POLYMETAL
INTERNATIONAL PLC

Integrated Annual Report 2023

About this report

Integrated Annual Report 2023

On 7 March 2024, Polymetal International plc ("Polymetal", the "Company" or the Group) completed the disposal of its Russian business. The Company continues to operate with two production facilities (Kyzyl, Varvara) and a major development project (Ertis POX) in Kazakhstan. For that reason, the primary focus of this Integrated Annual Report is on these operations located in Kazakhstan, with the results for the Russian business presented in aggregate.

This approach provides for the needs of Polymetal International stakeholders, who (along with management) have a greater vested interest in the operations and prospective assets in Kazakhstan. This manner of presentation in the Integrated Annual Report is for the 2023 results as the Company looks to the future and a new era in its development.

Reporting scope and boundaries

This report covers Polymetal International plc's policies, business approach and strategic decisions. The scope excludes JSC Polymetal and its subsidiaries since its entire decision-making process came under the remit of the management of JSC Polymetal. Polymetal International plc had no involvement in such decision-making process, including implementation of policies and procedures.

The governance and management of the Group was restructured in 2023. In order to ring-fence the Group's Russian subsidiaries and ensure sanctions compliance, the top management at Polymetal International (the Company) resigned from all positions at JSC Polymetal in June 2023.

The management of all Russian operations was therefore delegated to the executives of JSC Polymetal, while the Board and management of Polymetal International are focused on the operations of those assets located in Kazakhstan.

Based on circumstances existing as of 31 December 2023, the Company has determined that JSC Polymetal and its subsidiaries did not meet the definition of a disposal group in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. For 2023, the results for JSC Polymetal continue to be recognised in the financial statements of the Group.

To avoid confusion, the presentation of performance across the Group's operations, including all our subsidiaries, associates and joint ventures, provides detailed analysis of the Kazakhstan segment. Aligning with the financial statements, aggregated results of the Russian segment are shown separately. This covers the reporting period from 1 January to 31 December 2023 and provides comparative data for previous years. To read more about our significant subsidiaries refer to page 143.

Sustainability-related information in this Integrated Annual Report is presented for the entire Group as it stood prior to disposal of Russian assets in 2024, i.e. without clear demarcation between assets in Russia and Kazakhstan unless clearly stated. The separation of all sustainability figures between assets in Kazakhstan and Russia is presented in the Sustainability data annex.

Reporting boundaries for environmental and social metrics of assets in Kazakhstan are different and based on the materiality of impacts made by respective entities. Detailed information regarding boundaries is presented in Sustainability data annex.

Reporting standards and external assurance

This report is prepared in accordance with the Astana International Financial Centre (AIFC) regulations, in particular with Corporate Governance Principles set out in the AIFC Market Rules, as well as the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). We inform our reporting process by using the International Integrated Reporting Council's (IIRC) International Integrated Reporting <IR> Framework and are committed to continuously improving the adoption of integrated thinking and reporting.

We remain committed to the disclosure of transparent and verifiable information. The financial statements were prepared in compliance with the applicable laws and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and were audited by AO Business Solutions and Technologies. Ernst & Young Advisory LLP provided limited assurance over sustainability-related information of Polymetal International's operations located in Kazakhstan, prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Metals & Mining Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB).

Polymetal International plc is a leading precious metals mining group and the second largest gold producer in Kazakhstan. The Company is one of the most sustainable and responsibility-driven in its sector.

For more information, visit our website:
polymetalinternational.com

At a glance

Focused on restoring shareholder value

Polymetal International plc is the second largest gold producer in Kazakhstan. Listed on Astana International Exchange (AIX) and Moscow Exchange, Polymetal operates two producing assets while developing the Ertis POX project and exploring further growth opportunities.

Polymetal today

2nd
largest in Kazakhstan for gold production

AIX
listed since 2019

MOEX
listed since 2013

>$1 bn
five-year capital expenditure plan

Asset base (Kazakhstan)

Ore Reserves

11.6 Moz of GE
average grade 3.2 g/t
+3% year-on-year

Mineral Resources

4.0 Moz of GE
average grade 2.9 g/t
+25% year-on-year

Sustainability (Kazakhstan)

Zero
fatalities

Zero
lost-time injuries recorded in Kazakhstan

>90%
of water use on sites is in a closed cycle

>20%
of electricity consumption will come from our own renewables by 2027

Sustainalytics
ESG Risk Rating: 22.6
(Medium Risk, TOP-12 in Precious Metals industry)

Sustainalytics Low Carbon Transition Rating
Climate strategy alignment: 1.9°C
(Medium Risk, TOP-5 in Gold industry)

ISS ESG
Corporate Rating: B-
(TOP-15 in Mining & Integrated Production Industry)

CDP
Relevant Climate & Water disclosure available on the platform

Key financial figures (Kazakhstan)

$893m
Revenue
30%
of total Group revenue

$439m
Adjusted EBITDA
30%
of total Group Adjusted EBITDA

$903/GE oz
Total cash cost

0.39x
Net debt/Adjusted EBITDA

What distinguishes Polymetal

1	**Focus on high-grade assets** Read more on pages 6, 21-27, 170-172	Return on investment in the precious metals industry is driven by grades and mining conditions. We achieve better returns and lower risks from our project portfolio by setting appropriate thresholds on head grades and, where possible, opting for open-pit mines.
2	**Leading competence in treatment of refractory ores** Read more on pages 9, 11, 13, 15, 26-27, 89	Ertis POX facility will be Kazakhstan's first large-scale and high-tech, full-cycle POX plant for refractory ore processing. It will have a solid foundation as a result of our expertise in building and operating Amursk POX in Russia. As more and more gold resources globally tend to be refractory, our technological expertise in environmentally friendly refractory ore processing will be a key strategic advantage, including being in the market buying third-party feedstock.
3	**Strong capital discipline** Read more on pages 15	We engender a strong focus on capital discipline throughout the business; maximising risk-adjusted return on capital is our priority in all investment decisions. By prioritising high-return investments, we have created a resilient business that generates significant capital returns across cycles and acts as a platform for sustainable growth.
4	**Commitment to sustainability** Read more on pages 38-67	We ensure this through impact assessment and responsible capital allocation, which means investing in green and more efficient technologies, delivering tangible socioeconomic value to communities and creating safe and inclusive workplaces.
5	**Investing in exploration** Read more on pages 15, 21-25, 35	Investment in both greenfield and near-mine exploration provides us with a cost-effective increase in our reserve base and, along with successful acquisitions, is the key source of our long-term growth.
6	**Operational excellence** Read more on pages 11, 14, 20-25	We pride ourselves on our operational excellence and delivering on our promises. Despite challenging trading conditions, we beat our production guidance for the 12th consecutive year.

Where we operate

Focus on Kazakhstan and Central Asian countries

Continued investment in projects, infrastructure and exploration in Kazakhstan, including the construction of Kazakhstan's first large-scale, full-cycle, high-tech refractory ore processing hub, will be the key to drive operating performance.

Varvara hub

Reserves 2.1 GE Moz

2042 Life of mine

216 GHG emissions (Scope 1+2), kt CO_2e

Full asset review on page 25

Kyzyl

Reserves 9.6 GE Moz

2054 Life of mine

244 GHG emissions (Scope 1+2), kt CO_2e

Full asset review on page 24

Ertis POX

250-300 Ktpa Concentrate capacity

2028 Launch

Full asset review on pages 26-27

Key:
- Operating mine
- Development projects
- Headquarters
- City/town
- Projected grid connection
- Grid access
- Projected renewable energy sources
- Renewable energy source

Find out more:

- GHG emissions reduction, read more on pages 56-61 and 185
- Green energy implementation, read more on pages 56-61
- Biodiversity and nature-related projects, read more on pages 50-55 and 60-61
- Communities and social engagement, read more on pages 49 and 62-63

Strategic changes

Polymetal post restructuring

Facilitating future actions to unlock shareholder value

On 7 March, Polymetal disposed of its Russian assets. Post the disposal, the Company is well-positioned to change the strategy and continue creating shareholder value due to:

- Fully de-risking ongoing operations and restoring the Company's access to international financial markets
- Significant de-leveraging and increase in liquidity to fund strategic transactions for growth and, when appropriate, the resumption of dividends
- Freeing the funds to pursue further growth opportunities and unlocking the Western counterparty engagements necessary to procure for, engineer and finance the construction of the Ertis POX project in Kazakhstan

De-leveraging
- $2,383m Net debt → ~$130m Net cash

De-risking
- No metals and mining operations in Russia
- Head office in AIFC, Kazakhstan
- No UBOs in Russia, 75% free float – mostly Western shareholders

Increase in liquidity
- Revenues generated from sales to Kazakhstan and China
- Positive free cash flow

Following the disposal of its Russian assets, Polymetal no longer owns or controls these assets. These now constitute a completely separate and independent business with its own shareholder, board and management teams.

Tolling agreement with Amursk POX

Transition period until the launch of Ertis POX
- Kyzyl concentrate will be toll-treated at Amursk POX with the treatment charge paid in local currencies
- Tolling agreement continues until 2031 to allow time for the Ertis POX facility to become operational and fully replace need for Amursk POX

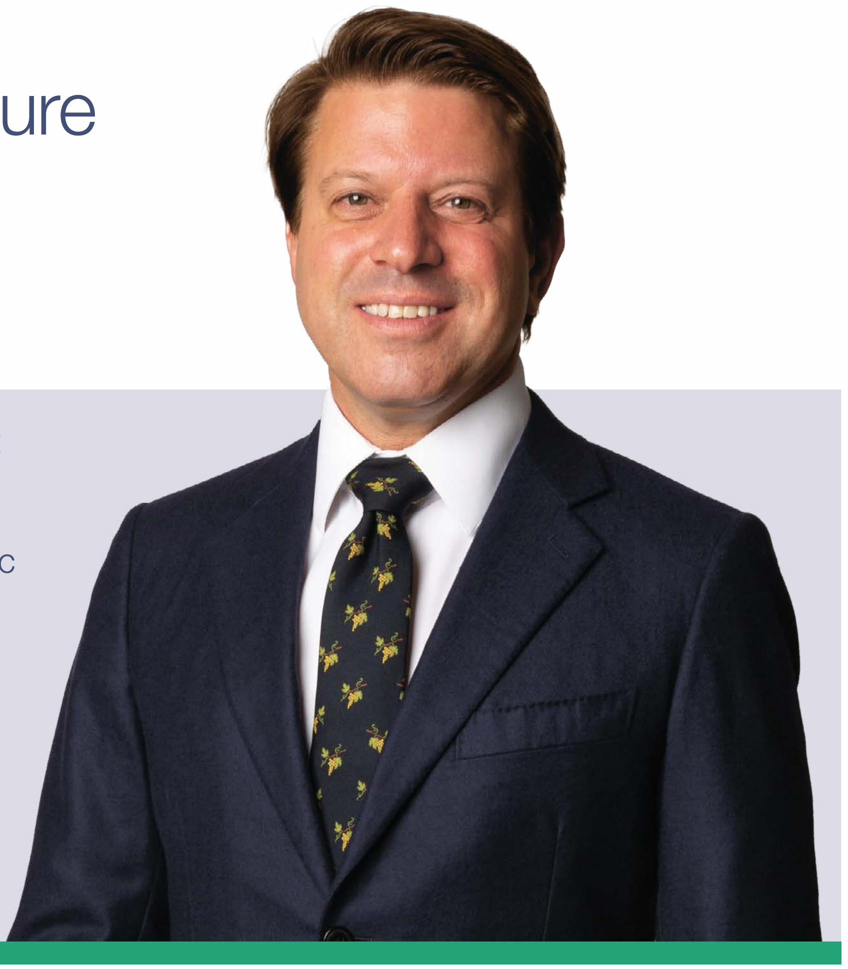
Start-up of Ertis POX in H1 2028
- Total benefits of $300-350/oz
- +15-20 Koz of gold per annum
- Single technological hub with Kyzyl

Temporary transitional agreement with Amursk POX, a subsidiary of JSC Polymetal, pursuant to the tolling agreement. This ongoing operational relationship will be consistent with and in compliance with all applicable local and international regulations and sanctions laws.

Ertis POX would help to unlock the potential for new assets with refractory reserves and the provide security of in-house downstream processing and independence of Kyzyl refractory gold production from the Amursk POX plant in Russia.

SID's statement

Polymetal's future in Kazakhstan and beyond



> We are confident that operating in Kazakhstan's more favourable macroeconomic climate will restore the value of Polymetal's shares."
>
> **Evgueni Konovalenko**
> Senior Independent Director

It has been gratifying to see the Company's financial and operating performance stabilise during 2023 against the continuing and tightening backdrop of continued Russia-Ukraine conflict, new sanctions (including the designation of the Russian business of the Company by the US in May 2023) and counter-sanctions. The Board believed that under these circumstances fully divesting the Russian assets and pursuing growth in Kazakhstan and other Central Asian countries would greatly increase the Company's ability to generate value for shareholders. And, already in 2024, the long-anticipated restructuring of the business has been completed and we are looking positively to the future.

Re-domiciliation to Kazakhstan
Given the rapid deterioration of the business environment caused by the Russian invasion of Ukraine, the Board set up a Special Committee, comprised of Independent Non-Executive Directors, to review the options open to the Company, which would enable it to preserve business continuity and restore shareholder value. Its first recommendation was that Polymetal International should switch its domicile from Jersey to Kazakhstan. It had been the first foreign company listed on the Astana Stock Exchange (AIX) in 2019 and, following re-domiciliation in August 2023, Polymetal has been able to switch its primary listing from the London Stock Exchange (LSE) to AIX.

This decision was not taken lightly since, as a consequence, its premium listing on the LSE was cancelled. However, this was felt to be necessary in order to mitigate the impact of Russian counter-sanctions being imposed against entities incorporated in unfriendly jurisdictions (including Jersey), as well the prospect of further reprisals. Both would place significant restrictions on the Company and expose it to unmanageable risk.

Choosing the Astana International Finance Centre (AIFC) as the jurisdiction for our re-domiciliation was also prudent given AIFC's own adoption of English common law and adherence to best practice. We too will continue to uphold the standards that we have set ourselves over the last 25 years in corporate governance and health and safety, and our approach to environmental matters.

The divestment of Russian assets
However, a further strategic pivot was required following the US Department of State designation of JSC Polymetal and its subsidiaries in Russia. The Special Committee was once again deployed to develop an appropriate response in the light of these new sanctions. In the first instance, the Group's Russian subsidiaries were ring-fenced, with management of all Russian operations delegated to the executives of JSC Polymetal, and management of Polymetal International resigning from their positions in the Russian entities. At the same time, all service agreements between the Company and its non-Russian subsidiaries, and JSC Polymetal and its subsidiaries, were terminated and all payments from the Company and its non-designated subsidiaries under other inter-Group agreements with JSC Polymetal and its subsidiaries were discontinued.

The Special Committee, after a thorough review, also recommended the divestment of the Group's Russian assets as the most viable option for mitigating the legal, financial and operational risks that emerged as a result of designation, as welll as the optimal path towards re-establishing shareholder value. This would be the Company's way to restore access to international financial markets, enable the resumption of dividend payments and eliminate the discounts being applied by international capital markets to businesses associated with Russia. With divestment completed in March 2024, Polymetal's Board and management team is now able to concentrate on expanding its asset base within Kazakhstan and also look to other countries in Central Asia, which present a number of interesting options for further growth.

Dividend decision
Both the re-domiciliation and divestment of the Russian business, along with related de-leveraging, have improved the balance sheet of the Company considerably. However, it will need to invest in excess of $1 billion over the medium term in projects in Kazakhstan, most notably the new Ertis POX, and M&A activities in order to achieve its ambitious long-term growth plans.

As yet, the Company has not restored its access to major sources of debt funding and, in the light of this, the Board considers that it would not be prudent to pay dividends for the full year 2023. This will allow the Group to maintain both strategic and operating flexibility. The Board will further consider the dividend in first half of 2024.

Change of a major shareholder
I want to express my gratitude to all our shareholders and investors for the continued support that they have shown us over the years. We also welcome our new significant shareholder Maaden International Investment, representing the government of the Sultanate of Oman.

We are pleased that the shareholders have confirmed their full support of Polymetal's strategy and the actions undertaken to secure the future of this business, as well our intention to further develop the asset base in Kazakhstan and the wider region.

Brighter future
Now that the Company has significantly de-risked its operations and finances, and established stable operations in Kazakhstan, the favourable macroeconomic conditions will allow it to generate sufficient cash flows to fund growth and repay debt. With divestment now complete, we also expect better stock trading conditions for Western shareholders as infrastructure providers gradually remove the limitations previously placed on Polymetal's shares. The Board is also set on maintaining high standards of corporate governance and ESG in the new environment, which will ensure the creation of further sustainable value.

Evgueni Konovalenko
Senior Independent Director

Group CEO's statement

A new chapter for Polymetal

"Our successful re-domiciliation in Kazakhstan, primary listing on AIX and divestment of Russian assets mark the beginning of a new chapter in Polymetal's corporate story."

Vitaly Nesis
Group CEO

We started 2023 facing many of the frustrations of the previous year: namely, the ongoing Russia/Ukraine war with the resulting upheavals of sanctions and counter-sanctions, and disruptions in supply chains and financing options. With this in mind, from the outset, we planned to pursue re-domiciliation to a 'friendly' jurisdiction with a view to also engineering a subsequent split of the business in order to restore shareholder value. However, due to geopolitical interventions beyond our control, this reorganisation did not proceed as we originally planned.

Key corporate events in 2023

For a number of reasons, we quickly identified Astana International Financial Centre (AIFC) as the optimal re-domiciliation jurisdiction: because of its basis on English common law, our long-standing presence and listing in Kazakhstan, and its neutral position on western and Russian counter-sanctions. For AIX to become our primary exchange, however, we also had to accept the hard reality that this would necessitate discontinuing our 12-year premium listing on the London Stock Exchange. And, this in turn, would entail management resolving a separate, complicated set of infrastructural issues in order to enable trading for all categories of shareholder post re-domiciliation.

As we progressed our plans for re-domiciliation to AIFC, the Group was hit by the designation of its Russian business, JSC Polymetal, by the US Department of State, which made any plans to spin off the Russian operation totally impracticable. As a consequence and in response to the US designation, the Board formed a Special Committee to develop appropriate measures with regard to sanctions compliance and to oversee the divestment of the Russian business – JSC Polymetal and its subsidiaries.

Since then, we have made substantial progress in redefining Polymetal's status for the long term. In August 2023, the Company successfully completed re-domiciliation to AIFC and resumed trading on AIX as a Kazakhstani issuer. This also kicked off the process of searching for potential buyers for the Russian business and culminated in the announcement of its disposal at a total effective valuation of $3.7 billion on 19 February 2024. The deal successfully closed on 7 March 2024.

Seen from a purely financial perspective, due to the inevitable Russian discount, the transaction has not generated a great deal of value for Polymetal. Nevertheless, in removing numerous operational, financial, legal and sanctions risks, I truly believe that it is in the best interest of all our shareholders since it enables the Company to open a new chapter in its corporate history. Polymetal is now well-positioned to implement a new strategy and restore its track record of creating sustained shareholder value.

Production and performance

In 2023, the Company avoided major operational business disruption and successfully met its original production guidance. The Company's gold equivalent production demonstrated solid results, despite the difficult environment experienced by the Russian part of the business and some repercussions from the designation of JSC Polymetal for the Company on the Kazakhstan side.

In spite of persistent geopolitical headwinds, Polymetal retained its profitability and reduced its leverage. An improvement in financial results was driven by robust production and stable cost performance coupled with favourable commodity price dynamics, with revenue increasing by 8% year-on-year to $3 billion. We also reported an impressive 43% increase in EBITDA at $1.5 billion, thanks to both growth in ounces sold through release of working capital and in the devaluation of the local currency in Russia.

Total cash costs (TCC) were 8% lower and all-in sustaining costs (AISC) were 5% lower than in 2022. Both were below the announced guidance range of $950-1,000/GE oz and $1,300-1,400/GE oz, respectively, attributing to the substantial positive impact of Rouble devaluation on local-currency costs. Net debt was largely stable year-on-year at $2.38 billion ($0.17 billion in Kazakhstan and $2.21 billion in Russia); however, it decreased in relative terms in 2023 to 1.64x net debt/Adjusted EBITDA ratio from 2.35x in 2022.

Safety remains our top priority

We remain committed to ensuring a safe working environment for all our employees and contractors. Significantly, for the fourth consecutive year, there were no fatal accidents during 2023 among Polymetal's workforce and nor, for the second year running, among our contractors. I am also pleased to report that none of the ten lost-time accidents (in Russia) resulted in permanent disability or serious damage to health. Employees' lost-time injury frequency rate (LTIFR) decreased by 30% year-on-year and is a testament to our investment in promoting a zero-harm safety culture.

Our new POX development project in Kazakhstan

Our major development focus now is on Kazakhstan's first large-scale, full-cycle pressure oxidation (POX) plant for refractory ore processing: the Ertis POX project. This will be a new, state-of-the-art facility in the Pavlodar region and will ensure that Kyzyl (and potentially other Kazakh assets) will no longer have to rely on the temporary POX-processing arrangement made with Amursk POX in Russia.

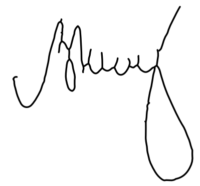
We have already identified the site and signed contracts for this and the critical processing equipment. We plan to start construction early next year with completion due by 2028. We are partnering once again with international engineering consultancy, Hatch, who are tasked with both basic and detailed engineering for the project. We are also proceeding with the permitting process. Capitalising on our experience in developing POX sites in Russia, we believe that this project will involve fewer construction risks. Compared with the Russian Far East, the logistics in Kazakhstan are much better as is the cost of materials and labour.

Our next steps

With the sale of Russian assets completed in Q1 2024, the Company is now able to pursue its future growth plans while, at the same time, ensuring the long-term free cash flow potential of the existing assets in Kazakhstan. We expect stable operational results in Kazakhstan in 2024 and, following a positive investment decision from the Board, expected in H2 2024, will accelerate the construction schedule for the Ertis POX.

Our priorities during the year will be centred on safety, cost control and operational improvement. Alongside this, we also plan to make tangible progress in terms of securing new growth opportunities for the business. Together, these will ensure that we deliver substantial financial returns for our shareholders over the coming years.

We could not have achieved the continued operation of the business over the last year without the loyal support of our employees and I would like to formally thank them on behalf of the whole senior management team. Their skills, expertise and commitment are vital to Polymetal's future.



Vitaly Nesis
Group Chief Executive Officer

Business model

Defining our capabilities for the future

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

Our purpose

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

Factors influencing long-term performance

Market trends and opportunities
Read more on page 18

Risk management and sustainability
Read more on page 68

Governance
Read more on page 85

Our capitals

Financial
We aim to improve both the Company's liquidity and balance sheet.
Read more on pages 15, 28

Natural
Portfolio of high-grade reserves; water, energy and fuel to run our operations.
Read more on pages 170, 181, 186

Intellectual
Investment in skills and expertise; use of leading technologies in refractory gold processing; selective mining; development of know-how.
Read more on pages 46-49, 86-87

Human
Attracting and retaining high-potential employees across Kazakhstan.
Read more on pages 46-49

Manufactured
Robust performance of our operating mines by driving continued operating improvement; a strong growth pipeline; continuous extension of life-of-mine by investing in near-mine exploration.
Read more on pages 20-27

Social and relationship
Constructive relationships with local government and communities; transparent and productive dialogue with stakeholders.
Read more on pages 62-67

Our values

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

Leading through **sustainability and innovation**

Delivering on our promises

Excelling through **teamwork and trust**

Our outputs (in Kazakhstan)

486 Koz
GE production
28% of Group GE production
Read more on pages 20-21

11.6 Moz of GE
Ore Reserves
41% of Group Reserves
Read more on pages 22-23

Ertis POX
Kazakhstan's first large-scale and high-tech, full-cycle POX plant for refractory ore processing
Read more on pages 26-27

3,202
average number of employees
22% of Group headcount
Read more on pages 46-49

0.39x
Net debt/Adjusted EBITDA
1.64x Group leverage ratio
Read more on pages 29, 37

$7.3m
Community investment
41% of Group community investments
Read more on pages 62-63

Our strategy

Reshaping our strategy

Polymetal aims to achieve superior shareholder returns while maintaining high standards of corporate governance and citizenship. To achieve this aim, we will pursue the following strategy:

Focus on Kazakhstan and selected Central Asian countries

- maintaining **stable production** and cash flow at existing operations in Kazakhstan
- safeguarding **employment**
- contributing to **tax** revenue
- **social** development and contribution to **local communities**

Risks

- Production risk
- Supply chain risk
- Political risk
- Taxation risk

KPIs

- Revenue
- Gold equivalent production

Focus in 2024

- **De-risking** the legal, financial and operational aspects of the business post divestment of Russian operations

Best practice in corporate governance and sustainable development

- full **compliance** with applicable sanctions laws, including the mitigation of secondary sanctions risks

Risks

- Health and safety risk
- Environmental risk
- Human capital risk
- Legal and compliance risk

KPIs

- GHG intensity
- Fresh water withdrawal intensity
- Lost time injury frequency rate (LTIFR)
- Share of female employees

Focus in 2024

- Development of renewable energy projects at Varvara and Kyzyl to accelerate our **decarbonisation** and contribute to energy stability in the region

Strong cash flow generation and a strong balance sheet

- pursue **growth** opportunities
- resume the payment of **dividends**

Risks

- Market risk
- Currency risk
- Liquidity risk

KPIs

- Free cash flow
- Total cash costs
- All-in sustaining cash costs

Focus in 2024

- **Increase in liquidity** to fund strategic initiatives for growth and ultimately, when appropriate, the resumption of dividends
- **Positive free cash flow** generation

Growth in chosen jurisdictions

- **invest in excess of $1 billion** in projects, infrastructure, and exploration in Kazakhstan **over the next five years**, including, most notably, the Ertis POX facility
- **invest in near-mine exploration** to expand the reserve base: in particular, Kyzyl, Varvara, North Balkhash, Komar flanks, Baksy
- **invest in stand-alone exploration in Kazakhstan and Central Asia** to establish the feasibility of the construction of new stand-alone mines
- pursue selected **acquisition** opportunities

Risks

- Construction and development risk
- Supply chain risk
- Exploration risk

KPIs

- Ore Reserves
- Adjusted EBITDA
- Capital expenditure

Focus in 2024

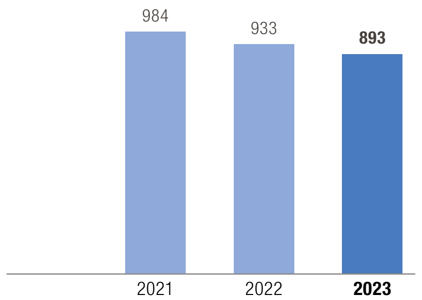
- Investment decision for **Ertis** POX
- Continue **exploration** efforts to unlock resource potential of Kazakhstan and selected Central Asian countries

Key performance indicators

In this Integrated Annual Report, the primary focus is on Polymetal's operations located in Kazakhstan, which represent the future direction of the business. For this reason, the KPI results in the charts below highlight the results of our Kazakhstan assets only. The Group performance in 2023 is presented separately below the charts.

Financial

Revenue
($m)



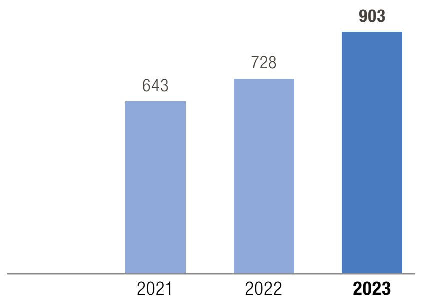
Total Group	2021	2022	2023
Total Group	2,890	2,801	**3,025**

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

Relevance to strategy

- Focus on Kazakhstan and selected Central Asian countries

Total cash costs[1]
($/GE oz)



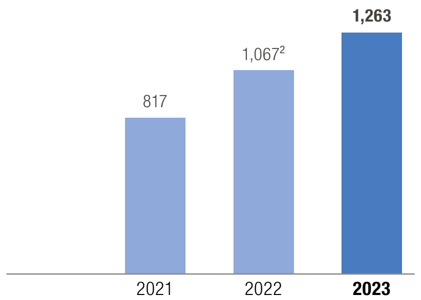
	2021	2022	2023
Total Group	730	942	**861**

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

Relevance to strategy

- Strong cash flow generation and a strong balance sheet
- KPI linked to executive remuneration

All-in sustaining cash costs[1]
($/GE oz)



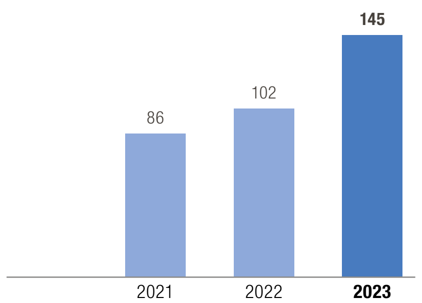
	2021	2022	2023
Total Group	1,030	1,344	**1,276**

All-in sustaining cash costs (AISC) are based on total cash costs and provides investors with better visibility into the true cost of production.

Relevance to strategy

- Strong cash flow generation and a strong balance sheet
- KPI linked to executive remuneration

Capital expenditure
($m)



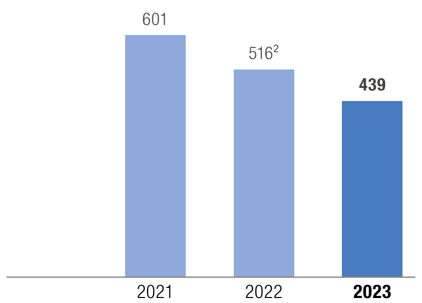
	2021	2022	2023
Total Group	759	794	**679**

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

Relevance to strategy

- Growth in chosen jurisdictions
- KPI linked to executive remuneration

Adjusted EBITDA[1]
($m)



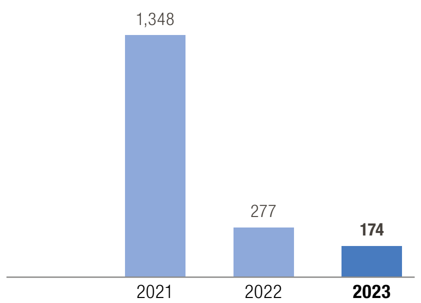
	2021	2022	2023
Total Group	1,464	1,017	**1,458**

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

Relevance to strategy

- Growth in chosen jurisdictions

Net debt
($m)



	2021	2022	2023
Total Group	1,647	2,393	**2,383**

Net debt is a liquidity metric that determines how much debt a company has on its balance sheet relative to cash in hand.

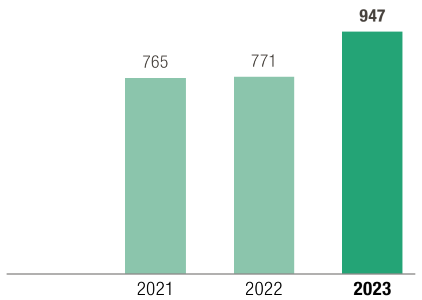
Relevance to strategy

- Strong cash flow generation and a strong balance sheet

1 Defined in the Alternative performance measures section on pages 168-169. Reconciliation to IFRS measures on pages 33-34.
2 Allocation factors for corporate costs were revised in 2023 and previous periods were restated accordingly.

Sustainability

GHG intensity (Scope 1+2)
($kgCO_2e$/GE oz)



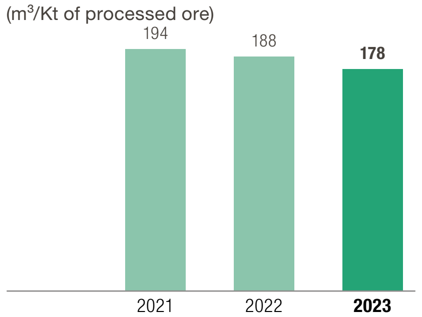
	2021	2022	2023
Total Group	677	629	**634**

In line with the goals of the Paris Agreement, we seek to decarbonise our operations by switching to low-carbon electricity supplies and mining fleet, generating more solar energy and improving energy efficiency. We aim to reduce our GHG intensity by 30% by 2030 and develop long-term goals further.

Relevance to strategy

- Best practice in corporate governance and sustainable development
- KPI linked to executive remuneration

Freshwater use for processing intensity[3]
(m^3/Kt of processed ore)



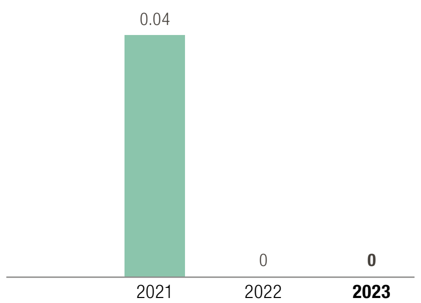
	2021	2022	2023
Total Group	155	138	**125**

Our approach is to minimise fresh water withdrawal by recycling water at our plants and capturing mine water and storm run-off for further reuse. Alongside monitoring water use volumes, we take full responsibility for the efficient treatment of water that we discharge to local water bodies.

Relevance to strategy

- Best practice in corporate governance and sustainable development
- KPI linked to executive remuneration

Lost time injury frequency rate (LTIFR)



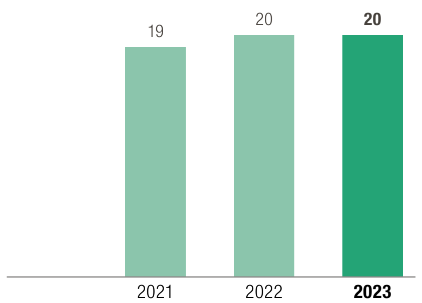
	2021	2022	2023
Total Group	0.12	0.10	**0.07**

An improvement in the health and safety record at our operations, with a goal of zero fatalities, is a key priority. There were no fatal accidents in 2023.

Relevance to strategy

- Best practice in corporate governance and sustainable development

Share of female employees
(%)



	2021	2022	2023
Total Group	21	21	**21**

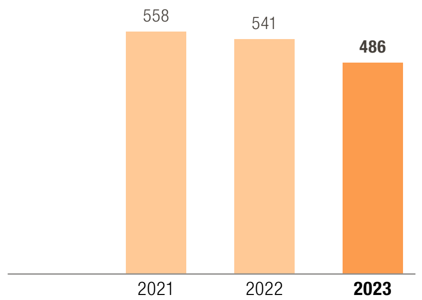
We value a diversity of views and backgrounds among our employees, aiming to attract more women to careers in the male-dominated mining industry. Our diversity action plan sets gender diversity targets for our existing development programmes and introduces new initiatives to inspire women into leadership roles.

Relevance to strategy

- Best practice in corporate governance and sustainable development

Operating

Gold equivalent production[4]
(Koz)



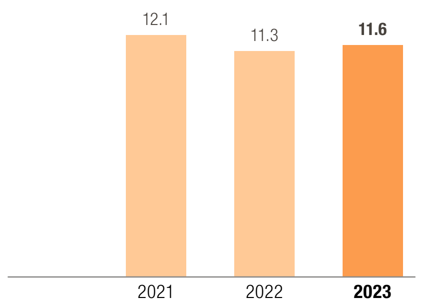
	2021	2022	2023
Total Group	1,677	1,720	**1,714**

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

Relevance to strategy

- Focus on Kazakhstan and selected Central Asian countries
- KPI linked to executive remuneration

Ore reserves
(Moz)



	2021	2022	2023
Total Group	29.9	27.3	**28.0**

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

Relevance to strategy

- Growth in chosen jurisdictions

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

Market review

Successfully responding to global tensions

In 2023, the international market's take on the confluence of continuing global geopolitical tensions, slowing growth pace of the Chinese economy and recessionary fears were reflected in the gold price reaching a new, all-time high.

Commodity price momentum and demand

Despite another year of high interest rates and bond yields, markets were again perturbed by looming recessionary fears and ongoing global geopolitical conflicts, which made investors lean towards safe-haven assets such as gold. In first half of 2023, along with peaking interest rates, the gold price reached its lowest point at $1,811/oz before beating the 2022 all-time high and reaching $2,078/oz during the second half of the year on the back of elevated geopolitical and security risks, along with indications of rate cuts in 2024. The average LBMA gold price in 2023 was $1,943/oz, an increase of 8% compared with the previous year.

In 2023, gold demand remained strong at 4,448 tonnes, only 5% below the very exceptional 2022, when the world saw post pandemic re-opening and escalating military conflict between Russia and Ukraine. The momentum for gold accumulation, as seen in recent years, continued into 2023 – over 1,037 tonnes were added to central banking reserves, with China purchasing the most, while Kazakhstan was one the biggest sellers in efforts to support the local Tenge.

Despite an elevated gold price, jewellery demand proved strong and remained on a par with 2022 at 2,093 tonnes. The removal of COVID restrictions in China – the world's largest jewellery consumer – paved the way for a substantial hike in the demand for jewellery in 2023. China's annual jewellery consumption increased by 10% year-on-year to 630 tonnes, which was partially offset by India's price sensitivity and as a result lower-carat gold jewellery purchases.

The third consecutive annual gold ETF outflow, along with the weakening demand for bars and coins, pulled overall investment demand down to 945 tonnes – a 15% year-on-year drop (2022: 1,113 tonnes). In 2023, soaring global inflation, record-high bond yields and waves of liquidity issues within the banking sector attracted investors to a strong US dollar and risk-free government bonds away from the gold investments.

COVID-relief payments from governments to re-energise business did not spare the technology market. Notwithstanding advances in artificial intelligence, major chip manufacturers experienced a downturn, which was in turn reflected in gold demand. Tech demand for gold dropped by 4% year-on-year to 298 tonnes, sinking below the 300 tonnes mark for the first time.

Having started the year by largely tracking gold dynamics, the silver price reached an annual low of $20.1/oz in March. It did not then, however, see the same dramatic upturn as gold with investors more inclined to stick to the more reliable safehaven offered by gold. And, although silver briefly rallied to $26/oz in April on the back of geopolitical and economic uncertainties, it failed to maintain the momentum and averaged $23.3/oz for the year, up 7% (2022: $21.8/oz).

Supply chain disruptions

During 2023, the US, the EU and Japan continued to apply sanctions against Russia and prohibited industrial goods and technologies exports.

Implications for Polymetal and responses

The lack of access to consumables, spare parts and equipment imposed a risk to the Company's operations and development projects. Procurement continued to adapt to the current environment by replacing sanctioned equipment, consumables and spare parts with alternatives from Russia, China and other countries.

Sanction risks

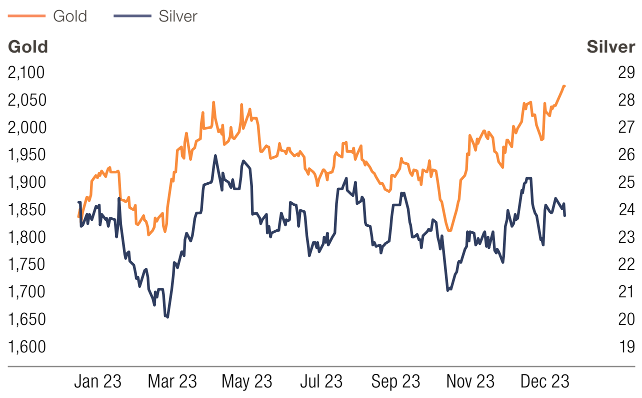
In 2023, Russia and Russian companies, banks and individuals continued to be exposed to international sanctions, which affected ongoing business, investment projects, international trade and financing. Russia in turn introduced counter-sanctions, which among others included restricted capital movements and corporate actions for residents of 'unfriendly' jurisdictions.

Implications for Polymetal and responses

The Group strictly adheres to all relevant laws and has implemented comprehensive measures to ensure compliance with all international sanctions and counter-sanctions. In 2023, the Company completed re-domiciliation from Jersey to Astana International Financial Centre (AIFC) in Kazakhstan to avoid further unfavourable treatment in Russia and ensure that the Company is able to execute corporate actions aimed at restoration of shareholder value.

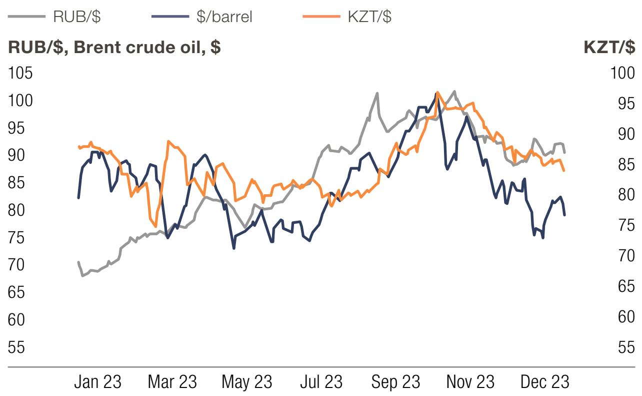
Unfortunately, on 19 May 2023, the US Department of State designated Polymetal's Russian subsidiary. The Board of Directors of the Company set up a Special Committee of Independent Non-Executive Directors to develop an appropriate response and ensure that this external challenge was addressed in the best interests of the Company, its shareholders and other stakeholders. In February 2024, the Group entered into contracts for the divestment of its Russian business through a sale of 100% JSC Polymetal's shares to a third party, JSC Mangazeya Plus. On 16 February 2024, US Department of the Treasury's Office of Foreign Asset Control (OFAC) confirmed to the Company that it would not impose sanctions on non-US persons, including Polymetal International plc, for participating in or facilitating such a transaction. On 7 March 2024 the transaction was approved by the Shareholders General Meeting and, following receipt of required regulatory approvals, was completed on the same day.

Gold and silver price
($/oz)



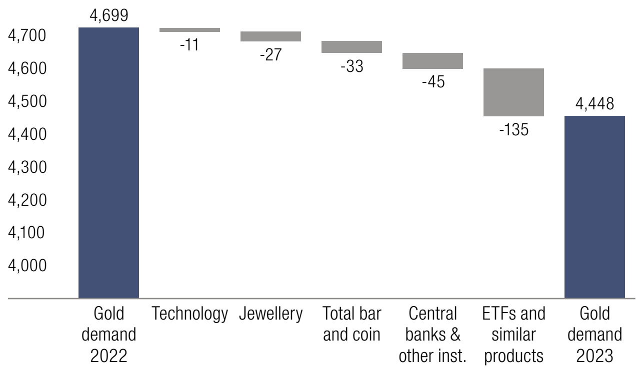
Source: World Gold Council, LBMA

Currency and oil price



Source: Yahoo Finance, Central Bank of Russia, National Bank of the Republic of Kazakhstan

Gold demand
(tonnes)



Worldwide inflation

Throughout 2023, the global economy continued to face the consequences of soaring inflation. Moreover, demand-pull factors, supply chain disruptions, ongoing geopolitical tensions and sanctions against Russian commodities all contributed in elevating consumer prices. Estimated 2023 global inflation reached 6.8% (Russia – 7.4%, Kazakhstan – 9.8%, US – 3.4%).

Economy and local currencies

The Russian Rouble demonstrated significant devaluation relative to 2022. Continuous geopolitical escalation, capital outflows and a $169.4 billion decrease in exports, as a result of deteriorating oil prices, pulled the Rouble rate to a staggering 101 RUB/$ in August 2023. Towards the year end, the Rouble improved on the back of an emergency 8.5 cumulative percentage points rate hike (to 16%) by the Central Bank of Russia and the introduction of capital control measures. The average annual Rouble rate was 85.3 RUB/$ (2022: 68.6 RUB/$).

Although consistent geopolitical tension within the CIS region, strengthening of the US Dollar and the weakening average oil price of $82 per barrel (2022: $101 per barrel) posed significant pressure, the Kazakhstan Tenge remained steady at 456 KZT/$ (2022: 461 KZT/$), on the back of increased oil exports along with the significant realisation of foreign currency and gold reserves by the National Bank of Kazakhstan.

Implications for Polymetal and responses

The Group's revenue and over 72% of borrowings are denoted in US Dollars and China's Renminbi, while the majority of the Group's operational costs are denoted in Russian Rouble and Kazakh Tenge. As a result, changes in exchange rates affected the Company's financial results and performance.

Revenue for 2023 grew by 8% to $3.0 billion ($0.9 billion in Kazakhstan and $2.1 billion in Russia) due to higher gold and silver prices. Although domestic inflation imposed significant pressure on costs, the devaluation of the Rouble in the second half of 2023 allowed the Company to meet its cost guidance.

Operating review

Maintaining a strong operating performance

In 2023, the Company managed to avoid business disruption, successfully met the original production guidance and maintained a solid safety track record.

Robust production

In 2023, operations continued undisrupted despite the difficulties caused by the imposition of US sanctions against JSC Polymetal and its subsidiaries.

The Company's gold equivalent (GE) production for the year was stable at 1,714 Koz, comprising 486 Koz in Kazakhstan and 1,228 Koz in Russia, and in line with the original production guidance of 1.7 Moz. Kazakhstan's GE production declined by 10%, mostly driven by a planned grade decline and lower share of high-grade, third-party feed at the flotation circuit at Varvara. Russian GE production grew by 4% to 1,228 Koz, in line with the original production plan.

Gold production for the full year was up 3% to 1,492 Koz, while silver output decreased by 15% to 17.7 Moz. Gold sales of 1,400 Koz increased marginally year-on-year, while silver sales decreased by 10% to 16.6 Moz. The gap between production and sales is considered a temporary one: significant tightening of concentrate export regulations in Russia led to material accumulation in seaports for concentrates in transit. Management is working to resolve this issue in 2024.

No fatal accidents occurred among the Group's employees and contractors in 2023 nor were any lost time injuries recorded in Kazakhstan. The lost-time injury frequency rate (LTIFR) among the Company's workforce decreased by 30% year-on-year to 0.07. Two serious and eight minor lost-time accidents were recorded in 2023, all in Russia. Days lost due to work-related injuries (DIS) increased by 32% year-on-year to 1,156 and again only relates to Russia. Wherever possible, Polymetal applies digital technologies to improve the safety of workplaces.

To read more about precautionary and safety procedures at all production sites and offices, please refer to page 42.

Kyzyl continues as the largest individual contributor to the Group's overall output: full-year gold production came in at 316 Koz. Varvara GE output decreased by 20% to 169 Koz, driven by a decrease in Komar ore grade at the leaching circuit and a lower share of high-grade, third-party feed at the flotation circuit. In total, operations in Kazakhstan delivered 486 GE Koz, which accounts for 28% of the Group's production.

The Company has successfully secured a land plot for the Ertis POX project in the Special Economic Zone near Pavlodar. Evaluation of the site conditions and logistics planning have begun in preparation for delivery of the autoclave. Additionally, the Company has once again selected Hatch for basic and detailed engineering, as well as procurement support. Hatch has an exceptional track record of working with Polymetal on several other projects. Base engineering is already in progress, enabling accelerated commencement of construction. The investment decision is expected to be made by the Board in the second half of 2024, with the start-up in 2028.

2nd
largest gold producer in Kazakhstan

>3,200
average number of employees in Kazakhstan

Key operating highlights

	2023	2022	Change
PRODUCTION (Koz of GE)[1]	**1,714**	**1,720**	**-0%**
Kazakhstan	**486**	**541**	**-10%**
Kyzyl	316	330	-4%
Varvara	169	211	-20%
Russia	**1,228**	**1,178**	**+4%**
Safety			
LTIFR[2] (Employees)	0.07	0.10	-30%
Kazakhstan	0	0	n/a
Russia	0.09	0.12	-25%
DIS[3]	1,156	877	+32%
Kazakhstan	0	0	n/a
Russia	1,156	877	+32%
Fatalities			
Employees	0	0	n/a
Contractors	0	0	n/a
Average headcount	14,647	14,694	-0.3%
Kazakhstan	3,202	3,219	-0.5%
Russia	11,445[4]	11,475	-0.3%

1 Based on 80:1 gold/silver conversion ratio and excluding base metals. Discrepancies in calculations are due to rounding. Mayskoye production reporting approach was amended to record production as soon as the ownership title for gold was transferred to a buyer at the mine site's concentrate storage facility. Previous periods were restated accordingly.
2 LTIFR – lost time injury frequency rate per 200,000 hours worked. This only includes Company employees.
3 DIS – days lost due to work-related injuries. Company employees only are taken into account.
4 The average number of employees was revised compared with the actual (number reported in January 2024) to include average headcount of all assets in Russia, which were deconsolidated during the reporting year and not part of Group as at 31 December 2023, for the period that they were part of the Group.

Operating review continued

Exploration areas and volumes (mine site exploration excluded)[1]

Drilling, km	2023	2022
Kazakhstan[2]	59.4	91.1
Russia[2]	167.2	223.1
Total	**226.6**	314.2

In 2023, exploration activities in Kazakhstan were carried out at 11 licensed and contract areas. In total, 59.4 km of drilling was completed, a 12% decrease year-on-year.

Reserves and resources

In 2023, Group Ore Reserves increased by 2% year-on-year to 28.0 Moz of gold equivalent (GE), while the average grade in Ore Reserves decreased by 5% year-on-year and stood at 3.5 g/t of GE.

Ore Reserves in Kazakhstan increased by 3% year-on-year to 11.6 Moz of GE on the back of the revised estimate for underground mining at Kyzyl and positive exploration results (an increase of 249 Koz). The average grade in Ore Reserves in Kazakhstan was 3.2 g/t of GE – a 2% decrease year-on-year driven by a 4% grade decline at Varvara, which was partially offset by positive grade revaluation at Kyzyl.

Share of Ore Reserves for open-pit mining in Kazakhstan decreased by 4% compared with the previous year and stood at 45% on the back of underground reserves extension at Kyzyl.

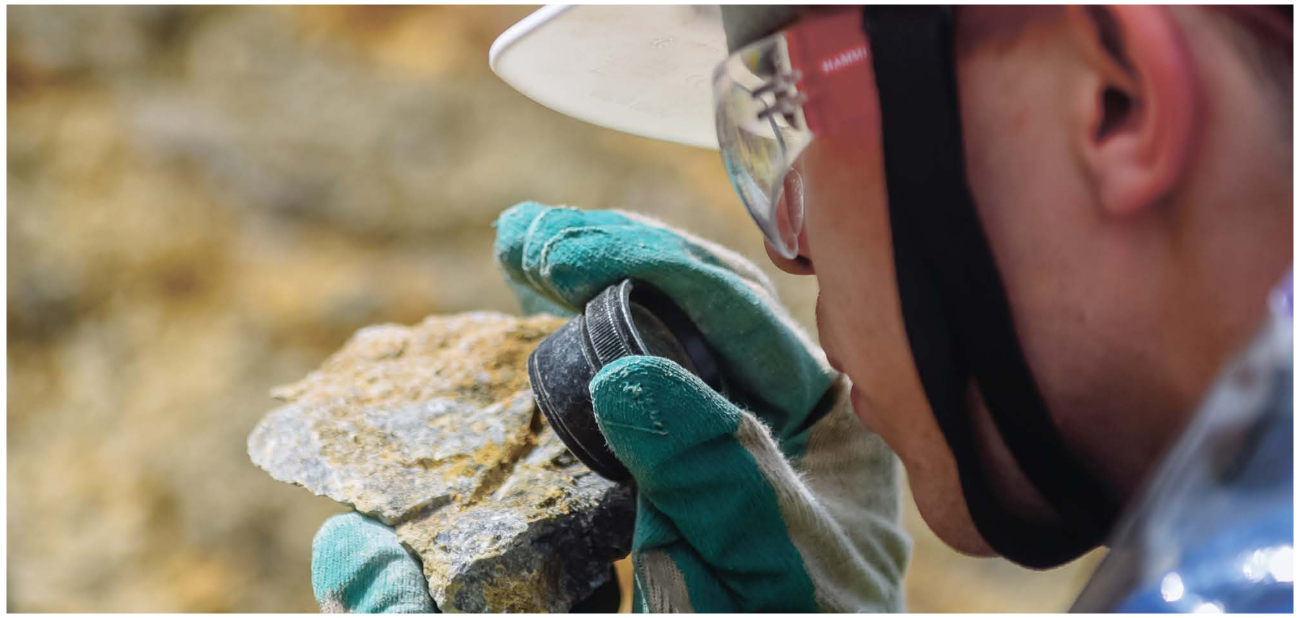
Group's Mineral Resources (additional to Ore Reserves) grew by 3% year-on-year to 26.7 Moz of GE. The average GE grade in Mineral Resources was down 7% year-on-year to 4.2 g/t. Mineral Resources in Kazakhstan increased by 26%, while the average GE grade increased by 8% to 2.9 g/t, mainly driven by the Mineral Resources grade appreciation at Kyzyl by 13%, from 4.1 to 4.6 g/t of GE.

Ore Reserves and Mineral Resources summary[3,4]

	1 January 2024	1 January 2023	Change
Ore Reserves (Proved + Probable), gold equivalent Moz	**28.0**	**27.3**	**+2%**
Gold, Moz	25.4	24.7	+3%
Silver, Moz	210.0	211.3	-1%
Average reserve grade, g/t GE	**3.5**	**3.6**	**-5%**
Mineral Resources (Measured + Indicated + Inferred), gold equivalent Moz	**26.7**	**25.8**	**+3%**
Gold, Moz	24.1	23.1	+4%
Silver, Moz	209.2	212.9	-2%
Average resource grade, g/t GE	**4.2**	**4.5**	**-8%**

Ore Reserves reconciliation

	Kazakhstan	Russia	Total
Ore Reserves, 1 January 2023	11.3	16.0	27.3
Depletion	-0.5	-1.6	-2.1
Revaluation	+0.9	+1.7	+2.5
Change in ownership	–	-0.2	-0.2
Initial Ore Reserve estimate	–	+0.5	+0.5
Ore Reserves, 1 January 2024	**11.6**	**16.4**	**28.0**



1 Discrepancies in calculations are due to rounding.
2 Including joint ventures with more than 50% share owned by Polymetal.
3 Ore Reserves and Mineral Resources from continuing operations. Base metal are not included in GE calculation as they are insignificant. Ore Reserves of rare earths metals are given separately and not included in GE calculation.
4 Mineral Resources are additional to Ore Reserves. Mineral Resources of platinum group metals and rare earth metals are given separately and are not included in the calculation of GE. Discrepancies in calculations are due to rounding.

Ore Reserves and Mineral Resources as at 1 January 2024[4]

	Tonnage Mt	Grade GE, g/t	Content GE, Moz
Ore Reserves			
Proved (Kazakhstan)	28.9	1.7	1.6
Proved (Russia)	45.5	3.2	4.7
Probable (Kazakhstan)	82.4	3.8	10.0
Probable (Russia)	95.4	3.8	11.6
Proved+Probable (Kazakhstan)	**111.3**	**3.2**	**11.6**
Proved+Probable (Russia)	**140.9**	**3.6**	**16.3**
Proved+Probable	**252.2**	**3.5**	**28.0**
Mineral Resources			
Measured (Kazakhstan)	6.5	0.9	0.2
Measured (Russia)	22.7	4.0	2.9
Indicated (Kazakhstan)	17.8	2.5	1.4
Indicated (Russia)	41.9	4.0	5.4
Measured+Indicated (Kazakhstan)	**24.4**	**2.1**	**1.6**
Measured+Indicated (Russia)	**64.6**	**4.0**	**8.3**
Measured+Indicated	**88.9**	**3.5**	**9.9**
Inferred (Kazakhstan)	19.3	3.9	2.4
Inferred (Russia)	89.9	5.0	14.3
Measured+Indicated+Inferred (Kazakhstan)	**43.7**	**2.9**	**4.0**
Measured+Indicated+Inferred (Russia)	**154.4**	**4.6**	**22.6**
Measured+Indicated+Inferred	**198.1**	**4.2**	**26.7**

2024 outlook for Kazakhstan business

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

In 2024, we expect stable operational results in Kazakhstan as well as a positive investment decision on the Ertis POX. The Company expects its Kazakhstan assets to deliver sustained production at 475 Koz of GE.

We will continue running a number of development projects at existing operations, aimed at either extending the life-of-mine or reducing costs despite the planned depletion of higher-grade ore sources. At Kyzyl, the Company intends to push the throughput further to the 2.6 Mtpa level by the second half of 2024. We are in the process of reducing our reliance on diesel power, and with it our environmental impact, through renewable energy projects. This includes upgrading dump trucks from diesel fuel to gas at Kyzyl and, at Varvara, progressing the 23 MW solar power plant and 40 MW gas power plant.

At the same time, we will focus on advancing our long-term project pipeline. At Ertis POX, we plan to undertake engineering work, order technological equipment and prepare the construction site. The investment decision is expected to be made by the Board in the second half of 2024, with the start-up in 2028.

Operating assets

Kyzyl

Our major contributor to cash flow and production

316 Koz
payable production (-4%)

$332m
adjusted EBITDA (-8%)

$704/GE oz
total cash costs (+17%)

18%
Share in Group's production

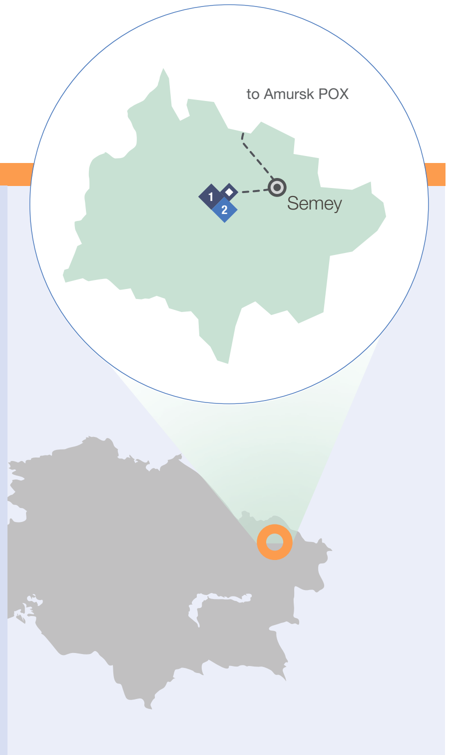
Feed sources
1 Bakyrchik

Processing
Kyzyl (flotation)

Sales/Downstream
Concentrate to Amursk POX[1]/ Ertis POX after its commissioning
Concentrate to third parties
Doré bars to Kazakhstani state refinery

Key exploration projects in 2023
2 Bakyrchik flanks

Town ---- Railway



Location: Abai Region, Kazakhstan

Employees: 1,547
Mining: Open-pit (until 2032) followed by underground

Processing: 2.4 Mtpa flotation + Amursk POX until 2028, then Ertis POX/ concentrate offtake

Production start date: 2018
Life of mine: 2054

Operational highlights

	2023	2022	Change
Safety			
LTIFR	**0.00**	0.00	NA
Mining			
Waste mined, Mt	**81.3**	83.2	-2%
Ore mined, Kt	**2,427**	2,223	+9%
Gold grade, g/t	**5.0**	5.5	-9%
Processing			
Ore processed, Kt	**2,443**	2,200	+11%
Gold grade, g/t	**5.0**	5.5	-8%
Gold recovery	**88.2%**	88.9%	-1%
Production			
Gold, Koz	**316**	330	-4%

Operating results 2023

For the fifth consecutive year, Kyzyl made the largest contribution to the Group's robust operating performance. In 2023, Kyzyl produced 316 Koz of gold (down 4% year-on year). Planned decline in gold grade versus the high base of 2022 was partially compensated by the concentrator capacity extension (2.4 Mtpa) as well as larger volumes of processed concentrate. The mining and processing volumes grew steadily throughout the year to align with increased concentrator capacity.

In 2024, the Company intends to push the throughput further to 2.6 Mtpa.

1 Kyzyl retains ownership of the gold throughout its processing by the Amursk POX plant and sells the gold doré bars to, and receives payment from, a Kazakhstan state-owned refinery without involvement of the Amursk POX plant, compliant with the sanctions. The purchaser of the Russian business has guaranteed the continued service under the tolling agreement.

Innovation and efficiency

- Debottlenecking at the concentrator and increased throughput
- 'Brigade' camera monitor system for all-round visibility
- Improvement of automated dispatch system.

Exploration and resources

- In 2023, exploration drilling was carried out at East Bakyrchik to confirm the prospects for expanding the open-pit and increasing the mineral resource base for open-pit mining. 251 Koz were converted into the Indicated category. Deeper levels of ore body 1 were traced, increasing the Inferred resources by 1,041 Koz. 41.8 km of core drilling was completed.

Green highlights

- Grand Prix award at the prestigious nationwide contest 'Paryz' for the outstanding corporate social responsibility projects in the Abai region, Kazakhstan
- 17 MW solar power station under development (16% of electricity consumed will be provided by solar generation)
- Six electric excavators in operation
- Purchased more than 10% of electricity from renewable energy sources
- More than 90% of water use on site is in a closed cycle or treated waste water.

Priorities for 2024

- Further increase in throughput to 2.6 Mtpa
- Further expansion of tailings storage facility
- Technological improvements in order to increase recovery
- Cost-saving upgrade of dump trucks from diesel fuel to gas.

Operating assets

Varvara

No accidents or injuries since 2017

169 GE Koz
payable production (-20%)

$137m
adjusted EBITDA (-22%)

$1,189/GE oz
total cash costs (+29%)

10%
Share in Group's production

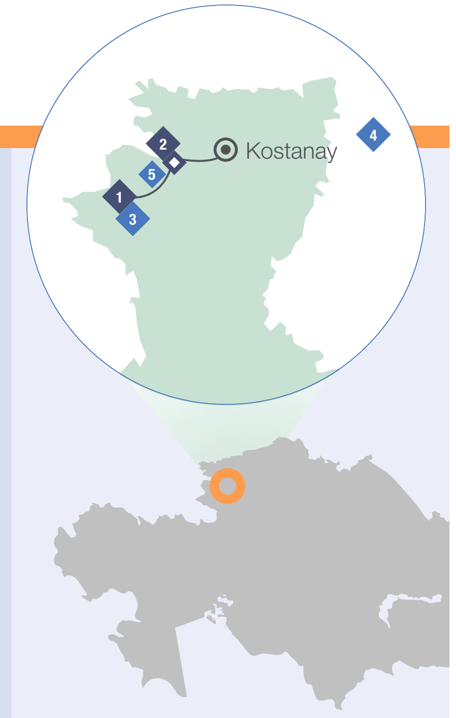
Feed sources
1 Komar
2 Varvara Thrid-parties ore

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

Sales/Downstream
Doré bars
Concentrate to thrid parties

Key exploration projects in 2023
3 Komar flanks
4 Baksy
5 Tavrichenskaya

Town — Road



Location: Kostanay Region, Kazakhstan
Managing director: Abdurakhman Isaev

Employees: 1,410
Mining: Open-pit

Processing: 3.2 Mtpa leaching for gold ore, 1.0 Mtpa flotation for copper ore

Production start date: 2007 (operated by Polymetal since 2009)
Life of mine: 2042

Operational highlights

	2023	2022	Change
Safety			
LTIFR	**0.00**	0.00	NA
Mining			
Waste mined, Mt	**40.7**	43,3	-6%
Ore mined, Kt	**2,834**	3,857	-27%
Gold grade, g/t	**1.4**	1.6	-12%
Processing			
Leaching			
Ore processed, Kt	**3,136**	3,199	-2%
Gold grade, g/t	**1.4**	1.6	-14%
Gold recovery	**88.8%**	90.0%	-1%
Flotation			
Ore processed, Kt	**762**	752	+0%
Gold grade, g/t	**2.3**	2.7	-15%
Gold recovery	**87.0%**	85.9%	+2%
Production			
Gold, Koz	**169**	211	-20%

Operating results 2023

Varvara recorded the planned 20% year-on-year decline in production to 169 Koz.

Gold production at the leaching circuit decreased by 24% to 129 Koz due to lower grade in the Komar ore. The decrease in the gold grade from 1.6 g/t to 1.4 g/t was driven by the completion of mining at the deep levels of the northern and central parts of the open-pit mine with high grade.

At the flotation circuit, production decreased by 3% to 40 Koz year-on-year due to a lower share of high-grade, third-party feed.

Innovation and efficiency

- Dust extraction equipment vastly improved working conditions at the processing plant
- In-vehicle driver behaviour analysis cameras based on artificial intelligence to enhance safety
- Modernisation of equipment in the smelting department, installation of a new induction furnace.

Exploration

- In 2023, 1.8 km of confirmatory, exploration drilling at Tavrichenskaya and Shekara areas was completed. 4.2 km of reverse circulation drilling was completed during the deep geochemical exploration at the Altyn–Dala area
- In 2024, the Company plans to verify geophysical and geochemical anomalies within the Tavrichenskaya area and continue infill drilling at Elevator with the aim of conversion from the Inferred category into Indicated.

Green highlights

- Three electric excavators in operation at Komar mine
- Pilot afforestation project with planned area of 1500 ha under development
- Up to 90% of water use on site is in a closed cycle or treated waste water
- Engineering works for the 23 MW solar power plant (25% of the site's electricity consumption will be powered by solar generation) and 40 MW gas power plant.

Priorities for 2024

- Stable throughput and production
- Commissioning the second stage of tailings dam #2, a year ahead of schedule
- Advancing the 23 MW solar power station project.

Operating review continued

Development assets

Ertis POX

Kazakhstan's first large-scale, full-cycle, pressure oxidation (POX) plant for refractory ore processing

250-300 Ktpa
annual concentrate processing capacity

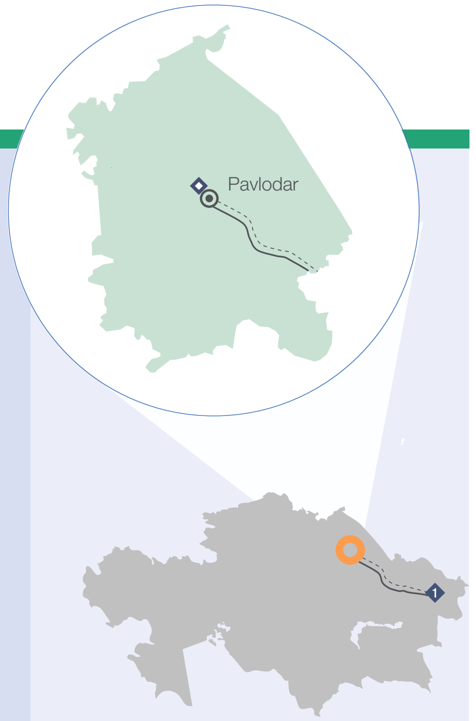
~500 Koz
expected annual gold production

~ $800 million
start-up capital expenditure

Feed sources
Kyzyl
Third-party concentrates

Processing
Ertis POX (POX+cyanidation)

Sales/Downstream
Doré bars



Town — Road ···· Railway

Location: Pavlodar Region, Kazakhstan

Processing: High-temperature POX, intensive cyanidation

Capacity: ~ 250-300 Ktpa of gold concentrate

Production start date: 2028

Life of mine: over 30 years

Development

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

In 2023, the Company successfully secured a land plot for the Ertis project in the Special Economic Zone near Pavlodar, signed the agreement and obtained resident status. Base engineering and equipment marketing is already in progress, enabling accelerated commencement of construction. The Company has signed an agreement with an engineering contractor, who has an exceptional track record of working with Polymetal on several other projects for basic and detailed engineering.

The flowsheet is identical to Amursk POX-2 with minor changes incorporated, which are based on the results of detailed engineering. Subject to Board approval, the investment decision is expected in H2 2024 and the potential start-up in the second half of 2028. The Ertis POX will facilitate full operational independence for the Kazakhstani operations with no further requirement for Russian or Chinese offtake.

Green highlights

- Pressure oxidation is one of the most sustainable and safe technologies in the hydrometallurgical industry
- Over 1,000 jobs will be created during the construction phase, plus over 500 permanent jobs
- Minimal CO_2 emissions and absence of sulphur oxide and arsenic oxide emissions
- Closed water cycle with efficient waste water treatment.

Single technological hub with Kyzyl

- Due to the lack of processing capacity in the country, refractory concentrates are currently exported to Russia and China for processing
- Creating a full-cycle hydrometallurgical hub will solve this issue and contribute to achieving Kazakhstan government's goals for national development
- The proposal for building the hub is based on Kyzyl's estimated gold equivalent reserves, Kazakhstan's second largest and Polymetal International plc's largest operation in Kazakhstan.

Fully independent mining operations in Kazakhstan

Development of Kazakhstan's first large-scale, high-tech, full-cyclee pressure oxidation plant for refractory ore processing based on Polymetal assets in the country

Unlocking Kazakhstan's huge resource potential by developing new, refractory ore deposits for which there is currently insufficient processing capacity

Creation of economic benefits from processing in-house versus off-take

Pressure oxidation is one of the most sustainable and safe technologies in the hydrometallurgical industry

Creation of ~500 permanent jobs, including employment of highly qualified personnel with a priority of employing local people

Conceptual project timeline

H2 2022	Relocation to Kazakhstan and project site selection
Q2 2023	Flowsheet approved
H2 2024	**Investment decision**
Q2 2025	Completion of basic engineering
Q4 2025	Hydrometallurgical complex and tailings projects state expert review
H1 2025	Completion of civil construction works/POX buildings winterisation
H2 2025	Autoclave delivery to site
H1 2026	Completion of detailed engineering
H2 2027	Mechanical completion and start of commissioning
H1 2028	**End of commissioning and production start-up**

Financial review

Financial performance impacted by inflationary and logistical pressures

Financial highlights

- In 2023, revenue increased by 8% year-on-year, totalling $3,025 million (2022: $2,801 million), of which $893 million (30%) was generated from operations in Kazakhstan and $2,132 million (70%) from operations in the Russian Federation. Average realised gold price increased by 9% while silver price increased by 4%, both closely tracking market dynamics. Gold equivalent (GE) production was stable at 1,714 Koz year-on-year. Gold sales increased by 2% year-on-year to 1,400 Koz, while silver sales decreased by 10% to 16.6 Moz. Significant tightening of concentrate export regulations in Russia led to material accumulation of concentrates in sea ports.
- Group Total Cash Costs (TCC)[1] for 2023 were $861/GE oz, down 9% year-on-year, and 9% below the lower end of the Group's guidance of $950-1,000/GE oz. This was predominantly on the back of a weaker Rouble which outweighed inflationary pressures. In Kazakhstan, TCC were $903/GE oz, up by 24% year-on-year, on the back of a planned grade decline combined with a 14% decrease in sales volumes and inflationary headwinds. Across the Group's Russian mines, TCC were at $845/GE oz, down by 19% year-on year, mainly on the back of Rouble depreciation.
- All-in Sustaining Cash Costs (AISC)[1] amounted to $1,276/GE oz, down 5% year-on-year, 2% below the lower end of the Group's guidance of $1,300-1,400/GE and driven by the same factors. In Kazakhstan, AISC increased by 18% to $1,263/oz, mostly driven by a decrease in sales volume. In Russia, AISC decreased by 13% to $1,281/oz, on the back of a sales increase coupled with lower stripping volumes after completion of large stripping campaigns in 2023.
- Adjusted EBITDA[1] was $1,458 million, 43% higher than in 2022, on the back of higher commodity prices and lower cash costs. Of this, $439 million (30%) was earned from operations in Kazakhstan and $1,019 million (70%) earned from operations in the Russian Federation. The Adjusted EBITDA margin increased by 12 percentage points to 48% (2022: 36%).
- Underlying net earnings[2] increased by 40%, totalling $615 million (2022: $440 million), with a basic EPS of $1.11 per share. Reflecting the increase in operating profit, the Group recorded a net profit[3] of $528 million in 2023, compared with a net loss of $288 million due to one-off impairment charges in 2022.
- Capital expenditure was $679 million[4], down 14% compared with $794 million in 2022 and 3% below the lower end of the guidance range of $700-750 million, as a result of the substantial positive impact of Russian Rouble devaluation on local-currency costs.
- Net operating cash inflow was $575 million (2022: $206 million). The Group reported negative free cash flow[1] of $128 million in 2023, which is still a significant improvement over the 2022 negative free cash flow of $445 million.
- Net debt[1] was largely stable at $2,383 million ($174 million in Kazakhstan and $2,209 million in Russia), compared with $2,393 million as at 31 December 2022 ($277 million in Kazakhstan and $2,117 million in Russia). This represents 1.64x of Adjusted EBITDA and is significantly below the 2022 leverage ratio of 2.35x.
- On 19 February 2024, the Group announced its intention to sell 100% of JSC Polymetal and its subsidiaries to JSC Mangazeya Plus for an effective total consideration of approximately $3.69 billion, valuing JSC Polymetal and its subsidiaries at 5.3x EV/EBITDA based on Adjusted EBITDA of JSC Polymetal and its subsidiaries for the 12 months ended 30 June 2023 ($694 million) and at 3.6x based on a full-year 2023 Adjusted EBITDA of JSC Polymetal and its subsidiaries (approximately $1.0 billion). On 7 March 2024 the transaction was approved by the Shareholders General Meeting and, following receipt of required regulatory approvals, was completed on the same day.
- Following the disposal, the Group's net cash position of approx. $130 million.
- No dividend will be proposed for the full-year 2023. Following the recent completion of the divestment of the Russian business, the Board will actively reconsider the dividend policy and intend to share an update in first half of 2024.

1 The financial performance reported by the Group contains certain Alternative Performance Measures (APMs) disclosed to complement measures that are defined or specified under International Financial Reporting Standards (IFRS). For more information on the APMs used by the Group, including justification for their use, please refer to the "Alternative performance measures" section below.
2 Adjusted for the after-tax amount of impairment charges, write-downs of metal inventory, foreign exchange gains/losses and other changes in fair value of contingent consideration.
3 Profit for the year
4 On a cash basis, representing cash outflow on purchases of property, plant and equipment in the consolidated statement of cash flows.

Key figures[5]

	2023	2022	Change
Revenue, $m			
Kazakhstan	893	933	-4%
Russia	2,132	1,868	+14%
Total	**3,025**	**2,801**	**+8%**
Total cash cost[6], $/GE oz			
Kazakhstan	903	728	+24%
Russia	845	1,046	-19%
Total	**861**	**942**	**-9%**
All-in sustaining cash cost[6], $/GE oz			
Kazakhstan	1,263	1,067[8]	+18%
Russia	1,281	1,480[8]	-13%
Total	**1,276**	**1,344**	**-5%**
Adjusted EBITDA[6], $m			
Kazakhstan	439	516[8]	-15%
Russia	1,019	501[8]	+103%
Total	**1,458**	**1,017**	**+43%**
Average realised gold price[7], $/oz	1,929	1,764	+9%
Average realised silver price[7], $/oz	22.8	21.9	+4%
Net earnings/(loss), $m	528	(288)	n/a
Underlying net earnings[6], $m	615	440	+40%
Return on assets (underlying)[6], %	17%	9%	+8%
Return on equity (underlying)[6], %	15%	11%	+4%
Basic earnings/(loss) per share, $	1.11	(0.61)	n/a
Underlying EPS[6], $	1.30	0.93	+40%
Net debt[6], $m			
Kazakhstan	174	277	-37%
Russia	2,209	2,117	+4%
Total	**2,383**	**2,393**	**-0%**
Net debt/Adjusted EBITDA			
Kazakhstan	0.39	0.54	-27%
Russia	2.17	4.23	-49%
Total	**1.64**	**2.35**	**-31%**
Capital expenditure, $m			
Kazakhstan	145	101	+43%
Russia	534	693	-23%
Total	**679**	**794**	**-14%**
Net operating cash flow, $m	575	206	+179%
Free cash flow[6], $m	(128)	(445)	+71%
Free cash flow post-M&A[6], $m	(131)	(473)	+72%

5 Totals may not correspond to the sum of the separate figures due to rounding. % changes can be different from zero even when absolute amounts are unchanged because of rounding. Likewise, % changes can be equal to zero when absolute amounts differ due to the same reason. This note applies to all tables in this release.
6 Defined in the "Alternative performance measures" section below.
7 In accordance with IFRS, revenue is presented net of treatment charges which are subtracted in calculating the amount to be invoiced. Average realised prices are calculated as revenue divided by gold and silver volumes sold, without effect of treatment charges deductions from revenue.
8 Allocation factors for corporate costs were revised in 2023, previous periods were restated accordingly.

Financial review continued

Revenue analysis

Sales volumes

		2023	2022	Change
Gold	Koz	1,400	1,376	+2%
Silver	Moz	16.6	18.5	-10%
Gold equivalent sold[1]	**Koz**	**1,608**	**1,622**	**-1%**

Sales by metal

		2023	2022	Change	Volume variance, $m	Price variance, $m
Gold	$m	**2,640**	**2,392**	**+10%**	**41**	**206**
Average realised price[2]	$/oz	1,929	1,764	+9%		
Average LBMA gold price	$/oz	1,943	1,802	+8%		
Share of revenues		87%	85%			
Silver	$m	**363**	**383**	**-5%**	**(40)**	**20**
Average realised price	$/oz	22.8	21.9	+4%		
Average LBMA silver price	$/oz	23.4	21.8	+8%		
Share of revenues		12%	14%			
Other metals	$m	**22**	**26**	**-15%**		
Share of revenues		1%	1%			
Total revenue	$m	**3,025**	**2,801**	**+8%**	**(13)**	**237**

In 2023, revenue grew by 8% year-on-year driven by the growth of gold and silver average realised prices. Gold sales increased marginally by 2% year-on-year. Silver sales decreased by 10% due to significant tightening of concentrate export regulations in Russia, which led to material accumulation in sea ports of concentrates from Russian assets.

The Group's average realised gold price was $1,929/oz in 2023, up 9% from $1,764/oz in 2022, slightly below the average market price of $1,943/oz. The Group's average realised silver price was $22.8/oz, higher by 4% year-on-year, but 3% below the average market price of $23.4/oz since two-thirds of annual sales were skewed towards the first half of 2023 with weaker average prices.

The share of gold sales as a percentage of total revenue increased from 85% in 2022 to 87% in 2023, driven by a corresponding shift in production and sales volume by metal.

Analysis by segment/operation

	Revenue, $m			Gold equivalent sold, Koz		
Operation	**2023**	2022	Change	**2023**	2022	Change
Kazakhstan	**893**	**933**	**-4%**	**459**	**533**	**-14%**
Kyzyl	518	554	-7%	271	322	-16%
Varvara	365	379	-4%	188	212	-11%
Other[3]	10	–	n/a	5	–	n/a
Russia	**2,132**	**1,868**	**+14%**	**1,144**	**1,089**	**+5%**
Total revenue	**3,025**	**2,801**	**+8%**	**1,608**	**1,622**	**-1%**

The decrease in sales volumes during the period had a negative impact on revenues at all operating mines in Kazakhstan, which was partially offset by higher commodity prices. Difficulties with inventory conversion into sales were particularly pronounced with concentrates going through Russian Far Eastern ports, including Kyzyl concentrate being sold to China. Management will continue to work to resolve this issue during the first half of 2024, particularly focusing on Kyzyl.

At Varvara, sales volumes broadly followed production volumes, which decreased as a result of planned grade decline.

1 Based on actual realised prices.
2 Without the effect of deductions for treatment charges from revenue.
3 Commission sales of third-party materials.

Cost of sales

$m	2023	2022	Change
Cash operating costs	**1,454**	**1,513**	**-4%**
On-mine costs	632	741	-15%
Smelting costs	532	567	-6%
Purchase of metal inventories from third parties	127	69	+84%
Mining tax	163	136	+20%
Costs of production	**1,734**	**1,836**	**-6%**
Depreciation and depletion of operating assets	280	324	-14%
Rehabilitation expenses	–	(1)	n/a
Total change in metal inventories	**(282)**	**(152)**	**+86%**
Increase in metal inventories	(276)	(216)	+28%
(Reversal)/Write-down of inventories to net realisable value	(6)	64	n/a
Idle capacities and abnormal production costs	7	6	+17%
Total cost of sales	**1,459**	**1,690**	**-14%**

Cash operating cost structure

	2023 $m	2023 Share	2022 $m	2022 Share
Services	490	34%	576	38%
Consumables and spare parts	406	28%	438	29%
Labour	257	18%	285	19%
Mining tax	163	11%	136	9%
Purchase of metal inventories from third parties	127	9%	69	5%
Other expenses	11	1%	9	1%
Total cash operating cost	**1,454**	**100%**	**1,513**	**100%**

The total cost of sales decreased by 14% in 2023 to $1,459 million, reflecting the positive impact of the Russian Rouble depreciating by 24%. The devaluation impact from Russian operations offset domestic inflation (9% in Kazakhstan and 7% in Russia, year-on-year) and increase in mining tax.

The cost of services and of consumables and spare parts were down 15% and 7%, year-on-year, caused mostly by a weaker Rouble compared with 2022.

The cost of labour within cash operating costs was $257 million, a 10% decrease over 2022, mainly stemming from local currency devaluations, which outweighed the annual salary increases (tracking domestic CPI inflation).

Mining tax increased by 20% year-on-year to $163 million, mainly driven by an increase in average realised prices, as well as gold mining tax rates in Kazakhstan increasing from 5% to 7.5%.

The increase in purchases of third-party metal inventories by 84% was mostly driven by larger volumes of high-grade third-party ore processed at the Varvara flotation circuit.

Depreciation and depletion was $280 million, down 14% year-on-year, largely driven by the positive effect of a weaker Rouble. $26 million of depreciation cost are included within the total increase in metal inventories (2022: $52 million).

In 2023, a net metal inventory increase of $276 million (2022: $216 million) was recorded. The increase was mainly represented by concentrate build-up at Russian assets, due to the tightening of concentrate export regulations in Russia. The Company expects the bulk of this increase to be reversed during the course of 2024, particularly at Kyzyl.

The Group recognised a $6 million reversal (2022: $65 million write-down) to the net realisable value of heap leach ore at Russian mines (see Note 21 of the consolidated financial statements).

General, administrative and selling expenses

$m	2023	2022	Change
Labour	215	243	-11%
Services	19	15	+27%
Share-based compensation	11	13	-15%
Depreciation	7	10	-30%
Other	22	30	-27%
Total general, administrative and selling expenses	**274**	**311**	**-12%**

General, administrative and selling expenses (SGA) decreased by 12% year-on-year from $311 million in 2022 to $274 million in 2023, mainly reflecting a decrease in staff costs in US Dollar terms driven by devaluation of the Rouble.

Other operating expenses

$m	2023	2022	Change
Exploration expenses	35	62	-44%
Social payments	34	44	-23%
Bad debt allowance	19	(1)	n/a
Provision for investment in Special Economic Zones	15	14	+7%
Taxes, other than income tax	14	15	-7%
Additional tax charges/fines/penalties	–	2	n/a
Change in estimate of environmental obligations	(7)	(2)	n/a
Other expenses	7	7	n/a
Total other operating expenses	**117**	**142**	**-18%**

Other operating expenses decreased to $117 million in 2023 (2022: $142 million), mainly due to the reduction in exploration costs and a scheduled decrease in social payments in accordance with existing partnership agreements.

Total cash costs

In 2023, total cash costs per gold equivalent ounce sold were $861/GE oz, down 8% year-on-year. The depreciation of the Russian Rouble against the US Dollar outweighed inflationary pressures and planned grade decline.

Total cash costs by segment/operation

	Cash cost per GE ounce, $/GE oz			Gold equivalent sold, Koz		
Operation	**2023**	2022	Change	**2023**	2022	Change
Kazakhstan	**903**	**728**	**+24%**	**459**	**533**	**-14%**
Kyzyl	704	602	+17%	271	322	-16%
Varvara	1,189	920	+29%	188	212	-11%
Russia	**845**	**1,046**	**-19%**	**1,144**	**1,089**	**+5%**
Total Group TCC	**861**	**942**	**-9%**	**1,603**[1]	**1,622**	**-1%**

Kazakhstan

- Kyzyl's TCC were at $704/GE oz, significantly below the Group's average level, albeit up 17% year-on-year, because of a planned gradual grade decline towards the open-pit reserve average (8% decrease in 2023) and an 16% decrease in sales volumes.
- At Varvara, TCC were at $1,189/GE oz, up by 29% year-on-year on the back of a planned grade decline of 13%, combined with a 11% decrease in sales volumes and inflationary headwinds.

Russia

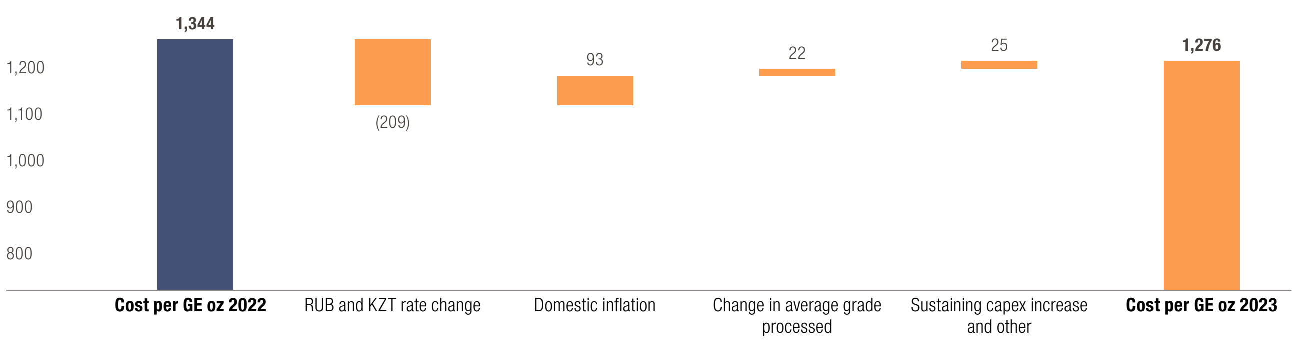
- Across the Group's Russian mines, TCC were at $845/GE oz, down by 19% year-on-year, mainly on the back of Rouble depreciation.

All-in sustaining and all-in cash costs

All-in sustaining cash costs amounted to $1,276/GE oz, down 5% year-on-year, broadly in line with TCC dynamics, reflecting the decrease in capitalised stripping on the back of completed stripping campaigns at Dukat.

Reconciliation of AISC movements

(AISC, $/oz)



1 Excluding commission sales of third-party materials

All-in sustaining cash costs by segment/operation
$/GE oz

Operation	**2023**	2022	Change
Kazakhstan	**1,263**	**1,067**[2]	**+18%**
Kyzyl	920	852	+8%
Varvara	1,592	1,144	+39%
Russia	**1,281**	**1,480**[2]	**-13%**
Total Group AISC	**1,276**	**1,344**	**-5%**

All-in sustaining cash costs by operation:

- AISC at all operating mines generally followed TCC dynamics.
- In Kazakhstan, AISC increased by 18% to $1,263/oz, which was mostly driven by the decrease in sales volume, resulting in the spread of sizeable sustaining capital expenditure (including investments in new tailing storage facilities at Varvara) over a limited amount of ounces sold.
- In Russia, AISC decreased by 13% to $1,281/oz on the back of sales increase, coupled with lower stripping volumes after completion of large stripping campaigns in 2023.

Reconciliation of all-in costs

	Total, $m			$/GE oz		
	2023	2022	Change	**2023**	2022	Change
Cost of sales, excluding depreciation, depletion and write-down of inventory to net realisable value (Note 5 of financial statements)	**1,212**	**1,355**	**-11%**	**754**	**837**	**-10%**
Adjusted for:						
Corporate expenses	(10)	0	n/a	(5)	0	n/a
Idle capacities	(7)	(6)	+14%	(4)	(4)	0%
Treatment charges deductions reclassification to cost of sales	77	60	+28%	48	37	+30%
SGA expenses, excluding depreciation, amortization and share-based compensation (Note 5 of financial statements)	**116**	**133**	**-13%**	**72**	**82**	**-12%**
Adjusted for:						
SGA expenses of development projects	(7)	(16)	-57%	(4)	(10)	-60%
Total cash costs	**1,381**	**1,528**	**-10%**	**861**	**942**	**-9%**
Corporate SGA expenses and other segment and other operating expenses	225	271	-17%	140	167	-16%
Capital expenditure excluding development projects	365	275	+33%	228	170	+34%
Exploration expenditure (capitalised)	10	15	-37%	6	9	-33%
Capitalised stripping	65	92	-30%	40	57	-30%
All-in sustaining cash costs	**2,045**	**2,181**	**-6%**	**1,276**	**1,344**	**-5%**
Finance costs (net)	135	111	+22%	84	68	+24%
Capitalised interest	49	35	+38%	30	22	+36%
Income tax paid	216	234[3]	-8%	135	144	-6%
After-tax all-in cash costs	**2,445**	**2,562**	**-5%**	**1,526**	**1,579**	**-3%**
Capital expenditure for development projects	241	422	-44%	150	260	-42%
SGA and other expenses for development assets	20	40	-51%	12	25	-52%
All-in costs	**2,705**	**3,024**	**-11%**	**1,688**	**1,865**	**-9%**

2 Allocation factors for corporate costs were revised in 2023, previous periods were restated accordingly.
3 Prior year restated: income tax on cash basis is considered more relevant for cash costs calculation instead of income tax on accruals basis.

Adjusted EBITDA[1] and EBITDA margin

$m	2023	2022	Change
Profit/(loss) for the year	528	(288)	n/a
Finance cost (net)[2]	135	111	+22%
Income tax expense/(benefit)	315	(44)	n/a
Depreciation and depletion	261	282	-7%
EBITDA	**1,239**	**61**	**n/a**
Net foreign exchange loss	174	32	n/a
Impairment of non-current assets, net	126	825	n/a
(Gain)/loss on disposal of subsidiaries, net	(113)	2	n/a
Share-based compensation	11	13	-15%
Change in fair value of contingent consideration liability	8	20	n/a
Other non-cash items	13	65	n/a
Adjusted EBITDA	**1,458**	**1,017**	**+43%**
Adjusted EBITDA margin	48%	36%	+12%
Adjusted EBITDA per GE oz	907	628	+44%

Adjusted EBITDA by segment/operation

$m	2023	2022	Change
Kazakhstan	**439**	**516**	**-15%**
Kyzyl	332	361	-8%
Varvara	137	177	-22%
Attributable corporate and other costs	(30)	(22)	+36%
Russia	**1,019**	**501**	**+103%**
Total Group Adjusted EBITDA	**1,458**	**1,017**	**+43%**

In 2023, Adjusted EBITDA increased by 43% year-on-year to $1,458 million, with an Adjusted EBITDA margin of 48% (2022: 36%), driven by the cost dynamics described above combined with a 9% increase in the gold average realised price.

Other income statement items

Polymetal recorded a net foreign exchange loss in 2023 of $174 million compared with an exchange loss of $32 million in 2022, mostly attributable to the revaluation of the US Dollar-denominated borrowings of Russian operating companies, the functional currency of which is the Russian Rouble. This was partially offset by a foreign exchange loss on intercompany loans with different functional currencies in lending and borrowing subsidiaries.

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

In 2023 the Group recognised an impairment charge of $165 milllion in respect of Amursk POX, due to continued use of Amursk POX processing facility to treat Kyzyl refractory concentrate on the terms of a new tolling agreement, as entailed by provisions of JSC Polymetal divestment. See Note 3 to the consolidated financial statements.

Income tax expense for 2023 was $315 million compared with a $44 million benefit in 2022. For details refer to Note 16 of the consolidated financial statements.

Net earnings, earnings per share and dividends

The Group recorded a net profit of $528 million in 2023, compared with a loss of $288 million in 2022 which was largely driven by impairment charges.

In September 2023, the Group effectively disposed of 50.1% stake in Amikan and recognised a gain on disposal of $113 million. See Note 3 to the consolidated financial statements.

The underlying net earnings attributable to shareholders of the parent company were $615 million, compared with $440 million in 2022.

Reconciliation of underlying net earnings[3]

$m	2023	2022	Change
Profit/(loss) for the financial period attributable to shareholders of the parent company	528	(288)	n/a
(Reversal)/write-down of inventory to net realisable value	(6)	64	n/a
Foreign exchange loss	174	32	+444%
Change in fair value of contingent consideration liability	8	20	-60%
(Gain)/loss on disposal of subsidiaries, net	(113)	2	n/a
Impairment of non-current assets, net	126	825	n/a
Tax effect	(103)	(216)	-52%
Underlying net earnings	**615**	**440**	**+44%**

Basic profit per share was $1.11 compared with a $0.61 loss per share in 2022. Underlying basic EPS[4] was $1.30, compared with $0.93 in 2022.

Capital expenditure[5]

$m	Sustaining	Development	Stripping and underground development	Exploration	Total 2023	Total 2022
Development projects	**–**	**241**	**–**	**1**	**242**	**249**
Kazakhstan	–	23	–	1	24	–
Ertis POX	–	23	–	–	23	–
Other	–	–	–	1	1	–
Russia	–	218	–	1	218	249
Operating assets	**365**	**–**	**65**	**9**	**438**	**543**
Kazakhstan	79	–	42	–	121	102
Varvara	55	–	13	–	68	39
Kyzyl	24	–	29	–	53	62
Russia	286	–	23	9	319	442
Total capital expenditure	**365**	**241**	**65**	**10**	**679**	**794**

In 2023, total capital expenditure was $679 million[6], down 14% year-on-year and 3% below the lower end of the guidance range of $700-750 million, because of the substantial positive impact of the Russian Rouble devaluation on local-currency costs. Capital expenditure excluding capitalised stripping costs was $614 million in 2023 (2022: $679 million).

The major capital expenditure items in 2023 were as follows:

Development projects

- In Kazakhstan, capital expenditure of $23 million was related to initial investments for the Ertis POX facility, which is being developed in order to fully sever the link between the Company's subsidiaries in Kazakhstan and its blocked subsidiaries in the Russian Federation. A land plot in the Pavlodar Special Economic Zone was successfully secured.
- Capital expenditure at development projects of $218 million in Russia mainly covered Amursk POX-2 to ensure project completion according to plan in the second half of 2024, as well as mining fleet purchases, spare parts and consumables purchases at Veduga.

Stay-in-business capital expenditure at operating assets

- At Varvara, capital expenditure of $55 million was mainly related to the construction of a tailings storage facility and upgrading the mining fleet.
- At Kyzyl, capital expenditure in 2023 comprised $24 million, mainly represented by scheduled technical upgrades and expansion of the concentrator capacity to 2.4 Mtpa.
- Across the Group's Russian mines, capital expenditure of $286 million was mostly related to infrastructure upgrades, regular mining fleet replacements and maintenance capital expenditure at processing facilities.

Exploration and stripping

- The Group continues to invest in standalone exploration projects. Capital expenditure for exploration in 2023 was $10 million (2022: $17 million).
- Capitalised stripping and underground development costs totalled $65 million in 2023 (2022: $115 million) and are attributable to operations with 2023 stripping ratios exceeding their life-of-mine averages during the period, particularly Kyzyl ($29 million), Varvara ($13 million) and Russian mines ($23 million).

1 Adjusted EBITDA is a key measure of the Group's operating performance and cash generation capacity (excluding impact of financing, depreciation and tax) and a key industry benchmark allowing peer comparison. Adjusted EBITDA also excludes the impact of certain accounting adjustments (mainly non-cash items) that can mask underlying changes in core operating performance. The Group defines Adjusted EBITDA (a non-IFRS measure) as profit for the period adjusted for depreciation and amortisation, write-downs and reversals of inventory to net realisable value, share-based compensation expenses, gains and losses on disposal or revaluation of investments in subsidiaries, joint ventures and associates, rehabilitation expenses, bad debt allowance, foreign exchange gains or losses, changes in fair value of contingent consideration, finance income, finance costs, income tax expense and other tax exposures accrued within other operating expenses. Adjusted EBITDA margin is Adjusted EBITDA divided by revenue.
2 Net of finance income.
3 Underlying net earnings represent net profit for the year ,excluding the impact of key items that can mask underlying changes in core performance, such as after-tax amount of impairment charges, write-downs of metal inventory, foreign exchange gains/losses and other changes in fair value of contingent consideration.
4 Underlying basic EPS are calculated based on underlying net earnings.
5 On a cash basis.
6 On accrual basis, capital expenditure was $756 million in 2023 (2022: $883 million).

Financial review continued

Cash flows

$m	2023	2022	Change
Operating cash flows before changes in working capital	1,074	679	+58%
Changes in working capital	(499)	(473)	+5%
Total operating cash flows	**575**	**206**	**+179%**
Capital expenditure	(679)	(794)	-14%
Net cash (outflow)/inflow on M&A	(3)	123	n/a
Other	(24)	(8)	n/a
Investing cash flows	**(706)**	**(679)**	**+4%**
Financing cash flows			
Net changes in borrowings	380	838	-55%
Repayments of principal under lease liabilities	(21)	–	n/a
Acquisition of non-controlling interest	–	(24)	n/a
Contingent consideration paid	–	(27)	n/a
Total financing cash flows	**359**	**787**	**-54%**
Net increase in cash and cash equivalents	**228**	**314**	**-27%**
Cash and cash equivalents at the beginning of the year	633	417	+52%
Effect of foreign exchange rate changes on cash and cash equivalents	(19)	(98)	n/a
Cash and cash equivalents at the end of the year	**842**	**633**	**+33%**

Total operating cash flows in 2023 strengthened year-on-year. Operating cash flows before changes in working capital grew by 58% year-on-year to $1,074 million, as a result of an decrease in adjusted EBITDA. Net operating cash flows were $575 million, compared with $206 million in 2022, affected by an increase in working capital of $499 million (2022: $473 million).

Total cash and cash equivalents increased by 33% compared with 2022 and comprised $842 million, with the following items affecting the cash position of the Group:

- Operating cash flows of $575 million
- Investment cash outflows totalling $706 million, up 4% year-on-year, mainly represented by capital expenditure (down 14% year-on-year to $679 million) and cash flows on acquisitions and disposals ($3 million)
- The gross borrowings increase of $380 million, mostly driven by financing of the Group's short-term working capital requirements
- Repayments of principal under lease liabilities of $21 million.

Balance sheet, liquidity and funding

The Group's net debt decreased to $2,383 million as of 31 December 2023, representing a Net debt/Adjusted EBITDA ratio of 1.64x, significantly below the 2022 leverage ratio of 2.35x.

The proportion of long-term borrowings of total borrowings was 69% as at 31 December 2023 (83% as at 31 December 2022). As at 31 December 2023, the Group had $1.4 billion (31 December 2022: $0.35 billion) of available undrawn facilities from a wide range of lenders, which allows the Group to maintain its operational flexibility in the current environment.

Gross debt increased by 7% to $3,225 million, of which 73% is denominated in hard currency. Kazakhstan represents 16% of the total debt outstanding, while Russia represents the remaining 84% of the debt.

The average cost of debt increased to 8.3% in 2023 (2022: 5.08%). In Kazakhstan, average interest rates remained low at 3.95%, while for Russian subsidiaries it reached 9.1% as re-financing was available mostly in Roubles or in China's Renminbi at elevated interest rates.

77% of available cash balances of $842 million is denominated in hard currency. The Group is confident in its ability to repay its existing borrowings as they fall due.

$m	31 Dec 2023	31 Dec 2022	Change
Total Net debt	**2,383**	**2,393**	**-0%**
Total Net debt /Adjusted EBITDA	**1.64**	**2.35**	**-31%**
Kazakhstan			
Short-term debt and current portion of long-term debt	145	76	+91%
Long-term debt	356	719	-50%
Gross debt	**503**	**795**	**-37%**
Less: cash and cash equivalents	329	518	-36%
Net debt	**174**	**277**	**-37%**
Net debt /Adjusted EBITDA	**0.39x**	**0.54x**	**-38%**
Russia			
Short-term debt and current portion of long-term debt	860	439	+96%
Long-term debt	1,864	1,797	+4%
Gross debt	**2,724**	**2,236**	**+22%**
Less: cash and cash equivalents	514	119	n/a
Net debt	**2,209**	**2,117**	**+4%**
Net debt /Adjusted EBITDA	**2.17x**	**4.23x**	**-95%**

Inventories

Inventory levels increased by $104 million to $1,294 million for 2023. $274 million of inventory balance relates to Kazakhstan and $1,020 million of inventory comes from Russia.

The increase of $95 million for the second half of 2023 relates mostly to accumulation in sea ports of concentrates from Russian assets.

$m	31 Dec 2023	Change	30 Jun 2023	Change	31 Dec 2022
Kazakhstan	**274**	**+8**	**267**	**+77**	**190**
Copper, gold and silver concentrate	66	+7	59	+20	39
Ore stock piles	86	+0	86	+14	71
Doré, work in-process, metal for refining and refined metals	51	-3	54	+26	29
Non-metal inventories	71	+3	68	+16	51
Russia	**1,020**	**+86**	**934**	**-66**	**1,000**
Copper, gold and silver concentrate	266	+15	252	-6	248
Ore stock piles	173	-19	192	-55	247
Doré, work in-process, metal for refining and refined metals	247	+81	167	+7	170
Non-metal inventories	333	+10	323	-12	335
Total inventory	**1,294**	**+95**	**1,199**	**+9**	**1,190**

Payable metals in inventory accumulated at 31 December 2023 were as follows:

GE Koz	Kazakhstan	Russia	Total Group
Concentrate and precipitate	65	206	271
Bullions	–	291	291
Doré	12	23	35
Total payable metals	**78**	**519**	**597**

2024 outlook for Kazakhstan business

- The Company expects its Kazakhstan assets to deliver stable production at 475 Koz of GE.
- Costs are estimated in the ranges of $900-1,000/GE oz for TCC and $1,250-1,350/GE oz for AISC[1]. A year-on-year increase is expected, largely because of the sharp increases in power and railway tariffs in Kazakhstan.
- Capital expenditures are expected to be approximately $225 million, including $60 million for Ertis POX.
- The Group currently forecasts positive free cash flow in 2024.

1 Based on 500 KZT/$ and 13% inflation in Kazakhstan.

Sustainability

ESG excellence: upholding core values

In the face of significant challenges, Polymetal remains committed to upholding high ESG standards. We consider these principles to be key to the strategic stability of the business and continue to integrate them into all Company processes. This requires leadership from the very top of the organisation, with our sustainability approach and performance overseen by Board-level committees, while accountability ultimately lies with our Group CEO; ESG-related remuneration KPIs are implemented across the Group.

How we manage sustainability

The Board defines business strategy, assesses risks and monitors performance. During the year, our Board conducted several sustainability performance reviews, as well as approving sustainability initiatives and reporting. The Safety and Sustainability Committee has a mandate to provide support to the Board on a wide range of sustainability issues, such as health and safety, stakeholder engagement, social impact assessment, environmental and climate change risks. It also oversees the implementation of short- and long-term policies and standards, making sure that we work ethically, transparently and responsibly. Given the sanctions imposed against JSC Polymetal and its Russian subsidiaries prior to their disposal, in 2023, the Board focused on the strategic development and adaptation of the Kazakhstan segment of the Group. Oversight of compliance with all adopted policies and standards in the field of sustainable development at Russian enterprises has been delegated to the executives of JSC Polymetal.

Maintaining an effective corporate governance system for sustainable development issues remains one of our top priorities. With the support of the Safety and Sustainability Committee, the Board reviewed and updated key corporate policies and internal standards in 2023. This included Environmental and Climate Management Systems, which now prioritise the specificities and development priorities of the Group's enterprises in Kazakhstan. The scope excluded JSC Polymetal and its subsidiaries since its entire decision-making process came under the remit of the management of JSC Polymetal due to sanctions. On 7 March 2024, Polymetal International completed the disposal of its Russian business. Read more on the Safety and Sustainability Committee's activity in 2023 on pages 98-99.

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

Our strict approach to sustainability issues is underpinned by ESG remuneration KPIs that cascade down from Group CEO and COO to mine directors, subsidiary directors and their deputies, senior managers, heads of operational units and other levels of employees. In addition to safety KPIs and penalties for work-related fatalities and severe injuries, our ESG scorecard outlines remuneration-linked targets on Climate Action Plan implementation, water management, gender diversity and impact on local communities (read more on page 111).

Our contribution to the UN SDGs

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

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

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

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

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

Sustainability

Material issues

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

- Identifying social and environmental impacts in the mining sector described in academic research and market reviews
- Analysing internal and external stakeholders expectations
- Monitoring non-financial reporting standards such as GRI and SASB, TCFD recommendations, new IFRS S1 and S2 standards and reviewing peers' reports
- Reviewing our internal risk registers and external global risks reports
- Analysing social, economic and environmental contexts via available sources and tools.

For each issue identified as material, we set measurable targets and report on performance. Considering the strategic focus on developing our business in Kazakhstan, in 2023, we conducted an in-depth reassessment of our material issues. While these remain unchanged, we have revised, reprioritised and clarified focus areas for 2024 to ensure a smooth transition of the Group post-restructuring following divestment of JSC Polymetal and its subsidiaries in Russia in March 2024.

Material issues	Targets for 2023		Performance in 2023	Areas of focus 2024
Health and safety Read more on pages 42-45	Ensure zero fatalities	Target achieved	Zero fatalities Group-wide and zero fatalities in Kazakhstan (2022: zero fatalities)	Ensure zero fatalities among employees and contractors
	Maintain LTIFR below 0.2	Target achieved	Group-wide LTIFR 0.07 (2022: 0.10) LTIFR in Kazakhstan 0 (2022: 0)	Maintaining LTIFR at zero level at our operations in Kazakhstan
	Year-on-year decrease in absent days following accidents	Target not achieved	32% year-on-year Group-wide increase (1,156 days in 2023 compared with 877 in 2022, including 0 days in Kazakhstan in 2023 and 2022)	Maintaining zero level of absent days following accidents in Kazakhstan
Employees Read more on pages 46-49	Maintain voluntary turnover rate below 10%	Target achieved	4.7% Group-wide voluntary turnover and 1.4% in Kazakhstan (2022: 8.4% and 4.6%, respectively)	Maintaining voluntary turnover rate in Kazakhstan at minimal level
	Improve equality and diversity, including women's representation of 33% in the Talent Pool in 2023	Target not achieved	21% women in total workforce and 20% in Kazakhstan (2022: 21% and 20%, respectively); 27% in Group-wide Talent Pool and 25% in Kazakhstan (2022: 35% and 35%, respectively)	Improving equality and diversity, including women's representation in total headcount in Kazakhstan
	Support labour rights	Target achieved	77% of employees under collective agreements Group-wide and 91% in Kazakhstan	Maintaining the share of employees under collective agreements in Kazakhstan at more than 90%
Water Read more on pages 50-53	55% decrease in fresh water withdrawal[1] per tonne of ore processed by 2030 (2019 baseline)	Target on track	53% decrease Group-wide (125 and 268 m3/Kt of processed ore in 2023 and 2019 respectively). 47% decrease in Kazakhstan (178 and 336 m3/Kt of processed ore in 2023 and 2019 respectively).	Maintaining fresh water consumption intensity per tonne of ore processed in Kazakhstan at the achieved minimal level
	Increase share of water recycled/ reused	Target on track	93% of water reused/recycled Group-wide and 90% in Kazakhstan (2022: 91% and 90%, respectively)	Maintaining the share of water recycled/reused Kyzyl and Varvara hub at the 2023 level and ensure the implementation of water recycling technologies in the design of the EPOX project

Key: Target achieved | Target on track | Target not achieved | Target postponed

1 Excluding water for non-technological purposes.

Material issues	Targets for 2023		Performance in 2023	Areas of focus for 2024
Climate & Energy Read more on pages 56-61	30% decrease in GHG emission intensity per ounce of gold equivalent by 2030 (Scopes 1 and 2, 2019 baseline)	Target on track	15% decrease Group-wide (10% increase in Kazakhstan)	Updating the Climate Strategy, including climate management in the supply chain, and developing an approach to achieving carbon neutrality, considering changes in the Group's structure
	35% decrease in absolute GHG emissions by 2030 (Scopes 1 and 2, 2019 baseline)	Target on track	15% decrease Group-wide (8% increase in Kazakhstan)	
	Achieve 7% of total electricity self-generation from renewable sources by 2025	Target on track	9,413 GJ generated Group-wide (1.0% of electricity self-generation) including 19 GJ in Kazakhstan (6.5% of electricity self-generation)	Ensuring the timely and properly implementation of plans for the construction of solar power stations at Varvara hub and Kyzyl
Waste and pollutants Read more on pages 52-55	Increase share of waste reused and recycled by backfilling overburden waste whenever possible	Target not achieved	17% of waste reused/recycled Group-wide and 8% in Kazakhstan (2022: 23% and 10%, respectively)	Analyse the potential for increasing the share of waste reused/recycled in Kazakhstan and ensure the implementation Cyanide Code principles for the EPOX project
	Achieve 50% dry-stack tailings storage of tailing total waste by 2030 (interim target for 2023 – 13%)	Target on track	30% of Group-wide tailings dry stacked (2022: 28%) and four operating dry tailings stacking facilities in Russia (there are no dry stacking facilities in Kazakhstan)	Target to be removed from 2024, since following the divestment of Russian assets in March 2024, we have no operational or projected dry stacking facilities
Biodiversity and lands Read more on page 50-55, 60-61	By 2023 design a framework to evaluate Polymetal's biodiversity footprint	Target postponed	Target has been postponed	Ensuring the full compliance to the applicable national and international biodiversity standards in Kazakhstan
	By 2025 reforest 2,750 ha	Target on track	200 ha of land reforested in Russia in 2023 (2,066 ha in Russia in 2021-2023, no land in Kazakhstan has yet been reforested)	Ensuring the timely and properly implementation of the afforestation project in Kostanay region in Kazakhstan
Communities Read more on pages 62-63	Ensure zero community conflicts	Target achieved	Zero conflicts Group-wide and zero conflicts in Kazakhstan	Ensure zero community conflicts
	Ensure positive engagement	Target achieved	780 inquires received and resolved Group-wide and 335 in Kazakhstan (2022: 839 and 223 respectively)	Ensure positive engagement
	Maintain the level of financial giving	Target achieved	$17.6m invested in social projects Group-wide and $7.3m in Kazakhstan (2022: $23.2m and $8.8m, respectively)	Maintain the level of financial giving
Supply chain Read more on pages 64-67	50% share of regional procurement by 2024	Target on track	36% Group-wide and 38% in Kazakhstan	Maintaining the share of regional procurement in Kazakhstan at more than 35%
	ESG score for key suppliers by 2023	Target postponed	ESG assessment is obligatory for contractors working on our premises and it is voluntary for new suppliers while the supplier pool undergoes significant changes. Target has been postponed for 2024-2025	Developing an ESG-score approach for key suppliers, due to potential changes in the Group's structure

Health and safety

In our high-risk industry, the growth and sustainability of the business depend on healthy, resilient employees and local communities. We put safety first and our health strategy goes beyond compliance, enhancing well-being and fostering a sustainable future.

Assets in Kazakhstan at a glance

Zero
fatalities among employees and contractors

100%
operating sites certified to ISO 45001

Zero
lost-time incidents among employees and contractors

Areas of focus

- Ensure zero fatalities and maintaining LTIFR at zero level among employees and contractors
- Maintaining zero level of absent days following accidents
- Compliance with the applicable operational health and safety legislation and international standards
- Safety culture based on risk assessment and employee engagement
- Continuous improvement of safety management by applying up-to-date technologies and equipment.

Which guidelines do we follow?

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

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

Further information

Additional data is available in:

- Polymetal ESG datapack
- Polymetal quarterly and annual production reports

Our approach

At Polymetal, we believe that all work-related injuries and illnesses are preventable. Our top priority is ensuring the safe return after each working day of every person who works for and with Polymetal. Key to our health and safety strategy is effective leadership, fostering a zero-harm culture and rigorous risk management practices.

Our CEO, COO, mine directors and other senior managers are personally accountable for safety. Health and safety metrics are integral to their performance evaluations, with potential penalties of up to 50% of their annual bonus for safety lapses resulting in severe incidents or fatalities, whether involving contractors or our own employees.

Moreover, 25% of their annual bonus is tied to the number of days lost due to work-related injuries – a key performance indicator reflecting both the quantity and severity of injuries. We have also prohibited performance-based incentives for employees engaged in hazardous on-site work, aiming to eliminate scenarios where safety might be compromised for production outcomes.

Our comprehensive Occupational Health and Safety Management System (OHSMS) is implemented at all operating sites and undergoes annual audits for ISO 45001 compliance. It establishes stringent criteria for risk assessment, safety training, equipment maintenance, contractors engagement and involvement, and emergency preparedness. We aim to apply the same standards to our exploration sites, prioritising employee safety from project inception.

Our Group-wide Health and Safety Policy fosters a zero-harm culture, empowering employees to refuse unsafe work and promptly report identified hazards to site management. This proactive approach ensures effective responses to operational safety concerns and suggestions.

Risk assessment and mitigation

Our OHSMS hinges on robust risk assessment. Employing a PDCA (plan-do-check-act) approach, we annually review and update risk assessments and implement mitigation measures, assess their effectiveness and adjust the action plan as necessary. This process considers historical data on accidents, lost-time incidents and near misses, and employees' and contractors' shift-by-shift risk assessments. Each industrial process and site has a specific risk map and mitigation plan, which is subject to regular safety checks. In 2023, we conducted 12,461 safety checks, including 3,415 among our contractors. At our sites in Kazakhstan in 2023, we conducted 1,180 safety checks[1], including 268 among our contractors.

If a lost-time accident takes place at our site, we conduct a thorough investigation applying a 'five whys' approach to identify root causes. We involve authorities and communicate findings to the relevant teams. If the accident involves a contractor, we request that their organisation conducts the investigation together with a Polymetal representative. Additionally, near-miss incidents, like vehicle collisions, are also analysed for potential safety risks, even if they did not result in lost time.

Our Health and Safety Action Plan addresses both recent materialised risks and other common safety hazards attributed to our industry. This comprehensive approach takes into consideration those safety risks that have been identified as critical:

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

Guided by the list of critical safety risks, we develop an annual action plan. For each risk, operational sites implement mitigation measures, encompassing administrative steps (e.g. assigning a responsible person), risk elimination, engineering enhancements (e.g. adopting digital technologies), additional training and visualisation.

In 2024, we will continue focusing on improving safety at our exploration sites and development projects, as well as ensuring that all our facilities – from work camp blocks to plants – are constructed and equipped in compliance with strict safety standards.

Digitalising safety

We aim to minimise the human factor by applying digital technologies. Positioning systems enable dispatchers to track workers' precise locations in the mine or on the plant and prevent them from entering hazardous areas. Similar fleet dispatching systems have been developed and implemented to enhance road safety, while circular review systems on board vehicles aid collision avoidance. In our underground mines, drilling machinery is equipped with sensors that automatically stop drilling if a worker accidentally enters the hazardous area.

To enhance the effectiveness of the daily risk assessment carried out by workers at the beginning of each shift, we are also digitalising this process. Employees are equipped with dedicated devices with built-in safety checklists, allowing them to submit details about any near-miss incidents during their shift. This transition streamlines the risk identification process, enabling site management to better analyse and improve workplace safety. Our 2024 plans include expanding the use of digital risk assessment and other above-mentioned technologies across all operating sites wherever possible.

1 The number reported comprises speed monitoring, comprehensive safety checks and safety inspections by safety managers.

Sustainability continued

Health and safety

In 2023, no fatal accidents occurred, but there were lost-time incidents among both Polymetal's workforce and contractors. While not a single accident occurred and not a single severe or minor injury was reported in Kazakhstan in 2023, 10 lost-time incidents were recorded among employees in Russia (13 in 2022) and 4 among Russian contractors (12 in 2022). Most incidents were the result of slipping or tripping while walking, being hit by an object or falling rock.

Group-wide lost-time injury frequency rate (LTIFR) for 2023 decreased to 0.07 for employees (0.10 in 2022) and 0.08 for contractors (0.21 in 2022). Days lost due to work-related employees' injuries for the full year increased by 32% year-on-year to 1,156 (877 in 2022). While most of the incidents that took place during the year were classified as minor, we still registered two severe injuries among our employees, related to tripping while walking and falling from heights. We took responsive measures for each incident, whether minor or severe, by updating risk maps for relevant facilities, providing additional instructions to employees and encouraging contractors to carry out the investigation if the accident involved a contractor's worker.

Workers engagement and safety culture

Enforcing 'zero-harm' relies on the engagement of each worker, supported by strong leadership and regular safety training. Our safety communication campaign involves articles and interviews in our corporate newspaper, checklists, videos and visual toolkits. The initiative encourages active participation by employees at all levels across the business through contests, project proposals, non-monetary awards and safety cross-checks between sites. The goal is to eradicate stereotypes about safe work and highlight the value of human life and health in day-to-day operations.

In addition to mandatory safety training from accredited external training centres, we use an internal virtual learning system, OLYMPOKS. This platform covers various topics such as industrial processes, energy, environment, transport, fire, civil defense, emergencies and first aid. Over the last year, 6,887 employees participated in mandatory training on safety, provided both internally and externally (including 2,972 employees in Kazakhstan). Our commitment to ongoing safety awareness includes a comprehensive set of measures on daily basis. We strive to equip our employees with sufficient training and tools: for example, each site holds daily safety briefings that include quick knowledge tests and Q&As.

When working with our contractors, we prioritise safety by emphasising risks and offering our expertise to assist them in mitigating these risks. We conduct regular inspections of contractor operations, work together to address any issues through health and safety committees, and encourage their involvement in professional contests alongside our employees. We also provide training for contractors on the principles of hazard identification, risk assessment and procedures for ongoing production control and workplace monitoring. Ensuring regular hazard identification and risk assessment is now a standard part of all contractor agreements.

Polymetal employees health and safety

	Units	Total Group 2023	Total Group 2022	Assets in Kazakhstan 2023	Assets in Kazakhstan 2022
Injuries, including:	number	**10**	**13**	**0**	**0**
Fatalities	number	0	0	0	0
Severe injuries	number	2	0	0	0
Minor injuries	number	8	13	0	0
LTIFR[1]	rate	0.07	0.10	0	0
Days off work following accidents[2]	number	1,156	877	0	0
Occupational deseases and health difficulties	number	8	9	0	0
Near-misses	number	4,881	4,770	477	327

Contractor employees safety

	Units	Total Group 2023	Total Group 2022	Assets in Kazakhstan 2023	Assets in Kazakhstan 2022
Injuries, including:	number	**4**	**12**	**0**	**0**
Fatalities	number	0	0	0	0
Severe injuries	number	0	0	0	0
Minor injuries	number	4	12	0	0
LTIFR[1]	rate	0.08	0.21	0	0

1 Lost-time injury frequency rate per 200,000 hours worked.
2 Read more on our Health and safety performance in Kazakhstan on page 178.

Kazakhstan: Ensuring a robust safety culture at all our sites

We apply a zero-tolerance approach to health and safety hazards and equally strict safety standards at all our assets. While this is also true for our operations in Kazakhstan, risks are currently much lower since, at this stage of development, there are no underground mining activities. In line with our corporate Health and Safety Strategy, we emphasise continuous training for our employees and contractors, foster their awareness of best practices in industrial safety and strive to provide them with the most effective tools for risk analysis, assessment and mitigation.

In 2023, Polymetal's employees in Kazakhstan demonstrated the highest level of professionalism, achieving zero LTIFR rate. However, 477 near-misses were recorded, emphasising the need for ongoing efforts to ensure safety.[2] Digitisation and automation are key to mitigating human error and ensuring a safe working environment for all employees. Polymetal's sites in Kazakhstan utilise digital control systems for quarry boards and tailings dams, fleet despatching systems, personnel positioning systems and automated employee health monitoring.

AI-powered positioning systems for open-pit mining optimise truck routes, minimising the risk of congestion and collision accidents. Equipping trucks and excavators with surround-view systems and driver behaviour analytics significantly enhances workplace safety. At our processing plants, light indication systems and personal positioning systems are deployed to prevent employees from entering hazardous areas. In 2023, local positioning systems were implemented at the Varvara plant; hazardous zone light indication system were expanded at the Kyzyl plant; wireless connection systems was strengthened at the Komar and Kyzyl quarries, and behaviour analysis cameras were added to trucks at the Komar site. Combined with training in occupational safety, fire drills, defensive driving courses and professional skills competitions, these measures all confirm our confidence in our employees and a robust safety culture.

With zero incidents in 2023, there were also no recorded cases of occupational diseases or minor injuries at our assets in Kazakhstan. Recognising the importance of preventive measures for health care, we conduct regular pre-shift medical examinations for employees and provide medical insurance programmes. Caring for our employees' well-being, we strive to enhance the accessibility of medical services and improve the functionality of our on-site medical centres. For example, at Kyzyl in 2023, we introduced a test-run for an automated medical examination system, capable of testing up to 60 persons per hour: automatically measuring temperature, pulse, blood pressure, analysing the central nervous system's condition and identifying other critical health issues. In 2024, we will uphold our Health and Safety Policy, sustaining the already high safety culture and providing our employees and contractors with everything necessary to prevent injuries and hazardous situations in the workplace.

Health and well-being

Employee performance and, consequently, overall corporate productivity both rely on good health and well-being. We aim to foster positive occupational health and contribute to the broader well-being of our employees and their families.

Occupational health

In 2023, eight cases of occupational diseases were reported by employees at our Mayskoye, Omolon and Dukat mines in Russia. All of the employees have worked extensively in underground mines, and will receive appropriate payment from the Social Insurance Fund of the Russian Federation. Employees diagnosed with an occupational disease may decide to leave the Company, but those who decide to stay with us are offered another job with less harmful working conditions. To avoid such cases occurring again, third-party organisations conduct regular assessments of working conditions at Polymetal sites. Dedicated contractors are responsible for ensuring the highest hygiene standards, while employees receive regular medical check-ups (including daily health checks with an automated health monitoring system) and paid leave for health appointments.

Encouraging well-being

The well-being of our employees is a pivotal aspect of our HR strategy. We prioritise not only their safety but also their physical and mental health. Our comprehensive private health insurance plans provide access to medical assistance irrespective of employee location or position, and also cover employees' children aged below ten without additional fees. The insurance plan includes health consultations, a second medical opinion, vaccination, emergency hospitalisation and other benefits, complemented by online resources on well-being topics such as healthy eating and stress management.

To promote a healthy lifestyle, we establish our own fitness facilities at operational sites and subsidise gym membership for office workers. Additionally, we organise various corporate sports events, including hockey, tennis, volleyball and football tournaments.

Sustainability continued

Employees

Our employees form the foundation and key value of our business, ensuring the sustainability of our current operations and the success of development projects. We consider it a fundamental priority to guarantee the development, self-realisation, protection of rights and well-being of all our people.

Assets in Kazakhstan at a glance

>3,200
average number of employees

100
hours of training per employee per year

20%
female employees

100%
of operating site employees covered by collective agreements

Areas of focus

- Attracting, retaining and developing best talents and maintaining voluntary turnover rate in Kazakhstan at a minimal level
- Ensuring favourable working conditions and supporting labour rights, including maintaining the share of employees under collective agreements in Kazakhstan at more than 90%
- Improving equality and diversity, including women's representation.

Which guidelines do we follow?

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

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

Further information

Additional data is available in:
- Polymetal ESG datapack

Our approach

Attracting and retaining the best talents currently pose challenges for the mining industry. We aim to provide equitable and inclusive work environments, competitive salaries and professional growth prospects, as well as maintaining communication and motivation through ongoing dialogue and engagement, particularly during uncertain times.

Our corporate culture is founded on mutual trust and respect, transparency and integrity, and an unyielding commitment to development and enhancement. Ongoing training and mentoring programmes are crafted and revised to assist employees throughout the Group in enhancing their expertise in engineering, geology, minerals processing, environmental protection and other fields. We consistently ensure that frontline workers have equal access to training and engagement tools, eliminating any disadvantages associated with the remote locations of our mining sites.

In addition to talent development, we prioritise the well-being and satisfaction of our employees. Our internal communication system allows employees to voice any issues or concerns without fear of reprisal, ensuring that appropriate remedial measures are implemented. Complex or Group-wide issues are escalated to a Board-level Committee for resolution.

The integrity of our business hinges on the adherence of all employees and contract workers to our Corporate Code of Conduct, delineating the expected ethical behaviours towards all stakeholders. We adopt a zero-tolerance towards any manifestation of discrimination or harassment, fostering a culture of equal opportunity. Our dedication to diversity and inclusion is reinforced by a comprehensive programme encompassing training, mentoring, talent attraction and internal communications.

Remuneration and social benefits

We are facing heightened competition in the labour market and increased demand for mining experts year-on-year, which is a critically important factor in the planning and implementation of our development projects. Recognising the significant role of monetary reward in attracting and retaining employees, we continuously monitor average salaries in our operational regions to ensure that Polymetal's salaries are equal to or exceed them. Our performance-based compensation system guarantees fair and equal growth opportunities for employees. Specifically, for those working in hazardous environments, the remuneration system prioritises safety over productivity. Annually, we align wage growth with the inflation rate: in 2023, salary increases were 20% for employees in Kazakhstan and 9% for those in Russia.

While the base salaries for individuals performing the same role are consistent regardless of gender, variations arise due to the types of tasks commonly associated with male and female roles. As of 2023, the gender pay gap[2] decreased to 20% compared with 23% in 2022 (in Kazakhstan, 29% and 30% respectively). We address this pay gap by closely monitoring the representation of women across different levels and departments, actively promoting women's participation in leadership roles.

For employees with families, we provide paid parental leave for a duration of up to three years and offer financial support for nursery fees, after-school activities and holiday camps. Additionally, those working in remote locations, along with their families, are entitled to a complimentary 'health holiday' every two years. Financial assistance is extended to employees facing illness or emergencies, as well as those seeking support for mortgages or retirement (see our Employment and Labour Corporate Standard).

Acknowledging that nearly half of our employees work on a fly-in/fly-out basis, we prioritise ensuring comfortable living conditions and also focus on hygiene, well-being and recreational facilities.

Training and talent development

Re-skilling and upskilling our employees, coupled with creating opportunities for idea-sharing and implementation, allows us to address talent gaps and stay abreast of technological advancement.

We maintain collaborations with higher education institutions and colleges to feed our talent pipeline, seeking to align academic education with our job requirements. Our partnerships with leading universities in our operational regions aim to introduce joint educational programmes focused on digital technologies in mining.

We harness our robust in-house expertise in geology, exploration, construction, metal processing, ecology and other aspects of mining. This is achieved by offering online training and conducting in-person workshops for employees throughout the Group. Our ongoing geologist training programme encompasses both theoretical and practical aspects, covering topics such as geochemical modelling, big data analytics, exploration methods, resources classification and ore processing.

Our procurement managers participate in a tailored training initiative that aids them in acquiring goods and services, and managing logistics amid the current volatile conditions. We also provide a specially tailored online training course on mining for non-mining specialists, including finance and accounting professionals. These lectures are integrated into introductory training to enhance participants' comprehension of the industry.

In addition to honing hard skills, we focus on nurturing soft skills among our employees. We introduced an operational management training course for line managers, incorporating real-life case studies. Our commitment to employee development extends to various programmes and engagement initiatives, including our Talent Pool, Best-in-Profession Competition and the Research and Development Conference.

Mentoring and succession planning

We consistently invest in tools that empower our workforce and promote internal mobility. Our Talent Pool, designed for cultivating future leaders, serves as a crucial internal resource, effectively meeting most of our staffing requirements. Any eligible employee can apply for a position or express interest in joining the Talent Pool. Various assessment methods, including 360-degree evaluations, assessment centres and competency-based interviews, are employed to groom prospective leaders. Participants receive constructive feedback and a personalised development plan. In 2023, the Talent Pool consisted of 456 employees and 17% of them gained a promotion (including 170 employees in Kazakhstan, 11% of whom were promoted in 2023). Our emphasis is on building a pool of internal candidates for leadership roles in engineering, construction, mine management and finance.

Planning for succession is equally critical for senior management positions. We assist potential candidates for these roles with a training programme that encompasses operational and strategic management, critical thinking, communications and change management.

As part of our commitment to transition from a traditional 'top-down' approach to talent development, we are implementing a corporate mentorship programme. Similar to the Talent Pool programme, it facilitates a more seamless exchange of knowledge and expertise within the Company, as mentees engage with their mentors to explore career goals and strategies for achieving them.

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

Sustainability continued

Promoting knowledge exchange
Facilitating knowledge sharing across the Group is crucial for successful innovation implementation, requiring a shift in mindset and active cross-functional collaboration. Our ProgressorLAB initiative brings together talented and creative people from our various sites, forming working groups to collaboratively address challenges in geological surveying, engineering, operational efficiency and data analytics. At the end of 2023, 121 people Group-wide were registered as participants in ProgressorLAB group projects and 48 people as experts.

Every employee can utilise the corporate Knowledge Base, housing insightful case studies of investment project execution, industrial trial outcomes and optimal operational efficiency solutions as proposed by fellow colleagues. This collaborative knowledge exchange empowers employees across the Group to address complex issues related to mining, processing, safety and more.

Fostering a culture of healthy competition
Our Best-in-Profession Competition, ongoing since 2015, engages around 1,000 employees annually. This competition recognises the most skilled employees, enhances motivation, facilitates the sharing of corporate best practice and promotes working professions. In 2023, 1,400 employees and contractors' workers Group-wide participated in skills competitions.

The Best-in-Profession Competition assesses both knowledge and practical skills, with a specific emphasis on safety and environmental management. It aids in pinpointing knowledge gaps and devising refresher training plans, especially in terms of safety rules. Polymetal encourages contractors to join skill competitions alongside Company employees, offering them a chance to immerse themselves in Polymetal's safety culture.

To boost employee participation, we continually seek ways to improve the Best-in-Profession Competition. For example, competitions for geologists and surveyors now include tasks performed using Datamine software.

Diversity and inclusion

We value diverse perspectives and backgrounds among our employees, as outlined in our Diversity and Inclusion Policy. Our hiring practices are free from discrimination based on any grounds, be they gender, race, religion, disability or political affiliation. When advertising a role and recruiting candidates, assessors outline qualification requirements and avoid any conscious or unconscious bias during the interview process. Remuneration decisions are solely based on competence for the role, irrespective of any other attributes. We actively monitor and address discrimination-related incidents through our feedback systems, such as our Hotline, providing a platform for anonymous reporting and resolution by the relevant department.

To address and eliminate workplace bias, promote diverse teams and attract and retain people with varied backgrounds, we have implemented a Diversity and Inclusion Programme. This comprehensive initiative includes training, engagement activities, diversity metrics and targets, collaboration with educational institutions and ongoing internal communication.

Gender equality
We track the percentage of women at each level, in key departments and among the participants in development programmes. The number of women employed Group-wide in 2023 remained at 21% of the total workforce (2022: 21%) and in Kazakhstan the number remained at 20% (2022: 20%). We also track the gender pay gap, the number of female applicants for our job vacancies, as well as female representation in the Talent Pool and among participants of the Research and Development Conference.

Our commitment to fostering equal access to technical education, removing the barriers to career advancement and championing women both within and beyond our Group remains a constant. We actively encourage women to join our industry and progress into leadership roles. This encouragement takes the form of motivating online workshops, networking opportunities with female leaders from peer companies and participation in the cross-industry competition: Talented Women Award. Held for the third consecutive year in 2023, the competition attracted 450 applications from 57 companies within the mining, manufacturing, chemical and oil and gas industries (including 25 applications and four finalists from Polymetal).

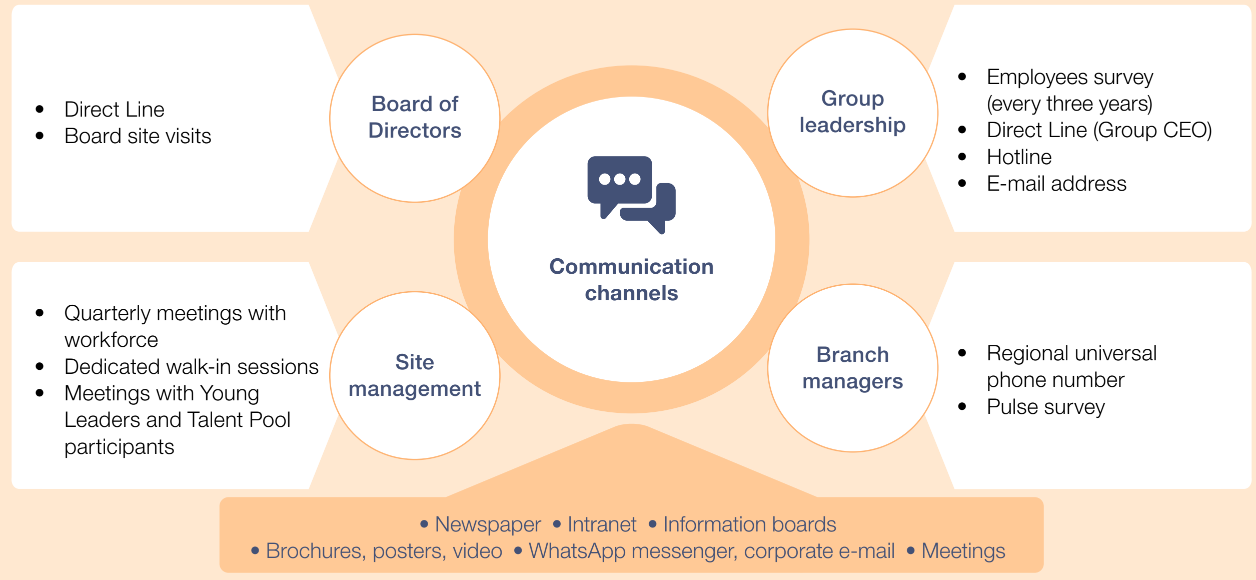
Surveys among our employees have revealed that women often face challenges in visualising their future career paths and achievements, despite the high level of professionalism. To address this, we promote the participation of our female employees as lecturers at various conferences, thematic forums and as guest lecturers in universities. In 2023, we launched a dedicated section on female leadership within our corporate informational portal in order to enhance networking and educational opportunities.

We also work with universities and provide career guidance in schools. We hold meetings with students who have already begun to think about their futures and make a point of inviting female Polymetal employees along to these, in order to destroy existing gender stereotypes and inspire girls to work within the mining industry.

Inclusive environment
We recognise that different types of physical and mental disability require a tailored approach to hiring and it is our responsibility to establish an inclusive environment for those with special needs. As an employer of 74 people with disabilities (including 23 people in Kazakhstan), we partner with a specialised recruitment agency that connects candidates with disabilities to employers offering accessible work places, even in remote regions.

To assist colleagues in developing improved and more efficient relationships with people with special physical or mental needs, we have created an interactive online course on inclusion practices. This course provides an informed understanding of disability, highlighting the potential risks of bias at work and has also been incorporated into the induction programme for new employees.

Employee engagement at various management levels



Age diversity

At the end of 2023, our workforce included 17% of those aged 50 and above (21% in Kazakhstan), who represent a significant source of expertise and mentorship in many areas. We provide flexible hours and remote work options or transition them from physically demanding roles to those focused on teaching and mentoring younger colleagues. Additionally, our comprehensive corporate medical insurance programme covers all employees, supporting their health and well-being.

Communications and engagement

Our internal feedback system provides an avenue for employees to express concerns, and we ensure a prompt and confidential response. Employees have multiple channels to send confidential feedback, including a corporate Hotline (anonymous via telephone or email), a messenger app or discussions with their managers. All employees are informed about these channels during their induction and information is easily accessible through corporate media. In 2023, we received 2,244 enquiries to these channels (including 332 enquiries from our employees in Kazakhstan) covering topics such as living and working conditions, social benefits and remuneration. Each enquiry is thoroughly investigated and addressed accordingly. Quarterly analysis of reported issues is conducted and anonymised responses to common enquiries are shared through our Company newsletter, corporate portal, info-boards and meetings.

In 2023, we surveyed over 8,800 employees Group-wide and conducted approximately 50 focus groups Group-wide as part of our employee satisfaction survey. The objective is to evaluate employee perceptions of our corporate culture, utilising the findings to consistently enhance our workplaces in alignment with our core values. Additionally, throughout the year, we seek feedback from employees on various matters, ranging from on-site living and leisure facilities to new training programmes.

We utilise corporate volunteering as another tool to engage employees and offer them opportunities to contribute positively. The volunteering initiative has expanded to over 20 cities in our regions of operation, involving more than 3,000 Polymetal employees Group-wide in 2023.

To enhance the effectiveness of volunteering efforts, we have established a Volunteer School to educate those interested in the proper and efficient organisation and participation in volunteering events. Our volunteers are actively involved not only in projects initiated by the Company, but also launch their own initiatives focusing on positive social or environmental impacts.

Freedom of association

We recognise the right of our employees to join organisations that advocate for and uphold their interests. This encompasses the right to elect representatives in accordance with the laws and practices of the countries where we operate. In 2023, 77% of all employees and 100% of operating site staff were covered by collective bargaining agreements (in Kazakhstan, 91% and 100% respectively). At each operating site, employees have established Workers' Councils, with elected employee representatives serving on the Commissions for Regulation of Social and Labour Relations to facilitate discussion between employees and Polymetal.

Headcount and turnover

In 2023, our average headcount decreased by 0.5% to 14,647 employees, including 3,202 employees in Kazakhstan, with over half of them working on a fly-in/fly-out basis at remote sites. The voluntary turnover rate significantly decreased to 4.7% in 2023, compared with 8.4% in 2022; in Kazakhstan, this was 1.4% in 2023 compared with 4.6% in 2022. In 2024, we will continue to develop digital systems that enable better tracking and analysis of people-related metrics that would, in turn, enable better decision-making about our HR policy.

Sustainability continued

Environment

As caretakers of the lands under our temporary stewardship, we strive to take every possible action to ensure the safety of the environment and local communities, as well as the preservation of natural wealth for future generations.

Assets in Kazakhstan at a glance

>90% of water is reused or recycled

8% of mineral waste reused and recycled

80% of non-mineral waste reused and recycled

Areas of focus

- Adhering to our goal of reducing and maintaining fresh water withdrawals to the lowest possible level
- Analysing the potential for increasing the share of waste reused/recycled
- Environmental impact monitoring across all sites with the focus on efficient use of resources
- Eliminating adverse biodiversity impacts at each stage of the life-of-mine.

Which guidelines do we follow?

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

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

Further information

Additional data is available in:
- Polymetal ESG datapack
- CDP Water Disclosure

Our approach

Recognising the unavoidable impact of the mining industry on the environment, minimising our environmental footprint is a key strategic objective. This commitment is realised through diligent monitoring, optimal resource utilisation and continuous innovation. The implementation of our Environmental Policy is carried out on-site through the Group-level Environmental Management System (EMS), complemented by specific systems addressing cyanide, tailings and mine closure management.

The EMS incorporates stringent controls to prevent water, air and land contamination, noise pollution, as well as mitigate adverse effects on biodiversity. The EMS enables us to establish targets, continuously measure performance and adhere to national legislation. Recognising that specific environmental risks could impact the Company's operational outcomes and reputation, we have established a comprehensive risk assessment system within our EMS. Environmental management plans undergo annual review at each operational site, emphasising preventive measures over compensatory actions.

In light of the sanctions imposed on JSC Polymetal and its Russian subsidiaries, in 2023, we made adjustments to our EMS in Kazakhstan, refining our approaches and updating the assessment of risks and key focus areas. All processes related to the implementation of EMS at our facilities in Kazakhstan were restructured and centralised under the Board and the management of Polymetal International. At the same time, the responsibility for the EMS at our assets in Russia were delegated to the executives of JSC Polymetal. On 7 March 2024, Polymetal International completed the disposal of its Russian business.

In our role as long-term stewards of natural resources, we are dedicated to minimising environmental risks throughout every phase of a mine's life cycle. During the design phase, we meticulously consider all potential environmental issues through a comprehensive multi-stakeholder process, namely an Environmental Impact Assessment. While our sites are operational, local environmental teams actively monitor impacts and environmental compliance is regularly scrutinised by governmental bodies, our internal audit function and external experts. In preparation for mine closure, we strategically plan rehabilitation activities to guarantee that our infrastructure poses no harm to people or the environment once the mine reaches the end of its operational life.

We acknowledge the significance of environmental awareness and feedback mechanisms. All stakeholders have the opportunity to provide comments on our approach or raise concerns or grievances formally and anonymously. This can be done through various channels, such as public hearings and direct contact. We systematically record all feedback and take appropriate actions in response. In 2023, we received 14 enquiries related to our impact on the environment (all of them about Russian assets), all of which were resolved.

Environmental requirements also apply to our contractors, particularly those operating at our sites. Our contracts include penalties for non-compliance, specifically addressing issues such as pollution, packaging, noise and emergency preparedness. We regularly conduct formal assessments and audits of contracted suppliers to ensure environmental compliance and adherence to best practice. All contractors undergo an induction into our EMS and must demonstrate responsible practices and a commitment to continual improvement. In 2023, we carried out 252 environmental checks and 53 in-depth environmental audits of our contractor organisations in Kazakhstan.

Water stewardship

Water plays a crucial role in our processing operations. Our operational facilities are engineered and continuously improved to minimise the extraction of fresh water and guarantee the safe discharge of water.

The monitoring of both water quantity and quality is a key focus within our EMS. Given the predicted physical impacts of climate change on our operations, vigilance in monitoring water risks is crucial for our assets in Kazakhstan. We strive to continually enhance our water efficiency by employing metering and auditing practices for water consumption, coupled with the meticulous management of the quality of wastewater. The majority of the water we use in ore processing is circulated in closed water cycles. Some operations necessitate obtaining additional water from local utility providers. In instances of last resort, we secure limited quantities from rivers, dams and groundwater aquifers through permits issued by local or state authorities. Importantly, we abstain from drawing water from surface sources in environmentally sensitive areas or where ecological and biological services hold significant importance for local or indigenous communities. Our water usage is diligently tracked through meters or, when necessary, estimated based on the operational time of pumps.

Recognising water as a shared resource, our approach is inherently community-centric. We acknowledge access to safe and clean water as a fundamental human-rights concern. In every operational region, we conduct assessments of potential water risks, incorporating feedback mechanisms that empower individuals to voice concerns without fear of reprisal, ensuring a thorough investigation of each raised issue.

We also collaborate with local government and community organisations to contribute to long-term water security. This involves funding infrastructure projects and providing assistance in implementing initiatives significant to local communities.

Environmental teams at operational sites, as part of our EMS and Climate Management System, are responsible for identifying and assessing water risks. For EMS risks, a one-year time horizon is adopted, relying on historical data related to incidents like pollution or water scarcity, as well as plant technology data. Medium- and long-term risks, such as flooding or changes in precipitation, are evaluated within our Climate Management System, aligning with IPCC climate change projections and the World Resources Institute (WRI) Aqueduct tool, which assesses water-related risks at the catchment level, identifying potential locations facing water scarcity (further details are available in the Climate & Energy chapter on page 58 and in our CDP Water disclosure).

Bringing green ideas to life: the Varvara Spring restoration

We are consistently focused on raising the environmental awareness of our employees and motivating them to actively contribute to Polymetal's sustainability goals. The corporate Green Ideas Contest is one of the most effective tools for engaging our workforce, allowing us to identify and implement creative projects, which address environmental challenges at our sites and in the regions where we operate.

Last year, the winning project involved reclaiming a natural spring area near the Varvara site, close to Zhuravlevka village in Kazakhstan. This particular area holds cultural and historical significance for the local community and residents believe the water from this spring possesses sacred qualities, granting strength and vitality to those who drink it. The Varvara initiative group put a great deal of effort into cleaning up the area surrounding the spring: removing undergrowth, enhancing access, upgrading roads, reconstructing water pipes, building masonry structures and improving the overall environment and water quality. In addition, we teamed up with local residents, volunteers and environmental activists to help clear up rubbish and debris in the area.

We expect the project to be completed in 2024 and anticipate that this location will become a new focal point for the local community. We hope that this sets a positive example for the stewardship of sustainable environmental and water resources.

Water stress risk: optimising fresh water use
According to the Aqueduct tool, approximately half of our operational assets are situated in areas characterised with low or low-to-medium water stress, while the remaining assets are located in areas with high and medium-to-high water stress. In our commitment to minimise the impact on water stress of our operations and reduce our footprint on local ecosystems, we actively decrease fresh water withdrawals. This is achieved by employing a closed water cycle approach at flotation plants and capturing wastewater that naturally infiltrates our quarries as well as utilising rainwater for activities like dust suppression through irrigation. Notably, 93% of our on-site water consumption is sourced from a closed cycle of treated wastewater. This closed water cycle model is incorporated into the design of all new processing facilities.

In 2023, we remained committed to our ambitious goal of reducing fresh water usage for processing per unit of production by 55% by 2030, compared with the 2019 baseline. Thus, we manage to reduce our fresh water intensity for ore processing by 53% Group-wide, compared with 2019, to 125 m^3/Kt (2022: 49%), including 47% decrease in Kazakhstan (178 and 336 m^3/Kt of processed ore in 2023 and 2019 respectively).

Water quality risk: vigilant monitoring and treatment
In addition to overseeing water usage, we take complete responsibility for the effective treatment of water discharged into local water bodies. The possibility of untreated water discharge, stemming from factors like seasonal water excess, heavy rainfall or damage to the waterproofing layer in storage facilities, is carefully managed. To counteract this, we consistently monitor the integrity of our facilities and their water levels, promptly acquiring additional pumps if necessary and updating emergency response plans as needed (further details on tailings facilities safety can be found on page 190).

With regard to water treatment, we rigorously ensure that all discharge undergoes purification through mechanical, physico-chemical and biological processes. Additionally, we conduct thorough monitoring of the quality of water bodies upstream and downstream to ensure zero contamination. This monitoring involves laboratory testing for nitrites, nitrates, ammonium, heavy metals, salts and cyanides.

Continuing to improve the quality of control over water resources, in 2023 we installed an automated monitoring system for the quality of quarry water at the Komar site, which allows real-time monitoring of the concentration of impurities in the discharged water.

Waste management

Waste material is an inherent byproduct of the mining industry, which generates substantial amounts of mineral waste, such as overburden rock and tailings, alongside relatively smaller quantities of non-mineral and hazardous substance waste. With a circular economy in mind, we are dedicated to minimising material consumption, emphasising the reuse and recycling of waste both on-site and off-site through accredited organisations.

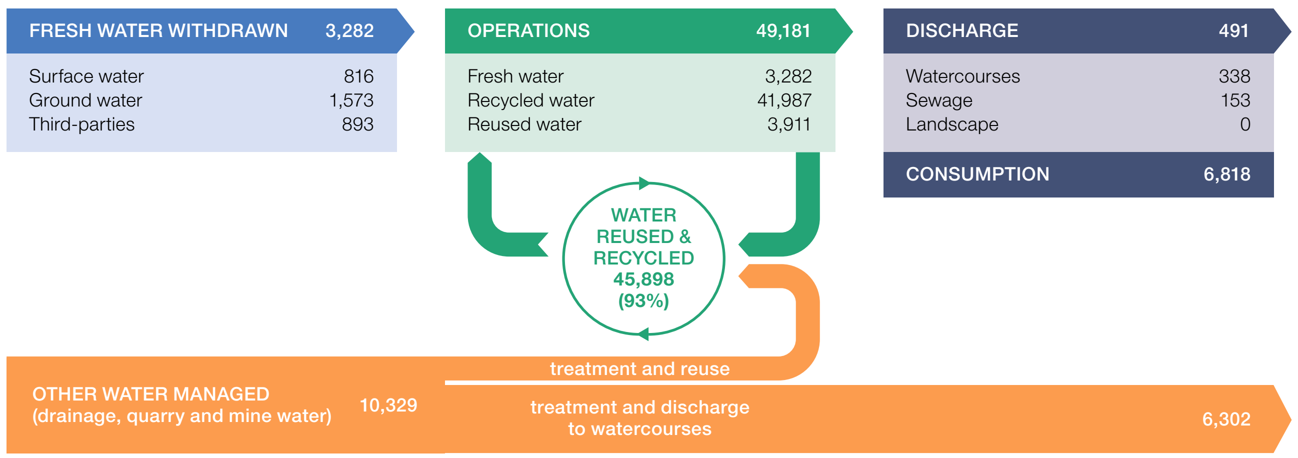
In 2023, the proportion of waste recycled decreased to 17% compared with 23% in 2022 (8% and 10% in Kazakhstan, respectively). For waste that cannot be reused or recycled, we prioritise disposal methods that do not pose risks to the ecosystem. Across all sites, formal measures are implemented to ensure the environmentally safe disposal of waste and these protocols are clearly communicated to employees.

Tailings and overburden waste
More than 99% of our total waste Group-wide, by weight, is comprised of mineral waste, including tailings and overburden. This waste is stored at rock dumps and tailings storage facilities (TSFs), which are composed of tailings dams and dry stack facilities. Typically classified as non-hazardous, overburden is either reused or disposed of at our own sites. Meanwhile, TSFs serve as a source of recycled water for processing and upon reaching capacity limits, they undergo dehumidification and reclamation in accordance with our Mine Closure Policy.

We operate two TSFs in Kazakhstan (a further five operating TSFs, two TSFs undergoing closure and four dry storage facilities are located at the Russian assets, which were divested in March 2024). To minimise their environmental impact, we use protective lining, drainage systems, wastewater treatment plants and water collectors. Each TSF undergoes rigorous daily monitoring and inspection, including checks on pipelines, pump stations, water levels and dams. Management reviews their current state monthly, while government agencies regularly assess compliance with safety regulations. Our studies affirm that any emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present.

Polymetal's water circle in 2023 (Group-wide data)

'000 m^3



We are dedicated to ensuring that all our operations related to TSFs comply with the Global Industry Standard on Tailings Management (GISTM), and highly value the initiatives of the Global Tailings Management Institute in enhancing environmental sustainability and advocating for best practice within the mining industry. In accordance with the GISTM, we have implemented a Tailings and Hydraulic Facilities Management Policy and appropriate internal standards across all our facilities with TSFs, incorporating the fundamental principles outlined by GISTM. Additionally, we conduct annual reporting with detailed information on the status of our TSFs, which is available on page 190 and on our website.

To reduce mineral waste disposal, we employ internal dumping, backfill overburden in developed chambers and use it for the construction and maintenance of roads and operating sites. The waste management programmes at our facilities envision a systematic acceleration in the implementation of this practice. For example, by 2027, over 30% of overburden at Varvara will be deposited in pit internal dumps (approximately 1% in 2023). Similarly, at the Kyzyl site, between 2024 and 2027, 5-7% of overburden will be utilised for dam construction and road building.

In order to eliminate affecting both ground and surface water, as well as the surrounding area, we have implemented dry cake stacking technology at four assets in Russia and, by the end of 2023, we stored 30% as dry cake and 70% in dams. Following the divestment of Russian assets in March 2024, we do not have any dry stacking facilities in operation and the development strategy of our operating assets and new projects in Kazakhstan do not currently include a transition to dry tailings storage. However, we continually monitor the safety of our TSFs and continue to introduce breakthrough technologies to minimise potential environmental risks.

Non-mineral waste
We take extensive measures to recycle non-mineral waste, including paper, plastic and metal, either at our own sites or through accredited organisations. All our production sites are equipped with recycling bins for separate waste collection. In 2023, more than 65% of our non-mineral waste was either recycled or reused (80% in Kazakhstan).

To minimise plastic waste, we now prioritise the reuse of large bags for storing ore concentrate whenever possible. Non-recyclable solid and industrial wastes are neutralised and stored at our designated waste polygons or landfilled by external companies. Environmental monitoring is conducted at all our special waste polygons to assess the quality of air, surface and ground waters, and soils.

At several of our facilities, we have also implemented pilot projects for food waste recycling. The food waste is transformed into an organic soil fertiliser, contributing to land reclamation efforts. This initiative helps to advance a circular economy, simultaneously lowering greenhouse gas (GHG) emissions and mitigating air pollution originating from solid waste dumps.

Cyanide management

The management of cyanide, utilised as a leaching agent in the gold recovery process from ore, is subject to stringent controls at every stage to safeguard our personnel and prevent any release into the ecosystem. Our Cyanide Management System ensures a uniform approach to cyanide handling, covering aspects such as procurement, transportation, storage, processing, decommissioning, employee safety, emergency response, training and stakeholder engagement. This system is currently implemented across all operational sites where cyanide is utilised.

Our methodology entails identifying all associated hazards, maintaining strict control over cyanide levels in tailings, collaborating with third-party cyanide producers and transporters, and conducting comprehensive monitoring of air, soil, surface and groundwater. We design, construct and monitor tailings dams to prevent cyanide effluent and share all relevant data with public authorities and other stakeholders upon request.

Polymetal is a signatory of the Cyanide Management Code. In Kazakhstan, our sole cyanide-related site, Varvara, is fully certified both as a gold mining company and separately as a cyanide transporter. In 2022, the site underwent an independent audit for compliance with the Cyanide Code and, in 2023, we updated the internal Standard for Cyanide Management and provided training to the responsible personnel at the site.

In Russia, Amursk POX and Voro were certified for compliance with the Cyanide Code. However, as of the beginning of 2024, the certificates for these facilities have expired and, due to imposed sanctions, recertification audits cannot be conducted. In 2023, all Group facilities in Russia, which handled cyanide, adhered to the requirements of the corporate Cyanide Management System, while oversight of these matters was delegated to the executives of JSC Polymetal, the holding company for the Group's assets located in Russia. Following the divestment of Russian assets in March 2024, Varvara is Polymetal's only operating facility using cyanide. The use of cyanide is also planned at the Ertis POX, where, after commissioning, the Cyanide Management System will also be introduced and the corresponding certification for compliance with the Cyanide Code will be completed.

Detailed information on the compliance status at our sites with the Cyanide Code is available on the ICMI website.

Sustainability continued

Environmental compliance

We continue to adhere strictly to all adopted voluntary and mandatory environmental commitments, at both international and national levels. In 2023, each of our operating sites in Kazakhstan underwent certification of the updated EMS to comply with ISO 14001 standard, ensuring that we maintain adherence to this standard across all our operating sites.

At the national level, in 2023, our operating sites in Kazakhstan underwent two environmental desk audits. All identified minor non-compliances were resolved in accordance with the regulator's recommendations without any fines or significant impact on the business.

Assets in Russia were also subject to environmental audits: in 2023, inspections took place at three sites where violations related to wastewater treatment and environmental control were identified, and the total amount of fines was $5,800. The development of the mitigation plans for eliminating violations and their implementation is under the control of the management of JSC Polymetal and will continue in 2024.

Biodiversity and land

From the initiation of a mining project, we assess the impacts on biodiversity through an Environmental Impact Assessment, involving collaboration with environmental organisations and local communities. Subsequently, ongoing site-specific biodiversity monitoring is conducted, encompassing studies of plant and animal life around our mining sites in partnership with local biodiversity experts. Alongside scientific monitoring, we have established a framework for prompt reporting of biodiversity-related incidents, with a specific focus on those resulting in harm to or fatalities of wildlife.

Following the Science Based Targets for Nature Initial Guidance for Business, we have recognised land use change resulting from mining and related infrastructure as the primary pressure on biodiversity, water bodies and natural carbon sinks. The IUCN Guidelines for Planning and Monitoring Corporate Biodiversity Performance have assisted us in identifying priorities concerning protected areas and species. Explore how we address biodiversity impacts throughout all stages of the mine life cycle below.

Protected territories

It is imperative for all mining companies to refrain from operating in areas of high biodiversity significance in order to minimise their environmental footprint. Polymetal has already implemented a no-go policy for World Heritage Sites, Ramsar Sites and legally designated protected areas and their adjacent territories. Our Committee for Ore Reserves mandates that each new project assess its proximity to and potential impact on protected areas before making any investment decisions.

Protected species

The assessment of the impact on Red List species, habitats and ecosystems is conducted as part of the Environmental Impact Assessment at the start of each project. Once operations commence, the mining site provides an annual biodiversity report, detailing rare, protected and hunted species identified at the site and adjacent territories. We have implemented measures to safeguard species at our sites, covering every phase from project exploration to site closure.

During the exploration stage:

- using aerial photography and lighter drilling equipment to minimise physical disruption of the land
- plugging drill holes to prevent the entrapment of small mammals
- reclaiming trenches that are no longer required.

During the construction stage:

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

During operations:

- installing animal deterrents at waste polygons, grid lines and TSFs
- surrounding open-pits with waste rock walls to prevent animals from falling in
- reducing light pollution by using downward-directed lights to avoid confusion for birds in flight
- employing safe-and-clean technologies
- implementing dust suppression measures
- conducting a volunteer initiative to clean water protection zones and coastal strips of local water bodies
- installing road signs to warn about wild animals both on and outside the site in surrounding territories
- prohibiting fishing and hunting, and the gathering of Red List plants by employees
- conducting education and engagement programmes for employees and communities.

During the closure stage:

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

Considering biodiversity at all life-of-mine stages

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

Mine closure

After completing operations in a particular area, our commitment is to undertake comprehensive land rehabilitation, emphasising the repair of any environmental damage caused by our activities. In 2023, no mines or plants were closed; however, ongoing preparations for end-of-mine scenarios were continued across all our sites. Our primary objective is to minimise social and environmental risks linked to closure or transfer to other organisations for further use. This entails employing technologies to assess and safeguard a site, along with raising employee awareness about the significance of responsible mine closure planning.

Reforestation

Forests play a crucial role in providing habitats and sustenance for diverse species, maintaining the natural water cycle and acting as a carbon capture and storage system. Recognising the impact of mining on boreal zones and the need for tree felling, Polymetal has formulated a strategy to offset deforestation effects. We are committed to planting native tree species within an area determined by local regulations to minimise the potential negative impacts of land disturbance.

In 2023, Group-wide we planted 430 thousand saplings of pine, larch and cedar on almost 200 hectares in the regions where we operate (in accordance with mandatory reforestation requirements). During reforestation efforts, we utilise saplings that are at least two years old and, for a minimum of three years post-planting, we provide care to ensure the healthy growth of the trees.

In addition, as part of our commitment to actively fostering a favourable environment for all stakeholders in our operating regions and taking initial steps towards implementing a Net Positive Impact approach, we are undertaking a voluntary pilot project to plant a new forest not far from Varvara site in Kazakhstan. Upon successful implementation of the trial plantings, similar projects could be initiated at other Polymetal sites in Kazakhstan.

Air emissions

Many of our primary activities result in the emission of nitrogen, sulfur oxides and inorganic dust. Our environmental teams conduct ongoing monitoring of these gases and particulates to ensure adherence to high air-quality standards.

To mitigate the impact of our operations on air quality, we implement measures such as irrigation, dust separation and shield technologies. Across our vehicle and mining equipment fleet, we enforce compliance with quality standards and utilise advanced technologies. Our boiler houses and processing plants are also equipped with industrial air filters designed to remove particles and gases from the air. We also employ heat recovery technology to utilise wasted heat from diesel generators, thereby reducing emissions stemming from fuels. For further details on energy efficiency, please refer to page 186.

Implementing Net Positive Impact approach

At Polymetal, we believe that thoughtful and responsible use of natural resources goes beyond merely meeting the requirements for mandatory environmental protection. Which is why we put significant effort into voluntary projects aimed at supporting and enhancing natural resources in the regions where we operate. Aligning with our commitment to create a positive impact on biodiversity, we are taking the first steps towards implementing a Net Positive Impact strategy by launching a voluntary pilot initiative to establish a new forest near the Varvara site in Kazakhstan.

The project involves planting a new forest covering an area of up to 1,500 ha. In 2023, we conducted extensive analysis of national and international legislation for forestry projects. In close collaboration with the authorities in the Kostanay region, we selected initial areas for trial afforestation. The chosen land parcels were not used by the local communities or for agricultural purposes, have minimal existing trees and vegetation, and have undergone all necessary soil quality and afforestation suitability studies.

The planting of the first trees is scheduled for spring 2024 with local nurseries providing saplings that are well-adapted to local soil and climate conditions. Initially, deciduous trees and shrubs will be planted and, as they grow, they will help improve soil quality and create more favourable conditions for future plantings. In the second stage, new saplings of coniferous trees will be added to the already established trees, gradually forming a new sustainable ecosystem in the forested area.

In developing the project, we are following international standards and methodologies, and putting the project forward for inclusion in the national registry of climate projects in Kazakhstan. The carbon offsets generated will be verified and utilised to partially offset the direct GHG emissions from our sites in the region.

Following on from the successful planting at Varvara, we will look at identifying additional land plots in the region, with the aim of creating a network of green areas that contribute to biodiversity, prevent land erosion, stabilise the local water balance and provide residents with spaces for recreation.

Climate and energy

Addressing global climate change demands enhanced resilience and foresight. This entails innovating extraction methods to reduce greenhouse gas (GHG) emissions and optimising energy balance.

Group-wide performance at a glance

15%
decrease in GHG emissions intensity compared with 2019

24%
share of heat utilisation systems in total heat consumption

26%
share of renewable electricity in total electricity consumption

Areas of focus

- Adhering to our current decarbonisation trajectory aiming to reduce absolute GHG emissions in line with the goals of the Paris Agreement
- Updating the Climate Strategy for assets in Kazakhstan given the changes in Group structure
- Ensuring the timely and proper implementation of projects for the construction of solar and gas power plants at Varvara and Kyzyl.

Which guidelines do we follow?

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

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

Further information

Additional data is available in:
- Polymetal ESG datapack
- CDP Climate Disclosure
- Sustainalytics Low Carbon Transition Rating

Our approach

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

Accepting the need to take urgent action to mitigate human-made impacts on the climate, we are committed to reducing our own impact and developing an approach to potential carbon neutrality. Our strategy is focused on those projects that comprehensively reduce our GHG emissions and on net impact on water resources and biodiversity.

Building long-term resilience is our strategic priority. By introducing cutting-edge technologies, adapting to climate risks and gradually reducing our carbon footprint, we both mitigate our impact on the environment and improve our resilience to the threats of climate change. In 2023, we adhered to our climate targets of reducing our direct and energy-related emissions, and we are gradually adapting our Climate Action Plan to the new circumstances and changes in Group structure. In our Climate Strategy, we give unconditional priority to real decarbonisation projects and state that offsetting is reserved only for hard-to-abate or residual emissions. Aiming to maximise the decarbonisation potential of our assets in Kazakhstan, we are currently focusing our efforts on designing new solar power plants with a total capacity of up to 40 MW at Varvara and Kyzyl, as well as an afforestation project in the Kostanay region (read more on pages 60-61).

The changes that are taking place require us to assess and monitor climate-related risks and opportunities thoroughly. Our approach to risk analysis includes both qualitative and financial assessment of climate risks and opportunities in different horizons and climatic scenarios, and is integrated into our Risk Management System. In 2023, we adjusted our Climate Management System in Kazakhstan, revised our assessment approaches and updated the assessment of the climate-related risks and opportunities.

To achieve the transition to a low-carbon economy, we collaborate with and encourage our partners, contractors and suppliers to apply the same standards to reduce their carbon footprint as we do.

Through our Climate Action Plan and assessment of climate risks and opportunities, we are progressing with robustness and confidence.

The Polymetal Climate Strategy

We adapt our strategy to climate change challenges by employing advanced technologies and continually improving operational performance. Acknowledging the significant impact of climate change and the volatility of climate factors, we identify, assess and manage climate risks and opportunities on an ongoing basis.

Our corporate Climate Management System (CMS) and Corporate Standard for assessing climate risks and opportunities establish a mandatory assessment of climate risks and opportunities for all of our existing sites and development projects. We consider physical and transitional climate risks, as well as climatic opportunities, across three time horizons (short-term is up to one year, medium-term between one and five years ahead and long-term over the entire life cycle). We conduct scenario analysis for three climate scenarios, based on the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA) scenario models (read more in our CDP Climate disclosure).

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

Our Climate Strategy is aligned with the goals of the Paris Agreement, aiming to limit the rise in global average temperature to below 2°C above pre-industrial levels[1]. At the same time, understanding the severity of climate change, we are looking for ways to increase the ambition of our Climate Strategy and move to a 1.5°C trajectory.

Polymetal will finance projects that support low-carbon and climate change-resilient growth, as well as waste efficiency and improved water management. The primary targets are climate impact mitigation, such as increased energy efficiency and use of renewable energy, as well as environmental impact reduction, such as reduced waste and emissions. Read more about our key climate projects on pages 60-61.

Climate governance

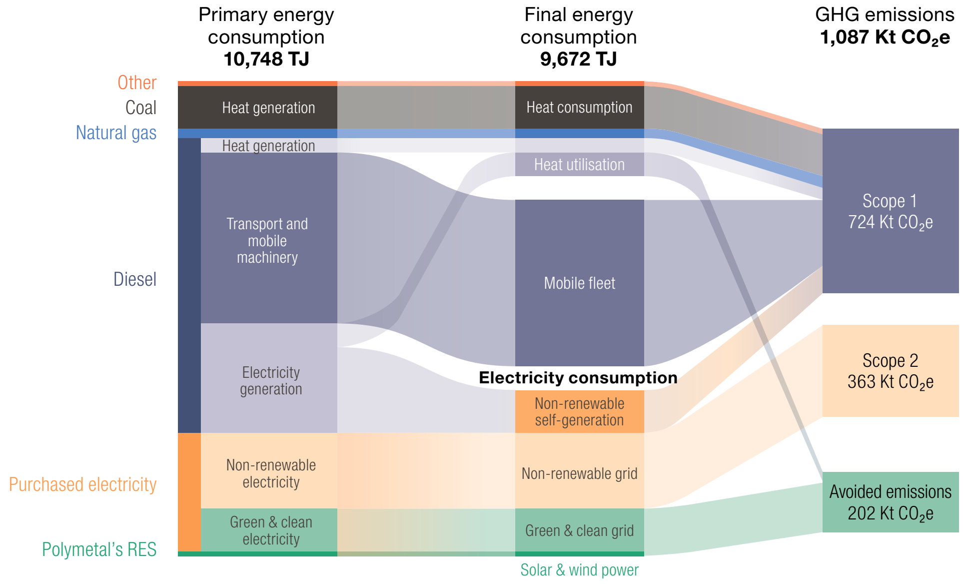
Delivering on our strategic sustainability and climate objectives requires leadership from the very top of the organisation. Our approach is therefore overseen by the Board and Board-level Committees, with our Group CEO having ultimate accountability. During the year, our Board conducted several climate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

The Safety and Sustainability Committee has a mandate to provide support to the Board on the Group's safety record, sustainability performance and ethical conduct. The Committee monitors and reviews risks and opportunities related to climate change and oversees our approach and the implementation of short- and long-term Climate Strategy. Climate change is a Board-level standing agenda item and, in 2023, among issues covered were the Group Climate Strategy in Kazakhstan, environmental and climate-related KPI, performance against targets, decarbonisation potential and key climate projects.

Climate change, as one of our key strategic issues, falls under the executive responsibility of the Group CEO, who is both a member of the Board and of the Sustainability Committee. In 2023, the weighting of environmental and climate goals in the Group CEO's KPI was 12% (10% in 2022). For 2023, the Group achieved the climate component of the KPI: reducing the intensity of GHG emissions by 15% compared with 2019, against a target of 12%.

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

Polymetal's energy flow in 2023 (Group-wide data)



1 According to the recent Sustainalytics Low Carbon Transition Rating, Polymetal's Climate Strategy is aligned with 1.9°C trajectory, ranking 4th globally among 58 ranked companies within the Gold subindustry.

Sustainability continued

Climate risk management

Risk identification approach

The process of identification and materiality assessment of climate-related risks and opportunities has been driven by our CMS, which specifies scenario analysis parameters and assessment methodology in detail. This bottom-up process involves site management teams, corporate-level management, the Group CEO and Board, and is controlled by the Task Force.[1]

Asset-level climate risk assessment is the responsibility of each site's production department, which identifies and assesses physical risks. The assessment process involves functional and operational managers and technical specialists. A scenario analysis of the identified significant climate risks is carried out, taking into account asset-specific historical climate data and predictive climate models. As a result, an estimate of the likelihood of these risks is obtained to assess potential damage. The financial assessment of the risks includes damage from possible destruction, environmental damage and fines, as well as damage from potential downtime. Medium- and high-level risks are recognised as material at asset level and a mitigation plan is developed. The results of the scenario analysis of physical risks, action plans and risk monitoring reports are submitted by the site management team to the Task Force.

Transitional risk assessment is carried out at corporate level.[2] Responsibility for identifying and assessing these risks is the remit of relevant representatives of corporate management. The distribution of responsibility is also embedded in the CMS. Scenario analysis and financial assessment of transitional risks is carried out according to a similar methodology with physical risks. The results of the assessment are also reported to the Task Force.

The Task Force shares this data with the Corporate Risk Management team and with the Group CEO, Board of Directors and Board Committees at least once a year.

Risks of a high or extreme level (in the medium-term horizon of the Paris Agreement scenario) fall under review of the Task Force and Audit and Risk Committee, following which they may be included in the list of principal risks (read more on pages 68-84).

Key climate risk mitigation

In 2023, the Board and Group management focused on risk mitigation and the adaptation of Polymetal's assets in Kazakhstan. We revised and adjusted our corporate standard on climate risk assessment, updated the scenario analysis and identified key material risks for each Kazakh asset. Meanwhile, given the sanctions imposed against JSC Polymetal and its Russian subsidiaries, the oversight of the implementation of climate-related risks and action plans at our assets in Russia was delegated to the executives of JSC Polymetal.

The results identified all material climate risks as low or medium. When updating and integrating assessments into our risk management system, climate risk was retained among emerging risks (read the Risk management overview on pages 83-84).

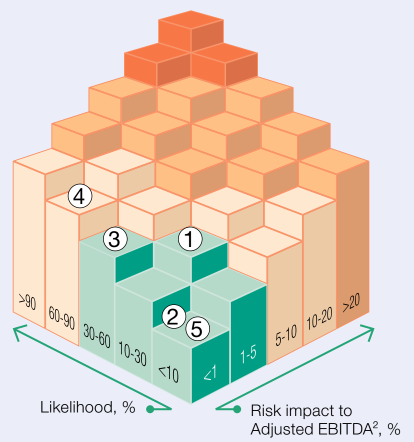
As of the end of 2023 and in the short term, the current impact of climate-related issues on the financial position of the Company, based on the target scenario, is assessed as insignificant and does not exceed 1% of Adjusted EBITDA .

The key physical risks for Polymetal in Kazakhstan associated with heat or cold waves, hurricanes and water scarcity, as well as the transitional risks associated with national and international carbon regulation, are the most likely to increase in the long term. We are particularly attentive to these risks and, to address them, we have adopted a comprehensive Climate Action Plan covering all our assets in Kazakhstan (read more on pages 60-61).

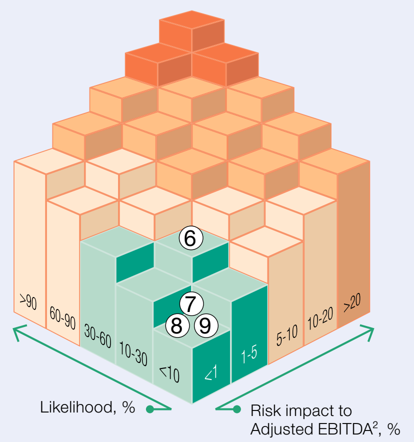
While evaluating the potential impact of climate change on the Group, we also consider the impact on our supply chain. Thus, the climate risks affecting our transport infrastructure and logistics are included in the risk registers of each of the assets. Such risks include potential disruptions in the supply of goods, materials and equipment due to climatic factors, damage to critical transport infrastructure, bad shipping conditions etc. To address these risks, and avoid downtime due to potential delays or supply disruptions, there is a reserve stock of goods, materials and spare parts at all our assets. In addition, our Procurement Policy includes procedures that eliminate dependence on a single supplier and guarantee the stability of supply even if climate risks materialise at one of our suppliers.

Key climate risks for the assets in Kazakhstan

Physical risks



Transitional risks



1. Shifts in precipitation patterns
2. Change in hydrological cycles
3. Hurricanes
4. Cold waves
5. Draughts and temperature rises
6. National carbon regulation
7. Cross-border carbon tax
8. Implementation of environmental insurance
9. Increase in the cost of carbon-intensive resources

Risk level

Low | High | Medium | Extreme

Metrics and targets

All of our climate-related metrics and targets cascade throughout our corporate governance framework and are closely linked to our climate actions and risk mitigation efforts. Reducing operational GHG emissions is our key climate indicator and performance against this target is reflected in senior executive remuneration as a decarbonisation component of the ESG KPI for the Group CEO (read more on page 111).

Our current climate-related target is to reduce GHG emission intensity per ounce of gold equivalent by 30% by 2030 and to reduce absolute GHG emissions by 35% by 2030 (both covering Scopes 1 and 2, 2019 baseline). These targets were developed and set in 2020-2021 and reflect our efforts to align our Climate Strategy with the goals of the Paris Agreement. But, with the Group restructuring following the divestment of JSC Polymetal and its subsidiaries in Russia in March 2024 and global concerns over insufficient efforts worldwide to limit climate change, we plan to update our Climate Strategy in 2024-2025. The revised Group strategy for combating climate change will focus on Kazakhstan, paying particular attention to geographical, climatic and legislative specifics. We also intend to increase the ambition of our goals, align decarbonisation plans with the 1.5°C trajectory and supplement our long-term strategy with a detailed plan for achieving carbon neutrality.

In 2023, we reduced our Group-wide emission intensity by 15% compared with 2019. Our 2023 Scope 1 absolute emissions Group-wide decreased by 4% compared with 2022, mainly due to the implementation of energy efficiency measures. At the same time, Scope 2 absolute emissions Group-wide increased by 10% due to legislative changes in the energy market of Kazakhstan and the resulting lack of opportunity to purchase green electricity from the grid.

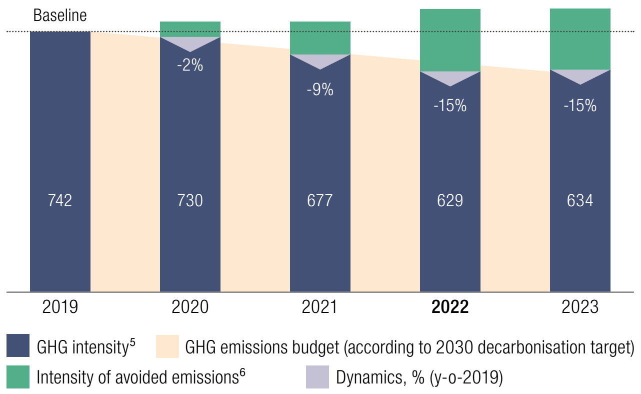
Upstream and downstream GHG emissions (Scope 3) are not as yet included in our current targets. As part of our efforts to influence our supply chain and accelerate achieving the global goals of the Paris Agreement, we have already requested our key contractors and consumables suppliers to provide carbon data so that we can further widen Scope 3 reporting across the most material supply chain categories and encourage our partners to manage their own emissions properly.

We had planned to set a Scope 3 target and develop a net-zero approach by the end of 2023, but unfortunately significant changes in business strategy and external conditions during the year prevented us from completing this work. We now plan to finalise this work and publish our long-term climate targets in 2024-2025, following the Group restructuring in March 2024.

Since the issues of energy efficiency and stability of clean electricity supply require serious analysis and must be tailored to the specifics of each asset, these goals and related KPIs are cascaded to the heads of the main operational units and their deputies. They are set annually as part of the corporate Remuneration Policy for each asset and division, taking into account current production targets, quality of raw materials, the capabilities of energy suppliers and many other factors. In 2024, the main KPIs in the field of energy management will be focused on energy efficiency, providing access to green and clean electricity and implementing projects for the development of our own renewable energy sources.

GHG intensity Group-wide dynamics

Scope 1 + Scope 2 emissions intensity (kg CO_2e per GE oz)



Climate and environment are complex multi-factorial systems and each aspect of our activity has a direct or indirect impact on them. Given that environment and climate change are intrinsically linked, the issues of water and waste management also need to be considered as climate metrics. We pay special attention to water risks, the safety of tailings and reducing our impact on the ecosystems of the regions where we operate. You can read more about our approaches, policies, goals and relevant metrics in the field of water and waste management on pages 50-55.

Our major green initiatives relate to reducing our carbon footprint and improving energy efficiency by renewable energy consumption (both grid and self-generated) and switching to an electrified or combined gas-diesel fleet. Our Climate Action Plan in Kazakhstan includes projects for the construction of solar and gas piston power plants, an afforestation project and modernisation of the fleet to reduce diesel fuel consumption (read more on pages 60-61).

In 2024, we plan to continue improving the management of climate projects and adjust our internal data management system for current and projected climate actions and mitigation measures, as well as increasing the transparency of the Company's financial climate-related metrics.

1 From May 2023, all procedures related to climate risks and opportunities management at the Group level do not apply to JSC Polymetal, the holding company for the Group's assets located in the Russian Federation, and its subsidiaries (the Group's Russian subsidiaries) since the management of the Russian operations were delegated to the executives of JSC Polymetal. The Group's Russian subsidiaries were ring-fenced to ensure sanctions compliance, as JSC Polymetal was added to the Specially Designated Nationals and Blocked Persons List by the US Department of State. Since then, Polymetal International plc has not supervised the decision-making process of the Group's Russian subsidiaries, including any policy implementation. On 7 March 2024, Polymetal International completed the disposal of its Russian business.
2 Residual climate risk assessment applicable only to Polymetal's assets in Kazakhstan.
3 Residual material climate risks in Paris Agreement Scenario and medium-term horizon
4 The financial assessment of the risks includes damage from possible destruction, environmental damage and fines, as well as damage from potential downtime, and is expressed as a ratio to the Company's annual Adjusted EBITDA.
5 2022 GHG emission intensity has been restated due to changes in GE production accounting methodology (see page 173).
6 Emissions avoided through clean and green energy purchases, renewable energy generation and heat recovery.

Country focus: **KAZAKHSTAN**

Operating for 15 years in Kazakhstan and with Central Asia now our strategic hub, we acknowledge our role in the sustainable development of the region. Collaborating with our team, partners, suppliers and local communities, we vigorously strive to combat climate change and foster long-term prosperity for us all.

Assets in Kazakhstan at a glance

460
scope 1 and 2 GHG emissions (Kt CO_2e)

947
scope 1 and 2 GHG intensity (Kg of CO2e per oz of GE)

3,542
total energy consumption (TJ)

7,296
energy intensity GJ per Koz of GE

8%
share of renewables in electricity consumption

$78m
green capital expenditure in Kazakhstan for 2024-2027

Our strategy priorities

- Managing our operational footprint by:
  - timely and high-quality implementation of our projects for constructing solar and gas-fired power plants
  - close interaction with regulators in the energy industry to develop the green grid electricity market
  - modernisation of the mobile fleet to reduce diesel fuel consumption
- Developing a long-term Climate Strategy, including an approach to achieving carbon neutrality
- Developing Scope 3 targets and collaborating with our value chain on decarbonisation and climate management
- Transparent approach to climate governance and public disclosure taking into account the interests of all our stakeholders.

Our climate strategy in Kazakhstan

In Kazakhstan, we operate in three different regions, Kostanay, Abay and Pavlodar, where our new development project Ertis POX is located. Each of these areas has its own weather-specific microclimate. To take account of the climate features and the intensity of climate change in every region of our operations, we have selected sets of meteorological data for each asset, using information from the national meteorological service Kazhydromet.

Using this data, we have developed climate profiles for each asset, covering the frequency and severity of extreme natural events, including trends and climate change over the past 20 years. These, together with global IPCC research and SSP models, give us the means to accurately assess the potential climate change and possible risks for each asset, significantly increasing the Group's resilience to climate change.

Given that Kazakhstan aims to become carbon neutral by 2060 and adopted its decarbonisation strategy in 2023, the emerging mechanisms for national carbon adjustment are key significant transitional risks. Our GHG emissions, whether Scopes 1, 2 or 3, are not currently subject to national carbon taxes or quotas. The first taxes and mandatory quotas for the most carbon-intensive industries may be introduced in Kazakhstan as early as 2025-2026, with all large industrial enterprises covered by 2030.

Our main tools for mitigating climate risk are transparency in our climate disclosure, assessing and managing physical risks, as well as adherence to carbon targets and reducing our impact on the environment. By reducing our emissions and introducing a Climate Action Plan, we mitigate our impact and enhance our resilience to these risks.

The basic foundations of our Climate Action Plan remain unchanged:

- Transition to low-carbon technologies and grid connection
- Develop our own renewables in the regions where we are present (where possible) and ensure efficient generation of electricity
- Switch to electricity supplies with the lowest available carbon footprint
- Modernisation of our mobile fleet, including electrification and switching to gas-diesel equipment
- Continuous work to improve the energy efficiency of all our processes.

Our Climate Action Plan

Varvara hub

Renewable self-generation:
- 23 MW solar power plant (projected, 2025)

Transition fuels implementation:
- Up to 40 MW gas power plant (projected, 2025–2026)

Fleet electrification:
- Three electro-hydraulic excavators (operating)
- Electric ore-transportation system (trial operation)

Grid decarbonisation:
- The potential share of green electricity (hydro) in the regional grid is around 10% (currently not available for direct purchase due to legislative obstacles)

Nature-based projects:
- Afforestation project covering an area of up to 1,500 ha (under development, 2023-2027)

Total decarbonisation potential:
Up to **60%** by 2030 (compared with 2023)

Kyzyl

Renewable self-generation:
- 17 MW solar power plant (projected, 2026)

Transition fuels implementation:
- Conversion of a coal boiler house to natural gas (preliminary assessment of decarbonisation potential)

Fleet electrification and modernisation:
- Six electro-hydraulic excavators (operating)
- 30 gas-diesel trucks by 2025 (replacing diesel ones)

Grid decarbonisation:
- The potential share of green electricity (hydro) in the regional grid is around 30% (currently not available for direct purchase due to legislative obstacles)
- In the future, a substantial part of the electricity could potentially come from Varvara gas-power plant, replacing grid electricity from coal-fired generation

Total decarbonisation potential:
Up to **30%** by 2030 (compared with 2023)

In 2023, we adjusted the sequence in which we implement our green projects and are now focused on those in Kazakhstan with the highest efficiency and availability of technologies and equipment. In 2024, we plan to continue implementing our medium-term mitigation plan and to put together a detailed, long-term corporate Climate Strategy for the period after 2030.

Looking ahead, climate change remains a source of risk but also opportunity. The energy transition and development of renewable energy sources bring decarbonisation potential, as well as opening up prospects for non-ferrous metals markets (namely in technology sectors). We are, therefore, continually expanding the resource base of our operating projects, along with considering new projects for the development of copper deposits. Our copper reserves and resources in Kazakhstan are concentrated in Varvara hub and the Baksy property (in which Polymetal increased its interest to 75% in 2023). In the long term, we expect a significant increase in demand for this metal to underpin capacities of renewable energy sources and energy storage systems, and are reviewing options for expanding our copper production.

Sustainability continued

Communities

Our social licence commits to delivering substantial economic and social value to local communities. We prioritise fostering reliable partnerships with stakeholders to guarantee favourable outcomes and minimise social risks.

Assets in Kazakhstan at a glance

$7.3m
of social investments

3
new partnership agreements on socioeconomic development

335
community enquiries received and resolved

Areas of focus

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

Which guidelines do we follow?

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

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

Further information

Additional data is available in:
- Polymetal ESG datapack

Our approach

Supporting local communities is a vital aspect of our corporate social responsibility. We contribute to the progress of neighbouring communities through socioeconomic partnerships, taxes and job opportunities. Continuous and thorough engagement with stakeholders is crucial for maintaining our social licence to operate.

Our Social Investment and Donation Policy is designed to enhance living standards for local residents and foster regional economic development. It articulates our transparent approach to community investment, detailing monitoring procedures and stakeholder engagement.

Our Communities Engagement Policy ensures the promotion of open dialogue and empowerment at every site and project. It outlines how we identify stakeholders and establish effective feedback mechanisms.

The Polymetal Board of Directors and management team conduct annual assessments of targets related to community relations. We employ a dedicated Social Impact Assessment Tool to robustly monitor the outcomes of our community investments.

Engagement

Our diverse engagement channels enable ongoing dialogue with communities, allowing us to comprehend their needs and strategically plan for social projects based on stakeholders demands. We maintain a formal feedback mechanism with a guarantee to provide a detailed response to all questions or concerns within 14 days. As well as telephone and email channels, we conduct regular public hearings, site visits and working groups.

In 2023, 1,195 people Group-wide participated in our community polls and Group-wide we held 41 meetings, 22 site visits and 25 public hearings. Overall in 2023, we received 780 community enquiries (including 335 in Kazakhstan), most of them related to financial aid, improvements to local educational facilities and infrastructure development.

We establish our relationships with local communities in line with the principles of international law and national legislation, including human rights law, and place special emphasis on the rights of indigenous communities. Our broader corporate feedback mechanisms are designed to pay attention to enquiries from locals and to provide timely answers. As a result, in 2023, we successfully avoided conflicts related to lands and objects of historical or cultural significance for local and indigenous communities Group-wide.

While our operations in Kazakhstan do not impact the territories of indigenous peoples, we prioritise the well-being of those resident in our operational regions and support social infrastructure, providing opportunities for comfortable living, education and employment. In Russia, we have established strong relationships with representatives of indigenous communities, associations and reindeer-herding teams, implementing programmes focused on preserving culture, language and traditional lifestyles. In 2023, due to sanctions imposed on JSC Polymetal and its Russian subsidiaries, all functions related to monitoring and developing our engagement programmes with indigenous communities were transferred to the management of JSC Polymetal, which continues to adhere to all previously adopted corporate social policies and standards. On 7 March 2024, Polymetal International completed the disposal of its Russian business.

Social investments and impact assessment

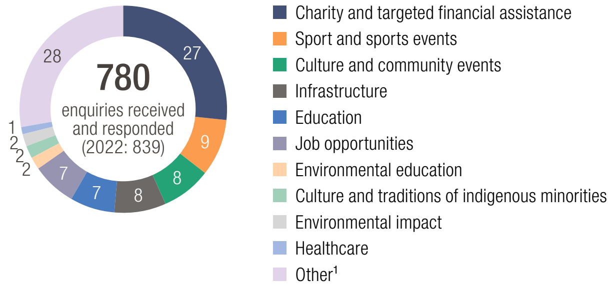
We contribute to enhancing the living conditions in communities through long-term social partnership agreements with local authorities (39 such agreements were active in 2023, including 3 new and 3 ongoing agreements in Kazakhstan), and direct funding for impactful social projects. Our investments Group-wide, totalling $17.6 million in 2023, including $7.3 million in Kazakhstan, prioritised key areas based on stakeholder input. Strategic allocations focus on healthcare and active living, education, infrastructure, culture and support for local communities.

We deploy our Social Impact Assessment Tool to analyse the outcomes of our social projects. Education is a core social investment area for the Company. Therefore, we regularly assess our key educational projects, which include renovating and equipping educational facilities, long-term education support programmes, career awareness projects for high school students and grants for senior school students in Kazakhstan. In 2023, more than 1,195 stakeholders from local communities Group-wide took part in a survey and expert interviews, with the outcomes of our social projects scoring highly. In addition, we received many comments and suggestions on how we can further support education in the host regions. The assessment results and feedback from communities will help optimise Polymetal's social investment strategy.

Corporate volunteering

As a Company, we not only invest financially in social projects within our operational regions but also promote employee contribution to community well-being through diverse volunteering programmes. In 2023, our employees volunteered for more than 50 causes, giving their time to social and environmental campaigns in Kazakhstan and Russia.

Group-wide community enquiries by topic
(% of total enquiries)

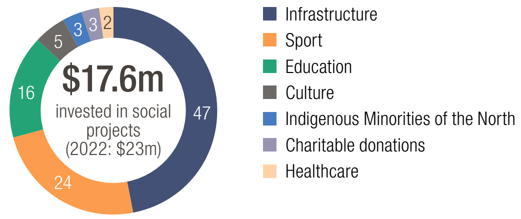


1 Includes other requests for financial and in-kind help.

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

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

Group-wide community investment by area
(% of total spend)



Local employment and skills development

Wherever we operate, we strive to provide local people with job opportunities. This not only brings more targeted economic value, but it also strengthens our own workforce capacity in local priorities, cultures and ecosystems, while reducing the financial and environmental impact of fly-in/fly-out employment. In 2023, our local employment rate was 97% (for both Kazakhstan and Russia).

We collaborate with local colleges and institutions, providing training, development and further employment opportunities in our communities. Working with universities, we are shaping joint educational programmes to equip students for the evolving mining industry. Besides working with higher educational institutions, we raise career awareness among local high school students. We hold events in settlements located in our host regions, where future school graduates learn about the Company, its production operations and in-demand mining jobs, as well as about the labour market in general. Our goal is to interest young people in working for Polymetal and to provide information to those who want to join our team in future.

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

Career guidance is a particularly rewarding area of volunteering. In 2023, more than 100 employees Group-wide participated in our projects tutoring students who are considering a career in the mining industry. Our employees were involved in preparing study plans, talking about in-demand careers in the mining industry, sharing their own career experiences and answering student questions to help them choose a future career.

Sustainability continued

Ethical business

Upholding ethical and responsible conduct across all organisational levels is integral to our business strategy. We adhere to all relevant regulations and industry best practice, setting the same standard for our business partners.

Assets in Kazakhstan at a glance

$197m
taxes paid

38%
local procurement

Areas of focus

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

Which guidelines do we follow?

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

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

Our approach

We are committed to conducting business ethically and responsibly and expect the same from those who work with us. Our zero-tolerance approach towards all kinds of bribery or fraud is essential for the sustained success of our business and communities. In addition to adhering to all applicable laws and regulations in the countries where we operate, we comply with relevant international regulations and implement worldwide best practice in our corporate policies and standards.

The Code of Conduct (the Code) is fundamental to upholding the highest business standards and integrity for all our stakeholders. It communicates our core values and ethical principles, emphasising our zero-tolerance stance on conflicts of interest, bribery, bullying, consumption of alcohol or drugs, and misuse of confidential and insider information, as well as other matters of corporate behaviour. Approved by the Board of Directors, the Code undergoes regular review by the appropriate Board Committee, according to its remit, with ongoing monitoring by executives and internal audit functions.

All employees are required to acknowledge that they have read and understood the Code and to agree to comply with it. We prioritise awareness through training initiatives, covering human rights, diversity and inclusion, and in 2023 we provided appropriate training to our employees. The Code is also supported by our policies, which cover a broad range of issues, including the Supplier Code of Conduct and Anti-Bribery and Corruption policies, Whistleblowing Policy and others. These are all available on the Company's website.

The Company may not make any donation to a political party or other political organisation, or to an independent election candidate, or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution of shareholders passed before the donation is made or the expenditure incurred. No such donations were made in 2023 (2022: none).

Anti-bribery and corruption

Bribery is a criminal offence in the countries in which the Group operates and poses legal and reputational risks. Our Anti-Bribery and Corruption Policy is universally applied, covering all of the Group's business dealings in all countries and territories in which the Group operates. Applicable to Directors, managers and all employees of the Group, as well as relevant business partners and other relevant individuals and entities, the Policy strictly prohibits the payment, offer or authorisation of bribes, the receipt or acceptance of a bribe or the payment, offer or promise to pay any facilitating payments and other corruption-related activities. The Board maintains a zero-tolerance approach, actively preventing and addressing any acts of bribery and corruption by any of the Group's employees or by business partners working on the Group's behalf. Regular reviews of all our policies and procedures on the prevention of bribery and corruption by the Audit and Risk Committee ensure the effectiveness of anti-bribery measures.

To align with international anti-corruption standards, our Group maintains a robust Whistleblowing Policy, enabling confidential reporting of concerns related to improprieties or illegal activities and ensuring that arrangements are in place for the independent investigation of such matters. This policy ensures independent investigations into reported matters, and retaliation against whistleblowers is strictly prohibited. Biannual reports to the Audit and Risk Committee detail policy implementation and any instances of corruption or unethical conduct. No employee has been denied access to the Committee and protective measures are in place for whistleblowers against adverse personnel actions.

Our dedicated confidential Hotline, with details available on the corporate website, facilitates anonymous reporting of any violations of applicable laws and regulations. Each report is thoroughly investigated on a confidential basis and without bias. Best efforts are used to uphold anonymity if requested by a whistleblower. In 2023, we received 102 reports Group-wide to our dedicated confidential Hotline: 17 were validated after a full investigation (including four in Kazakhstan); all others were found to be either lacking evidence or unrelated to business ethics. To enhance awareness of bribery and corruption risks and the Code principles, in 2023, we delivered a series of seminars to high-risk groups of employees and contractors.

In the last year, we identified 10 corruption-related instances (including three in Kazakhstan), with no impact on our financial position or operations and no involvement of public or government entities. No court cases relating to corruption were brought against Polymetal or any of its employees.

In response to confirmed cases of corruption and violations of the Code of Conduct, we took appropriate measures to prevent the recurrence of such incidents. This included the dismissal of culpable employees and the conduct of additional seminars to reinforce the understanding among employees of the inadmissibility of such actions.

Supply chain stewardship

As a business, we engage with over 5,000 suppliers Group-wide, spanning a diverse range of products and services. We actively promote adherence to our stringent sustainability standards among these supply chain partners. Our Supplier Code of Conduct outlines the sustainability and ethical standards we expect suppliers to uphold, covering areas such as safety, labour relations and broader considerations of social, environmental and ethical risks. Ensuring supplier familiarity with the Supplier Code is a priority for us. In 2022-2023, we faced geopolitical and logistical challenges, prompting a thorough review of potential suppliers for our Russian assets. This was undertaken to ensure operational continuity and foster enduring partnerships. Read more about how we manage supply chain risks on page 73.

Sustainability continued

Supplier due diligence
Our partners are chosen through an open tender process and our e-procurement system plays a pivotal role in upholding our Procurement Policy by uniformly applying standards across a wide array of contractors. We employ standardised scorecards in the assessment of suppliers to ensure objectivity and fairness. Our due diligence process includes:

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

In addition to the obligatory checks, we actively communicate our ESG policies and expectations to suppliers. They may be requested to complete an online self-assessment questionnaire addressing their management of ESG issues, including but not limited to climate change, equal pay, health and safety and community relations. This information aids us in incorporating broader ESG considerations when choosing new partners. Our human rights and diversity training materials are available for suppliers as well.

Local procurement
Sourcing products and services locally not only provides substantial socio-economic advantages to nearby communities, but also reduces our own carbon footprint and transportation expenses, while enhancing operational resilience, especially in remote locations. In 2023, 36% of our Group-wide procurement was regional and it was 38% in Kazakhstan. We have incorporated a location criterion into the list of potential suppliers for our sites, prioritising the purchase of locally manufactured goods and aiming to increase the share of regional procurement.

Human rights

We uphold the rights of all our stakeholders through our commitment to aligning with the universal principles of human rights and our obligations as a corporate citizen. Polymetal adheres to the guidelines set out in the Universal Declaration of Human Rights, UN Global Compact, ILO Declaration, Responsible Gold Mining Principles and national labour codes. In compliance with the UK Modern Slavery Act 2015, we publish our Modern Slavery Act Transparency Statement annually and outline our steps to protect human rights in our business and supply chains. Particular emphasis is placed on regions where we exist side-by-side with indigenous communities and, in the last year, there were no conflicts related to lands or objects that present historical or cultural value for indigenous communities.

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

Responsible tax policy

Through paying and reporting taxes, we strive to maintain a transparent and responsible attitude towards our social responsibility. Total tax payments in 2023 amounted to $390 million, 51% of which was paid in Kazakhstan (2022: $385 million), and are disclosed in detail in our website's Disclosure centre. Following the re-domiciliation in August 2023, the Company is subject to the Kazakh tax regime, although AIFC offers some tax benefits versus the general tax code for Kazakhstan registered companies.

Our responsible approach to tax is reflected in the Group Tax Strategy and is aimed at insuring we pay all taxes required in a timely manner. Our Tax Strategy is designed to maintain the highest standards of compliance with the requirements of applicable tax laws, treaties, regulations and other tax guidance, while providing adequate controls over tax accounting and tax reporting. The Tax Strategy has been approved by the Polymetal Board of Directors. The Audit and Risk Committee oversees the Group's compliance with the principles of the Tax Strategy. The Tax Strategy is subject to regular review by the Committee to ensure that it remains appropriate and consistent with applicable standards and practices, and to recommend any changes it considers desirable for Board approval.

We operate our Tax Strategy in line with our overall business strategy and approach to corporate governance, ethics and risk management.

The scope of the Group's Tax Strategy did not extend to JSC Polymetal and its subsidiaries on the basis that their entire decision-making process was conducted by the management of JSC Polymetal due to sanctions. Such subsidiary undertakings had been ring-fenced as part of the Group's response to the designation of JSC Polymetal by the US Department of State. Polymetal International plc had therefore no oversight over such decision-making process, including implementation of policies and procedures.

In March 2024, following shareholder approval and satisfaction of other conditions precedent, the sale of 100% of the share capital of JSC Polymetal to JSC Mangazeya Plus was completed. The divestment is not subject to an 'exit tax', given the Company's re-domiciliation to Kazakhstan in August 2023.

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

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

Risk management

Managing risks effectively

Due to the designation of JSC Polymetal and its subsidiaries by the US Department of State, the Company now reports and only carries out risk assessment in relation to Group assets located in Kazakhstan. JSC Polymetal and its subsidiaries are no longer included in the risk assessment scope, other than in respect of risks related to their impact on our operations in Kazakhstan.

Our approach

Meticulous risk management is a vital component of our overall business model, helping Polymetal minimise the risks for all its stakeholders while delivering on its strategic objectives and creating sustainable value. We constantly monitor macroeconomic and market volatilities, production risks, environmental issues, the geopolitical situation and local regulatory developments in order to assess the impact on our risk profile, and we have appropriate risk mitigation strategies and preventive controls in place.

The Company's approach to risk management is also embedded in our corporate culture. The need for a proactive approach towards risks within day-to-day operations is essential for safeguarding delivery on our strategic objectives. The risk awareness culture complements the rigorous risk management processes and procedures.

We continuously monitor and refine our risk management practices and internal control systems to meet the changing requirements of the business. These systems incorporate Corporate Governance Principles set out in the AIFC Market Rules, international best practice, including adjustments to the UK Code 2018, and comply with the COSO ERM 2017 framework. Our compliance controls are aimed at minimising risks and preventing legal non-compliance. They are also aligned with Polymetal's Code of Conduct.

Risk management framework

Top down	Governance and oversight at corporate level	**The Board** • Is responsible for the Group's overall approach to risk management and internal control • Sets the tone on risk aware culture • Defines risk appetite and approves risk management policies and related internal controls • Carries out a robust assessment of the Group's emerging and principal risks • Monitors the Group's risk management and internal control systems and reviews their effectiveness • Ensures sound internal and external information and communication processes.
	Assist the Board by monitoring principal risks and procedures	**The Board Committees** • The Audit and Risk Committee reviews the adequacy and effectiveness of the Group's internal control and risk management processes, considers the policies and overall process for identifying and assessing business risks and managing their impact on the Group, develops and oversees implementation of risk management strategies and makes recommendations to the Board • The Safety and Sustainability Committee measures the impact of the Company's initiatives and relevant exposures, and liaises with the Audit and Risk Committee in monitoring sustainability risks. Further information on the Board and its Committees is given in the Governance section on pages 86-117.
	Implementing the Board's policies on risk management and internal control	**Executive management** • Maintains risk appetite and risk management within its remit, including monitoring principal risks • Ensures internal responsibilities and accountabilities are clearly established, understood and embedded at all levels of the Group to provide risk-aware decision-making • Ensures risk-based planning and monitoring • Is responsible for decisions on and implementation of the risk response. **Functional and operational managers** • Have overall responsibility for leading and supporting risk management within their business activities, escalating issues when appropriate • Have direct responsibility for the risk management processes, including relevant mitigation activities and monitoring.
Bottom up	Support and assurance	**Risk and compliance function** • Promotes risk management and related controls integration within the Group's day-to-day business processes • Facilitates the development of a risk-aware culture • Coordinates and supports Group-level risk management activity and reporting • Maintains and regularly updates the Group's principal risks register • Regularly reports to the Audit and Risk Committee and, as appropriate, to the Board. **Internal audit function** • Provides independent and objective assurance of the effectiveness of the risk management framework • Monitors the risk management process and mitigation tools and actions • Plans and executes assurance activities to ensure that there are policies and procedures in place to support the effectiveness of the Group's internal control system and maintains the Risk Assurance Map • Regularly reports to the Audit and Risk Committee and, as appropriate, to the Board. Further information on the internal audit function is given on pages 96-97.

Risk management process

Governance and culture

We have focused on maintaining a robust risk awareness culture to promote effective risk management across all business units. The Group's operating structure is consistent with the nature, size and geographic spread of the business.

It ensures management's responsibility for the development and implementation of risk management practices and risk-aware decision-making by all business units within the Group and facilitates effective risk management in achieving the Group's strategy and business objectives.

Strategy and objective-setting

The risk management framework is geared towards successful and sustainable achievement of the Group's strategic objectives. The Group's strategy is risk-based and the risk management framework is aligned with our values, business goals and objectives. Risk assessment forms an integral part of management and planning for the whole Group.

Risk appetite, risk tolerance and key risk indicators

The risk appetite is defined as the nature and extent of risk the Group is willing to accept in relation to the pursuit of its objectives. The risk appetite of the Group is considered in relation to the principal risks and their impact on the ability to meet strategic objectives. The Board assesses the risk appetite, which is set to balance opportunities for business development and growth in principal areas, whilst maintaining the Group's reputation and taking into account stakeholders' interests.

The Board periodically revises the Group's risk appetite and risk tolerance levels of principal risks, based on the Group's external and internal context analysis. The Group has a zero-tolerance approach to the following risks: fatalities; corruption; disclosure of commercial secrets; accidents at construction; severe violation of human rights and freedoms. In addition, Polymetal International commits to zero-tolerance of breaching applicable sanctions.

We implement key risk indicators (KRIs) for the Group's principal risks, which assist in identifying whether it is operating within or outside its risk appetite. KRIs set the control values and provide the data for proactive monitoring of the Group's risk performance. Deviation may signal risk realisation and identify whether further action is required.

Risk analysis and management

We identify and assess risks at the earliest possible stage and implement an appropriate risk response and internal controls in advance. Our risk management procedures are designed to delegate the responsibility for risk identification while avoiding gaps and duplications. They are embedded into accounting and documentation systems to identify potential risk triggers.

Risk identification comprises not only single, mutually exclusive risks, but also multiple, linked and correlated risks. Once identified, potential risk factors are assessed to consider quantitative and qualitative impacts, and the likelihood of an event (see the chart on page 58). Together these create a risk profile.

When the appropriate ranking has been identified, a response to each risk is developed and implemented, with responsibilities and timelines are assigned.

Management assesses the effects of a risk's likelihood and impact, as well as the costs and benefits of possible mitigating actions to bring the risk within acceptable tolerance levels. Risk matrices and assurance maps are used to record, prioritise and track each risk through the risk management process. Risk owners take responsibility for risks, including controlling or mitigating them at all levels and across individual business units.

The Board carries out a robust assessment of the Group's principal risks, evaluating the potential impact on our business model, operations, performance, stakeholders, our values and solvency or liquidity. There is a particular focus on environmental and social impacts within the communities where we operate that is regularly discussed at joint meetings of the Audit and Risk and Safety and Sustainability Committees to ensure that our risk management processes cover all aspects of safety and sustainability. The Audit and Risk Committee also reviews the Group's overall risk profile three times a year.

When identifying and assessing risks, the Group also draws up a watch list of emerging risks, whose potential impact is not clear at the present time. Emerging risks are properly identified and monitored within the risk management process. The Board and management review emerging risks as appropriate and at least annually.

To read more about emerging risks, see pages 83-84.

Review and revision

Risk review and monitoring is performed at all stages of the risk analysis and risk management process and contributes to ensuring that the Group identifies and assesses changes that may substantially affect its strategy and business objectives.

This subsequently identifies new risks and applies necessary and timely measures, while at the same time evaluating the effectiveness of existing risk analysis and risk management processes. The internal audit function provides independent and objective assurance of the effectiveness of the risk management framework and monitors risk mitigation actions.

Communication and reporting

Ongoing risk communication and reporting processes are embedded in Polymetal's business operations. Risk analysis outcomes are generated and distributed, as appropriate. Risk and internal control reports are regularly reviewed by the Audit and Risk Committee. Relevant risk-related issues are also discussed by other Board Committees and at Board meetings. Various communication channels are implemented and used within and outside the Group to obtain and share appropriate information flows from both internal and external sources on a continuous basis.

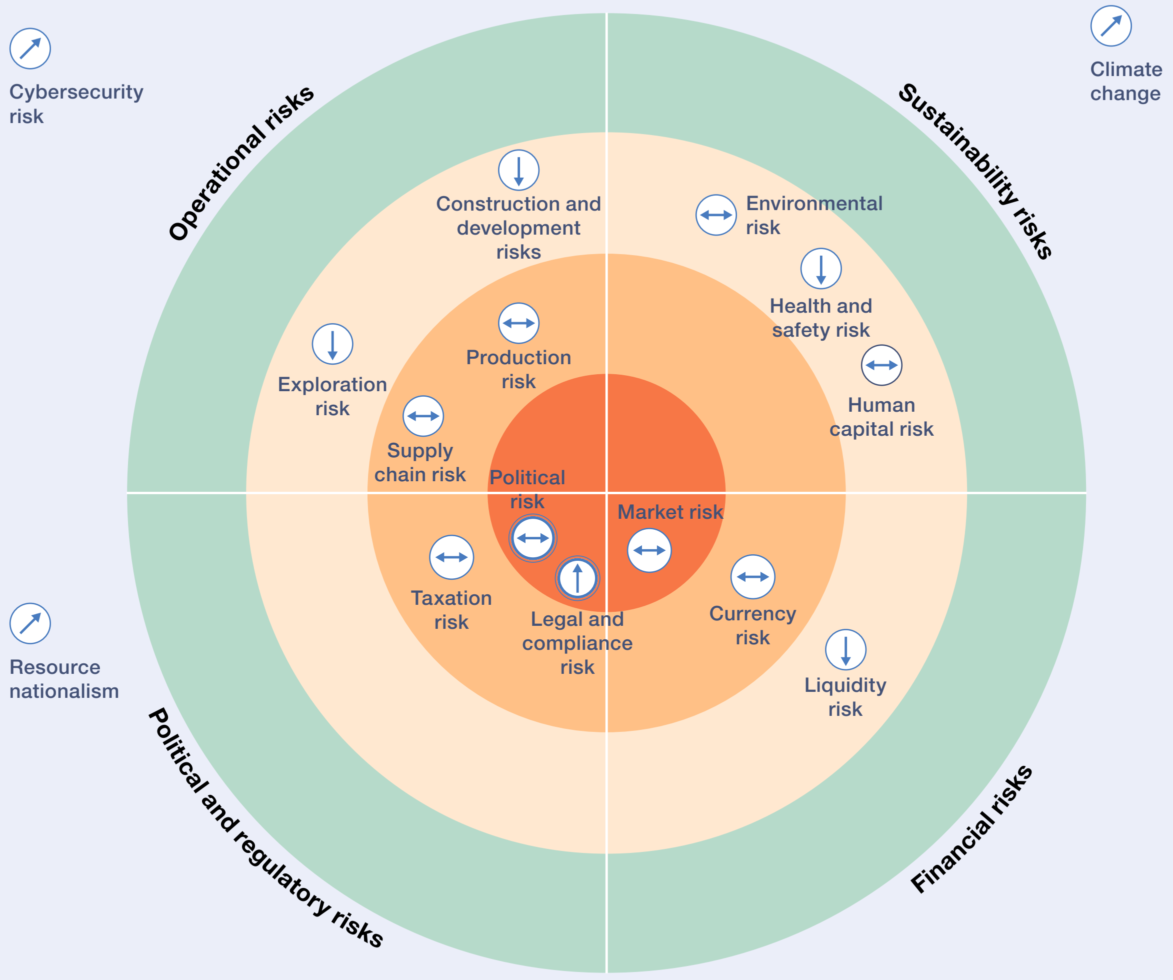
Risk and compliance and internal audit functions provide appropriate support and consultation on risk management issues. Appropriate induction and ongoing training is also provided to encourage desired behaviours and responsible risk taking, as well as enhancing risk-awareness in required areas. Training is tailored as appropriate for the role, responsibilities, location and risks of the individual employee or executive manager.

Risk management continued

2023 developments and overview of principal risks

The risk overview below shows the residual level to which the Company is exposed once preventive controls and mitigation measures have been applied to the principal risks.

Risk overview



Operational risks
1 Production
2 Construction and development
3 Supply chain
4 Exploration

Sustainability risks
5 Health and safety
6 Environmental
7 Human capital

Political and regulatory risk
8 Legal and compliance
9 Political
10 Taxation

Financial risks
11 Market
12 Currency
13 Liquidity

Current emerging risks
Climate change
Resource nationalism
Cybersecurity

Read more on the next pages.

2023 – No change
2023 – Decreased
New principal risk
2023 – Increased
Emerging risks
Some evidence of risk realisation
Strong evidence of risk realisation
Low risk
Medium risk
High risk
Extreme risk

Approach to risk assessment

Principal risks
- Could seriously affect and prevent the Group from delivering its strategic objectives
- Oversight by the Board and Board's Committees
- Owned by the Executive Management
- Assessed and monitored at Group level

- Identified and assessed through applying impact and likelihood a 5x5 scoring scale based on the financial indicators (% Adjusted EBITDA) and non-financial consequences (safety, environmental, regulatory and reputational) along with the likelihood criteria (from rare to almost certain)
- Defined risk appetite and tolerance vary depending on the risk type
- Risk response and mitigating controls are subject to internal audit review and monitoring

Functional and operational risks
- Owned by functional and operational management
- Assessed and monitored at the level of business unit, site or function. Escalated to the Executive Management where appropriate

Refocusing risk assessment on Kazakhstan

During 2023, neither the Company, nor its subsidiaries or affiliates were designated as sanctions targets of the UK, EU or US, with the exception solely of the Company's Russian subsidiaries, which were targeted by US blocking sanctions.

Given the sanctions imposed against JSC Polymetal and its Russian subsidiaries, in 2023, the Board focused on the strategic development and adaptation of the Kazakhstan segment of the Group.

Therefore, the Company now reports and carries out risk assessment only in relation to the Group's assets located in Kazakhstan. JSC Polymetal and its subsidiaries are no longer included in the risk assessment scope. For more details, see the political risk and legal and compliance risk description on pages 78-79.

On 7 March 2024, Polymetal International completed the disposal of its Russian business in order to both enable appropriate valuation of the Company's Kazakhstan assets and ensure de-risking and de-leveraging of the Group's operations in Kazakhstan.

Risk management continued

Principal risks and uncertainties

The Group's principal risks and related preventive controls and mitigation strategies are set out below. Principal risks and risk factors are assessed by the Board based on a detailed understanding of the Company, its markets and the legal, social, political, economic, technological, environmental and cultural environments in which we operate, including a robust consideration of the likelihood of the occurrence and potential consequences of risk events.

In 2023, we validated the continued importance of our 13 principal risks.

The principal risks are those that we believe could seriously affect and prevent the Group from delivering its strategic objectives. A number of principal risks, such as risks related to the operation of tailings storage facilities and risks related to slope wall failure could have dramatic consequences for the Group's prospects. Nevertheless, these risks are highly unlikely. We treat these risks with the highest priority and focus on the development and implementation of relevant preventive controls and measures to mitigate the inherent level of these risks when ensuring the Company's viability. Appropriate criteria have been included to the incentive metrics of our Remuneration Policy. To read more about ESG metrics, see page 111.

Risk key

Risk level	Risk exposure trend	Link to strategy	
Low	2023 – No change	Focus on Kazakhstan and selected Central Asian countries	Strong cash flow generation and a strong balance sheet
Medium	New principal risk	Best practice in corporate governance and sustainable development	Growth in chosen jurisdictions
High	2023 – Increased		
Extreme	2023 – Decreased		

The order in which the risks are presented is not relevant to their significance.

Operational risks

1. Production risk

Risk level: High **Risk exposure trend:** 2023 – No change **Link to strategy:** Focus on Kazakhstan and selected Central Asian countries

Risk description and potential effect

The key risks that may adversely affect the Group's ability to deliver on its production plans are:

- Stability of open-pits and underground mines
- Complex geotechnical conditions
- Lack of quality ore feed for processing plants
- Inability to achieve planned recoveries
- Lack of design and permit documentation
- Reduced volumes of concentrate sales (for detailed data on this risk see page 20).

Other risks include:

- The failure of our contractors to meet required performance and deadlines, as well as to provide sufficient quality of works
- Lack of key materials
- The failure of the supply chain to procure complex logistics to remote locations.

Preventive control and mitigation

We continuously monitor the progress of our production plans, identify and assess relevant production risks at our operations, develop and implement risk management measures in a timely manner, specifically:

- Proven procedures to develop and approve mining plans
- Continuous tracking of key materials, monitoring and prompt analysis of how our contractors complete their tasks, as well as proactively developing alternative options
- Geomechanical surveys for open-pit and pit-wall stability, monitoring of pit-wall stability with the use of an automated system and prompt wall stabilisation
- Flood management measures to prevent spring floods
- Detailed geomechanical modelling to process data on grade control and production drilling
- Monthly mine-to-model reconciliations to achieve higher grades and minimise dilution losses
- Geotechnical mapping based on results of exploration, grade control sampling and in-fill drilling
- Lab tests to optimise ore and concentrate processing parameters.

Principal areas of focus in 2023

In 2023, the Company was able to ensure stable work at all mines across the portfolio and met its production guidance. The mining and processing volumes increased throughout the year to align with Kyzyl concentrator capacity extension to 2.4 Mtpa.

Despite the difficulties caused by technical problems at Varvara and deformation manifestations in the open-pit at Kyzyl, appropriate on-time controls were taken at each of the operations, avoiding disruptions and maintaining production rates.

2. Construction and development risks

Risk level: Medium **Risk exposure trend:** 2023 – Decreased **Link to strategy:** Growth in chosen jurisdictions

Risk description and potential effect

Inability to achieve target return on capital for large investment projects, such as building new mines and processing facilities or extension/refurbishment of existing operating mines, due to:

- Capital expenditure overruns and failure to meet construction deadlines (including due to changes in macroeconomic conditions)
- Delay in commissioning
- Failure to comply with design solutions during construction
- Inability to achieve design parameters
- Inability to perform construction works or to commission a construction object.

Preventive control and mitigation

Approval of investment projects is subject to materiality criteria, including mandatory approval by the Board, which ensures that potential new assets fit the Company's strategic goals. The Company uses global best practice in project management. Project Committees, including the Company executive team, make key financial, technological and organisational decisions when considering new projects. The Board regularly reviews progress on key projects, including completion scorecards and key project milestones and risks.

Cross-functional project teams include a range of specialists. This enables us to apply accumulated collective experience in exploration, design and commissioning of mining and processing operations. Our engineering professionals supervise full observance of design parameters during construction. The Company has a proven procedure for obtaining permitting documents. To ensure the resilient performance of the engineering teams, Polymetal implements a professional assessment, development and motivation programme.

JORC-compliant Ore Reserves estimates for new development assets are assured by external experts and validate all critical feasibility study assumptions.

Principal areas of focus in 2023

In 2023, risk exposure was lower because project implementation in Kazakhstan is not affected by sanctions restrictions. Changes in external and internal macroeconomic conditions can still negatively impact approved construction budgets and construction schedules, but effective and well-established controls mitigate against this.

Ertis POX has been relocated to Kazakhstan to fully sever the link between the Company's subsidiaries in Kazakhstan and those in the Russian Federation. Initial investments in the project were made in 2023 and the Company is now evaluating options to accelerate the construction and commissioning of the Ertis POX.

3. Supply chain risk

Risk level: High **Risk exposure trend:** 2023 – No change **Link to strategy:** Growth in chosen jurisdictions; Focus on Kazakhstan and selected Central Asian countries

Risk description and potential effect

Supply change failure could adversely affect the Company's business processes. In view of the macroeconomic context and industry-wide uncertainty, maintaining resilient supply chains is a vital component in ensuring the Company's sustainable performance. Supply chain risk also correlates with principal risks such as market, construction and development, production, political and with emerging climate change risk. Disruption or restrictions to supply chain operations could negatively impact operational procurement, concentrate transportation and planned delivery of construction and development projects.

Preventive and mitigation measures

In order to maintain the operation of a resilient supply chain, the Company has implemented a range of preventive controls and mitigation measures to address the volatile environment, including:

- Advanced planning and ongoing reviewing (e.g. tracking all shipments, infrastructure outages and inclement weather)
- Weekly monitoring of inventory balances and creating safety stocks for key inventory groups
- Shift to substitute items where the risk of supply chain interruption is high
- Calculating multiple shipment scenarios for critical items along with a focus on local contractors
- Proactive order placing for consumed materials
- Implementation of immediate reporting mechanisms for strategic inventory groups on an ongoing basis.

Principal areas of focus in 2023

In 2023, the Company managed to ensure uninterrupted operation of facilities in Kazakhstan and to avoid logistical difficulties due to challenges triggered by global geopolitical and macroeconomic events. The Company promptly and effectively addressed emerging issues and implemented a timely action plan to ensure supply chain resilience.

The Company continues to proactively manage production demand and stocks of main groups of consumables and spares, also ensures on-time order placements and inventory delivery to operations.

The Company is now working on optimisation of regulations for procurement of inventory, equipment and services and improving procedures for contractors assessment.

Risk management continued

Operational risks continued

4. Exploration risk

Risk level: Medium

Risk exposure trend: Decreased

Link to strategy: Growth in chosen jurisdictions

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Failure to discover new reserves of sufficient magnitude or confirm existing reserves is an inherent risk for the mining industry: • Tectonic fractures and rock-fracture zones may affect the stability of the rock mass • Change in the form and dip angles of ore bodies may affect the development method and result in an increase in the amount of planned mining works • Underestimation and overestimation of Mineral Resources may affect the accuracy of production planning and mining efficiency • Failure to take assays and handle samples correctly may lead to incorrect analysis results and errors in estimates of mineral resources • Ineffective use of available resources and/or failure to meet targets could adversely affect the Company's future performance • Improper approval of new Ore Reserves may result in the Company's inability to benefit from exploration results	The Group's Chief Geologist and engineering teams have a strong track record of successful greenfield and brownfield exploration, leading to the subsequent development of exploration fields for commercial production. The advancement of exploration projects is subject to rigorous reviews through pre-established project stage gates that are linked to estimates of the resource potential to be commercially developed. We have a mine-to-model reconciliation procedure in place to compare the actual amount of ore mined with mineral resource estimates. Quality assurance and quality control procedures provide control of works performed through control tests and measurements. The procedures also provide for an expert review of technologies applied. The Company has a system to control filing of documents with the state authorities that enables strict control over the time and quality of the documentation filed. Polymetal runs programmes to train and develop relevant personnel and gives priority to introducing new exploration technologies to accelerate exploration and improve its productivity and efficiency.	In 2023, risk exposure was lower because implementation of exploration projects in Kazakhstan was not affected by sanctions restrictions. In 2023, Ore Reserves in Kazakhstan increased by 3% year-on-year to 11.6 Moz of GE on the back of the revised estimate for underground mining at Kyzyl and positive exploration results (an increase by 249 Koz). In 2023, Polymetal increased its interest in the Baksy exploration join venture, which is in line with the Company's strategy of focusing on copper-gold assets and expanding its presence in Kazakhstan. Polymetal plans to continue active exploration and expects the JORC-compliant Ore Reserve estimate in 2024. The average grade in Ore Reserves in Kazakhstan was 3.2 g/t of GE – a 2% decrease year-on-year driven by a 4% grade decline at Varvara, which was partially offset by positive grade revaluation at Kyzyl. Share of Ore Reserves for open-pit mining in Kazakhstan decreased by 4% compared with the previous year and stood at 45% on the back of underground reserves extension at Kyzyl. Mineral Resources in Kazakhstan increased by 26%, while the average GE grade increased by 8% to 2.9 g/t, mainly driven by the Mineral Resources grade appreciation at Kyzyl by 13%, from 4.1 to 4.6 g/t of GE.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2023 – No change
- New principal risk
- 2023 – Increased
- 2023 – Decreased

Link to strategy
- Focus on Kazakhstan and selected Central Asian countries
- Strong cash flow generation and a strong balance sheet
- Best practice in corporate governance and sustainable development
- Growth in chosen jurisdictions

The order in which the risks are presented is not relevant to their significance.

Sustainability risks

5. Health and safety risk

Risk level: Medium

Risk exposure trend: Decreased

Link to strategy: Best practice in corporate governance and sustainable development

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
The Group operates potentially hazardous sites such as open-pit mines, exploration sites, processing facilities and explosive storage facilities. Working on the production sites may pose a risk for our employees and contractors due to various hazards and harmful factors.	Our approach to health and safety is about a zero-harm culture. Safety responsibility comes from the top: our Group CEO, Chair of the Management Board, Deputy Chair of the Management Board, Member of the Managing Board for production and Chief Engineer are formally committed to personal accountability with health and safety indicators making up a material part of their annual bonus KPIs. They can be subject to penalties of up to 50% of their annual bonus earned for non-safety-related KPIs if severe incidents or fatalities occur. Each key process and location has its own risk map and mitigation plan. We develop an annual action plan for key risk areas and implement mitigation activities across key areas covering five main directions of impact: administration, risk elimination, engineering improvements, training and visualisation. This includes health and fatigue monitoring, upgrading safety equipment, route optimisation, regular road safety inspections and improving work and rest conditions. An internal audit of the efficiency of health and safety management is performed. Our Occupational Health and Safety Management System is audited annually for compliance with ISO 45001.	No fatal accidents occurred in 2023 among the Group's employees and contractors in Kazakhstan; nor were there any lost time injuries recorded. Polymetal regularly trains not only employees but also contractors on the principles of hazards identification, risk assessment and procedures for ongoing production control and workplace monitoring. The requirement to regularly identify and assess hazards and risks is included in all agreements with contractors. To enhance safety risk management, the Company continues to introduce: • Worker-positioning systems; visualisation of hazardous areas at workplace; dedicated devices with built-in safety checklists for shift risk assessment by employees • Reporting incidents without consequences by telephone • Hotline • Registration of identified discrepancies in the EDM system. In 2023, the risk exposure was lower due to the absence of undeground mining at our operations in Kazakhstan and the consequent absence of multiple risks to employees associated with underground operations. External auditors confirmed the compliance of our Occupational Health and Safety Management System with ISO 45001 with no adverse audit reports.

Risk management continued

Sustainability risks continued

6. Environmental risk

Risk level: Medium
Risk exposure trend: 2023 – No change
Link to strategy: Best practice in corporate governance and sustainable development

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
By the nature of its production processes, the Company has an impact on the environment. The main environmental risks are emissions (emissions and discharges) of pollutants, incidents at tailings storage facilities, explosives storage and water treatment facilities. Environmental risk factors include natural ones: climatic, atmospheric, hydrogeological, geological, etc. Environmental risk realisation may lead to financial expenses, such as fines and penalties, excess payments, environmental restoration costs and statutory liability, and an increase in social and environmental tension.	We ensure that all environmental concerns are taken into account and properly addressed during the design, construction, operation and closure stages of mines and processing facilities. We are engaged in multifaceted measures to both mitigate environmental risks and, where possible, to improve ecological conditions around our sites along with continuous monitoring of our activities. This includes the following: • The Company's Environmental Management System is certified for compliance with ISO 14001 at all operating sites. The Company confirms compliance with the requirements of the standard each year through an environmental impact assessment reviewed by the regulator. • Each operation regularly identifies and assesses environmental risks with consolidated data analysed to evaluate the level of the Company's principal environmental risk. This includes monitoring changes in environmental laws, standards and best practice, as well as environmental monitoring. • The Company continuously reduces its fresh water use and monitors discharge water quality to minimise its impact on local water bodies. • Each new project is assessed for its proximity and potential impact on key biodiversity areas before making an investment decision. Periodic biodiversity monitoring is used to track our impact on species around existing sites. • Each tailings storage facility (TSF) is rigorously monitored and inspected to ensure ongoing control. External experts with appropriate global experience are engaged to undertake regular, independent safety reviews of our TSFs. Our studies confirm that an emergency failure at our dams would have no impact on settlements, buildings, structures or facilities where communities or employees may be present. • The Company implements a Cyanide Management System to identify and minimise the risks of potential negative effects of cyanide on the environment and the health of employees.	We have rigorous controls in place to ensure that we meet our environmental targets related to water use, waste and biodiversity (read more on pages 40-41). In 2023, we continued to focus on our material environmental issues: • No emergencies occurred at Polymetal's TSFs during 2023. Detailed information about our hydraulic structures is published annually in Tailing Storage Facility Management Reports on our website. The reports are prepared in accordance with the requirements of the Global Industry Standard on Tailings Management. • In 2023, as required by national legislation, an automated monitoring system was installed at the Komar mine for the discharge of quarry water into the Shoptykol swamp. This will enable real-time tracking of discharge and concentration of marker substances. • We continue to maintain certification of our Environmental Management System in compliance with ISO 14001. In 2023, the Kazakhstan operations were successfully certified to international standard ISO 14001:2015. The Group's environmental management system is fully adapted to changes in the corporate governance structure and is in line with international best practice. The Group continually evaluates whether the current measures are sufficient and effective, develops action plans, and reviews and implements procedures that expose any deviations at every stage of an operation's life-cycle. In addition, our environmental teams at each site promptly deal with any community enquiries regarding the environmental impact of production on local ecosystems.

Risk key

Risk level	Risk exposure trend	Link to strategy
Low	2023 – No change	Focus on Kazakhstan and selected Central Asian countries
Medium	New principal risk	Strong cash flow generation and a strong balance sheet
High	2023 – Increased	Best practice in corporate governance and sustainable development
Extreme	2023 – Decreased	Growth in chosen jurisdictions

The order in which the risks are presented is not relevant to their significance.

Sustainability risks continued

7. Human capital risk

Risk level: Medium
Risk exposure trend: 2023 – No change
Link to strategy: Best practice in corporate governance and sustainable development

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Attraction and retention of qualified personnel is essential to ensure Company's performance. Inability to retain key personnel or to recruit new personnel and insufficient qualification of employees can affect operations, culture and environment where business can thrive.	Our corporate culture is crucial for delivering the long-term success of the Company and the Board appreciates our employees playing a key role in this process. We aim to provide a comfortable and effective working environment, as well as training or further education and other opportunities for our employees. The main principles and approaches to human resources strategy implementation are based on international best practice, generally recognised principles and rules of domestic and international law, as stated in our Human Resources Policy, Diversity and Inclusion Policy and Human Rights Policy. The Group has an internal communications system enabling it to independently monitor employee satisfaction. There are direct lines to the Group CEO and Chair of the Management Board . Employee satisfaction surveys are conducted on a regular basis with a summary provided to top management. Our Remuneration Policy is aimed at achieving results, motivating and retaining all levels of personnel, prioritising functional areas and staff shortages in the labour market. We have incentive programmes to help retain key employees and offer a competitive remuneration package and benefits, including annual indexation of the base salary against inflation for all employees. The Company maintains a Talent Pool of high-potential professionals, nurturing young leaders to manage further growth.	The Company considers the retention of employees, including key professionals, to be of paramount importance and implements all available measures to maintain staffing levels at its offices and operations. Such measures include the formation of a Talent Pool and additional professional training for employees. Using a variety of communication channels, we continued with arrangements for employees from every subsidiary to put questions to the Company's management on a wide range of topics.

Risk management continued

Political and regulatory risks

8. Legal and compliance risk

Risk level: Extreme **Risk exposure trend:** 2023 – Increased **Link to strategy:** Best practice in corporate governance and sustainable development

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
With operations in developing country, such as Kazakhstan, the Company is exposed to the risk of adverse legislative changes that may potentially affect its business activities. The most sensitive areas are the regulation of foreign investment in the development of mineral resources at so-called strategic deposits, private property, environmental protection and taxation. Non-compliance with regulatory requirements and guidance may cause sanctions, loss of licences for mineral properties and penalties, and may also affect the reputation of the Group. The consistent imposition of international sanctions complicates compliance with legal and regulatory requirements.	We have a successful track record of operating in Kazakhstan's jurisdiction. The Group has implemented monitoring and compliance-control procedures related to applicable laws, regulatory requirements and guidance, corporate governance standards and the Group's internal policies and procedures. A number of control procedures are considered by the external auditor as part of their statutory audit. Implementation of appropriate policies and procedures is also the target of the internal audit function. We follow a risk-based approach when considering potential corporate transactions and maintain comprehensive procedures to ensure appropriate corporate practices, Including timely monitoring of sanctions legislation in cooperation with legal advisors. We strive to create a more favourable regulatory environment by being a member of various voluntary non-governmental organisations in Kazakhstan. Polymetal also holds membership in mining associations in Kazakhstan.	In 2023, the Company maintained its overall approach, which is aimed at ongoing monitoring and enhancement of compliance processes. These included a comprehensive analysis and revision of existing policies and procedures, development and implementation of new guidelines and the introduction and maintenance of appropriate controls, including on international sanctions regulations. On 19 May 2023, JSC Polymetal, the holding company for the Group's assets located in the Russian Federation, and its subsidiaries were designated by the US Department of State. Following the designation, the Board set up a Special Committee of independent Non-Executive Directors (the Special Committee) to ensure full and comprehensive compliance with US sanctions and to develop an appropriate response to ensure that the external challenges facing the Company were addressed in the best interests of the Company, its shareholders and other stakeholders. To ensure sanctions' compliance, the Group's Russian subsidiaries were ring-fenced, meaning that: • Management of the Russian operations was delegated to the executives of JSC Polymetal • All service agreements between the Company and its non-Russian subsidiaries, and JSC Polymetal and its subsidiaries were terminated • All payments from the Company and its non-designated subsidiaries under other inter-Group agreements with JSC Polymetal and its subsidiaries were discontinued. Notwithstanding applied risk mitigation measures, the legal and compliance risk level for 2023 has been increased to 'extreme' versus 2022 because of the Company's material exposure due to the continuing sanctions risk for the Group's Russian segment. The Company expects the extreme level of legal and compliance risk will be reassessed downward in the next reporting period based on the divestment of its Russian business completed on 7 March 2024.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2023 – No change
- New principal risk
- 2023 – Increased
- 2023 – Decreased

Link to strategy
- Focus on Kazakhstan and selected Central Asian countries
- Best practice in corporate governance and sustainable development
- Strong cash flow generation and a strong balance sheet
- Growth in chosen jurisdictions

The order in which the risks are presented is not relevant to their significance.

Political and regulatory risks continued

9. Political risk

Risk level: Extreme **Risk exposure trend:** 2023 – No change **Link to strategy:** Focus on Kazakhstan and selected Central Asian countries

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Operating in Kazakhstan involves some risk of political instability, which may include changes in government, negative policy shifts and civil unrest. Financial and economic international sanctions as well as the high level of geopolitical tensions and macroeconomic uncertainty may affect the Group's business processes to varying degrees, given the correlation of different risk factors as a part of the Group's principal risks profile.	The Group actively monitors political developments on an ongoing basis. However, the geopolitical and macroeconomic situation is out of management's control. The Company has implemented appropriate policies and procedures for sanctions compliance within the Group, which are now an integral part of our risk management process. Proactive engagement with existing and potential lenders and diversification of lending counterparties enables the Company to maintain larger cash balances and extend maturities on existing borrowings. The Company has re-domiciled to a jurisdiction deemed to be 'friendly' by the Russian Federation and divested its Russian business aiming to unblock the ability to execute further corporate actions, de-risk the Company's business and restore the shareholder value.	In 2023, neither the Company, its subsidiaries nor its affiliates were designated as sanctions' targets of the UK, EU or US, with the exception solely of the Company's Russian subsidiaries, which were targeted by US blocking sanctions. Potential sanctions and regulatory developments are constantly monitored. The Board of Directors receives appropriate updates on a timely basis. On 19 May 2023, JSC Polymetal, the holding company for the Group's assets located in the Russian Federation, and its subsidiaries were designated by the US Department of State. To ensure US sanctions compliance, Polymetal ring-fenced the Group's Russian subsidiaries, where new management bodies were formed – the CEO and the Board of Directors. They make decisions only in relation to JSC Polymetal and the Group's Russian subsidiaries. In 2023, the risk level remained 'extreme' because of the Company's material exposure due to the continuing sanctions risk for the Group's Russian segment. In August 2023, the Company successfully completed the re-domiciliation from Jersey to the Astana International Financial Centre (AIFC) in Kazakhstan. It was a critical first step towards preserving Polymetal's business continuity and restoring shareholder value. On 7 March 2024 following shareholder approval and satisfaction of all other conditions, the divestment of Polymetal Group's Russian business, which included the disposal of 100% of the share capital of JSC Polymetal to JSC Mangazeya Plus was completed. This ensures significant de-risking of the Group's operations in Kazakhstan. The Company expects the extreme level of political risk will be reassessed downward in the next reporting period based following the divestment of its Russian business on 7 March 2024.

Risk management continued

Political and regulatory risks continued

10. Taxation risk

Risk level: High | Risk exposure trend: 2023 – No change | Link to strategy: Focus on Kazakhstan and selected Central Asian countries

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Kazakhstan tax law is subject to frequent changes and allows for varying interpretations. As a result, the Group management's interpretation of the tax laws applicable to the Group's operations and activities may be challenged by relevant tax authorities. The Group is closely following developments relating to the new Kazakhstan Tax Code, which is expected to be adopted by the end of 2024. The Group continues to monitor the progress on the OECD's Base Erosion and Profit Shifting (BEPS) action plan, including the global corporate taxation system reform relating to the income of multinational enterprises, in order to assess its impact and, if necessary, adapt it in all countries in which the Group operates. The Group carries out its activities in several jurisdictions and this gives rise to complex rules of transfer pricing that are linked with uncertainty and subjectivity.	Our approach includes constant monitoring and analysis of changes in Kazakhstan and international tax laws, law-enforcement practice and recommendations of supervisory authorities. The Group takes due account of current court practice and applies appropriate methodological guidance and administrative controls. The Group reviews existing controls for their sufficiency and adapts them if necessary. In order to enhance methodological and administrative control over tax management, the Group introduced a transfer pricing methodology, which complies with the requirements of OECD and local standards. The Group updates the procedure each year to ensure that operations between Group companies are based on commercial terms. To date, the Group is not aware of any significant outstanding tax claims, which could lead to additional taxes accrued in the future (beyond amounts already booked or disclosed in the Group's financial statements). The Group applies a conservative approach to provisions for probable tax liabilities.	Amendments to Kazakhstan's tax legislation came into effect on 1 January 2023. Key among the changes for the Group was a 50% increase in minerals extraction tax (MET) rate on exchange-traded metals. In addition, the new Kazakhstan Tax Code is currently being drafted. To date, no information has been made available about any specific changes but the Group does not exclude the risk that some tax rates may increase from 2025. In the absence of any detailed information, Polymetal is unable to estimate the potential impact on the Group. The Group does not currently have any information, other than the above, on any specific changes in tax laws that might lead to a significant increase in the Group's tax burden.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2023 – No change
- New principal risk
- 2023 – Increased
- 2023 – Decreased

Link to strategy
- Focus on Kazakhstan and selected Central Asian countries
- Strong cash flow generation and a strong balance sheet
- Best practice in corporate governance and sustainable development
- Growth in chosen jurisdictions

The order in which the risks are presented is not relevant to their significance.

Financial risks

11. Market risk

Risk level: Extreme | Risk exposure trend: 2023 – No change | Link to strategy: Strong cash flow generation and a strong balance sheet

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Metal prices volatility may result in material and adverse movements in the Company's operating results, revenues and cash flows. It also poses a significant impact on consistent cash flow generation at operating mines. Market risks also include the possible inability to sell our metal products due to the disruption of existing sales channels.	The Company has developed and, to the extent necessary, implemented procedures to ensure consistent cash flow generation at operating mines: • Redistribution of ore feedstock between the deposits within a hub to achieve higher margins due to better grade profile, better logistics or less expensive mining methods • Deferring the start of production while continuing ore stacking to achieve better cost profiles due to the positive effects of scale • Asset-level cost-cutting • Adjustment of short-, medium- and long-term life-of-mine plans at least annually to reflect updated commodity prices. Stress testing for conservative price assumptions is performed to ensure the resilience of operating mines in a stress scenario and continued value creation. Emergency response plans have been developed.	In 2023, metal prices experienced volatility due to various factors. Our stress testing factored, in particular, the adverse changes in metal market prices to ensure the resilience of our operating mines in severe stress scenarios. The decrease in sales volumes during the period had a negative impact on revenues at all operating mines in Kazakhstan, which was partially offset by higher commodity prices, resulting in 4% decrease year-on-year. In the first half of 2023, the Company experienced persistent railway congestion in an eastwardly direction, resulting in delays in shipments from Kyzyl to China. In the second half of the year, the Company was able to stabilise sales by readjusting transportation routes, which significantly reduced the production/sales gap. The gold refractory concentrate produced from the ore mined at the Kyzyl deposit in Kazakhstan requires highly specialised processing services. These processing services are currently provided at the Amursk POX plant in Russia in accordance with the Tolling Agreement. The Company has progressed its evaluation and taken the necessary steps to accelerate the construction and commissioning of the Ertis POX facility in Kazakhstan to replace the operations that are the subject of the Tolling Agreement and achieve full operation based in Kazakhstan. In the meantime, as an additional alternative, the Company negotiates appropriate arrangements with third parties in respect of Kyzyl concentrate processing services. In October 2021, China introduced new standard updates to existing regulations relating to impurities of arsenic in imported gold concentrates. Non-compliance leads to 13% VAT on exported concentrate. Polymetal may be exposed to this regulation as part of considering alternative options in respect of gold concentrate until Ertis POX is built and reaches its design capacity, which will allow us to process all concentrate within the Company.

12. Currency risk

Risk level: High | Risk exposure trend: 2023 – No change | Link to strategy: Strong cash flow generation and a strong balance sheet

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
The Group's revenues and the majority of its borrowings are denominated in US Dollars, while a substantial amount of the Group's operating costs are denominated in Kazakh Tenge. As a result, changes in exchange rates affect financial results and performance. Growth of consumable prices and inflation, due to stable metal prices and appreciation of the functional currencies against the Dollar, may lead to an adverse impact on our operations in Kazakhstan, resulting in higher Dollar values of local currency-denominated operating costs and lower margins.	Natural hedging is used to reduce currency risk exposure: the Group maintains a significant part of its loan portfolio in Dollars, balancing financial cash flows from revenue denominated in Dollars. As at 31 December 2023, over 72% of borrowings are denoted in US Dollars and China's Renminbi. Budget is planned based on the inflation risk. Flexible budgeting is used to monitor the effect of exchange rate fluctuations on the Group's financial results. The Group has determined critical exchange rate levels for its operations and is monitoring risk against these levels.	Kazakhstani Tenge remained steady at 456 KZT/$ (2022: 461 KZT/$) throughout 2023. This was driven by increased oil exports and significant sales of foreign currency and gold reserves by the National Bank of Kazakhstan. We continuously monitor and report on financial impacts resulting from foreign currency movements.

Financial risks continued

13. Liquidity risk

Risk level: Medium

Risk exposure trend: 2023 – Decreased

Link to strategy: Strong cash flow generation and a strong balance sheet

Risk description and potential effect	Preventive control and mitigation	Principal areas of focus in 2023
Insufficient cash and available facilities or the inability to raise sufficient funds to meet current operating or ongoing financial needs or to develop new projects and growth. Inadequate cash management in terms of cash flow forecast, available resources and future requirements. Our primary source of liquidity is our operating cash flow, which is dependent, inter alia, on metal prices and the ability of our operations to deliver projected future cash flows. Funding costs may rise on the back of inflationary pressure and the possibility of more restricted access to funding.	To manage the liquidity risk, the Group: • Controls its leverage and financial covenants as well as the liquidity cushion • Focuses on generating positive free cash flow • Monitors and controls cash expenditure at all stages of a project development to ensure stable cash flow from operations, and applies disciplined capital allocation criteria to all its investments • Monitors the availability of funding and proactively refinances its maturing debt • Stress-tests its forecasts and budgets to understand the impact of different price and foreign-exchange-rate scenarios on liquidity • Ensures that there is enough liquidity reserve (including cash and undrawn facilities) to cover its funding needs.	Net debt in Kazakhstan decreased to $174 million as at 31 December 2023, compared with $277 million as at 31 December 2022. This represents 0.39x of Adjusted EBITDA. In 2023, the risk exposure was relatively lower than in 2022. As at 31 December 2023, the Group $329 million of cash and $100 million of undrawn credit facilities (excluding assets sold in March 2024). The Group maintains policies to limit the concentration of credit risk related to the cash instruments, review counterparty creditworthiness, and ensure liquidity of available funds. Currently, our interest-rate exposure mainly relates to interest receipts on our cash balances, the mark-to-market value of derivative instruments (interest-rate swaps) and changes in the interest rate on the variable-rate debt. The Group projects a slight increase in the average interest rate as a result of the refinancing of its short-term debt in 2024. The Group remains committed to a prudent capital allocation and investment discipline and will continue to manage the liquidity risk by focusing on the free cash flow generation and maintaining substantial liquidity reserve over its short-term funding requirements.

Risk key

Risk level
- Low
- Medium
- High
- Extreme

Risk exposure trend
- 2023 – No change
- New principal risk
- 2023 – Increased
- 2023 – Decreased

Link to strategy
- Focus on Kazakhstan and selected Central Asian countries
- Strong cash flow generation and a strong balance sheet
- Best practice in corporate governance and sustainable development
- Growth in chosen jurisdictions

The order in which the risks are presented is not relevant to their significance.

Emerging risks

In addition to the currently identified risks, the Company has a process of identifying and addressing emerging risks. Emerging risks are defined as risks or a combination of risks whose potential impact is not clear at the present time but may develop to become a principal risk in future, as well as circumstances or trends that could significantly impact the Company's financial strength, competitive position or reputation within the next five years and have a long-term impact for several years. While the emerging risks tend to be characterised by potentially unknown and far-reaching impacts on industry and the external environment in general, emerging risks are particularly important in the context of the Company's strategic planning. Accordingly, we identify the critical assumptions in strategic plans that could be impacted by these emerging risks.

Emerging risks description and their potential impact on the Group

Climate change	We recognise that global climate change represents both risks and opportunities for our business. Climate-related risks include physical risks (e.g. potential damage induced by shifts in precipitations, hurricanes, permafrost degradation, etc.) and transitional risks (such as carbon taxation/quotas, additional environment-related regulatory requirements, increased costs of fossil fuel and potential negative perception of carbon-intensive industries/companies by the Company's stakeholders etc.). The Company has adopted a Climate Strategy, which includes a comprehensive assessment of climate change risks and opportunities, and mitigation/adaptation plans, as well as setting targets and taking specific steps to improve our resilience to climate change. See details in the Climate and energy section on pages 56-61. We have also disclosed detailed climate-related data in our ESG datapack and CDP Climate disclosure. Despite corporate changes and the refocusing on Kazakhstan operations during 2023, the Company continued to follow the corporate Climate Management System and corporate standard for assessing climate risks and opportunities. The processes for identifying, assessing and managing climate-related risks are integrated into the Group's overall risk management. In particular, this includes a range of criteria to consider a climate-related risk as a component of the existing principal risk or to introduce a new one provided certain conditions are met. In 2023, we adjusted our risk assessment approaches in Kazakhstan and updated the assessment of climate-related risks and opportunities. The key physical risks for our assets in Kazakhstan, associated with heat or cold waves, hurricanes and water scarcity, as well as the transitional risks, associated with national and international carbon regulation, are the most likely to increase in the long term. See detailed results of the assessment and more climate-related information on pages 56-61 and 185-186. Based on the updated assessment, the climate-related risk was retained among emerging risks. In addition to the direct impact of climate risks on our operations and assets, we are also aware of the potential climate risks associated with our supply chain. Thus, the climate risks affecting our transport infrastructure and logistics are included in the risk registers of each of the assets. In response to these threats, we analyse and mitigate risks associated with our transport infrastructure. In addition, as part of our procurement strategy, we consider potential negative climate factors and work to adapt to them as part of our supply chain management. Given the changes in the Group's structure, we plan to update our Climate Strategy. This will include a comprehensive assessment of climate change risks and opportunities, and mitigation/adaptation plans, as well as setting targets and taking specific steps to improve our resilience to climate change.
Resource nationalism	This is the attempt by host states to assert greater control over natural resources in their territory by restricting extractive industries through a variety of methods, including limitation of foreign investment in the sector, stricter procedures for granting licences, expropriation/nationalisation of mining assets, limitation or export duties for bullion/concentrate export sales and/or additional taxation on the mining sector. Historically, Kazakhstan has maintained a safe and predictable investment climate for the hard rock mining industry. The Group actively engages with governmental and local authorities in its regions of operation in order to monitor and address any potential issues. Divestment of Polymetal Group's Russian business in March 2024 allowed to remove the risk associated with nationalisation or some other form of property expropriation of Polymetal Russia by the Russian Government.

Risk management continued

Emerging risks continued

Cybersecurity	Cybersecurity risks for the Group are mainly represented by risks of unauthorised access to confidential information, bank accounts etc. as well as potential interference in automated management systems of technological processes, corporate networks, power supply control systems and convergence of corporate and technological networks (within any process). These risks are considered to be limited in the context of the Company's current IT architecture and information security systems. However, maintaining resilience to cybersecurity threats is a priority for the Group. The Group's strategy provides for cybersecurity risk management in accordance with the ISO/IEC 27000 series of standards and compliance with requirements of applicable legislation. We constantly monitor current systems, control measures and monitoring procedures, and implement stage-by-stage preparation for obtaining a certificate of compliance with the 'CT PK ISO/IEC 27001-2023' standard. In 2023, there was an increase in phishing attacks targeting employees via corporate email and personal messengers. These attacks pose a serious security risk to the Company, as they may result in sensitive data leaks or security breaches. To combat phishing, additional security settings were added to the mail servers, which resulted in the blocking of up to 99% of received phishing messages. The Group uses an information technology management platform, based on the COBIT package (Control Objectives for Information and Related Technology), which provides a complete set of high-level requirements for effective control of each IT process. The Group carefully monitors emerging information security threats and the management of network and information flows and implements effective protection. All breaches of Information Security Policies and incidents are immediately identified and eliminated. The corporate infrastructure is automatically scanned (critical assets are scanned first). Basic protection instruments respond adequately preventing adverse consequences. In the second half of 2023, given the growing cybersecurity risks, the Company began implementing an additional network asset monitoring system called Zabbix. This new solution is aimed at improving the control over the security and operation of the network infrastructure, in order to better detect and prevent possible cyber threats. Remote access to working facilities is arranged in accordance with high cybersecurity standards. The processes for providing and disabling access to resources have been additionally secured and automated. We raise our employees' awareness of information security and cyber hygiene via the internal corporate network, regular newsletters, employee training and extensive training for targeted groups within the Talent Pool.

Governance

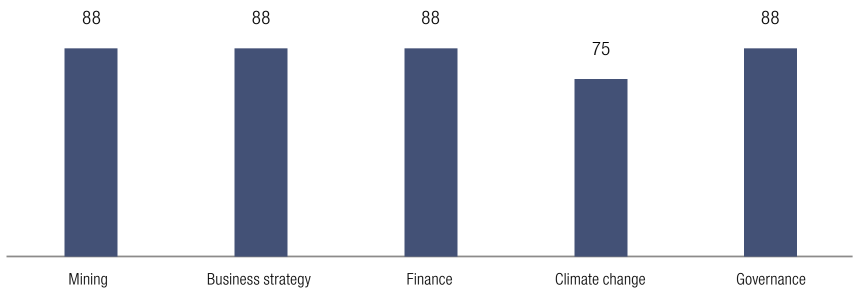
Board of Directors

Committed to the highest standards

The Directors are committed to maintaining the highest standards of corporate governance.

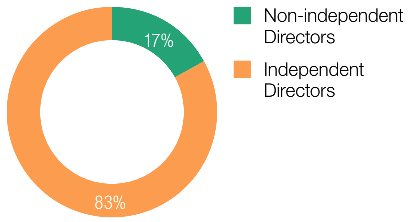
The Company has complied with all the provisions of the AIFC regulations, in particular with Corporate Governance Principles set out in the AIFC Market Rules.

Board skills
(%)



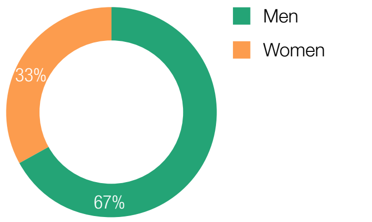
17%
ethnic minority Directors[1]

Board independence



33%
women Directors

Board Diversity



Statement of compliance with AIX Corporate Governance Principles

The Directors are committed to maintaining high standards of corporate governance. Up until de-listing from the London Stock Exchange on 29 August 2023, Polymetal International was required to comply with the UK Corporate Governance Code (the UK Code). Since 8 August 2023, when the Company completed re-domiciliation and Astana International Exchange (AIX) became the Company's primary market, Polymetal has been required to comply with AIX Corporate Governance Principles (AIX Principles).

The best practice standards specified in AIFC Market Rules Schedule 3 have been adopted by the Company for the purposes of complying with the Corporate Governance Principles. Detailed information about how Polymetal applies AIX Principles is available on pages 90-91. This includes a statement by Directors as to whether or not, in their opinion, the corporate governance framework of Polymetal is effective in promoting compliance with the Corporate Governance Principles, along with supporting information and assumptions, and qualifications if necessary.

As well as complying with AIX Principles, the Company has complied with respective laws and regulations in relation to its listing on the Moscow Stock Exchange where applicable.

1 Although Kazakh-born, Janat Berdalina identifies with her Central Asian heritage.

Key

- Committee Chair
- Sp Special Committee
- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- S&S Safety and Sustainability Committee

Vitaly Nesis S&S
Group Chief Executive Officer

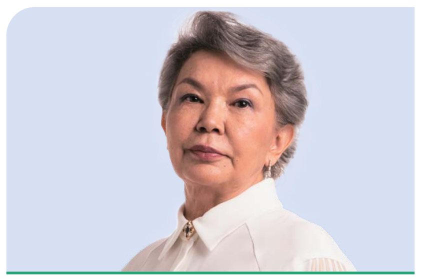
Appointed: 2003.
Previous experience: CEO of Vostsibugol, 2002–2003. Strategic Development Director at the Ulyanovsk Automobile Plant in 2000. McKinsey in Moscow, 1999–2000. Merrill Lynch in New York, 1997–1999.
Qualifications: BA in Economics from Yale University. MA in Mining Economics from St. Petersburg Mining Institute.

Evgueni Konovalenko N A R Sp
Senior Independent Director

Appointed: 17 March 2022.
Previous experience: Has extensive experience in investment banking: since 2005 held various executive positions in Renaissance Capital, including Managing Director, Head of International Equities and FICC Sales. Prior to joining Renaissance Capital, he worked at UBS, London at Structured Products Group and at Merrill Lynch, New York in Mergers and Acquisitions Group.
Qualifications: BA in Economics from Columbia College of Columbia University, NY, US. MBA from Solvay Business School, University Libre de Bruxelles (ULB), Brussels, Belgium.

Steven Dashevsky A Sp S&S
Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Investment professional with more than 20 years' experience in financial markets. Since 1998, has held various senior management positions in leading financial services firms including Aton Capital, UniCredit Securities, Kola Capital LLP. Non-executive Director of Integra Group, 2012-2013.
Qualifications: Graduated from Baruch College of The City University of New York (Finance and Investments). Chartered Financial Analyst (CFA)
Other roles: Chief Executive Officer and Chief Investment Officer of D&P Advisors LLP (UK).



Janat Berdalina S&S R N Sp
Independent Non-Executive Director

Appointed: 17 March 2022.
Previous experience: Audit, reporting, tax and management consulting professional. She was a Co-shareholder, Managing Partner and President of KPMG in Kazakhstan and Central Asia as well as a Board Member of KPMG in the CIS for more than a decade. Janat also held Independent Director positions at several Kazakh entities, including Kazakhstan Stock Exchange, National Agency for Technological Development, KazTransGas, Kazpost. She was an executive at the Foreign Investors' Council in Kazakhstan and actively participated in the development of the Tax Code and the Law on Auditing in the country.
Qualifications: Executive MBA from Ecole Nationale des Ponts et Chaussees, France. Degree in Economics from the Academy of Management, Almaty, Kazakhstan. Degree in International Business from Bristol University, UK. Honorary Auditor of the Republic of Kazakhstan.
Other roles: Honorary member of the Board of Trustees Almaty Management University' (AlmaU) Partner of Arizona State University, Arizona US; Honorary member of the Qazaq Independent Directors Association (QID).

Pascale Jeannin Perez N Sp S&S
Independent Non-Executive Director

Appointed: 1 December 2022.
Previous experience: Has over 35 years of experience in leadership roles in mining, energy and environmental industries. Previously served as a Director at DYD International Holding, shareholder of a significant gold project in Ivory coast, was Chairman and CEO of Derichebourg Polyurbaine Group. Special adviser to High Power Exploration Inc (HPX).
Qualifications: École Normale, degree in Economics from University of Montpellier.
Other roles: Founder and CEO of International Services Corporation. Shareholder and Member of the Board of Imperator Resources (former Ivanhoe Gabon).

Richard Sharko R A Sp
Independent Non-Executive Director

Appointed: 1 December 2022.
Previous experience: Has over 40 years' global experience in audit, financial accounting and risk management. He was a partner at PwC for 25 years, leading teams in various regional offices in Europe and Russia, and engaging with local and multinational clients. He was also on the regional management board and governance board as well as on the Global Board of PwC, 2009-2013. Additionally, he was a Board Member on the International Auditing and Assurance Standards Board, New York, 2015-2020.
Qualifications: Bachelor of Science in Accounting, Loyola Marymount University, Los Angeles, CA. Certified Public Accountant (Retired), State of California, US.
Other roles: Board member and Audit Committee Chair of the bank holding company, Agri Europe Cyprus Ltd, 2022-present.

Corporate governance

> “I have been impressed with the level of determination of Board members in accomplishing re-domiciliation and initiating further actions to restore shareholder value.”
>
> **Evgueni Konovalenko**
> Senior Independent Director

Board meeting attendance

Board member	Board meetings
Vitaly Nesis	15/17
Konstantin Yanakov[1]	15/17
Evgueni Konovalenko	17/17
Janat Berdalina	17/17
Steven Dashevsky	17/17
Pascale Jeannin Perez	16/17
Richard Sharko	17/17
Paul Ostling[2]	8/8

1 Resigned from his position as a Non-Executive Director of the Company effective 28 February 2024.
2 Resigned from his position as an Independent Non-Executive Director of the Company effective 18 June 2023.

Role and structure of the Board

As of the date of this report, the Company’s Board comprises one Executive Director and five Independent Non-Executive Directors. Following the disposal of Polymetal's Russian business, the Board will start the search for the new Chair.

The Company’s corporate governance framework safeguards against any conflict of interest, including the complete independence of the Audit and Risk, Nomination, Remuneration and Special Committees and disclosure of any related party transactions in the financial statements, as well as preventing any individual from having unfettered powers of decision-making.

The Board has determined that Evgueni Konovalenko, Janat Berdalina, Steven Dashevsky, Pascale Jeannin Perez and Richard Sharko are Independent Non-Executive Directors. The Company at present has not appointed a Chair of the Board.

The Company considers that the Board and its Committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. All Directors have access to the advice and services of the Company Secretary and are able to take independent professional advice, if necessary, at the Company’s expense.

Special Committee

A Special Committee of the Board, comprising the Independent Non-Executive Directors of the Company, was set up in accordance with the Company’s Articles of Association. Acting at all times in the best interests of the Company, its shareholders and other stakeholders, its remit was to establish the best way to maximise shareholder value. Various available options to modify the Group’s asset-holding structure were evaluatede, including re-domiciliation of the parent company, Polymetal International plc, into the Astana International Financial Centre (AIFC), a financial hub in Astana, Kazakhstan. This took account of the Group’s significant operations and presence in the region, the AIFC legal system, tax regime and the ability to execute such a re-domiciliation. On 19 February 2024, the Special Committee, after a thorough review, recommended the divestment of the Group’s Russian assets as the most viable option for mitigating the legal, financial and operational risks, as welll as the optimal path towards reestablishing shareholder value. The divestment completed on 11 March 2024.

Training

Polymetal invests significant amounts of time and money in training employees, but it is as important that Directors continue to develop and refresh their understanding of the Group’s activities. Every year, as part of the site trip, the Board meets local management at operations and Directors familiarise themselves with the technology used, logistics, health and safety standards and supplier management. The Board is kept informed of relevant developments within the Company by way of monthly management reports, including comprehensive information on operating and financial performance and the progress of capital projects.

It is also essential that the Directors regularly refresh and update their skills and knowledge with both external and internal training as appropriate. Members of the Board individually attend seminars, conferences and training events to keep up-to-date with developments in key areas. Board meetings include presentations from Group experts to ensure that the Directors have access to the wealth of knowledge within the Company, as well as presentations from external providers.

Board areas of focus in 2023 and link to strategy

Focus on Kazakhstan and selected Central Asian Countries

- Strategy review
- Confirmation of tax status, registered address
- Work of the Special Committee of the Board to evaluate potential modification of the Group’s asset-holding structure
- Divestment of JSC Polymetal and its subsidiaries
- Ertis POX (including Kyzyl sales structure/POX interaction update)

Growth in chosen jurisdictions

- Operational update
- Quarterly and annual production results
- Price assumptions for Reserve and Resource estimates
- Mineral Resources and Ore Reserves update
- Supply chain: resilience, cost management and increasing efficiency
- Baksy project update

Strong cash flow generation and a strong balance sheet

- Approval of preliminary and annual financial results
- Annual review of effectiveness of the Company’s risk management and control systems and risk tolerance review
- Capital allocation (including Dividend Policy review, Hedging Policy review)
- Budget, including use of the free cash flow

Best practice in corporate governance and sustainable development

- Redom update (general updates, IR considerations, listing on various exchanges)
- Post-redom trading vision (including detailed infrastructural discussion)
- Re-domiciliation and London de-listing
- Unlocking of shares (First and Second Tender offers)
- GHG performance: Group results for 2022, analysis of Kazakh assets and opportunities for further decarbonisation
- TCFD and sustainability overview
- Renewable energy projects update
- Sanctions compliance
- Integrated Annual Report review and approval
- Modern Slavery Statement review
- Independent Non-Executive Directors’ succession planning, appointment of Directors
- Directors’ appointment and re-appointment at the AGM and composition of Board Committees
- Directors’ Remuneration Policy approval
- Convening the AGM, approval of shareholder materials
- Directors’ disclosure of interest
- Review of schedule of matters reserved for the Board and terms of reference of Committees
- Directors and Officers liability insurance renewal
- Update of Group policies

Board evaluation

In December 2023, the Board initiated its annual internal Board and Committee evaluations, which included questionnaires filled in by Directors. General outcomes were circulated via the Company Secretary in January 2024. The individual Committees conducted follow-up sessions and had subsequent discussions with the Nomination Committee to ensure the completeness of the reviews. Finally, the Board reviewed management’s response to the results of the Board evaluation. The results of the Board evaluation and follow-up topics were included in the revised Board and Committee work plans for 2024.

The top Board priorities for 2024 were identified as:

- Corporate strategy:
  - Successful completion of the divestment process
  - Restoring shareholder value, improving the Company’s market position
  - Portfolio management, developing new projects (geographic focus)
  - Maintaining high performance levels
  - Risk management
- Operations:
  - Profitability and production growth
  - Ertis POX development
  - Operational challenges especially in view of various restrictions (i.e. sales distribution, distortion in the supply chain)
- Governance:
  - Appointing a Board Chair
  - Ongoing sanctions and regulatory compliance, risk mitigations measures
  - Board composition, succession, renewal
  - Continuous improvement of the Board and Committees processes and procedures
  - Focus on sustainability strategy, ESG initiatives
- Areas for Board development included:
  - Improved communication between the Board and management
  - Regular and timely updates with sufficient time to review materials
  - Informal ad hoc meetings to address any questions raised
  - Additional function-specific, in-depth sessions.

Detailed information of the Audit and Risk Committee’s review is available on pages 94-97.

Corporate governance continued

How we apply AIX Principles

Principle 1: Board of Directors

A Reporting Entity must have an effective Board which is collectively accountable for ensuring that the Reporting Entity's business is managed prudently and soundly.	Polymetal's Board is in charge of ensuring the long-term success of the Company. To achieve this, it holds regular strategic sessions to discuss the current state of affairs and future developments. As part of every strategic decision, the impact on all stakeholders is reviewed thoroughly. Further information on Board topics is discussed on page 89. The Board has regular discussions on Polymetal's purpose, value and culture, and ensures that these align with the Group strategy. Further information on purpose and value is available on page 12. As part of the annual budgeting process and in further discussions throughout the year about development projects, the Board ensures that capital allocation is aligned with the Group's objectives. Further information is available on pages 15. To ensure effective controls are in place, management is held to account by the Audit and Risk Committee. Information on risks and controls is available on page 72.

Principle 2 – Division of responsibilities

The Board must ensure that there is a clear division between the Board's responsibility for setting the strategic aims and undertaking the oversight of the Reporting Entity and the senior management's responsibility for managing the Reporting Entity's business in accordance with the strategic aims and risk parameters set by the Board.	The Company's Board comprises one Executive Director and five Independent Non-Executive Directors. Policy on the division of responsibilities between Chair and Group CEO and role of SID is available on the web-site. A schedule of the annual Board and Committee meetings is approved at the start of the year to ensure that management reports to the Board at regular intervals on different areas of the business. SID ensures that Board meetings are held in a constructive manner and that all Directors have a chance to express their opinion. There is mutual dialogue and the Independent Non-Executive Directors have regular meetings without management present. There is an ongoing improvement programme for Group employees to ensure the consistency of all papers provided to the Board. Information about the Board Directors and their roles is available on pages 86-87. Information on Group strategy is available on pages 14-15 and on risks on pages 72-84.

Principle 3 – Board composition and resources

The Board, and its Committees, must have an appropriate balance of skills, experience, independence and knowledge of the Reporting Entity's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Reporting Entity.	The Company's corporate governance framework safeguards against any conflict of interest, including the complete independence of the Audit and Risk, Nomination, Remuneration and Special Committees and disclosure of any related party transactions in the financial statements, as well as preventing any individual from having unfettered powers of decision making. In addition, the company established Safety and Sustainability Committee of the Board. The Board will continue developing a revised succession plan, including the search for a new Board Chair. Directors continue to be selected from a wide pool of candidates. Read more on pages 93, 100. The Board, all its Committees and individual Directors participate in an annual internal Board and Committee evaluation to provide feedback on their operation. Results of such evaluation are thoroughly analysed, discussed by the Board and the Nomination Committee and reflected in the Board work programme for the following year. Read more on page 89. All Directors have sufficient time to devote to the business of Polymetal. Please refer to page 113 for further information. The broad experience of all Directors ensures constructive challenge, strategic guidance and specialist advice.

Principle 4 – Risk management and internal control systems

The Board must ensure that the Reporting Entity has an adequate, effective, well-defined and well-integrated risk management, internal control and compliance framework.	Risk management approach and risk assessment is the responsibility of the Board and is integral to the achievement of the Group's strategic objectives. The Board is satisfied that there is an ongoing process, which was operational during the year and up to the date of approval of the Integrated Annual Report, for identifying, evaluating and managing the principal and emerging risks faced by the Group. The Group's Audit and Risk Committee has three sessions annually specifically dedicated to risks. Principal risks and approach to internal controls and risk management are outlined on page 70. The Company has a strong and highly regarded internal audit department. There are also joint sessions of the Audit and Risk and Safety and Sustainability Committees on risks that relate to the remit of both committees. Comprehensive information about the work of the internal audit department is available on pages 96-97. In addition, the Audit and Risk Committee regularly reviews the work of the external auditors.

Principle 5 – Shareholder rights and effective dialogue

The Board must ensure that the rights of shareholders are properly safeguarded through appropriate measures that enable the shareholders to exercise their rights effectively, promote effective dialogue with shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority shareholders.	The Board ensures ongoing dialogue with all its stakeholders, including shareholders. More information is available on pages 89, 113. Workforce engagement is set up by way of Board engagement with the targeted employee groups. More information is available on page 49.

Principle 6 – Position and prospects

The Board must ensure that the Reporting Entity's financial and other reports present an accurate, balanced and understandable assessment of the Reporting Entity's financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.	The Board reviews in detail the Company's financial statements. The process of achieving accurate, balanced and understandable assessment is described on page 94. Following completion of the annual audit, the Audit and Risk Committee holds an in-depth session to analyse the audit process and its outcomes. This includes separate meetings with the external auditors, finance department and internal audit department. The Group's Integrated Annual Report is reviewed in detail by the Board.

Principle 7 – Remuneration

The Board must ensure that the Reporting Entity has Remuneration structures and strategies that are well aligned with the long-term interests of the entity.	The Remuneration Committee of the Board reviews the KPIs of the Group CEO and senior management annually to ensure remuneration is aligned with the Company's purpose and values. KPIs are aimed at achieving long-term success and, in 2019, an ESG KPI was introduced to promote long-term sustainable success. From 2022, an ESG metric with a weighting of 20% was also added to PSP vesting conditions. Further information is available on page 111. There is a robust and transparent process for developing executive remuneration. The Directors' Remuneration Policy is approved every three years by shareholders and was approved at the 2023 AGM. Please refer to pages 103-108 for more information. The Remuneration Policy for executives and management is consistent with that of the Group CEO to ensure strategic objectives are aligned. No Director is involved in deciding their own remuneration outcomes. The Remuneration Committee consists of Independent Non-Executive Directors, who apply the Remuneration Policy prudently and have discretion over bonuses and awards. Further information is available on page 102.

Our governance framework

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

Audit and Risk Committee
helps the Board to monitor the integrity of the Group's financial statements; reviews the effectiveness of the Group's system of internal controls and risk management systems; and oversees the TCFD assurance process.
Further details on page 94

Nomination Committee
monitors the balance of skills, knowledge, independence, experience and diversity on the Board and its Committees and ensures orderly succession to both Board and management positions.
Further details on page 100

Safety and Sustainability Committee
monitors the Group's social, ethical, environmental and safety performance, and oversees all sustainable development issues on behalf of the Board.
Further details on page 98

Remuneration Committee
is responsible for Group Remuneration Policy, and setting pay levels and bonuses for senior management in line with individual performance. It ensures safety and sustainability KPIs are included in remuneration packages.
Further details on page 102

Group CEO
The Group CEO takes ultimate responsibility for delivering on strategy and operating performance.
See biographies on page 87

Senior management
Our senior management team provides leadership in specific areas of responsibility.

ESG is integrated into every aspect of governance

Finance
- Ensure effective reporting processes
- Monitor annual budgets for ESG activities
- Ensure funds to develop new projects (including green and sustainability-linked financing)

Exploration/mineral resources
- Enable long-term economic growth through greenfield and brownfield exploration
- Comply with safety and environmental standards at exploration sites

Development/construction
- Use global best practice in design and commission of mining and processing operations
- Increase supply chain efficiency through linking production demand with inventory levels

Operations
- Ensure consistent work at all our mines and production facilities
- Set safety and environmental targets and monitor performance
- Increase resource efficiency and decrease environmental footprint

Marketing/sales
- Work closely with offtakers and buyers of the finished product to ensure liquidity and uninterrupted sales
- Introduce ESG clauses in contracts

Communication and PR
- Identify and engage with the majority of external stakeholders, including government and regional authorities, local communities, suppliers and NGOs
- Foster engagement with employees

HR
- Attract and retain talent by providing decent terms of employment
- Ensure employee training and development
- Provide fair and inclusive work environment and deliver on diversity targets

Legal
- Implement monitoring and compliance-control procedures related to the provisions of applicable laws and requirements, including sanctions
- Ensure implementation of recommendations of regulators, corporate governance standards and the Group's internal policies and procedures

Heads of operations
At our operating mines and development properties implement and monitor corporate systems, supported by dedicated teams.

Roles of the Chair, Group CEO and Senior Independent Director

The Board has approved the division of responsibilities between the Chair and the Group CEO, and defined the role of the Senior Independent Director.

Chair

The Company seeks a new Chair. Whilst the process is ongoing, SID takes responsibility for ensuring there are no gaps in performing the role of the Board. The Chair reports to the Board and is responsible for the leadership and overall effectiveness of the Board and for setting the Board's agenda.

Chair's responsibilities include:
- Effective running of the Board
- Ensuring that there is appropriate delegation of authority to Executive Management
- Promoting a culture of openness and debate between the Executive and Non-Executive Directors
- Ensuring that the Directors receive accurate, timely and clear information
- Ensuring that the views of the shareholders are communicated to the Board as a whole.

Group CEO
Vitaly Nesis S&S

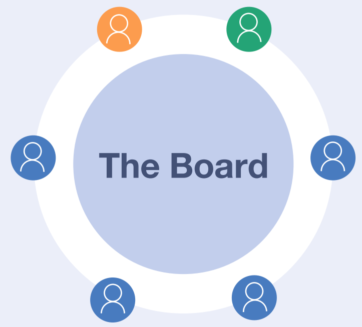
The Group CEO exercises his role through his Executive and/or Director positions in the Group sub-holding companies. He reports to the Board directly and upholds the Group's responsibilities to its shareholders, customers, employees and other stakeholders.

The Group CEO's responsibilities include:
- Developing Group strategy, including communicating annual plans and commercial objectives to the Board
- Identifying and executing strategic opportunities
- Reviewing the operational performance and strategic direction of the Group
- Making recommendations on remuneration policies, terms of employment and effective succession planning for senior employees
- Ensuring effective communication with shareholders and that appropriate, timely and accurate information is disclosed to the market, with issues escalated promptly to the Board.

Senior Independent Director
Evgueni Konovalenko N A R S&S Sp

The Senior Independent Director (SID) makes himself available to all shareholders in order to hear their views and help develop a balanced understanding of their issues and concerns. The Board is regularly updated on shareholders' opinions following meetings with the Directors and management.

SID's responsibilities include:
- Being available to major shareholders in order to listen to their views and help develop a balanced understanding of their issues and concerns
- Acting as an intermediary for the other Directors if necessary.



Independent Non-Executive Directors
Janat Berdalina
Steven Dashevsky
Pascale Jeannin Perez
Richard Sharko

The Independent Non-Executive Directors are determined to be independent in character and judgement, and free from relationships or circumstances that may affect or could appear to affect their judgement. Their role is to challenge the strategy and scrutinise the performance of management in meeting agreed goals and objectives, to monitor the reporting of the Company's performance, to review the integrity of financial information and ensure that internal financial controls and risk management systems are robust and defensible. They determine the appropriate level of remuneration for the Group CEO and have a primary role in appointing and, when necessary, removing him.

Separate meetings are held between the Independent Non-Executive Directors without the Group CEO being present. This includes both formal and informal meetings.

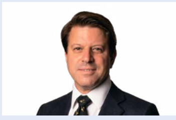
Audit and Risk Committee report

> Given the current state of the market, the Committee devoted much its attention during the year to reviewing the Company's risk profile."

Steven Dashevsky
Chair, Audit and Risk Committee

Audit and Risk Committee


Steven Dashevsky


Evgueni Konovalenko


Rich Sharko

Meeting attendance

Steven Dashevsky	9/9	Richard Sharko	9/9
Evgueni Konovalenko	9/9	Paul Ostling[1]	3/4

1 Member until 18 June 2023 (resigned from his position as an Independent Non-Executive Director of the Company).

The Committee met without management present on three occasions with external auditors and twice with the internal auditor.

The Audit and Risk Committee is an independent body, consisting only of Independent Non-Executive Directors with relevant skills and experience in financial reporting and risk management.

The Committee is attended (by invitation) on a regular basis by the Board Chair, CFO, Head of Financial Control, Head of Reporting, Head of Internal Audit, heads of legal and security departments and the statutory auditor. In the reporting period, all members of the Committee had financial experience and competence relevant to the sector in which the Company operates: Mr Sharko has competence in accounting and Messrs Dashevsky and Konovalenko have competence in finance.

The Board considers that the composition and work of the Audit and Risk Committee complies with the requirements of the AIFC regulations, in particular with Corporate Governance Principles set out in the AIFC Market Rules and continues to comply with the UK Corporate Governance Code on a voluntary basis.

For further detail on biographies and Board experience: pages 86-87.

Accurate, balanced and understandable

The Board has overall responsibilities to ensure the integrity and independence of the financial reporting process. Both the Board and the Audit and Risk Committee are satisfied that the Integrated Annual Report is accurate, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. The Committee ensured that the Company applied the following robust process:

- Clear instructions and a timeline are provided to all participants in the annual reporting process. All regulatory requirements and best practice recommendations are monitored and communicated to the participants on an ongoing basis.
- Members of all Board Committees review the relevant sections of the Integrated Annual Report to ensure that the key messages and information disclosed are aligned with the Company's strategy and performance, and are consistent with their understanding of the Company's business.
- The Committee, management and external auditors hold an early-warning conference call to review critical accounting judgements and estimates and to discuss any significant issues related to the consolidated financial statements in advance.
- The Committee reviews the disclosure of Alternative Performance Measures (APMs) to ensure appropriate prominence of APMs and IFRS measures and their presentation throughout the Integrated Annual Report. A guide to APMs can be found in the Alternative performance measures section on pages 168-169.
- The Committee reviews the Integrated Annual Report and financial statements – including significant accounting issues explained in the notes to the consolidated financial statements, based on its knowledge, discussions, management papers or other interactions with management, as well as the conclusions of external auditors – and recommends them to the Board for approval.
- In mid-March, the preliminary financial statements are approved and authorised for issue by the Board to ensure timely disclosure of financial information.
- In late March, the Integrated Annual Report is approved by the Board for publication on the Company's website and circulation to its shareholders. Ultimate responsibility for reviewing and approving the interim and annual financial statements remains with the Board.

	Key responsibilities	Focus during 2023
Integrity of financial statements	• Monitoring the integrity of the Group's consolidated financial statements • Reviewing financial statements, including the consistency of accounting policies across the Group, the methods used to account for significant transactions, the reasonableness of significant estimates and judgements and the clarity and completeness of disclosure	• Approved budget for 2023 • Reviewed and recommended for approval financial and risk information included in the Integrated Annual Report 2022 and Polymetal's half-yearly results for the six months ended 30 June 2023 • Supervised preparation of the longer-term viability statement and the going-concern analysis • Reviewed major assumptions/risks discussion for annual financials (asset impairment, net realisable value analysis of metal inventories, significant transactions, valuation of contingent consideration assets and liabilities, changes in accounting policy) • Reviewed all information in the Integrated Annual Report and considered its accuracy/consistency with the financial statements • Overview of corporate transactions for 2023 • Reviewed TCFD assurance status
Internal controls and risk management	• Reviewing the effectiveness of the Group's system of internal controls and risk management and ensuring shareholders' interests are properly protected • Monitoring and reviewing the effectiveness of the Group's internal audit	• Reviewed the critical risks and exposures, including significant judgements, findings, impairments and tax risks; discussed emerging risks • Reviewed legal compliance report, recent tax judgements and other potential exposures • Reviewed security department's incident reports, including whistleblowing and reports to the external hotline • Reviewed re-structuring process of the internal audit function • Reviewed reporting from internal auditors on key controls and approved internal audit plan • Performed an in-depth review of several subsidiaries • Reviewed approach to hedging
External auditor	• Making recommendations to the Board on the appointment or removal of the Group's external auditor • Reviewing the effectiveness of the external audit process • Reviewing the independence and objectivity of the external auditor and the appropriateness of the provision of any non-audit services	• Organised tender for the appointment of the new statutory auditor • Approved the terms of external audit engagement (including scope) and the Group's external audit plan • Reviewed audit planning report for 2023 year end • Reviewed the actual external audit fee in 2023 and compared with the authorised amount • Reviewed the independence and effectiveness of the external auditor • Reviewed non-audit services (including interim review and TCFD reporting)
Policies and procedures	• Reviewing the Group's policies and procedures for preventing and detecting bribery and fraud, and the systems and controls in place to ensure that the Group complies with relevant regulatory and legal requirements	• Supervised compliance with the Company's Anti-Bribery and Corruption, Whistleblowing, Treasury and other policies and procedures • Supervised compliance with sanctions • Reviewed approach to related and connected party transactions • Reviewed the work plan for 2024

Significant issues related to the financial statements

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements, in particular on the key issues and areas of judgement listed below as being business-sensitive. The Committee has also reviewed detailed external auditor reports outlining audit work performed and any issues identified in respect of key judgements (see the independent auditor's report on pages 120-123).

Reassessment and impairment of Amursk POX CGU

In 2023 the Group recognised an impairment charge of $165 million in respect of Amursk POX, due to continued use of Amursk POX processing facility to treat Kyzyl refractory concentrate on the terms of a new tolling agreement, as entailed by provisions of JSC Polymetal divestment. See Note 3 to the consolidated financial statements on page 139.

The Committee examined the comprehensive analysis prepared by management for the changes in the mode of assets utilisation that generate a revenue stream of Amursk POX, including continued use of Amursk POX processing facility to treat Kyzyl refractory concentrate on the terms of tolling agreement, as entailed by provisions of JSC Polymetal divestment.

The Committee concluded that Amursk POX became a separate cost generating unit and management assumptions in regard to the future use of the asset are reasonable and supportable.

Veduga joint venture corporate transaction

In 2023 the Group disposed of the stake in Amikan LLC (holder of Veduga deposit licence), which resulted in loss of control over subsidiary, as described in Note 3 to the consolidated financial statements on page 140. Subsequently, the investment is accounted for using the equity method.

The Committee reviewed the accounting treatment for the transaction, challenged the key judgements made by management and concluded that these were made appropriately and consistently.

Audit and Risk Committee report continued

Internal controls and risk management

Risk management

In order to ring-fence the Group's Russian subsidiaries and ensure sanctions compliance, the management of all Russian operations was therefore delegated to the executives of JSC Polymetal, while the Board and management of Polymetal International remained focused on the operations of those assets located in Kazakhstan. No materials containing information related to JSC Polymetal were subject to the Audit and Risk Committee and Board discussion, consideration, resolution or whichever other form of decision-making.

The Committee considered whether the description of the Company's strategy, business model, principal risks and uncertainties and future plans were consistent with the understanding of the Board, and whether the controls over the consistency and accuracy of the information presented in the Integrated Annual Report are fair and robust. The scope excludes JSC Polymetal and its subsidiaries since its entire decision-making process came under the remit of the management of JSC Polymetal due to sanctions.

Risk management approach and risk assessment is the responsibility of the Board and is integral to the achievement of the Group's strategic objectives. The Board is satisfied that there is an ongoing process, which was operational during the year and up to the date of approval of the Integrated Annual Report, for identifying, evaluating and managing the principal and emerging risks faced by the Group, as described on page 69.

The Board takes account of material changes and trends in the risk profile, including robust assessment of the Company's emerging risks, and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives. The Group's Risk Management Policy and the internal guidelines of key business processes ensure that the procedures are embedded in all of Polymetal's systems and processes, and that the Company's responses to risk remain current and dynamic.

The Group enforces a responsible risk-awareness business culture throughout all Group entities to identify, assess and mitigate principal risks and to keep residual risk at an acceptable level. The Audit and Risk Committee assists the Board with its assessment of the Group's principal risks and its review of the effectiveness of the risk management process. During its meetings throughout the year, the Committee reviews the reports on Group-level risk profiles and controls that are in place. Mr Dashevsky is also a member of the Safety and Sustainability Committee, which ensures continuity between the workings of both Committees.

The Group has implemented enterprise and operational policies and controls to manage risks that may affect the achievement of the Group's strategic objectives. Transaction-level internal controls are designed to enhance the value of operational-level objectives and accountability of new projects and initiatives.

In conducting its annual review of the effectiveness of risk management and the internal control system (including financial, operating and compliance controls), the Board and Committee consider the key findings from the ongoing monitoring and reporting processes, management representations and independent assurance reports. Management provides a timely response to issues raised by internal audit. Where possible, the issues are resolved within one reporting period.

Further details of the Group's Risk Management Framework and risk governance are provided on pages 68-71.

Internal audit (IA)

The IA Department supports the Board, through the Audit and Risk Committee, in evaluating the Company's and the Group's governance framework. It also aims to raise levels of understanding and awareness of risk and control throughout the Group.

Internal auditor maintains organisational independence from Group management by reporting to the Audit and Risk Committee on substantive matters and to the Group CEO for administrative purposes; the internal auditor additionally reports his findings to the members of the Group's executive management. Any potential conflicts of interest should be disclosed by the internal auditor as they arise; internal auditor is not allowed to audit areas where he has held operational roles in the previous 12 months.

Assessing the effectiveness of internal audit

The IA Department's annual work plan is approved by the Audit and Risk Committee. It is based on a risk tolerance evaluation that ensures the achievement of the Group's operating objectives and focuses on the principal risks of the Group's risk profile. The head of IA reports to the Board through the Audit and Risk Committee. The KPIs of the head of IA are completion of work in accordance with the approved plan, quality of audits and the number of follow-up audits, where agreed recommendations have been implemented.

In addition to the Audit and Risk Committee assessment, the internal auditor uses an annual self-certification process, which requires managers throughout the Group to personally confirm the testing of internal controls and compliance with Group policies within their business or function, as well as the steps taken to address actual or potential issues that are identified. The results of self-certification as well as management response thereto are provided to the Committee along with other reports on the IA activities.

Internal control framework and activities

The management structure of the Group and internal policies and procedures are aimed at maintaining a robust control framework within the Group to encourage the achievement of strategic objectives within set risk tolerance levels. This framework includes:

- An appropriate tone set from the top (Board level), aimed at building the appropriate control environment and ethical climate
- Management support of a comprehensive risk management system (for more detail refer to pages 68-69)
- Strong segregation of duties including internal controls over sensitive transactions
- Specific control activities implemented at all levels of the Group
- A periodic review of the effectiveness of internal controls.

The governance framework reflects the specific structure and management of the Group, where authority and control are delegated by the Board to different levels, from senior management to the managers of the Group's operating entities, and then cascaded down to business and project managers as appropriate. Within this framework, authority is delegated with clearly prescribed limits and decisions are escalated where either project size or risk profile require a higher level of authority. In addition to controls operating at transaction level (production, exploration, construction, procurement), the control framework also includes a set of general procedures for transaction approval, financial accounting, reporting and budgeting.

The Board confirms that the actions it considers necessary have been or are being taken to remedy any failings or weaknesses in the Group's system of internal controls. Based on the results of the review of risk management and internal control activities undertaken by the Board and the Audit and Risk Committee, the Board considers that the risk management and internal control systems are in accordance with the relevant principles and provisions of the AIFC Market Rules (including Corporate Governance Best Practice Standards), AIX Business Rules and other applicable guidance.

The Group's Risk Management Framework is considered effective if it complies with the following parameters:

- A special audit procedure proves that all elements of the Risk Management Framework are consistent with the COSO components and are in line with the Group's Risk Management Policy
- At least 75% of the Risk Management Framework's elements are assessed as 'Strong' or 'Good'
- Management's reports on internal controls demonstrate that there are no weaknesses in the controls and Risk Management Framework which might have significant consequences for the Group
- Internal audits carried out in accordance with the approved internal audit plan have revealed no weaknesses in the controls and Risk Management Framework which might have significant consequences for the Group.

If one or more of the Risk Management Framework elements are found to be inadequate or there is direct evidence of the ineffectiveness of the Risk Management Framework, the head of IA function informs the executive management and reports to the Audit and Risk Committee and the Board of Directors, as appropriate. No such reports were made in 2023.

External auditor appointment and audit tender

Further to the re-domiciliation of the Company from Jersey to the Astana International Financial Centre (AIFC), MHA MacIntyre Hudson (an independent member of Baker Tilly International Limited) was no longer able to continue as Group Auditor because it is not registered to provide such services in the AIFC. The Audit and Risk Committee held a competitive tender process in compliance with the Competition and Markets Authority regulations, AIFC Companies Regulations and other applicable regulatory requirements.

As a result of an evaluation of the tender participants, engaging JSC Business Solutions and Technologies as the Group auditor was considered the preferred option and this appointment was approved by the shareholders at the Company's AGM held on 25 July 2023. JSC Business Solutions and Technologies served as the component auditor for the Integrated Annual Report for the year ended 31 December 2022. The Company's Directors were authorised by the shareholders to determine the level of the auditors' remuneration for the ensuing year.

The new Group auditor's initial engagement was the review of the H1 2023 interim financial statements, published on 25 September 2023 and, thereafter, the annual audit for the year ended 31 December 2023.

Audit quality

Auditor independence

Each year, the auditors are required to confirm in writing to the Committee that they have complied with the independence rules of their profession and regulations governing independence, and that they have complied with the requirements of the Company's policy on the provision of non-audit services. The external auditor is required to maintain appropriate records to provide reasonable assurance that its independence from the Company is not impaired.

Review of the effectiveness of the external audit process and audit quality

The Audit and Risk Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality, which focuses on the following areas:

- The audit partner, with particular focus on the lead audit engagement partner
- The audit team
- Planning and scope of the audit and identification of areas of audit risk
- Execution of the audit
- The role of management in an effective audit process
- Communications by the auditor with the Audit and Risk Committee, and how the auditor supports the work of the Audit and Risk Committee
- How the audit contributes insights and adds value
- The independence and objectivity of the audit firm and the quality of the formal audit report to shareholders.

An auditor assessment is completed annually by each member of the Audit and Risk Committee and by the CFO by way of formal meetings. Feedback is also sought from the Group CEO, other members of the finance team, divisional management and the head of IA. The feedback from this process is considered by the Audit and Risk Committee, and is provided both to the auditor and to management. Action plans arising are also reviewed by the Committee.

The effectiveness of management in the external audit process is assessed principally in relation to the timely identification and resolution of areas of accounting judgement, the quality and timeliness of papers analysing those judgements, management's approach to the value of the independent audit, the booking of audit adjustments arising (if any) and the timely provision of draft public documents for review by the auditor and the Audit and Risk Committee.

Committee evaluation

In 2023, the Committee carried out a comprehensive self-evaluation of its performance. Members of the Committee completed a thorough assessment questionnaire on the work of the Audit and Risk Committee and other related issues, including the quality of the internal and external audit.

Based on the assessment results, the areas that needed attention were aggregated and incorporated into the 2024 Committee work plan:

Key areas for discussion:
- Risk management, focus on sanctions-related risks and compliance
- Divestment and accounting approach
- Asset valuation
- Annual reporting post-re-domiciliation.

Areas for improvement:
- Ongoing training
- Enhanced communication with management.

Work with external auditor:
- Facilitate an ongoing dialogue with the auditor.

Safety and Sustainability Committee report

> Decarbonisation is important for maintaining the strategic sustainability of the business."
>
> **Janat Berdalina**
> Chair, Safety and Sustainability Committee

Safety and Sustainability Committee


Janat Berdalina


Vitaly Nesis


Steven Dashevsky


Pascale Jeannin Perez

Meeting attendance

Janat Berdalina	1/1	Steven Dashevsky	1/1
Vitaly Nesis	1/1	Pascale Jeannin Perez	1/1

The Safety and Sustainability Committee comprises four Directors. The Committee members' experience includes a wide range of sustainability issues, such as health and safety, operational risk management, environment, energy management and climate change.

Members of the Safety and Sustainability Committee attend those sections of Audit and Risk Committee meetings dealing with risk.

For further details of biographies and Board experience, see pages 86-87.

The Committee oversees the Group's sustainability profile and responsible for the following matters:

- Monitoring and reviewing the safety, health and sustainability performance of the Group
- Reviewing the climate strategy, including the implementation of green projects and the development of a net-zero approach
- Tailings management, including the implementation of the Global Industry Standard on Tailings Management
- Reviewing and considering the implementation of Best Available Techniques (BAT) in areas such as water, GHG emissions, energy, etc., including technologies relevant to the Ertis POX project
- Adjusting and boosting social programmes for mentoring, inclusion and diversity
- Providing support in designing an approach to full-scale biodiversity management and disclosure, taking into account the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

Overseeing climate strategy

In 2023, Polymetal continued the implementation of its strategic priorities in the field of sustainable development, providing detailed disclosure about the progress made in achieving its goals in the areas of health and safety, social engagement, environmental protection and climate within the Integrated Annual Report. Since May 2023, the Committee has focused on the strategic development and adaptation of the Group's undertakings in Kazakhstan.

This report is prepared in accordance with the requirements of the Global Reporting Initiative (GRI) and the Metals&Mining Standard published by the Sustainability Accounting Standards Board (SASB), providing comprehensive disclosure of non-financial information for the Group's enterprises in Kazakhstan and general information on key aspects of sustainable development for the Group as a whole.

Safety competence and management

The Safety and Sustainability Committee oversees the implementation of the Group's zero-harm approach, which is aimed at achieving the goal of zero fatalities and continuous reduction of frequency and severity of lost-time injuries. This includes improvements in risk management procedures, the application of digital technologies and promoting a safety culture. The Committee annually reviews critical safety risks, evaluates the effectiveness of safety measures and monitors the investigation of work-related incidents involving our employees or those of contractors operating at our sites. This robust approach resulted in zero fatalities in 2023 among the Group's employees and contractors in Kazakhstan; nor were any lost-time injuries recorded.

	Key responsibilities	Focus during 2023
Health & safety	• Receives reports from management on significant safety, health and sustainability issues • Oversees management's interaction with regulatory authorities on safety, health and sustainability matters • Reviews and monitors the safety, health and sustainability performance of the Group • Considers whether an independent audit of processes is appropriate and reviews audit results and findings on health, safety and sustainability, the action plans pursuant to the findings and the result of investigations into significant events.	• Health and safety (H&S) work plan for 2023, key risks assessment • H&S performance update • Safety incidents and accidents.
Sustainability	• Oversees the Company's overall approach to sustainability, including the establishment and periodic review of the safety, health and sustainability strategy and policies • Receives regular updates from management regarding compliance with safety, health and environmental legislation and internal targets • Commitment to the principles of the International Council on Mining and Metals and the UN Global Compact regarding sustainable development and the policies and systems in place to monitor such compliance.	• Review of the sustainability-related disclosures in the Integrated Annual Report 2022 • Tailings management update • Sustainability update (current approach to reporting and ratings, update on ESG projects, reporting timeline) • Sustainability KPI discussion • Forest Carbon project • Non-financial auditor appointment, scope update.
Ethical conduct	• Ensures that the Company consistently exhibits and promotes ethical, transparent and responsible behaviour, engages with key stakeholders and communities, and contributes to the development and growth of healthy and sustainable communities • Monitors the effectiveness of the safety, health and sustainability policies, systems, risk management programmes and processes in place • Liaises with the Audit and Risk Committee and internal audit function, oversees the implementation of the safety, health and sustainability risk management and internal control procedures • Reviews the benchmarking of the policies, systems and monitoring processes.	• Kazakhstan team introduction and division of responsibilities • Modern Slavery Statement and implementation of the Modern Slavery Policy • Group policies review and recommendation for Board approval • Review of the Committee's performance and its terms of reference • Review of the work plan for 2024.

Climate issues remains at the center of our focus

In this report, Polymetal reaffirms its commitment to previously set goals for reducing greenhouse gas emissions to keep the average global temperature significantly below 2°C above pre-industrial levels. To achieve these goals, Polymetal has focused its efforts on implementing climate projects in Kazakhstan. This primarily involves the construction of our own sources of renewable and low-carbon energy, increasing energy efficiency and the phased electrification of our mobile fleet.

This report provides information on specific projects to reduce greenhouse gas emissions at the Group's enterprises in Kazakhstan, outlining approaches to climate risk management and opportunities. See pages 56-61 for further details.

The qualitative and quantitative data presented herein are prepared taking into account the TCFD recommendations and complement the annual disclosure of information under the CDP initiative. Significant changes in external conditions and the divestment of JSC Polymetal and its subsidiaries in Russia prevented us from finalising the development of goals for achieving carbon neutrality (including direct and indirect emissions) and for reducing emissions within Scope 3. Nevertheless, Polymetal recognises the importance of decarbonisation for maintaining the strategic sustainability of the business in the long term and commits to completing this work, after the completion of the Group's restructuring and publishing an updated Climate Strategy for the achievement of carbon neutrality.

ESG remuneration components

In line with the Company's enhanced emphasis on ESG, the KPI structure for the Group CEO includes a 15% ESG KPI. The sustainability/ESG KPI is defined each year by the Safety and Sustainability Committee in line with the Group's long-term targets and is based on a comprehensive scorecard. To ensure consistent application and measurable results, the ESG KPI cascades down to all relevant employees: Group CEO, COO, mine directors, subsidiary directors and their deputies, senior managers in the management company and heads of the main operational units and their deputies.

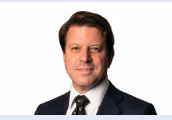
The ESG KPIs for 2023 were approved at the beginning of the year. The calculation of the annual bonus for the Group CEO and relevant management was conducted in accordance with these metrics. It should be noted that the KPIs for 2024 have been redefined and now exclusively encompass indicators and projects related to the Group's enterprises in Kazakhstan. Further information is available in the Remuneration Report on pages 102-112.

Nomination Committee report

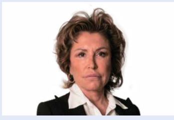
> Following divestment, the Nomination Committee's attention will be focused on continuing operations in Kazakhstan and how to effectively support the leadership team."

Evgueni Konovalenko
Chair, Nomination Committee

Nomination Committee


Evgueni Konovalenko


Janat Berdalina


Pascale Jeannin Perez

Meeting attendance

Evgueni Konovalenko	3/3	Janat Berdalina	3/3
Pascale Jeannin Perez	3/3	Paul Ostlin[1]	1/1

1 Member until 18 June 2023 (resigned from his position as an Independent Non-Executive Director of the Company).

The Nomination Committee comprises three Independent Non-Executive Directors, who have no personal financial interest in the matters to be decided.

The Board considers that the composition and work of the Nomination Committee complies with the requirements of the AIFC regulations, in particular with Corporate Governance Principles set out in the AIFC Market Rules and continues to comply with the UK Corporate Governance Code on a voluntary basis.

For further detail on biographies and Board experience: pages 86-87.

Board and executive succession

During 2023, there were no major changes to the Board composition. While a great deal of Board attention has been focused on the divestment of JSC Polymetal and its subsidiaries, the Committee ensured that it was able to carry out its supervisory role effectively. The Board has discussed the timing of new Board appointments, in particular that of finding a new Chair. It was agreed that it would be premature to initiate such a search prior to the completion of the divestment in March 2024, when the focus will be on the independent operations in Kazakhstan and the Committee's role in supporting the leadership team.

The current Board members continue to bring to the table a combination of the skills required to cover all of Polymetal's strategic objectives, including business strategy, finance, mining and sustainability, investment banking and governance.

The Committee continues to review the Non-Executive needs of the Board to ensure a balance of skills, diversity and experience as well as compliance with various regulatory requirements.

The Nomination Committee continues to pay close attention to the matter of executive succession. While there are no current concerns about the need for immediate executive succession, contingency planning is essential. The Committee reviews plans annually to ensure uninterrupted business operations.

In 2024, the Committee will continue monitoring the executive succession programmes. Mining is not excluded from the severe staff shortages experienced across all industries globally. The Nomination Committee continues to monitor the human capital development programmes, starting from grassroots initiatives in schools, continuing through apprenticeship programmes, professional colleges and close cooperation with universities and paying attention to attracting and retaining young professionals.

Board diversity

We continue to focus on diversity. Ensuring we have sufficient gender, cultural, ethnic and experiential diversity is critical if we are to avoid 'Group think'. We have a 33% female representation on our Board and our ethnic spread is diverse. Our Board comprises people with a wide range of experience and skills from very different backgrounds. The level of female representation is in line with that recommended by the FTSE Women Leaders Review; the Nomination Committee is committed to having at least two female members on the Polymetal Board of Directors. Janat Berdalina is a Kazakh, who identifies herself with and has evident heritage from Central Asia.

	Key responsibilities	Focus during 2023
Board structure review and evaluation	• Leads a formal, rigorous and transparent process for Board appointments • Regularly reviews the Board structure, size and composition, and makes recommendations to the Board about any changes • Makes recommendations to the Board about the Directors' re-appointment at the end of their term of office • Reviews the results of the Board performance evaluation that relate to the composition of the Board and individual Directors	• Reviewed requirements of Independent Non-Executive Director succession • Discussed approach to strengthening the Board following the divestment of JSC Polymetal and its subsidiaries • Reviewed the time required from Non-Executive Directors • Continued to review the skills and experience of the Board, term limits of Directors, concept of independence • Reviewed the structure, size and composition of all Committees, including skills, knowledge, experience and diversity, and made recommendations to the Board about changes • Made recommendations to the Board about the re-election of Directors at the AGM • Led review of the internal evaluation of the Board and all Committees
Leadership and conflicts of interest	• Keeps both Executive and Non-Executive leadership needs of the Group under review • Requires Directors and proposed appointees to the Board to disclose any conflict of interest or significant commitments, with an indication of the time involved • Requires Directors to apply for approval before undertaking additional external appointments	• Kept the Executive leadership needs of the Group under review in order to ensure the continued ability of the Group to compete effectively in the marketplace • Continued succession discussions at Executive level, including support in developing a diverse pipeline • Analysed the Executive management structure
Diversity and governance	• Leads on diversity and provides a statement of the Board's policy on diversity, including gender and ethnicity, any measurable objectives that it has set for implementing the policy and progress on achieving objectives • Focuses on the Company's approach to succession and planning, and how both support developing a diverse pipeline • Reviews the Company's gender balance within the Group leadership team	• Discussed diversity highlights, including the policy on diversity and inclusion, how it had been implemented and progress on achieving objectives • Performed internal evaluation of the Committee • Reviewed the Committee's terms of reference • Reviewed the work plan for 2024

Board Diversity Policy – objectives and progress against targets

Polymetal's Diversity and Inclusion Policy includes a section on Board diversity. The key objective of this is to ensure a fair and unbiased process when recruiting new Board members. Board diversity is addressed as part of the Board succession programme.

Polymetal is committed to the principles of non-discrimination, inclusion and diversity for both the Board and its employees. All have equal opportunities regardless of gender, age, race, nationality, language, origin, wealth, residence, religion and other beliefs, social or other personal circumstances. The Company's Code of Conduct and Diversity and Inclusion Policy outline the principles and approach to diversity and prohibits any discrimination. Regular compliance monitoring is undertaken by the HR department to ensure that our internal procedures are implemented throughout all Group companies. No instances of discrimination were reported in 2023. The Group is in full compliance with all local legislation in the countries where it operates that prohibit any discrimination in payment and promotion.

As of the date of this report, senior management of the Company comprised 27% females.

The Group mentoring programme, facilitated by the Board in 2022, continued successfully throughout 2023. The aim is to encourage the professional development of selected employees and, as part of this, mentoring is provided by the Group's top management.

Objective	Progress
Consider candidates with little or no previous Board experience in public companies for appointment as Non-Executive Directors.	Two female Directors, Janat Berdalina and Pascale Jeannin Perez, did not have any previous significant Board appointments.
Ensure that females form at least one-third of the Board.	33% of the Board members are female. Succession process is ongoing.
Ensure that at least one Director is from an ethnic minority background.	One Director is from an ethnic minority background.
Work with recruitment consultancies that have signed up to the Voluntary Code of Conduct for Executive Search Firms.	There is an ongoing review of the search firm currently engaged with the expectation that consultants should be signatories to the Voluntary Code of Conduct on gender diversity and best practice.
Ensure that a diverse executive pipeline is developed within the Group.	At Nomination Committee meetings, the Directors consider diversity and inclusion within the Group and there is an enhanced focus on diversity within talent development programmes.

> Since receiving shareholder approval at the 2023 AGM, we have implemented the rules of the new Remuneration Policy."

Richard Sharko
Chair, Remuneration Committee

Remuneration Committee


Richard Sharko


Janat Berdalina


Evgueni Konovalenko

Meeting attendance

Richard Sharko[1]	2/2	Evgueni Konovalenko	3/3
Janat Berdalina	3/3	Paul Ostling[2]	1/1

1 Member from 15 March 2023, Chair from 19 June 2023.
2 Chair until 18 June 2023 (resigned from his position as an Independent Non-Executive Director of the Company).

The Remuneration Committee comprises three Independent Non-Executive Directors who have no personal financial interest in the matters to be decided. The Committee is chaired by Mr Sharko and its other members are Mr Konovalenko and Ms Berdalina.

The Board considers that the composition and work of the Remuneration Committee complies with the requirements of the AIFC regulations, in particular with Corporate Governance Principles set out in the AIFC Market Rules and continues to comply with the UK Corporate Governance Code on a voluntary basis.

For further detail on biographies and Board experience: pages 86-87.

	Key responsibilities	Focus during 2023
Remuneration Policy	• Determining, within agreed terms of reference, the remuneration of the Chair and specific remuneration packages for the Group CEO, the Company Secretary and members of senior management, including any pension rights and compensation payments.	• Change to the Remuneration Policy voted on by shareholders at the 2023 AGM • Long-term incentive scheme update.
Remuneration of executive management	• Making recommendations to the Board on the Group's policy on the remuneration of executive management • Formulating suitable performance criteria for the performance-based pay of executive management • Reviewing and overseeing all aspects of any executive share scheme operated by or to be established by the Company.	• Approach to remuneration: executive remuneration strategy and structure • Update of the senior management composition • 2022 KPI results and 2023 KPI targets • Approval of senior management bonuses and LTIP results confirmation that there was no malus or clawback • Approval of the PSP share issue to the Group CEO.
Governance and employee benefit structures	• Having a duty of care to keep abreast of and act upon changes in law, regulations and other published guidelines or recommendations regarding the remuneration of directors of listed companies, including formation and operation of share schemes • Considering and making recommendations to the Board concerning disclosure of details of remuneration packages and structures, in addition to those required by law or regulations • Reviewing and advising the Board on any major changes in employee benefit structures throughout the Company or the Group.	• Final approval of the Remuneration Report for 2022 • Remuneration governance update, feedback on shareholder engagement • Employee remuneration review • Analysis of labour remuneration conditions • Review of the Committee's terms of reference • Review of the work plan for 2024.

Directors' Remuneration Policy

Summary table

At the 2023 AGM on 25 July 2023, the Committee received shareholder approval of the following Remuneration Policy to cover a period of three years. The Policy has been applied since the date of approval.

<table>
<tr><th>Element and purpose/link to strategy</th><th>Operation</th><th>Opportunity</th><th>Performance metrics used and period applicable</th></tr>
<tr><td colspan="4">Executive Director – Group CEO</td></tr>
<tr><td>Base salary
To attract and retain high-calibre executives</td><td>The Committee reviews the base salary on an annual basis and, when setting base salary for the following year, takes into account general economic and market conditions, underlying Group performance, the level of increases made across the Group as a whole, the remuneration of executives in similar positions in companies of a similar size and global mining peers, and individual performance.</td><td>Over the policy period, the base salary for the Group CEO will be set at an appropriate level within the peer group and will increase in line with base salary increases for the wider workforce, except where a change in the scope of the role occurs.

The annual base salary for the reporting year and the current year is set out in the Annual Report on Remuneration on page 110.</td><td>Not applicable.</td></tr>
<tr><td>Pension
To provide funding for retirement</td><td>The Group does not fund any pension contributions or retirement benefits, except contributions to the mandatory pension fund as required by law (where applicable).

The Group pays defined contributions to the mandatory pension fund. This permits retiring employees to receive a defined monthly pension for life from the statutory pension fund.</td><td>Pension contribution does not exceed the mandatory social contribution paid in the Republic of Kazakhstan.</td><td>Not applicable.</td></tr>
<tr><td>Benefits</td><td>The Group does not provide any benefits for its Group CEO.</td><td>Not applicable.</td><td>Not applicable.</td></tr>
<tr><td>Annual bonus
To focus on achieving annual performance goals, which are based on the Group's KPIs and strategy</td><td>The annual bonus result is determined by the Committee after the year end, based on performance against defined targets.

Annual bonuses are paid three months after the end of the financial year to which they relate.

50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares, which are released annually to the employee over the next three years in equal instalments through the DSA plan. Where it is not possible or practicable to award the deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards.

Clawback and malus conditions apply to the DSA. No clawback is applied to the cash part of the annual bonus.

Details of the DSA are set out on the next page.</td><td>Target bonus opportunity – 100% of base salary.

Maximum bonus opportunity – 120% of base salary.

For the Group CEO, the H&S metric applies as a multiplier to the whole bonus:
• 0 fatalities or severe cases: 1.2x multiplier;
• more than 0 fatalities or severe cases, but fewer than 3 fatalities or 6 severe cases: multiplier between 0.5x and 1x;
• 3 fatalities or 6 severe cases: 0.5x multiplier.

The Committee has discretion to vary the list and weighting of performance metrics over the life of this Remuneration Policy. In addition, the Committee has discretion to vary performance metrics part-way through a year if there is a significant event, which causes the Committee to believe that the original performance metrics are no longer appropriate.</td><td>The annual bonus is earned based on the achievement of a mix of financial and non-financial measures over the financial year.

For 2023, performance metrics (as described in detail on page 111) and associated weightings for each were:
<table>
<tr><th>KPI</th><th>Weight</th><th>Maximum %</th></tr>
<tr><td>Production</td><td>20%</td><td>Max achievement 150% (weighted – 30% of base salary)</td></tr>
<tr><td>Total cash cost</td><td>20%</td><td>Max achievement 150% (weighted – 30% of base salary)</td></tr>
<tr><td>Completion of new projects on time and within budget</td><td>25%</td><td>Max achievement 110% (weighted – 27.5% of base salary)</td></tr>
<tr><td>Health and safety</td><td>20%</td><td>Max achievement 100% (weighted – 25% of base salary)</td></tr>
<tr><td>ESG</td><td>15%</td><td>Max achievement 150% (weighted – 15% of base salary)</td></tr>
<tr><td>Total before cap on maximum bonus</td><td>100%</td><td>127.5%</td></tr>
<tr><td colspan="3">There is a cap on the overall maximum bonus outcome – 120% of base salary.</td></tr>
<tr><td>Total</td><td>100%</td><td>120% of base salary</td></tr>
</table>
No discretion was used in 2023.

Details of the metrics distribution for 2023 are available on page 111.</td></tr>
</table>

Remuneration Committee report continued

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Long-Term Incentive Plan (LTIP)			
Deferred Share Awards plan (DSA) Deferral to encourage retention and alignment with shareholders' interests	50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares, which are released annually to the employee over the next three years in equal instalments. Where it is not possible or practicable to award the deferred bonus in shares, awards will instead be made in cash. Any cash award that is made instead of a share award would be deferred for a period of three years, in line with the current approach for share-based awards. Clawback and malus provisions apply for the unvested portion of the DSA; the Remuneration Committee may, at any time up to and including vesting, reduce the number of shares that vest, should it consider that misconduct or fraud, material misstatement of accounts, corporate failure, serious reputational damage, or failure of risk management occurs. Dividend equivalents will be received on vested shares, reflecting the value of dividends that have been paid during the period from the grant date to the vesting date.	Not applicable.	Entitlement to this deferred component is subject to continued employment over the deferral period. In normal circumstances, DSAs will continue until the normal time of vesting upon cessation of employment due to death, injury, ill-health, disability, redundancy, retirement, or any other circumstance which the Committee determines (Good Leaver Circumstances). Alternatively, the Board may determine that DSAs will vest immediately. In both circumstances there would be no pro-rating of the DSAs for the time from the award date until cessation of employment or for performance. The DSA would lapse under other circumstances. No performance conditions apply to the DSA shares as they have been subject to fulfilment of annual KPIs.
Performance Share Plan (PSP) To provide long-term alignment with shareholders' interests by delivering sustainable above-market shareholder returns	Under the PSP, annual rolling conditional share awards are made with a four-year vesting period and an additional mandatory holding period of one year following vesting. Stretch performance targets reward participants for delivering positive absolute and superior relative TSR performance against global peers over the performance period. Clawback and malus provisions apply for the unvested portion of the PSP, whereby the Remuneration Committee may, at any time up to and including vesting, reduce the number of shares that vest, should it consider that misconduct or fraud, material misstatement of accounts, corporate failure, serious reputational damage, or failure of risk management occurs. At the Board's absolute discretion, a clawback provision could be applied in relation to vested shares. Retesting of the performance conditions in future years is not allowed under any circumstances. For the period where we cannot grant shares, we intend to make no PSP awards to the Executive.	Maximum grant permitted under the plan rules is 150% of salary per annum. Default grant level is expected to be 125% of base salary. The value that can be received in the year of vesting will be limited to twice the face value of the award on grant. Any gains above this will be forfeit before the start of the one-year holding period. In certain exceptional circumstances, the Remuneration Committee will be able to use discretion to disapply the cap. Outstanding award during 2019 had a default grant level of 150% of salary. Dividend equivalents will be received on vested shares, reflecting the value of dividends that have been paid during the period from the grant date to the vesting date.	The Committee has the flexibility to set the PSP metrics each year, with at least 75% of the award being based on financial metrics. Vesting is based on the following metrics: (1) Relative TSR (80% weighting), measured over four years against the constituents of the FTSE Gold Mines Index and also on the Company's absolute TSR. Peers are ranked and the Company's position determines vesting: • 0% vests for below median performance • 20% vests at median performance • 100% vests at upper quintile performance and above • Vesting occurs on a linear basis between median and upper quintile performance. No award will vest if absolute TSR is negative, regardless of relative performance. (2) GHG emissions intensity metric (20% weighting). This metric is subject to an additional underpin of zero incidents at tailing storage facilities and zero conflicts with local communities during the four-year performance period. The Committee may substitute, vary or waive the performance targets if an event occurs which causes the Committee to consider that the target is no longer appropriate. The Committee has discretion to vary the proportion of awards that vest to ensure that the outcomes are fair and appropriate, and reflect the underlying performance of the Group. The Board will consider vesting metrics for the 2024 PSP grant in due course, taking into consideration the divestment of JSC Polymetal and its subsidiaries and de-listing from the London Stock Exchange.

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Long-Term Incentive Plan (LTIP) continued			
Minimum shareholding requirements To strengthen alignment between the interests of the Executive Director and those of shareholders	Unvested shares under the PSP or DSA are not taken into account when calculating progress towards the minimum shareholding requirements. For the purposes of determining whether the requirements have been met, the share price is measured at the end of each financial year. Post vesting and tax, all shares acquired under PSP and DSA awards must be retained until the shareholding requirement is met.	The minimum shareholding requirement for the Group CEO is 500% of base salary. The retention of the full shareholding is required for two years post-cessation of employment, with lock-up at the broker level to ensure compliance.	Not applicable.

Use of discretion for LTIP programme (DSA and PSP)

When setting forward-looking targets, it is not always possible to predict the outcomes, especially with the quickly changing market environment and the volatility of our sector. The Committee retains the right to exercise discretion, both upwards and downwards, to ensure that the level of award payable is appropriate. The Committee will make adjustments to retain the original intent and challenge of the performance measure in the event of, for example, corporate transactions, significant commodity, share price or other macroeconomic volatility or changes to accounting standards. If any discretion is exercised, the rationale will be fully disclosed in the subsequent Annual Report on Remuneration. For any period where we cannot grant shares, we intend to make no PSP awards to the Executive Director.

Element and purpose/link to strategy	Operation	Opportunity	Performance metrics used and period applicable
Non-Executive Directors			
Fees for Independent Non-Executive Directors To attract and retain high-calibre Non-Executive Directors	The fees of Independent Non-Executive Directors are set by reference to those paid by companies of a similar size. Fees are set to reflect the responsibilities and time spent by Non-Executive Directors on the affairs of the Company. No fees are paid to Non-independent, Non-Executive Directors. Non-Executive Directors are not eligible to receive benefits and do not participate in incentive or pension plans. The following fees are paid in addition to the Non-Executive Director base fee: Committee Chair's fee; Senior Independent Director fee; Committee membership fee; and Board, Committee and General Shareholder Meeting attendance fees. The Remuneration Committee determines the framework and broad policy for the remuneration of the Board Chair for approval by the Board. The remuneration of Non-Executive Directors is a matter for the Board Chair and the Executive members of the Board, i.e. the Group CEO. Directors do not participate in discussions relating to their own fees.	Fees are reviewed, but not necessarily increased, on an annual basis. Any increase in non-executive Directors' fees will normally be in line with market levels for similar roles in companies of a similar size and global mining peers, except where a change in the scope of the role occurs. Current fee levels are set out in the Annual Report on Remuneration on page 110.	Not applicable.

Remuneration Committee report continued

Performance measures and targets

The Committee selected the performance conditions indicated in the policy table because they are central to the Company's overall strategy and include the key metrics used under the annual bonus and LTIP by the Group CEO to oversee the operation of the business.

Performance targets for all of our incentive plans are reviewed annually and, where appropriate, are typically set at a level that is in line with the Company's plans and budget.

The composition and structure of the remuneration package for the Group CEO promotes the achievement of both short-term and long-term performance targets and drives the alignment of the Group CEO's interests with the interests of shareholders.

	Minimum	Target	Maximum	Maximum with share price appreciation
Fixed elements	Base salary and pension	Base salary and pension	Base salary and pension	Base salary and pension
Single year variable	Performance against quantitative KPIs is below budget. Non-achievement of qualitative or non-financial KPIs. 0% pay-out.	Performance against quantitative KPIs is at budgeted levels. Full achievement of non-financial KPIs. 100% of base salary pay-out (83.3% of maximum opportunity). Includes DSA awards.	Performance against quantitative KPIs is above budgeted levels. Full achievement of non-financial KPIs. 120% of base salary pay-out (100% of maximum opportunity). Includes DSA awards.	Performance against quantitative KPIs is above budgeted levels. Full achievement of non-financial KPIs. 120% of base salary pay-out (100% of maximum opportunity). Includes DSA awards.
Multiple year variable	Share price performance is below the median of FTSE Gold Mines Index constituents. No shares vest.	Scenario is based on 125% policy awards. Share price performance is at median of FTSE Gold Mines Index constituents. Shares equivalent to 25% of base salary vest under the PSP (20% of total shares available).	Share price performance is in the top quintile of FTSE Gold Mines Index constituents. Shares equivalent to 125% of base salary vest under the PSP (100% of total shares available).	Share price performance is in the top quintile of FTSE Gold Mines Index constituents. Shares equivalent to 125% of base salary vest under the PSP (100% of total shares available). Share price appreciation of 50% has been assumed.

Approach to recruitment remuneration

The Committee's approach to recruitment remuneration is to pay a competitive overall package, as appropriate, to attract and motivate the right talent for the role. If an executive is promoted to the Board from within the Company, any pre-existing awards or benefits that were made available to them prior to becoming a Director (and not in anticipation of an imminent promotion to the Board) will be retained and allowed to vest or be provided under the original terms.

The following table sets out the various components that would be considered for inclusion in the remuneration package for the appointment of an Executive Director. Any new Director's remuneration package would include the same elements, set at a level consistent with the scope of the role (at a level not exceeding that of the Group CEO as set out in the Remuneration Policy table), and be subject to the same constraints as those of existing Executive Directors performing similar roles, as shown below.

Area	Policy and operation
Base salary and benefits	The base salary level will be set by taking into account the experience of the individual and the salaries paid in comparable companies. Depending on the circumstances of any particular appointment, the Committee may choose to set the base salary below market median and increase the amount paid over a period of time to achieve alignment with market levels for the role (with reference to the experience and performance of the individual), subject to the Company's ability to pay. In line with the Remuneration Policy, as set out in the Directors' Remuneration Policy table, no benefits will be provided to recruited Directors.
Pension	Pension contributions will be limited to the mandatory contributions required by Kazakh or any other applicable law, as set out in the Directors' Remuneration Policy table.
Annual bonus	The Executive Director will be eligible to participate in the annual bonus scheme as set out in the Directors' Remuneration Policy table. The maximum annual opportunity is 120% of base salary. 50% of any bonus is deferred into shares under the DSA, subject to legal limitations, as set out in the Directors' Remuneration Policy table.
Long-term incentives	The Executive Director will be eligible to participate in the PSP part of the LTIP at the Remuneration Committee's discretion and in line with the details set out in the Directors' Remuneration Policy table (subject to legal limitations). The maximum annual grant permitted under the scheme rules is 150% of base salary and the normal grant level is up to 125% of base salary. Performance measures would apply, as set out in the Directors' Remuneration Policy table.
Replacement awards	The Committee will seek to structure any replacement awards so that overall they are no more generous in terms of quantum or timing than the awards to be forfeited as a consequence of the individual joining the Company. In determining the quantum and structure of any replacement awards, the Committee will seek to replicate the fair value and, as far as practicable, the timing, form and performance requirements of the forfeited remuneration. The maximum value of replacement awards is capped at 50% of the individual's base salary and at least 50% of any replacement award should be delivered in the Company's shares.

Area	Policy and operation
Other	Should relocation of a newly recruited Executive Director be required, reasonable costs associated with this relocation will be met by the Company. Such relocation support may include, but not be limited to, payment of legal fees, removal costs, temporary accommodation/hotel costs, a contribution to stamp duty and replacement of non-transferable household items. In addition, and in appropriate circumstances, the Committee may grant additional support in relation to the payment of school fees and the provision of tax advice. The Company will reimburse the Executive Director for all reasonable expenses which they may incur while carrying out executive duties.

Policy on payment for loss of office

The Committee's approach when considering payments in the event of termination is to take into account individual circumstances, including the reason for termination, contractual obligations of both parties, and applicable share plan and pension scheme rules (including any relevant performance conditions).

Vitaly Nesis is an Executive Director and Group CEO of Polymetal International plc. Further details are set out in the current Directors' appointment letter section on page 109.

The table below summarises the key elements of the Executive Director policy on payment for loss of office.

Area	Policy and operation
Notice period	**Polymetal International** Six months from Company Six months from Director
Compensation for loss of office in service contracts	Up to six months
Treatment of annual bonus awards	Where an Executive Director's appointment is terminated after the end of the performance year, but before the payment of the annual bonus is made, the Executive may be eligible for an annual bonus award for that performance year subject to an assessment based on performance achieved over the period. No award will be made in the event of gross misconduct. Where an Executive Director's appointment is terminated during a performance year, a pro-rated annual bonus award for the period worked in that performance year may be payable, subject to an assessment based on performance achieved over the period.
Treatment of unvested DSAs under plan rules	In normal circumstances, DSAs will continue until the normal time of vesting upon cessation of appointment in Good Leaver Circumstances. Alternatively, the Board may determine that DSAs will vest immediately. In both circumstances, for the DSA already granted, there would be no pro-rating for time from the award date until cessation of employment or for performance.
Treatment of unvested PSP awards under plan rules	Any outstanding award will lapse at cessation of appointment within the Group, unless the cessation is due to Good Leaver Circumstances, in which case the award will usually vest as normal in accordance with the terms of the award. Alternatively, the Committee may determine that the award will vest immediately. The Committee will determine the proportion of the award that will vest, taking into account (where relevant) the extent to which the performance conditions have been met or are likely to be met at the end of the performance period, and any other factors the Committee may consider relevant. The number of shares will also be pro-rated down to reflect the reduced service period.
Post-cessation shareholding requirement	The Executive Director is to retain a minimum shareholding requirement (500% of base salary or actual shareholding if lower) for two years post-cessation of appointment. Shares must be kept with a broker who can implement blocks on trades.
Exercise of discretion	Any discretion available in determining the treatment of incentives upon termination of employment is intended only to be relied upon to provide flexibility in unusual circumstances. The Committee's determination will take into account the particular circumstances of the Director's departure and the recent performance of the Group.
Corporate event	In relation to PSP awards, in the event that the Company's shares cease to trade on any recognised stock exchange (delisting) or the Directors of the Company pass a resolution to the effect that delisting is imminent or where the Board determines that a 'significant event' has occurred, which may be a demerger, winding-up or compulsory acquisition of the Company, or any other event as determined by the Board, at the discretion of the Board and, where applicable, with the consent of the acquiring company, PSP awards will not vest but will be exchanged for new PSP awards. In the event that the PSP awards are exchanged for new PSP awards: • The award date of the new PSP award shall be deemed to be the same as the award date of the original PSP award • The new PSP award will be in respect of shares in a company determined by the Board which may include any acquiring company • The new PSP award must be equivalent to the PSP award and will vest at the same time and in the same manner as the PSP award. Where relevant, either the vesting of the new PSP award must be subject to any performance conditions which are, so far as possible, equivalent to any conditions applying to the PSP award, or no performance conditions will apply but the value of shares comprised in the new PSP award shall be the value of the number of shares which would have vested under the PSP award if they had not been exchanged for new PSP awards. DSAs shall vest immediately and shall not be pro-rated for time or performance if any of the events referred to above occur.

Remuneration Committee report continued

Remuneration Policy for other employees

The Remuneration Policy for other members of the executive team and broader management team within the Group is consistent in both structure and KPIs to that of the Group CEO. While the value of remuneration will vary throughout the Group, depending upon the individual's role, significance to the business and the level of responsibility, the remuneration of all senior executives consists of a base salary, an annual bonus and participation in the LTIP (the PSP and DSA).

The KPI structure for all of our senior managers and key employees is tailored to individual responsibilities and performance. To reflect the aim of zero fatalities, the bonus calculation system for the Group CEO, some senior managers and mine management has a major focus on health and safety KPIs, adjusting bonus outcomes on all KPIs in the case of fatalities. We aim to ensure the corporate cohesiveness of the team as well as to support individual success and development.

Operation of the DSA programme for the most senior employees mirrors the Executive Director's arrangement set out in the policy table, where 50% of the annual bonus is deferred into shares (if technically practicable, refer to page 104 for details) and released annually to the employees over a period of three years.

The Remuneration Policy for the wider group of employees is aimed at aligning pay with the achievement of targeted results for each employee. The Company's policy on fair pay provides for the payment of additional remuneration for employees living in difficult climatic locations and the delivery of appropriate levels of pay for different levels of work. The bonus component of remuneration for mid-level management and operational staff is measured based upon the achievement of production targets, increasing output, the level of justified cost savings, health and safety records and ESG metrics. In terms of pension arrangements, the Company applies a consistent approach for the Group CEO and other employees, and adheres to the mandatory pension contributions required under applicable laws.

Polymetal is firmly committed to acknowledging and rewarding employees' hard work and achievements. To help us attract and retain the best candidates, we offer a competitive remuneration package and benefits, which exceed regional averages in our areas of operation. Salaries are considered for annual increases based on the Company's performance results, inflation rates and the competitive level of salaries versus the wider market.

We also aim to provide a pleasant and effective working environment as well as training or further education and other opportunities for our employees.

Annual Report on Remuneration

Current Directors' appointment letters

Group CEO

Mr Nesis resigned from his position as Director General of JSC Polymetal and from all executive positions in the subsidiaries of JSC Polymetal on 5 June 2023. He continues in his role as Group CEO, and key elements of his employment letter are detailed below.

Date of contract	5 June 2023
Expiry of term	None
Payment in lieu of notice	None
Pension	None

Mr Nesis entered into an appointment letter with the Company in relation to his appointment as an Executive Director. This appointment took effect on 29 September 2011. Under the terms of the appointment, the Group CEO undertakes to perform general supervision and control of all of the business and affairs of the Group. The appointment letter does not constitute an employment contract or a service contract. The contract can be terminated at any time on six month's notice by Mr Nesis or the Company and shall be automatically terminated if the Executive ceases to be a Director by virtue of any provision of the Company's Articles of Association or applicable law. This could result in compensation of six average monthly salaries. Mr Nesis is subject to annual re-election at the Annual General Meeting of shareholders. Mr Nesis is entitled to reimbursement of his reasonable expenses incurred in relation to carrying out his duties as a Director.

The full terms and conditions of appointment are available for inspection at the Company's registered office in Kazakhstan and its office in London.

Non-Executive Directors

Non-Executive Directors do not have service contracts and the terms of their appointment are set out in letters of appointment.

The appointment of any Non-Executive Director may be terminated at any time in accordance with the Articles of Association and they are subject to annual re-election at the Annual General Meeting of shareholders. The appointment of each Non-Executive Director may be terminated by either party on one month's notice. A Non-Executive Director is not entitled to receive any compensation on termination of their appointment. Each Non-Executive Director is subject to confidentiality restrictions without limitation in time.

The full terms and conditions of appointment of all of the Directors are available for inspection at the Company's registered office in Kazakhstan and its office in London.

Dates of contract or appointment for Non-executive Directors are set out in the table below:

Director	Date of appointment	Notice period
Evgueni Konovalenko	17 March 2022	1 month
Steven Dashevsky	17 March 2022	1 month
Janat Berdalina	17 March 2022	1 month
Richard Sharko	1 December 2022	1 month
Pascale Jeannin Perez	1 December 2022	1 month

Single total figure of remuneration (audited)

The Group CEO is the only executive member of the Board.

As a result of the performance of the Company and achieving the set KPIs, as presented on page 111, the Group CEO received a bonus of 85% of maximum opportunity for the year (which constitutes 100% of his base salary or $385,235), with 50% of this bonus deferred into shares vesting over a period of the next three years under the terms of the DSA.

No discretion has been used in respect of Non-Executive and Executive Directors' remuneration throughout the reporting period.

Group CEO

The table below sets out the 2023 remuneration for the Group CEO, which comprises the remuneration received in his capacity as the Group CEO of Polymetal International for the whole year and in his capacity as the CEO of JSC Polymetal until his resignation from this position on 5 June 2023. The Group CEO's remuneration is denominated in EUR and converted to Dollars for presentation purposes using the average annual exchange rate.

	$	
	2023	2022
Base salary	471,809	502,967
Taxable benefits	-	-
Annual bonus	385,235	592,693
Long-term incentive plans	-	-
Pension	64,665	55,777
Total	**921,709**	**1,151,437**

Non-Executive Directors fees

Details of total fees paid to Non-Executive Directors and the Board Chair during 2023 and 2022 are set out in the table below.

Non-Executive Directors do not receive performance-related pay.

	Total fees, $	
Name	**2023**	2022
Paul Ostling	135,501	231,129
Evgueni Konovalenko	389,301	232,027
Steven Dashevsky	354,301	216,602
Janat Berdalina	320,301	188,118
Richard Sharko	335,845	19,667
Pascale Jeannin Perez	287,301	24,750
Total Non-Executive Directors fees	**1,822,551**	**1,688,902**

Single total figure of remuneration – Additional information

Annual bonus targets and outcomes

The targets for annual bonus measures and performance against these targets are set out below:

Measures	Link to strategy	Weight	Threshold	Target	Maximum	2023 outcome	Achievement
Achieving production budget, Koz	Focus on Kazakhstan and selected Central Asian countries	20%	1,512	1,680	1,764	1,714	24%
Total cash costs per ounce of gold equivalent produced, $/oz	Strong cash flow generation and a strong balance sheet	20%	1,089	990	940	861	30%
Completion of new projects, including:	Growth in chosen jurisdictions	25%					30%
On time		12.5%	1 point	10 points	10 points	8.9 points	11%
Within budgets (capital expenditure for investment projects, $m)		12.5%	356	324	308	268	19%
Disability	Best practice in corporate governance and sustainable development	20%	1% decrease year-on-year	>10% decrease year-on-year	>10% decrease year-on-year	32% increase year-on-year	0%
Sustainability, including:	Best practice in corporate governance and sustainable development	15%					16%
Environment • Decarbonisation • Reduction of fresh water use • Increased share of dry stacked tailings		12%	• Decrease GHG emissions intensity per oz GE (Scopes 1 and 2) by 12% compared with 2019 baseline year • Achieve 44% reduction of fresh water withdrawal for technological purposes m^3/Kt of processed ore compared with 2019 • Achieve 13% dry stacked tailings of total tailings disposed during the reporting year			• GHG emissions intensity per oz GE (Scopes 1 and 2) decreased by 15% compared with 2019 baseline year, see page 59 • Fresh water withdrawal for technological purposes decreased by 53% compared with 2019, see page 52 • Share of dry-stack tailings achieved 30% of total tailings disposed during the reporting year, see page 53	15%
Personnel • Retention and gender diversity		3%	• Achieve 35% women in the Talent Pool			• Share of women in the Talent Pool achieved 27%, see page 40	1%
Total achievement before penalty factor		100%					**100%**
Penalty factor for fatal/severe cases				n/a	n/a	0 fatalities and 2 severe cases	-15%
Final achievement for the year							**85%**

For the Group CEO, the safety penalty factor for fatal/severe cases is up to 50% of the annual bonus earned for non-safety related KPIs. This resulted in the Group CEO receiving a bonus of 85% of maximum opportunity for the year (which constitutes 100% of his base salary or $385,235).

Deferred Share Awards Plan (audited)

DSA deferred shares vested in 2023

In accordance with the policy, part of the award of deferred shares under the DSA, which was granted in March 2020, March 2021 and March 2022, vested and was transferred to the Group CEO on 2 October 2023, totalling 18,902 shares (including an additional 1,132 share awards for dividend equivalents).

DSA deferred shares grant proposed for 2024

In addition, further to the bonus approval for the year ended 31 December 2023, the Group CEO will receive a deferred bonus award under the terms of the DSA (50% of the annual bonus earned is paid in cash and the remaining 50% is compulsorily deferred into shares) in March 2024. Under the normal circumstances, share awards would vest annually over the next three years in equal instalments (in March 2025, 2026 and 2027), subject to continued service in the Group. Under the terms of the DSA, dividend equivalents will be received on vested shares reflecting the value of the dividends which have been paid during the period from the grant date to the vesting date. Dividend equivalents will also be paid as shares.

Remuneration Committee report continued

Performance Share Plan

PSP award made in 2023

Due to external conditions, no conditional awards were made to Mr Nesis in 2023.

PSP award vested in 2023

Due to external conditions, no conditional awards were vested to Mr Nesis in 2023.

Summary of PSP share options outstanding as of 14 March 2024

Name	Position	Year of grant/ Year of vesting	Number of PSP share awards granted	PSP awards release in 2023	Number of PSP shares vested (see above)	Outstanding shares under PSP grant
Vitaly Nesis	Group CEO	2019/2023	60,740	–	–	60,740
		2020/2024	34,983	–	–	34,983
		2021/2025	20,683	–	–	20,683
		2022/2026	–[1]	–	–	–
		2023/2027	–[1]	–	–	–
Total number of share options outstanding under the PSP			**171,976**	**–**	**–**	**116,406**

1 No PSP share awards were granted to the Group CEO due to the current issues with the Policy as outlined above.

Other scheme interests awarded during the financial year

No other share awards were made to the Group CEO in 2023.

Total pension entitlements

Save for the Group's defined contributions to the mandatory social contribution paid in the Republic of Kazakhstan during the financial year ended 31 December 2023 and to the pension fund of the Russian Federation until his resignation on 5 June 2023, no amounts were set aside or accrued by the Group to provide pension, retirement or other benefits to the Directors and senior management.

Loss of office payments or payments to past Directors

No loss-of-office payments or payments to past Directors were made in the year under review.

Shareholder support for the Remuneration Policy and 2022 Directors' Remuneration Committee Report

The Company received shareholder approval of its Remuneration Policy at the AGM on 25 July 2023 to cover a period of three years. The policy has been applied since the date of approval. The Directors' annual Remuneration Committee Report was put to an advisory shareholder vote at the 2023 AGM of the Company. The table below shows full details of the voting outcomes

	Votes for	Votes against	Votes withheld
Remuneration Policy (at the 2023 AGM)	126,097,050 (96.88%)	3,485,475 (2.68%)	569,394
2022 Remuneration Committee report (at the 2023 AGM)	126,022,155 (96.83%)	3,460,797 (2.66%)	658,252

Approval

This report was approved by the Board of Directors and signed on its behalf by

Richard Sharko
Chair, Remuneration Committee

Stakeholder engagement

We have a structured approach to our shareholder engagement, which includes market updates, meetings, webcasts, shareholder consultations and General Meetings. We ensure that shareholders' interests are considered as part of our Board decision-making process.
The main impetus this year was increased communication with retail investors, both quantitatively and qualitatively, given the re-domiciliation and transfer of the shareholder register to the new jurisdiction.

Investor meetings

Despite continued geopolitical uncertainty and external challenges, we remained committed to proactive shareholder and investor engagement. The Company remained open and transparent, and regular reporting and communication with stakeholders continued as usual. They were also kept up to date about the re-domiciliation process from Jersey to Astana International Financial Centre (AIFC) in Kazakhstan as well as the divestment of JSC Polymetal and its subsidiaries. We established additional communication channels to advise stakeholders on the process of re-domiciliation and share transfers to the infrastructure of Astana International Exchange, which in August 2023 became the Company's primary listing venue. As a result of re-domiciliation, we handled more calls, emails and meetings requests than before. As the volume of interactions grew exponentially, we made every effort to deal with questions from investors in a timely, transparent and diligent manner. Responding to this increased demand, the Company held over 300 online and personal meetings, guiding institutional and retail investors through the complex process of re-domiciliation and its impact on all stakeholders.

Capital Markets Days

During 2023, Polymetal held a hybrid Capital Market Day and Investor Briefing in London, in January and May respectively. Senior management presented quarterly production results along with updates on Polymetal's execution of its mid-term strategy, covering re-domiciliation to AIFC and de-listing from the London Stock Exchange.

Annual General Meeting

- At the AGM, the Board communicated directly with shareholders about the business and they, in return, had an opportunity to meet and pose questions to the Directors in attendance.
- The AGM was held in London to facilitate easier participation by shareholders. The SID and Chairs of all Board Committees made themselves available to answer any shareholder questions.
- The Integrated Annual Report and Notice of the AGM were made available – in printed form and on our website – at least 20 working days before the AGM to ensure that shareholders had time to consider them in detail.
- The AGM voting results are reported on our website.

In addition to investor meetings attended by SID and some Directors, separate engagement is arranged with our key shareholders to discuss various areas of corporate governance. In 2023, we listened to shareholders' views on the changes to domicile of the Company and mid-term outlook. Additional work on the Company's strategy is being carried out in response to the feedback.

Shareholder engagement outcomes

As a result of our shareholder engagement, we further enhanced our disclosure process, particularly focusing on providing comprehensible and thorough feedback on the current state of the Company and corporate strategic initiatives. We are committed to proactively engaging with shareholders and investors in a transparent manner about the governance, safety, ethics and environment policies and protocols that govern our day-to-day operations. We regularly publish detailed updates and FAQs in response to the increased volume of inquiries from retail and institutional shareholders.

Board site visits

Annual site visits greatly improve the Board's understanding of Polymetal's operations and organisation, and are an invaluable contribution to the Board's evaluation of the Group's business plan and strategy. They also provide the Board with an opportunity to talk with local senior management and employees about the experience of working for Polymetal.

In September 2023, the Board visited Polymetal's Vavara operation in the Kostanay Region of Kazakhstan, which included tours of the quarry, plant and tailings storage facility. This enabled them to experience first hand not only how the production process is organised but the sheer scale of the operation. They also welcomed the chance to speak directly with Vavara's specialists about their role in turning ore into gold.

Going concern

In assessing its going concern status, the Group has taken account principal risks and uncertainties, financial position, sources of cash generation, anticipated future trading performance, borrowings and other available credit facilities, and forecasted compliance with covenants on those borrowings, and capital expenditure commitments and plans.

In the going concern assessment, the Group also considered the implications of sanctions imposed by US Department of State on JSC Polymetal, the Company's subsidiary in the Russian Federation. In February 2024, the Group entered into contracts for the divestment of its Russian business through a sale of 100% of JSC Polymetal's shares to a third party, JSC Mangazeya Plus, as described in Note 32 to the consolidated financial statements. On 16 February 2024, US Department of the Treasury's Office of Foreign Asset Control (OFAC) confirmed to the Company that it would not impose sanctions on non-US persons, including Polymetal International plc, for participating in or facilitating such a transaction. The Group determined that these implications did not have any material effect on the Group's liquidity position and its ability to finance its obligations.

On 7 March 2024, the transaction was approved by the Shareholders General Meeting and, following receipt of required regulatory approvals, the transaction was completed on the same day.

To assess the resilience of the Group's going concern assessment in light of the macroeconomic volatility, management performed the stress downside scenario that is considered plausible over the next 12 months from the date of approval of the 2023 consolidated financial statements. As such this does not represent the Group's 'best estimate' forecast, but was considered in the Group's assessment of going concern, reflecting the current evolving circumstances and the most significant and plausible changes in macro assumptions identified at the date of performing of the going concern assessment.

The Group has already taken precautionary measures to manage liquidity and provide flexibility for the future. In addition, it was assumed that the Group has adapted its sales routes and supply chain and the net cash flows generated will be available for use within the Group. Under the stress scenario, the Group's income and profits are affected by simultaneous decrease of gold prices by 5% and local currency appreciation by 10%, as well as 10% overrun of development capital expenditure.

At the reporting date, the Group holds $329 million of cash and $100 million of undrawn credit facilities (excluding assets sold in March 2024), which when combined with the forecast net cash flows under the stress scenario above, is considered to be adequate to meet the Group's financial obligations as they fall due over the next 12 months. No borrowing covenant requirements are expected to be breached in the stress scenario. The Group expects to settle obligations as they fall due but also has mitigating actions available such as reducing production volumes and variable mining costs where possible, reducing and deferring non-essential and non-committed capital expenditure.

The Board is therefore satisfied that the Group's forecasts and projections, including the stress scenario above, demonstrate that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2023.

Directors' responsibility statement

Directors are responsible for the preparation of the consolidated financial statements that present the financial position of Polymetal International Plc (the Company) and its subsidiaries (the Group) as of 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended based on the recognition, derecognition, measurement and classification principles of International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, directors are responsible for:

- Properly selecting and applying accounting policies.
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance.
- Making an assessment of the Group's ability to continue as a going concern.

Directors also are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group.
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that consolidated financial statements of the Group comply with IFRS.
- Taking such steps as are reasonably available to them to safeguard the assets of the Group.
- Preventing and detecting fraud and other irregularities.

Consolidated financial statements of the Group for the year ended 31 December 2023 were approved by Board of Directors on 14 March 2024.

By order of Board of Directors:

Evgueni Konovalenko
Senior Independent Director

Vitaly Nesis
Group Chief Executive Officer
14 March 2024

Directors' report

The Directors submit the Integrated Annual Report of Polymetal International plc together with the audited financial statements of Polymetal International plc for the year ended 31 December 2023.

Financial statements

Each of the persons who is a Director at the date of approval of this Integrated Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware
- The Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AO Business Solutions and Technologies as Group auditor has audited the financial statements. The Group's annual consolidated financial statements for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards (IFRS). The Audit and Risk Committee reviews both the level of the audit fee and the level and nature of non-audit fees as part of its review of the adequacy and objectivity of the audit process.

Operations during the year

Refer to pages 20-27 for a review of the operations during the year and the results of those operations.

Significant changes

Details of any significant changes in the Group's state of affairs during the financial year are provided on pages 7-9.

Principal activities during the year

Details relating to the Groups' principal activities during the year and any significant changes in the nature of those activities are disclosed on pages 4-5, 10-11.

Events since the end of the year

Refer to page 164 for details of any matter or circumstance that have arisen since the end of the year that have significantly affected or may significantly affect the Group's operations in future financial years and the results of those operations or the Group's state of affairs in future financial years.

Developments in future financial years

For likely developments in the Group's operations in future financial years and the expected results of those operations see pages 14-15. The Board believes that the disclosures set out in the Strategic report on pages 4 to 37 of this Integrated Annual Report provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Auditor's statement

A statement by the Group auditor as to whether in the auditor's opinion of the financial statements represents a true and fair view of the financial position of the Group is provided on pages 120-123.

Going Concern statement

A Going Concern statement by the Directors, including key assumptions, is detailed on page 114.

Connected persons and significant shareholders

Directors' interests are disclosed in annual declarations and the Company Secretary is notified promptly of any changes to those interests. Before each Board meeting, Independent Non-Executive Directors reconfirm their independence and all Directors disclose whether they hold any interests in the matters to be reviewed at the meeting.

Information about related parties is provided in Note 30 of the consolidated financial statements.

Information on significant shareholders is noted on page 204.

Compliance with the corporate governance principles

Refer to pages 88 to 93 for a description of the Group's corporate governance structure and policies.

The schedule of matters reserved to the Board and terms of reference for all Board Committees can be found in the Corporate governance section on the Company's website. Terms of reference are reviewed at least annually.

Refer to pages 65 for a description of the Group's business ethics and anti-bribery policies and procedures.

Re-election policies

In accordance with the Company's Articles of Association, all Directors are subject to annual re-election. Full terms and conditions of the appointment of Non-Executive Directors are available for inspection at the Company's registered office.

The Directors' biographical details are set out on page 87. Following their performance evaluations, the Board and the SID consider that each of the Directors standing for election or re-election will continue to be an effective contributor to the Group's success and demonstrates commitment to their role.

Appointment and replacement of Directors

The Board may appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director and, in either case, whether or not for a fixed term. Irrespective of the terms of their appointment, a Director so appointed shall hold office only until the next AGM. If not re-appointed at such AGM, they shall vacate office at its conclusion.

The Company may, by ordinary resolution, remove any Director from office (notwithstanding any provision of the Company's Articles or of any agreement between the Company and such Director, but without prejudice to any claim that they may have for damages for breach of any such agreement). No special notice needs to be given of any resolution to remove a Director and no Director proposed to be removed has any special right to protest against their removal. The Company may, by ordinary resolution, appoint another person in place of a Director removed from office.

Directors' indemnities

To the extent permitted by the AIFC Companies Regulations No. 2 of 2017, the Company has indemnified every Director and other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) out of the assets of the Company against any liability incurred by them for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company. This provision does not affect any indemnity to which a Director or officer is otherwise entitled.

Political donations

The Company may not make a political donation to a political party or other political organisation or to an independent election candidate or incur any political expenditure, unless such donation or expenditure is authorised by an ordinary resolution of shareholders passed before the donation is made or the expenditure incurred. No such donations were made in 2023 (2022: none).

Capital structure

The structure of the Company's share capital is detailed in Note 29 to the financial statements. There are no specific restrictions on the size of a holding or on the transfer of shares, which are both regulated by the Articles of the Company and applicable legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of shares or on voting rights.

The Articles of the Company can be altered by a special resolution of the Company. A resolution is a special resolution when it is passed by three-quarters of the members who (being entitled to do so) vote in person, or by proxy, at a General Meeting of the Company. Pursuant to the Company's Articles, the Directors have the power to allot Equity Securities (as defined in the Articles).

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts, bank loan agreements and employees' share plans. None of these is considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid. Substantial shareholdings in the Company are disclosed on page 204.

Details of employee option schemes are set out in the Remuneration report on page 108.

Pursuant to Article 61 of the Articles, the Company may hold treasury shares.

Exchange Offers

Further to the First Exchange Offer[1] announced on 22 September 2022 and as approved by shareholders at the General Meeting on 12 October 2022, the Company repurchased 39,070,838 ordinary shares on 9 December 2022 and 2,543,840 ordinary shares on 11 October 2023 in consideration for the issuance of exchange shares on a one-for-one basis. These shares enjoy the same rights and ISIN as and interchangeable with ordinary shares in all respects. The First Exchange Offer was completed on 11 October 2023.

Further to the Second Exchange Offer[2] announced on 23 November 2023 and approved by shareholders at the General Meeting on 8 December 2023, the Company repurchased 5,082,079 ordinary shares on 5 March 2024 in consideration for the issuance of exchange shares on a one-for-one basis. These shares enjoy the same rights and ISIN as are interchangeable with ordinary shares in all respects. The Second Exchange Offer is ongoing and closes on 31 October 2024.

Following the repurchase of shares under both Exchange Offers and the issuance of the exchange shares, the total number of voting rights in the Company remains unchanged and is 473,645,141 ordinary shares at par value of $0.03, each carrying one vote. The Company holds 46,696,757 ordinary shares in treasury, which do not enjoy any voting or economic rights. Polymetal intends to cancel these shares. However, such a cancellation is contingent upon the relaxation of the restrictions on NSD and until such time that the restrictions have been lifted, the exchanged shares will be held in treasury by the Company and will not be available for re-issue.

Total issued share capital

As of 14 March 2024, the total issued share capital of the Company comprises 520,341,898 ordinary shares at par value of $0.03 each, of which 46,696,757 are held as treasury shares, which do not enjoy any voting or economic rights. During 2023, the Company issued 2,562,742 shares of which:

- 18,902 shares were issued as part of the LTIP scheme
- 2,543,840 shares were issued under the First Exchange Offer and an equivalent number of shares was transferred into treasury shares.

The total number of voting rights in the Company is 473,645,141 ordinary shares of no par value, each carrying one vote (31 December 2022: 473,626,239 shares).

Dividends

No dividend will be proposed for the full year 2023. Following the recent completion of the divestment of the Russian business, the Board will actively reconsider the dividend policy and intend to share an update in first half of 2024.

Having taken all matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the Integrated Annual Report, taken as a whole, is accurate, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Evgueni Konovalenko
Senior Independent Director
14 March 2024

1 The invitation by the Company to Eligible Shareholders to offer to exchange Eligible Shares for Certificated Shares on the terms and subject to the conditions set out in the Shareholder Circular dated 22 December 2022.

2 The invitation by the Company to Eligible Shareholders to offer to exchange Eligible Shares for shares in uncertificated form on the terms and subject to the conditions set out in the Shareholder Circular dated 23 November 2023.

Financial statements

ДРТ ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ BUSINESS SOLUTIONS AND TECHNOLOGIES

Independent auditor's report

To the Shareholders and Board of Directors of Polymetal International plc

Opinion

We have audited the consolidated financial statements of Polymetal International plc and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code that are relevant to our audit of the financial statements in the Russian Federation, together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ДРТ ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ BUSINESS SOLUTIONS AND TECHNOLOGIES

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Amursk POX CGU determination and impairment review

Why the matter was determined to be a key audit matter	As described in notes 3 and 17 to the consolidated financial statements, the Group performed reassessment of the CGU determination and impairment testing in respect of Amursk POX. The reassessment was based on the updated production plan for Amursk POX which assumes continuing use of its facilities to treat Kyzyl concentrate after the expected divestment of JSC Polymetal, and treatment of concentrate produced by Veduga, a Group joint venture. It was judged that as of 31 December 2023, Amursk POX represented a separate CGU, and an impairment charge of $165 million was recognised. The revision of the CGU determination and performing impairment assessment require a high level of management judgement and is usually a complex and subjective process. The recoverable value of Amursk POX was particularly sensitive to key macro-economic assumptions, including commodity prices forecast and discount rates. In addition, assessment of the projected operating and capital maintenance costs was complex and judgmental.
How the matter was addressed in the audit	In response to the key audit matter, we have: • Obtained an understanding of the design and implementation of relevant controls over the revision of the CGU determination and the impairment assessment under IAS 36 Impairment of Assets; • Obtained an understanding of the commercial rationale and management's intentions resulted in management reassessing Amursk POX CGU; • Challenged management's accounting analysis for the CGU determination against the requirements of IAS 36; • Engaged valuation experts to support audit team in challenging management's impairment assessment methodology and key input assumptions in the NPV model, including: commodity price forecasts, the discount rate applied, the production profile and the capital and operating costs by developing independent reasonable ranges and assessing external evidence where relevant; • Assessed the consolidated financial statement disclosures to determine if they were accurate and complete under the relevant IFRS requirements. Based on our audit work we are satisfied that the Amursk POX CGU determination and impairment assessment, and the related disclosures, are reasonable.

2. Accounting for the disposal of controlling interest in Amikan GRK LLC (Veduga) and joint venture arrangement

Why the matter was determined to be a key audit matter	As disclosed in notes 3 and 4 to the consolidated financial statements, in September 2023 the Group through a series of transactions lost control over Amikan GRK LLC ("Amikan"), the licence holder of the Veduga mine. The Group now owns a 49.9% interest in Amikan, and a 50.1% interest is owned by another unrelated stakeholder. Simultaneously, JSC Polymetal entered into a number of corporate arrangements with the new stakeholder regarding joint financing, governance and management of Veduga project. It was concluded that these arrangements represent joint control by the two parties over Amikan. The transaction which was considered favourable for the perspective of Veduga project, triggered a reversal of previously recognised impairment loss in the amount of $68 million. Given the level of judgements involved, our key audit matter focuses on the appropriateness of accounting treatment of the joint arrangement, assessment of fair value of assets and liabilities at the disposal date, and appropriateness and amount of the impairment reversal.
How the matter was addressed in the audit	In response to the key audit matter, we have: • Obtained an understanding of the design and implementation of relevant controls in relation to accounting for significant corporate transactions; • Challenged management on whether current ownership structure and corporate arrangements in respect of Amikan represent control by one of the parties, or a joint control, and whether the arrangement meets the criteria of joint venture or joint operation; • Assessed the appropriateness of indicators for reversal of an impairment loss; • Reviewed and challenged management's key assumptions and sources of data used in Amikan recoverable amount calculations; • Challenged determination of carrying amount of Amikan's assets and liabilities at the disposal date; • Reviewed and assessed the appropriateness of the related disclosures in the consolidated financial statements. Based on our work, we are satisfied that the accounting for the Veduga corporate transaction, including impairment reversal, and the related disclosures are appropriate.

ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES

Other Information

Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter – Supplementary Financial Information

Directors responsible for the preparation of information accompanying the consolidated financial statements, which is presented as supplementary financial information in note 33. This information is provided for the purposes of additional analysis and is not a required part of the consolidated financial statements for year ended 31 December 2023 prepared in accordance with IFRS. Such information has not been subjected to the audit procedures applied in our audit of the consolidated financial statements for the year ended 31 December 2023 and, accordingly, we do not express opinion or any form of assurance conclusion thereon.

Responsibilities of Directors

Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
BUSINESS SOLUTIONS AND TECHNOLOGIES

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Акционерное общество «Деловые решения и технологии»
для аудиторских заключений и отчетов
Россия, г. Москва, ул. Лесная, д. 5

Natalia Golovkina
(ORNZ № 21906100034),
Engagement partner,
Acting based on the power of attorney issued by the General Director on 29.07.2022 authorizing to sign off the audit report on behalf of AO "Business Solutions and Technologies"
(ORNZ № 12006020384)

14 March 2024

Consolidated income statement

	Note	**Year ended 31 December 2023 $m**	Year ended 31 December 2022 $m
Revenue	6	3,025	2,801
Cost of sales	7	(1,459)	(1,690)
Gross profit		**1,566**	**1,111**
General, administrative and selling expenses	11	(274)	(311)
Other operating expenses, net	12	(117)	(142)
Impairment of non-current assets, net	17	(126)	(825)
Share of loss in joint ventures	20	(2)	-
Operating profit/(loss)		**1,047**	**(167)**
Foreign exchange loss, net		(174)	(32)
Gain/(loss) on disposal of subsidiaries	4	113	(2)
Change in fair value of financial instruments	27	(8)	(20)
Finance expenses	15	(162)	(119)
Finance income		27	8
Profit/(loss) before income tax		**843**	**(332)**
Income tax	16	(315)	44
Profit/(loss) for the year		**528**	**(288)**
Profit/(loss) for the year attributable to:			
Equity shareholders of the Parent		528	(288)
		528	**(288)**
Earnings/(loss) per share ($)			
Basic	29	1.11	(0.61)
Diluted	29	1.11	(0.61)

Consolidated statement of comprehensive income

	Note	**Year ended 31 December 2023 $m**	Year ended 31 December 2022 $m
Profit/(loss) for the year		**528**	**(288)**
Other comprehensive (loss)/income, net of income tax		**(528)**	**338**
Items that will not be reclassified subsequently to profit or loss			
Effect of translation to presentation currency		17	–
Items that may be reclassified to profit or loss			
Fair value (loss)/gain arising on hedging instruments during the year	27	(8)	16
Exchange differences on translating foreign operations		(592)	365
Currency exchange differences on intercompany loans forming net investment in foreign operations, net of income tax		55	(43)
Total comprehensive income for the year		**–**	**50**
Total comprehensive income for the year attributable to:			
Equity shareholders of the Parent		**–**	**50**

Consolidated statement of financial position

	Note	**31 December 2023 $m**	31 December 2022 $m
Assets			
Property, plant and equipment	18	2,998	3,392
Right-of-use assets	19	76	131
Goodwill		11	14
Investments in associates and joint ventures	20	129	13
Non-current accounts receivable	22	107	31
Other non-current financial assets	22	9	24
Deferred tax asset	16	192	142
Non-current inventories	21	115	133
Total non-current assets		**3,637**	**3,880**
Current inventories	21	1,178	1,057
Prepayments to suppliers		180	185
Income tax prepaid		46	64
VAT receivable		131	148
Trade and other receivables	22	261	103
Other financial assets at FVTPL	22	5	10
Cash and cash equivalents	31	842	633
Total current assets		**2,643**	**2,200**
Total assets		**6,280**	**6,080**
Liabilities and shareholders' equity			
Current borrowings	23	(1,005)	(514)
Accounts payable and accrued liabilities	25	(240)	(270)
Income tax payable		(20)	(11)
Other taxes payable		(81)	(68)
Current portion of contingent consideration liability	27	(15)	(9)
Current lease liabilities	31	(18)	(25)
Total current liabilities		**(1,379)**	**(897)**
Non-current borrowings	23	(2,220)	(2,512)
Contingent and deferred consideration liabilities	27	(29)	(112)
Deferred tax liability	16	(252)	(107)
Environmental obligations	24	(69)	(76)
Non-current lease liabilities	31	(52)	(106)
Other non-current liabilities		(26)	(28)
Total non-current liabilities		**(2,648)**	**(2,941)**
Total liabilities		**(4,027)**	**(3,838)**
Net assets		**2,253**	**2,242**
Stated capital account	29	–	2,450
Share capital	29	14	–
Share premium	29	2,436	–
Share-based compensation reserve		33	35
Cash flow hedging reserve		8	16
Translation reserve		(2,063)	(1,543)
Retained earnings		1,825	1,284
Total equity		**2,253**	**2,242**
Total liabilities and shareholders' equity		**(6,280)**	**(6,080)**

Consolidated statement of cash flows

	Note	**Year ended 31 December 2023 $m**	Year ended 31 December 2022 $m
Net cash generated by operating activities	**31**	**575**	**206**
Cash flows from investing activities			
Purchases of property, plant and equipment		(679)	(794)
Net cash (outflow)/inflow on asset acquisitions	4	(24)	123
Proceeds from disposal of subsidiaries, net of cash disposed of	4	21	5
Loans advanced		(60)	(19)
Repayment of loans provided		29	3
Contingent consideration received		7	3
Net cash used in investing activities		**(706)**	**(679)**
Cash flows from financing activities			
Borrowings obtained	31	1,324	3,885
Repayments of borrowings	31	(944)	(3,029)
Repayments of principal under lease liabilities	31	(21)	(18)
Acquisition of non-controlling interest		–	(24)
Contingent consideration paid	31	–	(27)
Net cash from financing activities		**359**	**787**
Net increase in cash and cash equivalents		228	314
Cash and cash equivalents at the beginning of the year	31	633	417
Effect of foreign exchange rate changes on cash and cash equivalents		(19)	(98)
Cash and cash equivalents at the end of the year	**31**	**842**	**633**

Consolidated financial statements

Consolidated statement of changes in equity

	Note	Stated capital account $m	Share capital $m	Share premium $m	Share-based compensation reserve $m	Cash flow hedging reserve $m	Translation reserve $m	Retained earnings $m	Total equity $m
Balance at 1 January 2022		**2,450**	**–**	**–**	**31**	**–**	**(1,865)**	**1,587**	**2,203**
Loss for the year		–	–	–	–	–	–	(288)	(288)
Other comprehensive income, net of income tax		–	–	–	–	16	322	–	338
Total comprehensive income/(loss)		**–**	**–**	**–**	**–**	**16**	**322**	**(288)**	**50**
Share-based compensation		–	–	–	13	–	–	–	13
Acquisition of non-controlling interest		–	–	–	–	–	–	(24)	(24)
Transfer to retained earnings		–	–	–	(9)	–	–	9	–
Balance at 31 December 2022		**2,450**	**–**	**–**	**35**	**16**	**(1,543)**	**1,284**	**2,242**
Profit for the year		–	–	–	–	–	–	528	528
Other comprehensive loss, net of income tax		–	–	–	–	(8)	(520)	–	(528)
Total comprehensive (loss)/income		**–**	**–**	**–**	**–**	**(8)**	**(520)**	**528**	**–**
Redomiciliation to AIFC	29	(2,450)	14	2,436	–	–	–	–	–
Share-based compensation		–	–	–	11	–	–	–	11
Transfer to retained earnings		–	–	–	(13)	–	–	13	–
Balance at 31 December 2023		**–**	**14**	**2,436**	**33**	**8**	**(2,063)**	**1,825**	**2,253**

Notes to the consolidated financial statements

1. General

Corporate information

Polymetal Group is a leading gold and silver mining group, operating in Kazakhstan and Russia.

Polymetal International plc (the "Company") is the ultimate parent entity of Polymetal Group. The Company was incorporated on 29 July 2010 as a public limited company under Companies (Jersey) Law. On 8 August 2023, the Group completed the re-domiciliation of the Company from Jersey to the Astana International Financial Centre ("AIFC"), Republic of Kazakhstan. The Company is listed on the AIX, which has become the Company's primary stock exchange, while its listing on London stock exchange was cancelled on 28 August 2023. The Company also maintains a secondary listing on Moscow Exchange (MOEX).

On 19 May 2023, JSC Polymetal, the holding company for the Group's assets located in the Russian Federation, and its subsidiaries were designated by the U.S. Department of State pursuant to Executive Order 14024 for operating in the metals and mining sector of the Russian economy. Following the designation the Board of Directors of the Company (the "Board") set up a special committee of independent non-executive directors (the "Special Committee") to ensure full and comprehensive compliance with U.S. sanctions. The Company and its non-Russian subsidiaries are not subject to blocking sanctions.

In the light of these developments, and in the interest of preserving shareholder value, the Board and the Special Committee undertook a strategic process to review all possible options in respect of JSC Polymetal and its subsidiaries (JSC Polymental Group) divestment in order to restore value for Polymetal shareholders and de-risk its ongoing operations.

Based on circumstances existing as of 31 December 2023, the Group has determined that JSC Polymetal and its subsidiaries did not meet the definition of the disposal group in accordance IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

In February 2024, the Group entered into contracts for the divestment of its Russian business through a sale of 100% JSC Polymetal's shares to a third party, JSC Mangazeya Plus, as described in Note 32. On 16 February 2024, US Department of the Treasury's Office of Foreign Asset Control ("OFAC") confirmed to the Company that it would not impose sanctions on non-US persons, including Polymetal International Plc, for participating in or facilitating such a transaction. On 7 March 2024, following receipt of required regulatory approvals and shareholder approvals, the transaction was completed.

Going concern

In assessing its going concern status, the Group has taken into account of its principal risks and uncertainties, financial position, sources of cash generation, anticipated future trading performance, its borrowings and other available credit facilities, and forecasted compliance with covenants on those borrowings, and its capital expenditure commitments and plans.

In the going concern assessment, the Group also considered the implications of sanctions imposed by U.S. Department of State on JSC Polymetal, the Company's subsidiary in the Russian Federation, and the imminent sale of Russian business in March 2024, as described above. The Group determined that these implications did not have any material effect on the Group's liquidity position and its ability to finance its obligations.

On 7 March 2024 the transaction was approved by the Shareholders General Meeting and, following receipt of required regulatory approvals, the transaction was completed on the same day.

To assess the resilience of the Group's going concern assessment in light of the macroeconomic volatility, management performed the stress downside scenario that is considered plausible over the next 12 months from the date of approval of the 2023 consolidated financial statements. As such, this does not represent the Group's 'best estimate' forecast, but was considered in the Group's assessment of going concern, reflecting the current evolving circumstances and the most significant and plausible changes in macro assumptions identified at the date of performing the going concern assessment.

The Group has already taken precautionary measures to manage liquidity and provide flexibility for the future. In addition, it was assumed that the Group has adapted its sales routes and supply chain and the net cash flows generated will be available for use within the Group. Under the stress scenario, the Group's income and profits are affected by simultaneous decrease of gold prices by 5% and local currency appreciation by 10%, as well as 10% overrun of development capital expenditure.

At the reporting date, the Group holds $329 million of cash and $100 million of undrawn credit facilities (excluding assets sold in March 2024), which when combined with the forecast net cash flows under the stress scenario above, is considered to be adequate to meet the Group's financial obligations as they fall due over the next 12 months. No borrowing covenant requirements are expected to be breached in the stress scenario. The Group expects to settle obligations as they fall due but also has mitigating actions available such as reducing production volumes and variable mining costs where possible, reducing and deferring non-essential and non-committed capital expenditure.

The Board is therefore satisfied that the Group's forecasts and projections, including the stress scenario above, demonstrate that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report and that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2023.

Basis of presentation

The Group's annual consolidated financial statements for the year ended 31 December 2023 are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value as of end of the reporting period and share-based payments which are recognised at fair value as of the measurement date.

During the year ended 31 December 2023 management has reviewed the segmental presentation of financial information it requires to assess performance and allocate resources, as a result the presentation of segmental information was re-assessed, including comparative information as described in Note 5.

The Group determined that starting from August 2023, following the re-domiciliation of the Company from Jersey to AIFC in Kazakhstan and due to the accumulation over time of those factors which are the main determinants of functional currency, there had been a change in facts and circumstances surrounding the operations of the Company, indicating that the functional currency of the Company and some of its intermediate holding companies had changed from the US Dollar to the KZT. In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates,* this change has been accounted for prospectively from 1 August 2023 (Note 2).

New standards adopted by the Group

- IFRS *17 Insurance Contracts,* effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 1 and IFRS Practice Statement 2 requiring that an entity discloses its material accounting policies, instead of its significant accounting policies, effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 12 clarifying that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, effective for annual period beginning on or after 1 January 2023 with earlier application permitted;
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules, introducing a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
- Amendments to IAS 8 replacing the definition of a change in accounting estimates with a definition of accounting estimates, effective for annual period beginning on or after 1 January 2023 with earlier application permitted.

The Group has determined that these standards and interpretations do not have a material impact on its consolidated financial statements or are not applicable to the Group.

New accounting standards issued but not yet effective

The following amendments to the accounting standards were in issue but not yet effective as of date of approval of these consolidated financial statements:

- Amendments to IAS 1 *Presentation of Financial Statements* regarding non-current liabilities with covenants, effective for annual periods beginning on or after 1 January 2024, with early application permitted;
- Amendments to IFRS 16 *Leases* regarding lease liabilities in sale and leaseback transactions, effective for annual period beginning on or after 1 January 2024 with earlier application permitted;
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* regarding supplier finance arrangements, effective for annual period beginning on or after 1 January 2024 with earlier application permitted;
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Disclosures* of information that enables users of financial statements to understand the impact of a currency not being exchangeable, effective for annual period beginning on or after 1 January 2025 with earlier application permitted; and
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* regarding the sale or contribution of assets between an investor and its associate or joint venture, the effective date of the amendments has yet to be set. However, earlier application of the amendments is permitted

The Group has determined that these standards and interpretations are unlikely to have a material impact on its consolidated financial statements or are not applicable to the Group.

2. Significant accounting policies

Basis of consolidation

Subsidiaries

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Changes to the Group's ownership interests that do not result in a loss of control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and non-controlling interests are adjusted to reflect the change in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss from the disposal is calculated as the difference between 1) the aggregated fair value of the consideration received and the fair value of any retained interest and 2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and non-controlling interests.

If the Group retains a residual interest in the subsidiary sold, the remaining investment is reclassified under "Investments in associates and joint ventures" as appropriate and remeasured at fair value through profit or loss. The total gain or loss recognised on the date when control is lost corresponds to the sum of the gain or loss realised on the sold interest and the gain or loss arising from remeasurement at fair value of the residual interest.

Business combinations

IFRS 3 *Business Combinations* applies to a transaction or other event that meets the definition of a business combination. When acquiring new entities or assets, the Group applies judgement to assess whether the assets acquired and liabilities assumed constitute an integrated set of activities, whether the integrated set is capable of being conducted and managed as a business by a market participant, and thus whether the transaction constitutes a business combination, using the guidance provided in the standard.

Goodwill and goodwill impairment

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the consolidated income statement as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount of the relevant cash-generating units was determined based on value in use calculation. Value in use is based on the application of the Discounted Cash Flow Method (DCF) using post-tax cash flows to the life of mine models based on proved and probable ore reserves and certain resources where a relevant resource-to-reserve conversion ratio can be reasonably applied.

On disposal of a subsidiary, the attributable goodwill is included in the determination of the profit or loss from disposal.

Acquisition of mining licenses

The acquisition of mining licenses is often effected through a non-operating corporate entity. As these entities do not represent a business, it is considered that the transactions generally do not meet the definition of a business combination and, accordingly, the transaction is usually accounted for as the acquisition of an asset. The net assets acquired are accounted for at cost. Where asset acquisition is achieved in stages net assets acquired are accounted for as the sum of cost of the original interest acquired and the cost of additional interest acquired.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence constitutes the power to participate in the financial and operating policy decisions of the investee but does not extend to control or joint control over the enactment of those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

A joint arrangement is defined as an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. This includes situations where the parties benefit from the joint activity through a share of the output, rather than by receiving a share of the results of trading. In relation to its interest in a joint operation, the Group recognises: its share of assets and liabilities; revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation; and its share of expenses.

A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement and is accounted for using the equity accounting method.

When entering in a new joint arrangement, the Group applies judgement to assess whether the parties that have joint control over the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement (joint operation) or rights to the net assets of the arrangement (joint venture), using the guidance provided in the standard. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances.

Equity method of accounting

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investee. When the Group's share of the losses of an associate or a joint venture exceeds the Group's interest in that entity, the Group ceases to recognise its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an investee at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 28 *Investments in Associates and Joint Ventures* are applied to determine whether any indicators that the interest in an associate or a joint venture may be impaired. Where an indicator of impairment exists or the carrying value of the asset contains goodwill with an indefinite useful life, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single cash generating unit through the comparison of its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets.*

When a Group entity transacts with its investees, profits and losses resulting from the transactions with the investee are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or the joint venture that are not related to the Group.

2. Significant accounting policies continued

Functional and presentation currency

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all Russian entities the functional currency is the Russian Rouble (RUB). The functional currency of the Group's entities located and operating in Kazakhstan (Varvarinskoye JSC, Bakyrchik Mining Venture LLC, Inter Gold Capital LLC, Komarovskoye Mining Company LLC) is the Kazakh Tenge (KZT).

The Group determined that from August 2023, following the re-domiciliation of the Company from Jersey to AIFC in Kazakhstan and due to the accumulation over time of those factors which are the main determinants of functional currency, there had been a change in facts and circumstances surrounding the operations of its parent company (Polymetal International plc) and some of its intermediate holding companies indicating that the functional currency of these companies had changed from the the US Dollar to the KZT.

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, this change has been accounted for prospectively from 1 August 2023.

The Group has chosen to present its consolidated financial statements in US Dollars ($), as management believes it is the most useful presentation currency for international users of the consolidated financial statements of the Group as being common presentation currency in the mining industry. Translation of the financial statements of the Group entities from their functional currencies to the presentation currency is performed as follows:

- all assets and liabilities are translated at closing exchange rates at each reporting period end date;
- all income and expenses are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of such transactions;
- resulting exchange differences are recognised in other comprehensive income and presented as movements relating to the effect of translation to the Group's presentation currency within the *Translation reserve* in statement of changes in equity; and
- in the consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated using exchange rates prevalent at those respective dates. All cash flows in the period are translated at the average exchange rates for the periods presented, except for significant transactions that are translated at rates on the date of transaction. Resulting exchange differences, if any, are presented as *Effect of foreign exchange rate changes on cash and cash equivalents.*

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

The Group translates its income and expenses in presentation currency on a the monthly basis at monthly average rate. During the years ended 31 December 2023 and 2022 exchange rates used in the preparation of the consolidated financial statements were as follows:

	Russian Rouble/ US Dollar	Kazakh Tenge/ US Dollar
31 December 2023		
Period ended	89.69	454.56
Average	85.25	456.24
Maximum monthly rate	97.04	476.43
Minimum monthly rate	69.23	445.25
31 December 2022		
Period ended	70.34	462.65
Average	68.55	460.85
Maximum monthly rate	104.08	499.75
Minimum monthly rate	57.27	431.82

The Russian Rouble and Kazakh Tenge are not freely convertible currencies outside the Russian Federation and Kazakhstan, accordingly, any translation of Russian Rouble and Kazakh Tenge denominated assets and liabilities into US Dollar for the purpose of the presentation of consolidated financial statements does not imply that the Group could or will in the future realise or settle in US Dollars the translated values of these assets and liabilities.

Foreign currency transactions

Transactions in currencies other than an entity's functional currencies (foreign currencies) are recorded at the exchange rates prevailing on the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non monetary items carried at historical cost are translated at the exchange rate prevailing on the date of transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing on the date on which the most recent fair value was determined. Exchange differences arising from changes in exchange rates are recognised in the consolidated income statement. Exchange differences generated by monetary items that forms part of the intragroup net investment in the foreign operation are recognised in the consolidated financial statements within translation reserve.

Property, plant and equipment

Mining assets

Mining assets include the cost of acquiring and developing mining assets and mineral rights. Mining assets are depreciated to their residual values using the unit-of-production method based on proven and probable ore reserves according to the JORC Code, which is the basis on which the Group's mine plans are prepared. Changes in proven and probable reserves are dealt with prospectively. Depreciation is charged on new mining ventures from the date that the mining asset is capable of commercial production. In respect of those mining assets whose useful lives are expected to be less than the life of the mine, depreciation over the period of the asset's useful life is applied.

Mineral rights for the assets under development are included within Exploration and development. When a production phase is started, mineral rights are transferred into Mining assets and are depreciated as described below.

Capital construction-in-progress

Capital construction-in-progress assets are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use.

Exploration and evaluation assets

Mineral exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs are expensed as incurred until such time as the Group determines that reasonable prospects exist for the eventual economic extraction of minerals, which is supported by management's decision to prepare the mineral resource estimation for the relevant field. Mineral resource estimation prepared in accordance with JORC is subsequently published on the Group's corporate website.

Exploration assets representing mineral rights which were acquired as a result of a business combination or an asset acquisition in accordance with IFRS 3 *Business Combinations,* are recognised as a result of the purchase price allocation where appropriate; and are carried at deemed cost, being fair value as at the date of acquisition or at cost where a transaction is classified as an asset acquisition.

In accordance with IFRS 6 *Exploration for and evaluation of mineral resources,* the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licenses in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised.

Development assets

Exploration and evaluation expenditures are transferred to development assets when commercially-viable reserves are identified, so that the entity first establishes proved and probable reserves in accordance with the JORC Code and a respective mining plan and model are prepared and approved. At the time of reclassification to development assets, exploration and evaluation assets are assessed for impairment based on the economic models prepared.

The costs to remove any overburden and other waste materials to initially expose the ore body, referred to as stripping costs, are capitalised as a part of development assets when these costs are incurred.

Non-mining assets

Non-mining assets are depreciated to their residual values on a straight-line basis over their estimated useful lives. When parts of an item of property, plant and equipment are considered to have different useful lives, they are accounted for and depreciated separately. Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Estimated useful lives are as set out below:

Machinery and equipment	5–20 years
Transportation and other assets	3–10 years

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the asset's carrying amount at the date. The gain or loss arising is recognised in the consolidated income statement.

2. Significant accounting policies continued

Stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste in order to access the ore body. During the mines under development stage, these costs are capitalised as part of the mines development costs. At the same time the Company incurs stripping cost during production phase of mine, during which such costs are considered to create two benefits, being the production of inventory (ore mined) in the current period and/or improved access to the ore body to be mined in the future. Where stripping costs are incurred and the benefit that was created is improved access to the component of the ore body to be mined in the future, the stripping costs are recognised as a stripping activity assets, if the following criteria are met:

- Future economic benefits (being improved access to the ore body) are probable;
- The component of the ore body for which access will be improved can be accurately identified; and
- The costs associated with the improved access can be reliably measured.

If not all of the above-mentioned criteria are met, the stripping costs are included in the production cost of inventory (ore mined), otherwise the stripping costs in excess of the average long term ore-to-waste ratio evaluated for the life of mine of that component are recognised as non-current assets and presented within property, plant and equipment as a separate class of assets.

Estimated ore reserves

Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits. The Group's reserves are estimated in accordance with JORC Code.

Impairment of property, plant and equipment

An impairment review of property, plant and equipment is carried out when there is an indication that those assets have suffered an impairment loss or there are impairment reversal indicators. If any such indication exists, the carrying amount of the asset is compared to the estimated recoverable amount of the asset in order to determine the extent of the impairment loss or its reversal (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

A CGU is defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Assets are combined into a CGU consisting of the assets for which it is impossible to estimate the recoverable amount individually, which is the case when:

- the asset does not generate cash inflows that are largely independent of those from other assets; and
- the asset's value in use cannot be estimated to be close to its fair value less costs of disposal (which is the case when the future cash flows from continuing use of the asset cannot be estimated to be negligible).

Recoverable amount is the higher of fair value less costs of disposal and value in use. Value in use is based on the application of the Discounted Cash Flow Method (DCF) using post-tax cash flows and post-tax discount rate. The DCF method is applied to the development of proved and probable reserves and certain resources where a relevant resource-to-reserve conversion ratio can be reasonably applied.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods. Impairment loss may be subsequently reversed if there has been a significant change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

A reversal of an impairment loss is recognised in the consolidated income statement immediately.

Inventories

Metal inventories

Inventories including ore stockpiles, metals in concentrate and in process, Doré and refined metals are stated at the lower of production cost and net realisable value. Production cost is determined as the sum of the applicable costs incurred directly or indirectly in bringing inventories to their existing condition and location. Work in-process, metal concentrate, Doré and refined metal are valued at the average total production costs at each asset's relevant stage of production (i.e. the costs are allocated proportionally to unified metal where unified metal is calculated based on prevailing market metal prices). Ore stockpiles are valued at the average cost of mining that ore. Where ore stockpiles and work in-process are not expected to be processed within 12 months, those inventories are classified as non-current.

Net realisable value represents the estimated selling price for that product based on forward metal prices for inventories which are expected to be realised within 12 months, and the flat long-term metal prices for non-current inventories, less estimated costs to complete production and selling costs.

Consumables and spare parts

Consumables and spare parts are stated at the lower of cost or net realisable value. Cost is determined on the weighted average moving cost. The portion of consumables and spare parts not reasonably expected to be used within one year is classified as a long-term asset in the Group's consolidated statement of financial position. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Mining tax

Mining tax includes royalties payable in Russian Federation and Kazakhstan. Mining tax in Russian Federation and Kazakhstan is calculated based on the value of the precious metals extracted in the period. This value is usually determined based on the realised selling price of precious metals or, in case if there were no sales during the period, cost of production of metals extracted (Russian Federation) or the average market price (Kazakhstan) during the reporting period. Mining tax is charged to cost of production and absorbed into metal inventories (Note 7).

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

Trade receivables without provisional pricing that do not have a significant financing component (determined in accordance with IFRS 15 *Revenue from Contracts with Customers*) are are initially measured at their transaction price.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified as either financial assets at amortised cost or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

Trade receivables without provisional pricing that do not contain provisional price features, loans and other receivables are held to collect the contractual cash flows and therefore are carried at amortised cost adjusted for any loss allowance. The loss allowance is calculated in accordance with the impairment of financial assets policy described below.

Trade receivables arising from the sales of copper, gold and silver concentrate with provisional pricing features are exposed to future movements in market prices as described below and therefore contain an embedded derivative. IFRS 9 does not require that these embedded derivatives are separated; instead, the contractual cash flows of the financial asset are assessed in their entirety. Trade receivables from sales of copper, gold and silver concentrates have contractual cash flow characteristics that are not solely payments of principal and interest, and are therefore measured at fair value through profit or loss in accordance with IFRS 9 and do not fall under the expected credit losses model (ECL) described below.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. Significant accounting policies continued

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, trade and other receivables and contract assets, except for trade accounts receivable with provisional pricing. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are initially classified and subsequently measured at amortised cost or FVTPL.

A financial liability is classified as and measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

A derivative is defined as a financial instrument or other contract within the scope of IFRS 9 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Inclusion of the term 'non-financial variable specific to a party to the contract' is limited to excluding insurance contracts from the definition of a derivative.
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

Borrowings, representing financial contracts for unconditional repayment of principal and interest under a loan agreement, and other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities of three months or fewer, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Environmental obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of mining assets. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value using a risk-free rate applicable to the future cash flows, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the consolidated income statement over the life of the operation, through the depreciation of the asset in the cost of sales line and the unwinding of the discount on the provision in the finance costs line. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the consolidated income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the consolidated income statement.

The provision for closure cost obligations is remeasured at the end of each reporting period for changes in estimates and circumstances. Changes in estimates and circumstances include changes in legal or regulatory requirements, increased obligations arising from additional mining and exploration activities, changes to cost estimates and changes to the risk free interest rate.

Employee benefit obligations

Remuneration paid to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period. The Group pays mandatory contributions to the state social funds, including the Pension Fund of the Russian Federation and Kazakhstan, which are recorded as an expense over the reporting period based on the related employee service rendered.

2. Significant accounting policies continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Income taxes are computed in accordance with the laws of countries where the Group operates.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future (judged to be one year). Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Recognition of current and deferred tax

Current and deferred tax is recognised in the consolidated income statement, except when they relate to items that are recognised in the consolidated statement of comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in consolidated statement of comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Uncertain tax positions

Provision for uncertain tax positions is recognised within current tax when management determines that it is probable that a payment will be made to the tax authority. For such tax positions the amount of the probable ultimate settlement with the related tax authority is recorded. When the uncertain tax position gives rise to a contingent tax liability for which no provision is recognised, the Group discloses tax-related contingent liabilities and contingent assets in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Total exposures identified as of 31 December 2023 are disclosed in Note 26.

Revenue recognition

The Group has three major streams: the sale of gold and silver bullions; sale of copper, gold and silver concentrate; and sale of Doré. Revenue is measured at the fair value of consideration to which the entity expects to be entitled in a contract with a customer in exchange for transferring promised goods, excluding amounts collected on behalf of third parties, such as value added tax (VAT). Group recognises revenue when it transfers control of a product to a customer.

Sale of gold and silver bullion

Metal sales includes sales of refined gold and silver, which are generally physically delivered to customers in the period in which they are produced, with their sales price based on prevailing spot market metal prices.

Revenue from metal sales is recognised when control over the metal is transferred to the customer, which generally occurs when the refined gold and silver has been accepted by the customer. Once the customer has accepted the metals, the significant risks and rewards of ownership have typically been transferred and the customer is able to direct the use of and obtain substantially all of the remaining benefits from the metals.

Sales of copper, gold and silver concentrate

The Group sells copper, gold and silver concentrate under pricing arrangements whereby the final price is determined by the quoted market prices in a period subsequent to the date of sale. These quotation periods differ from 1 to 4 months, depending on the specific terms of the relevant agreement.

For shipments under the Incoterms Cost, Insurance and Freight (CIF) and Cost and Freight (CFR), control passes to the customer and the revenue is recorded at the time of loading, whilst for shipments under the Incoterms Delivery at Place (DAP) and Delivery at Terminal (DAT), control passes when the goods are delivered at an agreed destination. The proportion of concentrate sold on CIF or CFR Incoterms is insignificant, and therefore no separate material performance obligations for freight and insurance services are recognised.

Revenue is initially recognised based on Polymetal's estimate of copper, gold and silver content in the concentrate and using the forward London Bullion Market Association (LBMA) or London Metal Exchange (LME) price, adjusted for the specific terms of the relevant agreement, including refining and treatment charges which are subtracted in calculating the provisional amount to be invoiced. Subsequent adjustments to pricing during the quotation period is not considered to be variable consideration under IFRS 15, as the Group's performance obligation has been satisfied at the point of delivery. Trade receivables arising from the sales of copper, gold and silver concentrate with provisional pricing features are accounted for under IFRS 9 *Financial Instruments* as described above. The provisionally priced accounts receivable, outstanding as of each reporting date, are marked to market using the forward price for the quotation period under the relevant agreement with mark-to-market adjustments recognised within revenue. Ore sales arrangements are substantially similar to the copper, gold and silver concentrate pricing arrangements described above.

Doré

Doré sales arrangements are similar to the copper, gold and silver concentrate pricing arrangements described above, with shorter quotational periods of up to 14 days.

Share-based compensation

The Group applies IFRS 2 *Share-based Payments* to account for share-based compensation. IFRS 2 requires companies to recognise compensation costs for share-based payments to employees based on the grant-date fair value of the award.

The fair value of the awards granted is recognised as a general, administrative and selling expense over the vesting period with a corresponding increase in the share-based compensation reserve. Upon the exercise of the awards the amounts recognised within the share-based compensation reserve are transferred to the share capital and share premium.

Earnings per share

Earnings per share calculations are based on the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated using the treasury stock method, whereby the proceeds from the potential exercise of dilutive stock options with exercise prices that are below the average market price of the underlying shares are assumed to be used in purchasing the Company's common shares at their average market price for the period.

3. Critical accounting judgements and key sources of estimation uncertainty

In the course of preparing the consolidated financial statements, management necessarily makes judgements and estimates that can have a significant impact on those financial statements. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in the future periods affected. The judgements involving a higher degree of estimation or complexity are set out below.

Critical accounting judgements

The following are the critical accounting judgements (apart from judgements involving estimation which are dealt with separately below), made during the year that had the most significant effect on the amounts recognised in the consolidated financial statements.

Re-assessment and impairment of Amursk POX CGU

Impairment charges are assessed at the CGU level. Significant management judgement is applied in determining the Group's CGUs, particularly when assets relate to integrated operations, and where changes in CGU determinations could impact the impairment recognised. It was previously determined that Amursk POX represented a shared corporate asset in accordance with IAS 36 *Impairment of assets*. During the year ended 31 December 2023, the Group has determined that due to the changes in the mode of assets utilisation that generate a revenue stream for Amursk POX, it became a separate CGU. Such changes included continued use of Amursk POX processing facility to treat Kyzyl refractory concentrate on the terms of tolling agreement, as entailed by provisions of JSC Polymetal divestment (Notes 1, 32) and the offtake arrangement over Veduga concentrate, described below. This judgement was applied to the impairment review as of 31 December 2023, resulting in the impairment charge of $165 million (Note 17).

3. Critical accounting judgements and key sources of estimation uncertainty continued

Indicators of impairment and reversal of impairment

The Group considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired. The external sources of information the Group considers include changes in the market, economic and legal environment in which the Group operates, that are usually not within its control, and are expected to affect the recoverable amount of CGUs. Internal sources of information include the manner in which mining properties, plant and equipment are being used or are expected to be used; and indicators of the economic performance of the assets, historical exploration and operating results. The primary external factors considered are changes in spot and forecast metal prices, market rates of returns that form discount rates, and changes in laws and regulations. The primary internal factors considered are the Group's current mine performance against expectations, changes in mineral reserves and resources, life of mine plans and exploration results.

Assets (other than goodwill) that have been previously impaired should be assessed for indicators of both impairment and impairment reversal. Such assets are generally carried on the balance sheet at a value close to their recoverable amount at the last assessment. Therefore in principle any change to operational or macroeconomic parameters could result in further impairment or impairment reversal if an indicator is identified.

During year ended 31 December 2023 the Group determined that due to updated operational plans and futher advancement of the project, impairment loss previously recognised for Veduga was fully reversed as detailed in Note 17. As a result the reversal of impairment loss of $68 million was recorded.

Other significant operating assets that the Group has previously impaired include Nezhda-Prognoz and Kutyn CGU. These assets had combined carrying value of $751 million within property, plant and equipment as at 31 December 2023. Despite the external indicators such as commodities' prices and foreign exchange rates showed favorable changes, there was no significant positive change in these CGUs' expected economic performance, and therefore no indicators of the reversal of previously recognised impairment loss were identified.

Veduga (Amikan GRK LLC) Joint Venture

In September 2023, the Group disposed of the stake in Amikan LLC (holder of Veduga deposit license), which resulted in a loss of control over subsidiary, as described in Note 4. The Group retained interest of 49.9% in Amikan and entered into a number of corporate arrangements with the new shareholder regarding project financing, governance and operations.

When the Group enters into an arrangement where it has the power to participate in the financial and operating policy decisions of an investee or into arrangements with other parties for the joint ownership of particular assets or developments, it must assess whether the arrangements constitute significant influence, control, joint operations or a joint venture based on the rights and obligations of the parties to the arrangements (Note 2 sets out the related accounting policies).

Based on the governance structure of the investee, it was determined that the arrangement requires the unanimous consent of the parties sharing control. The preliminary offtake arrangement to purchase the output by Amursk POX, entailed by the shareholders agreement, does not indicate that the parties have rights to the substantially all economic benefits of the assets and, therefore, in effect do not have the obligation for liabilities, as pricing mechanism relates only to the market metal price and related adjustments and is in line with the market practice, with no additional financing arrangements.

Therefore it was concluded that the joint arrangement provides the parties with rights to the net assets of the arrangement and, therefore, the retained investment represents a joint venture. The retained investment was initially recognised at fair value as of date of transaction, as described in Note 4.

Accounting for acquisitions

To determine the appropriate accounting approach to be followed for an acquisition transaction, the Group applies judgement to assess whether the acquisition is of a business, and therefore within scope of IFRS 3 *Business Combinations*, or is of a group of assets that do not constitute a business and is therefore outside scope of IFRS 3. In making this determination, management evaluates the inputs, processes and outputs of the asset or entity acquired. Judgement is used to determine whether an integrated set of activities and assets is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. The acquisitions of subsidiaries during reporting year have been assessed as asset acquisitions (Note 4).

Recoverability of exploration and evaluation assets

Exploration and evaluation assets include mineral rights and exploration and evaluation costs, including geophysical, topographical, geological and similar types of costs. Exploration and evaluation costs are capitalised if management concludes that future economic benefits are likely to be realised and determines that economically viable extraction operation can be established as a result of exploration activities and internal assessment of mineral resources.

According to IFRS 6 *Exploration for and evaluation of mineral resources*, the potential indicators of impairment include: management's plans to discontinue the exploration activities, lack of further substantial exploration expenditure planned, expiry of exploration licences in the period or in the nearest future, or existence of other data indicating the expenditure capitalised is not recoverable. At the end of each reporting period, management assesses whether such indicators exist for the exploration and evaluation assets capitalised, which requires significant judgement. During the year ended 31 December 2023 the Group recognised impairment loss related to the individual exploration and evaluation assets of $29 million as detailed in Note 17.

Use of estimates

The preparation of financial statements requires the Group to make estimates and assumptions that affect the amounts of the assets and liabilities recognised, amounts of revenue and expenses reported, and contingent liabilities disclosed, as of the reporting date. The determination of estimates is based on current and expected economic conditions, as well as historical data and statistical and mathematical methods as appropriate.

Key sources of estimation uncertainty

Key sources of estimation uncertainty reflect those sources of estimation uncertainty which may have a possible material impact of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year. They include: cash flow projections for impairment testing and impairment reversal, valuation of contingent consideration assets and liabilities and calculation of net realisable value of stockpiles and work-in progress, mineral reserves and resources assessment and life of mine plans, useful lives of production and other assets, environmental provision and recoverability of deferred tax assets.

DCF models are developed for the purposes of impairment testing, valuation of contingent consideration assets and liabilities, calculation of net realisable value of metal inventories and assessment of the recoverability of deferred tax assets. Expected future cash flows used in DCF models are inherently uncertain and could change over time. They are affected by a number of factors including ore reserves, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

- *Ore reserves and mineral resources* – Recoverable reserves and resources are based on the proven and probable reserves and resources in existence. Reserves and resources are incorporated in projected cash flows based on ore reserve statements and exploration and evaluation work undertaken by appropriately qualified persons (see below). Mineral resources, adjusted by certain conversion ratios, are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to ore reserves.
- *Commodity prices* – Commodity prices are based on latest internal forecasts, benchmarked against external sources of information. Polymetal currently uses flat real long-term gold and silver prices of $1,900 per ounce for 2024, $1,800 per ounce from 2025 per ounce (2022: of $1,800 per ounce for 2023, $1,700 per ounce from 2024) and $23 per ounce (2022: $20 per ounce for 2023, $21 per ounce from 2024), respectively.
- *Foreign exchange rates* – Foreign exchange rates are based on observable spot rates, or on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation, as appropriate. The RUB/$ exchange rates are estimated at 90 RUB/$ for 2024 (2022: 65 RUB/$ for 2023, at 73 RUB/$ for 2024 and 75 RUB/$ from 2025). The KZT/$ exchange rate are estimated at 450 KZT/$ for 2024 and 500 KZT/$ for 2025 and beyond (2022: 450 KZT/$ for 2023, at 502 KZT/$ from 2024), respectively.
- *Discount rates* – The Group used a post-tax real discount rate of 12.5% for Russia assets and 8.7% for Kazakhstan (2022: 14.1% for Russia assets and 9% for Kazakhstan). Post-tax cash flow projections used in the value in use impairment models are discounted based on these rates.
- *Operating costs, capital expenditure and other operating factors* – Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.

Sensitivity analysis

The impairment charge of $165 million for Amursk POX property, plant and equipment was recognised during the year ended 31 December 2023 (Note 17). The recoverable amount was estimated based on a value in use calculation.

The impairment assessment is inherently sensitive to plausible changes in certain economic and operational key input assumptions within the next financial year, which could increase or reduce the CGU's recoverable value estimate.

Management performed an analysis as to whether a reasonably possible adverse change to any of the key assumptions would lead to further impairment. The table below summarises the outcomes of the following isolated scenarios and respective additional impairment that would be recognised.

Scenario	$m
10% simultaneous decrease in gold and silver prices over the life of mine	73
10% appreciation in RUB/$ exchange rates	6
10% increase in operating expenses over the life of mine	60
1% increase in the discount rate applied	26

Each of the sensitivities above has been determined by assuming that the relevant key assumption moves in isolation, and without regard to potential mine plan changes and other management decisions which would be taken to respond to adverse changes in existing management projections.

The sensitivities of contingent consideration liabilities measured at FVTPL of $44 million at 31 December 2023 (31 December 2022: $36 million) and inventories held at net realisable value of $80 million at 31 December 2023 (31 December 2022: $95 million) to a reasonably possible change in key assumptions described above are not considered material due to materiality of the respective balances.

3. Critical accounting judgements and key sources of estimation uncertainty continued

Recoverability of deferred tax assets

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. This review takes into account the factors such as estimated future production, projected commodity prices, operating costs, future capital expenditure, as described above. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position, results of operations and cash flows may be negatively affected. Deferred tax assets arising from tax losses carried forward, as well as applicable tax legislation, are described in Note 16.

Climate change

We have assessed and set out the Group's climate risks and opportunities as part of our commitment to climate disclosure within the Strategic Report. Mitigation and adaptation measures that may be required in the future to combat the physical and transition risks of climate change could also have potential implications for the Group's financial statements. This would be the case where assets and liabilities are measured based on an estimate of future cash flows.

In preparing the Group's financial statements, climate-related strategic decisions have impacted the following:

- Our decarbonisation and clean energy initiatives considered and approved by the Board were included in future cash flow projections, underpinned by estimates for recoverable amounts of property, plant and equipment, as deemed relevant; and
- The provision for mine closure costs impacted by climate risks and opportunities is set out in Note 24 to the consolidated financial statements.

We have adopted both mitigation and adaptation measures within our climate management system. We focus on renewable energy, carbon-intensive fuel replacement and innovative technologies to both mitigate climate change impacts and to reduce our carbon footprint. The adaptation measures we use are based on climate models, which inform the design, construction, operation and closure of our mining assets.

Significant judgements and key estimates made by the Group may be impacted in the future by changes to our climate change strategy or in global commitments to decarbonisation. This could, in turn, result in material changes to the financial results and the carrying values of certain assets and liabilities in future reporting periods. As at the reporting date, the Group believes that there is no material impact on balance sheet carrying values of assets or liabilities.

4. Acquisitions and disposals

Veduga (Amikan GRK LLC)

In September 2023, the Group has agreed to cancel its historic call and put options and a shareholder agreement over 40.6% share in GRK Amikan LLC ("Amikan") with the previous joint venture (JV) partner (refer to the transaction disclosure in the consolidated financial statements for the year ended 31 December 2020). This allowed the Group to form a new joint venture over Amikan. The 40.6% stake was acquired from the previous JV partner by a new third party. Subsequently, JSC Polymetal disposed of its 9.5% stake in Amikan to the same third party for a cash consideration of $21 million. As a result, the Group now owns 49.9% interest of Amikan. Simultaneously, JSC Polymetal entered into a number of corporate arrangements with the new shareholder regarding Amikan project financing, governance and operations.

In 2020 at the inception of options the Group determined that the call option over 40.6% stake represents a derivative containing potential voting right, that provided the Group access to the returns associated with related ownership interest, and thus in accordance with IFRS 10 *Consolidated financial statements* the Group accounted for the options over 40.6% interest as if they were already exercised and consolidated 100% interest in Amikan with the option exercise price recognised as a deferred consideration payable. At the disposal date, the fair value of deferred consideration payable amounted to $88 million, which was recognised as a part of the consideration received in disposal.

As a result of this transaction the Group has effectively disposed of 50.1% interest of the investee. The retained interest of 49.9% was valued at the fair value of $110 million at the date when control was lost in accordance with IFRS 10 requirements. The fair value was determined based on consideration received from third party for 9.5% stake, which was supported by life-of-mine model.

Based on the governance structure of the investee, policy-making processes and the board of directors composition, it was determined that all key decisions require the unanimous consent of the parties sharing control and provides the parties of the joint arrangement with rights to its net assets, therefore, the investment was classified as a joint venture. Subsequently, the investment is accounted for using the equity method.

The summary of transaction is presented below.

	$m
Property, plant and equipment	162
Inventories	22
Other assets	3
Income tax	(14)
Accounts payable	(3)
Intercompany loans and other accounts	(64)
Net assets disposed of	**106**

	$m
Cash consideration received	**21**
Deferred consideration cancelled	88
Fair value of the investment retained	110
Less net assets disposed of	(106)
Gain on disposal of subsidiary	**113**

Other acquisitions

Other individually insignificant acquisitions of exploration assets during the year ended 31 December 2023 of $52 million in total, related to consolidation of certain former joint ventures, including the Baksy project in Kazakhstan (Note 20), and the acquisition a number of exploration interests in Russia. All transactions represented asset acquisitions in accordance with IFRS 3 *Business Combinations*, as the acquired companies did not have any substantive processes required to create outputs. The summary of net assets acquired is presented below:

	Baksy $m	NORK LLC $m	OGK LLC $m	Utkinskaya $m	Uenma $m	Total equity $m
Property, plant and equipment	19	5	3	19	6	52
Other assets/(liabilities), net	(1)	–	1	–	–	–
Intercompany loans and other accounts	(5)	(4)	(1)	–	–	(10)
Net assets acquired	**13**	**1**	**3**	**19**	**6**	**42**
Cost of equity investment reclassified	–	–	1	–	–	1
Loan assignment	–	–	–	17	–	17
Cash consideration	13	1	2	2	6	24
Total consideration	**13**	**1**	**3**	**19**	**6**	**42**

5. Segment information

The Group's operating segments are aligned to those businesses that are evaluated regularly by the chief operating decision maker (the CODM) in deciding how to allocated resources and in assessing performance. Operating segments with similar economic characteristics are aggregated into reportable segments.

In May 2023, following the designation of JSC Polymetal by the U.S. Department of State pursuant to Executive Order 14024, the governance and management structure of the Group was changed. As a part of ring-fencing the Group's Russian subsidiaries to ensure sanctions compliance the management of the Russian operations has been delegated to the executives of JSC Polymetal, while the Company's Board and management focused on the operations of the Group's assets located in Kazakhstan, as well as separation of the Group's assets by jurisdiction, as described in Note 1.

As a result of these changes management of the Company has re-assessed presentation of financial information by segments it requires to assess performance and allocate resources. It was concluded that jurisdiction-based reporting format is more meaningful from a management and forecasting perspective, as well as better aligned to the new management structure, internal reporting and processes. The comparative information was presented in line with the current year format.

Therefore the Group has identified two reportable segments in 2023:

- Kazakhstan (Varvarinskoye JSC, Komarovskoye Mining Company LLC, Bakyrchik Mining Venture LLC);
- Russian Federation (aggregating Khabarovsk, Magadan, Ural and Yakutia operating segments).

The measure which management and the CODM use to evaluate the performance of the Group is a segment Adjusted EBITDA, which is an Alternative Performance Measure (APM).

The accounting policies of the reportable segments are consistent with those of the Group's accounting policies under IFRS. Revenue and cost of sales of the production entities are reported net of any intersegmental revenue and cost of sales, related to the intercompany sales of ore and concentrates.

Business segment current assets and liabilities, other than current inventory, are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements. Additionally, net debt is included in performance measures, reviewed by CODM. The segment adjusted EBITDA reconciles to the profit before income tax as follows:

5. Segment information continued

	Period ended 31 December 2023			Period ended 31 December 2022		
	Kazakhstan	Russia	Total	Kazakhstan	Russia	Total
Revenue from external customers	893	2,132	3,025	933	1,868	2,801
Cost of sales, excluding depreciation, depletion and write-down of inventories to net realisable value	378	833	1,211	340	1,015	1,355
Cost of sales	442	1,017	1,459	415	1,275	1,690
Depreciation included in Cost of sales	(64)	(190)	(254)	(75)	(197)	(272)
Reversal/(write-down) of metal inventories to net realisable value	–	8	8	–	(65)	(65)
(Write-down)/reversal of non-metal inventories to net realisable value	–	(2)	(2)	–	1	1
Rehabilitation expenses	–	–	–	–	1	1
General, administrative and selling expenses, excluding depreciation, amortisation and share-based compensation	58	198	256	47	241	288
General, administrative and selling expenses	71	203	274	62	249	311
Depreciation included in SGA	(2)	(5)	(7)	(2)	(8)	(10)
Share-based compensation	(11)	–	(11)	(13)	–	(13)
Other operating expenses excluding additional tax charges	18	80	98	30	111	141
Other operating expenses, net	18	99	117	32	110	142
Bad debt and expected credit loss allowance	–	(19)	(19)	–	1	1
Additional tax charges/fines/penalties	–	–	–	(2)	–	(2)
Share of losses of associates and joint ventures	–	2	2	–	–	–
Adjusted EBITDA	**439**	**1,019**	**1,458**	**516**	**501**	**1,017**
Depreciation	66	195	261	77	205	282
Rehabilitation expenses	–	–	–	–	(1)	(1)
Write-down/(reversal) of non-metal inventories to net realisable value	–	2	2	–	(1)	(1)
(Reversal)/write-down of metal inventories to net realisable value	–	(8)	(8)	–	65	65
Impairment of non-current assets, net	16	110	126	–	825	825
Share-based compensation	11	–	11	13	–	13
Bad debt and expected credit loss allowance	–	19	19	–	(1)	(1)
Additional tax charges/fines/penalties	–	–	–	2	–	2
Operating loss	**346**	**701**	**1,047**	**424**	**(591)**	**(167)**
Foreign exchange loss			(174)			(32)
Gain/(loss) on disposal of subsidiaries			113			(2)
Change in fair value of financial instruments			(8)			(20)
Finance expenses			(162)			(119)
Finance income			27			8
Profit/(loss) before income tax			**843**			**(332)**
Income tax			(315)			44
Profit/(loss) for the year			**528**			**(288)**
Current metal inventories	171	647	818	111	594	705
Current non-metal inventories	62	298	360	46	306	352
Non-current segment assets:				–	–	–
Property, plant and equipment, net	810	2,188	2,998	696	2,696	3,392
Goodwill	–	11	11	–	14	14
Non-current inventories	41	74	115	34	99	133
Investments in associates	6	123	129	–	13	13
Total segment assets	**1,090**	**3,341**	**4,431**	**887**	**3,722**	**4,609**
Additions to non-current assets:						
Property, plant and equipment	150	606	756	108	775	883
Acquistion of assets	19	33	52	–	49	49
Total segment liabilities						
Net debt	(174)	(2,209)	(2,383)	(277)	(2,116)	(2,393)

6. Revenue

	Year ended 31 December 2023			
	Volume shipped (unaudited)	Volume payable (unaudited)	Average price ($ per oz/t payable) (unaudited)	$m
Gold (thousand ounces)	1,438	1,400	1,886	2,640
Silver (thousand ounces)	17,461	16,595	21.9	363
Copper (tonnes)	3,037	2,693	8,168	22
Total				**3,025**

	Year ended 31 December 2022			
	Volume shipped (unaudited)	Volume payable (unaudited)	Average price ($ per oz/t payable) (unaudited)	$m
Gold (thousand ounces)	1,408	1,376	1,738	2,392
Silver (thousand ounces)	18,973	18,542	20.7	383
Copper (tonnes)	3,810	3,399	7,650	26
Total				**2,801**

Included in revenues for the year ended 31 December 2023 are those arisen from the sales to the Group's largest customers, whose contribution to the Group's revenue presented 10% or more of the total revenue. In 2023 revenues from such customers amounted to $547 million, $357 million and $292 million (2022: $754 million, $446 million, $452 million and $233).

Geographical analysis of revenue by destination is presented below:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Sales within the Russian Federation	1,251	296
Sales to Asia	969	1,284
Sales to Kazakhstan	805	1,205
Sales to Europe	–	16
Total	**3,025**	**2,801**

Presented below is an analysis per revenue streams as described in Note 2 Significant accounting policies:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Bullions	1,582	1,104
Concentrate	865	915
Doré	547	754
Ore	31	28
Total	**3,025**	**2,801**

Notes to the consolidated financial statements continued

7. Cost of sales

	Year ended 31 December 2023 $m	31 December 2022 $m
Cash operating costs		
On-mine costs (Note 8)	632	741
Smelting costs (Note 9)	532	567
Purchase of metal inventories from third parties	127	69
Mining tax	163	136
Total cash operating costs	**1,454**	**1,513**
Depreciation and depletion of operating assets (Note 10)	280	324
Rehabilitation expenses (Note 24)	–	(1)
Total costs of production	**1,734**	**1,836**
Increase in metal inventories	(276)	(216)
(Reversal)/write-down of inventories to net realisable value (Note 21)	(6)	64
Idle capacities and abnormal production costs	7	6
Total	**1,459**	**1,690**

8. On-mine costs

	Year ended 31 December 2023 $m	31 December 2022 $m
Services	283	363
Labour	153	175
Consumables and spare parts	190	196
Other expenses	6	7
Total (Note 7)	**632**	**741**

9. Smelting costs

	Year ended 31 December 2023 $m	31 December 2022 $m
Consumables and spare parts	216	242
Services	207	213
Labour	104	110
Other expenses	5	2
Total (Note 7)	**532**	**567**

10. Depletion and depreciation of operating assets

	Year ended 31 December 2023 $m	31 December 2022 $m
On-mine	182	228
Smelting	98	96
Total in cost of production (Note 7)	**280**	**324**
Less: absorbed into metal inventories	(26)	(52)
Depreciation included in cost of sales	**254**	**272**

Depreciation of operating assets excludes depreciation relating to non-operating assets (included in general, administrative and selling expenses) and depreciation related to assets employed in development projects where the charge is capitalised.

11. General, administrative and selling expenses

	Year ended 31 December 2023 $m	31 December 2022 $m
Labour	215	243
Share-based compensation	11	13
Depreciation	7	10
Services	19	15
Other	22	30
Total	**274**	**311**

12. Other operating expenses, net

	Year ended 31 December 2023 $m	31 December 2022 $m
Exploration expenses	35	62
Social payments	34	44
Bad debt allowance	19	(1)
Expenses related to the investment in Special Economic Zone	15	14
Taxes, other than income tax	14	17
Change in estimate of environmental obligations	(7)	(2)
Other expenses	7	8
Total	**117**	**142**

For the operations held in the Special Economic Zone of the Russian Far East, Omolon Gold Mining Company LLC and Magadan Silver JSC are entitled to the decreased statutory income tax rate of 17%, as well as decreased mining tax rate (paying 60% of standard mining tax rates). In return for obtaining this tax relief the members of the regional free Economic Zone are obliged to invest 50% of their tax savings each year in the Special Economic Zone Development Programme, amounting to $15 million in 2023 (2022: $14 million).

Operating cash flows spent on exploration activities amounted to $34 million (2022: $61 million).

13. Employee costs

	Year ended 31 December 2023 $m	31 December 2022 $m
Wages and salaries	428	500
Social security costs	105	115
Share-based compensation	11	13
Total employee costs	**544**	**628**
Reconciliation:		
Less: employee costs capitalised	(45)	(64)
Less: employee costs absorbed into unsold metal inventory balances	(33)	(24)
Employee costs included in costs of sales	**466**	**540**

The weighted average number of employees during the year ended 31 December 2023 was 14,564 (year ended 31 December 2022: 14,455).

Compensation of key management personnel is disclosed within Note 30.

14. Auditor's remuneration

	Year ended 31 December 2023	31 December 2022	
	AO BST $m	MacIntyre Hudson Ltd $m	AO BST $m
Audit of financial statement(s)	**0.77**	**0.79**	**0.74**
Audit related assurance services (half-year financial statements review)	0.27	0.35	0.44
Other non-assurance (non-audit but related) services	0.01	–	0.01
Total	**1.05**	**1.14**	**1.19**

15. Finance expenses

	Year ended 31 December 2023 $m	31 December 2022 $m
Interest expense on borrowings	141	94
Unwinding of discount on contingent consideration liability (Note 31)	7	10
Unwinding of discount on environmental obligations (Note 24)	7	8
Unwinding of discount on lease liabilities (Note 19, 31)	7	7
Total	**162**	**119**

During the year ended 31 December 2023 interest expense on borrowings excluded borrowing costs capitalised in the cost of qualifying assets of $49 million (2022: $35 million). These amounts were calculated based on the Group's general borrowing pool and by applying an effective interest rate of 5.57% (2022: 4.53%) to weighted average balance of expenditure associated with qualifying assets.

16. Income tax

Income tax expense for the years ended 31 December 2023 and 2022 recognised in the consolidated income statement was as follows:

	Year ended 31 December 2023 $m	31 December 2022 $m
Current income taxes	(235)	(164)
Deferred income taxes	(80)	208
Total	**(315)**	**44**

A reconciliation between the reported amounts of income tax expense attributable to income before income tax is as follows:

	Year ended 31 December 2023 $m	31 December 2022 $m
Profit before income tax	**843**	**(332)**
Theoretical income tax (expense)/benefit at the tax rate of 20%	(169)	66
Effect of Special Economic Zone and Regional Investment project decreased tax rates	16	(19)
Tax effect of withholding tax on intercompany dividends	(161)	15
Non taxable net foreign exchange gains	37	25
Disposal of subsidiary	11	–
Effect of different tax rates of subsidiaries operating in other jurisdictions and windfall tax	(7)	9
Change in unrecognised deferred taxes	(9)	(14)
Non-deductible interest expense	(17)	(6)
Other non-taxable income and non-deductible expenses, net	(14)	(27)
Adjustments in respect of prior periods	(2)	(5)
Total income tax expense	**(315)**	**44**

The actual tax expense differs from the amount which would have been determined by applying the statutory rate of 20% for the Russian Federation and Kazakhstan to profit before income tax as a result of the application of relevant jurisdictional tax regulations, which disallow certain deductions which are included in the determination of accounting profit.

The Group has a number of tax concessions, therefore the tax rate varies for each separate entity from 0% to 20%.

Tax exposures related to the income tax

In 2023 and 2022 no individual material exposures were identified as probable and therefore provided for. Management has identified a total exposure in respect of contingent liabilities (covering taxes and related interest and penalties) of approximately $38 million being uncertain tax positions (31 December 2022: $122 million) which relate to income tax. This is connected largely to the more assertive position of the Russian tax authorities in their interpretation of tax legislation in several recent court cases for other taxpayers. Fiscal periods remain open to review by the tax authorities in respect of taxes for the three and five calendar years preceding the year of tax review for Russia and Kazakhstan respectively. In case of Regional Investment Project in Russian Federation fiscal period remains open to review for five years as well. While the Group believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above facts may create additional financial risks for the Group.

Management does not anticipate a significant risk of material changes in estimates in these matters in the next financial year.

Deferred taxation

Deferred taxation is attributable to the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the reporting period.

	Mineral rights $m	Exploration in progress $m	Borrowings and other liabilities $m	Environmental obligation $m	Tax losses $m	Undistributed earnings $m	Other $m	Total $m
At 1 January 2022	**(184)**	**(66)**	**18**	**11**	**100**	**(22)**	**4**	**(139)**
Charge to income statement	88	12	(23)	1	86	22	22	208
Exchange differences	(22)	(9)	2	–	3	–	(8)	(34)
At 31 December 2022	**(118)**	**(63)**	**(3)**	**12**	**189**	**–**	**18**	**35**
Charge to income statement	(4)	(17)	92	2	(39)	(151)	37	(80)
Disposal of subsidiaries	12	10	(1)	–	(2)	–	(5)	14
Exchange differences	15	15	(23)	(2)	(28)	(1)	(5)	(29)
At 31 December 2023	**(95)**	**(55)**	**66**	**12**	**119**	**(152)**	**45**	**(60)**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following analysis shows deferred tax balances presented for financial reporting purposes:

	Year ended 31 December 2023 $m	31 December 2022 $m
Deferred tax liabilities	(252)	(107)
Deferred tax assets	192	142
Total	**(60)**	**35**

The Group believes that recoverability of the recognised deferred tax asset (DTA) of $119 million at 31 December 2023 (2022: $189 million), which is related to the tax losses carried forward, is more likely than not based upon expectations of future taxable income in the Russian Federation. It was concluded that there is sufficient evidence to overcome the recent history of losses based on forecasts of sufficient taxable income in the carry-forward period.

In accordance with Russian Federation tax law regarding loss carryforwards, they are limited to 50% of taxable profit in tax years through to 2026. Starting from 2027 the limitation will expire and it will be possible to fully utilise loss carryforwards against the corporate tax base in a given year. Losses incurred from 2007 can be carried forward for an indefinite period until fully utilised.

The Group's estimate of future taxable income is based on established proven and probable reserves which can be economically developed. The related detailed mine plans and forecasts provide sufficient supporting evidence that the Group will generate taxable earnings to be able to fully realise its net DTA even under various stressed scenarios. The amount of the DTA considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced due to delays in production start dates, decreases in ore reserve estimates, increases in environmental obligations, or reductions in precious metal prices.

No deferred tax asset has been recognised in respect of $31 million (2022: $95 million) of losses as it is not considered probable that there will be future taxable profits against which these losses can be utilised.

In 2023 the Group paid withholding income tax of $10 million (2022: $7 million) related to intercompany dividends, which were remitted during the year. As of 31 December 2023 the Group recognised deferred tax liability of $152 million (31 December 2022: nil) in respect of the undistributed retained earnings of certain of the Group subsidiaries, which are expected to be remitted from these subsidiaries in a foreseeable future (judged to be one year). No deferred tax liabilities for taxes that would be payable on the unremitted earnings of the Group subsidiaries is recognised where the Group determines that the undistributed profit of its subsidiaries will not be distributed in a foreseeable future (judged to be one year). The temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognised, amounted to $2.3 billion (2022: $4.1 billion).

17. Impairment of non-current assets

During year ended 31 December 2023 due to the updated operational plans and further advancement of the Veduga project (Amikan GRK LLC), the Group carried out an impairment review of the property, plant and equipment, related to this CGU. As a result of this review an impairment loss of $68 million previously recognised for Veduga CGU was fully reversed.

An impairment charge of $165 million in respect to Amursk POX is mainly attributable to the classification of Amursk POX as a separate CGU due to changes in the mode of assets utilisation (Note 3). Additionally, as a result of review of recoverability of exploration and evaluation assets, the Group recognised an impairment loss of $29 million.

Total net impairment loss of $126 million recognised comprised the following:

	Amikan $m	Amursk POX $m	Viksha $m	Bolshevik $m	Total $m
Property, plant and equipment					
Exploration assets	2	–	(13)	(16)	(27)
Development assets	8	–	–	–	8
Mining assets	48	(29)	–	–	19
Capital construction in-progress	10	(136)	–	–	(126)
Total	**68**	**(165)**	**(13)**	**(16)**	**(126)**

Amikan, Amursk POX and Viksha related to Russia reporting segment, Bolshevik was included in Kazakhstan reporting segment (Note 5).

The recoverable amount of the relevant cash-generating units is determined based on a value in use calculation. The impairment testing procedure, related assumptions and sensitivities are described in detail in Notes 2 and 3.

18. Property, plant and equipment

	Development assets $m	Exploration assets $m	Mining assets $m	Non-mining assets $m	Capital construction in-progress $m	Total $m
Cost						
Balance at 1 January 2022	**384**	**74**	**3,343**	**74**	**783**	**4,658**
Additions	65	19	255	11	533	883
Transfers	(13)	–	245	2	(234)	–
Change in environmental obligations (Note 24)	–	–	12	–	8	20
Acquisitions	29	1	–	–	19	49
Eliminated on disposal of subsidiaries	–	(8)	(10)	–	–	(18)
Disposals and write-offs including fully depleted mines	–	–	(152)	–	(1)	(153)
Translation to presentation currency	35	(1)	50	6	39	129
Balance at 31 December 2022	**500**	**85**	**3,743**	**93**	**1,147**	**5,568**
Additions	47	26	255	7	421	756
Transfers	(282)	(18)	491	2	(193)	–
Change in environmental obligations (Note 24)	–	–	7	–	(1)	6
Acquisitions (Note 4)	–	52	–	–	–	52
Eliminated on disposal of subsidiaries (Note 4)	(18)	(4)	(113)	(2)	(36)	(173)
Disposals and write-offs including fully depleted mines	–	(16)	(55)	(3)	(17)	(91)
Translation to presentation currency	(82)	(14)	(603)	(23)	(263)	(985)
Balance at 31 December 2023	**165**	**111**	**3,725**	**74**	**1,058**	**5,133**

18. Property, plant and equipment continued

	Development assets $m	Exploration assets $m	Mining assets $m	Non-mining assets $m	Capital construction in-progress $m	Total $m
Accumulated depreciation, amortisation						
Balance at 1 January 2022	**–**	**–**	**(1,304)**	**(40)**	**–**	**(1,344)**
Charge for the year	–	–	(345)	(9)	–	(354)
Eliminated on disposal of subsidiaries (Note 4)	–	–	10	–	–	10
Impairment recognised during the year (Note 17)	(334)	(2)	(418)	(4)	(43)	(801)
Disposals and write-offs including fully depleted mines	–	–	148	–	–	148
Translation to presentation currency	82	–	75	–	8	165
Balance at 31 December 2022	**(252)**	**(2)**	**(1,834)**	**(53)**	**(35)**	**(2,176)**
Charge for the year	–	–	(297)	(7)	–	(304)
Transfers	202	–	(214)	–	12	–
Eliminated on disposal of subsidiaries (Note 4)	–	–	10	1	–	11
Reversal of Impairment/(Impairment) recognised during the year, net (Note 17)	8	(27)	19	–	(126)	(126)
Disposals and write-offs including fully depleted mines	–	16	52	2	–	70
Translation to presentation currency	35	2	334	13	6	390
Balance at 31 December 2023	**(7)**	**(11)**	**(1,930)**	**(44)**	**(143)**	**(2,135)**
Net book value						
31 December 2022	**248**	**83**	**1,909**	**40**	**1,112**	**3,392**
31 December 2023	**158**	**100**	**1,795**	**30**	**915**	**2,998**

Mining, exploration and development assets at 31 December 2023 included mineral rights with a net book value of $621 million (31 December 2022: $713 million) and capitalised stripping costs with a net book value of $262 million (31 December 2022: $277 million). Mineral rights of the Group comprise assets acquired upon acquisition of subsidiaries.

Disposed and written off assets included fully depreciated items of $21 million (year ended 31 December 2022: $153 million and $121 million, respectively).

No property, plant and equipment was pledged as collateral at 31 December 2023 and 2022.

19. Leases

Movements of the right-of-use assets for the year ended 31 December 2023 are as follow:

	Year ended 31 December 2023 $m	31 December 2022 $m
Right-of-use assets		
At 1 January	**131**	33
Additions and modifications	(14)	122
Depreciation charge for the period	(8)	(8)
Disposals	(10)	(1)
Accumulated depreciation of assets disposed	4	1
Translation to presentation currency	(27)	(16)
At 31 December	**76**	**131**

Lease modification related to the updated lease contract of the overhead power line, supplying electricity to the Nezhda production site, which commenced in July 2022. The corresponding decrease was recognised in right-of-use assets.

Movements of the lease liabilities for the year ended 31 December 2023 are detailed in Note 31. Maturity analysis of lease liabilities is presented in Note 28. The Group's lease commitments related to the variable lease payments are disclosed in Note 26.

The Group excluded the following lease agreements from the right-of-use assets and lease liabilities and recognises the lease payments associated with those leases as expenses on a straight-line basis over the lease term:

- Lease agreements with variable payments;
- Lease agreements of land plots to explore for or use minerals and similar non-generative resources;
- Short-term lease agreements that expire within 12 months from the date of initial application;
- Lease agreements of low value assets (of $5,000 or less).

Notes to the consolidated financial statements continued

19. Leases continued

Amounts recognised in profit and loss were as follows:

	Year ended 31 December 2023 $m	31 December 2022 $m
Expenses related to lease exemptions	10	5
Unwinding of discount on lease liabilities	7	7
Depreciation of right-of-use assets	8	8
Total lease expenses	**25**	**20**

20. Investments in associates and joint ventures

	31 December 2023		31 December 2022	
	Voting power %	Carrying Value $m	Voting power %	Carrying Value $m
Interests in associates and joint ventures				
GRK Amikan LLC (Veduga) (Note 4)	49.9	121	n/a	–
Individually immaterial investments		6		6
Total		**127**		**6**
Loans forming part of net investment in joint ventures				
Individually immaterial investments		2		7
Total		**2**		**7**
Total investments in associates and joint ventures		**129**		**13**

Movement during the reporting periods was as follows:

	Year ended 31 December 2023 $m	31 December 2022 $m
At 1 January	**13**	**28**
Impairment recognised	–	(24)
Fair value of interest in joint venture retained (Note 4)	110	3
Consolidated as subsidiaries (Note 4)	(11)	–
Loans advanced forming part of net investment	11	4
Share of loss in joint ventures	(2)	–
Currency translation adjustment	8	2
Total at 31 December	**129**	**13**

Summarised financial position of the investments

	31 December 2023		31 December 2022
	Amikan $m	Non-significant investments $m	Non-significant investments $m
Non-current assets	364	4	13
Current assets	12	1	5
Non-current liabilities	(40)	(2)	(5)
Current liabilities	(94)	–	(1)
Net assets	**242**	**3**	**12**
Reconciliation of Amikan net assets to the investment recognised in the Group balance sheet			
Group interest	49,9%		
Net assets	242		
Group's ownership interest	121		
Carrying value of the investment	**121**		

21. Inventories

	Year ended 31 December 2023 $m	31 December 2022 $m
Inventories expected to be recovered after twelve months		
Ore stock piles	51	89
Work in-process	13	–
Copper, gold and silver concentrate	8	10
Consumables and spare parts	43	34
Total non-current inventories	**115**	**133**
Inventories expected to be recovered in the next twelve months		
Copper, gold and silver concentrate	324	277
Ore stock piles	208	229
Work in-process	146	121
Doré	70	55
Metal for refining	25	20
Refined metals	45	3
Total current metal inventories	**818**	**705**
Consumables and spare parts	360	352
Total current inventories	**1,178**	**1,057**

Write-downs of metal inventories to net realisable value

The Group recognised the following write-downs and reversals to net realisable value of its metal inventories:

	Year ended 31 December 2023 $m	31 December 2022 $m
Ore stock piles	(6)	(28)
Ore in heap leach piles	15	(31)
Copper, gold and silver concentrate	(1)	(6)
Total	**8**	**(65)**

The key assumptions used as of 31 December 2023 in determining net realisable value of inventories (including the commodity price assumptions for long-term stockpiles) are described in Note 3 "Use of estimates" section. For short-term metal inventories, applicable quoted forward prices as of 31 December 2023 were used: gold and silver prices of $2,128 per ounce (2022: $1,874) and $24.8 per ounce (2022: $24.6), respectively.

During the year ended 31 December 2023 the Group recognised a write-down of consumables and spare parts of $2 million (year ended 31 December 2022: reversal of $1 million).

The amount of inventories held at net realisable value at 31 December 2023 amounted to $81 million (31 December 2022: $95 million).

22. Accounts receivable and other financial assets

	Year ended 31 December 2023 $m	31 December 2022 $m
Non-current accounts receivable		
Loans provided to related parties (Note 30)	64	–
Loans provided to third parties	23	15
Other long-term assets	20	16
Total	**107**	**31**
Other non-current financial assets		
Interest rate swaps (Note 27)	8	16
Contingent consideration receivable	1	8
Total	**9**	**24**
Trade and other receivables		
Receivables from provisional copper, gold and silver concentrate sales	135	54
Other receivables	121	46
Short-term loans provided	13	8
Less: Impairment allowance for doubtful debts	(8)	(5)
Total	**261**	**103**
Other financial assets at FVTPL		
Short-term contingent consideration receivable	3	9
Shares held at FVTPL	2	1
Total	**5**	**10**

The average credit period on sales of copper, gold and silver concentrate and dore at 31 December 2023 was 24 days (2022: 20 days on sales of copper, gold and silver concentrate, as dore receivables were insignificant). No interest is charged on trade receivables. The Group's doubtful debt relates to its non-trade receivables, which are fully impaired.

Contingent consideration receivable are classified as Group's Level 3 financial assets as detailed in Note 27.

23. Borrowings

	Actual interest rate at			31 December 2023			31 December 2022		
	Type of rate	31 Dec 2023	31 Dec 2022	Current $m	Non-current $m	Total $m	Current $m	Non-current $m	Total $m
Secured loans from third parties									
US Dollar denominated	fixed	4.32%	2.68%	27	114	141	33	158	191
Total secured loans from third parties				**27**	**114**	**141**	**33**	**158**	**191**
Unsecured loans from third parties									
US Dollar denominated	floating	6.74%	5.69%	240	100	340	149	339	488
US Dollar denominated	fixed	3.50%	3.75%	432	274	706	43	1,206	1,249
Euro denominated	floating	4.32%	0.98%	2	18	20	2	19	21
RUB denominated	floating	17.95%	9.35%	20	694	714	132	518	650
RUB denominated	fixed	13.17%	8.03%	19	142	161	3	202	205
CNY denominated	floating	4.95%	3.50%	-	70	70	69	70	139
CNY denominated	fixed	5.54%	5.99%	265	808	1,073	83	–	83
Total unsecured loans from third parties				**978**	**2,106**	**3,084**	**481**	**2,354**	**2,835**
Total loans from third parties				**1,005**	**2,220**	**3,225**	**514**	**2,512**	**3,026**

Bank loans

The Group has a number of borrowing arrangements with various lenders. These borrowings consist of unsecured and secured loans and credit facilities as detailed above.

Movements in borrowings are presented in Note 31. The Group complied with its debt covenants throughout 2023 and 2022.

The table below summarises maturities of borrowings:

	Year ended 31 December 2023 $m	31 December 2022 $m
Less than 1 year	1,005	514
1-5 years	2,208	2,332
More than 5 years	12	180
Total	**3,225**	**3,026**

24. Environmental obligations

	Year ended 31 December 2023 $m	31 December 2022 $m
Opening balance	**76**	**54**
Change in estimate of environmental obligations (Note 12)	(7)	(2)
Decommissioning liabilities recognised as increase in property plant and equipment (Note 18)	6	20
Rehabilitation expenses (Note 7)	–	(1)
Effect of unwinding of discount (Note 15)	7	8
Translation to presentation currency	(13)	(3)
Closing balance	**69**	**76**

The principal assumptions are related to Russian Rouble and Kazakh Tenge projected cash flows. The assumptions used for the estimation of environmental obligations were as follows:

	2023	2022
Discount rates	10.66%-14.01%	7.25%-13.61%
Inflation rates	4%-8.5%	4%-14%
Expected mine closure dates	1-27 years	1-30 years

The discount rates applied are based on the applicable government bond rates in Russia and Kazakhstan. The expected mine closure dates are consistent with life of mine models and applicable mining licence requirements.

25. Payables and accrued liabilities

	Year ended 31 December 2023 $m	31 December 2022 $m
Non-current liabilities		
Long-term royalties payable (Note 31)	19	19
Other non-current liabilities	7	9
Total non-current liabilities	**26**	**28**
Current liabilities		
Trade payables	121	150
Accrued liabilities	59	69
Payables related to investment in Special Economic Zone (Note 12)	15	13
Labour liabilities	17	19
Advances received	11	6
Short-term royalties payable (Note 31)	5	5
Other payables	12	8
Total current liabilities	**240**	**270**

In 2023 the average credit period for payables to suppliers of goods and services was 37 days (2022: 34 days). There was no interest charged on the outstanding trade and other payables balance during the credit period. The Group has financial risk management policies in place, which include budgeting and analysis of cash flows and payment schedules to ensure that all amounts payable are settled within the credit period.

26. Commitments and contingencies

Commitments

Capital commitments

The Group's contractual capital expenditure commitments as of 31 December 2023 amounted to $171 million (2022: $279 million).

Nezhda power line

The Group's lease commitments, representing variable lease payments related to the Nezhda grid power line and substation, were estimated at $24 million (undiscounted), which will be expensed as incurred (2022: $36 million).

Contingent liabilities

Taxation

Russian and Kazakhstan tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transaction and activity of the companies of the Group may be challenged by the relevant regional and federal authorities and as a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the tax authorities in respect of taxes for three and five calendar years preceding the year of review for Russia and Kazakhstan respectively. Under certain circumstances reviews may cover longer periods.

Management has identified a total exposure (covering taxes and related interest and penalties) of $41 million in respect of contingent liabilities (2022: $125 million), mainly related to income tax as described in Note 16.

27. Financial instruments

Major categories of financial instruments

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Financial assets		
Derivatives designated in hedge relationships		
Interest rate swaps	8	16
Financial assets at FVTPL		
Receivables from provisional copper, gold and silver concentrate sales (Note 22)	135	54
Contingent consideration receivable (Note 22)	4	17
Shares held at FVTPL (Note 22)	2	1
Financial assets at amortised cost, including cash and cash equivalents		
Cash and cash equivalents (Note 31)	842	633
Other receivables (Note 22)	126	49
Non-current loans and receivables (Note 22)	87	15
Total financial assets	**1,204**	**785**
Financial liabilities		
Financial liabilities at FVTPL		
Contingent consideration liability (Note 31)	44	36
Royalty payable (Note 31)	24	24
Financial liabilities at amortised cost		
Borrowings (Note 23)	3,225	3,026
Deferred consideration (Note 31)	–	85
Trade and other payables (Note 25)	148	171
Total financial liabilities	**3,441**	**3,342**

The Group's principal financial liabilities comprise borrowings, derivatives, trade and other payables. The Group has various financial assets such as accounts receivable, loans advanced and cash and cash equivalents.

Trade and other payables exclude employee benefits and social security.

Interest expense, calculated using effective interest method, arising on financial liabilities at amortised costs is disclosed in Note 31.

The main risks arising from the Group's financial instruments are foreign currency and commodity price risk, interest rate, credit and liquidity risks.

At the end of the reporting period, there were no significant concentrations of credit risk for receivables at FVTPL. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such receivables.

Presented below is a summary of the Group's accounts receivable with embedded derivative recorded on the consolidated balance sheet at fair value.

As of 31 December 2023, accounts receivable with embedded derivatives recognised at fair value amounted to $135 million (31 December 2022: $54 million) and represented receivables from provisional metal concentrate sales. In 2023 gains recognised on revaluation of these instruments amounted to $4 million (2022: $17 million) and was recorded within revenue.

Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2023 and 31 December 2022, the Group held the following financial instruments:

31 December 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Receivables from provisional copper, gold and silver concentrate sales	–	135	–	**135**
Interest rate swaps	–	8	–	**8**
Contingent consideration receivable	–	–	4	**4**
Shares held at FVTPL	2	–	–	**2**
Royalty liabilities payable	–	–	(24)	**(24)**
Contingent consideration liability (Note 31)	–	–	(44)	**(44)**
Total	**2**	**143**	**(64)**	**81**

31 December 2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Receivables from provisional copper, gold and silver concentrate sales	–	54	–	**54**
Interest rate swaps	–	16	–	**16**
Contingent consideration receivable	–	–	17	**17**
Shares held at FVTPL	1	–	–	**1**
Royalty liabilities payable	–	–	(24)	**(24)**
Contingent consideration liability (Note 31)	–	–	(36)	**(36)**
Total	**1**	**70**	**(43)**	**28**

During the reporting year, there were no transfers between Level 1 and Level 2.

The Group recognised the following gains and loss from revaluation of its Level 3 financial instruments:

	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Loss on contingent consideration receivable revaluation	(4)	(17)
(Loss)/gain on contingent consideration payable revaluation	(4)	3
Change in fair value of shares held at FVTPL	–	(4)
Loss on royalty payable revaluation	–	(2)
Total change in fair value of financial instruments	**(8)**	**(20)**

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and short-term debt recorded at amortised cost approximate to their fair values because of the short maturities of these instruments. Long-term loans to related parties (Note 30) are discounted at rates obtained from active capital markets. The estimated fair value of the Group's debt, calculated using the market interest rate available to the Group as of 31 December 2023, was $2,699 million (2022: $2,615 million), and the carrying value as of 31 December 2023 was $3,225 million (2022: $3,026 million) (see Note 23).

As of 31 December 2023 the Group held several interest rate swap contracts, recognised within non-current accounts receivables and other financial instruments in the amount of $8 million (31 December 2022: $16 million). All interest rate swap contracts to pay fixed and receive floating interest payments are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. As of 31 December 2023 and 31 December 2022 it was determined that there is no hedge ineffectiveness identified and therefore change of fair value was recognised within other comprehensive income.

Notes to the consolidated financial statements continued

27. Financial instruments continued

Receivables from provisional copper, gold and silver concentrate sales

The fair value of receivables arising from copper, gold and silver concentrate sales contracts that contain provisional pricing mechanisms is determined using the appropriate quoted forward price from the exchange that is the principal active market for the particular metal. As such, these receivables are classified within Level 2 of the fair value hierarchy.

Valuation methodologies used in the measurement of fair value for Level 3 financial assets and financial liabilities

The main level 3 inputs used by the Group in measuring the fair value of contingent consideration assets and liabilities, represented by various royalties and net smelter returns (NSR), are derived and evaluated as follows:

- The relevant valuation model simulates expected production of metals at respective mines and are based on life of mine models prepared using applicable ore reserves and mineral resource estimations;
- Commodity prices - Commodity prices are based on latest internal forecasts, benchmarked against external sources of information. The prices applied are consistent with those described in Note 3.
- Discount rates – The Group used a post-tax real discount rate of 12.5% (2022: 14.1%) as described in Note 3. For the Monte-Carlo modelling, where inflation is incorporated into volatility estimation, a nominal discount rate of 15.1% (2022: 16%) is applied.
- Where the percentage of net smelter return (NSR) or royalty receivable or payable depends on commodity prices or foreign exchange rates reaching certain levels, the Group applies the Monte-Carlo modelling to incorporate the volatility measure into the valuation, which is applied to the prevailing market prices/rates as of the valuation date. The Monte-Carlo modelling is applied to Prognoz (NSR) contingent considerations payable and all contingent considerations receivable.

The key assumptions used in the Monte-Carlo calculations are set out below:

	Price as of valuation date per ounce/tonne, $	Volatility, %	Constant correlation to gold, %
Gold	2,062	12.15%-15.18%	n/a
Silver	23.79	26.93%	65.88%
Copper	8,476	16.34%	(37.98)%
Zinc	2,641	24.89%	29.53%
RUB rate	89.6883	21.51%	43.13%

Management consider that a reasonably possible change in a valuation assumption would not have a material impact on the consolidated financial statements for contingent considerations receivables and payable.

28. Risk management activities

Capital management

The Group manages its capital to ensure that it continues as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy is to provide value to stakeholders by maintaining an optimal short-term and long-term capital structure, reducing cost of capital, and to safeguard the ability to support the operating requirements on an ongoing basis, continuing the exploration and development activities.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 23 offset by cash and cash equivalents and bank balances as detailed in Note 31) and equity of the Group comprising the Stated Capital account, reserves and retained earnings.

The Group's committed borrowings are subject to certain financial covenants. Compliance with covenants is reviewed on a semi-annual basis by management.

The Group's Board reviews the capital structure of the Group on a semi-annual basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Foreign currency and commodity price risk

In the normal course of business, the Group enters into transactions for the sale of its commodities, denominated in US Dollars. In addition, the Group has assets and liabilities in a number of different currencies (primarily Russian Rouble and Chinese Yuan). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

The Group does not currently use derivative instruments to hedge its exposure to foreign currency risk.

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than functional currencies of the individual Group entities at 31 December 2023 and 2022 were as follows:

	Assets		Liabilities	
	31 December 2023 $m	31 December 2022 $m	**31 December 2023 $m**	31 December 2022 $m
Dollar	298	272	1,063	1,417
CNY	471	–	1,147	224
Euro	–	–	5	10
Total	**769**	**272**	**2,215**	**1,651**

US Dollar denominated assets and liabilities disclosed above exclude balances outstanding held in Polymetal International plc and its intermediate holding companies.

Currency risk is monitored on a monthly basis by performing a sensitivity analysis of foreign currency positions in order to verify that potential losses are at an acceptable level.

The table below details the Group's sensitivity to changes in exchange rates by 10% which is the sensitivity rate used by the Group for internal analysis. The analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loans is in a currency other than of the lender or the borrower.

	Year ended	
	31 December 2023 $m	31 December 2022 $m
Profit or loss		
RUB to US Dollar	36	(31)
KZT to US Dollar	(55)	(84)
RUB to CNY	(71)	(22)
Other comprehensive income or loss		
RUB to US Dollar	–	35
KZT to US Dollar	–	(35)

Provisionally priced sales

Under a long-established practice prevalent in the industry, copper, gold and silver concentrate sales are provisionally priced at the time of shipment. The provisional prices are finalised in a contractually specified future period (generally one to three months) primarily based on quoted LBMA or LME prices. Sales subject to final pricing are have quotation periods from 1 to 4 months.

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would have decreased/increased by $9 million (2022: $7 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. The Group's financial instruments that are potentially exposed to concentration of credit risk consist primarily of cash and cash equivalents and loans and receivables.

Trade accounts receivable at 31 December 2023 and 2022 are represented by provisional copper, gold and silver concentrate sales transactions. A significant portion of the Group's trade accounts receivable is due from reputable export trading companies. With regard to other loans and receivables, the procedures of accepting a new customer include checks by a security department and responsible on-site management for business reputation, licences and certification, creditworthiness and liquidity. Generally, the Group does not require any collateral to be pledged in connection with its investments in the above financial instruments. Credit limits for the Group as a whole are not set up.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international and local credit-rating agencies. The major financial assets at the balance sheet date other than trade accounts receivable presented in Note 31 are cash and cash equivalents at 31 December 2023 of $842 million (2022: $633 million).

28. Risk management activities continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its liabilities as they fall due.

The Group's liquidity position is carefully monitored and managed. The Group manages liquidity risk by maintaining detailed budgeting, cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Presented below is the maturity profile of the Group's financial liabilities as of 31 December 2023 and 2022:

	31 December 2023				
	Less than 3 months $m	**3–12 months $m**	**1–5 years $m**	**More than 5 years $m**	**Total $m**
Borrowings (Note 23)	536	573	2,234	595	**3,938**
Accounts payable and accrued expenses (Note 25)	140	8	–	–	**148**
Contingent consideration liabilities (Note 27, 31)	10	4	24	17	**55**
Royalty payable (Note 31)	–	5	16	–	**21**
Lease liabilities (Note 19)	5	16	52	9	**82**
Total	**691**	**606**	**2,326**	**621**	**4,244**

	31 December 2022				
	Less than 3 months $m	3–12 months $m	1–5 years $m	More than 5 years $m	**Total $m**
Borrowings (Note 23)	14	664	2,487	366	**3,531**
Accounts payable and accrued expenses (Note 25)	149	22	–	–	**171**
Contingent consideration liabilities (Note 27, 31)	6	4	124	15	**149**
Royalty payable (Note 31)	–	5	16	–	**21**
Lease liabilities (Note 19)	8	23	87	43	**161**
Total	**177**	**718**	**2,714**	**424**	**4,033**

29. Stated capital account

The movements in the Stated capital account in the year were as follows:

	Stated capital account no. of shares	Stated capital account $m	Share capital $m	Share premium $m	Treasury shares no. of shares
Balance at 31 December 2021	**473,626,239**	**2,450**	**–**	**–**	**–**
Own shares exchanged during the year	(39,070,838)	–	–	–	39,070,838
Own shares issued in exchange	39,070,838	–	–	–	–
Balance at 31 December 2022	**473,626,239**	**2,450**	**–**	**–**	**39,070,838**
Redomiciliation to AIFC	–	(2,450)	14	2,436	–
Own shares exchanged during the year	(2,543,840)	–	–	–	2,543,840
Own shares issued in exchange	2,543,840	–	–	–	–
Deferred shares issued	18,902	–	–	–	–
Balance at 31 December 2023	**473,645,141**	**–**	**14**	**2,436**	**41,614,678**

As a part of the re-domiciliation described in Note 1, in order to comply with the AIFC companies rules, the Company's shares were converted from 512,697,077 ordinary shares of no par value to 512,697,077 ordinary shares of $0.03 each in the share capital of the Company. As result the Company recognised Share capital of $14 million and Share premium of $2,436 million, calculated as difference between Share capital and Stated capital account, previously recorded.

On 22 September 2022, the Board announced its intention to conduct an exchange offer. The exchange offer invited shareholders whose rights have been affected by the sanctions imposed on NSD, subject to fulfilling eligibility criteria, to tender such shares for exchange in consideration for the issuance of a certificated share, on a one-for-one basis.

The first exchange offer which was completed on 11 October 2023. 2,543,840 shares were repurchased during year ended 31 December 2023 (31 December 2022: 39,070,838 shares). The exchange of shares did not give rise to any cash settlement and hence does not give rise to any financial liability. The shares were exchanged at par, on a one-for-one basis and does not affect the Company's net asset and resources position or capital structure.

As of 31 December 2023 total number of voting rights in the Company amounted to 473,645,141 ordinary shares of nominal value $0.03 each (31 December 2022: 473,626,239 ordinary shares with no par value), each carrying one vote, and additionally the Company held 41,514,678 shares in treasury and such shares did not enjoy any voting or economic rights (31 December 2022: 39,070,838 shares).

Weighted average number of shares: Diluted earnings per share

Both basic and diluted earnings per share were calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of outstanding common shares before/after dilution respectively. The calculation of the weighted average number of outstanding common shares after dilution is as follows:

	Year ended	
	31 December 2023	31 December 2022
Weighted average number of outstanding common shares	473,645,141	473,626,239
Weighted average number of outstanding common shares after dilution	**473,645,141**	**473,626,239**

There were no adjustments required to earnings for the purposes of calculating the diluted earnings per share during the year ended 31 December 2023 (year ended 31 December 2022: nil). There are no dilutive potential ordinary shares with respect to earnings per share from continuing operations as these are out of money as of the reporting date (2022: no dilutive potential ordinary shares).

30. Related parties

Related parties are considered to include shareholders, affiliates, associates, joint ventures and entities under common ownership and control with the Group and members of key management personnel.

During the period ended 31 December 2023 transactions with the related parties, represented by equity method investments, comprise included miscellaneous purchases of $4 million (year ended 31 December 2022: $0.7 million) and various sales of $0.5 million (year ended 31 December 2022: $0.5 million).

Outstanding balances as of 31 December 2023 were represented by accounts receivable of $1.2 million (31 December 2022: $1.2 million) from equity method investments and long-term loans advanced to the joint venture amounting to $64 million (Note 20). The loans bear contractual 0% interest date up to the start of production with maturity of 5 years.

Loans provided to equity method investments, classified as loans forming part of net investment in joint ventures, are presented in Note 20.

The remuneration of directors and other members of key management personnel during the periods was as follows:

	Year ended	
	31 December 2023 $m	31 December 2022 $m
Share-based payments	–	1
Short-term benefits of board members	3	3
Short-term employee benefits	1	6
Total	**4**	**10**

31. Supplementary cash flow information

	Note	Year ended 31 December 2023 $m	Year ended 31 December 2022 $m
Profit before tax		843	(332)
Adjustments for:			
Depreciation and depletion recognised in the statement of comprehensive income	5	261	282
Impairment of non-current assets, net	17	126	825
(Gain)/loss on disposal of subsidiaries	4	(113)	2
(Reversal)/write-down of inventories to net realisable value	7	(6)	64
Share-based compensation	11	11	13
Finance expenses	15	162	119
Finance income		(27)	(8)
Change in fair value of financial instruments	27	8	20
Foreign exchange loss		174	32
Other non-cash items		21	12
		1,460	**1,029**
Movements in working capital			
Change in inventories		(328)	(269)
Change in VAT and other taxes		18	8
Change in trade and other receivables		(159)	(18)
Change in prepayments to suppliers		(25)	(31)
Change in trade and other payables		(4)	(29)
Change in prepayments received		–	(134)
Cash generated from operations		**962**	**556**
Interest paid		(190)	(123)
Interest received		19	7
Income tax paid		(216)	(234)
Net cash generated by operating activities		**575**	**206**

There were no significant non-cash transactions during the years ended 31 December 2023 and 31 December 2022, other than in respect of exchange of the ordinary shares (Note 29).

Cash outflows related to capitalised exploration amounted to $11 million for the year ended 31 December 2023 (2022: $15 million). During the year ended 31 December 2023, the capital expenditure related to the new projects, which increase the Group's operating capacity amounts to $237 million (2022: $208 million).

Cash and cash equivalents

		31 December 2023 $m	31 December 2022 $m
Bank deposits	– USD	17	468
	– CNY	364	-
	– KZT	104	15
	– other currencies	39	75
Current bank accounts	– USD	159	68
	– CNY	107	-
	– other currencies	52	7
Total		**842**	**633**

At 31 December 2023 cash balances included $513 million of cash and cash equivalents (31 December 2022: $118 million) held in Russia, that are subject to certain legal and sanctions restrictions and are therefore not available for general use of the Company (but fully available for use by Russian subsidiaries). The Group determined that these restrictions would not have any material effect on the Group's liquidity position and its ability to finance its obligations.

Bank deposits as of 31 December 2023 were mainly presented by the US Dollar and CNY deposits, bearing an average interest rate of 2.98% and 4.04% per annum, respectively (2022: US Dollar deposits, bearing an average interest rate of 3.9% per annum).

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities from financing activities are those for which cash flow were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Year ended 31 December 2023				
	Borrowings $m	Contingent consideration payable at fair value $m	Deferred consideration payable at amortised cost $m	Royalty payable $m	Lease liabilities $m
1 January	3,026	36	85	24	131
Cash inflow	1,324	–	–	–	–
Cash outlow	(944)	–	–	–	(21)
Changes from financing cash flows	**380**	**–**	**–**	**–**	**(21)**
Disposal of subsidiary	–	–	(88)	–	–
Change in fair value, included in profit or loss	–	4	–	–	–
Unwind of discount	1	4	3	–	7
New leases and modifications	–	–	–	–	(14)
Lease termination	–	–	–	–	(7)
Net foreign exchange losses	371	6	4	6	–
Exchange differences on translating foreign operations	(553)	(6)	(4)	(6)	(26)
Other changes	**(181)**	**8**	**(85)**	**–**	**(40)**
31 December	**3,225**	**44**	–	**24**	**70**
Less current portion	(1,005)	(15)	–	(5)	(18)
Total non-current liabilities at 31 December	**2,220**	**29**	**–**	**19**	**52**

	31 December 2022				
	Borrowings $m	Contingent consideration payable at fair value $m	Deferred consideration payable at amortised cost $m	Royalty payable $m	Lease liabilities $m
1 January	2,064	63	79	21	36
Cash inflow	3,885	–	–	–	–
Cash outlow	(3,029)	(27)	–	–	(18)
Changes from financing cash flows	**856**	**(27)**	**–**	**–**	**(18)**
Additions as a result of acquisitions	161	–	–	–	–
Change in fair value, included in profit or loss	–	(3)	–	3	–
Unwind of discount	–	3	6	–	7
Arrangement fee amortisation	1	–	–	–	–
New leases	–	–	–	–	123
Lease termination	–	–	–	–	(1)
Net foreign exchange losses	(19)	–	–	(2)	–
Exchange differences on translating foreign operations	(37)	–	–	2	(16)
Other changes	**106**	**–**	**6**	**3**	**113**
31 December	**3,026**	**36**	**85**	**24**	**131**
Less current portion	(33)	(9)	–	(5)	(25)
Total non-current liabilities	**2,993**	**27**	**85**	**19**	**106**

32. Subsequent events

On 18 February 2024 the Group entered into contracts for the divestment of its Russian business through a sale of 100% JSC Polymetal's shares to a third party, JSC Mangazeya Plus (the Purchaser). On 7 March 2024, following receipt of required regulatory approvals and shareholder approvals, the transaction was completed.

The transaction entailed $50 million cash consideration which was paid to the Company at completion.

Prior to completion, an aggregate dividend of $1,429 million (before tax) was paid by JSC Polymetal to the Company, of which $278 million will be retained by the Company for its general corporate purposes and $1,151 million were used to repay, and fully discharge, the intra-group debt and related interest owed to JSC Polymetal. Combined net cash proceeds from the Purchaser and through dividends retained by the Company, after tax of $28 million, amounted to $300 million.

Major classes of assets and liabilities of JSC Polymetal Group, net of dividends payable and intercompany loans receivable, that were settled in March 2024 before the actual disposal date and which will not be part of assets and liabilities of the divested subsidiaries, are presented below. Cash and cash equivalents balance as of 31 December 2023 was adjusted for the net outflow accordingly, including dividends tax effect.

	31 December 2023 $m
Assets	
Property, plant and equipment	2,189
Investments in associates and joint ventures	123
Non-current accounts receivable	80
Deferred tax asset	186
Non-current inventories	74
Other non-current assets	87
Total non-current assets	**2,739**
Current inventories	904
Prepayments to suppliers	156
Income tax prepaid	9
VAT receivable	73
Trade and other receivables	310
Cash and cash equivalents	121
Total current assets	**1,573**
Total assets	**4,312**
Accounts payable and accrued liabilities	(189)
Current borrowings	(860)
Income tax payable	(20)
Other taxes payable	(57)
Other current liabilities	(30)
Total current liabilities	**(1,156)**
Non-current borrowings	(1,863)
Deferred tax liability	(44)
Other non-current liabilities	(138)
Total non-current liabilities	**(2,045)**
Total liabilities	**(3,201)**
Net assets	**1,111**

The rationale for the transaction is associated with the significant political and financial risks that the pre-divestment structure poses to the Group, as well as the difficulty and related uncertainty of executing any alternative transaction. Therefore management believes that the transaction terms do not represent an indicator of further impairment of any CGU within the JSC Polymetal Group. The impairment review conducted as 31 December 2023 is described in Notes 2 and 3.

33. SUPPLEMENTARY FINANCIAL INFORMATION ON DIVESTMENT (UNAUDITED)

The financial information below is to illustrate the financial effect of the divestment, so each caption of the consolidated statement of financial position and consolidated income statement was adjusted to exclude the amounts of JSC Polymetal Group. In contrast with the statement of financial position presented on the face of these consolidated financial statements intra-group balances with JSC Polymetal Group are not eliminated, instead they are treated as balances with a related party. Unrealised profits or losses are excluded from the inventory balances and accumulated profits of Polymetal International plc.

Additionally, the table below presents post-disposal Polymetal International plc pro forma financial information, which illustrates the impact of the sale transaction on the net assets of the Polymetal International plc as of 31 December 2023 as if it had taken place at that date and the results of operations of the Polymetal International plc as if the transaction had taken place at 1 January 2023.

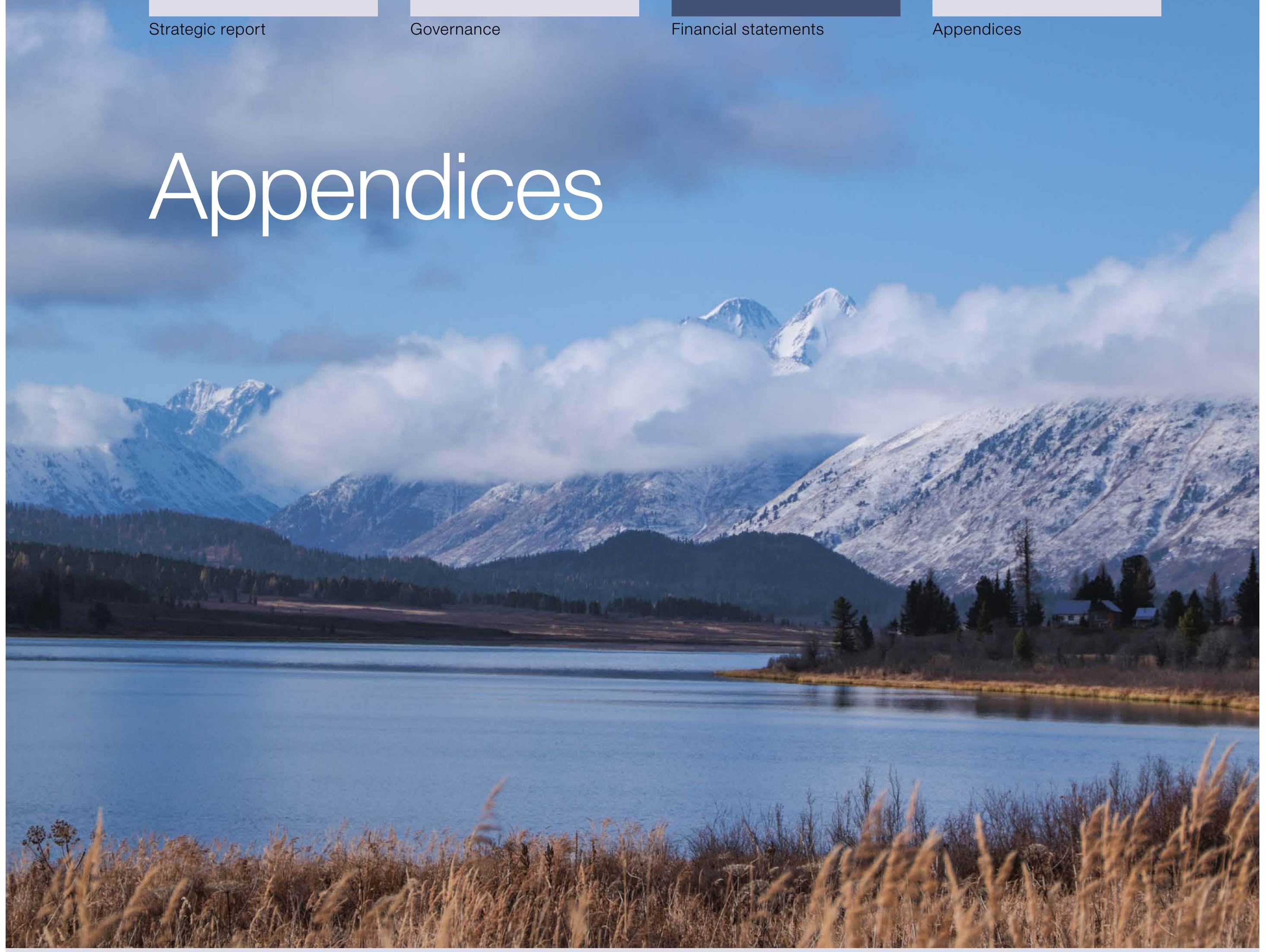
	Year ended		Post-disposal pro forma based on year ended
	31 December 2022 $m	31 December 2023 $m	31 December 2023 $m
Assets			
Property, plant and equipment	717	809	809
Investments in associates and joint ventures	10	6	6
Non-current accounts receivable	13	27	27
Other non-current financial assets	–	9	9
Non-current inventories	24	41	41
Total non-current assets	**764**	**892**	**892**
Current inventories	146	274	274
Prepayments to suppliers	36	24	24
Income tax prepaid	21	37	37
VAT receivable	25	58	58
Trade and other receivables	17	24	74
Receivables from related parties	100	–	–
Dividends receivable from JSC Polymetal	–	1,429	–
Other financial assets at FVTPL	10	5	5
Cash and cash equivalents	515	328	628
Total current assets	**870**	**2,179**	**1,050**
Total assets	**1,634**	**3,071**	**1,942**
Accounts payable and accrued liabilities	(43)	(126)	(131)
Current borrowings	(75)	(145)	(145)
Intercompany balances	(1,097)	(270)	–
Income tax payable	–	–	(6)
Other taxes payable	(19)	(24)	(24)
Current portion of contingent consideration liability	–	(3)	(3)
Total current liabilities	**(1,234)**	**(568)**	**(309)**
Non-current borrowings	(716)	(357)	(357)
Non-current borrowings to related parties	(32)	(766)	–
Contingent and deferred consideration liabilities	(98)	(14)	(14)
Deferred tax liability	(57)	(208)	(65)
Environmental obligations	(8)	(17)	(17)
Non-current lease liabilities	(1)	(1)	(1)
Other non-current liabilities	(5)	(6)	(6)
Total non-current liabilities	**(917)**	**(1,369)**	**(460)**
Total liabilities	**(2,151)**	**(1,937)**	**(769)**
Net assets	**(517)**	**1,134**	**1,173**

33. SUPPLEMENTARY FINANCIAL INFORMATION ON DIVESTMENT (UNAUDITED) continued

	Year ended		Post-disposal pro forma based on
	31 December 2022 $m	31 December 2023 $m	31 December 2023 $m
Revenue	913	826	826
Cost of sales	(407)	(420)	(420)
Gross profit	**506**	**406**	**406**
General, administrative and selling expenses	(48)	(59)	(59)
Other operating expenses, net[1]	(30)	(16)	(21)
Impairment of non-current assets	–	(16)	(16)
Operating profit	**428**	**315**	**310**
Foreign exchange gain, net	214	171	171
Loss on disposal of subsidiaries	(2)	–	–
Change in fair value of financial instruments	(1)	(2)	(2)
Finance expenses	(55)	(90)	(90)
Finance income	5	6	6
Profit before income tax	**589**	**400**	**395**
Income tax	(51)	(218)	(75)
Profit from continuing operations	**538**	**182**	**320**
Loss from discontinued operations[2]	–	–	(1,210)
Translation differences recycling on disposal of foreign operation[3]	–	–	(979)
Total from continuing and discontinued operations	**538**	**182**	**(1,869)**

1 Adjustment of $5 million in post-disposal proforma represents the estimated costs of the disposal.
2 Loss from discontinued operation was calculated as cash consideration receivable of $50 million less the carrying amount of the net assets of the Polymetal Russia Group as of 31 December 2023 net of dividends payable (including applicable taxation) and intercompany loans receivable (Note 32).
3 The functional currency of the Polymetal Russia Group is the Russian rouble, which is different from the Polymetal International plc functional currency (US dollar to 1 January 2015 and Kazakh tenge from 1 August 2023). The exchange differences arising on translation of the assets, liabilities and income statements of the Polymetal Russia Group were recorded in other comprehensive income and accumulated in the separate component of equity. On disposal of the Polymetal Russia Group the cumulative amount of the exchange differences relating to Polymetal Russia operations is to be recycled to the Polymetal International plc's income statement.

Appendices



Alternative performance measures

Introduction

The financial performance reported by the Group contains certain Alternative Performance Measures (APMs), disclosed to complement measures that are defined or specified under International Financial Reporting Standards (IFRS). APMs should be considered in addition to, and not as a substitute for, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

The Company believes that these measures, together with measures determined in accordance with IFRS, provide the readers with valuable information and an improved understanding of the underlying performance of the business.

APMs are not uniformly defined by all companies, including those within the Group's industry. Therefore, the APMs used by the Group may not be comparable to similar measures and disclosures made by other companies.

Purpose

APMs used by the Group represent financial KPIs for clarifying the financial performance of the Company and measuring it against strategic objectives, given the following background:

- Widely used by the investor and analyst community in the mining sector and, together with IFRS measures, provide a holistic view of the Company
- Applied by investors to assess earnings quality, facilitate period-to-period trend analysis and forecasting of future earnings, and understand performance through eyes of management
- Highlight key value drivers within the business that may not be obvious in the financial statements
- Ensure comparability of information between reporting periods and operating segments by adjusting for uncontrollable or one-off factors which impact upon IFRS measures
- Used internally by management to assess the financial performance of the Group and its operating segments
- Used in the Group's Dividend Policy
- Certain APMs are used in setting management's remuneration.

APMs and justification for their use

Group APM	Closest equivalent IFRS measure	Adjustments made to IFRS measure	Rationale for adjustments
Underlying net earnings	• Profit/(loss) for the financial period attributable to equity shareholders of the Company	• Write-down of metal inventory to net realisable value (post-tax) • Write-down of development and exploration assets (post-tax) • Foreign exchange (gain)/loss (post-tax) • Change in fair value of contingent consideration liability (post-tax) • Gains/losses on acquisition, revaluation and disposals of interests in subsidiaries, associates and joint ventures (post-tax)	• Excludes the impact of key significant one-off non-recurring items and significant non-cash items (other than depreciation) that can mask underlying changes in core performance
Underlying earnings per share	• Earnings per share	• Underlying net earnings (as defined above) • Weighted average number of outstanding common shares	• Excludes the impact of key significant one-off non-recurring items and significant non-cash items (other than depreciation) that can mask underlying changes in core performance
Underlying return on equity	• No equivalent	• Underlying net earnings (as defined above) • Average equity at the beginning and the end of reporting year, adjusted for translation reserve	• The most important metric for evaluating a Group profitability • Measures the efficiency with which a company generates income using the funds that shareholders have invested
Underlying return on assets	• No equivalent	• Underlying net earnings (as defined above) before interest and tax • Average total assets at the beginning and the end of reporting year	• A financial ratio that shows the percentage of profit a company earns in relation to its overall resources
Adjusted EBITDA	• Profit/(loss) before income tax	• Finance cost (net) • Depreciation and depletion • Write-down of metal and non-metal inventory to net realisable value • Write-down of development and exploration assets • Impairment/reversal of previously recognised impairment of operating assets • Share-based compensation • Bad debt allowance • Net foreign exchange gain/losses • Change in fair value of contingent consideration liability • Rehabilitation costs • Additional mining taxes, VAT, penalties and accrued interest • Gains/losses on acquisition, revaluation and disposals of interests in subsidiaries, associates and joint ventures	• Excludes the impact of certain non-cash elements, either recurring or non-recurring, that can mask underlying changes in core operating performance, to be a proxy for operating cash flow generation
Net debt	• Net total of current and non-current borrowings[1] • Cash and cash equivalents	• Not applicable	• Measures the Group's net indebtedness that provides an indicator of the overall balance sheet strength • Used by creditors in bank covenants
Net debt/ Adjusted EBITDA ratio	• No equivalent	• Not applicable	• Used by creditors, credit rating agencies and other stakeholders
Free cash flow	• Cash flows from operating activity less cash flow from investing activities	• Excluding acquisition costs in business combinations and investments in associates and joint ventures • Excluding loans forming part of net investment in joint ventures • Excluding proceeds from disposal of subsidiaries	• Reflects cash generating from operations after meeting existing capital expenditure commitments • Measures the success of the Group in turning profit into cash through the strong management of working capital and capital expenditure
Free cash flow post M&A	• Cash flows from operating activity less cash flow from investing activities	• Not applicable	• Free cash flow including cash used in/ received from acquisition/disposal of assets and joint ventures • Reflects cash generation to finance returns to shareholders after meeting existing capital expenditure commitments and financing growth opportunities
Total cash costs (TCC)	• Total cash operating costs • General, administrative & selling expenses	• Depreciation expense • Rehabilitation expenses • Write-down of inventory to net realisable value • Intersegment unrealised profit elimination • Idle capacities and abnormal production costs • Exclude corporate costs and costs related to development assets • Reclassification of treatment charges deductions to cost of sales	• Calculated according to common mining industry practice using the provisions of Gold Institute Production Cost Standard • Gives a picture of the Group current ability to extract its resources at a reasonable cost and generate earnings and cash flows for use in investing and other activities
All-in sustaining cash costs (AISC)	• Total cash operating costs • General, administrative & selling expenses	• AISC is based on total cash costs, and adds items relevant to sustaining production such as other operating expenses, corporate level SG&A, and capital expenditure and exploration at existing operations (excluding growth capital) After tax, all-in cash costs include additional adjustments for net finance cost, capitalised interest and income tax paid. All-in costs include additional adjustments on that for development capital	• Includes the components identified in World Gold Council's Guidance Note on Non-GAAP Metrics – All-In Sustaining Costs and All-In Costs (June 2013), which is a non-IFRS financial measure • Provides investors with better visibility into the true cost of production

1 Excluding lease liabilities and royalty payments.

Reserves and Resources

Ore Reserves as at 1 January 2024[1]

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Proved													
Standalone mines	**4,900**						**6.1**	**967**	**–**	**–**	**–**	**–**	**967**
Kyzyl	4,900	6.1	–	–	–	–	6.1	967	–	–	–	–	967
Varvara hub	**24,020**						**0.8**	**644**	**–**	**32**	**–**	**–**	**644**
Varvara[2]	17,780	0.7	–	0.44	–	–	0.7	420	–	32	–	–	420
High–grade ore	7,260	0.8	–	0.44	–	–	0.8	178	–	32	–	–	178
Low–grade ore	10,520	0.7	–	–	–	–	0.7	242	–	–	–	–	242
Komar	2,690	1.2	–	–	–	–	1.2	100	–	–	–	–	100
Elevator[3]	3,550	1.1	–	–	–	–	1.1	124	–	–	–	–	124
Total Proved (Kazakhstan)	**28,920**						**1.7**	**1,612**	**–**	**32**	**–**	**–**	**1,612**
Total Proved (Russia)	**45,460**						**3.2**	**4,202**	**45,271**	**5**	**25**	**13**	**4,733**
Total Proved	**74,380**						**2.7**	**5,813**	**45,271**	**37**	**25**	**13**	**6,344**
Probable													
Standalone mines	**52,470**						**5.1**	**8,610**	**–**	**–**	**–**	**–**	**8,610**
Kyzyl	52,470	5.1	–	–	–	–	5.1	8,610	–	–	–	–	8,610
Varvara hub	**29,900**						**1.5**	**1,405**	**–**	**9**	**–**	**–**	**1,405**
Varvara[2]	3,640	1.2	–	0.63	–	–	1.2	142	–	9	–	–	142
High–grade ore	1,370	1.1	–	0.63	–	–	1.1	49	–	9	–	–	49
Low–grade ore	2,270	1.3	–	–	–	–	1.3	93	–	–	–	–	93
Komar	18,940	1.6	–	–	–	–	1.6	966	–	–	–	–	966
Elevator[3]	7,320	1.3	–	–	–	–	1.3	297	–	–	–	–	297
Total Probable (Kazakhstan)	**82,370**						**3.8**	**10,015**	**–**	**9**	**–**	**–**	**10,015**
Total Probable (Russia)	**95,420**						**3.8**	**9,587**	**164,741**	**25**	**78**	**121**	**11,616**
Total Probable	**177,790**						**3.8**	**19,602**	**164,741**	**34**	**78**	**121**	**21,631**
Proved+Probable													
Standalone mines	**57,370**						**5.2**	**9,578**	**–**	**–**	**–**	**–**	**9,578**
Kyzyl	57,370	5.2	–	–	–	–	5.2	9,578	–	–	–	–	9,578
Varvara hub	**53,920**						**1.2**	**2,049**	**–**	**41**	**–**	**–**	**2,049**
Varvara[2]	21,420	0.8	–	0.47	–	–	0.8	562	–	41	–	–	562
High–grade ore	8,630	0.8	–	0.47	–	–	0.8	227	–	41	–	–	227
Low–grade ore	12,790	0.8	–	–	–	–	0.8	335	–	–	–	–	335
Komar	21,630	1.5	–	–	–	–	1.5	1,066	–	–	–	–	1,066
Elevator[3]	10,870	1.2	–	–	–	–	1.2	421	–	–	–	–	421
Total Proved+Probable (Kazakhstan)	**111,290**						**3.2**	**11,627**	**–**	**41**	**–**	**–**	**11,627**
Total Proved+Probable (Russia)[4]	**140,880**						**3.6**	**13,789**	**210,011**	**30**	**103**	**134**	**16,348**
Total Proved+Probable	**252,170**						**3.5**	**25,415**	**210,011**	**71**	**103**	**134**	**27,975**

1 Ore Reserves are reported in accordance with the JORC Code (2012). Gold equivalent (GE) is calculated based on gold and silver only. Discrepancies in calculations are due to rounding.
2 Copper grade is indicated only for high-grade copper ore.
3 Estimate was performed by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
4 Ore Reserves for the Russian assets are presented only for information.
5 Mineral Resources are reported in accordance with the JORC Code (2012). Gold equivalent (GE) is calculated based on gold and silver only. Mineral Resources are additional to Ore Reserves. Discrepancies in calculations are due to rounding.
6 Mineral Resources estimate for Bolshevik was prepared by Polymetal as at 1 January 2019. Price: Au = $1,200/oz. Revised estimate was not performed due to lack of material changes.
7 Initial estimate was prepared by Polymetal as at 1 January 2024.

Mineral Resources as at 1 January 2024[5]

	Tonnage	Grade						Content					
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Measured													
Standalone mines	**100**						**2.8**	**9**	**–**	**–**	**–**	**–**	**9**
Kyzyl[6]	100	2.8	–	–	–	–	2.8	9	–	–	–	–	9
Varvara hub	**6,440**						**0.9**	**185**	**–**	**3**	**–**	**–**	**185**
Varvara[2]	5,270	0.8	–	0.48	–	–	0.8	135	–	3	–	–	135
High-grade ore	590	1.3	–	0.48	–	–	1.3	24	–	3	–	–	24
Low-grade ore	4,680	0.7	–	–	–	–	0.7	111	–	–	–	–	111
Komar	1,090	1.3	–	–	–	–	1.3	46	–	–	–	–	46
Elevator[3]	80	1.2	–	–	–	–	1.2	3	–	–	–	–	3
Total Measured (Kazakhstan)	**6,540**						**0.9**	**194**	**–**	**3**	**–**	**–**	**194**
Total Measured (Russia)	**22,650**						**4.0**	**2,557**	**30,071**	**1**	**6**	**4**	**2,912**
Total Measured	**29,190**						**3.3**	**2,751**	**30,071**	**3**	**6**	**4**	**3,106**
Indicated													
Standalone mines	**8,450**						**3.7**	**1,000**	**–**	**–**	**–**	**–**	**1,000**
Kyzyl[6]	8,450	3.7	–	–	–	–	3.7	1,000	–	–	–	–	1,000
Varvara hub	**9,370**						**1.4**	**434**	**–**	**13**	**–**	**–**	**434**
Varvara[2]	2,190	1.4	–	0.58	–	–	1.4	96	–	4	–	–	96
High-grade ore	640	1.3	–	0.58	–	–	1.3	26	–	4	–	–	26
Low-grade ore	1,550	1.4	–	–	–	–	1.4	70	–	–	–	–	70
Komar	5,530	1.4	–	–	–	–	1.4	245	–	–	–	–	245
Elevator[3]	1,230	1.4	–	–	–	–	1.4	55	–	–	–	–	55
Baksy[7]	420	2.9	–	2.14	–	–	2.9	39	–	9	–	–	39
Total Indicated (Kazakhstan)	**17,820**						**2.5**	**1,434**	**–**	**13**	**–**	**–**	**1,434**
Total Indicated (Russia)	**41,880**						**4.0**	**4,616**	**66,415**	**146**	**308**	**23**	**5,406**
Total Indicated	**59,700**						**3.6**	**6,049**	**66,415**	**158**	**308**	**23**	**6,839**
Measured+Indicated													
Standalone mines	**8,550**						**3.7**	**1,009**	**–**	**–**	**–**	**–**	**1,009**
Kyzyl[6]	8,550	3.7	–	–	–	–	3.7	1,009	–	–	–	–	1,009
Varvara hub	**15,810**						**1.2**	**619**	**–**	**15**	**–**	**–**	**619**
Varvara[2]	7,460	1.0	–	0.53	–	–	1.0	231	–	6	–	–	231
High-grade ore	1,230	1.3	–	0.53	–	–	1.3	50	–	6	–	–	50
Low-grade ore	6,230	0.9	–	–	–	–	0.9	181	–	–	–	–	181
Komar	6,620	1.4	–	–	–	–	1.4	291	–	–	–	–	291
Elevator[3]	1,310	1.4	–	–	–	–	1.4	58	–	–	–	–	58
Baksy[7]	420	2.9	–	2.14	–	–	2.9	39	–	9	–	–	39
Total Measured+Indicated (Kazakhstan)	**24,360**						**2.1**	**1,628**	**–**	**15**	**–**	**–**	**1,628**
Total Measured+Indicated (Russia)	**64,530**						**4.0**	**7,173**	**96,486**	**146**	**314**	**27**	**8,318**
Total Measured+Indicated	**88,890**						**3.5**	**8,800**	**96,486**	**161**	**314**	**27**	**9,945**
Inferred													
Standalone mines	**11,570**						**5.3**	**1,981**	**–**	**–**	**–**	**–**	**1,981**
Kyzyl[6]	11,570	5.3	–	–	–	–	5.3	1,981	–	–	–	–	1,981
Varvara hub	**7,730**						**1.7**	**430**	**–**	**3**	**–**	**–**	**430**
Varvara[2]	1,220	1.8	–	0.68	–	–	1.8	70	–	3	–	–	70
High-grade ore	380	2.2	–	0.68	–	–	2.2	27	–	3	–	–	27
Low-grade ore	840	1.6	–	–	–	–	1.6	43	–	–	–	–	43
Komar	3,080	1.8	–	–	–	–	1.8	176	–	–	–	–	176
Elevator[3]	3,400	1.7	–	–	–	–	1.7	182	–	–	–	–	182
Baksy[7]	30	1.1	–	1.06	–	–	1.1	1	–	0.4	–	–	1
Total Inferred (Kazakhstan)	**19,300**						**3.9**	**2,411**	**–**	**3**	**–**	**–**	**2,411**
Total Inferred (Russia)	**89,900**						**5.0**	**12,929**	**112,536**	**15**	**31**	**23**	**14,328**
Total Inferred	**109,200**						**4.8**	**15,340**	**112,536**	**18**	**31**	**23**	**16,740**

Reserves and Resources continued

Mineral Resources as at 1 January 2024[1] (continued)

	Tonnage	Grade						Content				
	Kt	Au g/t	Ag g/t	Cu %	Zn %	Pb %	GE g/t	Au Koz	Ag Koz	Cu Kt	Zn Kt	Pb Kt	GE Koz
Measured+Indicated +Inferred													
Standalone mines	**20,120**						**4.6**	**2,990**	**–**	**–**	**–**	**–**	**2,990**
Kyzyl[2]	20,120	4.6	–	–	–	–	4.6	2,990	–	–	–	–	2,990
Varvara hub	**23,540**						**1.4**	**1,049**	**–**	**18**	**–**	**–**	**1,049**
Varvara[3]	8,680	1.1	–	0.56	–	–	1.1	301	–	9	–	–	301
High-grade ore	1,610	1.5	–	0.56	–	–	1.5	77	–	9	–	–	77
Low-grade ore	7,070	1.0	–	–	–	–	1.0	225	–	–	–	–	225
Komar	9,700	1.5	–	–	–	–	1.5	468	–	–	–	–	468
Elevator[4]	4,710	1.6	–	–	–	–	1.6	240	–	–	–	–	240
Baksy[5]	450	2.8	–	2.05	–	–	2.8	40	–	9	–	–	40
Total Measured+Indicated +Inferred (Kazakhstan)	**43,660**						**2.9**	**4,039**	**–**	**18**	**–**	**–**	**4,039**
Total Measured+Indicated +Inferred (Russia)[6]	**154,430**						**4.6**	**20,101**	**209,022**	**161**	**345**	**50**	**22,646**
Total Measured+Indicated +Inferred	**198,090**						**4.2**	**24,140**	**209,022**	**179**	**345**	**50**	**26,685**

This estimate was prepared by employees of Polymetal Eurasia LLC, Bakyrchik Mining Venture LLC and JSC Polymetal Engineering, led by Mr Valery Egorov, who assumes overall responsibility for the Mineral Resources and Ore Reserves Report.

Mr Egorov is employed full-time as the Technical Director of Bakyrchik Mining Venture LLC and has more than 17 years' experience in gold, silver and polymetallic mining. He is a Member of the Institute of Materials, Minerals & Mining (MIMMM), London, and a Competent Person under the JORC Code. Valery Egorov owns shares in the Company granted under the long-term incentive plan for the key employees.

Listed below is other Competent Person employed by the Company who is responsible for the relevant research on which the Mineral Resources and Ore Reserves estimate is based:

Geology and Mineral Resources – Victor Pchelka, an advisor of the Deputy Director for Mineral Resources, Polymetal Eurasia LLC, MIMMM, PONEN, with 37 years' relevant experience.

All the above mentioned Competent Persons have sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code).

All Competent Persons have given their consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Metals prices used in estimating Mineral Resources and Ore Reserves are listed below (unless otherwise indicated in the footnotes of the above tables):

Au = $1,800/oz;
Cu = $8,000/t.

All metals presented in the tables of Mineral Resources and Ore Reserves were used in the Mineral Resources and Ore Reserves estimates. The gold equivalent includes only gold and silver.

1 Mineral Resources are reported in accordance with the JORC Code (2012). Gold equivalent (GE) is calculated based on gold and silver only. Mineral Resources are additional to Ore Reserves. Discrepancies in calculations are due to rounding.
2 Mineral Resources estimate for Bolshevik was prepared by Polymetal as at 1 January 2019. Price: Au = $1,200/oz. Revised estimate was not performed due to lack of material changes.
3 Copper grade is indicated only for high-grade copper ore. Low-grade ore is low-grade copper ore.
4 Estimate was performed by Polymetal as at 1 January 2022. Revised estimate was not performed due to lack of material changes.
5 Initial estimate was prepared by Polymetal as at 1 January 2024.
6 Mineral Resources for the Russian assets are presented only for information.

Group production statistics

Consolidated highlights

	FY 2019	FY 2020	FY 2021	FY 2022	**FY 2023**
Waste mined, Kt	158,560	166,805	205,888	211,127	184,713
Underground development, m	105,819	90,011	95,549	97,997	93,265
Ore mined, Kt	17,224	15,386	15,647	19,456	16,615
Open-pit	13,022	11,221	11,686	15,388	12,184
Underground	4,202	4,166	3,962	4,068	4,431
Ore processed, Kt	15,024	15,447	15,799	18,289	19,306
Gold grade processed, g/t	3.4	3.5	3.2	3.1	2.9
Silver grade processed, g/t	52	44	45	39	33
GE grade processed, g/t	3.8	4.1	3.8	3.6	3.3
Total Production					
Gold, Koz	1,316	1,402	1,422	1,450	1,492
Silver, Moz	21.6	18.8	20.4	21.0	17.7
Copper, t	2,452	1,544	1,901	1,664	2,163
Gold equivalent, Koz based on 80:1 Ag/Au ratio, excluding base metals	**1,586**	**1,637**	**1,677**	**1,720[1]**	**1,714**
Gold equivalent production by mine, GE Koz					
Kazakhstan	**481**	**541**	**558**	**541**	**486**
Kyzyl	343	382	360	330	316
Varvara	137	159	198	211	169
Russia	**1,108**	**1,097**	**1,120**	**1,178**	**1,228**
Total	**1,585**	**1,637**	**1,677**	**1,720[1]**	**1714**

Financial highlights

	FY 2019	FY 2020	FY 2021	FY 2022	**FY 2023**
Revenue, $m	2,241	2,865	2,890	2,801	3,025
Adjusted EBITDA, $m[2]	1,075	1,661	1,464	1,017	1,458
Adjusted EBITDA margin, %	48%	58%	51%	36%	48%
Average realised gold price, $/oz[3]	1,411	1,797	1,792	1,764	1,929
Average LBMA closing gold price, $/oz	1,393	1,771	1,799	1,802	1,943
Average realised silver price, $/oz[3]	16.5	20.9	24.8	21.9	22.8
Average LBMA closing silver price, $/oz	16.2	20.5	25.0	21.8	23.4
Total cash costs, $/GE oz[2]	655	638	730	942	861
All-in sustaining costs, $/GE oz[2]	866	874	1,030	1,344	1,276
Net earnings/(loss), $m	483	1,066	904	(288)	528
Underlying net earnings, $m[2]	586	1,052	913	440	615
Underlying EPS, $/share[2]	1.25	2.23	1.93	0.93	1.3
Dividends declared during the period, $/share[4]	0.51	1.02	1.34	–	–
Dividend proposed for the period, $/share[5]	0.82	1.29	0.97	–	–
Operating cash flow, $m	696	1,166	1,195	206	575
Capital expenditure, $m	436	558	759	794	679
Free cash flow (pre M&A), $m[2]	256	610	418	(445)	(128)
Free cash flow (post M&A), $m[2]	299	603	407	(473)	(131)

1 Mayskoye production reporting approach was amended to record production as soon as the ownership title for gold is transferred to a buyer at the mine site's concentrate storage facility. Previous periods were restated accordingly.
2 Refer to "Alternative Performance Measures" section for definition and details.
3 In accordance with IFRS, revenue is presented net of treatment charges which are subtracted in calculating the amount to be invoiced. Average realised prices are calculated as revenue divided by gold and silver volumes sold, excluding effect of treatment charges deductions from revenue.
4 Based on declaration date.
5 Dividend proposed for the FY include interim, final and special dividend paid for the financial year.

Source: Consolidated audited IFRS financial statements for the years ended 31 December 2023, 2022, 2021, 2020, 2019.

Non-financial information statement

The following information is provided in compliance with the Non-Financial Reporting Directive requirements. The table below sets out where relevant information can be found in this Integrated Annual Report. More detailed information is available on the Company's website: www.polymetalinternational.com.

Reporting requirement	Policy and standards	Relevant information
Business model	The International Integrated Reporting <IR> Framework	Business model, pages 12-13; Strategy, pages 14-15.
Universal matters	UN Global Compact EBRD Environmental and Social Policy Responsible Gold Mining Principles Code of Conduct	Our contribution to the UN SDGs, page 39; Our material issues, pages 40-41.
Environmental matters	Environmental Policy Code of Conduct Climate Change Policy Tailings and Water Storage Facilities Management Policy Energy Policy Mine Closure Policy ISO 14001 ISO 15001	Environment, pages 50-55; Climate and Energy, pages 56-61; Environmental risk, page 76; Disclosure on Tailings Storage Facilities 2023, page 196.
Employees	ILO conventions, national labour codes Code of Conduct ISO 45001 Employment and Labour Standard Health and Safety Policy Diversity and Inclusion Policy Collective agreements	Employees, pages 46-49; Health and safety, pages 42-45; Human capital risk, page 77; Health and safety risk, page 75.
Human rights	Universal Declaration on Human Rights The UN Guiding Principles on Business and Human Rights Human Rights Policy Modern Slavery Act Statement Code of Conduct Supplier Code of Conduct	Human rights, page 66; Modern Slavery Act Transparency Statement 2023, available on the website; Supply chain stewardship, pages 65-66.
Social matters	Community Engagement Policy Political and Charitable Donations Policy Procurement Policy	Communities, pages 62-63.
Anti-corruption and anti-bribery	Code of Conduct Anti-Bribery and Corruption Policy Supplier Code of Conduct Gifts and Entertainment Policy Policy on Use of Agents, Representatives, Intermediaries and Contractors' Due Diligence Whistleblowing Policy Policy on Disciplinary Action for Violation of Anti-Bribery and Corruption Procedures	Anti-bribery and corruption, page 65.
Principal risks and impact from business activity	Risk Management Policy	Risk management, pages 68-84.
Non-financial key performance indicators	GRI SASB	Key performance indicators, page 17; Sustainability, pages 38-67; Sustainability data, pages 178-189.

Independent practitioner's assurance report

Building a better working world

To the Shareholders and Management of Polymetal International plc.

Scope

We have been engaged by Polymetal International plc (hereinafter "the Company") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Company's information in the field of sustainability for subsidiaries in Kazakhstan (hereinafter "Sustainability Information for Kazakhstan" or the "Subject Matter") contained in the Company's Integrated Annual Report (hereinafter "the Report") for the period from January 1 to December 31, 2023 (hereinafter "the Reporting Period").

The Subject Matter is disclosed in the following sections of the Report:

- Sustainability section of the Report, pages 39-67,
- Sustainability highlights on "At a glance" spread of the Report, page 4,
- Sustainability-related figures in all spreads of the Integrated Annual Report, including Key Performance Indicators related to sustainability, page 17,
- Green highlights in Operating review, pages 24-25,
- Safety & Sustainability Committee report, pages 98-99,
- Sustainability data section in appendix, pages 178-190,
- GRI content index and relevant sections of the Report which the GRI Index refers to, pages 191-197,
- SASB content index and relevant sections of the Report which the SASB Index refers to, pages 198-200.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Company

In preparing the Sustainability Information for Kazakhstan the Company applied the

- Global Reporting Initiative Sustainability Reporting Standards (hereinafter "the GRI Standards"),
- Metals & Mining Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (hereinafter "the SASB Standards"), as set forth in section "About this Report" on the page 2 of the Report (hereinafter "the Criteria").

The Company's responsibilities

The Company's management is responsible for selecting the Criteria, and for presenting the Sustainability Information for Kazakhstan in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Independent practitioner's assurance report continued

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)'), and the terms of reference for this engagement as agreed with the Company on November 15, 2023. That standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included the following:

- We verified the list of material topics required to be disclosed in the Subject Matter;
- We interviewed representatives of the Company's divisions involved in the preparation of the Subject Matter;
- We conducted analytical procedures over the quantitative information related to the Subject Matter;
- We examined sustainability-related internal corporate documents of the Company;
- On a sample basis we compared the items included in the Subject Matter with source information;
- We evaluated the presentation of the Subject Matter in the layout of the Report.

We also performed such other procedures as we considered necessary in the circumstances.

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Other matter

Our assurance procedures were limited only to the procedures in relation to the information for the Company's subsidiaries in Kazakhstan, and accordingly, we express a conclusion on that information pertinent to the Kazakhstani subsidiaries only. We did not conduct any procedures in relation to the Group-wide information or information for the Company's subsidiaries in Russia.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Sustainability Information for Kazakhstan for the period from January 1 to December 31, 2023, in order for it to be in accordance with the Criteria.

Ernst & Young Advisory LLP

March 19, 2024
Almaty, Kazakhstan

Sustainability data

Health and safety

Polymetal employees' health and safety (Group-wide data)

	2023	2022	2021	2020	2019
Injuries, including:	**10**	**13**	**15**	**13**	**20**
Fatalities	0	0	0	0	2
Severe injuries	2	0	2	2	3
Minor injuries	8	13	13	11	15
LTIFR rate[1]	0.07	0.10	0.12	0.12	0.19
Days off work following accidents[2]	1,156	877	1,545	1,583	1,760
Occupational deseases and health difficulties	8	9	5	2	1
Near-misses	4,881	4,770	4,687	3,653	2,684

Polymetal employees' safety in 2023: site level

	LTIFR[1]	Fatalities	Severe injuries	Minor injuries	Days off work following accidents	Near-misses	Occupational deseases and health difficulties
Assets in Kazakhstan, including:	0	0	0	0	0	477	0
Kyzyl	0	0	0	0	0	179	0
Varvara	0	0	0	0	0	233	0
Komar mine (part of Varvara hub)	0	0	0	0	0	65	0
Assets in Russia	0.09	0	2	8	1,156	4,404	8

Contractor employees' safety (Group-wide data)

	2023	2022	2021	2020	2019
Injuries, including:	**4**	**12**	**6**	**12**	**10**
Fatalities	0	0	1	0	1
Severe injuries	0	0	0	0	0
Minor injuries	4	12	5	12	9
LTIFR rate[1]	0.08	0.21	0.09	0.24	0.20

Contractor employees' safety in 2023: site level

	LTIFR[1]	Fatalities	Severe injuries	Minor injuries
Assets in Kazakhstan, including:	0	0	0	0
Kyzyl	0	0	0	0
Varvara	0	0	0	0
Komar mine (part of Varvara hub)	0	0	0	0
Assets in Russia	0.12	0	0	4

People

Headcount and turnover (Group-wide data)

	Units	2023	2022	2021	2020	2019
Employees						
Average headcount	**number**	**14,647**	**14,694**	**13,392**	**12,065**	**11,611**
Headcount as of 31 Dec[3]	number	15,562	15,160	14,281	12,679	11,819
New employee hires during the reporting period	number	4,145	4,584	4,722	3,156	N/A
Percentage of female employees	%	21	21	21	21	21
Contractors working on Polymetal's territories (average headcount)	number	6,035	6,078	7,082	5,277	5,336
Turnover[4]						
Voluntary turnover[5]	%	4.7	8.4	8.2	6.5	5.8
Involuntary turnover[6]	%	0.9	0.9	0.3	N/A	N/A

Collective agreements (Group-wide data)

	2023	2022	2021	2020	2019
Percentage of employees at operating sites covered by collective bargaining agreements	100	100	100	100	100
Percentage of all employees covered by collective bargaining agreements	77	80	83	83	86

1 Lost-time injury frequency rate per 200,000 hours worked.
2 Data for 2021 was restated due to sick leave extension for one of the injured employees.
3 This metric includes core employees and external part-time employees (i.e. those people who simultaneously employed at several enterprises of the Kazakhstan segment).
4 Due to changes in the internal reporting methodology in the Kazakhstan segment, turnover for other reasons is not disclosed in the integrated report.
5 Includes only employees that left the Company voluntarily due to dissatisfaction with their job.
6 Includes employees that were dismissed.

Headcount and turnover in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Employees						
Average headcount	**number**	**3,202**	**3,219**	**2,889**	**2,633**	**2,489**
Headcount as of 31 Dec[3]	number	3,423	3,292	2,995	2,760	2,590
Contractors working on Polymetal's territories (average headcount)	number	1,959	1,866	1,833	1,816	1,495
New employee hires during the reporting period	number	690	753	615	524	640
Female	number	143	159	115	113	195
Male	number	547	594	500	411	445
Turnover[4]						
Voluntary turnover[5]	%	1.4	4.6	4.4	2.8	4.2
– Female	%	2.5	2.9	4.4	3.1	3.4
– Male	%	1.1	5.1	4.7	2.7	4.3
Involuntary turnover[6]	%	0.4	0.7	0.6	N/A	N/A

Workforce diversity in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Gender						
Percentage of female employees	**%**	**20**	**20**	**19**	**18**	**18**
Percentage of female managers[7]	%	21	22	22	21	20
Percentage of female qualified personnel[8]	%	37	39	37	37	34
Percentage of female workers[9]	%	14	14	14	12	13
Gender pay gap[10]	%	29	30	21	22	29
Taken parental leave, including:	number	39	5	19	20	14
Female employees on parental leave	number	39	5	19	20	14
Male employees on parental leave	number	0	0	0	0	0
Return to work and retention rates after parental leave	%	100	100	100	100	100
Age						
Employees under 30 years old, including:	number	593	582	565	595	568
Female	number	125	119	123	130	116
Male	number	468	463	442	465	452
Percentage of employees under 30 years old	**%**	**17**	**18**	**19**	**22**	**22**
Employees 30-50 years old, including:	number	2,104	2,049	1,838	1,661	1,559
Female	number	447	440	378	335	304
Male	number	1,657	1,609	1,460	1,326	1,255
Percentage of employees 30-50 years old	**%**	**61**	**62**	**61**	**60**	**60**
Over 50 years old, including:	number	726	661	592	502	463
Female	number	133	127	103	66	59
Male	number	593	534	489	436	404
Percentage of employees over 50 years old	**%**	**21**	**20**	**20**	**18**	**18**
Disability						
Disabled personnel	number	23	18	17	15	11

Collective agreements in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Percentage of employees at operating sites covered by collective bargaining agreements	%	100	100	100	100	100
Percentage of all employees covered by collective bargaining agreements	%	91	93	93	97	98

7 Managers – employees who hold positions as heads of business units: directors, chiefs of divisions, managers, experts or supervisors, etc.; chief specialists, for example, chief accountant, chief dispatcher, chief engineer, chief mechanic, chief metallurgist, chief geologist; and deputies to these positions.
8 Qualified personnel – employees engaged in engineering and technical works or finance, such as accountants, geologists, dispatchers, engineers, inspectors, mechanics, quantity surveyors, editors, economists, energy specialists, legal advisors, etc., and assistants to these positions. It also covers office workers in accounting and control and maintenance positions who are not engaged in manual labour.
9 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.
10 Calculated as average remuneration for men to average remuneration for women divided by average remuneration for women. Only the operational assets and management company in Astana are taken into account; small exploration and non-core assets are not included in the calculation due to the small number of personnel and irrelevant data on average wages.

Sustainability data continued

People continued

Employees by type of employment contract in Kazakhstan segment in 2023[1]

	Female	Male	Total	Share in total workforce
Employment contract type				
Indefinite term employment contract	678	2,704	3,382	99
Fixed-term employment contract	27	14	41	1
Employment status				
Full-time	631	2,615	3,246	95
Part-time	74	103	177	5

Employee training

	Units	2023	2022	2021	2020	2019
Group total						
Trained personnel	number	9,372	9,237	7,396	7,593	10,453
Average number of training hours per employee (per year)[2]	number	110	78	49	79	N/A
Total investments in training[4]	$ thousand	1,105	1,458	1,129	1,131	1,215
Kazakhstan segment						
Trained personnel	number	3,083	2,856	2,793	2,551	2,963
Average number of mandatory training hours per year[2]	number	100	95	74	74	N/A
By gender						
– Female	number	49	49	44	46	N/A
– Male	number	112	107	80	79	N/A
By employee level						
– Managers	number	113	111	136	79	N/A
– Qualified personnel	number	83	81	78	68	N/A
– Workers	number	103	97	66	74	N/A
By type						
– Average number of mandatory training hours per year[3]	number	63	49	71	74	N/A
– Average number of non-mandatory training hours per year	number	37	49	43	13	N/A
Total investments in training[4]	$ thousand	202	198	176	139	221
Annual investments in training per employee	$	63	62	63	54	75
Female	$	55	53	79	67	N/A
Male	$	65	64	60	52	N/A

1 Based on headcount at 31 December 2023.
2 The new methodology has been applied since 2021 to ensure better alignment with the GRI-404. Data for 2020 has been restated accordingly for comparative purposes. Data for 2019 calculated using the old methodology is considered to be unrepresentative.
3 Mandatory training mostly refers to safety training.
4 Travel costs excluded from 2020.
5 Does not include water used for non-technological purposes.

Water management

Water management (Group-wide data)

	Units	2023	2022	2021	2020	2019
Water withdrawal, including:	**thousand m³**	**13,611**	**15,382**	**16,217**	**16,276**	**19,672**
Fresh water withdrawal	thousand m³	3,282	3,344	3,480	3,484	4,919
– Ground water	thousand m³	1,573	1,756	1,452	1,285	1,695
– Surface water	thousand m³	816	845	1,028	1,467	2,236
– External water supply	thousand m³	893	743	1,000	732	988
Waste water collection (drainage, quarry and mine water)	thousand m³	10,329	12,038	12,737	12,792	14,753
Water use, including:	**thousand m³**	**49,181**	**37,786**	**35,116**	**33,104**	**37,194**
Fresh water use	thousand m³	3,282	3,344	3,480	3,484	4,919
Water reused and recycled, including:	thousand m³	45,898	34,442	31,636	29,620	32,276
– Recycled water	thousand m³	41,987	30,691	27,743	26,957	28,222
– Waste water	thousand m³	3,911	3,751	3,893	2,663	4,053
Water discharge, including:	**thousand m³**	**6,793**	**8,636**	**8,066**	**9,055**	**11,054**
Used and treated water discharge	thousand m³	491	490	412	391	354
– Watercourses	thousand m³	338	306	57	50	57
– Landscape	thousand m³	0	0	0	0	0
– Sewage	thousand m³	153	184	355	341	297
Collected and treated waste water discharge	thousand m³	6,302	8,146	7,654	8,664	10,700
– Watercourses	thousand m³	6,302	8,146	7,654	8,664	10,700
– Landscape	thousand m³	0	0	0	0	0
– Sewage	thousand m³	0	0	0	0	0
Total water consumption	**thousand m³**	**6,818**	**6,746**	**8,151**	**7,221**	**8,618**
Share of water recycled and reused	%	93	91	90	89	87
Fresh water use intensity	m³/ Kt of processed ore	170	183	220	226	327
Fresh water use for processing intensity[5]	**m³/ Kt of processed ore**	**125**	**138**	**155**	**171**	**268**

Water management in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Water withdrawal, including:	**thousand m³**	**5,096**	**5,076**	**7,039**	**6,262**	**7,113**
Fresh water withdrawal	thousand m³	1,273	1,290	1,542	1,621	2,392
– Ground water	thousand m³	211	226	240	195	101
– Surface water	thousand m³	634	656	690	1,051	1,716
– External water supply	thousand m³	428	408	611	375	575
Waste water collection (drainage and quarry water)	thousand m³	3,824	3,787	5,498	4,642	4,721
Water use, including:	**thousand m³**	**12,842**	**12,378**	**12,945**	**10,803**	**12,363**
Fresh water use	thousand m³	1,273	1,290	1,542	1,621	2,392
Water reused and recycled, including:	thousand m³	11,569	11,089	11,403	9,182	9,971
– Recycled water	thousand m³	8,602	8,073	8,004	6,922	6,310
– Waste water	thousand m³	2,967	3,016	3,399	2,260	3,661
Water discharge, including:	**thousand m³**	**1,408**	**1,084**	**1,202**	**1,214**	**1,266**
Used and treated water discharge	thousand m³	63	94	269	245	206
– Watercourses	thousand m³	0	0	0	0	0
– Landscape	thousand m³	0	0	0	0	0
– Sewage	thousand m³	63	94	269	245	206
Collected and treated waste water discharge	thousand m³	1,346	990	933	969	1,060
– Watercourses	thousand m³	1,346	990	933	969	1,060
– Landscape	thousand m³	0	0	0	0	0
– Sewage	thousand m³	0	0	0	0	0
Total water consumption	**thousand m³**	**3,688**	**3,992**	**5,838**	**5,049**	**5,847**
Share of water recycled and reused	%	90	90	88	85	81
Fresh water use intensity	m³/ Kt of processed ore	201	210	254	283	431
Fresh water use for processing intensity[5]	**m³/ Kt of processed ore**	**178**	**188**	**195**	**227**	**336**

Water use in 2023: site level

thousand m³

	Water withdrawal				Water use			Water discharge		
	Ground water	Surface water	External water supply	Waste water collection	Fresh water	Recycled water	Waste water	Water-courses	Land-scape	Sewage
Assets in Kazakhstan, including:	211	634	428	3,824	1,273	8,602	2,967	1,346	0	63
Kyzyl	180	0	417	905	596	4,742	905	0	0	52
Varvara	31	634	0	1,477	664	3,860	1,966	0	0	0
Komar mine (part of Varvara hub)	0	0	12	1,442	12	0	96	1,346	0	11
Assets in Russia	1,363	183	464	6,505	2,010	33,385	944	5,294	0	90

Sustainability data continued

Waste management

Waste generation and management (Group-wide data)

	Units	2023	2022	2021	2020	2019
Total waste	**t**	**201,183,412**	**228,292,508**	**210,621,211**	**181,959,017**	**155,923,761**
By composition						
Waste rock	t	185,130,249	212,735,776	196,841,661	169,287,548	143,439,734
Tailings, including[1]	t	15,988,303	15,539,024	13,751,596	12,627,995	12,469,214
Dry tailings	t	4,741,349	4,350,152	1,954,736	1,348,599	1,212,822
Wet tailings	t	11,246,954	11,188,872	11,796,860	11,279,395	11,256,392
Share of dry stacked tailings	%	30	28	14	11	10
Other waste (metal, plastic, paper, etc.)	t	64,860	17,708	27,954	43,474	14,813
By waste hazard classification						
Non-hazardous	t	194,938,478	222,261,930	210,080,143	181,951,432	155,918,075
Hazardous[2]	t	6,244,933	6,030,579	8,502	7,585	5,686
By treatment						
Waste disposed	t	164,801,460	180,668,648	159,015,806	141,217,837	134,518,857
Waste diverted from disposal, including:	t	33,926,781	54,440,601	48,573,139	31,621,854	21,705,608
Waste reused and recycled	t	33,926,178	54,440,005	48,571,506	31,621,525	21,705,334
Waste neutralised	t	604	595	1,633	330	274
Percentage of waste reused of total waste generated	%	17	23	23	17	14

Waste generation and management in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Total waste	**t**	**128,296,507**	**131,783,051**	**130,937,148**	**124,820,135**	**114,776,477**
By composition						
Waste rock	t	122,051,670	125,754,500	124,957,302	119,271,238	109,234,592
Tailings, including	t	6,240,932	6,023,425	5,974,193	5,517,738	5,538,536
Dry tailings	t	0	0	0	0	0
Wet tailings	t	6,240,932	6,023,425	5,974,193	5,517,738	5,538,536
Other waste (metal, plastic, paper, etc.)	t	3,904	5,126	5,652	31,159	3,349
By waste hazard classification						
Hazardous[2]	t	6,241,514	6,027,304	5,459	3,919	3,174
Non-hazardous	t	122,054,993	125,755,747	130,931,689	124,816,216	114,773,303
By treatment						
Waste disposed	**t**	**118,614,083**	**118,794,261**	**124,844,436**	**119,548,537**	**110,069,884**
Hazardous	t	6,240,830	6,023,960	698	728	2,758
Non-hazardous	t	112,373,253	112,770,301	124,843,739	119,547,808	110,067,126
Waste diverted from disposal, including:	**t**	**9,682,565**	**13,519,423**	**6,093,589**	**5,271,509**	**4,707,904**
Waste neutralised	t	48	0	1,194	28	11
Hazardous	t	20	0	1,194	28	11
Non-hazardous	t	28	0	0	0	0
Waste reused and recycled	t	9,682,517	13,519,423	6,092,395	5,271,482	4,707,893
Hazardous	t	672	1,119	3,537	3,074	865
Non-hazardous	t	9,681,845	13,518,304	6,088,858	5,268,408	4,707,028
Percentage of waste reused of total waste generated	%	8	10	5	4	4
Percentage of mineral waste reused of total waste generated	%	8	10	5	N/A	N/A
Percentage of non-mineral waste reused of total waste generated	%	80	34	63	N/A	N/A

Share of waste reused and recycled in 2023: site level

	Total waste generated	Share of waste reused and recycled
Assets in Kazakhstan, including:	128,296,507	8
Kyzyl	84,521,743	2
Varvara	5,732,841	30
Komar mine (part of Varvara hub)	38,041,923	17
Assets in Russia	72,886,905	33

1 Data for 2021 was restated due to the improvements of waste accounting procedures.
2 Increase in 2022-2023 is explained by the regulatory changes of tailings waste classification.

Waste management in onsite/offsite breakdown in Kazakhstan segment in 2023

	Units	Offsite	Onsite	Total
Waste disposed	t	1,043	118,613,040	118,614,083
Hazardous waste	t	0	6,240,830	6,240,830
Non-hazardous waste	t	1,043	112,372,210	112,373,253
Waste diverted from disposal, including:	t	2,246	9,680,319	9,682,565
Hazardous waste	t	683	9	692
– Waste neutralised	t	11	9	20
– Waste reused and recycled	t	672	0	672
Non-hazardous waste	t	1,563	9,680,310	9,681,873
– Waste neutralised	t	28	0	28
– Waste reused and recycled	t	1,535	9,680,310	9,681,845

Consumables

Principal consumables

	Units	2023	2022	2021	2020	2019
Group total						
Lime	t	80,216	73,036	70,968	77,081	71,899
Cement and concrete	t	75,314	61,987	43,593	48,464	34,846
Quicklime	t	43,989	43,044	37,216	32,148	28,217
Grinding body	t	17,200	19,027	17,272	17,016	17,360
Sodium cyanide	t	9,629	9,522	8,498	8,132	8,202
Flotation reagents	t	5,355	6,995	6,201	5,383	4,193
Soda	t	4,318	6,039	6,827	5,844	8,723
Ammonium nitrate	t	5,206	5,070	3,877	2,805	N/A
Granulite	t	4,816	4,576	5,416	5,488	2,772
Perhydrol	t	3,968	4,059	5469	6227	5496
Assets in Kazakhstan						
Lime	t	0	0	0	0	0
Cement and concrete	t	0	0	0	0	0
Quicklime	t	5,843	6,053	5,498	5,430	6,662
Grinding body	t	6,721	6,514	6,655	6,744	7,483
Sodium cyanide	t	4,027	4,280	3,964	3,427	3,251
Flotation reagents	t	2,294	2,962	3,115	5,139	2,179
Soda	t	4,167	4,279	4,946	3,456	4,780
Ammonium nitrate	t	0	0	0	0	0
Granulite	t	0	0	0	0	0
Perhydrol	t	3,968	4,059	5,469	5,315	5,496

Air quality

Air pollutant emissions (Group-wide data)

	Units	2023	2022	2021	2020	2019
Sulphur dioxide (SO_2)	t	1,110	1,151	1,064	847	954
Oxides of nitrogen (NOx)	t	4,730	4,232	3,472	2,789	2,532
Carbon monoxide	t	4,398	3,951	3,455	2,798	2,818
Solid particles	t	8,231	7,465	5,703	2,946	4,773
Ozone depleting (CFC-11 equivalents) substances emitted	t	0	0	0	0	0
VOCs	t	1,468	1,335	1,194	1,004	1,081
Mercury (Hg)	t	0	0	0	0	0
Lead (Pb)	t	4.65	5.00	5.12	0.17	0.27

Air pollutant emissions in 2023: site level, t

	Sulphur dioxide (SO_2)	Oxides of nitrogen (NOx)	Carbon monoxide	Solid particles	Ozone depleting (CFC-11 equivalents) substances emitted	VOCs	Mercury (Hg)	Lead (Pb)
Assets in Kazakhstan, including:	79	282	208	2,156	0	72	0	0
Kyzyl	78	244	152	651	0	68	0	0
Varvara	0	28	5	1,097	0	4	0	0
Komar mine (part of Varvara hub)	0	10	51	408	0	0	0	0
Assets in Russia	1,031	4,448	4,191	6,075	0	1,395	0	4.65

Sustainability data continued

Lands and biodiversity

Land use (Group-wide data)

	Units	2023	2022	2021	2020	2019
Total managed land area	hectares	35,018	33,887	32,634	25,952	19,153
Land disturbed during year	hectares	2,742	1,676	882	1,329	601
Land rehabilitated during year	hectares	410	464	290	1,404	136
Total land disturbed and not yet rehabilitated	hectares	16,065	13,895	12,315	11,838	11,376

Land use in 2023, site level

	Units	Land disturbed during year	Land rehabilitated during year
Assets in Kazakhstan, including:	hectares	85	0
Kyzyl	hectares	24	0
Varvara	hectares	32	0
Komar mine (part of Varvara hub)	hectares	30	0
Assets in Russia	hectares	2,657	410

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

	Assets in Kazakhstan		Group total	
	Number of species in the direct impact area (found at the site)	Number of species in the indirect impact area (found up to 1 km away from the site)	Number of species in the direct impact area (found at the site)	Number of species in the indirect impact area (found up to 1 km away from the site)
IUCN Red List of Threatened Species	**24**	**151**	**131**	**452**
Critically endangered	0	0	0	5
Endangered	0	1	0	3
Vulnerable	0	6	3	14
Near threatened	0	3	3	14
Least concern	24	141	125	416
National Red Lists	**0**	**20**	**2**	**64**
Red Data Book	0	18	1	61
Endemic species	0	2	1	3

Climate and energy data

GHG emissions

	Units	2023	2022	2021	2020	2019
Group total						
Scope 1 (direct emissions)	t of CO_2e	724,432	751,486	682,645	612,669	613,717
Scope 2 (energy indirect emissions)	t of CO_2e	362,547	330,897	452,692	565,924	584,706
Total Scope 1 + Scope 2 (market based)	**t of CO_2e**	**1,086,979**	**1,082,383**	**1,135,337**	**1,178,593**	**1,198,423**
Scope 3 (other indirect emissions)	t of CO_2e	610,556	585,496	546,159	625,265	610,635
GHG intensity (Scope 1 + Scope 2)[1]	**kg of CO_2e per oz of GE**	**634**	**629**	**677**	**730**	**742**
Assets in Kazakhstan						
Scope 1 (direct emissions), including:	t of CO_2e	207,990	201,413	196,200	186,895	186,713
Combustion of fuels in stationary sources, including:	t of CO_2e	13,317	11,628	14,262	15,132	23,965
– Organisation-owned stationary sources	t of CO_2e	13,317	11,628	14,262	15,132	23,965
– Controlled contractor stationary sources	t of CO_2e	0	0	0	0	0
Combustion of fuels in mobile combustion sources, including:	t of CO_2e	194,658	189,769	181,920	171,743	162,731
– Organisation-owned mobile sources	t of CO_2e	176,158	171,756	162,408	149,942	136,913
– Controlled contractor mobile sources	t of CO_2e	18,500	18,013	19,513	21,801	25,818
Emissions resulting from the waste processing	t of CO_2e	15	15	18	21	16
Scope 2 (energy indirect emissions)						
Location based	t of CO_2e	267,754	266,218	261,003	248,936	238,102
Market based	t of CO_2e	251,732	216,047	230,642	225,005	238,102
Total Scope 1 + Scope 2 (market based)	**t of CO_2e**	**459,722**	**417,459**	**426,842**	**411,900**	**424,814**
Scope 3 (other indirect emissions), including:	t of CO_2e	230,289	168,235	206,165	n/a	n/a
Upstream	t of CO_2e	190,530	150,131	181,872	n/a	n/a
– Fuel and energy-related activities (not included in Scopes 1 or 2)	t of CO_2e	120,977	107,898	113,015	n/a	n/a
– Purchased goods	t of CO_2e	51,168	40,397	42,312	n/a	n/a
– Capital goods	t of CO_2e	8	27	30	n/a	n/a
– Upstream transportation and distribution	t of CO_2e	18,080	1,681	26,307	n/a	n/a
– Business travel	t of CO_2e	140	n/a	n/a	n/a	n/a
– Employee commuting	t of CO_2e	158	128	208	n/a	n/a
Downstream	t of CO_2e	39,759	18,104	24,294	n/a	n/a
– Downstream transportation and distribution	t of CO_2e	12,112	11,045	13,543	n/a	n/a
– Processing of sold products	t of CO_2e	27,646	7,059	10,751	n/a	n/a
GHG intensity (Scope 1 + Scope 2)	**kg of CO_2e per oz of GE**	**947**	**772**	**765**	**762**	**855**
Assets in Russia						
Scope 1 (direct emissions)	t of CO_2e	516,442	550,073	486,445	425,774	427,004
Scope 2 (energy indirect emissions)	t of CO_2e	110,815	114,850	222,050	340,919	346,604
Total Scope 1 + Scope 2 (market based)	**t of CO_2e**	**627,256**	**664,924**	**708,495**	**766,693**	**773,609**
GHG intensity (Scope 1 + Scope 2)	**kg of CO_2e per oz of GE**	**511**	**564**	**634**	**697**	**703**

GHG emissions in 2023 (Scope 1 and Scope 2): site level

	Units	Scope 1	Scope 2 (market based)	Total Scope 1 + Scope 2 (market based)
Assets in Kazakhstan, including:	t of CO_2e	207,990	251,732	459,722
Kyzyl	t of CO_2e	142,292	101,620	243,913
Varvara	t of CO_2e	10,303	133,295	143,598
Komar mine (part of Varvara hub)	t of CO_2e	55,395	16,817	72,212
Assets in Russia	t of CO_2e	516,442	110,815	627,256

1 2022 GHG emission intensity has been restated due to changes in GE production accounting methodology (see page 173).

Sustainability data continued

Climate and energy data continued

Energy consumption by source (Group-wide data)

	Units	2023	2022	2021	2020	2019
Diesel, including:	GJ	6,629,375	7,061,250	6,568,300	5,972,101	5,832,685
Diesel for transport and mobile machinery	GJ	3,798,138	3,799,044	3,704,632	3,353,157	3,236,542
Diesel for electricity generation	GJ	2,493,442	2,929,821	2,570,299	2,331,857	2,299,403
Diesel for heat	GJ	337,795	332,385	293,368	287,087	296,740
Electricity purchased, including:	GJ	2,778,983	2,522,532	2,318,344	2,236,462	2,161,367
Non-renewable electricity	GJ	1,824,246	1,427,556	1,728,421	2,130,843	2,161,367
Renewable electricity	GJ	701,352	824,778	589,923	105,620	0
Electricity from nuclear power plants	GJ	253,385	270,198	0	0	0
Coal for heat	GJ	1,011,524	904,217	830,873	786,144	856,644
Natural gas for heat	GJ	226,933	163,033	150,825	145,662	167,911
Petrol	GJ	59,188	62,040	54,541	49,701	36,836
Waste oils	GJ	32,322	31,736	26,695	16,776	24,688
Renewable self-generation (solar/wind)	GJ	9,413	12,073	3,899	3,586	3,824
Total energy	**GJ**	**10,747,737**	**10,756,881**	**9,953,477**	**9,210,432**	**9,083,955**
Energy intensity	GJ per Koz of GE	6,271	6,254	5,934	5,702	5,627
Energy intensity dynamics	% y-o-y	0.3%	6%	4%	1%	-1%

Energy consumption by source in 2023: site level

	Diesel			Electricity purchased							
	Transport and mobile machinery	Electricity generation	Heat	Non-renewable	Renewable	Nuclear power	Coal for heat	Natural gas for heat	Petrol	Waste oils	Renewable self-generation (solar/wind)
Assets in Kazakhstan, including:	2,321,641	2,689	62,390	964,126	84,746	0	82,181	6,080	18,267	0	19
Kyzyl	1,559,274	260	62,390	371,781	42,769	0	82,181	0	6,584	0	0
Varvara	125,148	419	0	530,819	33,437	0	0	0	8,342	0	19
Komar mine (part of Varvara hub)	637,219	2,011	0	61,526	8,540	0	0	6,080	3,341	0	0
Assets in Russia	1,476,497	2,490,753	275,404	860,120	616,606	253,385	929,342	220,853	40,921	32,322	9,395

Electricity and heat consumption by source (Group-wide data)

	Units	2023	2022	2021	2020	2019
Electricity consumption, including:	**GJ**	**3,747,637**	**3,664,374**	**3,325,659**	**3,154,215**	**3,066,154**
Self-generated non-renewable electricity (diesel)	GJ	959,241	1,129,769	1,003,416	914,166	900,962
Self-generated renewable electricity (solar & wind)	GJ	9,413	12,073	3,899	3,586	3,824
Purchased non-renewable electricity	GJ	1,824,246	1,427,556	1,728,421	2,130,843	2,161,367
Purchased renewable electricity	GJ	701,352	824,778	589,923	105,620	0
Purchased electricity from nuclear power plants	GJ	253,385	270,198	0	0	0
Heat consumption, including:	**GJ**	**2,126,380**	**1,949,157**	**1,744,709**	**1,628,330**	**1,773,696**
Self-generated heat (fossil fuels)	GJ	1,608,573	1,431,370	1,301,761	1,235,669	1,345,984
Heat utilisation systems	GJ	517,807	517,787	442,948	392,660	427,713
Renewable and clean electricity share in total electricity consumption	%	26%	30%	18%	3%	0%
Renewable electricity share in self-generation	%	1.0%	1.1%	0.4%	0.4%	0.4%
Heat utilisation systems share in total heat consumption	%	24%	27%	25%	24%	24%

Electricity and heat consumption by source in 2023: site level

	Electricity					Heat	
	Self-generated non-renewable electricity (diesel)	Self-generated renewable electricity (solar & wind)	Purchased non-renewable electricity	Purchased renewable electricity	Purchased electricity from nuclear power plants	Self-generated heat (fossil fuels)	Heat utilisation systems
Assets in Kazakhstan, including:	274	19	964,126	84,746	0	150,652	0
Kyzyl	0	0	371,781	42,769	0	144,572	0
Varvara	41	19	530,819	33,437	0	0	0
Komar mine (part of Varvara hub)	233	0	61,526	8,540	0	6,080	0
Assets in Russia	958,968	9,395	860,120	616,606	253,385	1,457,921	517,807

Environmental expenditure

Total environmental expenditures

	Units	2023	2022	2021	2020	2019
Group-wide expenditures, including:	**$ thousand**	**38,369**	**46,649**	**46,102**	**27,853**	**35,021**
Water	$ thousand	18,993	21,325	2,719	2,847	19,583
Land[1]	$ thousand	696	4,866	17,132	16,798	8,121
Waste	$ thousand	10,975	11,448	23,810	5,226	4,576
Air quality	$ thousand	3,532	7,419	1,359	2,103	2,117
Biodiversity	$ thousand	442	N/A	N/A	N/A	N/A
Other[2]	$ thousand	3,731	1,589	1082	879	624
Expenditures in Kazakhstan segment, including:	**$ thousand**	**2,188**	**2,559**	**1,982**	**2,551**	**1,687**
Water	$ thousand	54	198	227	240	146
Land[1]	$ thousand	62	833	324	802	324
Waste	$ thousand	133	108	122	457	104
Air quality	$ thousand	1,265	1,188	1,089	862	998
Biodiversity	$ thousand	79	40	9	10	8
Other[2]	$ thousand	595	192	210	180	108

Environmental expenditures by type in Kazakhstan segment in 2023 (operational/capital), $ thousand

	Capital, $ thousand	Operational, $ thousand	Share of capital expenditures in total, %	Share of operational expenditures in total,%
Overall expenditires, including:	**23**	**2,165**	**1**	**99**
Water	0	54	0	100
Land[1]	0	62	0	100
Waste	0	133	0	100
Air quality	0	1,265	0	100
Biodiversity	23	56	29	71
Other[2]	0	595	0	100

Communities investment and engagement

Community investment

	Units	2023	2022	2021	2020	2019
Total community investment, including:	**$ thousand**	**17,643**	**23,226**	**19,966**	**17,897**	**15,148**
Assets in Kazakhstan	$ thousand	7,282	8,823	7,437	7,254	7,071
Sport	$ thousand	1,920	1,106	1,416	705	4,467
Healthcare	$ thousand	5	4,561	4,277	5,874	26
Education	$ thousand	251	641	310	209	80
Culture and art	$ thousand	96	67	238	32	53
Infrastructure of social importance	$ thousand	4,871	1,711	1,014	232	925
Charitable donations	$ thousand	139	737	182	202	1,520
Assets in Russia	$ thousand	10,361	14,403	12,529	10,643	8,077
Total value of financial contributions to political parties, politicians, and political action committees, including:	**$ thousand**	**0**	**0**	**0**	**0**	**0**
Assets in Kazakhstan	$ thousand	0	0	0	0	0
Assets in Russia	$ thousand	0	0	0	0	0
Number of partnership agreements in Kazakhstan	number	3	6	6	6	7

1 Including rehabilitation activities.
2 Including scientific research, biodiversity protection and noise pollution.

Sustainability data continued

Communities investment and engagement continued

Stakeholder engagement

	Units	2023	2022	2021	2020	2019
Group stakeholder engagement data						
Employees enquiries	number	2,244	1,629	1,773	1,092	1,149
Communities enquiries	number	780	839	613	572	588
Stakeholder meetings	number	90	80	59	44	77
Assets in Kazakhstan						
Employees enquiries	number	332	142	153	144	200
Living conditions	number	76	36	41	50	77
Work conditions and equipment (PPEs, tools, etc.)	number	88	25	46	27	40
Remuneration	number	82	29	19	23	26
Social benefits	number	56	18	15	10	5
Health and safety	number	8	0	1	19	15
Company's business strategy	number	9	10	9	2	0
Training and development	number	3	2	1	4	17
Corporate events, professional contests and sport	number	3	7	2	4	0
Other	number	7	15	19	5	20
Response rate	%	100	100	100	100	100
Communities enquiries	number	335	223	129	150	173
Healthcare	number	3	0	9	20	4
Education	number	15	17	11	15	30
Charity and targeted financial assistance	number	125	112	46	58	50
Infrastructure	number	34	26	19	19	17
Culture and community events	number	16	5	2	6	20
Sport and sports events	number	29	16	18	5	21
Job opportunities	number	51	9	8	9	13
Environmental education	number	4	7	2	1	3
Environmental impact	number	0	0	0	4	0
Other	number	58	31	14	13	15
Response rate	%	100	100	100	100	100
Stakeholder meetings, including:	number	21	22	14	15	22
Public hearings and community meetings	number	17	18	14	15	17
Site visits by external stakeholders	number	4	4	0	0	5

Compliance and business ethics

Compliance and product responsibility in Kazakhstan segment

	Units	2023	2022	2021	2020	2019
Signficant fines	$ thousand	0	0	0	0	0
Non-monetary sanctions	$ thousand	0	0	0	0	0
Cases brought	$ thousand	0	0	0	0	0
Environmental fines	$ thousand	0	5.6	0	0.3	0.7
Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	$ thousand	0	0	0	0	0
Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	number	0	0	0	0	0

Business ethics

	Units	2023	2022	2021	2020	2019
Group total			0	0	0	0
Cases of corruption[1]	number	10	4	4	8	17
Prevented loss	$ thousand	0	0	0	18,712	307
Assets in Kazakhstan						
Cases of corruption[1]	number	3	3	N/A	N/A	N/A
Prevented loss	$ thousand	0	0	N/A	N/A	N/A

1 Acts of corruption did not involve public or government officials.

Value distribution

Value generated and distributed Group-wide

	Units	2023	2022	2021	2020	2019
Revenue	$m	3,025	2,801	2,890	2,865	2,246
Cash operating costs (excluding depreciation, labour costs and mining tax)	$m	1,209	1,695	722	780	845
Wages and salaries; other payments and benefits for employees	$m	544	625	471	394	397
Payments to capital providers	$m	171	116	54	67	75
Payments to shareholders	$m	0	0	635	481	240
Taxes (excluding payroll taxes included in labour costs)						
Income tax	$m	315	-32	257	275	107
Taxes, other than income tax	$m	14	15	11	15	11
Mining tax	$m	163	136	152	142	115
Social payments	$m	34	44	28	28	24
Undistributed economic value retained	$m	575	202	560	683	432

Human rights (Group-wide)

	Community rights	Health and safety	Environment	Labour relations	Security	Diversity and equality	Supply chain
Salient human rights risks	• Limitations in access to resources (water, electricity, etc.) • Forced resettlement • Poor accessibility of grievance mechanisms	• Injuries and fatalities • Occupational diseases • Road hazards • Poor awareness of employees of health and safety measures	• Water availability and safety • Climate change risk for future generations • Hazardous waste • Shared resources	• Unfavourable working conditions • Forced or child labour • Violation of collective bargaining agreements	• Excessive force by security guards • Violation of privacy rights	• Discrimination based on gender, race, skin colour, religion, nationality, social origin or political opinions	• Bribery and corruption • Human rights violation by contractors and suppliers
Policies and standards	• Community Engagement Policy • Political and Charitable Donations Policy	• Health and Safety Policy • ISO 45001	• Environment Policy • Climate Policy • Tailings and Water Storage Facilities Management Policy • Mine Closure Policy • ISO 14011 • Cyanide Code	• Employment and Labour Standard • Modern Slavery Act Transparency Statement	• The Security Force Management Standard • Privacy Notice	• Diversity and Inclusion Policy • Human Resources Policy	• Supplier Code of Conduct • Procurement Policy • Anti-Bribery and Corruption Policy • Gifts and Entertainment Policy • Whistleblower Policy
Reference links	Read more on how we mitigate this risk on pages 62-63	Read more on how we mitigate this risk on pages 42-45	Read more on how we mitigate this risk on pages 50-55	Read more on how we mitigate this risk on pages 46-49	Read more on how we mitigate this risk on our website	Read more on how we mitigate this risk on pages 48-49	Read more on how we mitigate this risk on pages 64-67

Tailings Storage Facilities (TSF) Disclosure

As of March, 14 2024, Polymetal International plc operates two TSFs in Kazakhstan and has no dry tailings storage facilities (a further five operating TSFs, two TSFs undergoing closure and four dry tailings storage facilities located at Polymetal's Russian assets, which were divested in March 2024).

We are dedicated to ensuring that all our operations related to TSFs comply with the Global Industry Standard on Tailings Management (GISTM), and highly value the initiatives of the Global Tailings Management Institute in enhancing environmental sustainability and advocating for best practice within the mining industry. In accordance with the GISTM, we have implemented a Tailings and Hydraulic Facilities Management Policy and appropriate internal standards across all our facilities with TSFs, incorporating the fundamental principles outlined by GISTM. Additionally, we conduct annual reporting with detailed information on the status of our TSFs, which is available in this disclosure and on our website.

Polymetal asset/hub	Kyzyl	Varvara
1. Tailings facility name/identifier	Kyzyl TSF	Varvara TSF
2. Location	Kazakhstan N 49°42'10" E 81°37'41"	Kazakhstan N 52°57'26" E 62°07'23"
3. Ownership	Bakyrchik Mining Venture LLC	Varvarinskoye JSC
4. Status	Active	Active
5. Date of initial operation	2018	2007
6. Is the Dam currently operated or closed as per currently approved design?	Operated	Operated
7. Raising method	Downstream	Downstream
8. Current Maximum Height	34.5 m	29.5 m
9. Current Tailings Storage Impoundment Volume (as of 1 January, 2024)	11,055,965 m^3	38,047,011 m^3
10. Planned Tailings Storage Impoundment Volume in 5 years' time	Total by 1 January 2026: 13,894,000 m^3 Reconstruction is planned after 1 January 2026 to expand the dam's capacity	Total by 1 July 2025: 42,986,000 m^3 Construction of a new dam to be carried out after 1 July 2025
11. Most recent Independent Expert Review	Triving TOO, 2020	Governmental supervision authorities, 2022 SRK Consulting, 2021
12. Do you have full and complete relevant engineering records including design, construction, operation, maintenance, and/or closure?	Yes	Yes
13. What is your hazard categorization of this facility, based on the consequence of failure?	Significant (see Q20)	Significant (see Q20)
14. What guideline do you follow for the classification system?	• Dam Safety Reference Book of CDA (CDA, 2019) • National criteria	• Dam Safety Reference Book of CDA (CDA, 2019) • National criteria
15. Has this facility, at any point in its history, failed to be confirmed or certified as stable, or experienced notable stability concerns, as identified by an independent engineer (even if later certified as stable by the same or a different firm)?	No	Yes. The independent audit carried out by SRK Consulting in 2021 revealed that there is insufficient data on the stability characteristics of the soil. Additional engineering and geological surveys were carried out in 2023 to ensure the dam's stability.
16. Do you have internal/in house engineering specialist oversight of this facility? Or do you have external engineering support for this purpose?	Internal control	Internal control
17. Has a formal analysis of the downstream impact on communities, ecosystems and critical infrastructure in the event of catastrophic failure been undertaken and to reflect final conditions? If so, when did this assessment take place?	Yes, 2022	Yes, 2018
18. Is there a) a closure plan in place for this dam, and b) does it include long term monitoring?	a) No; b) No. Reclamation Program will be developed in details by the time of the TSF closure	a) No; b) No. Reclamation Program will be developed in details by the time of the TSF closure
19. Have you, or do you plan to assess your tailings facilities against the impact of more regular extreme weather events as a result of climate change, e.g. over the next two years?	Yes	Yes
20. Any other relevant information and supporting documentation. Please state if you have omitted any other exposure to tailings facilities through any joint ventures you may have.	(Q13) The consequences of failure are assessed as follows: • Number of permanent residents in the area – none; • Living environment is not disturbed; • Harm to ecosystem is not significant and damage rehabilitation costs less than USD 1.5m; • Potential failure would be within the land plots leased to the Company	(Q7) Before 2017, each dam was raised partly on previously placed tailings and partly on crest of the dam which was constructed during previous phase. Since 2017, the dam has been raised on downstream slope. (Q13) The consequences of failure are assessed as follows: • Number of permanent residents in the area – none; • Living environment is not disturbed; • Harm to ecosystem is not significant and damage rehabilitation costs less than USD 1.6 m; • Potential failure would be within the land plots leased to the Company

GRI and SASB content indices

GRI content index

Polymetal International plc has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023.

GRI Standard	Disclosure	Location	Comments and omissions
GRI 1: Foundation 2021			
GRI 2: General Disclosures 2021	2-1 Organizational details	About this report, p. 2 At a glance, p. 4-5 Where we operate, p. 6-7 SINED's statement, p. 8	
	2-2 Entities included in the organization's sustainability reporting	Where we operate, p. 6-7 Notes to the consolidated financial statements, Significant subsidiaries, p. 130	
	2-3 Reporting period, frequency and contact point	1 January 2023 – 31 December 2023 (FY 2023) Contacts, p. 205	
	2-4 Restatements of information	In the footnotes of the report	
	2-5 External assurance	About this report. Reporting standards and external assurance, p. 2	
	2-6 Activities, value chain and other business relationships	At a glance p. 4-5 Where we operate, p. 6-7 Business model, p. 12-13.	
	2-7 Employees	Employees, p. 46-49	
	2-8 Workers who are not employees	Sustainability data. People, p. 178-180	
	2-9 Governance structure and composition	Corporate governance, p. 85-93	
	2-10 Nomination and selection of the highest governance body	Nomination Committee report, p. 100-101	
	2-11 Chair of the highest governance body	Our governance framework, p. 92	
	2-12 Role of the highest governance body in overseeing the management of impacts	Roles of the Chair, Group CEO and Senior Independent Director, p. 93 Corporate governance, p. 88-89 Corporate governance. Board's stakeholder engagement, p. 113	
	2-13 Delegation of responsibility for managing impacts	Our governance framework, p. 92	
	2-14 Role of the highest governance body in sustainability reporting	Board areas of focus in 2023 and link to strategy, p. 89	
	2-15 Conflicts of interest	Corporate governance, p. 88 Nomination Committee Report, p. 100-101	
	2-16 Communication of critical concerns	Employees. Communications and engagement, p. 49 Communities. Engagement, p. 62-63 Ethical business. Anti-bribery and corruption, p. 65 Corporate governance. Board's stakeholder engagement, p. 113.	
	2-17 Collective knowledge of the highest governance body	Corporate governance. Training, p. 88	
	2-18 Evaluation of the performance of the highest governance body	Corporate governance. Board Evaluation, p. 89 Corporate governance. Principle 3 – Board composition and resources, p. 90	
	2-19 Remuneration policies	Remuneration Committee report, p. 102-112	
	2-20 Process to determine remuneration	Remuneration Committee report, p. 102-112	

GRI and SASB content indices continued

GRI content index continued

GRI Standard	Disclosure	Location	Comments and omissions
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Group CEO pay to Group-wide average employee pay ratio: 1:36 Group CEO pay to average employee pay in Kazakhstan ratio: 1:54	
	2-22 Statement on sustainable development strategy	Sustainability, p. 39-41	
	2-23 Policy commitments	Sustainability. Which guidelines do we follow? p. 42, 46, 50, 56, 62, 64	
	2-24 Embedding policy commitments	Corporate governance, p. 85-93 Audit and Risk Committee report, p. 94-97 Safety and Sustainability Committee report, p. 98-99 Sustainability, p. 39-67	
	2-25 Processes to remediate negative impacts	Sustainability, p. 39-67 Safety and Sustainability Committee report, p. 98-99	
	2-26 Mechanisms for seeking advice and raising concerns	Employees. Communications and engagement, p. 49 Communities. Engagement, p. 62-63 Corporate governance. Board's stakeholder engagement, p. 113.	
	2-27 Compliance with laws and regulations	Risk management. Legal and compliance risk, p. 78 Ethical business, p. 64-67 Sustainability data. Compliance and business ethics, p. 188	
	2-28 Membership associations	At a glance, p. 4-5 Risk management. Legal and compliance risk, p. 78 Sustainability. Which guidelines do we follow? p. 42, 46, 50, 56, 62, 64 Ethical business. Responsible tax policy, p. 66-67	
	2-29 Approach to stakeholder engagement	Employees. Communications and engagement, p. 49 Communities. Engagement, p. 62-63 Corporate governance. Board's stakeholder engagement, p. 113	
	2-30 Collective bargaining agreements	Employees. Freedom of association, p. 49	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability. Material issues, p. 40-41	
	3-2 List of material topics	Sustainability. Material issues, p. 40-41	
GRI 201: Economic Performance 2016	3-3 Management of material topics	Value distribution, p. 189 Climate and Energy, p. 58 Employees. Remuneration and social benefits, p. 46-47 Ethical business. Responsible tax policy ("Tax incentives"), p. 66-67	
	201-1 Direct economic value generated and distributed	Sustainability data. Value distribution, p. 189	
	201-2 Financial implications and other risks and opportunities due to Climate and Energy	Climate and Energy, p. 58	
	201-3 Defined benefit plan obligations and other retirement plans	Employees. Remuneration and social benefits, p. 46-47	
	201-4 Financial assistance received from government	Ethical business. Responsible tax policy ("Tax incentives"), p. 66-67	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 202: Market Presence 2016	3-3 Management of material topics	Employees. Remuneration and social benefits, p. 46-47	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Average employee salary in Kazakhstan to average regional salary ratio: 1.9:1 (for women 1.5:1 and for men 1.9:1) Minimum employee salary in Kazakhstan to minimum regional salary ratio: 2.9:1	
	202-2 Proportion of senior management hired from the local community	Proportion of managers of local nationality – 85% for male and 96% for female in Kazakhstan (Group-wide: 94% and 99% respectively)	
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Communities. Social investments and impact assessment, p. 63	
	203-1 Infrastructure investments and services supported	Communities. Social investments and impact assessment, p. 63	
GRI 204: Procurement Practices 2016	3-3 Management of material topics	Ethical business. Supply chain stewardship, p. 65-66	
	204-1 Proportion of spending on local suppliers	Ethical business. Local procurement and Supply chain stewardship, p. 65-66	
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Ethical business. Anti-bribery and corruption, p. 65-66	
	205-1 Operations assessed for risks related to corruption	We have zero tolerance to corruption risks, operate a Hotline for reporting corruption concerns and assess all suppliers for anti-corruption principles (see p. 65-66) See also our Anti-Bribery and Corruption Policy approved by the Board of Directors of Polymetal International plc on 05 December 2023 and available on the website	
	205-2 Communication and training about anti-corruption policies and procedures	Ethical business. Anti-bribery and corruption, p. 65	
	205-3 Confirmed incidents of corruption and actions taken	Ethical business. Anti-bribery and corruption, p. 65	
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	Ethical business. Anti-bribery and corruption, p. 65-66	
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Zero (both in Kazakhstan and in total Group)	
GRI 207: Tax 2019	3-3 Management of material topics	Ethical business. Responsible tax policy, p. 66-67	
	207-1 Approach to tax	Ethical business. Responsible tax policy, p. 66-67 Group Tax Strategy approved by the Board of Directors of Polymetal International plc on 05 December 2023 and available on the website	
	207-2 Tax governance, control, and risk management	Risks management. Principal risks and uncertainties, p. 72-82 Ethical business. Responsible tax policy, p. 66-67 Group Tax Strategy approved by the Board of Directors of Polymetal International plc on 05 December 2023 and available on the website Independent auditor's report, p. 120-123	

GRI and SASB content indices continued

GRI content index continued

GRI Standard	Disclosure	Location	Comments and omissions
GRI 207: Tax 2019	207-3 Stakeholder engagement and management of concerns related to tax	Ethical business. Anti-bribery and corruption, p. 65 Ethical business. Responsible tax policy, p. 66-67 Corporate governance. Board's stakeholder engagement, p. 113	
	207-4 Country-by-country reporting	Operating review, p. 20-27 Financial statements, p. 144	
GRI 301: Materials 2016	3-3 Management of material topics	Environment. Waste management, p. 52-53	
	301-1 Materials used by weight or volume	Sustainability data, Consumables, p. 183	
	301-2 Recycled input materials used	Environment. Waste management, p. 52-53	
GRI 302: Energy 2016	3-3 Management of material topics	Climate and Energy, p. 57 Sustainability data, Energy, p. 186	
	302-1 Energy consumption within the organization	Climate and Energy. Country focus: KAZAKHSTAN, p. 60 Sustainability data, Energy, p. 186	
	302-3 Energy intensity	Climate and Energy. Country focus: KAZAKHSTAN, p. 60 Sustainability data, Energy, p. 186	
	302-4 Reduction of energy consumption	Climate and Energy. Our Climate Action Plan, p. 60-61	
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Environment. Water stewardship, p. 51-52	
	303-1 Interactions with water as a shared resource	Environment. Water stewardship, p. 51-52	
	303-2 Management of water discharge-related impacts	Environment. Addressing water quality risk: vigilant monitoring and treatment, p. 52	
	303-3 Water withdrawal	Environment. Addressing water stress risk: optimising fresh water use, p. 52 Sustainability data. Water, p. 181	
	303-4 Water discharge	Environment. Addressing water stress risk: optimising fresh water use, p. 52 Sustainability data. Water, p. 181	
	303-5 Water consumption	Environment. Addressing water stress risk: optimising fresh water use, p. 52 Sustainability data. Water, p. 181	
GRI 304: Biodiversity 2016	3-3 Management of material topics	Environment. Biodiversity and land, p. 54-55 Environment. Reforestation, p. 55	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environment. Biodiversity and land. Protected territories, p. 54	
	304-2 Significant impacts of activities, products and services on biodiversity	Environment. Biodiversity and land, p. 54-55	
	304-3 Habitats protected or restored	Environment. Biodiversity and land. Protected territories, p. 54	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment. Biodiversity and land. Protected species, p. 54 Sustainability data, Lands and biodiversity, Rare and protected species' habitats in areas affected by Polymetal operations, p. 184	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 305: Emissions 2016	3-3 Management of material topics	Climate and Energy, Our approach, p. 56 Climate and Energy, Climate governance, p. 57	
	305-1 Direct (Scope 1) GHG emissions	Climate and Energy, p. 56-61 Sustainability data, GHG emissions, p. 185	
	305-2 Energy indirect (Scope 2) GHG emissions	Climate and Energy, p. 56-61 Sustainability data, GHG emissions, p. 185	
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability data, GHG emissions, p. 185	
	305-4 GHG emissions intensity	Climate and Energy, p. 59 Sustainability data, GHG emissions, p. 185	
	305-5 Reduction of GHG emissions	Climate and Energy, p. 59	
	305-6 Emissions of ozone-depleting substances (ODS)	Zero (both in Kazakhstan and Group-wide)	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environment. Air emissions, p. 55 Sustainability data. Air quality, p.183	
GRI 306: Waste 2020	3-3 Management of material topics	Environment. Waste management, p. 52-53	
	306-1 Waste generation and significant waste-related impacts	Environment. Waste management, p. 52-53 Sustainability data. Waste management, p. 182-183	
	306-2 Management of significant waste-related impacts	Environment. Waste management, p. 52-53	
	306-3 Waste generated	Sustainability data. Waste management, p. 182-183	
	306-4 Waste diverted from disposal	Sustainability data. Waste management, p. 182-183	
	306-5 Waste directed to disposal	Sustainability data. Waste management, p. 182-183	
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	Environment. Our approach, p. 51	
	308-1 New suppliers that were screened using environmental criteria	Environment. Our approach, p. 51	
	308-2 Negative environmental impacts in the supply chain and actions taken	Environment. Our approach, p. 50-51 Environment. Cyanide management, p. 53	
GRI 401: Employment 2016	3-3 Management of material topics	Employees. Our approach, p. 46	
	401-1 New employee hires and employee turnover	Employees. Headcount and turnover, p. 49 Sustainability data. People, p. 178-179	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	No such benefits (both in Kazakhstan and Group-wide)	
	401-3 Parental leave	Sustainability data. People, p. 179	
GRI 402: Labor/ Management Relations 2016	3-3 Management of material topics	Employees. Our approach, p. 46	
	402-1 Minimum notice periods regarding operational changes	The Company fully complies with the legislation regarding timely notification of employees about possible operational changes. See also Employment and Labour Corporate Standard available on the website.	

GRI and SASB content indices continued

GRI content index continued

GRI Standard	Disclosure	Location	Comments and omissions
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Health and safety. Our approach, p. 42-45	
	403-1 Occupational health and safety management system	Health and safety, p. 42-45	
	403-2 Hazard identification, risk assessment, and incident investigation	Health and safety. Risk assessment and mitigation, p. 42-43	
	403-3 Occupational health services	Health and safety. Health and well-being, p. 45	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Health and safety. Workers engagement and safety culture, p. 44	
	403-5 Worker training on occupational health and safety	Health and safety. Workers engagement and safety culture, p. 44	
	403-6 Promotion of worker health	Health and safety. Health and well-being, p. 45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety, p. 42-45 Risk management. Health and safety risk, p. 75	
	403-8 Workers covered by an occupational health and safety management system	Health and safety. Workers engagement and safety culture, p. 44	
	403-9 Work-related injuries	Health and safety. Polymetal employees and Contractor employees health and safety, p. 44 Sustainability data. Health and safety, p. 178	
	403-10 Work-related ill health	Health and safety. Occupational health, p. 45 Sustainability data. Health and safety, p. 178	
GRI 404: Training and Education 2016	3-3 Management of material topics	Employees. Training and talent development, p. 47 Health and safety. Workers engagement and safety culture, p. 44	
	404-1 Average hours of training per year per employee	Sustainability data. People, p. 180	
	404-2 Programs for upgrading employee skills and transition assistance programs	Employees. Training and talent development, p. 47	
	404-3 Percentage of employees receiving regular performance and career development reviews	Employees. Mentoring and succession planning, p. 47	
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Employees. Diversity and inclusion, p. 48	
	405-1 Diversity of governance bodies and employees	Employees. Diversity and inclusion, p. 48 Governance. Board of Directors, p. 86	
	405-2 Ratio of basic salary and remuneration of women to men	Sustainability data. People, Gender pay gap, p. 179	
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Employees. Diversity and inclusion, p. 48	
	406-1 Incidents of discrimination and corrective actions taken	Zero incidents (both in Kazakhstan and Group-wide)	

GRI Standard	Disclosure	Location	Comments and omissions
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Employees. Freedom of association, p. 49	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employees. Freedom of association, p. 49	
GRI 408: Child Labor 2016	3-3 Management of material topics	Ethical business. Our approach, p. 64 Ethical business. Supplier due diligence, p. 66 Ethical business. Human rights, p. 66	
	408-1 Operations and suppliers at significant risk for incidents of child labor	Zero operations and suppliers (both in Kazakhstan and Group-wide)	
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Ethical business. Our approach, p. 64 Ethical business. Supplier due diligence, p. 66 Ethical business. Human rights, p. 66	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Zero operations and suppliers (both in Kazakhstan and Group-wide)	
GRI 410: Security Practices 2016	3-3 Management of material topics	All security personnel are outsourced and receives training on the human rights principles under relevant national regulation (both in Kazakhstan and Group-wide).	
	410-1 Security personnel trained in human rights policies or procedures	All security personnel are outsourced and receives training on the human rights principles under relevant national regulation (both in Kazakhstan and Group-wide)	
GRI 411: Rights of Indigenous Peoples 2016	3-3 Management of material topics	Ethical business. Our approach, p. 64 Ethical business. Human rights, p. 66 Communities. Engagement, p. 62	
	411-1 Incidents of violations involving rights of indigenous peoples	Zero (both in Kazakhstan and Group-wide)	
GRI 413: Local Communities 2016	3-3 Management of material topics	Communities. Our approach, p. 62-63	
	413-1 Operations with local community engagement, impact assessments, and development programs	Where we operate, p. 6-7 Communities, p. 62-63	
	413-2 Operations with significant actual and potential negative impacts on local communities	Zero operations (both in Kazakhstan and Group-wide)	
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Ethical business. Supplier due diligence, p. 66	
	414-1 New suppliers that were screened using social criteria	Ethical business. Supplier due diligence, p. 66	
	414-2 Negative social impacts in the supply chain and actions taken	Ethical business. Supplier due diligence, p. 66	
GRI 415: Public Policy 2016	3-3 Management of material topics	Ethical business. Our approach, p. 64	
	415-1 Political contributions	Zero (both in Kazakhstan and Group-wide)	
GRI 418: Customer Privacy 2016	3-3 Management of material topics	Ethical business. Supplier due diligence, p. 66	

GRI and SASB content indices continued

SASB Content Index

Topic	SASB code	Accounting metric	Data and references
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions	207,990 t of CO_2e in Kazakhstan (Group-wide 724,432 t of CO_2e)
		Percentage covered under emissions-limiting regulations	No GHG emission-limiting regulations were imposed in Russia or Kazakhstan in 2023
	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 and Energy section, p. 56-61
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants:	
		(1) CO	208 t in Kazakhstan (Group-wide 4,398 t)
		(2) NOx (excluding N_2O)	282 t in Kazakhstan (Group-wide 4,730 t)
		(3) SOx	79 t in Kazakhstan (Group-wide 1,110 t)
		(4) particulate matter (PM10)	2,156 t in Kazakhstan (Group-wide 8,231 t)
		(5) mercury (Hg)	Zero (both in Kazakhstan and Group-wide)
		(6) lead (Pb)	0.06 kg in Kazakhstan (Group-wide 4.6 t)
		(7) volatile organic compounds (VOCs)	72 t in Kazakhstan (Group-wide 1,468 t)
Energy Management	EM-MM-130a.1	(1) Total energy consumed	3,542,140 GJ in Kazakhstan (Group-wide 10,747,737 GJ)
		(2) percentage grid electricity	27% in Kazakhstan (Group-wide 26%)
		(3) percentage renewable	2% in total energy consumption, including 6.5% of renewable energy in self-generated electricity in Kazakhstan (Group-wide: 9% in total energy consumption, including 1% of renewable energy in self-generated electricity)
Water Management	EM-MM-140a.1	Total fresh water withdrawn	1,273 thousand m^3 in Kazakhstan (Group-wide 3,283 thousand m^3)
		Total fresh water consumed	1,273 thousand m^3 in Kazakhstan (Group-wide 3,283 thousand m^3, see our total water consumption structure at page 52)
		Percentage of each in regions with High or Extremely High Baseline Water Stress	53% of fresh water withdrawn. Varvara (including Komar mine) is located in high water-stress risk areas, according to the World Resources Institute (WRI) Aqueduct tool (total group 23%)
	EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	In 2023, our operating sites in Kazakhstan underwent two environmental desk audits. All identified minor non-compliances were resolved in accordance with the regulator's recommendations without any fines or significant impact on the business.

Topic	SASB code	Accounting metric	Data and references
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated	3,904 t in Kazakhstan (Group-wide 64,860 t)
	EM-MM-150a.5	Total weight of tailings produced	6,240,932 t in Kazakhstan (Group-wide 15,988,303 t)
	EM-MM-150a.6	Total weight of waste rock generated	122,051,670 t in Kazakhstan (Group-wide 185,130,249 t)
	EM-MM-150a.7	Total weight of hazardous waste generated	6,241,514 t in Kazakhstan, including 6,240,932 t of tailings waste generated by Varvara and Kyzyl sites and classified as hazardous according to the current regulation in Kazakhstan (Group-wide 6,243,997 t)
	EM-MM-150a.8	Total weight of hazardous waste recycled	672 t in Kazakhstan (Group-wide 2,016 t)
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	Zero (both in Kazakhstan and Group-wide)
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Environment section, Waste management, p. 52
Biodiversity Impacts	EM-MM-160a.1	Description of environmental management policies and practices for active sites	Environment section, Biodiversity and lands, p. 54-55
	EM-MM-160a.2	Percentage of mine sites where acid rock drainage is:	
		(1) predicted to occur	Zero in Kazakhstan (14% of total ore processed Groupwide, Dukat mine)
		(2) actively mitigated	Zero in Kazakhstan (14% of total ore processed Group-wide, Dukat mine)
		(3) under treatment or remediation	Zero in Kazakhstan (14% of total ore processed Group-wide, Dukat mine)
	EM-MM-160a.3	Percentage of:	
		(1) proved reserves in or near sites with protected conservation status or endangered species habitat	26% of proved reserves in Kazakhstan, including Kyzyl and Komar mine (32% of proved reserves Group-wide as of December 31, 2023)
		(2) probable reserves in or near sites with protected conservation status or endangered species habitat	87% of probable reserves in Kazakhstan, including Kyzyl and Komar mine (59% of probable reserves Group-wide as of December, 31 2023)
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	Percentage of:	
		(1) proved reserves in or near areas of conflict	Zero (both in Kazakhstan and Group-wide)
		(2) probable reserves in or near areas of conflict	Zero (both in Kazakhstan and Group-wide)
	EM-MM-210a.2	Percentage of:	
		(1) proved reserves in or near indigenous land	Zero in Kazakhstan (our operations in Kazakhstan do not impact the territories of indigenous peoples, Russian subsidiaries were disposed of in March, 2024)
		(2) probable reserves in or near indigenous land	Zero in Kazakhstan (our operations in Kazakhstan do not impact the territories of indigenous peoples, Russian subsidiaries were disposed of in March, 2024)
	EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Ethical business section, Human rights, p. 66 Sustainability data. Human rights, p. 189

1 Based on 80:1 Au/Ag conversion ratio and excluding base metals.

GRI and SASB content indices continued

SASB Content Index continued

Topic	SASB code	Accounting metric	Data and references
Community Relations	EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Ethical business section, Human rights, p. 66 Communities section, Engagement, p. 62-63
	EM-MM-210b.2	Number and duration of non-technical delays	Zero (both in Kazakhstan and Group-wide)
Labor Relations	EM-MM-310a.1	Percentage of active workforce employed under collective agreements	91% of all employees and 100% of operating site staff are covered by collective bargaining agreements (Group-wide: 77% and 100% respectively)
	EM-MM-310a.2	Number and duration of strikes and lockouts	Zero (both in Kazakhstan and Group-wide)
Workforce Health & Safety	EM-MM-320a.1	(1) All-incidence rate	LTIFR (employees): 0 in Kazakhstan; LTIFR (contractors): 0 in Kazakhstan (Group-wide: 0.07 and 0.08 respectively)
		(2) fatality rate	Fatalities (employees): 0 in Kazakhstan; Fatalities (contractors): 0 in Kazakhstan (Group-wide: 0 and 0 respectively)
		(3) near miss frequency rate (NMFR)	Near-misses (employees): 477 in Kazakhstan (Group-wide: 4,881)
		(4) average hours of health, safety, and emergency response training for (a) direct employees and (b) contract employees	2,972 employees attended mandatory training sessions in Kazakhstan (Group-wide: 6,887). Each contractor working at any of Polymetal's sites is required to undergo safety training before starting work
Business Ethics & Transparency	EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	Ethical business. Anti-bribery and corruption, p. 65
	EM-MM-510a.2	Production in countries that have the 20 lowest rankings in the Corruption Perception Index	Zero (both in Kazakhstan and Group-wide)
Tailings Storage Facilities Management	EM-MM-540a.1	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	Management of Tailings Storage Facilities Report, p. 190
	EM-MM-540a.2	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	Environment section, Tailings and overburden waste, p. 52-53
	EM-MM-540a.3	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	Environment section, Waste management, p. 52-53 Management of Tailings Storage Facilities Report, p. 190
Activity Metric	EM-MM-000.A	Production of:	
		(1) metal ores	Ore processed in Kazakhstan: 6.3 Mt (Group-wide: 19.3 Mt)
		(2) finished metal products	Gold: 486 Koz in Kazakhstan (Group-wide: 1,492 Koz) Silver: 0.031 Moz in Kazakhstan (Group-wide: 17.7 Moz) Total production (gold equivalent): 541 Koz in Kazakhstan (Group-wide: 1,714 Koz)
	EM-MM-000.B	Total number of employees, percentage contractors	Average headcount of employees: 3,202 in Kazakhstan (Group-wide: 14,647) Average headcount of contractors: 1,959 in Kazakhstan (Group-wide: 6,035)

Glossary

Abbreviations and units of measurement

AGM	Annual General Meeting
CIS	Commonwealth of Independent States
E&E	Exploration and evaluation assets
EITI	Extractive Industries Transparency Initiative
GE	gold equivalent
ILO	International Labour Organisation
ISO	International Organisation for Standardisation
IMN	Indigenous Minorities of the North
JORC	Australasian Joint Ore Reserves Committee
JSC	joint stock company
LBMA	London Bullion Market Association
LGIM	Legal and General Investment Management Ltd
LTIP	Long-Term Incentive Programme
N/A	not applicable
OHSAS	Occupational Health And Safety Assessment Series
PdE	palladium equivalent
PGM	platinum group metal
PIRC	Pensions & Investment Research Consultants Ltd
POX	pressure oxidation
PPE	personal protective equipment
SE	silver equivalent
TUC	Trades Union Congress
UDHR	Universal Declaration of Human Rights
UBO	Ultimate Beneficial Ownership
CO_2e	CO_2 equivalent
g/t	gram per tonne
GJ	gigajoules
km	kilometres
Koz	thousand ounces
Kt	thousand tonnes
Ktpa	thousand tonnes per annum
m	metres
Moz	million ounces
Mt	million tonnes
Mtpa	million tonnes per annum
MW	megawatt
Oz or oz	troy ounce (31.1035 g)
p.p.	percentage points
t	tonne (1,000 kg)
TJ	terajoule
tpd	tonnes per day

Technical terms

Assay
A chemical test performed on a sample of any material to determine the amount of valuable metals contained in the sample

Ag
Silver

Au
Gold

Base Erosion and Profit Shifting (BEPS)
OECD/G20 project to set up an international framework to combat tax avoidance by multinational enterprises using base erosion and profit shifting tools

Carbon-in-leach or CIL
A technological operation in which slurry containing gold and silver is leached by cyanide in the presence of activated carbon. Gold is adsorbed onto activated carbon in parallel with leaching

Carbon-in-pulp or CIP
A technological operation in which slurry containing gold and silver is leached by cyanide initially without and subsequently in the presence of activated carbon. Gold adsorption onto carbon starts only after preliminary leaching

Compound annual growth rate (CAGR)
The rate of return required for an investment to grow from its opening balance to its ending balance, assuming the reinvestment of profits at the end of each year during this period

Concentrate
A semi-finished product of mineral processing (flotation or gravity separation) containing significantly more value per unit of weight than ore and subject to further processing for the production of metals or other substances in final useful form

Cu
Copper

Cut-off grade
The minimum grade at which mineralised material can be economically mined and processed (used in the calculation of ore reserves) leaching with cyanide as the leaching agent

Debottlenecking
The process of identifying specific areas and/or equipment at our mining facilities that limit production flow and optimising them to increase the overall capacity

Diamond drilling
Recovers mineral samples from depth or from within areas that are harder to drill by cutting a long cylindrical core 2cm or more in diameter

Dilution
The share (percentage) of material below the cut-off grade that is extracted together and irretrievably mixed with ore during mining. All other things being equal, higher dilution leads to lower grade in ore mined

Doré
One of the traditional end-products of a gold/silver mine; an alloy containing 90% in sum of gold and silver as well as 10% of impurities

Dry tailings
A method of tailings storage in the form of a filtered wet (saturated) and dry (unsaturated) cake that can no longer be transported by pipeline due to its low-moisture content. Significantly reduces the possibility of dam failure, lowers the potential damage from such an accident and eliminates tailings run-off

Glossary continued

Exchange traded fund (ETF)
A type of pooled investment security that operates much like a mutual fund. ETFs track a particular index, sector, commodity, or other asset

Exploration
Activity ultimately aimed at discovery of ore reserves for exploitation. Consists of sample collection and analysis, including reconnaissance, geophysical and geochemical surveys, trenching, drilling, etc.

Five-whys method
Iterative interrogative technique used to explore the cause-and-effect relationships underlying a particular problem

Flotation
A technological operation in which ore-bearing minerals are separated from gangue minerals in the slurry based on variance in the interaction of different minerals with water. Particles of valuable concentrate are carried upwards with froth and collected for further processing

Grade
The relative amount of metal in ore, expressed as grams per tonne for precious metals and as a percentage for most other metals

GRI
Global Reporting Initiative (GRI) is the independent, international organisation that works with businesses, investors, policymakers, civil society, labour organisations and other experts to develop sustainability reporting standards and promote their use by organisations around the world

Head grade
The grade of ore coming into a processing plant

Heap leach
A technological operation in which crushed material is laid on a sloping, impervious pad where it is leached by a cyanide solution to dissolve gold and/or silver. Metals are subsequently recovered from pregnant leach solution by CIC or the Merrill-Crowe process

Indicated resource
That part of a resource for which tonnage, grade and content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed

Inferred resource
That part of a resource for which tonnage, grade and content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, which may be limited or of uncertain quality and reliability

In-fill drilling
A conventional method of detailed exploration on an already defined resource or reserve, consisting of drilling on a denser grid to allow more precise estimation of ore body parameters and location

Internal rate of return (IRR)
The interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero and is used to evaluate the attractiveness of a project or investment

JORC-compliant
Exploration results, mineral resources and ore reserves are all reported according to the mining industry's JORC Code, managed by the Australasian Joint Ore Reserves Committee

Leaching
The process of dissolving mineral values from solid into the liquid phase of slurry

Life-of-mine
The length of time during which it is anticipated ore reserves will be extracted

Measured resource
That part of a resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity

Merrill-Crowe process
A technological operation for extraction of gold and/or silver after cyanide leaching. In the first step, slurry containing gold and/or silver is separated into liquid and solid phases by washing the solids off in counter current decantation thickeners. In the second step, pregnant leach solution (liquid phase of slurry) is filtered to remove impurities and de-aerated. Finally, gold and silver are deposited onto the solid bed of claylike material where they replace the zinc particles that pass into a solution. Merrill-Crowe is preferentially used for silver-rich ores

Mill
A mineral processing plant

Mineralisation
A rock containing valuable components, not necessarily in the quantities sufficient for economically justifiable extraction. Consists of ore minerals and gangue

Minerals extraction tax (MET)
Tax base established as the value of extracted minerals or as a multiple of the quantity of extracted minerals and a certain solid tax rate subject to a coefficient

Net realisable value (NRV)
Valuation method, common in inventory accounting, that considers the total amount of money an asset might generate upon its sale, less a reasonable estimate of the costs, fees, and taxes associated with that sale or disposal

Offtake agreement
A contract between Polymetal and a purchaser to buy a specified amount of future production

Open-pittable
Amenable for economically feasible mining by open-pit methods

Open-pit mine
A mine that is entirely on the surface. Also referred to as open-cut or open-cast mine

Ore
The part of mineralisation that can be mined and processed profitably

Ore body
A spatially compact and geometrically connected location of ore

Ore mined
Ore extracted from the ground for further processing

Ore processed
Ore subjected to treatment in a mineral processing plant

Ore stacked
The ore stacked for heap leach operations

Overburden
This is the material that sits above an ore body, such as the rock and soil, during exploration

Oxidised ore
Ore in which both ore minerals and gangue are fully or partially oxidised thus impacting its physical and chemical properties and influencing the choice of a processing technology

Pd
Palladium

POX or pressure oxidation
A technological operation in which slurry is subjected to high pressure and high temperature in an autoclave with the goal of destroying the sulphide particles enveloping gold particles and making slurry amenable to cyanide leaching

Precipitate
The semi-finished product of mineral processing by the Merrill-Crowe process, normally containing very high concentrations of silver and/or gold

Preg-robbing
A characteristic of gold-bearing ore denoting the presence of organic carbon matter, which may lead to lower recovery in conventional cyanide leaching. Lower recovery is due to losses of gold absorbed into the above-mentioned organic carbon instead of absorbing into man-made carbon introduced to the slurry in CIP or CIL

Primary ore
Unoxidised ore

Probable reserves
The economically mineable part of an indicated (and in some cases measured) resource, which has a lower level of confidence than proved reserves but is of sufficient quality to serve as the basis for a decision on the development of the deposit

Production
The amount of pure precious metals produced following processing, measured in thousands of ounces for gold, millions of ounces for silver and tonnes for copper

Proved reserves
The economically mineable part of a measured resource, which represents the highest confidence category of reserve estimate. The style of mineralisation or other factors could mean that proved reserves are not achievable in some deposits

Pt
Platinum

Reclamation
The restoration of a site after mining or exploration activity has been completed

Recovery or recovery rate
The percentage of valuable metal in the ore that is recovered by metallurgical treatment in the final or semi-finished product

Refractory
A characteristic of gold-bearing ore denoting the impossibility of recovering gold from it by conventional cyanide leaching

Reserves
The economically mineable part of a measured and/or indicated mineral resource. It takes into account mining dilution and losses. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate, at the time of reporting, that extraction could reasonably be justified. Reserves are subdivided in order of increasing confidence into probable reserves and proved reserves

Resources
A concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of resources are known, estimated or interpreted from specific geological evidence and knowledge. Resources are sub-divided in order of increasing geological confidence, into inferred, indicated and measured categories

SAG mill
A semi-autogenous grinding mill, generally used as a primary or first stage grinding solution

SASB
The Sustainability Accounting Standards Board (SASB) was founded as a nonprofit organization in 2011 to help businesses and investors develop a common language about the financial impacts of sustainability. It merged with the International Integrated Reporting Council (IIRC) into the Value Reporting Foundation in 2021. SASB Standards guide the disclosure of financially material sustainability information by companies to their investors

Step-out exploration drilling
Holes drilled to intersect a mineralisation horizon or structure along strike or down dip

Stope
A large underground excavation entirely within an ore body, a unit of ore extraction

Stripping
The mining of waste in an open-pit mine

Tailings
Part of the original feed of a mineral processing plant that is considered devoid of value after processing

TCFD
Task Force on Climate-Related Financial Disclosures. Organisation with the goal of developing a set of voluntary climate-related financial risk disclosures. These disclosures would ideally be adopted by companies which would help inform investors and other members of the public about the risks they face related to climate change

Ultimate Beneficial Ownership (UBO)
The individual or entity that ultimately owns or controls a company, partnership, trust, or other legal entity.

Underground development
Excavation which is carried out to access ore and prepare it for extraction (mining)

Waste
Barren rock that must be mined and removed to access ore in a mine

Share information

As of 14 March 2024, the total issued share capital of the Company comprised 520,341,898 ordinary shares. The Company holds 46,696,757 shares in treasury. The total number of voting rights in the Company is 473,645,141 ordinary shares of at par value of $0.03.

Connected Persons as of 14 March 2024

In accordance with the AIX Business Rules, as of 14 March 2024 the Company is aware of the following Connected Persons holding shares in Polymetal International:

Full name of shareholder	Total number of voting rights	% of voting rights
Maaden International Investment	113,201,189	23.90%
Vitaly Nesis	3,406,302	0.72%
Maxim Nazimok	75,349	0.02%

Free float

As of 14 March 2024, Maaden International Investment held 23.9%, Directors and senior management had 0.74% ownership, and the free float was 75.4%.

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