and restoration liabilities as stipulated by licences. We cover suspension or abandonment costs in compliance with national regulations and legislation. We conduct geological, surveying and repair works to ensure that underground operations, drilling sites and buildings are not hazardous or dangerous. We also carry out any environmental rehabilitation necessary.

As of 31 December 2018, Polymetal Group manages 19.9 thousand hectares of land. Of this, 557 hectares have been altered either for mineral extraction activities, or other industrial or commercial purposes. 232 hectares of the altered land have been fully rehabilitated and approved by the relevant regulatory authorities (please see more in the Key sustainability figures appendix on page 67).

In Q1 2019, we will focus on rehabilitating land in the southern area of our Voro open pit, which is to be closed. We will also implement our new Corporate Mine Closure Standard in 2019.

### Protecting biodiversity

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

We are proud that our production sites do not have a significant impact on biodiversity in or around the sites. Due to the extreme northern location of most of our operations, the surrounding territory is low in conservational value. However, some sites are situated in the forest and tundra areas of Russia's Far East. These provide natural habitats for some rare, threatened or vulnerable plant and animal species. This means we must take action to support flora, fauna, and invertebrates.

In 2018, we implemented the following measures:

- We installed bird deterrents at waste polygons and tailing storage facilities to stop birds coming into contact with harmful chemicals and waste;
- We built a wall from waste rock around our open pits to prevent animals from falling in;
- We established feeding places and salt licks for deer and hares; and
- We planted perennial herbs around our Amursk plant.

We carried out monitoring and efficiency assessments of measures taken in 2017. These showed that birds had not been recorded where bird scarers were put in place, and that road warning signs had proved effective in raising awareness of animal migration routes.

Our employees are involved in our biodiversity conservation programme and help with biodiversity monitoring. In addition, all site staff, including contractors, take part in environmental, health and safety awareness training to ensure they understand their responsibilities to protect biodiversity.

### Giving pink salmon fry a chance of survival

Thanks to Polymetal's environmental programme, 12,000 pink salmon fry were released into the Arman River at the Arman fish factory (Magadan Region). Grown at a fish hatchery, the hope is that they will help to replenish wild populations. These fry are several millimetres bigger than their fellow wild creatures, giving them a higher chance of surviving the harsh arctic environment.

Going forwards, we hope such events will become a tradition. To facilitate this, in 2018 our Omolon hub allocated \$383,000 for environmental impact mitigation and biodiversity conservation measures.



### Our progress in 2018

PLANS FOR 2018	STATUS	PROGRESS
We would focus on minimising volumes of withdrawn fresh water by changing and improving existing technologies, increasing use of recycled water, ensuring better purification, and using a system to collect and use open-pit water for irrigation of ore stockpiles.	■ On track	We have maintained the level of recycled water at 83% (2017: 83%) and decreased fresh water use by 37% compared to 2016.  We implemented a system to collect and use pit water for irrigation of ore stockpiles at Omolon.
We would use the backfill method in underground mines to decrease volumes of waste rock brought to the surface and stored as stockpiles.	■ Delivered	We use the waste backfill in our underground mines at Luna, Albazino, Mayskoye, Omolon, Avlayakan and Kapan.
We would plant forests to offset impacts on ecosystems and communities.	■ On track	We planted trees as part of our diversity programme.
We would install biodiversity protection tools, such as anti-fish filters for water pumps, bird-friendly electricity cables, and increasing bird populations.	■ Delivered	We installed bird-friendly electricity cables at Varvara and fish screens for the water intake pumps at Albazino.

### Plans for 2019 and beyond

- Implement a climate management system to assess the carbon footprint of our products and create adaptation scenarios
- Reduce solid emissions coming from the coal boiler at Kyzyl
- Construct drainage water sediment ponds at Amursk POX and Albazino
- Install additional water treatment facilities at our Voro, Albazino, Komar and Dukat mines

# Socio-economic development

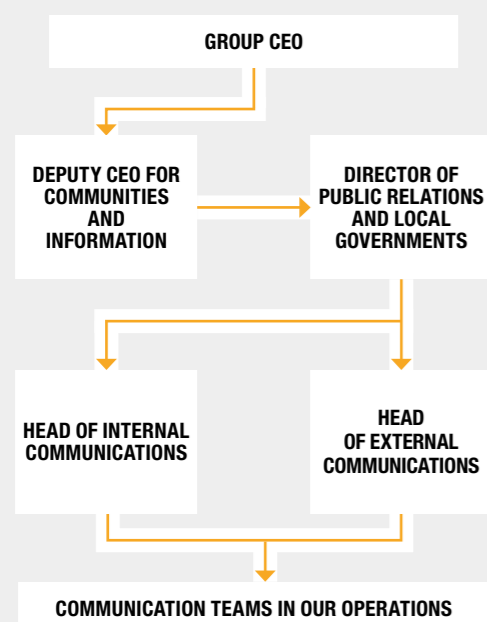


As well as delivering value to our shareholders, we have a positive impact on the people and communities around us. This involves working in partnership, keeping up a continuous conversation with locals, and supporting social investments. It also means paying taxes transparently, and hiring local employees and suppliers. We benefit, the economy benefits, and local residents benefit.

**Yulia Pivovarova**  
Director, Public Relations and Local Governments



## WHO IS RESPONSIBLE?



## WHAT GUIDELINES DO WE FOLLOW?

**International:** UN Global Compact, UK Corporate Governance Code, EITI, Tax Code

**Corporate:** Code of Conduct, Supplier's Code of Conduct, Anti-bribery policy, Human Rights Policy, Social Investment and Donation Policy, Community Engagement Policy, Environmental Policy, Community Engagement System, Procurement Policy and Guidelines

## TOPICS DISCLOSED

- Local communities
- Formal agreements with indigenous people and local communities
- Grievance mechanisms for impacts on society
- Rights of indigenous people
- Resettlement
- Economic performance
- Market presence
- Social investments
- Indirect economic impact
- Procurement practices
- Product responsibility

## PRIORITIES

- Improving quality of life of local communities
- Building relations in new regions of operation
- Improving interaction with stakeholders
- Providing transparency and openness in our social activities
- Promoting sports and cultural activities
- Investing in healthcare and infrastructure projects
- Considering the opinion of local communities when planning social activities
- Supporting Indigenous Minorities of the North (IMN)
- Improving our social policy
- Complying with international standards
- Creating socio-economic value
- Maintaining all relevant tax payments
- Ensuring local employment
- Supporting local business

## Our approach

Building long-term, strong and trusted relationships with our local stakeholders has been central to our business success. This has a roll-on effect, as our projects help improve local economies, local development and communities, as well as providing employment and public welfare support wherever we operate.

This reinforces our success, as it helps to protect our reputation and keep our operations running smoothly, and ensures all our sites respect human rights and the local environment. Our goal is to ensure that our success is reflected in the local economies and societies wherever we operate.

Our operations have a major positive impact on the economy. We contribute to regional sustainable economic progress by paying national and local taxes, employing local people wherever possible, finding local or regional suppliers to buy from as well as local service providers, and facilitating the development of related industries. This helps improve standards of living for residents and further boosts local economies.

Our Community Engagement System (CES) ensures a universal approach to all our community engagement and feedback from locals. We make sure we are aware of social risks and impacts, strive to minimise them, and actually turn them into a positive. We establish and maintain good and constructive relations with local communities, consider their real needs, and promote public welfare. In addition, our CES helps ensure we promote environmentally friendly practices and respect for human rights. We interact with indigenous minorities, considering their special status in the regions where we operate, and share our achievements with the local communities.

## Human rights

We adopted our policy on human rights back in 2016 and updated it in 2018. Together with our Indigenous Minorities Engagement Standard, this sets out our commitment to respecting human rights and preserving the cultural heritage of the indigenous communities in the areas where we operate.

In 2018, following development of our human rights risk assessment, we began providing training to our employees on human rights issues. There were no recorded violations of the rights of minority groups or any human rights breaches in relation to Polymetal's employees and our contractors during the year.

For the first time, we also issued a Modern Slavery Statement, which was signed by our Board. This sets out the Company's commitment to zero tolerance towards child and slave labour within our organisation and supply chain. Modern slavery (including slavery, bonded labour, forced labour and human trafficking) is a global concern with long-lasting impacts on affected individuals and communities. We reject any form of slavery, and our annual statement sets out our approach and steps taken to prevent it. For example, we have worked on engaging our suppliers, contractors and clients (off-takers) to improve their anti-slavery practices by implementing our Suppliers Code of Conduct. We have also added clauses to our contracts with them, which are dedicated to modern slavery reporting and labour law compliance.

## STAKEHOLDER ENGAGEMENT AT ALL STAGES OF MINE LIFE

<p><b>Exploration</b></p> <ul style="list-style-type: none"> <li>• We define and estimate risks</li> <li>• We inspect communities in the region</li> <li>• We identify communities' expectations and needs</li> </ul>	<p><b>Design and construction</b></p> <ul style="list-style-type: none"> <li>• We engage representatives of stakeholder groups</li> <li>• We meet communities and open dialogue</li> <li>• We plan long-term cooperation tools</li> <li>• We agree on communication channels, plan social investments, and analyse their needs</li> <li>• We develop plans with minimum negative impact</li> <li>• We employ local residents</li> </ul>	<p><b>Operation</b></p> <ul style="list-style-type: none"> <li>• We develop cooperation agreements</li> <li>• We deliver value, providing help and assistance and fulfilling agreed social obligations</li> <li>• We implement feedback systems and respond to any concerns</li> <li>• We consider communities' needs when carrying out work</li> <li>• We pay taxes</li> <li>• We continuously monitor our impacts</li> </ul>	<p><b>Mine closure</b></p> <ul style="list-style-type: none"> <li>• We consult and inform communities</li> <li>• We carefully monitor our impacts</li> </ul>
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## Community engagement

Our dedicated teams maintain an efficient Community Engagement System at all our sites and throughout all projects. Each time we invest in a new mining site or project, we first identify stakeholders, including local authorities, communities and groups, non-governmental organisations, and any indigenous minorities. We take into account all stakeholders' interests and opinions when planning and implementing projects.

It is important to assess the social and economic risks and impacts that our activities may have at local and regional level. Throughout projects, we interact with local communities at every stage – engineering, construction, operation and winding up – in line with national legal requirements and applicable international standards.

We develop long-term strategies and engage with local communities, institutions, authorities and organisations to ensure we deliver maximum value to local people. This includes maintaining a feedback system, which has a grievance procedure, and processing all information to take any corrective measures.

Our feedback channels include:

- Feedback tools (email, telephone and face-to-face communications)
- Polls, focus groups and questionnaires in local communities
- Meetings and direct conversations with Company management
- General meetings, one-to-one meetings and public events, with Company and community members participating
- Working groups (with NGOs)
- Mass media

We plan and make social investments, and carry out charity work as part of cooperation agreements, with due consideration for public opinion. Finally, we report the Group's sustainability achievements on a regular basis.

### Resettlement in communities

Since resettlement at Kyzyl in 2015 and 2017, we have monitored those affected and continue to apply best practices. In July 2018, independent social and environmental experts conducted an audit here and confirmed compliance of our approach with the European Bank for Reconstruction and Development's (EBRD) Social and Environmental Policy.

### Our commitment to social investment

We invest in local communities, implementing our social investment programme to improve living standards for local people and facilitate regional economic development. We discuss community needs and decide investment priorities with local stakeholders. Our Board of Directors and management team review our annual community investments and targets to ensure they deliver meaningful change for communities.

In 2018, we invested more than \$10 million in local communities. And over the past five years, our investment exceeded \$30 million. We have focused particularly on projects involving sport and a healthy lifestyle, healthcare and education, infrastructure, culture, and Indigenous Minorities of the North (IMN). We also made charitable donations worth \$601,000.

In addition to financial contributions, we make 'in-kind' donations, including humanitarian aid to reindeer herders, with donations of food, fuel and medicines; delivery of food and medicines to remote communities and indigenous minorities; and construction and maintenance of roads in remote areas.



### Feedback from local communities

Feedback from local communities is important to us at every stage of our social projects. We continually seek to improve our Community Engagement System to enhance opportunities for dialogue and feedback. We regularly organise events to continue conversations with local communities, in particular in remote areas. These include field trips and face-to-face consultations.

To date, communication channels have been organised in all regions of our operations and all stakeholders have been provided with access to feedback mechanisms. Stakeholders can reach us easily and are guaranteed to receive a detailed response within 14 days.

In 2018, we received 755 enquiries from local communities, mostly relating to financial support and employment opportunities.

During the year, we held 50 meetings, site visits and public gatherings, including 16 hearings for local community members and indigenous people (37 in 2017).

## Celebrating the Holiday of the North

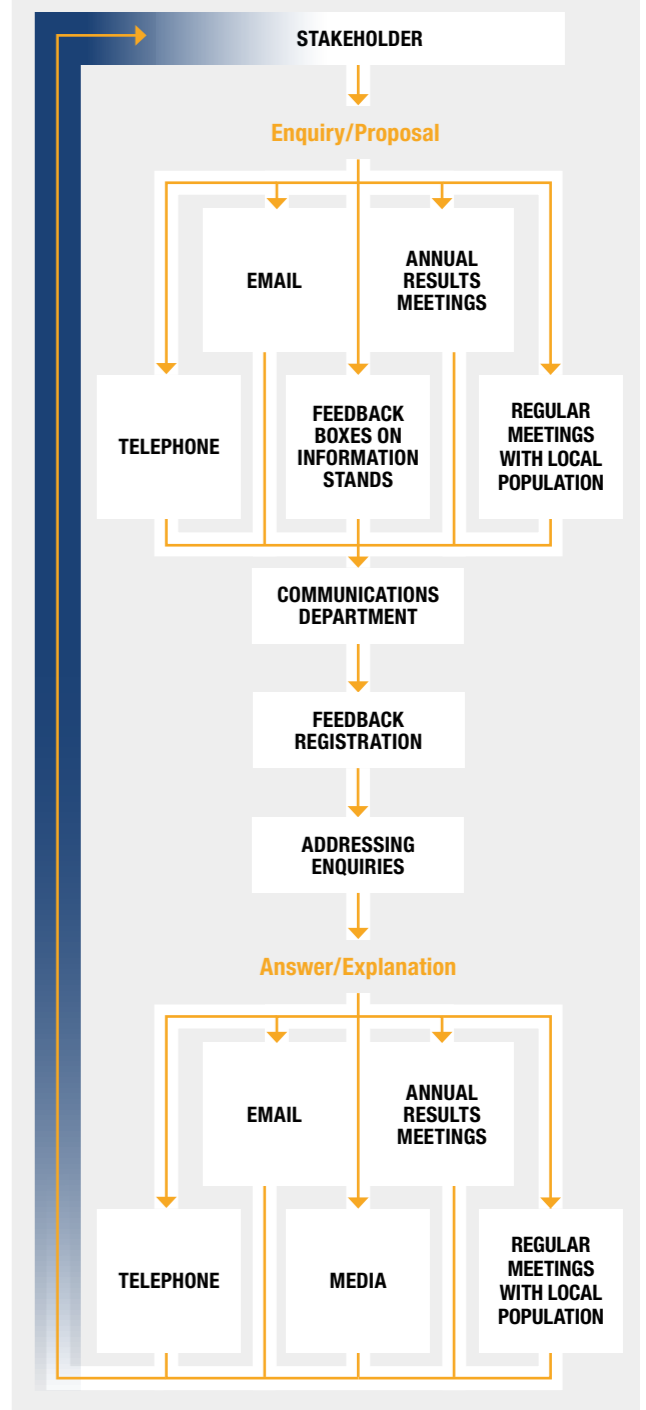
Supporting Indigenous Minorities of the North is a real privilege, and during the Holiday of the North it is particularly memorable. Polymetal supported the celebrations in Arka Village, the northernmost indigenous community in the Khabarovsk Region. Here, reindeer breeders from the entire Okhotsk District gathered, with some travelling over 200km.

Men competed in a national hunting contest, and women demonstrated their culinary abilities and needlework skills, singing songs and reciting poetry. There was reindeer riding and racing, lasso throwing, and jumping competitions over sleighs.

Local hostesses greeted guests in traditional tabernacles, whose decorations were judged in a separate competition. Guests enjoyed national dishes of venison, fish and game, and heard stories of their ancestry, relics and traditions in Evenki.



### FEEDBACK MECHANISM



## Socio-economic development continued

### KEY SOCIAL INVESTMENTS

KEY NUMBERS	INVESTMENTS (\$M)	KEY PROJECTS
<b>SPORTS</b>		
Over 90 projects and events	3.1	<p>The Company:</p> <ul style="list-style-type: none"> <li>Funded children's sports teams, Sverdlovsk Region, Russia</li> <li>Renovated a gym in the Kaisar sports school, Taranovsky District, Kostanay Region, Kazakhstan</li> <li>Supported the Amursk City sports event, Khabarovsk Territory, Russia</li> </ul>
<b>HEALTHCARE</b>		
Over 20 projects	2.3	<ul style="list-style-type: none"> <li>Replaced windows and renovated Paediatrics Department of the North Evensk District Hospital in the Magadan Region, Russia</li> <li>Purchased an ambulance for the medical office of the village of Prirechnoye, Zhitikar District of the Kostanay Region, Kazakhstan</li> <li>Purchased two haemodialysis apparatuses for the Haemodialysis Department of the Kapan Medical Centre, Syunik Region, Armenia</li> </ul>
<b>EDUCATION</b>		
Over 100 projects	1.8	<ul style="list-style-type: none"> <li>Purchased PCs under the computer competence enhancement project, village of Dzhuen, Amursky District of the Khabarovsk Territory, Russia</li> <li>Renovated the school building in the Seymchan settlement, Omsukchan District of Magadan Region, Russia</li> <li>Funded the Menin Mektebim Action under the Tugan Zher Programme (to provide Biology, Chemistry, Physics and Robot Techniques classes at the schools of the East Kazakhstan Region with modern specialised equipment)</li> </ul>
<b>INFRASTRUCTURE</b>		
Over 40 projects	1.2	<ul style="list-style-type: none"> <li>Renovated the fire station, village of Kherpuchi, Polina Osipenko District, Khabarovsk Territory, Russia</li> <li>Purchased a bus for the town bus station under the programme of free transportation for residents, town of Pevek, Chaunsky District, Chukotka, Russia</li> <li>Repaired a water supply system in the village of Tokhtarovo, Zhitikar District, Kostanay Region, Kazakhstan</li> </ul>
<b>CULTURE</b>		
Over 80 projects, events and actions	0.8	<ul style="list-style-type: none"> <li>Refurbished the Garpana Ethnic and Culture Centre in the village of Topolinoye, Tomponsky District, Yakutia</li> <li>Arranged a creativity competition in remembrance of Tursynkhan Abdrakhmanova (folk poet) in the village of Kalbatay, East Kazakhstan Region</li> <li>Supported the children and youth 'Stars of Hope' art festival, Polina Osipenko District, Khabarovsk Region</li> </ul>
<b>CHARITY</b>		
110 events and targeted assistance actions	0.6	<ul style="list-style-type: none"> <li>Purchased neurofeedback complexes for the Infantile Cerebral Palsy Rehabilitation Department, Kostanay, Kazakhstan</li> <li>Arranged free charity culture events, in which Kapan dancing and singing groups participated, Kapan, Syunik Region, Armenia</li> <li>Supported charity events for older people, veterans, school students, vulnerable families and orphans in all regions where we operate</li> </ul>
<b>INDIGENOUS MINORITIES OF THE NORTH</b>		
Over 60 projects and events	0.3	<ul style="list-style-type: none"> <li>Supported the Mergenken Project aimed at promoting health among youngsters and developing national sports, Amursk District, Khabarovsk Territory, Russia</li> <li>Arranged the Interregional Ethnic Festival Dzyalbu, Magadan, Russia</li> <li>Supported reindeer herders in the Far East regions where the Company operates, Russia</li> </ul>

### Assessing our impact

Designated departments at each of our operations regularly collect data relating to our social projects. They conduct community polls, organise focus groups and hold annual performance review meetings with stakeholders to evaluate our impact. This helps us respond flexibly to changing situations, adjust investments, and eliminate any possibility of funds being inappropriately diverted. We also provide local communities with the opportunity to participate directly in the development and monitoring of our social programmes.

In 2018, we conducted community polls in 17 districts, involving 851 people, and we received 153 letters from community groups expressing gratitude for our efforts. Our assessments showed several positive impacts and no adverse impacts from our operations.

Positive impacts included tax payments to the state and local authorities. In 2018 alone, our tax payments across the Group amounted to \$181 million, compared to \$188 million in 2017. These payments include mandatory contributions to state social funds, including pension funds of the countries of operation. Additionally, as a part of our collective agreements, we hold pension liabilities for retired employees. We do not consider these liabilities to be material and disclose them in the 'other non-current liabilities' category of our Financial report.

Our positive impacts also include support for infrastructure and related industries, regional population increases due to industrial growth, local employment opportunities, and environmental protection and ecological projects.

A major element of our positive impacts are our social investments and community support. In 2018, we continued to construct, upgrade or equip, and support community institutions. These include kindergartens, schools, health centres, sport and culture centres, and infrastructure facilities in host communities in new and remote areas. Our support provides targeted assistance to vulnerable people, including children from poor families and the elderly.

#### Local employment

By employing local people, we benefit and our local communities benefit. This helps to strengthen ties between our business and communities, and lowers costs and our environmental impact, by not having to fly employees in and out from other areas. It means employees are already dedicated to the well-being of the local community, and it helps us increase our positive impact on local economies.

We actively recruit from local communities, creating employment opportunities at our major operational sites. In 2018, 96% of our employees were local nationals (Russian, Armenian and Kazakh, depending on the location of the site). We make efforts to promote women and support female leadership. As a result, in 2018 the share of locally employed female managers was 7% higher than male

### Helping people with disabilities to succeed

Our team at Varvarinskoye has been involved in special work again this year, helping students at the Kostanay Regional Special Boarding School. The school is in need of new equipment to help their students reach their full potential.

Having helped to equip hairdressing and culinary art classrooms back in 2016, and sewing classrooms and, shoemakers' and carpenters' workshops in 2017, we were keen to identify where we could make a difference this year.

"Handicraft lessons are important for the students," believes Serik Daniyarov, School Principal. "These are the fundamentals of their future professions." So we provided new equipment for their handicraft classroom. "With the new equipment, we will be able to send our students to colleges well-trained and capable of working with modern technology."

In addition, we provided a van with a wheelchair lift, to help the 150 members of a sports club who are wheelchair users.

"The greatest problem was with wheelchair users getting to our club," says Natalia Sukhacheva, Deputy Director of the club. "A person in a wheelchair cannot use public transport. Many young people have potential, but they experience difficulties with commuting to the club. Our new van with a wheelchair lift means people who use wheelchairs can now be driven to the club and back for training."



managers, and the share of locally employed women was 2.4% higher in our total Polymetal headcount.

#### Local suppliers

In our supply chain management, we ensure that our procedures are transparent, conditions are competitive, partnerships are fair, goods and services are delivered on time, suppliers are reliable, and all parties are in full compliance with applicable regulations.



## Socio-economic development continued

To ensure efficiency in our supply chain, we use a business-to-business e-procurement system, which enables us to expand our list of contractors and make our processes more transparent and safe. We aim for long-term partnerships with suppliers, who are selected in an open tender process.

Our suppliers – for example those providing construction material and equipment for our operations – are often large, global manufacturers, which helps us lower risk and cost. However, wherever we can, we engage local and regional suppliers, helping to stimulate regional and national supply chains and economies.

In 2018, on average around 49% of our supplier purchases in Russia were officially registered in or adjacent to the region, territory or city where Polymetal is also registered and operates, compared to a rate of 47% the previous year. In Kazakhstan and Armenia, they accounted for 88% and 75% respectively.

Relations with regional suppliers are critical, due to the remoteness of many of our sites and their extreme weather conditions. Equipment is often delivered by sea to remote locations during the navigation season, and we are dependent on regional suppliers.

The largest proportions of local procurement were achieved at Kyzyl (84% compared to 74% in 2017), Okhotsk (83% compared to 42% in 2017), Omolon and Voro (58% compared to 56% and 42% in 2017 respectively).

### Assessing our suppliers

We conduct audits to ensure we work only with ethical suppliers. In 2018, we audited over 3,000 potential contractors and rejected partnerships with some of them, as they did not fit our corporate governance principles or anti-corruption policies.

We want to work with suppliers who share our concern for important issues, like protecting the environment and respecting human rights. In 2018, we introduced a Supplier Code. All our suppliers must comply with this. The Code specifies that suppliers must take steps to prevent child, forced and slave labour, and check for violations. If any are identified, they must be reported. To date, we are not aware of any violations by any of our suppliers.

We ensure that all our suppliers are familiar with the Code. And going forwards, our contracts with suppliers will state that any violation will mean that we will end the contract. In addition, suppliers and carriers of cyanide must operate in line with the International Cyanide Management Code. Cargoes of hazardous materials must be transported only using carriers with special permits for hazardous cargo transportation.

### Anti-corruption

We raise awareness of bribery and corruption risks, and their potential impact on our business. Across the Group, we have implemented a variety of measures to help prevent

corruption and fraud among our employees, contractors and suppliers.

In 2018, we continued our anti-corruption training. As well as induction and refresher training for Polymetal employees and contractors, we held more than 145 seminars and 33 briefings for high-risk groups, which were attended by over 5,000 people.

The 46 instances of corruption identified within our business in the past year were limited to minor fraud and theft. Identifying these cases led to no financial loss, and avoided damage worth \$596,000. Employees were sanctioned for fraudulent activities and some 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 Polymetal or any of our employees.

### Financial assistance and payments to governments

We issue a separate annual report on payments to governments by Polymetal International plc and its subsidiary undertakings. This report is required by the UK's Report on Payments to Governments Regulations 2014 (as amended in December 2015). These regulations are in line with EU Accounting Directive 2013/34/EU. They apply to large extractive companies whose securities are publicly listed on a UK-regulated stock market – companies that are involved in the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits or other materials. This report is also intended to satisfy the requirements of the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

### Customers and markets served

Our products are sold both inside and outside their country of manufacture. We sell gold and silver bars mainly to Russian banks, while our concentrate is purchased by off-takers including smelters and manufacturers throughout the global market.

In 2018, 62% of our total sales were bullion and 38% concentrate. The four regions with the largest proportion of sales were Russia (61%), Kazakhstan (18%), East Asia (14%) and Europe (7%).

When selecting partners, Polymetal considers the potential risks associated with facilities for concentrate off-take. Bars are usually sold to large refineries and banks, and all processes comply with applicable national and international regulations.

Together with our sales and marketing experts, we ensure full compliance with international regulations in product quality, shipment and transportation. 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.

## Our progress in 2018

PLANS FOR 2018	STATUS	PROGRESS
We would update our Social Projects Assessment System.	■ On track	We began reviewing and updating our Social Projects Assessment System.
We would implement our Stakeholder Engagement System at newly acquired operations. As part of this, we would identify stakeholders, establish stakeholder relations, assess their needs, implement a stakeholder feedback system and carry out regular opinion surveys.	■ Delivered	We started a dialogue with local communities in Sakha (Yakutia), a new region of operation. Stakeholders from local communities, public organisations and authorities were identified, communication channels were created, and access was granted to all stakeholders.
We would support special projects and campaigns aimed at preserving the languages, cultural heritage and traditional crafts of Indigenous Minorities of the North.	■ On track	We support ongoing projects in each Far Eastern region of our operations. 64 projects were implemented in 2018.
We would involve our employees and local communities in volunteering activities, and encourage their participation in the Company's environmental and charity projects.	■ On track	In 2018 we held more than 95 volunteering initiatives involving around 250 employees, and 2,150 employees participated in our charity project, Mandarin, making gifts for children from vulnerable families.
Review and update formal policies and standards.	■ Delivered	We developed and implemented our Community Engagement Policy, Stakeholder Engagement and Consultation Standard and Indigenous Minorities Engagement Standard as part of our Community Engagement System.

## Plans for 2019 and beyond

- To maintain and develop stable constructive relationships with external stakeholders from local communities
- To maintain the quality of the feedback mechanisms for stakeholders from local communities
- To continue social investments in the regions where we operate, focusing on priority goals related to education, healthcare, sport and culture
- To develop programmes aimed at supporting Indigenous Minorities of the North and preserving their cultural heritage
- To develop and implement cooperation programmes with local communities in our new areas of operation
- To implement a new system for social impact evaluation

# 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 on the Selected Information described below and included in the Sustainability Report for the year ended 31 December 2018 (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 2018.

## Reporting Criteria

We assessed the Selected Information using the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI, 2016) (hereinafter – the “GRI Standards”). We believe that these reporting criteria are appropriate given the purpose of our limited assurance engagement.

## Polymetal International plc responsibilities

Management of the Company is responsible for:

- designing, implementing and maintaining internal 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 and reporting the Selected Information based on the Reporting Criteria; and
- accuracy, completeness and fair presentation of the Selected Information.

## Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Company.

This report, including our conclusions, has been prepared solely for the management of the Company in accordance with the agreement between us, 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 for the year ended 31 December 2018, to assist management in responding to their governance responsibilities by obtaining an independent 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 between us in writing and our prior consent in writing is obtained.

## Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits and Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

## 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, together with the ethical requirements of the Auditor’s Professional Ethics Code and Auditor’s Independence Rules that are relevant to our assurance procedures over Selected Information in the Russian Federation.

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

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Company’s management, including the Sustainability Reporting team and those with responsibility for sustainability reporting management and sustainability reporting;
- conducted interviews of personnel responsible for sustainability reporting data collection (interviews were held in Saint Petersburg);
- performed analysis of the relevant policies and basic reporting principles, gaining an understanding and evaluating the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- reviewed the Selected Information for compliance of the disclosures with the requirements of the GRI Standards.

## 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>1</sup>.

## Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained:

- nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards; 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 of the GRI Standards.

<sup>1</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.

AO PricewaterhouseCoopers Audit

15 March 2019

Moscow, Russian Federation



A.V. Davydova, certified auditor (licence № 01-000490), AO PricewaterhouseCoopers Audit

Audited entity: Polymetal International plc

Zinas Kanther and origenous Corner street, Zinas Kanther Business Center, 3035, Limassol, Cyprus

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

ORNZ 11603050547 in the register of auditors and audit organizations

# Key sustainability figures

FINANCIAL RESULTS	Units	2018	2017
<b>Revenue</b>	\$m	<b>1,882</b>	1,815
Cash operating costs (excluding depreciation, labour costs and mining tax)	\$m	<b>728</b>	639
Wages and salaries; other payments and benefits for employees	\$m	<b>315</b>	285
Payments to capital providers	\$m	<b>79</b>	65
Payments to shareholders	\$m	<b>223</b>	196
<b>Taxes (excluding payroll taxes included in labour costs)</b>	\$m	<b>181</b>	188
Income tax and excess profit tax	\$m	<b>71</b>	89
Taxes, other than income tax	\$m	<b>13</b>	11
Mining tax	\$m	<b>97</b>	88
Social payments	\$m	<b>16</b>	15
<b>Undistributed economic value retained</b>	\$m	<b>340</b>	427
<b>OPERATION</b>	Units	2018	2017
Waste mined	Kt	<b>126,696</b>	114,008
Underground development	m	<b>130,000</b>	115,352
Ore mined	Kt	<b>13,979</b>	12,589
Open-pit	Kt	<b>9,319</b>	8,241
Underground	Kt	<b>4,660</b>	4,347
Ore processed	Kt	<b>15,162</b>	13,037
<b>Production</b>			
Gold	Koz	<b>1,216</b>	1,075
Silver	Moz	<b>25.3</b>	26.8
Copper	Kt	<b>3.9</b>	2.7
Zinc	Kt	<b>5.4</b>	4.8
Gold equivalent <sup>1</sup>	Koz	<b>1,562</b>	1,433
<b>Sales</b>			
Gold	Koz	<b>1,198</b>	1,099
Silver	Moz	<b>25.7</b>	26.5
Copper	Kt	<b>3.3</b>	2.6
Zinc	Kt	<b>5.6</b>	4.7
<b>PRINCIPAL CONSUMABLES</b>	Units	2018	2017
Quicklime	t	<b>69,272</b>	53,898
Grinding body	t	<b>15,343</b>	15,871
Sodium cyanide	t	<b>9,537</b>	8,918
Concrete	t	<b>8,054</b>	10,292
Perhydrol	t	<b>5,732</b>	5,567
Flotation reagents	t	<b>3,747</b>	3,410
Soda	t	<b>3,489</b>	79
Caustic soda	t	<b>1,426</b>	951
Flocculant	t	<b>213</b>	214
Zinc powder	t	<b>370</b>	342
<b>ENERGY</b>	Units	2018	2017
Electricity generated (diesel/solar/wind power plants)	GJ	<b>1,005,752</b>	944,285
Electricity purchased	GJ	<b>2,124,366</b>	1,863,211
Transport and mobile machinery by sources:			
Petrol	GJ	<b>34,973</b>	33,395
Diesel	GJ	<b>1,990,645</b>	1,870,004
Heat generated by sources:			
Diesel	GJ	<b>72,906</b>	3,943,432
Coal	GJ	<b>1,216,270</b>	401,420
Natural gas	GJ	<b>172,445</b>	164,984
Waste oils	GJ	<b>22,801</b>	–
<b>Total energy</b>	GJ	<b>6,640,157</b>	7,009,970

<sup>1</sup> Based on 80:1 Ag/Au, 5:1 Cu/Au and 2:1 Zn/Au conversion ratios.

WATER	Units	2018	2017
Ground water	thousand m <sup>3</sup>	<b>1,395</b>	1,328
Surface water	thousand m <sup>3</sup>	<b>4,736</b>	3,771
External water supply	thousand m <sup>3</sup>	<b>475</b>	524
Waste water	thousand m <sup>3</sup>	<b>4,496</b>	2,627
Recycled water	thousand m <sup>3</sup>	<b>28,317</b>	26,407
Water percentage recycled and reused	%	<b>83</b>	83
<b>Total water consumed</b>	<b>thousand m<sup>3</sup></b>	<b>39,419</b>	<b>34,657</b>
Discharge			
Watercourses	thousand m <sup>3</sup>	<b>10,407</b>	8,792
Collecting ponds	thousand m <sup>3</sup>	<b>247</b>	825
Landscape	thousand m <sup>3</sup>	<b>0</b>	252
Sewage	thousand m <sup>3</sup>	<b>187</b>	713
<b>Total water discharge</b>	<b>thousand m<sup>3</sup></b>	<b>10,841</b>	<b>11,339</b>
Water sources significantly affected by withdrawal of water	number	<b>0</b>	0

LANDS	Units	2018	2017
Total managed land area	hectares	<b>19,910</b>	20,101
Land disturbed during year	hectares	<b>557</b>	1271
Land reclaimed during year	hectares	<b>232</b>	471
Total land disturbed and not yet rehabilitated	hectares	<b>12,694</b>	11,995

AIR POLLUTANT EMISSIONS	Units	2018	2017
Direct GHG emissions (scope 1)	t	<b>311,830</b>	280,851
Indirect GHG emissions (scope 2)	t	<b>520,663</b>	490,468
<b>Total greenhouse gas emissions</b>	<b>t</b>	<b>832,493</b>	<b>771,320</b>
Sulphur dioxide (SO <sub>2</sub> )	t	<b>1,030</b>	983
Oxides of nitrogen	t	<b>2,919</b>	2,500
Carbon monoxide	t	<b>3,037</b>	2,983
Inorganic dust (solid particles)	t	<b>4,458</b>	4,973
Ozone depleting (CFC-11 equivalents) substances emitted	t	<b>0</b>	0

WASTE	Units	2018	2017
<b>Total waste generated, including</b>	<b>t</b>	<b>139,160,407</b>	<b>128,263,798</b>
Waste rock	t	<b>126,616,404</b>	117,666,813
Tailings	t	<b>12,520,295</b>	10,575,864
<b>Total waste generated by categories</b>			
Non-hazardous	t	<b>139,144,579</b>	128,250,317
Hazardous	t	<b>15,828</b>	13,481
<b>Total waste disposed during the year</b>		<b>139,251,961</b>	<b>128,185,671</b>
Waste disposed	t	<b>116,631,253</b>	99,726,341
Waste neutralised	t	<b>9,616</b>	9,751
Waste reused	t	<b>22,611,092</b>	28,449,579
Percentage of waste reused of total waste generated	%	<b>16</b>	22

ENVIRONMENTAL EXPENDITURES	Units	2018	2017
	\$ thousand	<b>19,945</b>	24,758

BIODIVERSITY	Units	2018	2017
Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations	number	<b>0</b>	1
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	number	<b>0</b>	0

SOCIAL	Units	2018	2017
Total workforce as of 31 December	number	<b>12,348</b>	11,919
Average headcount	number	<b>12,140</b>	11,553
Percentage of employees covered by collective bargaining agreements	%	<b>89</b>	89
Turnover rate	%	<b>5.8</b>	5.4

## Key sustainability figures continued

<b>WORKFORCE DIVERSITY</b>	Units	2018	2017
Percentage of female employees	%	<b>20</b>	22
Percentage of female managers	%	<b>22</b>	24
Percentage of female qualified personnel	%	<b>40</b>	42
Total young personnel (under 30)	number	<b>2,564</b>	2,407
Female young personnel (under 30)	number	<b>521</b>	509
Male young personnel (under 30)	number	<b>2,043</b>	1,898
Percentage of young personnel (under 30)	%	<b>21</b>	20
Percentage of female young personnel (under 30)	%	<b>20</b>	21
Percentage of male young personnel (under 30)	%	<b>80</b>	79
Disabled personnel	number	<b>11</b>	12
Taken parental leave	number	<b>175</b>	228
Male employees on parental leave	%	<b>3</b>	3
Female employees on parental leave	%	<b>97</b>	97
Return to work and retention rates after parental leave	%	<b>100</b>	100
<b>TRAINING</b>	Units	2018	2017
Training sessions	number	<b>20,158</b>	14,974
Percentage of employees trained in-house of total trained	%	<b>62</b>	63
Percentage of employees trained by external services	%	<b>38</b>	37
Average number of training hours per employee (per year)	number	<b>49</b>	66
Average number of training hours per female employee (per year)	number	<b>51</b>	68
Average number of training hours per male employee (per year)	number	<b>49</b>	60
Total investments in training	\$ thousand	<b>1,494</b>	1,474
<b>SAFETY</b>	Units	2018	2017
Polymetal			
Accidents, including:	number	<b>11</b>	16
Fatalities	number	<b>1</b>	2
LTIFR	rate	<b>0.09</b>	0.15
Occupational diseases and health difficulties	number	<b>3</b>	3
Contractors			
Accidents, including:	number	<b>15</b>	9
Fatalities	number	<b>0</b>	1
LTIFR	rate	<b>0.27</b>	0.28
<b>ETHICS</b>	Units	2018	2017
Code of conduct violations <sup>1</sup>	number	<b>374</b>	12
Cases of corruption – losses prevented <sup>1</sup>	\$ thousand	<b>596</b>	21
<b>COMMUNITY INVESTMENT</b>	Units	2018	2017
Sport	\$ thousand	<b>3,111</b>	3,215
Healthcare and education	\$ thousand	<b>4,060</b>	4,671
Culture and art	\$ thousand	<b>810</b>	939
Infrastructure of social importance	\$ thousand	<b>1,223</b>	2,323
IMN support	\$ thousand	<b>288</b>	272
Environmental awareness and education	\$ thousand	<b>–</b>	84
Charitable donations	\$ thousand	<b>601</b>	269
<b>Total community investment</b>	<b>\$ thousand</b>	<b>10,092</b>	<b>11,772</b>
Number of partnership agreements	number	<b>34</b>	30
Total value of financial contributions to political parties, politicians, and political action committees	\$ thousand	<b>0</b>	0

<sup>1</sup> Increase due to changes in classification and reporting methodology.

<b>COMMUNICATION</b>	Units	2018	2017
Enquiries from employees	number	<b>1,458</b>	1,001
Employee enquiries responded to	number	<b>1,458</b>	1,001
Enquiries from communities	number	<b>755</b>	516
Public meetings and gatherings	number	<b>50</b>	37
Site visits by external stakeholders	number	<b>9</b>	20
<b>COMPLIANCE</b>	Units	2018	2017
Significant fines	\$ thousand	<b>0</b>	0
Non-monetary sanctions	\$ thousand	<b>0</b>	0
Cases brought	number	<b>0</b>	0
<b>PRODUCT RESPONSIBILITY</b>	Units	2018	2017
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	\$ thousand	<b>0</b>	0
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	\$ thousand	<b>0</b>	0
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	\$ thousand	<b>0</b>	0

# GRI disclosure table

## General disclosures

GENERAL DISCLOSURE STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	SCOPE AND COMMENTS
<b>Organisation profile</b>				
	GRI 102-1	The name of the organisation	Cover	1
	GRI 102-2	Activities, brands, products, and services	p.14–15, 18–19	1
	GRI 102-3	Location of headquarters	p.16–17	1
	GRI 102-4	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	p.16–17	1
	GRI 102-5	Ownership and legal form	Annual Report 2018	1
	GRI 102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p.16–17, 62	1
	GRI 102-7	Scale of the organisation	p.2–17	3
	GRI 102-8	Information on employees and other workers	p.39–40	3
	GRI 102-9	Supply chain	p.19, 28–29, 61–62	1
	GRI 102-10	Significant changes to the organisation and its supply chain	p.1, 20–21, 16–17, Annual Report 2018	1
	GRI 102-11	Precautionary Principle or approach	p.15, <a href="https://www.polymetalinternational.com">https://www.polymetalinternational.com</a>	1
	GRI 102-12	External initiatives	p.2, 32, 38, 46, 56	1
	GRI 102-13	Membership of associations	p.32, 38, 46, 56	1
<b>Strategy and analysis</b>				
	GRI 102-14	Statement from senior decision-maker	p.1	1
	GRI 102-15	Key impacts, risks, and opportunities	p.24, 28–31	1
<b>Ethics and integrity</b>				
	GRI 102-16	Organisation's values, principles, standards, and norms of behaviour	p.15, 20–21, 39	1
	GRI 102-17	Mechanisms for advice and concerns about ethics	p.44, 58	1
<b>Governance</b>				
	GRI 102-18	Governance structure	p.22–24	1
	GRI 102-19	Delegating authority	p.20–24	1
	GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	p.22	1
	GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	p.28–29	1
	GRI 102-22	Composition of the highest governance body and its committees	p.22	1
	GRI 102-23	Chair of the highest governance body	p.22	1
	GRI 102-24	Nominating and selecting the highest governance body	Annual Report 2018	1
	GRI 102-25	Conflict of Interest	p.23–34, Annual Report 2018	1
	GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	p.23–24	1
	GRI 102-27	Collective knowledge of highest governance body	Annual Report 2018	1
	GRI 102-28	Evaluating the highest governance body's performance	Annual Report 2018	1
	GRI 102-29	Identifying and managing economic, environmental, and social impacts	p.23–24	1
	GRI 102-30	Effectiveness of risk management processes	p.24	1

GENERAL DISCLOSURE STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	SCOPE AND COMMENTS
	GRI 102-31	Review of economic, environmental, and social topics	p.22–23	1
	GRI 102-32	Highest governance body's role in sustainability reporting	p.23–24	1
	GRI 102-33	Communicating critical concerns	p.29	1
	GRI 102-34	Nature and total number of critical concerns	p.44, 58	1
	GRI 102-35	Remuneration policies	Annual Report 2018, Remuneration policy report, <a href="https://www.polymetalinternational.com">https://www.polymetalinternational.com</a>	1
	GRI 102-36	Process for determining remuneration	Annual Report 2018	1
	GRI 102-37	Stakeholders' involvement in remuneration	Annual Report 2018	1
	GRI 102-38	Annual total compensation ratio	Annual Report 2018	Without breakdown by countries
<b>Stakeholder engagement</b>				
	GRI 102-40	List of stakeholder groups	p.28–29	1
	GRI 102-41	Collective bargaining agreements	p.44	3
	GRI 102-42	Identifying and selecting stakeholders	p.28–29, 57	1
	GRI 102-43	Approach to stakeholder engagement	p.28–29, 57	1
	GRI 102-44	Key topics and concerns raised	p.28–29	1
<b>Identified Material Aspects and Boundaries</b>				
	GRI 102-45	Entities included in the consolidated financial statements	Annual Report 2018	1
	GRI 102-46	Defining report content and topic boundaries	p.2–12, 29	1
	GRI 102-47	List of material topics	p.15	1
	GRI 102-48	Restatements of information	In footnotes	1
	GRI 102-49	Changes in reporting	p.15	1
<b>Report profile</b>				
	GRI 102-50	Reporting period	Inside front cover	1
	GRI 102-51	Date of most recent report	March 2018 for FY 2017	1
	GRI 102-52	Reporting cycle	Annual reporting cycle	1
	GRI 102-53	Contact point for questions regarding the report	Inside front cover	1
	GRI 102-54	Accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option	1
	GRI 102-55	GRI disclosure table	p.70	1
	GRI 102-56	External assurance	p.64–65	1
<b>Management approach</b>				
	GRI 103-1	Report the material aspect boundary within the organisation	p.28–29, 75	1
	GRI 103-2	The management approach and its components	In each section of the Sustainability report	1
	GRI 103-3	Evaluation of the management approach	p.28–29	1

## GRI disclosure table continued

### Specific standard disclosures

STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	SCOPE AND COMMENTS
<b>Economic</b>				
Economic Performance	GRI 201-1	Direct economic value generated and distributed	p.60–63	1
	GRI 201-3	Defined benefit plan obligations and other retirement plans	p.61	1
	GRI 201-4	Financial assistance received from government	p.62	1
Market Presence	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.43	4
	GRI 202-2	Proportion of senior management hired from the local community	p.61	3
Indirect Economic Impacts	GRI 203-1	Infrastructure investments and services supported	p.60	1
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	p.63	2
Anti-Corruption	GRI 205-2	Communication and training on anti-corruption policies and procedures	p.62	5
	GRI 205-3	Confirmed incidents of corruption and actions taken	p.62	1
<b>Environment</b>				
Materials	GRI 301-1	Materials used by weight or volume	p.50	2
	GRI 301-2	Recycled input materials used	p.50	2
Energy	GRI 302-1	Energy consumption within the organisation	p.52	2
	GRI 302-3	Energy intensity	p.53	2
	GRI 302-4	Reduction of energy consumption	p.52–53	2
	GRI 302-5	Reductions in energy requirements of products and services	p.52–53	2
Water	GRI 303-1	Interactions with water as a shared resource	p.49	2
	GRI 303-2	Management of water discharge related impacts	p.49	2
	GRI 303-3	Water withdrawal	p.49	2
	GRI 303-4	Water discharge	p.49	2
	GRI 303-5	Water consumption	p.49	2
Biodiversity	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.54	2
	GRI 304-2	Significant impacts of activities, products, and services on biodiversity	p.54	1
	G4-MM1	Amount of land disturbed or rehabilitated	p.54	2
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	p.52	2
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	p.52	2
	GRI 305-4	GHG emissions intensity	p.53	2
	GRI 305-5	Reduction of GHG emissions	p.53	2
	GRI 305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	p.30	2

STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	SCOPE AND COMMENTS	
Effluents and Waste	GRI 306-2	Total weight of waste by type and disposal method	p.50	2. Disclosure of hazardous and non-hazardous waste without a breakdown by disposal methods	
	GRI 306-3	Total number and volume of significant spills	p.50	1	
	GRI 306-4	Weight of transported, imported, exported, or treated waste deemed hazardous	p.50	2	
	G4-MM3	Total amounts of overburden, rock, tailings, and sludges	p.50	2	
Environmental compliance	GRI 307-1	Non-compliance with environmental laws and regulations	p.47	1	
Supplier Environmental Assessment	GRI 308-1	New suppliers that were screened using environmental criteria	p.47, p.61–62	1	
<b>Social</b>					
Employment	GRI 401-1	New employee hires and employee turnover	p.39	3	
	GRI 401-3	Parental leave	p.43	3	
Labour/Management Relations	G4-MM4	Number of strikes and lock-outs exceeding one week's duration	p.30	1	
	GRI 402-1	Minimum notice periods regarding operational changes		1. Employment and Labour Corporate Standard	
Occupational Health and Safety	GRI 403-1	Workers representation in formal joint management-worker health and safety committees.	p.33	2. Disclosure without a percentage of workers whose work is controlled by the organisation.	
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p.34	2. Disclosure without a breakdown by gender and region	
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	p.34	1	
	GRI 403-4	Health and safety topics covered in formal agreements with trade unions	p.33	1	
	GRI 403-5	Worker training on occupational health and safety	p.35	1	
	GRI 403-8	Workers covered by an occupational health and safety management system	p.39	1	
	GRI 403-9	Work-related injuries	p.34	1	
	GRI 403-10	Work-related ill health	p.35	1	
	Training and Education	GRI 404-1	Average hours of training per year per employee	p.41	1
		GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	p.40–42	1
Diversity and Equal Opportunity	GRI 405-1	Diversity of governance bodies and employees	p.40	3. Disclosure without a breakdown by the following age groups: under 30 years old, 30–50 years old, over 50 years old	
	GRI 405-2	Ratio of basic salary and remuneration of women to men	p.43	3	
Non-discrimination	GRI 406-1	Incidents of discrimination and corrective actions taken	p.39	1	
Freedom of Association and Collective Bargaining	GRI 407-1	Freedom of association and collective bargaining	p.39, 44	1	
Child Labour	GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Zero operations and suppliers	1	

## GRI disclosure table continued

STANDARD	DISCLOSURE NUMBER	DISCLOSURE TITLE	PAGE	SCOPE AND COMMENTS
<b>Social</b> continued				
Forced or Compulsory Labour	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Zero operations and suppliers	1
Security Practices	GRI 410-1	Security personnel trained in human rights policies or procedures		1. All security personnel are outsourced and receive training on the human rights principles under relevant national regulations
Rights of Indigenous Peoples	GRI 411-1	Incidents of violations involving rights of indigenous peoples	p.57	1
Human rights	GRI 412-2	Employee training on human rights policies or procedures	p.57	1
Local Communities	G4-MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and formal agreements made	p.54	1
	GRI 413-1	Operations with implemented local community engagement, impact assessments, and development programmes	p.16–17, 59–61	3
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Zero operations	1
Human rights assessment	G4-MM9	Sites where resettlement took place, the number of households resettled in each, and how their livelihoods were affected in the process	p.58	1
Closure Planning	G4-MM10	Number and percentage of operations with closure plans	p.54	1
Public Policy	GRI 415-1	Political contributions	p.32, 38, 46, 56	1
Socio-economic Compliance	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	p.62	1

## Other information

REPORTABLE SEGMENT	COMPANY NAME	SCOPES				
		1	2	3	4	5
Polymetal	Group					
Voro	Gold of Northern Urals CJSC					
Okhotsk	Okhotskaya Mining and Exploration Company LLC <sup>1</sup>					
Svetloye	Svetloye LLC					
Albazino/Amursk	Albazino Resources Ltd					
Albazino/Amursk	Amur Hydrometallurgical Plant LLC					
Dukat	Magadan Silver JSC					
Omolon	Omolon Gold Mining Company LLC					
Mayskoye	Mayskoye Gold Mining Company LLC					
Varvara	Varvarinskoye JSC					
Varvara	Komarovskoye Mining Company LLC					
Kyzyl	Bakyrchik Mining Venture LLP					
Kyzyl	Inter Gold Capital LLC					
Kapan	Kapan Mining and Processing Company CJSC <sup>2</sup>					
Kapan	Lichkvaz CJSC					
Viksha	Industry Ltd					
Polymetal offices	Polymetal Management JSC					
Polymetal offices	Polymetal Engineering JSC					
Polymetal offices	Polymetal Trading Ltd					

<sup>1</sup> Sold in 2018.

<sup>2</sup> Sold in January 2019.

### Abbreviations

<b>CIS</b>	Commonwealth of Independent States
<b>GE</b>	gold equivalent
<b>IMN</b>	Indigenous Minorities of the North
<b>NGO</b>	non-governmental organisation
<b>POX</b>	pressure oxidation

### Units of measurement


<b>GJ</b>	gigajoules (one billion joules)
<b>TJ</b>	terajoules (one trillion joules)
<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>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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