![Polymetal International PLC logo]

Focus
Commitment
Impact

Investing
for the long term

Welcome to our 2019 Sustainability Report

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 2019 to 31 December 2019 and provides comparative data for previous years.

The report is prepared in accordance with GRI Sustainability Reporting Standards (Core option), including GRI G4 Mining and Metals Sector Disclosures published by the Global Reporting Initiative (GRI); Metals & Mining Sustainability Accounting Standard (SASB Standard) published by the Sustainability Accounting Standards Board (SASB), and aligns with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

PwC has provided limited assurance on the performance data relating to our most material environmental, social and governance (ESG) impacts prepared in accordance with GRI Sustainability Reporting Standards and SASB Standard.

For more information
You can read more at www.polymetalinternational.com If you would like further information or to provide any feedback, please do get in touch: sustainability@polymetalinternational.com.

We look forward to hearing from you.

Employee ideas
How employee ideas are shaping our business
⊕ **Read more on page 24**

Cultural investment
Preserving indigenous language and culture
⊕ **Read more on page 25**

Green innovation
at our Amursk pressure oxidation (POX) plant
⊕ **Read more on page 25**

Welcome from our Group CEO
A company with focus

> ❝
> Welcome to our 9th Sustainability Report. For more than a decade, we have shown how business growth, shareholder returns and sustainable development can go hand in hand. This is what we mean by 'purpose-driven'.

WE SUPPORT

Our consistent strategy has enabled us to create jobs, make tax contributions, enrich communities and develop skills, all the while protecting the environment and paying dividends throughout the swings of commodity price cycles and geopolitical change. We remain committed to our corporate citizenship responsibilities and to be responsive to stakeholder concerns. For instance, our focus on mitigating climate change risk has meant finding innovative ways to reduce our carbon emissions and water consumption – we now use electrified equipment in our open pits and underground mines and we are gradually taking first steps towards renewable energy self-generation at remote sites (a new solar plant is being designed this year at Omolon). As a result, we decreased our product carbon footprint by 14% for the year.

In 2019, the safety of tailings storage became a high profile issue for the mining industry. We have always had a strong record in this area but we nonetheless took the opportunity to implement additional safety control measures. With dry stack tailings storage facilities already running successfully at two of our mines, our plan is to progressively extend this technology to other sites, while making it a default option for all future projects.

Making a difference
In addition to creating jobs, building infrastructure in remote regions and generating supply chain trade, we also invest directly in our communities. In 2019, this amounted to $15 million. Our policies on social investment and stakeholder engagement help to ensure this investment makes a lasting and meaningful contribution to both our employees and the wider population.

The health and safety of our colleagues is, of course, our first priority. Regrettably, two employees and one contract worker lost their lives at our production sites in 2019. These fatalities only reinforce our systemic commitment to a culture of safety and the personal accountability of Polymetal's leadership team through new health and safety KPIs for senior staff.
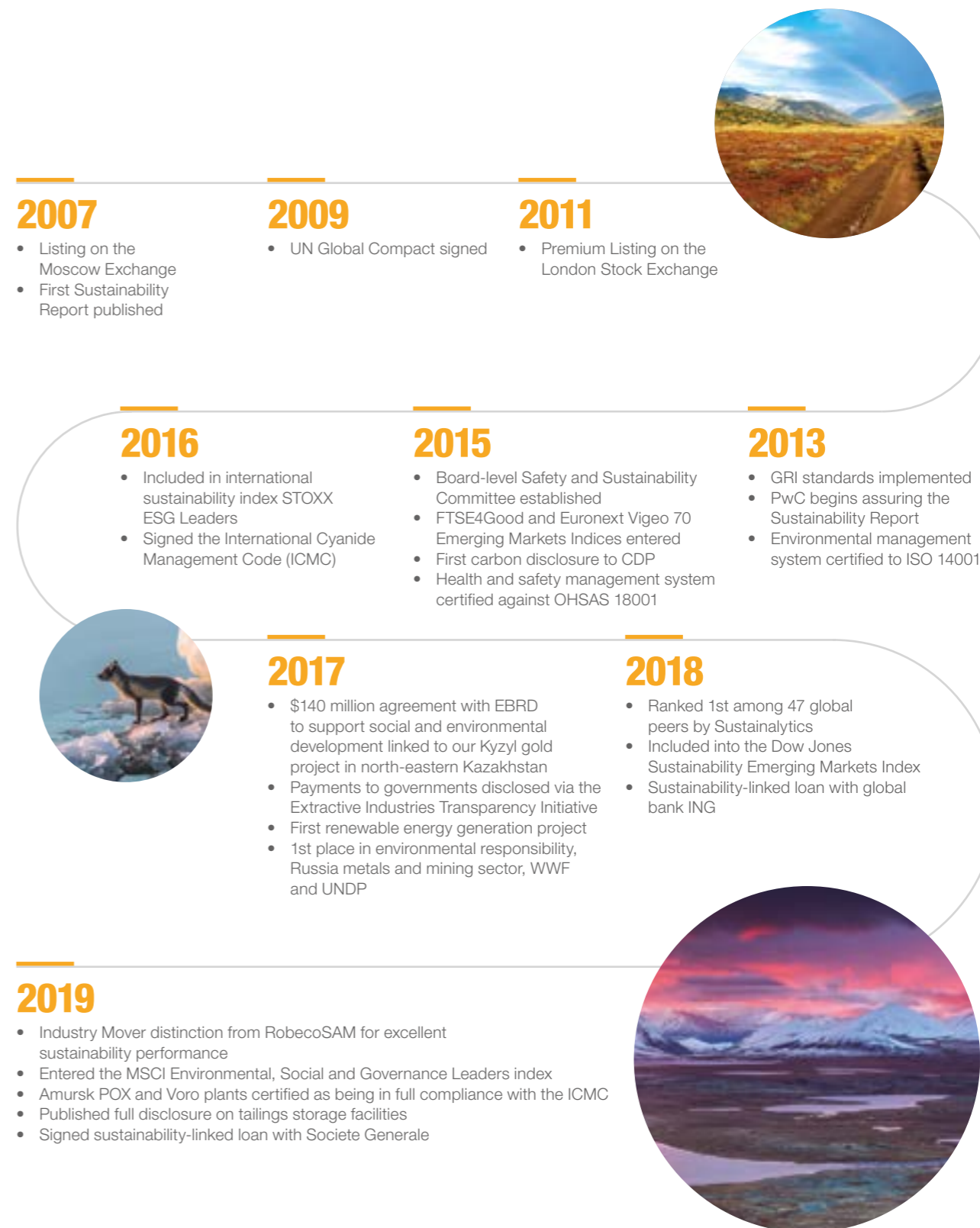
Digitalising the future
Looking ahead, digitalisation will play an increasingly important role in our performance – for instance, machine learning has the potential to transform mine fleet productivity and improve plant recoveries, while personal wearable devices can track safe behaviours and help build our safety culture.

We are a business with a purpose to share the value that we create among investors, employees and host governments alike, as well as with wider society and our fragile natural world. I believe we have the scale, the ingenuity and the drive to truly make a positive impact – this was clear in 2019 but there is always more we can do to challenge ourselves to. I look forward to seeing what 2020 holds.

(signature)

Vitaly Nesis
Group CEO

Sustainability milestones
Since 2007, we have built an increasingly sophisticated approach to how we manage and monitor our impact on society and the environment. Below are just a few significant milestones.

Our vision is to become the leading responsible mining company, while delivering robust performance and sustainable investor returns.

2007
- Listing on the Moscow Exchange
- First Sustainability Report published

2009
- UN Global Compact signed

2011
- Premium Listing on the London Stock Exchange

2016
- Included in international sustainability index STOXX ESG Leaders
- Signed the International Cyanide Management Code (ICMC)

2015
- Board-level Safety and Sustainability Committee established
- FTSE4Good and Euronext Vigeo 70 Emerging Markets Indices entered
- First carbon disclosure to CDP
- Health and safety management system certified against OHSAS 18001

2013
- GRI standards implemented
- PwC begins assuring the Sustainability Report
- Environmental management system certified to ISO 14001

2017
- $140 million agreement with EBRD to support social and environmental development linked to our Kyzyl gold project in north-eastern Kazakhstan
- Payments to governments disclosed via the Extractive Industries Transparency Initiative
- First renewable energy generation project
- 1st place in environmental responsibility, Russia metals and mining sector, WWF and UNDP

2018
- Ranked 1st among 47 global peers by Sustainalytics
- Included into the Dow Jones Sustainability Emerging Markets Index
- Sustainability-linked loan with global bank ING

2019
- Industry Mover distinction from RobecoSAM for excellent sustainability performance
- Entered the MSCI Environmental, Social and Governance Leaders index
- Amursk POX and Voro plants certified as being in full compliance with the ICMC
- Published full disclosure on tailings storage facilities
- Signed sustainability-linked loan with Societe Generale

Creating long-term value

Polymetal International plc is a leading precious metals mining group, operating in Russia and Kazakhstan. We have a portfolio of nine gold and silver mines, as well as an impressive pipeline of growth projects. A major employer in the region, we strive to be a sustainable and responsible company.

Polymetal today

2nd largest
gold producer in Russia and 16th in the world[1]

2 major
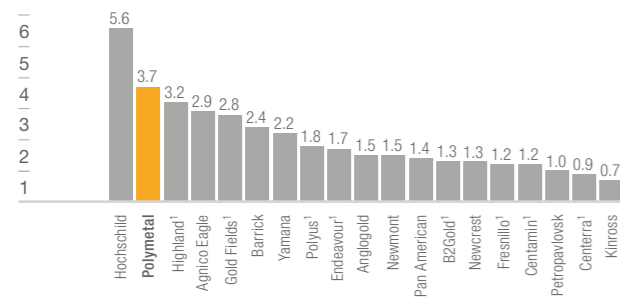development projects

FTSE 100
constituent

9 operations
across 2 countries

1st POX plant
in Former Soviet Union

MSCI Russia
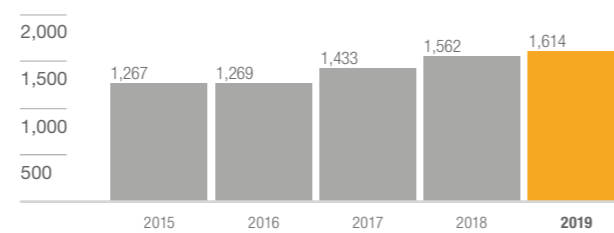constituent

1 Metals focus 2018.

PROFILE AMONG PEERS
AVERAGE RESERVE GRADE (g/t GE)

Hochschild 5.6, Polymetal 3.7, Highland[1] 3.2, Agnico Eagle 2.9, Gold Fields[1] 2.8, Barrick 2.4, Yamana 2.2, Polyus[1] 1.8, Endeavour[1] 1.7, Anglogold 1.5, Newmont 1.5, Pan American 1.4, B2Gold[1] 1.3, Newcrest 1.3, Fresnillo[1] 1.2, Centamin[1] 1.2, Petropavlovsk 1.0, Centerra[1] 0.9, Kinross 0.7

1 2018 data.

PROVEN TRACK RECORD
ANNUAL PRODUCTION BASED ON 1:80 AG/AU RATIO (KOZ OF GE)

2015: 1,267; 2016: 1,269; 2017: 1,433; 2018: 1,562; **2019: 1,614**

Key financial figures

Revenue
$2,246m
(2018: $1,882 million)

Total cash cost
$655/GE oz
(2018: $654/GE oz)

Adjusted EBITDA
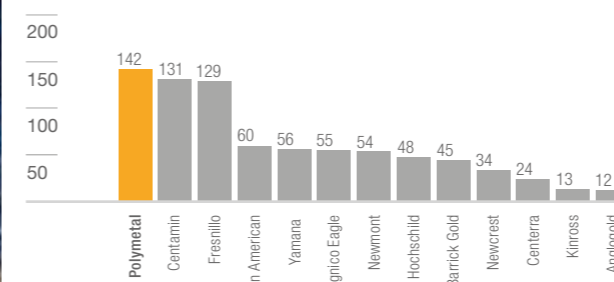**$1,075m**
(2018: $780 million)

All-in sustaining cash cost
$866/GE oz
(2018: $864/GE oz)

Free cash flow
$299m
(2018: $134 million)

Net profit
$483m
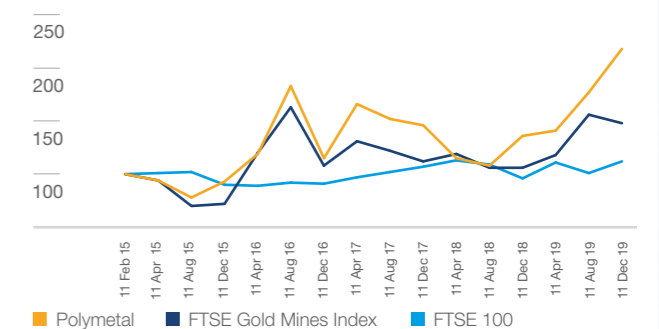(2018: $355 million)

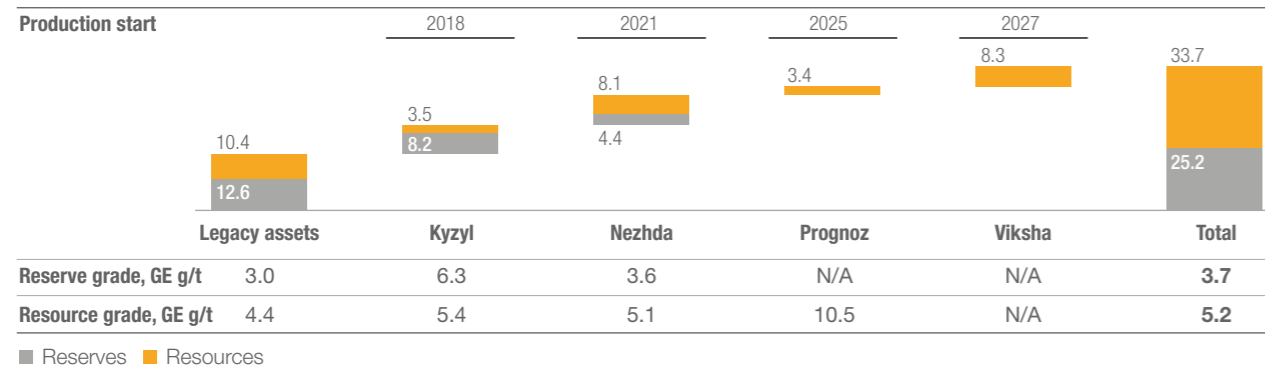**DIVIDEND PAID SINCE POLYMETAL IPO**
($/GE OZ PRODUCED)

Polymetal 142, Centamin 131, Fresnillo 129, Pan American 60, Yamana 56, Agnico Eagle 55, Newmont 54, Hochschild 48, Barrick Gold 45, Newcrest 34, Centerra 24, Kinross 13, Anglogold 12

Source: Companies' data, Bloomberg.

TOTAL SHAREHOLDER RETURN
(%)

Polymetal, FTSE Gold Mines Index, FTSE 100

Focus on high grade and lower cost assets

	Legacy assets	Kyzyl	Nezhda	Prognoz	Viksha	Total
Production start		2018	2021	2025	2027	
Reserve grade, GE g/t	3.0	6.3	3.6	N/A	N/A	**3.7**
Resource grade, GE g/t	4.4	5.4	5.1	10.5	N/A	**5.2**

■ Reserves ■ Resources

Value distribution

$397m
wages, salaries and other payments and benefits for employees

$35m
environmental investment

$15m
community investment

$233m
taxes paid

$1.2m
invested in training

$155m
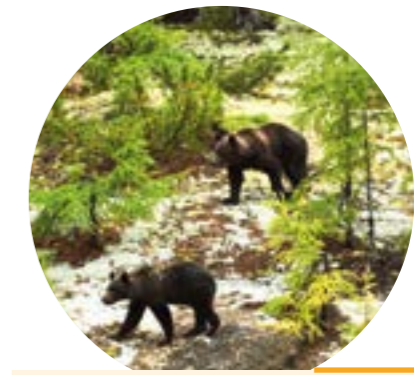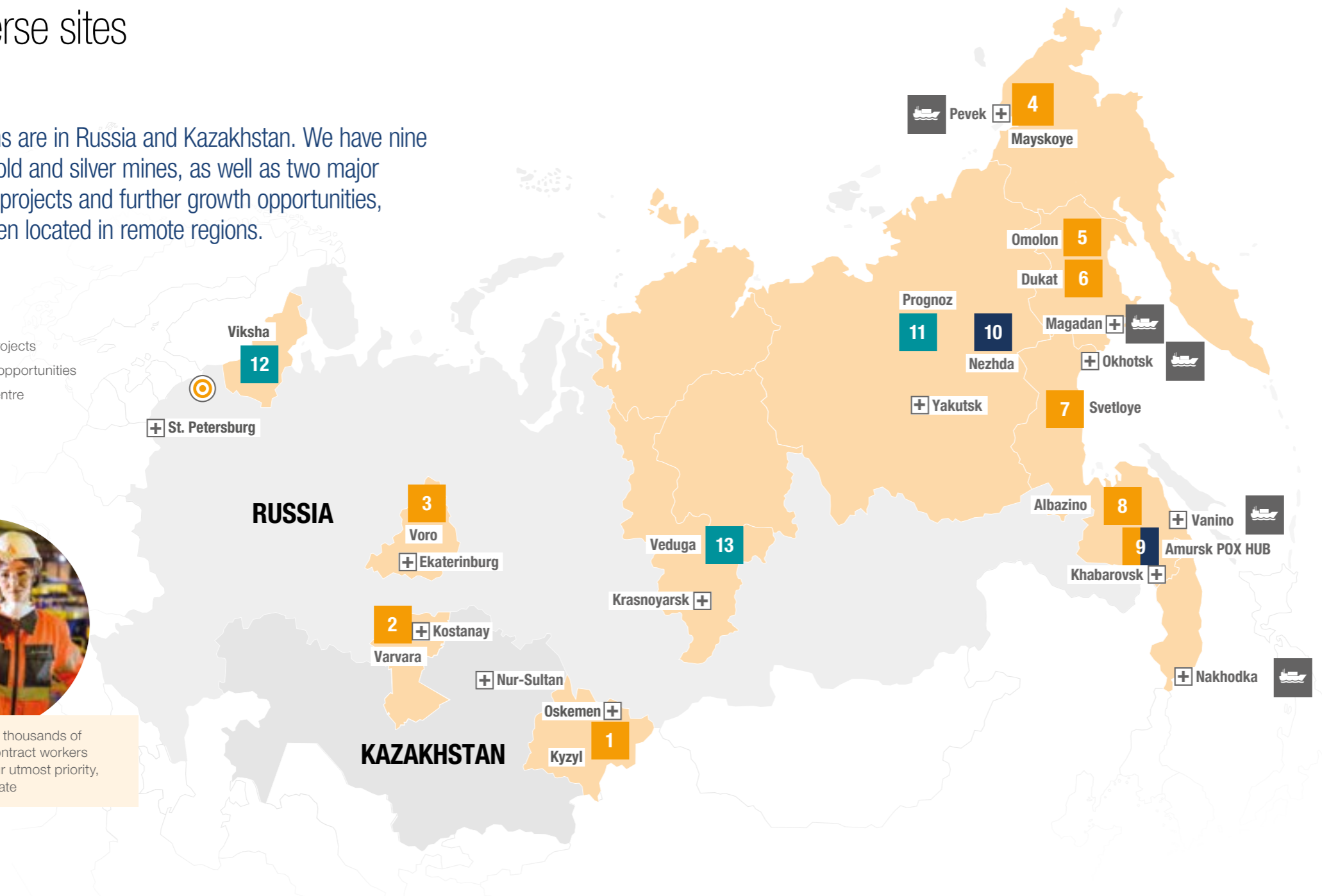sustainability-linked loans in the portfolio

Where we operate
Our diverse sites

Our operations are in Russia and Kazakhstan. We have nine operational gold and silver mines, as well as two major development projects and further growth opportunities, which are often located in remote regions.

Legend:
- Operating mine
- Development projects
- Further growth opportunities
- Competence centre
- City/town
- Sea port

RUSSIA

KAZAKHSTAN

Map labels: Pevek, Mayskoye (4), Omolon (5), Dukat (6), Magadan, Prognoz (11), Nezhda (10), Okhotsk, Yakutsk, Svetloye (7), Viksha (12), St. Petersburg, Voro (3), Ekaterinburg, Veduga (13), Krasnoyarsk, Albazino (8), Vanino, Amursk POX HUB (9), Khabarovsk, Kostanay (2), Varvara, Nur-Sultan, Oskemen, Kyzyl (1), Nakhodka

Wildlife conservation is a big focus of our biodiversity programme. When developing our mines, we monitor natural bear habitats.

Keeping the many thousands of employees and contract workers safe and well is our utmost priority, wherever we operate

We aim to attract and retain the very best professionals by providing an inclusive, fair and enabling working environment. We hold an in-house Scientific and Industrial Conference and maintain a Talent Pool.

	Asset	Average headcount	% female	LTIFR	Carbon footprint, t CO_2e per Koz of GE[1]	Fresh water consumption intensity, m^3 per Kt of ore processed
1	Kyzyl	1,181	18%	0.09	361	425
2	Varvara	1,257	17%	Zero	2,259	421
3	Voro	769	27%	0.32	563	74
4	Mayskoye	1,026	12%	0.54	1,135	132

1 Excluding upstream Scope 3 emissions resulting in the concentrate processing by offtakers.

	Asset	Average headcount	% female	LTIFR	Carbon footprint, t CO_2e per Koz of GE[1]	Fresh water consumption intensity, m^3 per Kt of ore processed
5	Omolon	1,135	11%	0.54	630	262
6	Dukat	1,845	20%	0.36	1,932	550
7	Svetloye	633	15%	Zero	448	39
8	Albazino	1,193	15%	Zero	574	501
9	Amursk	491	23%	Zero	231	

Business model
Building a sustainable future for all our stakeholders

The fundamentals of investing in the skills and expertise that are aligned to our key competencies, allied with our strong financial discipline, enable us to both deliver throughout the cycle and create a sustainable future 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
11,611 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 relationship
Constructive relationships with local government and communities; transparent and productive dialogue with stakeholders.

Our purpose

We believe responsible and efficient mining can be a force for good for society. We aspire to be equal to the challenge and deliver benefits to all impacted by our corporate existence.

What makes us different

Focus on high-grade assets

Strong capital discipline

Investing in exploration

Leading competence in treatment of refractory ores

Exemplary governance

Operational excellence

TRANSPORT · MINE · PROCESS · DEVELOP · SELL · EXPLORE · CLOSE/RECLAIM

Key goals

Robust performance · Delivering growth · Sustainable dividends · Securing the future · Governance and sustainability · Exemplary ESG performance

Our strategy
⊕ Read more in our Annual Report on pages 24–25

Grow our business

INTEGRATING SUSTAINABILITY THROUGHOUT OUR BUSINESS

⊕ Read more on page 14

Creating value for...

Shareholders
We deliver a sustainable dividend stream.

$385m
proposed for 2019

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

$1.2m
invested in professional training

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

$15m
invested in social projects

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

4.26%
average cost of debt in 2019

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

7,698
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 our regions of operation, supporting local governments' social projects.

$233m
taxes paid

Why sustainability matters
A responsible business is a successful business

Maintaining high standards of corporate governance and sustainable development underpins our license to operate and maintains public trust in our business. Sustainability is one of our strategic priorities, alongside robust performance, delivering growth and securing the future.

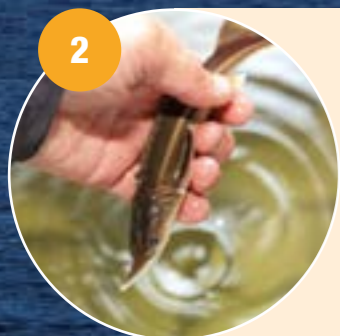We set four strategic objectives within the governance/sustainability pillar:

1 **Maintain our social license to operate:** building trusted relationships with communities, governments and suppliers to demonstrate our wider contribution.

What it means: we make substantial long-term investments in our communities and wider societal contributions through the taxes we pay and the jobs we create. Ongoing and rigorous stakeholder engagement is at the heart of how we maintain a trusted presence.

2 **Reduce our environmental footprint:** continuously investing in technological innovations that make our operations more resource-efficient and climate-friendly.

What it means: we do everything we can to prevent environmental incidents, protect natural resources, and use more renewable energy. Our policies focus on reducing risks, compliance, best practice and continuous improvement. A holistic approach strengthens our stakeholder relationships and reputation.

3 **Ensure sustainable and inclusive growth:** developing our talent with proper training and ensuring job satisfaction with fair reward and recognition; at the same time we strategically attract the best of tomorrow's talent.

What it means: our remuneration structure, training and social benefits are already positioning us as employer of choice in our regions. To ensure a secure future pipeline of talent, we have excellent relationships with universities, technical colleges and recruitment agencies

4 **Further develop best-in-class environmental stewardship, social responsibility and corporate governance (ESG):** managing ESG risks and opportunities requires decisive leadership and transparent reporting.

What it means: with a formal commitment from the top of the organization through ESG performance-related pay, a particular focus is on upholding human rights and equal opportunities among our teams and within our communities.

Contributing to the Sustainable Development Goals

We support the UN's 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs):
We have mapped our sustainability strategy to the Goals, taking specific action on 73 targets that are relevant to our business and to which we can contribute. 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.

<image type="logo">The 17 UN Sustainable Development Goal icons</image>

⊕ **Read more on p20–21**

Key principles for responsible business

We take a very long-term view of both positive and negative impacts of our activities

We believe stability and transparency breed predictability, certainty, and efficiency

We are extremely averse to significant sustainability risks and are prepared to invest to mitigate them

We believe fair sharing of the economic benefits of mining between stakeholders is necessary for maintaining the social licence to operate

We take into account the whole value chain of our final product

Safety and Sustainability Committee update
Committed to our responsibilities

> Polymetal is the only CIS-focused mining company listed on the Dow Jones Sustainability Index. We also won the international award for most effective integration of ESG from the Investor Relations Society.

Committee focus topics in 2019

- Health and safety performance/accident review
- Risk assessment analysis and risk management
- Reporting compliance (sustainability report/modern slavery statement/climate disclosure)
- Tailings storage facilities and mine closure
- Sustainability KPIs for senior management

$155m
of sustainability-linked loans

Our absolute commitment is for no person, whether employee or contract worker, to injure themselves when working on our sites. This is why it is devastating to report two employee fatalities at our Mayskoye and Omolon mines in Russia and one contractor fatality at Omolon. I offer my sincere condolences to the family, friends and colleagues of Messrs Magafurov, Kalabashkin and Sorokin and I make a personal promise to learn from these accidents to ensure they never happen again. Read the detailed explanation of these incidents on page 29, as well as how we are drawing upon them to improve our safety systems.

Reinforcing a safety culture
Safety will always be our top priority here at Polymetal, which is why we are disappointed that lost time injuries increased in 2019 (a rate of 0.19 compared to 0.09 in 2018). Our systems have accurately pinpointed the precise root of this trend, which was primarily minor incidents at remote sites outside of working shifts (notably falls or slips). We take this insight extremely seriously and we have rapidly improved our risk assessment procedures and safety training as a result.

This is on top of our ongoing commitment to lead from the top, while continually refining how we monitor incidents to target zero fatalities among our own people and those in our contract workforce. Health and safety KPIs are embedded into the performance and remuneration systems of some of our most senior leaders, including our Group CEO. At the same time, our 2019 Health and Safety Action Plan comprised 136 measures to address critical risks and from this year, we will be transitioning from a focus on lost time injury metrics, to measuring actual days off work following an accident. This should help us better track and manage the severity of injuries. We will continue to apply a 50% penalty co-efficient in cases of fatalities and will start taking into account cases resulting in long-term disability and fatalities occurring at our contractors.

ESG highlights
During 2019, we saw greater scrutiny of corporates and how they perform their duties and act as good corporate citizens. We are glad to confirm that we remain ahead of many of our peers in our ESG projects. Our achievements are recognised by both the rating agencies and the investor community: Polymetal is the only CIS-focused mining company listed on the Dow Jones Sustainability Index; we are included in the FTSE4GoodIndex Series; we received upgraded ratings in the MSCI ESG Ratings assessment and ISS-Oekom Corporate Rating; and we won the international award for most effective integration of ESG from the Investor Relations Society. More information about all our ESG achievements during the year can be found in the following chapters of this Sustainability Report.

As part of Polymetal's pledge to promote best sustainability practice throughout the business, we will be adding more ESG metrics to our Group CEO's KPIs. These will then cascade down to relevant employees to further emphasise our ongoing focus on this important area of governance.

The road ahead
We have a comprehensive work plan for 2020, including in-depth reviews of our relationships with contractors, Cyanide Code compliance and energy efficiency, and the first financial assessment of climate-related risks and their impacts. As well as the implementation of our ESG policies, we will evaluate plans to improve our risk management and internal control procedures pertaining to better compliance of all ESG strategies and policies, including emerging risks. With my fellow Committee members, I am looking forward to undertaking these duties on behalf of the Company and its stakeholders.

Tracey Kerr
Chair of the Safety and Sustainability Committee

ESG scorecard

In line with the Company's enhanced emphasis on ESG, from 2020 the KPI structure for the Group CEO will be changed by reducing the KPIs for production and total cash cost by 5% each and introducing a 10% sustainability/ESG KPI. To ensure a continuing focus on safety, the penalty factor for fatal/severe cases of up to 50% of annual bonus earned for non-safety-related KPIs will remain unchanged. The resulting KPI structure for 2020 will comprise:
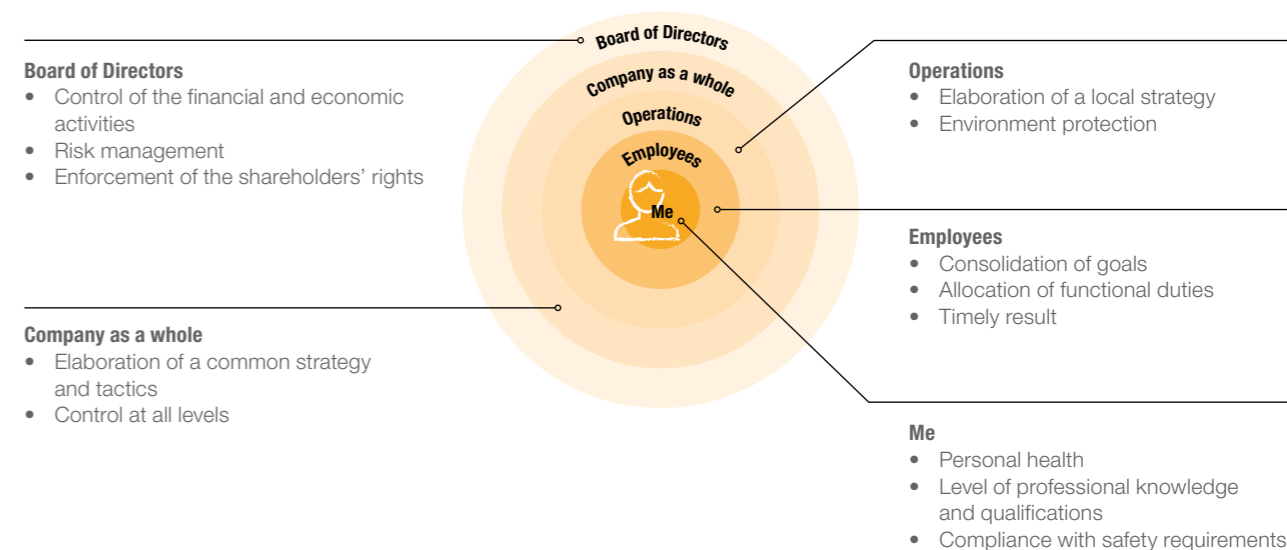
- Production (20%)
- Total cash cost (20%)
- Completion of new projects on time and within budget (25%)
- Health and safety (25%)
- ESG (10%)

The sustainability/ESG KPI will be defined each year by the Safety and Sustainability Committee in line with the Group's long-term targets and will be based on a comprehensive scorecard. For 2020, our focus will be on people management, environment, social policy in areas of operations and other management and corporate programmes.

Performance against the scorecard will be assessed by the Safety and Sustainability Committee and recommended for approval by the Board, with the Group CEO abstaining on any decisions in relation to the scorecard. Retrospective targets will be published in the subsequent year's Annual Report.

This KPI will cascade down to the following groups of employees: Group CEO, COO, mine directors, subsidiary directors and their deputies, senior managers in the management company and heads of the main operational units and their deputies.

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

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

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

Sustainability management
Accountable for our impact

Aligning sustainability with consistently robust investor returns requires us to apply high levels of innovation and to be accountable for our actions.

Delivering on our four strategic sustainability objectives requires leadership from the very top of the organisation. Our approach is therefore overseen by Board-level committees, with our Group CEO having ultimate accountability. During the year, our Board conducted several sustainability performance reviews, approved sustainability strategy initiatives and gave 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 eight non-executive Directors. Excluding the Chair, six members of the Board are independent non-executive Directors. Ms Coignard and Mr Duvieusart will not be offering themselves for re-election at the upcoming AGM.

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
The Safety and Sustainability Committee has a mandate to provide support to the Board on the Group's safety record, sustainability performance and ethical conduct. It oversees our approach and implementation of 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.

The Committee convened five times in 2019.

Meetings covered the following topics:

- Safety: deep dive analysis of risks, including traffic, gas flame and welding works, 2019 performance analysis of incidents and risk assessment, review of contractor fatality, Critical Risk Management System focus and work plan for 2020
- Sustainability: tailings storage facilities management, mine closure system, human rights risk assessment and Modern Slavery Act statement approval, review of Sustainability Report, strategy, priority projects and plans for 2020–2021

- Ethical conduct: risk management and internal control procedures for compliance with health, safety and sustainability strategy and policies, review of Group policies, sustainability KPIs for the Group CEO and senior management.

Remuneration Committee
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.
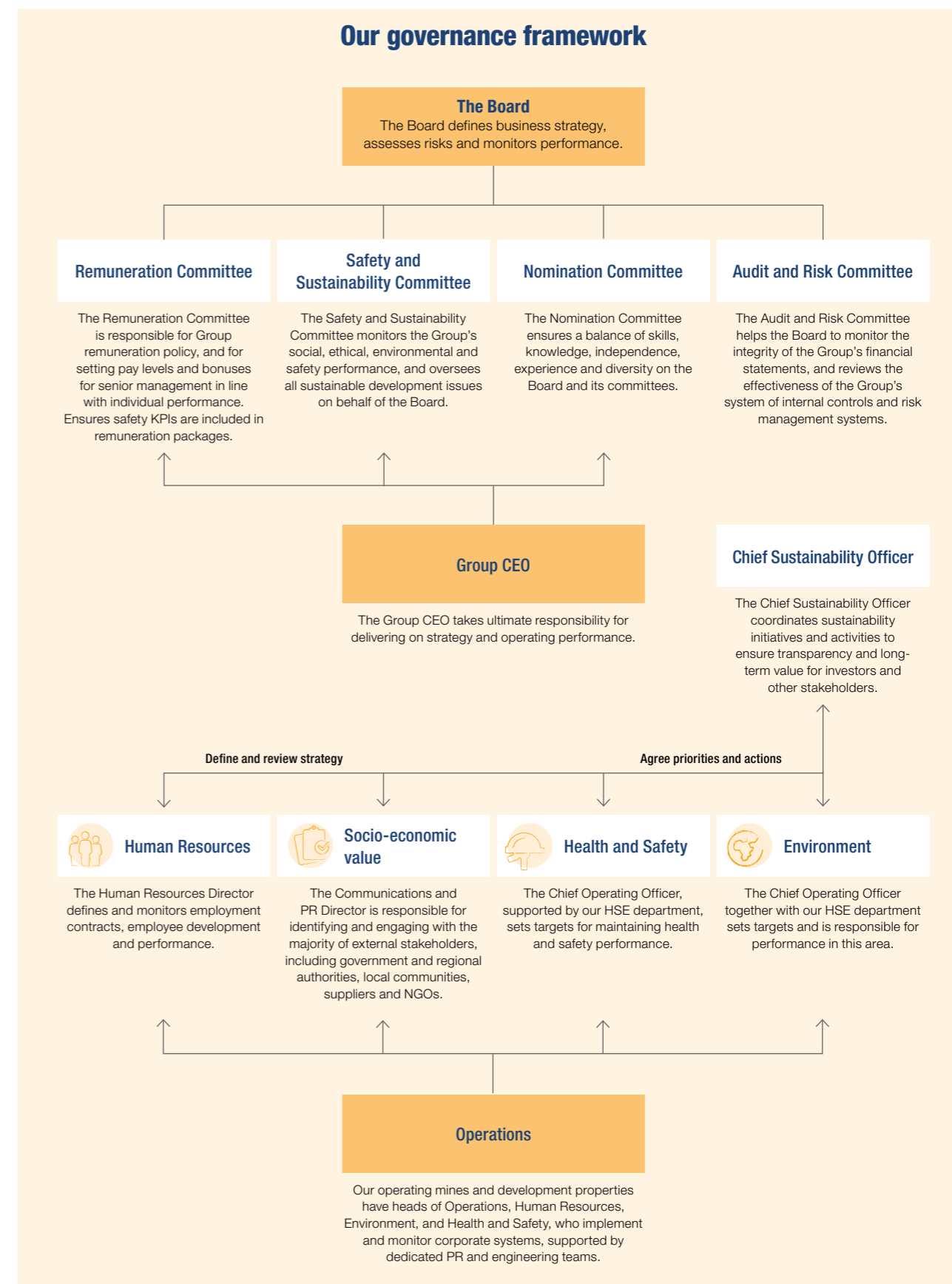
The Committee ensures that senior managers and Directors are compensated fairly for their work, with pay levels and bonuses set in line with the Company's strategy and the overall health and safety performance. Senior management remuneration – including that of the Group CEO and COO – takes into account safety key performance indicators. This is also reflected in our remuneration structure throughout the Group, and reflects the importance we place on safety. In 2019, the Committee put in place processes to integrate sustainability and ESG criteria into performance-related pay systems.

Nomination Committee
The 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
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.

Our governance framework

The Board
The Board defines business strategy, assesses risks and monitors performance.

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

Safety and Sustainability Committee
The Safety and Sustainability Committee monitors the Group's social, ethical, environmental and safety performance, and oversees all sustainable development issues on behalf of the Board.

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

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

Group CEO
The Group CEO takes ultimate responsibility for delivering on strategy and operating performance.

Chief Sustainability Officer
The Chief Sustainability Officer coordinates sustainability initiatives and activities to ensure transparency and long-term value for investors and other stakeholders.

Define and review strategy

Agree priorities and actions

Human Resources
The Human Resources Director defines and monitors employment contracts, employee development and performance.

Socio-economic value
The Communications and PR Director is responsible for identifying and engaging with the majority of external stakeholders, including government and regional authorities, local communities, suppliers and NGOs.

Health and Safety
The Chief Operating Officer, supported by our HSE department, sets targets for maintaining health and safety performance.

Environment
The Chief Operating Officer together with our HSE department sets targets and is responsible for performance in this area.

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

Sustainability risks
Strengthening identification systems and reducing exposure

We have developed our Risk Management System (RMS) to help minimise risks across the business, 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 system 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. The Board is ultimately responsible for defining the principal risks that are pertinent to the Company and assessing the potential impact on our business model, day-to-day operations, future performance, stakeholders, our solvency or liquidity. There is a particular focus on sustainability and the possible environmental and social impacts within the communities where we operate.

Key sustainability risks

Managing sustainability risks is part of our overall RMS. Our priority is to identify and mitigate our most critical risks across our most material issues. The list of significant risks is determined based on the strategic goals of the Group, available resources, risk appetite and opportunities. Along with operational and financial risks (see Annual Report), we include sustainability risks in company-wide RMS and in the annual internal audit plan.

Health and safety	Environmental	Legal compliance	Supply	Political
• Injuries (severe, minor, near-misses) • Fatalities	• Environmental compliance and incidents • Incidents at the tailings storage facility • Incidents at the water facility • Soil or water pollution (spills)	• Compliance with national legislation • Compliance with international legislation	• Long-term relations with suppliers	• Political instability and civil unrest
⊕ Read more on p26–29	⊕ Read more on p36–43	⊕ Read more in our Annual Report	⊕ Read more on p50	⊕ Read more in our Annual Report

There are also other sustainability risks which we assess but which do not have significant influence on the Group's operational performance or business reputation. See how we manage risks related to each stakeholder group on pages 18–19. You can also read more about our risk factors and management approach in our Annual Report 2019.

Monitoring risk levels

1 Injuries
2 Fatalities
3 Environmental compliance and incidents
4 Incidents at the tailings storage facility
5 Incidents at the water facility
6 Soil or water pollution (spills)
7 Compliance with national legislation
8 Compliance with international legislation
9 Long-term relations with suppliers
10 Political instability and civil unrest

Insignificant	Medium	High	Extreme

Accountability

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 feed into our risk strategies through engagement activities – involving government agencies, employees, local communities, non-governmental organisations (NGOs), and the financial community, as well as our suppliers and customers.

Risk management	Operational managers	Audit and Risk Committee	Board of Directors
Risk identification	Bottom up and top down assessment		Review risks to ensure significant and strategic risks are included
Assessment and quantification of risks	Assign impact and probability	Review impact and probability	Review impact and probability heat map
Implementation of control measures for risk mitigation	Embed in internal control procedures	Review effectiveness through assurance providers	Receive assurance from the Audit and Risk Committee
Monitoring and review	1. Ongoing monitoring against KPIs and policies/procedures 2. Identify emerging risks	Monitor through Internal Audit reports and other assurance providers	1. Receive assurance from the Audit and Risk Committee 2. Identify emerging risks
Risk and control procedures update	Update risk register and control procedures	Get evidence on the changes	

Stakeholder engagement
A trusted partner

Trust takes time to win – but it can be lost in an instant. As well as operating as a responsible business and mitigating risks that may impact society, we also proactively invest in meaningful dialogue with a diverse range of stakeholders. In doing so, we create long-term value for wider society.

We engage with our stakeholders through a range of channels and any feedback or concerns inform our materiality decisions, as well as our disclosure and risk management.

Stakeholder group	Shared value	Related risks	How we manage these risks	Key focus 2019	Engagement and response 2019
Employees	Our people are one of our core strengths and assets; the success of our business depends upon their expertise, dedication and skills. In return, we provide competitive remuneration and invest in professional and personal development. We also ensure a safe and healthy working environment.	• Human rights risks • Unfair remuneration practices • Unequal opportunities for recognition and development	• Salaries comparable to or above industry levels • Effective system of personnel development, improving professional and managerial skills • Providing favourable social and living conditions for employees	• Wages, benefits and social packages • Equal career opportunities • Human rights • Working and living conditions • Health and safety • Internal communication • Training, development and education • Compliance with relevant ESG standards and best practices	• Employee satisfaction survey • Worker councils and their representatives • Internal hotline, website, suggestion boxes and grievance mechanisms • Meetings and face-to-face communication with management • Performance reviews • Employees questions to the Group CEO and Board with internally published responses
Communities	We share the resources we depend upon with communities and positive relationships are essential. We work directly with communities and with relevant non-profit organisations for mutual benefit. In particular, we focus on ensuring the rights of indigenous communities and supporting them to flourish.	• Human rights risks • Local communities' concerns with changing living conditions • Negative impact on the culture and traditions of indigenous people	• Identifying social risks through ongoing dialogue with local communities • Social investments in the development of territories and other cultural and environmental projects	• Infrastructure development • Financial contributions and in-kind donations • Human rights • Grievances mechanisms • Local employment • Environmental and health impacts • Local culture, lifestyle, language and traditions	• Grievance mechanisms (telephone, email, feedback boxes) • Opinion polls and questionnaires • Annual results meetings • Public hearings and site visits • In person meetings with company representatives • Press conferences • Working groups • Corporate disclosure: website, sustainability reports, media, etc.
Government/ local authorities	Positive relationships with national and local governments are critical to our licence to operate. We comply with all laws and regulations and engage transparently, particularly on mining legislation issues.	• Negative effect on national interests of the country of operation	• Social investments in each region of operation • Ensuring best practice in labour relations, environmental management, safety, etc, and communicating them to the authorities	• Regulatory compliance • Taxes • Labour issues • Health and safety • Environmental responsibility • Infrastructure and community development • Local employment	• Working groups and meetings • Direct correspondence • Industry conferences
Suppliers, contractors and customers	Those we trade with are vital to our value creation. We build stable, long-term relationships based on mutually beneficial terms. In collaboration with our business partners, both up and down the supply chain, we strive for 100% compliance with ethical, environmental and safety standards.	• Payment delays • Breach of contractual obligations • Actual contractual costs exceeding the planned budget	• Setting the same safety requirements for contractors we do for our employees • Focusing on long-term co-operation with contractors	• Compliance audits with Polymetal's requirements with focus on safety, environmental stewardship and labour practices • Supply chain transparency • Financial performance	• Direct correspondence • Contractual relationships • Meetings and trainings • Industry conferences
Shareholders	We constantly deliver sustainable value to our shareholders. In turn, these investors provide the capital to develop and expand our operations responsibly and sustainably.	• Shareholders dissatisfaction with the dividend policy • Decrease in the value of shares as a result of poor sustainability performance and thus decrease in the confidence of shareholders and investors • Failure to achieve the planned financial effect of M&A deals	• Corporate governance system that meets stock exchange requirements and applies world-best practices • Risk management system aimed at increasing the long-term value of the Company by establishing control over principal business risks and emerging risks	• Financial, operational and sustainability performance • Capital allocation and dividends • Alignment of shareholder and management interests • Regulation, economics and politics • Mergers and acquisitions • Compliance with environmental, social and governance (ESG) standards and best practice • Health and safety	• Constructive dialogue at the General Meetings • Annual and Sustainability Reports • Investor conferences • ESG meetings • Presentations and conference calls • Site visits • Direct communication

Material issues
What matters most

Maintaining high standards of corporate governance and sustainable development requires a focused approach on the issues that stakeholders tell us are the most material to Polymetal – and to society and the environment.

Material issues	Targets and indicators	Performance in 2019	UN Sustainable Development Goal
Socio-economic value creation	• Transparent tax disclosure • Ensuring local hiring • Prioritising of local procurement	• $233m taxes paid • 96% nationals among employees • 48% of local supplier purchases in Russia and 84% in Kazakhstan	
Health and safety	• Zero fatalities • LTIFR below 0.2	• Regrettably two employee fatalities and one contractor fatality • 0.19 LTIFR	
Communities	• No community conflicts • Maintaining good relationships • Supporting local communities • Effective engagement	• Zero conflicts • 133 letters of gratitude • $15m invested • 588 inquires received and resolved	
People	• Keeping turnover rate <6% • Improving equality and diversity	• 5.8% employee turnover • 21% of employees are women • 86% employees under collective agreements • $1.2 million invested in staff training	
Water	• Reduction of fresh water use for processing per unit of production by at least 4% by 2021 (2018 base year)	• 10% reduction in fresh water use for processing per unit of production compared to 2018 (in the target scope) • 26% reduction in the volume of fresh water use compared to 2018 • 87% of water reused/recycled	

Material issues	Targets and indicators	Performance in 2019	UN Sustainable Development Goal
Environmental management	• No major or catastrophic environmental incidents • Reduction of direct impacts on biodiversity	• Zero environmental incidents • 10 environmental programmes on water management, air quality, waste and biodiversity conservation	
Climate change	• Decrease of GHG emissions and energy consumption • Improving climate reporting	• 14% reduction of carbon footprint per Koz of GE • Climate management system and standards implemented at 100% of operating sites • 100% of relevant staff received training on climate management system • Assessed Scope 3 emissions • Estimated carbon footprint of our end products	
Waste	• 15% of dry tailings storage by 2024 • Reuse of at least 20% of annual volumes of overburden/waste rock	• Tailings storage facilities report published • 10% of tailings dry stacked • 6 tailings storage facilities audited by governmental authorities • 14% of waste reused	
Suppliers and partners	• Intensifying engagement with stakeholders on responsible supply chain	• 7,698 suppliers audited • Increased due diligence requirements (labour rights, safety, taxes and legal compliance)	
Compliance	• Ensuring full legal compliance • Zero penalties for non-compliance	• $8 thousand in fines for two labour cases • $1.5 thousand in fines for 12 minor cases of environmental non-compliance	

A view from our CSO
Embedding sustainability

> "It is an exciting time to lead Polymetal's sustainability work and I am hugely grateful to colleagues around the business for continuing to raise the bar and ensure sustainability reaches every corner of our operations."

External validation

Dow Jones Sustainability Indexes	Polymetal recognised in Dow Jones Sustainability Emerging Markets Index for the second consecutive year
MSCI 2019 Constituent MSCI ESG Leaders Indexes	Inclusion in MSCI ESG Leaders index series with score improved to 'A'
SUSTAINALYTICS	Sustainalytics score improved to 88 with Leader position in precious metals group among 55 peers
ISS-oekom	In July, ISS-Oekom upgraded Polymetal's rating from C to C+. The Company showed significant progress in all social and governance rating indicators and the eco-efficiency indicator.
BEST PRACTICE AWARD WINNER	Awarded Best Communication of ESG and Best Annual Report (International) at the IR Society Best Practice Awards 2019

Companies often talk about 'embedding' and 'integrating' sustainability. In a business as complex and globally diverse as ours, this is no mean feat. It's why I'm truly proud of the progress we've made in 2019 to ensure our approach is consistent, wherever we are in the world.

The risk management and human resources processes that protect, engage and motivate our more than 11,000 people were further strengthened. Also, reflecting our strategic objective of sustainable and inclusive growth, we saw more women moving into high-skilled management positions. In a sector that has for so long been male-dominated, it will take time to fully redress gender imbalances (including equal gender pay) but progress each year gives us confidence that cultural change is not only possible but beneficial to the Company. Approaches such as ensuring the screening of female candidates, prioritising them for our Talent Pool and starting regular gender ratio monitoring are creating positive impacts.

I believe we do a very good job of listening and responding to employee ideas and concerns. As a result of staff feedback, received as a part of comprehensive social study, we are now extending our training centre offering, improving the transparency of our reward and recognition system and reviewing physical working and living conditions. Overall, 300 corrective actions, with dedicated budgets, have been established.

As an extractive industry, rigorous environmental management has always been something we take extremely seriously. Water being an obvious priority, back in 2018 we set a target to decrease fresh water use for processing per unit of production, and I am pleased to report that we achieved 10% reduction in the target scope.

Applying technology is critical to how we push the boundaries in mining innovation. As a part of the Russian UN Global Compact delegation, we attended the fourth session of the United Nations Environment Assembly in Nairobi, Kenya, to present our POX technology for safer and greener gold recovery. It is just one example of how we're developing and operating ground-breaking solutions to deliver on our deep commitment to sustainable development. Also last year, our Cyanide Management System was certified to the International Cyanide Management Code at our Amursk POX and Voro sites – I look forward to seeing more sites become certified in the future.

Finally, reflecting our commitment to embedding sustainability into the core business, in 2019 we agreed a bilateral sustainability-linked credit facility of up to $75 million with Societe Generale. It links the pricing of the loan to five key environmental and social indicators.

It is an exciting time to lead Polymetal's sustainability work and I am hugely grateful to colleagues around the business for continuing to raise the bar and ensure sustainability reaches every corner of our operations.
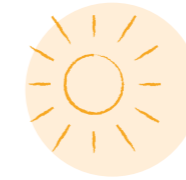
Daria Goncharova
Chief Sustainability Officer

10%
of tailings are dry-stacked

0.19
LTIFR

14%
decrease in product carbon footprint

$15m
invested in local communities

Case studies
Sustainability in action

While it is critical to have the right systems and processes in place to manage sustainability, our ultimate aim is to make a difference on the ground – that is sustainability in action.

More than 2,000 indigenous people benefited from our language projects

Unleashing employee ideas

As a company, our competitive edge relies on unlocking the innovative potential of our teams. It is why we encourage employees to share ideas around how we might do things differently, better and more efficiently. Each year, we award Best Innovators and in 2019, we received 145 employee ideas (approximately 25% more than 2018), 132 of which have been selected for further implementation to improve our production efficiency.

Best innovator 2019: Svetlana Klybanskaya
The overall winner was Svetlana Klybanskaya, Senior Foreman of the Quality Control Division at Varvara. Her idea was to optimise the acid treatment of cathode deposits, thus halving the time required for processing and reducing hydrochloric acid consumption three-fold. What's more, with lower exposure to hydrochloric acid solutions and acid treatment byproducts, workers are further safeguarded and environmental risks are reduced. Thanks to Svetlana's innovative thinking, Varvara will save approximately USD 8,000 a year.

Second place: Ruslan Kravchuk
Ruslan, a Crusher Operator at the Heap Leaching Plant in Birkachan, won second place for his proposal to avoid clay sticking to processing equipment. By lining the drum and idle rollers with an old conveyor belt, crusher operators avoid having to stop the conveyor to clean working parts, reducing unnecessary downtime.

❝

From now on, we will be able to withstand the most vicious weather. No downtime and lost labour!

Ruslan Kravchuk
Birkachan

Third place: Alexander Reshetnikov
The third place was awarded to a Voro employee. Alexander's idea was to install an additional rail guide on the stone-cutter, thus helping to guide the stone and avoid slippages. As a result the process was made much safer for workers.

Preserving indigenous languages

With 2019 named International Year of Indigenous Languages by the UN, we decided to further align our various projects supporting Russia's Indigenous Minorities of the North (IMN) with the global agenda. We did so by improving how we contribute to cross-cultural dialogue in regions where we operate and building stakeholder capacity.

We are committed to ensuring a consistent approach to preserving indigenous languages and protecting the rights of indigenous communities. For instance, in the Chukotka Region, around 30 people annually receive our Inenlikei Award for preserving the Chukchi language, while mobile learning facilities have reached 120 school children. We also continued to sponsor the International Day of the World's Indigenous Peoples event in the Region.

In Yakutia, one of our activities included funding renovation of the Garpana cultural centre to support local cultural events.

Magadan Region saw the 'Miss Duran 2019' event which featured a language elocution competition in the Chukchi, Nanai, Evenki and Koryan languages. The Khabarovsk Region benefited from our Evenki language sponsorship, with 90 school children competing every year for sponsorship, and the Gerkiye music ensemble receiving funds to perform at the VI Transregional Festival and Competition and record 10 folk songs.

❝

The renovation of the Garpana cultural centre allowed us to host events even during the winter season. Just a short time ago, when the weather was cold, it was impossible to do anything there.

Nadejda Kladkina-Klysheiko,
Head of the Tompon National (Even) community

Showcasing environmental innovation

At the Fourth Session of the UN Environment Assembly in Kenya, we were proud to present our unique solution for gold recovery that is better for people and planet. By applying POX technology at our processing facility in Amursk, far-east Russia, we are significantly reducing environmental impacts and improving the safety of neighbouring communities.

Compared to traditional bio oxidation and roasting processes, POX offers zero sulphur dioxide and arsenic emissions and lower CO_2 levels, as well as reduced cyanide usage. The Amursk POX plant is certified as being in full compliance with the Cyanide Code as both a gold mining company and separately as a cyanide transporter. The operation meets ISO 14001 and 45001 requirements for environmental and safety management. We are now expanding POX in Amursk with a 'POX-2' plant underway.

POX was presented as part of our wider work around tailings management (a significant industry challenge in 2019), water recycling and environmental management. Our experts shared achievements alongside challenges on the theme of 'Innovative solutions for environmental challenges and sustainable consumption and production'.

⊕ **Find out more in our Annual Report**

Health and safety

Why it matters
Operating in a high-risk industry, we have a responsibility to keep more than 11,000 employees safe at all times – and to apply the same standards to contractor workers.

Topics disclosed
- Risk assessment and management
- Number and severity of work-related accidents
- LTIFR
- Health and wellbeing
- Emergency preparedness

Above: Safeguarding many thousands of employees and contractors every day.

Which guidelines do we follow?

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

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

Our priorities

- Zero fatalities and fewer lost-time injuries
- A zero-harm culture with employees/contractors engaged
- Timely identification and management of risks
- Road safety

Our approach

Our approach to health and safety is about strong leadership, a zero-harm culture and stringent risk management. In 2018–2019, our CEO and COO, alongside Deputy CEOs responsible for HR, Engineering, Construction and Mineral resources, formally committed to personal accountability, with health and safety indicators added to their remuneration-linked KPIs. They can realise penalties of up to 50% of their annual bonus earned for non-safety-related KPIs if severe incidents or fatalities occur. From 2020, accountability will also extend to contractor fatalities.

As well as decisive leadership, a safety-positive culture also means fostering a sense of self-responsibility and care for colleagues. Our Health and Safety Policy is supported by a reward system that tracks injury-free hours onsite so employees and contract workers can monitor safety performance in real-time. This system also creates competition between sites, with best-performing teams receiving prizes and recognition. In 2019, 5,438 employees attended health and safety training (including mandatory training for those involved in dangerous works and refresher sessions for other staff), while the annual safety campaign involved contests, rewards and information desks.

We ensure that employees can access health and safety messaging via a range of communication channels. These include our dedicated Safety Hotline, which enables any employee or contractor to report any concerns or suggestions so that we can take responsive measures. Launched in 2018 and now operating across all sites, the hotline is fully supported at every site and the information regularly assessed to understand the issues that line managers face every day.

Highlights

5,438 employees completed health and safety training

0.19 LTIFR

26% year-on-year decrease in contractor LTIFR

9,363 internal safety checks

Finally, risk management remains the bedrock of how we manage health and safety and our Occupational Health and Safety Management System is in place across all operating sites and is audited annually for compliance with ISO 45001. Each year, we review and update risks across the Group. Each key process and location has its own risk map and mitigation plan.

A risk-based approach
Managing risks systematically is fundamental to our license to operate. Individual units across our production facilities, plants and mines that have been classified as 'hazardous' are fully insured and we conduct annual qualitative hazardous risk assessments, informing employees of the outcomes. For all workplace accidents and key incidents, we investigate and analyse the root causes by applying a 'five whys' approach, engaging authorities and informing relevant teams of learnings and proposed improvements, including additional training if required.

For all production sites, a Critical Risks Management (CRM) system is deployed, supported by a Health and Safety Action Plan. In 2019, critical risks included falling rock and road accidents (with the former seeing an increase in exposure, while the latter remained the same as the previous year). We also observed increases in risk exposure to slipping and jamming by rotating mechanisms. We continued to monitor exposure to gas poisoning, burns by fire, electricity and flying objects though we saw no incidents in these areas.

Our 2019 Action Plan was focused on critical risk management, transport and contractor safety. It comprises 136 measures that were tackled during the year. For example, we piloted a RealTrac[R] system across our open-pit mining fleet to prevent collisions, installed additional road signs and implemented further safety training for drivers.

Engaging employees and contractors
We deploy a shift-by-shift risk assessment model, which is most rigorously implemented in hazardous areas such as roads, mines, plants and power supplies. Encouraging employees to provide feedback on any observed safety risks as soon as they start their shift is critical if we want to promptly react to any issues. Each production site also offers health and safety briefings and information boards/posters across their premises. We conducted 9,363 internal safety checks, including 1,403 among our contractors.

We treat contractor workers in the same way as employees when it comes to operational safety. Each contractor working at any of Polymetal's sites is required to undergo safety training before starting work. In 2019, we ranked contractors based on safety risk exposure, with the bottom-scoring third being called to meetings on expected practices, including sharing our own experiences. Those contractors failing to improve were banned from tendering.

Healthy workplaces
Third-party organisations conduct regular assessments of working conditions at Polymetal sites. Dedicated contractors are responsible for ensuring the highest hygiene standards, while employees receive regular medical check-ups and paid time off work for health appointments. We provide fitness facilities and organise sports events, while also contributing to private health insurance and raising awareness about HIV and its transmission routes. Finally, we recognise that employee wellbeing is affected by the sharing of data and we are scrupulous to protect their personal information, particularly when engaging contractors and third parties.

Our safety SWOT analysis

Strengths
- Safety at the front end of any activity
- General willingness to comply with best practice and achieving ambitious results
- Good stakeholder relationships
- Continuous improvement in risk reduction and safety performance

Weaknesses
- High level of risk occurrence and incidents of fatal cases
- Some auxiliary departments still sporadically lag behind
- Desired behaviors are not being fully achieved

Opportunities
- Raising awareness and understanding critical risks among all employee groups
- Ensuring a consistent culture across all operations and levels
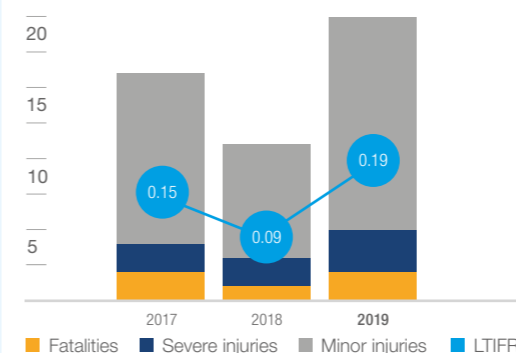- Automation and new safety tools

Threats
- Increased underground mining and goods transportation
- Limited acceptance of safety responsibility by contractors
- Developing assets personnel lack competencies
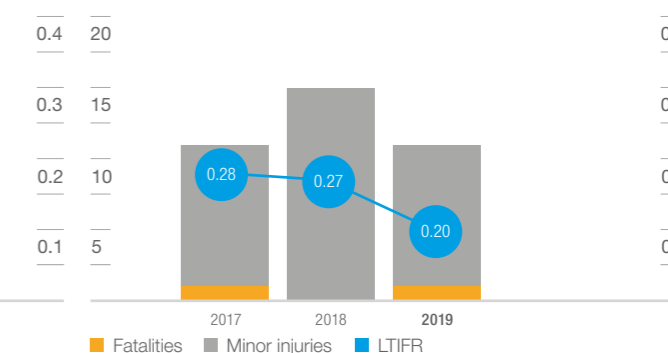
S W O T

Health and safety performance

POLYMETAL EMPLOYEES

20 / 15 / 10 / 5 — 0.4 / 0.3 / 0.2 / 0.1

2017: 0.15   2018: 0.09   **2019**: 0.19

■ Fatalities   ■ Severe injuries   ■ Minor injuries   ● LTIFR

CONTRACTORS

20 / 15 / 10 / 5 — 0.5 / 0.4 / 0.3 / 0.2

2017: 0.28   2018: 0.27   **2019**: 0.20

■ Fatalities   ■ Minor injuries   ● LTIFR

LTIFR increased in 2019 due to the aforementioned rise in tripping and falling incidents that caused 12 accidents. Far more regrettably though, was the loss of two colleagues – the first in March 2019 at the Mayskoye underground mine when a jumbo drill rig operator was injured by the rotating boom and the second at our Omolon operation in May when a pump station operator died at the Kubaka pit. We also regret to report one contractor fatality which happened during truck maintenance at the Omolon mine. Below we describe how we are seeking to ensure that incidents like these never happen again.

Learning from safety incidents
As a result of the tragic fatality at our Mayskoye site in 2019, we have now updated the risk assessment cards for jumbo drillers and created a safety manual for replacing drill bits. The performance-based pay system for these staff has also been changed to ensure safety comes above productivity, and drilling machinery at all sites is now equipped with sensors that automatically stop drilling if the worker accidentally enters the hazardous area. In terms of the second fatality, we have

rigorously inspected all safety fences, water collectors and reservoirs, while also adding further safety measures, prosecuting those compromising security infrastructure and partly mechanising the pumping process to minimise manual risk. As a result of the death of a contract worker, we incorporated more safety-related terms and obligations into our agreements with contractors and enhanced our responsibility for contractor safety. From 2020 any accidents resulting in long-term disability or fatality among contract workers will incur the same penalty that we apply to our Group CEO and other senior leaders for accidents involving our own employees.

Committed to health and wellbeing
In 2019, a case of radiculopathy was reported at the Dukat underground mine. Following his long-standing service, the employee left his position and we have since ensured that scheduled medical checks are more widely available. We have also added unscheduled health checks for employees working underground. Finally, we are also reviewing the existing work conditions to avoid such cases in the future.

Employees

Why it matters
Our talented people are what make us the successful business we are. Enabling them to grow, while upholding their rights and freedoms, are fundamental priorities.

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

Above: Attracting and developing a diverse workforce.

Which guidelines do we follow?

External: UDHR, UNGC, ILO Declaration, Responsible Gold Mining Principles, National Labour Codes

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

Our priorities

- Attract, retain and develop talent
- Ensure equal opportunities
- Comply with labour rights and standards
- Improve internal communication and feedback

Our approach

As well as keeping more than 11,000 people safe and healthy at work, we must also ensure fair and inclusive working environments, with competitive salaries and equal terms of employment. From mining extraction and exploration, to logistics and management – our diverse operations require diverse skills and these skills need to be continually developed. It is why we go beyond mandatory compliance and induction training, with bespoke training plans for staff requiring tailored development and review at every appraisal.

We believe that businesses do best when they reflect the diverse nature of society. We fully embrace the unique backgrounds and mindsets that our colleagues bring and we apply a strict zero tolerance stance of any discrimination or harassment. Our internal communication systems invite employees to raise any issues or concerns, which are always investigated promptly by dedicated experts and, if necessary, site management. Outcomes enable us to identify potential risks 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.

Finally, as a foundation for everything we do, all employees must comply with our Corporate Code of Conduct. In it, we outline expected ethical behaviours of all stakeholders and we explain our zero-tolerance stance on conflicts of interest, bribery, bullying and consumption of alcohol or drugs. The Code is supported by our policies which cover a broad range of issues.

Highlights

11,611 employees

$1.2 million invested in employee training

39% female qualified employees

86% personnel under collective agreements

Women in mining

Traditionally dominated by men, mining continues to be associated with male stereotypes. However, the balance is gradually shifting. At Polymetal, we are seeing more women interested in careers in engineering and surveying, with more women progressing into senior management positions. Where men still dominate is in operational roles such as extraction. Our goal is to gradually increase gender diversity in every function and eliminate the gender pay gap, which currently stands at 1.30 (2018: 1.29[1]).

In 2019, we focused on the inclusion of women across our workforce, including our leadership teams. To this end, we have identified key positions where female representation needs to be improved; introduced targets for female representation in male-dominated roles such as surveying, geology, technical leadership and truck driving; prioritised women candidates for our Talent Pool; conducted monthly monitoring of gender ratios for certain positions; and surveyed employees around gender stereotypes in order to improve manager training in unconscious bias during recruitment.

2020 plan to provide diversity training for all hiring managers and reach a target of 40% female candidates among those applying for work or internships.

Talent attraction and retention

Remuneration is an important way of attracting and retaining the best people. We ensure our employees are fairly compensated – Polymetal minimum salaries are 158% higher than the regional minimum in Russia and 174% higher than the Kazakhstan minimum (see chart on page 35). Our remuneration framework is designed to reward performance, with equal emphasis on delivery and behaviours through short-term incentives[2]. We also award performance-based bonuses monthly and annually and we align wage growth with inflation. From 2020 we will be introducing sustainability/ESG performance indicators for Group CEO and relevant senior management bonuses.

For staff with families, we offer paid parental leave up to three years and we subsidise nursery fees, after-school activities and holiday camps. We also reward those working in remote locations and their families with free health resort holidays every two years. Financial aid is made available for employees who seek to apply for a mortgage and for those retiring, we offer a specific financial provision. For details, see our Employment and Labour Corporate Standard.

Enabling our people to grow with us

Employees can access a range of training opportunities, both on-the-job (via our in-house training centre), online or via external training providers. Our training experts are at the forefront of industry best practice, attending industry events and drawing on the latest research and developments. Online distance-learning options continue to appeal to those in very remote locations and in 2019, we placed a particular focus on data analytics in geology. Overall in 2019, we invested $1.2 million in staff training.

7 new distance learning courses

To help nurture our future leaders, our Talent Pool uses 360-degree feedback methods to help certain employees build on their strengths, as perceived by their colleagues. 'Talent Poolers' receive further training, with personal targets, assessments and development plans designed. Of 85 employees selected in the Talent Pool, four people gained a promotion in 2019. Roundtables, workshops and idea-sharing forums are further ways in which employees are given the space and support to develop and innovate. As well as our Best Innovator competition, we also hold 'Best in Profession' competitions and awards to recognise exceptional talent and effort in a particular field of work. In 2019, 1,083 people (17% women) took part in 21 competitions, including new competitions for welders, mineralogists and scalers that were extended to contract workers as well.

Future talent

We work closely with universities, technical colleges and recruitment agencies to attract graduates and interns. We offered internships to 78 people (including 21 female students) in 2019, with seven interns going on to further employment with us. In Kazakhstan and the Russian regions of Khabarovsk and Yakutia, we have created joint educational programmes with local colleges, while across the Group we hold a Scientific and Industrial Conference for young geologists, miners and engineers, among other professionals. Each participant is assigned a mentor to develop a scientific project and compete for an award, with the jury looking for innovation and practical application.

Equality and inclusion

We do not discriminate on any grounds, including gender, race, skin colour, religion, nationality, disability, social origin or political view. When advertising a role and recruiting candidates, a pool of assessors specify qualification requirements and conduct interviews with unconscious bias training. Remuneration decisions are based purely on competence for the role, regardless of any other attribute. All equality and inclusion issues are raised at each meeting of the Nomination Committee.

Zero cases of disability and gender discrimination

Labour rights

As part of our wider human rights work in the communities where we operate, our Code of Conduct helps us to eliminate any risks of human trafficking, modern slavery or underage labour associated with our operations. With approximately half of our staff working on fly-in/fly-out basis, often in remote locations, in 2019 we focused on creating good working environments at these sites, adding more sports facilities, renovating buildings and bathrooms and improving staff transport.

Listening to our people

In 2019, our group-wide employee satisfaction survey (conducted every two years) was completed by more than 5,000 employees. We also ran approximately 50 focus groups to robustly capture qualitative data. Overall, employee satisfaction increased to 84% (from 81% in the previous survey[3] held in 2017). The key drivers were salary, social benefits and job security. Additionally, 90% of those surveyed said that they were satisfied with their relationships with colleagues.

Cited concerns included career opportunities, remuneration structure, living conditions in camps and equipment. With 300 corrective actions established, with dedicated budgets, we will be addressing all concerns, while also conducting further research into employee engagement (adding 'pulse' surveys to be more responsive). Overall, in 2019 we received 1,149 employee suggestions, concerns or issues (compared to 1,458 in 2018), resolved via in-person meetings, our dedicated hotline and, for the first time, through sessions directly with the Board of Directors.

Standing up for freedom of association and collective action

We acknowledge the right of our employees to join organisations that protect and support their interests. This includes supporting the right to elect in accordance with the laws and practices of the countries where we operate. We will always create the necessary conditions to help employee representatives conduct their activities.

We also understand the importance of collective agreements in defining contractual terms of employment. In 2019, 86% of all employees and 100% of operating site staff were covered by collective bargaining agreements. At each operating site, employees have set up Workers' Councils, with employee representatives elected to the Commissions for Regulation of Social and Labour Relations to facilitate discussion between employees and Polymetal.

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1   2018 number adjusted from 1.32 to 1.29 to reflect Kazakh subsidiaries.
2   For employees working in hazardous environments such as underground operations, performance-based pay system ensures safety comes above productivity.

3   The previously disclosed number (82%) was recalculated due to changes in methodology.
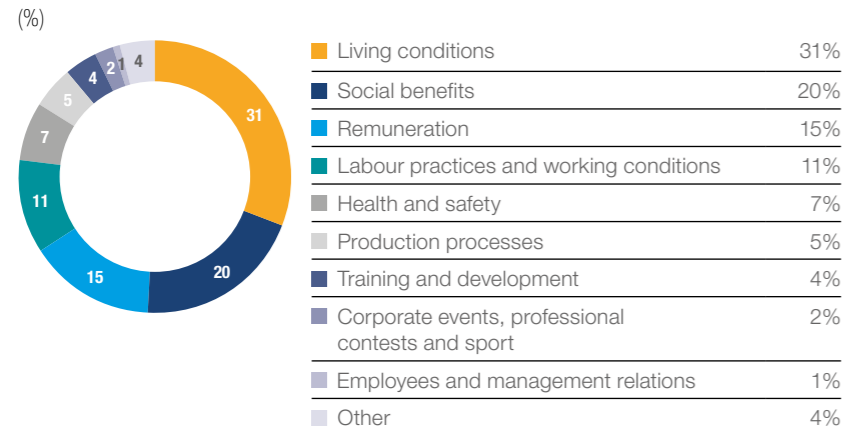
Employees continued
Performance

Our headcount decreased in 2019 due to the sale of two operating assets, with turnover remaining stable at 5.8%. We aim to retain our voluntary turnover rate below 6% going forwards.

Equality and inclusion

	Total workforce	Mid-level management	Qualified employees	Workers
Female	21%	22%	39%	12%
Male	79%	78%	61%	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.

Listening to our people

TOPICS DOMINATING EMPLOYEE ENQUIRIES
(%)

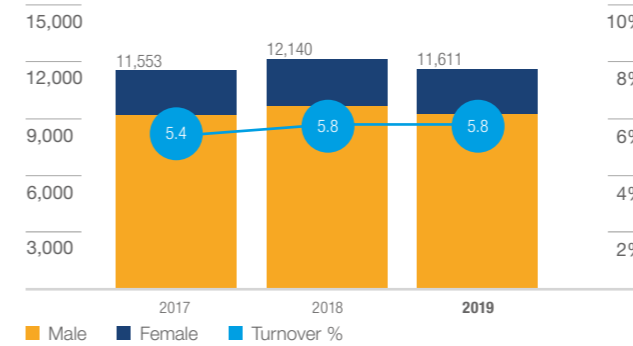|	
Living conditions	31%
Social benefits	20%
Remuneration	15%
Labour practices and working conditions	11%
Health and safety	7%
Production processes	5%
Training and development	4%
Corporate events, professional contests and sport	2%
Employees and management relations	1%
Other	4%

100%
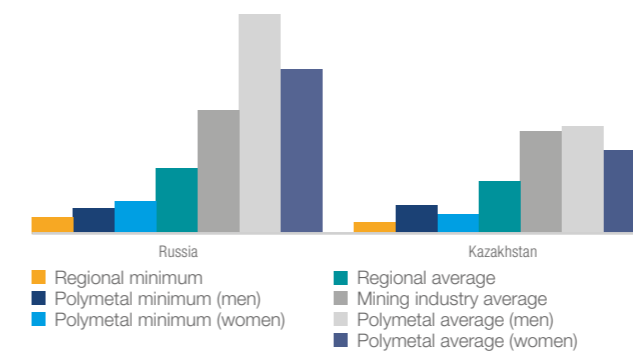**of employee suggestions and concerns were addressed**

We have already responded to 100% of questions/concerns (1,149 in total, compared to 1,458 in 2018), either via direct meetings or our hotline and have organised face-to-face sessions between the Board of Directors and employees with particular concerns to offer full reassurance that we will take the necessary action.

Talent attraction and retention

HEADCOUNT AND TURNOVER

Male | Female | Turnover %

	2017	2018	2019
	11,553	12,140	11,611
Turnover %	5.4	5.8	5.8

POLYMETAL SALARIES COMPARED TO REGIONAL WAGES

Russia | Kazakhstan

Regional minimum | Regional average
Polymetal minimum (men) | Mining industry average
Polymetal minimum (women) | Polymetal average (men) | Polymetal average (women)

Polymetal's minimum salaries are 158% higher compared to regional minimum in Russia, 174% higher compared to minimum in Kazakhstan.

$1.2m
invested in training and development

74
hours average training per employee per annum

3 p.p.
increase in employee satisfaction

Impact area
Environment

Why it matters
Our mining operations pose environmental risks to local nature and ecosystems. As temporary stewards of valuable land, we have a deep responsibility to conserve it for future generations.

Topics disclosed
- Climate-related risks and opportunities
- Water use and discharge
- Tailings storage facilities (TSF)
- Cyanide management
- Air emissions
- Biodiversity
- Mine closure
- Supplier environmental assessment
- Environmental grievance mechanisms

Above: All our TSFs are monitored by our on-site environmental and engineering teams.

Which guidelines do we follow?

External: UN Global Compact, ISO 14001, ISO 50001, EBRD Environmental and Social Policy, International Cyanide Management Code, Responsible Gold Mining Principles

Corporate: Code of Conduct, Environmental Policy, Energy Policy, Carbon Management Policy, Tailings and Hydraulic Facilities Management Policy, Mine Closure Policy

Our priorities

- Maintain legal and ISO compliance
- Increase energy efficiency and implement renewable energy projects
- Reduce fresh water withdrawal
- Maintain zero environmental accidents
- Plan ahead for mine closure

Our approach

Our Environmental Management System (EMS) is the cornerstone of our approach and we are proud that all production sites are certified to ISO 14001 global standard. To further prioritise action on our most material issues, in 2019 we rolled out issue-specific management systems across our priority climate-related risks, cyanide management, mine closure and tailings storage. Internal and external auditing are fundamental features of our environmental management, including state inspections (10 mines were inspected in 2019, with minor non-compliances at four of them related to exceeding established environmental emissions and discharge limits). To further raise our standards, we engage international experts to challenge us on areas of improvement and benchmark our performance.

All employees are guided by a proactive ethos of 'Plan-Do-Check-Adjust'. The focus is on preventative action through rigorous risk assessment and annually reviewed environmental management plans. To reinforce our environmental culture and awareness, in 2019 our company newsletter published monthly 'green tips' and we announced a 'call for projects' inviting suggestions around renewable energy. For those working in environment-specific roles, training is mandatory in environmental management, water quality assessment, hazardous waste, environmental security and land reclamation.

Our Supplier Code of Conduct extends our environmentally responsible expectations to suppliers, while contracts stipulate penalties for non-compliances, especially around packaging, noise, pollution and emergency preparedness. In addition, cyanide suppliers and cyanide transportation carriers must be certified to the International Cyanide Management Code. Once a supplier is contracted with us,

Highlights

$35 million invested in environmental protection

14% year-on-year decrease in product carbon footprint

26% reduction in fresh water consumption

10% of tailings dry-stacked

we conduct periodic formal assessments and audits for environmental compliance and best practice. For contractors, all are inducted to our EMS and are required to demonstrate responsible practices and continual improvement. In 2019, we audited 165 contractors, with no violations resulting in a significant financial impact on the business. All stakeholders are able to comment on our approach or report concerns or grievances formally and anonymously. Public hearings are one such mechanism, as well as direct mail. All feedback is formally logged and actioned – in 2019, this included 24 enquiries, all of which were resolved.

Climate management: balancing risk and opportunity

We fully recognise that global climate change will require us to be more resilient and carbon neutral. This means innovating in extraction methods that minimise greenhouse gas (GHG) emissions, while assessing effects of a changing climate. Our key impacts lie in the gold supply chain where energy use is significant. We have thus formally committed to support the UN's Sustainable Development Goal 13: to 'take urgent action to combat climate change and its impact' by disclosing the actual and potential climate-related risks and opportunities for our business, strategy and financial planning, where such information is material. We recognise that mining products are integral to any transition to a low carbon economy, whether it is gold in electronic products or silver and copper in wind and solar energy components.

We have adopted climate related metrics since 2013 and we report our energy and GHG profile to CDP (formerly the Carbon Disclosure Project). Systematically widening the scope of our GHG emissions reporting underpins how we will manage both climate risk and opportunity. We are continually improving the accuracy of Scope 1 to 3 emissions reporting[1], including reassessing baseline emissions, engaging suppliers and transport hauliers in 2019 to measure and report their carbon footprints. Individual Polymetal sites have energy efficiency targets. See our GHG performance in 2019.

Managing climate risk

Potential climate change could have significant physical impacts on our assets, particularly in permafrost regions where we operate. Market volatility related to climate risks are likely to increase and be on the agenda of investors. To this end, our Climate and Energy Management systems and Carbon Management Policy form the heart of our mitigation approach. Management systems include an Energy Efficiency Programme to improve how we plan our energy use through better energy monitoring, metering and reduction, in line with ISO 50001 international standard for energy management. Below are some of our focus areas:

- Complying with all applicable regulatory requirements as a minimum;
- Actively reducing our carbon emissions and improving energy efficiency through innovation, including low carbon and renewable energy technologies;
- Internal and external audits to monitor the effectiveness of our Energy Efficiency Programme;
- Embedding energy efficiency into new project design, technology updates and in equipment procurement processes;
- Engaging employees through a culture of energy efficiency; and
- Extending our approach to enable suppliers, investors and wider stakeholders to take interest and action. For example, in 2019 we engaged with our suppliers to estimate upstream emissions and well as with our off-takers to assess downstream carbon footprint (emissions from third-party transport and processing of purchased materials or finished goods).

Alongside our energy management efforts, renewable energy will play a crucial role in reducing our emissions strategy while also being critical to our energy security and business continuity at remote mining sites that lack connection to grid power. In 2019, we assessed climate related risks at all our sites, as shown below. No serious risks were identified.

Risk	Impact	Exposure
Physical	• Damage to buildings and structures • Destruction of transport infrastructure • Interruption/delay of deliveries • Termination/interruption of electricity supply • Production downtime or termination • Safety/health hazards or ability to work	The most exposed sites are those located in far-east locations in extreme climates/permafrost, e.g. Mayskoye, Omolon and Kyzyl.
Transitional	• Increased operational expenditure/ production cost • Penalties for nonfulfillment or GHG emissions • Capital expenditure for new technologies/ adaptation • Decrease in stakeholder confidence/ market capitalisation	Mayskoye, Omolon and Kyzyl are heavily dependent on diesel and are hence highly exposed. The Amursk POX is also exposed in terms of pressure oxidation and energy intensive regimes, close to the populated city of Amursk.

Embracing opportunities in a low-carbon economy

While renewable energy at remote mining sites will set us apart from our peers including strengthening business continuity via energy self-sufficiency, in order to fully benefit from a low-carbon economy, we need the full extraction supply chain on-side. We are therefore working to engage our partners, both upstream and downstream, to reduce the carbon footprint of our products and contribute to climate stability. Below are some of the projects that are helping us work towards net zero emissions.

1. Process improvements and energy efficiency: the use of unmanned drones to identify inefficiencies in processes and transport; efficient technologies such as LED lighting; processes such as mechanical rock excavation, advanced fragmentation, bulk sorting, in-pit conveying; and the use of renewable or decarbonised electricity generation. At our Nezhda mine (under construction), we are evaluating a project to replace six diesel power plants with a total installed capacity of 20 MWh with a 274km transmission line to the energy grid – this is an example of how we can invest today for low-carbon rewards tomorrow.

2. Cogeneration plants for heat reuse: we operate facilities at Dukat, Omolon, Albazino, Svetloye and Amursk POX which produce additional energy using waste heat from diesel generation and processing plants to provide electricity and heat for other premises. In 2019, 29% of our total consumed heat energy was generated by heat recuperation systems installed at our plants.

3. Decarbonising transport: at our Mayskoye mine in Russia, we are already operating electric LHDs and we are testing electric dump trucks. In early 2020, we hope to receive the first test sample of underground electric vehicles that will not only reduce our carbon footprint, but will also cut ventilation costs by up to 30%.

How we will deliver our approach

Robust governance is critical to our approach. The Polymetal Board has ultimate accountability for decision-making and for ensuring that any material climate-related risks are appropriately identified, managed and monitored. At Board meetings, climate management is often on the agenda. All energy managers at plants or facilities that generate significant GHG emissions, as well as mechanics operating in mining and transport divisions, now have remuneration-linked KPIs relating to their performance in managing energy. There are also now ESG KPIs for senior managers Group-wide.

GHG EMISSIONS[1]
(%)

- ■ Scope 1 — 21
- ■ Scope 2 — 28
- ■ Scope 3 (upstream) — 51
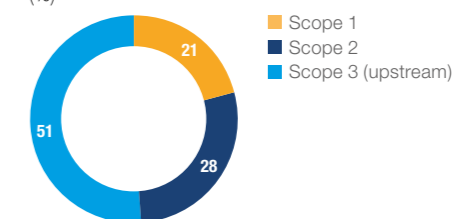
1 Greenhouse gas scopes as set by ISO/TR 14069:2013 Greenhouse gases Quantification and reporting of greenhouse gas emissions for organisations – Guidance for the application of ISO 14064-1.

Water: a shared resource

Although we do not operate in regions of water stress, our mining operations rely on water and they discharge treated water. Ensuring the right water balance means monitoring, metering and auditing our water use, while also carefully managing discharge water quality. The majority of our water is consumed by our plants during ore processing. We continue to minimise our fresh water withdrawal by extracting water from runoff that has naturally seeped into our mines or drainage systems and recycling it. When additional supplies are required, we may purchase from local utility companies. As a last resort, we utilise local or state authority permits to extract limited quantities from rivers, dams and groundwater aquifers. However, we never withdraw water from surface sources in environmentally sensitive areas, or where water is of great importance to local or indigenous communities.

We monitor our usage via meters and flowmeters and by indirect estimation when using meters is not possible, based on the actual operating time of the pumping equipment. We are committed to gradually increasing the share of water reused in our processing cycle, so we proactively plan water consumption and reuse. In 2019, we decreased our fresh water for processing per unit of product by 10% compared to 2018.

As a resource we all share, working with the community is central to our approach. Our feedback mechanisms allow people to raise issues without fear of reprisal and with the assurance that their concern will be fully investigated by environmental teams. We also partner with local governments and community organisations to support long term water security, including funding infrastructure projects.

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1 GHG Protocol Scope 1 emissions derive from sources owned or controlled by Polymetal; scope 2 derive from purchased electricity; scope 3 include upstream and downstream-generated emissions.

Water risks

At Polymetal, our water infrastructure includes water collectors, sediment ponds, dams, drainage systems and purification units. We have identified two key risks: inadequate treatment that may affect ecosystems and communities; and water surplus inflows. With regard to water treatment, we rigorously ensure all discharge is purified using mechanical, physico-chemical and biological processes. We also continually monitor the quality of surface and ground water to ensure zero contamination.

Key risks relate to water overflow and the potential for untreated runoff to enter water bodies (notably at the Lunnoye tailings storage facility and Omolon TSF where we are closely monitoring water levels, using wastewater treatment facilities to drain TSFs during summer when it is not frozen and decreasing fresh water use at the plants). In 2020, we plan to upgrade water treatment facilities at Voro, Dukat and Albazino mines. We rigorously monitor water quality through laboratory testing for nitrites, nitrates, ammonium, heavy metals, salts or cyanides.

Water surplus can be caused by heavy rain, as well as by water pumped from the open pits and underground mines. We are continuously monitoring water levels and updating plans for emergency response. We are also ensuring water balance systems.

Managing waste

The mining industry generates significant quantities of mineral waste, as well as relatively small quantities of non-mineral and hazardous substance waste. Two years ago, we set a target to reuse at least 20% of waste generated (see how we are performing on page 43). The imperative to responsibly manage waste is threefold: reduce risk, reduce environmental damage and reduce costs. Therefore, while applying rigorous management systems to prevent environmental contamination from waste disposal, our focus is primarily on reusing it when possible, and disposing of remaining products in a way that will not pose a risk to the ecosystem.

We utilise local or state authority permits to dispose waste at landfills and our waste management is heavily monitored by our own internal audit teams and government spot-checks.

We are guided by the 'reduce, reuse, recycling' principle when it comes to waste management. This starts with reducing the use of materials in processes such as quarrying, drilling and grinding without affecting the quality. Then, we strive to use overburden waste in mines backfilling and construction at our own sites. The waste materials which we are unable to reuse in our own operations, we seek to repurpose them externally. For example, almost 36 tonnes of recyclable waste was captured at our remote Mayskoye mine and stored in 10 containers, which were transported to the port of Pevek with further shipping to recycling plants and turned into new materials. Where it is not possible to repurpose our waste, we ensure responsible disposal – either at our own waste landfill sites or those of accredited companies.

In 2019, we did not transport, import or export any waste deemed hazardous under the terms of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

Tailings storage

We operate nine tailings dams in Russia and Kazakhstan and each is rigorously monitored and each is inspected daily, with checks on pipelines, pump stations, water levels and dams. Our investigations confirmed that any emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present. However, in light of incidents in our wider industry, in 2019 we too faced pressure from our investors[1] and published our first TSF disclosure.

Since 2018, when we established our Tailings and Water Storage Facilities Policy, alongside a TSF Management System, we have tailored both to each operating site and appointed responsible employees. The system is aimed at timely identification of any deviation at every stage of the facility's lifecycle (designing, engineering, construction, operation, maintenance, upgrading, mothballing and closure). The system is transparent for the Company management, employees, stakeholders and regulatory agencies.

During 2019, we have undergone 10 government inspections at six of our sites. Any minor issues identified have been resolved or are close to being resolved. Dry stack storage methods are already in operation at our Amursk and Voro mines and we are soon extending to Nezhda, Prognoz, POX-2 sites and Omolon. The technology significantly reduces the possibility of dam failure and eliminates run-off contamination. In 2019, 10% of our tailings were stored as dry cake. By 2024, we have committed to 15% of tailings dry stacking.

Cyanide management

When recovering gold from the ore, we use cyanide as a leaching agent. Our approach involves identifying all associated hazards, strictly controlling cyanide levels in our tailings, engaging with third-party cyanide producers and transporters and monitoring air, soil, surface and ground water. As well as designing, constructing and monitoring tailings dams to avoid cyanide effluent, (while also monitoring water sources, riverbed changes and associated drainage), we share all data with public authorities (and other stakeholders on request).

In 2019, we established a Cyanide Management System to ensure a consistent approach to cyanide handling, procurement, transportation, storage, processing, decommissioning, employee safety, emergency response, training and engaging stakeholders. Aligning to the International Cyanide Management Code, we are proud to report full certification for our Amursk POX and Voro sites.

The Amursk POX and Voro plants have been certified as being in full compliance with the International Cyanide Management Code

Emissions to air

Many of our core activities generate nitrogen, sulphur oxides and inorganic dust. Our EMS includes robust systems that continually monitor these gases and particulates, as well as enabling us to continually refine our processes to ensure high air quality standards. For instance, around our mining sites, we continually improve irrigation, dust separation and shield technologies to minimise local impact. In order to minimise future emissions, we continue to ensure that our vehicles and mining equipment are modern and compliant with high quality standards, and feature the most up-to-date technology.

Biodiversity

Due to the extreme northerly location of most of our operations, the land we occupy is generally of low conservational value. However, some sites are situated in forest or tundra areas in the far-east of Russia that can support rare, threatened or vulnerable flora and fauna. We are pleased to report that our monitoring data show no significant impact on biodiversity around any of our production sites.

We never build on migratory routes or close to environmentally-protected or indigenous peoples' territories. We also strive to minimise impact to existing sites by adopting safe and clean technologies. Biodiversity management standards are embedded in our EMS. 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.

2019 biodiversity highlights

- *1,060 trees planted*
- *8,000 young fish added to replenish local rivers*
- *697 employees at Magadan and Khabarovsk sites received biodiversity training, focused on protecting bears*

A positive legacy

As of 31 December 2019, we managed 19,153 hectares of land, of which 57% had been altered either for mineral extraction or other industrial/commercial purposes. The end-of-life of a mine is prepared for at every stage of its operations in terms of safety and environmental management. When the time comes to close, a system of environmental surveying is activated to ensure that underground operations, drilling sites and buildings are safe to people and the environment.

In 2019, we launched a Mine Closure Management System to make our approach more consistent across all sites. Incorporating Principles 7 and 9 of the International Council of Mining and Metals, the System mandates a rigorous and transparent approach to every mine closure, including stakeholder engagement. As well as underground mines and pits, we apply environmental principles in closures of wider infrastructure such as tailings storage, waste dumps, process plants and roads.

Our priorities in mine closure process include timely planning of closure measures, ensuring enough financial resources are allocated to mine closure, reducing social and environmental risks associated with the closure activities and ensuring safety of facilities during closure or their transfer to other organisations for further use. In addition, we raise employees' awareness about the importance of responsible mine closure planning, we encourage them to foster good practices in this area and ensure compliance with all applicable regulations. We also apply the latest mine closure technologies.

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1   Including the Church of England Pensions Board and the Swedish Council on Ethics for the AP Funds.

Environment continued
Performance

Each year, we are expanding the breadth and depth of our environmental data. This enables us to gain a clearer picture of our impact and where we need to prioritise remediation and mitigation efforts.
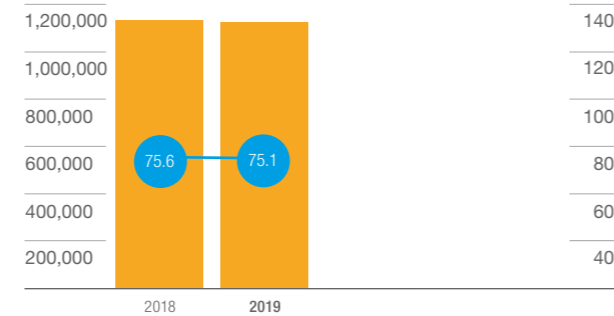
Environmental management

ENVIRONMENTAL INVESTMENT
(%)

$35m
of environmental investment

- 56 Water
- 23 Land
- 13 Waste
- 6 Air quality
- 2 Other
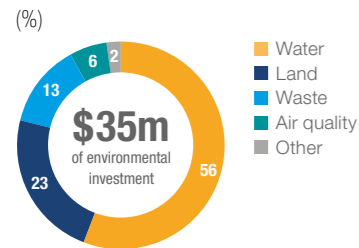
Carbon management

GHG EMISSIONS INTENSITY
(SCOPE 1 + SCOPE 2)[1]

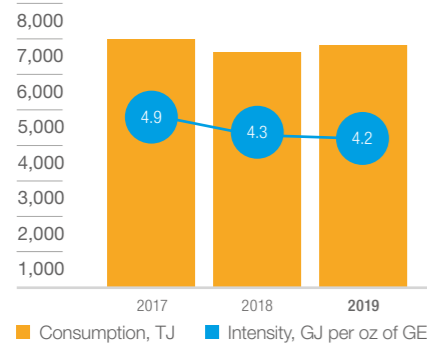- Scope 1 + Scope 2 GHG emissions (CO_2 equivalent tonnes)
- GHG emissions intensity (CO_2 equivalent tonnes per 10 Kt of ore processed)
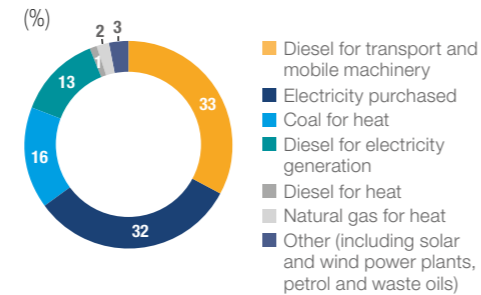
2018: 75.6 2019: 75.1

1 Excluding Kapan and Okhotsk operations, as the new methodology has been applied since 2019 for more precise disclosure of emissions, data for 2018 has been restated accordingly for comparative purposes and includes only continuing operations. Data for 2017 calculated using the old methodology is considered to be unrepresentative.

Energy efficiency

ENERGY INTENSITY

2017: 4.9 2018: 4.3 2019: 4.2

- Consumption, TJ
- Intensity, GJ per oz of GE

ENERGY CONSUMPTION BY SOURCE
(%)

- 33 Diesel for transport and mobile machinery
- 32 Electricity purchased
- 16 Coal for heat
- 13 Diesel for electricity generation
- 2 Diesel for heat
- 3 Natural gas for heat
- 1 Other (including solar and wind power plants, petrol and waste oils)

29%
of heat reused

3,824 GJ
of renewable energy generated, reducing our GHG emissions by 732 CO_2e

Water (cubic metres)

- 37.2m Water consumed 2018: 39.4m
- 4.9m Fresh water withdrawal 2018: 6.6m
- 28.2m Recycled water 2018: 28.3m
- 4.1m Waste water 2018: 4.5m
- 87% 32.3m Water recycled and reused 2018: 28.3m
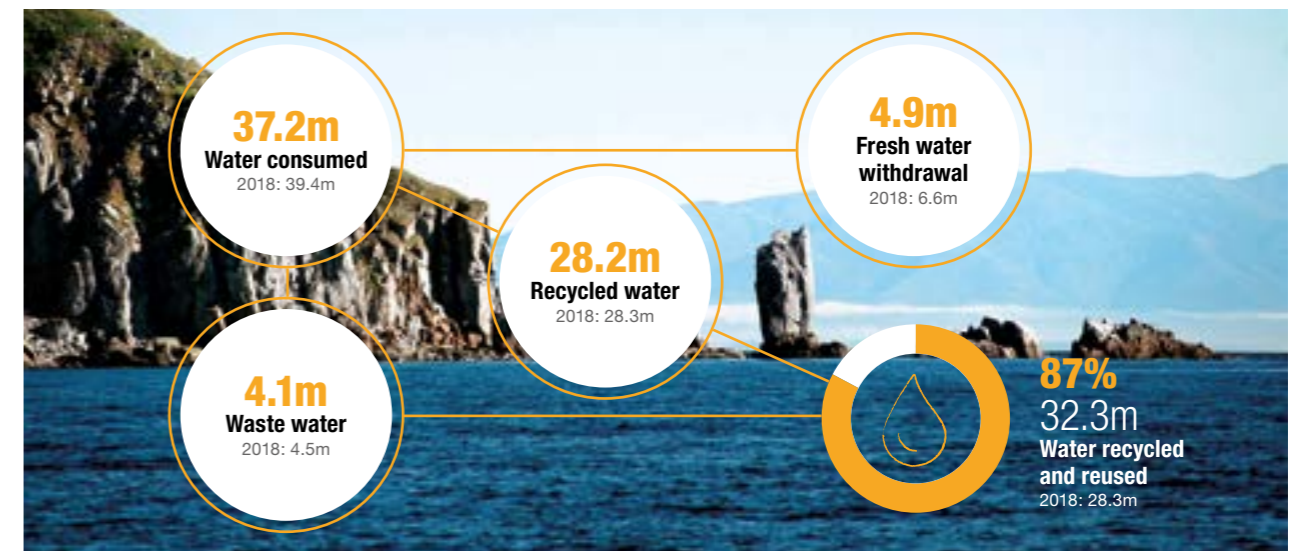
Waste

WASTE MANAGEMENT
(%)

- 14 Reused
- 86 Disposed

155.9mt
total waste generated, including 143mt of waste rock

134.5mt
waste disposed

22mt
waste reused

14%
waste reused of total waste generated
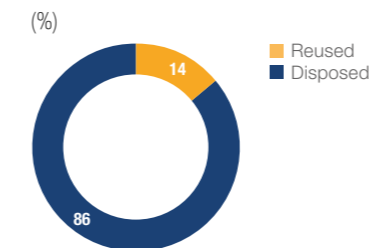
Land rehabilitation

135.7
hectares of land rehabilitated

Task Force on Climate-related Financial Disclosure

We transparently publish our approach to managing climate related risk and opportunity, not only in this report but also in our Annual Report and on our website. Below is a summary of disclosures aligning to the Financial Stability Board's Task Force on Climate-related Financial Disclosure recommendations.

Recommended disclosure	Polymetal references
Governance	
Disclose the organisation's governance around climate-related risks and opportunities **a) Describe the board's oversight of climate-related risks and opportunities** **b) Describe management's role in assessing and managing climate related risks and opportunities**	**Overview>Sustainability management>p.14** **Overview>Safety and Sustainability Committee update>p.12** **Environment>Climate management>p.38, 39** The Board as a whole is responsible for decision-making on social, economic and environmental impacts and plays an active role in shaping our strategies and goals in these areas. The Board of Directors has prime responsibility for sustainability leadership at Polymetal. The Board is also responsible for ensuring that if there are material climate related risks that could impact the business they will be appropriately identified, managed, and monitored. Every quarterly operational results are considered, starts with an overview of health, safety and environmental performance which includes climate-related issues. The Chief Sustainability Officer coordinates sustainability initiatives and activities to ensure transparency and long-term value for investors and other stakeholders. The objective of the Safety and Sustainability Committee is to assist the Board in overseeing the Company's overall approach to safety and sustainability, ensuring that the Company consistently exhibits and promotes transparent and responsible behaviours, engages key stakeholders and communities, achieves compliance with sustainable development commitments and strives for an industry leadership position on sustainability. The Committee shall monitor and review risks and opportunities in the following areas: (a) health and safety, including wellbeing of our employees and contractors; (b) environmental impact, including waste and water management, climate change, air pollution, biodiversity, mine closure and rehabilitation; and (c) approach to community relations, human rights, socio-economic development and other material topics of sustainable development. The management of Polymetal conducts regular performance reviews against the principles of the policies, as well as against internal policies and procedures, to ensure that we are fulfilling these commitments. The Operations Department of each Group Company is responsible for monitoring the Policy's implementation. We also linked climate-related performance to the remuneration of relevant people: all energy managers (at plants and facilities that emit GHGs) and mechanics (mining fleet, transport) have KPIs for saving energy, which we measure in units of energy (Kwh) for unit of ore transported/ore mined/ore processed.
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	**Overview>Welcome from our CEO>p.2** **Overview>Sustainability risks>p.16** **Environment>Climate management>p.38, 39** Pre-investment stage: climate change is not only about the impact of companies on the environment but also about better business resilience. While developing business strategy we consider climate change at the decision-making stage: when we estimate potential to develop a project, all meteo info and surveys are taken into account such as water balance, permafrost, fires and weather conditions. Operations: The development of the energy supply facilities at our sites and increase of their efficiency is based on the standards implemented at all Company enterprises energy management System, based on the provisions of the international standard ISO 50001.

Recommended disclosure	Polymetal references
Risk management	
Disclose how the organisation identifies, assess and manages climate-related risks	**Overview>Sustainability risks>p.16** **Environment>Climate management>p.38, 39** We reduce levels of risk through various technical and other measures, as described on page 16. Climate risk monitoring is conducted in order to track the current risk status, including: • Its occurrence, consequences and measures taken to eliminate them; • Assessment of the efficiency of selected risk management methods; • Tracking of the status of implementation of action plans in order to reduce damage and/or the probability of significant risks; • Identification the need to reassess risks; • Identify new risks. Assessment of climate risk management efficiency in the Company is conducted to maintain the climate risk management system up to date, ensuring the implementation of the purposes and objectives of climate risk management.
a) Describe the organisation's processes for identifying and assessing climate-related risks.	**Overview>Sustainability risks>p.16** **Environment>Climate management>p.38, 39** The process of climate risk assessment and management at each site is implemented in accordance with the requirements for work arrangements and through the following processes: • Setting of the purpose and objectives for climate risk management; • Definition of the company context; • Identification of climate risks; • Analysis of climate risks; • Assessment of climate risks; • Development of climate risk management measures; • Monitoring and revision of climate risks; • Assessment of climate risk management efficiency; • Communication with external and internal stakeholders.
b) Describe the organisation's processes for managing climate-related risks.	**Overview>Sustainability risks>p.16** **Environment>Climate management>p.38, 39** Reliable and comparable data on climate risks is documented in the following and shared internally: • Climate risk assessment report; • Climate risk register; • Climate risk management action plan; and • Climate risk monitoring report.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	**Overview>Sustainability risks>p.16** **Environment>Climate management>p.38, 39** We have established specific criteria for significant climate risks, which are applied at the risk assessment stage. Climate risks are divided into critical, significant, acceptable (insignificant) levels. They are identified via expert discussion, checklists, interviews, computer modelling and analysis of historical data. Risks are assessed based on their impacts on the objectives set by Polymetal. An exhaustive list of risks is in the climate risk register. The purpose of climate risk analysis is to determine the level of probability of occurrence and the degree of potential damage. This informs a risk ranking according to priority and materiality level established at the risk assessment stage. Climate risk assessment is conducted via: • Preliminary determination of the category of risk significance; • Determination of risk owner; • Discussion and correction of the risk significance category; • Documentation of risk assessment.
Metrics and targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	**Environment>Climate management>p.38, 39**

Socio-economic development

What guidelines do we follow?

External: UN Global Compact, The Universal Declaration of Human Rights, The UN Guiding Principles on Business and Human Rights, UK Corporate Governance Code, EITI, International Labor Organization Conventions, the UK Modern Slavery Act, Responsible Gold Mining Principles

Corporate: Code of Conduct, Supplier's Code of Conduct, Anti-Bribery Policy, Human Rights Policy, Social Investment and Donation Policy, Community Engagement Policy, Procurement Policy and Guidelines

Our priorities

- Ensuring meaningful community/stakeholder engagement
- Creating a lasting positive legacy at each site
- Multiplying our investment through the supply chain
- Catalysing wider regional growth and development

Our approach

Creating jobs and supply chain opportunities, while making tax contributions, are just some of the ways in which we deliver tangible socio-economic value at local and regional levels. But we go beyond this, with programmes to invest directly in our communities and deliver long-term positive legacies where we operate.

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

Hand-in-hand with community investment is engagement. Polymetal's Community Engagement Policy ensures we embrace and empower open dialogue with our neighbours – at every site and on every project. In it, we outline key principles and activities such as how we identify stakeholders and how we ensure effective feedback mechanisms and regular information disclosure (see Stakeholder engagement on pages 19–20). Engagement starts even before there is an investment decision on a project and is ongoing during all stages of the project. Engagement also means involving employees in social and environmental volunteering activities. We collaborate with non-profit and volunteering organisations to ensure that our donations go to those most in need.

Why it matters

Our presence has the potential to bring positive economic and social value to communities and nations. In doing so, we build stakeholder relationships and reduce risk exposure within our business.

Topics disclosed

- Community investment and engagement
- Supply chain management
- Human rights
- Anti-corruption
- Indirect economic impact

Above: Bringing a lasting positive impact to communities.

Highlights

$15 million invested in local communities

49 public hearings and community meetings

588 enquiries from communities (100% responded to)

$233 million taxes paid

Socio-economic development continued

A meaningful investment

In 2019, we invested more than $15 million in local communities, bringing our investment over five years to more than $45 million. Our strategic investments have been targeted to healthcare and active living, education, infrastructure, culture and IMN communities[1]. We have also made charitable donations worth almost $1.8 million, in-kind support such as delivering food, fuel and medicines to remote and indigenous communities and reindeer herders, as well as building and maintaining roads to isolated areas.

Community issue	Investment activities
Sports	**61 projects and events, including:** • Construction of a roller drome in the Amursk city and a skate park in Krasnoturyinsk • Supporting sports teams in every region where we operate
Healthcare	**13 projects, including:** • Healthcare center for women in Amursk • Emergency vehicles in Auezov settlement, Kazakhstan and in Seymchan Settlement, Magadan Region, Russia • Medical brigades for local people in the Khabarovsk Region and Yakutia
Education	**98 projects, including:** • Renovation of more than 80 preschool, school and continuing education facilities in all regions where we operate • Equipment for biology and chemistry lab for the Children's Ecological Centre Naturalist in Amursk • Geodetic equipment for the Mining and Geological College in Khandyga Settlement, Yakutia
Infrastructure	**49 projects, including:** • Construction of a park zone in Kostanay Region, Kazakhstan • Upgrade of a boiler house in Auezov Settlement, Kazakhstan • Renovation of public roads, buildings and bus stations
Culture	**94 projects, events and actions, including:** • Renovation of a cinema theatre in Amursk • Arrangement of an ethnic historical festival in Kazakhstan • Sponsorship of the publication of a book Ice Age or a Walk with Mammoths as part of a cultural and educational museum project in the Chukotka District
Charity	**97 events and targeted assistance actions, including:** • Purchase of housing for vulnerable families in Kazakhstan • Sponsorship of a trip to the Para-Arm Wrestling World Championship for an athlete from Kazakhstan • Purchase of sports equipment for the disabled from Yakutia
Indigenous Minorities of the North	**76 projects and events, including:** • Purchase of equipment for the national northern multisport team from the Khabarovsk Region • Provision of goods and device for the Khara-Salaa Community reindeer farm, Yakutia • Funding for publication of an album of traditional decorative and applied arts, the Khabarovsk Region

1 We have maintained social investments in the Khabarovsk Region, despite selling the Ohkotsk operation at the end of 2018.

In dialogue with our neighbours

Stakeholders have the opportunity to relay their questions or concerns through a number of channels. These range from focus groups, 'town hall' events and questionnaires; to phone, email or social media. Communities are even able to participate directly in the development and monitoring of our social programmes. We operate a formal grievance procedure, where we guarantee to provide a detailed response to 100% of questions or concerns within 14 days. This year we also extended the range of tools to engage communities. We introduced grants competition for social projects in Yakutia, local information offices in the Magadan Region and partnership programmes in local schools with our employees providing guest lessons to schoolchildren.

We monitor our social impact by gathering detailed feedback from communities and analysing quantitative and qualitative data such as the number benefiting from our social investment projects. In 2019, we conducted community polls involving 1,164 people from 16 districts. We also held 77 meetings and we ran site visits and public gatherings including 19 hearings for local community members and indigenous people. Overall, our community engagement exceeded that in 2018. In 2019, we fully expanded our community engagement procedures to our recently acquired development projects in Yakutia. We have started to work with partners to measure the efficiency of our social investments, which we plan to do in 2020.

In 2019, we focused on increasing engagement of our employees in social and environmental volunteering events. We collaborate with non-profit organisations to ensure that our donations go to those most in need. For example, every year we help children from vulnerable families: in 2019, we collected festive presents for 900 children, while 450 schoolchildren received in-kind donations for educational needs. Other volunteering projects included blood donation, in-kind help to elderly people, clean-up campaigns, charitable sports events, etc. Overall, our employees took part in more than 70 volunteering events.

Feedback mechanism
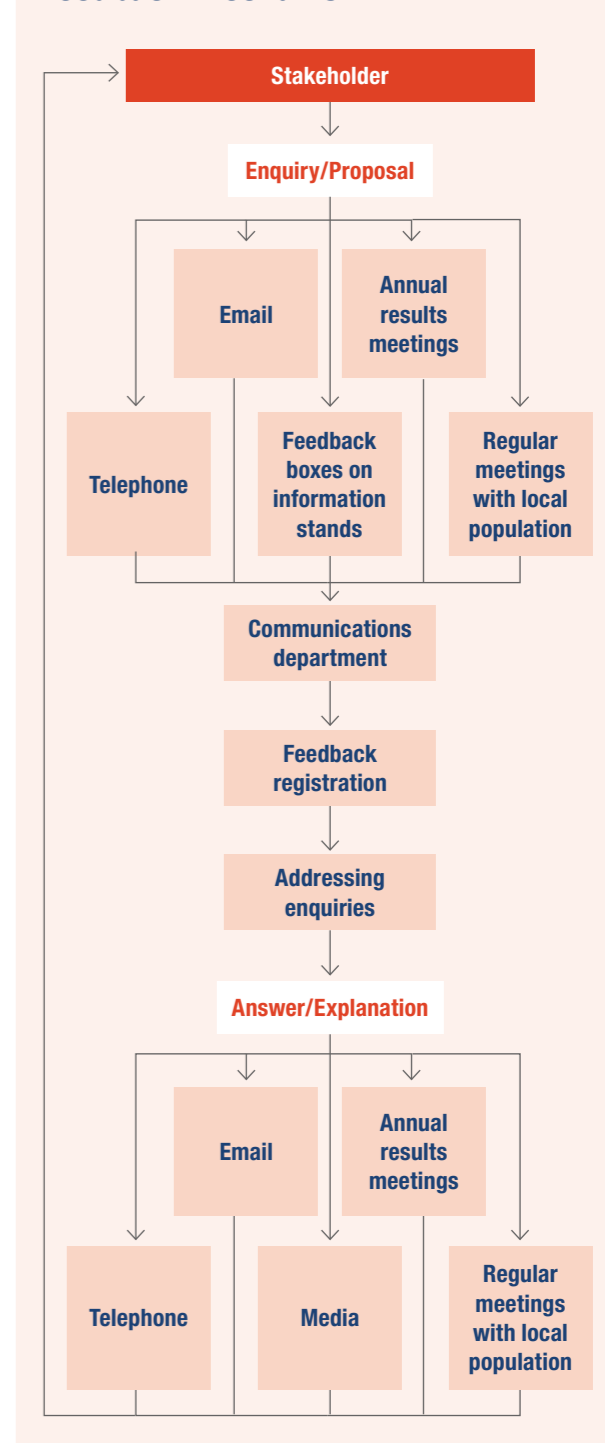
Socio-economic development continued

Kyzyl resettlement update

Since resettling communities at our Kyzyl site in Eastern Kazakhstan during 2015 and 2017, we have monitored those affected and continue to apply best practices. In 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 Social and Environmental Policy. We continue the ongoing dialogue with the people resettled to ensure that we promptly address any concern raised.

Responsible procurement

Our Procurement Policy stipulates fair, competitive partnerships and full compliance with all regulations. Suppliers are selected via an open tender process, which includes assessing for compliance with our corporate governance principles and anti-corruption policies. Certain suppliers must also fill out a prequalification questionnaire that asks about ethical and sustainability conduct. In 2019, we assessed 7,698 potential contractors, 320 of whom were deemed non-compliant and removed from the procurement process.

As with our employment practices, we strive to engage local suppliers to create socio-economic value where we operate and also to maintain our own operational continuity of operations, particularly in remote locations and often in extreme temperatures. In 2019, 56% of our procurement expenditure went to local businesses (versus 49% in 2018). This increase was strongly led by our Amursk POX operation (46% compared to 22% in 2018), while Kyzyl saw reduced local procurement due to the need for imported consumables (74% versus 84%).

Our Supplier Code of Conduct stipulates high ethical and sustainability standards for both new and existing suppliers. We regularly assess each supplier against these principles, regardless of how long we have worked with them. An e-procurement system helps us to enforce our Procurement Policy by applying standards consistently across a large number of contractors. In ongoing relationships, our Supplier Code mandates zero child, forced and slave labour, with regular checks. If any concerns are identified, they must be reported. 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.

Human rights

Whether it is the rights of our colleagues or supplier partners, our communities or contractors – our commitment is consistently clear. Upholding basic freedoms and human dignity is not only right; it is fundamental to how we create value for society. We pay particular attention to regions where we exist side-by-side with indigenous communities.

Salient human rights risks

Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
• Limitations in access to resources (water, electricity etc), particularly among indigenous communities • Forced resettlement • Poor accessibility of grievance mechanisms	• Injuries and fatalities • Occupational diseases • Road hazards • Poor awareness of employees of health and safety measures	• Water availability and safety • Climate change risk for future generations • Hazardous waste • Shared resources	• Unfavourable working conditions • Forced or child labour • Violation of collective bargaining agreements	• Excessive force by security guards • Violation of privacy rights	• Discrimination based on gender, race, skin colour, religion, nationality, social origin or political opinions	• Bribery and corruption • Human rights violation by contractors and suppliers

Mitigation measures

Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
• Apply Human Rights Policy at every site • Funds to protect IMN • Avoid resettlement wherever possible • Respond to 100% of concerns and questions	• Safety-positive cultural campaigns • Leadership from the top • Mandatory safety training • Safety Hotline • Critical Risks Management procedures	• Metering and auditing fresh water • Water reuse • Renewable energy sources • Forest and tundra habitat monitoring • TSF inspections; dry stack storage of tailings	• Surveying 6,000 people • Exceeding regional salary averages • Enforcing the Employment and Labour standard at every site • 86% employees covered by collecting bargaining agreements.	• Training on human rights for all security personnel • Emphasis on human rights within job descriptions for security personnel	• Unconscious bias training in recruitment • Issues raised at every Nomination Committee • Mandatory screening of female candidates	• All contracts comply with the Supplier Code of Conduct • Pre-qualification questionnaires • Ongoing auditing

Policies and standards

Group Code of Conduct, Human Rights Policy, as well as:

Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
• Community Engagement • Social Investment and Donation Policy	• Health and Safety Policy • ISO 45001	• Environment • Tailings/ Hydraulic Facilities • Mine Closure • Acid Rock Drainage • Energy/ Carbon • ISO 14011 • Cyanide Code	• Employment and Labour Standard, Modern Slavery Act Transparency Statement	• The Security Force Management Standard • Privacy Notice	• Diversity policy • Human Resources Policy	• Supplier code of conduct • Anti-Bribery and Corruption Policy • Gifts and Entertainment Policy • Whistleblower Policy

We assign qualified personnel in all operational regions responsible for internal and external communications on any issues related to human rights, ensuring transparent grievance mechanisms for all our stakeholders. Online training is delivered to employees with particular exposure to human rights risks, namely those working in human resources, security, procurement and health/safety. In 2019, 322 managers completed the course.

In the last year, we conducted a human rights risk assessment to ensure that our standards were being applied consistently across all sites in Russia and Kazakhstan. Among the risks identified were a lack of formal training in anti-discrimination and anti-corruption, as well as insufficient awareness of corporate policies (such as Human Rights/Supplier Code of Conduct) and poor implementation at mine-level. Overall however, we found that risks were low and the right measures were being taken. We are now applying these findings to create a Group action plan on specific risk areas.

Anti-corruption

Transcending all sustainability risks are those relating to ethical conduct, including prevention of corruption, bribery and fraud. We raise awareness of bribery and corruption risks and we implement a variety of measures to maintain high levels of ethical conduct among our employees, contractors and suppliers. In 2019, we continued our anti-corruption training. As well as induction and refresher training for Polymetal employees and contractors, we held 153 seminars and briefings for high-risk groups, which were attended by 4,596 people. None of the 17 instances of corruption identified within our business in the past year had any impact on our financial position or operations, and no court cases relating to corruption were brought against Polymetal or any of our employees.

Wider economic value

Our priority is always to recruit locally. This not only brings more targeted economic value, but it also builds our own workforce capacity in local priorities, cultures and ecosystems, while reducing the financial and environmental burden of fly-in-fly-out employment. We make a particular effort to employ more women and enable them to develop into leadership roles, as part of our inclusion work. Likewise, we seek to provide work and skills opportunities for young people within the community, in partnership with local organisations.

Creating wider economic value also involves making tax payments to state and local authorities[1]. In 2019 alone, these amounted to $233 million (compared to $181 million in 2018), including mandatory contributions to state social funds such as pensions. 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 as such, we disclose them in the 'other non-current liabilities' category of our Financial Report.

A final important economic contribution lies in the products we help deliver. In 2019, revenue was derived principally from the sale of gold and silver bullion (48%), copper, gold and silver concentrate (32%) and doré (20%) – sold mainly in Russia and Kazakhstan, as well as East Asia and Europe. As key players in the value chain of these products, we will, as a minimum, comply with applicable national and international regulations regarding product quality, shipment and transportation. Beyond this, we have a responsibility to manage risks when selecting our commercial partners.

[1] 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.

Socio-economic development continued
Performance

Our data gives us an increasingly detailed insight into the impact we are making in our local communities and the wider economy. Going forward, we will be adding more qualitative metrics to understand longer-term outcomes.

Community investment and engagement (as % of total spend)

$15.1m invested in social projects (2018: $10 million)

Sports	61 projects and events	
Infrastructure	49 projects	
Education	98 projects	
Charitable donations	97 projects	
Culture	94 projects, events and actions	
Indigenous minorities of the North	76 events and targeted assistance actions	
Healthcare	13 projects and events	

Enquiries by topic (%)
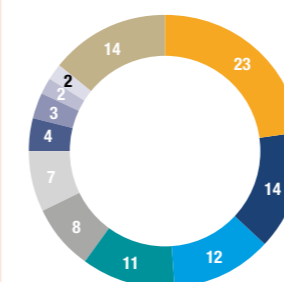
Number of enquiries by topic

Charity and targeted financial assistance	136
Culture and community events	81
Sport and sports events	69
Education	66
Infrastructure	49
Job opportunities	40
Environmental impact	24
Healthcare	16
Culture and traditions of IMN	12
Environmental education	11
Other (Includes other requests for financial and in-kind help)	84

Wider economic value
96%
local employment[1]

56%
local purchasing (Kazakhstan: 84%; Russia: 48%)

4%
of potential contractors rejected for ethical non-compliances

Human rights
Zero
human rights breaches reported

322
managers trained in human rights

Positive feedback
133
'thank you' letters from community groups

[1] Residing in country of operation.

Independent limited assurance report
To the Management of Polymetal International plc

Introduction
We have been engaged by the Management of Polymetal International plc (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the Sustainability Report of the Company for the year ended 31 December 2019 (hereinafter – the "Sustainability Report"). The Sustainability Report represents information related to the Company and its subsidiaries (hereinafter together – the "Group").

Selected information
We assessed the qualitative and quantitative information, that is disclosed in the Sustainability Report and referred to or included in the GRI content index and the SASB content index (hereinafter – the "Selected Information"). The Selected Information has been prepared in accordance with:

- GRI Sustainability Reporting Standards (Core option), including GRI G4 Mining and Metals Sector Disclosures, (hereinafter – the "GRI Standards") published by the Global Reporting Initiative (GRI), and
- Metals & Mining Sustainability Accounting Standard (hereinafter – the "SASB Standard") published by the Sustainability Accounting Standards Board (SASB), respectively.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2019. We have not performed any procedures with respect to earlier periods or any other items (inclusive of any disclosures under the Task Force on Climate-related Financial Disclosures) included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Reporting criteria
We assessed the Selected Information using relevant criteria, including reporting principles and requirements, in the GRI Standards and the SASB Standard (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

The Group's responsibilities
Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology, including objective reporting criteria, and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- the preparation, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and 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 Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report, which may be published on the Company's website[1], to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report.

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, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our assurance procedures over the 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 Group's management, including the Sustainability Reporting (SR) team and those with responsibility for SR management and group reporting;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding and evaluating the design of the key structures, systems, processes and controls for managing, recording, preparing 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 relevant requirements of the Reporting Criteria.

Reporting and measurement methodologies
The range of different, but acceptable under the GRI Standards and the SASB Standard, measurement and reporting techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Sustainability Report, described therein, and which the Group is solely responsible for.

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 2019 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

12 March 2020
Moscow, Russian Federation

A.Y. Fegetsyn, certified auditor (licence No. 03-001436), AO PricewaterhouseCoopers Audit

Audited entity: Polymetal International plc

Certificate of Incorporation issued on 29 July 2010 under Registration Number 106196

Taxpayer Identification Number 18006773Z

44 Esplanade St Helier Jersey JE4 9WG Channel Islands

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

1   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.

Key sustainability figures

FINANCIAL RESULTS	Units	2019	2018
Revenue	$m	2,246	1,882
Cash operating costs (excluding depreciation, labour costs and mining tax)	$m	845	728
Wages and salaries; other payments and benefits for employees	$m	397	315
Payments to capital providers	$m	75	79
Payments to shareholders	$m	240	223
Taxes (excluding payroll taxes included in labour costs)	$m		
Income tax and excess profit tax	$m	107	71
Taxes, other than income tax	$m	11	13
Mining tax	$m	115	97
Social payments	$m	24	16
Undistributed economic value retained	$m	432	340

OPERATION			
Waste mined	mt	159	127
Underground development, km	km	106	130
Ore mined	Kt	17,224	13,979
Open-pit	Kt	13,022	9,319
Underground	Kt	4,202	4,660
Ore processed	Kt	15,024	15,162
Production			
Gold	Koz	1,316	1,216
Silver	Moz	21.6	25.3
Copper	Kt	2.5	3.9
Total production (GE)[1]	Koz	1,614	1,562
Sales			
Gold	Koz	1,366	1,198
Silver	Moz	22.1	25.7
Copper	Kt	2.8	3.3

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

PRINCIPAL CONSUMABLES			
Quicklime	t	100,116	69,272
Grinding body	t	17,360	15,343
Sodium cyanide	t	8,202	9,537
Concrete	t	7,371	8,054
Perhydrol	t	5,496	5,732
Flotation reagents	t	3,979	3,747
Soda	t	8,723	3,489
Caustic soda	t	700	1,426
Flocculant	t	214	213
Zinc powder	t	232	370

ENERGY			
Electricity generated	GJ	900,962	1,005,061
Diesel[2]	GJ	3,824	N/A
Solar/wind	GJ	3,824	N/A
Electricity purchased	GJ	2,161,367	2,124,366
Transport and mobile machinery by sources:			
Diesel	GJ	2,232,071	1,990,623
Petrol	GJ	24,723	34,973
Heat generated by sources:			
Diesel	GJ	204,646	72,906
Coal	GJ	1,115,426	1,216,270
Natural gas	GJ	165,265	172,445
Waste oils	GJ	17,996	22,801
Energy intensity	GJ per Koz of GE	4,229	4,251
Total energy	GJ	6,826,281	6,640,157

2 Number for 2018 restated to comply with calculation standard. Total energy consumption remains unchanged.

WATER	Units	2019	2018
Fresh water withdrawal		4,919	6,606
Ground water	thousand m³	1,695	1,395
Surface water	thousand m³	2,236	4,736
External water supply	thousand m³	988	475
Water reused and recycled		32,276	32,813
Waste water	thousand m³	4,053	4,496
Recycled water	thousand m³	28,222	28,317
Total water consumed	thousand m³	37,194	39,419
Water percent recycled and reused	%	87	83
Fresh water consumption	m³/ Kt of processed ore	327	436
Fresh water use for processing[3]	m³/ Kt of processed ore	268	299
Discharge			
Watercourses	thousand m³	10,757	10,407
Collecting ponds	thousand m³	857	247
Landscape	thousand m³	0	0
Sewage	thousand m³	297	187
Total water discharge	thousand m³	11,910	10,841
Water sources significantly affected by withdrawal of water	number	0	0

3 Excluding Okhotsk and Kapan operations sold in 2018 and January 2019, respectively.

LANDS			
Total managed land area	hectares	19,153	19,910
Land disturbed during year	hectares	601	557
Land rehabilitated during year	hectares	136	232
Total land disturbed and not yet rehabilitated	hectares	11,376	12,694

GHG EMISSIONS[4]			
Scope 1 (direct emissions)	t of CO₂e	488,014	480,656
Scope 2 (energy indirect emissions)	t of CO₂e	636,469	570,900
Scope 3 (other indirect emissions)[5]			
Upstream	t of CO₂e	1,149,110	1,133,212
Downstream	t of CO₂e	48,728	N/A
GHG Intensity (scope 1 + scope 2)	t of CO₂e per Kt of processed ore	75	76
Carbon footprint of product	t of CO₂e per Koz of GE	1,042	1,207

4 Excluding Okhotsk and Kapan operations, as the new methodology has been applied since 2019 for more precise disclosure of emissions, data for 2018 has been restated accordingly for comparative purposes and includes only continuing operations.
5 Independent assurance is provided only in respect of the upstream emissions.

AIR QUALITY			
Sulphur dioxide (SO_2)	t	954	1,030
Oxides of nitrogen (Nox)	t	2,532	2,919
Carbon monoxide (CO)	t	2,818	3,037
Solid particles[6]	t	4,773	4,458
Ozone depleting (CFC-11 equivalents) substances emitted	t	0	0
Volatile organic compounds (VOCs)	t	1,081	N/A
Mercury (Hg)	t	0	N/A
Lead (Pb)	t	0.27	N/A

6 Since 2019 solid particles have included other types of particles besides inorganic dust.

Key sustainability figures continued

WASTE	Units	2019	2018
Total waste	t	**155,923,761**	139,160,407
By type			
Waste rock	t	**143,439,734**	126,616,404
Tailings, including	t	**12,469,214**	12,520,295
Dry tailings	t	**1,212,822**	1,179,964
Wet tailings		**11,256,392**	11,340,331
Share of dry stacked tailings[7]	t	**10%**	10%
By waste hazard classification			
Non-hazardous	t	**155,918,075**	139,144,579
Hazardous	t	**5,686**	15,828
By treatment			
Waste disposed	t	**134,518,857**	116,631,253
Non-hazardous	t	**134,514,807**	N/A
Hazardous	t	**4,050**	N/A
Waste neutralised	t	**274**	9,616
Non-hazardous	t	**26**	N/A
Hazardous	t	**248**	N/A
Waste reused	t	**21,705,334**	22,611,092
Non-hazardous	t	**21,703,421**	N/A
Hazardous	t	**1,913**	N/A
Percentage of waste reused of total waste generated	%	**14**	16

7   Excluding Okhotsk and Kapan operations sold in 2018 and January 2019, respectively.

ENVIRONMENTAL EXPENDITURES AND FINES			
Environmental expenditures	$ thousand	**35,021**	19,945
Environmental fines	$ thousand	**1.5**	4.3

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

PEOPLE	Units	2019	2018
Employees			
Average headcount	number	**11,611**	12,140
Total Workforce as of 31 December	number	**11,819**	12,348
Percentage of employees at operating sites covered by collective bargaining agreements	%	**100**	100
Percentage of employees covered by collective bargaining agreements	%	**86**	89
Turnover rate	%	**5.8**	5.8
Breakdown by gender			
Percentage of female employees	%	**21**	**20**
Percentage of female managers	%	**22**	22
Percentage of female qualified personnel	%	**39**	40
Gender pay gap (average remuneration for men to average remuneration for women)	%	**1.30**	1.29
Breakdown by age groups			
Employees under 30 years old, including:	number	**2,083**	2,546
Female	number	**468**	521
Male	number	**1,615**	2,043
Percentage of employees under 30 years old	%	**18**	**21**
Employees 30–50 years old, including:	number	**7,815**	N/A
Female	number	**1,677**	N/A
Male	number	**6,138**	N/A
Percentage of employees 30–50 years old	%	**66**	**N/A**
Over 50 years old, including:	number	**1,918**	N/A
Female	number	**448**	N/A
Male	number	**1,470**	N/A
Percentage of employees over 50 years old	%	**16**	**N/A**
Disabled personnel	number	**23**	11
Taken parental leave, including:	number	**150**	175
Female employees on parental leave	%	**97**	97
Male employees on parental leave	%	**3**	3
Return to work and retention rates after parental leave	%	**100**	100

TRAINING			
Trained personnel	number	**10,453**	N/A
Average number of training hours per employee (per year)	number	**74**	49
Average number of training hours per female employee (per year)	number	**69**	51
Average number of training hours per male employee (per year)	number	**75**	49
Total investments in training[8]	$ thousand	**1,215**	1,494

8   Travel costs excluded in 2019.

SAFETY			
Polymetal			
Injuries, including:	number	**20**	11
Fatalities	number	**2**	1
Severe injuries		**3**	2
LTIFR[9]	rate	**0.19**	0.09
Occupational diseases and health difficulties	number	**1**	3
Near-misses	number	**2,684**	N/A
Contractors			
Injuries, including:	number	**10**	15
Fatalities	number	**1**	0
LTIFR[9]	rate	**0.20**	0.27

9   Lost-time injury frequency rate per 200,000 hours worked.

Key sustainability figures continued

ETHICS	Units	**2019**	2018
Code of conduct violations[10]	number	**451**	374
Cases of corruption[11]	number	**17**	46
Prevented loss	$ thousand	**307**	596

COMMUNITY INVESTMENT			
Sport	$ thousand	**6,234**	3,111
Healthcare	$ thousand	**249**	2,305
Education	$ thousand	**1,889**	1,755
Culture and art	$ thousand	**1,201**	810
Infrastructure of social importance	$ thousand	**3,470**	1,223
IMN support	$ thousand	**334**	288
Charitable donations	$ thousand	**1,772**	601
Total community investment	$ thousand	**15,148**	10,092
Number of partnership agreements	number	**33**	34
Total value of financial contributions to political parties, politicians, and political action committees	$ thousand	**0**	0

COMMUNICATION			
Employees enquiries	number	**1,149**	1,458
Responded employees enquiries	number	**1,149**	1,458
Communities enquiries	number	**588**	755
Stakeholder meetings, including:	number	**77**	**50**
Public hearings and community meetings	number	**49**	N/A
Site visits by external stakeholders	number	**22**	9
Other	number	**6**	N/A

COMPLIANCE			
Significant fines	$ thousand	**0**	0
Non-monetary sanctions	$ thousand	**0**	0
Cases brought	number	**0**	0

PRODUCT RESPONSIBILITY			
Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	$ thousand	**0**	0
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	$ thousand	**0**	0
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	$ thousand	**0**	0

10 96% related to alcohol and drug use. All employees and contract workers identified were dismissed with no right to return. Contractors involved were required to pay penalties.
11 Acts of corruption did not involve public or government officials.

SASB Content Index

Topic	SASB code	Accounting metric	Data and references	Scope
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions	488,014 tonnes CO$_2$e	2
		Percentage covered under emissions-limiting regulations	No GHG emission-limiting regulations are imposed in Russia or Kazakhstan	2
	EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate management: balancing risk and opportunity, p.38–39 Taskforce on Climate-related Financial Disclosure, p.44–45	2 Disclosure without quantitative data on emission reduction targets and analyse its performance against the targets.
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants:		2
		(1) CO	2,818 tonnes	2
		(2) NOx (excluding N$_2$O)	2,532 tonnes	2
		(3) SOx	954 tonnes	2
		(4) particulate matter (PM10)	4,773 tonnes	2
		(5) mercury (Hg)	Zero	2
		(6) lead (Pb)	0.27 tonnes	2
		(7) volatile organic compounds (VOCs)	1,081 tonnes	2
Energy Management	EM-MM-130a.1	(1) Total energy consumed	6,826,281 GJ	2
		(2) percentage grid electricity	31.7%	2
		(3) percentage renewable	0.1%	2
Water Management	EM-MM-140a.1	Total fresh water withdrawn	4,919 thousand m^3	2
		Total fresh water consumed	4,919 thousand m^3	2
		Percentage of each in regions with High or Extremely High Baseline Water Stress	We do not operate in regions of water stress	2
		Number of incidents of non-compliance associated with water quality permits, standards, and regulations	One incident of non-compliance associated with discharged mine water quality at Varvara, resulting in $456 fine	2
Waste & Hazardous Materials Management	EM-MM-150a.1	Total weight of tailings waste, percentage recycled	12,469,214 tonnes Percentage of total waste recycled constitutes 14% and is disclosed without breakdown into tailings waste and mineral processing waste.	2
	EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	143,439,734 tonnes Percentage of total waste recycled constitutes 14% and is disclosed without breakdown into tailings waste and mineral processing waste.	2
	EM-MM-150a.3	Number of tailings impoundments, broken down by MSHA hazard potential	9 tailings dams. For details on hazard categorization of these facilities, see full disclosure on our TSF management at https://www.polymetalinternational.com/en/sustainability/environment/#waste	2
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Our approach, p.37	2
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:		2
		(1) predicted to occur	17% of total ore processed (Dukat mine)	2
		(2) actively mitigated	17% of total ore processed (Dukat mine)	2
		(3) under treatment or remediation	17% of total ore processed (Dukat mine)	2
	EM-MM-160a.3	Percentage of:		2
		(1) proved reserves in or near sites with protected conservation status or endangered species habitat	7% of proved reserves (one protected species identified at Albazino site)	2
		(2) probable reserves in or near sites with protected conservation status or endangered species habitat	8% of probable reserves (one protected species identified at Albazino site)	2

SASB Content Index continued

Topic	SASB code	Accounting metric	Data and references	Scope
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of:		
		(1) proved reserves in or near areas of conflict	0% (see Communities at p.20)	4
		(2) probable reserves in or near areas of conflict	0% (see Communities at p.20)	4
	EM-MM-210a.2	Percentage of:		
		(1) proved reserves in or near indigenous land	0% (see Biodiversity at p.40)	2
		(2) probable reserves in or near indigenous land	0% (see Biodiversity at p.40)	2
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	In dialogue with our neighbours, p.49 Human rights, p.51–52	4
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Our approach, p.47 In dialogue with our neighbours, p.49 Human rights, p.51	4
	EM-MM-210b.2	Number and duration of non-technical delays	Zero	4
Labor Relations	EM-MM-310a.1	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees	86% of all employees and 100% of operating site staff are covered by collective bargaining agreements 96% of employees reside in country of operation.	3
	EM-MM-310a.2	Number and duration of strikes and lockouts	Zero	3
Workforce Health & Safety	EM-MM-320a.1	(1) MSHA all-incidence rate	LTIFR (employees): 0.19 LTIFR (contractors): 0.20	2
		(2) fatality rate	Fatalities (employees): 2 Fatalities (contractors): 1	2
		(3) near miss frequency rate (NMFR)	Near-misses (employees): 2,684	2
		average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	5,438 employees attended health and safety training (including mandatory training for those involved in dangerous works and refresher sessions for other staff). Each contractor working at any of Polymetal's sites is required to undergo safety training before starting work.	6
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Anti-corruption, p.52	1
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Zero	1
Activity Metric	EM-MM-000.A	Production of and		1
		(1) metal ores	Ore processed: 15,024 Kt	1
		(2) finished metal products	Gold: 1,316 Koz Silver: 21.6 Moz Copper: 2.5 Kt Total production (gold equivalent): 1,614 Koz	1
Activity Metric	EM-MM-000.B	Total number of employees, percentage contractors	Average headcount of employees: 11,611	3
				Disclosure without percentage contractors.

GRI Content Index

Standard	Disclosure number	Disclosure titles	References and data	Scope
GENERAL DISCLOSURES				
Economic				
	GRI 102-1	The name of the organisation	Cover	1
	GRI 102-2	Activities, brands, products, and services	p.4–5, 8–9	1
	GRI 102-3	Location of headquarters	p.6–7	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.6–7	1
	GRI 102-5	Ownership and legal form	Annual Report 2019	1
	GRI 102-6	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	p.52	1
	GRI 102-7	Scale of the organisation	p.4–7	3
	GRI 102-8	Information on employees and other workers	p.34–35, 59	3
	GRI 102-9	Supply chain	p.8–9, 18–19, 50	1
	GRI 102-10	Significant changes to the organisation and its supply chain	p.2, 6–7, 12–13, Annual Report 2019	1
	GRI 102-11	Precautionary Principle or approach	p.10–11, https://www.polymetalinternational.com/	1
	GRI 102-12	External initiatives	p.22, 27, 31, 37, 47	1
	GRI 102-13	Membership of associations	p.22, 27, 31, 37, 47	1
Strategy and analysis				
	GRI 102-14	Statement from senior decision-maker	p.02	1
	GRI 102-15	Key impacts, risks and opportunities	p.16–17, 18–21	1
Ethics and integrity				
	GRI 102-16	Organisation's values, principles, standards and norms of behaviour	p.10–13	1
	GRI 102-17	Mechanisms for advice and concerns about ethics	p.34, 49	1
Governance				
	GRI 102-18	Governance structure	p.14–15	1
	GRI 102-19	Delegating authority	p.12–15	1
	GRI 102-20	Executive-level responsibility for economic, environmental and social topics	p.15	1
	GRI 102-21	Consulting stakeholders on economic, environmental and social topics	p.18–19	1
	GRI 102-22	Composition of the highest governance body and its committees	p.15	1
	GRI 102-23	Chair of the highest governance body	p.15	1
	GRI 102-24	Nominating and selecting the highest governance body	Annual Report 2019	1
	GRI 102-25	Conflict of Interest	Annual Report 2019	1
	GRI 102-26	Role of highest governance body in setting purpose, values and strategy	p.14	1
	GRI 102-27	Collective knowledge of highest governance body	Annual Report 2019	1
	GRI 102-28	Evaluating the highest governance body's performance	Annual Report 2019	1
	GRI 102-29	Identifying and managing economic, environmental and social impacts	p.16–19	1
	GRI 102-30	Effectiveness of risk management processes	p.16–17	1

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
Governance – *continued*				
	GRI 102-31	Review of economic, environmental and social topics	p.14–15	1
	GRI 102-32	Highest governance body's role in sustainability reporting	p.14–15	1
	GRI 102-33	Communicating critical concerns	p.19	1
	GRI 102-34	Nature and total number of critical concerns	p.20–21	1
	GRI 102-35	Remuneration policies	Annual report 2019, Remuneration policy report, https://www.polymetalinternational.com	1
	GRI 102-36	Process for determining remuneration	Annual Report 2019	1
	GRI 102-37	Stakeholders' involvement in remuneration	Annual Report 2019	1
	GRI 102-38	Annual total compensation ratio	Annual Report 2019	1 Without breakdown by countries.
Stakeholder engagement				
	GRI 102-40	List of stakeholder groups	p.18–19	1
	GRI 102-41	Collective bargaining agreements	p.33	3
	GRI 102-42	Identifying and selecting stakeholders	p.18–19	1
	GRI 102-43	Approach to stakeholder engagement	p.18–19, 49	1
	GRI 102-44	Key topics and concerns raised	p.53	1
Identified Material Aspects and Boundaries				
	GRI 102-45	Entities included in the consolidated financial statements	Annual Report 2019	1
	GRI 102-46	Defining report content and topic Boundaries	p.01, 18–21	1
	GRI 102-47	List of material topics	p.20–21	1
	GRI 102-48	Restatements of information	In footnotes	1
	GRI 102-49	Changes in reporting	In footnotes	1
Report profile				
	GRI 102-50	Reporting period	p.01	1
	GRI 102-51	Date of most recent report	March 2019 for FY 2018	1
	GRI 102-52	Reporting cycle	Annual reporting cycle	1
	GRI 102-53	Contact point for questions regarding the report	p.01	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	Content index	p.01	1
	GRI 102-56	External assurance	p.54–55	1
Management approach				
	GRI 103-1	Report the material aspect boundary within the organisation	p.18–19, 69	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.18–19	1

Standard	Disclosure number	Disclosure titles	References and data	Scope
SPECIFIC STANDARD DISCLOSURES				
Economic				
Economic Performance	GRI 201-1	Direct economic value generated and distributed	p.56	1
	GRI 201-3	Defined benefit plan obligations and other retirement plans	p.32	1
	GRI 201-4	Financial assistance received from government	Annual Report 2019	1
Market Presence	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p.35	3
	GRI 202-2	Proportion of senior management hired from the local community	Proportion of managers of local nationality – 95% Calculated using data on full-time and part-time employees.	3
Indirect Economic Impacts	GRI 203-1	Infrastructure investments and services supported	p.48, 53	1
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers	p.53	2
Anti-Corruption	GRI 205-2	Communication and training on anti-corruption policies and procedures	p.52	1
	GRI 205-3	Confirmed incidents of corruption and actions taken	p.52	1
Environment				
Materials	GRI 301-1	Materials used by weight or volume	p.56	2
	GRI 301-2	Recycled input materials used	p.40	2
Energy	GRI 302-1	Energy consumption within the organisation	p.39, 42	2
	GRI 302-3	Energy intensity	p.42	2
	GRI 302-4	Reduction of energy consumption	p.39	2
	GRI 302-5	Reductions in energy requirements of products and services	p.39	2
Water	GRI 303-1	Interactions with water as a shared resource	p.39	2
	GRI 303-2	Management of water discharge-related impacts	p.40	2
	GRI 303-3	Water withdrawal	p.39, 43, 57	2
	GRI 303-4	Water discharge	p.40, p.57	2
	GRI 303-5	Water consumption	p.40, 43, 57	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.40, 58 Among protected species, only one bird (northern goshawk) was identified at Albazino site. The surrounding areas outside Albazino, Dukat, Mayskoye and Kyzyl sites also host several protected species which can be indirectly affected by the operations.	2
	GRI 304-2	Significant impacts of activities, products and services on biodiversity	p.40, 58	1
	G4-MM1	Amount of land disturbed or rehabilitated	p.57	2

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
Environment – continued				
Emissions	GRI 305-1	Direct (Scope 1) GHG emissions	p.39, 57	2
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	p.39, 57	2
	GRI 305-3	Other indirect (Scope 3) GHG emissions	p.39, 57	2
				Independent assurance is provided only in respect of the upstream emissions.
	GRI 305-4	GHG emissions intensity	p.42, 57	2
	GRI 305-5	Reduction of GHG emissions	p.39	2
	GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	p.57	2
Effluents and Waste	GRI 306-2	Total weight of waste by type and disposal method	p.43, 58	2
	GRI 306-3	Total number and volume of significant spills	Zero environmental incidents	1
	GRI 306-4	Weight of transported, imported, exported or treated waste deemed hazardous	p.41	2
	G4-MM3	Total amounts of overburden, rock, tailings and sludges	p.43, 58	2
Environmental compliance	GRI 307-1	Non-compliance with environmental laws and regulations	p.21, p.37–38	2
Supplier Environmental Assessment	GRI 308-1	New suppliers that were screened using environmental criteria	p.38	2
Social				
Employment	GRI 401-1	New employee hires and employee turnover	p.35, 59	3
	GRI 401-3	Parental leave	p.59	3
Labour/Management Relations	G4-MM4	Number of strikes and lock-outs exceeding one week's duration	Zero reportable strikes and lock-outs	1
	GRI 402-1	Minimum notice periods regarding operational changes	Employment and Labour Corporate Standard	1

Standard	Disclosure number	Disclosure titles	References and data	Scope
Occupational Health and Safety	GRI 403-1	Occupational health and safety management system	p.28	2
	GRI 403-2	Hazard identification, risk assessment and incident investigation	p.28	2
				Disclosure without a breakdown by gender and region.
	GRI 403-3	Occupational health services	p.28	1
	GRI 403-4	Worker participation, consultation and communication on occupational health and safety	p.27, 28	1
	GRI 403-5	Worker training on occupational health and safety	p.27, 28	6
	GRI 403-6	Promotion of worker health	p.28, 29	1
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.28, 29	1
	GRI 403-8	Workers covered by an occupational health and safety management system	p.28	1
				Disclosure without a number and percentage of workers whose work is controlled by the organisation, who are covered by occupational health and safety management system.
	GRI 403-9	Work-related injuries	p.35, 59	2
	GRI 403-10	Work-related ill health	p.35, 59	2
Training and Education	GRI 404-1	Average hours of training per year per employee	p.35	6
	GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	p.32	1
Diversity and Equal Opportunity	GRI 405-1	Diversity of governance bodies and employees	p.32, 33. See Annual report 2019 for Board diversity.	3
	GRI 405-2	Ratio of basic salary and remuneration of women to men	p.33	3
Non-discrimination	GRI 406-1	Incidents of discrimination and corrective actions taken	p.32	1
Freedom of Association and Collective Bargaining	GRI 407-1	Freedom of association and collective bargaining	p.33	1
Child Labour	GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	Zero operations and suppliers	1
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	All security personnel is outsourced and receives training on the human rights principles under relevant national regulation.	1
Rights of Indigenous Peoples	GRI 411-1	Incidents of violations involving rights of indigenous peoples	p.53	1

GRI Content Index continued

Standard	Disclosure number	Disclosure titles	References and data	Scope
Social – continued				
Human rights	GRI 412-2	Employee training on human rights policies or procedures	p.52	1 Without number of hours devoted to training on human rights.
Local Communities	G4-MM5	Total number of operations taking place in or adjacent to indigenous peoples' territories and formal agreements made	p.40	1
Local Communities	GRI 413-1	Operations with implemented local community engagement, impact assessments and development programmes	p.6–7, 48	4
Local Communities	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.50	1
Closure Planning	G4-MM10	Number and percentage of operations with closure plans	100% of operating mines	1
Public Policy	GRI 415-1	Political contributions	Zero	1
Socio-economic Compliance	GRI 419-1	Non-compliance with laws and regulations in the social and economic area	p.21	1

Other information

Reportable segment	Company name	Scopes					
		1	2	3	4	5	6
Polymetal offices	Polymetal Management JSC						
	Polymetal Engineering JSC						
	Polymetal Trading Ltd						
	Polymetal Eurasia LLC						
Voro	Gold of Northern Urals JSC						
	Saum Mining Company LLC						
	Krasnoturinsk-Polymetal LLC						
Svetloye	Svetloye LLC						
Varvara	Varvarinskoye JSC						
	Komarovskoye Mining LLC						
	Maminskaya Mining Company LLC						
	Kostanay Exploration Company LLC						
Kyzyl	Bakyrchik Mining Venture LLC						
	Inter Gold Capital LLC						
Nezhda	JSC South-Verkhoyansk Mining Company						
Veduga	GRK Amikan LLC						
Prognoz	Prognoz Serebro LLC						
Viksha	Semchenskoye Zoloto LLC						
	Industria LLC						
Dukat	Magadan Silver JSC						
	Primorskoye LLC						
Omolon	Omolon Gold Mining Company LLC						
Albazino	Albazino Resources Ltd						
Mayskoye	Mayskoye Gold Mining Company LLC						
Amursk POX	Amur Hydrometallurgical Plant LLC						
	Padalinskoe LLC						
	Pacific Hydrometallurgical Plant LLC						
Kutyn	Kutyn Mining and Geological Company LLC						

Abbreviations

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

Units of measurement

CO_2e	CO_2 equivalent
GJ	gigajoules (one billion joules)
TJ	terajoules (one trillion joules)
g/t	gram per tonne
km	kilometres
Koz	thousand ounces
Kt	thousand tonnes
m	metres
Moz	million ounces
mt	million tonnes
MWh	megawatt-hour
Oz or oz	troy ounce (31.1035 g)
t	tonne (1,000 kg)

Notes

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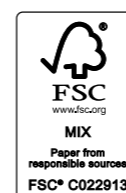
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Front cover: Indigirka river (Yakutia)
Inside front cover: Landscape near Albazino

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