

# Policy on Disciplinary Action for Violation of Anti-Bribery and Corruption Procedures

## Introduction

The Policy on Disciplinary Actions for Violation of Anti-Bribery and Corruption Procedures (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”) outlines principles for preventing engagement of the employees in corrupt practices, as well as specifies guidelines for conducting a proper investigation of breaches of the Anti-Bribery and Corruption Policy and imposing appropriate disciplinary measures against violators.

## 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.

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

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 regulating employee conduct, consistent with this Policy.

Gross misconduct – the violations listed below may be considered as gross misconduct:

- Giving or accepting a bribe (as defined in Anti-Bribery and Corruption Policy);
- Giving facilitating payments (as defined in Anti-Bribery and Corruption Policy);
- Providing misleading information (as defined in Whistleblowing Policy).

Commercial bribery (acceptance of any form of compensation from a business partner in return for action or inaction that benefits that business partner); Other material violations of the Anti-Bribery and Corruption Policy and other anti-corruption policies aimed at preventing corruption, as well as the applicable internal policies and procedures of the Group Companies.

## Scope of the Policy

This Policy applies to:

- Polymetal International plc;

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

- 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.

## Commitments and provisions

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

The Policy declares "zero tolerance" approach to acts of bribery and corruption by any of employees or by business partners working on behalf of the Group. This means that Polymetal and Group Companies are 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.

Learn more: [Anti-Bribery and Corruption Policy](#).

## Non-Compliance with Anti-Bribery and Corruption Policy

In cases where an employee is guilty of bribery, commercial bribery or other kinds of corrupt practices (as defined in the Anti-Bribery and Corruption Policy):

- The employee will be liable for disciplinary action, including up to dismissal in accordance with applicable legislation and internal policies and procedures of a Group Company, including Internal Labour Regulations and Regulations on Compensation;
- The employee will be liable for civil legal action for the recovery of any misappropriated sums and/or for any loss or damage suffered;
- The employee may face criminal penalties, which will vary according to the offence with which he or she is charged and the seriousness of that offence.

An employee who fails to report a reliably known incident of bribery will be liable for disciplinary action for gross misconduct.

## Guidelines for disciplinary actions against employees

- Disciplinary action can only be imposed in accordance with the applicable legislation;
- Disciplinary or other action shall not be taken against the employees until the matter had been fully investigated;
- Every step of investigation into violations and imposing disciplinary action will be taken without unreasonable delay;
- Before arriving at a judgement on disciplinary action, every employee will be offered an opportunity to explain his/her position, either verbally or in writing, to the officials in charge of the investigation and who will decide on the disciplinary action;
- As a general rule, dismissal will not be used as a form of disciplinary action for a first single breach of the Anti-Bribery and Corruption Policy, except for the cases of gross misconduct specified in this Policy;
- No employee will be penalised for raising his/her concerns or suspicions about anyone's misconduct or

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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.

instances of possible non-compliance with the policies and procedures regulating business and ethical conduct.

- the Group guarantee anonymity and protection for whistleblowers.
- Learn more: Whistleblowing Policy, Anti-bribery and Corruption Policy.

## Factors to consider before initiating an investigation

- The nature and seriousness of the offense, including the risk of harm to the public;
- The history of similar misconduct, including prior criminal, civil, and regulatory proceedings;
- Prompt and voluntary disclosure of wrongdoing and willingness to cooperate in the investigation;
- Collateral consequences, including whether there is disproportionate harm to shareholders, employees, and others not proven personally culpable, as well as impact on the public arising from the investigation;
- Adequacy of people responsible for the group's anti-corruption practices for the job;
- Adequacy of remedies such as civil or regulatory enforcement actions.

## Investigation procedure

The Security Department conducts the investigation of violations in line with the disciplinary procedure of the Group Company's internal policies and procedures through quick, complete, thorough and objective data collection and examination upon receiving notification of a violation of the Anti-Bribery and Corruption Policy. The scope of investigation and the people involved will stay within the Group.

If the investigation uncovers that violation broke the law of the state where it occurred the Security Department of the related Group Company must, when instructed by the senior official responsible for security matters, transfer all available information about the incident to law enforcement as determined by its internal policies and procedures. In addition, people who are not employees of Group Companies, can volunteer as witnesses (submit written statements) and be involved as experts.

Investigations are carried out objectively, impartially and in compliance with the rights of the individuals under investigation.

The Security Department of the related Group Company conduct the investigation in accordance with its internal policies and procedures. Some professionals can be involved as experts during the investigation to consult on certain areas of expertise. An audit of the financial and economic activity in the department involved may also be conducted with the assistance of the related company's Control and Audit department or the Internal Control and Risk Assessment function.

The person under investigation shall be notified when the investigation begins and given the opportunity to submit a written explanation of the reported violation.

The investigation period is set by the official responsible for security matters of the related Group Company. The investigation period can be extended if the employee under investigation is absent from work due to sick leave, vacation or business trips. The investigation period will be extended by the number of days the employee is absent from work. This period shall not exceed the period of investigation established by the labour laws of the country where the related Group Company operates and in which the violation occurred.

The person under investigation has the right to:

- Know about the nature of the investigation;
- Give written explanations to the questions arising during the investigation;
- To file motions during the investigation;

- Provide documentation and material evidence for the investigation;
- Provide witnesses to be interviewed during the investigation.

In order to finalise the investigation, enhance your conclusions with the answers to the following questions:

- Was the violation of the Anti-Bribery and Corruption Policy confirmed?
- What is the nature of the violation?
- Based on the investigation results, was the violation confirmed or not?

The results of the investigation shall be forwarded to the official responsible for security matters, of the related Group Company who will decide on disciplinary measures in accordance with the internal policies and procedures of the relevant company.

If the investigation reveals that crimes were committed or were imminent, the person in charge of the investigation will immediately notify the designated official responsible for security matters of the Group Company. If the behaviour of the person under investigation constitutes a crime, all data must be forwarded to law enforcement as evidence. In this case, disciplinary action may be taken against an employee or civil legal action may be initiated to recover any misappropriated sums and/or for any loss or damage suffered, irrespective of the outcome of the criminal case.

Investigation materials can be presented in court during a labour dispute.

## Disciplinary measures and incentives

Employee who informs Group Companies management about a violation of the Code of Conduct and other related policies and procedures, which is confirmed during an investigation, will receive a financial incentive in accordance with internal policies and procedures of the Group Companies.

Violations of the Anti-Bribery and Corruption Policy, which are not found to be gross misconduct by the investigation, will lead to a warning or other disciplinary measure in accordance with the relevant company's internal labour regulations or to financial penalties in accordance with the relevant regulations on compensation. For repeated violations of the Anti-Bribery and Corruption Policy an employee may be dismissed or other sanctions may be imposed in accordance with the labour laws or other applicable legislation of the country where the Group Company operates and where the violation occurred.

The management of the relevant Group Company decide on whether or not to dismiss an employee based on the conclusions reported by the employee's immediate supervisor with written confirmation of the violation of the Code of Conduct and related policies and procedures. Dismissal decision must be made in writing. The reasons for dismissal and the right to appeal will be explained to the employee.

## Gross misconduct

An employee who have been accused of gross breaches of the Code of Conduct and other related policies and procedures may be suspended from work during the investigation period in accordance with the internal procedures of a Group Company. Disciplinary action may be taken against employees based on the findings of the investigation as well as according to the applicable laws and internal ethical conduct policies and procedures of the Group Company.

## Appeal

An employee who wants to appeal against any disciplinary sanction must do so within five working days of the disciplinary decision being made. Appeals must be sent to the designated official of the relevant business unit of the Group in accordance with the internal policies and procedures.

## 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.

Severe disciplinary action will be taken towards violations of this Policy, including, among other actions, 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's reporting.

This Policy is subject to 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.