

# Anti-Bribery and Corruption Policy

## Introduction

This Anti-Bribery and Corruption Policy (hereinafter referred to as “the Policy”) of Polymetal International plc (“Polymetal”) and its subsidiaries, but in any case, excluding JSC Polymetal and its subsidiaries<sup>1</sup> (together “the Group”, and each individually a “Group Company”) reflects the Group and its management’s commitment to the highest ethical standards and the principles of open and honest business, as well as the Group’s goal of promoting best practices for corporate governance and maintaining its exemplary reputation.

## Terms and Definitions

Bribery - the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

Bribes can take many different shapes and forms, but they typically involve corrupt intent. There will usually be ‘quid pro quo’ – both parties will benefit.

A bribe could be the:

- direct or indirect promise, offering, or authorisation, of rights or anything of value;
- offer or receipt of any kickback, loan, fee, reward or other advantage;
- giving of aid, donations or votes designed to exert improper influence.

Corruption - the misuse of public office or power for private gain or the misuse of private power in relation to business outside the realm of government.

Acts of bribery or corruption are designed to influence how an individual performs their duties and incline them to act dishonestly. Acts of bribery and corruption will commonly, but not always, involve public or government officials (or their close families and business associates).

Bribery and corrupt behaviour can be committed by:

- an employee, officer or director;
- any person acting on behalf of Group Companies (e.g. our business partners);
- individuals and organisations if they authorise someone else to carry out bribery or corrupt acts.

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<sup>1</sup> Entities directly or indirectly owned by JSC Polymetal 50 percent or more.

Public or government official – anyone working in a legislative, administrative or judicial position or working for or on behalf of government-owned or controlled entities or agencies, political parties, party officials and political candidates or for a public international organisation whose members are either (1) countries or territories; (2) governments of countries or territories; or (3) other public international organisations. For the purposes of this Policy, this term will also cover immediate family members (parents, spouses, children, in-laws, siblings), consultants who hold government positions, employees of companies owned or controlled by governments, political party officials, or employees retained by government agencies, and anyone else to whom the public or government official provides material support.

Facilitating payment - a payment to a public or government official for a routine action in order to expedite the performance of duties of non-discretionary nature, i.e. the payment is not intended to influence the outcome of the official's action, only its timing.

Management – executive managers of Group Companies, who have the authority to make or materially influence major commercial, financial and personnel decisions within their Group Company. Management is responsible for overall compliance of Group Companies with this Policy, and the relevant internal policies and procedures of Group Companies regulating employee conduct, consistent with this Policy.

Business Partners - agents, distributors, representatives, joint venture partners or partners in Group's supply chain who act on behalf of the Group.

## Scope of the Policy

This Policy applies to:

- Polymetal International plc;
- All other Group Companies<sup>2</sup>; and
- All permanent and temporary employees, contractors, managers, officers, directors, business partners and third parties employed or engaged by, or providing services on behalf of, the Group.

Management must ensure that effective anti-corruption measures are in place and implement all the necessary steps to prevent bribery and corruption. As these steps will vary by country and Group Company, the subsidiary's Management should consult with the relevant official as stated in the internal policies and procedures of a subsidiary.

## Commitments and Provisions

### Anti-bribery and corruption principles

This Policy aims to:

1. Minimise the risk of the Group, its management, employees or workers, regardless of position, being involved in corruption activities.
2. Embed a consistent understanding of Policy of zero tolerance to corruption among our contractors, employees and other parties by stating that corruption of any kind is unacceptable.

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<sup>2</sup> The Scope of the Group's Policy does not however extend to JSC Polymetal and its subsidiaries on the basis that their entire decision-making process is conducted by the management of JSC Polymetal and/or relevant subsidiary of JSC Polymetal. Such subsidiary undertakings have been ring-fenced as part of the Group's response to the designation of JSC Polymetal by the U.S. Department of State. As long as the sanctions are in place Polymetal International plc has no oversight over such decision making process including implementation of policies and procedures.

3. Summarise and explain the main requirements of anti-corruption laws in the Group's countries of operation that management, employees and workers must adhere to.
4. To spread the principles and requirements of the Policy, key anti-corruption provisions and anti-corruption measures among directors, managers, employees and workers of all levels.

## Policy statement

Polymetal and Group Companies are committed to ensuring adherence to the highest legal and ethical standards in every aspect of the Group's operations.

Bribery and corrupt acts expose Group Companies and its employees to the risk of prosecution, fines and imprisonment, as well as endangering the Group's reputation.

The Group's top management is responsible for providing the tone from the top in the highest ethical business conduct to ensure that the principles set out by the Policy are enacted in the countries of operation of the Group Companies.

The Polymetal Board of Directors is fully committed to the Group's "zero tolerance" approach to acts of bribery and corruption by any of employees or by business partners working on behalf of Polymetal and Group Companies. This means that Polymetal and Group Companies is fundamentally opposed to any form of corruption. Any payment, offer, authorisation, receipt or acceptance of a bribe as well as payment, offer or promise to pay a facilitating payment is strictly prohibited.

In accordance with this Policy and with relevant laws and regulations, the Group shall:

- Never provide, solicit or accept payments, gifts or entertainment that constitute bribery, as defined herein;
- Implement systems and controls that will detect and minimise the risk of bribery;
- Make employees fully aware of its Anti-bribery Policy and create an anti-bribery culture based on the zero tolerance approach;
- Provide appropriate mechanisms for employees to report suspected bribery or otherwise voice their concerns, and to protect those who do so.

Employees working in areas in our business identified as particularly high risk will receive additional training and support to identify and prevent corrupt activities.

## Legislation overview

- Kazakhstan – Kazakhstan law (The Criminal Code of the Republic of Kazakhstan, The Code of Administrative Offences and The Law on Combatting Corruption) imposes a maximum penalty for bribery of up to 15 years imprisonment, prohibition on holding certain positions or performing certain activities, heavy fines and in some cases – administrative liability;
- UK – the Bribery Act 2010, which imposes a maximum penalty for bribery of up to 10 years imprisonment and an unlimited fine;
- Cyprus – Cypriot law (Criminal Code, The Prevention of Corruption Law), as well as Criminal Law Convention on Corruption ratified by Cyprus outlaws bribery in the public and private sector. Bribery is punishable with up to seven years imprisonment and/or heavy fines;

- US – Foreign Corrupt Practices Act or FCPA offers similar prohibitions and penalties and is vigorously enforced by US authorities.

It is therefore in the interests of employees and the Group that employees act with propriety at all times. Corrupt acts committed abroad, including those by business partners working on behalf of the Group, may well result in prosecution at home.

## Risk assessment

Risk identification pinpoints the specific areas where we face bribery and corruption risks and allows us to better evaluate and mitigate these risks, thereby protecting Polymetal and Group Companies. Management must assess the vulnerability of each company to these risks on an ongoing basis, subject to review by the relevant security officials of each Group Company.

It is important to note that risk assessment must be an ongoing process with continuous communication between management and the relevant official responsible for security matters in each Group Company.

Bribery and corruption risks typically fall within the following categories:

### Business Partnerships

Whilst the use of business partners can help Polymetal and Group Companies reach its commercial goals, these arrangements can potentially carry significant risks. Risks can arise when a business partner conducts activities on Polymetal or a Group Company's behalf, meaning that their actions can be seen as those of Polymetal and a Group Company. Business partners who act on Polymetal or a Group Company's behalf must be aware of anti-corruption principles and operate in accordance with this Policy at all times.

If a potential business partner falls within a definition of an agent, representative or intermediary according to the "Policy on Use of Agents, Representatives, Intermediaries and Contractors' Due Diligence", the relevant transaction supervisor must forward a request for due diligence to the Security Department. A request for due diligence shall be sent to the Security Department by the Tender Committee or by the Deputy Managing Director for procurement<sup>3</sup> for major suppliers and contractors, whose contracts, according to internal policies and procedures of the Group Companies, require a tender or the preparation of competitor analysis. Following the receipt of requests from authorised persons, the Security Department conducts due diligence on business partners. Security Department is responsible for determining whether or not relationships with counterparts fall into the high risk category.

The Group is ultimately responsible for ensuring that business partners who act on its behalf are compliant with the principles of this Policy as well as any applicable laws and internal procedures. As the business partner evaluation process will vary by business unit and type of business partner, management should consult the relevant official responsible for security matters if necessary.

Employees must never use their position within the Group for improper personal or private gain for themselves, their families or other persons when considering offering or accepting any provision of goods or services from an existing or prospective business partner.

Learn more: [Supplier Code of Conduct](#), [Policy on the Use of Agents, Representatives, Intermediaries and Contractors' Due Diligence](#)

### Gifts, Entertainment and Hospitality

Gifts, entertainment and hospitality include the receipt or offer of gifts, meals or tokens of appreciation and gratitude, or invitations to events, associations, or other social gatherings, in connection with matters

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<sup>3</sup> If applicable according to internal policies and procedures of the relevant business unit of the Group.

related to Polymetal and Group Companies. These activities are acceptable provided they fall within the bounds of reasonable value and frequency stated in the Gifts and Entertainment Policy.

In order to evaluate what is 'acceptable', first take a step back and ask yourself the following:

- What is the intent of the act of hospitality: is it to build a relationship or is something else behind it?
- What is the reputational impact on Polymetal and Group Companies: how would it look if these details were on the front page of a newspaper?
- What if the situation were reversed (for example, if a Polymetal employee was not giving but receiving a gift): would there be a double standard?

If you find it difficult to answer one of the above questions, there may be risk involved. This could potentially damage Polymetal and Group Companies' reputation and business. Please contact the Security Department if in doubt.

**General guidance:**

**Never acceptable**

- Circumstances which are never permissible include:
  - “Quid pro quo” transactions (something for something in return);
  - Gifts in the form of cash/or cash equivalent vouchers;
  - Entertainment of inappropriate or unethical nature.

**Usually acceptable**

- Possible circumstances that are usually acceptable include:
  - Modest/occasional meals with someone with whom we do business;
  - Occasional attendance of ordinary sports, theatre and other cultural events;
  - Gifts of insignificant value, such as pens, or small promotional items that do not exceed 200 USD.

As a general rule, Polymetal and Group Companies' employees and business partners should not give or receive gifts from public or government officials. You must seek prior approval from a relevant official as stated in internal policies and procedures of the Group Company. A variety of cultural factors such as customs and expectations may influence the level of acceptability. If you feel uncertain at any time regarding the cultural acceptability of gifts, entertainment or hospitality, please consult with the relevant official as stated in internal policies and procedures of the Group Company.

According to the Group's internal policies and procedures, the relevant department of the respective company should maintain and monitor a gifts, entertainment and hospitality register. Any form of gift, entertainment or hospitality given, received or offered must be recorded in the register.

Learn more: Gifts and Entertainment Policy

**Charitable donations**

Any donation, sponsorship or other offer of support must be pre-approved by Management in accordance with the internal policies and procedures. Employees may only offer donations, sponsorships or other support to recognised charitable and non-profit organisations in consistency with the principles set out in the applicable Policy.

Learn More: Political and Charitable Donations Policy

## Facilitating Payments

In many countries, it is customary business practice to make payments or gifts of small value to junior government officials in order to speed up or facilitate a routine action or process. For instance, to obtain licenses or permits faster than the normal course. Despite this, facilitating payments as defined in the Policy are unacceptable as the Group considers them illegal in all its jurisdictions of operation.

The Group follows the approach of no distinction between facilitation payments and bribes – regardless of size or local cultural expectations. However, in the event of extortion when there is an emergency affecting an individual's health or safety, such payment may be made, provided that certain steps are followed.

An employee must contact the relevant official according to the internal policies and procedures of the Group Company as soon as possible and record the payment appropriately in the company's books, reflecting the nature of the underlying transaction. If you are unsure whether certain payments, which resemble the definition of facilitation payments, are permissible, please contact the relevant official as stated in internal policies and procedures of the Group Company.

## Record Keeping

Many serious global bribery and corruption offences have been found to involve some degree of inaccurate record keeping. We must ensure that we maintain accurate books, records and financial reporting within all of the Group Companies and for major business partners working on behalf of Polymetal and Group Companies. Group's employees must keep accurate records and evidence of any permitted travel, hospitality, entertainment, gift and any other expenses incurred or taken on behalf of the Group Company. Employees must submit these records and evidence to the relevant accounting department on a timely basis.

Books, records and overall financial reporting must also be transparent. That is, they must accurately reflect each of the underlying transactions. False, misleading or inaccurate records of any kind could potentially damage the Group's reputation or financial stability.

Misstatement or forgery of accounting records of the Group's companies is forbidden and will be considered fraud. Anyone caught doing so may be subject to disciplinary action (including dismissal), as well as legal action, civil penalties or criminal liability in accordance with the applicable laws, Collective Agreement and other standard acts and labour contracts.

## Monitoring and Internal Control

The Management must ensure effective risk assessment and implement the necessary steps to prevent bribery and corruption. Our businesses must integrate an effective system of internal control and monitoring. Once bribery and corruption risks have been identified during the risk assessment process, risk mitigation measures are developed as part of a comprehensive control and monitoring programme in order to help mitigate these risks on an ongoing basis.

## Reporting

Polymetal and Group Companies state that no employee shall be subject to sanctions (dismissal, demotion or pay decrease) if he or she has reported a possible case of corruption, refused to give or take a bribe, commit commercial bribery or act as an intermediary to bribery (offering or enabling payments), including cases where refusal resulted in lost profits for Polymetal or a Group Company, or missed commercial or competitive opportunities.

In accordance with the Group's Whistleblowing Policy, employees must immediately report it if they:

- Uncover an instance of bribery;

- Suspect that a bribe has been, or is in the process of being, paid, received or merely discussed;
- Receive or otherwise become aware of information suggesting that a bribe is in the process of being paid, received or merely discussed;
- Suspect that a breach of anti-corruption policies and procedures has occurred;
- Receive or otherwise become aware of information, suggesting that a related breach of anti-corruption policies and procedures has been or is in the process of being committed.

Where an employee becomes aware of or suspects that bribery has taken place, the information must first be reported to the relevant manager or official responsible for security matters according to the internal policies and procedures of the Group Company. Every effort will be made to grant anonymity if requested.

Once an employee has reported a suspicion or concern to the appropriate person, the matter should not be discussed with any person other than those responsible for investigating it.

A manager who received a report of an employee's concerns must act promptly and notify the employee of any action taken. Where it is decided that a further investigation is not appropriate, the employee must be given a prompt and full explanation of the reasons why this conclusion was reached.

Learn more: [Whistleblowing Policy](#)

## Training

All employees shall be made aware of the Anti-Bribery and Corruption Policy and internal policies and procedures regulating ethical business conduct and review the importance of the policies periodically.

Management must ensure that employees are aware of anti-bribery policies and procedures and that employees take part in anti-bribery awareness training at the beginning of his or her employment and at least once every three years after that. Awareness training must comprise the following:

- Key provisions of the relevant laws and regulations relating to anti-bribery and corruption policies;
- The importance of compliance with anti-bribery and corruption laws and regulations;
- Group's expectations with respect to anti-bribery and corruption;
- The core provisions of the Anti-Bribery and Corruption Policy as well as internal policies and procedures regulating ethical business conduct;
- The procedure for raising concerns/inquiries.

Management must also ensure training specific to the needs of particular employees or job functions (including on-the-job training) is provided when appropriate and at least once a year. Specialist training must be provided to employees in higher risk roles e.g. those involved in sales, procurement, licensing, approval of documents by the state authorities, etc.

## Policy Implementation

The Policy should be considered as inseparable from, and viewed in the context of, the principles and approaches described in the Group's other business ethics policies. These documents are available on Polymetal's website.

Group Companies shall retain sole responsibility for implementing and complying with the principles of this Policy. All Group Companies shall implement internal policies and procedures regulating moral and ethical conduct consistent with this Policy so far as they do not contradict the applicable laws and/or other regulatory requirements of the jurisdictions in which they operate.

The internal ethical conduct policies and procedures of Group Companies can be found on the internal networks of the respective companies. All employees should be made aware of these policies and know where to find them. The policies can be also obtained by contacting the Security Department of each Group Company.

Breaches of this Policy are a serious matter and may render employees liable to disciplinary action, including dismissal, in accordance with applicable legislation, and the internal policies and procedures of the Group Companies. Equivalent penalties will also apply to contractors, managers, officers, directors, business partners and third parties engaged by or providing services on behalf of the Group. In many jurisdictions, such breaches may also leave individuals liable to prosecution by law enforcement or regulatory bodies. These authorities may impose significant penalties for the misconduct of third parties acting on behalf of the Group. The Group will not hesitate to terminate its relationship with third parties who have been found to be in breach of this Policy or other anti-corruption policies and procedures.

The Group provide induction and ongoing training on the policies and procedures regulating ethical conduct for employees of the Group's business entities in accordance with internal regulations.

## Review and monitoring

The policy shall be approved by the Polymetal Board of Directors. The Audit and Risk Committee (hereinafter – the Committee) oversees Group's compliance with the principles of this Policy and monitors Management reporting.

This Policy is subject to the annual review by the Committee to consider if it remains appropriate and consistent with the applicable standards and practices, and to recommend any changes it considers desirable to the Board for approval.

The Management of Group Companies shall conduct regular performance reviews against the principles of the Policy, as well as internal policies and procedures, to ensure that we are fulfilling our commitments. The Security Department of each Group Company is responsible for monitoring the Policy's implementation.

## Contacts

We welcome any queries from our stakeholders. Questions regarding the content and application of this Policy can be forwarded to our specialists in any convenient form, including by phone or via e-mail. Our contact details can be found in the Contacts section on Polymetal's official website.