



APPROVED

by the Board of Directors
Polymetal International plc
25 May 2022

Modern Slavery Act Transparency Statement 2021

This statement provides an update on Polymetal International's progress on implementing the transparency requirements of the UK Modern Slavery Act 2015 during 2021 and our plans for 2022. We reaffirm our zero tolerance position in respect of slavery and human trafficking in our organisation and supply chains.

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Polymetal at a glance

Polymetal International plc is a leading precious metals and mining group operating in Russia and Kazakhstan. A major employer in its regions of operations, it is one of the most sustainable and responsibility-driven companies in the sector. Polymetal is listed on the LSE in the UK, MOEX in Russia and AIX in Kazakhstan. In the full value chain from extraction to the end customer, Polymetal is positioned as an ore extractor and producer of gold and silver. This statement presents information for the reporting period 1 January to 31 December 2021. It covers Polymetal International plc incorporated in Jersey and its subsidiaries in Russia and Kazakhstan.

SUBSIDIARIES COVERED BY THE STATEMENT

Reportable segment*	Company name	Country
Kyzyl	Bakyrchik Mining Venture LLC	Kazakhstan
	Inter Gold Capital LLC	Kazakhstan
Dukat	Magadan Silver JSC	Russia
	Primorskoye LLC	Russia
Omolon	Omolon Gold Mining Company LLC	Russia
Amursk POX	Amur Hydrometallurgical Plant LLC	Russia
	Padalinskoe LLC	Russia
	Pacific hydrometallurgical plant LLC	Russia
Albazino	Albazino Resources Ltd	Russia
	Kutyn Mining and Geological Company LLC	Russia
Varvara	Varvarinskoye JSC	Kazakhstan
	Komarovskoye Mining LLC	Kazakhstan
	Kostanay Exploration Company LLC	Kazakhstan
Svetloe	Svetloye LLC	Russia
	Kulyukli LLC	Russia
Mayskoye	Mayskoye Gold Mining Company LLC	Russia
Voro	Gold of Northern Urals JSC	Russia
	Maminskaya Mining Company LLC	Russia
	Krasnoturinsk-Polymetal LLC	Russia
	Saum Mining Company LLC	Russia
Nezhda	South-Verkhoyansk Mining Company JSC	Russia
Veduga	GRK Amikan LLC	Russia
Prognoz	Prognoz Serebro LLC	Russia
Polymetal offices	Polymetal Management JSC	Russia
	Polymetal Engineering JSC	Russia
	Polymetal Engineering Kazakhstan LLC	Kazakhstan
	Polymetal Trading Ltd	Russia
	Industria LLC	Russia
	Polymetal Eurasia LLC	Kazakhstan
Other subsidiaries	Semchenskoye Zoloto LLC	Russia
	Novopetrovskoe LLC	Russia
	Sagitovskoye LLC	Russia
	Gorno-Altay Mining Company LLC	Russia
	Bashkir Mining Company LLC	Russia
	Auezov Utility Networks LLC	Kazakhstan

KEY FIGURES 2021

Top 10

world gold producer

\$2,890m

revenue

13,392

employees

10

operations

\$389m

taxes paid

0

employee fatalities

2

development projects

\$20m

community investments

21%

female employees

44%

local procurement

69%

employee engagement index

For more information, please see our Integrated Report 2021 at [polymetalinternational.com](https://www.polymetalinternational.com)

Approach to modern slavery

As a major international mining company, Polymetal has a role to play in global efforts to combat slavery. We recognise that mining activities can affect human rights and apply a comprehensive procedure to mitigate the risk.

In accordance to the MSA, we define modern slavery as the recruitment, movement, harbouring or receiving of children, women or men through the use of force, coercion, abuse of vulnerability, deception or other means for the purpose of exploitation.

Polymetal's approach is aligned with universal principles of human rights. We follow the guidelines of the Universal Declaration of Human Rights, UN Global Compact, ILO Declaration, Responsible Gold Mining Principles, and National Labour Codes.

We have developed and constantly update a range of robust policies that strictly prohibit the use of any type of forced labour, including our [Code of Conduct](#) and [Supplier Code of Conduct](#) (see links to the policies on page 6).

Polymetal's policies and standards guarantee:

- freedom of workers to terminate employment;
- freedom of movement;
- freedom of association;
- access to remedy, compensation and justice for victims of modern slavery.

Polymetal's policies and standards prohibit:

- child labour;
- discrimination;
- compulsory overtime;
- the use of worker-paid recruitment fees;
- any threat of violence, harassment and intimidation;
- confiscation of workers' original identification documents.

The Safety and Sustainability Committee, which includes the Group's CEO, oversees sustainable development, human rights and modern slavery issues on behalf of the Board. The Committee is responsible for setting the strategic direction for our social, ethical, environmental and safety performance as well as evaluating the effectiveness of our initiatives and managing related risks.

Modern slavery in the countries of operations

Polymetal's operations as well as 98% of our suppliers concentrate in Russia and Kazakhstan. According to the 2018 Global Slavery Index, Russia ranked 64 of 167 in the modern slavery prevalence index and Kazakhstan ranked 83. That's why our due diligence process has to be robust enough to prevent Polymetal from being exposed to the risk directly or indirectly. Instead, we work hard to maintain the best standards in the industry and promote good governance at the regional and national levels.

When working with contractors, we pay specific attention to the activities which have been predominantly exposed to modern slavery in Russia in Kazakhstan. These include tree felling and construction, relevant to Polymetal. We follow strict hiring rules and constantly check existing and potential partners to exclude companies that have been identified or associated with the use of slave labor. In case of detection of human rights violation, we demand to eliminate the causes. If the supplier fails to take corrective measures, it will lead to the termination of the contract. In 2021, we did not find any cases related to modern slavery in our business or supply chains.

Risk Management

Meticulous risk management is a vital component of our business model, helping Polymetal minimise the risks for all its stakeholders while delivering on the 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. Risks related to human rights violation are analysed by management on a regular basis.

Biannually, we conduct Human Rights Risk Assessment (HRIA). We base our approach on the guidance and toolbox of the Danish Institute for Human Rights which takes into account all 11 indicators of the ILO's Special Action Programme to Combat Forced Labour. In 2021, during our second HRIA, 187 executives were surveyed. The results were analysed by the relevant departments to develop appropriate mitigation steps, including additional training on human rights and understanding modern slavery risks for Polymetal Trading executives. Based on the assessment performed we have not found any cases related to modern slavery in our business or within our supply chains.

SALIENT HUMAN RIGHTS RISKS

Risk area	Risks identified	Relevant Polymetal's policies and standards
Community rights	<ul style="list-style-type: none"> • Limitations in access to resources (water, electricity, etc.), particularly among indigenous communities • Forced resettlement • Poor accessibility of grievance mechanisms 	<ul style="list-style-type: none"> • Community engagement policy • Political and charitable donations policy
Health and Safety	<ul style="list-style-type: none"> • Injuries and fatalities • Occupational diseases • Road hazards • Poor awareness of employees of health and safety measures 	<ul style="list-style-type: none"> • Health and safety policy • ISO 45001

SALIENT HUMAN RIGHTS RISKS (CONTINUATION)

Risk area	Risks identified	Relevant Polymetal's policies and standards
Environment	<ul style="list-style-type: none"> • Water availability and safety • Climate change risk for future generations • Hazardous waste • Shared resources 	<ul style="list-style-type: none"> • Environmental policy • Climate change policy • Tailings and water storage facilities management policy • Mine closure policy • Acid rock drainage management corporate standard • ISO 14011 • Cyanide code
Labour relations	<ul style="list-style-type: none"> • Unfavourable working conditions • Forced or child labour • Violation of collective bargaining agreements 	<ul style="list-style-type: none"> • Human rights policy • Human resources policy • Employment and labour standard
Security	<ul style="list-style-type: none"> • Excessive force by security guards • Violation of privacy rights 	<ul style="list-style-type: none"> • The security force management standard • Privacy notice
Diversity and equality	<ul style="list-style-type: none"> • Discrimination based on gender, race, skin colour, religion, nationality, social origin or political opinions 	<ul style="list-style-type: none"> • Diversity and inclusion policy • Human resources policy
Supply chains	<ul style="list-style-type: none"> • Bribery and corruption • Human rights violation by contractors and suppliers 	<ul style="list-style-type: none"> • Supplier code of conduct Procurement policy • Anti-bribery and corruption policy • Gifts and entertainment policy • Whistleblower policy

Workforce overview

Average Polymetal's headcount in 2021 increased by 11% year-on-year to 13,392 with voluntarily turnover rate of 8.2% and involuntarily turnover (employees dismissed) of 0.3%. More than half of our employees work on a fly-in/fly-out basis at the remote sites. We also employed more than 7,000 contractors at our sites, up 34% y-o-y.

Migrant workforce accounted for 3.2% at Polymetal in 2021. 86% of foreign employees at Polymetal in Russia were Kazakhstan citizens, whereas 89% of foreign employees at the sites in Kazakhstan were Russians. Other foreign employees included citizens of Ukraine, Kyrgyzstan, Uzbekistan, etc. Two quarters of them were employed as workers, a quarter as qualified personnel and a quarter as managers.

All migrants at Polymetal enjoy the same rights as staff with citizenship of the country of presence, including paid parental leave, subsidised nursery fees and guarantees and compensations in connection with dismissal due to layoffs and retirement. For those who want to reside in Russia or Kazakhstan, the company helps to go through the immigration process and compensates for the cost of moving the employee and their family members to the place of work, for transportation of their property and for house rental. For those involved in work on a rotational basis, the company compensates the cost of travel from the place of

residence to the collection point and back, as well as expenses associated with hotel accommodation in case of a long transfer.

MIGRANT WORKFORCE AT POLYMETAL ON 31 DECEMBER 2021

	Russia	Kazakhstan
Working on fly in fly out basis without changing their country of residence	238	23
Working permanently at Polymetal's sites (changed their country of residence)	120	47
Total	358	70

Steps to protect human rights in our business

We strictly follow National Labour Codes and have strong governance enshrined in our Code of Conduct. We take a zero-tolerance approach to any form of discrimination or harassment and promote a culture of equal opportunity. Our commitment to diversity and inclusion is now supported by a five-year programme that includes training, mentoring, talent attraction and internal communications.

We do not discriminate on any grounds, be they gender, race, religion, disability or political affiliation. When advertising a role and recruiting candidates, assessors specify qualification requirements and avoid any conscious or unconscious bias when interviewing people.

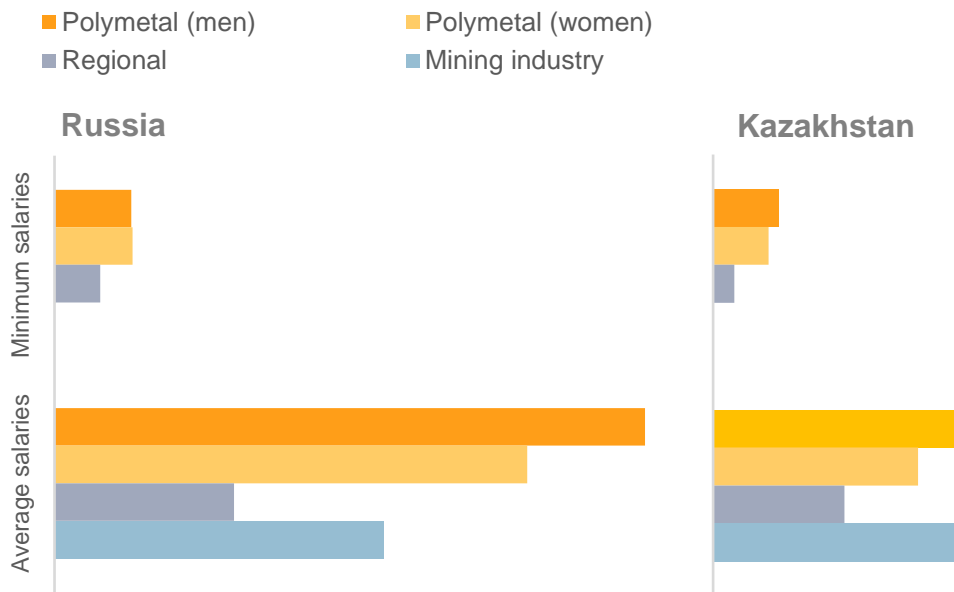
Remuneration decisions are based purely on competence for the role, regardless of any other attribute. All equality and inclusion issues are raised at each meeting of the Nomination Committee. We ensure that our employees and contractors are fairly compensated. We check contractors' wages data during open tenders. Average salaries at Polymetal for both women and men have been constantly higher than the regional averages and 67%—162% higher than the regional minimums. All salaries of Polymetal's employees and contractors at our sites exceed the local living wage.

We acknowledge the right of our employees to join organisations that protect and support their interests. This includes the right to elect representatives in accordance with the laws and practices of the countries where we operate. In 2021, 83% of all employees and 100% of operating site staff were covered by collective bargaining agreements. At each operating site, employees have set up Workers' Councils, with employee representatives elected to the Commissions for Regulation of Social and Labour Relations to facilitate discussion between employees and Polymetal.

Our internal communication system enables employees, contractors, local communities and partners to raise any issues or concerns without retribution and ensures remedial steps are taken. Complex or Group-wide issues are submitted to a Board-level committee for resolution.

The Covid-19 pandemic has highlighted the importance of employee engagement and in 2021 we conducted a large-scale employee survey, with a focus on measuring engagement and satisfaction. The survey involved 8,187 employees (61% of our workforce) and we saw an average engagement score of 69% (moderately engaged), which benchmarks well for a complex mining company with rotating shift schedules: 12% above our peer average. Employee satisfaction levels were 77% (a 7% decrease since 2019, reflecting pandemic-related uncertainties) and 68% 'highly appreciated' our employer brand (13% above sector average in Russia, while 66% reported a positive attitude towards their relationships with management and peers. The responses have shaped positive changes at local and Group levels and we plan to conduct the survey every two years, with even more regular pulse surveys on specific topics.

POLYMETAL SALARIES COMPARED TO REGIONAL WAGES



Supply chain overview

To run our business, in 2021 we spent \$555m on materials, goods and services purchased from more than 5,000 suppliers. Local procurement accounted for 44% in value terms (Russia: 40%; Kazakhstan: 68%). An overwhelming majority of our suppliers (98.4%) was from the countries of our operations. We aim to prioritise local procurement at both site and Group level. Sourcing locally reduces our carbon miles and transport costs, while also adding socio-economic value in our neighbourhoods and having better understanding of the risks and conditions our suppliers operate in.

The rest of the suppliers (1.6%) spread across 26 countries (90 companies), of which two thirds were registered in the EU, UK, US, Canada and Australia. Others included China (9 companies), South Africa (8), south Korea (3), India (2), Kyrgyzstan (2), Turkey, Israel, New Zealand and UAE (1 each). We constantly monitor and evaluate evolving human rights situation in the jurisdictions where Polymetal operates and update our guiding principles to reflect it.

Everywhere we purchase, our Supplier Code of Conduct outlines the standards we expect from our partners, including criteria around safety, labour relations and wider social, environmental and ethical risks. We ensure that all Polymetal's suppliers are familiar with the Code.

Our contracts contain modern slavery reporting and labour law compliance clauses. As per our policy, we expect our counterparts to respect human rights and categorically reject the use of any forced labour. We do not support the practice of charging for the recruitment of workers in our supply chains.

We introduced anti-bribery and human rights clauses in contracts not only with suppliers, but also with our downstream supply partners. Our contracts state that any violation will mean that we will end the contract.

We understand our obligations to stakeholders to guarantee that our supplier relationship practices comply with international and our own anti-slavery principles. Therefore, we encourage our suppliers, contractors and clients (off-takers) to improve their anti-slavery practices by implementing our Supplier Code of Conduct and making a commitment to anti-slavery a core condition of our agreements with them.

Due diligence in supply chains

In our procurement strategy, we commit to long-term planning and transparency and select our partners via an open tender. We assess suppliers with standardised scorecards to guarantee objectivity and fairness. Polymetal's e-procurement system helps us to enforce the Procurement Policy by applying standards consistently across a large number of contractors.

Steps to address human rights risks in our supply chains:

- **Security check.** New suppliers are subject to mandatory security checks. Existing suppliers are regularly monitored through open sources by the legal and security services. Screening process is a comprehensive desk-based research. Suppliers are checked on any controversies they may be involved in, including human trafficking and modern slavery, delays in paying salaries and other working rights abuses, legal proceedings, and community issues. We also request references from the suppliers' customers. In 2021, we conducted 10,798 security checks of new and existing suppliers for compliance with our business ethics policies (9,296 in 2020). Of these checks, 351 resulted in our refusal to work with the contractor as they were deemed non-compliant with our standards (463 in 2020).
- **B2B check.** At the time of registration in Polymetal's e-procurement system, a prospective supplier is checked by SPARK legal service. SPARK provides an assessment of a company's accountability based on forty different factors, including Consolidated Risk Indicator, Due Diligence Index, Financial Risk Index, Payment Index, and underlines specific risk factors that should be addressed. Existing suppliers can also be checked when necessary, for example if a complaint or conflicting information about the company arises.
- **Pre-qualification check of service providers.** Before being allowed to participate in an open tender, a service provider must fill in a questionnaire which includes information on the staff qualifications, regions of presence, company capacities, and financial capabilities. Only those who have been pre-qualified are allowed to participate in Polymetal's open tenders.
- **Site visits.** We conduct selective audits to ensure the production process and labour conditions are appropriate. In 2021, we performed 110 site inspections.

Responsible sourcing

Polymetal has developed and consistently reviews a set of tools to increase the transparency and resilience of its supply chain. The Board of Directors is responsible for supervising the drafting and implementation of procurement policies and the Supplier Code of Conduct. The Safety and Sustainability Committee regularly reviews Group policies and standards to ensure that they are up-to-date and in line with leading global practice.

Polymetal's supply strategy is based on responsible sourcing; we adhere to the highest standards in the industry. During 2021, we enhanced our systems with the development of ESG evaluation criteria for suppliers which will be included in Polymetal's general ranking system. An online ESG self-assessment questionnaire was launched on Polymetal's website. A significant part of it is dedicated to labour and human rights including issues related to modern slavery, harassment, diversity and equal pay, etc. The data will be used in the supplier selection process along with the price, quality and delivery terms.

In 2021, we expanded the number of long-term contracts with key suppliers at a regional level. Reflecting Covid-19 and supply chain volatility issues in 2021, these contracts will enhance economic stability for both for Polymetal and for our partners. We identified 45 strategic groups that include the most expensive goods, including chemical reagents, crushing materials, dump truck tires, explosives, mill lining, mining support and drilling tools.

We see stakeholder engagement as a key non-monetary aspect of our supply chain management strategy. In 2021, we actively engaged with suppliers and contractors on corporate, social and environmental responsibility issues to help achieve full transparency within the supply chain. A tailored approach, which is adjusted depending on the availability of goods and services within local and global markets, has been implemented for each group.

Grievance mechanisms

We expect our suppliers, employees and off-takers to report slavery or trafficking issues as soon as they become aware of them. Our Human Rights Policy establishes a comprehensive grievance mechanism allowing all stakeholders report their concerns. It includes:

- hotlines with the CEO, COO and site managers to ask questions important to employees. The answers are published in the corporate newspaper and the intranet, as well as emailed to the employees concerned;
- helpline for employees, community members and partners to report a concern anonymously, without fear of prejudice or reprisals from the aggrieved person(s);
- feedback boxes at the sites and in communities to make a query;
- employee and community surveys and questionnaires;
- workers 'councils;
- meetings and annual conference calls with the top management, the Group CEO and the Board of Directors;
- performance review meetings with the local communities.

A swift response procedure swings into action as soon as a violation of human rights is detected, including suspicions of slavery and human trafficking. All employees are made aware of these channels from their induction and they are easy to find in corporate media.

In 2021, we received 1,773 enquiries, with topics raised including living and work conditions, social benefits (particularly, the new medical insurance scheme), Covid-19 vaccination, remuneration and other. Each enquiry is investigated and remedied as appropriate. We also conduct a quarterly analysis of all reported issues and share anonymised responses to the most frequent enquiries in our company newsletter, corporate portal, info-boards and at meetings.

Training and capacity building

We communicate the Code of Conduct and corporate policies to all stakeholders and encourage human rights awareness training for all staff. All of our employees receive the Code of Conduct training at induction. We assign qualified personnel in all operational regions responsible for internal and external communications on any issues related to human rights, ensuring transparent grievance mechanisms for all our stakeholders.

In 2021, 28 managers and new employees received human rights training. Mass training on human rights took place in 2020 when we first launched this course. In 2022, we are updating the course, practical cases in it, and are planning the second wave of mass training in the second half of the year. The updated human rights course will be part of the onboarding package and will be mandatory for all new hires.

In 2022 we plan to extend Human Rights and Diversity and Inclusion training to our suppliers, starting with the contractors working at our sites. The training will be provided on an external online platform. The sources will be clarified and enriched to cover more issues.

Moving Forward

We will continue overseeing the Act's implementation to identify further areas for continuous improvement. This will involve reviewing assessment reports on potential human rights issues and developing recommendation to avoid human rights violations.

There are further steps we will take to ensure that modern slavery will not occur in our operations or supply chain:

- regularly reviewing and refining our policies and procedures to ensure they are in line with the best practice;
- expanding training to employees at all operating sites to increase their awareness of human rights, help them identify human rights risks and instruct about the actions everyone can take to prevent and address violations;
- conducting internal assessments throughout the company to identify the human rights issues requiring the most attention to prevent any risks materialising;
- implementing a self-assessment questionnaire for our suppliers to better understand potential human rights issues that may arise in our supply chain in order to prevent them.

Contacts

We welcome any queries from our stakeholders. Questions regarding the content and application of the Polymetal's Modern Slavery Act Transparency Statement 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 at polymetalinternational.com